

May 18, 2020

LETTER TO THE UC COMMUNITY

Dear Colleagues:

As we enter a new phase of this pandemic and an eventual gradual return to in-person operations, I want to thank everyone for everything you are doing to maintain our core mission and work through the countless challenges.

I am writing to update you on several key decisions the Chancellors and I have agreed to which are difficult, but necessary in order to respond to the significant financial impacts of the coronavirus pandemic on UC and the ongoing budgetary uncertainties we face.

After much consultation with Chancellors, we are instituting the following for the 2020-21 fiscal year:

- a systemwide freeze on salaries for policy-covered staff employees;
- a systemwide freeze on salary scales for policy-covered, non-student academic appointees. To ensure a stable faculty pipeline and to maintain our teaching and research enterprise, we will continue the regular academic peer-review merit advancement program;
- a voluntary pay cut of 10 percent for current Chancellors and myself.

As we continue to address the current and anticipated shortfalls in our funding, we are also taking the following actions:

- Developing budget scenarios for locations and UCOP that anticipate budget cuts for the coming 2020-21 fiscal year. Each UC location faces unique circumstances which will require different budgetary strategies and actions, so cuts will not necessarily be uniform across the system;
- Initiating discussions with our union leaders to be sure they understand the current reality of our financial circumstances;
- Continuing to look for ways to reduce expenses such as eliminating non-essential travel and renegotiating service agreements.

Like many other organizations, UC is facing significant financial impacts as a result of the pandemic. From mid-March through April alone, we estimate that systemwide financial losses totaled nearly \$1.2 billion, and we anticipate these losses will continue to climb in the months ahead. Needless to say, this significant

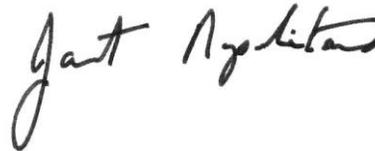
loss of revenue is having an enormous negative effect on our budgets. Additionally, Governor Newsom last week announced a revised State budget for 2020-21 that includes a 10 percent funding reduction for UC of \$372 million.

We continue to work closely with the State of California and the federal government to secure any and all additional funding available to help address the shortfalls. Much of this funding is designated for student financial aid, and while we are grateful for the funding, we do not anticipate full reimbursement for our losses.

We are a strong organization and will work over time to address our losses and recover. The present realities and ongoing uncertainties, however, require us to take actions in order to adjust to current circumstances, resume our in-person research and teaching activities in a safe and gradual way, and help protect employees' jobs. We will also need to continue to closely monitor our finances, and consider additional actions as appropriate.

I know some of this news is unsettling, during an already difficult time. I want to thank you for your continued commitment to the University and the people we serve. Though we have many difficult challenges ahead, UC is resilient and we will get through this together.

Yours very truly,

A handwritten signature in black ink that reads "Janet Napolitano". The signature is written in a cursive, flowing style.

Janet Napolitano
President