



MARY CROUGHAN
Provost and Executive Vice Chancellor

OFFICE OF THE PROVOST AND EXECUTIVE VICE CHANCELLOR
ONE SHIELDS AVENUE
DAVIS, CALIFORNIA 95616-8558
TELEPHONE: (530) 752-4964

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COUNCIL OF DEANS AND VICE CHANCELLORS

RE: 2022-23 Budget Status and Allocations

Dear Colleagues:

We have completed another academic and fiscal year that posed significant challenges as we welcomed our largest-ever entering class and transitioned back to in-person learning in the midst of the ongoing pandemic. I am continually grateful for the collaboration, support, and respect shown throughout the campus as we worked through these and other challenges.

As we enter fiscal year 2022-2023, we have some good news from the state, but also continuing and evolving financial challenges. The Governor has agreed to a multi-year [compact](#) that would provide the university with annual state funding increases of 5% for each of the next five years. This agreement is contingent on increasing resident enrollment across the system and meeting goals regarding improved student success and advancing equity, increasing affordability, collaboration with the California Community Colleges and California State University system, workforce preparedness, and access to online course offerings. The 5% annual increases in state support are expected to fund regular cost increases, costs associated with increased enrollment, and any investments needed to meet these goals. While we do not expect significant enrollment increases on our campus, it is critical that we contribute meaningfully to the other compact goals and, in particular, make progress on student success and equitable outcomes, which is already a key campus strategic priority. In the coming year, we will be making significant investments in these areas with the help of a task force to be launched in the fall.

To put the state contribution to our budget in perspective, I share the following high-level context. In fiscal year 2021-2022, UC Davis had total revenues of approximately \$6.2 billion, including the medical center, contracts and grants, gifts, student fees, and auxiliary operations such as housing and dining. State funds and tuition revenue, often called “core funds”, are approximately \$1.1 billion of the total, and are the primary source of funding for our teaching mission and much of our infrastructure needs. State funds comprise 42% (\$448 million) of core funds with tuition at 58% (\$616 million). The combination of a 5% increase in state funds, totaling approximately \$22.4 million, and a projected 1% increase in tuition

revenue, totaling \$6.2 million, due to a tuition rate increase for incoming students that is part of the [UC Tuition Stability Plan](#), results in a total effective increase of approximately 2.7% (\$28.6 million) on our core funds.

At the same time, the campus is contending with increasing cost pressures. The university has approved salary programs that will provide non-represented [staff](#) with 4.5% salary increases, [faculty](#) with 4% range adjustments and an equity pool of 1.5%, and our negotiated labor agreements have increases of approximately 3 to 5%. Salary and benefit costs represent 75% (\$798 million) of our core fund expenditures. These increased employee compensation programs are estimated to cost at least \$36 million in core funds. We support these salary programs that recognize the critical contributions of our employees over the past several years while addressing the current inflationary realities and hiring environment.

Unfortunately, the additional state funds and tuition revenue increases will not cover the cost increases on core funds, and many of our operations are funded on other sources that must cover these costs as well. We anticipate that there will be a gap of at least \$7 million between the increased core funds and what is needed to fund these salary programs. This leaves no funding for additional operational cost increases and no flexibility for additional investments on core funds without increasing our structural deficit.

We experienced an increase in energy costs of over 30% in 2021-22 and expect additional increases in 2022-23. This costs the campus at least \$16 million over two years. These dramatic increases in energy commodity prices are due to drought conditions impacting hydro power supply, increased natural gas exports to Europe, growing transmission and distribution costs, and accelerating inflation. Our Facilities Management team works hard to implement efficiency projects and negotiate energy cost agreements beneficial to the university while always striving to meet the university's climate goals. Because of their efforts, energy utilization per square foot has significantly reduced over time, even as we added new facilities and more people and activities on campus. The state has not provided dedicated funding to support costs associated with the operation and maintenance of new facilities or increased utility costs since 2009. Over the past several years, a number of new buildings have opened to support our increased enrollment. We must now ensure that we provide appropriate funding for ongoing maintenance and operation of those facilities as well as our preexisting infrastructure. We are therefore utilizing multiple fund sources to invest in both operation and maintenance of our facilities, as well as increasing our utilities budget.

As a result of these cost pressures and the importance of making strategic investments in critical needs and priorities, we continue to manage a core fund structural deficit of approximately \$25 million for fiscal year 2022-23. Therefore, we must continue to implement the multi-year budget framework and meet the \$70 million goal in Phase 1 [Savings Targets](#) allocated to units and central campus beginning in 2020-21. I am pleased that collectively the plans you submitted will

save \$29 million in ongoing core funds by the end of 2022-23. This represents 65% of the \$45 million 5-year target, achieved in the first three years. Central campus has identified actions to achieve \$20 million of the \$25 million five-year savings target and continues to work to identify the remainder.

