

The background of the slide is a photograph of a two-story wooden house with a dark roof, nestled in a dense forest of tall trees. A person is visible on a balcony of the house. The image is darkened to allow the text to be legible.

UCDAVIS

Finance and Business

Budget Overview: 2026 Department Chairs Workshop

September 15, 2026

Sarah Mangum

Associate Vice Chancellor, Budget & Institutional Analysis

Presentation Topics

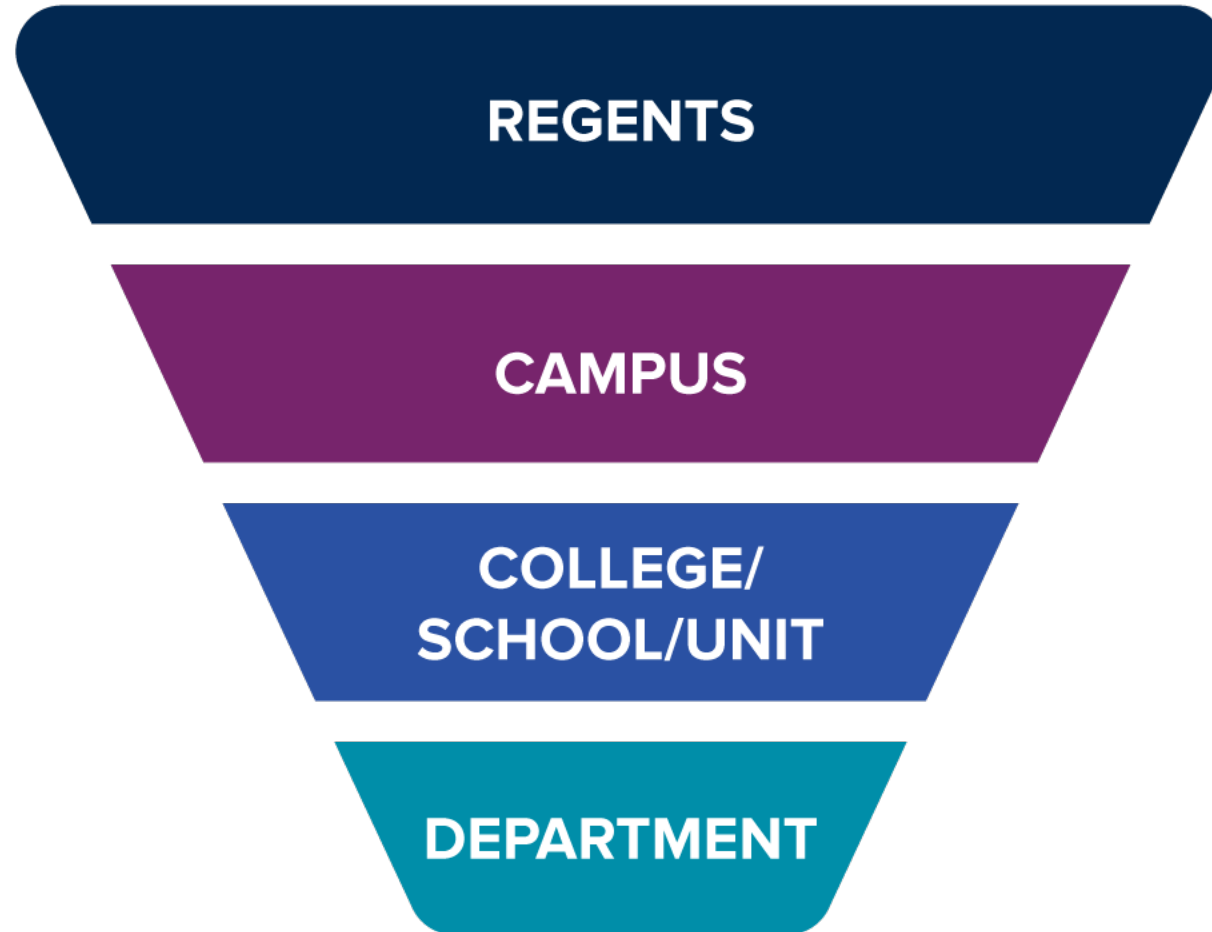
- Budget Planning Process
- Campus Budget Overview & Challenges
- Uncertainty, Risks, Opportunities
- Meeting the Challenges

