

UNIVERSITY OF CALIFORNIA SANTA BARBARA

FY 2008-09 BUDGET PLANNING PRINCIPLES

Planning Principles

As an initial step in addressing this planning challenge – the certainty of budget cuts, but the uncertainty about the amount – the following planning principles are provided as general statements to help guide the campus through this process:

(1) *Strategic Solutions* - Budget reductions should be implemented strategically, not across the board, in a manner that will maintain the focus on the campus academic mission.

- Priority will be given to protecting and enhancing the quality of the instructional program.
- Cuts should cause minimal disruption of student academic programs to protect the ability of students to graduate in a timely manner.

Across-the-board reductions have the appeal of fairness, however they reflect little effort to prioritize and determine which programs provide essential services or are most critical for UC Santa Barbara's future. The risk with an across-the-board approach to budget reduction is that by attempting to preserve most funding for most programs, many programs end up operating in a less than optimal manner and provide lower quality services to faculty, staff, and students.

(2) *Priorities* - The campus should make changes to the budget to reflect priorities, on both the spending and revenue side. The campus should attempt to determine which programs are most important and strive to minimize the budget's impact on higher-priority programs and services. Duplicative programs should be eliminated, and inefficient programs should be restructured or eliminated. In order to help determine which programs should receive the highest priority for core funding, the campus may wish to consider:

- Is there demonstrated evidence of a program's cost-effectiveness (benchmarks)?
- Can another group (campus department or private provider) provide the services more efficiently?
- Does a program have an alternative funding source if core funding is reduced?
- Can recent program expansion be rolled back?
- Are there ways to slow the rate of growth for fast-growing programs?
- Will a reduction result in a loss of federal or other funds?

The answers to these questions should not govern in all cases. For example, a recent program expansion is not necessarily a low priority, nor is the loss of federal funds reason alone to preserve an ineffective program. Asking these questions, and others, during the planning process can help determine which areas are higher or lower priority.

(3) **Revenues Considerations** - Decisions about cost reductions need to consider the impact on revenue generation, as well as long-term capital and operating cost impacts.

- Cuts that reduce revenue to the campus or shift the burden to other divisions should be avoided.
- To the extent possible those areas of the university, such as research and fund raising (development), that have the potential to increase revenue in support of the University should be protected.
- Efforts should be made to identify new sources of revenue to offset potential reductions.

In the context of the identifying and implementing budget reductions, ongoing revenue-raising proposals are often overlooked. The campus should identify additional revenue solutions rather than rely completely on cost reductions to address funding shortfalls. For example, the campus could look at taxing programs and/or supporting expenses by user fees rather than core funds.

(4) **Recruitment and Retention** - Budget reduction strategies should protect our ability to recruit, develop, and retain a diverse and highly qualified faculty, staff workforce and student body.

- The number and quality of faculty must be enhanced in order to educate an increased number of students.
- Support for faculty research should be preserved and enhanced so that externally funded research can be increased.

(5) **Strategic Investments** - At a minimum, strategic investments will continue to be made in the following essential areas: faculty recruitment, research, technology, graduate student support, development (fund raising), as well as the physical development of the campus and appropriate maintenance of buildings and infrastructure. These investments may require slightly larger budget cuts in other areas, but are necessary to respond to clear, existing needs and to strategically position the campus for the future.

(6) **Efficiencies** - Current processes and procedures should be streamlined to eliminate any duplicated or unnecessary services to help reduce expenditures and mitigate staff workload impacts. This will require creative thinking, cooperation, and consultation among control points, departments, staff and faculty.

- Departments should review their present spending patterns and organizational structures to ensure they are delivering instructional, administrative, and student services in the most cost-effective manner possible, and to implement options for reducing their expenditures.

(7) **Staffing Layoffs** - Every effort should be made to avoid layoffs or furloughs by taking advantage of normal attrition, planned retirements, and voluntary reductions. Close coordination with the Human Resources Department should be undertaken as budget reduction proposals are being developed.

(8) **Self-Supporting Departments** - Recharge units are not exempt from the budget reduction process. Only in very limited and exceptional circumstances should rate increases be approved. In

addition, recharge units may be asked to implement rate reductions that are comparable to the reductions that may be required of state and/or student fee funded activities.

Implementation Guidelines

- (1) ***Reduction Targets*** - For planning purposes, control points will be provided reduction targets. The targets do not imply that cuts should be made across the board or that all units should be treated uniformly when implemented. Decisions as to how to implement cuts are the responsibility of the appropriate department. The consequences of these decisions should be understood by major control points and communicated to the CCBS before they are implemented.
- (2) ***Permanent Reductions*** - Reallocations and reductions should be planned without expectation that the funds will be reinstated (i.e., cuts should be considered permanent). The budget challenges faced by the state and the University are significant and may not be resolved in a single year. Permanent reduction strategies can be implemented over a two-year period (FY 2008-09 and FY 2009-10) as long as temporary strategies are in place to fully fund an area's reduction target in each year.
- (3) ***Reduction Decisions*** - The proposed reductions require an aggressive implementation agenda. The campus (control points and departments) should focus first on those areas where time is of the essence – where early decisions will allow programs to achieve savings as early as possible in the 2008-09 budget year.
- (4) ***Communication*** - Additional effort will be necessary to enhance existing communication and consultation processes.
 - It is important to openly and consistently communicate with the campus about the budget reduction process and the reductions.
 - Clear, concise and timely communication of relevant budget developments and decisions to the campus community is imperative.
 - Consultation needs to occur with appropriate senate, administrative, staff, and student committees before budget reductions are implemented.