

A low-angle photograph of a modern glass skyscraper, likely a University of California building, reaching towards a clear blue sky. The building's glass facade reflects the sky and surrounding environment. A dark teal semi-transparent banner is overlaid on the upper portion of the image, containing the text.

UNIVERSITY
OF
CALIFORNIA

Fiscal Year 2022-23 Budget for UC Office of the President

May 18-19, 2022

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA:

FISCAL YEAR 2022-23 BUDGET FOR THE UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT (UCOP)

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FY22-23: BACKGROUND AND OVERVIEW

The current FY21-22 year continues to reflect renewed optimism and recovery as the State of California, the University and the nation emerge from two years of disruption caused by the COVID-19 pandemic. In June 2021, the final State budget increased funding to UC's Agriculture and Natural Resources (ANR) division and to programs in Academic Affairs that primarily support undergraduate students. To reflect this new funding, the Regents approved a budget amendment in November, increasing UCOP's total FY21-22 budget to \$1,006.6M.

The final FY21-22 State budget also returned UCOP and UCPATH to the campus assessment funding model, eliminating two state direct appropriations and creating an environment that promotes the highest level of coordinated, systemwide planning across the UC system. UC ANR, meanwhile, continues to be funded by a state direct appropriation. While the January 2022 Governor's preliminary FY22-23 State budget signaled a five percent increase in state funding to support UC's further recovery and growth, the UC Office of the President (UCOP) FY22-23 budget proposal is conservative, reflecting macro-economic pressures and on-going funding constraints.

UCOP's proposed FY22-23 cost structure is built on anticipated revenues, fiscal conservatism, and targeted increases in critical areas. The total proposed budgeted expenditures are \$1,035.8M, a \$29.3M or 2.9 percent increase from FY21-22.

UCOP budgeted unrestricted funding totals \$280.5M, a \$7.7M increase or 2.8 percent from FY21-22 and includes a conservative 3.9 percent increase in the UCOP campus assessment (compared with an anticipated 5.0 percent UC systemwide increase in the State appropriation). Other unrestricted funding sources, primarily from investment income, show a decline due to changes in short-term interest rates, resulting in the net 2.8 percent overall unrestricted funding increase.

UCOP carefully evaluated expenditures on unrestricted funding to limit pressure on campus funding and other flexible funding sources. The funding increase supports the implementation of the President's proposed systemwide salary program for UCOP employees, contracted cost increases, and very limited new investments.

The salary program invests in all UC employees, striving to counter employment market trends impacted by record inflation as well as the "Great Resignation". The remaining additional funds will cover inflationary costs across operations, information technology, and systems, fund key strategic resources in Academic Affairs, and provide the UC President modest flexibility to address emergent issues or shape new strategies.

The FY22-23 designated budget total of \$503.1M is \$17.1M (3.5 percent) more than FY21-22. UCOP reviewed services provided to the campuses and other activities funded by designated funds, with a sharp focus on limiting increases impacting the campuses wherever possible. With campus consultation, UCOP is proposing investments in UC Health, UC Legal, and the UC National Laboratories. UCPATH also requires increased investment for FY22-23 to meet planned operational requirements. Increases to the designated budget have been partly offset by reductions to programs that received one-time state-funded increases in FY21-22.

The FY22-23 restricted budget of \$252.3M increases \$4.5M (1.8 percent) from FY21-22. Growth in this portion of the budget is driven by funding needed for critical management of the UC Pension Administration system (“Redwood”) and the Retirement Administration Service Center, and are offset by lower State-supported Tobacco-Related Disease Research Program (TRDRP) research grant awards.

The presentation of the budget that follows provides alternative views to show how resources are deployed in alignment with the function of the Office of the President and in support of key UC stakeholders. Included is a detailed section covering UCOP fund balances and reserves. Consistent with past budget presentations, detailed financial schedules are provided in Appendix 1. Appendix 2 includes an overview of UCOP’s function and how it aligns to the UC mission, and Appendix 3 provides information on Presidential Initiatives.

FY22-23 BUDGET CLIMATE

Funding Outlook

Three major external factors impact the FY22-23 budget. Financial pressures are driving up costs with the annual inflation rate in the US accelerating to 8.4 percent in March of 2022, its highest level since January of 1982 and up from 7.9 percent in February. Global instability persists and is affecting costs and causing supply chain challenges due to the lingering COVID-19 pandemic and political unrest. Throughout all of this, the US labor market is strong, with California showing a relatively low unemployment rate (5.9 percent in February 2022), creating challenges in recruitment and retention of staff in a competitive, dynamic labor market. As is the case across all UC locations, upward cost pressure is undeniable. Given these factors, UCOP remains conservative in prioritizing and budgeting revenues and expenditures in FY22-23.

Despite these challenges, many reasons for optimism remain across the UC community. Fall 2022 undergraduate applications achieved another record number of applicants and the Governor’s proposed State budget for FY22-23 signaled the objective to allocate both UC and CSU a 5 percent annual increase in State support. UCOP’s planning seeks to limit budget increases at the Office of the President, in favor of optimizing state funding for the campuses and UC students.

Unrestricted funding, which makes up approximately one-quarter of UCOP’s budget, remains a significant challenge. Including this year’s modest increase, UCOP’s unrestricted funding through state appropriation or campus assessment shows a five-year compound annual growth rate of -0.04 percent at a time when one-time fund balances and investment income also decreased resulting in a revenue decline which UCOP has struggled to weather considering the economic factors noted above.

The gap in unrestricted funding has left UCOP with a structural deficit which has been addressed with limited one-time funding and unsustainable cost containment strategies including restructured loan payments, delayed salary programs, hiring freezes, and more. UCOP must develop a sustainable solution to fully fund the unrestricted portion of its budget. Over the past five years, one-time unrestricted fund balances have been depleted, cost reductions were made that impacted the campuses, and staffing and other costs were significantly constrained to accommodate contracted increases and limited strategic investments. These changes will impact campus service levels and cannot be sustained beyond FY22-23.

FY22-23 UCOP BUDGET - EXECUTIVE SUMMARY

The proposed FY22-23 budget has been developed to ensure that UCOP can deliver on its priorities while maintaining a balanced budget across all fund types. Revenue modeling, current year actuals, and forecasts provide the basis for the upcoming budget year. UCOP's total FY22-23 proposed budget is \$1,035.8M which is a \$29.3M (2.9 percent) increase over FY21-22.

Budget Changes

As compared to the FY21-22 budget, the \$29.3M FY22-23 budget change is due to a few key drivers in across each of our three fund types:

- Compared to the FY21-22 campus assessment amount of \$215.2M, the unrestricted UCOP campus assessment increases \$8.4M or 3.9 percent. Minor increases in other unrestricted sources result from projected year-end fund balance due to conservative spending and some project timing shifts in FY21-22 offset by a decline in investment income.
- Designated funds increase due to UCPATH enhancements to meet operational requirements which are offset by decreases in two Academic Affairs programs – California Subject Matter Program, which benefited in FY21-22 from one-time funding from the state, and the Lab Fees Research Program which is lower based on the anticipated timing of grant awards.
- Restricted funds show a net increase of \$17.1M or 3.5 percent which results from necessary increases to enhance the Pension Administration system (“Redwood”), and to scale the Retirement Administration Service Center, offset by a reduction in the Tobacco-Related Disease Research Program (“TRDRP”) which is lower than FY21-22 due to the timing of anticipated grant awards.

Budget Funding – Fund Types, Fluctuations, and Flexibility

Approximately 73 percent of UCOP's funding is either restricted or designated. Restricted and designated funding can only be used for specific, defined purposes aligned to the research, teaching, and public service mission or to provide critical campus services.

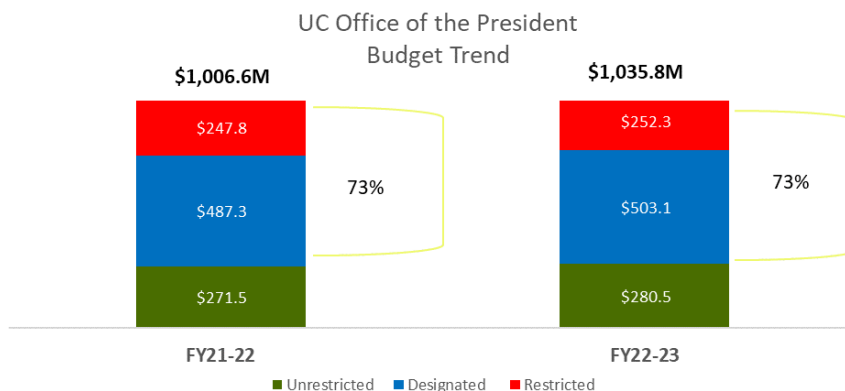
Restricted funds can fluctuate significantly from year to year depending on grant funding available from outside sources, including the state. For example, funding for Tobacco-Related Disease Research Programs has gone up and down by millions of dollars from year to year due to unforeseen events such as COVID-19 as well as changes in the timing of grant awards.

Designated funds are most affected by changes in designated programs, UCPATH, and campus-sponsored fee-for-service (e.g. UC Legal, UC Health) or self-supporting activities (e.g. UC Investments). Increases in these areas benefit or are in service of the campuses and fee-for-service increases are closely reviewed by the UCOP Executive Budget Committee which includes either senior administrative or academic leaders from each campus.

Unrestricted funds, comprising 27 percent of UCOP's budget, allow the most flexibility and can support discretionary spending. Noted previously, these unrestricted funds have remained flat over the last five years despite inflation, and they continue to be constrained. These funds largely support operating expenses in Systemwide and Core Services, and to a smaller extent academic and research programs in Programs and Initiatives.

The unrestricted Strategic Priorities Fund (SPF) remains the only funding available to support new Presidential initiatives and urgent and emergent issues, such as systemwide campus safety reforms, COVID-related expenses, and other technology upgrades. The President's objective is to use these funds to seed initiatives and accelerate progress until such time the campuses can take ownership. This is the sole budgeted fund source over which the President has flexible discretion and is budgeted at \$30M (2.9 percent of the total budget). Based on existing commitments, only \$9.5M (less than 1 percent of the total UCOP budget) of the SPF is available for spending at the President's discretion for FY22-23.

Figure 1: UCOP Budget by Fund Type (FY21-22 to FY22-23)



- 73% of UCOP's budget is either restricted or designated and can only be used for defined purposes
- Restricted funds, in red, fluctuate with availability of grant funds
- Designated funds, in blue, are impacted by designated state appropriations and fee-for-service or self-funded services
- Unrestricted funds, in green, are largely from campus assessment and have been flat over five years (with the exception of the COVID-19 related state reduction in FY20-21)

FY22-23 Budget Considerations – Opportunities and Risks

FY22-23 budget development was completed based on the existing campus assessment funding model for UCOP and a W-2 fee-for-service, campus assessment for UCPATH. It is expected that ANR will continue to be funded through a sole, ongoing state direct appropriation. Typically, each year, UCOP reviews new and shifting priorities, assesses both internal and external risk factors and strives to mitigate financial impact on the campuses. However, each year UCOP must address critical priorities, contract increases, alignment with systemwide salary programs, and preserve some flexibility for the year ahead.

The UCOP Executive Budget Committee (EBC) played an active role throughout the budget process to provide input regarding campus priorities, evaluate increases in fee-for-service activities, and provide its annual budget recommendation letter to the President.

The opportunities for investment that are captured in the FY22-23 budget proposal include:

- Alignment with the systemwide salary program to retain existing staff;
- Addition of key personnel in critical Academic Affairs programs and services; and
- Funding for stabilization and operationalization of critical systems, services, and networks.

The primary risks inherent in the budget proposal are:

- Modest 3.9 percent increase to the UCOP campus assessment is outpaced by recent inflation rates of 8.4 percent, more than twice the rate of UCOP's funding increase;
- The dynamic, competitive labor market may create further workforce disruption and impact UCOP's ability to deliver on some objectives;
- Unrestricted funding continues to be insufficient, forcing reallocations and cost cuts to absorb required increases. After multiple years, this is not sustainable and introduces organizational risk to staffing and service levels, and critical core functions that support the campuses;

- Most budget augmentations requesting unrestricted funds had to be rejected (~80+ percent) which included additions to valued programs for Historically Black Colleges and Universities (HBCUs) and Hispanic Service Institutions (HSIs), as well as some areas related to systems, such as an improved UCPath data warehouse, and more aggressive investments in cybersecurity and compliance; additionally
- The \$30M unrestricted SPF amount, established in the FY17-18 Budget, has not been adjusted for inflation since its inception five years ago. This limitation continues to provide the President with potentially inadequate resources.

FY22-23 BUDGET DETAIL

The following section provides FY22-23 budget details for sources, uses of funds, and year-over-year changes. In addition, this section shares more information about Special Expense Classification activities, specifically Pass-Through expenditures and Fee-for-Service shared services. Lastly, this section provides an overview of UCOP fund balances and reserves.

FY21-22 to FY22-23 Budget Summary

Figure 2 summarizes and compares the proposed FY22-23 budget with the FY21-22 budget and Q2 forecast, and includes fund balances and reserves.

Figure 2: FY21-22 to FY22-23 Budget Summary¹

UCOP Budget Summary (Adapted from CSA Figure 11¹)

Overall UCOP

\$ in millions

| | | | | Variance: Increase/(Decrease) | | |
|---|-------------------|-----------------------|-------------------|------------------------------------|------------------------------------|-----------------------------------|
| | FY21-22 Budget | FY21-22 Q2Forecast | FY22-23 Budget | FY21-22 Fcst vs. FY21-22 Bud | FY22-23 Bud vs. FY21-22 Fcst | FY22-23 Bud vs. FY21-22 Bud |
| UCOP USES | | | | | | |
| Programs and Initiatives | \$ 437.6 | \$ 400.0 | \$ 411.5 | (\$37.5) | \$ 11.4 | (\$26.1) |
| Systemwide and Core Services | 433.0 | 429.8 | 479.3 | (3.2) | 49.5 | 46.3 |
| Strategic Priorities Fund: Unrestricted | 30.0 | 30.1 | 30.0 | 0.1 | (0.1) | (0.0) |
| Strategic Priorities Fund: Desig. & Restricted | 8.8 | 9.4 | 3.6 | 0.6 | (5.9) | (5.2) |
| SUBTOTAL USES | \$ 909.3 | \$ 869.3 | \$ 924.3 | (\$40.0) | \$ 55.0 | \$ 15.0 |
| UCPath | 97.2 | 97.1 | 111.5 | (0.1) | 14.4 | 14.3 |
| TOTAL USES | \$ 1,006.6 | \$ 966.4 | \$ 1,035.8 | (\$40.1) | \$ 69.4 | \$ 29.3 |
| <div> <div>% Spent: 96.0%</div> <div>% Change: 2.9%</div> <div>% Change Unrestricted: 2.8%</div> </div> | | | | | | |
| INCLUDED IN USES ABOVE | | | | | | |
| Fee-For-Service | \$ 395.9 | \$ 357.0 | \$ 374.9 | (\$38.9) | \$ 17.9 | (\$21.0) |
| Pass-Throughs | 310.9 | 310.4 | 353.7 | (0.5) | 43.3 | 42.8 |
| Total Fee-For-Service and Pass-Throughs | \$ 706.8 | \$ 667.4 | \$ 728.6 | (\$39.5) | \$ 61.2 | \$ 21.8 |

CENTRAL OPERATING RESERVE² \$ 15.0

NON-OPERATING AND PROGRAM RESERVES³ \$ 126.3

| | 6/30/22 Balance | Commitments | Remaining Balance |
|---|--------------------|----------------|----------------------|
| FORECASTED FUND BALANCES NET OF RESERVES³ | | | |
| Unrestricted | \$ 21.2 | \$ 17.4 | \$ 3.8 |
| Designated | 98.6 | 26.7 | 71.9 |
| Restricted | 3.9 | - | 3.9 |
| Total Forecasted Fund Balances Net of Reserves | \$ 123.6 | \$ 44.1 | \$ 79.5 |

¹ Figure 11 in CSA Report 2016-130 issued April 25, 2017.

