June 6, 2001

LINDA KATEHI
Chancellor

RALPH HEXTER
Provost/Executive Vice Chancellor

Subject: 2011-12 Budget Reduction Plan

In response to your letter of May 6, 2011, what follows are the results of our consultation and transmission of a budget plan for 2011-12. Outlined within this report are actions and recommendations to undertake the budget reductions necessary in response to an unprecedented decline in state funding support. Administrative and Resource Management (ARM) was assigned a reduction target of $3.758 million. We have assessed the implication of reductions on campus programs, reviewed the potential for additional revenue streams. In some instances where the outcome of the reduction may not serve the campus well, we have provided an alternative recommendation. In preparing these reduction plans, ARM remains mindful of the upcoming campuswide shared service center implementation and associated reductions. At the beginning of this process, we established principles (attachment 1) to guide our distribution of budget reductions. To ensure consistency with the overall campus budget planning methodology, we first calculated each categorical reduction proportionate to each unit’s supervisor: staff ratio and then applied guiding budget principles to either reduce or increase these reduction targets (attachment 2). Based on our analysis of the program specific budget reductions we request a $100,000 match in bridge funding for Campus Event Services, an exclusion of the $200,000 ASAP reduction and additional time to review implications of closing the campus child care program (attachment 3).

In total, this plan reflects the reduction of 30.5 positions. This is being undertaken through 12 layoffs, eliminating 10 vacant positions and another 8.5 positions through resignations1. To address budget reductions assigned in 2009-10 and 2010-11, ARM eliminated 48.5 positions (19.25 through layoff and 29.25 through elimination of vacant positions).

Report Organization

Section I discusses how Administrative and Resource Management is implementing the streamlining reductions.

Section II discusses the specific program reductions identified in Attachment 5 of the May 6, 2011 budget planning letter.

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1 This includes 7 individuals who selected the Voluntary Separation Program (VSP)
Section I. Streamlining Reductions

Public Safety

To protect the essential public safety mission carried out by the Fire and Police Departments, these units are shielded from significant reductions. The Police Department is working towards a model that will increase the supervisor: officer ratio for sworn personnel to meet its adjusted $15,000 reduction. Due to the likely merger of the UC Davis Fire Department with other municipalities, it is not timely to assign significant reductions that may need to be reconsidered once the campus understands its responsibility to the new organization. Therefore, the Fire Department is assigned a $40,000 adjusted reduction.

Research Infrastructure

In preparation for the campus’ growth in research expenditures, ARM excluded from budget reductions the two areas which provide significant support to campus research activity; Safety Services and Accounting and Financial Services; Extramural Funds Accounting. Although these units are not required to return funds to meet reductions, they are expected to improve supervisor to staff ratios and reinvest the savings into their operations. For example, Human Resources recently conducted a salary survey for our EH&S specialists to reveal that we are significantly under market salary scales resulting in a funding gap of approximately $260,000. The Huron Consulting group report identified significant needed investments in Extramural Funds Accounting that can be partially supported by savings from streamlining.

Resource Management

The diversity of program size and scope within the ARM Resource Management and Finance group is mirrored in our application of reductions. This subset of ARM units is absorbing 52% of our streamlining reductions, while representing 24% of the ARM core fund budget².

Due to the many campus initiatives supported by Budget and Institutional Analysis, this unit is excluded from reductions, but is required to improve supervisor to staff ratios. While Capital Resource Management’s reduction was reduced due to its small size, the unit will need to resize and restructure some services. If Capital Resource Management is assigned a lead role in the upcoming campus growth planning initiative, we may need to revisit this reduction target.

Human Resources and Accounting and Financial Services are both implementing their proportionate reductions and targeted program reductions. A&FS is also accommodating an additional $200,000 reduction to offset other ARM priorities.

² Defined as all non-rate based recurring sources.
Human Resources will streamline operations by realigning duties previously managed by the Employee & Labor Relations Director and backfilling with an Employee Relations Analyst IV as well as reducing analytical support in the AVC-HR office and AVC-HR discretionary funding. This approach protects the strategic engagement of UC Davis in critical systemwide initiatives, such as the HRIS/payroll replacement and systemwide service consolidation efforts, and maintains continuity in the campus implementation of Career Compass, which will enhance our talent management program by dramatically streamlining and simplifying the classification process, enhancing performance management and integrating competencies into our staff development programs.

