

COMMITTEE ON PLANNING AND BUDGET
Budget Report #2
Assessing the Consultation Process

To the Academic Senate, Santa Cruz Division:

As part of the Senate review of the campus-wide consultation on the budget-reduction process this year, the Committee on Planning and Budget (CPB) will report on how consultation occurred with the office of the CP/EVC and other campus administrators. Our focus is on the adequacy of the budget materials presented for review, their timeliness, and the overall significance of our role in the process. To that end, we will start with a timeline of the major decision-making points this year, addressing the following questions: How have the cuts been determined, and how will their impact be assessed? How has information been provided to the campus as a whole, and how has consultation between faculty and administration been conducted at all campus levels? We ask these questions both to address the present moment and the immediate future, when more cuts to an already vulnerable institution are sure to occur. Budget cuts, like investments, reflect our priorities. The campus must address these projected budget reductions from a long-term perspective that takes into explicit account our institutional values and the directions in which we want to develop as a campus.

Timeline of the 2008-09 budget process

A brief backward glance: this year's reductions took place in the context of smaller cuts that had been planned for in 2007-08 and taken in late summer 2008. In this process, the cuts were carefully and differentially assigned, ranging from approximately 1% to 10%, with all the academic divisions at the lowest end and the academic support units at the higher end. Across all units, including the academic divisions, cuts were made wherever possible to administrative functions and services, in order to spare as much as possible direct instruction and research. ([Click here for CPB letter, June 25, 2008](#)). These cuts form a key part of the current reductions, and we will address their cumulative impact at the end of the report, where the overall impacts will be assessed.

December 2008

The budget process started formally at the end of the fall quarter, before the campus was apprised of the exact cut for 2009-10, with what EVC Kliger characterized as an initial information gathering and planning exercise. Each of the principal officers, including the deans as heads of the academic divisions and the vice-chancellors in the administrative or support units (such as Student Affairs and Business and Administrative Services) were asked to present two alternative scenarios for how they would accommodate a 10% cut in their current budget. Due in early January, affording the principal officers approximately one month during the quarter break to respond, the responses were not expected to be detailed but rather very high-level. At the same time, they were assumed to be confidential. The EVC planned to use the results of this exercise to develop one or more "straw-man" proposals, to be discussed at CPB and with the administration, which he would then use to develop the reduction figures.

January-February 2009

While all campus units submitted their plans for a 10% cut by January 9, the submissions were not circulated to CPB until late February, just prior to the EVC's distribution of preliminary reduction targets to all unit heads on March 4. The delay was attributed to the confidentiality of

the information in the plans. Instead of receiving the plans, CPB reviewed three possible approaches for academic unit cuts (uniform cuts or differential cuts based either on the unit's progress to ultimate FTE target in the campus plan or on the unit's potential for advancing campus goals). When the plans were finally released to CPB, they included only those of the administrative units.

Concurrent with this planning for 2009-10 reductions, the EVC announced the mid-year cuts for 2008-09. CPB questioned the apparent shift from the principle of differential cuts on which we had all agreed for 2008-09 to a new principle of equity (designed to compensate the support units that had taken the larger percentage in the initial round of cuts.) ([Click here for CPB letter, February 5, 2009](#)).

In parallel with these developments, the EVC established a small Budget Advisory Group. A series of workgroups were also established to explore areas across campus with the potential for cost-savings and/or efficiencies; these cross-functional teams were to define core functions in a variety of areas (academic organization, academic personnel, institutional support, instruction, instructional support, undergraduate academic advising, and residential and student life programs), addressing whether and how they could be delivered more efficiently. The reports of each of these workgroups will be vetted by the relevant Senate committees. (To date, there are reports on academic personnel, undergraduate advising, and TAPS.)

March 2009

In his letter of March 4, the EVC released 2009-10 preliminary budget reduction assignments. No straw man proposals had been considered, as originally planned. Instead, these targets were based on the high-level reduction plans, which had been produced in the early winter on such a short timeline that little or no consultation had been allowed in the academic divisions. The EVC's letter contained no direct explanation of how he had arrived at the numbers, but instead provided two different justifications for the differential cuts among the academic divisions. Both justifications were based on predictions about the potential for increased fund-raising and enrollment shifts in Arts, Engineering and Physical and Biological Sciences. ([With permission from the EVC, we include his March 4, 2009 letter – Click here](#).)

CPB learned (at our February 26 meeting) only how the EVC had determined the overall split in assigned cuts between the academic (\$4.5 million) and academic support units (\$8.5 million). He examined the plans of the support units and identified what were defined as acceptable impacts, used those totals to determine their percent of the cuts, and then assigned the remainder to the academic divisions.

Feedback on these reduction targets was requested, to be provided to the EVC within two weeks. CPB submitted a written response, questioning the principles used to justify the differential cuts among the academic divisions, which relied on undocumented predictions of enrollment shifts, federal funds and fundraising. ([Click here for CPB letter, March 23, 2009](#).) When the responses from the academic and administrative units were submitted, CPB received only the submissions from the academic divisions, whereas in the winter we had received only the administrative submissions.

April 2009

The preliminary targets become 2009-10 permanent budget reductions.

