

Date: June 17, 2011

To: Chancellor White

From: Dallas Rabenstein, Executive Vice Chancellor & Provost (CBAC Chair)



CC: CBAC Members, Unit Heads, Academic Senate

Re: **Chancellor's Budget Advisory Council: Recommended Cuts to General Fund Budgets**

Dear Tim,

On behalf of the Chancellor's Budget Advisory Council (CBAC), we respectfully provide the following set of budget cut recommendations for your consideration. In undertaking this sober review over the past several months, CBAC has held firmly to our bedrock principle of preserving UC Riverside's academic core of teaching and research -- and thereby support our aspiration of achieving the profile of an AAU university (see enclosed CBAC's "Statement of Guiding Principles"). Accordingly, CBAC recommends that the colleges and schools absorb just under one-third of the unit-level General Fund cuts (totaling \$4,039,588) and the support/administrative units shoulder just over two-thirds of these General Fund cuts (totaling \$8,817,386).

To place the unit cuts within the context of our initial campus-wide budget reduction target of \$50 Million (inclusive of unfunded mandates), the lion's share of the shortfall is being handled through a combination of permanent revenue from student fee increases, temporary funds from the fees of "over-enrolled" students and other central actions. So, for example, early on in deliberations CBAC unanimously recognized the strategic value of funding new UCRP employer contributions centrally (a point communicated to you previously given the time-sensitivity of planning). CBAC then embarked on an iterative process for recommending permanent budget cuts at the unit level that were differential and strategic (using 8.36% planning targets as a starting point, the percentage necessary to achieve a \$15 Million reduction target). After much discussion, our recommended permanent General Fund cuts range from 4.5% to 10.0% (filled faculty positions were taken off the table before arriving at these percentages). CBAC members with budget responsibilities in their respective unit (myself, VC Bolar, Chair Gauvain, etc.) were asked to step away from CBAC at appropriate times so the rest of the Council could speak frankly about each unit in coming up with recommendations.

CBAC's recommendations about the distribution of budget cuts, and to varying degrees specific directions for unit cuts, are outlined below (spreadsheet also enclosed). The descriptions below are succinct but can be explained in more detail in person at your convenience.

Academic Units (our general guidance for all colleges and schools is to protect programs of excellence and core disciplines)

Biomedical Sciences: Cut of 8.36% (\$184,136); the Biomedical Sciences budget reduction plan is recommended for implementation (a simple shift of positions from General Funds to Professional Degree Fees).

Bourns College of Engineering: Cut of 7.0% (\$623,478); Plan is recommended for implementation. CBAC recommends that the lower cut (\$120K below original target) lessen the anticipated cut to GSR funding.

CHASS: Cut of 4.5% (\$999,689). CHASS faces dwindling carry forward, growing enrollment, and the need to reduce a \$5M deficit alongside budget cuts. Teaching load inefficiency/inequity issues between the disciplines in CHASS are a concern of some CBAC members.

CNAS: Cut to I&R of 4.5% (\$931,478) and a cut to OR of 5.0% (\$619,837). As with CHASS, there are broader deficit reduction efforts underway, but on a larger scale.

GSOE: Cut of 8.36% (\$236,855); Plan is recommended for implementation.

SoBA: Cut of 8.36% (\$444,115), includes Professional fees in calculation of the base. CBAC recommends that reducing 30 Undergrad sections is not acceptable. The "nominal" teaching load should be the actual teaching load. While other UC business schools have large staffs and lighter teaching loads, they rely primarily on other unrestricted (self-supporting) funds rather than General Funds, whereas SoBA is in the opposite position.

Support/Administrative Units

Academic Senate: Cut of 8.36% (\$96,609); Plan is recommended for implementation, restores greater balance of cuts regarding faculty research support and Senate staff.

Chancellor/EVC: Cut of 8.36% (\$623,141); Slightly revised plan (with lesser cut in writing support to Chancellor) is recommended for implementation.

Computing & Communication: Cut of 9.00% (\$865,016) CBAC recommends that C&C not reduce funding for the Help Desk. UCR must also pursue a student technology fee post-haste.

FBO: Cut of 10.0% (\$1,484,203) and for FBO-OMP a cut of 8.36% (\$1,246,411). An important principle for CBAC is that budget reductions should not be achieved by shifting 19900 positions to recharge-based fund sources. CBAC would like follow-up explanation about how the elimination of the Recruitment Services Department potentially impacts the success of searches (e.g., SMG and/or mid-level MSP). Regarding OMP, plan is recommended for implementation and CBAC recognizes concerns about degrading infrastructure.

