March 24, 2008

COUNCIL OF DEANS AND VICE CHANCELLORS
ANN OREL, Chair, Academic Senate Planning and Budget Committee
BOB POWELL, Chair Elect, Academic Senate
CATHERINE VANDEVOORT, Chair, Academic Federation

RE: Additional Budget Planning Information for 2008-09

Dear Colleagues,

I believe the campus must prepare for the possibility that our allocated budget cut from the Office of the President will exceed the budget reduction targets that I provided in my February 26 budget planning letter. With the advice of the budget planning task force, I will be evaluating ideas over the next weeks and months that might be used to generate additional ONE-TIME resources that the central campus could use to cover such shortfalls in 2008-09. One idea that I am considering would be to suspend or significantly reduce the allocation of indirect cost recovery funds and equipment (research) match funds.

On an annual basis, the campus returns over $9 million of indirect cost funds to deans, department chairs, and various administrative units. In addition, indirect cost funds managed by Vice Chancellor Klein are used as matching funds for equipment or other research activities. I know that the indirect cost funds provide a vital resource to you and your departments and faculty. However, it is possible that the campus will need to retain most or all of these funds in 2008-09 to offset budget shortfalls that exceed the planning targets. Please consider this possibility as you proceed with your budget planning for 2008-09.

I would like to emphasize that the change I am considering to indirect cost funds applies only to 2008-09.

ORMP prepared a short analysis describing how indirect cost returns were allocated this year (attached). ORMP also publishes information annually about the sources and uses of indirect cost recovery funds – information that you can find at http://www.ormp.ucdavis.edu/budget/brm/reports/icr_index.html.

Please contact me or Kelly Ratliff if you have any questions.

Sincerely,

Barbara A. Horwitz
Interim Provost and Executive Vice Chancellor

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