

Dear colleagues,

All UCI faculty and staff received a July 8 [campus budget update message](#) announcing 3% across-the-board base budget reductions to core fund budgets for the 2022-23 fiscal year. We are writing to provide information on the financial stability planning process being implemented to address the projected structural deficit and better position the campus to both support our core academic missions and further our progress toward strategic goals.

Between 2019 and 2022, recurring expenses grew by \$153M or 5.5% annually, while sources of recurring revenue grew by \$45M or 1.5% annually. We expect that growth in recurring expenses will continue to outpace recurring revenue growth in the coming years.

While there are a number of short-term factors contributing to the structural deficit that we expect will resolve in due course (inflation, continued costs associated with COVID-19 mitigation, etc.), the majority of the structural deficit can be traced to three main drivers:

1. Faster than expected increases in academic salaries and benefits;
2. Large increases in student aid consistent with Ph.D./MFA growth goals and targeted aid plans intended to increase diversity, access, and inclusion; and
3. Revenue projections that treated a temporary increase in enrollment as a permanent base of support.

It was important to make these investments in our core academic mission, and now we must take stock to see how to balance our commitment to faculty and students with our need to create the conditions for a more financially sustainable future. While resolving the structural deficit will be a challenge, this also presents an opportunity to develop creative new ideas, transform business practices, and position UCI for continued long-term success.

We are taking several steps over the course of the 2022-23 academic year to support the financial stability planning effort. These include:

- Asking Deans, Vice Chancellors, and similar unit leaders, in consultation with their faculty and staff, to develop multi-year plans (due October 31, 2022) to outline steps to closing the projected funding gap.
- Reviewing areas where we have administrative inefficiencies, such as unnecessary duplication of services.
- Prioritizing development of innovative practices that allow units to conduct business or provide services at lower costs, such as greater use of automated systems to handle routine inquiries or transactions.
- In light of the [Work Reimagined](#) program, conducting a thorough review of space utilization to identify cost savings associated with leased space and to avoid costs associated with unnecessary new construction.
- Continued careful review of recruitments for vacant and new staff positions.
- Slowing new faculty recruitment outside already-identified areas of strategic priority, such as the ongoing build-out of new schools in the health sciences.
- Asking units to responsibly deploy carryforward reserves that are in excess of the recommended ranges to support phased implementation of budget stability

plans.

- Working with the Academic Senate to assess alignment of core academic resources with clear trends in undergraduate and graduate enrollment.

To facilitate these efforts, we are updating the membership and charge of the [Campus Budget Workgroup](#). An additional task for the workgroup this fall will be to review the multi-year plans submitted by units across campus and make recommendations to inform the overall campus financial stability plan. The success of these efforts over the course of the 2022-23 academic year will determine the actions needed for 2023-24.

These short-term financial challenges make it even more imperative that the refresh of our strategic plan is finalized by the end of the calendar year. We will continue to move forward on vitally important areas of teaching, research, and service, and these priorities will guide our investments in the years to come. We value your input—please review the [draft refresh of the strategic plan](#) and provide your feedback [here](#).

We are confident that we can come together to embrace this challenge and opportunity. We will continue to update you on a regular basis to ensure that faculty and staff are actively engaged in these discussions and aware of the proposed actions. Thank you for your partnership as we begin this important work.

[Budget Stability Plan Details and FAQs](#)

Sincerely,

Hal Stern

Provost and Executive Vice Chancellor
Chancellor's Professor, Department of Statistics

Mary Lou D. Ortiz

Chief Financial Officer and Vice Chancellor, Division of Finance and Administration