

UNIVERSITIES COPING UNDER STRICT BUDGET RESTRAINTS (1) DOING MORE WITH LESS AT SONOMA STATE UNIVERSITY

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Abstract

The California State University (California State University, n.d.) exists to provide higher education to all in California who desire it. Through numerous outreach and preparation programs, the CSU works to encourage more citizens to participate in higher education. It works to extend social equity through promoting the education of society. It is a goal of the CSU to create social equity in California through its educational mission and a concept applicable to the internal operations of the university. Issues of accountability are also required to be satisfied internally and externally. As the budget and political conditions change, the university must change to accommodate new aspects of its mission. Lately, it has been required to fulfill its mission and requirements with less money, even while a larger population seeks to attend. Principles of increasing efficiency, productivity, and accountability have become important in order to function with the changing political and economic conditions that are coincident with calls for increased accountability for public institutions.

Background

The California State University's history can be traced to 1857 with the founding of the Weekly Normal School in San Francisco, an institution for training elementary school teachers. The Normal School was moved to San Jose in 1871 and eventually became San Jose State University, the oldest campus of the CSU system (Public Affairs Division, California State University, n. d.). For the next hundred years the system grew to from the 23 campuses of the CSU. According to the Chancellor's Office, the CSU is the largest and most diverse system in the United States (California State University, 2004, March 22). Among the seven points of the mission of the CSU adopted in 1985 are :

- To provide opportunities for individuals to develop intellectually, personally, and professionally.
- To prepare significant numbers of educated, responsible people to contribute to California's schools, economy, culture, and future.

- To encourage and provide access to an excellent education to all who are prepared for and wish to participate in collegiate study

(The Mission)

The CSU is recognized as a critical component of the economy ; the Chancellor's office estimates that college graduates earn nearly twice as much as in their lifetime as people with only high school educations, which makes universities critical to economic expansion and tax income for the government, but still the *California Performance Review* quotes the Senate Office of Research : " California invests nearly \$12 billion in higher education but has no mechanism to gauge the return on the investment, " and comments that " California lacks an over-arching accountability structure for higher education. " (California Performance Review, 2004, August 20) The increases in accountability, record keeping and statistical analysis imposed on the system to date are evidently not sufficient for the authors of the Review. We may expect additional measures in the future to satisfy policymakers.

Our government has accepted the challenge of advancing social equity in society. The CSU is concerned with social equity in external and internal perspectives. It is an instrument of the state for promoting social equity through the Jeffersonian philosophy of creating an educated electorate, particularly to segments of the population that would otherwise not be able to afford a college education, and promoting education to individuals who might not otherwise participate. Internally, the CSU and its campuses advance social equity through equal opportunity employment provisions and a dedication to promoting diversity.

Beginning in the early 1990s, government has responded to pressure to become smaller, leaner, get more done with less, charge less taxes, and improve performance and efficiency. Trends and policies exemplified by " Reinventing government " and *The California Performance Review* have been toward making efforts along the lines of accommodating the insistence the government has become too large, and unresponsive to citizens needs. The country and California have continued to grow, adding citizens who require the same level of services from government. Technology has changed, and with it the nature of the services that can be offered and the expense of offering them.

Data

Information for my study was provided by Letitia Coate, University Controller, and Richard Marker, Senior Director of Facilities Services, who described changes in their departments that were undertaken to accommodate new trends in public service, regulations and budget crises. The Sonoma State University and California State University websites and the 2002 CSU Chancellor's Office Statistical Abstract were useful, as well as *The California Performance Review* and census data from the US Census Bureau, which is also available online.

Doing More With Less in the University

The Sonoma State University Administration and Finance Division, of which the Financial Services Department is an element, has a simple mission statement : " The mission of the Division of Administration & Finance is to provide services to support the University's educational process. " This statement is followed by a 19 point " Service through Synergy " philosophy. Each of the 19 points are concrete objectives and ideals, including " Our work must be cost-effective and efficient, " " Our Division will encourage personal and professional growth, " and " We acknowledge, celebrate, and promote diversity. " (Administration and Finance Division, Sonoma State University, 2004, June 14) They represent attainable goals and characteristics that can be applied to any situation, and conditions within the division suggest that the philosophy has been successfully adopted.

The Financial Services department has changed tremendously in the last 12 years with the implementation of new policies rooted in the trend towards increasing accountability and performance in the public sector. In 1995, as a measure to increase efficiency Financial Services began performing many services including accounting and purchasing for the Academic Foundation and Sonoma State Enterprises, two of the University's four auxiliaries. The auxiliaries are organized as separate corporations with their own boards and management. The Academic Foundation supports the University by accepting and managing financial gifts and scholarships, and Enterprises supports the University by operating the housing, dining, and retail sales operations on campus. 19 Foundation and Enterprise employees who performed these functions were transferred to Financial Services, and integrated into the existing workforce of 30 people. Many of the tasks for the university and auxiliaries are now shared through the department, so

that individuals perform tasks for the University and the auxiliaries “ seamlessly. ” For example, one person in Financial Services coordinates the inventories of equipment used and owned by the university and the auxiliaries. Financial Services began performing the accounting tasks of the Sonoma Student Union and Associated Students, the University’s other two auxiliaries which are also separate corporations, not long after assuming those tasks for the Foundation and Enterprises. Sonoma State is the only campus in the CSU system with an integrated financial services department that provides comprehensive financial reporting, purchasing, accounts payable, grant and contract administration, inventory coordination, investment management, accounts receivable, and financial system training support to the university and all of its auxiliaries. The result is tremendous advances in efficiency for the campus organizations. (Letitia Coate, Controller, Sonoma State University, personal communication, November 3, 2004.)

