

**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.	NO EFFECT ON GENERAL FUNDS.
<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.	NO EFFECT ON GENERAL FUNDS.
<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.	NO EFFECT ON GENERAL FUNDS.
<b>Advertising</b>	Opportunities for physical campus advertising and web advertising revenue could be explored.	NO EFFECT ON GENERAL FUNDS.
<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.	Good idea.  Tuition pay per unit may be a sufficient (fair) load leveler.
<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.	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.  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</b>	<b>Summary of Draft 1/31/2012 Proposal</b>	<b>Comments</b>
<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

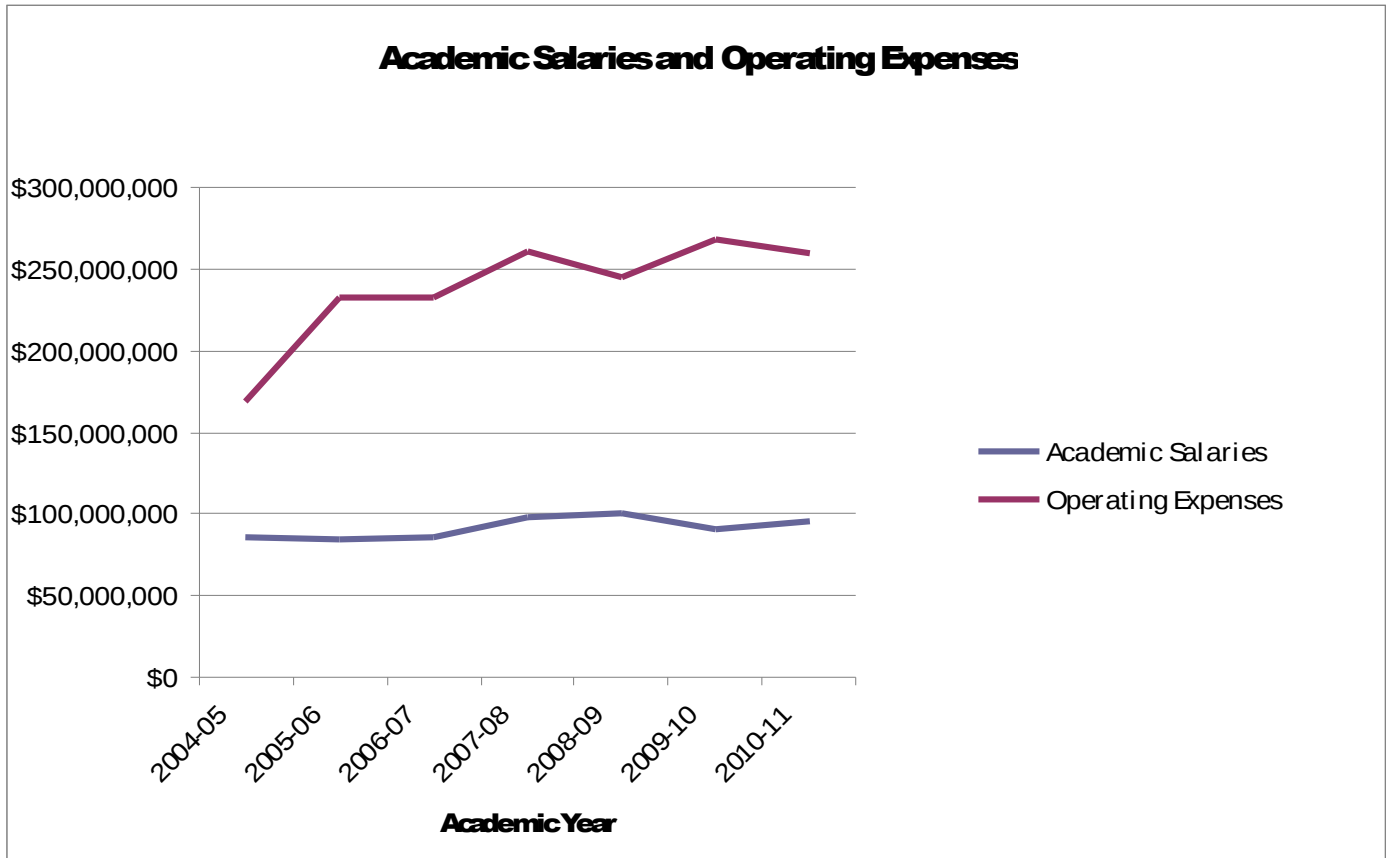
**Objective: define a balance among competing priorities.** The CSUN 10-Year Resource Plan should be guided by principles of maintaining access, affordability and the highest levels of quality in instruction, research, and public service. These principles can be "competing goods:" One cannot be altered 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.

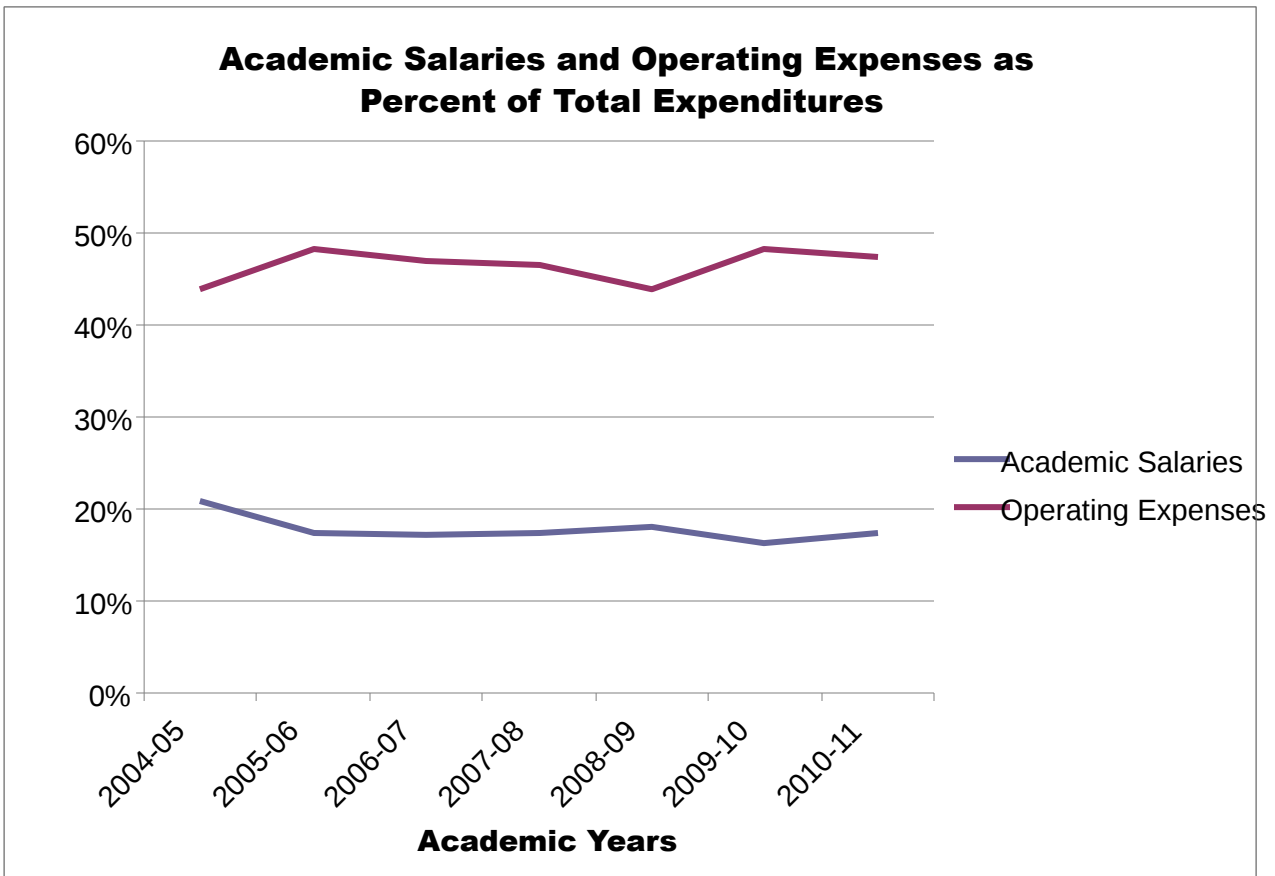
## Analysis of CSUN Financial Trends

Although California State University Northridge has experienced overall reductions in State funding over the past decade, it has not experienced significant operating budget reductions due to tuition fee increases during that period. Indeed as tuition/fees rose, operating expenses rose and academic salaries declined.



Source: by Wayne Smith from Financial Activity Reports.

Since 6/2005, we see that operating expenses have risen as percent of the total expenditures. During the same time, enrollment increased by roughly 15%. The percent of expenditures devoted to academic salaries declined as a percent of our total expenditures.



