

January 27, 2026

## DEANS, VICE CHANCELLORS, AND PRINCIPAL OFFICERS

RE: Budget Planning for Fiscal Year 2026-27 (FY27)

Colleagues,

This memo marks the beginning of the 2026-27 budget planning process, which continues our all-funds, multi-year planning approach. The budget submission materials, described in more detail below, are due March 26, 2026. For academic units, the faculty recruiting call will be launched next week with the same deadline as the budget submission.

We will provide initial planning assumptions to support budget planning efforts that incorporate uncertainties in federal funding and projected increases in state funding. Current campus-level planning assumptions include a 6% increase in state funding, 3% increase to tuition and student fees, projected drops in ICR funding (5% drop in FY27, 10% drop in FY28, 5% drop in FY29), and 3% increase in general and administrative assessment (G&A) funds available. Any material changes to planning assumptions will be shared as information becomes available.

Financial planning for schools will continue with the mission-based academic budget model. Metrics will be updated to reflect the latest data from the completed 2024-25 academic year and fall 2025 quarter, and the funding per weighted student FTE will be increased by 4.2% to mirror state and tuition funding growth for the upcoming planning cycle.

FY27 planning assumptions for support units incorporate the draft budget framework currently in development that ties funds flow to the various core sources. For this initial year, state appropriation and tuition budget allocations will continue to be incremental, while ICR and G&A assessment allocations will be based upon the level of support provided to the activities that generate those sources. As was done when the mission-based model was implemented for academic units, in this initial year of the support unit framework, support units will not experience large variations in their total allocations from the prior year. Funds flow from student services fees, summer session, core fund recharges, and special state appropriations will remain unaffected. As occurred with the academic budget model, we will continue to review and revise the support unit framework prior to the next (FY28) budget cycle.

The planning process for FY27 is informed by the following strategic priorities for fiscal year 2026-27:

- Supporting the core academic mission
- Achieving a sustainable financial plan
- Facilitating adaptability and resiliency in the face of funding uncertainty
- Increasing support for infrastructure renewal and replacement

Further, the budget process involves:

- All funds planning, with continued emphasis on the stability of core funds
- Multi-year projections
- Enrollment and instruction planning
- Revenue opportunities and cost saving strategies
- Reserves management
- Position control with limited hiring (faculty and staff)

In addition to projecting costs and unit-based revenues, multi-year plans should reflect strategies to resolve any projected funding gaps within the multi-year planning period and ensure that reserves remain



within recommended levels. Unit financial stability plans should be updated accordingly and include plans to increase revenues and control costs. Clearly defined commitments from the campus affiliated with offer letters, retentions, institutional cost share agreements or the like will remain funded as originally authorized.

The Budget Office will provide support and materials to assist with your planning and submission. Details on the submission process are provided in attachment A – Submission Instructions.

The Budget Office will host training sessions and finance meetings to review budget vs. actual trends and current year unit forecasts with ASMs, MAABOs and relevant unit staff in February and March. Those efforts will continue discussions on stability plans and provide guidance on the budget process and materials. Please direct questions and comments to Executive Budget Director [Kyong Salmons](#).

In April and May, I will host budget and strategy meetings with unit leaders.

This multi-year planning exercise and our upcoming budget discussions will assist us in better positioning the campus to weather current federal and state funding uncertainties and continue our critical teaching, research, and service missions. Thank you for your continued partnership.

Sincerely,

Signed by:

  
Hal Stern

Provost and Executive Vice Chancellor  
Distinguished Professor of Statistics

C: Chancellor Gillman  
Associate Chancellor and Chief of Staff Walton  
Associate Provost and Chief of Staff Brigman  
Chief Financial Officer and Vice Chancellor Ortiz  
Assistant Vice Chancellor Gallardo  
Assistant/Associate Vice Chancellors  
Assistant/Associate Deans  
Directors of Finance  
Academic Senate Council on Planning and Budget  
Budget Office

ATTACHMENT A: Submission instructions

ATTACHMENT B: Resources for reference

