

Office of the President

TO MEMBERS OF THE COMMITTEE ON LONG RANGE PLANNING:

ACTION ITEM

For Meeting of January 21, 2015

ESTABLISHMENT OF THE SELECT ADVISORY COMMITTEE ON THE COST STRUCTURE OF THE UNIVERSITY

RECOMMENDATION

The President of the Regents and the President of the University recommend that the Committee on Long Range Planning recommend to the Regents that:

- A. A Select Advisory Committee on the Cost Structure of the University shall be established, effectively immediately.
- B. The charge of the Select Advisory Committee shall be to develop and evaluate proposals to reduce the University's cost structure, while improving access, quality, and outcomes.
- C. At a minimum, the Select Advisory Committee shall consider proposals in the following areas:
 - (1) Cost Drivers: Campus-specific specialization and disciplinary consolidations; teaching loads; curriculum design; enrollment; compensation and benefits, including pension and retiree and current employee health benefits; capital projects and deferred maintenance; University and campus administration; and regulatory burdens and other costs imposed by the State.
 - (2) Undergraduate Access, Completion, and Time-to-Degree: Improved pathways for transfer students, with specific emphasis on recognition at the University of SB 1440 (2010) degrees; credit for work experience, military training or other pathways; cross-campus enrollment and streamlined registration; and undergraduate degrees requiring three years of study.
 - (3) Role of Research: The role of a public research university; the University's research profile, activities, budget, and financing, and the impacts of research on the economy and other areas.

- (4) Use of Technology to Enhance Education: Online education, including courses and outcomes; use of adaptive learning technology to adjust instruction based on the educational needs of individual students; and use of predictive analytics to determine how to help individual students succeed.
 - (5) Role of Graduate Education: An analysis of the AB 94 (2013) report on costs of undergraduate instruction, graduate instruction, and research; time-to-degree in graduate academic and professional school programs; and number and proportion of students enrolled in graduate academic and professional school programs.
- D. The President of the Regents and the President of the University shall serve as the members of the Select Advisory Committee.
 - E. The Select Advisory Committee shall be jointly staffed by State officials from the Governor's Office and the Department of Finance and staff in the Office of the President.
 - F. The Select Advisory Committee shall receive testimony from and have discussions with University and national experts in these areas and may conduct any other studies or audits necessary to accomplish its charge.
 - G. The Select Advisory Committee shall present a preliminary report at the March 2015 Regents meeting. The Select Advisory Committee shall update Regents on its progress at subsequent meetings and shall make recommendations to the Regents regarding changes to the University's cost structure.

BACKGROUND

This recommendation to form a Select Advisory Committee on the Cost Structure of the University (committee) is consistent with the proposal introduced by the Governor and discussed by Regents at the November 2014 meeting. At the November 2014 meeting, the Regents approved an action to increase tuition and fees up to five percent every year for the next five years, allowing the President of the University to assess lesser charges should the State provide additional funding beyond the State's planned increases of four percent in each of the next two years. The establishment of the committee reflects the intent that the University, in partnership with the State, should examine ways to maintain and improve access, quality, and accountability, while keeping tuition and fees as low as possible. The committee will produce information, analysis, and proposals to assist the State and the University in determining appropriate funding levels in both the near and long term.

The University has undertaken significant effort in recent years to streamline and review both administrative and academic processes. Examples of academic streamlining that have also directly benefited students include:

- UCLA's "Challenge 45" program set a target of no more than 45 required upper-division units for each of its majors; approximately 50 majors revised their curriculum to meet this challenge, resulting in fewer required units and faster time to degree.
- Several campuses have adopted sophisticated web-based assessment systems that use artificial intelligence and adaptive questioning to quickly and accurately determine exactly what students know in fundamental introductory science and math courses.
- UC Irvine launched a predictive modeling platform that reviews data to provide advisors and other administrators with data-driven information about their undergraduate students.

In addition, the University has made significant progress towards goals in achieving administrative efficiencies, through both campus-based efforts and the systemwide administrative efficiency initiative called Working Smarter. Examples of administrative efficiencies include:

- P200, a University-wide strategic procurement program aimed at saving \$200 million annually by the end of 2016-17. In 2013-14, the P200 program achieved \$125 million in savings.
- Enterprise Risk Management, a portfolio of projects aimed at protecting people, preventing loss, and reducing the University's "cost of risk," has produced over \$180 million in savings over the last four years through streamlining administration and diversifying risk across all locations.
- Efforts to simplify and update University-wide policies and delegations of authority in order to increase transparency and streamline workflows.

Additionally, the Regents have also provided policy direction in several areas. For example, in December 2010, the Regents endorsed the principles of the report of the University of California Commission on the Future, and, in May 2014, the Regents received the report of the Transfer Action Team, which was created to streamline and strengthen the transfer pathway between California Community Colleges and the University.

The committee will build on the efforts of the Commission on the Future and others, and create a venue to explore other areas that may prove beneficial to the University's role in California's higher education system. Importantly, and related to the State's budget process, the committee's work will provide a forum for the State to explore with UC and outside experts distinct aspects of the University and the unique aspects of individual campuses and compare the system and its campuses with other similar institutions.

Both the Governor and legislative leaders have expressed their intent to invest in the University, with expectations that the University will continue to meet the needs of California students. The State Department of Finance has expressed the Governor's administration's intent to provide, in the annual State budget, steady General Fund augmentations for the University in future years,

contingent on tuition and fees staying flat. The University received increases in State appropriations of \$125 million in 2013-14 and \$142 million in 2014-15 pursuant to this plan, representing five percent increases in State appropriations in each of those years. The Governor's administration's planned increases of \$119 million in 2015-16 and \$124 million in 2016-17 represent four percent increases in State appropriations in each of those years and is contingent on tuition and fees remaining flat. Legislative leaders have also proposed alternatives for funding the University beginning in 2015-16. The committee's work may be helpful in evaluating these options.

With approval by the Regents at this meeting, the committee will hold its first meeting in the following weeks, with regular meetings thereafter. The committee will review past actions and similar efforts undertaken elsewhere, engage experts from within the University and at other institutions, and evaluate the implementation of specific proposals at UC. The committee will present a preliminary report to the Regents in March 2015. Subsequently, the committee is expected to present findings and recommendations to the Regents regarding implementation of any proposals on an ongoing basis. Recommendations may require action by the Regents, the Office of the President, or other decision-making bodies with the University.