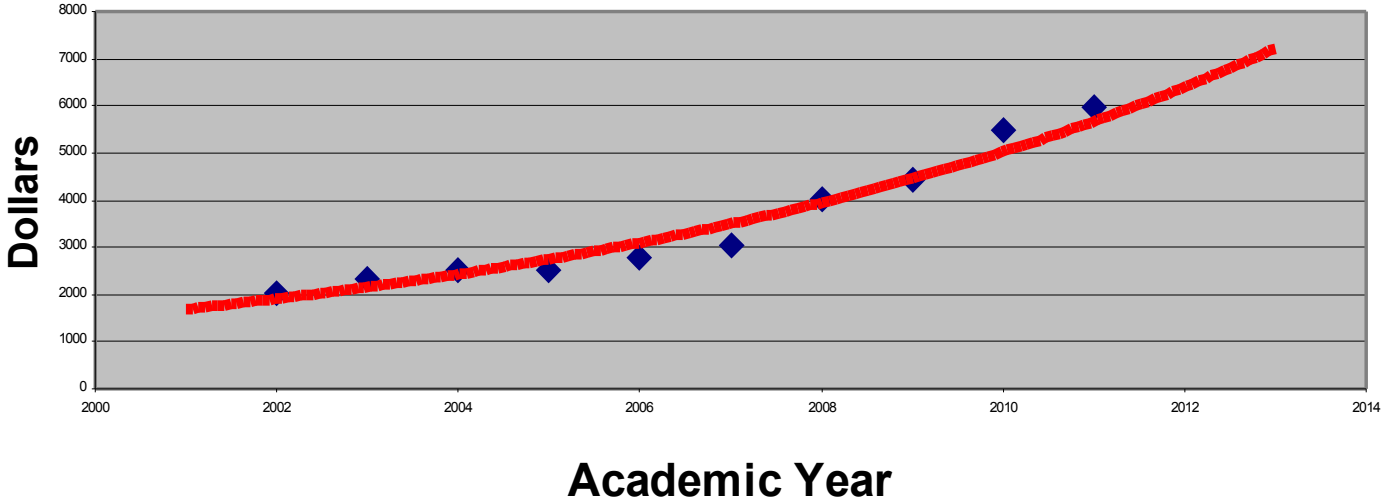
Source: by Wayne Smith from Financial Activity Reports.

CSUN is now one of the CSU's highest enrollment campuses. The table below shows enrollment by headcount increases:

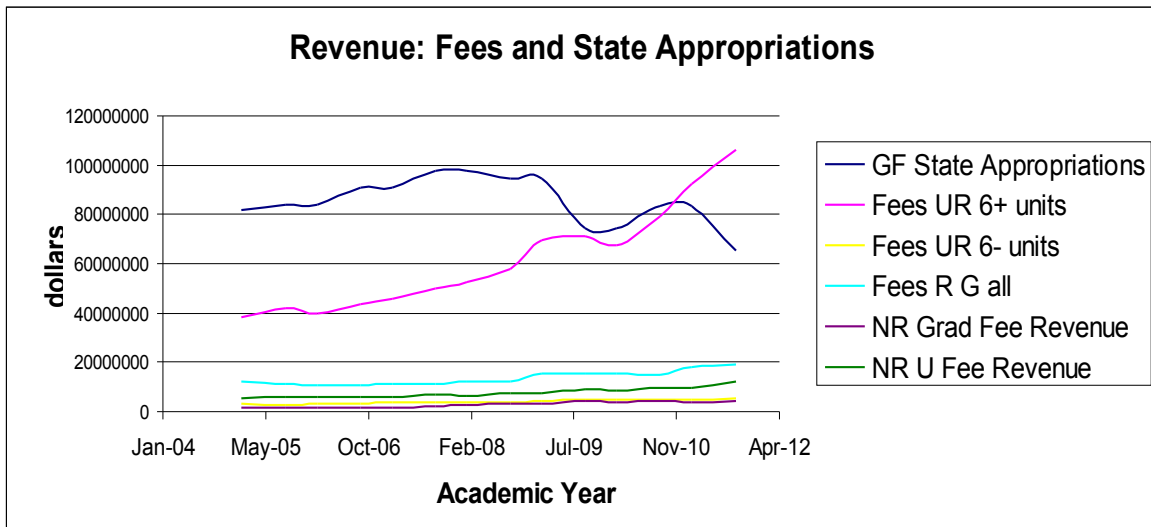
Academic Year	Fall Resident Undergraduate Headcount	Fall Graduate Resident Headcount	Fall Non-Resident Headcount	Total Enrollment Headcount
2004 – 2005	24807	3930	1270	30007
2005 – 2006	25800	4107	1303	31210
2006 – 2007	27208	4315	1358	32881
2007 – 2008	28311	3895	1548	33754
2008 – 2009	29006	4049	1548	34603
2009 – 2010	27974	4116	1750	33840
2010 – 2011	28493	3866	1859	34218
<b>Percent Change</b>	<b>14.9%</b>	<b>-1.6%</b>	<b>46.4%</b>	<b>14.0%</b>

Student fees/tuition can be fitted by an exponential curve:

## CSU Resident Undergraduate Tuition/ Fees, Fall 2002 - Fall 2011



We see that students have taken the brunt of the pain. They are paying higher tuition/fees, experience increased student to faculty ratio classes in the courses that are offered, and often find themselves without courses. Since headcounts and fees have increased, overall revenues have increased even as general fund state appropriations decreased. Student aid has increased expenditures. We estimate tuition/fees revenue and general fund state appropriations in the next graph.



Explanation of the legend: GF = General Fund State Appropriations, UR 6+ = undergraduate resident student taking 6.1 units or more, UR 6- = undergraduate resident 6 units or less, RG = resident graduate students (assume all at 6.1 units or more), NR Grad Fee = non-resident graduate (assume at 12 units), NR U fee = non-resident undergraduate (assume at 12 units).

The CSUN Audited Financial Statements contains the following information:

**Revenues (in millions)**

	Tuition/Fees (Net)	State Appropriations (noncapital)	Subtotal	Capital (non-bond)	Total
6/2008	93.4	195.8	289.2	6.1	295.3
6/2009	102.1	139.3	241.4	10.9	252.3
6/2010	120	149.9	269.9	21.9	291.8
6/2011	146	178.9	324.9	6.4	331.3

Source: <http://www-admn.csun.edu/financials/docs/csun-fin-stmts.pdf>

	Non-operating revenue, state appropriation*	Non-operating revenue federal aid*	Non-operating revenue state aid*	Operating revenue student tuition fees, net*
6/2009	139,275,832	44,505,147	20,088,645	102,141,581
6/2010	149,870,236	58,279,414	23,480,325	119,483,849
6/2011	178,850,133	68,029,130	27,383,669	146,188,840

	Operating Revenue Auxiliary *	Operating Revenue Enterprise *
6/2009	27,072,715	8,515,473
6/2010	28,124,074	11,923,158
6/2011	28,825,179	12,007,879

We believe that the CSUN 10-Year Resource Plan must support the allocation of resources that places the value on student success and leads to continued improvement in retention and graduation rates. There can be no compromise on academic quality or research, else we will lose our purpose for being and will devalue ourselves to for-profit university levels. It appears that funding has increased even after State Undergraduate Grants (SUG) are subtracted the state appropriations, although we are also surprised by this finding.

**We hope to start wide-spread civil discussion on revenue enhancements and costs reductions laid out in the Draft 10-Year Resource Plan (1/31/2012).**

For the reader's convenience, we leave the original Draft in black print, and **write our comments using Red.**

## **Revenue Enhancements**

1. Philanthropy - An increase in donor gifts would provide a much needed stream of flexible funds for scholarships, research, facilities and other vital University programs. The Special Task Force on Engagement identified specific areas of focus to be pursued. Their efforts will continue via subsequent groups appointed during the next few years. This initiative would require an additional investment in University Advancement.

**Advancement drains funds from the general fund that could be used for instructional purposes. During 2008-2011, Advancement's return of investment was roughly 100%. This means for every dollar of General Fund money the university invests in Advancement, it receives almost \$2 of (mostly restricted) Foundation monies. Advancement received a 3-year average of \$10 million per year in receipts of non-General Fund accounts, at the cost of \$5 - \$7 million in General Funds annually. To put this into perspective, \$7 million is enough money to fund almost 1,000 classes!**

2. Additional Special Fees – CSUN offers specific graduate degree programs which are more specialized and costly to provide than other programs. In some cases additional fees have been implemented to cover the costs. Examples include the DPT, MBA, Ed.D and DNP. Analysis is needed to identify other such programs currently offered, as well as those that might be offered in the future. The case for additional special fees must be prepared and submitted to the CSU for approval.

**The Doctoral fees are currently around \$10,500 per year, and the MBA fees are about \$12,000 per year for a full load. Less than 250 students are currently enrolled, so the revenue from these two programs is less than \$3 million per year, not subtracting the costs to develop and run the programs. We are not sure that the programs are even self-supporting at present. If enrollment doubled to 500, the net revenue would be at most \$6 million. While we do not dispute the merit of these programs, they do not generate significant net revenue; they will always be boutique programs in comparison with our primary mission of educating undergraduates. Finally, enrollment in these programs will count towards the FTES target and will result in a net reduction in undergraduate offerings.**

3. Tuition Restructuring – The 2-tier tuition fee model, which is based on flat rates below and above 6 units, was implemented at a time when the tuition fee was minimal to the amount covered by state funding. Over the past few years, the ratio of State funding to tuition fees has shifted dramatically, where now the tuition fee comprises a significant portion of the cost of attendance. Because of this, a student currently 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 the CSU campuses without raising the tuition fees for the average student carrying a full load. Careful consideration will be required to examine the potential impacts of this approach on degree progress and to arrive at a model that will not discourage students from graduating as quickly as possible.

**We might consider several ways to restructure tuition. Students who repeat a course could be required to pay additional fees for their second or third attempt. Perhaps students should pay full fare for units over 140 units (i.e., less general fund money and financial aid support would be available to students who take more than 140 units or fail courses).**

**We suggest a multi-tier or pay-per-unit tuition restructuring plan. CSUN must never repeat Spring 2012 semester's attempt to limit the number of units students can take to 12 units. The cost to students of extending their education one semester is more than any increase in tuition that has been imposed. We have more information on this option and look forward to the opportunity to share our findings.**

**If students paid on a per unit basis, the marginal cost of additional sections to satisfy unmet student need would be low in comparison to our fixed costs. Using tuition alone, the net revenue of 1000, 3-unit classes with 30 students, taught at \$15,000 per class is over \$7 million [1000 classes ( 3 units \*30 students/class \*\$250 tuition /unit - \$15,000 instructor salary + benefits )] or more than \$15 million if the classes are taught by part-time lecturers receiving low benefits. Thus, we can see that using General Funds for instruction can be more financially rewarding for the university and more academically rewarding for the student.**

4. Differential Tuition – While the CSU provides a diverse choice of campuses for students to choose from and provides common standards to assure a quality education at each campus, some CSU campuses are in higher demand due to such factors as overall reputation, brand recognition, specific areas of excellence or geographic location. Due to this, some of the CSU campuses can charge a higher rate of tuition without negatively impacting their demand. CSUN is one of those campuses and can explore this possibility.

