

Memo

Subject: Budget recommendations

Issued to: SJSU President Cynthia Teniente-Matson

Issued from: SJSU Budget Advisory Committee (BAC)

Date issued: Tuesday, June 4, 2024

Reference: BAC Memo, Spring 2024

Purpose

As outlined in SJSU's [University Policy F15-9](#), the BAC's charge is that it:

Advises the President of the University by providing input and recommendations throughout the planning, implementation and subsequent review of budget expenditures including advice on key campus priorities. **Assists with identifying challenges and problem areas and proposes solutions. Acts as a resource for the campus community** in understanding statewide, CSU, and university-wide budgeting processes. **Provides advice** concerning the planning, development, and implementation of materials to communicate budget-related information to the campus community, ensuring alignment of campus resources with the strategic plan.

This academic year has been a difficult one because, as detailed in recent news articles¹, the budget gap across the California State University (CSU) system and at San Jose State University (SJSU) has continued to grow, forcing SJSU's decision-makers to determine how best to reduce costs, while also staying true to our university's [mission](#):

Honoring our roots as the first public university in the West, SJSU is an empowering institution enrolling historically underserved students, driving inclusion, and embracing talent from diverse cultures from our region and across the globe. SJSU's spirit of innovation and creativity drives academic excellence, teaching, research, and service in a learning environment where all students belong. Together, we nurture leaders to thrive and transform our community, Silicon Valley, and the world.

In keeping with our committee's charge, guided by our university's mission, and based on the data available to us, this memo contains the BAC's summation of SJSU's current budget-related challenges, and our recommendations on how to respond to them.

¹ <https://www.sanjoseinside.com/news/more-cuts-ahead-for-csu-campuses-to-close-500m-budget-gap/>

Scope of this memo

It is important to note that the BAC has neither the granular data nor the bandwidth to make very detailed or specific recommendations. Rather the intent here is to provide a set of suggestions to provide a guiding framework to help the administration in making choices regarding spending.

Ours is largely a “people driven” operation so when we talk about consolidation and efficiency we are almost inevitably talking about doing more with the same number of people or doing the same amount of work with fewer people². That applies equally to our administration and to our faculty.

Data

In making these recommendations, the Budget Advisory Committee (BAC) is drawing on a dataset collected in the Fall 2023 and Spring 2024 semesters (along with work done in Spring 2023), comprised primarily of a series of budget related presentations; specifically, the Fall 2023 Budget Summit; the Spring 2024 Budget Town Hall; budget presentations delivered by CFO Charlie Faas and Provost Vincent del Casino to the Academic Senate; as well as short budget presentations delivered directly to the BAC by:

- Provost Vincent Del Casino (Academic Affairs)
- Vice Provost Ronald Rogers (Academic Innovation and Institutional Effectiveness)
- AVP Namrata Shukla (Academic Innovation and Institutional Effectiveness)
- CIO Bob Lim (Information Technology)
- VP Mohammed Abousalem (Division of Research and Innovation),
- Director of Athletics Jeff Konya
- Interim VP Mari Fuentes Martin (Student Affairs)
- Judy Nagai, Vice President for University Advancement & CEO Tower Foundation
- Robin Reynolds, COO, Tower Foundation

The dataset also includes the results of the Fall 2023 BAC survey, and some key themes that surfaced from those data.

University Level Recommendations

Be more strategic in future campus-wide cuts

While the budget cuts made in 2022/23 were deliberative, and understandably picked off much of the “low-hanging fruit,” the spring 2024 announcement of 6% cuts for all divisions caused

² There is a third option which is doing the same work with the same number of people but paying them less; but that is not an option the BAC is recommending.

some consternation. First, in contrast to the more surgical approach taken last year, the 6% across the board cuts, while expedient, were not a particularly well-received approach. Looking ahead, the BAC hopes there will be more robust deliberation over the potential for varying reductions in divisions based on the university's priorities, in particular its educational mission.