Graduate Division: *Cut of 5.0% (\$69,204) CBAC recommends that cuts must be to personnel or S&E funds, rather than shifting Graduate Student Support dollars.*

Intercollegiate Athletics: *Cut of 8.36% (\$276,772); Plan is recommended for implementation. Athletics is undergoing a transition to a new Athletic Director.*

Palm Desert Graduate Center: *Cut of 8.36% (\$141,284); Plan is recommended for implementation. Note that PDGC absorbed a \$600K reduction with several layoffs last fall.*

Undergraduate Education: *Cut of 10.0% (\$440,107); which excludes the Writing Program and Summer Session (Summer Session sustained a separate budget cut as part of effort to become self-supporting). Strategic priorities within VPUE were generally recognized as sound, but CBAC concluded that additional cuts could be sustained.*

Library: *Cut to Operations budget of 10.00% (\$1,005,349). However, CBAC strongly recommends 0.0% cut to Library Collections budget (inclusive of bridge funding). Programs such as laptop loans for students warrant scrutiny during difficult fiscal times.*

Research: *Cut of 5.0% (\$146,323); Plan is recommended for implementation. With lesser cut, CBAC recommends that Research lessen degree of rationing proposal reviews and submissions.*

Student Affairs: *Cut of 8.36% (\$1,676,826). CBAC recommends that the portion allocated to Student Affairs (\$754K) not be taken from student services fees, and that student recruitment and admissions should be protected as much as possible (see below regarding separate Student Services Fee cuts). The balance of the reduction is to be taken from Student Services fees.*

University Advancement: *Cut of 8.36% (\$746,141) Plan is recommended for implementation.*

AVERAGE CUT: 7.17%

GRAND TOTAL: \$12,856,973

There are important caveats related to the fact that CBAC's recommendations for making General Fund cuts are part of a larger financial ecosystem on campus. First, keep in mind that certain units were directed to replace \$1.1 Million in permanent General Funds with Student Services Fees (a fund source with restrictions per University policy and a student consultation process), which affected the following units: Student Affairs (\$922K), Undergraduate Education (\$100K) and Intercollegiate Athletics (\$102K).

Second, at the urging of several CBAC members, the Council will soon review sales and service (i.e., recharge) units across campus. There are several complexities and restrictions that we must deal with appropriately, but the fundamental idea is one of fairness and efficiency -- recharge activities must be integrated into the larger process of setting campus-wide budgetary priorities and the steely-eyed assessment of tradeoffs. This is not a critique per se of the current COSSA Committee rate-setting process, but is in recognition of the natural limitations of that process (whereas for CBAC purposes, truly strategic cuts across campus require that

everything be put on the table). We have asked that all COSSA rate increase proposals, except for employer retirement contributions and other unfunded mandatory cost increases, be placed on hold for now.

As Chair of this Council I want to thank all of the CBAC members (see enclosed roster), the Academic Senate Planning & Budget Committee and the unit heads for engaging in a robust and challenging process of deliberation. Budget cuts of this magnitude are never easy, and the Council approached its work with professionalism and care. Even though the numerical cuts reflect the consensus judgment of CBAC, in the interest of timeliness I drafted this summary memo (with AEVC Kidder) and did not circulate it for review and comment. In addition, Vice Chancellor Bolar, who provided valuable insight throughout, thought it best that she abstain from the final recommendations because she was out of the country during the culminating set of June meetings. Likewise, Professor Mike Allen, who provided important input early on, was abroad on sabbatical during our subsequent meetings.

A binder with the initial proposals and supplemental materials from each unit is enclosed to help make sense of CBAC's recommendations. In the interest of transparency, unit plans (with some redactions to preserve privacy of individuals) are already on the CBAC website along with a number of other planning documents. Please let us know if you have questions or comments for CBAC regarding these recommendations. Thank you.

CHANCELLOR'S BUDGET ADVISORY COUNCIL

Statement of Guiding Principles

March 2011

Principle #1: All budgetary allocation recommendations are to be driven by our overarching commitment to preserve UCR's academic core (i.e., activities central to our mission of teaching and research) and our goal to achieve the profile of an AAU university. This is the polestar guiding the evaluation of all units and functions at UCR.

Principle #2: Budgetary priorities for the campus and within each unit must align with our strategic plan, *UCR 2020*, particularly our strategic goal of academic excellence in research and creative activity. UCR must continue to recruit and retain faculty and staff of the highest quality and must identify and support its excellent academic and professional programs.

Principle #3: Budgetary priorities for the campus and within each unit must align with UCR's commitment to student success.

Principle #4: UCR must fundamentally reexamine what activities, both academic and nonacademic, it can continue at the highest levels of excellence and efficiency, with the expectation that some programs and functions will need to be scaled-back, reorganized (e.g., centralized), or even discontinued. This must be a data-driven evaluation process, and all of UCR's programs and functions should be reviewed.

Principle #5: Allocation recommendations must be informed by a sound appreciation of the common good for the campus, including what it takes to sustain such common good activities. The Council's recommendations should reflect the meaningful distinction between strategic areas of investment and parochialism.

Principle #6: UCR's budget and decision-making must be made accessible and comprehensible for members of the University community in a timely fashion. The Council expects transparency from all campus stakeholders with which it interacts, and the Council, in turn, will reflect a commitment to transparency.

PERMANENT BUDGET REDUCTION PLANNING
DECEMBER 31, 2010 CORE GENERAL FUND PERMANENT OPERATING BUDGETS
& 2010-11 PERM/TEMPORARY CONTINUING COMMITMENTS**
BY ORGANIZATION

These are planning targets only. Actual reductions will be based upon the outcome of the campus budget reduction planning process.