Budget Planning Process



Budget Planning Levels

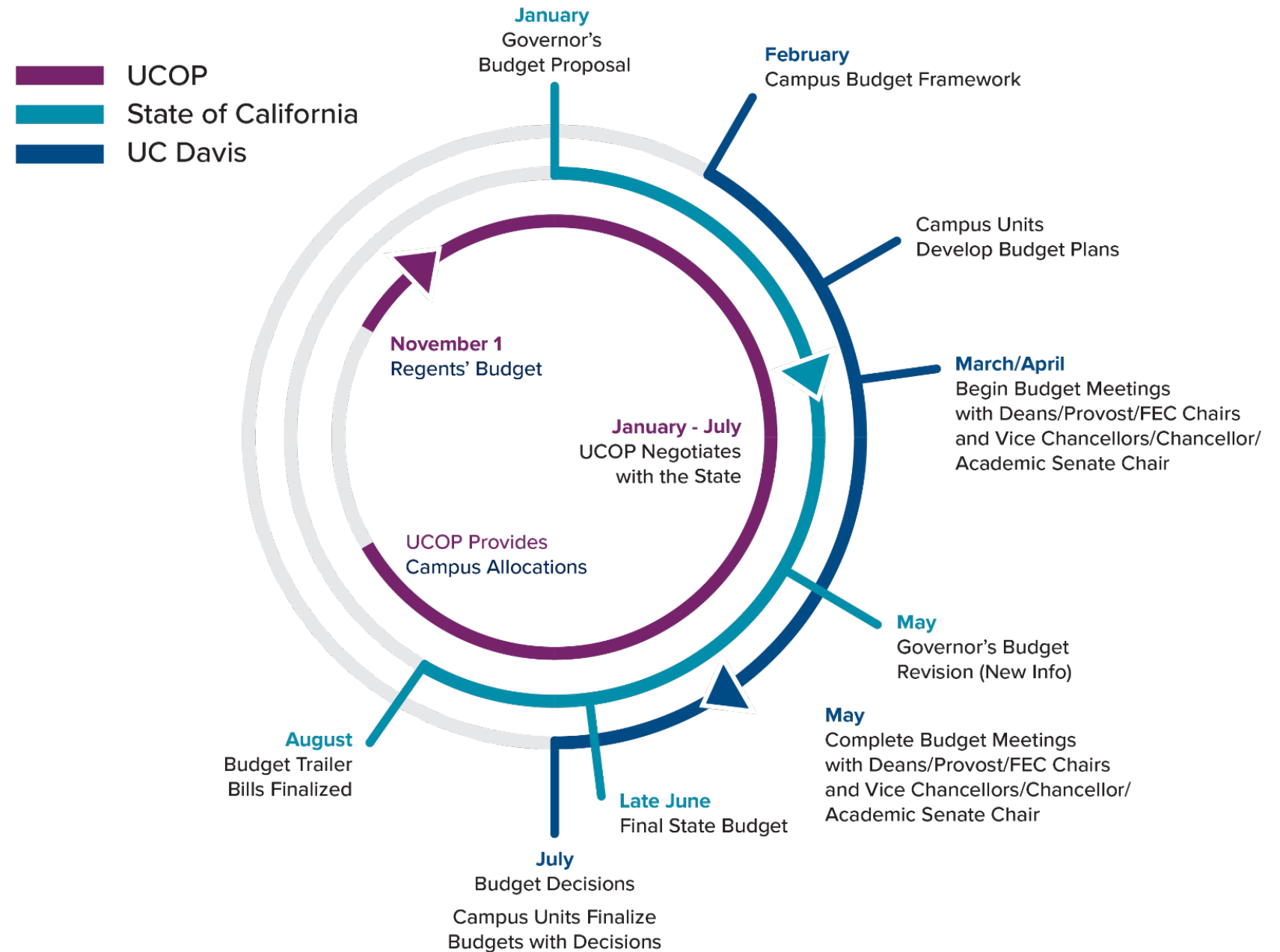
**Planning
Assumptions &
Allocations**



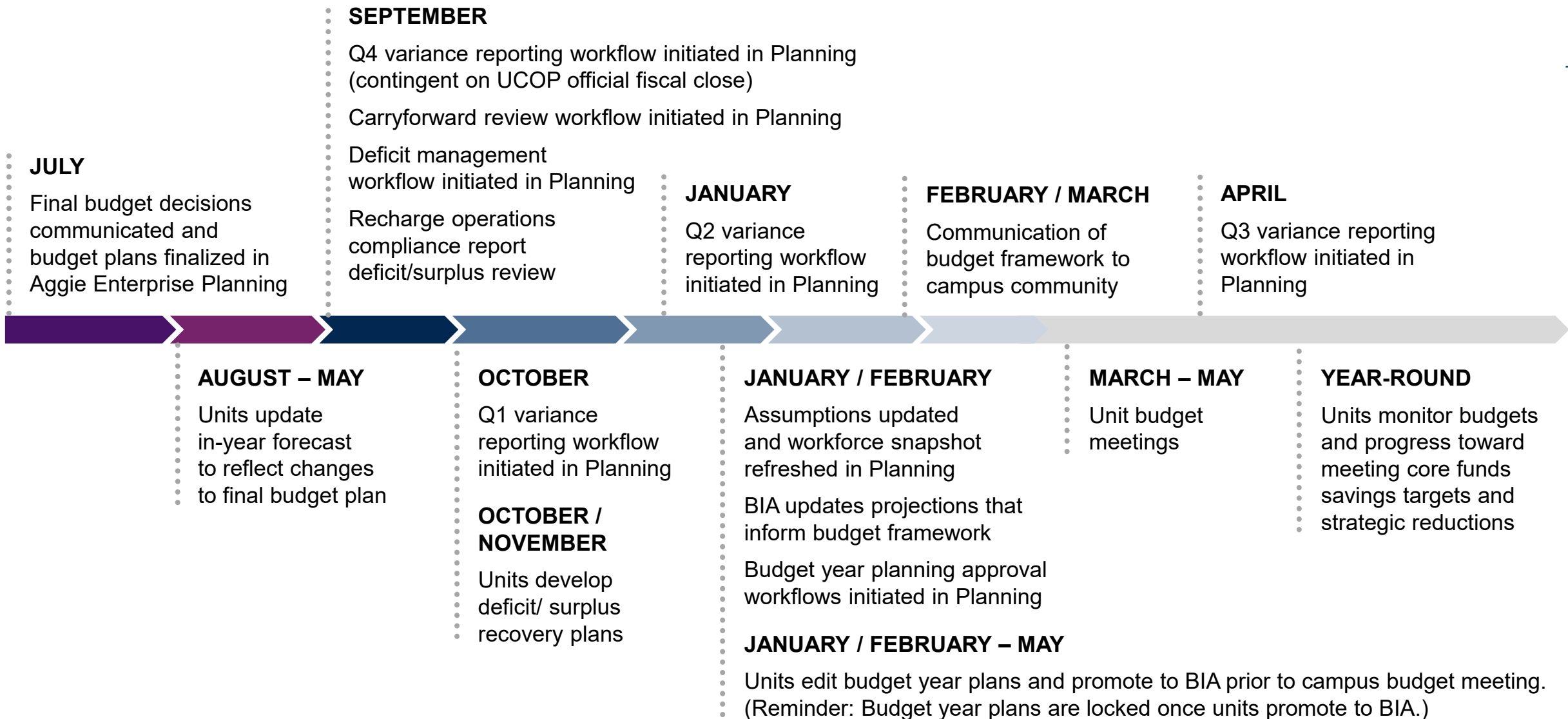
**Operational
Plans**



Budget Planning Cycle



Budget Process: Campus Timeline



Chair's Role in Budgeting

- **Budgets reflect strategic priorities:** [Campus](#), college or school, department.
- **Actively participate** in your College or School's budget and faculty hiring planning process.
- **Understand your College/School expectations** around level of financial accountability of chairs.
- **Do not allow deficits to develop** and participate in the development of deficit recovery plans where needed.
- **Consider the role of carryforward funds:** Balance reasonable savings and investing in mission.
- **Review budget plans and budget to actual reports.** Identify the level of flexibility or constraint you have.
- **Engage with your Faculty Executive Committee** in the budget planning process.

What Is an Ideal Budget?

- **A PLAN!** (not actuals, not allocations, not an account).
- **Links strategic priorities to resources.**
- **Is based on assumptions and drivers** informed by data and information.
 - Past data & experience, key cost and revenue drivers.
 - Estimates based on anticipated changes, i.e. salary increases or rate increases.
 - Reflects changing needs and circumstances.
- **Ideally projects over time (3-5 years).**
- **High level view:** Level of detail should be material to decisions needed.
- **Aggie Enterprise Planning:** System of record for budget plans. Used in budget process. Expected to have departmental level detail. Instructions come from Dean's Office.

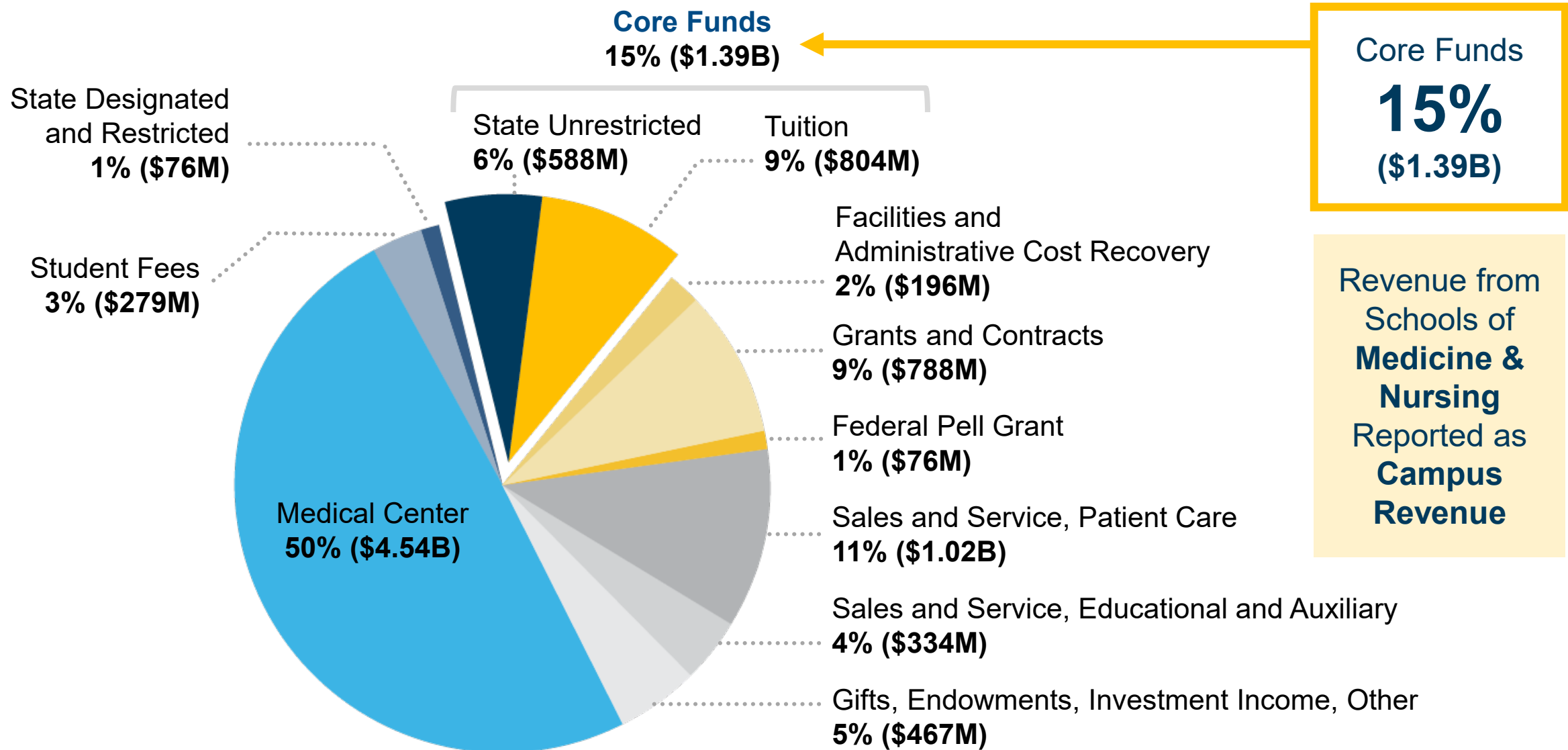
How Does Having a Budget Help You?

