

RECOMMENDATIONS FROM THE RECESSION RESPONSE AND PLANNING TASK GROUP

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INTRODUCTION

The present moment at St. Lawrence University represents an intersection of institutional imperatives and external realities. In many ways, our University has never been stronger. While assessments of individual offerings vary, certainly, the academic programs we now maintain are flourishing: the First Year Program grounds a St. Lawrence education; inquiry and exploration characterize the intervening path to a major (or majors) with study abroad and awareness of diversity integral components too; majors are accomplished with zeal and the sharp focus brought by the Senior Year Experience and other independent student work. The quality of our students is at an all-time high and those students are well-satisfied by all that the University offers them; when they do have difficulties, we work with them in ways that are largely effective and sensible. At the same time, St. Lawrence has nearly completed a period of growth and renovation of the physical plant, a period of construction that has resulted in greatly improved campus infrastructure and environment. Such is the University which welcomed William L. Fox as its 18th President last July. Even in the best of times, the arrival of a new president offers a chance for introspection and a call for a new direction. But these are not the best of times. Like every other institution of higher learning in America, the current recession—arguably the worst downturn in the economy since the Great Depression—has presented St. Lawrence with the unanticipated challenge of a significant and undeniable shortfall in revenue. This problem, primarily generated by the fall in the value of the University's endowment and exacerbated by our debt load, leaves us with limited financial flexibility. Although our position is better than many other postsecondary institutions, including those whose national ranking is much higher than ours, we are still facing a significant gap in our operating budget, with a projected deficit of approximately \$5 million per year for the next several years.

The Recession Response and Planning Task Group (RRPTG) was charged with investigating the best means for achieving financial equilibrium in the next several years. Our task necessitated an awareness of the delicate balance between exercising fiscal responsibility and maintaining our current much-improved institutional position. While we all recognize that the education of our undergraduate students is at the core of our mission, we have nevertheless spent our time scrutinizing all programs and operations with an eye toward budget reduction. We did this work guided by a shared sense of essential values and the possibility of new opportunities. Ultimately, we understand that this undertaking must be one of shared sacrifice by *all* members of the St. Lawrence community across the University.

PROCESS

Beginning on August 31, 2009, the RRPTG met as a group for several hours each week during the semester. We divided the time available to complete our task into three stages. Stage one was our fact-finding stage. We began our process by educating ourselves about the finances, budget, and organizational structure of the University, which included meeting with the Vice President for Finance and reviewing many budgetary and organizational documents of the University. We also investigated, and watched closely throughout the semester, how other academic institutions

most like ourselves were dealing with their own projected budget deficits. We broadened our fact finding by meeting with all other University Vice Presidents and the Co-CIOs for Information Technology, asking them broad questions about possible reductions in their budgets, about crucial areas, functions or programs, and about possible revenue enhancements. The RRPTG also invited selected members of the campus community to meet with the entire task group. The invitees were generally directors of programs/divisions, and the areas included Athletics, Dining and Conference Services, Facilities Operations, the First Year Program, Human Resources, International and Intercultural Education, the Library, and University Communications. Several task group members attended a Faculty Council meeting and others attended a Thelmo meeting. Working with the RRPTG, the Dean of Academic Affairs collected reports from academic departments and programs that described the consequences of a number of different budget-tightening scenarios in Academic Affairs. Other division heads were asked similar questions of their program managers and reported their answers to the RRPTG.

In the second stage of our process, we sponsored open forums for administrative staff, faculty, students and union staff employees. Our goal was to provide the opportunity for members of the RRPTG to hear from a wide range of people across the campus community. We wanted to educate the community about the financial situation and to engage in a discussion of how we can improve as an institution and move forward as a community even as we make the difficult decisions necessary to achieve a more financially sustainable position. We also solicited feedback and ideas from the community through email and received many useful responses.

The goal of stage three of the process was to formulate recommendations to give to the President. We began this stage with reflection, discussion, debate, and closer examination of ideas for cost saving and revenue enhancements that emerged from our two previous stages. Members of the RRPTG formed subgroups assigned to areas or ideas we wanted to examine more closely. These subgroups reviewed documents and when necessary met with faculty and staff members for clarification and more input. The entire RRPTG then reviewed the subgroups' work and decided which recommendations to include in our report.

