

The Regents of the University of California

COMMITTEE ON LONG RANGE PLANNING

May 19, 2010

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

Members present: Regents Bernal, Kieffer, Marcus, Nunn Gorman, Reiss, and Schilling; Ex officio members Gould and Yudof, Advisory members DeFreece and Simmons; Staff Advisors Abeyta and Martinez

In attendance: Regents De La Peña, Island, Lansing, Makarechian, Maldonado, O’Connell, Stovitz, Varner, and Zettel, Regents-designate Cheng and Hime, Faculty Representative Powell, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Executive Vice Presidents Brostrom and Taylor, Senior Vice President Dooley, Vice Presidents Beckwith, Duckett, Lenz, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Kang, Katehi, White, and Yang, and Recording Secretary Harms

The meeting convened at 12:55 p.m. with Committee Vice Chair Schilling presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the joint meeting of the Committees on Long Range Planning and Educational Policy of March 24, 2010 were approved.

2. ANNUAL UNIVERSITY OF CALIFORNIA ACCOUNTABILITY REPORT

[Background material was mailed to the Committee in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Vice Provost Greenstein explained that the Accountability Report is part of a comprehensive framework introduced by President Yudof in June 2008. The framework seeks to improve transparency and accountability, improve strategic planning, assist in budgeting, and facilitate the management of the University.

Mr. Greenstein stated that the Report uses publicly available data to assess campus and University-wide performance in a range of areas from admissions and enrollment to research and diversity. Each area is the focus of a single section of the Report, resulting in 14 sections overall. Specific goals are clearly stated in the introduction to each segment and draw on many resources, including the California Master Plan for Higher Education, Regental policy, and key trends for the years ahead.

Mr. Greenstein reminded the Regents that the Report is inherently retrospective; it looks back at performance to date. Nevertheless, it can be used to model possible future directions. The report includes 93 indicators and three new sections: one on size and shape of the University, one on teaching and learning, and one on diversity. Mr. Greenstein pointed out that only 52 of the indicators in this year's report were available last year; 41 are new or substantially improved. This change was required to clarify and focus the report, to emphasize outcomes over inputs, to expand the examination of key topics, and to include more longitudinal data. This year, he added, the University intentionally included in the Report a series of baseline measures or indicators against which it can assess long-range effects of the financial downturn and policy responses that need to be made.

Mr. Greenstein noted that the growth in annual freshman enrollment corresponds to California's population growth; however, a growing proportion of admitted students chose not to enroll at a UC campus. In 1995, about 45 percent of the admitted students did not enroll, compared to 55 percent today. Enrollment data show two dips, in 2004 and 2009, both in response to reduced funding. These data are used annually to develop enrollment targets which are crucial to shaping budget strategy, including the appropriations requests made annually to the State and proposals made to the Board regarding student fees. In the past few years, observed Mr. Greenstein, the University has extensively analyzed its enrollment data to determine the financial effects of curtailing enrollment or of altering the balance between incoming freshmen and community college transfers.

Mr. Greenstein discussed slides depicting the net costs of attendance for students from different income groups over a period of ten years. He noted that UC's financial aid programs help keep costs down for students from low-income families; however, middle-income families are increasingly feeling the brunt of increased fees. Mr. Greenstein explained that the cost data are used to model policy options for student financial aid, to set the need level for the Blue and Gold Opportunity Program, and to determine the effect of the University's financial aid choices on its affordability for students from different income groups. As an example, Mr. Greenstein demonstrated how professional degree fees, introduced in 1994, have increased the debt levels for students in a number of professional schools, particularly law and medicine. He noted that this pattern is likely to continue as more professional degree programs impose or raise fees.

Mr. Greenstein pointed out that the University would be monitoring class size closely over the next several years because this factor will reflect how UC's responses to the financial downturn have affected students' experience. Currently, approximately a third of all student credit hours are earned in large classes of 130 students or more. Half the credit hours earned by lower-division students are in large classes of over 150 students. Graduate students, on the other hand, have more small classes, with approximately three-quarters of their credits earned in classes of 25 students or fewer. Mr. Greenstein noted that over half of lower-division students are earning credit hours in courses taught by non-ladder-rank faculty, compared to about two-fifths of the upper division students. These data, he said, have been crucial to recent discussions about the role online

education might play, particularly in lower-division courses.

