

President's Response to UBAC Recommendations of January 20, 2009

UBAC Recommendation

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.

***President's Decision:** I appreciate the Committee's prior work and recommendations to mitigate the 2008-09 budget cuts and also recognize the difficult time constraints that we all had to work under this year. I accept your further recommendation that the campus implement the cuts proposed by the Divisions as one-time cuts for 2008-09.*

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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:

- 1a) 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.

***President's Decision:** I agree with the concept that the reductions may have to be differentially dispersed across the campus and feel that the three-scenario approach will assist the review process to consider such recommendations. However, the recent allocations to both University Advancement and Information Technology were to support initiatives to improve the campus fundraising and technology programs that were not adequately supported previously. In the campus budget call, I will ask for the following budget scenarios: all divisions will be requested to develop 6% and 10% budget reduction scenarios as the first two. Academic Affairs, Business and Finance, President's Office, and Student Affairs will be asked to propose a third scenario at 15% reduction, and University Advancement and Information Technology will be asked for a third scenario at 20% reduction.*

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2b) 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.

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.

President's Decision: *I agree, in principle, with the recommendation, and add the following clarifications:*

1) *The Winter Term consideration is a broad-based campus issue and will be included in that category. Later this term, a committee will be needed to study the overall impact of Winter Term. I also will meet with the Provost and Deans to discuss timely development of self-support and on-line degree programs.*

2) *Established policies and procedures for shared governance will be respected throughout this process, including consultation as appropriate with faculty governance, labor council, and the Associated Students.*

3) *Some of the items listed may take longer than the time available for 2009-10 considerations, given the need for consultation with different groups; however, we will begin working on the items listed to consider which may result in cost savings for the next fiscal year.*

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2c) 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

President's Decision: *I agree that these matters must be considered.*

- **Stockton Center** – *We will have to carefully study the best long-term direction for Stockton.*
- **Voluntary furloughs/time base reductions** – *At this juncture, we will hold on these matters for further direction from the Chancellor's Office.*
- **Campus-wide maintenance and replacement costs** – *I will ask Interim VP Green to direct staff to study the funding needs for these costs.*
- **Planning for a University reserve** – *I agree that this action is absolutely necessary.*

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2d) 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.

President's Decision: *I agree and appreciate UBAC's recognition that provisional summer and fall course schedules will be developed according to established timelines.*

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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.

President's Decision: *I agree that Interim VP Green will continue to work with UBAC to develop budget and financial reports. I want to acknowledge and thank Interim VP Green for the work she and her staff have done so far to articulate the budget issues and provide budget information to the campus and UBAC. We all agree that more information is needed, including multi-year and historical information, but also recognize that the Budget Office is understaffed to provide that information as quickly as desired. Interim VP Green will work with UBAC on the priority order and feasibility of the reports requested in Appendix A, suggest additional reports that might be of interest to UBAC, and produce reports to the best of our ability within the limitations of the University Budget Office staffing level.*

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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.

President's Decision: *UBAC is an advisory committee to the President, with members appointed by the President. I appreciate the recommendation about the co-chair structure and have decided to look at the entire committee structure and membership for fall 2009. However, for spring 2009, the Committee and co-chair appointments will remain as originally constituted.*

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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.

President's Decision: *I appreciate UBAC's concern with openness and transparency, which we share, and will continue to communicate budget information to UBAC promptly.*

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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.

President's Response: *I will continue to work with UBAC, student governance, Labor Council, the President's Executive Cabinet, and other campus/community constituents to support a transparent and collegial campus budget process. Through the support provided to UBAC this year, the continuation of campus budget forums and discussions with constituent groups, and the posting of a growing volume of budget information on the campus budget website, it is my hope that participation by a growing number of the campus community will inform every aspect of our budget process, including UBAC deliberations.*

Thank you for your thoughtful recommendations on such a wide range of budget issues and for your hard work and dedication throughout this difficult process.

*Hamid Shirvani, President
February 11, 2009*