

REPORT ON BUDGET AND PLANNING, 10/09

The collage features a game board with 'BANKRUPT' and '6000' written on it, a large building, a cartoon of a man being thrown into a jail cell with the text 'Chance TO JAIL' and 'YOU SHALL NOT PASS CO, YOU SHALL NOT COLLECT EDU', and a portrait of a man in a suit. The central text reads 'CSU OPOLY'.

BEGAN PLAN F '08					CHANC STRAT		YR		CSU		CSUN	
DROP	ELIM SUM	IMPACT	TR	OTH								
4,414	1,500	600	2,000	1,000			Y2008-09	0.06	352,500	CY ACH	27,360	
							Y2009-10	-0.06	331,350	TARG	25,733	
							Y2010-11	-0.10	298,215	TARG	22,946	

ACTION	CSU	CSUN
Ex ENROLL CUT '08-10	(95,000,000)	(6,642,000)
24% CUT TO CSU '08-09	(671,000,000)	(45,000,000)
BoT hikes fees 30%	390,000,000	25,000,000
W3 set aside for aid, SU	(120,000,000)	(3,000,000)
Furloughs bus 1 yr	(250,000,000)	18,500,000
Furlough elim for YTT	(250,000,000)	(18,500,000)
As result Joe 10% FTE'S	(149,500,000)	(12,629,000)
BoT On 10% hike, '09-11	52,480,000	9,407,000
Set aside W3 as aid, risk	(40,379,400)	(3,104,524)
C @ estimate	(387,239,400)	(28,966,234)
This est plus for 10%	(574,479,400)	(44,572,234)
AUD, low guess for impact	(25,000,000)	(1,000,000)
OTH, rate fund, fuel gap	(20,000,000)	(1,400,000)
SUB1	(428,739,400)	(32,236,234)
SUB2	(619,479,400)	(47,507,234)

CSUN RESERVE	DIVISION CUTS	NON AA	AA
6,000,000	(26,236,734)	(7,809,829)	(18,497,714)
6,000,000	(41,907,234)	(17,579,829)	(29,333,914)

AA 2YR RESERVE	NAA RESERVES
6,000,000	09-10 CUT IN FTE'S
3,500,000	ELIM GF SUM '08
2,000,000	EXT MAINTEN, SUM
750,000	TECH
9,000,000	

CSUN	SHARPE	ARRAD	COMPLEX	UNIVERSITY	LCL INPUT	AVOID L O	USE GOV	CONSERV	MORE IND	ENTERPRISE	ACCESS, UV	KIS
AA	UNPACK	SELF SERV, SUPP	RE BALANCE	UNIVERSITY	ACCOUNTS	NO L	USE GOV	CONSERV	MORE IND	ENTERPRISE	ACCESS, UV	KIS

ENROLLMENT: Do excuse the ill-timed and intemperate graphic at the top. Yes, it feels as if we are on a game board, subject to dice and others' strategies. But as events like the Vent Tent and the Disappeared demonstrate, this is no game. We are ruining lives. But we must careful. Good intentions have lead to inadvertent results in CSU; they have met intransigence in the legislature and the budget. Let me explain.

CHANC STRAT	YR	CSU	CSUN
	Y2008-09	0.06	352,500
ALIGN FTES, GF	Y2009-10	-0.06	331,350
FUR=LAYOFF=FTES	Y2010-11	-0.10	298,215

The CSUs, mainly the urban ones, have been running above assigned

targets for years since the state, to conserve funding, underestimates projected enrollment. Universities indulge this because they are committed to access for qualified students and because they have learned how to subsist on fees until state formula kicks in. So, in 2008, the Chancellor argued that, though we were funded fully with general fund and fees for 331,350 FTES, we squeezed in 352,500. In other words, we were shorted general fund for 21,000 FTES. He was afraid that the legislature would seize the opportunity to fund us henceforth at **Gfx331,350/352,500**—94% of full cost. So, he ordered the campuses to shrink FTES 6%, confident that, while we would lose fees, we would lose no general fund. We simply would perform to target.

