LONG-RANGE PLANNING
Regents’ Benchmarks Update
Maintaining Excellence
During a Period of Exceptional Growth

September 2005
UC Faces a Period of Exceptional Growth

Can We Maintain Quality?

Source: UCOP Budget Office
Regents’ Benchmarks 2002
Indicators of Quality

Quality

- Quality Undergraduate Education
- Excellent Research
- Leading Graduate Programs

Slow Moving Indicators
Regents’ Benchmarks 2002

Early Warning Indicators

Quality
- Quality Undergraduate Education
- Excellent Research
- Leading Graduate Programs

Enabling Factors
- Students
- Staff
- Facilities
- Academic/Support Services
- Faculty

Slow Moving Indicators
Early Warning Indicators
First UC Benchmarks

2002

- **Slow Moving Indicators**
  - Graduation rates for undergraduates
  - Research funding
  - Rankings of departments and programs

- **Early Warning Indicators**
  - Meeting undergraduate enrollment plan
  - Meeting graduate enrollment plan
  - Faculty salaries
  - Staff salaries
  - Academic/Support services
  - Financial aid
  - Graduate student support
  - Facilities
Are We Still on Track?

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  - Research funding
  - Rankings of departments and programs

- **Early Warning Indicators**
  - Meeting undergraduate enrollment plan
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  - Faculty salaries
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  - Financial aid
  - Graduate student support
  - Facilities
Take-Home Messages

- The economy and demographics of California are changing. Higher education is more important than ever.
- More Californians will want and need a university education for tomorrow’s jobs.
- Must protect quality if this valuable public asset is to be an engine of economic growth.
- Resources are essential for quality but early warning signs are pointing in the wrong direction.
- The Compact with the Governor and economic recovery offer hope for future but health care and social service costs could crowd out higher ed.
Today’s Agenda

- Large Trends
  - A Changing Economy with More Professional and Managerial Jobs
Well-Paying Jobs Are Linked to Levels of Education

2004 Average Earnings

- < HS: $23,712
- H.S. Grad: $32,812
- A.A.: $41,080
- Bachelor’s: $57,200
- Master’s: $68,328
- Doctorate: $93,518

2004 Average Unemployment Rate

- 0%
- 5%
- 10%
- 15%

Source: Bureau of Labor Statistics
California Firms Will Create More Jobs for Knowledge Workers

Sources: Actual data from Bureau of Labor Statistics
Today’s Agenda

- Large Trends
  - A Changing Economy with More Professional and Managerial Jobs
  - The Demography of California Is also Changing
California Has a Large and Growing Population

- California Is Growing Much Faster Than Other States in the Southwest.
- California’s Growth Rate Is Like Mexico.

Source: U.S. Bureau of the Census
California Is Once Again Home to Many Immigrants

California Is the Land of Hopes and Dreams, as New York Was 100 Years Ago.

California Is the Land of Hopes and Dreams, as New York Was 100 Years Ago.
California’s Population in 1960

Age of California's Population (in Millions)

- Baby Boom
- 1960
California’s Population in 1980

Baby Boom

1980

Age of California’s Population (in Millions)

0-4 10-14 20-24 30-34 40-44 50-54 60-64 70-74 80-84
California's Population in 2000

Baby Boom

2000
California’s Population in 2020

![Graph showing the age distribution of California's population in 2020 with a Baby Boom peak.](image)
California’s Population in 2020

Twice as Many Seniors Plus No Reduction in School Children Equals Greater Costs to Taxpayers
California’s Population in 1980

California Population 24 Million in 1980

Source: California Department of Finance, Demographic Research Unit
California’s Population in 2000

![Graph showing percent of population by ethnic group]

- **White**: 50%
- **Hispanic**: 25%
- **Asian**: 10%
- **Black**: 5%

**California Population**

34 Million in 2000

*Source: California Department of Finance, Demographic Research Unit*
California’s Population in 2020

California Population 44 Million in 2020

Percent of Population by Ethnic Group

- White
- Hispanic
- Asian
- Black

Source: California Department of Finance, Demographic Research Unit
California’s Population in 2040

Source: California Department of Finance, Demographic Research Unit
Hispanics & Asians Increase as % of Population

Demographic Shift 1980 to 2040

Source: California Department of Finance, Demographic Research Unit, May 2004
Ethnic Mix of UC Undergraduate Enrollment Has Also Changed

The Percentages of Hispanic and Black Freshmen Match the Percentages of All Who Are UC Eligible
Some Implications of Large Trends

- Higher education is more important than ever before to economic competitiveness and the quality of life.
- Research and innovation lead to new products, better processes, new companies, and sometimes entirely new industries.
- Higher education is a pathway to upward social mobility for a changing population.
- To address the state’s highest priority, UC has been growing to accommodate more high school graduates.
- But, UC has not expanded graduate and professional programs as California’s needs have grown.
Are We Still on Track?