**This would allow campuses the autonomy to raise tuition for students who can afford it.**

5. Non-Resident Student Growth – Currently the CSU non-resident enrollment is approximately 4% of the total (14,500 of 346,000 total FTES) and Cal State Northridge's non-resident enrollment is approximately 5.6% (1,672 of 29,670 FTES). 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. In addition, these students contribute to campus-based fee revenues, enterprise and auxiliary revenues, and the economies of local campus communities. Focusing on non-resident growth contributes to our goal of becoming a nationally recognized University through the recruitment of talented students from around the world.

**This is a positive direction as long as resident students are not supplanted. This needs to be carefully monitored. Overall FTE count is not sufficient information to judge whether resident students are not getting access to certain programs. Non-resident students may tend to major in certain fields such as engineering or health sciences and not in social and behavioral sciences. We need to go down to the department level and see if URM admissions are lowered (as is the claim in Cal Poly SLO).**

6. Extended Learning Growth – With the increase in demand for more specialized and distance learning programs, the role of Extended Learning at Cal State Northridge will continue to expand. This creates opportunity and suggests that the concept that self-supporting programs should not generate surplus revenue might be revisited. Allowing surplus revenues to be retained would provide Extended Learning with the ability to fund the development of additional programs as well as their own planned growth. In addition, surplus revenue could be allocated for specific projects or programs on campus that otherwise would not have sufficient funding.

**Extended Learning (ExL) has been very successful at designing of certificate and degree programs for midcareer professionals, offer distance-learning degrees, advanced professional development programs, contracted programs, and programs serving international markets, facilitating expansion of the programs, services and partnerships it creates with and for the University, bringing in revenue and intends to increase revenue 50 % through the creation of many new programs and partnerships, and providing significant financial resources to collaborating University colleges and departments. The Distance Learning Services Unit (DL) in ExL produces and provides technical support of all CSUN fully online degree and credit certificate programs whether they are funded via self-support or state-support (currently, all CSUN fully online degree and credit certificate programs are self-support funded). We are pleased to report that the ExL International Education Program brought in over \$5 million to CSUN last year. 150 non-resident students transferred to CSUN after completing the program this past year. So ExL has a bright future in terms of producing revenue as well as exciting educational programs. We would like to see ExL Open University and semester exchange programs expand.**

**Currently, the summer enrollment is less than 10% of the academic year enrollment. This number could be increased to close to 20% or more than 5,000 FTES, generating gross revenues of \$20 million in the summer. The faculty cost could be kept at \$1,200/FTES or a total of \$6 million. After paying the 5% fee to the Chancellors office, and the administrative 20% to ExL (which should be negotiated) the net revenue would be \$9 million. To optimize 3- and 4- year graduation pathways for majors, departments should identify the course work which is best offered in the summer. Moreover, the scheduling in the summer should be streamlined in order to avoid overlaps which restrict student choice. Students would save one year (the final and most expensive one) on their way to graduation, which will generate lifetime financial savings for the student. Student advisement should include this financial information.**

7. Sponsored Programs Growth – An increase in sponsored programs not only results in additional funding to the University for academic research, but also enhances its academic prestige, recognition, and brand value, which in turn strengthens the case for philanthropy-related efforts (see item 1 above). Work funded by external grants or contracts generates both direct and indirect revenue. A fundamental goal might be to develop a campus culture that supports and encourages grants and contracts activity of faculty by providing better support, rewards, and recognition to those principal investigators who bring external funding to the University. With stronger institutional support, a realistic goal might be to increase grants and contract activity by 5-10% annually over the next 10 years. This initiative would require an additional investment in those programs with the greatest potential for external funding.

**We note that Sponsored Projects, administered by the University Corporation, brings in almost double the revenue of Advancement and does not receive general funds for its operation. (See the table below.)**

**Revenue Derived from Sponsored Projects  
(millions of dollars)**

	<b>Direct</b>	<b>Indirect</b>	<b>Federally Funded</b>
<b>2005 – 06</b>	<b>16.3</b>	<b>1.7</b>	<b>13.7</b>
<b>2006 – 07</b>	<b>15.5</b>	<b>2.1</b>	<b>13.6</b>
<b>2007 – 08</b>	<b>16.1</b>	<b>2.3</b>	<b>14.9</b>
<b>2008 – 09</b>	<b>16.4</b>	<b>2.3</b>	<b>15.6</b>
<b>2009 -10</b>	<b>16.9</b>	<b>2.4</b>	<b>17</b>
<b>2010 -11</b>	<b>21</b>	<b>2.8</b>	<b>19.8</b>

**Source: CSUN University Corporation website.**

8. Increased Auxiliary Revenues – 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 single family residences, condominiums, apartments and/or commercial property. Strategic acquisition of real property by TUC can increase revenue, help position the University to play a direct role in ensuring the continued vitality of the surrounding community, and enhance the equity portfolio of the campus for long-term appreciation. Additionally, the University’s ability to recruit new faculty and staff is enhanced by its ability to provide housing for new faculty and staff who relocate. TUC’s mature housing stock already generates revenue and provides a service to the campus. More recently acquired housing stock may not generate immediate surplus revenue but will do so over time, and will additionally contribute to equity growth. Substantial equity can in turn be leveraged for future major and beneficial purchases. TUC can continue to investigate opportunities to acquire property, including multi-unit rental housing, to grow its pool of rental housing over the next 10-20 years.

**Is it a good idea for the University to make private investments? Given mistakes made in the past and the vicissitudes of the real estate market, our main operations should remain centered around enrollment, fees, and the general fund. Although we commend the idea of diversified revenue streams, we do not see the expertise here to do it.**

**What is the net revenue of the Enterprise funds? The net revenue is positive but relatively small; however, there may be sufficient funds in “one time monies” to open course sections required by students by timely graduation.**

Enterprise Funds: Net Revenue (millions of dollars)

Year	Extended Learning	Housing Operations	Parking Fees
Jun-05	2.4	5.9	2.3
Jun-06	1.9	7.1	3.2
Jun-07	1.4	7.4	3.6
Jun-08	-0.4	8	4
Jun-09	2.7	8.1	4
Jun-10	4.5	9	4.4
Jun-11	9.7	9.8	4.1

**Note, Enterprise and/or Auxiliary are separate funds and not comingled with General Funds. Specifically, all legislative guidance is clear that if "special funds" such as enterprise funds, housing, or parking transfer funds to the general fund, those funds should be returned to the state with interest. The "firewalls" are both the rules regarding moving funds between groups and required repayment with interest.**

University Licensing – Cal State Northridge has numerous facilities which are unique and have particular licensing potential, such as the Valley Performing Arts Center, the Brown Aquatic Center, the Bianchi Planetarium, the Magaram Center, and other specialized facilities. Additionally, other campus buildings and facilities offer locations for filming and athletic competition. Efforts could be expanded to promote the licensing of campus facilities to provide increases in licensing revenue and campus visibility.

**No effect on General Funds.**

9. Entrepreneurship – 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. An effort to identify, obtain copyrights / patents where needed, and promote these products could be pursued.

**No effect on General Funds.**

10. Educational Services – 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. Pursuing this would require an awareness of local business impact and sensitivity to potential competition.

**No effect on General Funds.**

11. Advertising – The campus has a population of more than 40,000 students, staff and faculty members, and a web presence that is viewed both nationally and internationally. Opportunities for physical campus advertising and web advertising revenue could be explored.

**No effect on General Funds.**

12. Overall Plan for Campus-Based Fees – Campus-based fees have historically been implemented and then held static for several years until an urgent need arises to increase the fees for deficit reduction or special projects. The result has been sudden dramatic and unpopular increases. A more prudent and less volatile approach would be to 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. This would provide for a more stable model to project future revenue and reduce student “sticker shock.”

**We also prefer graduated, rather than abrupt, tuition/fee increases. However, tuition per unit may be a sufficient (fair) load leveler.**

13. Changes to State University Grant Program – 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.

	Non-operating Revenue State Aid*(\$)	Expense SUG (\$)
6/2009	20,088,645	29,177,621
6/2010	23,480,325	38,939,105
6/2011	27,383,669	43,822,958

**It seems that the authors are asking for changes to student financial aid. However, this suggestion is so vague that we do not understand it. We request clarification.**

	Total Financial Aid
6/2009	128,480,191
6/2010	123,572,938
6/2011	140,147,009

### **Easing of Revenue Restrictions**

CSU and State regulations / laws place restrictions on the types of expenditures that can be made from specific revenue sources. Despite having balances in various types of funds, the University in many cases cannot advance key programs and initiatives or enhance support of existing ones because of these restrictions.

One example is tuition fee revenue. With the CSU moving from a “State supported” to a “State assisted” model, greater flexibility in use of tuition fee revenue might be explored. More than half of Cal State Northridge’s total funding is now provided by tuition fees and other fees paid by students, which are collected by the campus and are separate from State of California General Fund allocations. *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. (Italic added for emphasis.)*

## Revenue Management Program: Overview and Background Information

The CSU has proposed to eliminate Fund 498 from the Budget Act and amend the Education Code to allow for the deposit of fees into local trust accounts. The Education Code (Section 89721) would be amended to include the following language: "(l) moneys collected as higher education fees and income from students in any state university and from other persons pursuant to Section 89700 of the Education Code".

