

Report of the Working Group on Budget Reduction Strategies New Brunswick Deans' Council – March 2009

Like all other public institutions of higher education in New Jersey, Rutgers has faced significant financial challenges throughout the early years of the 21st century. Up in some years and down in others, state support for Rutgers has failed to keep pace with the rising costs and rising enrollment of our state university during this period. In fact, direct state operating appropriations budgeted for Rutgers in the current 2008-09 fiscal year (excluding state-paid fringe benefits) are approximately four percent *less* than the comparable appropriation received in FY 1999-2000, *without* adjusting for inflation. In the current economic crisis, returns on investments and the value of our endowment have dropped precipitously, reducing this important revenue source. At the same time, costs of operations and capital needs, particularly maintenance and repair of an aging infrastructure, salaries, and other expenses have increased substantially.

In response to these fiscal challenges, the entire university community has had to sacrifice in order to maintain the quality of educational offerings and other services expected at a top research institution like Rutgers. Both academic and administrative units at the university have dealt with budget cuts in recent years, while Rutgers students and their families have borne the cost of rising tuition and fee charges. Some decisions – like the closing of class sections and losses in faculty and staff – have been difficult to accept; yet others, born of budgetary necessity, have proven to be creative and welcomed alternatives to past methods of doing business.

In response to the major state budget cuts of 2006 and 2008, departments throughout Rutgers have identified and implemented new ways of operating which have saved the university millions of dollars annually. Shared services, cooperative purchasing, consolidation of units, and the installation of new energy-saving equipment are among the many ways in which the Rutgers community has responded positively to the challenge of ‘doing more with less’. It is in this spirit of creativity that the New Brunswick Deans’ Council created a Working Group on Budget Reduction Strategies to identify new options for cost savings.

Below are the preliminary recommendations of the Working Group. Note that the Working Group has not endeavored to provide a comprehensive report on potential cost savings, either at the university or campus level. Rather, the Working Group offers for consideration here a particular set of efficiency options, intended to supplement the savings plans already identified by other Rutgers organizations or to highlight practices that some units have already undertaken that warrant broader consideration across the university.

Revenue Enhancements

Before examining the cost-saving suggestions listed below, it is important to recognize the concurrent need for expanding revenue pools at both the university and state level.

Innovative programs which are responsive to statewide needs for job creation and workforce retraining are vital in this economic climate. Such programs, like the new professional science masters degree being developed at Rutgers, can assist the state's economy while bringing additional tuition and fee revenues to the university. Increased opportunities for off-campus work and continuing education programs make Rutgers' programs more accessible throughout New Jersey, and expanded summer session and winter session offerings help students to graduate earlier while providing needed funding to the university. Deans, department heads, and faculty are asked to explore the viability of programs like these in their areas.

Purchasing

The university currently garners savings for office supply purchases by having contracts with a small number of vendors such as W.B. Mason and Staples. This approach should be expanded to include other routine operational elements such as copiers, office furniture and document delivery services. Task forces should be formed to examine university-wide standardization of purchases of such items. For example, standards for a single copier representing each of three 'levels' of use (small, medium, and large volume) could be established and used to garner bids for university-wide business from interested vendors at more attractive pricing than could be offered for multiple individual purchase. In the case of copiers, such bids would include the costs of machines, toner, and service contracts.

Communications and Information Technology

While it is hard now to imagine a world without them, the prolific use of cell phones today is really a fairly recent phenomenon. Given the many advances in cell phone technology and the rapid evolution of the handheld's role in day-to-day business activities, it is not surprising that the purchase and use of such equipment across the university has not been fully coordinated to date. This must change. University-wide purchases of cell phone plans should be considered, as it is estimated that a coordinated bid for cell service could save 25% with no change in service levels. Also, university-wide guidelines should be developed and enforced regarding the use of cell/smart phones by faculty, staff and administrators. (For example, university cell phones assigned to specific personnel might be restricted to those individuals who are on call 24 hours, seven days a week.)

