Are there productive ways to approach budget cutting?

Rational Retrenchment

by Stephen G. Pelletier
Retrenching, reorganizing, reallocating, reinvesting—no matter what you call it, budget cutting has reached the stage of gut-wrenching. Dealt a cavalcade of ever-deeper cuts in state appropriations, universities now confront the need to prune courses, programs—and people. With such painful decisions now a reality, campus tensions are high, morale is down, and a black cloud of uncertainty hangs low on the horizon.

Hardly immune from the human pain that they know that program cuts cause, administrators talk of having to make impossible decisions when the only options are mostly awful. But they also know that difficult choices now can strengthen an institution, help it reconnect with its core mission and position it competitively for the future.

However painful it can be, retrenchment can also be productive. It turns out that there are indeed rational approaches to budget cutting.

The Full Story

"Florida universities consider eliminating several degree programs."

"Missouri colleges to cut 116 degree programs."

"Penn State eyes $10 million in program cuts."

While the specter of program cuts at public universities regularly makes headlines, the media typically does not tell the full story about the complex—and agonizing—process that informs any decision to close an academic program.

The University of North Carolina at Greensboro (UNCG) faces typical fiscal challenges. On top of a 6.5 percent budget hit last year, UNCG is looking at projected cuts on the order of another 15 percent for the coming year.

In part, cost savings will come from academic restructuring. UNCG appointed a committee of key stakeholders focused on helping the university unify programs in health and human development that are now scattered across campus. But UNCG Chancellor Linda P. Brady says the reason for the restructuring is not primarily fiscal, but rather “a desire to position UNCG to be more competitive and more visible” in two academic areas where the university has traditionally been strong.

Like many schools walking delicately toward substantive reform, UNCG has been careful to create as productive a path as possible. To help underscore that there were no preconceived notions about the committee’s work, for example, Brady and UNCG’s provost kept themselves off the group’s roster.

Importantly, too, the university engaged a third party, the Center for Creative Leadership, to help facilitate difficult discussions. “There were great concerns initially about this process,” Brady observes. “What’s the ulterior motive? Are you trying to get rid of a particular dean? Did we have a predetermined outcome? The advantage of having a third party made it possible for the committee to address some of the difficult issues without the provost or the chancellor being in the room.”

This spring, the committee offered two options for restructuring UNCG’s health and human development programs. Weighing those options, university officials estimated that they could save $1 million in administrative overhead without having an impact on faculty lines or seats for students. But Brady and her colleagues know that is just one step in meeting the possible 15 percent state shortfall.

To bridge that funding gap, UNCG embarked this spring on a new general review of all its programs. Starting at the departmental level, then moving up through larger academic units and ultimately to a university-wide committee, UNCG will take a hard look at what programs—and positions—might be able to be eliminated to meet budget realities.

“We have asked the faculty to do something that is obviously very difficult—namely, to categorize their programs in several ways,” Brady says. The expectation is that some programs will be deemed outstanding, while others will be considered strong but in need of additional support. Still, others will be characterized as “challenged.”

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Looking toward 2012, the university predicted that the state would have a budget shortfall of some $8 billion, reports Scott R. Olson, Mankato’s provost and vice president for academic and student affairs (he’s currently on loan to the Minnesota state system as interim vice chancellor for academic and student affairs). It was clear that a shortfall of that size would inevitably take a chunk out of state appropriations for higher education. “As people read their newspapers and listened to the radio, that story told itself. Everyone knew there was a problem,” Olson says.

As an institution with collective bargaining, Mankato was required to give faculty who were being laid off a year’s advanced notice. That meant preparations for retrenchment had to start more than 18 months prior to when any layoffs would take effect. But it also meant that Mankato had to budget based on fuzzy projections rather than hard numbers. Applying logic to this hazy circumstance, Mankato administrators decided to look at the projected state deficit, calculate what percentage of state funds the university might anticipate getting, and then multiply the deficit by that percent to come up with a range of possible cuts. Recognizing that the state probably wouldn’t simply make across-the-board cuts, Mankato developed best-and worst-case scenarios for its 2012 budget. As Olson says, “We had to make some local predictions about what our own share of the pain would be.”

Based on its projections about the state budget, Mankato estimated that it would end up having to pare some 80 faculty positions. While some of those faculty lines would come through attrition or by not filling open positions, some current faculty members, including some with tenure, would lose their jobs.

At that point, the salient question was obvious: Where do you cut? Knowing that it needed to find a productive way to make very sensitive decisions, Mankato established a carefully conceptualized, data-based process. The process started with conversations that sought input from constituents across campus—from students to the faculty senate to the administration—about what measures should be applied to decide what programs could be trimmed or even eliminated.

Through that process, the university identified four metrics to analyze each campus program: how central the program was to the university’s mission, how many students it enrolled, how much it cost and the program’s overall quality. Within each metric, sub-questions dug more deeply to consider such factors as the student/faculty ratio and the program’s costs compared to other institutions. A fifth metric, slightly more intangible and less data-driven, focused on how well a given program met future workforce needs in Minnesota.

