

California State University, Northridge
Academic Affairs
2009/10 Budget Reduction Planning Guidelines

September 2009

Academic Affairs developed budget reduction planning criteria in spring 2004 in preparation for the anticipated significant budget reductions of the 2004/05 fiscal year. In 2009, we are faced with similar types of challenges, but with the anticipation of a more significant impact on operations, services, and access. This document provides guidelines for budget reduction planning, and includes assumptions, principles, priorities, and a framework for reporting college and unit plans.

Assumptions and Definitions

- At this time we understand the CSU is faced with nearly \$600 million in cuts for 2009/10. This translates to approximately \$41 million for CSUN in 2009/10, and nearly \$25 million for the Division of Academic Affairs. While additional cuts may happen over the next year, our planning will focus on what we currently know to be our reduction target.
- It should be clearly understood that the cuts must be from the base budget.
- The campus has two years to achieve the \$41 million budget reduction (2009/10 and 2010/11).
- The bulk of our plans will need to have structural impact to result in base budget savings. A **structural** change in budget is one that represents a change in organizational structure, programs, staffing, and/or permanent changes to operations and services.
- An **operational** change in budget is one that reduces annual operating expenses such as supplies, equipment, travel, contracts, memberships, and temporary staff.
- Reductions may either be **one-time** or **base**. One-time changes will be needed in 2009/10. **One-time** changes in budget reflect the decision to temporarily change budget allocations. These decisions may lead to cancellation of activities, but may also result in deferral of necessary costs to future fiscal years. They provide temporary funding or temporary savings. **Base** changes are permanent changes in budget allocations. They provide permanent funding or permanent savings.
- “Brainstorming” ideas for structural and operational changes is more art than science and will require further consultation, particularly for proposed changes that could impact other divisions and programs, accreditation, or things governed by system-wide constraints.
- No idea is “off the table;” there are no “sacred cows.”

Principles/Priorities

Academic Affairs continues its commitment to the planning priorities of academic excellence (access, assessment, research, learning-centered and ongoing programs), student engagement, and shared values (collaboration, technology, revenue enhancement, and structural alignment based on evidence). These priorities are consistent with university priorities as outlined in the August 17, 2009, memorandum from President Koester (Attached). Additionally, the following principles and priorities were identified by the Provost’s Council in November 2008:

- Efficiency (optimize scheduling, services, no low-enrolled GE)
- Access and Graduation (under-represented, course availability, choice, time to graduation, manage electives, course substitution)

- Protect jobs (faculty, staff, student assistants, furlough, layoff, etc.)
- Build community connections and leverage partnerships (revenue enhancement, faculty additional pay, student learning opportunities)
- Faculty research and development
- Avoid “incrementalism” in budget cutting (e.g. “across the board”)
- Maintain support for faculty in RTP
- Don’t increase the workload on staff (consider centralizing some functions)
- Use enhanced technology and online instruction, where appropriate
- Uphold rigor, maintain standards
- Uphold accreditation values
- Reduce reassigned time

Criteria for Evaluating Proposed Changes:

Creates actual dollar savings (i.e., not reallocation of costs)
Operationally feasible
Politically achievable
Maintains or enhances academic quality
Creates effective long-term outcomes

Guidelines for Reduction Planning

Financial goals will be met through (1) efficiencies, (2) revenue enhancements, and (3) student fee increases. Based on the assumptions/definitions and principles outlined above, the following specific guidelines emerge. While these focus on means, it is important to keep the ends in mind. That is, by focusing on our strengths, we will emerge from this financial crisis as more nimble and as an even more important contributor to the economy of our region.

Possibilities for Academic Affairs Common Action:

Efficiencies

- **Enforce low-enrolled section criteria**—lower division courses cancelled if below 20 students, upper division courses cancelled if below 15 students, graduate-level courses cancelled if below 8 students.
- **Student-Faculty Ratio (SFR)**—align average SFR with budget at the department level.
- **Hiring freeze**—existing processes to justify all tenure-track faculty and staff positions remain in place. There are no automatic replacements for vacant positions. (Few positions included in the 2010/11 faculty hiring process will be approved for hiring.)
- **Reassigned time/Released time**—all colleges will initiate a formal (written) justification and approval process for faculty reassignments.
- **Enforce large lecture WTU credit**—double WTU credit recognized at 120 enrolled students (instead of 100 or 110; except in rooms holding only 111-119 students)
- **FTES targets**— there is no assumption of additional funding available for over-enrollments. Therefore, all colleges and FTES-generating units are responsible for managing schedules in order to meet enrollment targets established by the campus.