Some schools have achieved significant savings by eliminating land lines. Savings associated with eliminating many, or even all, land lines and substituting either voice-over IP or other services should be studied to determine the most cost-effective way to provide the needed phone and related services for the university.

As for another technological necessity, computers, it is estimated that the university could realize savings in both costs and energy through a coordinated effort to reduce the power used by desktop machines. Rutgers' Office of Information Technology is encouraged to

continue its efforts to acquire software packages designed to maximize the power savings on all university computers.

Further savings may also be accrued through a thorough review of the use of computers in research and other professional purposes. University subscriptions to newspapers and magazines may no longer be necessary given that such material is now often posted online, or should be limited to those who can demonstrate the need for print versions in their work at the university. Similarly, the evolution of home computers into common communication tools calls into question the need for any continued university support of off-site internet access for administrators, faculty, or staff.

Instructional Efficiencies

In order to reduce instructional expenses without sacrificing quality or student access to courses, many schools have undertaken a variety of actions. All academic deans and faculty should conduct a careful analysis of course enrollments, course schedules, and teaching assignments. Specifically, the following actions should be considered:

- Academic deans should work with department chairs and the faculty to examine faculty workload policies with an eye toward ensuring that all faculty are engaging in an equitable combined load of teaching, research and service. For example, a policy might specify that a faculty member with limited research activity is expected to take on additional teaching. Chairs and deans should use differential workloads to ensure that members of the faculty who are no longer meeting expectations for research or service increase their teaching efforts.
- The university should develop or re-affirm minimal class size policies for undergraduate and graduate courses and hold academic deans accountable for policy compliance. For example, a graduate course that fails to meet the minimum enrollment target can be offered less frequently (e.g., every other year instead of every year) and the professor of record can be re-assigned to an undergraduate class or another graduate course currently covered by a part-time lecturer.
- Teaching resources should be leveraged within and across decanal units. Duplicate offerings can be eliminated by combining course offerings (e.g., collapse two small/medium enrollment courses into one medium/large enrollment course). This might require cross-listing of courses. Classroom resources could be maximized by providing incentives (e.g., preference in room bookings) to units who use the entire course schedule (especially first period, Friday, and weekend slots). This would enable the university to make better use of existing capacity and enhance offerings for graduate/professional students. Committees should be formed within areas – humanities, sciences, social sciences, etc. – to move this initiative forward.

- Graduate programs should be examined in light of the upcoming National Research Council report. Deans must indicate how they plan to elevate the performance of underperforming programs; otherwise, they should downsize, streamline, or discontinue graduate programs that are recognized as failing to meet the university's expectations for academic excellence.

Administrative Efficiencies

Somewhat overlooked in recent rounds of budget cuts, the university's centers, bureaus and institutes (CBIs) demand closer examination in the current fiscal climate. It is encouraging that a report on CBIs is forthcoming from the Committee on Academic Planning and Review (CAPR). That committee was charged with analyzing the current status of CBIs at Rutgers and with making recommendations for improving the way CBIs are organized and administered. CAPR's review included the issues of mission, criteria for membership, the responsibilities and benefits of membership, financing, reporting structure, and guidelines for the creation, review, renewal, and dissolution of CBIs.

Upon its completion, the CAPR report on CBIs should be discussed with the academic deans and center directors. There is a need to develop a comprehensive set of rules and regulations for CBIs at Rutgers, and the CAPR report should provide a starting point. Given the wide variability of types of CBIs at Rutgers and given the wide variety of reporting and financial arrangements that govern their operation, it may be difficult to estimate cost savings from this effort; however, that should not dissuade faculty and staff from attempting to rationalize the use of CBIs here.