² Held in President's Endowment Fund

³ Reserves and Fund Balances provided are projections at June 30, 2022

The FY22-23 UCOP Budget Categories

UCOP organizes its budget according to three different categories defined below.

| Sources of Funds | Uses of Funds | Special Expense Classifications |
|--|---|---|
| <ul style="list-style-type: none"> Unrestricted Designated Restricted | <ul style="list-style-type: none"> Programs and Initiatives Systemwide and Core Services UCPath Strategic Priorities Funds <ul style="list-style-type: none"> Unrestricted Designated/Restricted | <ul style="list-style-type: none"> Pass-Through Fee-for-Service |

In addition to the Sources and Uses of Funds, UCOP shows **pass-through** dollars which flow through the UCOP budget to campuses, researchers, and the public for systemwide programs. The largest programs are Agriculture and Natural Resources and the statewide Tobacco-Related Disease Research Program, managed by Academic Affairs.

Systemwide **fee-for-service** activities are provided by UCOP to campuses on a fee basis. The largest fee-for-service activities include UCPath, legal services, and management of investment assets and employee/retiree benefits. The three budget categories are displayed in Figure 3.

Figure 3: FY22-23 Budget Summary by Category

\$ millions

| Sources of Funds | FY22-23 Budget | % of Total |
|---|-------------------|---------------|
| Unrestricted | \$ 280.5 | 26.8% |
| Designated | \$ 514.1 | 49.1% |
| Restricted | \$ 252.3 | 24.1% |
| Total Sources | \$ 1,046.8 | 100.0% |
| Uses of Funds | | |
| Programs and Initiatives | \$ 411.5 | 39.7% |
| Systemwide and Core Services | \$ 479.3 | 46.3% |
| UCPath | \$ 111.5 | 10.8% |
| Strategic Priorities Funds | \$ 33.6 | 3.2% |
| Total Uses | \$ 1,035.8 | 100.0% |
| Special Expense Classification | | |
| Pass-Throughs | 374.9 | 36.2% |
| Fee-For-Service | 353.7 | 34.1% |
| Total Special Expense Classification | \$ 728.6 | 70.3% |
| Budget Net of Expense Classification | \$ 307.3 | 29.7% |

73% of the sources of funds are designated for specific programs and services or restricted for use by a third party.

40% of the uses of funds are dedicated to ~30 programs managed by UCOP on behalf of the State, Federal Government, Regents and the UC system.

30% is the remaining UCOP budget net of dollars passed through UCOP to recipients across the state and fee-for-service activities.

Key Drivers

The FY22-23 budget of \$1,035.8M is higher than the FY21-22 budget of \$1,006.6M by \$29.3M or 2.9 percent. Key drivers for the change from the FY21-22 to FY22-23 budget include:

- UCOP campus assessment increase of \$8.4M, largely used to support the UCOP unrestricted portion of the UC-wide salary program endorsed by President Drake.
- UCPath, year-over-year increase of \$14.3M designed to fully fund its operational model and strategically invest in service optimization.
- Investment in the Pension Administration system, serving UC's growing retiree population, to stabilize the system and reduce risks, for an increase of \$11.4M; and
- Required resources and service support for the Retirement Administration Service Center of \$7.3M.
- Higher cost of Operations in IT Services to improve network stability and data security and costs for occupancy and other services required to support Oracle Cloud systems, +\$9.4M.
- Campus support for strategic systemwide procurement and data analysis services in UC Health Collaborative, additional internal resources within UC Legal to support the system and campuses and lessen reliance on outside counsel, and added UC Investment resources to support compliance and investment areas such as real estate, \$10.2M.
- Finance cost increases to optimize UC's updated large-scale system implementations including Oracle Cloud, treasury and lease accounting systems and support Capital Markets and Risk, +\$1.8M.
- Strategic investments to address enterprise risks across compliance and audit, and increased resources to address critical areas in Academic Affairs and External Relations, +\$3.0M.

Increases have been partly offset by reductions in programs including:

- Lab Fees Research Program (LFRP) -\$7.0M, California Subject Matter Program (CSMP) -\$5.1M, and Tobacco-related Disease Research Program (TRDRP) -\$18M.
- Reduction in FY22-23 to Designated and Restricted SPF one-time projects, -\$5.2M.

UCOP has also tightened expense budgets in light of the current uncertain environment and continuing constraints. Many FY21-22 savings initiatives continue into FY22-23 including:

- Setting targets for expenses on unrestricted funds.
- Re-establishing a salary vacancy factor to replace the hiring freeze and offset UCOP salary and benefits to recognize longer than anticipated recruiting timelines and expected employee turnover.
- Re-imagining post-pandemic and remote work including travel budgets, which remain lower than pre-COVID-19 levels by nearly one-third. While travel and in-person meetings are starting to pick up, it is anticipated that some meetings will continue virtually, saving time and travel costs.

Budget Requests, Reduced or Not Funded

Annually, divisions submit budget augmentation requests for new or continuing activities. During this budget cycle, UCOP rejected, reduced or required divisions' budgets to absorb more than \$34M in unrestricted requests to balance the budget. The compromises were made across all divisions, and some of the items not funded included:

- New position funding requests for several under-resourced areas in Academic Affairs, and UC Operations.

- Increases to valued UC academic programs including Historically Black Colleges and Universities (HBCUs), Hispanic Serving Institutions (HSIs) and the California Digital Library (CDL).
- Full financial support to UC Observatories program (a multi-campus research unit) to offset uncertain FY22-23 grant fund revenues.
- Multiple large-scale requests to address network and data security vulnerabilities.
- UCPath data warehouse for better data metrics, analytics and reporting.
- Strategic investments in systemwide procurement efficiencies.
- Training and development opportunities.
- IT hardware requests (capital expenditures) to replace end-of-life equipment.

Key Takeaways

Budget Summary

1. The UCOP proposed **\$1,035.8M** budget is a **\$29.3M or 2.9 percent increase** compared to FY21-22.
2. **\$755.4M or 73 percent** of the budget is in restricted and designated activities.
3. Excluding pass-through and fee-for-service activities, the UCOP budget is **\$307.3M (30 percent)** of the UCOP total budget
4. **Key drivers** of increases include: participation in the UC systemwide salary program, required contract cost increases, UCPath and the pension system (“Redwood”) and related staffing to support service improvements in the Retirement Administration Service Center.

Programs and Initiatives (P&I) (Schedule C)

1. The FY22-23 budget for Programs and Initiatives (P&I) is **\$411.5M (40 percent)** of the UCOP total budget.
2. **\$374.9M (36 percent)** of total budget is **pass-through** funding; these funds are distributed to campuses, researchers, K-12 programs, and other recipients throughout California in support of the University’s teaching, research and public service mission.
3. State and Federal programs make up **\$313.9M** of the P&I budget; Agriculture and Natural Resources (ANR) and the Tobacco-related Disease Research Program (TRDRP) comprise **\$271.8M** of that total.
4. Program funding for FY22-23 is **\$26.1M (6 percent)** lower, as a result of a decrease in TRDRP planned grant funds and awards due to a shift in the timing.

Systemwide and Core Services and UCPath (Schedule D)

1. The FY22-23 budget for Systemwide and Core Services is **\$479.3M (46 percent)** of the UCOP total budget.
2. **Fee-for-service** activities are primarily in the Systemwide and Core Services budget and total **\$353.7M (34 percent)** of total budget.
3. The Systemwide and Core Services budget **supports critical services in finance, human resources, compliance, legal, health, communications, government relations and others**; this budget is **\$46.3M (11 percent)** higher than FY21-22; increases are driven primarily by higher operating costs including finance, legal, occupancy, and systems upgrades and resources to scale the pension system and service capacity.
4. The **UCPath operations budget** of \$111.5M up from \$97.2M in FY21-22 (excluding one-time SPF projects) or 14.7 percent to achieve staffing level targets and optimize campus services.

Strategic Priorities Funds (SPF) (Schedules F1 and F2)

1. The Unrestricted Strategic Priorities Fund is set at **\$30M**, allowing the President \$9.5M in discretionary funds for new priorities and initiatives and urgent / emergent issues given current commitments.
2. The **Designated/Restricted Strategic Priorities Fund** includes \$3.6M in projects including Lived Name & Gender identity project, system upgrades and a student-pay project for UCPath endorsed by the campuses.

Fund Balances and Reserves (Schedules G, H)

1. Net of commitments and including fund balances applied to FY22-23 sources, unrestricted fund balances are forecasted to be **\$3.8M**, a 62 percent decrease from the current year.
2. Designated fund balances are primarily held by **UCNL (50 percent of total fund balances)** from lab fees collected from managing multi-billion-dollar federal lab contracts. UCNL presents these balances annually to the Regents each July.
3. Forecasted year-end **reserve balances are \$141.3M**. The majority of the reserves support multi-billion-dollar systemwide national lab contracts and the housing loan program.

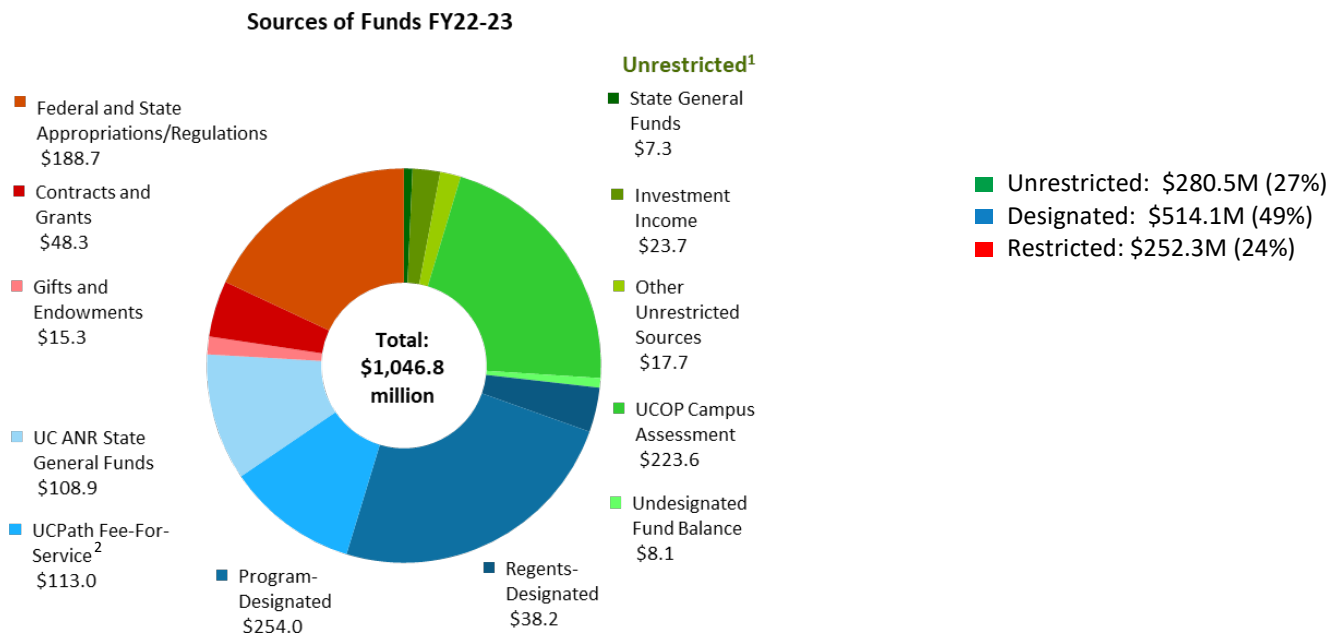
FY22-23 UCOP BUDGET

UCOP's total proposed expenditure budget for FY22-23 is **\$1,035.8M**. The following sections describe the sources and uses, which are also detailed in **Schedules A-E**. The section also includes details on the various categories of the budget: Programs and Initiatives, Systemwide and Core Services, UCPATH and the Strategic Priorities fund. In addition, the detail of all Pass-Through and Fee-for-Service activities are provided. Finally, a summary of uses by fund type is included.

Source of Funds

In FY22-23, UCOP's budget provides sources totaling \$1,046.8M which are detailed in the appendix, **Schedule A**. As shown in Figure 4 below, **73 percent of fund sources are either restricted or designated**. The campus assessments for UCOP and UCPATH total \$335.1M; the direct appropriation for UC ANR totals \$108.9M. Campus assessment funds, combined for UCOP and UCPATH of \$335.1M, comprise 32 percent of UCOP budgeted sources of funds.

Figure 4: Source of Funds



¹ Unrestricted funds include \$223.6 in campus assessment, as well as state funds appropriated for faculty. \$8.1M in undesignated fund balances are also included in the unrestricted sources

² Total UCPATH sources of \$113.0M include \$1.5M in fund balance from prior year assessment of \$98.6M.

Due to timing of sources and uses, the net margin reflects a surplus of \$11.0M for FY22-23 on designated funds. Surplus funds, primarily from UCNL will be used in subsequent years and/or added to the fund balances for future expenditures. Additional information can be found in Schedule B. Figure 5 below shows the source changes between FY21-22 and FY22-23 by fund type.

Figure 5: Change in Source of Funds

\$ millions

| Fund Type | Variance | | | |
|--------------|-------------------|-------------------|--------------------|---------------|
| | | | FY22-23 vs FY21-22 | |
| | FY21-22 Budget | FY22-23 Budget | % Incr/(Decr) | % of Total |
| Unrestricted | \$ 272.8 | \$ 280.5 | 2.8% | 26.8% |
| Designated | \$ 505.1 | \$ 514.1 | 1.8% | 49.1% |
| Restricted | \$ 247.8 | \$ 252.3 | 1.8% | 24.1% |
| Total | \$ 1,025.6 | \$ 1,046.8 | 2.1% | 100.0% |

- Increase on unrestricted funds from a 3.9% increase in campus assessment funds
- Increase on designated funds driven by UCPATH and other fee-for-service activities
- Restricted funds increase in retirement administration funds for the pension system

Use of Funds

The FY22-23 budgeted use of funds is \$1,035.8M. Programs and Initiatives and Systemwide and Core Services combined make up 86 percent of the budget. UCPATH represents 11 percent of the budget, and the Strategic Priorities Funds comprise approximately 3 percent of the budget. Figure 6 provides an overview of UCOP uses by functional area.

Figure 6: Use of Funds

\$ in millions

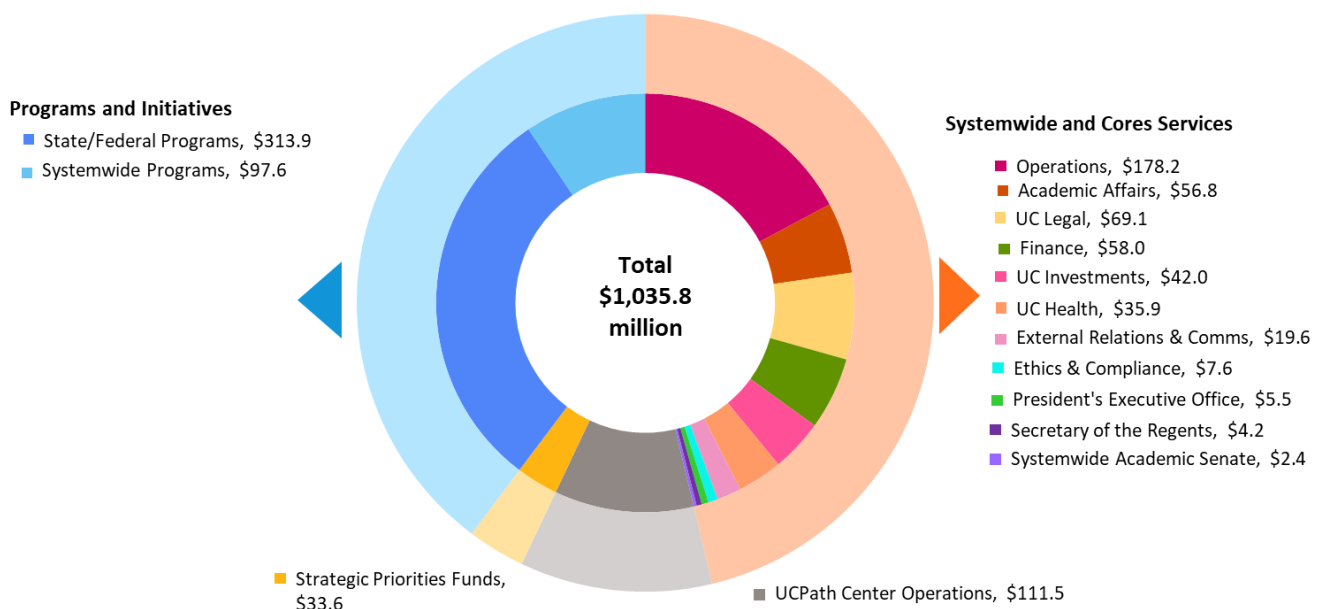


Figure 7 below outlines the changes in the budget by functional area. Additional detail on the Uses of Funds, including budgets, forecasts and variances are included in the section below and **Schedules A-E**.