Throughout this process the members of the RRPTG have kept an open mind, have been willing to listen to all voices, have debated among ourselves cordially and with respect, and have maintained confidentiality, which was crucial for protection of those who provided us with information and for open discussion within our group. We would like to thank members of the University community who have provided the RRPTG with an enormous amount of information about the institution and those who have taken the time to seriously engage with us and help us with this important task.

SPECIFIC RECOMMENDATIONS

In this document, we make specific cost savings recommendations of at least \$3.6 million across the institution for 2010-2011. Most of the cost savings will continue after that year, but a few reductions are temporary. We also make a number of recommendations for which cost savings were too difficult or uncertain for us to estimate specific amounts. Finally, we provide a number of recommendations for revenue enhancement for which dollar estimates are not provided.

While time did not allow for a detailed analysis of major structural elements at the University, we strongly recommend that such an analysis be a key part of the development of the University's strategic plan. We expect that increased efficiency and cost savings could result from this analysis and could be captured in the next few years.

Below we enumerate and provide some detail on our cost saving recommendations across different areas of the institution as well as revenue enhancement ideas. Recommendations of the RRPTG are provided below in bold print, followed by discussion, some details and, where appropriate, issues for clarification or further consideration.

Salaries, Wages, Benefits, and Staffing

The RRPTG recommends suspending the current faculty salary policy for one year, 2010-2011, and freezing salaries and wages across the University. The resulting savings with this freeze would be approximately \$900,000. Further, we recommend that the last year of the current salary policy for faculty and administrative staff be implemented in FY 2011-2012.

Wages, salaries and benefits represent the largest share of the University's operating budget and in order to make substantial inroads in our budget deficit, sacrifice must be made in these areas. Across the country, employees of universities and businesses and government agencies are facing salary freezes or salary cuts. Given last year's increases in salaries and wages and given what we have found other academic institutions are doing, we believe that this temporary suspension of our salary policy and other salary freezes will not set us back relative to our comparison groups.

Given the uncertain economic climate, we are not comfortable recommending any particular salary policy (increases or decreases) beyond 2011-2012. This cautious approach also provides time for affected groups to negotiate a new salary policy.

Another option supported by the task group is to set the University contribution to TIAA/CREF and Fidelity at 8 percent, 8 percent, 9 percent, and 10 percent for the next four years, respectively. The savings from this alternative amounts to \$740,000 for the first year. Ideally, either the salary freeze or the retirement contribution reduction should be implemented, but not both.

If both the salary freeze and the reduction in retirement contribution are implemented, the total cost savings recommended in this report would be \$4.5 million.

As of January 2009, we were at the median of the percent institutional retirement contribution according to HEDS Starting Salary Survey data from the Director of Institutional Research. Our own research has shown that a number of other schools are temporarily or permanently reducing the University share. We also recommend that the reduction be a temporary measure with full recovery by no later than the 4th year.

The RRPTG supports negotiations with the three unions representing clerical, facilities, dining services, security and other union employees at St. Lawrence University that are necessary in order to implement our recommendations regarding salaries, wages, and benefits.

The majority of the RRPTG recommends a 2 percent cut to senior staff salaries.

Supporters of this recommendation see this as an issue of leadership, good will, and shared sacrifice. In addition, there is some support for the idea of a similar-sized pay cut for the entire highest paid groups at the University (including faculty). Funds captured from this cut could be linked to a small pay increase for the lowest-paid employees, tangibly recognizing the hardships that such employees may encounter without pay raises.

The members of the RRPTG supported the newly-implemented change to the health care plan, wherein singles contribute a 10 percent share toward the plan.

To help control future increases in our health benefit premiums and the overall University cost, the RRPTG recommends a strong effort be made to educate faculty and staff employees about the fact that we self-insure for our workers' compensation and health care (with POMCO serving as plan administrator). Along with this, the expense, benefits and viability of a wellness and work safety educational and marketing program should be studied.

