

UC Santa Cruz Core Funds Quarterly Report Overview

As of June 30, 2026 (Q4)

UC Santa Cruz's total [2025-26 operating budget](#) was just over \$1 billion. The following report provides an overview of how Core Funds, which comprise about 56% 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.

Revenue for 2025-26 slightly outpaced the previous year, while spending dropped by 2% - a result of successful campus efforts driven by the multi-year budget balancing framework.

Core Funds Revenue

Revenue ended the year exceeding the recurring budget by \$35 million, with total core funds revenue of \$607 million. 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 and therefore do not improve the financial picture in the future.

A summary of 2025-26 budget-to-actuals performance by revenue category is as follows:

- **State General Funds:** Increased revenue reflects one-time allocations and interlocation transfers of funds, plus a small net change in the final annual allocation
- **Tuition (net of scholarly allowance adjustment):** Net tuition ended the year lower than anticipated, despite a modest increase in enrollment, after factoring in the year-end scholarly allowance accounting adjustment, which increased considerably in tandem with the growth in student aid (see Expenditure section for additional detail).
- **Non Resident Supplemental Tuition (NRST):** NRST was significantly below budget given non-resident enrollment was lower than the enrollment target used in budget planning.
- **Core Student Fees:** Core Student Fees ended up slightly above budget due to higher than anticipated overall enrollment.
- **Indirect Cost Recovery:** Indirect cost recovery decreased by 10% from the prior year.
- **Lottery Funds:** Lottery revenue reflects a recurring increase of \$460k.
- **Other Core Unrestricted:** Other core funds include significant one-time interest income, primarily \$24 million in estimated realized gains from a planned spring UC Blue and Gold Pool (BGP) withdrawal to support campus cash needs, and a one-time zero-interest loan to UC (from the state) of \$8 million.
- **State Claims:** This category reflects earmarked one-time state general fund allocations that are handled via reimbursement. The majority of this year's activity is associated with our state climate initiatives funding.

Core Funds Expenditures

Core funds actual expenditures include a combination of recurring spending and one-time spending activity, predominantly against budgeted carryforward funds. In 2025-26, spending

totaled \$687 million, which exceeded recurring budgeted expenditures by roughly \$35.5 million, while also representing a decrease of \$14 million from 2024-25 spending. Continuing inflationary cost pressures of 4%+ per year have been offset by reductions implemented this year. This is a positive indication of progress, although spending continues to significantly outpace revenue and the spend down of carryforward further diminishes reserves and exacerbates cash flow challenges.

A summary of 2025-26 budget-to-actuals performance by account category is as follows:

- **Salary and Benefits:** For the year, total salary and benefit spending of \$531 million is on track, and reflects a \$5 million (1%) decrease from 2024-25 spending.
- **Supplies, Equip, & Other Expenses:** This category reflects the bulk of non-personnel and carryforward spending and was generally consistent with most prior spending trends. Prior year spending was 15% higher, primarily due to a 2024-25 one-time balloon debt payment and other capital project related transfers.
- **Student Aid:** Spending is up significantly this year, with total spending of \$170 million, 32% higher than last year. The spending increase is a combination of tuition related return-to-aid increases, graduate student support, strategic deans awards investments to support non-resident enrollment growth, and a considerable spend down of carryforward from the prior year to increase average aid awards to students and reduce their unmet need.
- **Scholarly Allowance Adjustment:** This reflects an accounting adjustment as this category has a corresponding offset on the revenue side to net down tuition revenue. There was a 14% increase from the prior year, reflecting lower but consistent growth aligned with the increase in student aid.
- **Recharge and Internal Assessment:** Recharge and Internal Assessment activity reflects internal cost recovery that is accounted for as an expense credit. Current year activity is trending higher than anticipated.

Core Funds Deficit

In 2025-26, with revenue of \$607 million and spending of \$687 million, the deficit was \$80 million. This is on track with the 2025-26 \$79 million recurring deficit reflected in the budget. This year (and last) the spenddown of one-time carryforward balances has largely been covered by one-time revenue sources, primarily interest income from realized gains associated with UC Blue and Gold Pool (BGP) withdrawals to support campus cash needs. With depleting balances in investment funds, this will likely not be a viable offset in future years, which means we will need tighter management of one-time expenditures to prevent higher in-year operating deficits. This potential use of one-time spending authority will need to be closely monitored.

The \$80 million deficit compounds on the existing negative core funds balance with non-core fund balances continuing to help 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 - Year-End Report (Q4)				
Period: July 1, 2025 - June 30, 2026				
(in millions)				
By Account Type	Recurring Budget	Budget Adjustments*	Total Budget	Actuals
Revenue (Sources)				
State and UC General	272.5	11.1	283.5	283.5
Tuition (net of scholarly allowance)	162.9	(14.2)	148.7	148.7
Non Resident Suppl Tuition	51.8	(6.5)	45.3	45.3
Core Student Fees	27.2	0.3	27.5	27.5
Indirect Cost Recovery	36.8	(3.8)	33.0	33.0
Lottery Funds	2.3	0.5	2.8	2.8
Other Core Unrestricted**	19.0	36.3	55.2	55.2
State Claims	-	14.3	14.3	11.1
Total Revenue	572.4	37.9	610.3	607.1
Expenditures (Uses)				
Salaries	358.0	8.3	366.3	382.0
Benefits	153.4	3.6	157.0	149.4
Supplies, Equip & Other Expenses**	154.6	(48.9)	105.7	158.6
Student Aid	124.4	46.0	170.3	169.6
Scholarly Allowance Adj	(102.2)	(14.3)	(116.5)	(116.5)
Less Recharge and Internal Assessment	(36.3)	(6.5)	(42.9)	(55.7)
Total Expenditures (Uses)	651.9	(11.9)	639.9	687.4
Subtotal Surplus / (Deficit)**	(79.4)	49.8	(29.6)	(80.3)
*Budget Adjustments include Carryforward				
**Reflects one-time loan support from state and omitting of accounting adjustments for prior year activity				