

The Regents of the University of California

COMMITTEE ON LONG RANGE PLANNING

March 18, 2008

The Committee on Long Range Planning met on the above date at UCSF–Mission Bay Community Center, San Francisco.

Members present: Regents Allen, Brewer, Bugay, Dynes, Kozberg, and Schilling; Advisory member Brown

In attendance: Regents Garamendi, Lozano, Ruiz, and Varner, Regents-designate Scorza and Shewmake, Faculty Representative Croughan, Staff Advisors Brewer and Johansen, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Provost Hume, Executive Vice Presidents Darling and Lapp, Vice Presidents Broome, Lenz, and Sakaki, Chancellors Blumenthal, Fox, and Vanderhoef, and Recording Secretary Bryan

The meeting convened at 1:55 p.m. with Committee Chair Schilling presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of January 15, 2008 were approved.

2. ISSUES AND OPPORTUNITIES FOR ACHIEVING UNIVERSITY PRIORITIES

Committee Chair Schilling recalled that the Regents' Committee on Long Range Planning is considering what strategic priorities the University needs to advance in order to retain its competitive advantage into the 21st century, and specifically the tradeoffs that any investments will entail. She had requested that Provost Hume assemble a panel of campus leaders to engage in an interactive conversation with the Committee so that Committee members may be informed about how campuses use different, often restricted, fund sources to meet their specific strategic objectives. The aim is to help ensure that the Regents gain a practical understanding of budget operation and, accordingly, the prospects for Universitywide strategic initiatives, and that the Regents' strategic priorities are framed at a level appropriate for a system that values campus differentiation as well as coordinated action.

The panel was introduced by Provost Hume, who oriented the session with reference to the University's long-range goals and to the difficult FY 2008/09 budget decisions that must be framed by them. The panel included Nathan Brostrom, Vice Chancellor–Administration, Berkeley campus; Meredith Michaels, Vice Chancellor–Planning and Budget, Santa Cruz campus, and Executive Vice Chancellor/Provost Michael Gottfredson, Irvine campus, who introduced the discussion of how priorities are managed on the campuses in light of resource

scarcity and how the work of the campuses interacts with that of the Regents and the President in University planning and investment priorities.

Mr. Gottfredson addressed issues related to the fund sources available, how they are used, and the constraints on those fund sources. He began by discussing the student-faculty ratio as a budgeting device that can be used as a method of interacting with the State and generating academic resources for the University. The University negotiates with the State to set the ratio and determine State sources to support it. The ratio is also used as a rough indicator of academic quality by rating agencies. It varies substantially by discipline, and it is larger in the lower division than in the upper.

Mr. Gottfredson focused on the marginal cost of instruction at the Irvine campus. The campus receives from the State marginal cost of instruction dollars associated with each student enrollment. It also receives a return to the campus of some student fees. To those two categories are added the remaining student fees, resulting in a specific unit of money associated with every 18.7 students added to the campus. On the Irvine campus in recent years, that unit has been about \$225,000. The campus spends that amount on adding faculty and their support, graduate students and their support, maintaining libraries, and similar needs.

Focusing on that one source – increased students on that funded ratio and the money received for them – the combination represents a faculty unit, which is a faculty person who can be hired with that amount of money. On the Irvine campus, it is translated into an Assistant Professor, Step III On-Scale. The cost of that level of professor varies, depending on discipline, from \$60,000 to \$80,000. Benefits cost about \$100,000 per faculty unit. Still to be paid for are graduate support, teaching assistants, lecture funding, staffing, and library costs. For example, if the campus hired an Engineering faculty member and allocated one FTE teaching assistant divided into two half-time assistants, it would have used about \$150,000, leaving the balance for all other support costs of the University for that instruction. As a consequence, the campus is hiring fewer faculty and the support provided for them is dwindling, and the faculty it does hire are more costly. At the same time, retention of current faculty must be funded to the extent possible. There has been a deterioration in the student-faculty ratio when that ratio is defined as filled rather than budgeted faculty positions.

