



LINDA PB. KATEHI  
Chancellor at Davis

OFFICE OF THE CHANCELLOR  
ONE SHIELDS AVENUE  
DAVIS, CALIFORNIA 95616-8558  
TELEPHONE: (530) 752-2065  
FAX: (530) 752-2400

May 6, 2011

Deans  
Vice Chancellors  
Vice Provost Siegel  
Acting University Librarian

Re: 2011-12 Budget Planning

Dear Colleagues,

UC Davis has entered one of the most critical periods in its 102-year history. With the Governor's January 2011 budget proposal, we will have seen a nearly 40 percent drop in the funding we receive from the State of California over a four year period. At the same time, institutional costs in research, education, and infrastructure have climbed steadily and demand for access to our academic programs has risen sharply.

Since January we have been expecting yet another, and yet more severe reduction; how severe remains to be seen. The Governor will soon release the May Revision to his budget proposal and all indications are that the University will face higher cuts. We will work closely with President Yudof to develop a university-wide response and strategy to any additional cuts. And even though there are reasons to think that a degree of uncertainty about the budget will exist into the summer, we must nevertheless proceed with campus budget planning as the new fiscal year begins in less than two months.

### *Moving Forward in the Midst of Challenges*

These significant budget challenges also threaten—after decades of the University's rising reputation and global impact—an ambitious goal that is now in our reach: UC Davis joining the top tier of the world's major public research universities. We are determined not to allow these challenges to compromise our goals but to seize the opportunities they provide and to accelerate the process to guide the university to the level of excellence and recognition described in our Vision of Excellence.

As a result, the Budget Plan described herein constitutes an important step in our efforts not merely to weather our new challenges, but to thrive in their midst, and to ensure our institution's high quality and positive evolution.

### *The Creation and Development of the Budget Plan*

In developing our plan, we have been guided by our strategic framework, “A Vision of Excellence,” the vision for UC Davis developed last year. Embodying our shared values, “A Vision of Excellence” provides an inspiring framework for building on Davis’s land-grant heritage and unique academic strengths to serve the needs of the 21<sup>st</sup> century.

The plan was created, and will continue to be developed in the coming months, through extensive collaboration among campus leaders, faculty, staff, and students, as well as friends and other external constituencies. We know that the plan’s success, and Davis’s future, depends on the support and collaboration of the entire University community.

### *Advancing UC Davis’s Excellence and Global Impact*

The aim of the Budget Plan is not simply to cut costs, but also to utilize our current circumstances as an occasion to reflect on how to advance Davis toward even greater excellence. We believe that the University, rather than being constrained by these circumstances, will be invigorated by this opportunity to creatively strengthen our vision and to give greater focus and energy to our core programs.

We will surrender neither the University’s essential mission nor its upward institutional trajectory. Accordingly, our plan aims to preserve and advance Davis’s academic excellence across the full range of disciplines and professions, as well as the pioneering contributions it makes to the quality of life in our region, state, nation, and world.

As a whole, the plan expresses our determined refusal to allow economic adversities to diminish what we have worked so hard to build—programs that benefit the world in such profound ways. And we strongly believe that the plan—even though it responds in large part to extraordinary threats—presents a once-in-a-generation opportunity for accelerating the advancement of Davis’s excellence and global impact.

Specifically, we believe that the plan’s ambitious suite of measures will allow Davis—through strategic investments, new revenue sources, and cost efficiency—to minimize the immediate negative impacts of the budget crisis on our institution and on those we serve, especially our students; to begin to lay a solid and enduring new foundation for the University’s future excellence; and to move ahead immediately in the pursuit of selected institutional goals aligned with “A Vision of Excellence.”

### *The Framework for the 2011-12 Budget*

As described in the February 23, 2011 letter to President Yudof, the campus plan to address the budget shortfall relies on a multi-part and multi-year strategy. The first part of the solution is the UC Davis share of University-wide solutions such as the 2010-11 restoration funds, 2011-12 student tuition increases and some share of the reductions that you will implement centrally. We estimate that these actions will provide about \$39 million of the projected \$107 million shortfall leaving a balance of \$68 million.