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- **Schedule builds**—schedule building will be centralized. That is, college deans' offices will be responsible for determining class schedules for all academic terms. Summer and intersession will consist only of high-demand courses.
- **Leave time reporting**—all staff and faculty will properly record leave time (vacation, sick, and other leave) and administrators will require the use of appropriate levels of vacation time by individuals in order to minimize excessive vacation accruals. When changes in employment status occur, vacation accruals will normally not be paid out to the individual.
- **Operating Expenses**—all units will set in place mechanisms designed to control purchasing activities and travel. They will also use standardized platforms and purchasing agreements and reduce overall operating costs.

Revenue Enhancements

- **Research resource enhancements**—opportunities will be sought for funding of collaborative interdisciplinary research.
- **Revenue-generating programs**—college administrators will actively pursue opportunities, particularly with the Tseng College of Extended Learning, to move or create programs that capitalize on specific areas of expertise and provide access to underserved groups.
- **Fund raising**—individuals will continue to seek opportunities to advance the mission of the university through private gifts.
- **Centers and institutes**—need to be self-sustaining. Charters of centers and institutes will not be renewed if they are inactive or did not generate revenues in excess of costs during the most recent five years of operations.

Unit-Level Actions/Efficiencies:

- **Structural realignment**—each college and major administrative unit will consider ways to realign its reduced resources to meet the needs of students, faculty, staff, and the community. This may take the form of:
 - combining organizational units
 - collapsing administrative support structures
 - considering shared structures for support, including information technology support

Taking advantage of “scale economies” will require creative use of resources and a willingness to work across boundaries.

- **Curricular Changes**—Assess and revise mode/level criteria affecting curricular delivery and workload. Eliminate duplicate courses.
- **Low-enrolled Programs and Majors**—colleges and departments will investigate the feasibility of eliminating low-enrolled programs and majors, moving selected graduate programs to Extended Learning, and consolidating or combining majors.

Budget Assumptions as of September 2, 2009

The impact of the State budget crisis on CSUN is currently estimated at \$41 million (Table 1). Using a *pro rata* reduction to the divisions results in 70.2% of reductions attributable to Academic Affairs. This means our base budget cut is over \$24 million. After central adjustments and furlough savings, Academic Affairs will be required to return nearly \$5 million in savings in 2009/10. This leaves a balance of over \$19 million in reductions needed in the 2010/11 fiscal year.

Table 1. Assumed Reductions in 2009/10 and 2010/11

Assumed Reductions	Base Budget Amount	Comments
Total Campus Reduction (2009/10: \$41M)	\$ (40,912,900)	Base
University Central Offset to Reduction	6,000,000	Base
<i>Base Budget Balance to Be Covered</i>	\$ (34,912,900)	Base 2010/11
<i>Academic Affairs Reduction Needed</i>	\$ (24,508,856)	AcAff @ 70.2% of University
<i>Timing of Estimated Base Reductions to AcAff</i>		
2009/10 Reduction	\$ (4,914,000)	After furlough savings
2010/11 Reduction	\$ (19,594,856)	Balance of reduction
<i>Total Estimated Academic Affairs Reduction</i>	\$ (24,508,856)	

Academic Affairs began planning for budget reductions in 2008/09 (Table 2). Eight million dollars (\$8 million) was set aside from divisional allocations for future reductions. The CSU is requiring the campuses reduce their FTES by 10.8%. For CSUN, this is equivalent to 2,787 FTES which will provide budget savings. We will begin reducing our FTES in Spring 2010 (by not admitting spring transfers) and will have decreased fully to the planned new targets by CY 2010/11. Other possibilities for efficiencies include modifying overall student/faculty ratios and reducing technology expenditures. Savings available from existing resources and the other strategies mentioned below total about \$18 million, leaving over \$6 million in additional savings needed.

Table 2. Summary of Savings and Reductions Needed

Savings and Reductions Needed	Base Budget Amount	Comments
Academic Affairs 0809 Base Budget Reduction	\$ 8,000,000	2008/09 Reduction Planning (\$8M)
Enrollment Cost Savings	6,520,000	
Modify SFR	3,000,000	
Technology Savings	700,000	
Other Base Reductions Needed	6,288,856	
<i>Total Base Reductions Needed</i>	\$ 24,508,856	

The Academic Affairs available base reduction and one-time (carry-forward) resources provide a planning "cushion." Our estimated available resources (Table 3) exceed our likely budget reduction requirements through 2009/10. However, Academic Affairs will need to use 2009/10 to plan for the eventual impact of an additional \$6 million reduction on top of other savings assumed above.