Although Extramural Funds Accounting is protected from reductions, Accounting and Financial Services will implement a $554,000 reduction in the other units while still maintaining acceptable levels of service. Implications of these reductions include reduced customer services hours, less availability for in-person training, fewer checkwrites, replacement of paper paychecks with paycards and increasing the threshold for direct-to-checkwrite payments. The Material Management division will be able to utilize marginal increases in direct funding sources from the Purchasing Card and Strategic Sourcing to sustain growth in these strategic programs while streamlining operations.

Facilities and Land Management

The newly consolidated units within Administrative and Resource Management that address facilities issues are dispersed with some overlapping lines of responsibility. In the continued pursuit of the best organizational structure to support planning, growth and maintenance of the campus physical environment, ARM will be sponsoring an organizational study to examine if there may be a more streamlined organizational structure. In addition, we will explore the cost of certain services and how we better address deferred maintenance needs.

This subset of ARM units is absorbing 46% of our streamlining reductions, while representing 52% of the ARM core fund budget. As a result of the size and existing organizational structure of Facilities Management and Utilities, both already measure well against the 7:1 staff to supervisor ratio. However, both units will implement reductions far greater than their proportionate reductions due to additional opportunities to flatten and streamline their organizational structure. The implications of these reductions include a wider span of supervision for remaining supervisors, reduced institutional knowledge, and increased risk tolerance.

The reduction for Environmental Stewardship and Sustainability has been bought down by 64% to $20,000 due to the small size of this unit and to support legally-required environmental review of campus projects, campus sustainability initiatives, and campus cultural and natural resource management. To protect continuity of projects and initiatives, the reduction is met primarily by reducing student employee hours. One position will be reclassified to improve supervisor to staff ratios.

In earlier budget planning strategies, a goal had been to provide Design and Construction Management with core campus funds that would support non-billable time in support of broad campus planning and development. This objective is no longer feasible and DCM will contribute the approximately $37,000 in

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3 Defined as all non-rate based recurring sources.
general funds towards reductions. The implications are that all campus capital projects support campus wide, non-project specific efforts.

**Campus Planning and Community Resources** represents 7% of the core fund\(^4\) base budget yet is assigned 14% of the streamlining reduction as a result of current supervisor: staff ratios within the unit. The unmodified pro-rata calculation of the streamlining ratios assigns this unit 22% of the ARM reduction. However, due to the complexity and overlap with the program specific reductions assigned to the unit, the pro-rata reduction was reduced by $123,000, to a total of $203,000. Earlier organizational streamlining efforts eliminated two supervisor positions and the funds were directed to establishing a replacement reserve. These reductions will be met by slowing the establishment of an equipment reserve to address upcoming Air Resource Board requirements and the elimination of a high level (MSP 3) manager.

**Section II – Specific Program Reductions**

Administrative and Resource Management is assigned $2.2 million of the program specific reductions. In addition to determining the impacts of the reduction/elimination of identified subsidies, alternatives have been provided when applicable.

**Academic and Staff Assistance Program (ASAP) – Reduce core fund support by $200,000, 50%**

ASAP serves as a short-term provider of mental health services for campus customers. Through the first three quarters of 2010-11, ASAP served 3,457 campus clients in 237 units. During this time period the following consultation and debriefing problems were identified:

- Personal/Mental Health Issues: 899
- Student Issues: 34
- Violence Issues: 1,314
- Work Related: 1,292

Absent an alternative revenue source, actions needed to meet the $200,000 reduction would require reducing the current licensed counselor staff from 3.1 FTE to 1.6 FTE (reduction of 1.5 licensed counselors), eliminating the paid interns and reducing administrative FTE to .50 (from 1.0 FTE). The reduced staffing model would provide only immediate triage assistance when there is a threat of violence (either to oneself or others) and would continue to provide consulting services for campus managers. We would also address emergency mental health issues such as suicide threats. All other mental health needs would be directed to contact United Behavior Health (UBH) for services provided under the University’s health insurance. The decision to direct the remaining resources to management consultation instead of individual consultations is a more efficient use of resources; this approach allows ASAP counselors to reach more people and deal with the highest risk areas.

For the past four years ASAP has been working with UBH and the Office of the President (UCOP) to enhance our UBH local provider network. Despite our best efforts, little has changed and our regional provider network remains very weak. In addition to having a smaller availability of psychologists and

\(^4\) Defined as all non-rate based recurring sources
psychiatrists in our region, the fact that UBH has not raised their reimbursement rates for their provider network in 19 years contributes to a lack of interest in becoming a UBH provider. Below is the provider network within a 20-mile radius of the following campuses.

