

Summary Recommendations on the UCR Budget Challenges.

Derived from 8/10/20 Budget Advisory Committee Meeting

Note: This is a summary of overall recommendations from the UCR Budget Advisory Committee (BAC) which evolved from ten (10) total campus outreach meetings (two of which were open public fora), survey input on the budget, email input on the budget, and a number of focused BAC discussions.

1. What level of UCR core budget reduction planning should we focus on?
 - a. Based on current financial projections for FY21 and FY22, the BAC recommendation is that we ask units to bring forward plans for base budget reductions within a range – a minimum of 10% and then reductions up to 15%. If there are overall campus major reductions in some strategic areas, combined with some return of subsidy for SOM, this may allow us to not only address FY21 needs but prepare for FY22 as well. These plans would have to come in together, and would be permanent budget reductions (furloughs, salary reductions and other actions like this would assume to be temporary and give more time to fully implement and transition to the permanent cuts). The guidance to all campus leadership should remain that this is a very serious financial challenge, and that they need to be limiting their expenditures and planning for budget reductions.
 - b. The BAC discussed the idea of recommending a “weight” for cuts between Academic and Non-Academic areas of the core budget, but did not recommend any specific weight at this time. It is assumed that this lower overall reduction to the academic units would be an outcome of the budget reduction proposal process, and after consideration of strategic cuts, the updated budget projections, and BAC feedback on the unit budget reduction proposals.
 - c. The BAC discussed the balance between detailing the initial budget cut targets (proposed by BAC at 10% and then up to 15%) with the responsibility of the VC’s and Deans to manage their resources (especially under the new budget model). It was felt that providing overall parameters and allowing the leadership to define the details would be the best process.
 - d. The recommendation at this time is that after the budget reduction targets are approved by the Provost and Chancellor that the BAC will hold hearings for the Dean’s/VC units (the same groups that would normally present in the spring for a normal budget year) with a focus on their budget reduction plans, so the BAC can formulate comments and suggestions on those plans, to provide to the presenting units and then to the Provost and Chancellor. After this step the final reduction parameters and specific budget reduction targets will be communicated to campus.
 - e. Proposed Schedule: Assuming the Chancellor and Provost finalize their recommendations for the budget process by the week of August 17, we will plan for campus hearings with the BAC starting the last half of September, concluding before the end of September. This schedule would allow the campus to understand if additional state information on the budget were available; if there was additional information regarding any federal funding; and to be able to have a final projection for fall enrollments.
 - f. Enrollments – we are projecting a slight decline in enrollments for FY21, but there could be an increase in FY22 (unknown), which would help the campus with overall finances.

2. Identify specific strategic areas of focus for targeted permanent reductions. The BAC reviewed a number of options for consideration, and focused on the following areas. The recommendation is that these areas should be carefully further evaluated to determine the feasibility of significant reductions/elimination, given the severity of the budget challenges. Although these are important programs, they are not viewed as critical as other campus activities, especially given the very lean level of funding for UCR (even before the budget reductions).

- a. Athletics. Support for a focus on elimination, with perhaps savings some funds for a more robust intramural program for the campus (and address the existing dedicated student fee).
- b. Advancement – campaign funds. Some support for reduction/elimination of campaign funding. Review ROI.
- c. SPP. Some concern that the total savings would not be sufficient for the action. Some thoughts that the savings would include administrative costs associated with a free standing School, but also a review of the feasibility of increasing the current teaching loads in that unit.
- d. UCPath. Consider all UCR costs, to include focus on campus central investment, and also highlight again to UCOP the tremendous cost of UCPath to the campuses (and unachieved return on investment).

3. Identify specific strategic areas of focus for protection. Some areas identified by BAC are noted below.

- a. Assume that academic units end up with a lower overall percentage reduction than the non-academic programs.
- b. Graduate education and research (includes unique research programs). Note: graduate students currently support a significant UG teaching load for the campus, so this would have to be considered carefully, and in conjunction with existing teaching loads for faculty.
- c. Highly productive academic programs, especially focused on student demand, and especially programs that are currently growing in enrollment.
- d. International student recruitment, and even consider additional investment in this area in order to bring in additional revenue to the campus in the near future.

Note: It is recommended that the updated strategic plan take into consideration the final decisions on areas of “protection” and specifically defines priority areas for investment as UCR comes out of this economic downturn. This will help UCR with a quicker and more effective recovery, when additional funds are available.