Figure 7: Change in Uses of Funds

| Functional Area | Variance | | | |
|--|---------------------|-------------------|----------------|---------------|
| | FY22-23 vs FY21-22 | | | |
| | FY21-22 Budget | FY22-23 Budget | \$ Incr/(Decr) | % Incr/(Decr) |
| Programs and Initiatives | \$ 437.6 | \$ 411.5 | (\$26.1) | (6.0%) |
| Systemwide and Cores Services | 433.0 | 479.3 | 46.3 | 10.7% |
| UCPath | 97.2 | 111.5 | 14.3 | 14.7% |
| Strategic Priorities Fund, Unrestricted | 30.0 | 30.0 | (0.0) | (0.0%) |
| Strategic Priorities Fund, Desig. & Restricted | 8.8 | 3.6 | (5.2) | (59.5%) |
| Total | \$ 1,006.6 | \$ 1,035.8 | \$ 29.3 | 2.9% |
| | excl. UCPath | \$ 909.3 | \$ 15.0 | 1.6% |

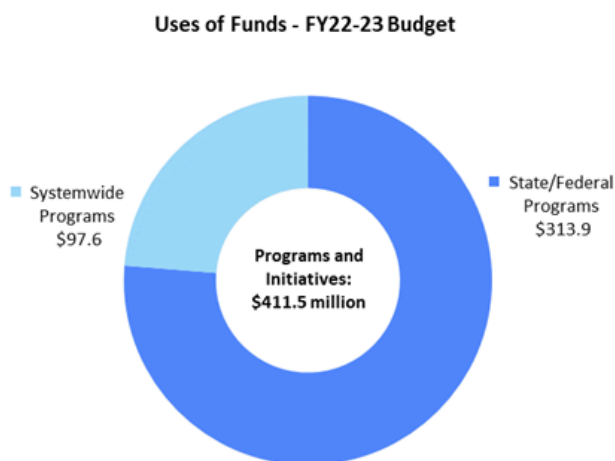
The total budget has increased by \$29.3M (2.9%), or \$15M (1.6%) excluding UCPath

Programs and Initiatives

The proposed FY22-23 Programs and Initiatives budget is \$411.5M, or 40 percent of the budget. Figure 8 below shows the distribution between approximately 30 State/Federal and Systemwide programs. Most programs are managed by Academic Affairs as part of the research and public service the university provides on behalf of the state and federal governments. The complete list of programs, budgets, forecasts and comparisons, can be found in **Schedule C**.

Figure 8: Programs and Initiatives

\$ in millions



76% - State/Federal Programs are either required by legislation or operated by UC on behalf of the state or federal government, e.g., ANR and the Tobacco-Related Disease Research program.

24% - Systemwide Programs benefit the UC campuses and many other statewide recipients, e.g., SAPEP, UCPress, UC research and astronomy programs.

Variances for the current year and comparison to the FY22-23 budget are in **Schedule C**.

Figure 9 below details the Pass-through funds, virtually all of which are in the Programs and Initiatives portion of the budget. Pass-through funds flow through the UCOP budget directly to campuses or other California institutions, individuals or researchers. The largest pass-through program is ANR which UC operates as the land-grant University for the State of California (see **Schedule E**). The majority of pass-through funds are distributed by the Academic Affairs division for research, diversity programs, online learning initiatives, undocumented students and more.

Figure 9: Pass-through Funds Programs

\$ in millions

| | FY21-22 Budget | FY22-23 Budget |
|------------------------------------|-------------------|-------------------|
| Pass-Throughs | | |
| Agriculture & Natural Resources | \$ 197.2 | \$ 196.8 |
| Research Grant Programs | 101.9 | 86.4 |
| Other Strategic Priorities Fund | 12.7 | 17.9 |
| UC Observatories | 16.2 | 16.3 |
| California Subject Matter Projects | 14.7 | 9.6 |
| National Laboratory Programs | 15.6 | 8.5 |
| UC Research Initiative | 7.4 | 7.4 |
| All Others | 2.2 | 5.4 |
| Diversity Initiatives | 5.8 | 5.5 |
| Other Academic Pass-Throughs | 5.2 | 5.2 |
| Public Service Programs | 4.5 | 4.5 |
| Public Service & Law Fellowship | 3.0 | 3.6 |
| Online Education Initiatives | 3.1 | 3.4 |
| Undocumented Students | 2.2 | 2.0 |
| iCAMP | 0.5 | 1.0 |
| UC Libraries | 1.8 | 0.9 |
| UC Health Initiatives | 1.9 | 0.7 |
| Total Pass-Throughs | \$ 395.9 | \$ 374.9 |
| Year-Over-Year Decrease \$ | \$ | (21.0) |
| Year-Over-Year Decrease % | | -5.3% |

- The top two pass-through programs account for **76%** of the total
- Research grant programs are lower primarily due to a funding cycle shift
- CSMP reduction is due to the receipt of one-time funds in FY21-22

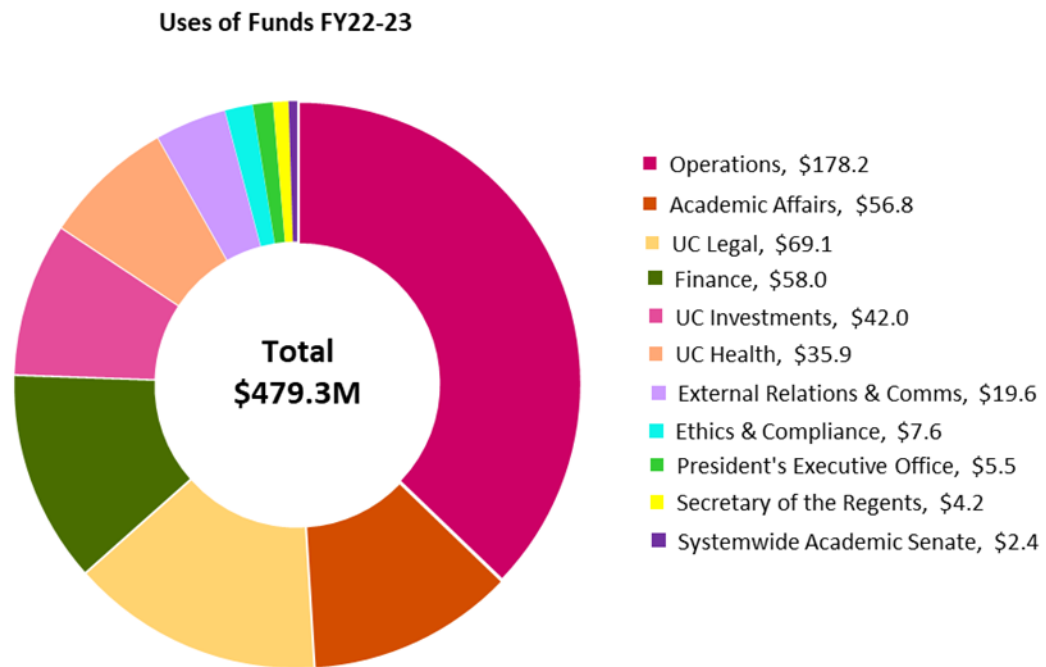
For FY22-23, the pass-through funds decreased \$21.0M (5.3 percent). Of the total,

- \$15.5M is a decrease in Research Grant Programs, including Tobacco-Related Disease Research and the California Breast Cancer Research Program
- \$7.1M is a decrease due to the Lab Fees Research Program bi-annual grant competition.
- \$4.7M is an increase in Strategic Priorities fund allocations for campus safety programs and the Native American Graves Protection and Repatriation Act (NAGPRA) work on campuses.
- \$7.1M is a decrease in California Subject Matter Projects as it benefitted in FY21-22 from one-time state support in the June 2021 budget act.

Systemwide and Core Services

Systemwide and Core Services, excluding UCPath, total \$479.3M and comprise 46.3 percent of the total budget; including UCPath, the total is \$590.8M or 57.0 percent of the total budget. Figure 10 below and **Schedule D** provide a budget overview by division. The Systemwide and Core Services budget supports critical systemwide services and UCOP internal operations. The UC Operations division, which makes up a third of this budget, provides systemwide HR, benefits and retirement management, technology services, strategic planning and program management, and internal UCOP operations.

Figure 10: Systemwide and Core Services
\$ in millions



Projected variances for the current year and a comparison to the FY22-23 budget are shown on **Schedule D**. The majority of UCOP Fee-for-Service activities, shown in Figure 11 below, are contained within the Systemwide and Core Services budget.

Figure 11: Fee-for-Service Activities
\$ in millions

| | FY21-22 Budget | FY22-23 Budget |
|-----------------------------------|-------------------|-------------------|
| Fee-for-Service | | |
| UCPath | \$ 98.6 | \$ 113.0 |
| Office of the General Counsel | 51.7 | 55.3 |
| UC Retirement System | 43.1 | 55.2 |
| Investments & Asset Management | 46.4 | 48.9 |
| Employee Benefits Administration | 29.7 | 32.5 |
| UC Health Collaborative | 22.5 | 25.7 |
| Risk Management | 7.2 | 7.6 |
| Bond Management | 3.8 | 4.4 |
| Information Technology Services | 0.9 | 3.2 |
| Other Services | 2.3 | 2.9 |
| Patent Royalty Administration | 2.5 | 2.7 |
| UC Mortgage Origination Plan | 2.3 | 2.5 |
| Total Fee-for-Service | \$ 310.9 | \$ 353.7 |
| Year over Year Increase \$ | | 42.8 |
| Year over Year Increase % | | 13.8% |

- The top six fee-for-service activities account for **93% of the total**.
- UCPath (incl. fee-for-service one-time projects in designated SPF) is higher due to staffing level targets and operational stabilization.
- UC Retirement System is higher as work on the pension system project continues to move towards stabilization, and resources are added to the service center.

Fee-for-service activities are functions that UCOP operates on behalf of the UC system to avoid redundancy on campuses and to save costs. UCPATH provides systemwide payroll and human resource services. UC Legal fees fund internal and third-party legal costs that UC Legal coordinates on behalf of the campuses. UCOP also manages investment, systemwide retirement and employee benefit programs.

UCPATH

UCPATH is the largest shared services organization in higher education in the United States. It was created to consolidate multiple legacy and out-of-date University of California payroll, benefits, and personnel system instances – at more than 20 UC campuses, medical centers, and laboratories – into a single, cloud-based PeopleSoft software suite.

UCPATH's singular purpose is to effectively serve the more than 230,000 employees from UC campuses, health systems, Office of the President, Agriculture and Natural Resources, Associates Students of UCLA, Hastings College of the Law and Lawrence Berkeley National Lab

Now that all locations have migrated into UCPATH, the original service model needs to evolve to effectively achieve agreed-upon outcomes. To that end, the immediate strategic priorities for FY22-23 will be to:

- Continue to establish effective communications and partnerships with the UC stakeholder community to understand and address their concerns
- Institute a cultural and organizational transformation framework to demonstrate that UCPATH recognizes its sole reason for existing was/is to support the UC locations.
- Develop a platform to shape a collective operational transformation agenda to stabilize UCPATH operations
- Develop and execute a roadmap to optimize operational processes to improve the customer experience and achieve service level performance targets while minimizing risk across the enterprise.

The UCPATH FY22-23 funding request is expected to enable the execution of specific goals, objectives and targeted initiatives to transition UCPATH operations from "implementation mode" to a stable, steady-state, best-in-class shared services organization. For FY22-23, the UCPATH proposed operating budget is \$111.5M, up 14.7 percent from \$97.2M in FY21-22, excluding designated SPF projects.

The UCPATH FY23 budget proposal reflects a material increase from FY21-22, primarily driven by:

- The need to achieve long-planned staffing levels to effectively deliver UCPATH services that were delayed during the COVID-19 pandemic
- The need to make technology and operational improvements to stabilize UCPATH operations, alleviate location pain points and deliver a best-in-class customer experience
- The start of debt service principal payments

Stakeholders have asked UCPATH to make a number of important system changes to reduce their workload, improve visibility to their employee data, increase accuracy of financial reporting and enhance functionality. UCPATH leadership has also embarked on an operational transformation initiative to evaluate UCPATH's existing operational processes, workflows, staffing, organizational structure, technology, etc. These project initiatives are included in the UCPATH FY22-23 roadmap, which has

already been broadly socialized with stakeholders and approved by UCPATH [governance](#).

In addition, UCPATH will undertake two designated SPF projects: 1) a \$1.2M student-pay pilot to assess the viability of biweekly pay at all campus locations which will enable improved automation, timeliness and flexibility and reduce complexity of payment cycles for student employees, and 2) a \$0.2M PeopleSoft upgrade.

Unrestricted Strategic Priorities Fund (SPF)

The SPF was created in FY17-18 at \$30M to fund emergent and urgent priorities, Presidential initiatives, and key projects requiring one-time funding. Many SFP priorities and projects span two or more years, meaning that a portion of the \$30M budget is already committed at the start of the fiscal year to priorities started in the previous fiscal year. The remaining uncommitted portion allows the President to fund new priorities and projects throughout the year.

The total unrestricted SPF of \$30M is an amount that has been approved by the Regents. **Schedule F-1** details the projected FY21-22 forecast and FY22-23 known commitments of approximately \$19.9M, which include:

- On-going support for undocumented students
- Needed campus funding for Native American Graves Protection and Repatriation Act (NAGPRA)
- Programs that support the academic mission, students, and researchers
- Bridge funding for undergraduate and graduate student association initiatives (UCSA / UCGPC)
- IT projects, including a critical effort to stabilize the UCOP network
- Systemwide Integrated Library System Initiative
- Presidential initiatives, described in further detail in Appendix 3

The \$30M SPF currently includes \$9.5M in uncommitted funds. These funds, while limited, remain at the discretion of the President for new initiatives or strategies. However, these uncommitted funds also are used for unforeseen requirements, such as systemwide safety reforms, COVID-related expenses and technology upgrades, which can further limit the Presidents' flexibility.

