March 15, 2012

DEANS
VICE CHANCELLORS
VICE PROVOSTS
UNIVERSITY LIBRARIAN

Dear Colleagues:

Re: Planning for 2012-13 and 2013-14

Consistent with our discussion at the February 15 budget meeting, I am writing to provide planning parameters for 2012-13 and to request information from your division about your plans, priorities, and options for further reductions.

As you know, there continues to be considerable uncertainty about the funding that will be available to support core-funded activities. Our estimates indicate the need for additional permanent reductions of $4 million to $18 million in 2012-13. This range reflects our uncertainty about tuition and fees levels in 2012-13, the new resources or “trigger” cuts that might be forthcoming from the State, and the outcome of the Governor’s tax initiatives planned for the November election.

Reduction Targets

Over the past four years we have assigned and implemented permanent reductions annually to address reductions from the State, mandatory cost increases, and key campus priorities such as funding additional teaching assistants. While this strategy allowed us to “keep pace” with changes in our available resources, it has taken its toll on our employees and students and severely narrowed the options available to accommodate more cuts. Following our discussion at the budget meeting in February, I am providing planning targets totaling $8 million – roughly the midpoint of our planning range. These are permanent cuts, but unlike past years, you will not be asked to implement the cuts until July 1, 2013, in order to allow more time to consider the available options for your division. To address the 2012-13 shortfall on a temporary basis, I am assigning a one-time reduction totaling $4 million, for which salary savings or other divisional one-time funds may be used. I will cover the balance of the 2012-13 funding gap on a one-time basis from central reserves. In the event the State budget is better than expected, we will reevaluate the need for the temporary reduction assigned in 2012-13. If we end closer to the high end of our planning shortfall without adequate new revenues, we will embark on a more rigorous planning effort and I will discuss with you the process, strategies and timing needed to implement larger cuts. The one-time planning target effective 2012-13 and the permanent planning target effective 2013-14 are listed on Attachment I.

2012-13 Budget Call

A multi-year resource plan that will help the campus achieve its priorities, while adjusting to a smaller resource base, is a high priority. A clear articulation of divisional priorities and plans, the functions within your divisional that are critical to preserve, and how your division will
accommodate the reduction targets for 2012-13 and 2013-14 are important to this process. Specifically, it would be helpful to know:

- Priorities you are addressing with one-time funds or through internal reallocation;
- The highest divisional priority for new funding;
- Divisional functions that are critical to preserve, and why – including strategies for transitioning those functions so they can be successful on a smaller resource base;
- The process used to formulate the tentative list of programs or services that would be reduced or eliminated to achieve the permanent reduction target; and
- Suggestions for how your division can help the campus achieve its priorities in the areas of undergraduate nonresident recruitment, research, graduate programs, and student progress.

Attachment III provides a template for summarizing this information. Please describe your current thinking of which activities/programs/areas would be affected by the permanent reduction in July 2013, as well as how the temporary reduction in 2012-13 will be accommodated. Your proposals should not include actions that shift costs to other units. There will be an opportunity to update your plans before the permanent reductions are finalized next year, when more information is available about the 2012-13 and 2013-14 budgets. Please complete Attachment III by April 15, 2012.

**Student Services Fee-Funded Programs**

Programs funded entirely or in part by the Student Services Fee will need to undertake a planning exercise similar to other core-funded areas. Absent a fee increase approved by the Regents, there will be insufficient funds to cover the mandatory cost increases (such as staff merits, benefit costs, and the employer contribution to the retirement system) faced by Student Services Fee-funded programs. Since it could be several months before we know the fee levels the Regents will approve, I am asking Student Services Fee-funded programs to provide information on how a 7 percent permanent reduction will be reached, effective July 1, 2013, along with a 3.5 percent temporary reduction in 2012-13. The planning targets by area are provided on Attachment II. Please complete Attachment III to describe the process and actions proposed in your area by April 15, 2012. Your responses will be shared with the Student Fee Advisory Committee.

**Curricular Bridge Funds**

One-time bridge funding was provided in 2010-11 ($2 million) and in 2011-12 ($1.5 million) to support the curriculum and maintain instructional capacity while academic programs are restructured to deliver the core curriculum with fewer resources. I committed $1.5 million for this purpose in 2012-13 earlier this year and I will allocate an additional $500,000 for this purpose, bringing the total curricular bridge funding to $2 million in 2012-13. It is my intent to make at least $1.5 million available in 2013-14 to allow more time to phase in curricular reform while ensuring student access to courses and sections. Your plans should factor in this continued support through 2013-14.
Rebenching

“Rebenching” is a systemwide effort that started over a year ago to consider the allocation of State funding among the campuses. The Chancellor and the UCSC Senate Chair have been active participants on the UC Rebenching Budget Committee. The process has been arduous and although the outcome still remains uncertain, I am hopeful rebenching will provide the campus with additional state funding over the next several years. Restoring funding for faculty FTE that was eliminated in earlier rounds of budget cuts is a high priority for any new funds allocated to UCSC as a result of the rebenching initiative. Not only would this allow us to resume faculty hiring, it will also permit consideration of investments in graduate programs as increasing the number of PhD students will probably factor into the amount of funding we receive from rebenching. I look forward to discussing with you our plans for these funds once the UC Rebenching Budget Committee completes its work and an allocation model is adopted.

As always, I appreciate your thoughtful input as we develop a resource strategy that will help us achieve our goals over the next few years.

Sincerely,

[Signature]

Alison Galloway
Campus Provost and
Executive Vice Chancellor

Attachments

cc: Chancellor Blumenthal
    Senate Chair Gilman
    CPB Chair Westerkamp
Bcc: Assistant Deans
    Assistant Vice Chancellors
    Associate Chancellor Sahni
    Karen Eckert
    Free Moini
    Troy Lawson
    Alice Burke
    Linda Beaston
    Ad Records
    Mary Beth
    Deans Assistants
    Vice Provost Assistants
    Vice Chancellors Assistants
    Jason Greenberg
    Suzanne Flanders
    Margaret McGuire
    Maurene Catto