In response to a question asked by Committee Chair Schilling, Mr. Gottfredson reported that one student-faculty ratio is referred to as the “budgeted” ratio. Another student-faculty ratio is the “filled” ratio. The difference between the budgeted and the filled is the resources required to populate the filled and to provide the other support services for instruction and research. The State funding is based on the budgeted ratio.

In response to a question asked by Regent Brewer, Vice Chancellor Michaels reported that the ratio as a budget number that the State uses is adjusted annually. There is an assumption built into the formula, however, that all new faculty will be hired at the level of Assistant

Professor III. She reported that on the Santa Cruz campus the reality is that an average 75 percent to 80 percent are hired at that level, with the others being hired as Associates or full Professors. Regent Brewer observed that when the Regents discuss the student-faculty ratio, they are perceiving it as the filled student-faculty ratio and that if the State thinks it is funding at a ratio of 18.7 and that is the University's goal, it does not come close to meeting what is needed.

Mr. Gottfredson noted that the University hires only the highest qualified faculty, which puts it directly in competition with the best research universities in the world. Adhering to that quality standard inhibits the University from filling the budgeted student-faculty ratio to the most desirable level. Mr. Gottfredson agreed that the amount of money has deteriorated over time. Mr. Brostrom added that competition from private institutions over the last ten years has exacerbated the problem. The surge in their endowment growth has tripled.

In response to a question asked by Regent Bugay, Vice Chancellor Brostrom noted that the 18.7 figure is a general ratio for the main campuses. For health sciences and schools of medicine the budgeted ratio is 3.1 for training doctors and 8.1 for training nurses. There are two general salary schedules for the main campuses: the business, engineering, and economics hire rate, and then the balance. The ratio is smaller in laboratory sciences fields such as engineering and biology. In the non-laboratory fields it can be twice as much. Regent Bugay asked how it compares to benchmarks at comparable universities. Committee Chair Schilling believed that within the Ivy League it was about 8.1; UC is among the highest of the comparable public universities. Noting that the average ratio varies to such a degree, she believed some other measurement should be found for use as a measure of the quality of the education. Mr. Gottfredson reported that the University uses the student-faculty ratio as a proxy to measure quality only to a degree; student and alumni satisfaction, persistence rates, and similar measures are what are mainly used.

Faculty Representative Brown noted that the positive outcomes are not independent of the resources that an institution is able to invest in educational quality. The student-faculty ratio metric is an indication of that lack of resources. Mr. Gottfredson pointed to additional measures which have been going in the wrong direction. The academic staff-faculty ratio on the Irvine campus has declined by about one-third over the last decade, and because of the pressure to keep up with faculty salaries to ensure that the quality of the instruction and research do not slip, the staff ratio has deteriorated. The student-staff ratio has declined for the same reason. Because of these difficulties and because the campuses are making tradeoffs daily, it is most helpful to them to have resources that are fungible to the greatest extent possible.

Vice Chancellor Michaels displayed a chart showing the many fund sources, including State funds, student fees, and general funds, including non-State tuition, that form the University's core support. The other sources – private funds and research funds – are not fungible. At the Santa Cruz campus, only about 50 percent of all dollars are available to support the core academic program. The campus may get funding on a formula that is to cover the faculty,

but it does not get funds directly to support, for example, police, fire, internal audit, security, and other necessary activities. For student affairs, most of the UC Santa Cruz budget is comprised of fees collected through room and board rates and from restricted, campus-based fees that students have assessed themselves through a referendum process.

Vice Chancellor Brostrom reported that, at the Berkeley campus, the percentage of funds to support the core academic program is even smaller. Of its \$1.7 billion budget, only 27 percent came from State General Funds last year. It is a myth that State support in real dollars has been declining. Over 30 years, adjusted for inflation the amount is nearly the same. The number of students, faculty, and staff has grown, so the contribution has declined on a per capita basis, but in real dollars it is the same. State support and endowments keep UC Berkeley competitive for top graduates and faculty, but in ten years that will not be the case. The University must have sufficient fungible revenue sources and increasingly sophisticated debt and asset management methods to maintain a competitive advantage against comparable private institutions.