Ah but the fickle finger of fate! Simultaneously, the economy collapsed. Because of budget cuts to the general fund, by summer, '09, we were planning for an additional drop of 10.83% in FTES for CY '10-11. That is over 16% in two years. We crafted an enrollment plan last year that distributed the reductions in such a way that we would be better off long term. We gave preference to local admits yet enforced deadlines. We limited transfers and will accept for next year only those with course work completed before they apply. We curtailed appeals, enforced policies, harangued students who could graduate but have not, and lowered from 180 cr the ceiling on aid. With much

BEGAN PLAN F '08				
DROP	ELIM SUM	IMPACT	TR	OTH
4,414	1,500	600	2,000	1,000

pain, we will meet our lower target this year; and we are making enough systemic change to throttle down in '10-11. We have not focused on graduate enrollments; they already are fragile.

BUDGET: Now, let me tie together the enrollment and budget stories. You will see that we have averted disaster for now by achieving substantial balances at CSUN. We did so because, since 2006, many of us found the CSU needs out of whack with state dollars. So, we built a tornado shelter. We strengthened the shelter with fees from non-residents and the Campus Quality fee. We knew and, as our annual plans show, that we cannot rely on cuts to save the day.

ACTION	CSU	CSUN
6% ENROLL CUT, 09-10	(86,100,000)	(6,642,000)
24% CUT TO CSU, '08-09	(621,000,000)	(45,000,000)
BoT hikes fees 30%	390,000,000	29,000,000
1/3 set aside for aid, SU	(130,000,000)	(9,000,000)
Furloughs buy 1 yr	250,000,000	18,500,000
Furlough elim for YTT	(250,000,000)	(18,500,000)
As result, loc 10% FTES	(148,500,000)	(12,628,000)
BoT Oks 10% hike, '1011	122,180,000	9,407,860
Set asde 1/3 as aid, suh	(40,319,400)	(3,104,594)

Nonetheless, we face massive cuts because the deficit exceeds our innovation. And like Gulliver, we are tied and pinned by policies. To the left, I capture the cuts; basically, we are 7.4% of the CSU. **A 6% cut in enrollment removed 86m and 6.6m from the respective budgets for this year. CSU planned this.**

It did not plan, however, for the 621m cut that emerged in spring and summer, as illusions and

gimmicks fell apart in Sacramento. CFA, CSU, and students chanted, we are family, and implored the legislature not to harm us. They were touched, I am sure. But they could make the budget work only by raiding discretionary funds like higher education. As long as income and capital gains are down, this cut will be with us. **The trustees, faced with a 24% cut on top of a 6% enrollment cut, raised fees 30% in two decisions.** This defrayed the 700m and 51m by 390m and 29m respectively. But 1/3 of fee increases must be set aside for state university grants; so, remove 130m and 9m.

As you can see the CSU had to fork over a lot. Effectively 700m-260m—440m—are already removed from the CSU books. Now, talk about shotgun weddings. CFA and CSU settled on furloughs as a way to fill for one year, the hole left by the permanent cut with a 1x re-direction of salaries to general needs. No furloughs, immediate layoffs. Why? The base funding is gone. Note, therefore, that black 250m and 18.5m are followed by red versions? Why. Because the “addition” was merely a re-direction for one year.

Next, refer back to the enrollment chart. In '10-11, the system loses 10% more enrollment. But no one will say why. Well, guess. If furloughs are no longer, and if you calculate the FTES that will be lost due to the absence—in the Argentinean sense—of staff and faculty, you arrive at 32,000 FTES. Now if these 32,000 are not taught, we do not get their fees. Including a 10% fee hike in the calculation, we lose an additional 148m and 12m. The last two sums assume a 10% increase in fees in '10-11.

C 0 estimate	(383,739,400)	(28,966,734)
This est plus gf for -10%	(574,479,400)	(44,572,734)
AUX, low guess for impact	(25,000,000)	(1,850,000)
OTH, rsrc fund, furl gap	(20,000,000)	(1,480,000)
SUB1	(428,739,400)	(32,296,734)
SUB2	(619,479,400)	(47,902,734)

This next chart accounts for contingencies. CSU adds our debt at 383m and 29m over two years. They say that provisions in the Federal Stimulus package guarantee that the state cannot remove general fund dollars linked to the loss of 32,000

