January 7, 2021

Senior Advisor Beth Broome, STEM Strategies
Chief Compliance Officer Wendi Delmendo, Compliance and Policy
Director Lauren Bloom, Office of the Ombuds
Executive Director Niels Jensen, COSMOS
Vice Provost Philip Kass, Academic Affairs
Director Erica Kohl-Arenas, Imagining America
Director Leslyn Kraus, Audit and Management Advisory Services
Director Richard Kravitz, UC Center Sacramento
Chair Richard Tucker, Academic Senate
Director Sarah Meredith, Center for Advocacy, Resources and Education
Project Manager Megon Noble, NAGPRA
Vice Provost and Dean Joanna Regulska, Global Affairs
Associate Vice Chancellor Don Hunt, Office of Enrollment Management
Executive Director Don Roth, Mondavi Center
Chief Government Relations Officer Mabel Salon, Government and Community Relations
Director Whitney Smith, Ceremonies and Special Events
Chief Campus Counsel Michael Sweeney, Office of Campus Counsel
Director Rachel Teagle, Manetti Shrem Museum
Interim Vice Provost and Dean Cynthia Carter Ching, Undergraduate Education
Chief Marketing and Communications Officer Dana Topousis, Strategic Communications
Vice Provost Michael Rios, Public Scholarship and Engagement

RE: 2021-21 BUDGET PROCESS

Dear Colleagues,

We write to formally kick off the 2021-22 budget process for the units reporting to the Offices of the Chancellor and Provost (OCP). Due to the many demands of this extraordinary time, we are beginning our budget cycle earlier this year.

As you all know and as previously noted in the 2020-21 Mid-Year Budget Update and Mitigation Strategies from Provost Croughan (https://financeandbusiness.ucdavis.edu/news/provost-croughan-introduces-mitigation-strategies-address-financial-impacts-covid-19), we began in the current budget year the five-year process of reducing the campus' reliance on core funds by $80-$100 million by 2025. In addition, the COVID-19 pandemic requires that we address not only our initial target, but also the financial consequences of the pandemic. For reference, please see Chancellor May’s response to fiscal constraints.
We greatly appreciate the tremendous work that has been implemented across campus, resulting in a savings of more than $12.8 million. These savings have been accomplished by strategies such as vacancy management, streamlining administrative activities, shifting activities to other appropriate fund sources, or using one-time reserves. Within OCP, reduced travel and entertainment expenses total roughly $1 million through November 2020. Unfortunately, there is more work needed to achieve our core savings targets.

As you will recall, OCP's share of the core fund structural deficit is $4 million. In fiscal year 2020-21, we achieved reductions of $1.3 million, leaving $2.7 million to go in the next four years. While the attached table illustrates the remaining budget reductions by unit if we were to allocate the remaining amount in the same manner as done in 2020-21 across OCP units with core base funding, final decisions about how to apportion the remaining reductions have not been made pending consultation. The OCP budget team will consult with your budget staff to understand the consequences of the amounts in the table in addition to exploring various reduction scenarios up to 10% of the total base funding. This will help inform decision making later in the budget cycle; however, the figures in the attached table should be considered in your planning.

As you prepare for your upcoming budget presentations we ask that you carefully consider any requests for central investments, which will be necessarily limited this year given the increased financial constraints.

OCP budget meetings will follow a similar format to last year. We request that each unit prepare the following information for your upcoming budget meeting:

1. Brief overview document (1-3 pages), including the following:
   a. 2020-21 highlights and accomplishments;
   b. 2021-22 opportunities and challenges (including any space needs, especially for any new staff proposed); and,
   c. Organizational chart highlighting any changes in positions proposed for 2021-22

2. An overview of your unit’s financial information, for which the OCP budget team will provide you with the standard template. Based on the template, we request that you be prepared to discuss:
   a. Consistent with our previous budget meeting, the proposed strategies for your unit to achieve base budget reductions such as those illustrated in the attached table by 2025.
   b. Strategies the unit will undertake to address a potential additional 5 percent base budget reduction in 2021-22 as well as the implications of such a reduction for your unit.
   c. Proposed use of projected carryforward funds or your unit’s plans to address a projected deficit.
   d. Description of any proposed service expansions and accompanying funding strategy.
To ensure a thorough review of your unit’s information, please submit the budget documents specified above to ocpbudget@ucdavis.edu at least five business days prior to your budget meeting. If you have any questions or need more information, please contact Ariel Cormier, OCP Finance Director.

Again, we want to thank you and your team for all of your hard work and flexibility especially during this challenging time. We are certain that with all of your support we will have a smooth and timely 2021-22 budget process.

Sincerely,

Karl Engelbach    Karl Mohr
Associate Chancellor    Assistant Executive Vice Chancellor

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Attachment

c: Provost Croughan
   Executive Analyst Berriz
   Executive Analyst McLaughlin
   Executive Officer Colbert
   Finance Director Cormier
   Analyst Caprio
   Deputy Director Roberts
   Info Practice Coordinator Gabby
   Associate Director Firpo
   Assistant Director Barr
   Chief of Staff Ligget-Nichols
   Chief Administrative Officer Muyo
   Director Kiefer
   Director Inzunza
   Director Abot
   Managing Director Matlon
   Chief Administrative Officer Borchard
   Executive Director Arevalo
   Assistant Vice Provost Singh
   Interim Chief Administrative Officer Walker
   Associate Director Simmons
**TABLE: Potential OCP Budget Reductions for Years 2 through 5**

<table>
<thead>
<tr>
<th>Office of the Chancellor</th>
<th>Total Base Funding (Core) As Of 2019</th>
<th>COMPLETED</th>
<th>PROPOSAL (For discussion during the 2021-22 budget process)</th>
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<tbody>
<tr>
<td></td>
<td>Year 1</td>
<td>Year 2</td>
<td>Year 3</td>
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<tr>
<td>Audit and Management Advisory Services</td>
<td>$2,236,421</td>
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<td>Ombuds</td>
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<table>
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<th>Base Funding (Core)</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
<th>2023-24</th>
<th>2024-25</th>
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<td>Academic Senate</td>
<td>$2,605,214</td>
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