

March 14, 2025

DEANS, VICE CHANCELLORS, AND PRINCIPAL OFFICERS

RE: Budget Planning for Fiscal Year 2025-26 (FY26)

Colleagues,

I am writing to launch the 2025-26 budget planning process, which continues our transition to an all-funds multi-year planning approach. While we communicated earlier in the year for units to plan for a flat budget, the anticipated state budget cut and uncertainties with federal funding have led us to plan for a reduced core funds budget when it comes to state, tuition, and other unrestricted core funds. No decision on whether there will be a budget cut, or the size of any budget cut, has been made at this time. Decisions for each unit will be case-by-case at the end of the budget cycle. In the meantime, all units will be given a resource planning scenario in which to conduct your multi-year forecast and develop an action plan to achieve a balanced budget.

The planning scenario for support units (non-schools) will assume a reduction to base state/tuition/other resources of up to 5% for FY26. For indirect cost recovery funds from contracts and grants, planning scenarios assume a flat budget for FY26 and a reduction of up to 20% for FY27. Funds flow from student services fees, summer session, core fund recharges, and special state appropriations will remain unaffected.

Financial planning for academic units (schools) will involve funds flow through the new mission-based budget model, which is updated for FY26 planning (version 1.2) to reflect feedback collected over the past year. For FY26, academic units can anticipate an increase to the faculty salary and benefits component of the model to align with actual costs as well as FTE as of December 2024. To achieve an overall reduction consistent with available campus resources, this will be offset by a reduction to the funding per student component of the model. The resulting planning scenario reflects an average net reduction of 3.5% to state/tuition/other resources.

The planning process for FY26 continues to involve:

- All funds, with a continued emphasis on the impact to core funds
- Multi-year projections
- Enrollment and instruction planning
- An assumption of very limited hiring (faculty and staff)

In addition to projecting costs and unit-based revenues, multi-year plans should reflect strategies to resolve any projected funding gaps within the multi-year planning period. The unit financial stability plan should be updated accordingly and the action plan to increase revenues and control costs should be discussed in your narrative. Careful management of reserves should be a part of that planning. Clearly defined multi-year commitments from the campus affiliated with offer letters, retentions, institutional cost share agreements or the like will remain funded as originally authorized.

Submission Details and Process

The Budget Office will provide support and materials to assist with your planning and submission. All materials are available at this [FY26 Budget Planning](#) SharePoint site with folders specific to each unit. Templates listed below can be saved separately for review and planning. Unit's official submissions



should be entered directly to the templates in your respective SharePoint folder. Please do not make edits or formatting changes to the template structure of the shared file.

- **Multi-year Planning Template** to project sources and uses for FY26, FY27 and FY28. Included are worksheets to calculate projected resources, planning assumptions for expense projections (salary rate projections, CBR rates, effective ICR rate), FTE and salary information, and data-relevant metrics used in the budget model.
- **Campus Commitments Request Template** - optional
- **Faculty Recruitment Plan Template**
- Additional resources for reference:
 - [Multi-Year Plan Unit Actuals report](#)
 - [UCPath FTE report](#)
 - Campus Commitments report (access is specific to each unit's data)
 - UCI Foundation Gift report
 - [Fact Sheet](#) - academic units only Faculty Snapshot report – academic units only
 - Faculty Revolving Fund detail available on request – academic units only

The Budget Office will host training sessions and finance meetings with ASMs, MAABOs and relevant unit staff in the second half of March and early April to discuss stability plans and to provide guidance on the budget process and materials. Direct your questions and comments to Executive Budget Director [Kyong Salmons](#).

From mid-April through May, I will host budget and strategy meetings with unit leaders.

The submission deadlines are different for academic and support units. All units should submit or complete the following materials by their respective deadlines.

1. **A 4-5 page narrative**, including:
 - a. A one-page executive summary.
 - b. Strategic goals and whether they reflect any recent updates.
 - c. Opportunities and challenges identified from the multi-year financial planning process and updated unit financial stability plan. For academic units, include an overview of your plans related to faculty and staff FTE and assumptions related to student factors like enrollment. For support units, this overview should include staff FTE and those factors relevant to your department(s) (e.g., number of employees, square footage, etc.).
 - d. An overview of gift balances that are minimally restrictive and may be available to support core activities¹.
 2. **Multi-Year Budget Planning Template** (complete in [FY26 Budget Planning](#) unit folder)
 3. **Academic Unit Core Sources** (complete in [FY26 Budget Planning](#) unit folder) - academic units only
 4. **Faculty Recruitment Plan Template** – academic units only
- Save your narrative to the Unit Specific Budget Materials / Submissions folder for your unit.

Support unit submission deadline: **April 15, 2025**

Academic unit submission deadline: **May 2, 2025**

¹ Growing and untouched fund balances from gifts and endowment earnings are under review by the Office of the President as a source of concern related to donor stewardship and responsible deployment of available resources. We are requesting this information to help inform that review. Also, minimally restricted gifts and other unrestricted fund balances may be used as a consideration when determining final budget allocations.



The mission-based budget model for academic units was implemented this year with refinements for FY26 planning. For support units, we continue to review options for models that achieve the same goals as the academic budget model: better alignment of resources with campus priorities. A deep dive analysis for support units will be postponed until the summer as we await more news on the evolving budget situation and the impact to our campus. For support units, the incremental budget will continue to be in place for the next year with the goal of implementing a new model in FY27.

This multi-year planning exercise and our upcoming budget discussions will assist us in better positioning the campus to weather current federal funding uncertainty and continue our critical teaching, research, and service missions. Thank you for your continued partnership.

Sincerely,

Signed by:

Hal Stern

22E1112F7E8A469...

Hal Stern

Provost and Executive Vice Chancellor

Distinguished Professor, Department of Statistics

C: Chancellor Gillman
Associate Chancellor and Chief of Staff Walton
Associate Provost and Chief of Staff Brigman
Chief Financial Officer and Vice Chancellor Ortiz
Assistant Vice Chancellor Gallardo
Assistant/Associate Vice Chancellors
Assistant/Associate Deans
Directors of Finance
Budget Office

