The Regents of the University of California

COMMITTEE ON LONG RANGE PLANNING
October 23, 2007

A Special Meeting of the Committee on Long Range Planning was held by teleconference on the above date at the following locations: 1303 J Street, Suite 410, Sacramento; Mission Bay Community Center, Conference Room 1, San Francisco; Cheadle Hall, Room 5123, Santa Barbara campus; Alumni House, Spieker Plaza, Berkeley campus; 777 California Avenue, Palo Alto; James E. West Alumni Center, Los Angeles campus; 1875 Century Park East, Suite 1025, Los Angeles

Members present: Regents Allen, Bugay, Gould, Kozberg, Preuss, and Schilling; Advisory member Brown

In attendance: Secretary and Chief of Staff Griffiths, General Counsel Robinson, Provost Hume, and Recording Secretary Bryan

The meeting convened at 8:05 a.m. with Committee Chair Schilling presiding.

1. **READING OF NOTICE OF MEETING**

For the record, it was confirmed that notice was given in compliance with the Bylaws and Standing Orders for a Special Meeting of the Committee on Long Range Planning, for this date and time, for the purpose of considering University planning priorities.

2. **PUBLIC COMMENT SESSION**

Professor Emeritus Charles Schwartz commented that the plan for an open budget process as envisioned by the administration was a good one, but he called for further transparency with respect to the instruction and research budget categories and in disclosing the total cost of a UC education.

3. **DISCUSSION OF UNIVERSITY OF CALIFORNIA PLANNING PRIORITIES**

Committee Chair Schilling briefly summarized the previous meeting, at which the Long Range Planning Committee had requested a costed statement of priority actions necessary to achieve the vision for the University supplied by the Long Range Guidance Team. Priorities were established that would invigorate the University's relationship with California; build and maintain quality in teaching and research, to include restoring faculty salaries and modernizing the infrastructure; and a multi-phase restructuring of how business is done. It was determined that a first step should be to develop an aggressive short-term plan for developing an "ask" when presenting the University's budgetary needs to the Legislature and the Governor. Following this, a long-term plan must be developed based on the issues and initiatives listed in the Long Range Guidance Team Report.

Provost Hume commented that actions reported below are drawn from three sources: Regents' priorities, as described in the 2007-08 Regents' budget; the report of the Long Range Guidance Team; and priorities emerging from the Provost's systemwide academic planning and budget processes.

Provost Hume presented the following statement concerning the University's priorities.

University of California Priorities

(1) ***Overview of University Priorities***

True to its roots deep in the land-grant mission of its founding, the University of California faces a fundamental and critical question: *How must it change to better serve the future needs of the people of California?*

It is a particularly urgent and relevant question at this crossroads moment. Despite its considerable strengths and contributions, UC is faced with the shifting external challenges and demands. UC must not only respond to these challenges and demands; it must anticipate and be proactive in preparing for the future. At stake are UC's continuing excellence, place on the cutting edge of knowledge and creativity, and relevance to the pressing needs facing California and its people.

Through a continuing long-range planning process by members of the Board of Regents, chancellors, faculty, and staff, a vision emerges of a system that meets California's changing needs as one university, propelled by the promise and power of its ten distinctive campuses. It is based on a future of the University that is cross-disciplinary, nimble, innovative, and responsive, and that addresses problems as part of a renewed social contract with the people of California in all their diversity. At the same time, it recognizes that UC, while a partially State-funded institution, has global responsibilities.

To realize this vision we know that must make continuing institutional commitments to ten actions in three distinct yet interrelated areas.

First, the University must reinvigorate its relationship with California by restoring its credibility, bringing its research and educational capacities to bear in ways that meet the state's evolving needs and ensuring that all Californians have access to a UC education.

> *Here our highest priority – and one of the highest priorities overall – is to restore our credibility with the State and the people of California by implementing an open and transparent budget process – one that is demonstrably driven by our academic and public service plans and priorities.*

In addition we will mount new initiatives to meet two of California's most urgent challenges: the deepening crisis in public K-12 education and the serious shortfall of trained health professionals.

We will also redouble efforts to ensure UC's diversity and affordability.

