

# Cutback Management for Academic Programs in Colleges of Agriculture<sup>1</sup>



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## Abstract

The National Conference of State Legislatures reported 43 states experienced revenue shortfalls in 2001, with half considering budget cuts in 2002. Agricultural colleges experienced major budget cuts approximately every decade over the past thirty years because of national recessions. Policy objectives of this paper are 1) to clarify cutback management with respect to simple budget reductions versus downsizing; 2) to outline a conceptual process for downsizing in agricultural colleges; and 3) to appraise downsizing approaches for agricultural academic programs.

Cutback distinctions between simple budget reductions versus downsizing are first discussed. Downsizing options are next analyzed in the context of consolidating, downsizing, or eliminating programs. Downsizing relationships between teaching, research, and extension are clarified.

Downsizing is next discussed in its various facets. The conceptual basis identifies major underlying considerations. College leadership needs for downsizing are detailed, and how they differ from conventional leadership. A proposed downsizing process for colleges/units, including likely participants, is presented. Major downsizing mistakes are enumerated.

Downsizing approaches for agricultural academic programs are appraised. Major programmatic/administrative actions associated with downsizing are listed and evaluated.

## Cutback Management for Academic Programs in Colleges of Agriculture

The National Conference of State Legislatures reported in the Fall of 2001 that 43 states experienced revenue shortfalls, and half were considering budget cuts in 2002 (Yerdef, 2002). Given the state of the economy, budget situations may be even worse in 2003. Cutting budgets is nothing new to agricultural colleges. They experienced major budget cuts approximately every decade over the past 30-40 years

because of national recessions. Additional budget cuts have been incurred during years when major tax crusaders influenced state legislative agendas, or when legislators became dis-enamored with higher education. The end result has always been the same: sharp reductions which require immediate attention from college administrators.

“Cutback” management is the antithesis of growth management for administrators and faculty, and is poorly understood. Literature, case studies and data on cutback management for agricultural colleges are almost nonexistent probably because of political sensitivities associated with downsizing. Consequently, any policy analysis of downsizing must be based on related literature, individual faculty/administrative experience, and interactions with other institution representatives. Policy objectives of this paper are: 1) to clarify cutback management with respect to simple budget reductions versus downsizing; 2) to outline a conceptual process for downsizing in agricultural colleges; and 3) to appraise downsizing approaches for agricultural academic programs.

## Cutback Management

The impacts of revenue shortfalls upon agricultural colleges may vary from simple budget reductions handled within a fiscal year, to downsizing options which permanently reduce the number and/or scale of programs. “Simple budget reductions” are typically handled within a given fiscal year by instituting such measures as reduced operating budgets, reduced faculty/staff travel, a position freeze, or the postponement/deferment of maintenance. With such actions, a college anticipates revenues will return to their former levels, or that the college can live with the budget actions taken.

Depending upon the magnitude of short-term budget reductions, other options may sometimes be pursued such as utilizing carry-over funds, indirect

<sup>1</sup> The comments and suggestions of Jimmy Cheek and Jane Luzar are gratefully acknowledged. General readings on cutback management, include Behn, 1980 & 1986; Mercer, 1992; Savage and Schwartz, 1998; and Whetton and Cameron, 1994.

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cost recovery from contracts and grants, "rainy day" accounts, and more fully utilizing revolving accounts, contracts and grants, or gifts and contributions. If the budget cut is severe enough for a particular year, an institution may possibly institute faculty/staff furloughs (usually on a university basis with state approval).

"Simple budget reductions" may be insufficient when state mandated budget cuts are extremely large, when budget cuts have been incurred for several years, or when budget cuts are incurred in conjunction with relatively high inflation rates. In these instances, programs cannot be sustained at current levels. Hence, a "downsizing" of programs is needed (Table 1). Existing programs must be consolidated, downsized, or eliminated to meet current or reduced budget restraints. This may necessitate a reduction in faculty/support staff size to a new "equilibrium" level, and/or a reduction in the total operating budget. Failure to undertake such action can result in a college placing itself in a tenuous position in attempting to maintain existing programs, because of the lack of funds for replacement faculty and operating/maintenance needs

Table 1. "Downsizing" Options for Agricultural Colleges<sup>z</sup>

1. Consolidate/downsize/eliminate departments, campus programs/centers, off-campus centers/farms/camps.
2. Reduce faculty/support staff through attrition, or program consolidation/downsizing/elimination.
3. Reduce total college operating budget.
4. Sale/privatize selected products and services (publications, conferences, off-campus courses, 4-H camps, etc.).
5. Utilize university/state "buy-out" or early retirement programs.
6. Shift faculty to nine-month appointments.
7. Seek increased private sector support and gifts for equipment, buildings, endowed chairs, etc.
8. Shift faculty "startup" costs to indirect cost recovery, salary savings, and royalty income.
9. Seek cooperative, interstate teaching/research/extension programming.

