



MARY CROUGHAN
CHANCELLOR Provost and Executive Vice Chancellor

OFFICE OF THE PROVOST AND EXECUTIVE VICE
ONE SHIELDS AVENUE
DAVIS, CALIFORNIA 95616-8558
TELEPHONE: (530) 752-4964

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DEANS, VICE CHANCELLORS, VICE PROVOSTS AND THE DIRECTOR OF ATHLETICS

SUBJECT: 2024-25 Operating Budget Framework

Dear Colleagues,

I write today with acknowledgment that we have grown weary from years of digging deep to identify savings, holding onto optimism that the next year surely will bring some relief. We look to each other with a shared sense of hope and solidarity because we are weathering this together. We see our sister institutions within UC and across higher education experiencing and grappling with the same difficult choices. As much as I wish it were the case that relief would come in the next fiscal year, it is likely that 2024-25 will be just as challenging. I recognize that there are very real implications of continued reductions that must be implemented in your colleges, schools, divisions, and units. Given that, I thank you for your determination, in the face of these challenges, to do the very best you can for our students, faculty, staff, and the people of California.

As you are aware from [past budget communications](#), UC Davis has a core funds structural deficit that we have been working to address since 2020. Although we have all taken actions toward [our multi-year savings goals](#), our expenses, including salaries and benefits, have increased substantially, alongside other inflationary pressures. I am very proud of the progress we have made, and, while addressing this deficit has been difficult, it has proven critical to ensuring both the short-term and long-term financial stability of UC Davis. On behalf of our students, faculty, and staff, I want to thank you for helping to ensure the fiscal health of our campus.

One of the increasing costs we anticipate as we enter this year's budget process is that the University of California is likely to enact across-the-board salary increases for non-represented employees. While these raises are very welcome—they will help to ease the burden our individual employees experience due to rising prices, including our health insurance premiums—we must determine how to fulfill that mandate if we do not receive new funding from the state.

As indicated in my [preliminary communication about the 2024-25 operating budget framework](#) we are facing significant uncertainty about the amount of state funding increases, if any, that we can anticipate in the coming year and beyond. Based on current information from the Administration and Legislative Analyst's Office (LAO), the estimated current-year state budget deficit ranges from \$38 billion to \$73 billion.

[The Governor's Budget Proposal for 2024-25](#) recommends postponing this year's funding increase to the University of California to future years, while asking the University to continue to meet the goals of the [five-year compact between the Governor and the University](#). If the Governor's proposal is approved in the final state budget, borrowed funds may be advanced to the campuses in an amount equivalent to the compact's commitment of a five percent increase in state funds. In this best-case scenario, our ongoing structural deficit is estimated to be at least \$60 million, with an approximately \$108 million one-time shortfall if the ongoing deficit is not addressed. If the Legislature does not accept the Governor's proposal, we expect this deficit to increase by approximately \$23 million, for a total core fund structural deficit of \$83 million and an approximately \$131 million one-time shortfall. Attachment 1 provides additional context about our budget projections.

After very serious deliberation, the Chancellor and I have determined that we must take action in 2024-25 to ensure that, no matter the outcome of the state budget deliberations, UC Davis does not grow the structural deficit beyond \$60 million and that we also reduce our one-time deficit to \$60 million. The continuing and critical work of the [Sustaining Teaching and Research Task Force](#) (START) will assist us in developing transformative and strategic changes in how we achieve our mission going forward, including possible new operating models that are financially sustainable while maintaining, if not increasing, our ability to achieve our mission and desired goals. With this context, we will take the following actions in the 2024-25 fiscal year:

- **Continued Implementation of Prior Savings Targets:** Units are expected to continue to take action to meet [previously allocated savings targets](#), totaling \$79 million ongoing by fiscal year 2025-26. This includes implementing the additional year of targets announced last year.
- **Additional Savings Targets:** In addition to the savings targets noted above, campus units will be asked to achieve an additional \$20 million in ongoing savings targets. This amount represents 1.7 percent of our common operating funds or 0.7 percent of all funds, excluding the medical center and designated financial aid funds. Units are encouraged to use one-time funds to bridge this reduction while identifying strategic, ongoing cost reductions designed to minimize the impact on students and employees. Details on these targets are provided in Attachment 2. Please note that plans for achieving these additional savings will be developed this summer; they are not due at the time of your spring budget submission and presentation.
- **Campus Assessments:** We will implement a single General Overhead Assessment that consolidates existing campus assessments for UC systemwide and campus charges, such as insurance premiums and common goods. These costs are expected to be \$95 million for the campus, an increase of \$24 million, in the coming fiscal year. Details are included in Attachment 1.
- **No New Central Campus Investments:** Consistent with last year, unit requests for new central-campus investments through the budget process will not be considered. Please prepare your budget plans using existing resources within your unit, including carryforward,

to support your priorities. Prior commitments will be honored and known investments that are related to mandated activities or that support previously determined critical campuswide needs will be reviewed.

- **No Central Campus Funding for Faculty Start-Up Block Grants:** Central campus funding for faculty start-up block grants will not be provided in 2024-25. The \$10 million that would typically be provided for this purpose will instead be used to mitigate the one-time deficit. That said, critical faculty hiring should continue. We ask that local carryforward funds be used for this purpose. Additional information on the annual faculty recruitment authorization process will be provided to Deans in a separate communication.
- **Contributions from central campus:** Central campus is working to identify an additional \$38 million in one-time funds to apply to the deficit from centrally managed pools.

We will continue to make progress on campus strategic priorities and allocate funds as described below in support of these priorities, critical needs, and prior commitments:

- **Compact Goals and Student Success and Equitable Outcomes:** The University of California will continue to work to [meet the goals of the compact with the Governor](#). This includes planned California resident undergraduate enrollment increases and actions to address student success and equitable outcomes. I will continue to evaluate and support recommendations put forward by the [Student Success and Equitable Outcomes Task Force](#) with funds previously set-aside for this purpose, which includes a recent investment in partnership with the college deans to hire 24 new advising positions.
- **Funding for Increased Employee Salary and Benefit Costs:** Units will receive full funding for the increased salary and benefit costs associated with [career employees eligible for centrally funded salary increases](#) through any systemwide salary programs or negotiated agreements that are approved. For faculty, this includes full funding for the increased costs of salary and benefits associated with merits and promotions and current or potential represented academic salary programs on core funds. Any approved range increases will be funded for all faculty salary components, including off-scale and above-scale salaries. Information on any final salary program for policy-covered staff will be forthcoming from UCOP this spring. Salary programs for represented employees are based on the relevant bargaining agreements.
- **One-time funds for Academic Student Employees:** As stated in [my December 7, 2023, communication](#), central campus will continue to provide funding for the cost increases associated with core-funded Academic Student Employee (TA) salary and benefit increases through spring quarter 2025 to ensure that the colleges can provide adequate course offerings for our undergraduate students in 2024-25.
- **Graduate Student Support Funding:** We will maintain graduate student support programs, including the Graduate Program Fellowship Allocations (Block Grants) with the enrollment

metric consistent with 2023-24 levels. This provides units with predictable and flexible funding to meet a variety of needs related to graduate student support.

- **Critical Research and Infrastructure:** \$3.9 million of our Facilities and Administration funds will be used for research programs, debt service, lease costs, and operation and maintenance of our physical plant for critical research and infrastructure.
- **Capital Program Debt and Deferred Maintenance:** We will continue to set aside an additional \$1 million in ongoing core operating funds to increase funding for our capital program, supporting debt-service and deferred-maintenance needs consistent with our multi-year plan for capital investments. It is highly unlikely that we will receive additional state support for these needs, so we must continue to invest in improving and maintaining our capital infrastructure, even if the need is considerably larger than we can currently fund.