Growing alternate sources of revenue beyond core funds is critical to our long-term financial sustainability. On this front there is good news about increased philanthropy and research awards. We continue to see tremendous progress in our \$2 billion “Expect Greater” campaign. Although the final fundraising numbers for 2021-22 are not yet available, we have already achieved our fundraising goal for the year. Our research enterprise has also had a very strong year and has exceeded \$1 billion in external awards for the first time. We have [launched](#) the Revenue Generation and Institutional Savings Task Force with a goal of identifying opportunities that would result in at least \$50 million in ongoing net revenue and/or savings that can be applied to the campus core mission within 3-7 years. This effort will leverage the insight and creativity of the campus. Look for additional information on ways to participate in the idea-gathering phase of this effort over the coming months. I will continue to postpone assigning any additional savings targets while we advance these efforts to address our core fund deficit.

Thankfully, the limited-term financial impact of the COVID-19 pandemic is not driving our core fund structural deficit. Although the campus incurred one-time costs and revenue losses of approximately \$250 million (excluding the medical center) related to the pandemic, we continue to address pandemic-related shortfalls through federal relief funds, supplemented by available one-time resources from our investments. We expect to emerge from the pandemic without material long-term financial consequences. Later this year, Budget and Institutional Analysis (BIA) will provide a report on how we met the financial challenges of the pandemic.

I was very impressed with the annual budget meetings and how you and your teams participated in these critical discussions. I also very much appreciate how the Academic Senate leadership and Academic Senate Committee on Planning and Budget engaged in the budget process and the meaningful feedback they provided. Many units limited requests for central investments and those submitted were largely limited to critical needs and priorities that explicitly align with our Strategic Plan and meet the criteria outlined in the [budget framework letter](#). Modest investments are being made, reflecting our priorities and values, and addressing significant risk to university infrastructure and services. We also continue to make investments to support our research mission and address capital and infrastructure needs critical to our long-term health as an institution.

In our review of unit budget requests and financial trends, it was apparent that some administrative units, including the Office of the Provost, have significant and growing carryforward balances that predate the pandemic. Units should be investing in critical needs and campus priorities within their areas of responsibility. Some units will receive communications directing the investment of their existing resources for the critical needs they raised during the budget meetings. Over the

coming year, BIA will work with units on plans for managing and using these balances and monitoring any potential long-term risk of tapping into these one-time funds for some ongoing needs.

The attachments to this letter provide more context about our financial status, revenue changes, investment decisions, and progress toward meeting savings targets. Each Dean and Vice Chancellor will also receive a separate schedule from BIA detailing the specifics of investment decisions for their unit.

Let me end by thanking you again for your considerable thoughtfulness that went into this year's budget planning. It is always helpful to hear your strategic priorities and the challenges you are facing. Moreover, thank you for your commitment to ensuring that we continue to fund our critical missions at UC Davis while we strategically invest in new opportunities. I am proud of all that we have accomplished and the path we are on for accomplishing our critical goals.

All the best,



Mary Croughan
Provost and Executive Vice Chancellor

Attachments

- c: Chancellor May
- Davis Division Chair Tucker
- Vice Chancellor Designee Shinnerl
- Associate Vice Chancellor Mangum
- Assistant Deans and Chief Operating Officers

2022-23 BUDGET CONTEXT

The following information provides more context on the campus financial status for the fiscal year, information on investment decisions, as well as updates on the progress toward achieving budget savings targets.

Estimated Change in Core Funds (State Funds & Tuition) Status

The following chart provides a summary of the estimated change in the campus core funds status since the [2022-23 Budget Framework](#) was initially announced in February 2022. This chart reflects information known to date. The campus is monitoring these assumptions and incorporating additional information into our planning as it becomes known.

Change in Estimated State Funds and Tuition Budget Deficit for 2022-23

\$ in 000s

Projected Deficit as of February 2022	(\$18,100)
<i>Changes to Sources</i>	
Summer Tuition	(\$2,328)
FY22 UG Tuition Due to Enrollment	\$396
FY23 UG Tuition Due to Enrollment	\$5,403
<i>Changes to Uses</i>	
Salary & Benefits Increases	(\$7,064)
Add'l Budget Process Investments	(\$3,439)
Current Estimated Deficit	(\$25,132)

Enrollment

We set fall enrollment targets for new students so that overall undergraduate enrollment would remain flat from the prior year. Based on our current estimates, we will meet our enrollment targets and the 2:1 freshmen-to-transfer ratio for incoming students. However, some of our continuing students are staying longer than expected and we have lower summer session enrollment than expected. As a result, our total enrollment will be slightly higher than expected.

Continuing students have begun registering for fall. So far, registration levels suggests that enrollment will be very close to the targets that we have set for continuing students. We estimate that total undergraduate headcount enrollment for fall will be about 31,700. Our overall population of national and international students will increase. Our current estimates indicate that we will be slightly over the 18% cap set by the UC Board of Regents due our current national and international students staying longer than expected. Revenue over the cap will be retained by UCOP and redistributed systemwide for targeted uses; this will not improve our deficit.