Specifically, the BAC recommends that any future cuts (and/or budget increases) be targeted rather than flat across all divisions. Targeted cuts should be guided by the priorities expressed in SJSU's [Transformation 2030 goals](#), with an emphasis on enrollment, graduation, and student success. Relatedly, SJSU's student-facing roles – including instructors, student services, student retention staff – should be cut less severely than divisions that are less central to SJSU's mission. Staff and faculty retention is also very important, and should be approached as a valuable investment. In sum, given that the core mission of the university is to serve the students, SJSU's budgetary strategies should therefore be maximally supportive of and minimally detrimental to students, faculty, and student-supporting staff.

In addition to being guided by SJSU's mission and Transformation 2030 goals, the targeted reductions should be determined with input from the Presidential workgroups formed in Spring 2024, whose summary reports will ideally be made available. It is also important to engage in direct consultation with stakeholders beyond the cabinet, including deans, chairs, and other campus constituents.

Improve budgetary consultation, transparency & communication

Related to the above, the BAC recommends improving consultation, transparency, and communication around budgetary deliberations and, especially, budget-related decisions. There will inevitably be times in which rapid decisions have to be made by university leadership; however, to the furthest extent possible, all budgetary deliberations and decision-making should be consultative, transparent, and appropriately communicated. For example, as SJSU policy [F03-3, Principles And Strategies To Be Observed And Utilized During Times Of Budget Cuts](#) resolves, “any decision to make across-the-board cuts versus deep, narrow cuts should be made only after consultation with the BAC.” In the event that the BAC is not able to provide input during the summer, then the Chair of the Academic Senate should be consulted.

In general, the BAC advocates for more consultation, greater transparency and improved communication around budgetary matters.

Slow all hiring, especially of MPP and administrative positions

The BAC recommends that SJSU continue with its ongoing hiring slowdown, recognizing that when positions go unfilled, additional workload may fall to current employees; and that with high turnover rates, new hire training is a significant drain of time and energy. When any position becomes vacant, especially an MPP one, it should be carefully reviewed by the President's Cabinet to determine if there is sufficient justification for recruiting.

We recommend that all new requests to recruit (i.e. to fill vacancies or new requests) should be supported by a justification memo addressing these four questions to help the President's Cabinet evaluate and rank the need:

1. What are the core services of this position?
2. How is this position critical/essential to maintain the core services and mission of the university/college/unit?
3. What is the plan to accomplish the work in the event the recruitment is not approved at this time?
4. How does this request affect future hiring plans within the college/unit/department?

Improve communication around filling MPP/Administrative roles

Whenever open MPP and/or administrative roles are filled, the BAC recommends that campus-wide messaging include a brief explanation of how the role directly supports the university mission and SJSU's [Transformation 2030 goals](#), i.e. a rationale for the role being filled, especially in a time of budget crisis. Including links to the relevant organizational charts will allow those receiving the message to see and understand how these roles fit into the overall division or unit.

Finally, whenever there is a reorganization of roles and/or a new hire of MMPs or administrators, especially in a time of budget crisis, it would ideally include a brief mention of the budgetary implications, stating how, if at all, this change will impact the budget (by adding to it, reducing it, or by having a net 0 effect, etc.). This follows the same principle as the "Financial Impact" section of SJSU's Academic Senate policies.

Reduce MPP and Administrative positions and functions

The BAC recommends reducing and/or restructuring existing administrative, MPP, and VP roles overall, with no new MPP positions created or re-organized into other units during this time of budget crisis. Doing so would address concerns about the exponential growth of MPP/administrative roles at SJSU expressed in the 2023 BAC survey, especially since those roles command higher salaries (more on this below).