Mr. Greenstein remarked that UC takes great pride in its graduation rates; this accomplishment is even more impressive when the large number of low-income students enrolled is taken into consideration. One-third of UC undergraduate students come from families earning less than \$45,000 a year. Similarly, the proportion of students enrolled from underrepresented minority group is approximately 20 percent, and the proportion of first-generation college students about one-third. However, graduation rates are not uniform across all undergraduate groups; the rate for African American and Latino males lags about ten percent behind the average for all students. All of these data have been carefully considered by the Commission on the Future's working group on education and curriculum. That group has been considering ways to reduce time-to-degree, and these data provide an opportunity to model various options and evaluate potential costs and benefits.

Mr. Greenstein pointed out that the level of research and development expenditures annually at UC continues to be positive. The University has consistently been awarded about nine percent of all federal research funding awarded to academic institutions over the past decade. He observed that it is difficult to evaluate the impact of UC's research because outcome measures are difficult to obtain. He explained that the Report made use of Vice President Beckwith's data showing the extent of research publications by faculty in different disciplines. Mr. Greenstein acknowledged that this provided only a first step in improving the understanding of research output, and that the University is developing other measures for this area. For example, in 2009-10 the National Academy of Sciences appointed 66 new members from public universities, more than half of whom were from UC. While this was not an outcome measure per se, it was a very impressive achievement.

Mr. Greenstein observed that health sciences and services indicators are spread throughout the entire Report, and are collected in a more detailed sub-report which was presented to the Regents in March. Data for this area show that the health care enterprise is operating robustly in terms of revenue, quality, and innovation. The UC medical centers handle a disproportionate number of complex cases, and 40 percent of all patients are Medi-Cal funded or uninsured. He noted that the Report supplied important baselines to guide the medical centers through the upcoming transition in the national health care environment.

Mr. Greenstein informed the Regents that faculty compensation data is new to this year's Report, though this information was reported separately in November 2009. The data are drawn from the total remuneration study conducted the previous year and show how total compensation of all the major employee groups compared to the relevant marketplace. The data demonstrate a familiar pattern, with faculty compensation lagging behind the market; with the exception of service workers, UC employees as a whole are compensated at or below market rates. These data, said Mr. Greenstein, are factored into discussions about UC's benefits and compensation strategies, and will provide baselines against which to assess the University's overall competitiveness.

Mr. Greenstein remarked that improving the University's diversity to be more representative of California's population continues to be one of its greatest challenges. The recent fee increases are very likely to have a negative impact on the recruitment of underrepresented minority students, particularly to graduate and professional degree programs. Furthermore, it will be challenging to make gains in faculty and staff diversity as the pace of hiring slows in response to the University's financial constraints.

Mr. Greenstein concluded by remarking that the University still has much more to accomplish in regard to accountability. This year, it extended its efforts by broadening its reach to nine sub-reports and by completely restructuring the Annual Report to focus and clarify measures that will illuminate progress and challenges both in good financial times and bad. In the coming years, he said, the Report will incorporate more longitudinal data and more comparisons with other institutions and will include a greater analysis of key themes and trends, perhaps in sub-reports or analytical briefings.

Regent Kieffer asked if the Report identified a reason many students admitted to UC choose to enroll elsewhere. He expressed appreciation for the information regarding faculty student ratios and class sizes, and stated that the report should include comparisons with peer group institutions for that data. He also requested that the information regarding compensation for ladder-rank faculty include workload comparisons with peer group institutions. Mr. Greenstein agreed that the University should include information comparing peer group institutions whenever possible to measure outcomes and accountability. Provost Pitts remarked that his office could probably provide comparative data on workloads. He informed the Regents that workloads have been studied in the past. In terms of degrees per ladder-rank faculty, UC has compared very favorably. However, he noted, the changed financial setting may have altered that measure, and many faculty feel that their workloads are increasing.

