

Dear colleagues,

As we welcome the new year, we write with an update on the campus budget.

Financial Stability Plan Progress Report:

As you may recall, a [campus budget workgroup](#) was established in fall 2021 to work with the Budget Office to develop a multi-year plan to tackle a projected structural deficit in the general campus's core operating budget (which excludes the medical center and auxiliaries such as housing and dining). We have made significant strides in reducing the deficit, including \$55 million in budget reductions over fiscal years 2021-22 through 2023-24, in addition to \$5 million in space and lease savings. **Despite this progress, there is a remaining funding gap estimated at \$50-60 million annually** due to cost increases that continue to outpace growth in revenues.

Our action plan to address the remaining funding gap will focus on operational efficiencies, new revenues, and opportunities to do business differently, which may include scaling back on services and programs that are less essential to strategic goals.

For more detailed information, you can visit the [Financial Stability Plan webpage](#), which includes answers to [frequently asked questions \(FAQs\)](#).

New Budget Model:

Budgeting is a crucial aspect of organizational management that involves planning and allocating financial resources to achieve specific goals. Various budgeting models exist, each with its own approach to resource allocation. Since inception, UC Irvine has used a model known as incremental budgeting in which each year's budget conversations start from the previous year's budget and consider potential modifications for the next year. The budget workgroup and Budget Office are now working to develop a [new budget model](#) that allows us to better align financial resources with strategic priorities over a multi-year planning time frame. Once a draft is developed, the proposed budget model will be shared with the deans, Academic Senate Council on Planning and Budget, and other stakeholders for feedback.

By adopting a new model, we aim to establish a clear rationale for existing budgets and funds flow, improve predictability via shared assumptions and pre-defined metrics, and better support unit and campus planning with multi-year modeling.

A town hall is planned for February 6 (additional information is forthcoming) to review the financial stability plan progress and provide basic information about budget modeling.

Communications about the recommended changes to the budget model (including a second

town hall) are targeted for winter/spring 2024. The new budget model will be implemented over a two-to-three-year phase-in period beginning in 2024-25.

We are committed to transparency throughout this process and will continue to provide regular updates on our progress as well as consistently updating information on the [Financial Stability Plan webpage](#). Please direct general questions to the Budget Office (budgetoffice@uci.edu).

Your support and collaboration are essential as we collectively work towards a financially stable future for our campus. Thank you for your ongoing dedication to our shared goals.

Sincerely,

Hal Stern

Provost and Executive Vice Chancellor
Chancellor's Professor, Department of Statistics

Mary Lou D. Ortiz

Chief Financial Officer
Vice Chancellor, Division of Finance and Administration