

The following are notes from Interim President Joe Crowley's address to the campus held on Wed., Feb. 4, 2004 in Morris Dailey Auditorium.

Introduction

Good morning everybody and thanks for coming. You'll notice: I'm still here. I was supposed to have disappeared from campus view a month ago, but it turns out I'll be with you – for better or worse – until the end of May. And with everything that's been happening ... at the state level, in the CSU, and here on the campus in recent weeks, I thought it would be a good idea to gather you all together this morning, and pass along information of interest arising from these several venues.

Many of you will know some of this information already.

Some of you will know much of it.

Very few, I suspect, will know all of it.

So the objective today – one of them, anyway – is to get everyone more or less on the same page.

I want to offer comments this morning under three headings:

1. One is what we understand at this point about the budget situation, with regard to CSU generally and San José State in particular.
2. A second is what we propose to do about this budget situation, and how you all can help do it.
3. The third is an update on developments growing out of my Convocation comments last Fall – some observations I made on that occasion about the university that later formed themselves into ideas (which is where I would have left them if I had gone home at the end of December, when I was supposed to). But since I'm staying for awhile I thought I might just as well turn those ideas (a few of them anyway) into initiatives. As it happens, the observations that became ideas and then became initiatives seemed to fit well with some related activities going forward elsewhere on the campus, so others have joined and influenced these initiatives.

These developments have implications for the budget challenges we face. So I want to talk about that subject as well.

The Budget Situation

You received a message from the Chancellor regarding the governor's budget proposal for CSU, so I won't go over all of that ground. Just a few highlights. The governor proposed certain specific types of reductions and changes for higher education, such as discontinuing outreach programs, a new approach to fee increases (and financial aid decreases), a redirection of 10% of the prospective freshman class for CSU and UC institutions to the community colleges, and the imposition of higher charges to students for excess credits beyond the requirements for a bachelor's degree.

The CSU response emphasizes the need for flexibility. No disproportionate reductions for EOP. A 5% enrollment reduction, affecting some 20,000 students who would otherwise be eligible for admission. Some alterations in the fee proposal. In short, a comprehensive package to be developed for consideration by the Board of Trustees in March, and then moved along to Sacramento.

Still ... the expectation in overall dollar terms is that, whatever kind of package is put together, the bottom line the governor has given us is the best we can hope for.

And things could get worse: Propositions 57 & 58 (married) have been in trouble in the polls. Failure to pass equals further significant budget trouble for higher education.

Discuss the voting question. Note Trustee support. Note the May Revise (and maybe one in March).

And Proposition 55 (Duncan Hall).

But we have to operate now on what we know. And as of now, we are looking at a \$12 – 14 million reduction in state general fund support for 2004-05. Also, \$4.3 million in mandatory costs – health insurance increases, risk pool increases, the 2.65% salary increase already bargained for Unit Three employees. All of these items in the past have been routinely funded by the state.

Plus ... dealing with the mid-year budget reduction. Plus coping with the impact of not reaching our budgeted annual FTE enrollment goal (final numbers not yet available).

All in all, not a pretty picture. For the CSU generally, there has been a 29% reduction in state general fund support since 2001 (including the reduction proposed for 2004-05). The campus bears a similar burden.

What we have here is another substantial retreat from the once-revered California Master Plan for higher education.

What we have here is a very large challenge we must now move on to meet.

What to Do About It

We have to find ways of reducing costs accrued for the current year, and that \$16-18 million for 04-05. We have to do this ... quickly, methodically, prudently.

We have to make some hard choices.

We have to keep our cuts as far as possible from making major impacts on our employees.

We have a game plan, with two primary objectives:

- A. Maintain the university's educational mission.
- B. Take every cost-cutting measure possible, with the least impact on employees, and to save jobs and avoid a formal reduction in force.

I hope we can manage reductions through attrition, retirements, consolidations, reassignments to vacant positions. Whatever we can find to get it done.

A promise: I will do everything I can, and will urge the people working on solutions to do everything they can, to prevent the loss of jobs.

It's a difficult and delicate balance we face: cutting costs and saving jobs at the same time. We have a plan, to get the tasks accomplished, attack the problems, and implement solutions, in three rounds.

And I hope we never get to Round Three.