This proposal creates the possibility of significant improvements in operating efficiencies throughout the CSU. If implemented, these efficiencies will facilitate timely fiscal year-end closing and GAAP reporting. By eliminating the use of Fund 498 and providing the authority to deposit fees in trust, the CSU has a unique opportunity and obligation to re-engineer critical financial operations. In addition, the CSU will have a responsibility to manage the cash flows from fee collections to support campus operations and to optimize investment earnings.

The implementation of the CSU Revenue Management Program (RMP) provides an opportunity for CSU to re-visit a significant portion of its current business processes and re-engineer them to achieve more efficient results. This will require establishing systemwide standards which will enable campuses to share training, business process guides and other documentation, and application solutions.

**We strongly recommend against using one times funds for the purpose of funding capital expansion, while class size is increased, limits are placed on the number of units a student may take in one semester.**

**CSU capital expansion is financed through University Funds, issuance of debt, issuance of California State University System Revenue Bonds, and general obligation bonds, (of which the latter are not reflected in the accompanying financial statements). The table below contains data on CSUN's capital outlays since 2005:**

### Capital Outlays (in millions of dollars)

	General Fund	Trust/ Enterprise Funds	Other + Reimbursed Funds	Total
2005-2006	1.9	4.3	51.3 +10	67.4
2006-2007	2.8	4.6	56.1+6.7	70.2
2007-2008	3.4	46.4	4.7	54.6
2008-2009	0.3	24.0	13.6	38
2009-2010	2.1	23.3	45.6	70.9
2010-2011	2.8	17.9	8.6	29.2

**There are many addition costs beyond the initial capital outlays which do impinge on general funds. Buildings require, staff time devoted to feasibility studies, planning, and construction, staffing, utilities, equipment, technology, maintenance, supplies, insurance, and debt. The vast majority of the funding is made possible by Student Fees, State of California, California Taxpayers, California Legislators, the CSU Chancellor's Office and Board of Trustees.**

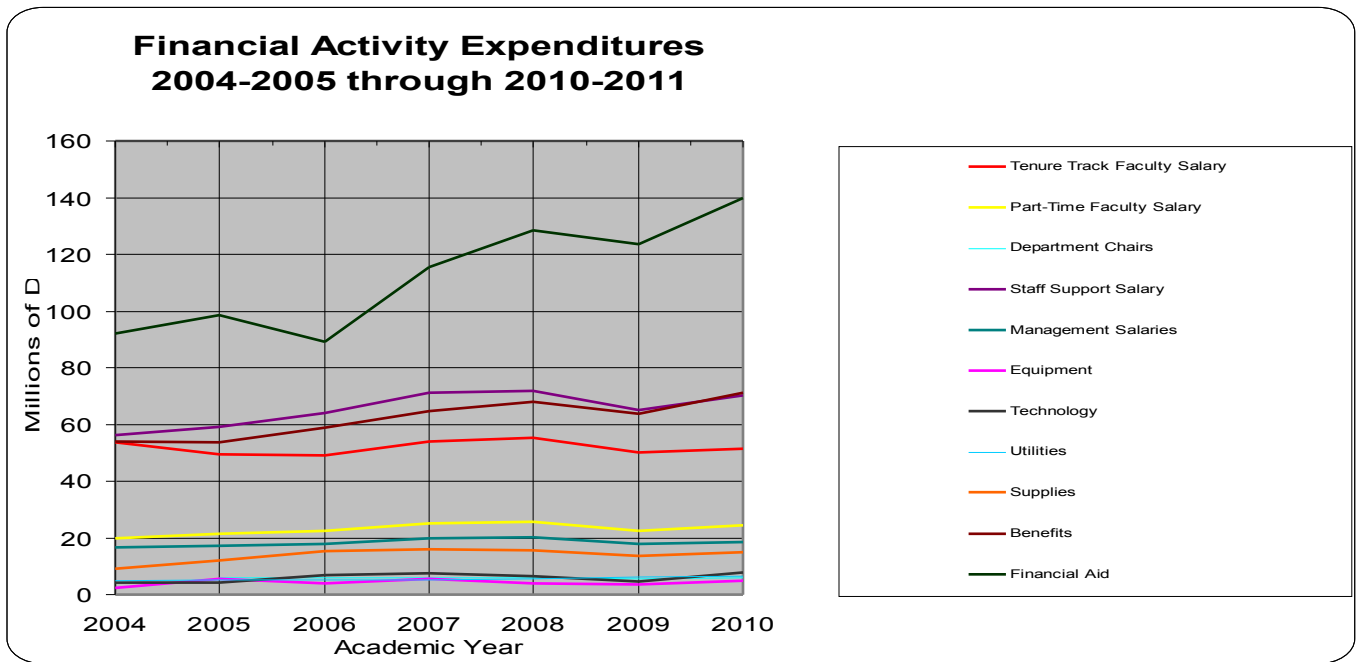
**The CSUN Valley Performing Arts Center is a prime example of a project where the promised private funding never arrived in full. Indeed, we wonder if as much \$30 – 40 million of campus-based funds went into the project. In addition, the building is very expensive to maintain. At the time, and in retrospect, many people feel or felt that the scale exceeded our resources and fund-raising revenue sources. Perhaps, the institutional lesson learned is that one-time money can be used for more than housing, coffee shops, and a bookstore. We believe that the University Corporation should assist the primary business of the university, instruction, if there are shortfalls.**

**The CSU's financial priorities must first and foremost provide classes for resident college eligible students, while other projects may funded as possible.**

Another potential area of exploration is the easing or removing of funding firewalls that exist between funds (General Fund, enterprise funds, auxiliaries, capital expenditures, etc.). There are many parts of the University that are self-supported, such as Parking, Extended Learning and Student Housing, and there is no ability to utilize funds generated by these areas for different purposes. *In theory*, there could be a large surplus in one area and a deficit in another, and there is no ability for cross-subsidizing. The flexibility to spend a surplus in one fund to cover a University priority would potentially be beneficial.

**Running surpluses is not a “theory.” The CSUN Financial Activity Reports show that Enterprise funds run surpluses. We hope that Auxiliary and Enterprise surpluses can be used to help students obtain the classes that they need by covering any shortfalls in general funds. The CSUN Valley Performing Arts Center story shows us that: “If there is a will, there is a way.” We look at planning, budget, and governance issues that arose in the design and construction of the CSUN Valley Performing Arts Center as an example of how a project or program can be saved by auxiliary funding even during a budget crisis.**

Before suggestion cost reductions, let us look at our costs.

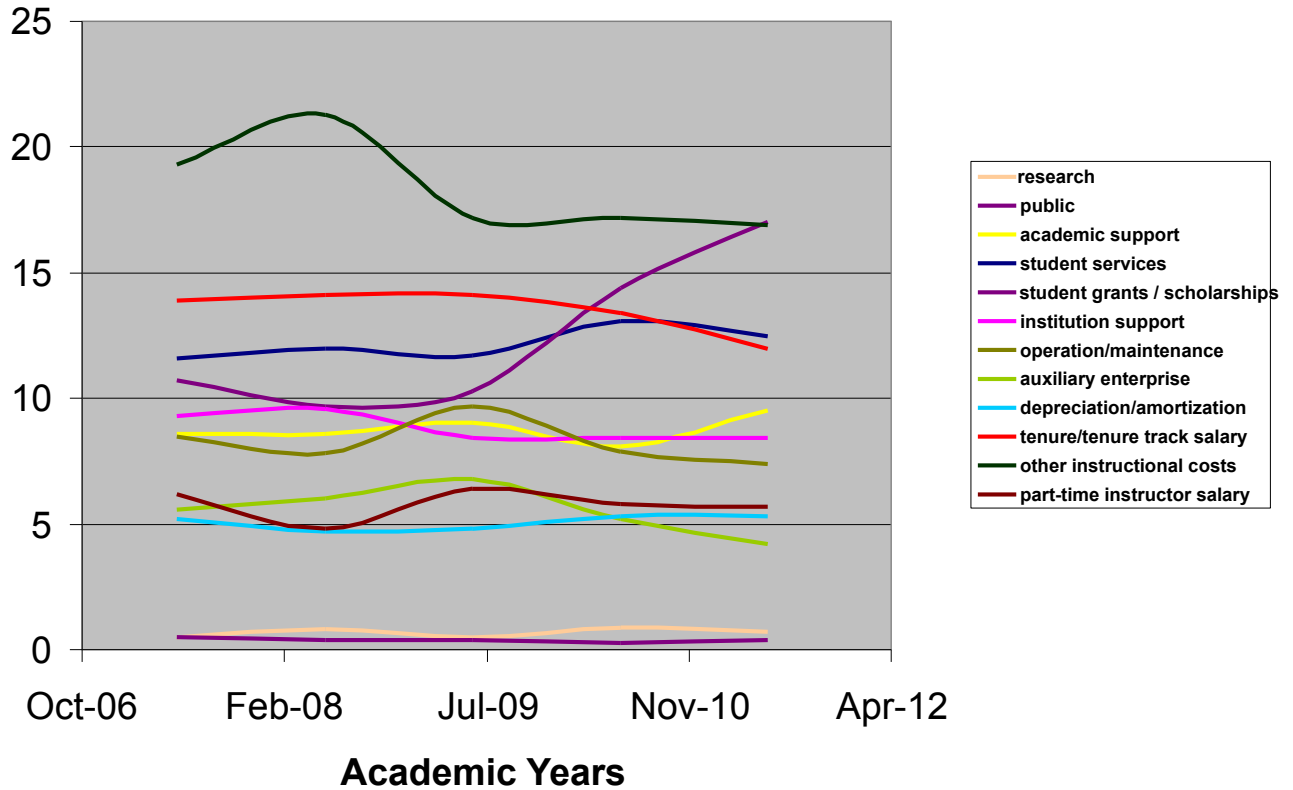


## Change in Expenditures (in millions of dollars)

Year	Equipment	Technology	Utilities	Supplies	Benefits	Financial Aid	Expenses Out
2004 - 05	2.3	4.2	5.0	9.0	54.0	91.9	400.2
2005 - 06	5.6	6.9	5.3	12.1	53.6	98.4	463.3
2006 - 07	6.0	7.4	5.2	15.3	58.9	89.2	480.8
2007 - 08	5.4	8.2	5.2	15.8	64.6	115.3	525.7
2008 - 09	3.9	6.6	5.4	15.6	68.1	128.5	532.1
2009 - 10	3.6	4.5	6.3	13.5	63.9	123.6	521.8
2010 - 11	4.9	7.8	6.5	15.0	71.3	140.0	522.2
<b>Percent Increase</b>	<b>114.8%</b>	<b>85.7%</b>	<b>30.0%</b>	<b>67.8%</b>	<b>32.0%</b>	<b>52.3%</b>	<b>30.5%</b>