- Answers the question:
Do I have money for that?
- **Quantifies resources** needed to address programmatic needs and opportunities.
- **Supports re-prioritization** of resource use when needs change.
- **Identifies coming trends** and future trade-offs of current decisions.
- **Supports scenario planning** and analysis.
- **Allows evaluation of resource status** and opportunity to adjust throughout year.
- **Provides confidence** in financial decision-making.

Campus Budget Overview and Core Fund Status

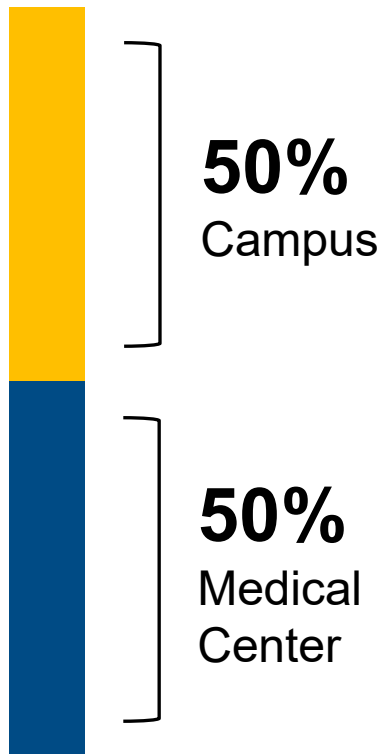
UCDAVIS

FY 26-27 Budgeted **Revenue**: \$9.2 Billion

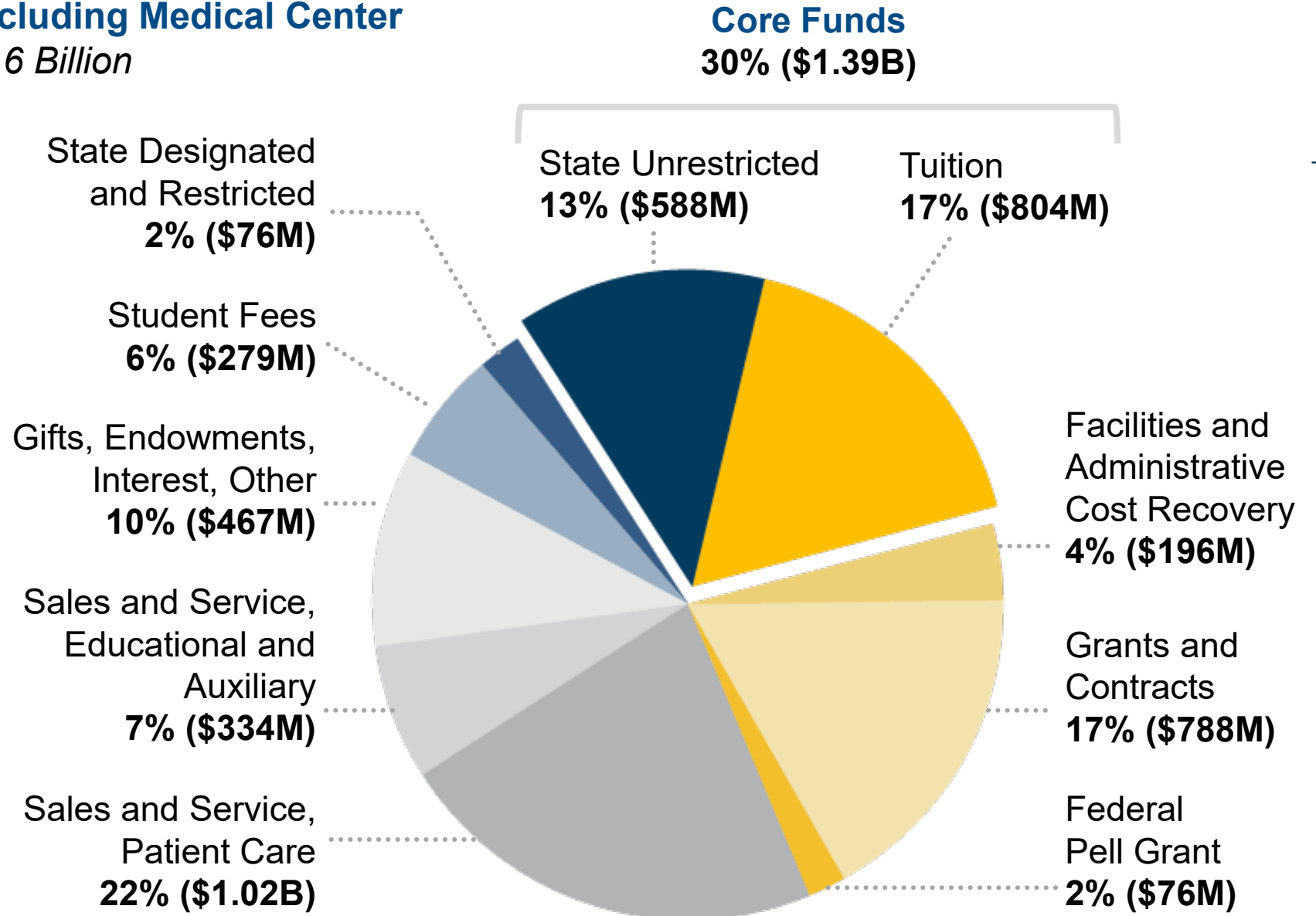


Revenue

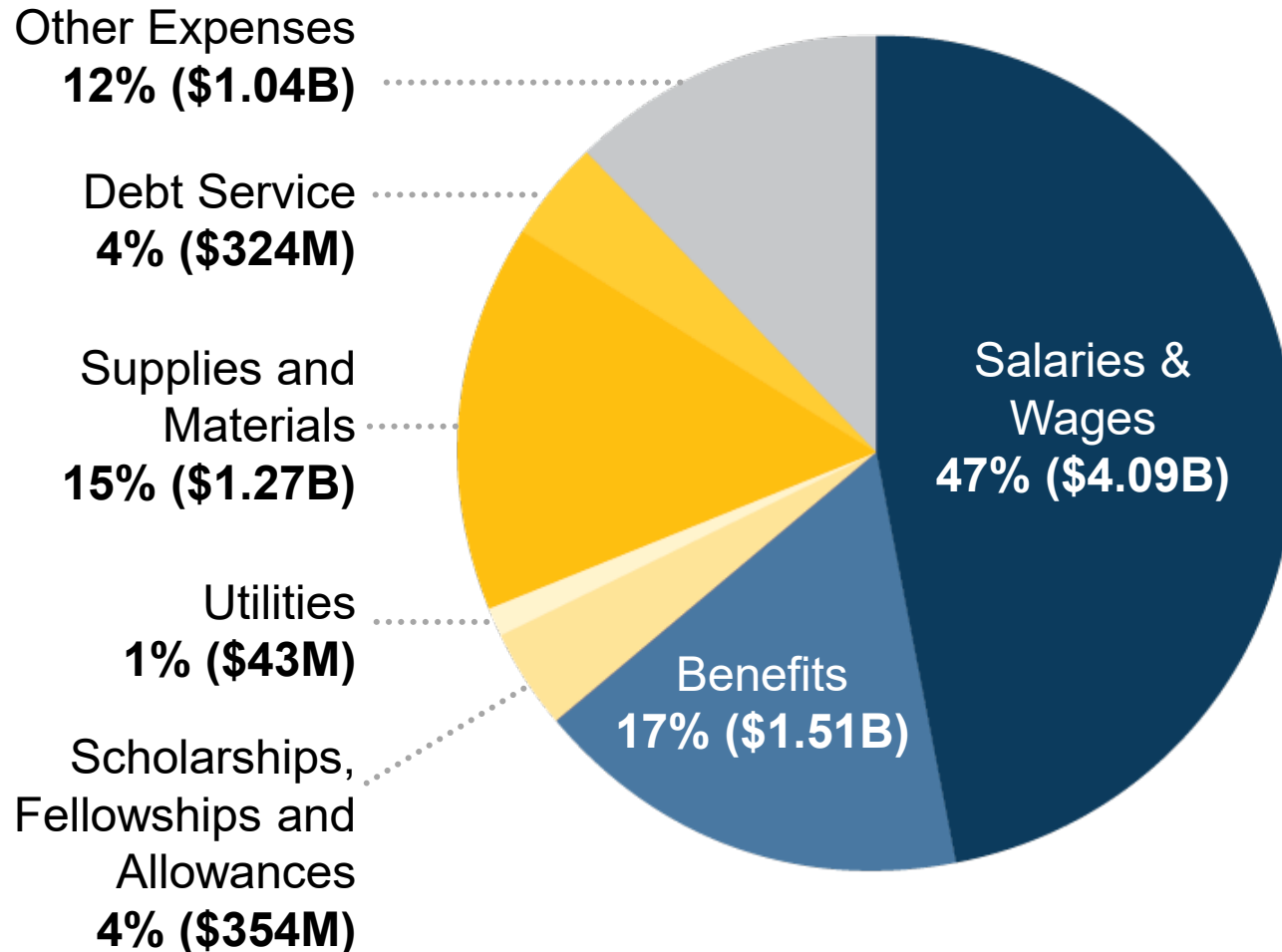
**2026–27
Budgeted Revenue**
\$9.2 Billion



