

**Recommended Revisions to the California State University Northridge  
10-Year Resource Study (draft 1/31/2012)**

by

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EXECUTIVE SUMMARY

Herb Carter, Chair of the Board, Report to the Board of Trustees 11/16/2011 - "Given the probability that State General Fund support for higher education is not likely to change much for the better in the next several years, the Board then turned its attention to how the system might behave differently in seeking the resources needed to accomplish all elements of its strategic plan. This discussion produced a list of 14 areas that might be appropriate in pursuing a revenue enhancement strategy and 10 ideas for possible system-wide cost reductions.

"In the not-too-distant future, appropriate committees of the board will be asked to further discuss these ideas and to consult with faculty, students, staff, and campus administrators with regard to the possible implementation of any of these ideas."

The CSUN Faculty Senate Meeting minutes from 9/22/2011 reported, "President Koester was working with the vice presidents on framing a 10-Year Resource Plan for the University. The plan will be conceptual, based on a set of assumptions for enrollment growth, potential increases in tuition fees, revenue over time, and potential decreases in state revenue per student. The University will begin conversations about ways we can change the revenue stream, reduce expenditures, and make smart strategic plans for the future."

**SUMMARY OF RECOMMENDATIONS to the CSUN Draft 10-Year Resource Plan**

The main weakness of the CSUN Draft 10-Year Resource Plan (1/31/2012) is that it gives few suggestions for how to generate revenue or reduce expenditures in the General Fund category. The majority of the revenue enhancements concern additions to Enterprise and Auxiliary fund categories, which already post net revenue gains. Many revenue enhancements could not be realized unless "firewalls" between different funding groups are lowered. Over the past few years, the Chancellor's Office's main tool for increasing revenue has been the manipulations of enrollment and fees; however, the Draft document makes no mention of either.

We believe that the Draft Resource Plan can be strengthened by (1) providing some analysis of CSUN expenditure trends, (2) estimating the effect of any proposed change on the revenue by funding category, (3) discussing how changes in resources will impact human resources, (4) assessing the proposed changes effect on academic quality, (5) insisting on more campus autonomy over enrollment and fees, (6) aligning spending with our Mission, and (7) re-examining all non-instructional spending, particularly capital outlays and improvements. We urge the CSU Chancellor's Office to reduce "firewalls" from all non-general fund categories, "one time funds," to cover any deficit that reduces the availability of courses. We call for increased campus autonomy over enrollment.

<b>Revenue Enhancements</b>	Summary of Draft 1/31/2012 Proposal	COMMENT
<b>Philanthropy</b>	Increase donor gifts. This initiative would require an additional investment in University Advancement.	General fund money produces restricted money.
<b>Additional Special Fees</b>	CSUN offers specific graduate degree programs which are more specialized and costly to provide than other programs. Analysis is needed to identify other such programs currently offered, as well as those that might be offered in the future.	High cost to develop and have low enrollment. However, such programs have academic merit and may be “worth” developing for other reasons.
<b>Tuition Restructuring</b>	A student carrying either 6.1 units or 18 units will each pay about \$3,000 for the semester. The implementation of either a 3 <sup>rd</sup> tier for high unit load students or per-unit tuition would lessen these differences and could result in increased revenues for CSU campuses without raising the tuition fees for the average student carrying a full load.	We support the three tier model to bring in some income and change student behavior. Pay- per -unit may be even fairer model. Reduce state support for over 140 units or for repeated classes.
<b>Differential Tuition</b>	Some CSU campuses are in higher demand than others, and can charge a higher rate of tuition without negatively impacting their demand	This would allow campuses the autonomy to raise tuition for students who can afford it.
<b>Non-Resident Student Growth</b>	Growth of this population affords greater diversity and increases the total campus revenue, without supplanting resident students since non-resident enrollment does not count towards the campus enrollment target / limits	It is important to know if resident students are being supplanted, particularly at impacted campuses. The numbers might not show up in overall enrollment targets.
<b>Extended Learning Growth</b>	Revisit the concept that self-supporting programs should not generate surplus revenue.	Optimize summer session.
<b>Sponsored Project Growth</b>	This results in additional funding for academic research, and enhances its academic prestige, recognition, and brand value, which in turn strengthens the case for philanthropy-related efforts (see item 1 above). A fundamental goal might be to develop a campus culture that supports grants and contracts activity of faculty by providing better support, rewards, and recognition to principal investigators	Good.
<b>Increased Auxiliary Revenue</b>	Increased auxiliary organization revenue can result in greater support to the campus. Auxiliaries have the flexibility to generate revenue in ways that General Fund and enterprise operations cannot. Two areas of potential revenue are the leasing of the North Campus and The University Corporation (TUC) investments in real estate, including	Reduce firewalls between Auxiliary and Enterprise Funds and the General Fund. We support transfer of money to support instruction.