<sup>z</sup>(not intended as an exhaustive list)

A historical indicator of the state of a college budget often mentioned by administrators is the percentage of the college budget in salaries. The historical, oral rule-of-thumb is that agricultural colleges should have 80 percent or less of their budget in salaries. As the percentage of salaries approaches the 85-90 percent level, the need for downsizing becomes increasingly evident because of the stress on operating/maintenance funds.

Table 2. Conceptual Basis for Downsizing Agricultural Colleges

- A) Must shrink organization while keeping it functional, effective, and relevant.<sup>z</sup>
- B) Must meet fiscal year deadlines in balancing budgets<sup>z</sup>
- C) All faculty/staff interested in how downsizing handled<sup>z</sup>
- D) Must mobilize intra-university/external support for proposed downsizing.
- E) Different leadership needs and processes typically required.

<sup>z</sup>(Behn, 1980)

As indicated in Table 1, additional options may also be pursued in a "downsizing" process (items 4-9). These are less commonly used, but may be utilized in some circumstances (based on the author's experience and interactions with other agricultural administrators). The imposition of such budgetary measures often constitutes a departure from existing college budget policies.

With academic downsizing, not all programs are necessarily subject to consolidation, downsizing, or elimination. Some programs may actually increase in scope and importance, and some new programs may also be instituted. In order to do this, other programs must have appropriate downsizing adjustments.

The relationships of academic program downsizing to research and extension downsizing must be understood. The downsizing approach to each program area is similar: programs need to be analyzed in terms of their importance, and the total program portfolio for each area needs to be reduced. If faculty/staff numbers must be reduced, it must typically be done in concert with research and extension because of the nature of faculty split appointments. There typically may be some differences among teaching, research and extension as to the amount of personnel shrinkage needed and in what departments/units it should occur. Some negotiation between these administrators may consequently be required.

Cutback management is thus concerned with the balancing of the academic program portfolio with its needed financial support base. "Simple budget reductions" in a given year may be handled with short-term budgeting techniques with no major adjustments in academic programs. If the revenue reductions become sufficiently large to necessitate some long-term adjustments in operating budgets, some downsizing in the number and/or scale of academic programs will be necessitated. Finally, very large revenue reductions may require a downsizing in faculty/staff size in order to maintain acceptable unit operating/maintenance budgets. In this instance, academic programs must work in concert with research and extension in downsizing personnel and its academic program portfolio.

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### Downsizing Process

The downsizing process can be very threatening to faculty, staff and external constituencies (even when properly implemented by administration). Hence, it is very important

that faculty and staff (as well as administration) understand the conceptual basis, leadership needs, and process for conducting downsizing.

**Conceptual Basis**

With academic downsizing, administrators must be concerned with keeping an organization functional, effective, and relevant while shrinking it (Table 2). While some functions and programs may be downsized or eliminated, the resulting academic program of the college must continue to function reasonably well. Administrators/faculty must also deal with fiscal year deadlines in balancing budgets. Hence, shrinkage must occur within specific periods of time.

All faculty/staff will typically be interested in how downsizing is handled because their particular interests are at stake. Hence, it is necessary to mobilize support for downsizing within the unit, the university, and with external constituencies. To accomplish this, different leadership needs and processes typically are required.

**Leadership Needs**

College administrators must first recognize the need to move from transactional leadership to transformational leadership which involves greater program innovation and risk taking (Table 3). For a classic distinction of these leadership forms, see Burns (1978). They must develop a process for administrators/faculty interaction in developing the future academic program portfolio, the likely budget constraints, and the paths whereby this new portfolio come into being. Transformational leadership with respect to new/revised programs is infrequently used by agricultural administrators, because of the inherent risks and difficulties in relating to internal and external constituencies.

Administrators also need to move to more centralized leadership and decision making in order to initiate the necessary changes in downsizing (Behn, 1980). Although this may not be appreciated by faculty, few individuals or entities within the college will voluntarily eliminate, downsize, or consolidate their programs. Subsequently, this leadership must come from college-level and department administrators. However, support and ideas must be sought from faculty and staff in bringing about necessary changes. Consequently, administrators will have to considerably expand communications with college faculty and staff, as well as with external clientele and groups in bringing about downsizing changes.

