

UC Office of the President
Attachment 1: FY25-26 Budget Call

Section 3: Process Information

a. Sources of funds:

Divisions are expected to budget their fund sources. Please note that centrally managed funds (e.g., campus assessment, benefits admin, UCRS) will continue to be budgeted by the BFP&A.

i. Unrestricted Funds:

- Department specific / self-generated funds will be budgeted by the department and must specify the revenue source.
- Campus assessment, investment income, and Common Fund sources will be budgeted centrally by BFP&A.
- Fund balances, if available, will be budgeted centrally by BFP&A.

ii. Designated Funds:

- **UCPath:** UCPath will continue to use W-2 fee-for-service campus assessment funds and will budget these funds including timing of assessment receipts.
- **All other designated funding:** Divisions with designated fund sources should be consistent with FY24-25; augmentations must be shared in Decision Packages.

b. Expenditures – salaries & headcount:

- The PBS workforce plan (or budgeted positions) will be populated with filled and approved vacant position data from UCPath as of mid-January 2025.
- For approved positions not yet reflected in UCPath or PBS (due to timing differences between UCPath and PBS)—the department may enter the position in the ‘New Hire Planning’ module. Please reference the position control ServiceNow ticket and position number if available, in the note field.
- Requests for other new, incremental positions must be submitted through a Decision Package and cannot be included in the ‘New Hire Planning’ module.
- FY25-26 headcount / FTE increases will be limited. Submit only critical positions regardless of fund source.
- Any new key activities that require added headcount must be requested in PBS through a Decision Package.
- For staffing and headcount scenarios outside the scope of these guidelines or if further clarification is needed, request assistance from the BFP&A.
- Departments should budget all headcount and salaries including part-time and limited appointments (excluding student interns).
- To qualify as an approved position in the budget, positions must have both an FTE and a budgeted salary.
- Funding for new positions:
 - Unrestricted funding for new positions is not available, therefore

departments should first review vacant positions and opportunities for repurposing positions before requesting any new positions.

- The same process should be applied to positions funded on designated funds, particularly when funded by the campuses (e.g., fee-for-services).
- For restricted funds, a department should add any new headcount via Decision Package, on restricted funds supported by program income.
- Vacant positions:
 - Salaries for vacant positions will be zeroed out in PBS when PBS opens.
 - Salaries for any new hires (to fill known vacancies) must be entered to start in the month the position is expected to be filled, not July 1st. You should use the salary default set up for the Job Code in PBS.
 - Explanatory notes must be included to support salary entries.

a. **Vacancy factor:**

We will continue to use a vacancy factor to reflect annual turnover and related vacancies. BFP&A plans and budgets the vacancy factor. The vacancy factor allows UCOP to fund Decision Packages which would otherwise need to be rejected.

- i. The overall vacancy factor will be based on overall expected vacancy savings and entered by BFP&A in budgets at the sub-division level.
- ii. Any major changes in expected vacancy factor when compared to last year will be communicated to divisions.
- iii. The timing of the vacancy factor in the UCOP Budget will be determined by BFP&A.

b. **Salary program:** Any salary program will be automatically included on filled positions.

c. **Promotion & equity funding:**

- i. Promotion and equity funding will be budgeted and managed centrally by BFP&A.
- ii. UCOP Human Resources (HR) will distribute a recommendation form (typically in January), and this will guide the amount to be included in the central budget.
- iii. No requests are approved until UCOP HR completes its annual process.

d. **Benefits:** Benefit rates will be updated and budgeted centrally by the BFP&A.

e. **Expenditures – non-salary**

- i. **Non-salary budget controls:** BFP&A will review funding in January and targets will be communicated, as needed.
- ii. **Travel and meetings:** Targets for travel may be included in January. Divisions must comply with UCOP policies and manage their travel budgets within targets.
- iii. **Known cost increases:** Requests for unavoidable or known expense increases (under \$100K) such as contract escalations may be included in your budget submission, however you are required to explain significant year-over-year cost variances. Increases above \$100K should be included in a Decision Package.
- iv. **Ongoing operating costs related to strategic investments:** Ongoing costs associated with certain strategic initiatives, approved through SFRs, must be included in the departmental budget request via Decision Package.

- f. **One-time funding investments - requesting Strategic Priorities Funding (SPF):**
- i. The **Unrestricted Strategic Priorities Fund (SPF)** will be budgeted centrally by the BFP&A, and all known projects and commitments must be identified.
 - ii. Apart from *previously approved* SPF funding requests, all new requests for SPF funding must be submitted through Supplemental Funding Requests (SFR). SPF requests should not occur in the first quarter of FY25-26 (unless for urgent or emergent priorities).
 - iii. **During the March 2024 SFR cycle** there will be no approvals for future year's budget unless it is mandatory to incur expenses in the current fiscal year (FY24-25).

Section 4: Department Budget Planning

Budget Entry Parameters

- a. **Initial budgets:** Opening FY25-26 budgets in PBS will include data from the Q2 FY24-25 forecasts. "Opening" budgets serve as the starting point for developing the FY25-26 Budget.
- b. **Budgets planned for each month:** Budgets must be entered by month to accurately reflect expected timing of sources and expenses. Historical trends in revenue and expense can be used to guide budget timing. Budget Liaisons are responsible for the phasing of the budget.
- c. **Budget Variance Notes:** Material variances at the department level must be explained with notes in PBS. Without proper variance explanations, your increase may not be approved.

Budget Development and Submission Timeline:

- **Budget process begins the week of December 9th:** The FY25-26 budget process will begin in December, with a focus on developing an accurate FY24-25 Q2 forecast by mid-January.
- **PBS opens for budget entry February 3rd:** Budget Liaisons will enter directly into PBS between February 3 and February 24, 2025. Prior to opening the system, BFP&A may supply more information relevant to budget preparation on organizational updates, recharges, administrative assessments, etc.
- **Budget entry:** Budgets will be due in PBS on **February 24, 2025**, including all Decision Packages and required variance notes. No extensions can be provided as the system will close at 5PM.

The BFP&A will support the budget throughout, and the accompanying timeline includes training and office hours. In the meantime, please contact your [BFP&A Advisor](#), [Dave Baltaxe](#), or [Eva Goode](#) with further questions. We appreciate your partnership and look forward to working together.