**2026–27 Budgeted Revenue
Excluding Medical Center**
\$4.6 Billion



Expenses in FY 2025/26 – Actuals: **\$8.6 Billion**



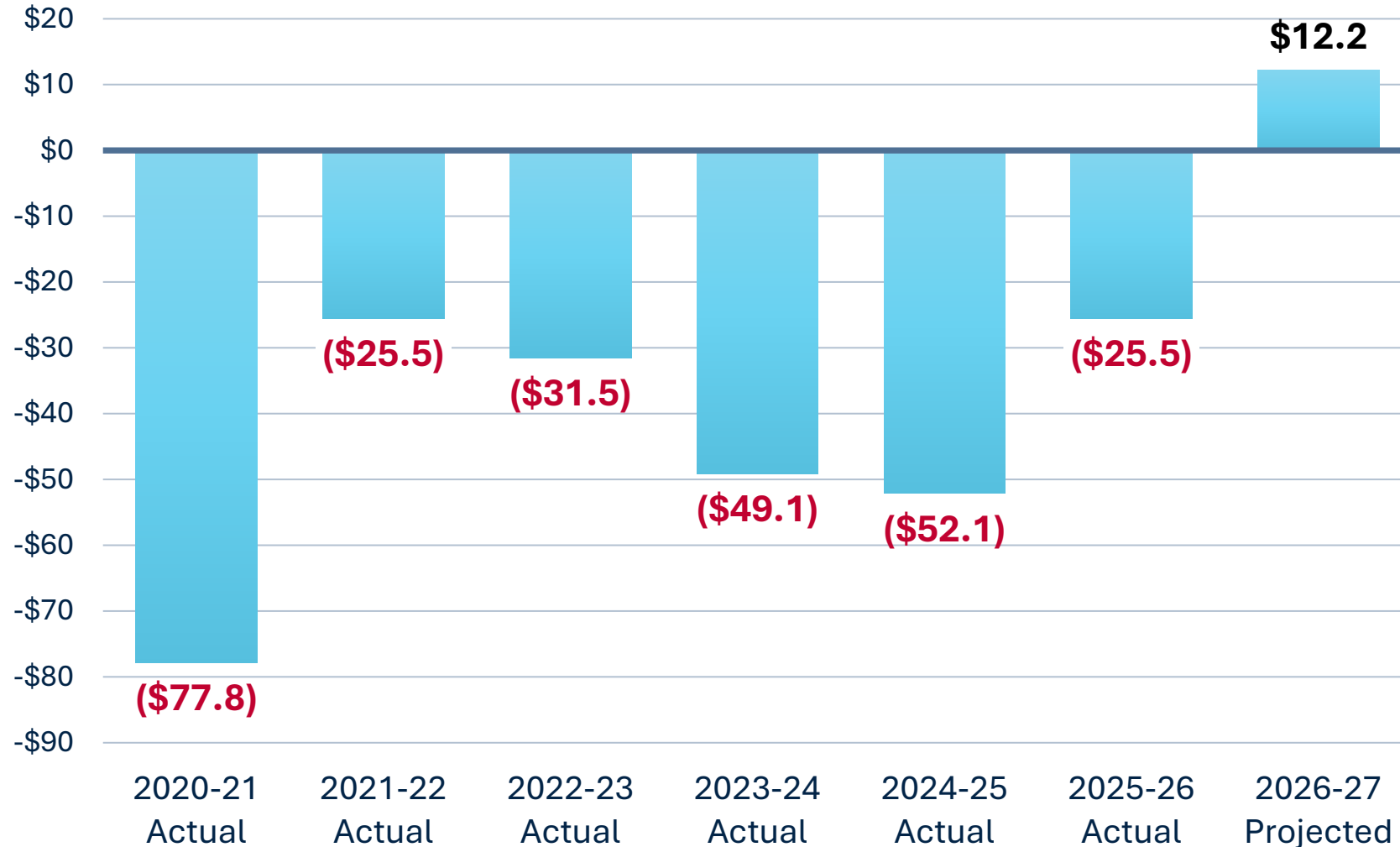
Salaries,
Wages &
Benefits
64%
(\$5.6B)

Methodology Notes:

- *Excludes Depreciation & Amortization (\$483M).*
- *Debt Service includes principal and interest.*
- *Includes Scholarship Allowances.*
- *Utilities now a separate category, previously reported in Supplies & Materials.*

Tuition + State = Core Funds Deficit

\$ in millions



Includes:

- 6-year savings targets.
- Strategic Budget Reductions in FY26 & FY27.
- Salary & Benefit increases.
- Prelim State Budget Allocation from UCOP for FY27.
- Tuition and NRST revenue per FY27 targets.

Incremental Funding vs. Compensation Costs on Core Funds

\$ in 000's	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Actual	2026-27 Estimate
Tuition Revenue Net of Aid	\$15,240	\$958	\$6,074	\$17,358	\$988	\$8,852
State Appropriations	\$24,281	\$30,584	\$22,418	\$13,095	(\$1,992)	\$60,495
Annual Change in Sources	\$39,521	\$31,542	\$28,492	\$30,543	(\$1,004)	\$69,347
Ladder Rank Faculty	\$18,520	\$29,097	\$28,107	\$29,032	\$21,574	\$34,608
All Other Faculty & Academic Employees	\$2,642	\$2,106	\$11,171	\$11,203	\$5,279	\$5,481
Staff	\$13,035	\$14,456	\$16,316	\$17,039	\$19,458	\$30,484
Annual Change in Salary & Benefits	\$34,197	\$45,659	\$55,594	\$57,274	\$46,312	\$70,573*
Funding Surplus/ (Shortfall)	\$5,324	(\$14,117)	(\$27,102)	(\$26,731)	(\$47,316)	(\$1,226)

*\$18M of this is due to increased employer benefit costs.
Accounting for most of the year-over year change of \$24.3M.

UC's Compact with **State**

- 5-year term: AY 22-23 thru AY 26-27
- If UC:
 - Increases **CA resident** undergrads by **8,000**
 - Maintains **18%** cap on out-of-state undergrad enrollment
 - Meets undergrad success and on-line course offering goals
 - Meets affordability goals
 - Collaborate with CSU & CCC
- Then State
 - Will **increase base** funding to UC by **5% per year (enrollment growth included)**

Compact agreement timeframe is over.

A photograph of the California State Capitol building, featuring its iconic dome and classical columns. In the foreground, there are green bushes with purple flowers. A yellow sticky note is pinned to the image with a red pushpin. The text on the sticky note reads: "UC Upheld Commitments".