The approach to closing this \$68 million gap relies on a three-part strategy including new revenue, efficiency improvements, and cost reductions. We are committed to making decisions that provide permanent solutions, but in some cases we will rely on transition or bridging strategies. Our expectation is that the majority of the savings will be achieved immediately in 2011-12 and all actions will be fully implemented within three years (i.e., no later than July 1, 2013).

The ideas and strategies that we are pursuing are not easy. Implementation will require discipline and resolve at all levels of our campus and the consequences will be significant. As a community, we must work together to make the necessary changes that will ensure the financial health and stability that is needed to achieve our collective Vision of Excellence.

The timeline for the budget has been very accelerated, but the budget ideas and targets provided in this letter reflect initial feedback that we have received from you, your staff, the budget task force and discussions with faculty, staff and students. We will continue the consultation process over the next month and ask you to provide a brief written response by Friday, June 3 that articulates your initial implementation strategy and an overview of the anticipated consequences of these reductions for your school, college, division or administrative unit.

A brief description of each element of the 2011-12 budget plan is provided below. Attachment 1 provides context information and preliminary budget reduction targets are provided in Attachments 2, 3 and 4.

## **STRATEGIES TO GENERATE NEW REVENUE**

We continue to make progress with philanthropy anticipating another successful year of fundraising that will bring us closer to achieving our \$1 billion comprehensive campaign goal (to date we have raised \$670 million). Further, our faculty and research staff are on pace to generate approximately \$670 million in new research funding this year. This success combined with an increased focus on licensing intellectual property and developing new private and public partnerships provides critical revenues that help us advance our vision. In addition, the budget plan for 2011-12 identifies six specific strategies to generate and redirect revenue as described below.

- 1. *Increase undergraduate non-resident enrollments*** (\$7 million estimated for 2011-12 increasing to \$10 million in one or two years). The campus will increase the number of international and out-of-state students both because they add to our diversity and because the higher tuition they pay offsets costs for all students. We are achieving this increase without reducing enrollment levels for California residents.
- 2. *Increase summer session enrollment*** (\$6 million estimated for summer 2011 increasing to \$7.5 million in one or two years). The campus will generate additional summer session revenue through a combined effort of expanded course offerings and careful management of expenses. In addition, the campus will introduce a revenue-

sharing incentive program that will return an additional \$0.5 million to academic departments.

3. *Consider implementation of a fee for technology to stabilize funding for instructional technology support and provide additional technology support and services for students* (\$1-2 million estimated over one to three years). Many institutions have implemented technology fees to ensure student computing and technology needs are met. Campus leaders are working with students and academic units on an approach for the Davis campus for implementation as soon as fall 2011. Additional information will be provided about this revenue source in June or July.
4. *Increase autonomy for professional schools and increase revenue-generating degree and non-degree programs* (\$3-5 million estimated over one to three years). The campus budget office is working closely with the four professional schools that currently charge professional degree fees on a new budget model that would remove student tuition for professional degree students – resident and non-resident – from existing 1990 budgets and allocate those funds directly to the school. The schools will be assigned budget reductions totaling five percent of the true state general fund support available to each school. Funds for state general fund benefits expenses will also be decentralized as part of this effort. The schools will determine the best strategies to offset the state general fund budget reductions. Those strategies might include student fee increases, changes to student enrollment or other cost reduction strategies.

All other schools, colleges and divisions are being assigned a preliminary budget reduction target that they will offset with the implementation and expansion of degree and non-degree instructional activities.

5. *Identify opportunities to redirect a portion of faculty salaries to research or other funds.* As we have noted on many occasions, it is important for us to leverage and incentivize use of a variety of fund sources for all aspects of the university operation including faculty salaries. We have received extensive feedback on this issue and we are assigning preliminary budget reductions that reflect our best assessment of opportunities that you have to recover faculty salary expenses from funded research and other sources such as endowments. We will continue to consult with you and the Academic Senate about the methodology and assumptions before final budget reductions are assigned.

In addition, our conversations about this topic have generally concluded that there is limited value in voluntary committed cost sharing for our research. We will ask Vice Chancellor Lewin to continue conversations about this topic.