Regent Kieffer referred back to his question regarding the disparity between students admitted and enrolled, and Mr. Greenstein said that the University is able to determine where those students choose to attend, but would have to conduct a survey to determine why they make that choice over UC. Dr. Pitts added that the slightly lowered number of enrolled students versus admitted is a function of increased selectivity on all of the campuses. Certain campuses cannot take all applicants, so the University offers to place those students at another campus. Often that campus is not one the student chooses to attend. Regent Kieffer asked if the data could be broken down by campus, and Dr. Pitts stated that such a breakdown is available on the website for the accountability report.

Regent Makarechian remarked that the cost of attendance for middle-income families appears to be increasing substantially compared to the other income levels, which would imply a greater level of student debt. However, the Report indicates that UC students have much lower cumulative debt than students at other institutions. Mr. Greenstein explained that the data show the net cost of attendance, which backs out scholarships and financial aid. Approximately one-third of UC students are Pell Grant recipients, which means that they are eligible for the maximum amount of financial aid available from federal and local sources. Dr. Pitts added that UC has enjoyed top ranking for student

support for decades. Lower-income students at UC are very substantially supported, which is reflected by lower net loan rates at the time of graduation. Regent Makarechian stated that the University should better publicize the level of its aid to students.

Regent-designate DeFreece remarked that the data showing UC's demographics relative to the State's should be expanded to show California's continued transition to a majority-minority state. He also suggested that the significant proportion of students designated "Other/International" be further broken down to better reflect the increased numbers of international students attracted to the campuses. Mr. Greenstein explained that the category has been differentiated for graduate students, and that future reports will incorporate that distinction University-wide.

Regent Island observed that the diversity of the ladder-rank faculty does not seem to be improving over time and asked why. Dr. Pitts stated that data related to this question were presented in the diversity sub-report last fall. In it, the University compared its tenured faculty diversity with the diversity of the available pool nationwide. In some instances, UC had broader diversity than the national pool, and in other cases, narrower. He stated that the University must strive to generate more diverse graduates to enter that pool and thus improve the diversity of faculty nationwide. Regent Island said that the University should ensure that the diversity of its faculty keep pace – at a minimum – with the diversity of its undergraduate student body. Dr. Pitts explained that the substantive reduction in the number of faculty hires has compounded the problem by severely limiting the amount of change possible in ladder-rank faculty. That notwithstanding, he said, the University is increasing efforts to ensure that the pool of candidates for faculty positions matches the demographic of the national pool.

Regent De La Peña asked if there were data showing the relative income of the admitted students who elect not to attend UC. Mr. Greenstein responded that the University has very detailed information about students who apply related to income and ethnicity, and that he would examine these data to determine which students do not come to UC and where they do enroll.

Regent Reiss stated she would like to see documentation regarding the cost of attendance relative to family income in future accountability reports. She noted that these data should also highlight how UC compares to other universities in terms of financial aid. Regent Reiss added that some documentation should also include the cost of living for students. She confirmed that diversity in the faculty and the student body is important to everyone at UC, and that the Regents would appreciate more detail regarding the individuals to whom the University offers enrollment and employment.

Regent-designate Hime asked if the University had increased its efforts to secure more private-sector industry investment in research and development. Dr. Pitts responded that UC has several efforts under way, and that the President's Board on Science and Innovation works directly with business leaders along those lines. Vice President Beckwith added that the amount of money received from industry has leveled off recently due to the economic situation. Furthermore, the funding levels gained from the private

sector are very limited compared to funding from the federal government. For every \$100 million of research funding UC receives, \$5 million comes from industry; this amount is small compared to funding garnered from the federal government and foundations. Mr. Beckwith added that industry is now funding far less research, and businesses' willingness to invest substantive amounts of money in university research is somewhat restricted by their business plans.

Regent-designate Hime stated that many industries are investing in research in foreign countries and that the University should identify a way to become a part of that investment. Mr. Beckwith explained that industrial research is usually very specific to applied engineering. Conversely, the University plays a role in long-term research that results in major paradigm shifts that make innovations in technology possible. It is the federal government, and not industry, that funds these types of projects.

The meeting adjourned at 1:45 p.m.

Attest:

Secretary and Chief of Staff