To date, registration for master’s and doctoral students for the fall quarter is consistent with prior years. We expect enrollment for professional and self-supporting degree programs to increase due to a larger incoming class of JD students as well as increased enrollment in the online MBA self-supporting program.

Faculty Hiring

Faculty hiring is generally focused on maintaining existing faculty levels to meet our curricular and research needs, with some investment in new faculty associated with new academic programs. Ongoing hiring continues to be an opportunity to renew and diversify our faculty across many dimensions and we will continue to hire strategically.

Initial data indicate that 43 new ladder-rank faculty will start appointments this year, including 31 in the colleges and 12 in the schools. As of this date, 6 additional offers are pending in the colleges. Faculty hiring authorizations and start-up investments for 2022-23 were previously communicated in the annual [faculty recruitment authorization](#).

CAPITAL AND SPACE

The campus continues to make capital and facility investments to address enrollment changes and to maintain the quality of our buildings and prepare for future opportunities and needs. We are actively renovating existing spaces and proceeding with construction of several new facilities. Our capital program is focused on delivering inventory of key spaces to meet current demand (i.e., classrooms, research, and housing) and taking care of aging facilities and infrastructure through renovations, addressing deferred maintenance, and responding to regulatory demands to ensure safety for the campus community (i.e., seismic retrofits).

Instructional Space

Investments in technology replacement and refurbishment of general assignment classrooms have increased in recent years as a result of a multi-year program that has invested more than \$26 million in renovating existing instructional spaces. As we conclude the initial five-year program, we renovated or repaired more than 6,100 seats in general assignment classrooms, including full renovation of approximately 80 general assignment classrooms, technology-only upgrades in an additional approximately 20 spaces, and minor repairs in approximately 10 more rooms. Projects also improved restrooms, common areas, and other heavily trafficked spaces associated with classrooms. Following the improvements to be completed in summer 2022, only thirteen general assignment classrooms will remain to be renovated. Moving forward, we are working to identify a financial strategy to sustain this important program and seek to increase its reach to address additional aging instructional spaces, including teaching labs. We are also currently implementing a series of investments in study spaces aiming to create and enhance pockets of space throughout the campus to support student needs.

In recent years, the campus has opened new instructional spaces including Pitzer Center and California Hall as well as converted several spaces in existing buildings for instruction. In winter 2022, the campus celebrated the “soft opening” of the long-awaited Teaching and Learning Center for instruction, delivering an additional approximately 2,000 general assignment seats. Construction is also underway on the Diane Bryant Engineering Student Design Center, a gift-funded renovation and addition to Bainer Hall that will provide innovative instruction, collaboration, and maker-spaces for engineering students.

Research Space

Capital projects to support critical research initiatives are also underway. Projects currently under construction and nearing completion in the Chemistry and Chemistry Annex buildings, as well as Briggs Hall, will correct seismic and life safety issues, address building infrastructure deficiencies, increase laboratory capacity and modernize research space. Addressing the shortage of modern research space is a high priority and the campus has begun to set aside F&A indirect cost recovery funds that will support the creation of research space that responds to current needs and trends. A formal planning process for a new “Grand Challenges” building will take shape in the coming year.

We broke ground on Aggie Square in February 2022 and first occupancy will be in December 2024. Please visit the [website](#) for regular updates and additional information.

Housing and Dining

We also are approaching completion of the most aggressive student housing plan in our campus’ history. Recently completed projects include the final Cuarto district redevelopment project as well as the The Green at West Village. The long-awaited

redevelopment project at the Orchard Park site, which will provide housing for graduate students and student families, is currently under construction and will be available for occupancy in 2023. The new apartment-style housing, which is being delivered by a developer-partner, will feature 189 two-bedroom units for students with families and 424 studios and four-bedroom apartments for 1,100 graduate students – four times more students than the original development.

Infrastructure Maintenance and Safety Improvements

The campus continues to face critical infrastructure and facility needs, particularly in the areas of deferred maintenance, seismic retrofits, and campuswide infrastructure system modernization. UC-mandated efforts to evaluate the seismic condition of existing buildings has resulted in the generation of a significant portfolio of buildings requiring seismic retrofits. We are preparing to implement seismic improvements and address deferred maintenance in six core campus buildings (Social Sciences and Humanities, Young Hall, Voorhies Hall, Jungerman Hall, Mann Lab, and the Sprocket Building) utilizing more than \$110 million of State funding (AB94). We are also continuing a multi-year program utilizing campus and State resources to address deferred maintenance in buildings and infrastructure to address some of our most critical needs; more than \$50 million in investment is anticipated in the coming years. In addition, construction is underway to replace the aged campus steam distribution system with a new energy-efficient hot water system in the core campus called the [Big Shift](#); the first phase of this program is completing construction and future work is being actively planned as we work to identify a funding plan for the project. We are also planning for additional investments in our campuswide infrastructure systems to address electrical, water, and other critical needs. We continue to advocate with the State for additional funding to address these crucial needs.