We note that the percent of increase in benefits is LESS than the present increase in equipment, technology, or supplies. (Source: CSUN Financial Activity Reports)

## Percent Expenses of Operating Costs



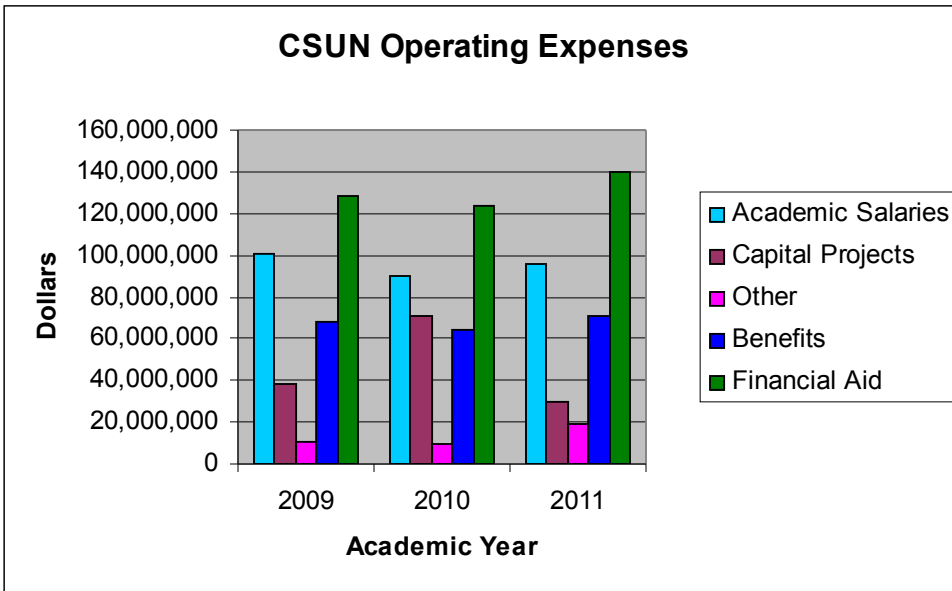
## Expenses as Percent of Operating Cost

	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11
Research	0.5	0.8	0.5	0.9	0.7
Public Safety	0.5	0.4	0.4	0.3	0.4
Academic Support	8.6	8.6	9	8.1	9.5
Student Services	11.6	12	11.7	13.1	12.5
Student grants / Scholarships	10.7	9.7	10.3	14.4	17
Institution Support	9.3	9.6	8.4	8.4	8.4
Operation/Maintenance	8.5	7.8	9.7	7.9	7.4
Auxiliary Enterprise	5.6	6	6.8	5.2	4.2
Depreciation/Amortization	5.2	4.7	4.8	5.3	5.3
Tenure/Tenure Track Salary	13.9	14.1	14.1	13.4	12
Other Instructional Costs	19.3	21.3	17.2	17.2	16.9
Part-time Instructor Salary	6.2	4.8	6.4	5.8	5.7

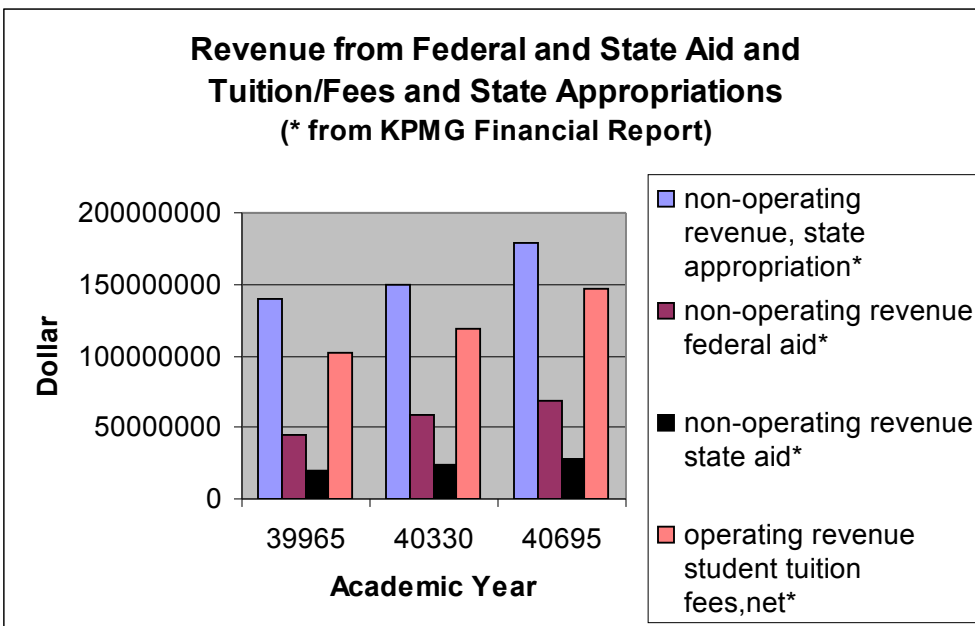
Source: CSUN Audited Financial Statements

## CSUN Operating Expenses

Academic Year	Academic Salaries	Capital Projects	Other	Benefits	Financial Aid
June-09	100,636,294	37,991,558	10,079,364	68,061,011	128,500,000
June-10	90,021,536	70,931,952	9,702,833	63,884,149	123,570,000
June-11	95,910,874	29,237,153	19,562,054	71,280,822	140,000,000



Academic Year	non-operating revenue, state appropriation*	non-operating revenue federal aid*	non-operating revenue state aid*	operating revenue student tuition fees, net*	revenue subtotal
2009	139,275,832	44,505,147	20,088,645	102,141,581	306,011,205
2010	149,870,236	58,279,414	23,480,325	119,483,849	351,113,824
2011	178,850,133	68,029,130	27,383,669	146,188,840	420,451,772



<http://www-admn.csun.edu/financials/docs/fin-activity-rpts.pdf>

<http://www-admn.csun.edu/financials/>

[http://www-admn.csun.edu/budget/general\\_fund/gf-11-12.pdf](http://www-admn.csun.edu/budget/general_fund/gf-11-12.pdf)

## Campus Cost Reductions and Savings

1. Large Lecture Halls – The development of large lecture halls would provide the ability to consolidate academic course sessions that can be taught in a large lecture format, increasing teaching capacity.

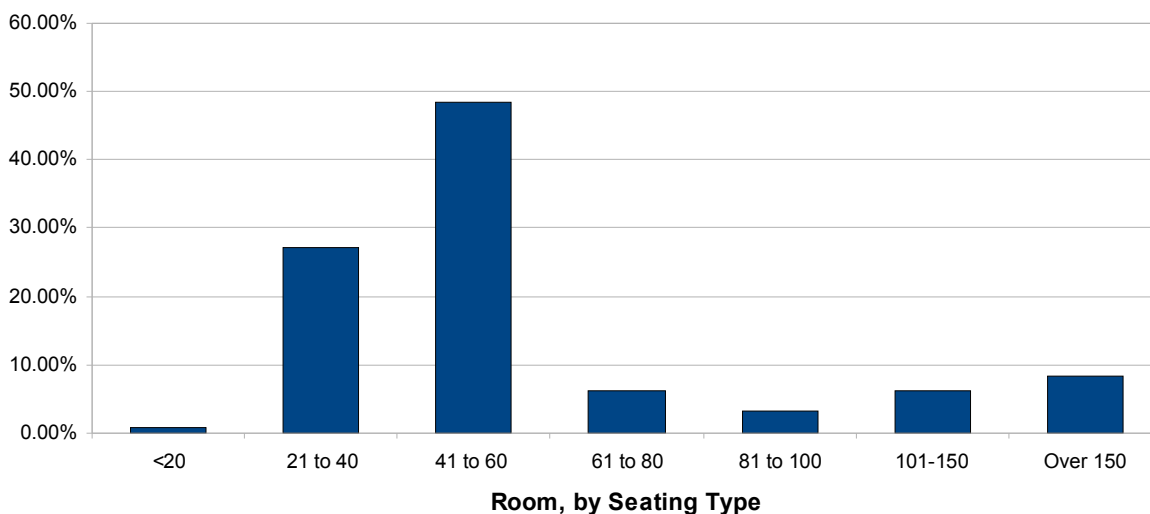
**Does CSUN have a space problem accommodating students or are we just trying to reduce labor costs?**

**Faculty teaching classes of over 120 receive double WTU credit. How much do we saving on salary by giving two sections of 60 students versus 1 section of 120 students? There is certainly a savings in faculty time and perhaps in effort, but the Draft report lists large lecture halls as a cost savings, not a perk for faculty.**

**Let us look at CSUN room capacity:**

Seating Capacities	Number
<20	83
21 to 40	2884
41 to 60	5148
61 to 80	670
81 to 100	335
101-150	646
Over 150	877
Total	10643

**Room Utilization 2011-2012**



**The chart above shows the distribution of seats in different class room sizes. Nearly 50% of the approximately 10,600 class room seats are in rooms with a capacity between 40 and 60, if scheduled for 12 hours a day MTRW and 9 hours on Fridays. Every class room can accommodate 19 three unit sections (or 3.8 FTES). Theoretically, with optimal scheduling (every chair filled during this time), there is enough space to accommodate 40,000 FTES without weekend classes or classes after 8pm, no online classes or hybrids. With regard to lecture space, we are operating well below 70% efficiency,**

and have plenty of room to grow without adding more space. Higher SFR can be achieved with the existing mix of class rooms.

