

## **Budget Principle 9**

- Tutorial services for kids of all ages could be offered at hourly rates. This activity could be held at the new library, and conducted by volunteer students.
- Departments that produce sellable items like dairy, fruits and flowers could create a minimart.
- Rooms that have projectors with large screens could obtain permissions to exhibit instructional documentary videos to the public for a cover charge.
- Each department in the school could establish practice centers. For example, in the Business Department, there could be financial services that could be performed by students for businesses who outsource. This could provide students with an opportunity to fulfill internship requirements.
- One service that the library offered while the new building was under construction was the ability to request books. A student, faculty or staff member requested books through the library catalog, and the requested items were delivered to the circulation desk for the patron to pick up later. This seems to me a value-added service, one that library users should pay for through a small fee (\$1, perhaps). With the library opening soon, the need for someone to pull the books on behalf of the users no longer is necessary. The books are available to users (they're on the shelves); having someone pull the book for you is a value-added service, one for which I certainly would pay.
- We currently have a few faculty, myself among them, who are pursuing patent applications in partnership with the university. However, I have found there is limited marketing expertise on campus to get these patented ideas sold off to industry so that we can start collecting licensing fees or whatnot. I have been left to try to do idea-selling by myself, and I don't really know what I'm doing. Big knowledge factories like Stanford have an "Office of Technology Marketing" where IP marketing experts beat the bushes and find companies interested in new designs. Faculty members are not equipped, working alone, to accomplish this kind of idea selling. We should invest in our future and start selling our patented or patentable inventions. Stanford, for instance, will farm out the services of their technology marketing people to little guys like us.
- Students will apply to multiple colleges and then select one. The result is that we all expend resources to process the application, etc., but don't get reimbursed for that effort. It cuts down on frivolous applications. We are allowed to charge the fee – up to \$250, with approval from the campus fee advisory committee. My suggestion is that we explore the possibility of charging an enrollment confirmation deposit fee, for the students who do register – there's no effect.
- **Voluntary Early Retirement / Separation Incentive.** I have identified 69 employees who have served the University for at least 25 years. If offered an appropriate incentive,

many of these employees might consider retirement or resignation. For each employee who accepts the offer, maximum labor savings<sup>1</sup> could be realized if the position was subsequently left vacant. In those cases where the position is considered “critical” and therefore must be filled, significant savings could still be realized if filled from within or at the beginning of the salary range. In some cases recruitment at a lower entry level would yield higher savings.

While this proposal is based on an incentive equivalent to 20% of the employee’s base pay, significant savings could still be realized if a fixed \$20,000 incentive were offered.

I have identified four groups of employees who might be interested in this incentive. Groups 1 & 2 include vested employees who would draw 70% or more of their gross pay in retirement. Group 3 includes vested employees who are at or above the minimum retirement age and would draw at least 60% of their current base pay. Group 4 includes employees who have served for at least 25 years but are under the minimum retirement age.

If all 19 of those in Group 1 accepted the incentive, it would result in a saving in excess of \$2.4 million over the next two years. If only one third of those in groups 1 & 2 accepted the incentive the net savings over two years would be approximately \$1.7 million, including likely replacement cost<sup>2</sup>. On average, for each employee who accepts the incentive, approximately \$129,000 would be saved over the next two fiscal years.

	Count	Average				Total			
		1st Yr Savings (Benefits Incl.)	Outyear Savings (Benefits Incl.)	Estimated Replacement Cost	Net Savings (Two Years)	1st Yr Savings (Benefits Incl.)	Outyear Savings (Benefits Incl.)	Estimated Replacement Cost	Net Savings (Two Years)
Group 1 (Most Likely)	19	\$66,944	\$77,656	\$15,136	\$129,465	\$1,271,940	\$1,475,462	\$287,575	\$2,459,827
Group 2 (Likely)	23	\$56,155	\$66,556	\$6,736	\$115,974	\$1,291,564	\$1,530,777	\$74,097	\$2,748,243
Group 3 (Possible)	21	\$70,532	\$81,884	\$3,143	\$149,273	\$1,481,168	\$1,719,572	\$3,143	\$3,197,597
Group 4 (Maybe)	6	\$65,502	\$75,886	\$21,277	\$120,111	\$393,011	\$455,316	\$127,664	\$720,663

Example A: Employee A, an Information Technology earns \$41,328 per year; is 65 years old and has 40 years of service credit. After adding the University’s cost of benefits, \$21,491 (52%), to total compensation rate is \$62,819 per year. Based on the employee’s age and years of service, the employee can retire at 100% of her current salary. In effect,

<sup>1</sup> Maximum savings are calculated by subtracting the 20% incentive from the actual salary plus cost of benefits.

<sup>2</sup> Replacement cost estimates are based on the premise that the new employee would either be a current employee or filled at the beginning of the salary range. If a current employee is selected, it is assumed that their lower level position would be frozen.

the employee net monthly income would exceed their current salary. By offering a 20% retirement incentive (\$8,266), the University would save \$54,543 in the first year and \$62,819 each subsequent year the position is left vacant. Even if the incentive was increased to \$20,000 the savings would be \$105,619 over a two year period. In this example the position is already at the entry level and would not likely be filled.

Example B: Employee B, an Information Technology Consultant - Career earns \$51,360 per year; is 61 years old and has 39 years of service credit. After adding the University's cost of benefits, \$23,814 (46%), to total compensation rate is \$75,174 per year. Based on the employee's age and years of service, the employee can retire at 90% of his current salary. In effect, the employee's net monthly income would exceed their current salary. By offering a 20% retirement incentive (\$10,272), the University would save \$64,902 in the first year and \$75,174 each subsequent year the position is left vacant. Even if the incentive was increased to \$20,000 the savings would be \$130,348 over a two year period.

In this example the position is an IT professional and may be considered essential for replacement. Based on the presumption that the replacement would come from within the current cadre of IT employees at the Foundation level, the cost of replacement would be no more than \$3,732 per year; yielding a net savings of \$61,171 the first year and \$71,443 in the out-years. If the higher incentive is offered, the bi-annual savings will be \$126,616 for this position alone.

One may be concerned that such a proposal could be considered a form of age discrimination and therefore be in violation of the Age Discrimination in Employment Act (ADEA). Inasmuch as the plan offers an incentive, rather than withholding a benefit based on age, I don't believe Age Discrimination is even an unintended consequence of this proposal. Furthermore, the proposal target employees based on length of service, not age. U.S. Code Title 29, Chapter 14, § 623 (ADEA) clearly states, "*It shall not be unlawful for an employer ... to take any action ... that is a **voluntary** early retirement incentive plan...*". The key is to ensure the plan is voluntary and does not result in pressure on an employee to accept the incentive. It is also imperative that the benefits (incentive) not be diminished based on age.

- In-sourcing for Revenue Generation
  - Expand support for applications/business processes for other CSU campuses and/or local businesses
  - Sell web design and hosting for students and local businesses
  - Sell programming code (both existing & new development)
  - Sell hosting for portal and data warehousing for other campuses
  - Partner with other agencies to do systems administration support
  
- Revenue Generation
  - Offer Premium Services at a fee (e.g. priority registration, parking spaces, etc.)
  - Sell ad space on our website (portal)

- Rent more university facilities (e.g. empty buildings on weekends, parking, flea market, etc.)
- Nightclub on campus
- Fresno State lottery
- Casino in the Library
- “Donate to Fresno State” button on web pages
- Rent out billboard space on campus
- Rent out advertisement space on web pages
- Bake sale
- Sublet parking
- Car wash
- Host and facilitate professional work groups at a fee