

Fresno State Spring 2012 Opening Address

William A. Covino, Provost

Before I say some more about the fiscal issues that we're grappling with, I want to reinforce and remind us all why we're here. In 1865 a celebrated and now legendary poet and critic, Matthew Arnold, wrote an essay called "The Function of Criticism at the President Time." This essay really focused on the function of the university and the function of higher education at that time; it was a time of transition, a time of displacement, and a time of turmoil. Arnold insisted that the function of the university and the function of our professors is to convey "the best that is known and thought," and in doing so to create fresh ideas that will resonate throughout the world.

This vision of the university is what drew me into this profession, is what drew many of us into this profession. It's important, as we start a new semester and grapple with the facts and figures that make things more difficult, that we keep this vision before us, this vision of our purpose, and the students that we want to help, that we want to set forth to generate those fresh ideas that resonate throughout the world.

We have spent much of this academic year discussing together how best to deal with the impact on Academic Affairs of the serious budget reductions that the President has outlined. This morning, I want to review how that impact has been addressed to this point, and where we go from here.

When I arrived in 2009, with furloughs looming and the clear prospect of even greater reductions in future years, I began to take steps to both maintain our fiscal stability and identify funding for critical ongoing priorities. In 2009-10 and 2010-11, these steps included:

1. Reducing administrative costs, by eliminating or consolidating positions. To this point, I have eliminated or consolidated more than 20% of the MPP positions in Academic Affairs (10 positions), in addition to 3 staff positions, representing salaries totaling more than \$1.2M
2. Setting aside sufficient funding to provide multi-year support for faculty and student research, consistent with the goals of the Academic Plan and the Strategic Plan, which both stress the crucial importance of the involvement of both faculty and students in transformational research, scholarship, and creative accomplishment.

3. Distributing nearly \$7 million in one-time Federal stimulus and enrollment growth funding to the Schools and Colleges, to maintain student access as State funding continued to decline, while we reduced costs in ways that minimized impact on full-time faculty and programs, and continued to pursue additional revenue through Continuing and Global Education, Sponsored Research, and donor support.
4. Monitoring our reserves, to accommodate future budget cuts, to fund crucial priorities that cannot be covered by declining State dollars, and to invest in initiatives and equipment that would help stabilize and strengthen our capacity to serve our students.

Because these measures were put in place, and as a result of tremendous extra efforts by our faculty, staff, and administrators to serve our students, to enrich our academic disciplines, and to serve the region, we have not to this point eliminated any academic programs or tenure-track faculty positions, and have continued to fund sabbaticals and promotion raises.

Nonetheless, this has been tough going, and moving into the current academic year, the going got tougher. The State budget that took effect on July 1, 2011 resulted in a base budget for Academic Affairs that is about \$6.3M lower than it was last year. In addition, effective January 1, just a few days ago, there was an additional \$100M reduction in State funding to the CSU, resulting in an additional \$5.4M permanent reduction to Fresno State, and a commensurate reduction of approximately \$3.8M to Academic Affairs. With this picture in view, last spring I convened an Academic Affairs Budget Advisory Task Force, charged with assessing the base budget gap in Academic Affairs and recommending ways to close it that are consistent with our academic and university priorities.

By base budget, I mean those recurring funds from two sources: the State allocation tied to our enrollment targets, which has been declining, and the tuition fees paid by students, which have increased.

After deliberating through the spring, summer, and early Fall, the Task Force presented me with a number of recommendations for closing a base budget gap that they estimated--based on summer presentations by the School and College Deans and information provided by the Academic Affairs budget office--to be approximately \$2M. Given that this estimated gap is about one-third of our total budget reduction, it is clear that we have already made extraordinary efforts to accommodate the reduction, but have not yet gone far enough to fully align our base funding with our operating costs, and are still falling short. Recognizing that the calculation of this budget gap may need to be modified, based upon effective management efforts by the Deans, Chairs, and faculty, I have asked Associate Vice President Nef to conduct a mid-year audit of School and College budgets, to assess where the gap stands at this point.

I should add that the gap estimate under consideration does not include the effects of the additional January 1 reduction of \$5.4M, or the possibility of another trigger cut next year of \$11M.

For several years now, a number of suggestions for budget management have been voiced through our University suggestion box, and in budget forums held by the President. Many suggestions have called for School and College reorganization. Therefore, I was not surprised that the task force recommended reorganization as a way to close part of the projected budget gap. In the course of numerous meetings with faculty and students during the fall semester, there has been strongly expressed opposition to the recommended redistribution of Departments in the College of Science and Mathematics. This reorganization and redistribution was proposed by the Task Force in order to further reduce administrative costs and possibly bolster Schools and Colleges across the University. While opposition views have included a good deal of misinformation, they have also produced some well-reasoned arguments and alternative cost-cutting proposals that are worth considering.

Most of the Task Force recommendations did not address reorganization. In large part their emphasis was on aggressive enrollment management; redirection of program resources to areas of high demand; course redesign that improves student performance; curricular redesign that reduces the number of low-enrollment courses that are offered only occasionally; a simplified and equitable method for budget allocations to the Schools and Colleges; the further reduction of central Academic Affairs administrative costs; incentives and initiatives that improve student progress toward degree; Centers and Institutes that pay for themselves; and innovative course delivery that both meets student demand and maintains quality.

Based on the input that has been received since October, I have asked the Task Force to take another look at their recommendations, and to revise them if warranted. I will meet with the Task Force later this month to get updated recommendations.

