

Dear colleagues,

Building on the [progress we shared](#) earlier this year, this update provides key information about the campus budget and financial situation. For more details, please visit the updated [Financial Stability Plan](#) webpage.

Financial Stability Plan Update

Since our last update, we have achieved significant milestones toward financial stability plan goals. Notably, FY24 ended better than initially forecasted, thanks to disciplined resource management and collective efforts across the campus. However, we remain in a challenging environment as cost increases continue to outpace revenue growth. Based on current trends, we project a core funding gap growing to \$70 million over the next two to three years without further interventions.

California State Budget Outlook

Recent downturns in the state budget, coupled with ongoing uncertainties in state revenue, have added pressure on campus finances. While there remains potential for improvement in fiscal and legislative circumstances, it is prudent to plan based on the current outlook, which includes the likelihood of a state budget cut for fiscal year 2025-26.

Looking Ahead to Next Fiscal Year

To address the anticipated state budget reductions, we are planning for a flat core funds budget in the upcoming fiscal year. While core funds will remain at current levels, the financial impact on units will vary depending on differences in units' reliance on core funds, access to other revenue sources, and updates to the mission-based budget model. This approach will require thoughtful prioritization and disciplined resource management across the campus. However, with the continued collaboration and resilience of our community, we are confident in our ability to navigate these challenges effectively and position the university for long-term stability. A detailed update on the mission-based budget model and additional updates on the financial stability plan will be shared with the campus community in the new year.

Thank you for your ongoing commitment and collaboration as we work together to strengthen the financial health of our campus. Your input and feedback are valued, and we encourage you to reach out with any questions at budgetoffice@uci.edu.

Sincerely,

Hal Stern

Provost and Executive Vice Chancellor
Distinguished Professor, Department of Statistics

Mary Lou D. Ortiz

Chief Financial Officer
Vice Chancellor, Finance & Administration