For remaining MPP, administrative, and/or VP roles, we recommend a careful review of all such roles and responsibilities within each division, analyzing what tasks are assigned to each role, the extent of their necessity in a time of budget crisis, and the extent to which their responsibilities can be achieved without additional hires. As part of this, ascertain whether or not these roles perform necessary or core tasks that directly support the university's mission. If not, then consider whether these roles perform tasks that could be paused until better financial times. Consider also where roles could be eliminated or merged, particularly when MPP/administrative roles are vacated. Ultimately, the goal would be to reduce redundancy at the administrative level (AVPs, Associate AVPs, directors, assistant directors). Relatedly, make

it a standard to assign and compensate current employees additional interim positions and duties, including assistants and supporting staff for MPPs/administrators.

Similarly, the BAC recommends the elimination of obsolete activities, and relying on tools and technology to automate tasks where feasible (e.g. eliminating data re-entry). Identify what tasks and forms are obsolete and/or redundant and work to streamline administrative tasks specifically with financial processes and faculty and academic student appointments.

Advocate for increased state support for salaries

Regarding SJSU specifically, the BAC 2023 survey data revealed a widespread perception that administrative positions at our university have increased exponentially to faculty and staff, and that this has resulted in a sharp increase in university expenses for administrative salaries. Note that, unlike faculty and staff salaries, which are negotiated by unions via Collective Bargaining Agreements (CBAs) with the CSU Chancellor's Office, administrative and MPP roles are not unionized, and do not have CBAs.

During the Spring 2024 semester, the BAC requested and received data on this issue, including the growth in MPP headcount and average MPP, faculty and staff salaries provided in the tables below. These data reveal that SJSU is better than the CSU averages for Faculty to MPP and Staff to MPP ratios. At SJSU, MPP growth is mainly attributed to CSU/State mandates.

Growth in MPP headcount

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
MPP Headcount	288	264	279	254	227	226
ODEI	4	5	5	5	3	3
Title IX	5	5	5	3	2	1
Clery	1	1	1	1	0	0
Assoc Deans	21	21	21	8	8	8
DROs	10	10	10	0	0	0
FD&O PMs	7	8	6	2	3	0
MPP Headcount - less mandated	240	214	231	235	211	214

Average salaries at SJSU

Position Type	2023
MPP (12 Month)	\$146,400
Faculty (9 Month) Faculty salaries are not typically 12-month.	\$94,900
Tenured/Tenure Track (9 Month)	\$115,000
Lecturer (9 Month)	\$73,000
Staff	\$66,700

In terms of salary growth, the data shared with the BAC indicate that from 2015 to 2023, MPP salaries have grown 20.6% on average; faculty salaries have grown 31.2% on average; and staff salaries have grown 28.8% on average. MPP growth rates in pure numbers and in salary were actually lower than both the Faculty and Staff growth and salary rates.

Salary inequities in higher education is a persistent issue, as recently documented in the Chronicle of Higher Education³. While faculty salaries are negotiated at the system level between the CO and the CFA, the BAC asks, on behalf of the SJSU faculty, that President Teniente-Matson continue efforts to lobby both at the Chancellor's Office and in conversation with legislators for an increase in state support.

Explore opportunities for consolidation

Consider where consolidation efforts could be implemented that could potentially reduce inefficiencies and save money across and within divisions; for example, across shared services and support functions, as well as administrative areas such as information technology (IT), human resources (HR), marketing, finance and accounting, safety, and facilities.

We acknowledge that careful research and development will be needed before consolidation actions are taken to better identify areas where resources can be saved.

Centralization might deliver efficiencies at multiple levels. For example, some tasks might be usefully moved from departments to the college level, and/or from the college to the university level within the academic division, and/or to the university level, or to auxiliaries, and perhaps even up to the CSU system level.

There is also the possibility of regionalization of services, such as having SJSU provide services to other CSU campuses. Regional resource sharing or system level sharing might necessitate some adaptation to adopt common systems, as has already been done with the Common Human Resources System (CHRS). There may be cost savings in centralized support even if some services remain campus-based.