Designated and Restricted Strategic Priorities Fund (SPF)

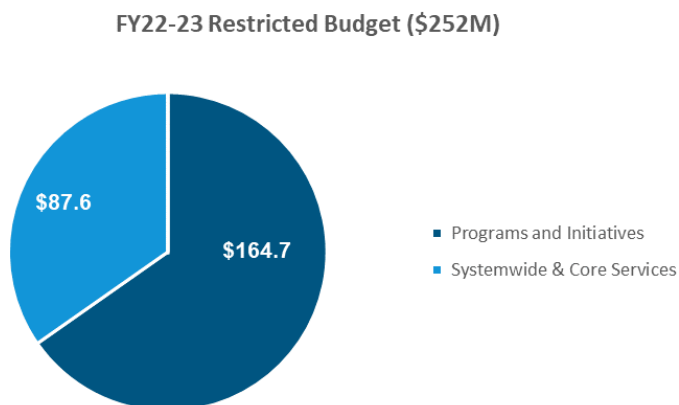
In addition to the unrestricted SPF, one-time designated and restricted projects can be funded with the Designated and Restricted SPF. This approach continues to provide transparency to short-term projects funded on designated or restricted funds so they may be accounted for separately from annual departmental operating budgets.

Schedule F-2 shows the planned projects to be funded by this SPF totaling \$3.6M. These projects appropriately utilize designated and restricted funds and although they increase the overall size of the UCOP budget, they do not have the same flexibility as unrestricted funds. This year, major projects include further improvements to the retirement administration system and processes, iCAMP which addresses facility and infrastructure needs through lifecycle management across all campuses, and the previously mentioned Student-Pay project for UCPATH. All requests were reviewed by the Executive Budget Committee, UCOP leadership, and the President and only critical projects are budgeted.

Use of Funds by Fund Type

Figure 12: FY22-23 Restricted Fund Uses

54 percent of restricted funds primarily support two large State and Federal programs, ANR and TRDRP. Restricted funds also support the UC retirement administration and systems, including one-time funds in the restricted SPF to stabilize and enhance the retirement administration system (the Redwood project).



Programs and Initiatives, \$164.7M (65%):

- \$137.3M of this total is from state / federal Programs with ANR and TRDRP accounting for \$68.4M and \$68.9M, respectively

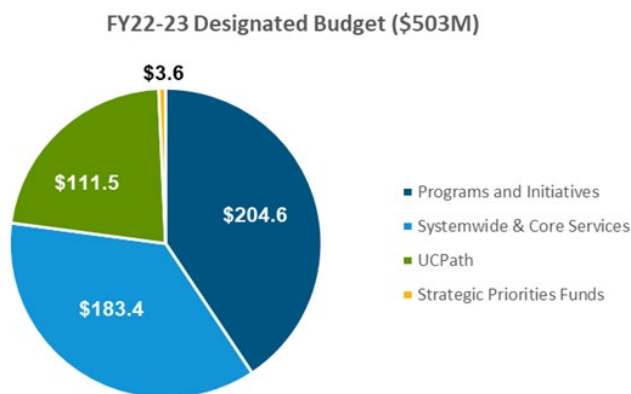
Systemwide Services, \$87.6M (35%):

- \$69.4M of this total is in Systemwide Human Resources associated with management of UC's systemwide retirement program

FY22-23 designated funds total \$503.1M. Designated funds may only be used for a specific program, initiative or expenditure. Examples include UC Press, UC National Laboratories, and UC Investments. UCPATH is also entirely funded on designated funds.

In FY22-23, designated funds increase by \$15.8M from FY21-22. The change is driven by increases in UCPATH, UC Legal and UC Health, offset by reductions in the Lab Fees Research Program and CSMP due to one-time funds received in FY21-22. Increases in Systemwide and Core Services or fee-for-service activities (which were reviewed with and supported by the Executive Budget Committee).

Figure 13: FY22-23 Designated Fund Uses



Programs and Initiatives, \$204.6M (41%):

- \$151.2M of the total is in state / federal programs incl. ANR \$134.5M and UCNL \$9.7M
- \$53.4M of the total is in Systemwide programs: UC Press \$19.7M, Lab Fees Research \$8.1M, CA HIV/Aids \$8.8M

Systemwide and Core Services, \$183.4M (36%):

- UC Legal \$58.1M, Risk Services \$9.1M, UC Investments \$42M, UC Health \$28.8M

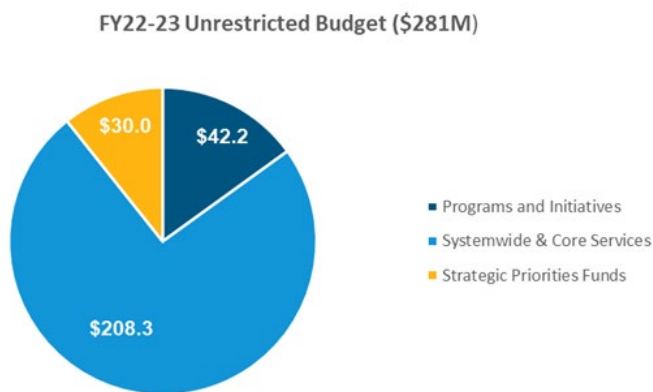
UCPATH, \$111.5M (22%)

Strategic Priorities Fund, \$3.6M: (1%)

- Includes UCPATH's implementation of student-pay \$1.2M and systems upgrades for Lived-Name updates

Figure 14: FY22-23 Unrestricted Fund Uses

The FY22-23 budget includes total unrestricted funds of \$280.5M. 74 percent of these funds go toward Systemwide and Core Services to provide services across the system, gain efficiencies and reduce redundancies. Detailed expenditures by fund type are provided in the Regents Schedule C-1 and D-1 in the appendix.



Systemwide and Core Services, \$208M (74%):

- External Relations & Communications \$12.4M, Finance \$32.8M, UC Operations \$86.8M (including IT, Systemwide Human Resources), UC Legal \$10.2M, and Other (President's Executive Office, Secretary of the Regents, and more)

Programs and Initiatives, \$42M (15%):

- Funding supports research and teaching: UC Observatories, \$16.3M; Multi-campus Research Program Initiative \$8.3M, UC Washington DC Center \$1.5M
- And also supports public service: SAPEP \$6.3M, HBCUs \$4M

RESERVES

UCOP reserves are funds intentionally allocated and accrued from fund sources for use in the event of revenue disruption, for maintenance of assets including buildings and infrastructure, or used by UC National Laboratories for business development opportunities or potential post-contract liability risks.

UCOP completed a comprehensive review of best practices and peer benchmarking and established target funding levels for all reserves. The largest UCOP reserves, for the National Labs and UC Housing Loan programs, are reserves against multi-billion-dollar portfolios that are managed by UCOP and overseen by the Regents.

Reserves are not fund balances. While a reserve is intentionally accrued to manage risk, a fund balance is the net position, or the cumulative revenues (sources) received in excess of expenditures (uses) for a fund at any given time. Reserve funds are maintained separately from operating funds in order to manage each more effectively and transparently.

Reserve Target Funding Levels

In March 2019, UCOP established and reviewed guiding principles for UCOP reserves with the Board of Regents. The guiding principles include target funding levels, and controls for monitoring, reporting, and drawing on funds. In January 2018, the Regents adopted the [Policy on a Central Operating Reserve for the University of California Office of the President](#). The policy and presidential guidelines establish the size, funding source and circumstances for drawing on the Central Operating Reserve. The central operating reserve is unchanged from previous years and set at \$15M or at least 3.5 percent of covered funds and expenses and maintained in the President's Endowment Fund.

Forecasted Reserves

UCOP reports reserve balances and target funding levels to the Regents twice annually, during the presentation of the budget, and after fiscal year close. At the time the budget is presented, the fiscal year is not yet finalized, and therefore reserve balances are forecasted. Figure 15 **below** projects a total reserve balance of \$141.3M as of June 30, 2022. Details are in **Schedule G**.

Figure 15 – UCOP Reserve Balances

\$ in millions

| | Reserve Target Minimum | Reserve Target Maximum | 6/30/22 Forecasted Reserve | Variance: 6/30/22 Reserve Over Max / (Under Min) |
|---|---------------------------|---------------------------|----------------------------------|---|
| UCOP RESERVES | | | | |
| Building and Capital Assets Reserves ¹ | \$ 3.0 | \$ 8.5 | \$ 1.6 | \$ (1.4) |
| Program Reserves | 65.9 | 83.3 | 68.4 | - |
| Other Required Reserves | 51.0 | 65.6 | 56.3 | - |
| Sub-Total Program and Non-Operating Reserves | \$ 119.9 | \$ 157.4 | \$ 126.3 | |
| Central Operating Reserve | 15.0 | 15.0 | 15.0 | - |
| TOTAL UCOP RESERVES² | \$ 134.9 | \$ 172.4 | \$ 141.3 | |

¹ The Capital Maintenance and Renewal reserve is under the target minimum currently due to significant capital expenditures in FY21-22 on the Oakland consolidation program. These reserves will be built back to the target range over the next three years.

² See Schedule G for additional details.

Individual reserves mainly fall within the established target funding range minimum of \$134.9M and maximum of \$172.4M, except where noted above. The Housing Loan program reserve requirement has been increased to accurately reflect a 4 percent maximum reserve target on the overall size of the loan portfolio of approximately \$1.5 billion. The Regents determined in [January 2012](#) that the program is required to maintain a 3.5 percent maximum reserve target. Given the current economic uncertainty, and need to accommodate requests for loan forbearance, the Office of Loan Programs recommended to management increasing the maximum target to 4.0 percent, with a resulting target maximum of \$65.6M. The forecasted reserve is below that maximum.

FUND BALANCES

Fund balances reflect the difference at a point in time between sources and uses, less any known encumbrances and commitments. Because fund balances are one-time non-recurring funding sources, they must not be relied upon to fund recurring operations. **Schedule H, UCOP Fund Balances by Fund Type**, provides additional detail to the fund balances described below.

Actual and Forecasted Balances

To develop the FY22-23 budget, UCOP analyzed actual fund balances as of March 31, 2022 and forecasted fund balances for June 30, 2022. UCOP also reviewed known commitments identified for next year. Restricted or designated fund balances may only be used for their defined purpose.

Figure 16 shows a breakdown of fund balance by fund type, forecasted as of June 30, 2022. Overall, fund balances are projected to decrease by \$22.1M or 22 percent compared to last year, the largest reduction (70 percent) taking place in the unrestricted funds.

Figure 16: UCOP Fund Balances

\$ millions

| | 6/30/22 | | | | | | |
|---------------------------|--------------------|-----------------------|----------------|----------------------|------------------------------|--|-------------|
| | 6/30/21 Balance | Forecasted Balance | Commitments | Remaining Balance | Change in Fund Balance | | % Change |
| Unrestricted | \$ 12.4 | \$ 21.2 | \$ 17.4 | \$ 3.8 | \$ (8.6) | | -70% |
| Designated | 79.6 | 98.6 | 26.7 | 71.9 | (7.7) | | -10% |
| Restricted | 9.6 | 3.9 | - | 3.9 | (5.7) | | -60% |
| Total Fund Balance | \$ 101.6 | \$ 123.6 | \$ 44.1 | \$ 79.5 | \$ (22.1) | | -22% |

Unrestricted fund balances afford the most flexibility for use. Unrestricted balances total \$3.8M or 5 percent of the total remaining fund balance, net of funds being used for FY22-23 budget sources. Historically, UCOP relied on these balances to address emergent priorities, but this practice was replaced in FY18-19 with the establishment of the Strategic Priorities Fund. The main cause of the change in unrestricted fund balances were due to a \$7.3M commitment to campus-specific seismic work, interest on commercial loans and systems replacements. Final balances will be reviewed by UCOP after the June 30, 2022 fiscal close and reported in the FY21-22 Budget-to-Actuals item presented at the November 2022 Regents Meeting.

Designated fund balances total \$71.9M or 90 percent of the forecasted remaining fund balance. A designated balance is considered committed by the Regents or UCOP for an intended purpose. The largest balance, \$56.1M, or 71 percent of total fund balances, is Regents-designated for the management of the UC National Laboratories and the Lab Fees Research Program. The Office of National Labs provides a spending and reserves plan to the Regents each July for approval.

Designated fund balances also include balances for self-funded programs. The fund balance changes are due to:

- \$17.2M decrease in the Lab Fees Research program to fund campus research opportunities
- \$8.6M decrease in endowment cost recovery funds planned for future development work

Restricted fund balances by definition, cannot be reallocated for other purposes. Contracts and grants are funded on a reimbursement basis and thus carry no balances. Federal and special State appropriations are forecasted to be slightly lower based on disbursements to the campuses and laboratories. Restricted balances represent 5 percent of the forecasted remaining fund balance.

EXECUTIVE BUDGET COMMITTEE RECOMMENDATIONS

The Executive Budget Committee (EBC) issued its annual budget letter to President Drake in April. UCOP and all campuses continue to advise caution in planning the coming year, but share optimism as well and recommend selective investments over time to advance the mission. The Committee's feedback, recommendations, and guiding principles include support for:

- Continued support for the campus assessment funding model which improves systemwide coordination and holistic planning over a multi-year timeframe.
- Recognition that while UC system growth has been approximately 6.0 percent annually over the last five years, UCOP's funding through state appropriation or campus assessment has been less

than one percent. This has required UCOP to make only the most critical or strategically important investments, and impacts the system to make investments that benefit all campuses.

- SPF set at \$30M since FY17-18, allows the President only a modest level of flexibility in which to set vision or strategic direction for the university.
- Use budget targets on unrestricted funds to contain costs and a return to the use of a UCOP vacancy factor to partially offset the impact of time to hire and turnover.
- Increased focus and time spent on budget uses funded by unrestricted or designated sources to control growth; there is universal agreement that restricted funds are generally variable and impacted by factors outside direct control of UCOP.
- Funding CDL for one more year as a systemwide expense funded by TRIP funds; however, there is interest to return to the campus assessment funding model or a systemwide set-aside.
- Finally, as a result of deep dive reviews, the EBC supports more use of seed funding for concept-proof prior to larger scale investments.

This committee continues to serve a major role in UCOP finances with strong collaboration and partnership.

PRESIDENT'S RECOMMENDATION

UCOP has developed this budget based on anticipated FY22-23 funding that delivers valued programs and services. The proposed budget is comprehensive, transparent and demonstrates UCOP's contributions to the University's teaching, research, and public service mission.

Pursuant to Regents Policy 5101, the President of the University recommends approval of the UCOP FY22-23 Budget by the Board of Regents.