<table>
<thead>
<tr>
<th>Campus</th>
<th>UBH Providers within 20-mile radius of Campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>UCSD:</td>
<td>841</td>
</tr>
<tr>
<td>UCLA:</td>
<td>1,701</td>
</tr>
<tr>
<td>UCSF:</td>
<td>1,445</td>
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<tr>
<td>UCB:</td>
<td>1,680</td>
</tr>
<tr>
<td>UCD:</td>
<td>253</td>
</tr>
</tbody>
</table>

ASAP staff spend considerable time helping clients gain access to mental health care and this support would be eliminated as a result of this reduction. In an attempt to off-set the proposed budget reduction, ASAP has been evaluating the feasibility of becoming a UBH service provider. As HR became more familiar with the UBH contractual requirements, they have learned approximately 30 minutes of administration time is needed for each billable hour appointment and that UBH providers are required to provide 24/7 access to a licensed clinician. Thus, the existing staff level would be required to support the UBH requirements.

When ASAP program reductions were presented to the Human Resources Advisory Committee (HRAC), members expressed significant concern about: (1) the risk associated with discontinuing individual services during a period of high stress and (2) the negative message that would be sent to staff regarding the elimination of these valued services.

**Alternative Recommendation:** This analysis reveals replacing $200,000 of campus core-support with UBH billing revenue is not feasible due to the amount of administrative overhead and patient accessibility requirements. If any amount of income from UBH becomes feasible, ARM believes it would be best directed to fund the interns (currently supported on one-time HR funds). Additionally, the limited availability of UBH providers in the UC Davis area and the feedback from HRAC suggest that ASAP core funding should not be reduced by 50%. ARM recommends that, instead, ASAP work with Student Affairs to identify possible operating synergies with Counseling and Professional Services and report back by September 30, 2011.

**Child Care – Eliminate core campus support of $150,000.**

Our third-party on-site Child Care program provides service to faculty, staff, and students. The campus has three third-party child care centers providing daycare to 285 children. The consumers of the services can be further identified by campus affiliation.
A limited comparison of rates charged by campus child care facilities with community rates shows that rates charged at Russell Park and LaRue centers are close to market, however, the infant and toddler rates at the Hutchison center are above estimated market rates.

**2011-12 Monthly Child Care Fees**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Hutchison Drive</th>
<th>Russell Park</th>
<th>LaRue Park</th>
<th>Montessori (Estimated)**</th>
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<tbody>
<tr>
<td>Infant</td>
<td>$1,324</td>
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<td>$1,082</td>
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<tr>
<td>Preschool</td>
<td>$942</td>
<td>$940</td>
<td>$940</td>
<td>$977</td>
</tr>
</tbody>
</table>

** HR does not have current rates for community day care for comparison. To determine comparability to rates for campus based center, HR adjusted known 2009 rates for the Montessori County Day Facility and indexed it by 5% annually to estimate 2011-12 rates.

Child Care is a strategic recruitment tool for faculty, staff, and students present at many AAU universities. The availability of these resources speaks to the commitment of the campus to families and is something that prospective employees evaluate during the recruitment process. In areas such as GSM where there are a higher percentage of female faculty of child bearing years, on-site child care services are an important recruitment and retention tool. Studies have shown that on-site child care results in lower absenteeism, higher productivity, greater loyalty and higher morale. All UC Campuses provide on-site child care services which are subsidized.

For example:
- UC Berkeley runs 7 separate child care centers service 250 children from infants through preschool.
- UCLA has 3 facilities, serving 340 children.
- UC Riverside has 1 facility, service 138 children.
- UC Santa Barbara has 2 facilities, servicing 211 children and an after school program.

Elimination of the campus support to the child care operations includes discontinuing $88,000 in Registration Fee Support (subsidies to the student parents of approximately $60,000 / year plus support for the program manager) and ceasing the $100,000 annual contribution that is used to off-set Bright Horizons’ costs associated with campus-based services such as custodial, telecommunications. One
opportunity to reduce the subsidy is to allow Bright Horizons to subcontract directly with external providers. We believe this would result in substantially lower operating costs.