In reviewing cost-cutting measures implemented at other institutions across the nation, the RRPTG has found that many turn to immediate, significant reductions in staff. Although we have not recommended such an extreme course of action, we do believe we must reevaluate our current staffing structure with an eye toward making strategic reductions. Therefore, we recommend that each division carefully examine its staffing structure with the goal of saving an additional \$500,000 in total.

We strongly recommend that each division head perform immediate and rigorous analysis of staffing and organizational structure within the division, identifying low performing positions and nonessential or redundant workload or positions. We recommend that these analyses be performed in partnership with Human Resources with the purpose of identifying productivity improvements through reduction in force. In addition, we recommend creating a taskforce to specifically review the possibilities for clerical consolidation across campus, given the dramatic change in accessible technology. Ultimately a reduction in force must take place through some combination of natural attrition, position elimination and termination, and retirements.

Departments and programs across the University must either begin or continue to make efforts to reduce overtime pay, to study potential changes in employees' schedules (e.g., 12 month to 11 month), and to carefully examine the need for positions once they become vacant.

We recommend the University institute a streamlined, consistent and rigorous annual performance review process with oversight from Human Resources.

It has become clear through our campus conversations that 360 reviews and annual performance reviews are not being done or are inconsistently conducted across divisions. We are losing opportunities to provide effective feedback and professional development for employees, to assess the distribution of workload, and to improve operations.

Facilities Operations and Dining and Conference Services

The RRPTG recommends accepting the reductions proposed by the Vice President for Administrative Operations to the Facilities Operations and Dining Services budgets. These reductions constitute a 5 percent savings in each area.

Facilities Operations:

Proposed savings in Facilities Operations occur in three areas: a) reduction in force (permanent staff and student workers); b) across the board reduction in expendables; d) in-sourcing. These savings total \$442,000.

From the beginning of this fiscal year Facilities Operations has had three permanent staff positions become vacant; these have not been filled. The recommendation is to eliminate those positions—two custodial positions and one grounds position. The student worker budget will be reduced, particularly in the summer, in three areas: custodial, grounds, and skilled trades.

Facilities Operations will reduce expendables purchases across the board, but specifically in the accounts that they feel will least affect the University. This area of reduction would include such changes as replacing annuals with perennials on the campus grounds.

Facilities Operations plans to perform in-house more skilled trades work that is now performed by outside contractors (possibly resulting in the completion of fewer campus projects), thus reducing expenditures in total.

We also recommend that after the completion of the energy audit, Facilities Operations pursue an agreement with the flex-tech consultants who will address the energy-saving, carbon-reducing changes identified in the audit. We favor the plan in which the consultants will accept as payment the initial cost savings so that needed energy-saving changes are implemented as soon as possible. Finally, we recommend more efficient energy usage of certain buildings during off-hours.

Dining Services:

The RRPTG would like to note that Dining Services volumes have increased significantly over the past eight or nine years with nearly negligible increases in staffing. Any number of statistics demonstrates that Dining Services has been producing more with less year after year. From 2002-03 to this past year, 2008-09, annual customers served increased from 545,000 per year to 964,000, while full time staff only increased from 53 to 56 staff.

Dining Services has proposed the following plans for savings, which will amount to approximately \$350,000.

A significant area of reduction will be that of temporary staff hours in Dana especially, but also in the North Star Café and in catering.

Overall, Dining Services will decrease food and supplies costs by \$67,000 annually. They believe that can be done without noticeable reductions in quality. Dining Services will also make cost saving changes to the menus that do not significantly affect the quality or breadth of offerings.

The hours of operation will be reduced in Dana Dining Hall and the Northstar Café. In Dana Dining Hall hours of operation will be reduced by 0.5 hour daily at lunch and dinner (closing at 1:30 and 7:30 respectively). This reduction will save a significant amount by decreasing temporary staff hours. Northstar Café will close at midnight on Friday and Saturday nights (Pub 56 is open at those times).

