

UBAC Report to the University Community

January 20, 2009

Since mid-November, UBAC has met regularly twice a week, reviewed a variety of budget reports/documents, engaged division leaders in dialogue regarding their proposals for budget cuts, and facilitated an open forum with the campus community. These efforts were designed to allow the members of UBAC to offer President Shirvani and the campus community informed recommendations regarding how to address the \$4.4 million structural budget deficit facing CSU Stanislaus this year and to prepare for additional budget cuts for next year. The members of UBAC want to acknowledge at the outset of this report that, unfortunately, we are not in a position to offer the type of informed recommendations that we think the President and the University community are expecting and need.

Our inability to adequately fulfill our charge is the result of a number of converging factors:

1) UBAC began operating in a crisis mode. UBAC did not assemble until late in the fall semester, after the strategy for considering budget reduction plans for 2008/09 was already established by the President and Executive Administration.

2) Exacerbating UBAC's late entry into the budget reduction process, our ability to consider budget reduction plans has been hamstrung by a lack of comparable and comprehensive information. Information was provided both in response to UBAC questions and in anticipation of the need to understand the array of funds used by the University to operate. However, with limited Budget Office staff, the information was in summary form, and detail underlying the summaries was not available. Not unexpectedly, the information tended to raise more questions than provide direction. All things considered, we do not believe that we have sufficient information to determine what led to/created the current structural deficit; we do not have sufficient information to determine how budgets and spending correlate to the University's primary mission; and we do not have sufficient information about past budgetary decisions to determine what makes sense in terms of future resource allocation.

3) After considerable reflection, the Committee feels that the structure of UBAC is problematic, impedes overall effectiveness, and contributes to a public perception that could undermine the credibility of the committee.

We ask that the University community acknowledge the reality that, at least in the short term (the remainder of this academic year), any budget cuts are based on limited and non-comprehensive information. We believe that it is likely that this reality will hamper planning efforts for the 2009-2010 academic year. While we would clearly prefer that

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executive management make well-informed decisions about resource allocation, we believe that sufficient information has not yet been provided. UBAC remains committed to gaining understanding of the processes, elements, and decisions that have led us to the current structural deficit. We further anticipate the active assistance of the campus community in gaining that understanding.

Given this context and with cognizance of the reality that we must act, the members of UBAC respectfully offer President Shirvani and the campus community our collective wisdom regarding suggestions for how to proceed:

- 1) Our first recommendation speaks to the current year budget situation. UBAC notes that executive management of the University has planned and begun implementation of an across-the-board cut of 4.85% for the 2008-2009 academic year. Our prior recommendations [made in November and December, 2008] sought to use available, one-time resources to more closely align budget reductions with our University's strategic plan and our primary mission. While we do not believe that across-the-board cuts are a wise or effective mechanism to adjust the budget, management has implemented those cuts, and we see no point in, nor mechanism for, taking an alternative path for this year. Therefore, with a slight modification, we recommend that the University accept the division leaders' proposals. We expect that the division leaders will make their best efforts to minimize the effects of these cuts on the services we provide. Our slight modification is that we recommend that all proposed cuts be viewed as one-time cost saving measures, rather than permanent cuts.
- 2) For the current academic year, one-time money was used in specific divisions (Academic Affairs, Business and Finance, and Student Affairs) to allow the University to continue to meet its mission. For the next academic year (2009-2010), in the absence of such resources, it is the opinion of this committee that an across-the-board cut is not prudent. Rather, to preserve the mission of the University, UBAC believes that cuts will need to be differentially dispersed across the divisions. Based on preliminary information, the majority of the Committee is of the opinion that Information Technology and University Advancement are two divisions which could absorb deeper cuts with the least amount of negative impact.

Based on this assessment, UBAC recommends the following process for budget reduction planning for 2009-2010:

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- a) For the campus budget process review, Academic Affairs, Business & Finance, President's Office, and Student Affairs divisions should prepare budget reduction proposals (based on 2008-2009 base budgets) of 6%, 10%, and 15%. University Advancement should prepare budget reduction proposals of 6%, 10%, and 30%. Information Technology should prepare budget reduction proposals of 6%, 20%, and 35%. These reduction targets are solely for the purpose of preparing scenarios to respond to potential future State budget reduction actions. No particular division-specific level of reduction is intended or implied.
- b) As Divisions are preparing these scenarios, we recommend that the following divisions prepare budget and operational implication reports [for both 2009-2010 and subsequent years] on the following structural changes:

Academic Affairs:

- Consolidation of colleges and/or programs
- RSCA support,
- Faculty Workload and Assigned time
- Shifting instructional delivery modes
- Self support programs
- Winter Term

It is important to note that budget reduction proposals in these areas must be made in consultation with faculty governance, and any recommended changes must be pursued according to policy and past practice.

