

UC Office of the President (UCOP) FY26–27 Budget Call

December 15, 2025

Introduction

In advance of the FY26–27 UCOP budget kickoff in January, this letter provides high-level guidance for developing your budget submissions. It includes the: (1) Budget outlook, (2) Key assumptions and guidelines, (3) Process information, and (4) Department timelines.

Budget Environment

Despite the ongoing State Compact, the State’s FY26–27 General Fund outlook is still uncertain, and we will continue our practice of fiscal restraint. The UC system faces ongoing cost pressures and enrollment growth while needing to advance operational and infrastructure priorities. These conditions, which impact UCOP, require prudent planning and disciplined resource management.

Planning Expectations

Spending on unrestricted funding will be limited, along with fee-for-service funds that are charged to the campuses. Any growth should be limited to essential needs. Prioritize and justify requests with clear rankings.

Section 1: Introduction to FY26–27 Budget

Background

UCOP’s budget will be presented to the Regents in May 2026. Budgets must include balanced sources and uses of funds with no deficits. Accurate monthly calendarization remains essential; please match your revenues and expenditures in the month you expect them to be incurred.

FY26–27 Outlook

Budget proposals should be informed by the Multi-Year Plan (MYP, FY26-27). However, critical cost increases, augmentations and trade-offs may be added even if these were not part of your MYP submission. Important considerations should include contract cost increases, areas of enterprise risk, and at-risk programs. With the FY26-27 budget constrained across unrestricted funding, there are remaining pressures in labor and workforce retention, technology modernization, and critical systemwide programs to identify a few. With State Compact deferral and rising costs, divisions should prioritize needs and continue to contain costs.

Timeline

The Planning & Budgeting System (PBS) will be open from February 2–23, 2026. Appendix 1 to this document and a separate timeline are attached to the kick-off email. Budget, Financial Planning & Analysis (BFP&A) will provide training, office hours, and Community of Practice support.

Section 2: High-Level Budget Assumptions & Guidelines

Overall Budget Expectations

Budgets must be balanced with no fund deficits. Expenditures that are funded by the campuses will be scrutinized, and you should limit increases that affect the campuses. Increases will be limited to mandated or unavoidable costs and limited strategic needs. Recharges are expected to continue at FY25–26 rates. Approved budgets are commitments, and divisions must work within them. Unrestricted targets, as necessary, will be provided when PBS opens.

Unrestricted Funding

Campus assessment remains the core unrestricted source; increases will be reviewed by the President and the Executive Budget Committee (EBC). Other unrestricted sources include investment income, fund balances, and Common Fund recharges. Payroll-related (including health benefit cost increases, mandated retirement program increases, etc.) and other contractual increases will leave little room for augmentations. All new funding or FTE requests require Decision Packages. Divisions should reassess commitments, reallocate resources, and adjust for underspending, where applicable.

Designated Funds

Designated revenue growth may be needed in some units, but campus-impacting increases must be limited and reviewed with the EBC. All augmentation requests require Decision Packages and should also consider trade-offs to absorb increases.

Restricted Funds

Restricted budgets should reflect expected third-party funding and are not constrained, though augmentation requests still require Decision Packages.

Attachment 1

Attachment 1 provides more guidance and details the process for Budget Liaisons and those responsible for budget data input in PBS.