TO: The Academic Senate, Santa Cruz Division

CPB issues this report to the Senate in order to engage the faculty in the critical planning and budget issues that now face the campus. We have important choices to make in the context of the state budget crisis and the recent changes in offices of the Governor and the Campus Provost/EVC.

At UCSC, the state economic crisis will result in a presently estimated cut of 10-12% of total state operating funds, which we must treat as permanent (i.e. a reduction to the annual budget in this and subsequent years). In the meantime, the ongoing Executive Budget Committee (EBC) process has produced data indicating that significant permanent savings may be gained through reorganization of business and information technology functions, among others, and certain other academic support functions at UCSC. However, we now know that these potential savings will not be realized for two to five years and, in some cases, will require substantial, one-time investment. While CPB believes that the EBC process should continue, the immediacy of the budget crisis requires the Senate to recognize that key choices will have to be made over the next several months in how and where the inevitable cuts in other state funded areas will be assigned. In making these choices, we recommend that two principles should guide us: 1) strategic cuts are preferable to across-the-board cuts, and 2) all cuts should be pursued to the maximum extent, as far from the classroom and research lab as possible.

Based on data provided by the administration, CPB is now in a position to effectively advise the administration, and later to report to the Senate. It is neither inevitable nor desirable, we believe, that undesignated cuts be taken primarily by reducing instructional expenditures per student, or by a freeze on new faculty hiring or on replacing vacant faculty and staff positions that support instruction and research. As a result of the EBC process, we now have a clearer idea of what efficiencies are possible in non-academic areas of campus management, and what resources may be available to finance the lag between realizing the cost savings from those efficiencies and the immediate need to cut campus spending. Furthermore, it may be possible to create a short-term cushion, to mitigate the impact of cuts on academic and research programs during this transition period, by redeploying a combination of funds from sources such as unfilled staff and faculty FTE and positive year-end balances. Using this cushion may in some cases require payback, thus merely postponing the need for permanent reductions. These resources may also be used to maintain strategic flexibility at central, divisional, and departmental levels, and to help finance the longer-term transition to more efficient campus management processes. After these measures are put in place, the remainder of the cuts would be absorbed by the academic and research units, in accordance with a series of priorities and principles to be developed in coming discussions.

CPB believes that this promising plan to precede across-the-board cuts with strategic cuts will require significant faculty input to be successful. We issue this report as a first step, to inform the faculty of the basic choices facing us and to suggest ways of actively shaping those choices.

Respectfully Submitted:

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