

REALLOCATION OF RESOURCES FOR FY 92 AND BEYOND

A Report from the

Advisory Budget Priorities Planning Task Force

30 January 1991

The President has requested the Advisory Budget Planning Task Force to recommend criteria to be used in reducing expenditures and reallocating resources across the University and within units during the next three to five year period. The overriding consideration of the Task Force in making the following recommendations is to avoid insofar as possible reductions or reallocations that would permanently damage the University's ability to fulfill its core mission and contribute to the cultural and economic well-being of its communities. However, the Task Force recognizes that severe reductions in University funding would place this goal beyond our reach.

It is important to understand the conditions under which these measures may have to be taken. In the past decade, the University has sustained seven mid-year cuts that have reduced the main campus authorized expenditures by a total of 42 million dollars. Although in each case the University base budget was restored at the start of the following year, these cuts have hindered the University's ability to develop and follow a rational and orderly expenditure plan. Mid-year recisions have resulted in forfeiture of important opportunities in teaching and research, and have created a work environment characterized by apprehension and uncertainty. These seven recisions have been imposed in an economic environment in which standard university funding formulas (for example, the enrollment increase formula, the equipment replacement formula, and the building renewal formula) have been repeatedly underfunded. Thus, even without the impact of the recisions, the University has been hard-pressed to carry out its functions. These conditions have been further exacerbated by the enrollment surge of the past six years.

The Task Force recommends that possible measures to implement budget reductions and resource reallocations be ranged into four separate tiers. The initial tier includes the least disruptive, and hence the first measures to be adopted; the second tier includes significantly more disruptive measures; the third tier includes even more damaging measures; while the fourth tier includes measures that threaten the very life of the University.

Some of the measures in Tiers 1 and 2 can be implemented for the 1991-92 fiscal year. However, many of the recommendations included in Tier 3 and 4 will take considerably longer to examine and execute because of the necessity to consult widely in planning for a substantially restructured University. These time constraints

may force the University to use, temporarily, some of the recession scenarios outlined in this Task Force's December 26, 1990, report until there is time for adequate assessment of, and action on, our current recommendations.

All of the measures suggested below are ones that should be assessed, not only with a view to the likelihood that they would genuinely produce cost savings, but also with a view to their effect on the quality of services provided to the University community. Dollars saved by certain measures may not be worth the loss in quality, or the loss of hard-to-quantify "values added" to the University. In the case of Tier 1, not only may the proposed measures result in some diminution of quality and quantity of University services, but the process of assessing and implementing proposed changes will itself be costly in terms of faculty and staff time and effort, and morale. However, adopting at least some of the Tier 1 measures should afford an opportunity for units to provide higher quality services than they are presently able to do. The Task Force welcomes the opportunities these measures may provide, while it laments the losses that will inevitably occur.

The four tiers of recommendations are as follows:

TIER 1 Mount a major effort to reduce costs while protecting the quality and level of service in so far as possible.

A. Change operating practices to increase efficiency and effect cost savings, e.g.

1. contract out services so as to generate cost savings or new revenues without sustaining loss of quality (e.g. travel, food service, garage)
2. assign full cost of operating the revenue-producing activities to those activities (e.g. ICA, Festival in the Sun, Development Office)
3. develop appropriate, improved workload standards for faculty and staff to increase productivity
4. take advantage of faculty and staff openings to consolidate and reorganize functions
5. target high-cost goods and services for cost containment (e.g. computing, printing and reproduction)
6. reduce administrative services inefficiencies (e.g. duplicative accounting practices)
7. utilize creative personnel policies and practices to reduce costs (e.g. early retirement, flextime)
8. streamline reporting and recording activities
9. plan for the full cost of the installation and operation of facilities and equipment over their full life

10. institute or increase fees for special courses, programs, or projects (e.g. computer, laboratory, applications).

B. Eliminate weak, low-demand, unnecessary, or inappropriately duplicative programs in both academic and non-academic areas.

TIER 2 Adopt temporary measures that will achieve savings at the cost of substantial impact on programs but that will enable the University to protect its core mission. These measures may include the temporary suspension or deferral of academic and non-academic programs that are important components and responsibilities of university life.

TIER 3 Adopt permanent measures that will achieve savings at the cost of substantial impact on programs, but will still enable the University to protect its core mission. These measures would include the elimination or reduction of academic and non-academic programs that are important components and responsibilities of University life.

TIER 4 Eliminate programs, dismantle units, and terminate personnel that are essential to the mission of the University and the cultural and economic well-being of the community.

