

## **Research and Service Organization (RSO) Workgroup Report To the University Budget Committee (UBC)**

The following is a brief report repeating the context and recommendations of the Research and Service Organization (RSO) Workgroup presentation given on November 19 2020, to the University Budget Committee.

### **Setting**

#### **RSO Workgroup Charge**

The charge to the RSO Workgroup was:

“During this time of unprecedented budget challenge, San Francisco State’s costs are under review.

The Research Service Organizations (RSO) Workgroup is charged with reviewing the current costs and budget models governing RSOs in light of the university’s current budget cuts, reviewing RSOs’ (or equivalent centers’) budget practices on peer campuses, and developing recommendations for revising San Francisco State’s RSO budget practices in ways that would deliver significant cost savings in an expeditious timeframe.

By the end of November 2020, the Workgroup is asked to present multiple scenarios for consideration and discussion by the UBC, which will deliver its recommendations to the President.”

#### **RSO Workgroup Members**

The Workgroup was comprised of five members. Michael Scott (Associate Vice President for Research) served as a consultant to the Workgroup.

- Andrew Carrillo, President, Associated Students
- Ian Dunham, Faculty, Management Department
- Sylvia Piao, University Controller
- Gitanjali Shahani, Chair, Department of English
- Genie Stowers, Faculty, School of Public Affairs and Civic Engagement (Workgroup Convenor)

#### **Process**

The Workgroup had a little over two months to complete its task. As can be seen in the charge, our tasks had to be completed by the end of November; Thanksgiving break further reduced the time horizon. The Workgroup aimed to present its initial report at the November 19<sup>th</sup> meeting of the University Budget Committee. To complete its work, the Workgroup:

- Reviewed RSO policies of SF State and other CSUs
- Split up RSOs into non self-sustaining and sustaining and met with panels of each of them over three meetings
- Reviewed materials on SF State RSOs, including their costs and revenues
- Met to review what we learned and develop recommendations

The deans of each of the RSOs were invited to attend these meetings. As there was not enough time for individual meetings with all the deans, we sought input from the deans as to how best to receive their input. Their suggestion was to have them put their input into writing and send it to us. We followed their suggestion, giving them over three weeks to put together their feedback.

### **Working Principles**

The Workgroup began by identifying working principles. After hearing from the RSO directors about their organizations' activities, it became clear that all RSOs contribute to the richness of our intellectual and scholarly life at SF State.

However, it was also clear that the University is currently in a fiscal crisis that affects everyone. Workgroup members believed all parts of the University should contribute to solutions to this crisis. RSOs are no more or less responsible for solving our fiscal crisis than other units in the University.

Workgroup members also believed that, given the extreme variability of the RSOs and their funding structures, and the short time frame available to this Work Group, it was not appropriate for the Work Group to recommend specific cuts in specific RSOs.

### **Observations**

After identifying those principles, we also made some more general observations.

- The existing policy is an SF State policy based upon CSU policies and guidelines; only slight updates have been made recently. It lacks requirements for specific funding structures or self-sustainability.
- Extreme differences in funding structures and the degree of funding from the General Fund exist across RSOs at SF State.
- The SF State RSO policy context is very different from those at a majority of other CSUs. (Of those CSUs where policies could be identified, eighty percent of the other CSU policies had requirements for self-sufficiency.)

### **Recommendations**

The Workgroup is making a series of recommendations for changes/additions to University policies and practices.