6. *Redirect a portion of the payroll assessment for staff recognition and development.* Vice Chancellor Meyer is finalizing a recommendation that would end a portion of this payroll assessment for uncovered staff and redirect those dollars to offset future salary increases. In addition, funds currently used to provide block grant allocations to

deans and vice chancellors to offset training costs would be redirected to other uses. The value of the forgone block allocations is shown in Attachments 3 and 4. The portion of the assessment that supports the campus Staff Development and Professional Services program would not be affected.

## STRATEGIES TO INCREASE EFFICIENCY

Over the last four years, the campus approach to the budget challenges emphasizes the importance of excellence and efficiency in all that we do.

1. *Accelerate the implementation of Shared Service Centers through the Organizational Excellence initiative* (approximately \$3 million in 2011-12, growing to \$10-12 million over three years). Under the leadership of Associate Vice Chancellor Karen Hull, the campus has undertaken an initiative that will create shared service centers to handle routine administrative functions associated with payroll, finance, human resources, and information technology in campus administrative units. These centers will substantially increase the efficiency of transaction processes in payroll and finance, as well as routine support functions in human resources and information technology, enabling units to reduce the level of staff, space, and other resources they currently dedicate to these processes and functions. The campus will recover the resulting cost reductions in the form of operating budget reductions. These budget reductions will be assigned to administrative units, after due consultation as to methodology, in late summer/early fall 2011 (for finance, payroll, and human resources) and winter 2011 (for technology support functions).
2. *Reduce energy consumption.* In recent years, the campus has invested aggressively in projects to lower energy consumption. For example, between 2009 and 2012, the campus has 162 projects in about 90 campus buildings as part of the Strategic Energy Partnership leveraging funds from PG&E to renovate, tune and retrofit systems and reduce energy consumption by at least 16 percent. In addition, the campus is pursuing other activities such as a Strategic Lighting Initiative and a refrigerator-freezer buy-back program to reduce costs. In total, the campus expects to achieve \$6 million in annual savings that can be used to offset budget reductions.

In addition, the Facilities Management team is exploring options to change and broaden temperature set points in buildings to reduce the number of hours that heating and cooling systems operate. And, planning is underway to more regularly shut down utility systems in select facilities when possible. These efforts are expected to generate an additional \$1.25 million in annual savings.

3. *Streamline organization models throughout the university; reduce and more accurately reflect manager and supervisor staff positions.* Several actions were evaluated to streamline the organizational hierarchy of the campus. The primary action assesses the current ratio of staff-employees to staff-supervisors and generates approximately \$7 million in savings through re-organization, and where needed downsizing.

Changes must result in higher staff-to-supervisor ratios for your overall organization by April 2012.

The campus will also re-assign approximately 100 positions from the Management and Senior Professional (MSP) classification to the Professional and Support Staff (PSS) classification to better reflect actual management/supervisory responsibilities or licensure requirements. Human Resources will work with you to implement changes by September 1, 2011. Finally, the campus will evaluate and consider reduction of ladder rank faculty members appointed to administrative positions. Additional information will be forthcoming.

## STRATEGIES TO REDUCE COSTS

1. *Reduce or eliminate State General Fund subsidies; consolidate, close or outsource programs or services.* A list of proposed reductions is provided in Attachment 5. These are difficult choices. We will work closely with the specific units to evaluate the consequences and carefully consider transition plans for each of the proposed actions prior to making final decisions.
2. *Reduce Student Academic Preparation Program budgets by 16%* (approximately \$350,000 in 2011-12). The campus is evaluating reductions to academic preparation programs by approximately 16%. Many of these programs provide advising and academic support prior to acceptance as a UC Davis undergraduate or graduate and do not benefit enrolled UC Davis students.
3. *Increase use of Strategic Sourcing contracts and consider consolidation of campus storehouse operations.* An analysis of possible savings will be shared in the coming weeks along with savings targets totaling up to \$500,000 for all units except the health system.

