


Budget Update - Hawk

1. Since our last meeting in December, California, like the rest of the nation, is in the midst of a continuing economic decline.
2. The combined effect of the state's continuing structural budget deficit and the loss of revenues resulting from this economic downturn is resulting in a projected budget deficit of \$14.8B this fiscal year and if unaddressed, is anticipated to grow to \$41.6B by the end of FY 2009-10.
3. Many of the proposed budget solutions, whether they be spending reductions or revenue enhancements, require time to achieve full value. This is why the Governor declared a fiscal emergency and called special sessions of the state legislature on November 6th, December 1st and again on December 19th. Lack of action to date has resulted in the shutdown of state funded construction projects and the prospect of running out of cash as early as February 1st.
4. The Governor released his proposed budget for the 2009-10 fiscal year on December 31st which was a few days ahead of the normal schedule given the magnitude of the state's fiscal crisis.
5. The Governor's budget proposal for 2009-10 reflects \$14.3B in revenue adjustments, \$17.4B in spending cuts, and \$10B in warrants and borrowing to achieve a balanced budget over the next 18 months that leaves a \$2B reserve.
6. For the CSU, this budget proposal restores the \$31.3M budget reduction that was taken this fiscal year, treating it as one-time budget action. However, the \$66.3M, if enacted by the special session, would be a permanent budget reduction.
7. Compact funding continues to be suspended so the CSU will not receive enrollment growth funding or funding for other mandatory costs such as increases in health/dental benefits, new space and energy.
8. For our students, the Governor's budget assumes a 10% increase in the State University Fee projecting \$130M in gross revenue with one-third set aside for student financial aid. The Governor is also proposing changes to the Cal Grant financial aid program which is estimated to result in a \$15M impact for those students attending a CSU campus.
9. The net impact of the proposed budget changes to the CSU is a funding shortfall of approximately \$16M even with the 10% student fee increase and funding for an additional 340 FTES nursing students.
10. It is important to note that the situation is very fluid and to the extent the Legislature adopts solutions other than those proposed, the budget will be adjusted to reflect the Legislature's actions.
11. The CSU, as announced in Chancellor Reed's communication dated January 9th, has requested that campuses limit hiring to essential positions, curtail travel, and cancel non-critical equipment and supply purchases. In addition, the Chancellor has also imposed a salary freeze for all vice president/vice chancellor level positions and above including campus presidents and the chancellor through the 2009-10 budget year.
12. In the President's campus communication this week, she will continue to review and approve all personnel requisitions, travel that is outside the United States, and purchases that are over \$25,000. Also, there will be no MPP merit increases for FY 2008-09.
13. On the construction side, the primary projects on our campus that are impacted by the shut down directive are SBSB and Science Hall II nursing facility improvements. These projects are currently on hold; the Parking Structure and Road are proceeding since they are funded with SRB funds along with The McMahan House since it is donor funded.
14. At this time, I will turn it over to Mary who will review an updated MYBM highlighting the Governor's January budget proposals.

MEMORANDUM

TO: Emily Cutrer, Provost and VP of Academic Affairs

CC: Janet McDaniel, Academic Senate Chair

FROM: Dennis Guseman, AA Organizational Structure Committee Chair 

DATE: January 22, 2009

RE: Final Report of AA Organizational Structure Committee

Attached you will find the recommendations of the AA Organizational Structure Committee. I would like to thank all of the committee members – Don Barrett; Jennifer Jeffries; Linda Holt; Jeff Marks; Laurie Stowell; Kathleen Watson – for all of their hard work. I believe the committee has produced a document that should serve Academic Affairs well as we grow and change as an institution. The committee members would like to thank you for the opportunity to have input into how these important decisions are made.

Our recommendation has three components: a set of definitions, a set of principles of when a change in organizational structure might be warranted, and processes for engaging in various types of organizational change. As part of its work the committee has sought feedback from AALC, the Academic Senate Executive Committee, and the Arts and Sciences Department Chairs. These documents reflect their input.

It became apparent during the committee's work that these documents would impact the work of the Academic Senate and its committees, so there is interest in your reaction and acceptance of the committee's recommendations.

We hope you find this report of value and would be happy to discuss it with you, should you desire.