CHANGES IN CORE FUND APPROPRIATIONS AND REVENUE

State Budget Appropriation and Tuition Revenue

In fiscal year 2022-23, the total State unrestricted ongoing appropriation will be approximately \$484 million, an increase of approximately \$31 million. Total tuition and supplemental tuition paid by national and international students, including summer sessions, is estimated to increase from approximately \$626 million to \$642 million. Of this amount, the campus sets aside \$144 million to support financial aid as required by the Regents. This revenue projection includes \$5.3 million of non-resident supplemental tuition revenue over the 18% regental cap, which we expect UCOP to redistribute systemwide for designated purposes and will not be available to support our general operating budget. Please note, these figures reflect more precise modeling of anticipated revenue and the impact of enrollment changes on revenue compared to the amounts reflected in the high-level context provided on page 2 of the 2022-23 Budget Status and Allocations Letter.

Student Services Fee and Campus Based Fees

The total estimated revenue from Student Services Fees is \$42.8 million, an increase of nearly \$600,000 due to planned increases under the [Tuition Stability Plan](#). The total estimated revenue from Campus-Based Fees is \$78.2 million, an increase of \$1.4 million. The Council on Student Affairs and Fees (COSAF) provided thoughtful input about annual inflation adjustments and review of programs supported by Student Services Fee and Campus-Based Fees.

Finance & Administration (F&A) Cost Recovery on Extramural Grants

The total estimated revenue from [F&A Cost Recovery for 2021-22](#) is expected to grow by approximately \$11 million up to a total of \$172.3 million. Our total effective F&A rate, across all sponsor types, is approximately 24%. As a reminder, Costing Policy & Analysis received approval for increased federal F&A Rates. The on-campus F&A rate will begin growing in 2022-23 from the current 57% to 59.5%, ultimately reaching 61% by 2025. Please visit the F&A Rates [website](#) for additional details.

2022-23 INCREMENTAL BUDGET ALLOCATIONS AND DECISIONS

Decisions contained in this letter were informed by budget meetings with each unit leader, analysis from Budget and Institutional Analysis (BIA), feedback from the Academic Senate Committee on Planning and Budget, and reviewed with Provost and Executive Vice Chancellor Croughan and Chancellor May. Input from Council on Student Affairs and Fees was also part of the overall process for student fee funds. Decisions carefully considered adherence to the criteria in the Budget Framework and alignment with our strategic priorities as well as critical operational needs. As requested in the framework, most units made significantly less requests for central investment than in the past. The decisions reflected below will be supported across multiple fund sources.

2022-23—New Allocations and Increased Set-Asides by Strategic Plan Goal

\$ in 000s, All Funds

Strategic Plan Goal	Base	One-time
Goal 1: Educational Experience	\$3,102	\$5,255
Goal 2: Research	\$2,006	\$911
Goal 3: Diversity, Equity, Inclusion	\$206	\$242
Goal 4: Visibility and Impact	\$544	\$1,900
Goal 5: Innovation and Entrepreneurship	\$195	\$1,000
Infrastructure and Other	\$21,005	\$10,230
Total Incremental Investment Decisions	\$27,058	\$19,538

Highlights of Key Investments

Attachment 2 provides a list of all new investments. Key investments with campus-wide impact are highlighted below.

Educational Experience

Student Success: One-time funding of \$5 million is currently set aside for investments in student success and equitable outcomes. These investments will be informed by a Task Force on Student Success and Equitable Outcomes that will begin work in the new academic year. In addition, funds from the student success pool will be used to support the new Writing Center and advising investments campuswide. As part of a multi-year strategy to improve student success and ensure equitable outcomes for all students, in 2019-20 the campus began setting aside a pool of funds for student success investments from a combination of central investment funds and incremental undergraduate tuition revenue. In addition, we have consolidated unspent one-time Lottery Funds into this pool, as student success investments are allowable uses for these funds. For 2022-23 the Student Success pool is estimated to have approximately \$12 million in combined ongoing and one-time resources available for investments in student success and equitable outcomes initiatives. Investment decisions from this pool will be communicated separately.

Admissions Recruitment Staff: \$523,000 in ongoing funding for additional recruitment specialists to expand the campus’ profile and visibility among a diverse student pool, including Latinx students, transfer students, and students in different regions of California.

Academic Assistance and Tutoring Center: Up to \$400,000 in ongoing funding for additional staff, expansion of programming and tutors, and scheduling software.

Student Health and Counseling Services: Up to \$400,000 in ongoing for additional nursing staff to support public health needs, as well as broader nursing needs within SHCS.

Student Disability Center: \$206,000 in ongoing funding and up to \$110,000 in one-time funding to meet demand and maintain extended operating hours at the campus testing center, as well as to address the increased demand and complexity of professional and graduate students receiving disability-related academic accommodations.

