

COMMITTEE ON PLANNING AND BUDGET
Recommendations on 2010-11 Budget Reductions

To the Academic Senate, Santa Cruz Division:

Current estimates by the administration predict that the campus core permanent budget will be cut approximately \$8.3 million in 2010-11, or roughly 4.5 percent. The Committee on Planning and Budget (CPB) recommendations for budget reductions are based on the assumptions that the campus will be asked to cut its budget by this 4.5 percent for 2010-11, that multi-year funding to the campus will remain roughly near its 2010-11 level, and that campus enrollments will remain near their current level. These assumptions emerged from our conversations with CPEVC Kliger and other campus and UC budget officers. We do not attach a high level of certainty to these assumptions, so our budget-cutting recommendations are conservative, protecting us from worse budget news while creating opportunities for investment or reinvestment in pursuing campus goals if our eventual budget turns out to be better than expected.

We are basing our budget-reduction recommendations on principles adopted unanimously by CPB during fall quarter, 2009, found in Appendix A. Specifically, we have carefully applied the third principle: "Investment of resources in academic support units must be clearly justified in terms of satisfying or advancing the academic mission and meeting basic legal obligations of the campus" which has resulted in differential cuts between academic units and academic support units. This principle was also applied to administrative functions within academic units resulting in differential cuts among the academic divisions. CPB has carefully noted the risk factors indicated by principal officers in meeting legal and compliance obligations and attempts to balance those risks against the risk of allocating cuts in a manner that prohibits the campus from fulfilling its obligations to students. Additionally, CPB is mindful of the risk of shortchanging the research enterprise to the extent of creating irreparable harm to previous investments in this area.

The Fundamental Trade Off

In a declining resource environment, protection of instruction and research funds necessitates reduction of resources in academic support and institutional support activities.

Ultimately, our core activities are instruction and research. Our front-line ability to provide instruction and carry out research has already been compromised by the combination of rapid enrollment growth and long-term erosion of state support for higher education. If we are to protect budget lines that directly affect instruction and research (e.g., graduate student support, lecturer salaries, FTE provisions), we must be willing to live with reduced or lost services in other areas. After two years of extensive budget cuts, we have few opportunities left that do not create gaps in services we value. However, we value the instruction and research missions even more and they are equally at risk.

The budget-review process CPB followed enabled us to compare reduction proposals from across the campus side-by-side so we are aware of the high quality and important activities that will be cut or compromised if our proposal is adopted. But few activities equaled or exceeded the importance of resources dedicated to the classroom experience, graduate education, and direct research support.

All campus constituencies benefit from well-run academic and administrative support units. Our campus benefits from hard-working, dedicated staff and professionals who, over the past two years, have seen budget resources decline while attempting to maintain and improve services. CPB in making its recommendations has been mindful of legally mandated and extremely valuable services provided by these units.

Recommendation Summary

CPEVC David Klinger asked all principal officers to submit budget cutting proposals in the ranges of 5.5 percent and 11 percent which were carefully reviewed by CPB. CPB has submitted a detailed proposal for allocation of budget reductions to CPEVC Klinger which is summarized in Table 1 for an overall reduction of 4.7 percent. This total narrowly exceeds the expected reduction of 4.5 percent, providing some funds to address unpredicted negative consequences of the cuts.

Table 2 provides CPB recommendations if the budget cut is somewhat larger, 5.3 percent. In the more drastic scenario, CPB found it necessary to propose even deeper cuts to the academic divisions and Information Technology Services.

These recommendations are based only on the submissions from principal officers. We are suggesting nothing that was not already in the proposals we saw. These submissions identified for elimination duplicative processes, response times that could be extended without undue risk and areas where we produce reporting more than is minimally required. Our entire scenario is based on what principal officers believe to be available in 5.5 percent and 11 percent reduction scenarios.

In making budget-reduction choices, the campus faces risks of many kinds. If we reduce commitments to institutional support, depending on how those reductions are taken, we could increase the response time to campus emergencies, increase the possibility that accounting documents are not properly prepared, or multiply the chance that deferred maintenance turns into larger immediate repair costs. There are many other examples. The risks to the academic enterprise are more difficult to measure. They involve eroding the quality of the academic experience of students who attend UCSC. When measures like student-teacher ratios, time to degree, and average class size move in the wrong direction, they indicate that we are putting at risk one of our fundamental objectives – providing a world-class education to our students. Similarly, when faculty workloads expand and research support services decline, our other fundamental objective, world-class research, is put at risk. These are also fundamental risks affected by our budget choices. For the 2010-11 budget, CPB determined the risks to instruction and research to be greater than the risks to institutional and academic support at the anticipated budget reduction. However,

with the deeper budget cut scenario (5.3 percent), CPB applied greater cuts to direct instruction and research support than institutional support.

In our January 28, 2010 report to the Senate, CPB said it would “consider individual unit reduction proposals in the widest possible context” and we have done so. We studied the budget-reduction proposals of all principal officers. We reviewed budget reductions over the past two years, longer trends in budgeting, relevant CPB correspondence and minutes, and other campus budget reports. We met with principal officers of all academic divisions and held informal discussions with chairs of other Academic Senate committees. CPB’s access to all materials submitted by principal officers, plus their willingness to respond on short notice to our clarifying questions, made our review possible. We agreed to hold all budget proposals and correspondence in confidence and we have. Our detailed proposal to CPEVC Kliger likewise is confidential.