Second, the University must build and maintain the quality of its teaching and research core by planning for and investing in the people, programs, and facilities that ensure our continued academic and economic competitiveness on the world stage.

Here our priorities reflect challenges resulting from UC's dramatic growth during a period of declining public investment and include:

- *restoring faculty and staff salaries to full market rates;*
- *restoring investment in our research enterprise and the graduate students who are so critical to its function;*
- *restoring investment in instructional facilities and reversing progressive decline in our faculty-student ratio; and*
- *modernizing our infrastructure ensuring it is seismically safe, technologically current, and adequate to the needs of a 21st century knowledge organization.*

Third, the University must restructure the way it does business so that it may achieve the nimbleness and agility modern organizations require if they are to meet the rapidly changing needs of society. Through restructuring, we will also ensure that the lion's share of every dollar is spent promoting academic and public service goals.

Here our highest priority is a multi-phase organizational restructuring and business process improvement initiative. Begun already in 2007, it will create new operational efficiencies, freeing up resources so they may be contributed to meeting our other needs.

While the University will continue to do everything in its power to use its funds effectively, it is important to recognize that even the most draconian efficiency measures would yield only a fraction of the funding needed to progress our most urgent priorities.

(2) ***Detailed List of University Priorities***

A. **Develop a budget process that is open and transparent and clearly driven by consideration of well defined academic and public service goals.**

Why: To ensure that budget decisions are made at every level in an open and transparent fashion and that such decisions are fully informed by academic and public service goals that are themselves clearly articulated for the campuses and for the system as a whole.

To help restore the University's credibility with the State and the people of California, and the President's Office's (UCOP) credibility with The Board of Regents and the campuses.

To provide the ongoing means of identifying priorities, of allocating resources accordingly, and measuring progress in achieving clearly defined goals.

What: New open budget process for UCOP that is tied to ongoing review of UCOP service, performance, and cost effectiveness (in place for Regents approval in March 2008 for 2008-09 budget).

New (reformed) budget development process that is tied specifically to an inclusive academic planning process (in place for Regents approval in November 2008 for 2009-10 State budget).

New (reformed) State capital budget development process that is tied specifically to academic and long-range development plans (tentatively in place for Regents approval in November 2008 for the 2009-10 to 2014-15 five-year capital plan).

New benchmarks that can be used to monitor progress in achieving key goals (developed in 2007-08).

Cost: No additional cost.

B. **Fully fund plan to bring faculty salaries to market in four years and staff salaries to market in 10 years (both from 2007-08).**

Why: By offering competitive salaries UC will recruit and retain the best and the brightest in its academic, academic-related, administrative, business, and service operational positions. Good people are UC's best asset; they are essential if we are to retain our academic quality and competitiveness, our

high level of responsive public service, and our administrative and business efficiency.

What: Raise faculty salaries so they are competitive with those paid at peer institutions, by increasing compensation over the four-year period, 2007-08 to 2010-11.

Raise staff salaries by 10 percent over a ten-year period with compensation increases that are between 1 percent and 1.5 percent over and above inflation.

Cost: For faculty, the cost is estimated as $263 million in new funds over four years (2007-08 through 2010-11). Most of this funding ($195 million) would be provided by the Higher Education Compact and anticipated student fee increases or equivalent additional State funding. An additional $68 million would need to come from other sources identified through systemwide efficiencies and redirection or reallocation of resources. This estimate does not include additional costs for faculty hired to address enrollment growth.

The total cost involved in increasing staff salaries by 10 percent is still being calculated.

C. **Restore investment in the research enterprise and the graduate students who sustain it.**

Why: UC research powers California's economy, gives rise to new industry, solves real and pressing problems of the environment, health access, and agriculture, to name but a few, and informs social public policy and its application.

Money invested by the state in UC's research enterprise is leveraged six-fold with grant and other funding provided by national, corporate, and philanthropic agencies. Despite this, the State's investment has declined in recent years to a level that impedes UC's ability to retain its place as a leading research institution worldwide and to partner with the state in addressing its key challenges.