Organization	12/31/2010		12/31/2010		SISM Reduction Planning Targets (1)		CBAC Budget Reduction Recommendations			
	Adj. Budget	% of Total	Total Adj. Budget Less Filled Faculty Salary & EB	% of Total	Budget Reduction Planning Target (e)=(3,15)(f)	% of Less Filled Faculty Positions Adj. Budget (f)=(e/c)	% of Total Adj. Budget (g)=(e/d)	Reduction Recommendations (h)	% of Less Filled Faculty Positions Adj. Budget (i)=(h/c)	% of Total Adj. Budget (j)=(h/a)
Academic Organizations										
Biomedical Sciences	3,876,263	1.45%	2,202,379	1.23%	184,136	8.36%	4.75%	184,136	8.36%	4.75%
Borns College of Engineering	19,329,556	7.30%	8,906,823	4.96%	744,681	8.36%	3.85%	623,478	7.00%	3.23%
College of Humanities, Arts, & Social Sciences	55,803,098	21.08%	22,215,308	12.38%	1,857,377	8.36%	3.33%	999,689	4.50%	1.79%
College of Natural and Agricultural Sciences - I&R	42,344,903	16.00%	20,699,510	11.54%	1,730,644	8.36%	4.09%	931,478	4.50%	2.20%
College of Natural and Agricultural Sciences - OR	23,070,120	8.71%	12,396,744	6.91%	1,036,467	8.36%	4.49%	619,837	5.00%	2.69%
Graduate School of Education	5,421,289	2.05%	2,832,919	1.58%	236,855	8.36%	4.37%	236,855	8.36%	4.37%
School of Business Administration	10,043,560	3.79%	5,311,876	2.96%	444,115	8.36%	4.42%	444,115	8.36%	4.42%
Subtotal Academic Organizations	159,888,789	60.40%	74,565,599	41.56%	6,234,275	8.36%	3.90%	4,039,588	5.42%	2.53%
Support Organizations										
Academic Senate	1,155,505	0.44%	1,155,505	0.64%	96,609	8.36%	8.36%	96,609	8.36%	8.36%
Chancellor/EVC	7,453,124	2.82%	7,453,124	4.15%	623,141	8.36%	8.36%	623,141	8.36%	8.36%
Computing & Communications	9,611,284	3.63%	9,611,284	5.36%	803,580	8.36%	8.36%	865,016	9.00%	9.00%
Finance and Business Operations	14,842,028	5.61%	14,842,028	8.27%	1,240,912	8.36%	8.36%	1,484,203	10.00%	10.00%
Finance and Business Operations - OMP	14,907,806	5.63%	14,907,806	8.31%	1,246,411	8.36%	8.36%	1,246,411	8.36%	8.36%
Graduate Division	1,384,087	0.52%	1,384,087	0.77%	115,721	8.36%	8.36%	69,204	5.00%	5.00%
Intercollegiate Athletics	3,310,355	1.25%	3,310,355	1.85%	276,772	8.36%	8.36%	276,772	8.36%	8.36%
Palm Desert Graduate Center	1,689,835	0.64%	1,689,835	0.94%	141,294	8.36%	8.36%	141,294	8.36%	8.36%
Undergraduate Education ***	4,401,066	1.66%	4,401,066	2.45%	367,964	8.36%	8.36%	440,107	10.00%	10.00%
University Library - Operations	10,053,483	3.80%	10,053,483	5.60%	840,552	8.36%	8.36%	1,005,349	10.00%	10.00%
University Library - Collections Budget (2)	4,128,034	1.56%	4,128,034	2.30%	345,137	8.36%	8.36%	0	0.00%	0.00%
Vice Chancellor Research	2,926,451	1.11%	2,926,451	1.63%	244,675	8.36%	8.36%	146,323	5.00%	5.00%
Vice Chancellor Student Affairs	20,055,819	7.59%	20,055,819	11.18%	1,676,826	8.36%	8.36%	1,676,826	8.36%	8.36%
Vice Chancellor University Advancement*	8,924,278	3.37%	8,924,278	4.97%	746,141	8.36%	8.36%	746,141	8.36%	8.36%
Subtotal Support Organizations	104,843,165	39.60%	104,843,165	58.44%	8,765,725	8.36%	8.36%	8,817,386	8.41%	8.41%
Grand Total	\$ 264,731,954	100.00%	\$ 179,408,724	100.00%	\$ 15,000,000	8.36%	5.74%	\$ 12,856,973	7.17%	4.86%

(1) Note: Planning targets were calculated on the Total Budget Less Filled Faculty Positions (Column c)
(2) This amount represents \$3,672,434 permanently budgeted for collections and \$455,600 in on-going campus bridge funding used to augment the collections budget.

Note: The following have been excluded from this table:
Purchased Utilities - \$11,298,273
Student Financial Aid
Police Officer/Dispatcher Salary and EB

*Includes Fund 67000
**Commitments as of 1/14/2010
***Does not include funding for the Writing Program of the Summer Session Office

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Chair Cabinet

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