I look forward to meeting with you and Academic Senate representatives to discuss your unit finances during our annual budget meetings. As we did last year, we will briefly review your unit's accomplishments so we can focus our review on your financial status, including your carryforward, your plans to meet savings targets, and the financial challenges and opportunities in your unit and how you are addressing them.

We all remain hopeful for better news and possibly being able to restore funding. I am also very grateful to the many members of the university community who are engaged in thoughtful deliberation on [START](#) and the many other groups that are considering ways to improve our budgetary outlook, including increased revenue generation. In the meantime, as that work continues, we must, based on the state's budget forecast, plan for having less in the coming year. I am very grateful for your partnership in taking steps to prepare for next fiscal year and helping us to address the campus's ongoing core funds structural deficit. Thank you for facing these challenges with us and for your shared commitment to sustaining our vital research, teaching, and public service mission.

All the best,



Mary Croughan
Provost and Executive Vice Chancellor

Cc: Chancellor May
Davis Division Academic Senate Chair Palazoglu
Academic Senate Committee on Planning and Budget Chair Brosnan
Associate Vice Chancellor Mangum
Assistant Deans and Chief Operating Officers

2024-25 BUDGET FRAMEWORK CONTEXT

The following information provides more context on the projected campus financial status for fiscal year 2024-25 based upon information available as of this date. A video explaining the core fund deficit and additional information is available on the [Budget Framework website](#). Detailed [planning assumptions and resources](#) are also available to assist in budget planning.

Estimated Change in Core Funds (State Funds & Tuition) Status

The following chart provides a summary of the estimated change in the campus core funds status since the [2023-24 Budget Status and Allocations Letter](#) in June 2023. This chart reflects information known to date. The campus is monitoring these assumptions and incorporating additional information into our planning as it becomes known.

Change in Estimated State Funds and Tuition (Core Funds) Budget Deficits for 2024-25
 \$ in 000s

Projected Structural Deficit as of June 2023	(\$48,160)
<i>Changes to Sources</i>	
Enrollment changes	\$600
<i>Changes to Uses</i>	
Salary & Benefits Funding-Faculty Range	(\$8,091)
Salary & Benefits Funding Adjustments	(\$4,600)
Current Estimated Structural Deficit in 2024-25	(\$60,251)
Deficit as % of State Funds & Tuition (\$1.25B)	4.8%
Current Estimated Accumulated Debt in 2024-25	(\$108,400)
Debt as % of State Funds & Tuition (\$1.25B)	8.7%

Enrollment

The fall undergraduate enrollment target for incoming students, both resident and nonresident, is 9,590 (9,283 FTE), up 356 from 2023 fall enrollment of 9,234 incoming students (8,939 FTE). We are assuming a 5% increase in Summer Sessions for an enrollment of 1,975 FTE. The 2024-25 total undergraduate enrollment, including summer, is estimated to be 31,748 FTE, an increase of 226 over this year’s projected total of 31,522 FTE. This includes 26,506 California resident FTE in 2024-25. We are assuming an 4% increase in graduate and professional enrollment in 2024-25.

CHANGES IN CORE FUND APPROPRIATIONS AND REVENUE

State Budget Appropriation and Tuition Revenue

If the fiscal year 2024-25 state budget provides the 5% increase agreed to in the Compact between the Governor and the University, the estimated total State unrestricted ongoing appropriation will be approximately \$526 million, an increase of approximately \$23 million. It is unclear that this increase will be part of the final state budget. Total tuition and supplemental tuition paid by national and international students, including summer

Attachment 1: 2024-25 Budget Framework Context

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sessions, is estimated to increase from approximately \$649 million to \$678 million. Of this amount, the campus sets aside \$161 million to support financial aid as required by the Regents.

Student Services Fee and Campus Based Fees

The total estimated revenue from [Student Services Fees \(SSF\)](#) in 2024-25 is \$46 million, an increase of \$1.5 million. Similar to the challenges on core funds, new revenue from SSF is not keeping pace with salary and benefit increases, resulting in a structural deficit of approximately \$1 million.