FTES, lest we sink below the “maintenance of effort” in the '05-06 budget. **However GF/FTES registered 7,144k in '05-06, considerably more than the @5,900/FTES that I show for '10-11. Thus, the second line increases our exposure. The next two lines are placeholders for the effect of decreased FTES on auxiliary contributions to the campuses and for mid-year decreases. Hence, the two subtotals project a range.**

	CSUN RESERVE	DIVISION CUTS	NON AA	AA
(30,816,734)	6,000,000	(24,816,734)	(7,445,020)	(17,371,714)
(46,422,734)	6,000,000	(40,422,734)	(12,126,820)	(28,295,914)

CSUN: The next rectangle follows the cuts across CSUN’s carry-forward, the

non-Academic Affairs divisions, and Academic Affairs. **We begin with cuts proportioned to our base budgets—30% and 70%—because the ultimate distribution depends on governance reviewing effects in the context of principles and contingencies. We are an institution of differing units with different priorities; only consultation, as laid out in our time line can harmonize these views.**

8,000,000	AA 2YR RESERVE	NAA RESERVES
6,900,000	09-10 CUT IN FTES	DEMAND VAC
3,500,000	ELIM GF SUM,'10	REIMBURSED SERV
2,000,000	EXT MARGIN, SUM	ADMIN CONSOL
700,000	TECH	TECH
9,000,000		

However, as the next chart indicates, our ability to remove summer, principally an over-pay term, from the general fund and run it though Extension is not an option for other division. Removing it allows us to pay

off 7m over years and gain at least 2m in revenues. Obviously our balance of 8m and enrollment adjustments for '09-10 imply that we have made progress. Yet as the boxes for technology and beyond indicate, we have much more to do. Either we have in AA to find 10m in '10-11, or we can assume equivalent erosion in the years to come. As I implied, there are no ready-made solutions.

CO	GUIDES	CSUN
16% CUT, UNINTENDED CON STATUS QUO ANTE NO ERROR IMPACT MICRO-MANAGE IMPLY THE L WORD HOSTAGE TAKING VS LIABILITY	SHAPE AND TEST AND CHANGE LOOK AHEAD, SELF-SUPPORT COMPLEXITY SELF-CORRECTS ENFORCE RATHER THAN IMPACT FEDERATED FEEDBACK AVOID LAY-OFFS NO THREATS ENABLE, BE ACCOUNTABLE	

To proceed, therefore, we need to understand principles, means, and goals. Throughout, I assume that our mission as a regional public university with national rankings will not change. **In general, we are not edict-driven; we have tried to be pragmatic.** Delivered a 16% cut, we did not impose one solution unilaterally. **Rather, we shaped, tested, and changed; we used advice from multiple constituencies and**

committees. We have adopted practices that will make us more consistent and coherent by enforcing policies rather than generating more policies to ward off exceptions. We have tried to be open with data and their implication for the future. **But we lack consensus on whether we should plan for entitlement to what the state “owes” us, or plan for an increasingly self-supported university. We are leaning toward the second option; but leaning over a start line is not the same as starting.** Finally, we must be clear about consequences. **Campus cuts in excess of 30m, without compensatory revenue, likely raise the prospect of layoffs. Layoffs, without increases in SFR, will decrease FTES; decreased FTES will diminish fees; a spiral downward ensues.**

TECHNOLOGY AS EXAMPLE: Over the next nine months we must plan in such a way as to respond quickly to changes in the CSU budget between the Governor’s January budget and the May revise. We must make tentative plans for closing the gap between what we have cut and the higher threshold. **But we must stop short of executing changes that have policy implications due to contracts.** And so, now is the time to review our budget for things; we are targeting 700k out of a 12m expense record per

annum in AA. We have spent with some planning but more anarchy. **We have amassed over 5,000 workstations, 1,800 printers, and 114 servers. Campus-wide, we are wired and wireless, modem**

