

UC Santa Cruz Quarterly Projection Report Overview

As of March 31, 2025 (Q3)

UC Santa Cruz's total [2024-25 operating budget](#) is just over \$1 billion. The following report provides an overview of how Core Funds, which comprise about 55% of the total budget, are estimated to perform (projected actuals) this year in comparison to the budget. A key component of this report is tracking the university's progress to address the recurring deficit.

Core Funds Revenue

Revenue is on track and estimated to exceed the recurring budget by \$54.2 million (up from \$35.3 million projected as of Q2), with projected core funds revenue of \$610.4 million anticipated this year. Material changes since the second quarter projection include:

- Other Core Unrestricted: +\$18.7 million - Primarily via additional investment earnings from realized gains (+\$16.7 million) associated with an investment withdrawal from the UC Blue and Gold Pool (BGP) to maintain cash on hand to support campus operations
- Indirect Cost Recovery: -\$2.5 million - While still growing year-over-year, we have scaled back anticipated growth in indirect cost recovery revenue (facilities and administrative costs for federal grants) in light of the changing federal landscape
- State Claims: +\$2.3 million - reflects anticipated increases in claims activity associated with earmarked one-time state general fund allocations handled via reimbursements

While revenue is outperforming the recurring budget, it is important to note that most of the additional revenue is from one-time sources/actions, such as investment earnings and one-time state allocations. We continue to monitor impacts from the changing federal landscape and campus projections are subject to change between now and fiscal year-end.

Consistent with the Q2 projection, the only categories projected to underperform budget expectations are the tuition and fee categories given that enrollment is estimated to end up below the levels used in budget projections. Future year budget planning assumptions have been updated to use more conservative enrollment projections.

Core Funds Expenditures

Projected core funds actual expenditures include a combination of recurring spending and one-time spending activity, predominantly via carryforward funding. In total, projected spending of \$691.0 million is expected this year (up from \$676.7 million projected as of Q2). Projected salary and benefit costs are slightly higher due largely to refined projections associated with year-end accrual activity. As a result, estimated year-end budget savings of \$7.7 million is lower than we anticipated as of the Q2 projection (\$15 million). Q3 saw higher spending in the supplies, equipment & other expenses category, and paired with anticipated transfers to support the Bay Tree Building renovation project, we anticipate non-personnel spending to be \$15 million higher than projected as of Q2. This category will continue to be watched closely as spending patterns could vary from previous years in light of current considerations, which could render projections less accurate.

Core Funds Deficit

As of Q3, both revenue and spending are projected higher than in Q2, with estimated net additional savings of \$4.4 million, bringing the projected FY25 deficit to \$80.7 million (down from \$110.7 million at the start of the fiscal year and \$85.1 million at the end of Q2). Current projections continue to indicate progress is being made to reduce the deficit this year, with a projected reduction of \$30 million from the original estimated recurring deficit. While the reduced deficit is largely attributable to projected additional one-time revenue sources, there are also early indications that implemented reductions and spending curtailment measures are beginning to ease spending. Since this projection is based on activity as of March 31, 2025, there are still three months remaining in the year that could alter these projections, but indications continue to reflect positive progress.

UC SANTA CRUZ CORE FUNDS REPORT - Q3 PROJECTION THROUGH YEAR-END

Period: July 1, 2024 - June 30, 2025 (Projected)

(in millions)

By Account Type	Recurring Budget	Projected Budget Adjustments*	Projected Total Budget	Projected Actuals
Revenue (Sources)				
State and UC General	274.4	9.7	284.1	284.1
Tuition (net of scholarly allowance)	158.3	(5.7)	152.6	152.6
Non Resident Suppl Tuition	50.1	(6.3)	43.8	43.8
Core Student Fees	27.0	(0.9)	26.1	26.1
Indirect Cost Recovery	32.1	5.0	37.1	37.1
Lottery Funds	2.3	0.0	2.3	2.3
Other Core Unrestricted	12.0	40.3	52.3	52.3
State Claims	-	26.6	26.6	12.1
Total Revenue	556.2	68.6	624.8	610.4
Expenditures (Uses)				
Salaries	385.9	3.7	389.7	388.6
Benefits	152.3	0.5	152.9	146.1
Supplies, Equip & Other Expenses	119.1	78.7	197.8	124.8
Student Aid	109.1	21.9	131.0	131.0
Scholarly Allowance Adj	(99.6)	-	(99.6)	(99.6)
Total Expenditures (Uses)	666.9	104.9	771.8	691.0
Net Surplus / (Deficit)	(110.7)	(36.2)	(147.0)	(80.7)

*Budget Adjustments include Carryforward

Projection Assumptions:

Revenue projections based upon budget and manually adjusted for known or anticipated variation from budget

Payroll projections from UCPath system snapshot dated 4/7/2025 for all anticipated expense activity through 6/30/25

Non-payroll expense projections based on actuals through Q3 projected according to historical 3 year average spending rate at the unit level