

May 2, 2008

Provost's 2008-09 Budget Update

Deans, vice chancellors and vice provosts have been working with their units on strategies to reduce campus-wide operating expenses by about \$17.7 million in 2008-09 while maintaining the capacity of UC Davis to pursue its research, education, and outreach missions with distinction.

At an all day meeting last Friday (April 25), members of the Council of Deans and Vice Chancellors (CODVC) had their first look at their colleagues' budget reduction proposals. Our conversation revealed that the program reductions necessary to meet our budget shortfall will be significant and will be felt across the campus. During the next few weeks, the budget reduction plans submitted by the deans, vice chancellor, vice provosts and university librarian will be reviewed and summarized by the Office of Resource Management and Planning. I will share the ORMP analysis with the Budget Task Force, the Academic Senate Committee on Planning and Budget, and the CODVC to develop a complete perspective on their impact and determine whether modifications may be necessary. I expect to announce decisions on these budget proposals in June.

Future steps

Although there is still considerable uncertainty about the size of our budget reduction, the UC Office of the President (UCOP) has told us to plan for significant cuts based on the Governor's budget and the increased costs that must be paid (e.g., mandatory costs of 2007-08 salary and benefits increases, 2008-09 faculty merit increases, anticipated 2008-09 benefit costs increases, and our purchased utilities funding shortfall). When we total these increased costs, we find that the \$17.7 million in spending reductions expected to result from the proposals currently before us are only about a third of the reductions in spending that may be necessary to close the 2008-09 budget gap for our campus.

I understand that campus units would be hard pressed to take across-the-board permanent budget reductions for 2008-09 in addition to the \$17.7 million in reductions already identified. Thus, I am in dialog with the CODVC, the Academic Senate, and staff about options for one-time expense reductions that might help us meet the 2008-09 target, while we consider what kind of process we should adopt to take the cuts permanently in 2009-10. The approach that we ultimately adopt for planning for additional permanent cuts will emerge this summer and early fall after full consultation with the Academic Senate and other campus constituent groups. The magnitude of the challenge may require us to consider targeted elimination of some programs and administrative functions, fundamental changes to existing practices, and generation of new revenue sources that will ensure that we maintain excellence in our core strengths.

I urge all campus constituents to post their suggestions for dealing with the budget challenges on the Budget Planning [SmartSite](http://www.news.ucdavis.edu/special_reports/budget/budget_q_a.lasso#smartsite). Please find instructions for accessing the SmartSite at: http://www.news.ucdavis.edu/special_reports/budget/budget_q_a.lasso#smartsite .

I also encourage you to read the 300 suggestions already posted on the site and provide comments as you deem appropriate.

If you have budget questions, please send an e-mail to: budget@ucdavis.edu .

Questions and responses are posted on the UC Davis Budget News webpage at: http://www.news.ucdavis.edu/special_reports/budget/