Table 3. Analysis of Base Budget Reductions and Estimated Timeline of Impacts

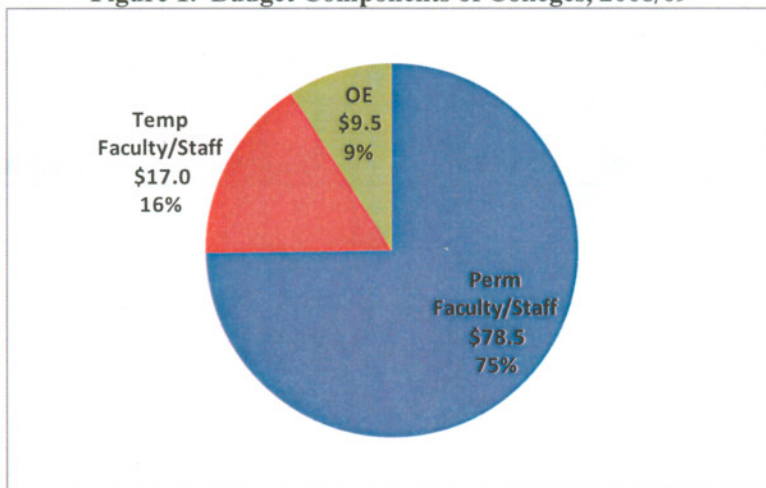
Analysis of Base Budget Reductions and Estimated Timeline of Impacts			
	2009/10	2010/11	2011/12
Base Budget Reduction	\$ (4,914,000)	\$ (19,594,856)	\$ (6,288,856)
Available Base Funds	8,000,000	3,086,000	-
Enrollment Cost Savings		6,520,000	-
Modify SFR		3,000,000	
Technology Savings		700,000	
Balance (Base)	\$ 3,086,000	\$ (6,288,856)	\$ (6,288,856)
Available One-Time Funds	\$ 8,000,000	\$ 8,000,000	\$ -
Total Base and One-Time	\$ 11,086,000	\$ 1,711,144	\$ (6,288,856)

In addition to the assumptions underlying this information, the following unknowns could affect budget planning. Some of these unknowns could provide relief from reductions while others could further adversely affect our bottom line. These include:

- Mid-year Budget Reduction (2009/10)
- Additional State University Fee Increases (2010/11)
- Loss of State University Fees from Enrollment Reduction (2010/11)
- Enrollment Reduction Impact on Appropriation Budget (2010/11)
- Changes in Enrollment Assumptions (2010/11-2011/12)
- Legal Actions Regarding Student Fee Increase (?)
- Unsettled Employee Obligations (?)
- Failure to Maintain Funding Ratios to Retain Federal Stimulus Funding (2010/11)

Clearly, these reductions challenge already-restricted budgets within the colleges. Figure 1 shows the proportion of permanent commitments as part of the whole for the eight colleges.

Figure 1. Budget Components of Colleges, 2008/09



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In order to assist with planning, Table 4 provides **very preliminary figures** for base budget reductions based on the assumptions identified in this text and in prior tables. This assumes across-the-board reductions for planning purposes only. **Actual reductions will be based on the results of the budget reduction planning process that will occur according to the timeline (Figure 2) during September and October.**

Table 4. Estimating Impacts

Total Reduction Needed				\$ (24,508,856)		
Apply 2008/09 Base Reduction				8,000,000		
Balance of Base Budget Reduction Needed in 2010/11				\$ (16,508,856)		
Area	0910 Base Budgets	% Base Budget	Preliminary "Pro Rata" Reduction for PLANNING ONLY	Enrollment Reduction Savings Estimate	Balance of Reduction Needed	
MCCAMC	\$ 14,798,570	12.8%	\$ (2,121,367)	\$ 440,000	\$ (1,681,367)	
BE	12,098,103	10.5%	(1,734,257)	\$ 1,140,000	\$ (594,257)	
MDECOE	12,722,008	11.0%	(1,823,693)	\$ 1,810,000	\$ (13,693)	
ECS	7,968,771	6.9%	(1,142,319)	\$ 110,000	\$ (1,032,319)	
HHD	11,784,378	10.2%	(1,689,284)	\$ 310,000	\$ (1,379,284)	
HUM	13,796,796	12.0%	(1,977,763)	\$ 860,000	\$ (1,117,763)	
SM	15,067,149	13.1%	(2,159,868)	\$ 700,000	\$ (1,459,868)	
SBS	15,752,004	13.7%	(2,258,041)	\$ 1,150,000	\$ (1,108,041)	
LIB	7,745,362	6.7%	(1,110,293)	-	\$ (1,110,293)	
Instr Sup/Admin	3,431,968	3.0%	(491,971)	-	\$ (491,971)	
Total	\$ 115,165,108	100.0%	\$ (16,508,856)	\$ 6,520,000	\$ (9,988,856)	