There have been other major changes for the Financial Services department. As measures to insure accountability and performance in the public sector have increased, the tasks of reporting and audit processes placed on the department have increased. In Fiscal year 1991/1992 and prior years, an annual State year-end financial report and a biennial Financial Integrity and State Manager’s Accountability Act (FISMA) audit was conducted. The imposition of increasing levels of reporting and accountability, which include new requirements to produce additional reports in a form complying with the Generally Accepted Accounting Principles have increased the reporting and audit burden to 12 annual reports ; 5 GAAP year end reports, one State year end report, Two Chancellors Office year end reports, (FIRMS) and 4 FIRMS quarterly reports for a total of 12 external financial reports yearly. Fourteen audits are accommodated on a biennial basis by financial Services.

Financial services gained 19 employees through the process of taking up the accounting processes of the auxiliaries, but in more recent months has had a reduction in workforce because some retired workers have not been replaced, and there are also fewer student workers helping the staff. As a measure of efficiency and performance, the University Controller points out that total expenditures grew from 53 to 196 million dollars between 1992 and 2002 while the department grew from 30 to 49 people ; \$1.77 million of expenditures per employee were managed in 1992 with 30 employees, and \$4 million per employee was conducted in 2002. The period included large construction projects like new housing for 700 students, a major

campus telecommunication infrastructure upgrade, and a new student recreation center building. Although productivity is difficult to measure in this case, it is clear that the department is doing more activity with fewer people. The controller comments that Sonoma State also performs well in the audit processes, consistently with fewer findings than other universities; suggesting a high quality of work.

Other departments have also made concessions to the changing political environment and budget crisis. In 1999, the State Legislature passed Assembly Bill AB75, which required recycling measures to be implemented and reported at State facilities so that waste would be reduced by 25% in 2002, and 50% by 2004. (State Agency) Richard Marker (personal communication, November 3, 2004), Senior Director of Facilities Services at Sonoma State, refers to SSU's quick attainment of 68% waste reduction in 2002. Comparative reports generated on the State Integrated Waste Disposal website (California Integrated Waste Management Board, 2004, August 18) suggest that Sonoma State has lead the CSU in effective recycling.

The facilities department has made changes and concessions to become more efficient and cut costs during the recent budget crisis. The campus irrigation system has been changed to use less expensive reclaimed water for landscaping irrigation, and some maintenance matters on campus have been deferred until the budget improves. The housekeeping staff has been reduced by about 50%, to 22 people, making the ratio of custodians to square feet of building area more than 40,000. The industrial standard for custodial staffing is 17,000 square feet per custodian. The reduction in custodian staffing was accomplished through attrition. The SSU President and senior management made a commitment to their permanent full-time employees that layoffs would not be used as a solution to the budget crisis. The facilities department is investigating the possibility of cogeneration of electricity and heat as well as other innovative solutions to meeting the campus needs and saving money (Richard Marker, personal communication, November 3, 2004).

Through the waves of calls for public sector reform, reduced budgets and increased operating requirements, these two departments at Sonoma State appear to perform much better than what is required of them. The University's financial needs are fulfilled, and the campus is maintained in a safe and attractive condition.

Personnel Policies at Sonoma State

Most Sonoma State employees are much more secure in their positions than workers in the private sector. Most are included in collective bargaining agreements, covered by comprehensive medical, dental and vision insurance, accrue sick and vacation time off, enjoy nearly innumerable holidays throughout the year, and have options to participate in optional life insurance and investment plans. Fee waiver programs are available for employees who wish to continue their education. Employees in many departments are privileged to work alternative work schedules. The compensation and benefits provided are typical of the innovative programs in public service that are referred to in the current literature. Some of the benefits other than financial ones significantly increase the quality of life of the employees.

A measure of the success of the University's personnel policies and compensation program might be that Financial Services and Facilities have the benefit of individuals with long periods of employment on campus. Many staff members have worked at the university for ten or more years, and some have 20 years experience. People with long periods of employment have developed proficiency in their own positions, and awareness of other functions and factors affecting their own work and others'. In Financial services very proficient accountants are aware of myriad financial processes, and in facilities, long serving tradesmen know details of construction projects that eases the maintenance of the campus. The ability of these departments to attract and retain their skilled and productive employees must be credited to the favorable working conditions created by the State, CSU, Campus leadership, and the management of the two departments.

