

Mission-Based Budget Model

Updated May 6, 2025

Understanding UC Irvine’s Budget Model for Core Funds

Budgeting and financial planning are critical tools for strategic planning and resource management. A well-designed budget model facilitates the distribution of core financial resources in support of UC Irvine’s mission and long-term goals. Prior to FY25, the university used an incremental budget model, in which annual budgets were based on the previous year’s allocation, with adjustments for cost increases, new initiatives, or necessary reductions. Incremental models for academic activities often lack transparency around the rationale for historical allocations, can be inflexible, and may not align well with current operating needs and strategic initiatives.

In FY25, UC Irvine transitioned to a mission-based budget model that is formula driven for allocating core resources to schools. The model determines resource distribution of core funds, including state appropriation, tuition, non-resident supplemental tuition, indirect cost recovery, professional degree supplemental tuition, summer session, student services fees, and various unrestricted sources. The metrics that are defined for the model link funding more directly to the university’s core priorities—teaching, research, and public service.

The budget model for all other divisions (non-schools) will continue to be an incremental model through fiscal year 2025-26.

Resources

- Financial Stability Plan >
- UC Irvine Budget and Financial Overview (FY25) 
- FY24 UCI Division Operating Expense Report by Higher Education Function 

Communications

- FY26 Budget Planning and Mission-Based Budget Model Update (05/06/2025) 

Archive Webpage

- Budget Model Webpage (01/09/2024) 

Improved Budgeting & Financial Planning

The mission-based budget model allocates core funds consistent with actual revenues and aligned with strategic priorities. While core funds are the focus of the model, implementation of the mission-based budget model will be supported by all funds multi-year planning—a more holistic approach that considers all available resources and is informed by multi-year forecasts and scenario analyses.

Budget Model Goals:



Data Driven

Funding drivers are based on key metrics that align with [UC Irvine's strategic plan](#) to support well-informed, data-driven decision making.



Predictable

Campus planning assumptions are shared and projected resources can be modeled to establish a clear rationale for budgets and greater predictability.



Transparent

More information and data is provided to improve transparency in decisions and strategic direction.



Holistic

All funds multi-year planning provides a more holistic perspective, highlighting opportunities to leverage non-core sources to support strategic goals.