Figure 2. Academic Affairs Budget Reduction Planning Timeline

Academic Affairs Budget Reduction Planning Timeline		Aug	September					October					November					December			
Activity	Resp.	24	1	7	14	21	28	1	5	12	19	26	2	9	16	23	30	7	14	21	28
Provost's Council budget planning overview	HH	25																			
CSUN preliminary enrollment plan to CO	Terry Bettina	28																			
Provost's Staff budget planning discussion	Di	3																			
Provost's Council budget planning discussion	HH		8					6					3								
ERC budget planning discussion	HH Spero		8						13					10							
College budget planning discussions	Deans													6							
ACAT budget discussion	HH			15																	
Council of Chairs budget planning discussions	HH					21				19											
Enrollment Management	Terry Bettina						28							16							
Division preliminary budget plan	Di						30														
Senate Exec budget planning discussion	HH							1						12							
ATC budget discussion	Spero							2													
CSUN enrollment plan to CO	Terry Bettina								15												
UPBG discuss Divisional budget plans	VPs													15							
Division 3-year Budget Plan														15							
University 3-year budget plan	Di																			1	

	Report
	Consultation

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ACADEMIC AFFAIRS

2009/10 THROUGH 2011/12 PLANNING TEMPLATE--NARRATIVE

COLLEGE: _____

Academic Affairs continues its commitment the planning priorities of academic excellence (access, assessment, research, learning-centered and ongoing programs), student engagement, and shared values (collaboration, technology, revenue enhancement, and structural alignment based on evidence).

Meetings are being scheduled with college administrative teams to discuss budget planning. Describe below the **strategies** that your college will implement starting in 2009/10 to address the priorities set forth in the Memorandum from President Koester to Vice Presidents dated August 17, 2009 (Attached).

One page maximum

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ACADEMIC AFFAIRS
2009/10 THROUGH 2011/12 PLANNING TEMPLATE--BUDGET

College:			
	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
Total General Fund Base Budget	\$ -	\$ -	\$ -
Base Budget Reduction Estimate	\$ -	\$ -	\$ -
Planned Operational Changes			
Enrollment Cost Savings			
Modify SFR			
Technology Savings			
Other			
Planned Structural Changes			
(List)			
Total General Fund Budget Reduction	\$ -	\$ -	\$ -
One Time Funds (General Fund)	\$ -	\$ -	\$ -
Total Base and One-Time Funds	\$ -	\$ -	\$ -
New Revenue Sources			
(List)			
Total New Revenue Sources	\$ -	\$ -	\$ -

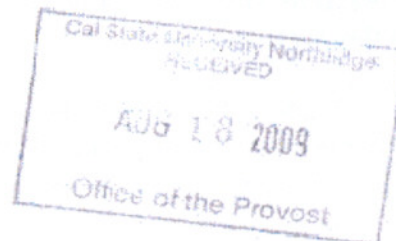


Office of the President

MEMORANDUM

Date: August 17, 2009

To: Vice Presidents
Harry Hellenbrand
Tom McCarron
Terry Piper
Vance Peterson
Hilary Baker



From: 
Jolene Koester
President

Subject: Budget Planning for 2009-10; 2010-11; 2011-12

We all understand that the next several years are going to be difficult for public higher education in the State of California. It is critical that we all understand that even when the state's economic fortunes become brighter again, the likelihood of state funding returning to previous levels is small; the probability that there will ever be "makeup dollars" for those that we have lost is nonexistent.

For the next three to four years, as the chief stewards of Cal State Northridge's future, we must manage the human and financial resources in order to preserve academic quality, support essential student services and student engagement, enhance (through increases and productivity gains) financial resources, restructure business processes across the University to make them more user friendly, efficient and productive, and sustain the bonds of community and collaboration both within and external to the University.

In order to accomplish and focus our work, I suggest that we focus the University's plan more sharply. I am attaching my suggestions for a sharpened university plan that we can use to guide our work as a cabinet and you can each use to focus the work of your Division.