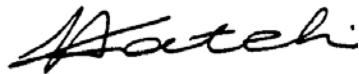
### *The Road Ahead*

We know that to make wise strategic decisions involving academic programs and programmatic shifts in investment will require considerably more time—for further reflection, analysis, consultation, and appropriate governance processes. For this reason, our plan emphasizes the streamlining of processes and focuses reductions on the cost of doing the University's own internal business, while preserving investment for operations that promise even greater revenue in the future.

This plan will not solve all of our problems or answer all of our needs in the short run. Furthermore, its implementation will require much effort, determination, and flexibility, along with sacrifice, from the entire University community. Yet we believe that this plan, as it will be implemented in the coming months, will make UC Davis an even greater university, and propel its emergence as the top-tier institution it can and should be.

In parallel with the development and execution of the presented budget plan, we are initiating a process to develop a five-year plan which will help us attain better financial stability, less reliance on state funds, more flexibility, more revenue to help us with critical investments and more incentives to achieve the goals of excellence we have set for ourselves. We look forward to starting work with you on this five-year plan this fall with the expectation that implementation will begin shortly thereafter.

Sincerely,



Linda P.B. Katehi  
Chancellor



Ralph Hexter  
Provost and Executive Vice Chancellor

/ss

Attachments

c: Davis Division Chair Powell  
AVC Ratliff

Budget Context

5/6/2011

Dollars in 000s

	FINANCIAL					EMPLOYEES	
	General Fund/Tuition Base (19900 \$) 2/1/11					Total Reductions 2008-09 to 2010-11 <sup>3</sup>	Full Time Equivalent Employees October 2010 <sup>4</sup>
Ladder Rank Salaries (SB01)	All Other Expenses <sup>1</sup>	Total General Fund and Tuition Base	2009-10 Total All-Funds Expenses <sup>2</sup>				
<b>Administrative Units and Student Affairs</b>							
Administrative and Resource Management	\$ -	\$ 84,590	\$ 84,590	\$ 214,575	\$ 14,597	1,450	-
Information and Educational Technology	\$ -	\$ 10,723	\$ 10,723	\$ 34,761	\$ 3,514	250	-
Offices of the Chancellor and Provost	\$ -	\$ 10,676	\$ 10,676	\$ 34,011	\$ 3,368	212	-
Student Affairs	\$ -	\$ 8,629	\$ 8,629	\$ 290,115	\$ 7,054	1,748	-
University Relations	\$ -	\$ 3,002	\$ 3,002	\$ 40,255	\$ 1,140	156	-
<b>Sub-Total</b>	<b>\$ -</b>	<b>\$ 117,620</b>	<b>\$ 118,000</b>	<b>\$ 613,717</b>	<b>\$ 29,673</b>	<b>3,816</b>	<b>-</b>
<b>Academic Support Units</b>							
Graduate Studies	\$ -	\$ 8,120	\$ 8,120	\$ 20,401	\$ 486	37	-
General Library	\$ -	\$ 14,844	\$ 14,844	\$ 19,070	\$ 1,665	176	-
Office of Research	\$ 48	\$ 10,377	\$ 10,425	\$ 105,118	\$ 1,774	726	-
<b>Sub-Total</b>	<b>\$ 48</b>	<b>\$ 33,341</b>	<b>\$ 33,389</b>	<b>\$ 144,589</b>	<b>\$ 3,925</b>	<b>939</b>	<b>-</b>
<b>Academic Units</b>							
Agricultural and Environmental Sciences	\$ 18,742	\$ 40,605	\$ 59,347	\$ 205,115	\$ 10,173	1,714	338.00
Biological Sciences	\$ 12,776	\$ 6,354	\$ 19,130	\$ 92,085	\$ 3,713	717	144.23
Engineering	\$ 22,705	\$ 6,900	\$ 29,605	\$ 105,694	\$ 4,782	775	204.17
Humanities, Arts and Cultural Studies	\$ 18,993	\$ 6,329	\$ 25,322	\$ 50,018	\$ 4,453	584	299.05
Math and Physical Sciences	\$ 18,888	\$ 7,116	\$ 26,004	\$ 73,548	\$ 3,317	641	197.72
Social Sciences	\$ 21,488	\$ 6,113	\$ 27,601	\$ 55,690	\$ 4,653	587	261.92
School of Education	\$ 2,262	\$ 2,728	\$ 4,990	\$ 13,821	\$ 1,008	119	29.50
Graduate School of Management	\$ 5,502	\$ (917)	\$ 4,585	\$ 17,911	\$ 1,010	95	32.00
School of Law	\$ 6,034	\$ 15	\$ 6,049	\$ 19,270	\$ 1,584	131	38.50
Health System	\$ 22,651	\$ 13,194	\$ 35,845	\$ 1,082,983	\$ 7,770	9,615	205.49
School of Veterinary Medicine	\$ 15,117	\$ 15,424	\$ 30,541	\$ 196,382	\$ 5,005	1,369	140.87
UC Davis Extension	\$ -	\$ -	\$ -	\$ 31,900	\$ 240	212	-
<b>Sub-Total</b>	<b>\$ 165,158</b>	<b>\$ 103,861</b>	<b>\$ 269,019</b>	<b>\$ 1,944,000</b>	<b>\$ 47,708</b>	<b>16,559</b>	<b>1,891.45</b>