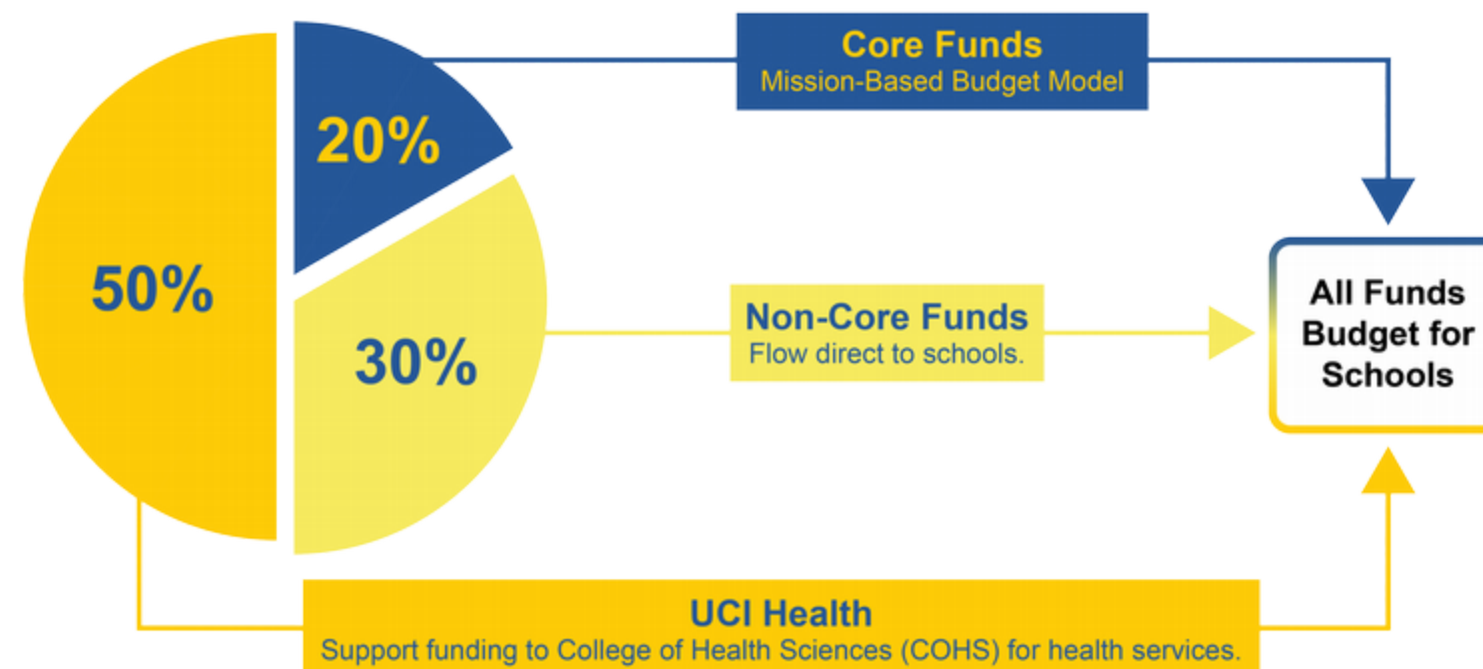
Address Funding Gap

These goals combined with [budget principles](#) work towards building a comprehensive plan for addressing the funding gap.

All Funds Overview

UC Irvine’s operating budget is over \$6 billion and is supported by a variety of funding sources. The mission-based model focuses on core funds. To effectively manage operations, schools must consider all available resources—not just core funds. Additional funding sources may include contracts & grants, clinical revenues, philanthropy, and more. The graphic below provides a high-level overview of how core and non-core funds impact planning. For a full breakdown of UC Irvine’s funding sources and how they support the university’s operations, visit the [Financial Stability Plan webpage](#).

All Funds Operating Budget

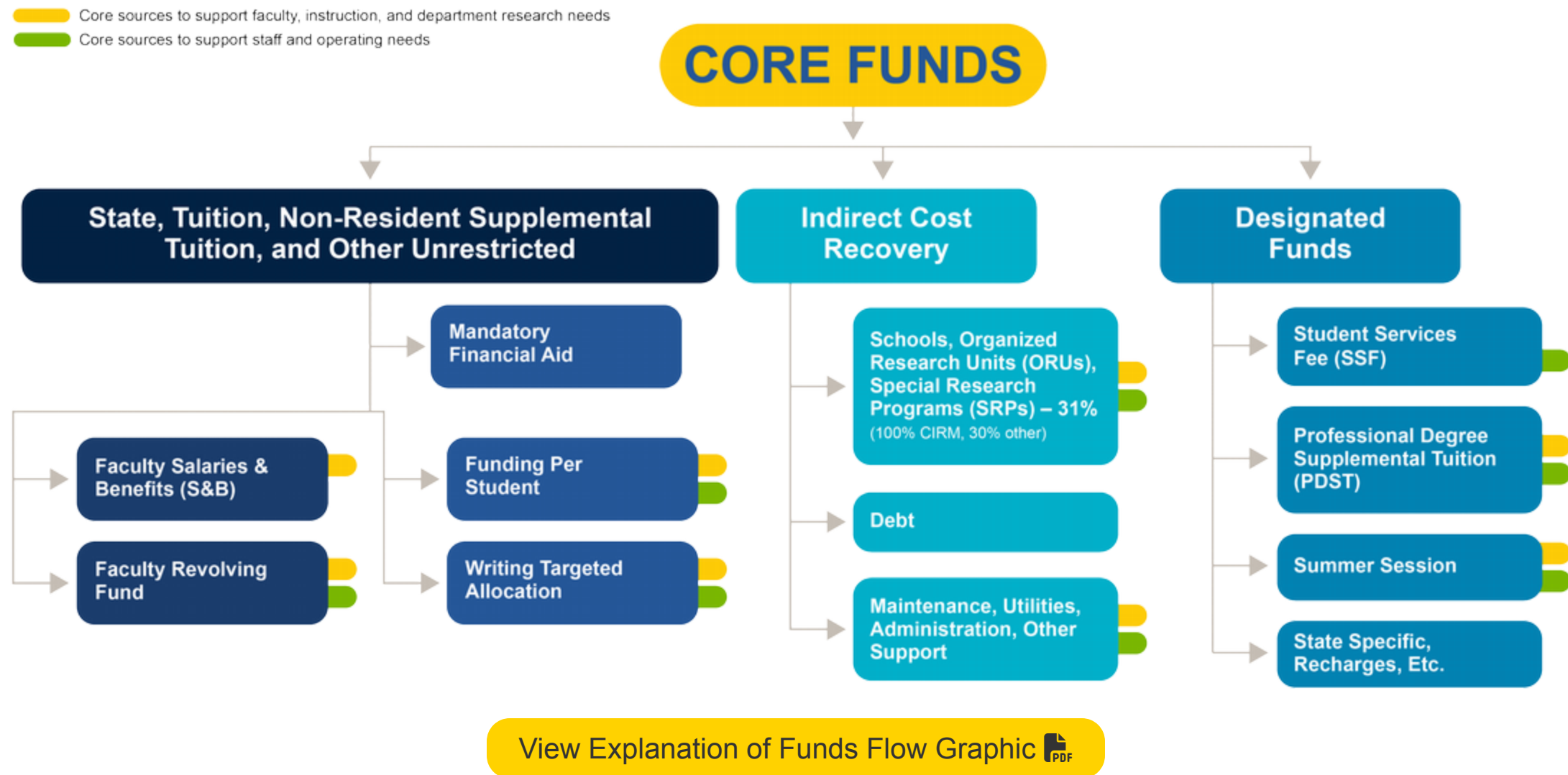


Funds Flow to Schools

The mission-based budget model allocates core funds to schools that are distributed based on key drivers that reflect faculty investments, student instruction and services, and research activity.