Finally, if we assume a modest remodeling cost of \$100/square-foot, the remodeling of two class rooms into one 2000 square foot class room would cost \$200,000. If this room is optimally scheduled it can accommodate about 19 3-unit classes per semester. This could create financial savings of \$190,000 per year. We are already running very large sections; we not sure there is much room to go in terms of the type of classes that can be offered at this size without any loss of instructional value. With higher tuition, one consideration must be to make our offerings attractive to students. Large classes, online classes, three-hour Friday and Saturday classes fill up last. That tells us what students prefer.

If a multi-section class of 450 students is offered in three 150 seat sections, instead of 9 50 seat sections the schedule flexibility for students is drastically reduced, and the university could lose enrollment because of this reduced flexibility.

We see that the average section size by level and headcount or FTE has increased dramatically since Fall 2000, particularly in certain colleges.

**Social & Behavioral Sciences: Average Section Size (regular sections only)**

Lower Division

Lower Div/Year	Anthropology	Geography	History	PAS	Political Science	Psychology	Sociology	Urban Studies
Fall 2000	43	40	74	29	44	57	53	41
Fall 2005	48	43	67	34	81	73	66	65
Fall 2006	43	39	70	33	84	75	58	40
Fall 2007	69	37	90	33	92	76	58	44
Fall 2008	50	34	92	31	94	69	57	48
Fall 2009	50	39	110	32	111	76	78	50
Fall 2010	61	40	103	32	99	92	90	48
Fall 2011	82	49	107	36	152	95	103	78

Some lecturers have told us that headcount increased in many of their classes (except for Spring 2012) to a level of over 100 students, but they are not compensated for the additional workload. We feel that this is not a good labor fair practice and recommend reimbursing faculty in smaller quanta than is currently offered (faculty can receive 3 – 9 units depending on enrollment).

Although there is no strict lecture format that guarantees quality instruction, large lecture halls have the higher potential for lowering the educational quality due to the impersonal environment and use of true/false multiple-choice testing rather than writing exercises. We are not aware of any studies on campus that compare large versus small classroom instructional environments on student learning, although we know of studies examining online, hybrid, and traditional formats. As over 60% of our students enter the university with poor preparation in basic skills and one of our objectives is to create a highly educated workforce, we believe that many students in lower division courses may benefit most from close interaction with instructor. Although we understand that there are trade-offs to be made, we would appreciate some sort of evidence that confirms that our trend towards large classrooms has not reduced academic value.

2. Shared Services Projects – Identifying redundant services from both an intra- and inter-campus perspective and exploring combining those services could afford efficiencies and reduced costs. Examples of inter-campus efforts in progress include IT participation in the Virtual Information Security Center (VISIC) and Administration & Finance’s sharing of risk management services with CSU Monterey Bay and hosting San Diego State’s construction management system (Prolog).

**We do not know how much money will be saved by these efforts, but it sounds quite reasonable.**

Insourcing – Expanding the use whenever practical 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.

**Small cost savings in General Funds.**

3. Invest in Cost Reduction - Identifying potential cost reduction projects where realized savings will pay back investments within 3 years may produce long-term savings. One significant focus might be in areas utilizing technology, to identify where 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 faculty. Technology does not reduce costs, faculty do. The faculty is the leading force behind student achievement. Much money has been thrown into Technology which is a rapidly changing expense. Academic resources funded over a hundred computer labs on campus, many of which were under-utilized. We have spent millions on supplies, equipment and technology and ignored human capital.**

**In addition, we are aware of several upgrades in CIELO and in colleges. Although we appreciate all the hard work, effort, and expense in the space renovations and furnishings, the spending does not support the picture of an acute budget crisis. We are simply perplexed that there is so much to spend on cost reductions, but staff and faculty can not be paid salary due. We feel that argument that the taxpayers would be incensed by salary increases but not by capital improvements and costly “cost reductions” does not ring true to us. Therefore, we are not sure how much money “is appropriate” to put into cost reductions at this time.**

The following is a summary of the actual expenditures in 2010/11 and 2011/12 (year-to-date) from the Provost’s Discretionary Fund for (a) construction and renovation (“Group 1”) and (b) furniture and equipment (“Group 2”), improvements to instruction and instructional support spaces.

2010/11	Direct Instruction			Instructional Support	Total
	Classroom	Lab	Large Lecture		
Group 1	350,320	3,674	108,336	306,927	769,256
Group 2	364,794	174,692	1,406	105,588	646,479
2010/11 Subtotal	715,113	178,365	109,742	412,515	1,415,735
<b>2011/12 YTD</b>					
Group 1	212,302	2,488,135	328,932	88,256	3,117,625
Group 2	547,354	81,212	34,984	137,332	800,882
2011/12 Subtotal	759,656	2,569,347	363,917	225,588	3,918,507
<b>Grand Total</b>	<b>1,474,769</b>	<b>2,747,712</b>	<b>473,658</b>	<b>638,102</b>	<b>5,334,242</b>

Source: Diane Stephens, Academic Affairs

Note For the purposes of this report, *Direct Instruction* includes lecture halls, classrooms, and instructional and research labs. *Instructional Support* includes academic administrative spaces, collaborative learning spaces in public areas, conference rooms, and part-time faculty offices.

4. Alternative Staffing Models – The University could explore possible approaches to achieve more efficient staffing levels, including flexible appointments to adjust to decreased activity during reduced instructional periods, fluctuation in course scheduling, or changes in the instructional environment. Examples of this could include 10-month appointments for positions that are primarily needed during the fall and spring semesters and reduced time bases for positions that primarily support Monday thru Thursday instruction.

**We are not quite sure what the authors mean. It might be possible to house two departments in the same office. Sharing staff may be helpful to both departments.**

**Over the past 10 years, we have reduced part-time staff from 629 to 332 employees, a decrease by more than 47%. It appears that CSUN had some flexibility staffing in the past and its management reduced it. Let's review the data:**

<b>There was a 24% percent increase in FTE from F2002 to F2011.</b>								
<b>Fall 2002</b>				<b>Fall 2011</b>				
Enrollment				Enrollment				
Headcount	32596			Headcount	36911			
FTES	24023			FTES	29670			% change from
Full-Time Faculty by Rank	Faculty Headcount	Percent	2002 Faculty per FTE	Full-Time Faculty by Rank	Headcount	Percent	Faculty per FTE	2002 to 2011 per FTE
Professor	349	39.2	0.015	Professor	372	45.8	0.013	-14
Associate Professor	112	12.6	0.005	Associate Professor	205	25.2	0.007	48
Assistant Professor	216	24.3	0.009	Assistant Professor	183	22.5	0.006	-31
Instructor/Other	213	23.9	0.009	Instructor/Other	53	6.5	0.002	-80
Total	890		0.037	Total	813		0.027	-26
Prof, Associate Prof, Assistant Prof	677		0.028	Prof, Associate Prof, Assistant Prof	760		0.026	-9
<b>FACULTY</b>				<b>FACULTY</b>				
Full-Time	890	48.0	0.037	Full-Time	813	44.7	0.027	-26
Part-Time	963	52.0	0.040	Part-Time	1004	55.3	0.034	-16
Total Faculty	1853		0.077	Total Faculty	1817		0.061	-21
<b>STAFF</b>				<b>STAFF</b>				
Full-Time	1279	67.0	0.053	Full-Time	1396	80.8	0.047	-12
Part-Time	629	33.0	0.026	Part-Time	332	19.2	0.011	-57
Total Staff	1908		0.079	Total Staff	1728		0.058	-27

**Comparison of the Number of CSUN Employees by Bargaining Unit in 11/2007 and 11/2011**

Employment by Bargaining Unit	Nov 2007		Nov 2011		Change %*	
	Total Count	FTE	Count	FTE	Count	FTE
Administrative/Bargaining Unit						
Administrator (MPP)	193	193.00	179	178.60	-7.25%	-7.46%
APC Academic Professional of California (R04)	167	159.65	176	170.85	5.39%	7.02%
Confidential (C99)	20	20.00	19	19.00	-5.00%	-5.00%
CSUEU Health Care Support (R02)	33	31.25	37	32.60	12.12%	4.32%
CSUEU Operations Support Services (R05)	151	150.50	105	104.45	-30.46%	-30.60%
CSUEU Clerical/Adm. Support Serv. (R07)	455	443.50	429	412.20	-5.71%	-7.06%
CSUEU Technical Support Services (R09)	539	433.38	640	489.28	18.74%	12.90%
CSUEU Total	1178	1,058.63	1,211	1,038.53	2.80%	-1.90%
E99	93	22.42	109	29.80	17.20%	32.92%
R03 (Faculty-Other)	1252	554.83	1,234	555.73	-1.44%	0.16%
R03 (Tenured/Tenure Track)	786	764.24	807	791.28	2.67%	3.54%
R03 Total	2038	1,319.07	2,041	1,347.02	0.15%	2.12%
SETC State Employees Trades Coun. (R06)	87	87.00	85	85.00	-2.30%	-2.30%
SUPA Statewide University Police Ass. (R08)	19	19.00	19	19.00	0.00%	0.00%
UAPD Physicians and Dentists (R01)	16	12.00	14	8.25	-12.50%	-31.25%
UAW Academic Student Employees (R11)	302	84.96	292	92.15	-3.31%	8.45%
<b>Grand Total</b>	<b>4113</b>	<b>2,975.74</b>	<b>4,145</b>	<b>2,988.19</b>	<b>0.78%</b>	<b>0.42%</b>