In specifying which programs and activities of the University should be targeted for elimination, deferral, suspension, or reduction, appropriate criteria must be developed. These criteria should focus on the benefits and costs of specific programs with respect to the core mission of the University. The Task Force recommends that this process begin with a clear understanding of the University's mission and responsibilities and continue with careful evaluation by deans, directors, department heads, faculty, staff, and students of the quality and usefulness of their programs as presently constituted. Some sample criteria for evaluating various types of programs are included in Appendix A.

The pattern of repeated mid-year recisions and under-funded formulas which has become the rule rather than the exception has resulted in a sustained period of crisis management. It has become increasingly difficult to meet the immediate needs of the University, let alone engage in rational planning for the future. Furthermore, the University has exhausted its ability to use

temporary or stopgap measures to meet the continuing budgetary constraints. Therefore, the Task Force urges the State Legislature, the Arizona Board of Regents, and the senior leadership of the three universities to reexamine the current funding base for higher education in Arizona and develop more reliable and sustainable sources of funding.

The Task Force wishes to stress that implementing many of the recommendations, particularly those in Tiers 2-4, will be detrimental to the University's ability to fulfill its mission. We foresee difficult months ahead for students, faculty, staff, and community members as they are asked to share the burden of implementing these measures.

APPENDIX A

SAMPLE CRITERIA FOR EVALUATING VARIOUS TYPES OF PROGRAMS

I. Undergraduate Degree Programs/Department/Majors

- 1) Importance to university mission
- 2) Numbers of majors
- 3) Numbers of non-majors served
- 4) Quality

Measured by such factors as faculty quality; national standing of program; student quality (entering GPA and SAT/ACT scores, placement on exit in jobs or high-quality graduate or professional programs, GPA on exit, comparative difficulty of achieving high grades in department); adequacy of facilities and equipment, including library holdings; success in retaining and graduating students; student satisfaction

- 5) Importance/connectivity to other important university programs
- 6) Efficiency

Measured by such factors as students graduated per year per faculty member; or cost per student.
- 7) State/national demand for graduates; degree to which this demand is satisfied by graduates of programs at other institutions
- 8) Special features: comparative uniqueness or distinctiveness or program, duplication elsewhere in state or WICHE, locational advantage
- 9) Viability with/without major new infusions of funds

II. Graduate and professional programs

- 1) Quality

Measured by such factors as faculty quality; national or international standing of program; student quality (indicated by such factors as institutional origin, entering GPA and GRE scores, exit GPA, and placement on exit); adequacy of facilities and equipment, including library holdings; success in graduating students; generation of outside grants.

- 2) Importance to university mission

- 3) Importance/connectivity to other important university programs
- 4) Efficiency

Indicated by such factors as students graduated per year per faculty member; cost per student; contribution to undergraduate teaching by program-based GTA's; or degree of support by training grants

- 5) National/state demand for graduates and/or research in field; degree to which this demand is satisfied by programs at other institutions
- 6) Special features: comparative uniqueness or distinctiveness of program, duplication elsewhere in state or WICHE, locational advantage
- 7) Viability with/without major new infusions of funds

III. Organized research units/committees/centers

- 1) Quality

Measured by such factors as national or international standing of program; outside grants generated; quality of faculty; quantity and quality of research produced; adequacy of facilities and equipment.

- 2) Importance of unit's mission to mission of university
- 3) Contribution to other services of university, including instruction and public service
- 4) State/national need for research generated; degree to which this need is satisfied by programs at other institutions
- 5) Cost-effectiveness
- 6) Importance/connectivity to other important university programs
- 7) Special features: comparative uniqueness or distinctiveness of program, duplication elsewhere in state or nation, locational advantage
- 8) Viability with/without major new infusions of funds

IV. Public Service Programs

- 1) Importance to mission of university
- 2) Importance to maintaining or enhancing public support for university
- 3) Importance to welfare of community/region/state/nation

- 4) Cost-effectiveness

V. Auxiliaries

- 1) Importance to mission of university
- 2) Importance of support for other units in university
- 3) Cost-effectiveness, especially as compared with contracting outside the University for services provided (taking into account comparative quality of services and "values added" to the University, as well as comparative costs)

VI. Institutional Support Services

- 1) Importance of support to other important university programs and units
- 2) Cost-effectiveness of unit as compared to other mechanisms for achieving similar goals
- 3) Feasibility of rendering unit more cost-effective, or merging with others to reduce duplication of services across campus
- 4) Feasibility of reducing need for services rendered

VII. Administrative Services

- 1) Importance of support to other important university programs and units
- 2) Cost-effectiveness of unit as compared to other mechanisms for achieving similar goals
- 3) Feasibility of rendering unit more cost-effective, or merging with others to reduce duplication of services across campus.
- 4) Feasibility of reducing need (internally and externally generated) for services rendered