The BAC understands that while there may be financial benefits to centralization, it often comes with costs in terms of flexibility and autonomy which in turn may have consequences in terms of motivation and morale.

Finally, we urge the President to consult closely with departments, colleges, units, and other stakeholders to determine where consolidation could be usefully made in ways that are maximally supportive of and least disruptive to people's work. Any major changes in

³ See <https://www.chronicle.com/article/i-cannot-even-buy-a-used-car-readers-weigh-in-on-higher-eds-compensation-practices>; <https://www.chronicle.com/article/explore-faculty-salaries-at-3-500-colleges-2012-20>; <https://www.chronicle.com/article/your-pay-is-terrible-youre-not-alone>

streamlining services should have full transparency and broadcasted via email communications, website and/or town halls.

Address campus cost allocations

In accordance with CSU policy on [Cost Allocation Models / Reimbursement Plans for the CSU Operating Fund](#), the campus Cost Allocation Plan is prepared each year. We recommend continuing the thorough review of these practices and approaches for cost allocations. The goals of revisiting the methods are to ensure appropriate cost recovery, reflective of changes to the institution and investments made since the last review of the methods were undertaken; and to employ methods that promote transparency, predictability and consistency, efficiency, and timeliness.

Division Level Recommendations

Follow through on outstanding division-level reductions

Continue progress from last year's reductions of \$20M by ensuring the completion of all outstanding reductions (amounting to \$6.3M) committed by the Divisions.

Continue progress from this year's 6% reductions by division on top of the above staff and Operating Expenses and Equipment (OE&E) reductions. Ideally, we recommend that reductions go beyond simply moving or reducing vacant positions.

We also recommend continuing the existing practice of assuring that these budgeted reductions are actually being met by the divisions through such means as mid-year and end-of-year progress reports. This ensures full transparency about the extent to which each and every division is meeting its agreed-upon reduction goals.

Academic Affairs

Maintain enrollment efforts

The 2023 BAC survey data expressed wide support for maintaining good enrollment efforts and student recruitment, and, where financially possible, enhancing that support. Enhancement could include more robust international student recruitment, more partnerships with and outreach to high schools and community colleges, and enhanced marketing strategies that benefit most academic programs.

We need to continue to break down the barriers towards enrollment. California's membership in Western Undergraduate Exchange (WUE) is supportive of this; similarly, the BAC encourages President Teniente-Matson to advocate for the state to join NC-SARA⁴.

Increase class sizes

As noted in the BAC's December 2023 memo, increasing SJSU's student faculty ratio (SFR) from 23 to 25 could yield savings of up to \$14M, and thus could be an effective strategy for reducing the budget gap. Increasing SFR will allow the campus to accommodate increased enrollment without additional hiring.

Two approaches are likely required. First, for oversubscribed courses offered in multiple sections, an increase in the class cap may obviate the need to add additional sections to meet demand. Under-enrolled courses are more difficult. For single section courses, setting an enrollment floor will help increase average class size across the campus. However if that leads to class cancellations or required courses, it may delay student's graduation, so minimum class size criteria might be set lower for required courses than for electives. In the case of multi-section courses, an increase in minimum class size may allow the university to offer the same number of places with one less section. However, care must be taken in implementation.

The BAC also recognizes that there are competing forces at play around raising SFRs and course caps. For example, higher caps can result in less one-to-one, high quality contact and feedback between students and their instructors, which can be detrimental to student learning, particularly for first-generation and underrepresented minority (URM) students. Similarly, higher course caps are likely to increase faculty workload without additional compensation, and may take time away from faculty's Research, Scholarship, and Creative Activity (RSCA) functions. Increases to SFRs may also result in de facto layoffs of lecturer faculty, as fewer sections remain available to teach. Since any of these factors have the potential to hurt morale, the strategy of increasing SFRs and course caps should be approached with care, aiming to increase them enough to have a financial benefit, but without harming student learning outcomes or faculty's ability to effectively teach their courses.