Research

In addition to the research-related investments mentioned in the Capital section below and investments that the Office of Research will be making from existing funds, the campus is providing support for:

Controlled Environment Facility: \$2.9 million in one-time funding over four years to allow continuation of research and address safety concerns by purchasing 12 new walk-in growth chambers, repairing a critical walk-in growth chamber, and evaluating maintenance needs for 10 chambers.

Campuswide Research Administration Staff Support Plan: According to the National Science Foundation, faculty spend approximately 49% of their time doing research administration and compliance. The Office of Research (OR) will develop a comprehensive, campuswide plan to provide additional pre-award and post-award support for faculty, as well as increased administrative support to reduce faculty workload in research administration and compliance. This combination should enable faculty to focus more time on developing grant and contract applications, conducting research, and teaching. Support will be structured in a way that will address both unit needs and provide central support for faculty. OR is expected to identify some one-time funds from existing resources to launch a pilot project with the expectation that there will be increased F&A and potential savings to sustain a campus-wide program in the long-term.

Infrastructure and Critical Needs

Public Health Expansion: \$690,000 in one-time funding annually for three years to support public health positions in Student Health and Counseling Services (SHCS). These positions will allow SHCS to support the health needs of our students while providing surge capacity for COVID-19 and other emerging or unanticipated public health incidents for the entire campus. The ongoing need for these positions will be re-evaluated after three years.

Enhanced Campus Security: \$1.9 million in ongoing funding for non-sworn security personnel and associated operating costs to enhance campus safety, including securing buildings and property in response to recent increases in costly damage and theft. Staffing levels will be reevaluated after more physical security improvements are in place through capital projects that are under development.

Cyber Risk Management Program Staff for IS-3 Compliance: Up to \$1.5 million in ongoing funding for additional staff to support compliance with systemwide electronic information security policy (IS-3). Some of these staff positions will be assigned to directly support needs in campus units.

Campus Wireless Upgrade: Up to \$1.5 million in one-time funds to upgrade 7,000 campus wireless access points. Further, a plan to fund long-term IT capital/infrastructure needs across campus will be developed to guide future investments in this area.

Utilities Commodity Cost Increases: \$16 million to fund the 30% increase in utility costs beginning in fiscal year 2021-22 and additional increases anticipated in 2022-23. Energy commodity prices are rapidly rising due to drought conditions impacting hydro power supply, increased natural gas exports to Europe, growing transmission and distribution costs, and accelerating inflation. Energy utilization per square foot has significantly reduced over time, even as we add new facilities and more people and activities on campus. There was approximately \$3

million in energy usage savings during the pandemic due to shutdowns, however the return to campus increased ventilation requirements which temporarily impacted energy efficiency. This, coupled with the significant commodity cost increases, resulted in minor offsets to the overall campus utility expenses during the pandemic.

Operation & Maintenance of Plant (OMP) Funding for New Space: \$1.3 million to provide ongoing funding for the maintenance of over 200,000 maintained gross square feet of new facilities that have been added on campus since 2019. In conjunction with the multi-year capital strategy outlined below, a model will be implemented to systematically budget for and allocate OMP funding for new space starting in 2022-23. This funding will support utilities operations, building maintenance, custodial, solid waste and grounds services for core supported spaces.

Capital: A total of \$3.9 million ongoing will continue to be set aside as part of a multi-year strategy to support investments in capital and facility needs. These funds are available to support debt service, deferred maintenance needs, OMP for new space, and support for leased space at Aggie Square. In 2022-23, we will continue to increase this amount by \$2.9 million on F&A funds and \$1 million on core funds. The F&A funds are earmarked to support debt service for the Grand Challenges Building currently being planned, other research infrastructure, Aggie Square leased research space, and ongoing maintenance needs for new research space.

FORMULAIC BUDGET MODEL ALLOCATIONS

Campus units receive formulaic allocations associated with certain revenue streams through the campus budget model. Details about how the various budget model allocation formulas work can be found on the [budget model website](#). The following provides key information about these allocations for fiscal year 2022-23. Allocation details and amounts are provided to Deans and/or Vice Chancellors and posted on the budget model website when finalized.

Allocations for Undergraduate Tuition

Since 2020-21, incremental increases in Undergraduate Tuition Revenue (UGTR) are [directed centrally](#) to the Student Success pool, discussed above, for improvements in student success and equitable outcomes. This approach will continue indefinitely. The UGTR pool for allocation will remain fixed in 2022-23. Base funding in the UGTR pool is redistributed using the workload metrics that have been in use since 2012-13. For the 2022-23 allocation, workload metrics use data from 2020-21 and 2021-22 for student credit hours of instruction and undergraduate majors, and data from 2019-20 and 2020-21 for degrees awarded.

Allocations for F&A Campus Return Program

Units who generate F&A will receive allocations totaling approximately \$43 million based on 2021-22 revenue collected.