Student Affairs:

Reorganizing managerial assignments, while preserving Student Affairs positions that provide critical services for students.

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Business and Finance [including auxiliaries, enterprise and self support funds, Public Safety, Human Resources, Facilities, Financial Services]:

Reorganizing managerial assignments while preserving critical services provided to the campus.

- c) In addition to the divisional budget reduction proposals, we recommend that the following broad-based campus changes be considered:
- i. Utilization of the Stockton Center
 - ii. Greater campus-wide efficiencies [i.e., four day week]
 - iii. Voluntary furloughs / time base reductions
 - iv. Campus-wide maintenance and replacement costs [i.e., instructional equipment, classroom furniture, computer replacement, deferred maintenance]
 - v. Planning for a future University reserve
- d) During the planning and review process, we recommend that proposed changes will not be implemented until the President has reviewed UBAC's recommendations and made recommendations for specified budget reduction plans. Given the crisis mode we are operating in and the unacceptably short time frame we are faced with, we expect from this recommendation the development of provisional summer and fall course schedules according to established timelines.
- 3) Our third recommendation is that Interim VP Green and the division of Business and Finance continue to work with UBAC to develop reliable and decision-useful budget and financial reports. Attached as Appendix A is a partial list of reports and information we believe is needed. We note that understanding the financial situation we find ourselves in requires an analysis of multi-year trends in activity and spending. Hence we need the reports we have requested to be comparable across years, which we understand will take significant additional work to accomplish.

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- 4) Our fourth recommendation is that President Shirvani and the University community reconsider the leadership of UBAC. We believe that a primary role of UBAC is to ensure full and complete openness and transparency in both budget deliberations and reporting. It is our considered opinion that having two VPs co-chair the committee is not the best mechanism for doing so. We urge the President to consult with UBAC members and with the University community to develop a more balanced leadership for UBAC. We suggest a co-chair arrangement that includes one VP and one non-administrative member.
- 5) Our fifth recommendation speaks to effective communication with UBAC members. We believe that our deliberations and recommendations are deeply affected by state and CSU system actions and in order to function effectively we need to disseminate information as quickly as it is received. We urge President Shirvani to further openness and transparency in our budget process by directing the VPs to communicate any information affecting our budget promptly. We note that information has time value and believe that the best way to maximize that value is to share all information we have with the committee members as quickly as possible. We further commit to keeping the campus community as informed as possible. We believe that the most effective mechanism for minimizing the ill effects of rumors is to share the information we have as quickly as possible and as widely as possible.
- 6) Our final recommendation speaks to the processes which UBAC has followed last year and this year. We urge the President to work with UBAC members, faculty governance, student government and the Labor Council to develop processes that allow more transparency, build confidence in both the processes and the recommendations of UBAC, and facilitate maximal consideration of issues raised by the University committee. Attached as Appendix B are suggestions offered at the open forum held on 10 December.

UBAC will continue to work with the Vice President for Business & Finance to develop a more informed perspective on our budget challenges. Over the course of the spring semester UBAC will continue its regular meetings and will continue to actively solicit suggestions and comment from the University

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community. We anticipate providing recommendations for the 2009-2010 Academic Year within a short time.

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Appendix A

For each fund of the University and for each of the auxiliaries:

- Balance sheets for the past 5 years, aggregated in toto and by fund.
- Statements of cash flows for the past 5 years, aggregated in toto and by fund.
- Income statements for the past 5 years, aggregated in toto and by fund.
- Original and revised budgets [by department] for each of the past 5 years
- Variance reports [budget-actual] [by department] for each of the past 5 years
- Spending reports [by department] for each of the past 5 years
- Audit reports and auditor meeting notes for the past 5 years
- Enrollment numbers, by college by semester, for each of the past 5 years
headcounts [by department] for each semester of the past 5 years
- We would also like each VP and/or project manager to provide us with an acceptance or rejection of the above as correct. If the VP or manager feels that the reports are in error, we will need to have sufficient detail concerning the error[s] to ensure that adjustments are made.