Appendices

Schedule A

Sources and Uses by Year

Overall UCOP

\$ in millions

| | FY21-22 Budget YearTotal | FY21-22 Q2Forecast YearTotal | FY22-23 Budget YearTotal | Variance Increase/ (Decrease) | | |
|--|--------------------------------|------------------------------------|--------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| | | | | FY21-22 Fcst vs. FY21-22 Bud | FY22-23 Bud vs. FY21-22 Fcst | FY22-23 Bud vs. FY21-22 Bud |
| SOURCES | | | | | | |
| Unrestricted Sources | | | | | | |
| State General Funds | 7.1 | 7.1 | 7.3 | 0.0 | 0.2 | 0.2 |
| Investment Income | 26.0 | 26.1 | 23.7 | 0.1 | (2.4) | (2.4) |
| Other Unrestricted Sources | 19.9 | 18.2 | 17.7 | (1.7) | (0.5) | (2.2) |
| UCOP Campus Assessment | 215.2 | 215.2 | 223.6 | 0.0 | 8.4 | 8.4 |
| Undesignated Fund Balance | 4.5 | 2.3 | 8.1 | (2.3) | 5.9 | 3.6 |
| Subtotal - Unrestricted Sources | \$272.8 | \$269.0 | \$280.5 | (3.9) | \$11.6 | \$7.7 |
| Designated Sources | | | | | | |
| Regents-Designated | 49.4 | 28.6 | 38.2 | (20.8) | 9.5 | (11.3) |
| Program-Designated | 248.1 | 243.0 | 254.0 | (5.1) | 11.1 | 6.0 |
| UCPath Fee-For-Service | 98.6 | 98.6 | 113.0 | 0.0 | 14.3 | 14.3 |
| UC ANR State General Funds | 108.9 | 108.9 | 108.9 | 0.0 | 0.0 | 0.0 |
| Subtotal - Designated Sources | \$505.1 | \$479.2 | \$514.1 | (25.9) | \$34.9 | \$9.0 |
| Restricted Sources | | | | | | |
| Gifts and Endowments | 13.3 | 12.2 | 15.3 | (1.1) | 3.1 | 2.0 |
| Contracts and Grants | 45.5 | 46.9 | 48.3 | 1.5 | 1.3 | 2.8 |
| Federal and State Appropriations/ Regulations | 189.0 | 159.5 | 188.7 | (29.5) | 29.2 | (0.4) |
| Subtotal - Restricted Sources | \$247.8 | \$218.6 | \$252.3 | (\$29.2) | \$33.7 | \$4.5 |
| TOTAL SOURCES | \$1,025.6 | \$966.7 | \$1,046.8 | (\$58.9) | \$80.1 | \$21.2 |
| USES | | | | | | |
| Programs and Initiatives | | | | | | |
| State/ Federal Programs | 332.1 | 296.7 | 313.9 | (35.4) | 17.1 | (18.2) |
| Systemwide Programs | 105.5 | 103.3 | 97.6 | (2.2) | (5.7) | (7.9) |
| Subtotal - Programs and Initiatives | \$437.6 | \$400.0 | \$411.5 | (\$37.5) | \$11.4 | (\$26.1) |
| Systemwide and Core Services | | | | | | |
| Academic Affairs | 55.4 | 54.7 | 56.8 | (0.7) | 2.1 | 1.4 |
| Ethics & Compliance | 6.8 | 6.8 | 7.6 | 0.0 | 0.8 | 0.9 |
| External Relations & Communications | 18.9 | 17.3 | 19.6 | (1.6) | 2.3 | 0.7 |
| Finance | 56.2 | 50.3 | 58.0 | (5.8) | 7.6 | 1.8 |
| Operations | 147.0 | 152.8 | 178.2 | 5.8 | 25.3 | 31.1 |
| President's Executive Office | 5.4 | 4.9 | 5.5 | (0.5) | 0.6 | 0.1 |
| Secretary of the Regents | 4.2 | 3.6 | 4.2 | (0.6) | 0.6 | 0.0 |
| Systemwide Academic Senate | 2.3 | 2.2 | 2.4 | (0.1) | 0.2 | 0.0 |
| UC Health | 31.2 | 29.0 | 35.9 | (2.1) | 6.9 | 4.7 |
| UC Investments | 40.1 | 42.5 | 42.0 | 2.5 | (0.5) | 1.9 |
| UC Legal | 65.5 | 65.5 | 69.1 | 0.0 | 3.6 | 3.6 |
| Subtotal - Systemwide and Core Services (excl UCPath) | \$433.0 | \$429.8 | \$479.3 | (\$3.2) | \$49.5 | \$46.3 |
| Strategic Priorities Funds | | | | | | |
| SPF - Unrestricted | 30.0 | 30.1 | 30.0 | 0.1 | (0.1) | (0.0) |
| SPF - Designated/ Restricted | 8.8 | 9.4 | 3.6 | 0.6 | (5.9) | (5.2) |
| Subtotal - Strategic Priorities Funds | \$38.8 | \$39.5 | \$33.6 | 0.7 | (\$6.0) | (5.2) |
| SUBTOTAL USES | \$909.3 | \$869.3 | \$924.3 | (40.0) | 55.0 | 15.0 |
| UCPath | 97.2 | 97.1 | 111.5 | (0.1) | 14.4 | 14.3 |
| TOTAL USES | \$1,006.6 | \$966.4 | \$1,035.8 | (40.1) | 69.4 | 29.3 |
| NET MARGIN SURPLUS (DEFICIT) | 19.1 | 0.3 | 11.0 | (18.8) | 10.7 | (8.1) |
| Included in Sources and Uses Above | | | | | | |
| Pass-Throughs | 395.9 | 357.0 | 374.9 | (38.9) | 17.9 | (21.0) |
| Fee-For-Service | 310.9 | 310.4 | 353.7 | (0.5) | 43.3 | 42.8 |
| Total Fee-For-Service and Pass-Throughs | \$706.8 | \$667.4 | \$728.6 | (39.5) | \$61.2 | \$21.8 |

Notes to Schedule A:

Sources

Unrestricted Sources

1. State General Funds: \$7.3M reflects funds from the state for faculty diversity programs and iCAMP
2. Investment Income: \$23.7M estimate based on historical returns; lower by \$2.4M due to low short-term rates of return
3. Other Unrestricted: \$17.7M is \$2.2M lower than FY21-22 due to one-time procurement funds no longer in use
4. UCOP Campus Assessment: \$223.6M total represents the \$8.4M, or 3.9% increase
5. Undesignated Fund Balance: \$8.2M estimate based on FY21-22 Forecast savings.

Designated Sources

6. Regents Designated: \$38.2M decreased by \$11.3M (23%) mainly due to a decrease in planned Lab Fees Research awards for FY22-23.
7. Program-Designated: \$254M increased by \$6.0M (2.4%) in the UC Health Collaborative based on growth in Clinical Strategy and Leveraging Scale for Value, and UC Legal to hire additional resources offset by reductions in CSMP for one-time funds.
8. UCPath Fee-For-Service: \$113M increased by \$14.3M (12.7%) compared to FY21-22 due to target staffing levels and strategic service improvements.
9. UC ANR State General Funds: \$108.9M remains flat to the amended FY21-22 budget, which included an increase of \$35M to grow ANR's research programs throughout California.

Restricted Sources

10. Gifts and Endowments: \$15.3M is up \$2M (15%) compared to FY21-22, with the increase in ANR.
11. Contracts and Grants: \$48.3M increased \$2.8M (6.0%) driven by ANR's extramural funding and other research funding.
12. Federal and State Appropriations: \$188.7M is roughly flat to FY21-22, with a decrease in TRDRP funds offset by increased needs for retirement system funds to support critical improvement projects in the Retirement Administration Service Center.

Notes regarding Uses are appended to Schedules, C, D and F

Schedule B

Expenditure by Fund

Overall UCOP

\$ in millions

| | Unrestricted Funds | Designated Funds | Restricted Funds | FY22-23 Budget |
|---|-----------------------|---------------------|---------------------|-------------------|
| TOTAL SOURCES | 280.5 | 514.1 | 252.3 | 1,046.8 |
| USES | | | | |
| Programs and Initiatives | | | | |
| State/ Federal Programs | 0.8 | 151.2 | 161.9 | 313.9 |
| Systemwide Programs | 41.4 | 53.4 | 2.7 | 97.6 |
| Subtotal - Programs and Initiatives | \$42.2 | \$204.6 | \$164.7 | \$411.5 |
| Systemwide and Core Services | | | | |
| Academic Affairs | 43.0 | 11.0 | 2.8 | 56.8 |
| Ethics & Compliance | 7.6 | 0.0 | 0.0 | 7.6 |
| External Relations & Communications | 12.4 | 5.8 | 1.3 | 19.6 |
| Finance | 32.8 | 22.0 | 3.2 | 58.0 |
| Operations | 86.8 | 15.4 | 76.0 | 178.2 |
| President's Executive Office | 5.0 | 0.3 | 0.2 | 5.5 |
| Secretary of the Regents | 4.2 | 0.0 | 0.0 | 4.2 |
| Systemwide Academic Senate | 2.3 | 0.0 | 0.1 | 2.4 |
| UC Health | 4.1 | 28.8 | 3.1 | 35.9 |
| UC Investments | 0.0 | 42.0 | 0.0 | 42.0 |
| UC Legal | 10.2 | 58.1 | 0.9 | 69.1 |
| Subtotal - Systemwide and Cores Services (excl UCPath) | \$208.3 | \$183.4 | \$87.6 | \$479.3 |
| Strategic Priorities Funds | 30.0 | 3.6 | 0.0 | 33.6 |
| SUBTOTAL USES | \$280.5 | \$391.6 | \$252.3 | \$924.3 |
| UCPath | 0.0 | 111.5 | 0.0 | 111.5 |
| TOTAL USES | \$280.5 | \$503.1 | \$252.3 | \$1,035.8 |
| NET MARGIN: SURPLUS (DEFICIT)¹ | \$0.0 | \$11.0 | \$0.0 | \$11.0 |

¹Due to timing of sources and uses, the net margin reflects a surplus in designated funds only for FY22-23. Surplus funds will be used in subsequent years and/or added to the fund balances for future expenditures. Unrestricted funds are allocated by UCOP's budget team according to organizational priorities. UCOP divisions budget most designated and restricted sources based on anticipated revenues such as UC Office of National Laboratories' (UCNL) lab management fees or restricted revenues as in the case for Tobacco-related Disease Research (Proposition 56) funds. Revenues and expenses may differ due to timing differences. The \$11M budget surplus in designated funds is mainly attributed to anticipated UCNL fee income which will be allocated through the annual spend plan approved by the Regents.

Schedule C

Budget by Programs and Initiatives

Programs and Initiatives

\$ in millions

| | Variance Increase/ (Decrease) | | | | | |
|--|-------------------------------|----------------|----------------|--------------------|---------------------|--------------------|
| | FY21-22 | FY21-22 | FY22-23 | FY21-22 Fcst | FY22-23 Bud | FY22-23 Bud |
| | Budget | Q2Forecast | Budget | vs. FY21-22 Bud | vs. FY21-22 Fcst | vs. FY21-22 Bud |
| PROGRAMS AND INITIATIVES | | | | | | |
| State/ Federal Programs | | | | | | |
| Agriculture and Natural Resources (ANR) | 202.3 | 199.1 | 202.9 | (3.2) | 3.8 | 0.6 |
| California Breast Cancer Research Program | 9.7 | 7.4 | 12.9 | (2.3) | 5.5 | 3.2 |
| California Subject Matter Project (CSMP) | 15.6 | 14.7 | 10.5 | (0.9) | (4.2) | (5.1) |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 3.5 | 3.5 | 3.4 | 0.0 | (0.2) | (0.1) |
| Graduate Medical Education | 1.9 | 1.9 | 1.9 | 0.0 | 0.0 | 0.0 |
| Office of the National Laboratories (UCNL) | 8.6 | 8.0 | 9.7 | (0.6) | 1.7 | 1.2 |
| Other State/ Federal Programs | 0.8 | 0.4 | 0.6 | (0.3) | 0.2 | (0.2) |
| Tobacco-Related Disease Research Program (TRDRP) | 87.0 | 59.4 | 68.9 | (27.5) | 9.5 | (18.0) |
| UC Research: Cancer Research Coordinating Committee (CRCC) | 2.7 | 2.2 | 3.0 | (0.5) | 0.8 | 0.3 |
| Subtotal - State/ Federal Programs | \$332.1 | \$296.7 | \$313.9 | \$(35.4) | \$17.1 | \$(18.2) |
| Systemwide Programs | | | | | | |
| California HIV/ AIDS Research Program (CHRP) | 8.8 | 8.8 | 8.8 | 0.0 | 0.0 | 0.0 |
| Eligibility in the Local Context (ELC) | 1.0 | 1.0 | 0.9 | 0.0 | 0.0 | 0.0 |
| Historically Black Colleges and Universities (HBCU) Fellowship Initiative | 2.0 | 2.0 | 2.0 | 0.0 | 0.0 | 0.0 |
| Historically Black Colleges and Universities (HBCU) Summer Research Initiative | 2.0 | 1.9 | 2.0 | 0.0 | 0.0 | 0.0 |
| Innovative Learning Technology Initiative (Online Education) | 8.1 | 8.2 | 8.3 | 0.1 | 0.1 | 0.2 |
| Natural Reserve System (NRS) | 2.5 | 2.6 | 2.8 | 0.1 | 0.2 | 0.2 |
| Other Systemwide Programs | 1.9 | 1.9 | 2.2 | 0.0 | 0.2 | 0.3 |
| San Joaquin Valley PRIME program | 1.9 | 0.0 | 0.0 | (1.9) | 0.0 | (1.9) |
| SAPEP | 8.6 | 8.3 | 10.1 | (0.3) | 1.8 | 1.5 |
| UC Astronomy: University of California Observatories (UCO) | 7.5 | 7.5 | 7.5 | 0.0 | 0.0 | 0.0 |
| UC Astronomy: W.M. Keck Observatory (Keck) | 8.8 | 9.0 | 8.8 | 0.3 | (0.3) | 0.0 |
| University of California Press | 21.9 | 21.9 | 20.7 | 0.0 | (1.2) | (1.2) |
| UC Research: Laboratory Fees Research Program (LFRP) | 15.2 | 15.2 | 8.1 | 0.0 | (7.0) | (7.0) |
| UC Research: Multi-Campus Research Programs and Initiatives (MRPI) | 8.3 | 8.3 | 8.3 | 0.0 | 0.0 | 0.0 |
| University of California Washington Center (UCDC) | 7.2 | 6.7 | 7.2 | (0.5) | 0.5 | 0.0 |
| Subtotal - Systemwide Programs | \$105.5 | \$103.3 | \$97.6 | \$(2.2) | \$(5.7) | \$(7.9) |
| TOTAL USES | \$437.6 | \$400.0 | \$411.5 | \$(37.5) | \$11.4 | \$(26.1) |

Notes to Schedule C: Budget by Programs and Initiatives
FY22-23 Budget Increased/Decreased Compared to FY21-22 Budget > \$1M

State / Federal Programs

1. California Breast Cancer Research Program: \$12.9M increased by \$3.2M, +33.0% due to the addition of two one-time funding opportunities for research initiatives in FY22-23.
2. California Subject Matter Program: \$10.5M decreased by (\$5.1M, -32.7%) as additional one-time state funding in FY21-22 is not expected in FY22-23.
3. Office of the National Laboratories (UCNL): \$9.7 increased by \$1.2M, +12.8% for needed business development funds to grow lab management and for operations for Hertz Hall.
4. Tobacco-Related Disease Research Program (TRDRP): \$69.0M decreased by (\$18.0M, -20.8%) due to lower anticipated grant awards related to a program calendar shift.

Systemwide Programs

5. San Joaquin Valley Prime Program: \$0.0M (in UCOP budget), this program has been moved from a UCOP program to a set-aside and continues to be funded, but is no longer part of the UCOP budget.
6. SAPEP: \$10.1M increased by \$1.5M, +17.4% with additional funding to support ASSIST and Mesa.
7. UC Press: \$20.7M decreased by (\$1.2M, -5.5%) due to a departmental consolidation which reduces consulting and professional services.
8. Lab Fees Research Program (LFRP): \$8.1M decreased by (\$7.0M, -46.7%) as the program will not be awarding new grant applications in FY22-23.