	single family residences, condominiums, apartments and/or commercial property	
<b>University Licensing</b>	Cal State Northridge has facilities that are unique and have licensing potential, such as the Valley Performing Arts Center, the Brown Aquatic Center, the Bianchi Planetarium, the Magaram Center, & other specialized facilities.	<b>NO EFFECT ON GENERAL FUNDS.</b>
<b>Entrepreneurship</b>	The University, either through its academic programs or auxiliaries, has developed certain technologies (BATT patent) and brands (Freudian Sip) that could be licensed for revenue generation.	<b>NO EFFECT ON GENERAL FUNDS.</b>
<b>Educational Services</b>	Centers such as those in University Counseling Services, Physical Therapy, and NCOD have potential to offer fee-based education and/or support services that could be marketed and made available to businesses, organizations or local residents.	<b>NO EFFECT ON GENERAL FUNDS.</b>
<b>Advertising</b>	Opportunities for physical campus advertising and web advertising revenue could be explored.	<b>NO EFFECT ON GENERAL FUNDS.</b>
<b>Overall Plan for campus-Based Fees</b>	Build in annual growth for existing fees based on external measures such as CPI and/or specific long term project planning to allow for more moderate and predictable fee growth.	<b>Good idea.</b>  <b>Tuition pay per unit may be a sufficient (fair) load leveler.</b>
<b>State University Grant Program</b>	Relatively small changes in the set-aside requirement from tuition fee increases for State University Grants, currently one-third, could help reduce the size of future tuition fee increases.	<b>The new 2012-2013 budget proposal by Gov. Jerry Brown aims to increase the GPA requirements for the Cal Grant, the financial aid program administered by the State of California and the California Student Aid Commission. In particular, the proposal would increase the Cal Grant A GPA requirement from a 3.0 to 3.25, the high school entitlement Cal Grant B GPA requirement of 2.0 to 2.75 and increase the Transfer Entitlement Cal Grant B GPA requirement from 2.4 to 2.75.</b>  <b>We oppose these changes because either we need to inflate grades to keep good students funded or lose funding. We would prefer cuts to the university system as a whole which do further erode the meaning of grades.</b>

Campus Cost Reductions and Savings	Summary of Draft 1/31/2012 Proposal	Comments
<b>Large Lecture Halls</b>	Large lecture halls provide the ability to consolidate academic course sessions that can be taught in a large lecture format, increasing teaching capacity.	Does CSUN have a space problem accommodating students or are we just trying to reduce labor costs?
<b>Shared Service Programs</b>	Identifying redundant services. Examples of inter-campus efforts include IT participation in the Virtual Information Security Center (VISC) and Administration & Finance's sharing of risk management services with CSU Monterey Bay and hosting San Diego State's construction management system (Prolog).	OK.
<b>In-Sourcing</b>	Expanding the use of services and products already offered by campus units may benefit the campus community as a whole by keeping those revenues/costs on campus. Examples include Quick Copies, the Matador Bookstore, catering (Campus Cuisine To Go / Orange Grove Bistro) and Live Scan.	OK.
<b>Invest in Cost Reduction</b>	Identifying potential cost reduction projects where realized savings will pay back investments within 3 years may produce long-term savings. One services can be provided at a lower cost or space utilization, such as a digitized library and expanding the use of electronic delivery of documents and payments.	Invest in human resources; Fund instruction over construction.
<b>Alternative Staffing Model</b>	The University could explore possible approaches to achieve more efficient staffing levels, including flexible significant focus might be in areas utilizing technology, to identify where appointments to adjust to decreased activity during reduced instructional periods, fluctuation in course scheduling, or changes in the instructional environment	Note: We reduced part-time staff by 50% over the past decade and replaced them with permanent staff.
<b>Alternative Instructional Delivery Models</b>	Ex More instructional models that require less "brick-and-mortar" dependence.	Why did we spend billions on building the campus?