DECOUPLE OWNERSHIP FROM FUNCTIONALITY	SUNSET OLD TECHNOLOGIES
LEVERAGE SHARED RESOURCE VIA NETWORKS	PHASE OUT LABS FOR GENERAL USE
CULTIVATE SELF-SUPPORT; DEVELOP TR MODULES	TECHNOLOGY MULTIPLIES; IT DOES NOT ADD
PATCH, MAINTAIN CENTRALLY	USE CSUN EXPERTISE TO SOLVE DB PROLIFERATION
CLUSTER, CLOUD, VIRTUALIZE WHERE FEASIBLE	GO OPEN SOURCE SELECTIVELY
WHAT ARE WE —ISP, THE NOTEBOOK STORE....	STANDARDIZE WEB
TRANSITION FROM LMS TO PLUG-IN	USE EDUCAUSE BENCHMARKS

and broadband, analog and digital, focused on the virtualization of distance education and the virtualization of services and pedagogical applications for campus users. We buy web production tools like Contribute that facilitate changes in unrestricted fields on templates, but we frustrate such leveraging by implementing the tool in a decentralized environment. **In sum, we confuse ownership with functionality.** We use technology as an add-on, not a multiplier,

because we do not change work habits. As we sunrise new technology, we do not sunset old. Systems like DARS illustrate that culturally we are ready for self-support. And experiments with thin clients are heartening.

But we should not think of these changes as mainly technological; they are cultural and personal. Power down. Discard old technology. Go paperless. Use copiers as pooled printers. Use templates and apps to leverage expertise when building web sites. Federate and thereby magnify the capacity of servers; use networks to centralize storage and economize on copies of common programs.

We must frame technology such that we phase out general purpose hardware over several years and eliminate archeological layers and technical duplication. And we must plot carefully how we phase in self-support services and applications to capitalize on users' readiness, system capacity, and staff proficiency. All this requires negative incentives like the anticipatory withdrawal of funds linked to outmoded function and positive ones like improved service at no cost.

WHAT MATTERS: When the stakes are high and the issues complex, we fall back on antagonism between good and evil to simplify causation. Thus, we hear the claim that expensive administration is tipping the boat. But look under MPPs. Begin with the pink column. You will see that the proportion of administrators to staff on CSU campuses has

DATA LINKED TO FTES			ALLOCATION RATIOS				MPPs			
	FTES	SFR	TU/FEE	INSTR/CB	FAC/EMP	PT/FAC	EX-M/EM	CY 07 FS	07 FS 11/12	N
CSUN	28,000	25	4,100	39%	54%	58%	3%	75,100	106,400	9%
CSU	19,000	24	4,100	39%	52%	55%	3%	76,100	104,400	7%
MA1,2	6,500	19	6,000	33%	44%	44%	6%	60,800	75,500	7%
			20 YRS	CY 87	CY 87	CY 87	CY 87	CY 95 FS	CY 95 11/12	N
		CSUN	425%	58%	55%	41%	5%	57,000	70,000	5%
		CSU	425%	53%	49%	36%	5%	57,000	70,000	5%
		MA1,2	325%	42%	38%	19%	6%	43,000	55,000	19%
		ENT/ST							1,993	2,008
		CSUN	15%					MPP	153	196
		CSU	16%					FTES	19,338	27,883
		MA1,2	43%					RATIO	126	142
								AV SAL		103,000

decreased since '87. The yellow box indicates that MPP/FTES at CSU has decreased, too, since the '90s; I don't have comparable state and national data. As for salaries these

boxes show that faculty on 11/12 contracts average virtually the same salary as MPPs at CSUN, with similar spread from the average salary of a 9/10 faculty—full-time across nine to ten months.

Our troubles have other causes, exacerbated by the current crisis. Nationally—see all boxes under allocation ratios—the faculty has become more part-time since '87, and funds have exited instruction to technology, compliance, and escalating benefits. Since the market bids up faculty salaries faster and higher than the average state subsidy per FTEF, instruction thickens its ranks with talented but less costly temporary and part-time employees.

Matters are tougher here because, as the leftmost boxes show, our fees are 2/3rd the national average, our ratio of ENTerprise/State dollars 1/3rd, but our salaries are higher than at average MA-granting schools because of the regional cost of living. CSU compensates by using scale; see SFRs and the administrator ratios that I referred to.

Hence rationing our appetite for things is directly related to re-centering funds on instruction. Understand, though, that I am not arguing as a Luddite; see my earlier remarks. And we must understand that we cannot cut our way out of this predicament; we must endure the CSU approach, though it is no solution. New revenues are needed. But again, CSU yearns to occupy the house of state support. Look around. Others have left the neighborhood.