



Michael V. Drake, MD
President

July 10, 2023

Office of the President
1111 Franklin St.
Oakland, CA 94607

REGENTS OF THE UNIVERSITY OF CALIFORNIA

universityofcalifornia.edu

Dear Regents:

Today, Governor Newsom signed into law AB 102 (Ting). AB 102, together with SB 101 (Skinner), which the Governor signed on June 27, constitute the Budget Act of 2023-24.

CAMPUSES

- Berkeley
- Davis
- Irvine
- UCLA
- Merced
- Riverside
- San Diego
- San Francisco
- Santa Barbara
- Santa Cruz

These Budget Act bills, together with issue-specific budget trailer bills, reflect the agreement between the Governor and the Legislature on the 2023-24 budget framework. The Budget Act of 2023-24 includes a total State budget of \$310.8 billion, of which \$225.9 billion is State General Fund. The State will retain \$37.8 billion in reserves.

The University of California receives over \$4.8 billion in State General Fund in the Budget Act of 2023. This represents an increase of \$329.2 million, or 7.5 percent, in ongoing funding over the 2022-23 budget. Additionally, the University is receiving \$133.4 million in one-time funding for campus-specific projects and capital outlay for health research.

MEDICAL CENTERS

- Davis
- Irvine
- UCLA
- San Diego
- San Francisco

The Budget Act of 2023 provides the University with a 5 percent, or \$215.5 million, ongoing base budget increase. This increase will support the addition of approximately 2,000 new California undergraduate students to our campuses. The remaining budget increase will go toward sustaining campuses' core operations, including faculty and staff support. During a budget year with an estimated \$31.5 billion deficit, the Governor and the Legislature chose to continue investing in the University's mission and the wellbeing of California students. This demonstrates state leaders' strong support for education and their understanding of how the University will continue to shape California and its future.

NATIONAL LABORATORIES

- Lawrence Berkeley
- Lawrence Livermore
- Los Alamos

Recognizing the historic housing crisis in California and its effects on college students, the Budget Act and accompanying budget trailer bills fund critical student housing projects at our campuses. The budget provides \$33.5 million in ongoing support funding to move the Higher Education Student Housing Grant Program projects from grant funding to the University's institutional bond funds. The UC Merced and UC Riverside intersegmental student housing projects with their local community colleges are both funded, providing over 2,000 new student housing beds for these campuses. The Budget Act also provides \$200 million for the California Student Housing Revolving Loan Fund, which will authorize up to \$150 million in zero-interest loans to the University for new student housing construction.

DIVISION OF AGRICULTURE AND NATURAL RESOURCES

Campus expansion projects at UC Merced and UC Riverside will be funded with institutional bond funds equal to the originally intended State appropriations. The UC Berkeley clean energy campus project will be similarly funded with institutional bonds. The University will receive \$33.3 million in ongoing support funding that can be used to cover the debt service for these projects.

The Budget funds the continuation of our effort to replace nonresident students with California undergraduates at UC Berkeley, UCLA, and UC San Diego. This is the second year of this reduction plan, with \$30 million provided for the replacement of 902 students. The Budget also clarifies the expectation that the University enroll an additional 7,800 California undergraduates by the end of 2023-24, with budget bill language specifying the use of the 2021-22 enrollment level as the base for measuring growth. This enrollment expansion includes the growth called for in the University's Compact with Gov. Newsom of 1 percent, as well as the 902 nonresident student replacement, and the 4,730 student growth funded in the Budget Act of 2022.

The importance of the University's student support programs is highlighted by the Legislative additions of 5 percent increases to the student mental health, basic needs, and rapid rehousing appropriations. These supplements aim to ensure that the programs could cover anticipated operational cost increases. The Legislature also provided \$1.5 million for staffing increases to improve services for students with disabilities.

The Budget Act of 2023 provides the University with \$133.4 million in one-time funding. Of this total, \$100 million dollars will support the California Institute for Immunology and Immunotherapy at UCLA. The remaining one-time funds support specific projects or campus centers, including \$6.8 million for the UC Berkeley-operated police records access project, \$7 million for the FIRESCOPE study of cancer in firefighters, and \$1.3 million for the UC ANR Nutrition Policy Institute.

The Higher Education Budget Trailer Bill of 2023, SB 117, was signed by the Governor on July 10. In addition to the student housing components discussed above, this bill contains several important financial aid provisions for the University of California. SB 117 extends by four years the campuses' ability to provide scholarship assistance to certain undocumented students. The bill also amends the Middle Class Scholarship program to prioritize awards for former foster youth and to allow emergency basic needs assistance to be counted toward the student contribution level. Another important addition to the State's financial aid programs is a provision allowing campuses to avoid conflict between federal and state financial aid statutes when the student's financial aid exceeds the federally allowed maximum.

The Health Budget Trailer Bill of 2023, AB 118, was signed by the Governor on June 29. This bill includes the Managed Care Organization (MCO) provider tax reinstatement. The MCO tax revenues will provide much-needed relief to California's health care providers. Components of the bill directly impacting the University of California include a \$150 million allocation for designated public hospitals, which includes UC medical centers, and a \$75 million allocation for the University to increase graduate medical education training.

The Governor did not use his line-item veto authority on any University of California appropriations.

I want to thank you all for your advocacy efforts on behalf of the University this year. The strong budget provided to the University by the Governor and the Legislature during a financially challenging year is a testament to your ongoing efforts and will enable the University to continue to serve the state through our teaching, research, and public service missions.

Sincerely,

A handwritten signature in black ink that reads "Michael V. Drake, M.D." with a stylized flourish at the end.

Michael V. Drake, M.D.
President

cc: Chancellors
Division Leaders