Allocations for Summer Sessions Tuition

Budget model allocations for summer sessions instruction are based on student credit hours taught. Summer sessions enrollment is significantly lower than in 2020 and 2021 when summer session enrollments met an all-time high. Moreover, summer sessions enrollment is expected to be 10% lower than pre-pandemic levels in 2019. As a result, units should expect reductions in Summer Session funding allocations corresponding to the decrease in workload. Final data and allocations for summer 2022 are anticipated in late fall. At that time, we will evaluate if allocations will adjust base appropriations or if we will continue to allocate one-time increments as we have for the past several years.

Allocations for Graduate Tuition and Graduate Student Support

Final allocations for the various components of the graduate budget model will reflect graduate enrollment growth in 2021-22. Final allocations will include additional funds for graduate student support programs such as the Graduate Program Fellowship Allocations and funding to

units from Graduate Tuition revenue. Master's Enrollment Incentive Program funding is allocated earlier in the year from the Graduate Tuition revenue pool, and an overview of those allocations will be included in the Graduate Tuition Revenue budget model allocation communication.

Patent Income

Net patent income to be allocated in 2022-23 based upon the patent fiscal year for 2020-21 are expected to be similar to last year with a Unit 70% share of approximately \$1,800,000 and \$407,000 to Innovation Access in the Office of Research.

CENTRAL FUNDS FOR SALARY AND BENEFIT COST INCREASES

Central campus will provide funding for salary and benefit increases for employees funded on eligible fund types. Units must self-fund increases for employees on fund types that are not eligible for campus funding. Consistent with policy, rates for recharge activities may be adjusted to reflect these mandatory cost increases.

- Faculty merits will be funded based on the merit amount approved.
- The 4% faculty range adjustment will be funded based on the faculty salary program [guidelines](#) from UCOP and per the campus guidelines distributed on June 27, 2022.
- The faculty equity adjustments will be funded per the campus guidelines and forthcoming review as indicated in the June 27, 2022 letter.
- Salary increases for non-represented staff will be funded based on the 4.5% range approved by UCOP.
- Salary increases for represented staff will be determined by the rate identified in the active or ratified contract.
- Funding for incremental benefit costs on all salary increases will be determined using the applicable 2022-23 [composite benefit rate](#).
- This year funding will be provided for the change in composite benefit rates on eligible base salaries.

As a result of the implementation of the Common Operating Fund Initiative (COFI) in 2021-22, the scope of eligible funds has expanded to the 25 "legacy" [funds](#) that are now represented by the COFI funds (99100 and 99300). Eligible salary and benefits cost increases in funds 19924, 20000, 75030, and 75041 (which are not part of the COFI model) will continue to be funded as well. Funding for staff compensation will be transacted as a block grant. Faculty funding will be transacted at the individual faculty level.

BUDGET SAVINGS TARGETS

In 2020-21, [savings targets](#) totaling \$70 million were assigned to begin to address the core fund structural deficit. These targets are to be achieved over five years. We are entering year 3 of 5 of this budget savings plan.

Central Campus Savings Target

Central campus is assigned \$25 million in savings. To date, the campus has identified \$20 million in central reductions, as reported in last year's budget decision letter. We continue to work to identify additional actions to achieve *at least* the \$25 million planned.

Unit Savings Targets

Academic and Administrative units were assigned savings targets totaling \$45 million. By 2022-23, units were asked to identify at least \$27 million in ongoing savings towards the 5-year goal of \$45 million. This could be a combination of ongoing actions and one-time bridging. To date, units have identified a total of \$30.7 million in savings: \$29 million ongoing and \$1.7 million one-time.

Units are required to submit plans annually reporting their progress toward meeting their assigned savings targets. This year, units submitted updated plans for the first and second years of savings targets as well as adding plans for the third year. These plans were discussed in the unit budget meetings and were subsequently reviewed by the [Budget Framework Advisory Committee](#). The Budget Framework Advisory Committee generally agreed that the items identified were consistent with the [framework principles](#). However, they urged more units to focus on net revenue generating opportunities to achieve their savings targets and some units will receive feedback about reductions that do not seem sustainable for basic operations or lack sufficient detail. Units will continue to be encouraged to find ongoing savings and minimize the use of one-time bridging. Several units have met their total 5-year savings target with ongoing actions. This will be an iterative process and units will have an opportunity to update their plans to reflect changes, new information, and actions to meet out-year targets.

REVENUE GENERATION AND INSTITUTIONAL SAVINGS TASK FORCE

A Task Force has been [charged](#), and begun work identifying opportunities for UC Davis to increase net revenue generation and achieve institutional savings. This effort is critical to avoiding future increases to unit savings targets and ensure that resources are available to address campus priorities and emerging needs. This effort provides the opportunity to address our core fund structural deficit in a strategic manner taking a campuswide perspective. The Provost has set a goal for this Task Force to identify at least \$50 million in ongoing net revenue and/or savings that can be applied to the campus core mission within 3-7 years. The Task Force will conduct broad campus outreach and this effort will require the ideas, creativity, insight, and participation of staff and faculty from across campus. We have also set-aside up to \$2 million in one-time funds to support initial investments in implementing the most promising ideas.

