



# THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

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Regent

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July 1, 2009

President Mark Yudof  
University of California  
1111 Franklin Street  
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Dear Mark,

In anticipation of the upcoming Board meeting, I want to share some of my thoughts about our agenda going forward. At the outset, let me congratulate you on the leadership you have shown during the past difficult months and communicate my own sense of confidence in the partnership we will continue to build as I take on the role of Board Chair. The coincidence of the 50th anniversary of the Master Plan occurring at the same time as one of the worst financial crises in American history will undoubtedly challenge us, but also afford us the opportunity to re-evaluate the University's most basic structural decisions.

Many important steps have already been taken to recognize the economic reality that State support for the University of California continues to decline dramatically. Even before your arrival, the Board directed the Office of the President to reduce its workforce and spending. With your arrival, this process moved forward to achieve savings of over \$60 million and a workforce reduction (through transfers, attrition and layoffs) of 30 percent. Salaries for almost 300 top administrators have been frozen and the highest-level leaders, including the Chancellors and you, have all taken a five percent pay cut. Earlier this year, the Board took the very painful steps of limiting freshman enrollment for the year ahead and raising student fees by another 9.3 percent. Over the last few years, the Board also has carefully evaluated the future financial obligations of our pension system, directed the restart of employee contributions and petitioned the State to provide funds for the employer share to parallel the funding provided for state agencies.

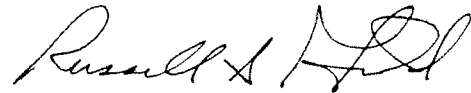
At the July Board meeting, we must continue our efforts to reduce costs and to restructure the University accordingly. Some proposals will address short-term steps we can take. Others will address longer-term initiatives. We will consider the options you have proposed to further reduce our employee costs by imposing mandatory salary reductions and/or employee furloughs. We will hear from the ten Chancellors about each of their efforts to absorb the new cuts imposed during this crisis. We should also discuss opportunities to restructure the University's debt structure.

Relative to longer term structural issues, I plan to announce the creation of a task force to review some of the most fundamental questions before us, including the educational delivery model, our student fee and financial aid policies and the expectations of the Master Plan.

Fifty years ago, the State's vision for higher education in California was captured in the Master Plan. Clearly California's past investment in higher education has paid great dividends. We are fortunate to have built a diversified economy, discovered breakthroughs in science and technology and created a culture that respects diversity and values a creative spirit. However, it is critical at this time in our history to revisit that vision and chart a direction for the future of the University of California. The efforts you have made to enhance our dialogue with the other segments of higher education coupled with the key role our faculty plays through shared governance are very much in keeping with my view of how to begin the necessary engagement.

As we move ahead, I am confident that a vision for the future of the University will emerge that reaffirms our critical role in the sustainability of California economy and rich social values while recognizing that our limited state resources require us to be creative and strategic in meeting that mission. I will look to the entire University community, your leadership team at the Office of the President, the Chancellors, faculty, students, alumni and staff to join the Regents in this critically important fundamental review.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell S. Gould". The signature is fluid and cursive, with the first name "Russell" being more legible than the last name "Gould".

Russell S. Gould