

COMMITTEE ON PLANNING AND BUDGET
2009-10 Budget Report

To the Academic Senate, Santa Cruz Division:

Over the next several weeks, the Senate will provide the campus with a series of reports about the ongoing budget cuts. This memo from the Committee on Planning and Budget (CPB) is the first of several that aim to inform faculty and staff about the budgetary numbers and the rationale (principles and justification) underlying the budget-reduction process. The next, more extended CPB report will address the processes of decision-making and consultation as well as the outcomes. Laying out the budgetary context, we believe, will help us to grasp the magnitude of the cuts to our campus. In turn, that information will allow for the transparency essential to greater faculty participation in the process and more considered assessment of the impacts.

The total UCSC operating budget for 2008-09 is \$540 million (M). Because we have already taken two cuts this year (\$4.5M in permanent reductions when the 08-09 budget was allocated and then \$6M more as a mid-year cut), the current budget is already smaller than in 2007-08, despite the fact that our enrollment remains approximately constant. We will need to make another projected reduction of \$13 million in 2009-10.

There is astonishingly little room in the budget to make a cut of this magnitude. The total "operating" budget of \$540M includes restricted funds, committed by source or mandated policy (for example, contracts and grants, designated student fees). Only a portion of this, \$290M, is state funds, used for our "core" operations, the fundamental, everyday Instruction and Research (I&R) functions and core academic support functions of the campus. The key point is that cuts in state funds are cuts to the "core" budget. Of the core budget, approximately \$220M is used to fund salaries and benefits for faculty, teaching assistants, librarians and staff. This means that over 75% of the core budget is devoted to salaries and benefits. UC has always made the protection and preservation of salaries and personnel a system wide and campus priority, for both ethical and budgetary reasons. The result: there is very little flexibility in the funds and functions that can be cut.

This basic situation is compounded by recent history. In 2008-09, the campus chose to locate the largest cuts in the areas farthest from instruction and research: in the central administration, in administrative and business functions within the academic support units, and, last, in the administrative functions within the academic divisions. Having already followed this preferred route in the 2008-09 cuts, we are now facing a significantly reduced core budget with even less room to maneuver.

We are at the point when the impact on the 2009-10 budget will be far more dramatic and far closer than previously to our core priorities of instruction, research and graduate support. Measuring and assessing those impacts are the critical next step from the Senate perspective. Indeed, CPB views it as a requirement of the budget-cutting process that we understand the effects of our budget cuts, at a minimum, on the core missions of the university.

The 2009-10 budget reduction assignments have just been finalized and announced by CP/EVC Kliger. These cuts are summarized in the following table:

BUDGET REDUCTIONS
 Fiscal year 2009-10

	2008-09 Core*	2009-10 Permanent Reduction	Estimated %
Arts Division	\$11,097,000	\$450,000	4.06%
Humanities Division	\$18,896,000	\$1,000,000	5.29%
Physical & Biological Sciences	\$30,032,000	\$1,150,000	3.83%
Social Sciences Division	\$24,496,000	\$1,300,000	5.31%
Jack Baskin School of Engineering	\$14,229,000	\$600,000	4.22%
UCO Lick Observatory	\$623,000	\$40,000	6.42%
Division of Graduate Studies	\$842,000	\$65,000	7.72%
Vice Chancellor Research	\$2,260,000	\$140,000	6.19%
Library	\$11,013,000	\$1,100,000	9.99%
Business & Administrative Svcs	26,972,000	\$1,100,000	4.08%
Chancellor's Office	\$1,508,000	\$50,000	3.32%
Campus Provost/EVC Office	\$1,442,000	\$144,000	9.99%
Academic Senate	\$1,186,000 **	\$80,000	6.75%
UG Education, SS, and Colleges	\$5,020,000	\$315,000	6.27%
Academic Personnel Office	\$921,000	\$90,000	9.77%
Planning and Budget	\$2,304,000	\$140,000	6.08%
Information Technology Services Div	\$23,424,000	\$1,800,000	7.68%
Student Affairs	\$22,378,000	\$1,500,000	6.70%
University Relations	\$6,001,000	\$500,000	8.33%
Auxiliary Enterprises (CUHS)	63,000,000 ***	\$1,500,000	2.38%
Total Permanent Reduction		\$13,064,000	

* The core budget is the permanent budget. Funds included: General Fund, Lottery Fund, UOF, OTT, Ed Fd, BTP, ITTP, IU, academic preparation funds, registration fees, and endowment cost recovery funds. Funds excluded: purchased utility budget in BAS, endowment income, recharge and self-supporting income, campus mandatory fees, user fees, and miscellaneous other funds such as "Be Smart About Safety".

**The core budget includes senate course relief (\$272K) which is provided centrally.

*** Estimated budget, excluding debt service and major maintenance.

Where are we now?

The reductions distributed by the EVC are final. No further adjustment, either to the overall split between academic and administrative cuts, or to the percentages among the academic or support divisions, will be made. Because the impact of the cuts on instruction is as yet unknown to CPB, we have formulated [a list of questions for the deans](#) as they plan for implementation of the cuts, to aid the administration in understanding these impacts. The EVC has indicated to CPB that mitigations may be made, at the margins, to compensate for major harm. An assessment process to determine the impacts of the reductions on the delivery of the curriculum is now critical.

Where are we going?

Damaging changes induced by the budget crisis are surely inevitable—and we recognize this, as does the rest of the campus. It is also inevitable that budget cuts will continue, given the reduction in state revenues and the likelihood that, as current polling shows, voters may not pass the special May ballot initiatives designed to address the budget crisis. It is difficult to forecast the cuts that will have to be allocated to the UC but the best estimates place them at an order of magnitude far greater than the two-year total of \$17.5 million that we will have thus far sustained.

In anticipation of these cuts, the Office of the President (OP) is developing a systemwide policy specifying the procedures and guidelines for implementing furloughs and salary cuts. Although there is at the present time no specific plan to implement either furloughs or pay cuts, President Yudof has requested Senate consultation on the broad legal framework to allow for both systemwide and campus-by-campus furloughs and salary reductions, should deteriorating financial conditions so require. Both OP and the Senate are on record as stating that furloughs and salary cuts would be used only as options of last resort. ([Click here for President Yudof's statement](#))

We conclude by asking you to stand by for further information. Helping the campus to pull together, both by making the process of budget reduction more transparent and administration-faculty consultation more meaningful, is CPB's first priority.

If you have any immediate comments or questions, please send them to CPB at senate@ucsc.edu. To view CPB's recent correspondence on the budget cuts go to <http://senate.ucsc.edu/cpb/index.html>.

Respectfully submitted;
COMMITTEE ON PLANNING AND BUDGET

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