

January 14, 2008

OFFICE OF THE PRESIDENT COMMUNITY

Dear Colleagues:

As promised in my last communication to you, I am writing to update you on several important issues scheduled to come before the Board of Regents this week that impact the work we do at the Office of the President.

In addition to a presentation on the continuing restructuring effort at the Office of the President, there will be a discussion of the Governor's newly released state budget which, as expected, proposes significant cuts for the University of California in the face of an estimated \$14 billion shortfall. The greatest impact on us will be the Governor's proposed 10% cut in funding for all state services. Of the \$332 million reduction he has budgeted for UC, he specifies at least \$32 million come from campus and OP administrative spending.

As you will recall, the Office of the President, in developing its own budget for presentation to the Regents this March, asked each department to propose what budget and staff reductions it would make in the face of just such a cut. Executive Vice President Katie Lapp has been meeting with all OP senior leadership to finalize these proposals, which will be presented to me for my consideration in the next several weeks. I will make final decisions on them in February, in time to develop a budget proposal for discussion by the Regents in March. The board will approve a final OP budget at its May meeting.

I remain hopeful that we can meet the 10% target with minimal layoffs. This is because of actions we have already taken, through our vacancy control initiative and the Voluntary Separation Program (VSP). The details of the VSP, proposed in November for your review, have now been finalized. Employees will have until January 31 to decide whether or not to participate. Additional information will be provided at two upcoming brown bag lunches recently announced via email, and at <http://hrop.ucop.edu> <<http://hrop.ucop.edu/>> .

I know that some of you may be concerned that these actions are premature, given that the state budget is not yet final. However, it is clear from the magnitude of the expected state deficit – and from the Regents' own expectations of significant restructuring at the Office of the President – that we must prepare for further cuts and consolidations. It is also clear that the depth of the proposed state budget cuts will impact the entire UC system, not just OP, which is why I have asked Executive Vice President Lapp to convene a work group of administrative vice chancellors to begin identifying possible campus efficiencies.

As I've said to you before, the Office of the President must become smaller in size and more focused in its mission. These efforts are not just about saving money but about learning to work differently.

This principle will guide me in my budget and restructuring decisions. I will be further assisted by the recommendations of the working group tasked with clarifying the relative roles of OP, the Regents and the campuses in governance and administration. That group, chaired by UC Davis Chancellor Larry Vanderhoef, has now completed its work. Its report was previewed at a special meeting of the Regents' governance committee last Tuesday and will go before the committee for further discussion at the board meeting this week. You can find the report online at www.universityofcalifornia.edu/future/roleofOPrpt.pdf <<http://www.universityofcalifornia.edu/future/roleofOPrpt.pdf>> and I invite your comment and feedback via the website (www.universityofcalifornia.edu/future <<http://www.universityofcalifornia.edu/future>>) or at provost@ucop.edu.

As you will see, the report reaffirms many of the principles behind the University's current governance structure. It clarifies the role and decision rights of the President, and by extension, how the President can and should relate to the Regents and Chancellors. But it also suggests principles to guide our restructuring that will help us to identify which activities

can be delegated or eliminated, where we can reconfigure responsibilities and structures to streamline processes and lower costs, and where we can establish new management and accountability measures to ensure that the work we do is serving our clients as intended.

This week, Regents will consider the first of these new accountability measures: the establishment of a rigorous performance management process for all senior managers at the Office of the President and on the campuses. More will follow.

I know that these are difficult times. I remain grateful to be working with a staff as thoughtful and committed as all of you continue to be in the face of significant change. My strong belief is that the recommendations set out by the working group report, taken together with the priorities for our long-term future established by the Long-Range Guidance Team, have set a clear direction for the University and its administration that will strengthen our ability to effectively support our academic enterprise and our service to the state of California.

Sincerely,

Wyatt R. Hume
Provost and Executive Vice President
Academic and Health Affairs