UC
Upheld
Commitments

State Budget: Five-Year Plan for UC (Compact)

Incremental Base State Funding, UC System, \$ in millions as of 2026-27 State Budget

Post Compact Catch-up

Ongoing State Funding	Actual 2022-23	Actual 2023-24	Actual 2024-25	Actual 2025-26	Approved 2026-27	Projected 2027-28	Projected 2028-29	Cumulative Total
2022-23 Compact (1st Yr)	\$200.5							\$200.5
2023-24 Compact (2nd Yr)		\$215.6						\$215.6
2024-25 Compact (3rd Yr)			\$227.8					\$227.8
2025-26 Compact (4th Yr)				deferred	\$0		\$144.5	\$240.8
2026-27 Compact (5th Yr)								\$254.4
Enrollment Growth \$	\$67.8							
Nonresident Swap (UCB, UCLA, UCSD)	\$31.0	\$30.0	\$31.0					\$153.0
Housing Debt Service Adjustment								
Base Budget Cut/Restoration			(\$125.0)					\$ -
3% Base Budget Cut/Restoration								\$ -
Total Incremental Ongoing Funding	\$299.3	\$245.6	\$133.8	(\$2.0)	\$533.3	\$ -	\$144.5	\$1,351.8
UC Davis Share	\$30.6	\$22.4	\$13.1	(\$2.0)	\$60.0	\$ -	TBD	\$124.1
One-Time State Funding					\$110.90	\$401.50		\$512.4
UC Davis Share					TBD	TBD		

State Still
Owes UC
\$144.5M ongoing
\$401.5 one-time

Future Uncertainty and Opportunities



Future State Funds

- We will have a new Governor.
- Unclear if there will be a new multi-year agreement.
- Unclear how a new Governor will prioritize funding higher education.
- A new agreement with the state could be structured differently and/or have different expectations of the University.
- UC's approach to the State Budget will be discussed in Regents meetings this Fall.



Unclear what
State will
provide to UC
in the future

Future Enrollment & Tuition

■ Undergraduate Enrollment

- Fall 2026 Undergraduate enrollment targets aim to stabilize overall undergraduate enrollment at approximately 30,000 students (3QA).
- Nonresident targets are set to grow after an unanticipated reduction in international student enrollment in 2025-26 due to federal policy changes.
- Summer FTE grew approximately 1% from summer 2025, under our target of 3% growth.

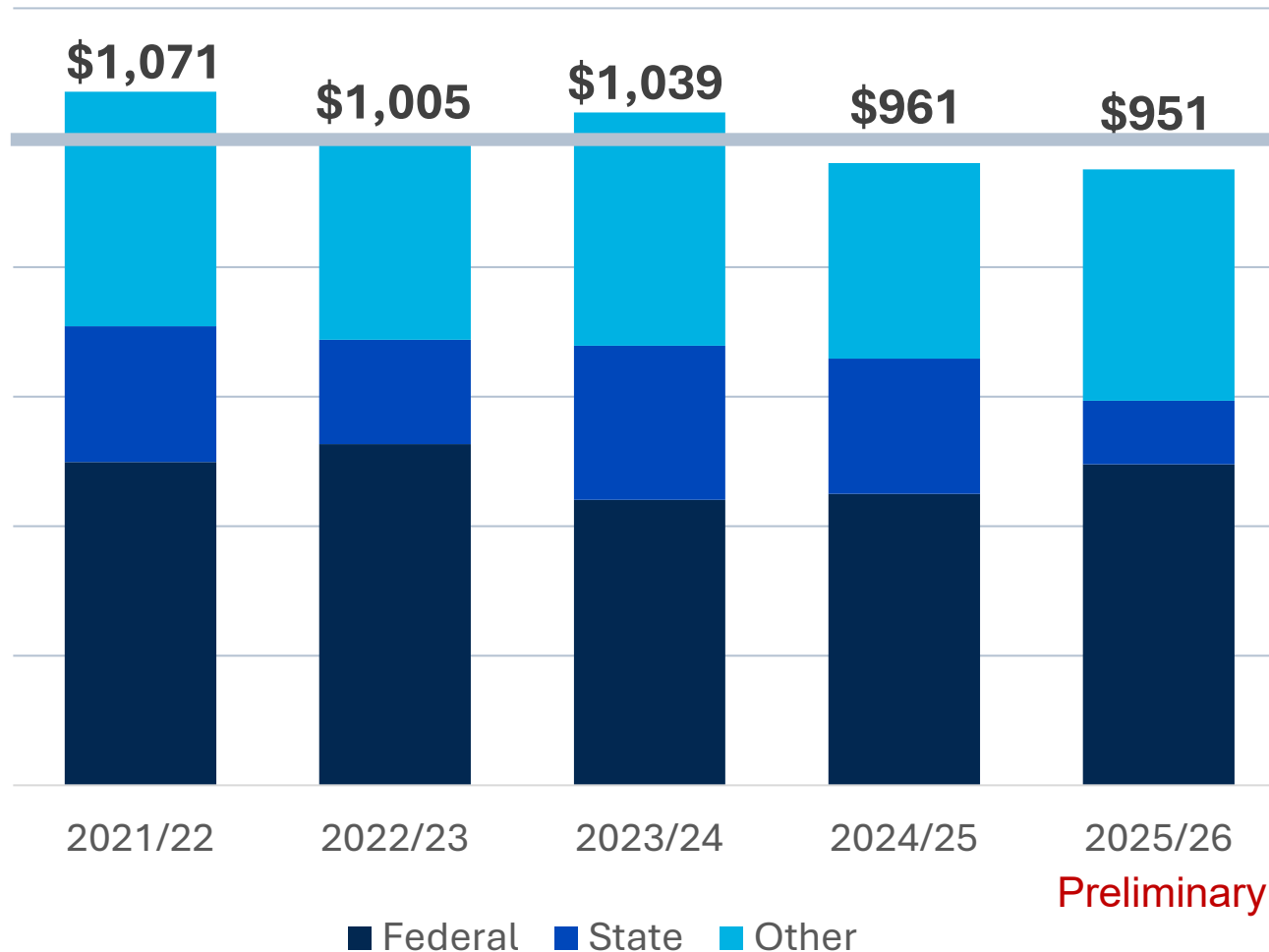
■ Graduate Enrollment

- Based in current information, PhD enrollment is expected to decline by about 5%, consistent with planning to decrease the number of PhDs by 20% over 5 years through 2028-29.
- Masters and professional enrollment is projected to be flat in 2026-27.

- The Tuition Stability Plan provides inflationary-based rate increases for incoming undergraduate students and all graduate students capped at 5%.

Average +\$1 Billion in Research Awards Over 5 Years

\$ in millions



Award Dollars:

- \$951M in awards (FY 25/26 Preliminary). \$731M Direct, \$220M Indirect.
- Despite federal threats, award dollars for FY 25/26 are only \$10M below 2024/25.
- Awards span multiple years.