2 Year View of Permanent Budget Cuts

	A	B	C	D	E
				B+C=D	D / (A+B) = E
	08-09 Core (i)	08-09 Permanent Reduction	09-10 Permanent Reduction	2 Year Total	% of 08-09 Core (ii)
Arts Division	\$11,097,000	\$133,000	\$450,000	\$583,000	5.19%
Humanities Division	\$18,896,000	\$109,000	\$1,000,000	\$1,109,000	5.84%
Physical & Biological Sciences	\$30,032,000	\$372,000	\$1,150,000	\$1,522,000	5.01%
Social Sciences Division	\$24,496,000	\$184,000	\$1,300,000	\$1,484,000	6.01%
Jack Baskin School of Engineering	\$14,229,000	\$147,000	\$600,000	\$747,000	5.20%
UCO Lick Observatory	\$623,000	\$59,000	\$40,000	\$99,000	14.52%
Division of Graduate Studies	\$842,000	\$22,000	\$65,000	\$87,000	10.07%
Vice Chancellor Research	\$2,260,000	\$97,000	\$140,000	\$237,000	10.06%
Library	\$11,013,000	\$364,000	\$1,100,000	\$1,464,000	12.87%
Business & Administrative Svcs	26,972,000	1,681,000	\$1,100,000	\$2,781,000	9.71%
Chancellor's Office	\$1,508,000	\$64,000	\$50,000	\$114,000	7.25%
Campus Provost/EVC Office	\$1,442,000	\$100,000	\$144,000	\$244,000	15.82%
Academic Senate	\$1,186,000 (iii)	\$0	\$80,000	\$80,000	6.75%
UG Education, SS, and Colleges	\$5,020,000	\$0	\$315,000	\$315,000	6.27%
Academic Personnel Office	\$921,000	\$0	\$90,000	\$90,000	9.77%
Planning and Budget	\$2,304,000	\$108,000	\$140,000	\$248,000	10.28%
Information Technology Services	\$23,424,000	\$191,000	\$1,800,000	\$1,991,000	8.43%
Student Affairs	\$22,378,000	\$224,000	\$1,500,000	\$1,724,000	7.63%
University Relations	\$6,001,000	\$44,000	\$500,000	\$544,000	9.00%
Auxiliary Enterprises (CUHS) (iv)	63,000,000 (v)	\$0	\$1,500,000	\$1,500,000	2.38%
Central Reduction		\$626,200		\$626,200	
Total Permanent Reduction		\$4,525,200	\$13,064,000	\$17,589,200	

(i) The core budget is the permanent budget. Funds included: General Fund, Lottery Fund, UOF, OTT, Ed Fd, BTP, ITTP, IU, academic preparation funds, registration fees, and endowment cost recovery funds. Funds excluded: purchased utility budget in BAS, endowment income, recharge and self-supporting income, campus mandatory fees, user fees, and miscellaneous other funds such as "Be Smart About Safety" or continuing funds from OP.

(ii) Percentage was calculated as follows: 2008-09 cuts plus 2009-10 cuts divided into 2008-09 core before the 2008-09 cuts.

(iii) The core budget includes senate course relief (\$272K) which is provided centrally.

(iv) Auxiliary Enterprises are non-instructional support services provided primarily to students in return for specified charges. Services include residence and dining services, parking, and the bookstore. No State funds are provided for auxiliary enterprises. Auxiliaries receive a range of services from core-funded academic support units, such as police, fire, general accounting, payroll, staff HR, labor relations, etc. As self-supporting entities, auxiliaries pay an auxiliary assessment (akin to an overhead assessment) for these core-funded services. In 2008-09, a portion of the auxiliary assessment (\$250,000) was applied to the campus's mid-year temporary budget cut. In 2009-10, \$1.5 million will be applied to the campus cut.

(v) Estimated budget, excluding debt service and major maintenance.

Where are we now?

We have concluded a process of decision-making and consultation that CPB believes was fundamentally flawed. The process has fallen short on several key fronts. The data from the campus units were uneven in scope and level of detail, and were provided irregularly, often not in a timely fashion. The timing of key decision points shifted, and ultimately the process came to a foreshortened conclusion in which preliminary figures became permanent ones without

adequate explanation, from the CPB perspective, of how the conclusions were drawn from the materials provided. As a result, the consultation process this year has left an impression of arbitrariness and lack of planning. We are currently working with the EVC to design a better process for the coming year.

Looking to the future, we have turned to assessing the impacts of two years of budget cuts. (See above table, "2-Year View of Permanent Budget Cuts.") The major principle of the budget reduction process has always been to cut differentially, in order to protect to the greatest extent possible, our number one priority, the core mission of instruction and research. (Across-the-board cuts are often viewed negatively, as an unthinking approach that, in the name of a false egalitarianism, disregards uneven impacts and unintended consequences, and assumes that base budgets are appropriate.)

But if such a differential process was the intent, the outcome for the academic divisions, based on two-year cumulative impact, is closer to a uniform cut. The range is from 5.01% (PBS) to 6.01% (Social Sciences). Despite this, the impacts, as measured by the effects on the curriculum and instructional delivery, which are not yet fully known, appear to be disproportionately distributed across the divisions and do not consistently line up with or reflect the different percentages of the cuts. Divisions are cutting TAS, reducing TA/graduate student support, and eliminating courses at different levels of the curriculum. At the same time, consultation processes are now underway for elements of the divisional plans that require formal Senate review, such as elimination of degrees, minors, and changes in administrative oversight of departments and programs.

Consultations scheduled with all the deans will allow CPB to assess the impact of these curricular reductions both for the short term and their implications for the future. CPB will report orally on the outcomes at the next Senate meeting.

We will issue one more written report this year, outlining the budget consultation process for 2009-10 on which we are now working with the EVC. The aim is to design a process that corrects for the specific problems and breakdowns in communication encountered this year.

Respectfully submitted;

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