The total estimated revenue from [Campus-Based Fees](#) in 2024-25 is \$84 million, an increase of \$2 million. The Council on Student Affairs and Fees (COSAF) is in the process of providing input about annual inflation adjustments and reviewing programs supported by Student Services Fee and Campus-Based Fees.

Finance & Administration (F&A) Cost Recovery on Extramural Grants

The total estimated revenue from [F&A Cost Recovery](#) to be allocated in 2024-25 is expected to grow by approximately \$11 million, to a total of \$193 million. Growth in F&A cost recovery is the result of increased contract and grant activity and a scheduled increase to the on-campus federal F&A rate in 2024-25 from the current 60% to 61%. Our total effective F&A rate, across all sponsor types, is approximately 25%. Please visit the [F&A Rates website](#) for additional details.

SALARY AND BENEFIT COST INCREASES

In 2024-25 we are assuming the following regarding salary and benefit cost increases. Salary and benefit programs as well as contract agreements are negotiated by the UC Office of the President for systemwide application. The salary program for policy-covered staff and faculty is not final until we are notified of the final approved plan by the UC Office of the President, this typically occurs in late spring.

- Faculty merits and promotions will be funded based on the merit or promotion amount approved.
- For policy-covered staff and faculty, we are assuming a 4.2% increase applied across the board. For faculty this would apply to all salary components. This is consistent with the [Regents Budget for Current Operations](#).
- Salary increases for represented staff and academics will be determined by the rate identified in the active or ratified contract. For employee groups under contract, these estimates reflect current contract terms. For employee groups with expiring contracts, these estimates reflect increases equivalent to the final year of the previous contract.
- These estimates include funding for the cost increases associated with core-funded Academic Student Employee (TA) salary and benefit increases through spring quarter 2025 to ensure that the colleges can provide adequate course offerings for our undergraduate students in 2024-25, consistent with the [December 7, 2023 communication](#).
- Funding for incremental benefit costs on all salary increases will be determined using the applicable 2024-25 [composite benefit rate](#).

- Funding will be adjusted for increases or decreases in the composite benefit rates on eligible base salaries.

The following chart provides the current estimate of the increased costs on core funds associated with these salary programs in 2024-25 based on the assumptions noted above. Please note that these salary programs are not final.

Estimated Incremental Increases on Core Funds by Salary Program	
<i>Estimates as of February 2024, reflects proposed salary programs</i>	
	<u>2024-25</u>
Faculty Merits	\$ 9,055,000
Faculty 4.2% Range of Scale Salaries	\$ 11,349,000
Faculty 4.2% Range of Off Scale Salaries	\$ 2,289,000
Faculty 4.2% Range of Above Scale Salaries	\$ 2,883,000
Faculty Base CBR Change	\$ 2,684,000
Represented Academic Salary Programs	\$ 11,203,000
Staff Represented	\$ 7,019,000
Staff Non-Represented	\$ 11,604,000
Staff Represented CBR Change	\$ 432,000
Staff Non-Represented CBR Change	\$ 671,000
Total Incremental Increases on Core Funds by Program	\$ 59,189,000
<i>Subtotal: Faculty</i>	<i>\$ 28,260,000</i>
<i>Subtotal: Staff</i>	<i>\$ 30,929,000</i>
Notes:	
All salary programs include the incremental change in salaries and the incremental change in benefit costs as a result of the salary increases using the current applicable Composite Benefit Rate (CBR). The CBR change reflects the estimated net change in total benefit costs due to CBR rate changes.	