Regent Garamendi complimented the panel for its work on long range planning. He emphasized the importance of reporting not only how much money is needed for each University priority but of presenting an argument to back each request. The student-faculty ratio is of no interest to the general public. It must be made clear what the University must be equipped to accomplish in order for its contributions to fit into the State's goals for its future with respect to the economy and social justice. A rational argument must be presented to the public, and soon. Provost Hume informed him that there is a messaging effort well under way which he intended to discuss when he presented the budget the following day.

Regent Bugay agreed with Regent Garamendi's assessment. He emphasized that it was important also to acknowledge the growth of the endowments of comparable private institutions and move the University's model closer to that of its competitors. The importance of the University's contributions must be reaffirmed in the hearts and minds of Californians.

Regent Brewer noted that the graduate student ratio is fundamental to the quality of research and teaching. She commented that there must be other fundamental measures and that these must be measured and monitored in order to illustrate the University's position. Vice Chancellor Michaels responded that the campuses keep data on many aspects that can be measured and compared. The Santa Cruz campus is developing a strategic plan in which three to five major next steps are identified that will help the campus reach its goals and improve quality. Its progress will be assessed annually against the benchmarks that will be based on these data. In response to a question asked by Regent Garamendi, she confirmed that all the campuses are going through the process of determining what needs to be done and why, and how much it will cost. He reiterated his belief that a message must be disseminated that presents the University's most urgent, immediate needs.

Committee Chair Schilling acknowledged the juggling act that occurs on the campuses with respect to priorities.

Regent Allen mentioned that the State's finances are permanently shackled by a legal structure that has led to a level of disinvestment in public institutions. Loosening the rules of this structure should also be added to the University's goals.

Provost Hume agreed that the University has a powerful message to distribute. He indicated his intention to review it at the following day's meeting in the context of this year, but he noted that the Committee will also need to consider the plan for the longer term. He suggested providing the Committee with a presentation covering the open campus planning process that has been taking place for the past three years, combined with the work of the President's Long Range Guidance Team, so as to synthesize a draft vision for the future that would address the Committee's concerns. He also suggested reworking current benchmarks to check that they are appropriate for measuring the progress toward those longer term goals.

Regent Kozberg asked that the draft for the short term include, under infrastructure, stewardship of alumni, students, with a view to making them active alumni, and foundations. She observed that additional revenues could result from a greater effort to inspire these groups. She suggested adding, also, a reference to the fact that the University cannot solve the State's public education problems alone and is working closely with the other segments of the system.

3. **PLANNING ISSUES RELATING TO LONG RANGE ENROLLMENT PLANS**

The University of California prepares long range enrollment projections every five to eight years. These projections, updated as necessary as conditions change, form the basis for much of the systemwide resource planning. The last set of projections, completed in 1999, extends through the 2010-11 academic year. The Office of the President and the campuses have spent the past several months preparing the next series of enrollment projections, which will extend through 2020-21. Unlike the 1999 projections, which responded to the extraordinary enrollment growth associated with Tidal Wave II, these proposals cover a period when growth among high school graduates is projected to slow. This fundamentally changed context provides an opportunity to extend educational access to a broader cross-section of Californian students and to address the needs of the State for increased graduate training. Projected enrollments are closely tied to the academic planning efforts under way on each campus and reflect individual campuses' goals in terms of student population and academic programs. Taken as a whole, they are an important statement of how the University can draw on its many strengths to meet the state's economic and educational needs over the coming decade.

Provost Hume presented the University's enrollment projections through 2020-21. Consistent with supplemental language in the 2007-08 State Budget, these projections will be provided in a written report to the Legislature at the end of the month.