**Process**

A suggested process for downsizing is detailed in Table 4 (based on the author's experience and interactions with other agricultural college administrators). The first step in this process is for administration to comprehend the nature of the budget cuts, dates, state/university guidelines and options for dealing with them. Various university and state budget officials may have to be consulted. It may often require some time to reach a full understanding of the nature of the cuts, and the potential state/university options which are administratively and politically acceptable.

The second step in downsizing is to formulate the internal and external processes for bringing about change. These processes may vary considerably between agricultural colleges, depending upon existing institutions and working relationships between administration and the faculty, and with external constituencies. Existing dialogue institutions may be used, or internal/external task forces may be employed in working through downsizing (Connor and Cheek, 2000). Political sensitivities must specifically be considered, particularly with off-campus centers and influential commodity groups. If not somehow consulted in the downsizing process, key clients and state legislatures may be extremely vindictive when their constituents' interests are threatened.

The third step involves an appropriate faculty/administrative process for receiving suggestions and formulating downsizing plans. The final plans must always be viewed as tentative inasmuch as political pressures may force some modifications over time. The plans need to specify what is to be downsized/merged/combined, the

**Table 4. Downsizing Process for Agricultural Colleges**

1. Administrative comprehension of budget cuts, dates, state/university guidelines and options, and political sensitivities.
2. Formulate internal and external processes to be utilized.
3. Receive suggestions and formulate plan(s).<sup>z</sup>
4. Seek intra-university/college/external reactions to plan.
5. Implement final plan(s).
6. Evaluation and feedback.

<sup>z</sup> (Connor and Cheek, 2000)

**Table 3. Leadership Needs for Downsizing Agricultural Colleges**

1. Greater need for transformational leadership as opposed to transactional leadership.
2. More centralized leadership/decision making required.<sup>z</sup>
3. Expanded communication with faculty/staff and external clientele/groups

<sup>z</sup> (Behn, 1980)

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resulting program portfolio, and appropriate personnel and budget actions needed to move to a new "budget equilibrium."

The next two steps involve seeking intra-university/college/external reactions to the plan, making any changes, and implementing it. Implementation is usually one of the most difficult steps in downsizing. (Many historical college/department plans never were completely implemented!) It is only then that constituents realize the full seriousness of the budget situation, and the necessity to take action. Finally, some evaluation and feedback needs to be subsequently done so that future downsizing efforts may be better handled the next time such a necessity occurs.

Cutback management is often complicated by diverse teaching, research, and extension budgeting systems. Output or performance budgeting is sometimes used by teaching (funding by generated student credit hours). Input budgeting may be more likely used by research or extension (support staff and operating funding per faculty FTE). Programmatic budgeting may be used by all programs to reflect different funding needs between the social, biological, and physical sciences. Incremental

is not sufficiently downsizing, thereby decimating unit operating/maintenance budgets. A third mistake is downsizing through personnel attrition with no regard to programmatic and staffing priorities. Personnel vacancies seldom occur in just low priority areas. A fourth mistake is across the board budget cuts. All units/programs are not of equal importance. The fifth mistake is inadequate consultation with external constituencies, thereby impacting political and budget support. The final mistake is not specifying the programmatic impacts of large budget cuts in personnel and operating budgets. This masks the impacts of downsizing, and provides inadequate feedback to faculty and external constituents.

## Implications for Academic Programs

Downsizing approaches for academic programs can be drawn from the previous sections (Table 5). Items 1-2 may coincide with similar efforts in research and extension: analyzing the relative importance of individual programs, and identifying downsizing areas. The academic program portfolio may have to be shrunken to meet reduced "equilibrium" staffing and budget levels in concert with research and extension, using some of the approaches in Table 5.

Academic programs need to be first analyzed in the context of the demand for graduates, state/national importance, potential student numbers/credit hours, and relationships to other campus programs. With these criteria, some programs will usually be more important than others. At the University of Florida, the administration recently made the decision to discontinue all poultry programs. In their judgment, this commodity had a lower Animal Science importance than beef cattle, dairy, and equine, based upon contributions to the state economy, student output, potential for achieving national recognition, etc.