- **Slow Moving Indicators**
  - Graduation rates for undergraduates
  - Research funding
  - Rankings of departments and programs

- **Early Warning Indicators**
  - Meeting undergraduate enrollment plan
  - Meeting graduate enrollment plan
  - Faculty salaries
  - Staff salaries
  - Academic/Support services
  - Financial aid
  - Graduate student support
  - Facilities
UC Has High Persistence and Graduation Rates

One-Year Persistence Rates for Freshmen

Five-Year Graduation Rates for Freshmen

Source: Office of Student Academic Services
Higher Four-Year Graduation Rates Means Shorter Time to Degree

Source: Office of Student Academic Services
Sharp Growth in Federal Research Expenditures Is Leveling Off
Indicators of the Quality of Graduate Programs

- Of the 261 doctoral-granting universities in the U.S., only 62 are members of the prestigious American Association of Universities (AAU).
  - 6 of the 8 UC campuses eligible for the AAU are members.
  - In spite of being small and young, UCR and UCSC are in top 15 on Graham/Diamond ratings.

- Of the top 12 universities, 3 are UC campuses.

- Of the 229 rated UC programs, more than half were in the top 20.

- Data from the next NRC study will not be available for 2-3 years.
  - The rankings of doctoral and professional programs by U.S. News & World Report suggest there are fewer public universities among the nation’s best.
Today’s Agenda

- Large Trends
- The Impact of California’s Fiscal Crisis
California’s Fiscal Crisis Has Impacted the UC Budget

UC Enrollment Grew by 19% While the State Budget Was Cut by 15%.
California’s Fiscal Crisis Has Impacted the UC Budget

California's fiscal crisis has impacted the UC budget, with a shortfall in state support estimated at $1.5 billion.
State Budget Cuts Create Gap of $2,520 per UC Student

Funding Gap = $2,520
Today’s Agenda

- Large Trends
- The Impact of California’s Fiscal Crisis
- The Regents’ Benchmarks – Early Warning Indicators
Tidal Wave II

Source: California Department of Finance
Undergraduate Enrollment Is Returning to the 1999 Plan Levels

Source: UCOP Budget Office
CCC Transfers Were on Plan until Enrollment Restrictions

Source: UCOP Budget Office
Budget Cuts Have Led to Student Fee Increases

Mandatory Systemwide Student Fees (Resident Undergraduates)

Student Fees in Current Dollars

$8,000

$6,000

$4,000

$2,000

$-
Budget Cuts Have Led to Student Fee Increases

UC Fees Have Risen Sharply But Are Still Below Tuition at Our Public Comparators
But, Financial Aid Has Also Increased to $1.1B

Source: UCOP Office of Academic Affairs
Despite the Recession and Fee Increases, the Percentage of Low-Income Students at UC Has Increased from 29% to 33% Since 2000
One-Quarter of California Families Earn $60,000 to $100,000

(2002 Constant Dollars)
Despite Fee Increases, About Same % Freshmen from Middle-Income Families

But, Many Believe Middle-Income Family Finances Are Being Squeezed
Graduate Enrollment
Is on Plan but ...
UC Enrollment Is Out of Balance

University of California Enrollment (Budgeted FTE Students)

Undergraduate

Graduate

Health Sciences
Serious Impacts of the Fiscal Crisis on the University

- Salaries
The Gap Between Leading Publics and Privates Is Larger

Our four public comparators were 10% below the four privates in 1980. Now, they are 35% below.
UC Faculty Salaries Are Further Below the Privates

UC. was 3% below the four privates in 1980. Now, we are 22% below.
UC Faculty Salaries Are Further Below the Privates

Below Market Salaries Are Being Offset by Good Benefits and UCRS at No Cost But....
Faculty Salaries Are Below the Comp 8 Average

Source: Office of the President Salary Survey
No Catch Up in the Near Future; Need Longer Term Plan

Source: Office of the President Salary Survey

Estimated
Funding for Staff Salaries Has Fallen Below Market

Estimated funding for staff salaries has fallen below market. The chart shows the percentage increase or decrease in state funding for staff salaries from 1992-93 to 2006-07. The data is sourced from WorldatWork, "Annual Salary Budget Survey."
Funding for Staff Salaries Has Fallen Below Market

Source: WorldatWork, "Annual Salary Budget Survey"
Serious Impacts of the Fiscal Crisis on the University

- Salaries
- Academic/Support Services
  - Student/Faculty Ratio
Inadequate Resources: Proposed Deterioration of Student/Faculty Ratio

- Student / Faculty Ratio
- Regents' Goal = 17.6 / 1
- Governor's Proposed Reductions
- Proposed Deterioration of Student/Faculty
Inadequate Resources: Regents’ Plan to Restore the Student/Faculty Ratio