Round 1 – Cost Cutting

- Aggressively take all non-critical costs out of the budget ... programs, projects, expenses we can cut without compromising core services and functions. Asking managers to identify efficiencies. Asking everyone to think about efficiencies.
- Moving from the partial hiring freeze to a full hiring freeze (per the governor's executive order). All requests to recruit to be reviewed, exemptions granted only for critical positions.
- Asking department heads to find ways to cut nonessential costs within their units, and to involve their staffs in the process. Every conceivable efficiency should be explored. What may seem like inconceivable efficiencies should be explored. If you have an idea for cost reduction in your area, you can send it to my office if you like (sjsupres@sjsu.edu), or go to the university's home page on the web and download a form called "Your cost-saving ideas." Or get the form from a unit chair or manager.
- Also, the leadership of our collective bargaining units will be asked to help address these challenges. (Note effort at System level).

These are some ways (and we will try to think of others) to go about the hard job of cost cutting. But this major effort will probably not be enough. Probably, we will have to proceed to Round Two.

Round Two – Alternative Work Arrangements

I have asked the Human Resources Service Group to look at all possible alternatives to pursue here, including any that might not involve full employment but could help avoid (or at least minimize) a reduction in force, should it come to that. What are we talking about here?

Well ... Temporary assignments, job-sharing, voluntary furloughs of one sort or another, whatever we might be able to implement that will be in accord with existing collective bargaining agreements.

Creative ideas will be welcome in Round Two as well.

I hope we can declare victory after the second round. And I wish I could guarantee today that we will not ever get to Round Three, that there will be no layoffs.

But in all honesty, the layoff possibility is out there. For now, only a possibility. And again, we will do everything we can to prevent it, and, if we have to go there in the end, to limit its impact.

Round Three

A reduction in force. We will discuss it down the road, if we have to.

We have a good, strong, proud institution here, with a lot of history and a healthy core. We will get through this difficult period. We will need to live with some uncertainty. We can expect to experience discomfort with the cuts we will have to make.

We are not going to get where we want to go without your involvement. I hope you will maintain your confidence in the future of the university, think a lot about our challenges, share your ideas, participate in finding solutions, send me e-mails.

And please ... resist that sometimes overwhelming urge to speculate, or to pass along (or create yourself) the latest rumor. The academy may be the most productive rumor factory known to humankind. Operates 24/7, as they say. Heavy demand on productivity during hard times.

Resist that temptation!

We are going to deal with the budget reduction challenges with as much transparency as we can muster. I am committed to that. Full disclosure. Frequent communication. Using the MPPs for that purpose. Perhaps two more campus assemblies like this one – if we need them – before I leave.

Related Developments

A. WASC Steering Committee forums. Lots of participation. Major themes emerge, a certain impatience emerges, a strong desire to get on with the job of dealing with these themes, and impressive gathering of energies in support of getting started. Energies directed toward better planning, and toward initiatives developed around the major themes.

B. Growing interest in the planning issue on the part of Academic Senate leadership.

C. Growing resolve at the President's Staff level in getting some movement on at least some of these themes.

Results

Creation of the Resource Planning Board (Long Beach State model). Budget transparency. Policy recommendation from BAC and Senate Exec. Comm. On Monday. First meeting this afternoon (Note Membership).

Frequent meetings. Everything on the table. A communications vehicle – from members, plus periodic reports from the co-chairs. Maybe a Web site.

The Resource Planning Board will be critical in helping us cope with the budget reduction challenges.

Major themes from the forums:

1. Information Technology — brought in a consultant. Report by mid-February. Likely to be provocative (and this is an area where we need to be provoked).

2. Related themes of fund-raising, marketing, communication – all part of the responsibilities of (and significant priorities for) the University Advancement division.

Movement already: A philanthropic foundation soon to be in business.

3. Enrollment Management ... a big challenge, especially given the budget situation, but also a potentially large opportunity to do some good. Again ... hard work to be done, promising results down the road.

4. Then there is planning itself. Strategic planning. For the spring, we embark on a learning process. Defining a leadership model. Relating it to the RPB. Strategic thinking. Something to present to the new president come summer.

Conclusion

Time flies. Work to be done. I said when I spoke to you in August that I am happy to be here.

Well.....I am still happy to be here!

Thanks for coming. Let's get on with it.