Another cost-saving measure includes the plan to offer only lunch service during Summerterm I, although students will be able to use their CWA to purchase food in the Northstar Café and many other places in the community.

Athletics

The RRPTG recommends that the Athletics Director and her top staff be asked to identify cost savings totaling approximately \$300,000, or 5 percent of the Athletics Department budget. Although we imagine that some portion of this amount can be generated by revenue enhancement ideas (see “Revenue” section), we expect that such cuts will require staffing and program reductions. We do not support charging employees to attend hockey games, football games or to join the Fitness Center because it would not only lower morale but would also penalize our lower-paid staff members the most.

The RRPTG spent time investigating the growth of staffing in Athletics as well as budgetary issues surrounding travel, out-of-season training and competition, number of contests, viability of varsity athletic teams, and other areas. Members agree that a strong and vibrant athletics program is core to the SLU experience and plays a significant role in our ability to attract a strong applicant pool. However, we believe that the Athletics Department can also reduce its budget in line with other key areas of the institution without severely reducing its strength and vibrancy. The cuts are necessary due to our current financial crisis and also follow our plan of

reaching financial equilibrium through shared sacrifice. Possible areas discussed as a means to achieving this 5 percent savings include cutting travel costs, reducing the number of contests, reducing uniform/equipment costs, and reducing staffing/coaches.

We recommend the President convene a meeting of the Liberty League schools to discuss potential changes to league practices such as number of contests, off-season practices/contests, and financial aid and admissions policies for athletes.

Student Life

The RRPTG recommends a broad range of reductions in the Student Life budget totaling approximately \$266,000 in savings. We recommend reductions in the following areas: Career Services, Residence Life, Security, entertainment, Student Activities, orientation, and support staff in International Student Services.

We also recommend a review and assessment of student volunteerism programs to achieve greater efficiencies and recommend eliminating the Alcohol EDU program.

The division of Student Life has proposed the following actions.

Career Services will reduce peer staff and expendables. International Student Services will reduce support staff. Residence Life will reduce student staff, programming, training and travel. Security will reduce staff, supplies and other expendables. Student Activities will reduce programs, entertainment, leadership training, travel and student wages.

Budget reductions in the areas of orientation and the Wellness Initiative include reducing printing costs, entertainment and clothing purchases, eliminating Alcohol EDU after 2010-2011 (already contracted for 2010) and reducing programming expenses.

Information Technology

The RRPTG recommends reductions or elimination of services to IT totaling approximately \$190,000. In addition, we strongly recommend a moratorium on purchasing new technology in conjunction with ongoing scrutiny of the University's essential technological needs.

The task group had considerable discussion of the question of charging students for cable access in their rooms, a service now provided without additional charge. Some members frame this as an issue of commitment to academic seriousness and shared sacrifice, while other members perceive this change as an example of "nickel and diming." Members in favor argued that cable access be provided in lounges, leaving individual students with the choice to pay for cable or not. This change in services would yield close to \$67,000 annually.

Additional savings from IT would be drawn from a variety of sources: the reduction of overtime pay and professional development, reductions in monies spent on parts and repair, software costs, and consulting. In addition, we recommend that the University move to the Exchange Calendar program from Meeting Maker—a shift that would represent a significant savings.

Potential additional savings might be found in redistributing underutilized equipment to locations in need and in increasing in-sourcing of production duplication. We also strongly recommend reevaluating the University cell phone policy.

University Advancement

With the difficulties we face in fundraising directly related to the economic downturn, the RRPTG is hesitant to recommend cuts to University Advancement. We encourage the Vice President for University Advancement to carefully analyze all aspects of the operation to look for savings that will not significantly undermine the division's ability to achieve its goals.

To ensure that future building projects do not adversely affect the operating budget, we recommend that, in addition to the fundraising goal for the building itself, on-going maintenance is endowed as well. These projects would have to be addressed on a formal case-by-case basis, with a final decision resting with the President and Senior Staff.

The RRPTG recommends an immediate reduction of \$62,000 in University Communications, along with continued careful review of the University's print versus web-based publications, a review which includes examining decisions about volume and production costs.