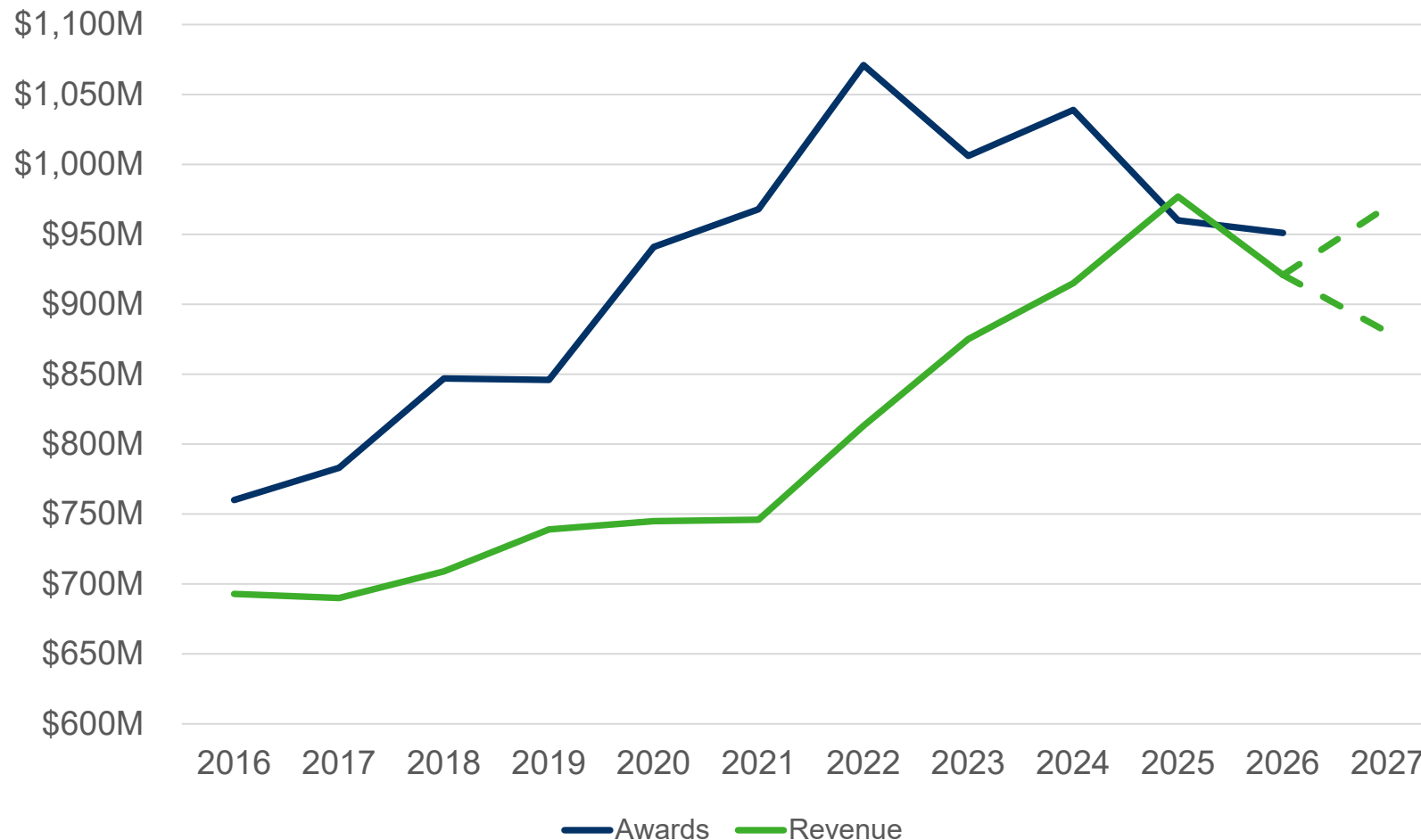
Annual C&G Revenue Budget 2026/27:

- \$764M Contract & Grant (Direct)
- + \$196M F&A (Indirect)
- = \$960M Total Budget for FY 26/27

C& G Award & Revenue Forecast

**We Are Watching
it Closely**

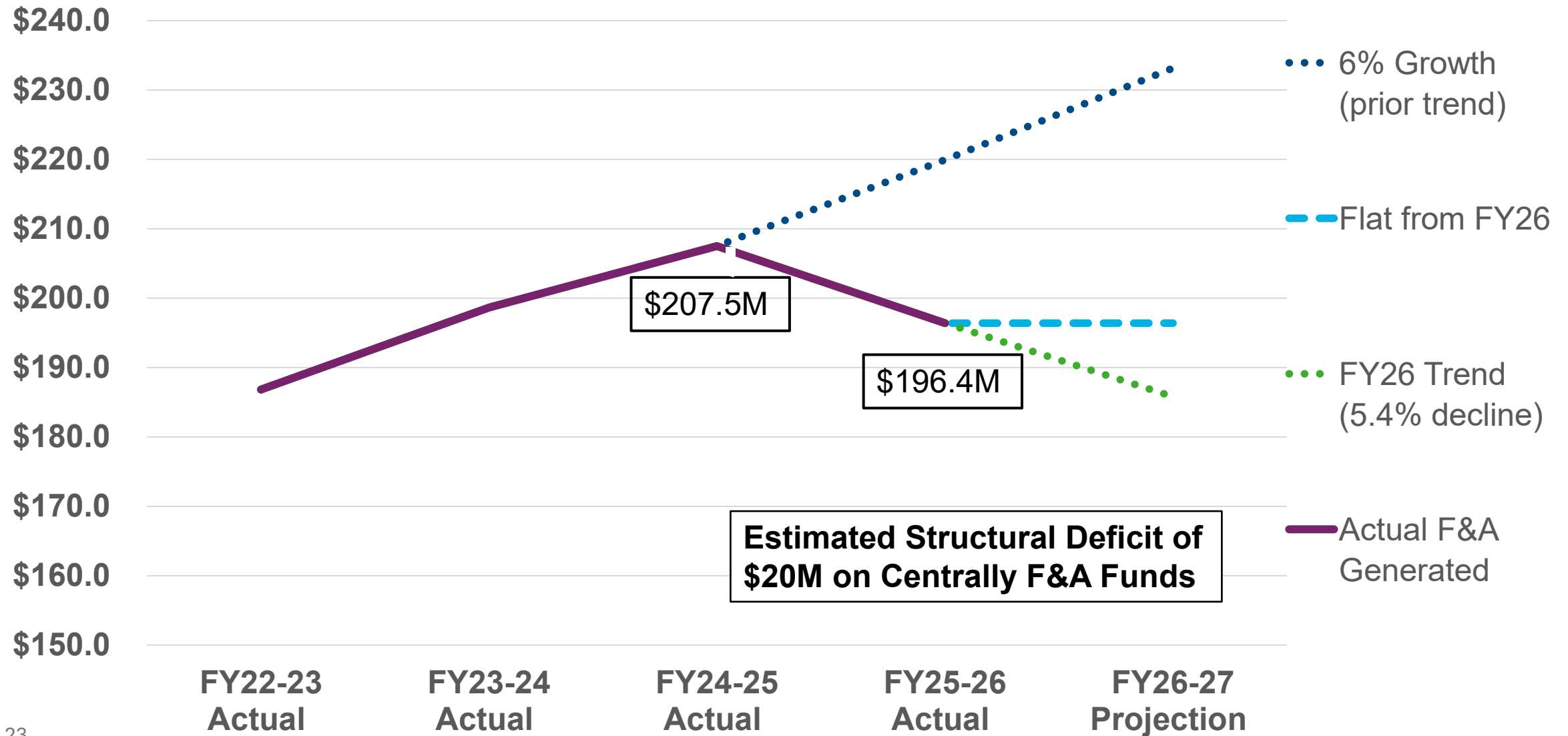
UC Davis Research Awards + Revenue Forecast



- FY26 Awards down ~1.0% to \$951M
- FY26 Revenue down 1.7% to \$960M from prior year.
- FY26 Revenue higher than budgeted by \$15M. More direct, less indirect.
- FY27 Estimated Revenue Range: \$880M to \$970M
- FY 27 Budget Estimate: \$960M (flat)
- Timing lag between Award and Revenue data.

F&A Return Forecast Scenarios

**We Are Watching
it Closely**



Facilities & Administration Cost Recovery Rates

- F&A cost recovery is reimbursement for a **portion** of expenses already incurred.
- UC Davis's federal F&A rate is **61%**
 - Federal effective rate **[collected]** is only **26%**, given exclusions, waivers, etc.
- If cut to 15%, **-\$114M annual loss**
- Many legal actions and negotiations in play
- Assuming **delay** to FY 2026/27 for new F&A rate and/or policies

 **\$1.00** Contract & Grant Revenue (Direct)

+ **\$0.26** F&A (Indirect)

 **\$1.26** Total Potential Federal Revenue


Unclear what
F&A Rate and
Policies will be
in the future

F&A Uses

- At UC Davis, F&A is distributed:
 - **11%** - Categorical programs
 - **26%** - Schools, colleges, units
 - **63%** - Central campus
- Central campus F&A use:
 - Research administrators, environmental health & safety
 - **Long-term research building obligations** for debt service, leases, utilities, faculty start-up
 - Support for centers, cores, equipment, grant matches



Other Potential Federal Impacts

- Type of allowable costs on F&A vs. direct charging grants
- Less grant funding available overall
- Significant sweep or suspension of federal funds (i.e. UCLA, Columbia, Harvard. . .)
- Changes to federal financial aid programs (i.e. loan caps)
- Federal policy changes impacting the Medical Center (i.e. Medicare/MediCal)
- Tariffs: significant cost impacts on construction, equipment, supplies

Fundraising

Campaign for UC Davis: 2006-2014

\$1.1 Billion Raised/\$1 Billion Goal

Expect Greater Campaign: 2016-2024

\$2.3 Billion Raised/\$2 Billion Goal

Fundraising in 2024-25: \$318 million
raised, 55,028 gifts from 29,047 donors

Milestones 2025-26

- Resnick Center for Agricultural Innovation opened November 2025 – part of \$50 million gift to CAES
- Maria Manetti Shrem Institute for Sustainable Design, Fashion and Textiles opened May 2026 - \$20 million gift to L&S

