

To: UCMFA members
From: UCMFA Executive Board

Last Tuesday, December 2nd, the Division of Finance and Administration held a [financial transparency town hall](#) to present the details of the campus's financial stabilization plan, which was [announced](#) to the campus on November 21st.

We are distributing a [budget primer](#) and high-level summary of the information shared by UCM administration, as well as our primary concerns with the forthcoming 7% cut. Feel free to use this information for your questions at the annual meeting of the division on Thursday, Dec 11th, as well as in discussions in your schools and departments.

Highlights from financial town hall

Slides and video are available [here](#)

If you would like a quick overall budget primer from the town hall and available data, [we have created one here](#).

- The campus's financial woes come from:
 - Declining revenue generation
 - Lower numbers of students than expected (flat enrollment since 2020, a "demographic cliff" of fewer students graduating from HS)
 - Debt payoffs (e.g., on UCOP loans, on the 2020 project buildings)
 - Federal funding uncertainties
- The CFO, Provost, and Chancellor are advancing a 3-year "stabilization plan" with 7% budget cuts this year, and then 5% and 3% in the following two years.
- The 7% cut this year will be applied equally across *all* divisions
 - Most divisions have budgets due in January
 - Because of rising expenses (e.g., cost of living adjustments, merit raises), these cuts do not actually amount to a 15% overall cut to expenditures 3 years from now.
- Administration has finalized a new MOU with UCOP to provide funds to the campus. The amount of this funding (ranging from \$63-172 million) will be tied to 5 metrics:
 1. Enrollment growth
 2. Financial management
 3. Student success
 4. Instructional productivity
 5. Research productivity

UCMFA's questions and concerns

1. Lack of a strategic approach

The plan requires that each division (e.g., chancellor, academic affairs, enrollment management, EJIE) figure out how to cut their 7%, with no strategic, centralized approach. That is, there is no effort to identify the most "important" divisions or overall operations to keep them intact or cut them less. The campus is thus not protecting the key activities that ensure UCM meets the MOU benchmarks (let alone achieving the high-quality education that we promise students), likely leading to compounding future financial troubles.

2. Cuts are front-loaded with the least amount of time to plan

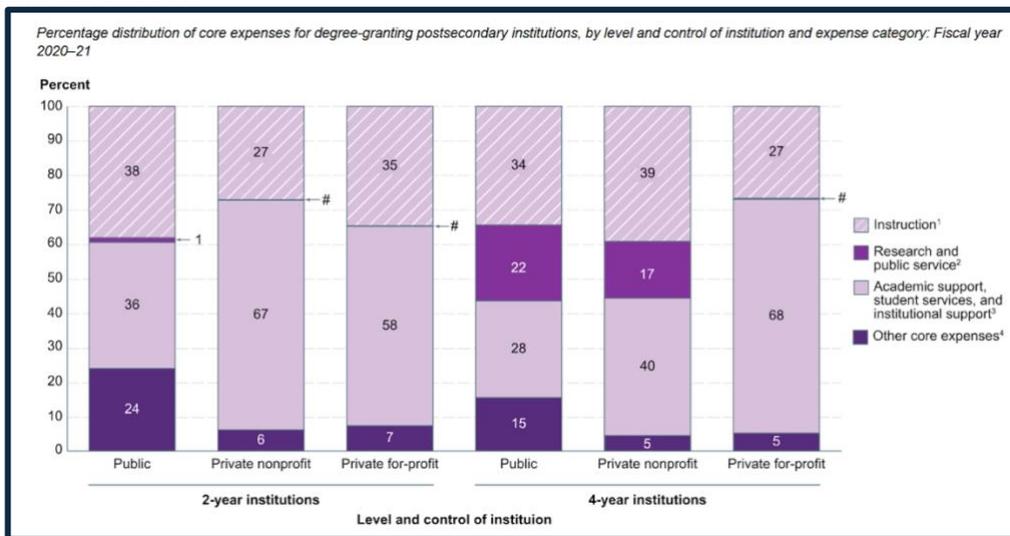
The administration wants to front load budget cuts to “get ahead of the game.” However, given that we currently have the least amount of time to strategically plan (most of these plans are due in January), it is unclear why the 7% is being advanced first and whether it is truly necessary.

3. Reduced investment in instruction; increased administrative bloat

Thank you to UCMFA members who shared information from the National Center for Education Statistics regarding typical expenditures in instruction, research, and other academic activities for universities across the country.

As the chart and table below show, a public campus like ours usually spends about 34% of its budget on instruction and a campus of our size unusually has an administrative:instructional cost ratio of .16-.17. However, we only spend 17% of our budget on instruction—the the lowest percentage on the whole UC system (undergraduate-degree-granting) at 17% (compare to Berkeley at 33%, Riverside at 30%, or Santa Cruz at 26%) and have an estimated administrative:instructional cost ratio of approximately .33—meaning we have a much higher relative percentage of our budget going to administration (about double the median ratio).