TABLE 1: 4.5 Percent Budget Reduction Scenario

Unit Name	Current Core Budget (\$)	CPB Proposed Reduction	Reduction Percentage
Academic Personnel	756,903	41,600	5.5
Academic Senate	834,815	26,622	3.2
Arts	10,790,061	160,000	1.5
BSOE	14,045,687	167,000	1.2
BAS*	26,393,405	2,895,400	11.0
Chancellor's Office	1,332,861	146,600	11.0
EVC's Office	1,080,870	79,117	7.3
Graduate Division	777,691	58,400	7.5
Humanities	17,723,569	183,072	1.0
ITS	20,686,360	1,696,000	8.2
Library	9,525,772	0	0.0
Office of Research	2,158,490	70,000	3.2
PBSci	28,900,769	401,134	1.4
Planning and Budget	2,122,803	154,050	7.3
Silicon Valley	1,200,000	132,000	11.0
Social Sciences	22,977,047	359,837	1.6
Student Affairs	9,274,885	933,582	10.1
UARC	322,312	35,500	11.0
UCO Lick	562,357	30,900	5.5
University Relations	5,329,387	586,200	11.0
VPDUE	4,874,185	329,365	6.8
TOTALS	181,670,229	8,486,379	4.7

*The BAS core budget excludes purchased utilities (\$7m)

TABLE 2: 5.4 Percent Budget Reduction Scenario

Unit Name	Current Budget (\$)	CPB Proposed Reduction	Reduction Percentage
Academic Personnel	756,903	41,600	5.5
Academic Senate	834,815	26,622	3.2
Arts	10,790,061	160,000	1.5
BSOE	14,045,687	217,500	1.5
BAS*	26,393,405	2,895,400	11.0
Chancellor's Office	1,332,861	146,600	11.0
EVC's Office	1,080,870	79,117	7.3
Graduate Division	777,691	58,400	7.5
Humanities	17,723,569	228,305	1.3
ITS	20,686,360	2,275,499	11.0
Library	9,525,772	179,981	1.9
Office of Research	2,158,490	119,000	5.5
PBSci	28,900,769	475,514	1.6
Planning and Budget	2,122,803	154,050	7.3
Silicon Valley	1,200,000	132,000	11.0
Social Sciences	22,977,047	433,837	1.9
Student Affairs	9,274,885	933,582	10.1
UARC	322,312	35,500	11.0
UCO Lick	562,357	30,900	5.5
University Relations	5,329,387	586,200	11.0
VPDUE	4,874,185	329,365	6.8
TOTALS	181,670,229	9,538,972	5.3

*The BAS core budget excludes purchased utilities (\$7m)

Ongoing Consultation

CPEVC Kliger has been carrying out a parallel budget-reduction analysis. He is currently reviewing our proposed reductions before issuing his initial targets to principal officers. By submitting our proposals prior to CPEVC Kliger's own decisions, the administration has created an opportunity for meaningful consultation on difficult budget cuts. CPB looks forward to understanding the CPEVC's justification about any potential differences from our recommendations in the allocation of budget reductions. This necessary dialog with CPB and other campus constituents will foster the type of understanding that will make difficult budget reductions more tenable.

CPEVC Kliger's targets may be revised based on subsequent feedback from CPB and others, or if new budget information emerges. Similarly, as the UCSC budget picture for 2010-11 becomes more clear, our recommendations for cuts (Tables 1 and 2) will likely change. We have laid the groundwork for productive consultation with the administration as we all learn more.

Improving the Campus Budgeting Process

We ask that future annual budget plans be embedded in a 3-to-5-year planning scenario based on campus-wide academic goals. In this way, we will extend our planning horizon beyond the emergency budgeting that the state budget crisis has imposed on us over the past three years to a more solid medium-to-long-term footing.

Consistent with its previous recommendations CPB urges this be done in conjunction with a comprehensive budget review exercise. This year, CPB focused on the 5.5 percent and 11 percent increments of budgets proposed for cuts, but had inconsistent knowledge indicating how the remaining 94.5 percent and 89 percent of budgets are being utilized. This year's process has exposed functions and priorities quite distant from instruction and research that were retained last year while teaching assistants and lecturers – those in direct support of delivery of the curriculum – were simultaneously cut. A more thorough review could reveal the current relevance of historic budgetary decisions and yield opportunities for consolidation, economizing, and improvement of services. This review should encompass academic, academic support, and institutional support divisions.

Respectfully submitted,

COMMITTEE ON PLANNING AND BUDGET

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Appendix A

CPB Principles for Investment and Reallocation

The Committee on Planning and Budget has developed and adopted these principles to help guide its deliberations. We will apply the principles to procedural and substantive issues related to campus planning and budgeting. These principles are consistent with CPB positions in recent years and with broader campus values. Their purpose is to provide the ability to weigh alternatives and reach conclusions and recommendations that have ethical consistency and are rooted in historic and current campus values.

1. UCSC is a public research university committed to the tripartite mission of instruction, research, and service. Given the demographic profile of California, UCSC must address the academic needs and aspirations of a diverse student population. The dissemination of knowledge (instruction) and creation of knowledge (research) are the services that UCSC provides to society.
2. Equal resource distribution is a lower priority than differential resource distribution based on potential for or evidence of excellence in instruction, research, and service. It must be acknowledged that certain areas of instruction, research, and service will not be a priority at UCSC. Intellectual leadership is needed to make these judgments. The sources of intellectual leadership are the faculty and campus academic leadership.
3. Investment of resources in academic support units must be clearly justified in terms of satisfying or advancing the academic mission and meeting basic legal obligations of the campus.