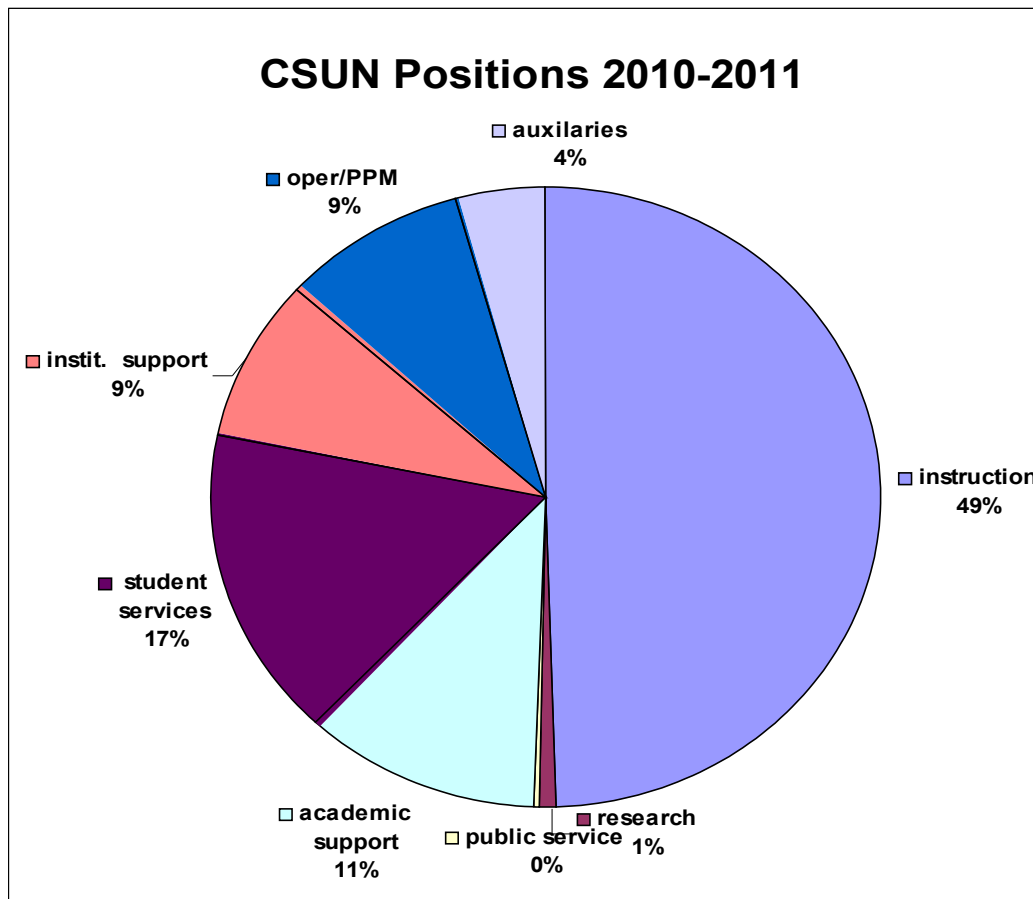
**Notes:** 1) Special Consultant, Instructional Student Assistant, and other Student Assistant positions are not included in this analysis. 2) The R03 count includes all employees in California Faculty Association-CFA who are on active pay status. Change percent is based on comparison to November 2007.

**Source:** Harry Hellenbrand from FIRMS data

The table above shows us that while tenure/tenure track faculty headcount increased 2.7% from 11/2007 to 11/2011, technical support services increased almost 19%.

Here's another way to think about another way to think about staffing compared to students:  
In Fall 2010, 27,436 FTE attended CSUN. We had 3186 employee positions; 8.6 FTE per position.

We can try to capture the CSUN employment picture using a Pie Chart taken from the Chancellor's Office Budget Summary Website.



*Critical Question: What is the best use of staffing and resources to reduce time to graduation and increase graduation rates without lowering the quality of instruction?*

As some of the proposed changes in the Draft 1/31/2012 Resource Plan could impact human resources and academic quality. Before discussing Alternative Staffing Models, perhaps we should take a look at our current staffing salary cost.

**Total Salaries (in millions of dollars)**

<b>Academic Year</b>	<b>Tenure Faculty Salary</b>	<b>Part-time Faculty Salary</b>	<b>Staff Support Salary</b>	<b>Management Salary</b>
<b>2005 – 2006</b>	<b>49.4</b>	<b>21.4</b>	<b>59.3</b>	<b>17.2</b>
<b>2006 – 2007</b>	<b>49.1</b>	<b>22.6</b>	<b>64.2</b>	<b>18.0</b>
<b>2007 – 2008</b>	<b>54.1</b>	<b>25.0</b>	<b>71.2</b>	<b>19.9</b>
<b>2008 – 2009</b>	<b>55.4</b>	<b>25.7</b>	<b>72.0</b>	<b>20.3</b>
<b>2009 – 2010</b>	<b>50.0</b>	<b>22.5</b>	<b>65.0</b>	<b>18.0</b>
<b>2010- 2011</b>	<b>51.5</b>	<b>24.3</b>	<b>70.2</b>	<b>18.5</b>
<b>Percent Change</b>	<b>4.3%</b>	<b>13.7%</b>	<b>18.4%</b>	<b>7.6%</b>

**Source: CSUN Financial Activity Reports. We note that the above table shows that staff support salary has grown the most of all salary categories since 2005-2006.**

**We need to careful planning to align human resource needs and Mission. Are we creating incentives to accomplish the mission? Can Faculty and Management collaborate to improve the delivery of quality instruction and services which leads to student success? Unfortunately, shared governance is at best a charade. Due to the poor relations between faculty, staff, and management, the faculty and staff are deeply demoralized. Unsolved labor problems and sham shared governance are detrimental the health of the university system.**

**We are not sure if the authors of the Draft 1/31/2012 10 - Year Resource Plan mean to imply more when listing alternative staffing models as a cost reduction. If so, collective bargaining must come into play. More radical alternative staffing models would have to enjoy the consent of the unions. Given the current impasse between the CSU faculty/staff and management, there is little chance that this one will occur. However, non-union jobs such as MPP's could be easily changed to such a model.**

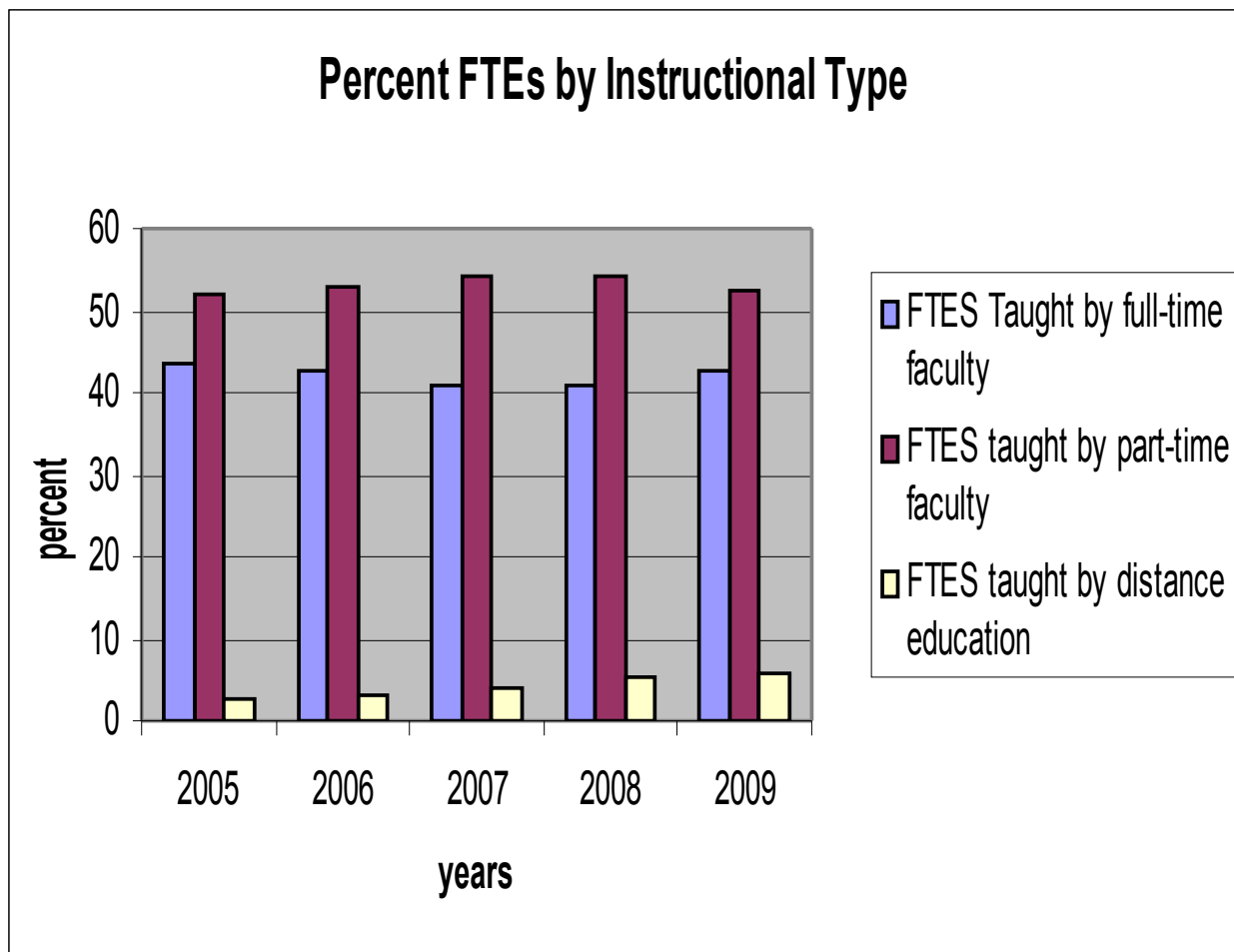
**5. Alternative Instructional Delivery Models – Explore instructional models that require less “brick-and-mortar” dependence, such as Ball State University’s “Degree in Three” program, a cohort program with degree completion in less than 4 years.**