For these reasons, the BAC recommends increasing course caps for bottleneck courses by major/program. Increasing course caps must be done strategically though, since a wholesale increase will not increase our student enrollment. It is important to ascertain which courses fill to the cap and have wait-lists, as those are courses that might be considered for increasing caps. Furthermore, course caps must also be informed by pedagogy and associated faculty workload.

Alternatively, consider the somewhat different approach of increasing the minimum viable class size (i.e. the "floor"). For seminar classes a floor of 25 might be appropriate; for lecture classes a floor of 30; for labs perhaps 20. Note that these suggestions are speculative and would require further data analysis (current average class size, maximum and minimum for example), as well as discussion and consultation with key stakeholders.

⁴ National Council for State Authorization Reciprocity Agreements (<https://nc-sara.org/>)

Towards these efforts, the BAC also recommends close consultation with cross-functional teams involved with enrollment so that existing technology can be leveraged to predict student course needs. Related to this, it is important to identify which scheduling tools and technologies, if any, are underutilized. On a related note, it might be worthwhile to study how effectively MyGPS virtual advising tools for students (ie. MyPlanner, MyProgress, MyRoadmaps, and MyScheduler) are being used. If these tools are underutilized, then action should be taken accordingly.

Finally, as regards SFR and course caps, the BAC strongly advocates for providing faculty with ongoing professional development on how best to continue delivering the essentials while also scaling their courses up or down as needed without requiring wholesale course redesigns. This could include pedagogical training on new teaching tools and methods that enable instructors to use their time more effectively. It is also hoped that the Center for Faculty Development (CFD)'s Assistant Vice Provost for Faculty Development position will be properly filled, since this role has historically provided the most support for SJSU faculty in their teaching and professional development.

Athletics

Reduce costs associated with student sports programs

For context, funding from Operating Funds to Athletics has increased substantially over the last two years, from \$11M to \$16M. As expressed in the 2023 BAC survey, there is a widespread perception that too much money is being taken from Operating Funds to support Athletics; and there is overspending in this division, particularly towards costly staffing and salary dollars. Similarly, the 2023 BAC survey indicated broad support for cutting in the area of Athletics; in particular, for reducing the Operating Funds and Student Success, Excellence and Technology Fee (SSETF) components of the athletics budget.

Considering that this is an ongoing theme at SJSU, the BAC advises further reductions in Athletics-related expenditures. More specifically, it would be ideal if the Operating Funds contribution to Athletics were gradually brought back to the 2.2% that was agreed to back in the early 2000s.

Finally, we recommend carefully considering the costs associated with each of SJSU's twenty-two sports, critically assessing and rationalizing the number of sports in which Athletics participates, and exploring whether or not SJSU should divest from some of them. Ultimately, we acknowledge that the number of sports that SJSU participates in must depend on a careful analysis of the cost savings as well as the broader implications of potential divestment.

Information Technology

Audit IT division to assess areas for cost-saving

Based on the limited data that the BAC was able to collect from SJSU's IT division, the committee recommends a campus-wide audit to assess IT-related costs and to potentially reduce underused and/or redundant technologies and equipment, including phone lines, fax lines, copy machines, software, licenses, etc. Paradoxically, cost savings from IT-related productivity gains may require an increase in IT spending.

University Advancement (UA)

Maintain fundraising efforts

While the BAC recognizes that UA funds are separate from SJSU Operating Funds, the committee finds it worth noting that the 2023 BAC survey data indicated wide support for fundraising efforts to be protected, including outreach to alumni; continuing philanthropic outreach and fostering philanthropic relationships; and engaging in advocacy to the California state government and the CSU Chancellor's Office.

Other

Continue advocacy efforts for unfunded mandates & deferred maintenance

The BAC hopes that SJSU's leaders will continue to advocate for new money from the state of California and/or the CSU Chancellor's Office to support any unfunded mandates; for example, Title IX and CalNAGPRA.