Schedule C-1

Programs and Initiatives by Fund

\$ in millions

| | Unrestricted Funds | Designated Funds | Restricted Funds | FY22-23 Budget |
|--|-----------------------|---------------------|---------------------|-------------------|
| PROGRAMS AND INITIATIVES | | | | |
| State/ Federal Programs | | | | |
| Agriculture and Natural Resources (ANR) | 0.0 | 134.5 | 68.4 | 202.9 |
| California Breast Cancer Research Program | 0.0 | 0.0 | 12.9 | 12.9 |
| California Subject Matter Project (CSMP) | 0.2 | 6.8 | 3.4 | 10.5 |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 0.0 | 0.0 | 3.4 | 3.4 |
| Graduate Medical Education | 0.0 | 0.0 | 1.9 | 1.9 |
| Office of the National Laboratories (UCNL) | 0.0 | 9.7 | 0.0 | 9.7 |
| Other State/ Federal Programs | 0.5 | 0.1 | 0.0 | 0.6 |
| Tobacco-Related Disease Research Program (TRDRP) | 0.0 | 0.0 | 68.9 | 68.9 |
| UC Research: Cancer Research Coordinating Committee (CRCC) | 0.0 | 0.0 | 3.0 | 3.0 |
| Subtotal - State/ Federal Programs | 0.8 | 151.2 | 161.9 | 313.9 |
| Systemwide Program | | | | |
| California HIV/ AIDS Research Program (CHRP) | 0.0 | 8.8 | 0.0 | 8.8 |
| Eligibility in the Local Context (ELC) | 0.0 | 0.9 | 0.0 | 0.9 |
| Historically Black Colleges and Universities (HBCU) Fellowship Initiative | 2.0 | 0.0 | 0.0 | 2.0 |
| Historically Black Colleges and Universities (HBCU) Summer Research Initiative | 2.0 | 0.0 | 0.0 | 2.0 |
| Innovative Learning Technology Initiative (Online Education) | 0.0 | 8.1 | 0.2 | 8.3 |
| Natural Reserve System (NRS) | 2.0 | 0.0 | 0.8 | 2.8 |
| Other Systemwide Programs | 2.1 | 0.0 | 0.0 | 2.2 |
| SAPEP | 6.3 | 2.1 | 1.7 | 10.1 |
| UC Astronomy: University of California Observatories (UCO) | 7.5 | 0.0 | 0.0 | 7.5 |
| UC Astronomy: W.M. Keck Observatory (Keck) | 8.8 | 0.0 | 0.0 | 8.8 |
| University of California Press | 1.0 | 19.7 | 0.0 | 20.7 |
| UC Research: Laboratory Fees Research Program (LFRP) | 0.0 | 8.1 | 0.0 | 8.1 |
| UC Research: Multi-Campus Research Programs and Initiatives (MRPI) | 8.3 | 0.0 | 0.0 | 8.3 |
| University of California Washington Center (UCDC) | 1.5 | 5.7 | 0.0 | 7.2 |
| Subtotal - Systemwide Programs | 41.4 | 53.4 | 2.7 | 97.6 |
| TOTAL USES | \$42.2 | \$204.6 | \$164.7 | \$411.5 |

Schedule D

Budget by Division and Sub-Division

Systemwide and Core Services

\$ in millions

| | | | | Variance Increase/ (Decrease) | | |
|--|---------|------------|---------|-------------------------------|--------------|-------------|
| | FY21-22 | FY21-22 | FY22-23 | FY21-22 Fcst | FY22-23 Bud | FY22-23 Bud |
| | Budget | Q2Forecast | Budget | vs. | vs. | vs. |
| | | | | FY21-22 Bud | FY21-22 Fcst | FY21-22 Bud |
| SYSTEMWIDE AND CORE SERVICES USES | | | | | | |
| Academic Affairs | | | | | | |
| Academic Personnel and Programs | 20.8 | 19.9 | 20.4 | (0.9) | 0.5 | (0.4) |
| Immediate Office | 6.7 | 7.8 | 8.2 | 1.2 | 0.4 | 1.6 |
| Institutional Research and Academic Planning | 5.5 | 5.3 | 5.5 | (0.2) | 0.2 | 0.0 |
| Research and Innovation | 8.4 | 7.9 | 8.7 | (0.5) | 0.8 | 0.3 |
| Graduate Undergraduate and Equity Affairs | 14.0 | 13.8 | 13.9 | (0.2) | 0.1 | (0.1) |
| Subtotal - Academic Affairs | 55.4 | 54.7 | 56.8 | (0.7) | 2.1 | 1.4 |
| Ethics & Compliance | 6.8 | 6.8 | 7.6 | 0.0 | 0.8 | 0.9 |
| External Relations & Communications | | | | | | |
| Alumni and Constituent Affairs | 0.5 | 0.4 | 0.5 | (0.1) | 0.1 | 0.0 |
| Executive Communications & Engagement | 0.8 | 0.8 | 0.8 | 0.0 | 0.0 | 0.0 |
| Federal Government Relations | 2.9 | 2.8 | 2.9 | (0.1) | 0.2 | 0.1 |
| Institutional Advancement | 2.2 | 1.7 | 2.5 | (0.5) | 0.8 | 0.3 |
| Legislative Analysis | 0.8 | 0.8 | 0.9 | 0.0 | 0.1 | 0.0 |
| Marketing and Communications | 5.9 | 5.5 | 6.3 | (0.4) | 0.8 | 0.4 |
| Media Relations | 0.9 | 0.9 | 0.9 | 0.0 | 0.0 | 0.0 |
| State Government Relations | 2.8 | 2.8 | 2.9 | 0.0 | 0.1 | 0.1 |
| Immediate Office | 2.1 | 1.6 | 1.8 | (0.5) | 0.2 | (0.3) |
| Subtotal - ER&C | 18.9 | 17.3 | 19.6 | (1.6) | 2.3 | 0.7 |
| Finance | | | | | | |
| Budget Analysis and Planning | 2.0 | 2.2 | 2.2 | 0.2 | 0.0 | 0.2 |
| Capital Markets Finance | 6.2 | 5.6 | 7.5 | (0.5) | 1.8 | 1.3 |
| Financial Accounting | 12.5 | 11.3 | 13.1 | (1.2) | 1.8 | 0.6 |
| Risk Services | 8.6 | 7.5 | 9.1 | (1.0) | 1.5 | 0.5 |
| Strategic Sourcing/Procurement | 12.0 | 10.9 | 11.6 | (1.0) | 0.6 | (0.4) |
| Immediate Office | 1.3 | 1.3 | 1.3 | 0.0 | 0.1 | 0.0 |
| Capital Programs Energy and Sustainability | 13.6 | 11.4 | 13.2 | (2.2) | 1.8 | (0.4) |
| Subtotal - Finance | 56.2 | 50.3 | 58.0 | (5.8) | 7.6 | 1.8 |
| Operations | | | | | | |
| Information Technology Services | 45.3 | 45.2 | 48.0 | 0.0 | 2.7 | 2.7 |
| Operational Expenses | 4.0 | 10.2 | 10.7 | 6.2 | 0.6 | 6.7 |
| Strategic Program Management Office | 1.9 | 1.5 | 1.8 | (0.5) | 0.3 | (0.1) |
| Systemwide Human Resources | 56.4 | 58.1 | 77.0 | 1.7 | 18.8 | 20.6 |
| UCOP Operations | 37.7 | 36.4 | 38.8 | (1.4) | 2.5 | 1.1 |
| Immediate Office | 1.7 | 1.4 | 1.8 | (0.2) | 0.4 | 0.1 |
| Subtotal - Operations | 147.0 | 152.8 | 178.2 | 5.8 | 25.3 | 31.1 |
| President's Executive Office | 5.4 | 4.9 | 5.5 | (0.5) | 0.6 | 0.1 |
| Secretary of the Regents | 4.2 | 3.6 | 4.2 | (0.6) | 0.6 | 0.0 |
| Systemwide Academic Senate | 2.3 | 2.2 | 2.4 | (0.1) | 0.2 | 0.0 |
| UC Health | | | | | | |
| Self-Funded Health Plans | 4.7 | 4.4 | 5.2 | (0.3) | 0.8 | 0.5 |
| Academic Health Sciences | 3.3 | 3.3 | 3.2 | 0.0 | 0.0 | (0.1) |
| Center for Data Driven Insights and Innovation | 7.1 | 6.0 | 7.4 | (1.1) | 1.4 | 0.3 |
| Clinical Strategy & Operations | 4.1 | 3.5 | 5.5 | (0.6) | 2.0 | 1.4 |
| Finance and Administration | 4.5 | 4.4 | 5.4 | (0.1) | 1.0 | 0.9 |
| Leveraging Scale for Value | 7.4 | 7.2 | 9.5 | (0.3) | 2.3 | 2.1 |
| Subtotal - UC Health | 31.2 | 29.0 | 35.9 | (2.1) | 6.9 | 4.7 |
| UC Investments | 40.1 | 42.5 | 42.0 | 2.5 | (0.5) | 1.9 |
| UC Legal | | | | | | |
| In-House Counsel | 26.9 | 26.9 | 30.5 | 0.0 | 3.6 | 3.6 |
| Outside Counsel | 36.2 | 36.2 | 36.2 | 0.0 | 0.0 | 0.0 |
| Systemwide Litigation | 2.5 | 2.5 | 2.5 | 0.0 | 0.0 | 0.0 |
| Subtotal - UC Legal | 65.5 | 65.5 | 69.1 | 0.0 | 3.6 | 3.6 |
| SUBTOTAL USES | \$433.0 | \$429.8 | \$479.3 | (\$3.2) | \$49.5 | \$46.3 |
| UCPath | 97.2 | 97.1 | 111.5 | (0.1) | 14.4 | 14.3 |
| TOTAL USES | \$530.2 | \$526.8 | \$590.8 | (\$3.3) | \$64.0 | \$60.6 |

Notes to Schedule D: Systemwide and Core Services
FY22-23 Budget Increased/Decreased Compared to FY21-22 Budget > \$1M

Academic Affairs

1. Academic Affairs Immediate Office: \$8.2M, increased by \$1.6M, +23.9% due to an increase in anticipated pass-through climate change awards in the coming year.

Finance

2. Capital Markets Finance: \$7.5M increased by \$1.3M, +21.0% related to FTE restored after the previous hiring freeze and a new central bank project.

Operations

3. Information Technology Services: \$48.0M increased by \$2.7M, +6.0% due to recharge reductions and added costs to support network stability and data-threat detection.
4. Operational Expenses: \$10.7M increased by \$6.7M, +167.5% due to inclusion of UCOP-wide central equity pool.
5. Systemwide Human Resources: \$77.0 M increased by \$20.6M, +36.5% to provide Redwood enhancement and stabilization support including a transition in the year from outside vendor to internal IT resources, expected to provide future efficiencies; and for added resources for personnel and systems to support the Retirement Administration Service Center.
6. UCOP Operations: \$38.8M increased by \$1.1M, +2.9% net change due to increased occupancy costs in Oakland, costs associated with the UC Sacramento center and additional FTE to support UCOP H/R and Business Resource Center.

UC Health

7. Clinical Strategy and Operations: \$5.5M increased by \$1.4M, +34.1% to support quality and population health analysis work across UC medical centers.
8. Leveraging Scale for Value: \$9.5M increased by \$2.1M, +28.4% for resources to drive savings and efficiencies in pharmacy and purchased services procurement.

Other Divisions

9. UC Investments: \$42.0M increased by \$1.9M, +4.7% to increase investment resources needed to support UC's portfolio including real estate and compliance.
10. UC Legal: \$69.1M increased by \$3.6M, +5.5% to improve internal UC legal capacity and reduce outside counsel reliance; however savings coming from in-sourcing are offset by an overall increase in legal expenses with system growth and volume in legal matters that require specialized legal counsel and reliance on increasingly expensive outside resources to support Innovation and investment activities of UC Investments.
11. UCPath Center Operations: \$111.5M increased by \$14.3M, +14.7% to staff the Path Center at recommended levels, enhance the system for UC's common chart of accounts and improve overall operations.

Schedule D-1

Systemwide and Core Services by Fund

\$ in millions

| | Unrestricted Funds | Designated Funds | Restricted Funds | FY22-23 Budget |
|--|-----------------------|---------------------|---------------------|-------------------|
| SYSTEMWIDE AND CORE SERVICES USES | | | | |
| Academic Affairs | | | | |
| Academic Personnel and Programs | 17.3 | 2.0 | 1.1 | 20.4 |
| Immediate Office | 6.7 | 0.1 | 1.5 | 8.2 |
| Institutional Research and Academic Planning | 5.5 | 0.0 | 0.0 | 5.5 |
| Research and Innovation | 6.1 | 2.7 | 0.0 | 8.7 |
| Graduate Undergraduate and Equity Affairs | 7.4 | 6.2 | 0.3 | 13.9 |
| Subtotal - Academic Affairs | 43.0 | 11.0 | 2.8 | 56.8 |
| Ethics & Compliance | 7.6 | 0.0 | 0.0 | 7.6 |
| External Relations & Communications | | | | |
| Alumni and Constituent Affairs | 0.0 | 0.4 | 0.0 | 0.5 |
| Executive Communications & Engagement | 0.8 | 0.0 | 0.0 | 0.8 |
| Federal Government Relations | 2.2 | 0.7 | 0.0 | 2.9 |
| Institutional Advancement | 0.0 | 2.0 | 0.5 | 2.5 |
| Legislative Analysis | 0.9 | 0.0 | 0.0 | 0.9 |
| Marketing and Communications | 3.7 | 1.8 | 0.8 | 6.3 |
| Media Relations | 0.8 | 0.0 | 0.1 | 0.9 |
| State Government Relations | 2.9 | 0.0 | 0.0 | 2.9 |
| Immediate Office | 1.0 | 0.8 | 0.0 | 1.8 |
| Subtotal - ER&C | 12.4 | 5.8 | 1.3 | 19.6 |
| Finance | | | | |
| Budget Analysis and Planning | 2.2 | 0.0 | 0.0 | 2.2 |
| Capital Markets Finance | 0.0 | 7.5 | 0.0 | 7.5 |
| Financial Accounting | 7.6 | 2.6 | 2.9 | 13.1 |
| Risk Services | 0.0 | 9.1 | 0.0 | 9.1 |
| Strategic Sourcing/Procurement | 11.2 | 0.4 | 0.0 | 11.6 |
| Immediate Office | 0.5 | 0.6 | 0.2 | 1.3 |
| Capital Programs Energy and Sustainability | 11.3 | 1.9 | 0.0 | 13.2 |
| Subtotal - Finance | 32.8 | 22.0 | 3.2 | 58.0 |
| Operations | | | | |
| Information Technology Services | 38.5 | 6.1 | 3.4 | 48.0 |
| Operational Expenses | 7.6 | 3.1 | 0.0 | 10.7 |
| Strategic Program Management Office | 1.8 | 0.0 | 0.0 | 1.8 |
| Systemwide Human Resources | 7.3 | 0.3 | 69.4 | 77.0 |
| UCOP Operations | 30.2 | 5.9 | 2.7 | 38.8 |
| Immediate Office | 1.3 | 0.0 | 0.5 | 1.8 |
| Subtotal - Operations | 86.8 | 15.4 | 76.0 | 178.2 |
| President's Executive Office | 5.0 | 0.3 | 0.2 | 5.5 |
| Secretary of the Regents | 4.2 | 0.0 | 0.0 | 4.2 |
| Systemwide Academic Senate | 2.3 | 0.0 | 0.1 | 2.4 |
| UC Health | | | | |
| Self-Funded Health Plans | 0.0 | 2.1 | 3.1 | 5.2 |
| Academic Health Sciences | 1.8 | 1.4 | 0.0 | 3.2 |
| Center for Data Driven Insights and Innovation | 0.0 | 7.4 | 0.0 | 7.4 |
| Clinical Strategy & Operations | 0.8 | 4.7 | 0.0 | 5.5 |
| Finance and Administration | 1.7 | 3.7 | 0.1 | 5.4 |
| Leveraging Scale for Value | 0.0 | 9.5 | 0.0 | 9.5 |
| Subtotal - UC Health | 4.1 | 28.8 | 3.1 | 35.9 |
| UC Investments | 0.0 | 42.0 | 0.0 | 42.0 |
| UC Legal | | | | |
| In-House Counsel | 10.2 | 19.5 | 0.9 | 30.5 |
| Outside Counsel | 0.0 | 36.2 | 0.0 | 36.2 |
| Systemwide Litigation | 0.0 | 2.5 | 0.0 | 2.5 |
| Subtotal - UC Legal | 10.2 | 58.1 | 0.9 | 69.1 |
| SUBTOTAL USES | 208.3 | 183.4 | 87.6 | 479.3 |
| UCPath | 0.0 | 111.5 | 0.0 | 111.5 |
| TOTAL USES | \$208.3 | \$294.9 | \$87.6 | \$590.8 |