Letitia Coate (personal communication, November 3, 2004), the University Controller, is proud that her department produces superior reports and consistently receives few audit findings. She credits the good performance to efficiency, good tools, including PeopleSoft, which makes much of the financial reporting easier than previous applications, and she comments that the talent of her employees and their ability to work as a team is the key to the departments' success.

Diversity in the Sonoma State work force

According to the CSU Chancellor's office, the CSU is the most diverse university system in

the U. S. (California State University, 2004, March 22). Sonoma State University appears to be a diverse workplace. The U. S. Census Bureau reports that Sonoma County, at 81% Caucasian in 2000, is less racially diverse than California, with 59% Caucasian (US Census Bureau, 2004, July 29). Sonoma State has a diversity statement which reads :

Diversity Vision Statement

We at Sonoma State University strive to create a campus climate in which the will to build trust among people-and groups of people-is widely shared, and opportunities for enhancing diversity and a sense of community are encouraged and supported. We stand committed to fostering and sustaining a pluralistic, inclusive environment that empowers all members of the campus community to achieve their highest potential without fear of prejudice or discrimination.

We strive to build an exemplary educational community characterized by :

an intellectual environment that is both challenging and nurturing,

- encouragement and support for curriculum and pedagogy dedicated to diversity issues,
- a commitment to social justice and equality,
- a respect for human diversity,
- and a genuine appreciation of how the many differences among us enrich a liberal arts and sciences university.

We encourage every member of our university community to embrace the underlying values of this vision, and to demonstrate a strong commitment to supporting, retaining, and attracting students, faculty, and staff who reflect the diversity of our larger society.

(Sonoma State University, 2003, May 5).

Although I could not find social demographic information for the SSU employees, the Office of the Chancellor of the CSU publishes system-wide demographics in its *Statistical Abstract*. In 1990, the Chancellor's office reported that 74 % of the CSU workforce was white, while 69% of the State's population was white. In 2000, 67% of CSU workers were White, while the percentage of whites in the State population had dropped to 59% (CSU Office of the Chancellor, 2002). The trend within the CSU may be following the State demographics, with a delay caused by the rate of workforce attrition. The ratio of females in CSU employment has also

shown an increase, from 47% in 1990 to 51% in 2000, close to the gender ratio in the State population. Although I could not find ethnicity or gender demographic information for Sonoma State, my count of 14 male employees in the Financial Services department indicates a distinct majority of females in that office, while the Facilities Department appears to have a distinct preponderance of male trades workers. The workforce in these departments may be representative of general trends in society with respect to gender, leaving us with only a weak inference that efforts to increase the diversity of the workforce are effective, or that attrition rates and an apparent dwindling of the size of the workforce may make it very difficult to quantitatively assess diversity in the workplace. At a deeper level, racial background and gender, the characteristics observed in these measurements, may reveal only a portion of the true diversity of a group and it may be impossible to produce meaningful measures of the characteristic.

Conclusion

Several reports have focused on the difficulty of measuring performance and efficiency in education and human service fields. A 1996 RAND report described the CSU and its master plan flatteringly by commenting : " Perhaps more than any other state's higher education system, this system embodies the legacy of the Jeffersonian-based land grant model. " (Shires, 1996), but the report continued to comment that the access goals were not realistic given the financial and demographic trends measurable at the time. The current budget crisis has brought the issue to the forefront of attention. Despite years of operation and increases in the financial accounting and reporting requirements and other needs of operating the campus such as maintenance and waste disposal that campuses are required to perform, there is no " standard accountability structure " for universities, as the California Performance review quotes a CSU Sacramento study (California Performance Review, 2004, August 20). Several analyses describe a need for a standardized evaluation and accountability system for universities. A system that provides a measure of administrative responsibility and organizational effectiveness and efficiency, incorporating a measure of the education outcomes and other benefits that the universities provide might be an improvement over what appears to be a " patchwork " of reporting and auditing processes.

If the many outreach programs intended to attract young people to attend college and the in-

creased economic potential of the graduates and the Universities' compliance with a multitude of operational requirements is not sufficient measurement of the effectiveness of the university it might be a case to apply a different level of assessment, as is contemplated by Aldo A. Benini (1997) in Disasters, for analysis of humanitarian relief operations. Benini wrote : " it is not control, but trust, that can substitute for certainty. " There is more to the output of the university than learning facts, figures, techniques and communication, but citizenship and other qualities that are difficult to observe or quantify.

Sonoma State University and the California State University system value diversity, and maintain an environment that promotes diversity as a quality that strengthens the organization. The trend in the workforce and student demographics is towards increased demographic diversity.

The current requirements of the Sonoma State University administrators appear to be met and exceeded by the Financial Services and Facilities departments, a great achievement in the current economic conditions. Financial Services has maintained a skilled group of employees that has successfully absorbed four companies into its aegis while accommodating waves of increased scrutiny of the public sector that have resulted in increased accounting responsibilities, and a reduced staff. Facilities Services has managed to maintain a safe, comfortable and attractive campus while its staff has become smaller and the campus has continued to grow.

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