■ **Fundraising in 2025-26:**

- Record breaking **\$676 million** raised, 56,153 gifts 29,668 donors
 - Vet Med \$261 million (>2x prior record)
 - CAES \$231 million (>2x prior record)
- Transformational gifts
 - \$120 million to build a new small animal teaching hospital, increase translational research and name the Weill School of Veterinary Medicine
 - \$75 million to help fund the small animal hospital, expand scholarship and research opportunities, and grow programs for veterinary care affordability

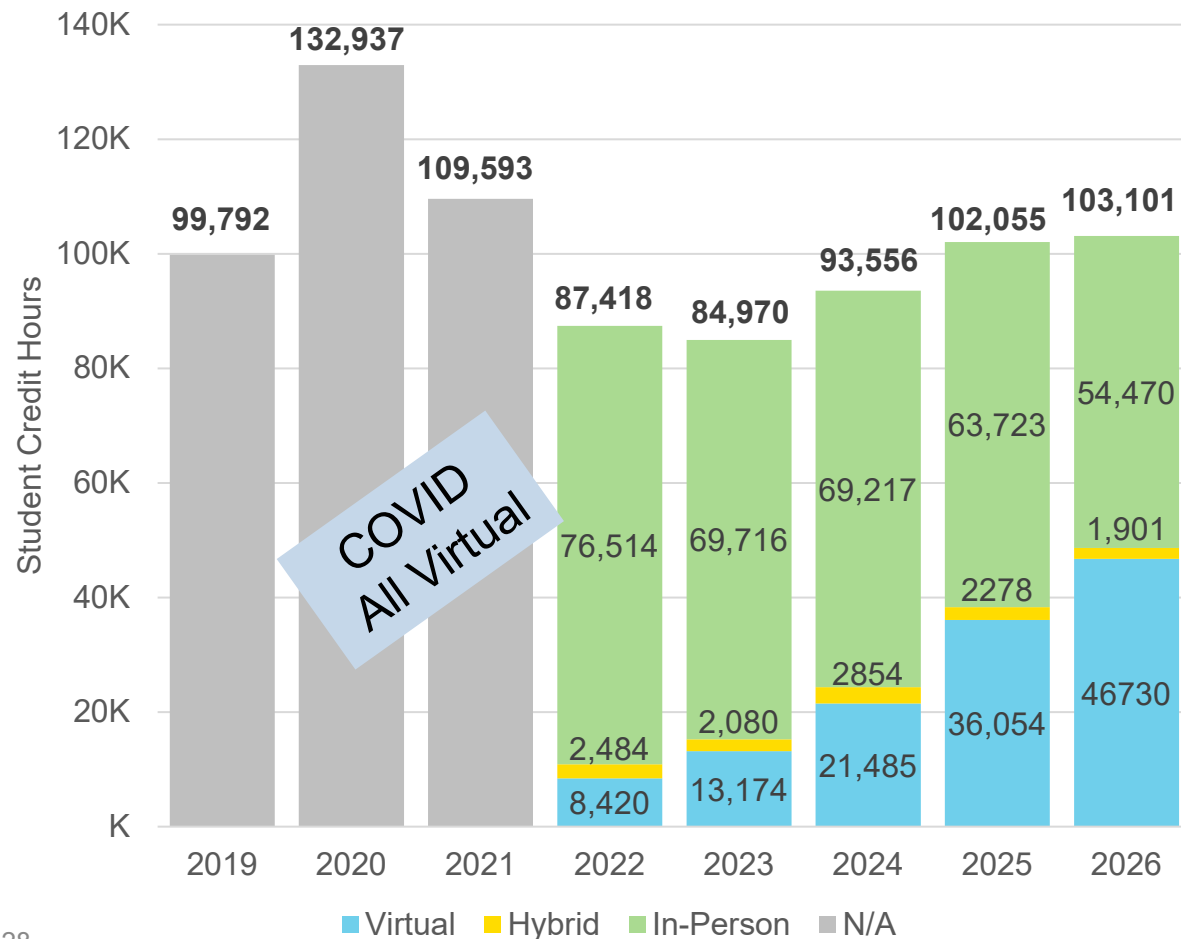
■ **New Campaign Started: 2026-2034** **Campaign Goal TBA**

Summer Sessions Growth

- Summer Sessions back above pre-pandemic levels.
- Share of virtual enrollment growing.
- Investing in virtual course development.
- Accessible to more students.

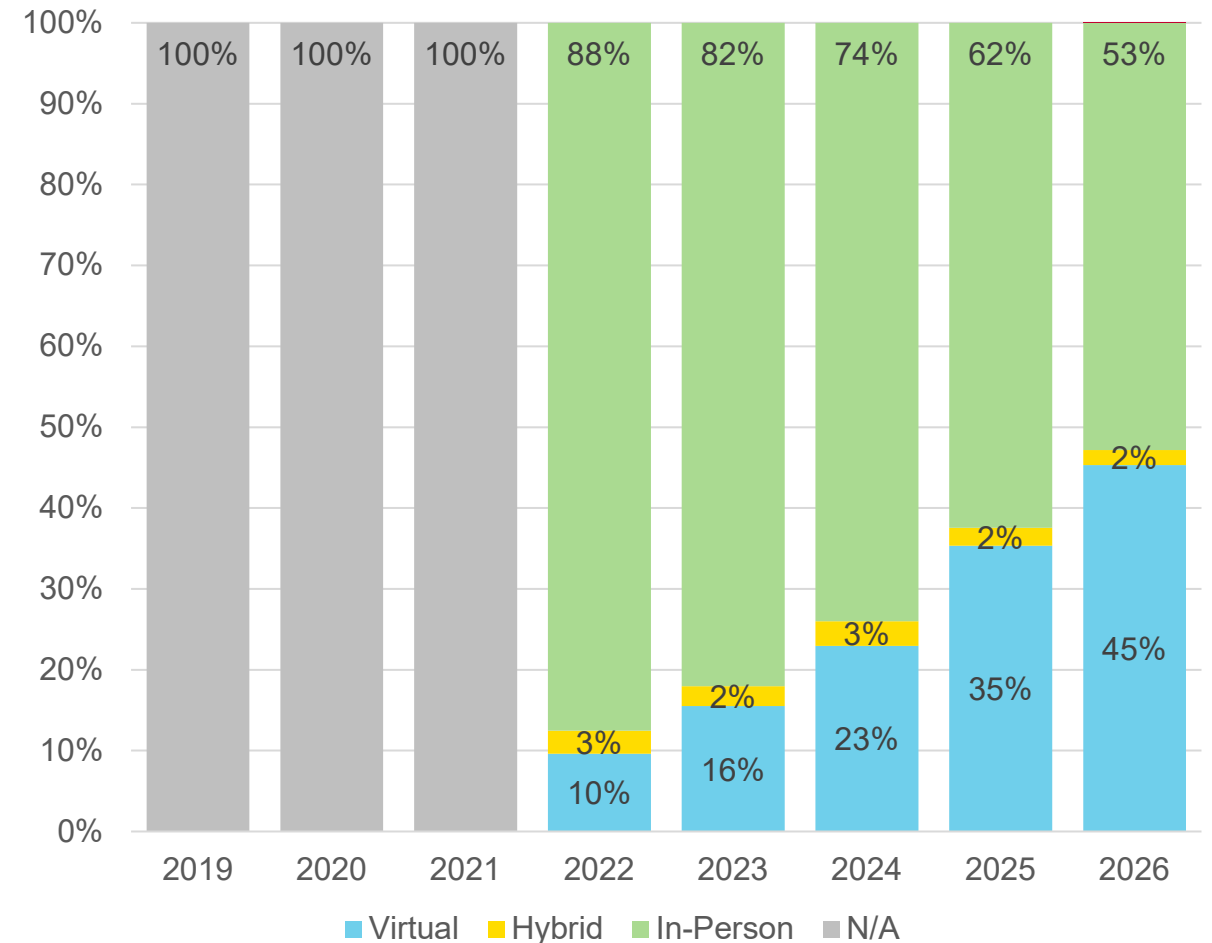
SCH Taught in Summer Sessions

Summer Session 1, 2 and Special at Census



% SCH Taught in Summer Sessions

Summer Session 1, 2 and Special at Census



Online Masters Programs

- Self-Supporting Graduate Professional Degree Programs have a different fee structure, focused on working professionals and alternate forms of delivery.
- Programs work with Graduate Studies and Continuing & Professional Education to support program development, instructional design, and online technology.
- Campus funds help support initial start-up investment, repaid from campus share of program revenues over time. Net revenue goes back to offering unit.
- Currently 5 online programs in various stages of development and approval. If interested, first step is to discuss with Graduate Studies.

