Dear Harry and Dan:

I want to thank you and the members of the Academic Council for the recommendation that was presented to the UC Commission on the Future on June 14. The presentation of that recommendation resulted in an interesting and productive conversation with the Commission on some of the most difficult but critical issues the University needs to address in this fiscal crisis.

The resolution addresses the need for UC to retain its quality and remain competitive, including competitive faculty compensation. It urges UC to take the following four specific actions:

- **Increase revenues.** "The University should take all possible steps to increase revenues. The sources are State funding, federal funding, increased research contracts and grants (including indirect cost recovery), and fees imposed on the recipients of all aspects of the educational program. As painful as it may be, increased fees are the only source of revenue under UC’s direct control that is available to replace shortfalls in other available funding sources.”

- **Downsize.** "The University must operate at a size that is affordable. This means downsizing the University over the short term by reducing the size of the faculty and reducing administrative and other staff. Downsizing includes limiting replacement of faculty lost due to retirements, terminations or other separations.”

- **Forego new capital projects.** "Until stable revenues are secured, the University should forego new building and capital projects that are not absolutely essential for safety. Where state bond funding is available for projects that are necessary to maintain the core academic program of the University the projects should be
pursued. However, in undertaking any capital project, the campuses must be required to assure that operational funding is available for the support and maintenance of space and that operational funding is available for activities undertaken within expanded space.”

- **Start new academic programs only if stable funding source is identified.** “In the event new academic programs are established, the Chancellor of the campus must identify a funding stream that guarantees stable and appropriate funding and specify how diversion of funds will affect existing programs, or identify offsetting cuts in positions or programs that are required to fund a new program.”

Based on the discussion at the Commission meeting and conversations subsequent to the meeting, I request that the Academic Council conduct further work on the recommendations on downsizing and foregoing new capital projects. The other two recommendations are as important but are already being addressed in other ways. The downsizing recommendation and the related capital projects moratorium proposal would benefit from more in-depth analysis and more consideration of the details of how they could be implemented.

What are the consequences of reducing the size of the ladder faculty? Would this require reducing the size of the student body? If the answer is yes, what would be the effects of reduced fee income, or of changes to access and affordability? If the student body is not reduced, how best should instruction be done? Would this imply more lecturers or a higher student/faculty ratio? What impact will this reduction have on the research enterprise?

For the physical size of the University, what does a moratorium on capital projects really mean? How long would this last and what exceptions would be allowed? Should it apply if alternative fund sources are available?

Realizing that Academic Senate has limited staff resources, I would like to offer staff from the Office of the President to work with you on these two areas, particularly including colleagues from Academic Affairs and from Budget and Capital Resources. I understand that the Academic Council recommendation and a related one from the UCLA Academic Senate have been sent out for further review. Given the importance of these issues, however, I would like you to meet with Provost Pitts soon to discuss an expedited timeline for this work and the ways that UCOP staff can best assist you with their expertise in these areas.
I want to emphasize again how important it is that the Academic Senate is raising these issues and how much I appreciate what you have achieved in moving the discussion forward.

With best wishes, I am,

Sincerely yours,

Mark G. Yudof
President

cc: Regent Gould
    Provost Pitts
    Executive Vice President Brostrom
    Chief Financial Officer Taylor
    Vice President Lenz
    Vice Provost Greenstein
    Associate Vice President Kelman
    Associate Vice President Obley
    Secretary and Chief of Staff Griffiths