CHANGES IN CAMPUS ASSESSMENTS

Over the past year, a workgroup including unit representatives from across campus worked to develop a new model for campus assessments that improves transparency, consolidates and simplifies assessment processes, and utilizes different allocation drivers. In 2024-25 campus assessments associated with UC systemwide charges, insurance premiums, common goods, enterprise system costs, and IT services costs will be consolidated into a single General Overhead Assessment with an updated allocation methodology. The new allocation will utilize three different weighted metrics (expenditures, employee full-time equivalents and employee headcount). To improve transparency and ensure only the necessary assessment funds are collected, the cost pool will be clearly defined during the budget process each year. An Advisory Committee of Assistant Deans and Chief Operating Officers will review and provide guidance and recommendations to the Provost on any proposed changes to the cost pool. The majority of items included in the assessment are systemwide expenses such as insurance premiums and the UCOP assessment which UC Davis does not control and are expected to increase annually. The

total assessments to units in 2024-25 are estimated to exceed \$95 million, a significant increase of \$24 million from prior years. When available, additional details on the assessment allocations and transition to the new model will be [posted to the Budget and Institutional Analysis overhead website](#) and shared with unit Assistant Deans and Chief Operating Officers.

FORMULAIC BUDGET MODEL ALLOCATIONS

Campus units receive formulaic allocations associated with certain revenue streams through the campus budget model. Details about how the various budget model allocation formulas work can be found on the [budget model website](#). The following provides key information about these allocations for fiscal year 2024-25. Allocation details and amounts are provided to Deans and/or Vice Chancellors and posted on the budget model website when finalized.

Allocations for Undergraduate Tuition

Since 2020-21, incremental increases in Undergraduate Tuition Revenue (UGTR) are [directed centrally](#) to the Student Success pool for improvements in student success and equitable outcomes. This approach will continue indefinitely, with funds in the coming year allocated to undergraduate academic advising and other recommendations from the Student Success and Equitable Outcomes Task Force. The UGTR pool for allocation will remain fixed in 2024-25. Base funding in the UGTR pool is redistributed using the workload metrics that have been in use since 2012-13. For the 2024-25 allocation, workload metrics use data from 2022-23 and 2023-24 for student credit hours of instruction and undergraduate majors, and data from 2021-22 and 2022-23 for degrees awarded.

Allocations for F&A Campus Return Program

Units that generate F&A will receive allocations totaling approximately \$52 million based on 2023-24 revenue collected.

Allocations for Summer Sessions Tuition

Budget model allocations for Summer Sessions instruction are based on student credit hours taught. For Summer 2024 central campus is guaranteeing a minimum allocation of \$100 per student credit hour.

Allocations for Graduate Tuition and Graduate Student Support

Final allocations for the components of the graduate budget model will reflect changes in graduate enrollment in 2023-24 and will maintain graduate student support programs with the enrollment metric consistent with 2023-24 levels.

Allocations for Professional Tuition and Student Support

Final allocations of tuition and student support for state-supported graduate professional programs will be allocated based on graduate professional enrollment changes in 2023-24. Allocations include funding for CalVet waivers and are adjusted for part-time and staff enrollment.

Patent Income

Net patent income to be allocated in 2024-25 will be based upon the patent fiscal year for 2022-23.

CAPITAL PROJECTS

Financial resources continue to be a constraint in addressing the substantial amount of capital need that has been identified across the campus. Despite these constraints, we continue to prioritize facility and infrastructure investments to address enrollment changes, improve and support our buildings, reduce fossil fuel use, and prepare for future opportunities and needs. [Capital Planning](#) manages the Capital Financial Plan and coordinates the review and approval of capital projects by the Chancellor's Committee on Campus Planning and Design and systemwide approval processes. Information on [current projects is available online](#) and project requests can be submitted through the [Space and Project Needs Request Form](#). In addition, the [Space Release Program](#) continues to provide a financial incentive when campus teams identify space that can be reassigned.

BUDGET SAVINGS TARGETS

Budget savings targets are the method used to reduce a unit's budget to address budgetary challenges. Units are then expected to identify internal expenditure reductions, increased net revenue, or shift expenses to other allowable fund types to meet these targets.