2022-23 Final Budget Decisions

New Investment Decisions

	General Funds & Tuition		F&A (ICR) Funds		Campus Assessment Funds		Other Funds	
	Base	One-time	Base	One-time	Base	One-time	Base	One-time
Section 1: Campuswide Priorities								
Capital Investment Augmentation: F&A Funds			\$500,000					
Enhance Campus Security	\$1,935,000							
Environmental Surveillance Funding (Year 1 of 3)						\$85,000		
IT Infrastructure: Campus Wireless Upgrade		\$1,500,000						
IT Security: Cyber Risk Management Program Staff for IS-3 Compliance	\$1,500,000							
Operation of Maintenance and Plant Funding for New Space							\$1,300,000	
Set-Aside: Accreditation Commission of Schools, Western Association of Schools and Colleges (Year 1 of 2)				\$200,000				
Set-Aside: Revenue Generation & Institutional Savings Investments (Year 1 of 2)								\$1,000,000
Set-Aside: Student Success Investments								\$5,000,000
Systemwide Core Litigation Funding					\$290,000			
Systemwide Network Cost Sharing					\$860,000			
University Preferred Partnership Program (Year 1 of 2)								\$375,000
Subtotal, Section 1: Campuswide Priorities	\$3,435,000	\$1,500,000	\$500,000	\$200,000	\$1,150,000	\$85,000	\$1,300,000	\$6,375,000
Section 2: Colleges, Schools, and Deans								
College of Biological Sciences								
Extend Development Officer Support								\$300,000
College of Engineering								
BME Garamendi Model Transition			\$775,000					
Engineering Student Design Center Staff (Year 1 of 3)		\$120,000						
Pre-Award Research Administrative Staff (Year 1 of 2)				\$130,000				
Office of Graduate Studies								
E-Forms Development (Year 1 of 2)		\$335,000						
Subtotal, Section 2: Colleges, Schools, and Deans	\$0	\$455,000	\$775,000	\$130,000	\$0	\$0	\$0	\$300,000
Section 3: Academic Support and Administration								
Aggie Square								
Personnel and Operations (Year 1 of 4)							\$195,000	
Development and Alumni Relations								
Big Ideas Fundraisers (Year 1 of 2)								\$535,000

2022-23 Final Budget Decisions

New Investment Decisions

	General Funds & Tuition		F&A (ICR) Funds		Campus Assessment Funds		Other Funds	
	Base	One-time	Base	One-time	Base	One-time	Base	One-time
Finance, Operations and Administration								
Environmental Health & Safety Positions			\$316,000					
Fire Department Capital Equipment	\$280,000							
Health 34	\$280,000							
Maintain Institutional Analysis Staffing and Data Visualization Tools	\$275,000							
Operations Support Positions	\$376,000							
Solid Waste Structural Deficit							\$300,000	
Information and Educational Technology								
Teaching & Learning Tech: Course Syllabus Browser Pilot		\$55,000						
Teaching & Learning Tech: General Assignment Classrooms	\$100,000							
Intercollegiate Athletics								
Edwards Family Athletic Center							\$74,000	
Extend Development Support (Year 1 of 3)								\$125,000
Intercollegiate Athletics Physician Coverage (Year 1 of 3)								\$80,000
Staff Retention Support							\$240,000	
Student-Athlete Nutrition and Health							\$80,000	
Support for Non-Core Salary and Benefit Increases Exceeding Revenue Increases							\$100,000	
Office of Diversity, Equity & Inclusion								
Diversity Trainer		\$132,000						
Office of Research								
Campus Diving & Boating Safety: Staff and Operations			\$230,000					
Controlled Environment Facility: Growth Chambers (Year 1 of 4)				\$781,000				
Innovation & Tech Commercialization: Innovation Access							\$455,000	
Office of the Chancellor								
Campus Counsel: Information Practices Staff	\$100,000							
Ceremonies and Special Events: Events and Student Staff							\$124,000	
Compliance and Policy: Athletics Director of Compliance Position							\$165,000	
Compliance and Policy: Maintain Current Staffing and Services	\$467,000							
Ombuds: Maintain Current Staffing and Services (Year 1 of 2)	\$82,000							