## Student Cost Savings

1. Textbooks –Expanded utilization and availability of electronic textbooks and rental programs, along with development of course materials via faculty release time, could help reduce this cost for students  
**Ok. But there are much easier ways to save students money.**
2. Streamlined Path to Graduation – New initiatives to reduce the average number of units students complete before graduating. **Let's be mindful not to save university buildings at the cost of education. .**
3. Transportation – Potential ways to reduce the cost of commuting to campus, including expanded transit options, class scheduling to reduce the number of weekly trips to campus. **Why do we want to reduce student trips to campus during a budget crisis?**
4. Expand Student Employment Opportunities – The University could explore ways to expand the employment of Work Study students and student assistants. **Good idea.**

## State and System-wide Cost Savings

1. Reduce Health Care Costs – A statewide investment in preventative care programs and coverage for employees may reduce long-term employee medical expenses, allowing for a reduction of health care costs to insurers. **Fear tactic. There is no reason to discuss this here.**
2. Cal PERS Pension Reforms –Additional modifications to Cal PERS retirement formulas for future employees, such as extending minimum service year and age requirements for post-retirement health care benefits. **Fear tactic. There is no reason to discuss this here.**

## DETAILED RESPONSE TO THE PLAN AND RECOMMENDATIONS

**Objective: define a balance among competing priorities.** The CSUN 10-Year Resource Plan should be guided by principles of maintaining access, affordability and the highest levels of quality in instruction, research, and public service. These principles can be "competing goods:" One cannot be altered without affecting the value of others. In the past, many financial decisions at CSUN were made one at a time. Going forward, we must take a competing goods approach: Each solution will affect others to follow. Any increase in support in one area inevitably has lost opportunity costs for other priorities. The overarching task is to define a balance among these priorities that is consistent with CSUN's mission, commitment to quality, and that best serves our students.

**Why bother making recommendations?** There is a dearth of reasonable suggestions that would help the CSU navigate through our various revenue streams and expenditures minimizing the damage to the CSU Mission. Management has oscillated on enrollment, raised tuition and fees, withheld faculty and staff salary, and now threatens lay-offs and cuts in benefits. CFA members are poised to vote to strike, protesting management's actions. Students have been held hostage by politics and policy. Changes are being made that may devalue education at the cost of building universities and giving degrees.

We would like to see the CSU Faculty Senates and Statewide Academic Senate start to bridge the widening gap between CSU Management and CFA. We put our recommendations out there --- hoping they will spark discussion and dialogue.

## *Some Recommendations*

The CSU must be purposeful in change. We believe that there are many alternatives to cutting enrollment or raising tuition and fees. We do not see the necessity of faculty or staff lay-offs or the reduction of course offerings. The CSU has taken enough from students and tax-payers and should not make more effort to be efficient and serve the state. We strongly oppose unwise academic and financial decisions which intentionally foster the budget crisis to further political ends.

Recall the word *university* is derived from the Latin *universitas magistrorum et scholarium*, which roughly means "community of teachers and scholars." A university and research are inseparable. We call on the CSU faculty to use its critical thinking skills to help management think its way out further financial mistakes and devaluation of our *raison d'etat*.

- Schedule existing space more efficiently. Sometimes rooms are blocked off because of odd scheduling. This should vastly reduce any "need" for large lecture halls. Do not create flexible space which is not demanded by instruction.
- Automate registration waiting lists to better judge demand for classes and help to fill class openings quickly and efficiently.
- Reduce expenditures on supplies, equipment, furniture, and technology. (save \$4 million)
- Dramatically decrease capital expenditures; in particular, spend no General Fund monies on Capital Outlays. ( save \$2 million)
- Run Advancement as a self-support auxiliary. (save at least \$3 million in General Funds)
- Explore alternative staffing alternatives.
- Make credit by examination more readily available.
- Charge fuller cost to the student for units loads in excess of 140 units or repeat courses. (save more than \$1 million)
- Consider cutting supplemental instruction, if the consequence of this funding is to increase class size and limit access to classes.
- CSUN should be able to set its own enrollment targets as long as we can run a surplus.
- Optimize the self-support summer and intersession.
- Explore two and three year certificate programs with reduced General Education requirements. These programs would not result in a BA or BS degree.