Innovation → Translation → Startups

Activating Innovations

200+

Faculty engaged
across **48**
departments

71

transitional
consults with **55%**
School of Medicine

Records of invention grew by **~29%**

140

(FY24)



180

(FY25)

Launched the **TRANSLATE**
literacy series for commercialization

Funding Innovations

**Large-scale
Grant Support:**

6

proposals submitted
within a **\$233M** pipeline

**Science Translation and
Innovative Research (STAIR)
Grant Program Funnel**

- **360+** faculty outreach
- **64** faculty engagements
- **31** faculty consultations
- **68** applications

6 projects
funded totaling
\$700K
via STAIR Health

4 projects
funded totaling
\$200K
via STAIR

IFM Fund

Evaluated 9 opportunities
with \$2M in investments planned

Innovation → Translation → Startups

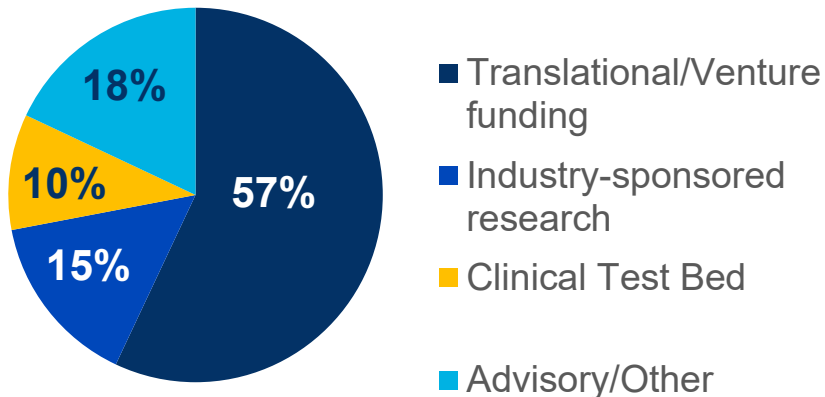
iedo.ucdavis.edu
iedo@ucdavis.edu

Developing Innovations

110
active
opportunities*

6
innovations in the
Health Venture Studio

Demand by Opportunity Type



*Opportunities = technologies under consideration for receiving commercialization support (e.g., funding, de-risking, etc.)

Connecting Innovations

Launched industry
engagement within HVO

20
engagements* across
14 departments

4
value
assessments

2
executed
contracts

*Engagements = companies UC Davis is in active conversations with to co-validate, co-develop and connect with faculty

Launching Innovations

Company formation in FY25-26 is up
~5%
from previous year

Facilitated **6**
regional NSF I-Corps
cohorts with

33
UC Davis-affiliated
teams participating

In FY25-26,
UC Davis-
associated
startups raised
\$400M

Launched **Aggie Venture Accelerator** connecting startup founders with training, mentors and funding

A low-angle, upward-looking photograph of a modern multi-story building. The building features a mix of light beige textured panels, grey panels, and large glass windows. The sky is a clear, deep blue. A dark blue horizontal banner with a purple vertical stripe on its right edge is positioned across the middle of the image, containing the text "Meeting the Challenges".

Meeting the Challenges

Actions to Date

- In 2026-27: Continuing to implement previous budget reduction decisions.
- Established Unit Strategic Budget Reductions in 2025-26:
 - 2025-26: **\$41.5M, 3.3%** of Common Operating Funds (COFI) and Student Service Fee (SSF) Funds
 - 2026-27: **\$52.8M, 4.2%** of COFI and SSF Funds
- Achieved Unit & Campus [Savings Targets](#) totaling **\$108 million** in ongoing savings between 2020-21 and 2025-26.
- Since 2020, **strategically deployed over \$267 million in one-time funds** to address accumulated obligations.

Actions to Date

- In 2023-24, redirected **\$45.9 million** from administrative units with excessive carryforward to central campus to address one-time debt and support critical one-time needs.
- Established Space Release Program, saved over **\$2.3 million** in ongoing lease costs so far, also avoided new on-campus space costs.
- [The Workforce Management Program](#) will continue. Requires **review of all *staff* hiring** and complies with the [systemwide hiring freeze](#) put in place in March 2025.
- Continued focus on financial management and accountability: addressing local deficits, use of carryforward, only critical and necessary travel.

What Chairs Can Do

- Work with your Dean's Office to **implement strategic budget reductions**.
- Recognize that one-time funds used for ongoing needs is a **short-term solution**.
- **Develop sustainable funding plans** and do not expect central campus or your Dean's Office to replace one-time funds with ongoing resources in the future.
- Ensure your department follows **strong financial management practices**, including updating recharge rates and not accruing deficits.
- Use carryforward balances to **address critical one-time needs**, such as contributing to capital projects, faculty start-up, investing in efforts that will result in revenue generation or efficiencies.
- **Evaluate programs and activities** to ensure they align with strategic priorities and have the greatest impact.
- **Rethink, consolidate, or sunset** activities that are duplicative, no longer as strongly aligned with our priorities or current needs, or are not scaled to have the greatest impact.

Key Central Investments

- Central funds for salary and benefit cost increases on core-funded employees: ~**\$70.6** million ongoing.
- START Recommendations: \$3.4M ongoing, \$3M one-time. Additional investments under consideration.
- Capital Program and Critical Research Infrastructure: \$4.7M ongoing for additional debt service.
- Formulaic [Budget Model Allocations](#)
- Additional Deferred Maintenance: \$1.3M ongoing, grows to ~\$5M ongoing in 4 years.
- Deferred IT Infrastructure: \$1M ongoing, \$1M one-time.
- Initial Development Campaign Needs: \$2.4M ongoing, \$650K one-time.



[Read: 2026-27 Budget Planning and Decision Communications](#)

Questions?



Learn More

- [Budget Process](#)
- [Budget Framework](#)
- [Budget Model](#)
- [Budget and Institutional Analysis Website](#)
- [Campus Metrics and Data](#) (AggieData)
- [Deficit Guidelines](#)
- [Additional Budget Resources](#)
- [START Implementation](#)
- [Building Online Courses and Programs](#)
- [Proposing Self-Supporting and/or Online Degree Programs](#)

Appendix



Budget Model: Formulaic Allocations

- Formulas are tied to specific revenue streams and metrics.
- Initial distribution of each revenue stream is split between central campus and academic units.
- Central campus share of the revenue stream funds budget process investments, core fund salary and benefit increases.
- Academic Unit allocations are provided to Deans who determine the internal allocations within the College or School based on metrics or funds generated.
- Administrative Units do not receive formulaic allocations through the budget model; must request funds through budget process.



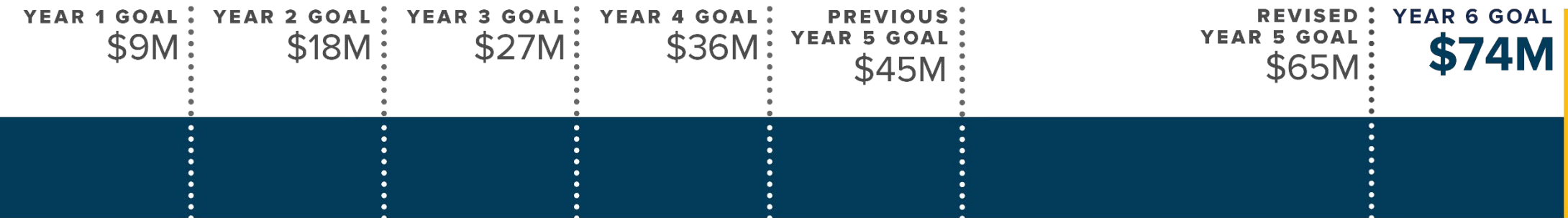
[Much More Information Here](#)

Core Funds Savings Targets Achieved: 2020-2026

Central Campus Savings Target



Unit Savings Target



UC Davis Core Funds Budget Deficit