Schedule E

UC ANR Budget within UCOP

Budget by Program and Unit - All Funds

\$ in millions

| | Variances: Increase/ (Decrease) | | | | | |
|--|---------------------------------|------------|---------|--------------|--------------|-------------|
| | FY21-22 | FY21-22 | FY22-23 | FY21-22 Fcst | FY22-23 Bud | FY22-23 Bud |
| | Budget | Q2Forecast | Budget | vs. | vs. | vs. |
| | | | | FY21-22 Bud | FY21-22 Fcst | FY21-22 Bud |
| SOURCES | | | | | | |
| Federal AES | 8.2 | 8.2 | 8.1 | 0.0 | (0.1) | (0.1) |
| State UCCE | 108.9 | 108.9 | 108.9 | 0.0 | 0.0 | 0.0 |
| Federal UCCE | 12.4 | 11.8 | 12.3 | (0.6) | 0.6 | (0.1) |
| Endowment Payout | 9.5 | 9.1 | 11.1 | (0.5) | 2.0 | 1.5 |
| Extramural Funding | 35.1 | 34.4 | 36.9 | (0.7) | 2.5 | 1.8 |
| Other Sources | 28.1 | 26.7 | 25.6 | (1.4) | (1.1) | (2.5) |
| TOTAL UC ANR Budget within UCOP | \$202.3 | \$199.1 | \$202.9 | (\$3.2) | \$3.8 | \$0.6 |
| USES | | | | | | |
| Unrestricted Sources | | | | | | |
| AES Campuses | | | | | | |
| Other Campus-Based Academics | 1.0 | 1.0 | 1.3 | 0.0 | 0.2 | 0.2 |
| UC Berkeley | 8.5 | 8.4 | 8.6 | (0.1) | 0.2 | 0.2 |
| UC Davis | 26.0 | 25.8 | 26.0 | (0.2) | 0.2 | 0.0 |
| UC Riverside | 6.9 | 6.8 | 6.9 | 0.0 | 0.1 | 0.1 |
| Subtotal - AES Campuses | 42.4 | 42.1 | 42.8 | (0.3) | 0.8 | 0.5 |
| Statewide Programs & Institutes | | | | | | |
| Agriculture Issues Center | 0.2 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 |
| California Institute for Water Resources | 1.2 | 1.2 | 1.1 | 0.0 | (0.1) | (0.1) |
| Elkus Ranch Youth Development Center | 0.8 | 0.7 | 0.5 | 0.0 | (0.3) | (0.3) |
| Informatics & Geographic Information Systems | 1.1 | 1.0 | 0.9 | 0.0 | (0.1) | (0.2) |
| Integrated Pest Management | 5.7 | 5.6 | 5.5 | (0.1) | (0.1) | (0.2) |
| Nutrition Policy Institute | 4.5 | 4.4 | 4.6 | (0.1) | 0.1 | 0.1 |
| Statewide Programs & Initiatives | 5.0 | 4.9 | 5.1 | (0.1) | 0.2 | 0.1 |
| Sustainable Agriculture Research & Education | 0.9 | 0.9 | 1.1 | 0.0 | 0.2 | 0.2 |
| Volunteer Based Programs (MFP MG Naturalist) | 1.0 | 1.0 | 1.6 | 0.0 | 0.6 | 0.5 |
| Youth Family & Communities | 3.0 | 3.0 | 3.2 | (0.1) | 0.2 | 0.2 |
| Subtotal - Statewide Programs & Institutes | 23.3 | 22.9 | 23.7 | (0.4) | 0.8 | 0.4 |
| Research and Extension Centers (RECs) | 23.5 | 23.1 | 17.8 | (0.4) | (5.3) | (5.7) |
| County-Based Research and Extension | 74.8 | 73.1 | 82.2 | (1.7) | 9.1 | 7.5 |
| General Administration | 22.3 | 22.1 | 24.7 | (0.3) | 2.7 | 2.4 |
| UCPath and Systems Implementation | 6.3 | 6.2 | 3.2 | (0.1) | (3.0) | (3.1) |
| Subtotal - Administration | 28.6 | 28.3 | 27.9 | (0.3) | (0.4) | (0.7) |
| Institutional Support | 9.7 | 9.6 | 8.4 | (0.1) | (1.2) | (1.3) |
| TOTAL UC ANR Budget within UCOP | \$202.3 | \$199.1 | \$202.9 | (\$3.2) | \$3.8 | \$0.6 |
| NET MARGIN SURPLUS (DEFICIT) | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |

Schedule F-1

Strategic Priorities Fund

Unrestricted Funds

Overall UCOP

\$ in millions

| | | | | Variances: Increase/ (Decrease) | | |
|---|----------------------|--------------------------|----------------------|------------------------------------|------------------------------------|-----------------------------------|
| | FY 2021-22 Budget | FY 2021-22 Q2Forecast | FY 2022-23 Budget | FY21-22 Fcst vs. FY21-22 Bud | FY22-23 Bud vs. FY21-22 Fcst | FY22-23 Bud vs. FY21-22 Bud |
| UNRESTRICTED-UNDESIGNATED FUNDS | | | | | | |
| COMMITMENTS | | | | | | |
| Systemwide and Core Services | | | | | | |
| Anti Racism ELearning Course Pilot | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 | 0.1 |
| Campus Comm Safety Planning/ RFC | 0.0 | 0.1 | 1.6 | 0.1 | 1.5 | 1.6 |
| Corporate Financial System Replacement | 1.4 | 1.4 | 0.5 | 0.0 | (0.9) | (0.8) |
| COVID-19 Communication | 0.1 | 0.1 | 0.0 | 0.0 | (0.1) | (0.1) |
| Digital Donor Library | 0.6 | 0.6 | 0.0 | 0.0 | (0.6) | (0.6) |
| Ediscovery SW/ SVC Implementation | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 | 0.1 |
| FIS Phase II - EFA CFS-AST | 0.6 | 0.6 | 0.0 | 0.0 | (0.6) | (0.6) |
| Foster Youth Endowment Matching | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| GASB Lease Accounting System | 0.5 | 0.5 | 0.2 | 0.0 | (0.3) | (0.3) |
| IP Mgmt Financial System Replacement | 0.0 | 0.5 | 0.5 | 0.5 | 0.0 | 0.5 |
| Litigation Cost | 0.2 | 0.2 | 0.0 | 0.0 | (0.2) | (0.2) |
| Lived Name & Gender Identity | 1.3 | 0.0 | 0.0 | (1.3) | 0.0 | (1.3) |
| Mainframe Services Retirement | 4.8 | 4.2 | 0.1 | (0.6) | (4.1) | (4.7) |
| NAGPRA/ CalNAGPRA Implementation | 0.0 | 0.0 | 2.9 | 0.0 | 2.9 | 2.9 |
| Network Stabilization Project | 0.0 | 0.0 | 2.6 | 0.0 | 2.6 | 2.6 |
| OP Operations Change Management Resources | 0.0 | 0.2 | 0.0 | 0.2 | (0.2) | 0.0 |
| President Transition Expense | 0.1 | 0.0 | 0.0 | (0.1) | (0.0) | (0.1) |
| SPF UCOP COVID-19 Response | 0.0 | 0.0 | 0.4 | 0.0 | 0.4 | 0.4 |
| UCSA UCGPC Bridge Funding | 0.7 | 0.5 | 0.2 | (0.2) | (0.3) | (0.5) |
| Subtotal - Systemwide and Core Services | 10.4 | 9.0 | 9.4 | (1.3) | 0.4 | (1.0) |
| Presidential Initiatives | | | | | | |
| Carbon Neutrality Initiative (CNI) | 1.3 | 1.3 | 2.3 | 0.0 | 1.0 | 1.0 |
| Global Food Initiative (GFI) | 0.4 | 0.4 | 0.4 | 0.0 | 0.0 | 0.0 |
| Presidential Public Service Fellowship | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| Public Service Law Fellowship | 3.0 | 3.0 | 3.5 | 0.0 | 0.5 | 0.5 |
| UC National Center for Free Speech | 0.9 | 0.9 | 0.9 | 0.0 | 0.0 | 0.0 |
| Subtotal - Presidential Initiatives | 5.7 | 5.7 | 7.2 | 0.0 | 1.5 | 1.5 |
| Systemwide Initiatives | | | | | | |
| SW Integrated Library System (SILS) | 2.1 | 1.1 | 0.4 | (1.0) | (0.7) | (1.7) |
| Inclusive Innovation Equitable Entrepreneurship (I2E2) Initiative | 0.0 | 0.0 | 0.6 | 0.0 | 0.6 | 0.6 |
| Subtotal - Systemwide Initiative | 2.1 | 1.1 | 1.0 | (1.0) | 0.0 | (1.1) |
| Systemwide Program | | | | | | |
| UC Observatory Operational Support | 0.0 | 0.0 | 0.5 | 0.0 | 0.5 | 0.5 |
| ASSIST Program | 0.3 | 0.3 | 0.4 | 0.0 | 0.1 | 0.1 |
| Undocumented Students - Campus Student Svcs & Financial Aid | 2.2 | 2.2 | 2.0 | 0.0 | (0.2) | (0.2) |
| Subtotal - Systemwide Program | 2.5 | 2.5 | 2.9 | 0.0 | 0.4 | 0.4 |
| Committed SPF Funds | 20.7 | 18.3 | 20.5 | (2.4) | 2.2 | (0.2) |
| Uncommitted SPF Funds | 9.3 | 11.8 | 9.5 | 2.5 | (2.3) | 0.2 |
| Total Strategic Priorities Fund | \$30.0 | \$30.1 | \$30.0 | 0.1 | (0.1) | 0.0 |

**Notes to Schedule F-1: Unrestricted Strategic Priorities Fund
FY22-23 Budget Increased/Decreased Compared to FY21-22 Budget**

Systemwide and Core Services

Systemwide & Core Services - \$2.5M Mainframe Retirement, to migrate UC applications from mainframe to cloud solutions which will generate future savings and reduce dependence on outdated hardware investments; \$1.3M Lived Name project, the effort to upgrade numerous ITS-controlled systems to support the new non-binary gender and preferred name (or “lived name”) designations

Presidential Initiatives (See Appendix 2 for details)

(\$1.1M) Public Law Service Fellowship; based on the guidance of President Drake to fund other emerging needs at UCOP

Systemwide Programs

(\$2.0M) UC Mexico has been moved to UCR campus to manage for participating campuses, (\$1.0M) Reduce funding need to manage the ASSIST Project & (\$0.8M)

Systemwide Initiatives

\$1.5M SILS based on timing of approved project spending in the 3rd and final year

Schedule F-2

Strategic Priorities Fund

Designated/Restricted Funds

Overall UCOP

\$ in millions

| | Designated | Restricted | FY 2022-23 Budget |
|--|--------------|--------------|----------------------|
| Central & Administrative Services | | | |
| Lived Name & Gender Identity | 1.7 | 0.0 | 1.7 |
| Peoplesoft Upgrade | 0.2 | 0.0 | 0.2 |
| SPF iCAMP | 0.5 | 0.0 | 0.5 |
| Student Pay Project Manager | 1.2 | 0.0 | 1.2 |
| Subtotal - Central & Administrative | 3.6 | 0.0 | 3.6 |
| Total Strategic Priorities Fund | \$3.6 | \$0.0 | \$3.6 |

**Notes to Schedule F-2: Designated and Restricted Strategic Priorities Fund
FY22-23 Budget Increased/Decreased Compared to FY21-22 Budget**

1. Redwood Stabilization: \$5.6M funded from restricted retirement investment funding for required system stabilization and enhancements.
2. iCAMP: \$1.5M to support systemwide assessments of campus infrastructure managed by the CFO division using designated funds.
3. Student Pay Project: \$1.2M to move all student employees to a standardized biweekly pay cycle

Schedule G

UCOP Reserves

\$ in millions

| | Reserve Target Minimum | Reserve Target Maximum | 6/30/21 Actual Reserve | 6/30/22 Forecasted Reserve | Variance: | | 6/30/22 Reserve Target Over Max / (Under Min) |
|--|------------------------------|------------------------------|------------------------------|----------------------------------|---|--|---|
| | | | | | 6/30/21 Actual vs 6/30/22 Forecast | | |
| UCOP RESERVES | | | | | | | |
| Building and Capital Assets Reserves | | | | | | | |
| Capital Maintenance and Renewal | \$ 2.6 | \$ 7.9 | \$ (0.5) | \$ 1.0 | \$ 1.5 | | \$ (1.6) |
| UCOP IT Infrastructure | 0.4 | 0.6 | 0.6 | 0.6 | - | | - |
| Sub-Total Building and Capital Assets Reserves | \$ 3.0 | \$ 8.5 | \$ 0.1 | \$ 1.6 | \$ 1.5 | | |
| Program Reserves | | | | | | | |
| UC National Laboratories | | | | | | | |
| LANS and LLNS-LLC Post Contract Contingency ¹ | 19.0 | 19.0 | 21.2 | 23.2 | 2.0 | | 4.2 |
| LANS and LLNS-LLC Fee Contingency ¹ | 7.0 | 7.0 | 7.1 | 7.1 | 0.0 | | 0.1 |
| TRIAD Reserve Fund ¹ | 10.0 | 10.0 | 2.6 | 4.6 | 2.0 | | (5.4) |
| Capital and Campus Opportunity Fund ¹ | 10.0 | 10.0 | 7.9 | 8.4 | 0.5 | | (1.6) |
| LBNL Post Contract Contingency ² | 4.0 | 4.0 | 3.5 | 4.5 | 1.0 | | 0.5 |
| LBNL Building Commitment ² | 10.0 | 23.0 | 9.4 | 11.6 | 2.2 | | - |
| LBNL Guest House Renewal & Replacement ² | 1.5 | 2.5 | 1.4 | 0.9 | (0.5) | | (0.6) |
| UC National Laboratories SubTotal | 61.5 | 75.5 | 53.1 | 60.4 | 7.2 | | |
| UC Press | 1.5 | 1.5 | 1.4 | 1.5 | 0.1 | | - |
| UC Washington Center (UCDC) ³ | 2.9 | 6.3 | 5.7 | 6.6 | 0.9 | | 0.3 |
| Sub-Total Program Reserves | \$ 65.9 | \$ 83.3 | \$ 60.2 | \$ 68.4 | \$ 8.2 | | |
| Other Required Reserves | | | | | | | |
| Housing Loan Program ⁴ | 51.0 | 65.6 | 53.0 | 56.3 | 3.3 | | - |
| Sub-Total Other Required Reserves | \$ 51.0 | \$ 65.6 | \$ 53.0 | \$ 56.3 | \$ 3.3 | | \$ - |
| SUB TOTAL NON-OPERATING AND PROGRAM RESERVES | \$ 119.9 | \$ 157.4 | \$ 113.4 | \$ 126.3 | \$ 13.0 | | |
| Central Operating Reserve⁵ | 15.0 | 15.0 | 15.0 | 15.0 | - | | - |
| TOTAL UCOP RESERVES | \$ 134.9 | \$ 172.4 | \$ 128.4 | \$ 141.3 | \$ 13.0 | | |

¹ UCNL TRIAD (LANL) and LLNS-LLC reserves and reserve targets are established by the UC Regents.

² LBNL reserves targets are established by LBNL and UCNL management.

³ UCDC reserve includes \$0.2M in reserves and \$6.4M in TRIP.

⁴ The Housing Loan Program reserve has been adjusted to reflect a maximum of 4% of outstanding loans, plus \$7.2M of reserve balance, set aside for campus supplemental home loans.

⁵ Central Operating Reserve is held in the President's Endowment Fund. Per the established Presidential guidelines, the Central Operating Reserve may be supplemented with up to an additional \$100M or three months of covered funds from a variety of sources.