We note that comparability is a major issue. Therefore, we will need reconciliations for each division/department where staff or resources were shifted between divisions/departments.

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Appendix B

UBAC Open Forum – December 10, 2008 – Audience Comments

This is a list of issues raised. Many were discussed during the forum, and in a few cases, answers provided.

- Look at 4-1-4 academic calendar. Is winter session still a desirable/affordable? (Lots of discussion about this, including Academic Senate extensive review of the matter, manual financial aid processing for winter session, and the 21st Century Project problems anticipated in paying faculty for winter session.)
- Can we move summer session back to UEE? Lots of discussion about this at various points in the forum, with points being made that faculty teaching as UEE faculty are disadvantaged by lack of benefits and lower pay, and students are disadvantaged both by higher fees and lack of financial aid.
- Look at RSCA and assigned time costs.
- Look at the cost/benefit of the increase in the # of colleges (poised for growth, but does it make sense for a campus of 7,000 FTES?)
- Look at MPP employees taking furlough days.
- Look at the investment in the Development Office – is the money they raise helpful to the priorities of the campus?
- Look at the management structure here (can we have fewer managers?)
- Look at voluntary reductions in salary
- Look at the Stockton campus – focus priorities on the Turlock campus.
- Don't gut the Stockton campus program
- Look at the raises for the 8 MPP's in the last year
- Look at the recent ASI resolution about making one of the budget priorities the employment of students
- Look at MPP salary increases
- Look at ALS reorganization costs
- Look at distributing uneven cuts across divisions rather than across-the-board cuts
- How did we get into this financial position from prior years?
- Counseling department is dangerously understaffed; also look at Library faculty appointment levels.
- Look at the Academic Senate resolution (12/9/08) on budget priorities
- Are Strategic Plan priorities being rethought given the different campus circumstances?
- Can we teach the remedial courses as UEE courses only?
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Appendix B (cont'd.)

- Unit 4 staff feels devalued as a priority, as though they are an afterthought (applies to all staff, not just Unit 4). Reevaluate institutional priorities to include staff (“dangerously emotional” issue).
- Why wasn’t UBAC meeting earlier? How do we know UBAC will continue?
- Can UBAC meet frequently enough to address the issues at hand now, and continue to meet rather than stopping (like they stopped meeting before)? Why was UBAC brought in so late?
- Get more budget analysts in the University Budget Office. (Suggested internal transfer of budget analysts from across campus to the Budget Office. Issue was raised about what that does to the offices they leave. Later, Shirley gave a history of how the Budget Office has been desecrated over the last five years, as part of budget deliberations/recommendations that included UBAC as well as management.)
- How are the decisions that are being made for 08/09 going to fit into what we will have to do for 09/10? Have we identified core functions? (Financial Aid advisors, counselors, evaluators, etc.)
- How soon will a decision be made to keep temporary staff? Have funds been identified to do so?
- Are we looking at the campus spending (in addition to the budget)? Both the direct pay and ProCard spending mechanisms circumvents approval process. Purchases are approved after the fact.
- How much of the Clearwire one-time funds has been allocated, and how much is still left? (Question answered). How much does the campus get on an annual basis from Clearwire? Is it in the budget? (Questions answered).
- Can we publish the campus financial statements? (Question answered. Will send link via Postmaster to site where statements are published.)
- Look at the last time when cuts were made (2000 – 2004) before recommendations are made for further cuts.
- Look at underlying workload issues when making budget recommendations. For instance, winter term causes massive workload in Financial Aid (Cal Grant process is entirely manual).
- Show all funds in the budget data.
- Use facts to make decisions/recommendations.
- When making cuts to critical areas, keep track so those positions can be restored.

- Appendix B (cont'd.)

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- Let's do only things that we can afford. Offer programs that generate additional revenue streams. Learn those lessons from the business sector.
- Do multi-year budgeting.
- Let's have both budget transparency and spending transparency, at the department transaction level. (working on a data warehouse this year).
- President and Cabinet make decisions but don't have to live with long term consequences of those decisions (i.e., faculty and staff are at the campus longer than administration).