Academic Affairs Restructure Task Force
Final Report

Presented to:

Provost Emily Cutrer

Committee Members:

Don Barrett

Dennis Guseman, Chair

Jennifer Jeffries

Linda Holt

Jeff Marks

Laurie Stowell

Kathleen Watson

Scope of the AA Restructure Task Force Charge

The initial charge of the AA task force on restructuring was interpreted broadly by the committee to include concerns about the location within Academic Affairs of ancillary units that were instruction-related but were not directly part of an existing college or school (e.g., Library, Southwest Riverside County operations, the Faculty Center, Global Education, First Year Programs and many others). Our review found multiple inconsistencies between these unit's responsibilities and their levels of reporting authority within AA, but that these inconsistencies were often dictated by factors (e.g., budget constraints, formal requirements from the Chancellor's office, workload exigencies) that were not amenable to change. The task force thus makes no recommendations regarding the protocols for organizing ancillary, instruction-related services within AA in order to focus on units that fit the definitions described below.

Definitions Used by the AA Restructure Task Force

The AA task force's recommendations on appropriate terminology for academic units that generate FTES took into consideration the factors associated with such terminology. Both within the university and to external bodies, terms such as 'college' and 'school' serve to indicate multiple organizational factors including: 1) the extent that the activities of the unit have been vetted by the faculty through the Senate or College governance processes, 2) the location of the unit within both faculty governance¹ and administrative reporting (e.g., whether there are Senators from the unit and where the unit would fit in an AA organizational chart), 3) the evaluation obligations of the unit (e.g., to WASC), and 4) the obligations of the unit within personnel actions (e.g., RTP). The task force also recognizes that the terms used to describe an academic unit have important public-relations impact on how the status of the unit is perceived by future students and users, employers, external accrediting organizations and the like. The task force feels that the organizational factors are of primary importance within the question of the structure of AA, but acknowledges the public-relations value of the 'school' terminology in its recommendations (below).

University:

1. A larger institution of higher learning that encompasses such academic entities as colleges and/or schools, institutes, and graduate and professional schools/programs.
2. It has an administrative structure (president/chancellor, provost, vice presidents, directors), support staff, teaching faculty, and governance.

¹ When a new unit is formed, it is the responsibility of the Academic Senate to determine the new unit's representation.

3. A university will also have a research component involving faculty in contrast to some colleges (especially community colleges) that focus on teaching.

College:

1. A college is a sub-unit of a university, part of the organizational structure with its own distinct leadership and governance structure.

2. It consists of subgroups of related academic departments or programs offering degrees or credentials, organized for efficient resource usage and efficient and equitable governance.

3. Through its colleges, the university shall grant baccalaureate degrees, and graduate degrees.

School not housed within a College:

1. A school functions in the same way as a college, with the difference being that a school is more specialized than a college in that it offers a single degree or a distinct cluster of closely related degrees. A school may focus on nursing or law but would not have as many degree offerings as a college of Natural Sciences, which may have Physics, Chemistry, Biology, Ecology, Earth Sciences, and others. Typically schools are professional programs with distinct accrediting standards.

Principles for Changing the Organizational Structure of Academic Affairs

Goal of Organizational Structure

The goal of the organizational structure is to facilitate people performing their duties and responsibilities in an effective and efficient manner in achieving the overall mission of Academic Affairs.

Signs When an Organizational Change Might be Needed

- Decision making is dysfunctional due to differences in values and perspectives.
- Decision making is delayed. Decision-makers are overloaded and/or information is not reaching the right people.
- The current organization does not respond in an innovative manner to a changing environment.
- A different grouping would allow better synergy due to common interests, purposes, and values, creating an increase in cohesion in the unit.

Principles to Consider When Changing the Organizational Structure (Creating, Merging, Splitting or Transferring Units)

- Any change in the organizational structure needs to be consistent with the mission, vision, core values, and goals of Academic Affairs.
- The organizational change needs to be consistent with the Division's human, fiscal and physical resources. There must be sufficient fiscal resources to sustain the new unit(s) and the change should produce a net positive benefit for the entire division.
- The organizational change should result in a more effective and efficient decision making and operation in terms of effective communications, coordination and integration of efforts across and within units.
- The organizational change should provide for clear authority, responsibility and control/accountability.

Recommendation

The Ad Hoc Program Review Committee (AHPRC) procedures referenced in footnote 4, includes the wording “ the AHPRC will take additional guidance from the CSU Policy on Discontinuance of Academic Degree Programs.” The CSU Policy requires each campus to have a Policy on Discontinuance of Academic Degree Programs, which CSUSM has not yet formulated. We recommend the campus develop this policy.