Items 4-11 in Table 5 indicate additional approaches for downsizing academic programs. These are discussed in turn:

A) With declining budgets, it may be difficult to sustain a program portfolio dominated by low enrollment, traditional majors. The state or university may elect to eliminate low enrollment majors of some duration. This may force some movement to more generic, interdisciplinary, market-based majors such as agribusiness, human resource development, plant science, plant medicine, natural resource

**Table 5. Downsizing Approaches for Academic Programs in Colleges of Agriculture.**

1. Analyze programs in context of demand for graduates, state/national importance, potential student numbers/credit hours, and relationships to other campus programs.
2. Reduce program portfolio (majors, minors, specializations, and courses) through consolidation/downsizing/elimination.
3. May reduce faculty/staff (in concert with R&E because of split appointments) because of increased percent of budget in salaries.
4. Analyze feasibility of replacing some traditional department majors with more generic, interdisciplinary, market-based majors such as agribusiness, human resource development, plant science, plant medicine, natural resource management, animal biology.
5. Substitute capital (technology) for labor (faculty/TA's) for large courses and distance education.
6. Scrutinize class size, frequency and scheduling of course offerings for possible efficiencies.
7. Give more emphasis to a limited number of service courses which attract non-majors.
8. Support/assist faculty in seeking contracts/grants for graduate students to compensate for decreased AES assistantships.
9. Move to centralized advising for large enrollment undergraduate majors.
10. Seek interstate program cooperation through specialization and distance education.
11. Develop guidelines for faculty teaching appointments.
12. Make decisions on international/U.S. graduate student and graduate assistant/post doctorate size and mix.
13. Reward productive departments/majors through performance based budgeting, such as funding by student credit hours generated.

budgeting is often used from year-to-year by adding to or subtracting from base budgets. However, different budgeting systems must be reconciled in cutback management and in downsizing.

## Major Downsizing Mistakes

Perhaps the major mistake in downsizing is improper/inadequate attention to programmatic priorities, which impacts the quantity and value of future college outputs. A second downsizing mistake

management, packaging, or animal biology. These majors are typically more interdisciplinary and may require more administration. They may be justified if the potential student numbers/credit hours are higher and they serve the state and potential employers.

B) Capital, in the form of new technology, may be substituted over time for labor for large enrollment courses, and for the provision of courses out-state with distance education technology. The introduction of new technology may be more capital-intensive, but may also cut down on the total faculty/staff time required and/or generate additional revenues.

C) The frequency, class size, and scheduling of individual course offerings need to be scrutinized for possible efficiencies. For example, a large class may be offered one term in place of the same class being offered three times per year thereby saving valuable faculty time.

D) With declining budgets, intra-university competition may be expected to grow with respect to generating student credit hours and budget support. Hence, more attention may be given to a limited number of service courses which attract non-majors and serve as an appropriate recruiting vehicle.

E) With declining budgets, Experiment Station research assistantships may decline since this is a relatively flexible expense item. Consequently, contracts and grants will need to be expanded to maintain graduate numbers at anywhere near current levels. Thus, it will be necessary to encourage, support, and assist faculty in seeking external financial support.

F) With large enrollment undergraduate majors, advising costs can be reduced through moving to a central advising system, utilizing an appropriate administrative professional. This may save considerable faculty time, and be a good advising system if faculty are still involved in career counseling and periodically meet with students.

G) With declining budgets, there are increased incentives for seeking interstate program cooperation through specialization and distance education activities. For example, Florida may choose to counsel students to attend the University of Georgia if they are interested in poultry science. Alternatively, Florida may depend upon Georgia faculty to provide appropriate poultry service courses through distance education technology.

H) Because faculty may be subject to increased demands with downsizing, it is necessary to have guidelines for faculty teaching appointments. What constitutes a full time undergraduate advising load? What percentage of a faculty appointment should be associated with teaching one course? Of course, guidelines are subject to appropriate interpretation by department chairs.

I) Some explicit decisions must be made with graduate programs. What programs can achieve national prominence? How many graduate students can a reduced faculty appropriately handle? What is the appropriate mix of U.S./international graduate students and graduate assistants/post doctorates? U.S. graduates heavily impact a unit's national reputation, whereas international students influence its international image. Post doctorates are excellent contributors to a unit's research program, but are more expensive and may contribute less to the unit's national standing than graduate research assistants.

J) If not already the case, some shift to performance based budgeting should be considered such as funding by student credit hours generated. Productive departments/majors must be appropriately supported for the quantity/quality of their outputs.

## Summary

Academic programs in colleges of agriculture are periodically subjected to budget cuts. Often, they are not of a magnitude so as to require severe adjustments in personnel and the college teaching program portfolio. However, they can be sufficiently large so as to necessitate appropriate program, personnel, and budget downsizing in order to maintain functional, effective, and relevant programs in the longer-run. At best, downsizing is a difficult activity to be undertaken. In order to be successful, administrators and faculty need to understand the conceptual basis, leadership needs, downsizing processes, and programmatic options in order to effectively work through needed changes. Academic programs will likely prosper over time for those colleges/units which have the capacity to adjust to both growth and downsizing circumstances. Research on academic program downsizing is needed. Hopefully, this article will stimulate additional policy analysis, case studies, and data collection.

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