Provost Hume reported that the long range enrollment projections to be presented are a summary view of the campuses' aspirations with regard to their future size, the subject balance, and the relative proportion of undergraduate and graduate and professional students. The campuses' aspirations provide an important insight into the different characteristics of each campus and touch on nearly every priority the Committee is considering. In the current planning period, which runs to 2010, the University's undergraduate population expanded substantially in order to meet the needs of the state. Accommodating that growth threatened the vitality of the research enterprise, however. The declining proportion of graduate students puts at risk the contributions that the University can make to the state through its research enterprise. Looking forward to 2020, the demand for undergraduates will flatten, but the plan is to continue to grow modestly so that the University's graduate student proportion can be restored.

Provost Hume noted that the estimates are based on projections submitted by the campuses in December 2007. The open planning process revealed a low degree of conflict between the aspirations of the campuses and the needs of the State.

Nina Robinson, Director of Policy and External Affairs for Student Academic Services, who staffed the effort, presented a summary of the data. She reported that in last year's budget and supplemental budget language, the Legislature asked the University and the California State University to create new projections through 2020-21. She showed slides to illustrate the context for the work and displayed the numbers the campuses put together, commenting that the benefits of higher education accrue not only to graduates but also to the state in terms of trained workers, lower unemployment, higher income taxes, and a robust economy that is in many cases fueled by University-created industries and technologies.

During the past 45 years, the University has grown more than four-fold, increasing from under 50,000 students in 1960 to more than 200,000 today. Most of this growth has been at the undergraduate level. This has been in direct response to growth in high school graduates. She pointed out that enrollments for graduate students in health sciences have not grown substantially during this period. In many ways, undergraduate growth has made possible the ten-campus UC of today. A price has been paid, however, in that graduate enrollments generally have not been able to keep up. The proportion of graduate students relative to the total is of concern not only to the University but also to the State. The Master Plan assigns primary responsibility for professional and doctoral education to UC. California Department of Finance projections of California public high school graduates from 1989 through 2021 show that in 1989 California graduated 240,000 seniors. For fall 2008, the University received more freshman applications than in any previous year. That is because high school graduates in California are projected to peak this year at nearly 380,000; the number will be almost as large in 2009, but then the level will decline. She stressed that this change creates a fundamentally different planning context than was faced for most of the past 50 years. Funding associated with rapid undergraduate growth has fueled much of UC's growth as an institution over the past several decades.

To respond, last June campus and Academic Senate representatives met to discuss the challenges and opportunities the new planning context presents. Four key goals emerged from that meeting. First, each individual campus must identify the enrollment levels that best support their academic goals, and they must be supported in reaching those levels. Second, growth in the number and proportion of graduate students has been a University goal for many years. The reduced pressures to accommodate undergraduate growth make this an ideal time to pursue that goal. Third, although the number of high school graduates will not grow during this period, the University wants to continue to grow at the undergraduate level and in particular to increase the proportion of students entering as community college transfers. Finally, both undergraduate and graduate growth must enable the University to serve a broader range of Californians and increase diversity at all levels of the student body.

Ms. Robinson reported that projections through 2020-21 show that undergraduate enrollments will continue to increase and will remain the majority of the total, but graduate and health science professional enrollments will increase as a proportion of the total. In terms of total enrollments, the campuses are projecting to increase from 216,000 budgeted FTE in 2007-08 to 265,000 in 2021. Undergraduate enrollment would increase by 26,000, to just over 195,000 students. Enrollment of new transfer students would increase at about twice the rate of new freshmen. At the graduate level, including the health sciences, total enrollments are proposed at 69,000, an increase of 22,000, which would change the current 22 percent in graduate enrollments to 26 percent in 2021. The campus proposals represent total growth of about 22 percent. Roughly half will occur during the remaining years of the Governor's compact. The other 11 percent will be spread across the ten years of the planning period. This amounts to average annual growth of 1 percent per year, which is more modest than the 2.5 percent annual growth rate contemplated in the current compact with the Governor.