<sup>1</sup> Excludes benefit expenses

<sup>2</sup> Includes expenses on contracts and grants

<sup>3</sup> The campus used different methodologies to calculate budget reductions in each of the past three years.

<sup>4</sup> As of October, 2010; Includes student employees working as teaching assistants, graduate student researchers, residents and administrative and clerical employees

<sup>5</sup> Includes I&R and AES faculty FTE as well as instructional FTE allocated to colleges and divisions effective 2010-11 for lecturers/supplemental instruction.



Summary by Type of Unit

5/6/2011

Dollars in 000s

Reductions to Campus Units Effective July 1, 2011

		Academic Units	Academic Support Units	Administrative Units & Student Affairs	Campuswide or Pending Actions	Additional after 3-Year Transition	GRAND TOTAL
Revenue Generation	1. Increase non- resident enrollment	\$ -	\$ -	\$ -	\$ 7,000	\$ 3,000	\$ 10,000
	2. Increase summer session enrollment	\$ -	\$ -	\$ -	\$ 6,000	\$ 1,500	\$ 7,500
	3. Identify alternative revenues for tech support <sup>1</sup>	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ 2,000
	4. Increase autonomy and revenue-generating programs	\$ 3,385	\$ -	\$ -	\$ 800	\$ 1,815	\$ 6,000
	5. Redirect faculty salaries to research or other sources	\$ 1,905	\$ 157	\$ -	\$ -	\$ -	\$ 2,062
	6. Redirect payroll assessment	\$ 418	\$ 53	\$ 324	\$ 1,000	\$ -	\$ 1,795
Efficiencies	1. Shared service centers	\$ -	\$ -	\$ -	\$ 2,000	\$ 10,000	\$ 12,000
	2. Reduce energy consumption	\$ -	\$ -	\$ 7,250	\$ -	\$ 1,750	\$ 9,000
	3. Streamline organizational models	\$ 2,349	\$ 55	\$ 3,088	\$ -	\$ -	\$ 5,492
Cost-Cutting and Eliminating Duplication	1. Reduce expenses, service levels, or subsidies	\$ 3,171	\$ 585	\$ 2,970	\$ 450	\$ 2,824	\$ 10,000
	2. Reduce SAPEP 16.4%	\$ -	\$ -	\$ -	\$ 350	\$ -	\$ 350
	3. Expand strategic sourcing	\$ -	\$ -	\$ -	\$ 500	\$ 500	\$ 1,000
<b>TOTAL, Effective July 1st</b>		<b>\$ 11,228</b>	<b>\$ 850</b>	<b>\$ 13,632</b>	<b>\$ 19,100</b>	<b>\$ 22,389</b>	<b>\$ 67,199</b>

<sup>1</sup> These reductions to be back-filled with revenue from Course Material Fee revenue.