The model is not solely intended to support activities tied to the specific metrics; rather, it provides a framework for determining the total core resources available to each school. Within the context of overall campus goals, schools are responsible for establishing school-level budgets that reflect their unique strategies, priorities, and costs. Decisions on fund distribution to departments are best made by school leadership and other stakeholders based on the needs and goals of the individual schools.

Click the boxes below for more information. For the best experience, use Chrome or Firefox.



Non-Schools

Support unit budgets and mission-based budget model options will be evaluated through a deep dive review process expected to commence in summer 2025 for implementation as early as FY27.

Draft Framework (FY25) & Final Model (FY26) Comparison

Recognizing that no model is perfect, updates have been made to the budget model based on feedback to better align with a mission-based approach. Please see the comparison chart below for an overview of key changes and considerations.

Budget Model Components	Draft Framework (FY25)	Final Model (FY26)	Improvements Based on Feedback
Fund Buckets	1. Tuition & NRST 2. State & Other Unrestricted 3. ICR 4. Designated	1. State, Tuition, NRST, & Other Unrestricted 2. ICR 3. Designated	Combined state, tuition, NRST, and other unrestricted into a single pool, reducing dependency on any one source and spreading impact across all distributions.
Faculty Funding Changes Pool	n/a	Faculty Revolving Fund	This fund pool builds on the prior approach to open faculty positions. As of 7/1/2024, the initial allocation provides flexible funding (12% of filled faculty funding for most schools) for recruitment, retention, temporary instruction, and other needs. Managed centrally within each school, it bridges short-term funding gaps until the model’s faculty full-time equivalent (FTE) driver fully kicks in. It also tracks key allocations and school-to-school funding transfers.
Personnel Factor	1. Faculty FTE 2. Instruction 3. Other academic FTE 4. Student academic FTE 5. Career management staff FTE 6. Professional support staff FTE 7. Contract/limited staff FTE 8. Student FTE All at average campus salary.	Faculty Salaries & Benefits	Replaces eight complex personnel factors with a single faculty-focused one, reflecting campus investment in teaching, research, and service. Covers 70% of each school’s average faculty salary and benefits. Remaining faculty, staff, and operating needs are supported through other mission-based budget model components (e.g., student metric-based and other core and non-core sources).
Instruction Factor	Cost of instruction supplement.	Targeted allocation for writing only.	Cost of instruction is now called "instruction supplement" and will be more targeted. The updated model addresses most cost differences through faculty funding at actual salary and benefit rates. Remaining needs—for small, required classes like labs, studio courses, field studies, and accreditation—are supported via differential funding per student noted below. The campus writing program will receive a targeted allocation here that is not effectively addressed via other metrics.
Student Metric-Based:	n/a	Differential funding per student that is +/- the average.	Recognizing that the cost of instruction is very different across the disciplines, benchmarking metrics were sought to inform existing budgets. An initial funding rate per student FTE was established for

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Differential \$/Student			each school informed by the prior empirical budget and a national study on the cost of instruction productivity (NSCIP) for AAUs as benchmarks. Rates will adjust annually for tuition, NRST, and other fund shifts.
Student Metric-Based: Weighted Student FTE	Weighted Student FTE: 50% student credit hours--lower division undergrad only + grad 35% enrollment (majors) 15% degrees granted	Weighted Student FTE: 80% student credit hours--all undergrad + grad 10% enrollment (majors) 10% degrees granted	Student credit hours now include all undergraduate and graduate students at a higher weight. Enrollment (majors) and degrees granted weights were reduced to avoid upper-division duplication. Small weights were retained to reflect student services and advising needs, as well as, emphasize degree completion. <i>Note: The payroll home department method for calculating student credit hours is used in both versions.</i>
Designated Funds	Targeted allocations going directly to schools.	Represent restricted and other targeted resources that will remain the same.	PDST, summer session, and targeted state programs like SAPEP outreach, basic needs, student mental health, and financial aid remain unchanged in the model. Student services fee (SSF) amounts include an allocation per enrolled student + targeted allocations (as recommended by the campus <u>student fee advisory committee</u> and approved by the provost).

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