

June 25, 2008

CP/EVC Kliger
Chancellor's Office

Re: Budget Reduction Plans for 2008-09

Dear Dave:

The Committee on Planning and Budget (CPB) has now received and reviewed all the materials you provided in your consideration of the 2008-09 budget cuts. We start by outlining the process, focusing on our preliminary suggestions and formulating our current, more specific recommendations. We want to note that no formal written response was provided in the first stage of the consultation process because of the preliminary nature of the numbers. We take this opportunity to record our questions and advice along the way, so as to frame the recommendations that we have arrived at now.

Winter quarter analysis

On February 21, 2008, we consulted on the budget as of 1/30/2008, discussing options you outlined in a Preliminary Worksheet and a draft Reduction Worksheet. We provided a general overview of the principles you set forth and evaluated how consistently and effectively they were followed. Your stated primary principle was and is to protect the campus Instruction and Research mission by making the Academic Divisions the #1 priority for protection. However, we noted that based on the budgetary categories used to identify the Reduction Calculation for Core Funds (Instruction, Academic Support & Library, Institutional Support, etc.), there is differential cutting (as expected) across apparently non-symmetrical categories. Academic Support and Institutional Support are not equivalent budgetary categories, although they look alike. The result: it was and is difficult to assess what kind of protection the differential cuts have actually achieved for different units. The principle of protecting functions across units remains also difficult to track.

Following are specific examples and questions drawn from the above points. We posed them to you as follows during our February 21 consultation:

1. In the category of Support (Academic/Library and Institutional):

We need an explanation of what these different kinds of "support" are, and how they compare. ITS is the only unit that has significant funds in both categories; otherwise they appear to be aligned with academic (academic support) and support (institutional support) units. Academic Units, including all five divisions, have a 10% cut totaling \$2,043,000, whereas ITS has no cuts in that category and BAS sustains selected cuts. Why do the Academic Divisions have a cut of this magnitude, and what has happened to the principle of protecting the academic mission if the 1% cut to Instruction is effectively cancelled out by this 10% cut?

2. Enrollment Services (Student Affairs): since we have not met our enrollment targets for several years and enrollments are anticipated to be essentially 'stagnant' for the near future, suggesting there must be less need than anticipated for these services, why not shift the resources for undergraduates in Enrollment Services to increase capacity in

graduate programs? If we continue to hold steady our undergraduate enrollment (as we plan to do with our freshman numbers this year), resources may be redirected to enhance graduate enrollment.

3. Another guiding principle is that the development function should be protected across all units. How is the total calculated for what each development officer “makes”? How would that figure compare to the research dollars brought in by individual faculty members? How much do “efficiencies” produced by centralization of business functions result in the shifting of tasks to the faculty, and how can this redirected work be measured in terms of eroding development efforts in the academic divisions?

In University Relations, why not protect differentially core funds for Development and Public Affairs, but cut the rest by up to 10%?

Current Analysis

On June 5, 2008, we consulted again on budget cuts, using three scenarios with different estimated targets, two based on preliminary information from UCOP (“A” based on Governor’s January budget and “B” based on Governor’s May Revise budget), and a third (“C”) based on draft allocations received from UCOP on May 30, 2008. The target in the third scenario falls between the higher (A) and the lower (B); otherwise it is unchanged. We were also given a new Reduction Worksheet with what appear to be very minimal changes in the targets (e.g., Academic Units reduced from 2.8% to 2.5%).

CPB recommends revising the cuts and expenditures so that the principle of prioritizing investment in I & R is more consistently followed. Several assumptions underlie these recommendations. First, in order to achieve the overall spread of 1-10% cuts, the specific amounts need to be more flexible and applied more precisely to different functions within units. Second, differential cuts should be defined and applied more consistently, in relation to functions across units. Third, the distinction between academic and administrative units needs to be better, more substantively defined so that greater cuts may be made to truly “administrative” units.

Our specific recommendations:

1. “Support”

A. Reductions for Academic and Library Support should be less than 10% so that the total cut to each academic division amounts to the 1% instructional cut that is the central principle. Given the figures in the Summary of Allocations and Reductions (May 23, 2008), both Humanities and PBS should be protected more than the other academic divisions because their base has increased least over the previous ten-year period, making it more difficult for them to sustain the same cuts than for the other Academic Units.

B. Reductions for Institutional Support should be greater than 10% so that the total cut amounts to 10%. Moreover, the “support” categories are not equivalent for academic and non-academic units; academic and institutional support are not symmetrical or equivalent categories, as implied by the across-the-board 10% cut for “support.” CPB believes that Institutional Support should compensate for protecting Academic Support, based on the principle that the latter is closer than the former to I & R.

2. Business and Administrative Services: the total budget is so large (over half of the total for all the academic divisions combined) that BAS's flexibility is arguably greater than that of any of the other units on campus. Given the various untouchable categories (EHS, Fire, Police, Staff Human Resources, etc.), we recommend that these protected areas be compensated for by greater cuts to other BAS units (Financial Affairs, University Business Services and Physical Plant are the largest and may most readily sustain greater reductions).

3. Student Affairs: The major overall question is whether all of the Student Affairs resources are directed as required or are there fund sources that can be redirected. We specified in our winter quarter analysis that Enrollment Services should be reviewed for possible shifting of resources (see #2 above) and reiterate that view here. Are the other two largest units (Educational Partnership and UC Wide programs) possible candidates for increased cuts? Again, CPB notes that the total SA target is 6.2% rather than the 10% that is the agreed-upon target for non-instructional functions and units.


4. Information Technology Services: The ITS target of 1.1% is less than the 2.5% targeted to academic units. Rather than protecting nearly all of the ITS core funds, CPB recommends identifying the administrative functions within the ITS operation and targeting those units for cuts greater than zero. We estimate that the adjusted target could be set at approximately 3.5%, the adjusted campus total on the 5/28/08 worksheet.

5. University Relations: Core funds for Development and Public Affairs should be fully protected, but the rest of the units should be reduced by up to 10%. Here again the principle is to compensate for protecting specific funds by cutting others to a greater extent.

5. Auxiliary Enterprises: Are the current contributions from our campus auxiliaries in line with other campuses? Should the amounts of their contributions be increased? CPB also suggests that recharge amounts might be reduced.

CPB appreciates the care and effort with which you have conducted what might otherwise be simply a painful exercise, seeking throughout to align cuts with goals. We believe that the principles established here, as well as some of the basic research (for example, the ten-year Summary of Allocations and Reductions), will serve the campus well as it sets priorities for academic and budgetary planning.

Sincerely,



Susan Gillman, Chair
Committee on Planning and Budget

Cc: VC Michaels