Personnel Hiring and Compensation Matters

The faltering state and national economies have had a significant negative impact on higher education across the country. An ever expanding list of colleges and universities, including AAU institutions, both public and private, have instituted wage freezes, furloughs, wage cuts and hiring freezes to protect core activities and to prevent large layoffs. Johns Hopkins, Minnesota, Carnegie Mellon, Cornell, Penn State, Maryland, Clemson, Utah State and Arizona State, to name only some, have all announced hiring or wage actions in response to the current economic realities. In a recent *Chronicle* survey more than one-third of the respondents had already frozen salaries or delayed increases and more than half of the rest expected to do so.

New Jersey's state budget has been described as the worst in memory of long-term legislators. Tax revenues are well below projections for the current fiscal year, and mid-year budget reductions have been required in many areas of state government in response to this growing deficit. Looking ahead, Governor Jon Corzine has suggested that the state budget may not be able to accommodate salary increases promised to state workers in years three and four of the current contract without mandatory furloughs or layoffs. While the recently approved federal stimulus package is likely to improve the state budget situation for next year, it remains unclear what the final impact will be on state funding for public higher education.

While we respect the integrity of the collective bargaining process, the university community, including its unions, should remain open to all options which might avoid across-the-board layoffs, hiring freezes, or other severe measures likely to have a negative effect on institutional quality. As unemployment rates continue to climb, wage freezes and furloughs must be among the options considered as Rutgers works to protect the quality of the services it provides to students. Furloughs like those in Maryland where the number of days is linked to salary levels to protect the most vulnerable among the university faculty and staff warrant consideration.

If contract provisions are not amended, Rutgers should consider implementing a voluntary charitable donation appeal for tenured faculty and staff with seven or more years of service. The purpose of this special appeal would be to preserve jobs of employees whose work supports academic programs. Starting on July 1, employees could voluntarily agree to donate to the university an amount equal to 50% of the raise they would receive in the upcoming year. For example, an employee who makes \$80,000 and has been granted a Faculty Compensation Program or Staff Compensation Program raise of 5% (\$4,000) would donate \$2,000 to the university on July 1. This could be done using an automatic debit, payroll deduction system. The employee would then be provided a receipt from the university acknowledging this tax-deductible charitable contribution of \$2,000. The university would pledge to use all such monies to avoid layoffs of employees whose work supports academic programs. Donations might even be targeted to the giver's department or school. Details concerning minimum numbers of eligible employees needed to constitute a "charitable unit target," a floor for percent participation before checks would be cashed (in order to avoid "free riders"), and other elements remain to be worked out, but the concept is worth pursuing.

Sabbaticals

Deans and department heads should carefully review the use of sabbaticals in their areas to ensure that current and future sabbatical leaves are restricted to projects of academic distinction and significance. The awarding of semester-long sabbaticals in any department at Rutgers should be based on merit alone. Sabbaticals are not to be considered automatic entitlements, and faculty should not anticipate to be granted such leaves on a regular basis.

Parking

Currently, all faculty and staff must renew parking permits each year, a process which is both costly and time consuming. Faculty and staff should be given the option of a multi-year permit whose annual fee is automatically deducted from payroll, with an electronic notice sent yearly asking if any change in parking status is desired or required.

Energy Conservation

While the university has made significant strides in the area of energy conservation in recent years – including the development of a new solar farm on the Livingston Campus – there remains much that can be done to save energy and money through changes in the actions of individual members of the community. To that end, it is recommended that a high-profile energy savings effort be initiated on all Rutgers campuses in the near future. Like its highly-successful recycling program, the Rutgers energy plan would involve all university faculty, staff and students in a joint effort to save money while also improving the environment.

Whether it is turning out the lights, signing up for a Friday afternoon lab, or teaching an extra course, there are many ways in which members of the Rutgers community can help meet the financial challenges facing the university in the coming years. The Working Group on Budget Reduction Strategies hopes that the ideas offered above will be given due consideration by all who work and study at this great institution.

This report was prepared by the New Brunswick Deans' Council Working Group on Budget Reduction Strategies (March 2009):

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