To the UC Davis campus community,

Many of us have heard or read the sobering news in recent days concerning new state budget reduction proposals that could have a dramatic impact on our university and its community. Voters rejected five ballot initiatives on May 19, exacerbating an already weak state budget, and more recently there has been evidence of worsening state revenues. I know that many of you are concerned about what even deeper cuts might mean for the university – about reductions in our programs and services, and the impact on students, faculty and staff. I am writing to you to set out what we know about the budget situation today, what new challenges we might face and how we might need to address them.

In March, I assigned 2009-10 short term budget reduction targets to every academic and administrative unit with the goal of meeting the $39 million shortfall in state funds we knew about at the time. For the long term, a budget advisory committee and five subcommittees have been established to go over all aspects of university operations looking for strategic and fundamental changes that would generate savings from fiscal year 2010-11 onwards.

However, based on recent information from the Office of the President, the UC Davis Office of Resource Management and Planning advises that we must expect much higher state cuts this year, on top of the $39 million already anticipated by the reduction targets established in March. These cuts, in total, could exceed a 20 percent reduction in state general fund support for our campus. Getting through this crisis is going to require significant cuts, and nothing can be off the table.

Furloughs and pay cuts are options that are being considered for possible systemwide implementation to avoid draconian cuts in programs that could do serious damage to the accessibility and quality of university programs. Implementation of furloughs or pay reductions at UC Davis could help significantly in meeting the new cuts.

No decision to furlough employees or cut pay can be taken lightly. It’s a poor reward for the hard work and dedication that the faculty and staff of UC Davis bring to their jobs every day. But such a step could help us avoid more drastic measures later, and ease the transition to a more stable budget. These measures do not provide a long-term solution, but they may create short-term savings and provide time to make long-term structural changes.

How much money could a furlough program save? Total operating expenses for UC Davis, including the UC Davis Health System, are $2.4 billion, of which salaries and wages are $1.4 billion. About one-third of this total comes from state general funds ($419 million).

Based on 2007-08 payroll figures, a furlough of six days a year across campus would cut wage costs by $23 million, including $10 million from general funds. A furlough of
two days per month, 24 days per year – similar to that being imposed on many state employees – would save $92 million, $38 million from general funds.

It is important to remember that these numbers represent an educated estimate. It is likely that some employees – those critical for public safety or patient care, for example – could be exempt. And, the program would have to be constructed in a way that minimized the inevitable impact on campus programs.

At its May meeting, the UC Board of Regents agreed to begin to put in place the measures that would allow the UC President to implement furloughs or pay cuts, either across the system or at specific campuses. Many of the details remain to be worked out. However, the order approved by the Regents is explicit that any such measures "must be implemented in a fair and compassionate way to the entire university workforce."

Should it become necessary to implement a program of furloughs or pay cuts at UC Davis in the context of a systemwide budget reduction strategy, we will attempt to do so with wide consultation and proper notice, and implemented in a way that is as fair and equitable as possible. Staff Assembly's recent survey of attitudes to furloughs has already provided useful information that will be considered in designing any policy.

I urge you to stay informed and lend your voices as supporters for public education in California. I will continue to endeavor to keep the UC Davis community informed, through Dateline, through the budget news web page (http://budgetnews.ucdavis.edu/) and through other means as necessary. Questions on budget issues can be emailed to budget@ucdavis.edu.

These are significant challenges to be sure. But I remain confident that UC Davis will get through this crisis and emerge ready to build on our core strengths.

Sincerely,

Enrique J. Lavernia
Provost and Executive Vice Chancellor