Schedule H

UCOP Fund Balances by Fund Type ^{1, 2, 3}

\$ in millions

| | 6/30/21 | | 6/30/22 | | | |
|--|----------|--------------------|--------------------------|-------------------|------------------------|--|
| | Balance | Forecasted Balance | Commitments ³ | Remaining Balance | Change in Fund Balance | |
| UNRESTRICTED | | | | | | |
| Undesignated - UCOP | | | | | | |
| Investment Income | \$ 0.3 | \$ 1.1 | \$ 1.0 | \$ 0.1 | (0.2) | |
| UC General Funds | 1.2 | 0.2 | 0.2 | 0.1 | (1.1) | |
| Legal Settlements | 2.6 | 5.6 | 1.9 | 3.6 | 1.0 | |
| Other | 0.7 | 7.0 | 7.0 | - | (0.7) | |
| Sub-Total Undesignated - UCOP | \$ 4.8 | \$ 13.9 | \$ 10.1 | \$ 3.8 | (1.0) | |
| Undesignated - Systemwide | | | | | | |
| General Obligation Bond Income | \$ 7.6 | \$ 7.3 | \$ 7.3 | \$ - | (7.6) | |
| Sub-Total Undesignated - Systemwide | \$ 7.6 | \$ 7.3 | \$ 7.3 | \$ - | (7.6) | |
| Sub-Total Undesignated | \$ 12.4 | \$ 21.2 | \$ 17.4 | \$ 3.8 | (8.6) | |
| DESIGNATED | | | | | | |
| Regents Designated | | | | | | |
| DOE Laboratories ⁴ | | | | | | |
| LLC | \$ 12.3 | \$ 21.9 | \$ - | \$ 21.9 | 9.6 | |
| LBNL | 7.8 | 8.9 | - | 8.9 | 1.1 | |
| Triad | 8.0 | 14.1 | - | 14.1 | 6.1 | |
| Lab Fees Research | 28.5 | 19.4 | 8.1 | 11.3 | (17.2) | |
| Programs and Initiatives | | | | | | |
| UC Healthcare Collaborative | \$ 1.9 | \$ 4.7 | \$ - | \$ 4.7 | 2.8 | |
| California Digital Library | 2.6 | 2.7 | - | 2.7 | 0.1 | |
| ICAMP | 1.4 | 0.3 | - | 0.3 | (1.1) | |
| UC Washington Center | (0.4) | (0.9) | - | (0.9) | (0.5) | |
| Procurement Initiatives | 3.2 | 3.5 | - | 3.5 | 0.3 | |
| Writing Placement Exam | 0.2 | 0.4 | - | 0.4 | 0.2 | |
| Other | 2.6 | 2.3 | - | 2.3 | (0.3) | |
| Central Services Designated | | | | | | |
| Endowment cost recovery | \$ 10.3 | \$ 11.7 | \$ 10.0 | \$ 1.7 | (8.6) | |
| Energy and sustainability | 1.0 | 1.0 | - | 1.0 | (0.0) | |
| Other | 0.2 | 8.7 | 8.6 | 0.1 | (0.1) | |
| Sub-Total Designated | \$ 79.6 | \$ 98.6 | \$ 26.7 | \$ 71.9 | (7.7) | |
| RESTRICTED | | | | | | |
| Federal and Special State Appropriations/Regulations | \$ 5.0 | \$ 0.5 | \$ - | \$ 0.5 | (4.5) | |
| Gifts and Endowments | 4.6 | 3.4 | - | 3.4 | (1.2) | |
| Sub-Total Restricted | \$ 9.6 | \$ 3.9 | \$ - | \$ 3.9 | (5.7) | |
| TOTAL BALANCES - before building proceeds | \$ 101.6 | \$ 123.6 | \$ 44.1 | \$ 79.5 | (22.1) | |
| Capital Projects | \$ 13.8 | \$ - | \$ - | \$ - | (13.8) | |
| TOTAL BALANCES | \$ 115.4 | \$ 123.6 | \$ 44.1 | \$ 79.5 | (35.9) | |

¹ Fund balances are exclusive of Reserve amounts

² Systemwide and pass-through fund balances are excluded, such as health and welfare benefits balances, wholesale power program funds, systemwide procurement incentives and patent royalty income

³ Commitments include \$8.2M in fund balances used in the FY22-23 budget, \$7.3M for campus seismic work and interest expense, \$8.1M for commitments on the Lab Fees Research grants, \$10M for development efforts and \$5M for UCPath in FY22-23.

⁴ DOE Laboratories fund balances include DOE fee income from the three UC-run national labs, for lab oversight and building operations.

APPENDIX 2: ACHIEVING THE MISSION AND THE FUNCTION OF THE UC OFFICE OF THE PRESIDENT

The University of California is a powerful engine for the State of California, driving \$82 billion in economic impact per year. UC supports the economy as the state's third-largest employer, directly employing about 233,000 full- and part-time faculty and staff and, through external programs, supporting 529,000 California jobs in total.

The UC's commitment to excellence in education is deeply rooted in fostering equity, access, and opportunity, serving more than 295,000 students across 10 campuses, including seven prestigious Association of American Universities (AAU) campuses, and five campuses designated as Hispanic Serving Institutions (HSIs). Approximately 40 percent of undergraduates are the first in their family to attend college, and 34 percent qualifying for Pell grants. While student debt is a national issue, 55 percent of California in-state undergraduate students have all their tuition and fees covered by financial aid.

The UC drives research and innovation and delivers medical breakthroughs that have local, national, and global impacts. UC averages five inventions every day, and last year alone received over 500 patents, bringing the university's total to over 5,000 active U.S. patents and nearly 6,000 foreign patents. UC Health, recognized for excellence in patient care, teaching and research, supports 9.3 million outpatient visits and 307,475 emergency room visits per year. Importantly, UC Health serves Medicare, Medi-Cal and uninsured patients, with a commitment to California's most vulnerable populations.

As the land grant university for California since its founding in 1868, UC's Agriculture and Natural Resources Division (ANR) has a presence in 58 California counties to provide research and education in agriculture, natural resources, and nutrition. ANR also supports community-based programs such as 4-H and nutrition education programs such as the California Expanded Food Nutrition Program in 24 counties and the CalFresh Healthy Living Program in 31 counties.

THE FUNCTION OF THE UC OFFICE OF THE PRESIDENT

The University of California Office of the President (UCOP) supports the UC system by providing the leadership to execute the mission cohesively, by incubating, funding, coordinating, and managing systemwide programs and initiatives, and by supporting operations and realizing efficiencies through Systemwide and Core Services.

UCOP's FY21-22 budget of \$1,006.6 million is approximately 2.3 percent of total UC expenditures of ~\$43.9 billion in FY21-22. The budget primarily supports two major areas, Programs and Initiatives and Systemwide and Core Services which are described below.

Programs and Initiatives – UCOP manages almost 30 State & Federal programs and systemwide programs that support the teaching, research, and public service mission of the University. These programs provide thousands of students learning and research opportunities, fund researchers across the state through competitive grant programs, and promote access and diversity through its outreach programs. While UCOP directs these programs, the funding largely passes through to the campuses and other California-based researchers where they employ scientists, fund research studies, and utilize funding in alignment with the UC mission.

State and Federal Programs: UCOP oversees these programs on behalf of the state or the federal government,

and some are required by state legislation. These programs are primarily funded by restricted (~60 percent) and designated funds (~40 percent).

Key examples of State & Federal Programs include:

Research Programs

- ✓ ANR
- ✓ Tobacco-Related Diseases (TRDRP)
- ✓ Breast Cancer
- ✓ UC National Laboratories

Outreach & Public Service Programs

- ✓ ANR
- ✓ California Subject Matter Project (CSMP)
- ✓ GearUp
- ✓ Graduate Medical Education

Systemwide Programs: UCOP oversees programs that benefit the state or one or more campuses, and are funded on an-ongoing basis. These programs include unrestricted, discretionary (~40 percent) and designated funds (~60 percent) with a negligible amount of restricted funds.

Key examples of Systemwide Programs include:

Teaching Programs

- ✓ Innovative Technology Learning Initiative (ILTI)
- ✓ UC Sacramento
- ✓ UC Washington Center

Research Programs

- ✓ California HIV/AIDS Research
- ✓ Multi-campus Research Programs
- ✓ National Lab Research Programs
- ✓ UC Astronomy
- ✓ UC Press

Outreach & Public Service Programs

- ✓ HBCU fellowship and summer intern programs
- ✓ Natural Reserve System
- ✓ San Joaquin Valley PRIME Program
- ✓ Student Academic Preparation and Educational Partnerships (SAPEP)

Systemwide and Core Services – UCOP performs Systemwide and Core functions on behalf of the University to maximize efficiencies, eliminate redundancies, and reduce risk. Systemwide and Core Services are funded through a combination of fee-for-service, designated, and unrestricted funds. Examples of these services are:

- | | | |
|--|--------------------------------|--|
| ✓ Undergraduate/Transfer Admissions | ✓ UCPATH | ✓ UC Investments (retirement, endowment funds, etc.) |
| ✓ Student Aid | ✓ Employee benefit programs | ✓ Capital financing and bonding |
| ✓ Academic Personnel and Programs | ✓ Retirement Center | ✓ Corporate accounting |
| ✓ Institutional Research and Academic Planning | ✓ Labor relations | ✓ Energy purchases |
| ✓ Knowledge Transfer and Intellectual Property | ✓ Systemwide Title IX | ✓ Risk services/insurance |
| | ✓ UC Legal | ✓ Information technology |
| | ✓ Ethics, Compliance and Audit | ✓ Government Relations |

APPENDIX 3: FY22-23 PRESIDENTIAL INITIATIVES

Presidential Initiatives Detail

The following provides a description of each UC Presidential Initiative including how it furthers the mission of the university.

| | Presidential Initiatives | FY20-21 Budget | FY21-22 Budget | FY22-23 Budget | Incr / (Decr) ¹ |
|---|---|---------------------|---------------------|---------------------|----------------------------|
| 1 | Carbon Neutrality Initiative (CNI) | \$ 1,321,800 | \$ 1,321,800 | \$ 1,863,000 | \$ 541,200 |
| 2 | Global Food Initiative (GFI) | 421,200 | 421,200 | 414,200 | -0- |
| 3 | Presidential Public Service Fellowship | 72,691 | 72,691 | 72,691 | -0- |
| 4 | Public Service Law Fellowships | 3,950,000 | 2,962,860 | 3,500,000 | 537,140 |
| 5 | UC National Center for Free Speech and Civic Engagement | 920,000 | 920,000 | 920,000 | -0- |
| | Total | \$ 6,685,691 | \$ 5,698,551 | \$ 6,769,891 | \$ 1,078,340 |

1. Increase/(Decrease) for FY22-23 versus the FY21-22 Budget.

1. Carbon Neutrality Initiative (CNI)

The Carbon Neutrality Initiative (CNI) launched in 2013, committing UC to emit net zero greenhouse gases from its buildings and vehicle fleet by 2025 – something no other major university system has done. This initiative advances the **public service** component of the University’s mission by helping both California and the world to curb the forces that are driving global warming. This initiative also furthers the University’s mission to provide **instruction** by giving undergraduate and graduate students the opportunity to study issues and fund student-generated projects that support the UC system’s carbon neutrality goal through its Carbon Neutrality Student Fellowship Program. By bringing together a Global Climate Leadership Council to advance both teaching and research about climate change and sustainable business practices, this initiative also furthers the **instruction** and **research** components of the University’s mission. CNI requested additional funding for FY22-23 in order to meet the increased needs specified by various arms of the initiative including applied research, climate action planning, and student engagement. These funding level recommendations were put forth by the Global Climate Leadership Council.

2. Global Food Initiative (GFI)

The Global Food Initiative (GFI) was launched in 2014 to address how to sustainably and nutritiously feed a world population expected to reach 8 billion by 2025. By working to increase food access and security among communities across the ten UC campuses, this initiative furthers the **public service** component of the University’s mission. This initiative also furthers the University’s mission to provide **instruction** by giving undergraduate and graduate students the opportunity to study issues such as food security and food waste through the GFI Fellowship Program. A community garden project also enables this initiative to provide instruction to elementary school students about ecology and nutrition. Additionally, by conducting systemwide studies about UC student food access and security through the Healthy Campus Network, and by providing development-oriented graduate students from multiple UC campuses the opportunity to engage in planning and implementing projects related to international food systems and agriculture, this initiative furthers the **research** component of UC’s mission.

3. **Presidential Public Service Fellowship**

The Presidential Public Service Fellowship launched in FY15-16. This need-based fellowship annually supports up to three students per undergraduate campus, or 27 students in all, to participate in internships through the UC Washington Center (UCDC) and UC Center Sacramento (UCCS), gaining firsthand exposure to the American political process and attaining valuable work experience. Fellows receive \$1,000 in financial support to defray costs (including incidental expenses such as travel and the cost of appropriate business attire) of enrollment at UCDC or UCCS. Fellows apply and are selected based on financial need and a demonstrated commitment to civic engagement and service for the public good. This initiative advances UC's **instruction** and **public service** mission components.

4. **Public Service Law Fellowships**

The Public Service Law Fellowship launched in FY16-17 to support both summer and post-graduate fellowships at all four UC law schools for students pursuing opportunities in public service. Post-graduate fellowships provide up to \$45,000 for graduates entering public service plus an additional \$2,500 to help defray bar-related costs. Summer fellowships provide approximately \$4,000 to subsidize summer public interest law jobs. The annual UC National Public Service Law Conference is held to showcase important legal scholarship and practice and contribute to the national conversation on public interest law. By making post-graduate work and summer positions accessible for students who want to pursue public service legal careers, this initiative furthers the **instruction** and **public service** components of UC's mission. Public Service Law Fellowship funding was lowered for 2 consecutive years (FY20-22) from the original amount of \$4.5M/year. During this time, the law schools funded the difference in stipend amount to each Fellow from their own funds. The increase in funding for FY22-23 will cover more of the annual cost of this Fellowship program. Starting in FY23-24 the Law Schools will continue the Fellowship program without any UCOP funding.

5. **UC National Center for Free Speech and Civic Engagement**

The UC system and the Free Speech Movement have long been synonymous. As an extension of this great legacy, President Napolitano launched the UC National Center for Free Speech and Civic Engagement in FY17-18 to further the public service mission of the University. The Center is housed at UC Irvine and at UCDC, the Washington D.C. location of the University of California. It serves as a national leader and resource on issues including how simultaneously to encourage robust inquiry and dialogue while safeguarding other institutional values such as equity and inclusivity. Through its programming, publications and preeminent fellows, the Center is blazing a trail to prominence as it researches how the fundamental democratic and academic principles of free speech and civic engagement enrich the discovery and transmission of knowledge in America's colleges and universities.

APPENDIX 3: KEY TO ACRONYMS

| Acronym | Description |
|-------------|--|
| ANR | Agriculture and Natural Resources |
| CAS | Systemwide and Core Services |
| CDL | California Digital Library |
| CFO | Chief Financial Officer |
| COO | Chief Operating Officer |
| CSA | California State Auditor |
| CSU | California State University |
| EBC | Executive Budget Committee |
| FY | Fiscal Year |
| GAAP | Generally Accepted Accounting Principles |
| GO Bond | General Obligation Bond |
| HBCU | Historically Black Colleges and Universities |
| HSI | Hispanic Serving Institutions |
| HR | Human Resources |
| iCAMP | Integrated Capital Asset Management Program |
| Incr/(Decr) | Increase/(Decrease) |
| IT | Information Technology |
| LANL | Los Alamos National Laboratory |
| LBNL | Lawrence Berkeley National Laboratory |
| LLC | Limited Liability Company |
| LLNL | Lawrence Livermore National Laboratory |
| NAGPRA | Native American Graves Protection and Repatriation Act |
| SAPEP | Student Academic Preparation and Academic Partnerships |
| SPF | Strategic Priorities Fund |
| TRDRP | Tobacco-Related Disease Research Program |
| UC | University of California |
| UCDC | University of California Washington Center |
| UCGPC | University of California Graduate and Professional Council |
| UCNL | University of California National Laboratories |
| UCOP | University of California Office of the President |
| UCSA | University of California Student Association |