From this information we can extrapolate the following about campus subsidies:

- The $100,000 annual subsidy to Bright Horizons to operate the Hutchison Drive center provides a benefit of $1,040/child, including 6 non-UC affiliates. This is a benefit received by an extremely small percentage (less than 1%) of the campus population of staff, students and faculty. In addition, it appears customers pay a slight premium to attend this center.

- Many years ago, UC Davis students approved a referendum that creates a small pool of funds to help underwrite the cost of child care for student families. This Registration Fee subsidy of approximately $88,000 supports 101 children (families will be better metric), providing an annual benefit of $870. Of the $870 benefit approximately $594/child is provided as a direct subsidy for child care costs while the remainder provides program support. Since there are relatively few students with children, this benefit is received by an extremely small percentage small percentage (less than 1%) of the student population.

- Non-student clients of La Rue and Russell Park centers do not receive any direct benefit from campus subsidies.

The campus has a contract with Bright Horizons through 2017-18--another 6 years. Campus Counsel is reviewing the exposure to ending the contract early, which could be as much as $550,000 or more. At this time, ARM does not have enough quantifiable information to recommend implications of ceasing the campus subsidies of $188,000.

**Alternative Recommendation:** Simultaneously, conduct a two-part review to fully examine (1) other campus based provider models that would result in a lesser or no cost to the campus and (2) implications and timelines of closing one or all centers. Preliminary reports should be provided to the Chancellor and Provost by September 30, 2011. Both analyses should consider the following:

1. Availability and price of child care options within the community.
2. Discussions with Academic Personnel and Graduate Studies to obtain quantifiable information / data on child care as a recruitment tool.

**Conference & Events Services – eliminate general fund subsidy. Examine organizational model. $500,000**

Conference and Events Services (CES) has an annual operating budget of approximately $1 million, which includes $410,000 in permanently allocated general funds. These general funds provide specific services to the campus community without charge to campus based groups. Examples of the services provided include:

- Campuswide Space Management and Coordination - $282,000
  - Central Room Reservations and space management (non-registrar owned spaces)
  - Alcohol and Sound permit and policy advising
  - Events advising

- **Conference, Events, and Management Services – eliminate general fund subsidy. Examine organizational model. $500,000**

Conference and Events Services (CES) has an annual operating budget of approximately $1 million, which includes $410,000 in permanently allocated general funds. These general funds provide specific services to the campus community without charge to campus based groups. Examples of the services provided include:

- Campuswide Space Management and Coordination - $282,000
  - Central Room Reservations and space management (non-registrar owned spaces)
  - Alcohol and Sound permit and policy advising
  - Events advising
Event approval process
- Annual event process
- Campus Map

Direct Support for campus based groups - $107,000
- Ticket office (90% ICA events)
- Catering oversight
- Directional signage advising for special events

Marketing & Event Planners Exchange - $111,000
- Promotes campus facilities and services to both external and internal event planners.
- Provides a coordinated venue for off-campus and on-campus clients to navigate the event planning process on the UCD campus
- Marketing program generates approximately $2 million in annual revenue for many campus departments

To best determine the impact of eliminating general funds from the CES program, what follows is an outline for recommended changes.

The Campus Planning and Community Resources group (which houses CES) has developed a strategic plan to attract more external visitors to UC Davis, raising the visibility and profile of UC Davis with the external public. To accomplish this goal and eliminate general funds from CES, ARM/CPCR/CES are formulating plans to more aggressively market UC Davis as a destination for external events and activities, and to increase revenues from these external sources. At the same time, as CES transitions to 100% revenue based model, there will be impacts on internal constituents, particularly for services currently provided “free of charge” to student groups and activities. Before making any permanent decisions, we will engage Student Affairs to explore service delivery and funding alternatives to mitigate the impact of any proposed service retractions. We will also coordinate with Student Affairs event management staff and other campus facility managers to establish the most effective balance between the centralized services provided by CES and the responsibilities of on-site event and facility managers. We anticipate a four part strategy for the CES transition to a more fully revenue based unit:

1. We will target approximately $128,000 in general funds from the CES budget on July 1, 2011 by eliminating the general fund subsidy for the reservation management system, the map program, memorial funds and issuing layoffs to 2 staff. This reduction will defer certain improvements and initiatives at CES but will not have a significant impact on service delivery to campus customers. Absent a viable transition strategy, elimination of all general funds would result in a significant disruption of service to campus customers which we do not recommend. We propose a strategy that will require one-time funds to ensure a smooth transition of services, consultation and communication with those clients most impacted. A detailed recommendation will be provided no later than September 1, 2011. Full implementation is expected as early as January 2012, but no later than July 1, 2012. The immediate impact would include:
   a. Defer reservation system upgrades
   b. Elimination of gratis reservations for memorial events
   c. Potentially slower response time during heavy workload periods
2. The reduction/elimination of general funds will lead to an increase in rates for services that continue to be provided but had previously been supported by general funds at no cost to the user. Steps will be taken to minimize the impact of these increases on campus constituents. We will assemble, within ARM, one time funding to bridge the transition to a rate based service model. A six month transition plan would require $204k in one-time funds with implementation effective on January 1, 2012. A one year transition plan would require $375k in one-time funds with full implementation expected no later than July 1, 2012.

3. CES will expand revenue generating activities through marketing and events promotion that leverage the use of the campus grounds and Arboretum to attract external activities and increase income from external sources. This approach has significant potential, but must be tempered by aligning rates with market conditions. Campus Planning and Community Resources will integrate marketing activities and staff resources from its multiple units to assist CES with the expansion of activities that will generate additional exposure for UC Davis and additional revenue from outside sources.

4. We will seek alternative funding sources or processes, in consultation with Student Affairs, to minimize the impact on student groups and activities from a reduction/elimination of CES general funds.

Through a combination of organizational and revenue strategies, a reduction in general fund support can be achieved, although the consequences of a complete elimination of general fund support remain uncertain. We propose to deliver detailed recommendations by September 1, 2011, in consultation with Student Affairs and other venue managers, which outline specific service reductions, organizational alignments, revenue goals and rate increases. Reducing general fund support without a backfill strategy would likely generate confusion for campus units and student groups and negatively impact initiatives designed to increase external revenue generating capacity.

The following are examples of current strategies being considered. Analysis has not yet been completed on any of these examples.

1. Increased Revenue from increased rate strategies – Target for increased revenue: $155,000
   - Charge for co-sponsored events (those outside events that avoid higher fees by using lower campus rates)
   - Charge for pre-booking large scale, annual recurring events (picnic day, commencement, etc.)
   - Increase off-campus hourly coordination fee
   - Charge for Alcohol and Sound permits
   - Increase registered caterer fee
   - Eliminate advising for on-campus event planning
   - Defer reservation system upgrades

2. New revenue from events, promotions and commercial sponsorship of events – Target: $60,000

3. Organizational Strategies – Target: $65,000
• Explore consolidating ticket office with Mondavi box office operations or Student Affairs or raise ticket prices to cover full cost
• Eliminate general fund subsidy for maps and memorials

4. Assemble strategy with Student Affairs for alternative fund sources or processes to limit impact of general fund loss on students in lieu of service retraction
• Explore alternative fund sources such as registration fees for services that directly benefit students and student groups
• Transition student group event advising for on-campus events back to Student Affairs (was previously done by SPAC)
• Reservation and planning costs for student sponsored events

We are striving to maintain the centralized organizational structure that CES has developed, which is a benchmark for other higher education institutions for event planning and management. Economies of scale and efficiency have already been developed by CES, similar in structure to efficiencies being sought on the campus for shared service centers. CES is certified as a One-Stop-Shop Center by the Association of Collegiate Conference and Events Directors-International. This certification ensures that operations with the designation provide “the most effective planning atmosphere to successfully stage a collegiate conference or event.” The challenges posed by reduction/elimination of general funds has the biggest implication for previously “free of charge” services, but the new funding model provides opportunity to move forward with a more robust marketing strategy that elevates UC Davis as a destination.

**Design and Construction Management – eliminate rent subsidy of $375,000.**
In response to this request, Design and Construction Management (DCM) recalculated their rates to absorb the additional cost and determined the increase is approximately $4/hour. The new rates were presented to the Recharge Group on May 20th and a recommendation to AVC Ratliff for approval was submitted. Due to the constraints of capital project budgets already under construction, DCM will begin to implement the fully burdened rates as permissible with new and emerging projects. To offset the inability to fully implement the rate increase immediately, the unit will continue to reduce costs and streamline operations. By December 2011, the unit will provide the Vice Chancellor’s office with an estimate of any shortfall due to delayed implementation of the higher rate.