We recommend that this department move forward with its exploration of the idea of using electronic hometown news distribution to eliminate \$5,000 in print costs and to work toward reducing or eliminating the number of print mailings sent to parents by replacing these mailings with electronic communications. Although we have no estimate on savings, we encourage use of the NY Six consortium to reduce printing costs and save on bulk ordering with other institutions. We recognize the cost savings already implemented this year by University Communications, including saving \$5,000 through eliminating a newspaper-clipping service; saving \$10,000 by having students purchase their own regalia in lieu of University rentals; saving \$3,000 by making the Student Handbook a web publication; and saving \$4,600 by making the Larry available on-line instead of in print.

Other specific cost-saving measures to be implemented in this area include making permanent the publication of the Report of Appreciation in an on-line format only and printing Admissions publications in-state.

Academic Affairs

The RRPTG recommends reductions to the Academic Affairs budget totaling \$637,000. The largest single savings involves a major reduction in visiting faculty members. Other recommendations include reductions to the SYE and FYP, a reconstitution of the Center for Teaching and Learning, and examination of other programs.

Members of the RRPTG are certainly aware that, given current sabbatical and FYP leave policies, some visiting faculty members will continue to be required. However, we believe that closer scrutiny of visiting requests needs to be made by the Staffing Committee and Dean of Academic Affairs as well as long range, in-depth planning by departments of their course offerings, major requirements, and sabbatical/leave scheduling. Without question, we have already been making sacrifices in this area, but further accommodations—across the college—will need to be made.

The majority of the task group recommends that compensation for the supervision of independent Senior Year Experiences (SYE) needs to be eliminated altogether or limited to Senior Honors theses. Another idea is to raise the requirement for compensation from four SYEs to six. We recommend a full discussion of these options by the faculty.

The majority of the task group recommends that the costs associated with the FYP leave policy be reexamined and that the program again be evaluated. Our discussions confirmed that the costs associated with this policy are difficult to quantify. They vary widely from year-to-year depending on who opts for a leave, whether that person is replaced or not, and how many adjuncts are hired. We have determined a possible savings of at least \$100,000 here. These savings would be easiest to implement if the FYP were changed from 1.5 units to 1.0 unit, thus eliminating the need for overload pay.

It has become apparent that our academic programs have grown at an unsustainable rate without adequate evaluation. We charge the Dean of Academic Affairs with immediately convening a task group (of faculty and administrators) to review and evaluate all academic programs. We also recommend that the Dean of Academic Affairs require a formal multi-year cost analysis of all proposals for new programs, including grant proposals. Specific areas of concern are noted below. These might yield savings, but they are difficult to estimate.

- The Dean of Academic Affairs must examine our current program offerings and implement cost savings measures. We need to recognize that some offerings and programs require elimination.
- St. Lawrence's abroad programs should be critically examined for viability and efficiency. Conversely, but not in contradiction, the RRPTG recommends that our abroad programs be examined to see if they might handle increased enrollments—helping to alleviate overcrowding on campus—while others may be considered for closing.

In addition, we recommend that the programming and secretarial responsibilities of the Center for Teaching and Learning be returned to the Associate Dean for Faculty Affairs' office and that the existing space be reclaimed by Residence Life for additional student housing.

We also recommend that the area studies' coordinators duties and compensation, the budgets, and the number of area studies programs be reevaluated; that one gallery exhibit per year be eliminated; and that the faculty travel budget be reduced by another 10 percent.

We also acknowledge the 5 percent operating budget reductions that Owen D. Young Library staff is working to achieve.

Recommendations for Revenue Enhancement

University Endowment:

The majority of the RRPTG recommends the University investigate the impacts of raising the percent spent from the endowment for one year, 2010-2011, from 5.5 percent to 6 percent.

Along with the temporary increase in endowment spending, we support measures being considered to further smooth the formula for determining endowment spending.

Admissions and Financial Aid:

We do not recommend dramatically changing our discount rate or our admissions priorities for the purpose of generating additional net student revenues.