In 2020-21, [savings targets](#) totaling \$70 million were assigned to begin to address the core fund structural deficit. Of this amount, \$25 million was allocated to central campus and \$45 million allocated to units. These targets were ongoing (base) and expected to be achieved over five years. In the [June 2023 Budget Status and Allocation Letter](#), we confirmed that units should plan to achieve an additional year of their annual savings target amount. This increased the total savings targets allocated to \$79 million over six years, with \$25 million allocated to central campus and \$54 million allocated to units. We are entering year 5 of 6 of this budget savings plan. ***We are now allocating an additional \$20 million in ongoing savings targets to units in fiscal year 2024-25.*** This additional allocation will increase the total amount saved over 6 years to \$99 million, with \$74 million allocated to units. The share of the additional \$20 million in savings targets allocated to each unit for 2024-25 was determined by reviewing a variety of metrics including the proportion of [common operating funds](#) and all other funds, excluding designated financial aid funds. For every unit, the targets allocated represent either a 1-2 percent reduction in common operating funds or a 0.4-0.6 percent reduction compared to all funds.

Although these savings targets represent ongoing reductions in core funds, units are allowed and encouraged to use one-time carryforward funds to bridge these targets while they identify long-term strategic approaches to meeting this target. Savings could be achieved through net revenue generation, realigning costs to other appropriate fund sources, targeted program reductions, streamlining and efficiencies. In identifying reductions, units should keep in mind the [core principles established in 2020](#) to guide these decisions and carefully consider the impact on compliance and risk management. To the greatest extent possible, the elimination of vacant positions through attrition is the preferred way to achieve salary savings.

Savings Target Plans

Units are required to submit annual updates on progress toward achieving assigned savings targets. These plans are discussed in the unit budget meetings and subsequently reviewed by the [Budget Framework Advisory Committee](#). For the budget meetings occurring in spring 2024, units will only submit plans reflecting the status of the total savings targets including the amount assigned last year. During fall of 2024, units will be asked to update their plans to incorporate the additional targets allocated in fiscal year 2024-25. This will allow more time to consider how the increased savings targets will be addressed.

Updated Unit Savings Targets

The following chart provides information on the total savings targets allocated to each unit since 2020, including the additional savings targets allocated for fiscal year 2024-25.

Savings Targets Updated for 2024-25, \$ in 000s						
	A	B	C	D = B+C	E	F = A+D+E
Unit	Savings Targets Allocated 2020-2024	FY 24-25 Previously Allocated Annual Savings Target	FY 24-25 Additional Savings Target Allocation	Total FY 24-25 Savings Target Allocation	FY 25-26 Allocated Annual Savings Target	Total Allocated Savings Targets Over 6 years
Colleges, Schools, and Deans	\$ 20,800	\$ 5,200	\$ 13,395	\$ 18,595	\$ 5,200	\$ 44,595
College of Agriculture and Environmental Sciences	\$ 4,400	\$ 1,100	\$ 1,860	\$ 2,960	\$ 1,100	\$ 8,460
College of Biological Sciences	\$ 1,320	\$ 330	\$ 830	\$ 1,160	\$ 330	\$ 2,810
College of Engineering	\$ 2,120	\$ 530	\$ 1,260	\$ 1,790	\$ 530	\$ 4,440
College of Letters and Sciences	\$ 3,440	\$ 860	\$ 2,400	\$ 3,260	\$ 860	\$ 7,560
School of Education	\$ 360	\$ 90	\$ 190	\$ 280	\$ 90	\$ 730
Graduate School of Management	\$ 440	\$ 110	\$ 210	\$ 320	\$ 110	\$ 870
School of Law	\$ 280	\$ 70	\$ 210	\$ 280	\$ 70	\$ 630
School of Medicine	\$ 5,200	\$ 1,300	\$ 4,550	\$ 5,850	\$ 1,300	\$ 12,350
Betty Irene Moore School of Nursing	\$ 200	\$ 50	\$ 120	\$ 170	\$ 50	\$ 420
School of Veterinary Medicine	\$ 2,920	\$ 730	\$ 1,500	\$ 2,230	\$ 730	\$ 5,880
Continuing and Professional Education	\$ -	\$ -	\$ 210	\$ 210	\$ -	\$ 210
Graduate Studies	\$ 120	\$ 30	\$ 55	\$ 85	\$ 30	\$ 235
Academic Support and Administration	\$ 15,200	\$ 3,800	\$ 6,605	\$ 10,405	\$ 3,800	\$ 29,405
Development and Alumni Relations	\$ 400	\$ 100	\$ 230	\$ 330	\$ 100	\$ 830
Finance Operations and Administration	\$ 6,000	\$ 1,500	\$ 2,040	\$ 3,540	\$ 1,500	\$ 11,040
General Library	\$ 800	\$ 200	\$ 230	\$ 430	\$ 200	\$ 1,430
Information and Educational Technology	\$ 1,400	\$ 350	\$ 520	\$ 870	\$ 350	\$ 2,620
Intercollegiate Athletics	\$ 200	\$ 50	\$ 140	\$ 190	\$ 50	\$ 440
Office of Research	\$ 2,000	\$ 500	\$ 1,150	\$ 1,650	\$ 500	\$ 4,150
Office of the Chancellor	\$ 712	\$ 178	\$ 260	\$ 438	\$ 178	\$ 1,328
Office of the Provost	\$ 2,400	\$ 600	\$ 540	\$ 1,140	\$ 600	\$ 4,140
Student Affairs	\$ 1,200	\$ 300	\$ 1,450	\$ 1,750	\$ 300	\$ 3,250
Office of Diversity, Equity, and Inclusion	\$ 88	\$ 22	\$ 45	\$ 67	\$ 22	\$ 177
Grand Total	\$ 36,000	\$ 9,000	\$ 20,000	\$ 29,000	\$ 9,000	\$ 74,000