In addition, UC has seen the proportion of graduate students decline from nearly 30 percent in 1965-66 to around 17 percent forty years later. If not reversed, this trend will threaten fundamentally the viability of the research enterprise on at least some of our campuses. Without a reasonably sized cadre of graduate students – comprising between 20 percent and 25 percent of the entire student population – it becomes difficult if not impossible to retain good faculty and to enable faculty to acquire external grant funding and to pursue their research. A declining proportion of graduate students may also threaten UC's highly distinctive, research-oriented, undergraduate

instructional experience, since graduates are vital in maintaining the research programs in which undergraduates can be integrated.

What: Increase the number of graduate students by 1,000 per annum until they reach at least 20 percent of the total UC student body (by 2020-2021). Crucial here will be UC's ability to make the case to the State that graduate students be funded with workload increase money at the agreed marginal rate.

Increase the annual investment in the UC research enterprise so that the University can continue to serve the state in this critical area, recognizing that that University has much to do in order to ensure that its research is appropriately responsive to the state's evolving needs and that research results are communicated in ways that ensure their impact and uptake.

Cost: For graduate students, ongoing annual increments of $10 million for graduate student support as well as continued funding from the State for graduate student enrollment at the agreed upon rate.

For investments in the research enterprise, $5 million to $15 million per annum in support for new and cutting edge research, aligned with the state's evolving needs.

An additional investment of $100 million is required to develop the IT infrastructure necessary to support the research enterprise and is itemized under priority 10, below.

D. **Restructure administrative and business practices**

Why: Phased, multi-year initiative to streamline decision-making processes and avoid $100s of millions in unnecessary costs, plowing savings into research, teaching, and public service activities.

What: Restructuring UCOP (2008 and 2009) making it smaller and more effective.

Plan, prioritize (2008), and implement (2009) UC-wide savings initiatives (e.g. in consolidated business and administrative systems such as a Human Resources Information System HRIS, data center consolidation, etc.).

Cost: Restructuring UCOP will result in real savings that will be invested in mission activities.

UC-wide savings initiatives will require substantial up-front investment to develop or outsource and then transition to consolidated or common systems,

but ultimately enable the University to avoid that much and more in the costs of maintaining redundant systems.

E. **Contribute lasting solutions to California's K-12 educational crises.**

Why: The failure adequately to prepare California students endangers a California economy whose prosperity depends on a trained workforce, especially at a time when industries are demanding ever greater education and skills, particularly in math and science, and have the means to go elsewhere to get it.

A strong California requires an engaged citizenry with equal opportunities, but growing racial and ethnic gaps in educational attainment create an uneven playing field – and contribute to a population that is increasingly disconnected, disengaged and disenfranchised from the state and its future.

What: UC has long recognized its responsibility, as a public trust, to mobilize its teaching, research, and public service mission to respond to previous crises that have confronted California's economic prosperity and the quality of life of its citizens. It is now doing the same to meet today's K-12 education crisis with a coordinated institutional commitment to establish UC as a permanent, proactive partner with the K-12 system, the California State University, the California Community Colleges, the independent colleges, other State agencies, and non-governmental entities in creating an effective P-16 continuum for California's students.

Near term goals include leveraging the University's research creativity and its capacity with innovative applications of IT to provide better information for schools and parents on student success, better capacity for schools to deliver rigorous academic content, more research, and better linkages among researchers, practitioners, and policy makers, and improved statewide policy dialogue on K-12 education issues.

Cost: Between $1 million and $2 million in year one (2007-2008) funded with savings derived from UCOP restructuring. Up to $10 million a year thereafter including $5 million annually from the State and another $5 million annually sourced from efficiency gains and external (philanthropic, corporate) contributions.

F. **Increase diversity.**

Why: In September 2007, The Board of Regents adopted as a matter of policy a commitment "to the full realization of its historic promise to recognize and nurture merit, talent, and achievement by supporting diversity and equal opportunity in its education, services, and administration, as well as research and creative activity." In particular, it "acknowledge[d] the acute need to remove barriers to the recruitment, retention, and advancement of talented students, faculty, and staff from historically excluded populations who are currently underrepresented."

What: A number of actions may be considered, including those listed below.

