

March 23, 2009

CPEVC David Kliger
Chancellor's Office

Re: 2009-10 Preliminary Budget Reduction Assignments

Dear Dave:

The Committee on Planning and Budget (CPB) has now received the majority of documents on which you based the preliminary budget reduction targets in your letter of March 4, 2009. The documents include the January 2009 submissions, with plans for two alternatives to a 10% cut, from all the administrative support units, plus the Library, Office of Research and Graduate Division; we have not received the plans for the academic divisions but will, as agreed, wait for their next submissions. As you requested in our leadership meetings, CPB will provide feedback on the principles, approaches and targets you have used in the process to date. We write now, in advance of the next round of submissions responding to your March 4 letter, in order to provide a critical overview.

Principles

The campus priority has always been to preserve, to the greatest extent possible, the integrity of the instruction and research (I&R) mission. Yet the principles bulleted on p. 2 of your March 4 letter appear to contradict this fundamental priority. We have already communicated our general impression that the rationale for the current budget reductions is reversing the course that you followed during the one-time cuts in 2007-08 (see CPB letter of Feb. 5, 2009). We reiterate that view. Here you specify that your priorities in this round of cuts, the greatest magnitude that we have faced, are "services/activities that directly affect" I & R. Administrative and support services by definition, however, affect I & R secondarily rather than directly, as do most of the functions in the academic divisions (omitting administrative functions). This appears to CPB to represent a fundamental change of course from honoring the first principles on which we all agree.

Similarly, your second bulleted principle on differential reductions raises related questions. While CPB has always recommended cutting differentially and has supported your efforts to do so, here you appear to be reversing your own course. By considering past budget cuts, focusing on the institutional support units that took the greatest share of last year's cuts, and now compensating for the "overall impact" (p. 3) by making "substantial reductions in all areas," you appear to be canceling out the course of differentiation heretofore followed. The "Estimated 2 Year Impact" shows that the percentages of reduction in the academic divisions will be brought more in line with those in the support units, cushioning and evening out the larger cuts and thus eroding the differentiation implemented last year. Moreover, when you say that "in implementing past budget cuts, it was tempting to focus on reducing 'administrative' functions," your characterization seems dismissive, failing to recognize the overt choices and principled justifications that were so carefully made at the time.

These are our critiques. Here is what we recommend:

Please provide more explicit description of the criteria you used to assign the preliminary reduction targets. How were the percentages determined? How do they align with campus priorities?

On the criteria for cuts to administrative/support units: it is not clear how the overall impact on each of the units, especially the ones marked as providing “high priorities” (see p. 2: “Services/activities that directly affect instruction and research;” “Required safety and compliance functions”), determined the differential cuts. How much will the cuts affect the functions and therefore impact the overall unit?

Some of the individual submissions, the ITS plan, for example, clearly show the full range of possible loss of service and personnel that would achieve the maximum cuts, yet others, BAS, for example, include prominently in their plans cuts to essential services, such as police and/or fire, that must be off the table. Why would you not simply wall off the safety and compliance functions, protecting just the essential services, and then assess a differential cut on the rest of the unit? This was the finer-grained principle of differentiation *within* units, not just across them that we followed last year.

The target reductions to institutional support units of 2.8% to almost 10% reflect the past in two arenas, “several years of explicit budget reductions” and “substantial increases in enrollment, personnel, and physical plant without proportionate increases in funding” (p.3). This does not appear to take into account the efficiencies of scale and increased capacity that were a major goal of the last budget cuts. All divisions and units have been confronted with the challenge of unfunded increased enrollments yet whether efficiencies of scale have been gained in the process, notably located in the institutional support units and functions across campus, is not explicitly considered.

All the plans return unfilled FTE to the center but only some specify the current uses to which these FTE are put. As a result, it is impossible to distinguish between FTE long unfilled, used now for purposes other than the original intent, and those that are still targeted for the original position, and thus to assess the differential impact in their return. (See below on the potential opportunity to readjust the way our campus approaches the FTE economy.)

On the criteria for cuts to academic units: again, it is not clear how impacts affected the differentiation in cuts (from 3.8% to 5.3%).

CPB could not tell whether in fact you may be appealing, implicitly, to one of the “three possible approaches” outlined for academic cuts (February 19 handout to CPB). It appears that you are returning here, in the first bullet point (p.4), to a version of the third approach, using progress toward divisional goals as a means of assigning cuts. If so, this criterion of differentiation should be elaborated and made more explicit.

The other parameters that you use--enrollment *trends*, opportunities to leverage national funds *expected* in health and energy, and programs with *potential* for field impact and/or private funding—are all striking for their uncertainty, their basis in future prediction rather than current needs and strengths in instruction and research.

CPB supports a more nuanced approach, identifying in the academic divisions the specific administrative and support functions to be cut as well as current uses of unfilled FTE to be returned. To identify these separate functions and determine an appropriate weighting by function will be more effective than quibbling over the percentage of the cuts among the academic divisions. Yet the charts on Attachment III (Academic Divisions, Budget Reduction 2009-10, Summary of Proposed Actions) show totals only of instructional funding/expenditures so that we cannot tell the amount or percentage of administrative/support cuts.

One final overarching comment that applies to all units:

We need as broad and systematic knowledge as possible of the impact of both past and current cuts, in order to prepare for next year's round of cuts. This definitely means individually taking into account the percentages as well as the totals of each of the past two years of cuts (unpacking the cumulative two-year impact). This could conceivably mean that the campus takes the budget crisis as an opportunity to readjust the FTE economy, specifically the practice of gaining flexibility through holding open staff positions to fund divisional projects that have never been centrally assessed. Is this the moment for taking a broad overview of all these local initiatives, reviewing and assessing whether they reflect campus priorities, and if so, are they being delivered in the most efficient way possible through their current location and configuration? In so doing, we may position ourselves to plan from the base budget of each unit rather than assuming the budget as we do now. Some units may require increases to their base and others may be in a position for decreases, but such planning cannot take place within our current assumptions and practices.

CPB hopes to make the ongoing budget reductions into something more than an exercise that threatens to occur largely at the margins, with too little substantive differentiation across units.

Sincerely,

A handwritten signature in black ink, appearing to read 'Susan Gillman', written in a cursive style.

Susan Gillman, Chair
Committee on Planning and Budget