CONTRIBUTIONS TO ONE-TIME DEBT

Every year that we do not fully resolve the structural (ongoing) core fund deficit, a one-time debt accrues and grows if not paid down. One-time funds from central resources and administrative units have been allocated to bridge this debt, to the extent possible, over the years that the structural core funds deficit has not been fully addressed. During the period 2020-2024, central campus has allocated \$111.5 million in one-time funds to cover the deficit. In 2023-24, \$26.7 million in one-time funds were redirected from administrative unit carryforward balances to cover the debt. In 2024-25 central campus plans to redirect another \$38 million in central one-time funds to cover the debt. In addition, the \$10 million saved by not allocating start-up block grants in fiscal year 2024-25 will be used to cover the debt. Without these allocations, the projected debt would be \$108 million at the end of 2024-25. Even with these efforts, we project that we will end fiscal year 2024-25 with a one-time debt of \$60 million. The following chart shows the core funds balance since 2020-21 and the level of one-time funds allocated to address it.

Core Funds Balance: Status of One-Time Core Funds
\$ in Millions

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Actual	Actual	Actual	Estimated	Projection	Projection
Beginning Balance	(\$5.2)	(\$31.1)	(\$49.0)	(\$64.2)	(\$47.5)	(\$60.4)
Structural Surplus/(Deficit) ¹	(\$77.8)	(\$26.2)	(\$32.2)	(\$45.0)	(\$60.3)	(\$56.9)
Deficit Mitigation-Central	\$45.0	\$15.0	\$15.0	\$36.5	\$48.0	
Deficit Mitigation-Unit Carryforward ²				\$26.7		
Other One-Time Adjustments ³	\$6.9	(\$6.7)	\$1.9	(\$1.5)	(\$0.7)	(\$0.5)
Final Year-End Reserves Balance	(\$31.1)	(\$49.0)	(\$64.2)	(\$47.5)	(\$60.4)	(\$117.9)

¹The structural deficit for 2024-25 and 2025-26 assumes funding is received consistent with the five-year compact with the State.

²Carryforward redirected from administrative units only.

³Includes minor funding adjustments from State appropriations and sources as well as one-time use of funds.