

## UC Santa Cruz Core Funds Quarterly Report Overview

As of June 30, 2025 (Q4)

UC Santa Cruz's total [2024-25 operating budget](#) was just over \$1 billion. The following report provides an overview of how Core Funds, which comprise about 55% of the total budget, performed (actuals) in comparison to the budget. A key component of this report is tracking the university's progress to address the recurring deficit.

### Core Funds Revenue

Revenue in 2024-25 exceeded the recurring budget by \$50.6 million, with total core funds revenue of \$606.8 million generated. While revenue outperformed the recurring budget this year, it is important to note that most of the additional revenue was from one-time sources/actions, such as realized gains from the sale of investments and one-time state allocations, that are not recurring in nature and therefore do not improve the financial picture in future years. We continue to monitor impacts from the changing federal landscape and while there was a modest tapering of indirect cost recovery growth in the second half of the year, much of this impact is subject to occur in future years.

A summary of budget-to-actuals performance by revenue category is as follows:

- **State General Funds:** Increased revenue reflects one-time allocations and interlocation transfers of funds, less a small net change in final annual allocation
- **Tuition (net of scholarship allowance adjustment):** Net tuition was \$7.9 million under budget due to 1) lower actual enrollment (-1% undergrad, -5% grad) than the enrollment target used in budget planning and 2) a larger scholarship allowance adjustment that reduced net revenue.
- **Non Resident Supplemental Tuition (NRST):** Similar to net tuition, NRST revenue was \$6 million less than budgeted given non-resident enrollment was lower (-15%) than the enrollment target used in budget planning.
- **Core Student Fees:** As with tuition and NRST, Core Student Fees ended the year \$.7 million below budget due to lower than anticipated enrollment.
- **Lottery Funds:** Lottery revenue received was as anticipated.
- **Other Core Unrestricted:** Significant one-time interest income, primarily \$16.7 million in realized gains from a UC Blue and Gold Pool (BGP) withdrawal to support campus cash needs.
- **State Claims:** Reflect earmarked one-time state general fund allocations that are handled via reimbursements. In 2024-25, there was \$26.7 million in budgeted one-time activity, with \$14.7 million received and a remaining \$12.1 million still in process.

### Core Funds Expenditures

Core funds actual expenditures include a combination of recurring spending and one-time spending activity, predominantly via carryforward funding. In 2024-25, spending totaled \$701.3 million (up from \$691.0 million projected as of Q3). Higher than anticipated spending in Q4 was largely due to one-time restricted activity (i.e. information security project, faculty start-up and lab renovation projects, Bay Tree Building renovation project support), facilities and utilities

costs, year-end accounting activity, and a small uptick in spending across the divisions. Despite spending curtailment activities underway, growth in spending continued in 2024-25. Additional analysis is being conducted to better understand year-over-year spending trends to help inform planning in the coming year.

A summary of budget-to-actuals performance by account category is as follows:

- **Salary and Benefits:** For the year, total salary and benefit spending of \$536.4 million was right on track with the combined recurring budget of \$538.3 million (99.7% spent across both categories).
- **Supplies, Equip, & Other Expenses:** Recharge and Internal Assessment was not reported as a separate category at the start of the year, which makes Supplies, Equipment & Other Expenses appear higher. This category also absorbed most of the higher-than-expected Q4 spending and includes one-time carryforward budgets from the prior year. Because those carryforwards are expected to decline, this will be a key area to monitor to ensure non-personnel costs remain sustainable.
- **Student Aid:** Spending (\$128.7 million) was higher than the recurring budget but lower than the total budget, reflecting a planned spend down of carryforward from the prior year and also graduate student support that resides in a different budget category at the beginning of the year.
- **Scholarly Allowance Adjustment:** This reflects an accounting adjustment as this category has a corresponding offset on the revenue side to net down tuition revenue.
- **Recharge and Internal Assessment:** For the year-end report (and going forward), Recharge and Internal Assessment is reflected as a new category, and was previously included with Supplies, Equip, & Other Expenses, which netted down spending in this category. Recharge and Internal Assessment activity reflects internal cost recovery that is accounted for as negative expenses.

### **Core Funds Deficit**

In 2024-25, the operating deficit ended at \$94.5 million (down from \$110.7 million at the start of the fiscal year, but higher than the Q3 projected deficit of \$80.7 million). The revenue and spending reflect some progress to reduce the deficit this year, with a deficit \$16.2 million lower than the original estimated deficit reflected in the 2024-25 recurring budget. While the reduced deficit is largely attributable to additional one-time revenue sources, additional reductions implemented during the year will hopefully ease spending in the coming year.

The total Fund Balance in core funds ended the year in the negative with non-core fund balances helping to bridge the gap. The campus will work to restore the non-core fund balances after the core funds deficit is closed.

## UC SANTA CRUZ CORE FUNDS REPORT THROUGH YEAR-END

Period: July 1, 2024 - June 30, 2025

(in millions)

By Account Type	Recurring Budget	Budget Adjustments*	Total Budget	Actuals
<b>Revenue (Sources)</b>				
State and UC General	274.4	8.3	282.7	282.7
Tuition (net of scholarly allowance)	158.3	(7.9)	150.4	150.4
Non Resident Suppl Tuition	50.1	(6.0)	44.0	44.0
Core Student Fees	27.0	(0.7)	26.3	26.3
Indirect Cost Recovery	32.1	4.7	36.8	36.8
Lottery Funds	2.3	-	2.3	2.3
Other Core Unrestricted	12.0	28.8	40.8	49.6
State Claims	-	26.7	26.7	14.7
<b>Total Revenue</b>	<b>556.2</b>	<b>53.8</b>	<b>610.0</b>	<b>606.8</b>
<b>Expenditures (Uses)</b>				
Salaries	385.9	1.7	387.7	388.7
Benefits	152.3	(4.6)	147.7	147.7
Supplies, Equip & Other Expenses	119.5	100.3	219.7	185.7
Student Aid	109.1	33.5	142.5	128.7
Scholarly Allowance Adj	(99.6)	(2.6)	(102.2)	(102.2)
Less Recharge & Internal Assessment	(0.3)	(36.7)	(37.0)	(47.3)
<b>Total Expenditures (Uses)</b>	<b>666.9</b>	<b>91.6</b>	<b>758.5</b>	<b>701.3</b>
<b>Net Surplus / (Deficit)</b>	<b>(110.7)</b>	<b>(37.7)</b>	<b>(148.5)</b>	<b>(94.5)</b>

\*Budget Adjustments include Carryforward, in year budget adjustments, and adjustments reflecting late FY24 accounting entries.