## General Recommendations

The existing RSO policy is at [https://research.sfsu.edu/rso\\_policy](https://research.sfsu.edu/rso_policy)

- *The policy should be updated to incorporate requirements for stronger financial reviews and financial sustainability.*
- *Periodic reports of actual costs and revenues need to be made to RSOs from ORSP so that all parties are operating on the same information.*
- *A University policy needs to be developed to provide policies and practices for all non-1600 Holloway campuses: the use of General Funds to cover costs there and the responsibilities of students taking classes at these other sites would be two important topics.*

## Recommendations for Existing RSOs

For existing RSOs, we recommend the following:

- *Existing RSOs must have a plan within six months to become self-sustaining. Self-sustaining is defined as no additional use of University General Funds for release time, salary, benefits, student employment, and/or other expenses except for space. Please note this definition, as there has been some discussion about this. The Workgroup does not believe the RSOs should be responsible for their space expenses (i.e., rent).*
- *Move all non-salary expenses, including student employment, to external funding over time.*
- *Existing RSOs must become self-sustaining within three years; extension, exemptions, or exceptions may be approved by the President.*
- *Reviews of RSOs should more clearly focus on self-sufficiency in a way that includes release time, salary, benefits, student employment, and/or other expenses.*
- *If self-sufficiency is not accomplished, the RSO must report to the President to explain their status, and the President may grant an extension, exemption, or exception (see above).*

## Recommendations for New RSOs

For new RSOs, we recommend the following:

- *Often, faculty want to create a center or institute (RSO) to accomplish specific aims. They should be encouraged to consider other possibilities besides Research and Service Organizations (RSOs), these very specific and resource-intense types of organizations.*
- *When starting up an RSO, any proposals for initial seed funding from the General Fund and a realistic timeline for financial self-sustainability should be incorporated into the initial proposal. This portion*

of the proposal would need to be approved by the jurisdictional administrator prior to the overall approval of an RSO.

- No more than three years should be allowed for a new RSO to become financially self-sustaining.

### Recommendations for Cost Savings

#### Macro Enrollment and Budget Scenarios

The Workgroup identified scenarios based on two critical factors facing the University: Enrollment and Budget Situation. The resulting four scenarios range from Scenario 1 (Most Optimistic) if both the enrollment and the funding picture improves to Scenario 4 (Most Dire), occurring if both enrollments and funding get worse. We also note the two biggest variables under Budget Situation at this time are CA State funding and any additional CARES funding; any increases in tuition due to increased enrollments are covered in the other critical factor, Enrollment. The other two scenarios (Scenario 2 and Scenario 3) are both middle ground scenarios that would exist if either enrollments or funding improves.

<b>Enrollment / Budget</b>	<b>Budget Situation Remains the Same or Worsens</b>	<b>Budget Situation Improves (more CARES funding or increased State funding)</b>
<b>Enrollment Numbers Remain the Same or Worsen</b>	<i>Scenario 4-Most Dire</i> More cuts will be needed from every unit on campus	<i>Scenario 3-Middle Ground Budget Improvement</i> Some cuts will still be needed
<b>Enrollment Numbers and/or Retention Rates Improve</b>	<i>Scenario 2-Middle Ground Enrollment Improvement</i> Some cuts will still be needed	<i>Scenario 1-Most Optimistic</i> Fewer fiscal reductions will be required

### Potential Budget Decisions and Outcomes Dependent on Larger Environment of Macro Enrollment and Budget Scenarios

Based upon these scenarios, the Workgroup then makes the following cost savings scenarios. Once the scenario has been identified and a target set for cost savings (i.e., 2.5%, 5% cuts), we believe the RSOs themselves should develop their own recommendations for cost savings within the target and report them to their jurisdictional administrator.

The cost savings targets we recommend are:

*Scenario 1-Most Optimistic*

- RSOs receiving General Fund monies should make decisions on how and where to cut 2.5% of their budget and forward those decisions to their VP.

*Scenario 2-Middle Ground Enrollment Improvement / Scenario 3- Middle Ground Budget Improvement*

- RSOs receiving General Fund monies should make decisions on how and where to cut 5% of their budget and forward those decisions to their VP.

*Scenario 4-Most Dire Recommendations*

- RSOs receiving General Fund monies should make decisions on how and where to cut 10-15% of their budget and forward those decisions to their VP.

We end by repeating our conviction that the RSOs at SF State provides important richness to our campus. But the campus is being faced with a severe budget crisis to which everyone must respond.