Vice Presidents
August 17, 2009
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Similarly, in order to accomplish the goals described above, we must accomplish three major, interlinked plans/products or initiatives:

1. Develop an approach to the University's budget for the next three years, using variable assumptions (e.g., about the federal stimulus money, the absence of additional revenue) that allow us to anticipate and be prepared for multiple, complex scenarios. McCarron is the lead.
2. Plan and reduce the University's enrollment for the next two years, while simultaneously working to build the infrastructure necessary to increase enrollment once revenue or other factors change. Piper is the lead.
3. Systematically evaluate, change, eliminate, and/or reprioritize aspects of administrative (leads are Hellenbrand and McCarron) and technology (lead is Baker) across the University to create baseline or structural savings equivalent to \$41 million. These efforts should utilize our normal campus consultative bodies.

The three year budget plan should be completed by December 1, 2009.

The enrollment plan should be completed by October 15, 2009.

A skeleton plan to accomplish #3 should be developed by September 30, 2009 with a full plan completed by December 1, 2009. Some elements of this plan are already being considered by system level actions occurring under the title of "synergy savings."

Attached are suggested goals and principles to guide our work this year based on the University plan.

Enclosure

California State University, Northridge

**University Plan Priorities / Principles
for Senior Leadership Team, 2009-11**

Academic Excellence

1. Preserve fundamental mission of regional service, based on Cal State Northridge's core competencies in applied and cultural areas.
2. Add new programs insofar as they are mandated and/or generate new income.
3. Use assessments universally to monitor whether purposes achieve effects.
 - Focus on effects of reductions.
 - Base overall accountability on value added in context of appropriate peers.
4. Pursue evidence of successful substitutions for seat-time and our current approach to remediation.
5. Manage collaboratively.

Student Engagement

1. Shape the required reduction in enrollment without damaging tier I first time freshman pipeline.
 - Slow first time freshman by limiting tier 2.
2. Strengthen efficiency for the long term:
 - Eliminate unclassified pbs.
 - Limit 2nd majors.
 - Limit 150+.
 - Limit repeats.
 - Revise aid policies on excessive total units.
3. Use current tools to create precise learning maps for students that build on developmental/holistic advising.
4. Encourage as many services and functions as possible to develop learning outcomes goals for their staff and clients.
5. Guide utilization of ARRA, IRA, CQF in ways which maximize efficient and effective use of the associated funds for purposeful learning opportunities.
6. Prioritize use of resources toward strategies that reduce retention and expedite time to graduation.
7. Manage collaboratively.

Resource Enhancement

1. Develop new revenue streams in an accelerated way in line with CSU policy and peer trends—
 - Nonresident enrollment
 - Extended learning
 - Grants and contracts
 - Fees/Services
2. Manage budget openly and cooperatively in a three year plan that balances the use of one time and permanent savings to minimize lay-offs.

3. Set benchmarks and efficiency goals for all major expenditure categories.
4. Make sure that efficiencies, re-alignments, and consolidations accord with bargaining unit rules.
5. Assure that economies in one division do not add expenses in other divisions.
6. Set 3, 5, 10 year estimates/goals for increasing non-general fund dollars, based on peer institutions.
 - Specifically, set and achieve goals in fund raising
7. Review purchasing and contracts to eliminate duplication, to maximize impact of consolidated services.
8. Resolve discrepancies/incongruencies in the current cost reimbursement system.
9. Manage collaboratively.

User Friendly

1. Re-examine committees, policies, procedures to decrease red tape in light of reductions.
2. Account for the impacts of furloughs in personnel policies and evaluations.
3. Manage furloughs efficiently
4. Counsel employees on both own needs and best ways of dealing with upset public.
5. Increase self-service through Web portals and continue to streamline administrative processes to decrease demand on staff for routine tasks.
6. Address role overlap and duplication in centralized/decentralization environment in information technology.
7. Standardize software (e.g., LMS, email), concentrate servers, and minimize technology access points to provide efficiency in security and servicing of information technologies to faculty, staff and students.
8. Manage collaboratively.

Collaboration/Community

1. Use governance for consultation.
2. Communicate with campus and external communities frequently.
3. Insist that all managers understand that they work for Cal State Northridge, not a department co-located with CSUN; attend to the symbolism of this.
4. Develop communication templates for web, etc., that are easy to use and that make clear required design elements.
5. Continue to establish the positive reputation of Cal State Northridge.
6. Manage collaboratively.

(August 2009)