

## **Planning Guidelines for 2009-10 Administrative and Resources Plans**

UCLA is anticipating significant financial challenges in 2009-10, as result of a number of converging factors. These include reduced state funding, slowing federal research funding, unfunded costs for utilities, building maintenance, and health benefits, and the impending reinstatement of employer and employee contributions to the UC Retirement Plan.

The purpose of these guidelines is to provide a consistent framework for the development of Administrative and Resources Plans for each of UCLA's administrative units. The plans should be prepared under the supervision of the vice chancellor of the organization. The plans are due to the Office of Academic Planning and Budget on February 16, 2009 and will be reviewed in budget meetings with each vice chancellor, to be scheduled in March and April of 2009. These planning guidelines are not intended to provide a fixed template or set of forms to constrain the preparation of each unit's plan. The plans, however, should be no more than 25 pages in length.

The Administrative and Resources Plan is not a strategic plan. Administrative units are not being asked to define a vision or mission, or develop strategic goals and objectives consistent with the campus strategy. Rather, these plans should be tactical in nature, and should focus on the immediate impacts of the three budget scenarios that are outlined below. For the most part, the plan should address issues arising in the 2009-10 academic year, but vice chancellors should identify issues that may arise in their organization in subsequent years.

The plan should include three alternative operating budgets for 2009-10, one for each of three budget scenarios described herein. All three scenarios are identical in their assumptions regarding expenditures, as follows:

- Rebalancing for utilities and OMP will continue in 2009-10 at the same levels stipulated in the rebalancing documents for 2008-09.
- Employee health benefit costs will increase 11%, but funding for units with General Funds will be limited to the permanent allocation stipulated in the 2008-09 rebalancing documents.
- The scenarios assume that a 4% employer contribution to UCRP will be implemented on July 1, 2009.
- Salary increases generally will be limited to changes in collective bargaining agreements, although vice chancellors should determine if their units would be affected by any continuation or equity adjustment costs.

With respect to revenues, the three scenarios vary, as follows:

- Scenario A assumes a 3% reduction in general fund revenue. It also assumes that the state will fund the UCRP contribution at the 4% level.
- Scenario B assumes a 5% reduction in general fund revenue, and no state contribution to UCRP.
- Scenario C assumes an 8% reduction in general fund revenue and no state contribution to UCRP.
- All scenarios assume a 10% increase in the Education Fee, which would be sufficient only to provide central funding for faculty merit adjustments and continuation costs.
- All scenarios assume a 4.2% increase in the Registration Fee
- All scenarios assume approval of the Professional Differential Fees increases submitted by the campus to OP in September 2008.

The purpose of analyzing these scenarios is to help the administrative organization and the campus understand the implications of possible budgetary outcomes. These scenarios, however, do not represent budget decisions. While all campus units are being asked to plan against these scenarios, final budget decisions will be made on a strategic basis. Some units may be protected from budget reductions and others may experience reductions even larger than the levels contemplated in these planning scenarios. The Chancellor's decisions about budget allocations for 2009-10 will be influenced by a number of considerations; these include the outcome of state and systemwide budget decisions, further discussions about the Academic Strategy document, meetings with deans and vice chancellors, discussions with the Academic Senate and other campus stakeholders, and the recommendations of the Budget Toolbox task forces.

In the meantime, each administrative unit needs to undertake a realistic and thorough examination of its potential resources under each scenario and plan how to align them with their mission. To provide the Chancellor and the EVC/Provost with a comprehensive understanding of the potential impacts of budget reductions, the Administrative and Resources Plan should include discussions of all of the following, in addition to the three operating budget scenarios:

1. Budget Balancing Proposals. Because the three budget scenarios discussed above all involve significant reductions in General Fund resources and unfunded increases in costs, the plan should include specific proposals to generate new revenue and to reduce expenditures in order to adjust to the reduced levels of general fund resources and increased costs included in the budget scenarios.
2. Discussion of the Administrative Mission. In light of reduced resources, UCLA's top priority is carrying out the teaching program efficiently. The challenge for the administrative units is to accomplish critical tasks with reduced resources so that the Chancellor's unallocated resources can be focused on the teaching mission. The plans may include a discussion of any steps being taken to examine and reengineer

administrative processes together with any major business initiatives, The plans should also discuss any known increases in policies and compliance regulations that will increase the administrative burden on the organization.

3. Workforce Planning. The hiring of staff should be significantly curtailed, including hires for replacement of separations, and the plan should identify current and planned staffing levels.
4. Capital investment. The plan should include any planned capital investments over the next 5 years, and the proposed funding sources for those investments. Any capital project exceeding \$400,000 in project cost should be included.
5. IT Investment. The plan should include any planned investment in information technology infrastructure or applications in the next 5 years, and the proposed funding sources for those investments. Any IT project exceeding \$100,000 in project cost should be included.
6. Accountability Measures. Many vice chancellors have already established performance metrics as they review the effectiveness of their units. The plan should contain some discussion of the ones currently in use, so that the campus can have a better sense of the effectiveness of the unit. This discussion should also indicate how each of the budget scenarios could affect organizational performance. In the situation where no metrics have been adopted, the plan should contain a discussion of the metrics being considered for adoption.

We realize that this planning will reveal uncomfortable and perhaps unpalatable possibilities, but it is vitally important for us to have an accurate understanding of the academic impact of the budget if we are to maintain quality through this trying period.