



Information Technology Services

Budget Update

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ITS Town Hall

May 1, 2009

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(based in part on Student Affairs presentation

April 15, 2009)

Today's Outline

- State Budget Summary Update
- UC System Budget Summary Update
- UCSC Budget Update
- ITS Budget Update
- Discussion

State Budget Update

State faces continuing budget challenges

- In November, the Governor projected a \$9.5 billion shortfall this year, growing to \$22.5 billion through 2009-10. The legislative Analyst projected a \$27.8 billion gap through 2009-10.
- In December a special session of the legislature was convened to develop an 18 month budget to address both 08-09 and 09-10
- 2009 Budget Act Package approved Feb 20, 2009. Closed a \$40B deficit (through 09-10) leaving a \$2B reserve.

State Budget continued...

- However, Legislative Analyst Office (LAO) report from mid-March indicates growing budget shortfall resulting from decreased revenues
- Mitigations to budget gaps include tax increases (sales, income, vehicle), reduced state services and furloughs for state employees
- Even with the 2/20/09 approved budget plan, the Legislative Analyst Office now predicts (as of 3/13/09):

\$ 8 B deficit through 09-10

\$12 B deficit through 10-11

\$26 B deficit through 11-12

State Budget continued...

Revenue forecasts and the May revised budget will inform any additional implications for the UC system and the campus

Special Election May 19, 2009 includes:

Prop 1A: State spending cap and extend temporary tax increases
for two years

Prop 1B: Increase school spending by \$9.3 B in 2011-12

Prop 1C: Approve lottery changes and \$5 B in borrowing

Prop 1D: Children's Services (First 5) fund shift

Prop 1E: Mental Health Services fund shift

Prop 1F: Limit state official pay

UC System Update

Based on its budget proposal to the state, UC anticipates shortfall of \$450M for 2009-10 in the following categories:

- \$115M reduction to current funding levels:
 - \$65M 2008-09 mid-year cut
 - \$50M added for 2009-10
 - This may be rescinded if state receives a proposed \$9B from federal economic stimulus package (at this point seems unlikely)
- \$122M in under-funded enrollments
- \$213M in unfunded mandatory cost increases (includes utility costs, benefit increases, faculty merits and other inflationary costs)

UC System Update, cont'd.

- Governor's proposed \$20M for re-starting UCRP retirement contributions was eliminated in the final package. The Regents have approved a restart of contributions in April, 2010. Details pending.
- 2009-10 UC new capital facility project funding from state was suspended (\$448.6M)
 - Digital Arts and McHenry should be able to proceed
 - Bio-Med and campus infrastructure projects are frozen pending release of state funds
 - Marine Sciences may not go forward
- The future of capital project funding is still unresolved
- A proposed student fee increases of 9.3% for 2009-10 will be discussed at Regents meeting May 5-7 in San Diego

UCSC Update

Campus is taking \$13M permanent reduction for 09-10

- This is in addition to a \$4.5M permanent reduction and a \$6.5M one-time reduction in 2008-09

Campus strategies

- In January, all Principal Officers were asked to submit a confidential plan for addressing a 10% reduction target with notation of potential impacts to campus
- EVC convened a small workgroup (known as the Budget Advisory Group (BAG)) to review submittals to understand impact on teaching and research
- Academic divisions were assigned ~ 33% of the cuts and administrative divisions ~65% (other cuts were taken at the center)

UCSC Update, cont'd.

- EVC established a number of workgroups to examine operations across the campus for potential efficiencies and savings
- EVC has asked each division to report back on reduction plan by 5/15
- Campus anticipates further cuts and to that end:
 - Academic Senate Committee on Planning and Budget (CPB) and BAG will (by end of spring quarter) develop framework, process and content for next round of budget cuts
- Campus has created a website with information on the budget situation:
http://planning.ucsc.edu/budget_update/

UCSC - 2009/10 Update cont'd...

Eight workgroups have been convened to propose ideas for further evaluation

- ✓ Administrative restructuring
- ✓ Instruction
- ✓ Instructional Support
- ✓ Undergraduate Academic Advising
- ✓ Residential and Student Life Programs
- ✓ Academic Personnel Practices
- ✓ Institutional Support
- ✓ Auxiliaries

ITS Division Update

ITS budget reductions are as follows:

- \$1.8M permanent cut for 2009-10 fiscal year
- \$191,000 permanent budget reduction for 2008-09 fiscal year
- \$96,000 mid-year, one-time reduction for 2008-09 fiscal year
- Permanent cuts over 2 years = 8.43%

Approach to reductions:

- Directors were asked to propose budget cuts in their areas
- Hiring Freeze - only critical positions are being filled
- Equipment, Travel, entertainment and other expenses have been curtailed
- Review of reduction options is on-going

ITS Division Update, cont'd.

ITS reductions will be based on the following:

- Leave open positions unfilled
- Only recruit for critical positions and re-assign workload towards highest priority projects and programs
- Strategically reduce administration through retirements and re-organizations
- Reduce non-salary operating funds

These actions will, in some cases, reduce service levels and increase operating risk.

ITS Division Budget Facts

Core budget \$23.42 million - 2008-09

% of budget in personnel - 75%

% of budget in non-personnel - 25%

IT Services Actions taken

- Eliminate 8.75 FTE vacant or soon-to-be vacant - 36%
- Eliminate 2.0 FTE planned retirements - 14%
- Eliminate 3.0 FTE currently staffed positions - 19%
- Total positions eliminated: 13.75 FTE (69% of reductions)
- Reduce non-personnel operating costs - 31%

% Reduction Breakdown

- Management/administration - 33%
- Reassign workload - 13%
- Reduce service levels - 24%
- Increase risk - 9%
- Equipment replacement/other - 21%

The Result of These Actions is
NOT
Business As Usual!

What this means to *you*

- You are a valued member of the UCSC and ITS staff and you have accomplished so much!
- Services and service levels may change
- Our priorities do not change
- Our commitment continues to be to high quality service
- Our values do not change (see 'who we are')
- We will need to think and work 'smarter' and more efficiently
- Collaboration, communication and cooperation are critical

Discussion

Your comments, questions and thoughts?