2022-23 Final Budget Decisions

New Investment Decisions

	General Funds & Tuition		F&A (ICR) Funds		Campus Assessment Funds		Other Funds	
	Base	One-time	Base	One-time	Base	One-time	Base	One-time
Office of the Provost								
Academic Affairs: Academic HR Analyst	\$120,000							
Academic Senate: Funding for Highest Priorities	\$200,000							
Center for Advocacy, Resources, and Education: ProtoCall Access	\$19,000							
Enrollment Management: Financial Aid and Scholarships Staff	\$232,000							
Enrollment Management: Salary Equities to Address Retention	\$150,000							
Enrollment Management: Undergraduate Admissions - Recruitment Staff	\$523,000							
Enrollment Management: University Registrar - Staff to Address Workload and Technology Needs	\$210,000							
Imagining America: Operations and Staff Support (Year 1 of 5)		\$485,000						
Student Affairs								
Academic Assistance and Tutoring Center							\$400,000	
Internship and Career Center: Student Employment							\$119,000	
Student Disability Center: Additional Support for Academic Accommodations		\$110,000					\$206,000	
Student Health and Counseling Services Staffing							\$400,000	
Student Public Health Expansion (Year 1 of 3)								\$690,000
Subtotal, Section 3: Academic Support and Administration	\$3,414,000	\$782,000	\$546,000	\$781,000	\$0	\$0	\$2,858,000	\$1,430,000
Grand Total	\$6,849,000	\$2,737,000	\$1,821,000	\$1,111,000	\$1,150,000	\$85,000	\$4,158,000	\$8,105,000

2022-23 Final Budget Decisions

Multi-Year Decisions from Previous Years

	General Funds & Tuition		F&A (ICR) Funds		Campus Assessment Funds		Other Funds	
	Base	One-time	Base	One-time	Base	One-time	Base	One-time
Section 1: Campuswide Priorities								
Capital Investment: Facilities & Administrative (F&A) Funds			\$2,650,000					
Capital Investment: General Funds	\$1,000,000							
Eliminate Instructional Needs Deficit (Year 5 of 6)		\$200,000						
Office of Business Transformation Staff for Lean Six Sigma (Year 3 of 3)						\$149,000		
Purchased Utilities Commodities Annual Cost Adjustments			\$8,500,000	\$7,500,000				
Subtotal, Section 1: Campuswide Priorities	\$1,000,000	\$200,000	\$11,150,000	\$7,500,000	\$0	\$149,000	\$0	\$0
Section 2: Colleges, Schools, and Deans								
College of Biological Sciences								
Faculty Hiring Assistance (Year 5 of 6)				\$200,000				
Student Advising Ratios (Year 4 of 8)		\$50,000						
College of Letters & Science								
Chemistry Department Start-up Deficit Support (Year 4 of 5)				\$90,000				
Physics Department Start-up Deficit Support (Year 4 of 5)				\$76,000				
Office of Graduate Studies								
Bridge Increased Personnel Costs Associated with Reorganization (Year 1 of 2)		\$225,000						
Graduate Advising Position for Masters Programs/International Students (Year 2 of 3)		\$125,000						
Postdoctoral Scholars Support (Year 2 of 5)		\$100,000						
School of Education								
College Opportunity Program: Operational Support (Year 3 of 3)				\$300,000				
School of Law								
School of Law Base Increase (Year 6 of 10)	\$360,000							
Subtotal, Section 2: Colleges, Schools, and Deans	\$360,000	\$500,000	\$0	\$666,000	\$0	\$0	\$0	\$0
Section 3: Academic Support and Administration								
Development and Alumni Relations								
Campaign Support Positions and Operating Funds (Year 3 of 4)								\$410,000
Highest Priorities for Campus Development (Year 2 of 3)								\$250,000
Women in Philanthropy Program (Year 3 of 3)								\$75,000
Information and Educational Technology								
E-mail Security: Proofpoint Annual Licensing (Year 3 of 3)						\$230,000		
Intercollegiate Athletics								
Stabilize Budget/Bridge Funding for Scholarship Policy Changes (Year 5 of 6)								\$150,000

2022-23 Final Budget Decisions

Multi-Year Decisions from Previous Years

	General Funds & Tuition		F&A (ICR) Funds		Campus Assessment Funds		Other Funds	
	Base	One-time	Base	One-time	Base	One-time	Base	One-time
Office of Research								
Animal Care: System Implementation (Year 2 of 3)				\$360,000				
Financial and Reporting Analyst (Year 2 of 3)				\$120,000				
High Performance Computing Core Facility: Administrative Costs (Year 3 of 5)				\$472,000				
High Performance Computing Core Facility: System Administration (Year 2 of 2)				\$264,000				
Innovation Institute for Food and Health (Year 2 of 3)				\$800,000				
Interdisciplinary Research Support: Expand Proposal Support (Year 2 of 3)				\$113,000				
Primate Center: Base Grant Fixed Costs (Year 5 of 5)			\$200,000					
Office of the Provost								
Fundraising Support for Units in Office of the Provost (Year 3 of 3)								\$195,000
Student Affairs								
Student Health and Counseling: Mental Health Staffing Support Backstop								\$700,000
Subtotal, Section 3: Academic Support and Administration	\$0	\$0	\$200,000	\$2,129,000	\$0	\$230,000	\$0	\$1,780,000
Grand Total	\$1,360,000	\$700,000	\$11,350,000	\$10,295,000	\$0	\$379,000	\$0	\$1,780,000