4. Misc. Comments.

- a. Consider a process to move forward to implement the recommendations of the FTE weighting committee, to include having a more focused campus discussion (which was originally planned for spring quarter, but was not completed).
- b. Assume units will use their currently vacant positions as a major part of their overall budget reduction strategy, both as near term and in some cases long term budget cuts.
- c. Some feedback that having a more formal “hiring freeze” would be more effective for the campus.
- d. Assume some units are considering layoff options and/or reductions in time (percent appointment) to address current workload.
- e. Input suggesting campus focus on reductions in higher level management positions vs transactional staff.
- f. Review level of existing policies/procedures and level of risk to help assure we are operating as efficiently as possible with our existing administrative operations.
- g. UCR should continue to pursue rebenching issues with UCOP, along with changing the current UCOP assessment model.
- h. Consider supporting the recommendations that will come from the Provost’s committee regarding academic masters programs and the incentives to grow these programs, as well as PhD enrollments.
- i. Focus on any/all other areas where the campus may be able to grow revenue, both in the near and long term.
- j. Our current assumption is that once the final permanent budget reduction targets are defined for each unit, FP&A will reduce the permanent core budget for those units by this amount, and then those units will be able to manage the transition to those cuts with all available resources, to include any savings they may receive from furlough or similar programs (if implemented).

Previous Information Provided by Budget Advisory Committee: Note: These are overall guidelines/principles for campus budget decisions that the BAC developed in May/June, and we used these to guide our efforts to develop the recommendations. It should be noted that the focus for these budget reduction recommendations are on the Core budget. Each auxiliary/self-supporting budget would need to adjust appropriately to their specific circumstance. We assume our discussions on how to handle the budget challenges will evolve over time as needed to support the overall best interests of the university, and as additional information is received.

Background:

Our basic assumption is that UCOP will provide guidance on labor/staffing/employee salary and benefit issues (e.g. FY21 planned salary increases; general salary reductions; furloughs; layoffs; etc.) to reduce expenses, but that there is a need above and beyond that to balance the UCR FY21 budget with “permanent” base budget reductions. This document will be developed as a recommendation to the Provost and Chancellor as to how to manage a budget reduction process for the campus, and there will be collaboration with Deans and Vice Chancellors throughout. We also assume that a close working relationship with the Senate Planning and Budget Committee would be important as we move through these economic challenges.

Principles and Values to Drive Budget Challenges:

UCR is a highly diverse world class teaching and research institution and has programs and activities that will need to be protected through this financial downturn. Reductions should be strategic and focused on preserving what makes UCR special and different from other Higher Education institutions, specifically those in California, and in alignment to the values of the campus’s strategic plan. Additionally, the focus needs to include undergraduate student success, world class research, graduate training, and the integration of research in the delivery of instruction to undergraduates through peer teaching and undergraduate research opportunities and our success in promoting upward social mobility for our students. It is important that the strategy of the budget cuts should be one where UCR emerges with our research mission as intact as possible.

1. It is assumed that the campus would not have uniform across the board core budget reductions. However, there will need to be shared sacrifices across the campus.
2. It will be important to understand all the budget adjustment proposals in context, as there are important interrelationships between adjustments in one unit that may have significant impacts in other units. For example service providers eliminating activities/moving them to recharge, academic units limiting service courses, reductions in TA budgets may increase faculty workload in courses/course sizes, etc. The BAC would assume some level of presentation of the core budget reduction plan would be provided to them so as to understand the impacts of the proposals on other units and overall campus operations.
3. Focus on efficiencies that would reduce campus or unit costs, including eliminating, merging and sharing activities across the campus. Each unit should work to identify such opportunities.
4. Consider sunseting initiatives that are not self-sufficient and have not lived up to their initial promise. While there are many important programs and services offered on campus, not all can be at the same high a priority level when compared other campus programs and services. Campus wide and unit specific processes will need to be developed to identify these reductions and obtain input before making hard decisions.
5. This will be the first time the campus will implement budget reductions under the new campus budget model. We will need to look closely at what is incentivized in the current budget system and whether this will help us meet our campus strategic goals. Data shows that staffing levels are already very low at UCR (on average, and this does not apply to each program/unit), compared to other institutions. Balancing the budget through administrative cuts alone could produce an untenable outcome with too few people left to perform necessary functions in some areas. It will be important to consider these staffing facts when developing our plans and recommendations.