	Revenue Generation				Efficiencies		Cost Reductions		TOTAL IMPACT (000's)
	3. Identify alternative revenues for tech support <sup>1</sup>	4. Increase autonomy and revenue-generating programs	5. Redirect a portion of faculty salaries	6. Redirect payroll assessment funds	1. Shared service centers	3. Streamline Organizational Models <sup>2</sup>	1. Reduce expenses, service levels, or subsidies	2. Reduce SAPEP 16.4%	
<b>General Campus Colleges and Divisions</b>									
Agricultural and Environmental Sciences	pending	\$ 100	\$ 457	\$ 45	\$ -	\$ 263	\$ 2,050	\$ -	\$ 2,915
Biological Sciences	pending	\$ 50	\$ 324	\$ 12	\$ -	\$ 25	\$ 316	\$ -	\$ 727
Engineering	pending	\$ 100	\$ 232	\$ 30	\$ -	\$ 75	\$ 84	\$ -	\$ 521
Humanities, Arts and Cultural Studies	pending	\$ 50	\$ 37	\$ 10	\$ -	\$ 137	\$ 108	\$ -	\$ 342
Math and Physical Sciences	pending	\$ 50	\$ 132	\$ 10	\$ -	\$ 97	\$ 186	\$ -	\$ 475
Social Sciences	pending	\$ 50	\$ 104	\$ 10	\$ -	\$ 49	\$ 130	\$ -	\$ 343
<b>Professional Schools</b>									
School of Education	pending	\$ 100	\$ 25	\$ 7	\$ -	\$ 145	\$ 78	pending	\$ 355
Graduate School of Management	pending	\$ 240	\$ 25	\$ 5	\$ -	\$ 91	\$ 4	\$ -	\$ 365
School of Law	pending	\$ 90	\$ 25	\$ 8	\$ -	\$ 40	\$ 2	pending	\$ 164
Health System	pending	\$ 1,125	\$ 350	\$ 208	\$ -	\$ 942	\$ 63	pending	\$ 2,688
School of Veterinary Medicine	pending	\$ 1,430	\$ 194	\$ 60	\$ -	\$ 485	\$ 150	\$ -	\$ 2,319
University Extension	\$ -	\$ -	\$ -	\$ 15	\$ -	\$ 255	\$ -	\$ -	\$ 270
<b>SUB-TOTAL, Preliminary Targets Effective July 1, 2011</b>	\$ -	\$ 3,385	\$ 1,905	\$ 418	\$ -	\$ 2,604	\$ 3,171	\$ -	\$ 11,483

NOTE: Pending actions referenced in Attachment 2 are not reflected in this attachment.

<sup>1</sup> These reductions to be back-filled with revenue from technology fee revenue.

<sup>2</sup> University Extension savings to be reinvested locally.

		Revenue Generation				Efficiencies			Cost Reductions			
		3. Identify Alternative Revenues for Tech Support <sup>1</sup>	4. Increase autonomy and revenue-generating programs	5. Redirect a portion of faculty salaries	6. Redirect payroll assessment	1. Shared service centers	2. Reduce energy consumption	3. Streamline organizational models <sup>2</sup>	1. Reduce expenses, service levels, or subsidies	2. Reduce SAPEP 16.4%	3. Expand strategic sourcing	TOTAL IMPACT (000's)
Administrative Units & Student Affairs	Administrative and Resource Management	\$ -	\$ -	\$ -	\$ 148	pending	\$ 7,250	\$ 1,535	\$ 2,223	\$ -	pending	\$ 11,156
	Information and Educational Technology	pending	\$ -	\$ -	\$ 40	pending	\$ -	\$ 442	\$ 510	\$ -	\$ -	\$ 992
	Office of the Chancellor	\$ -	\$ -	\$ -	\$ 30	pending	\$ -	\$ 290	\$ 23	\$ -	\$ -	\$ 343
	Office of the Provost	\$ -	\$ -	\$ -	above	above	\$ -	above	above	\$ -	\$ -	\$ -
	Student Affairs	pending	\$ -	\$ -	\$ 87	pending	\$ -	\$ 821	\$ 89	pending	\$ -	\$ 997
	University Relations	\$ -	\$ -	\$ -	\$ 20	pending	\$ -	\$ 276	\$ 125	\$ -	\$ -	\$ 421
Academic Support Units	Graduate Studies	\$ -	\$ -	\$ -	\$ 4	\$ -	\$ -	\$ 55	\$ 9	pending	\$ -	\$ 68
	General Library	pending	\$ -	\$ -	\$ 5	\$ -	\$ -	\$ 102	\$ 9	\$ -	\$ -	\$ 117
	Office of Research	\$ -	\$ -	\$ 157	\$ 44	\$ -	\$ -	\$ 849	\$ 567	\$ -	\$ -	\$ 1,618
	<b>SUB-TOTAL, Preliminary Targets Effective July 1, 2011</b>	\$ -	\$ -	\$ 157	\$ 377	\$ -	\$ 7,250	\$ 4,370	\$ 3,555	\$ -	\$ -	\$ 15,711

