

UBAC Minority Statement – 17 April 09

University's Financial Condition

All UBAC members are very concerned both about the financial condition of the University and the State of California. The State continues to be affected by both national economic instability and State decision-making. We're in agreement that based on all the evidence we see daily, our current \$6.2 million projected budget gap will be our *best case budget scenario for 2009/10*.

Some in UBAC believe strongly that our most prudent approach is to eliminate the entire \$6.2 million gap with permanent budget reductions now. Other CSU campuses, some that are our size, did just that at the beginning of 2008/09 and have been able to continue to deliver instructional programs and student services that support the core mission of the University. The views of these members of UBAC follow below:

There are several reasons that we feel strongly about identifying \$6.2 million in cuts before the start of next year:

- We are likely to see another round of State budget cuts between now and the end of the 2009/10 fiscal year. If so, we'll be in for another round of campus budget reductions in addition to the portion of the cuts that we haven't dealt with for 2009/10.
- The longer into the year that we wait to develop solutions, the fewer options we have to reduce our spending to match shrinking state appropriations. The fewer the budget cutting options and the shorter the timeframe to make them, the more pronounced the effect will be on the campus.
- The University has used virtually all of its discretionary funds this year (over \$4.7 million) to buy time to develop permanent budget solutions for 2009/10. The resources the University has are for designated programs (health services, housing, parking, UEE, miscellaneous course fees, department revenue programs, library fines, etc.) which are dependent on those resources for operations or to cover costs not supported by their General Operating Fund budget. Borrowing from or taking designated funds should be the last option we consider, not the first. If we do this now, it leaves us without this option to consider should our state allocation be cut further.
- The University still has some very basic financial safety nets to put into place, such as a reserve for emergencies and for operations, so that we are not at financial risk at every turn.

Achieving the Targeted Cuts

There are also several components in the recommendations that we believe will not be realized in 2009/10. They are:

Roll portion of accumulated shortfall	\$1.0 million
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Additional enrollment fees – 2% over target	.32 million
Savings 08-09 spending reductions	.50 million
Retired faculty salary savings	.50 million
Utility savings	<u>.28 million</u>
	\$2.60 million (42% of gap)

- To roll \$1 million of the cut, we would have to borrow funds.
- The additional enrollment fees item requires that we over enroll next year and recoup only the student fee portion of funding to cover costs (no state funds are allocated for over enrollment). This puts us even further behind the cost curve for those additional students. Also, the Chancellor has asked all campuses to do no more than meet their enrollment targets next year; campuses will have some financial penalty if they go over 2% of the goal.
- The 08-09 spending reductions will not materialize, since we must use budget savings in 08-09 to cover the General Operating Fund over-expenditure from 07-08, which remains a debt to the General Operating Fund.
- The figure for retired faculty savings is unconfirmed and in many cases may not be realized.
- Finally the projected utility savings, which represents 20% of the utility budget, was identified without consulting the campus utility manager to identify what changes would be needed to materialize such a large cost savings, nor others who would be affected by the needed changes. While we would like to set such a utility savings goal and have the entire University community participate in meeting it, we're not convinced that this magnitude of savings can be realized beginning in 2009/10.

If we must borrow \$2.60 million in 2009/10, assuming we are willing to make \$2.6 million permanent cuts along with any other new permanent cuts we're assessed for the following year (i.e., 2010/11), the loan would cost us \$584,000 each year for five years starting in 2009/10. We have not identified a loan source or the loan repayment source.

Cutting Filled MPP positions

There are four MPP positions identified for elimination that have employees in them, plus two more that are vacant. This is the only proposed budget cut that results in the loss of jobs for full-time employees. Singling out MPP's for job loss is not supported by our expressed concern about preserving employees' jobs. It also isn't supported by our focus on preserving mission-critical services. It assumes that MPP's are not involved in planning, developing or delivering our mission-critical services, which is untrue.

Division-specific Cuts

- Academic Affairs has submitted budget scenarios that reflect our capacity to deliver our funded FTES at the 7.6% reduction level, and we are producing a summer-fall schedule based on that reduction. Doing so will involve a more substantial contribution by the

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faculty to the budget reduction effort than is proposed. That contribution would : 1) reflect the collaborative efforts of faculty in the Departments and Colleges to serve our students under budget constraints; 2) continue to provide assigned time for research and service, though this is more limited; 3) make the reduction of staff positions less likely, thus redressing the inordinate reduction in staff positions that was part of budget cuts in prior years; 4) allow us to avoid exceeding funded enrollment targets, in the interests of preserving academic quality as much as possible.

- We believe a 20% cut to OIT will adversely affect the ability of OIT to maintain critical services, now paid by OIT, that were formerly paid by other Divisions. Also, the Instructional Design position identified for a cut is critical for faculty development.
- Some elements within the proposed 20% cut to University Advancement, such as the data base manager for the donor and alumni system, are mission critical, and would lead to audit findings against the University if unfunded.
- We recommend that Student Affairs have the final say on the specific items to be cut for the amounts identified for that division.