- Expand and coordinate successful student academic preparation programs.
- Implement faculty and staff recruitment, fellowship, and mentoring programs that encourage recruitment, retention, and success of diverse faculty and staff.
- Make headway with lasting contributions that address California's K-12 crises (see above).

Cost: To be determined.

G. **Ensure Access and Affordability**

Why: Continue serving the state in the manner defined by California's Master Plan for Higher Education.

What: Ensure that cost is not a barrier to a UC education for all eligible California high-school graduates. Currently, 33 percent of the revenue raised from increases in student fees is returned to financial aid totaling some $40 million in 2007-2008. UC should continue this practice. In addition, it should consider:

- Ensuring that professional student fees similarly contribute to the financial aid that can be made available to professional students.
- Significantly increasing the pool of funds that can be made available for financial aid (here we look forward to the report that has been commissioned from a group to be convened by Chancellor Birgeneau on this subject).

- Increasing the amount of non-State funds raised for financial aid programs that target particular populations.

H. **Meet California's Healthcare Needs**

Why: California faces a crisis in the large and growing shortfall of doctors, nurses, public health professionals, pharmacists, and veterinarians. The deleterious consequences for California's economy and society are profound and are particularly acute for medically underserved communities.

What: Substantial expansion in enrollment of students preparing for the aforementioned health professions including the establishment of new schools and programs as needed to accommodate them. Growth to 2020 to include a 34 percent increase (to 3429) in MD student enrollments with similar increase in medical residents; 100 percent increase (to 1124) in PharmD students; 180 percent increase (to 1823) in public health students; an increase from 773 to 1812 Masters students in Nursing and from 80 to 420 Doctoral students in Nursing; 95 percent increase in DVM students to 1023 and an increase from 90 to 253 veterinary residents.

Cost: At this stage, it is impossible to estimate the costs precisely. A new medical school would cost in the order of $200 million per year including capital costs, and the Regents are considering establishing at least one new school (Riverside) and possibly a second (Merced). Additionally, the State would need to fund additional enrollments at the agreed rate.

I. **Restore Cuts to Instructional Budgets and Improve Student-Faculty Ratio**.

Why: To retain the quality and distinctiveness of a UC education, ensuring it competes with any available worldwide and contributes graduates as required by California's evolving workforce needs.

What: Restore instructional budgets to pre-2003-04 levels and the faculty student ratio to the benchmark level of 17.6:1 that applied before the budget cuts in the early 1990s.

Cost: $40 million in restoration of instructional budgets in four $10 million annual increments from 2007-08–2011-12 followed by $10 million per annum as needed to hire the additional faculty necessary to restore a student-faculty ratio to 17.6:1.

J. **Upgrade Essential Infrastructure.**

Why: For the past decade, UC has focused its energies opening its doors to the tidal wave of eligible high-school graduates, and doing so in a manner that did not undermine our academic quality and competitiveness. While stunningly successful, the effort has not been without great cost, especially as it has taken place during a period of declining public investment in higher education.

What: The following needs have been identified. Each is extensively documented elsewhere and reflects the extent and severity of inadequate investment and associated unmet need.

- $600-$800 million per annum for State supportable capital projects, including those necessary to improve seismic and life safety, to accommodate enrollment growth, and to build out essential infrastructure.

- $800 million-$1 billion per annum for non-State projects to improve and extend research space and auxiliary structures such as parking and housing for students, faculty, and staff.

- $150 million per annum for academic support including libraries, instructional technologies, instructional equipment, and instructional (classroom) buildings.

- $100 million per annum to build out and maintain an IT infrastructure that is appropriate to effective management of this $20 billion knowledge organization and to manage a cyber infrastructure capable of supporting high-end and increasingly computationally based research.

Regent Preuss noted that the statement provided by Provost Hume had described the problem clearly. He emphasized the importance of informing the Legislature and all Californians about the benefits the University provides to the state, including its preparation of a high-powered workforce. Regent Bugay agreed and suggested that a comprehensive vision be developed that can be used as a basis for increasing appreciation for the University's contributions.