Student / Faculty Ratio

Regents’ Goal = 17.6 / 1

Governor's Proposed Reductions

Inadequate Resources: Regents’ Plan to Restore the Student/Faculty Ratio
Serious Impacts of the Fiscal Crisis on the University

- Salaries
- Academic/Support Services
  - Student/Faculty Ratio
  - Libraries and Other Academic Support
Inadequate Resources: Less Funding for Academic/Support Services

Computed ARL Index Value Based upon Library Books, Subscriptions and Staff

Source: Association of Research Libraries
UC Has Leveraged the Power of the Multi-Campus System for Libraries

- Use of Digital Journals
- Books Lent Between UC Campuses
- Request Service Begins in Jan. '99
- California Digital Library Begins in Jan. 1999
Serious Impacts of the Fiscal Crisis on the University

- Salaries
- Academic/Support Services
  - Student/Faculty Ratio
  - Libraries and Other Academic Support
  - Maintenance of University Facilities
Maintenance of UC Facilities Has Fallen Further Behind

- Need State Funds to Maintain New Space
- Need Plan to Provide Annually for Recognized Maintenance Standards
- Need to Reinvest in Accumulated Deferred Maintenance and Capital Renewal Needs
The Compact Provides Needed Capital Funding, but Need Public Support

Source: UCOP Budget Office
Serious Impacts of the Fiscal Crisis on the University

- Salaries
- Academic/Support Services
  - Student/Faculty Ratio
  - Libraries and Other Academic Support
  - Maintenance of New Space
- Graduate Student Support
Inadequate Resources: Graduate Fees Have Increased Sharply

- In 2001 the Commission on Growth and Support for Graduate Education identified additional financial support as a high priority.

- State budget cuts have caused graduate academic and professional student fees to increase sharply.

- Regents’ 2005-06 Budget Plan helped by increasing return-to-aid to 50%.

- Regents’ 2006-07 Budget Plan will begin a multi-year effort to improve significantly graduate student support.
Growth in Private Support Helps UC Compete with the Best

Private Funds Are Not a Substitute for State Support Because 97% Are Restricted by Donor
Student Fee Increases Have Partially Offset State Budget Cuts

Recessions Have Led to Budget Cuts. Fees Have Increased but Not Enough to Cover the Loss of Subsidy. Quality Has Suffered.
Additional Resources under the New Compact

- **State Funds**
  - Enrollment Growth of 5,000 Students per Year
  - 2005-06 and 2006-07: 3% Increase
  - 2007-08 through 2009-10: 4% Increase
  - 2008-09 and 2009-10: Additional 1% for Instructional Support (Libraries, IT, Equipment and Maintenance)
  - Capital Outlay: $345 Million per Year

- **UC General Funds**
  - 3 to 4% Increases to Cover Inflation

- **Student Fee Increases**
  - Undergraduate: 8%
  - Graduate: 10%
  - Professional: Multi-Year Plan
## The UC Regents’ Priorities Update

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<thead>
<tr>
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## Student/Faculty Ratio

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*Note: Marginal Cost funding is an economic concept that refers to the cost of producing an additional unit of output.*
## The UC Regents’ Priorities

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## Studying Middle-Income Family Needs

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Summary
Plan against Current Status

- **Slow Moving Indicators**
  - Graduation rates for undergrads
  - Research funding
  - Rankings of grad/prof programs

- **Early Warning Indicators**
  - Meeting undergrad. enrollment plan
  - Meeting graduate enrollment plan
  - Faculty salaries
  - Staff salaries
  - Academic/Support services
  - Financial aid
  - Graduate student support
  - Facilities

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<td></td>
<td>Increase by 7%</td>
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<tr>
<td></td>
<td>Maintain or improve</td>
<td>Maintaining ??</td>
<td>green</td>
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<tr>
<td>Research funding</td>
<td>Actual near plan</td>
<td>Returning to plan</td>
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<td>Increase core $</td>
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<td>Competitive offers</td>
<td>Not keeping up</td>
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<tr>
<td></td>
<td>90 – 100% of CPEC</td>
<td>84% of Standard</td>
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The Future

- The Compact with the Governor stops the bleeding.
- California’s economy can be well positioned for economic competitiveness in 21st century, if the State makes key investments.
- But, there will be more competition for limited State and Federal funds because
  - Structural problem in State budget of $5-6 billion;
  - Little discretion in State budget;
  - Health care and other social service costs to the State are rising.
The economy and demographics of California are changing. Higher education is more important than ever.

More Californians will want and need a university education for tomorrow’s jobs.

Must protect quality if this valuable public asset is to be an engine of economic growth.

Resources are essential for quality but early warning signs are pointing in the wrong direction.

The Compact with the Governor and economic recovery offer hope for future but health care and social service costs could crowd out higher ed.