**We wonder why the CSU spent billions on creating a physical university, only to suggest that cost reductions will come from requiring less “brick-and-mortar” dependence. Online instruction reduces student visits to campus, thereby reducing money to parking or housing or food services. While many students will enjoy in the increased freedom of online instruction with reduced travel time and costs, we wonder whether students will feel less attached to the campus and make less use of student services and person-to-person contact with the instruction.**

**Most students want an on campus class, a small percentage do not. It is not a way to save money (unless you shut down the brick and mortar campus and sell it).**

**Unless SFR is increased dramatically, there is no real cost savings in online instruction. This is an issue which deserves to be negotiated in a fair and open manner. We note that the Draft 10-Year Resource Plan does not call for increased enrollment. So what is the cost savings of giving online classes? If online instruction is not used to increase SFR or enrollment, then there very little cost savings. (I'm teaching the same three units with 30 students whether I am at CSUN or at home.) We have not reached space capacity; therefore, there is no gain in alternative instructional delivery models.**

Although we do not doubt that the future will be bright for online instruction, we do not see it as our savior for the near-term future. Let's review some data collected by Institutional Research:



Source: Institutional Research

Currently, less than 10% of all of CSUN's classes are online.

#### Comments on CSUN Online or the CSU Virtual U

Our goal should be to continue being what we are --- a comprehensive regional university offering the delivery of highly quality education at moderate cost. We do not oppose the development of the CSU Online U, but so many other universities and companies offer appealing online materials and courses that we do not see the CSU taking a competitive stance in this field any time soon.

Is a goal to deliver 15 – 20 % of instruction online? Where is the cost - benefit analysis including consideration with student success and the Graduation Initiative to justify this shift? We see no sizable reduction in costs coming from online instruction.

## Student Cost Savings

1. Textbooks – Costs of textbooks and other course materials needed by students often exceeds \$1,000 annually. 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.

**This is a good idea but a lot of work.**

**There are other ways to save students money. Auxiliaries with surpluses such as parking could lower the parking fee and save students and employees money.**

2. Streamlined Path to Graduation – New initiatives might be explored to reduce the average number of units students complete before graduating.

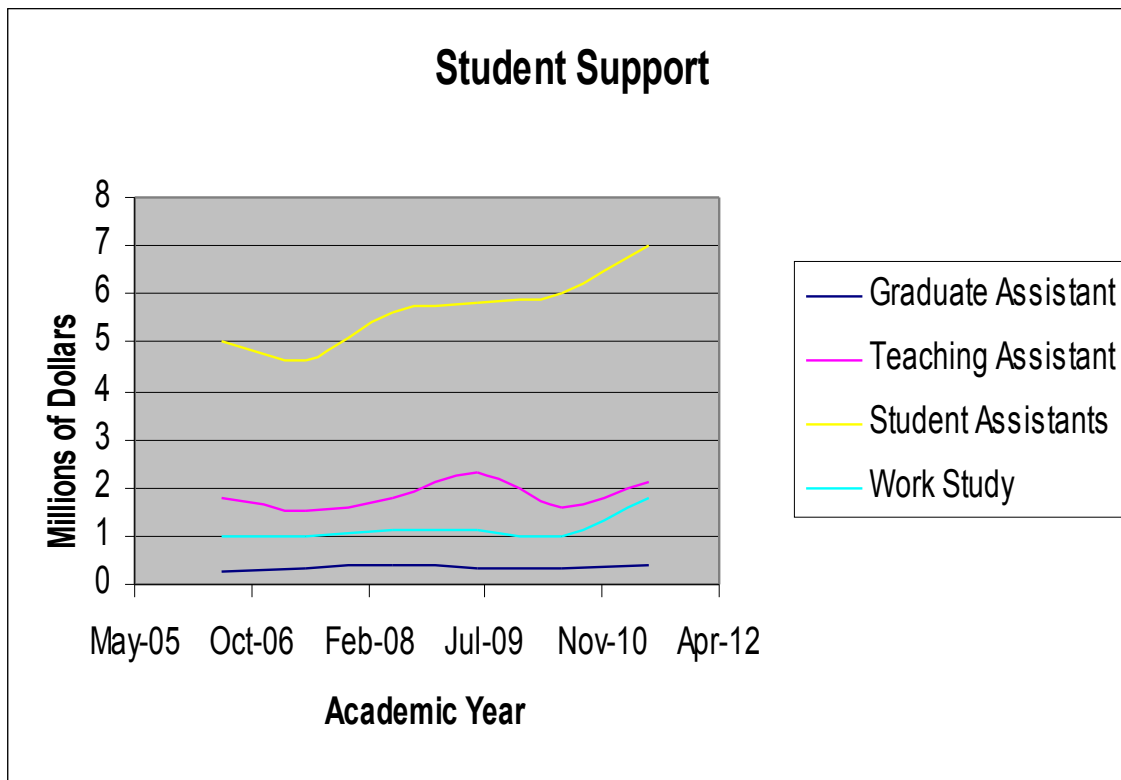
**We are all in favor of this and see it as the primary cost savings route for students and the state. First better utilization of self-support summer integrated into accelerated degree programs would create net savings for the students (see below). We can provide a detailed analysis of the revenue generation and cost savings for students. Secondly, currently students fill up their schedule for financial aid reasons, if they do not get the courses they need for graduation. This over inflates the enrollment of some departments while it does not accurately measure the demand on other departments. With enrollment targets for departments based on the previous year enrollment these filler departments receive more resources than the actual demand requires, whereas the department offering the required (or desired) course will receive less resources than necessary to satisfy this demand. What is needed is an accurate measurement of student demand. The university could get this by implementing automated wait lists on SOLAR, and using the data from advisement to forecast the demand. Then the university needs to reallocate resources in order to satisfy the actual demand. Politically, this is difficult because it would require moving resources from departments that currently benefit from “schedule fillers” to departments which cannot meet actual demand.**

3. Transportation – Potential ways to reduce the cost of commuting to campus for students could be explored, including expanded transit options, as well as class scheduling to reduce the number of weekly trips to campus. One project already underway in conjunction with public transportation providers is the development of the new transit center, which will both provide cost savings for students and ease congestion.

**We would save students more money by doing little to add costs. Reducing the number of student trips to campus does reduce use of Auxiliaries and may even deter students from making full use of the Student Services developed to improve student success.**

4. Expand Student Employment Opportunities – The University could explore ways to expand the employment of Work Study students and student assistants. Investment in student employment provides multiple benefits to both the student and University, including flexible and local employment for our students, savings for the campus and students in social security tax and benefits, as well as providing a workforce for the campus to staff the relatively short and intermittent shifts often needed by campus units.

**Funding for student assistants has risen dramatically over the past 5 years. We note that there appears to be an intentional move to replace full-time staff with temporary cheaper student labor. The Students benefit from the on-campus work experience, the university gets an excellent group of workers. This seems to be a good practice. The graph below shows increase in student workers:**



**Source:**  
**CSUN**

## **Financial Activity Reports**

### **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. By reducing these costs, savings in employer-paid health insurance premiums and out-of-pocket employee contributions may be realized.

**2. Cal PERS Pension Reforms** – The most common formula of 2% at 55 with a salary base of the highest consecutive 12 months was revised for new employees hired January 15, 2011 or later to the pre-1999 formula of 2% at 60 with a salary base of the highest consecutive 36 months. The 36-month base likely provides the greatest long-term savings as the two formulas produce similar results by the age of 63. 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, are under consideration in Sacramento and could provide additional reductions to long-term pension costs and narrow the gap between actual pension funding and actuarial estimates of liability. These, along with other proposals, are part of a twelve-point pension reform plan recently proposed by Governor Brown.

**We do not believe that it is appropriate to discuss cutting health benefits and pensions in this document. We strongly suggest that these two “options” are removed from the Draft 10-Year Resource Plan unless management, which is not constrained by unions, cuts their own benefits and pensions to show support for these options. There will come a time for this discussion – but not here.**

**Some additional ideas for cost savings and revenue generation:**

**The over-riding principle here is that any serious “budget crisis” should lead to reductions in capital investments. We are perplexed that the CSU can not create enough seats for students, yet in November 2011, the CSU Board of Trustees voted in favor of the following resolutions:**

- **The final state and non-state funded five-year capital improvement programs 2012-2013 through 2016-2017 totaling \$5,981,919,000 and \$4,269,366,000 respectively are approved.**
- **The 2012-2013 state funded capital outlay program included in the five-year program is approved at \$529,057,000.**

**The CSU Chancellor’s Office and the California legislatures can agree that the state should fund over \$1 billion of capital improvements annually. It is important that any capital investment must have a significant return in the future. Student's educational needs must be the driving principle of any cost cutting or revenue enhancement. There are many areas where savings or enhanced revenue can be achieved with little or no capital outlay.**

## *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'état*.

- 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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