With these updated recommendations, the mid-year audit of School and College budgets, the advice of the Academic Senate, and the impact of the Governor's projected 12-13 budget in view, I will come to some initial decisions that I expect to share with you at the Provost's Forum scheduled for February 16. But let me admit, in advance of that Forum, that my initial goal for the Task Force may have been too hopeful. I had hoped to find ways to permanently close the gap between our base budget allocation and our academic operating costs. But the declines we continue to suffer as a System, as a University, and as a Division, have reached a point at which just meeting payroll exhausts the base budget allocation for a number of our Schools and Colleges.

Even so, we must continue to move forward on several critical fronts. Consider for a moment the tenets of Fresno State's mission, which are the foundation of our Strategic Plan and determine our funding priorities. We are committed to:

Make student success our first priority;

Embrace a culture of diversity, internationalization, and inclusion;

Advance our established distinction in liberal arts and sciences, professional programs, and community engagement;

Produce transformative scholarly research and creative works that target regional issues with global significance;

Exemplify the ethical stewardship of capital and human resources; and

Develop institutional, community, and intellectual leaders.

It seems increasingly clear that--if we are to continue, as we will, to build success and distinction as a University and pursue this mission that we have set together, in the context of declining State support--we will need to rely on multiple sources of revenue, what most would call an "all funds budget." This kind of budget has been the norm for some time at many public Universities where State funding is disappearing, especially public research universities. For Academic Affairs at Fresno State, this all-funds budget is comprised by seven sources, rather than just the two sources that make up the base budget. Those seven sources are:

1. The State allocation, which is tied to our achievement of enrollment targets.
2. Tuition fees from State students, which will be especially significant if we exceed our enrollment targets by 3% this year and 5% next year.
3. Tuition and fees from out of State and international students.
4. Externally funded grants and contracts.
5. Self-support programs that generate additional revenue and expand student access, administered through Continuing and Global Education.
6. Ongoing donor support, through the conclusion of this Capital Campaign and beyond, including endowments that provide permanent funding to academic programs.

7. Reserves that allow for the multi-year funding of key initiatives that we simply must maintain, as we continue to build a stronger all-funds budget. The reserves that we have remaining were largely established during better budget years; are the result of good planning, prudent management, and successful revenue-generating initiatives; and have been made that much more essential by the precipitous decline in State funding. Our prudent management of reserves has, for instance, made it possible for the University to accommodate the \$5.4M January 1 budget reduction without further cuts to programs or personnel this year.

In addition, the reserves in Academic Affairs and in the Schools and Colleges respond to a number of critical needs. These include:

- Annual funding for undergraduate and graduate research support for students;
- Assigned time for research-active faculty;
- Supplies and equipment necessary for cutting-edge teaching and learning;
- Gap funding to meet or exceed enrollment targets during the transition to a sufficient all-funds budget;
- Start-up funding critical to the recruitment of new faculty;
- Salary dollars for tenure-track faculty positions in critical areas;
- Investment in promising initiatives and programs of distinction; and
- The inevitable unforeseen expenses and cost increases that materialize each year.

But these reserves are mainly constituted by one-time funds, and when they're gone, they're gone. Therefore, developing a *sustainable* all-funds budget is that much more urgent.

Our Schools and Colleges rely on an all-funds budget to some extent already, each exhibiting fiscal strength and revenue potential in different areas. The Jordan College of Agriculture leads in grant and contract funding (generating \$10.4M last year), followed by the College of Health and Human Services (\$8.4M) the Kremen School of Education (nearly \$4.2M), and the College of Science and Math (\$4.1M); the Craig School of Business is a model of entrepreneurial program development; the College of Arts and Humanities has demonstrated great potential for securing significant donor support during the Capital Campaign; the College of Science and Math and the College of Social Sciences are significantly exceeding enrollment targets and gaining additional funding thereby; the Lyles College of Engineering is aggressively developing new partnerships, new initiatives, and foundation support, leading to donations and philanthropic grants that are matched by the Lyles gift; and our doctoral programs are entirely self-supporting, with the EdD generating revenue that can be invested in building an even stronger doctoral culture.

I must applaud the determination and innovation going on in so many quarters at Fresno State and— with the President--I am deeply disappointed that the disinvestment in public higher education, here in California and around the country, has reached this point. And so I want to stress that we must continue to advocate vigorously for the restoration of State funding; we must voice our passionate commitment to our students; we must tell the stories of their many great achievements; we must impress upon the citizens of this State that every dollar invested in the CSU yields a fivefold return for California; and we must recognize, again and again, our faculty and staff for their terrific work.

At the same time, we must continue our work together to re-imagine Fresno State, as a leading example of what makes up a great 21st century comprehensive public University. We can do this, by building an all-funds budget that prizes innovation; by managing our resources through careful planning and a clear sense of our highest priorities; by staying attuned to our mission and strategic plan; and—most importantly—by serving our students with the superb dedication that they have come to expect and admire.

There is great difficulty and great opportunity in this moment. We face the difficulty of pressing forward in a context of instability and insufficiency, and the opportunity to refresh our processes, practices, structures, and assumptions. As we pursue this difficulty and this opportunity together, our efforts will be enriched by your wisdom, by your dedication to an institution that will always value and encourage the free exchange of ideas, and by your good will. Welcome back, and thank you for all that you do to make this a great University.