We do not believe the University's net revenues should be increased through lowering the discount rate substantially and abandoning our core commitments and priorities that were expressed by faculty and staff throughout our investigations – commitments to enrolling qualified international students, students of color, and students from diverse economic backgrounds, many of whom require substantial financial aid. However, we recommend reducing the number of aided international students and the number of athletic grants-in-aid awarded. Additionally, we affirm that the University should continue to abide by NCAA policy in providing no financial aid preference to Division III athletes..

We recommend the University pursue innovative ways to expand the number of students admitted to the University, including expanding off-campus programs and expanding recruitment of veterans to take advantage of the new GI Bill.

We believe there is room for expansion of the student body that will not negatively impact important statistics (student-faculty ratio and average class size). However, housing additional students on campus remains an issue.

Increasing the number of cost-effective off-campus programs can lead to more students studying abroad each year, which frees up rooms on campus. We also strongly support off-campus study as a valuable educational experience for students and consistent with our mission.

Given the recently expanded GI Bill, we recommend revisiting the recruitment of veterans or dependents of military personnel. It is another opportunity to add diversity to our student body (racial, ethnic, socioeconomic, and age/experience), and will have little impact on our housing problem since most, if not all, of the non-traditional students would live off-campus.

Usage of Campus Facilities and University Resources:

We recommend that the University expand use of its physical assets and human resources during the summer months. Specific recommendations include: increasing the number of students studying/researching on campus during the summer; expanding summer camp options; hosting more conferences and programs (which can also be a year-round goal); and hosting alumni tours/programs led by faculty members.

We feel that the University is underutilized during the summer, and Summerterm would be more cost effective if changes to course offerings or programs were made to encourage more students to participate (e.g., requiring each student to participate once in either an abroad program or internship or summer fellowship or Summerterm). We support creative ideas for summer camps including August camps (with students as counselors) in arts, theatre, dance, and science. The Dean of Admissions and Financial Aid emphasized the importance of a busy, vibrant campus in the summer when family visits are highest.

A possibility to generate off campus summer revenue is to offer faculty-led alumni tours/programs that could utilize our existing facilities in Kenya and/or London.

We recommend the University study additional ideas for revenue enhancement (including specific ideas below) and that the University continue to encourage discussion of creative alternative uses of campus resources.

Some other ideas for revenue enhancement are:

- an on-line gear shop for St. Lawrence logo team apparel;
- an MCAT preparation course;
- alternative uses for campus spaces, such as an ice-cream and frozen yogurt shop instead of the Faculty-Staff Dining Room and a coffee shop in the Library;
- strategic marketing of Dana at non-peak hours to the local community and to groups visiting campus;
- more aggressive marketing of the Brewer Bookstore or changes to the discount policy for employees;
- selling of student photos taken on campus to parents and selling the calendar given to donors to non-donors.

CONCLUSION

The table below summarizes the estimates of the approximate cost savings from the specific recommendations included in this report. As indicated earlier, the RRPTG recommends choosing either the salary freeze or the reduction in retirement contribution but not both. Note that for some cost savings recommendations made in the report and our revenue-enhancement recommendations, the task group was not able to make reliable estimates of the dollar amounts involved. Also note that these numbers only measure the savings for fiscal year 2010-2011.

Summary of Cost Saving Recommendations	
Salary freeze OR Reduction in retirement contribution	\$900,000 OR \$740,000
Singles health care contribution	\$144,000
Staffing	\$500,000
Facilities Operations	\$442,000
Dining and Conference Services	\$350,000
Athletics	\$300,000
Student Life	\$266,000
Information Technology	\$190,000
University Communications (Advancement)	\$62,000
Academic Affairs	\$637,000

In striving to achieve financial equilibrium, our priorities have been on carefully choosing cost savings recommendations that we feel do not significantly harm the long term health of the University and do not cut too deeply into areas that are core to our student-focused mission and have been key to our recent success. We recognize that our recommendations require a shared sacrifice by all members of the University community. However, we firmly believe that our recommendations will generate opportunities for St. Lawrence to become a more efficient and more focused academic institution, enabling us to provide the best possible undergraduate experience for our students at this crucial turning point in the world of higher education.