Cutting the budget equally across areas does not fix this current budget issue and will further imperil our educational mission. Keeping the instructional budget the same while decreasing spending on administration would make us more aligned with other UCs and national entities.



Four-Year Public Undergraduate Institutions
Median Administrative/Instructional Cost Ratio, FY 2015

CARNEGIE CLASSIFICATION	ENROLLMENT		
	Small	Medium	Large
Baccalaureate Colleges: Arts & Sciences	0.39	0.33	0.27
Master's Colleges & Universities: Small Programs	0.34	0.34	0.29
Master's Colleges & Universities: Medium Programs	0.28	0.24	0.22
Master's Colleges & Universities: Larger Programs	0.24	0.23	0.21
Doctoral Universities: Moderate Research Activity	0.24	0.21	0.20
Doctoral Universities: Higher Research Activity	0.23	0.19	0.20
Doctoral Universities: Highest Research Activity	0.19	0.16	0.17

Source: U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics.
Note: Institutions included are Title IV-participating, primarily baccalaureate degree-granting or above. Enrollment is based on estimated FTE undergraduate enrollment. Small/medium/large designations are determined by a tertile (equal 1/3) distribution of institutions, ordered by enrollment, within the Carnegie classification indicated. For more information, see Appendix.

ican Council of Trustees and Alumni ([controlling-administrative-costs.pdf](#) ([proacta.org](#)))

4. Limited faculty input and illusory transparency...again

The Senate's Committee on Academic Planning and Resource Allocation (CAPRA), the divisional council, and all senate faculty received the news of the cuts at the same time, indicating a lack of consultation with the faculty. Unfortunately, this type of decision-making has been all too common. It also reflects a "late" decision on the part of the administration, further casting concern about pushing for the 7% cut this year.

We have major concerns that these cuts are a significant disinvestment in the academic mission of the campus and know they will have negative impacts on the quality of instruction and resources needed to support faculty research, with major implications for faculty workloads. In the coming years, faculty will be asked to help meet the UCOP MOU benchmarks—maintaining research productivity, instructional quality, and increasing enrollment—despite significant cuts. The cuts will hobble our ability to meet the benchmarks and do our jobs effectively. Doing less with less does not produce more.

Additionally, the financial "transparency" town hall was opaque and failed to serve as a true town hall. The slides offered selective, sometimes misleading information, often leaving out major parts of the budget. We found that we had to go to system-wide budget reports to find *true* and *useful* numbers for UCM, some of which contradict the messages delivered in the town hall. Second, the moderators ignored most questions submitted by attendees, answering only selectively. Further, as they have done since the early town halls, they disabled the ability for audience members to see what others were asking or to see who else was attending. We believe this opacity is a strategic attempt to mollify stakeholders while continuing to leave us entirely out of the financial planning process.

A Short Budget Primer

(From the [Town Hall](#), [2023-2024 Budget Report](#), and [2024-2025 budget](#) report from [UCOP](#))

Budget:

Most of the university's budget goes to:

- Academic Affairs (the provost's office, faculty salaries, instructional budgets, TAS, school budgets; 40.91%)
 - Of the Academic Affairs Budget:
 - ~32% SSHA
 - 149 senate faculty members; Data from 23-24: 97 lecturers, 142 TAs
 - ~ 25% SNS
 - 105 senate faculty members; Data from 23-24: 39 lecturers, 57 TAs
 - ~20% SOE
 - 83 senate faculty members; Data from 23-24: 14 lecturers, 84 TAs
- Physical Operations Planning and Development (POPD; Facilities, Construction, Police, Sustainability; 11.59%)
- Student Affairs (Dean of students, clubs/orgs, student services, student government; 10.25%)

Most of the money *everywhere* goes to personnel (~60% of the campus budget):

- Academic salaries/wages/benefits (~38% of the "personnel" budget)
- Non-Academic salaries/wages/benefits (~62% of the "personnel" budget)
 - We estimate [campus leadership](#) ($n = 22$) salaries cost the university ~\$7 million annually
 - Some 2024 administrator base salaries:
 - Chancellor Munoz: \$628,104
 - CFO Schnier: \$411,893
 - EVC/VP Dumont: \$425,165
 - Deans:
 - SSHA, Arriola: \$350,000
 - SNS (Interim), Findlater: \$315,700
 - SOE, Goel: \$379,000
 - Graduate, Hratchian: \$314,000
 - Undergraduate, Bergerson: \$265,000

Revenue:

Most of the money for our budget comes from:

- The state (~55%)
- Tuition (~22%)

Budget Planning:

Budget planning right now is for next year, starting in July 2026 (will be called FY2027). Last year's 5% cuts started affecting us in July.