NOTE: Pending actions referenced in Attachment 2 are not reflected in this attachment.

<sup>1</sup> These reductions to be back-filled with revenue from Course Material Fee revenue.

<sup>2</sup> University Relations, General Library, and Office of Research savings to be reinvested locally.

## Cost Reductions, Elimination or Reduction of State Fund Subsidies, Program Consolidation, Program Eliminations

5/6/2011

Dollars in 000s

The 2011-12 budget plan relies on a mixture of new revenue, efficiencies and cost reductions. Proposed actions to reduce general fund support for activities throughout campus. The elimination of general fund subsidies is necessitated because of the drastic reductions in state funding over the last 4 years. Units will be asked to identify alternative funding sources (including fee-for-service models) or service level reductions in response to the reductions proposed below.

Program or Activity	Reduction	Direct Savings (amounts in 000's)	Notes
<b>Reduce or Eliminate State General Fund Subsidies (note: amounts estimated from 2009-10 financial schedules including salary, benefits and operating</b>			
Academic and Staff Assistance Program (ASAP) -- reduce general fund subsidy; consider billing approach to leverage health insurance	50%	\$200	
Agricultural Experiment Station -- reduce state support subsidy for AES (estimate excludes faculty positions)	15%	\$2,340	
Alumni Relations -- eliminate general fund subsidy	100%	\$125	
Child Care -- eliminate general fund subsidy	100%	\$150	
Conference & Events Services -- eliminate general fund subsidy. Examine organizational model.	100%	\$500	
Data center -- reduce general fund subsidy; seek opportunities to backfill by consolidating small server rooms and increasing use of virtualized services	15%	\$500	Applies to Davis campus
Design & Construction Management -- eliminate subsidy for space lease	100%	\$375	Need to evaluate rate impact
English as a Second Language -- continue to examine subsidy for undergraduate preparatory programs	tbd	\$150	
Human Resources -- reduce or eliminate general fund subsidy for individualized services such as retirement counseling	tbd	\$100	Applies to Davis campus
Mail service -- reduce services	33%	\$180	
Remedial instruction -- consider elimination or reduction of program enhancements for Subject A	tbd	\$250	Need to review contract
Research -- reduce state subsidy for organized research activities such as ORUs, centers, institutes	15%	\$823	Excludes MIND Institute
Safety services -- reduce general fund subsidy; offset reduction with workers compensation funds	100%	\$495	Fund swap; not a service reduction
<b>Consolidate, Eliminate or Outsource Program or Service</b>			
Catering services -- outsource services	100%	small	Single management structure, increase economies of scale.
Fleet services -- outsource or consolidate fleet services including intercampus bus.	100%	small	Space, utilities, less general admin support (HR, payroll), simplify lines of business
Marketing, advertising, web and communication services -- consolidate central services within a single organization.	tbd	\$200	simplify organization models
Transportation and parking services -- outsource or consolidate Davis and Sacramento operations	100%	small	Single management structure, increase economies of scale.
Grounds operation -- reduce appointments for some positions to reflect seasonal influence	15-20%	\$200	
Reduce public service programs (excludes SAPEP)	20%	\$195	
Travel and Entertainment -- reduce general fund and tuition expenses (estimated based on 2009-10 actual expenses)	20%	\$979	
	<b>TOTAL</b>	<b>\$7,762</b>	