FACULTY SENATORS & GUESTS

2 June 2009

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Projections & Context

• State Revenue Shortfall for 2009-11 = $3B-$5.5 Billion

• May 2009 Forecast Shortfall = $3.8 Billion (22%)

• Continuing financial uncertainty for the next 4-5 years

• Co-chairs’ Budget Assumptions
  • Reduce Education budgets by 15% ($37.5 M for OSU E&G)
  • Use Rainy Day Funds and Federal Stimulus Funds
  • Raise $800 million in new taxes
  • Distribute $100 million in unknown budget cuts
Challenge & Approach

**General Outcome**

- Recommend one or more specific solutions that focus the University’s programs and resources within *(the projected range of)* budgets and consistent with the Strategic Plan.

**Specific Outcome**

- Generate three proposals that demonstrate various benefits, implications and tradeoffs for review by stakeholders and decision makers.
- Understand and incorporate what President Ray, academic leadership, and other key stakeholders are able and committed to support while avoiding solutions that really do not work.

**Focus Areas**

- Solutions that save a minimum of $15-20M/year by June 2011
- Solutions that move OSU forward on the Strategic Plan
- Flexible solutions that accommodate continued dynamic funding levels
Advisory Council on Budget & Strategic Planning

Budget Cut Goals Over Time

- High Confidence Savings From ACBSP Work in Progress
- Estimated Range of Budget Impact
- Cost Cutting Goal

A gap still remains
Advisory Council for Budget & Strategic Planning

Working Structure For Proposals

- **A GAP STILL REMAINS**

  - **Scope and magnitude vary across proposals**
  - **Constant across proposals**

  - **Eliminate/consolidate some Programs and/or Degree offerings**
  - **Restructure Academic & Student Services**
  - **Streamline Admin Functions**
  - **Pharmacy, Vet Med Self-Support**
  - **Administrative Structure Guidelines**
  - **Max Mgt Levels**
  - **Min Reports**
  - **Avg Advising Ratio**

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This illustration is not to scale.
Today's discussion

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## Administrative Structure Guidelines

- Maximum of **four** levels\(^1\) of management
- Minimum of **six** direct reports
- Advising ratio **1:300**
- Streamline administrative services

\(^1\) **Management Levels:**

<table>
<thead>
<tr>
<th>Level</th>
<th>Position</th>
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<tbody>
<tr>
<td>Level 1</td>
<td>President / Provost</td>
</tr>
<tr>
<td>Level 2</td>
<td>Dean / Vice Pres/Vice Provost</td>
</tr>
<tr>
<td>Level 3</td>
<td>Assoc Dean / Assoc Provost</td>
</tr>
<tr>
<td>Level 4</td>
<td>Dept Head/Chair/ Director</td>
</tr>
<tr>
<td></td>
<td>Faculty / Contributor</td>
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**Est. Cost Savings $2.0M / $2.9M**
Academic Structure Guidelines

- U/G degrees, options and/or minors must
  - graduate min 20 students/yr – 3 yr avg.
  - maintain min 4 FTE of professorial faculty

- Masters degree, options and/or minors must
  - graduate min 5 students/yr – 3 yr avg.
  - maintain min 5 FTE of professorial faculty

- PhD degree, options and/or minors must
  - graduate min 2 students/yr – 3 yr avg.
  - maintain min 5 FTE of professorial faculty

- OSU academic structures must meet the following
  - have a max of 5 sub-units / college
  - include a min of 25 faculty / sub unit

- Minimum class sizes are as follows
  - lower division 25
  - upper division 15
  - Graduate 6

Est. Cost Savings $8.6M / $12.6M
Additional Draft Proposals from the ACBSP

• The ACBSP presented specific draft proposals/alternatives to the Cabinet and Provost’s Council last week. The draft proposals are under further development.

• ACBSP proposals provide options for differential cuts and alignment with the Strategic Plan.

• Proposals include:
  
  ➢ Academic success proposal to create an enhanced focus on Student Success
  ➢ Partial or full consolidations of academic college structures
  ➢ Higher level of self-support for Colleges of Pharmacy and Veterinary Medicine

Est. Cost Savings $3.5M / $4.5M
OSU Extension Service, Agricultural Experiment Station, Forest Resource Laboratory

- 15% Cut = $18.9 million
- No options other than reductions in personnel and services/supplies
- Significant impact on E&G programs
- Major program reductions
- A much faster timeline than the OSU E&G budget
Anticipated Timeline  *Subject to Change*

- **May 27:** ACBSP draft proposals presented to Cabinet/Provost’s Council
- **June 2:** Special Session of the Faculty Senate
- **June:** Continued ACBSP work
- **Early July:** ACBSP Recommendations to President Ray
- **July 10:** State Board decisions regarding tuition increases
- **August:** OSU receives biennial budget
- **Throughout summer:** continued updates to the OSU community via the ‘State of the Budget’ web site
- **Mid-July – Mid-September:** President makes decisions on proposals; implementation begins
To view this PPT, please visit

http://oregonstate.edu/leadership/budget/
Supplemental Slides Follow
ACBSP Approach

• Budget cannot be balanced without eliminating filled positions
• No single, nor even several, individually painful decisions will solve the problem – many painful decisions are needed
• Across the board cuts are deemed to be past the point of being productive; i.e. in OSU’s best interest
• The targeted budget goal of saving $15-20M lies toward the realistic end of required outcomes due to uncertainties/assumptions in projected budgets
• Structural changes often do not save much, but they may be valuable to consider as the budget impact is going to be very disruptive and structural changes can position us much better for the future
• Program eliminations/consolidations/alignments must be considered – we are trying to do too much with too little – as such we are developing a rationale process for recommending what to stop doing
• There are myths present about what can save a lot of money – we intend to identify what is real and what is not
ACBSP Working Assumptions

• OSU will remain a land-grant, sea grant, space-grant, and sun-grant university
• OSU will remain a comprehensive research university
• OSU will remain a Division I, PAC-10 university
• Changes will not hurt the fund raising potential
• Changes will make sense from an academic perspective
• Changes will not burn more “energy” than they save
• OSU will honor tenure
ACBSP Key Principles

• Maximize student learning and success; minimize the adverse impact of budget reductions on student progress toward graduation

• Maximize recruitment and retention of faculty to advance student success and signature areas of distinction

• Use the strategic plan as a guide to current and future opportunities