**Human Resources – reduce or eliminate general subsidy for individualized services of $100,000.**
Human Resources will achieve this reduction by eliminating all individual maternity and retirement counseling and any individual new employee orientation services. Individualized retirement counseling will be available for a fee. Additional revenue will be generated from a $25 Notary service charge, replacing a service currently provided free of charge. HR estimates $45,000 will be generated from individual appointments, which will support one benefit counselor. A second benefit counselor will be laid off.

The complexity in implementing this reduction is that the retirement activity is currently supported with UCRS categorical funds. The employee providing the 1:1 counseling will be moved to the income generated from the individual counseling and the UCRS funds will now be redirected to support current general funded activities.
The UC Office of the President is discussing eliminating the UCRS funding. If this were to occur, Human Resources would receive a double reduction on the same program; once from campus and then again from Office of the President. To avoid this double jeopardy, we ask that if OP eliminates the annual UCRS allocations that campus reinstate the reciprocal general fund reduction.

**Mail Service – Reduce general fund budget by $180,000, one-third.**

Material Management has provided two scenarios that could achieve this reduction:

1. **Alternate delivery days.** Departments would receive mail delivery on alternating days, either two or three days a week.

2. **Daily delivery to centralized hubs.** Create 21 separate campus districts, each with a central mail hub. Campus departments would need to send employees to retrieve the mail.

The second alternative requires an upfront investment to install mailbox hubs and would likely cost the campus significantly more in the long run due to higher paid employees traveling to the central mail hub. Therefore, the first option of alternate delivery days seems more appropriate. The Mail division has identified additional complexities will occur with the delivery of controlled substances, live animals, perishables, termination and payroll checks and other research related items.

These program changes will result in a .50 FTE layoff, a .50 FTE reduction in time and the elimination of two Driver positions that are currently filled with temporary employees.

**Safety Services – reduce general fund subsidy and offset reductions with workers compensation premiums.**

While this action frees up General Funds, it is not a program reduction to Safety Services. The new approach to funding the Workers Compensation program reduces administrative overhead for the campus. One the program has been implemented and administrative savings quantified, ARM will work to ensure the funds are either returned to campus or invested in appropriate priorities.

**Grounds Operations – reduce appointments for some positions to reflect seasonal influence, $200,000.**

The Grounds Division will achieve this savings through a combination of strategically creating reduced time appointments and simultaneously investing in low maintenance landscapes. The campus’ Landscape Management plan will be complete in June 2011 and will identify the strategy for implementing lower cost/low maintenance landscapes. Grounds will also immediately reduce two vacant positions to 50% each, reduce ongoing equipment lease costs and begin to hire groundskeeper positions as partial year/reduced time. Campus Planning and Community Resources will dedicate one-time funds to backfill the reduction while the landscape and staffing changes are implemented.
1. **To remain consistent with the Chancellor’s strategic objectives**, ARM will allocate budget reductions based on the methodology used to develop the campus wide planning.

   - Once the ARM detail analysis is complete, the pro-rata allocations will reviewed for strategic implications. The following overarching strategies will be applied.

     - **Protect public safety** – Reductions to **Fire** and **Police** must not impact the public safety mission.

     - **Support campus growth objectives** – In reflection of the campus objectives to increase the campus research portfolio, reductions to **Safety Services** and **Extramural Accounting** must not impact the service delivery to academic departments.

2. **Budget and Institutional Analysis** is being allocated targeted growth by the Chancellor and Provost to support the many policy changes on campus, including development of a new budget model. Reductions to this unit can not jeopardize implementation of these objectives.

   - **Organizational size relative to reduction** - In instances where the current level 2 ARM organization is small and the pro-rata analysis would cause significant harm, short-term and longer-term goals maybe allocated. The project of reviewing the facility/land based units will be relied upon to best align the current organizations.

   The **Vice Chancellor’s Office** dramatically downsized during the OOA/ORMP consolidation. Additional reductions should not dramatically decrease the service provided to ARM units or the ARM Vice Chancellor.

2. **All actions must result in a reduction in costs.**

   - Shifting costs from general funds to other fund sources will not be appropriate as ARM contributions to “program reductions” at the campus level or part of larger programmatic study.

   - Core funds freed up from shifting of costs will not be attributable to the campus targeted reductions of “Streamlining” or “Shared Service Centers”.
3. **Reductions are effective July 1, 2011.**
   - Due to the strategic approach of the campus allocations, final reduction figures will not be known until close to July 1. Units with current year balances may be expected to provide one-time contributions to assist with the ARM-wide implementation.
   - To protect the Vice Chancellor’s ability to make targeted investments in the campus objectives, allocations from limited VC discretionary funds will be very minimal, if at all.