Likewise, we should continue to seek deferred maintenance funding from the State of California to update SJSU's most dilapidated buildings. This would potentially allow for the creation of much-needed resources such as lactation stations and gender-neutral bathrooms.

Improve communications

In the BAC's deliberations this year and from the results of the survey of faculty that BAC conducted, it seems that there are widely differing perceptions across the campus regarding the relative share of the university's budget that is spent on instruction directly versus that spent on other areas, particularly on non-instructional roles. In particular, while it has been customary to welcome administrators into new roles with a campus-wide announcement, this

understandably creates the impression of the creation of new positions with the commensurate increase in budget for non-instructional personnel. The BAC therefore urges the administration to make clear in all such announcements when the role is simply a rearranging of portfolios and does not represent an increase in head-count or salary vs where it does indeed constitute an increase in spending on non-instructional personnel. Being clearer in this messaging may help dissipate misleading perceptions regarding administrative overhead.

State budget uncertainty and contingency

As it stands there is uncertainty regarding the state appropriations to the CSU. The Governor's May revise proposes a general fund allocation of \$4.994b for the CSU, up from \$4.988 proposed in the Governor's January budget⁵ and more than the figure from the 2023/24 May revise⁶. However, section 6610-001-0001 of SB101 Budget Act of 2023⁷ shows an appropriation of \$5.003b for the CSU.

Since the 2024 May revise appropriation is below the amount finally passed in 2023 Budget Bill, unless the legislature increases funding to the CSU by more than \$7m, the 5% Unit 3 general salary increases for AY 2024/25 agreed to in the current collective bargaining agreement will not be implemented given the contingency set out in section 31.8 of the CBA.

Since the recent cost-cutting measures (6% "across the board") were predicated on the assumption the AY 2024/25 5% general salary increases, a reduction in appropriation to the CSU from \$5.00 to \$4.99b would result in a budget surplus of approximately \$11m for San Jose State.

If the contingency in 31.8 for AY 2024/25 is triggered, then the BAC recommends engaging campus leadership and key constituents in careful deliberation on how to use the resulting surplus. For example, whether it should be placed entirely in SJSU's reserves or whether it should be split between replenishing reserves and reducing, on a case-by-case basis and with appropriate consultation, some of the cuts made in getting to the 6% across the board cost reductions.

The BAC further recommends that, in the interests of budget transparency, any decisions on how to use that surplus should be made public as early as possible; ideally at the first Senate meeting of the new academic year.

⁵ <https://ebudget.ca.gov/budget/2024-25MR/#/Department/6610>

⁶ <https://ebudget.ca.gov/budget/2023-24MR/#/Department/6610>

⁷ https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240SB101

⁷ <https://lao.ca.gov/Education/EdBudget/Details/862>

⁸ <https://lao.ca.gov/Education/EdBudget/Details/855>

Conclusion

While the Governor’s compact proposing a 5% annual increase in state funding for the CSU has three years to run, the State’s current financial woes cast doubt as to whether the compact can be honored. The Governor has proposed delaying the 2024/25 increase for a year with a promise to honor it in 2025/26 and backfill the one year shortfall. The Governor has also proposed an additional \$75M reduction to the CSU for 2024/25.

The 6% across-the-board budget reductions to each division announced at the Budget Town Hall in early Spring 2024 are anticipated to close SJSU’s budget gap for AY2024-2025. However, our university may face the need for more surgical reductions to help in rightsizing the budget, and this will require additional input from organizational members who are sufficiently conversant with the specific operational demands of their units and divisions.

For the BAC’s part, we reiterate the importance of transparency and open communication around budgetary matters, and maintaining SJSU’s fiscal responsibility while also serving the needs of our students and ensuring their academic success.

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Respectfully submitted by the members of SJSU’s Budget Advisory Committee (BAC)

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