*"We face a moral imperative to serve our students better by helping more of them complete the college educations that prepare them for full and productive lives."* CSU Chancellor's Office

**The 10 Year Resource plan must support the Graduation Initiative which strives to raise the freshman six-year graduation rate by eight percentage points by 2015-2016, and cut in half the existing gap in degree attainment by CSU's under-represented minority (URM) students. [Over the past 10 years graduation rates have improved about 3% systemwide. At CSUN, raw headcount has grown and 6 year graduation rates for First Time Freshmen have increased from 32% in 1997 to 44% in 2007.] Indeed, there are several proposals to have future state funding weigh in our success at serving students in terms of funding.**

**We believe that a discussion of our enrollment projections belongs in our 10 Year Resource Plan. How many students can CSUN accommodate given our anticipated resources? How can we offer high quality instruction to students required to meet California's need for an educated work force. There can not be an enrollment plan without a staffing plan. It is important not to let the instructional faculty dwindle to numbers that are incapable of handling the load.**

**As fees increase, students are attempting greater unit load habits; we can provide detailed distribution of student unit load by student characteristics. This trend is likely to continue and we should plan for it accordingly.**

**It is imperative to pay staff and faculty salary owed: we must continue to replace faculty who retire, hire tenure track faculty, and ensure there is no disruption in educational services. We fear that the Chancellor intends to further reduce enrollment and instruction rather than make changes that would increase efficiency. Shifting funds from instruction elsewhere has been the modus operandi of the CSUN management as well as the CSU Chancellor's Office. There has been considerable spending on capital improvements, remodeling offices, and furniture over the past 2 years indicates that the budget crisis is really a crisis in priorities. Why does the CSU honor some contracts and not others? Is the spectacle of material consumption more "forgivable" or this less "objectionable" to the California taxpayer than meeting contractual obligations with the university's employees? Is our primary obligation is to offer high quality affordable instruction to college-eligible California students?**

**We would not be surprised that most of the large urban campuses are restrained from serving students, while surpluses exist or could exist, particularly if funds were released from other purposes.**

## Table Summarizing Recommendations

Things we agree with in the Study Draft	Comments
“Emphasis on the effective and agile management of all resources at the campus level” (p. 3)	CSUN Financial Activity Reports show that the Enterprise and Auxiliary Funds already post net revenue gains. Use this to restore funds to direct instruction.
Emphasis on “streamlined path to graduation.” (p. 8)	We suggest a fee-per-unit structure and a limit of 140 subsidized units. Students who fail a class should be charged to retake the class. Better utilization of self-support summer integrated into accelerated degree programs would create net savings for students. We can provide a detailed analysis of the revenue generation and cost savings. Finally, implement automated wait lists in Solar, using advisement data to forecast demand.
Explore differential tuition (p. 5)	This would allow campuses the autonomy to raise tuition for students who can afford it.
“Alternative Staffing Models” (p. 8)	Savings might come from combining two departments in one office suite. COBAE does this.
Things we disagree with in the Study Draft	Comments
Large lecture halls, “the development of large lecture halls would provide the ability to consolidate academic course sessions...” (p.7)	Student learning is core to our mission. We recommend making comparative studies of student learning and retention in small and large sections of the same course. Note: future funding is likely to weigh retention and graduation rates into financing.
“If the tuition and other fees paid by students were not subject to the same restrictions imposed on General Fund allocations, the campus would gain flexibility for the funding of priorities such as capital projects, special programs and scholarships.” (p. 7)	Puts capital improvement before instruction. Fund instruction instead of construction.
Emphasis on alternative instructional delivery methods to reduce “brick and mortar” dependence. (p.8)	The campus is not at capacity; there is no cost saving.
Investment in real estate and other ventures. “Strategic acquisition of real property by TUC can increase revenue...” (p. 5)	History suggests the public universities generally do not have expertise in this area. We have accumulated a lot of debt over the past 10 years. Much as we see the value in student residential life, over building has occurred at other CSU campuses. We request more information.
“...an additional investment in University Advancement” (p. 4) to increase donor gifts.	Advancement drains money from the General Fund that could be used for instruction. During 2008-2011, on an average annual basis, \$10 million went into non-General Fund accounts at a cost of \$5.5 - \$7 million from the General Fund. We suggest Advancement be self-supporting to save General Fund monies for instruction.
Flexible space, “efficiencies and better space utilization might be achieved...” (p.7)	We are not aware of a space problem that could not be solved by optimizing the scheduling process. Instructional needs should dictate any spaces changes.
Additional Suggestions	
* Decide on University priorities (p. 7). Students would be best served by a shift back to relying on tenure track faculty, building research laboratories, reducing class size, and increasing the number of classes offered. All funds should be focused on these objectives.	
* All changes should have an associated expected value and discussion on the impact on human resources.	
* Campus autonomy over enrollment and fees so that resident students can be accommodated.	
* Consider two and three-year certificate programs (non-B.A.) which reduce general education requirements.	
<i>We see no reason to discuss changes to pension or health care benefits in this document.</i>	

The CSUN Draft 10-Year Resource Plan (1/31/2012) was co-written by CFO/VP Tom McCarron and Dean StellaTheodoulou.

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