Committee Chair Schilling suggested that a tactical start for setting the University's planning priorities and approaching the task of securing adequate State support could be to quantify how much the University's constituents know about it. She believed a first priority must be a message campaign emphasizing the benefits particularly of the University's research effort. She recalled that Associate Vice President Reese had conducted a survey within the past two years in an attempt to measure people's attitudes about the University. Faculty

Representative Brown suggested that the Committee receive a digest of these findings so that the attitudes of the various groups may be assessed.

Regent Bugay asked that the alumni be engaged in the information campaign. Regents Allen and Bugay and Faculty Representative Brown agreed to work with Associate Vice President Reese on refining the information campaign strategy.

Committee Chair Schilling believed that the campaign should address the University's own constituents first. She noted that, as with all the strategic goals, there would likely be a substantial cost involved.

Committee Chair Schilling suggested establishing the topics to be addressed in the University's aggressive request for State funding. She believed that transparency and the budget process could be the first topic, followed by increasing faculty and staff salaries and an estimate of what that would cost. The third topic could be restoring the State's investment in research and graduate education.

Regent Allen noted that the importance of raising faculty salaries will need to be explained fully. Also, he advocated adding sustainability and loan forgiveness to the list of priorities.

Regent Preuss suggested dividing the goals into strategic and tactical.

With respect to the necessity of building and maintaining the quality of the University's teaching and research core, Regent Schilling recalled an estimated need for $10 million annually to support graduate students and between $5 million and $15 million to support the research core. The total of $100 million over five years is a daunting number. Faculty Representative Brown suggested articulating where this would position UC among the world's great universities. He stressed the importance of accentuating the fact that graduate students go on to become professors and scholars.

Regent Schilling suggested separating the topic of graduate student support from research infrastructure needs. Provost Hume noted the necessity of additional investment in information technology systems with enhanced data storage capacity in order to support the needs of students and researchers.

Regent Gould emphasized the need to put a full list of costs together. He agreed that a first step should be to reinvigorate the University's relationship with Californians, followed by identifying the scope of what is needed in order to be effective–to establish budget priorities–and that the topic of how to manage resources should follow.

Regent Schilling noted that the State budget for next year will have a structural shortfall. She and Regent Kozberg believed that the University will need to be realistic in its budget request. Regent Gould attributed the shortfall to erosion of the economy, which, he

observed, may slip further in the interim, depending partially on whether consumer confidence can be restored.

Regent Schilling suggested that it may be logical to ask other Committees to address the individual items listed under infrastructure needs and return with recommendations. Regent Kozberg believed it would be worthwhile to identify additional revenue streams to help fund those needs.

Turning to the goal of contributing lasting solutions to California's K-12 educational crisis, Committee Chair Schilling believed that K-12 should form partnerships with the California State system. Provost Hume suggested that the University could make a significant contribution to this effort. Regents Preuss believed that, while the University can be part of the coalition, it should not be the lead entity. Regent Kozberg suggested that ways in which it could help included through data collection and through its schools of education teacher preparation programs. Regent Bugay acknowledged the difficulty of collaborating with the other educational systems, noting that the combination could end up defining and quantifying a problem so large as to be overwhelming. He noted also that unrealistic expectations could be created in the mind of the public. Regent Allen suggested calling a summit of the three systems.

On the topic of meeting California's healthcare needs, Provost Hume observed that the State must continue to make a substantial investment in preparing students to enter health-related fields. He reported that a new medical school would cost approximately $200 million per year. Combined with the need for graduate student investment, this funding request will be substantial.

Noting that there is limited time available, Committee Chair Schilling suggested that Provost Hume work further on articulating the University's goals and their costs for presentation to the Regents at the November meeting. Although she acknowledged the importance of all ten issues discussed in the report, she advocated picking two or three things for which incremental increases to the budget might be possible for the coming year. Provost Hume noted that there are natural groupings among the planning priorities. He believed it was reasonable to articulate the goals at this point but not necessarily the "asks" related to them. He agreed to revise the list of planning priorities based on further review, collaboration, and the Committee's comments in preparation for the November meeting.

The meeting adjourned at 9:50 a.m.

Attest:

Secretary and Chief of Staff