Based on those criteria, administrators sorted programs into categories: those that would not be cut, some that might see their funding reduced, and others that were candidates for closure. Programs then had a chance to review those findings and make a case, based on objective measures, about why they might belong in a different category. Through this extensive process, Mankato eventually identified programs that would be closed, such as the computer science program and one in aviation management. (Interestingly, the local community rallied around the aviation program, raising enough private money to keep it open for at least five years, which Mankato agreed to do.)

Acknowledging that data can be subject to interpretation, Olson says that even if one data point isn’t precise to everyone’s satisfaction, trends in the data overall “triangulate to tell us where we are.

“I think what really characterized what worked well was a shared governance approach to the reductions,” Olson says. “If you can agree as a campus on what metrics will serve as the basis for making decisions, and then take the time to [analyze them], wise people will come to common ground,” Olson says.

Game-changing Crisis

Another institution that found a productive way to make difficult choices is the University of Southern Mississippi. Devastated a few years ago by Hurricane Katrina, Southern Miss found itself facing another game-changing crisis when the economy turned sour. In 2011, cuts in state appropriations of about 12.5 percent meant paring some $11 million in spending. That included reductions and consolidations in some academic programs. Planning for 2012, the university was looking at the possibility of an additional 15 percent drop. As she awaited final budget numbers from the state, the institution’s president, Martha Saunders, said, “We think we have prepared for the worst but we are hoping for the best.”

Some members of academic communities argue that in cutting programs, universities risk damaging their very reason for being—or at least watering down their core missions. But others looking at the same landscape believe that program cuts can actually strengthen institutional missions. Southern Miss, for example, used the challenge of having to cut programs as a prompt to help it clarify its core focus.
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Saunders explains, for example, that having strong roots as a teacher’s college, Southern Miss can’t picture not offering that curriculum. “We also looked at the programs where this institution shines,” Saunders says. “Science programs are very expensive but are also something that we have done very, very well.” Another dimension of focus comes from analyzing how the university can best serve societal needs.

Fiscal challenges have also helped Southern Miss clarify a philosophy about budget cuts. Eschewing across-the-board cuts, Saunders said the university takes a more surgical approach that “eliminates some programs in order to leave the others resources to get stronger.”

As difficult as budget exigencies are, Saunders says, they force an institution to determine what programs it is most willing to protect and nurture. In that way, she says, the process “brings you to center; it brings you to your core.”

Another common thread in the road to productive retrenchment is a genuine appeals process. At Southern Miss—as well as at UNCG and Minnesota State Mankato—administrators listened when campus constituencies appealed initial decisions. Administrators at each institution changed select decisions when presented with compelling reasons to do so.

System-wide Lens

A different kind of perspective on rational retrenchment comes when we pull back to look through a system-wide lens.

A past president of Ohio State University and the University of Maryland, College Park, William E. “Brit” Kirwan has been chancellor of the University System of Maryland since 2002. Under Kirwan’s leadership, the Maryland system has saved some $150 million by significantly redesigning administrative operations. The system has done some reengineering on the academic side—for example, curbing “credit creep” that bloated the number of hours that some majors had started requiring for degrees, and helping to pioneer course redesign that lowered costs and improved student learning.

Kirwan says that the Maryland system’s willingness to proactively tackle difficult issues of effectiveness and efficiency gave it credibility that helped the system forge a successful ongoing partnership with the state. “All these efforts at becoming more effective and more efficient, doing more with less, finding lower-cost ways of delivering high-quality education, and using savings to invest in workforce programs that the state needs have paid huge dividends for us in terms of our relationship with the state government,” he says.

Today, Maryland colleges get as much money from the state as they did in 2008. While acknowledging that inflation and the need to serve more students both affect the overall budget picture, and that the system has had to make many difficult fiscal decisions, Kirwan notes that “we have not had the dramatic cuts that other states have had to endure.

“I think the success we’ve had in Maryland has been because we went to the state government early on to talk with them about our responsibility, the need for us to get our house in order.”

he says, “So in a way we developed a new compact with the state, with higher education as an essential component in helping the state address fiscal issues and try to rebound with job growth and workforce development.”

Keen Eye

This year, university leaders are watching the shifting landscape of state budgets with an especially keen eye. There’s hope that the final budget numbers won’t match dire projections, so that cuts on campus won’t have to be so deep. At the same time, though, administrators share a strong sense that state funding is unlikely to return to the levels of more flush recent years.

“Higher education is used to boom and bust cycles,” Kirwan says. “It is becoming more evident that this downturn is different. We can’t expect a rebound in the foreseeable future. Therefore, if we are going to meet our obligations to the larger society, we’re going to have to face the reality that we have to reengineer the way we do business. We have to rethink the way we deliver education.”

Lest higher education fall prey to “a downward spiral in our global competitiveness in terms of our ability to educate citizens,” Kirwan says, “we have to find lower-cost means of delivering high-quality education.”

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