Ms. Robinson noted that although the Master Plan sets the University's target for undergraduates at 12.5 percent of public high school graduates and the pool of graduates is not increasing, the University proposes to continue to grow at the undergraduate level. The University hopes to enroll a greater proportion of its eligibility pool. If every UC-eligible student in California applied to and enrolled in UC, that rate would reach 12.5 percent. The percentage of California public high school graduates enrolling in the University has fluctuated historically between 6 percent and 8 percent but has been trending up. The University's projected growth will allow that proportion to rise gradually to a historic high of 9.2 percent. The University would like to take advantage of the opportunity created by slower growth in the number of students to extend access to a broader group of California's young people.

Concerning graduate enrollments, Ms. Robinson noted that addressing the disparity of total students enrolled at that level is a key goal of the planning. The campuses' proposals represent graduate program growth of 47 percent. All campuses propose to grow at the graduate level, some substantially. More than one-third of the growth proposed through

2016 is in physical and life sciences, engineering, and math. These fields have a direct role in fueling California's science and technology-based economy. Over one-quarter of the growth is in health science professional programs.

Turning to projected enrollments by campus, Ms. Robinson reported that the campuses have different growth trajectories. UCB and UCLA are already close to full build-out and have large numbers of graduate enrollments. They will grow only modestly. UCI and UCSD are close to their goals in terms of undergraduates and will stop that growth during this period, but they propose to continue to grow at the graduate level. UCR and UCM have not yet reached their ideal size in either category and propose aggressive growth in both. She pointed out that in all cases the growth that the campuses have proposed is within their Long Range Development Plan parameters. In some cases campuses are directing growth to off-campus locations as well as summer enrollments to ensure they remain within the agreements they have made with their local communities.

Ms. Robinson reported that this presentation marks the end of the first phase of planning. The final proposal will be delivered to the Legislature in the coming week. The enrollment planning task, however, continues. Campus plans will continue to evolve in response to changing conditions, state needs, and new opportunities. Work will continue also to support the first phase of planning with additional justification and workforce analyses. The resources must be identified to support this growth and to develop advocacy and information campaigns that will help the State understand why it is so important to support UC growth.

Faculty Representative Brown asked Ms. Robinson to tell the Committee the resource implications of the graduate enrollment projections indicated, particularly relative to undergraduate enrollment. Ms. Robinson responded that she was unsure about the resource needs required to address the graduate enrollment plan. Just the enrollment funding from the State for this level of growth would be approximately \$500 million for 49,000 more students, but funds for their support will need to come from other sources.

Regent Garamendi asked what criteria were used to set the desired growth. Provost Hume responded that these were the campuses' aspirations in the context of an open discussion among them. The administration did not set parameters. Some of the aspirations are constrained by Long Range Development Plan limitations, such as at Santa Cruz, others by history and capability. Regent Garamendi observed that the numbers were not, then, based on the needs of the state. Provost Hume responded that the only need considered was the rate of growth of California high school graduates. The plans were not drawn by any deliberate assessment of needs within disciplines or professions, with the exception of the health sciences. Ms. Robinson added that the people on the campuses who did the enrollment planning are in touch with the needs in their particular field. A comprehensive work force analysis for the state has not yet been assembled. Regent Garamendi stressed the need to produce such an analysis. To base the projections on what the campuses perceive without knowing the criteria for judging makes the outcome less useful. He believed that

what California needs and what portion of that need is fulfilled by UC must be made clear. Ms. Robinson assured him that the second phase will provide such an analysis.

Regent Bugay asked for clarification on the ratio of new freshmen to California public high school graduates. He noted that the University has an obligation under the Master Plan to accept a percentage of these. Ms. Robinson responded that the Master Plan envisions that the University will draw from the top 1/8, or 12.5 percent. Historically, the University has enrolled between 6 and 8 percent. There is a gap in terms of students who are UC-eligible who are in the top 1/8 who are not coming to UC, and the University would like to capture this segment.

The meeting adjourned at 3:20 p.m.

Attest:

Secretary and Chief of Staff