4. **Streamlining the organization** - ARM preliminary reduction figures will be made available the first week of May. The campuswide approach begins with a 7:1 ratio between employees and supervisors, but then is discounted significantly to recognize UCD has working managers. There are two objectives with this analysis and strategic reduction.
   - **Reduce supervisors on all fund sources.** The Chancellor is requiring the ratio to be reduced across all campus organizations, blind to fund source. The ratio analysis will be repeated bi-annually to measure progress. Progress will be achieved by:
     - Making permanent reductions in staff
     - Realigning and reducing supervisory duties across remaining staff to free up workload capacity.
     - Updating title codes and position descriptions to reflect current organizational structure.
   - **Implement cost reductions of $1.55 million.** The basis for allocating these reductions will be the campus analysis, which will then be reviewed for ARM strategies outlined in the sub-bullets of item #1 (prior page).
     - Cost reductions can be achieved through both program reduction and elimination as well as restructuring the supervisory and program delivery structures. These cost reductions should not be taken from the business support of operations, as these reductions will need to be redirected towards the coming Shared Services Center Reduction.
     - Accumulated funds should be utilized to bridge the gap between July 1, 2011 implementation and permanent reductions.

5. **Shared Service Center Initiative.** Implementation of these reductions will be based on the upcoming analysis of duties going into the campuswide SSC and current workload metrics.
   - **ARM Shared Service Centers** reductions will be attributable off-the-top to those units which are currently serviced by the groups.
   - Units will be able to direct savings from program reductions and eliminations towards this reduction.
   - As the campuswide planning matures, the information will be shared.
### Administrative and Resource Management
#### 2011-12 Budget Reduction Planning Summary

<table>
<thead>
<tr>
<th>Unit</th>
<th>Core fund Budget</th>
<th>Streamlining</th>
<th>Travel &amp; Entertainment</th>
<th>Specific Targets</th>
<th>Specific Target Context</th>
<th>Total Assigned Cuts</th>
<th>% of known Cuts</th>
<th>Budget after all known Reductions</th>
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</thead>
<tbody>
<tr>
<td>Accounting &amp; Financial Svs</td>
<td>$8,006,000</td>
<td>$554,000</td>
<td>$6,300</td>
<td>$180,000</td>
<td>33% Reduction in Mail Service.</td>
<td>$740,300</td>
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<td>$100k-Eliminate Child Care Subsidy / $100k-Eliminate Retirement counseling/ $200k-ASAP.</td>
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<td>$3,150</td>
<td>$700,000</td>
<td>$500k-Eliminate CES core funding / $200k due to Grounds adjustment to seasonal staffing.</td>
<td>$906,150</td>
<td>-20%</td>
<td>$3,581,850</td>
</tr>
<tr>
<td>Design &amp; Construction</td>
<td>$37,000</td>
<td>$37,000</td>
<td>-</td>
<td>$375,000</td>
<td>$375k-Elimination of annual lease subsidy for DCM space.</td>
<td>$412,000</td>
<td>-100%</td>
<td>-</td>
</tr>
<tr>
<td>Utilities Services</td>
<td>$6,115,000</td>
<td>$189,000</td>
<td>-</td>
<td>$-</td>
<td>$189,000</td>
<td></td>
<td>-3%</td>
<td>$5,926,000</td>
</tr>
<tr>
<td>Environmental Stewardship</td>
<td>$567,000</td>
<td>$20,000</td>
<td>$700</td>
<td>-</td>
<td>$20,700</td>
<td></td>
<td>-4%</td>
<td>$546,300</td>
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<tr>
<td>Facilities Management</td>
<td>$20,187,000</td>
<td>$250,000</td>
<td>$1,950</td>
<td>-</td>
<td>$251,950</td>
<td></td>
<td>-1%</td>
<td>$19,935,050</td>
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<tr>
<td>Fire Department</td>
<td>$1,980,000</td>
<td>$40,000</td>
<td>-</td>
<td>-</td>
<td>$40,000</td>
<td></td>
<td>-2%</td>
<td>$1,940,000</td>
</tr>
<tr>
<td>Police Department</td>
<td>$2,795,000</td>
<td>$15,000</td>
<td>$100</td>
<td>-</td>
<td>$15,100</td>
<td></td>
<td>-1%</td>
<td>$2,779,900</td>
</tr>
<tr>
<td>Safety Services</td>
<td>$5,006,000</td>
<td>-</td>
<td>$5,700</td>
<td>$495,000</td>
<td>$495k fund swap replacing general funds with workers compensation funds.</td>
<td>$5,700</td>
<td>0%</td>
<td>$5,000,300</td>
</tr>
<tr>
<td>Vice Chancellor Discretionary</td>
<td>$1,021,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>0%</td>
<td>$1,021,000</td>
</tr>
<tr>
<td>Deferred/ Preventive Maintenance Fund</td>
<td>$700,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>0%</td>
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</tr>
<tr>
<td>ARM Shared Svc. Centers</td>
<td>$1,922,000</td>
<td>-</td>
<td>$400</td>
<td>-</td>
<td>$400</td>
<td></td>
<td>0%</td>
<td>$1,921,600</td>
</tr>
<tr>
<td>Vice Chancellor Office</td>
<td>$695,000</td>
<td>-</td>
<td>$900</td>
<td>-</td>
<td>$900</td>
<td></td>
<td>0%</td>
<td>$694,100</td>
</tr>
</tbody>
</table>

**SUBTOTAL - Core Fund reductions before SSC**: $60,024,000

| Assigned Reduction- May 6, 2011 Budget letter; Attachment 4 | $1,535,000 | (23,000) | $220,000 |

**Total ARM Assigned Reduction**: $3,758,000

**Note**: Variance between Campus Assigned and ARM Implemented Reductions.

---

Administrative and Resource Management
<table>
<thead>
<tr>
<th>Unit</th>
<th>Assigned</th>
<th>2011-12</th>
<th>Recommendations</th>
<th>Total</th>
<th>Exclusions</th>
<th>Follow up Actions</th>
<th>Complete by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting &amp; Financial Svs</td>
<td>$ (180,000)</td>
<td>$ (180,000)</td>
<td>-</td>
<td>$ (180,000)</td>
<td>-</td>
<td>Review program opportunities with Student Affairs. Direct any UBH income to support interns.</td>
<td>September 30, 2011</td>
</tr>
<tr>
<td>Human Resources</td>
<td>$ (100,000)</td>
<td>$ (100,000)</td>
<td>-</td>
<td>$ (100,000)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits Counseling</td>
<td>$ (200,000)</td>
<td>-</td>
<td>$ (200,000)</td>
<td>-</td>
<td>200,000</td>
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<td></td>
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<tr>
<td>ASAP</td>
<td>$ (150,000)</td>
<td>To be determined through detailed analysis</td>
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</tr>
<tr>
<td>Campus Planning / Community Resources</td>
<td>$ (200,000)</td>
<td>$ (200,000)</td>
<td>-</td>
<td>$ (200,000)</td>
<td>-</td>
<td>This plan presumes 6 month transition plan and one-time bridge funds of $200k. Review program opportunities with Student Affairs. ARM requests to 50/50 split fund the 2011-12 bridge funding with campus.</td>
<td>September 1, 2011</td>
</tr>
<tr>
<td>Grounds Operations - adjust staff for seasonal influence</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Campus Events Services - eliminate General Funds</td>
<td>$ (500,000)</td>
<td>$ (300,000)</td>
<td>$ (200,000)</td>
<td>$ (500,000)</td>
<td>-</td>
<td>Revised rates effective July 1, 2011. Possible shortfall in 2011 due to maturity of current capital projects</td>
<td>December 31, 2011</td>
</tr>
<tr>
<td>Design &amp; Construction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Eliminate Rate Subsidy</td>
<td>$ (375,000)</td>
<td>$ (375,000)</td>
<td>-</td>
<td>$ (375,000)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Safety Services</td>
<td></td>
<td></td>
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<tr>
<td>Fund Source Exchange</td>
<td>$ (495,000)</td>
<td>$ (495,000)</td>
<td>-</td>
<td>$ (495,000)</td>
<td>-</td>
<td></td>
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</tr>
<tr>
<td>TOTAL</td>
<td>$ (2,200,000)</td>
<td>$ (1,850,000)</td>
<td>$ (200,000)</td>
<td>$ (1,850,000)</td>
<td>200,000</td>
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<td></td>
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</tbody>
</table>