

CPB Report # 3 on the Santa Clara Valley Regional Center

To the Academic Senate, Santa Cruz Division:

I. Introduction

This is CPB's Third Report to the Senate on the proposed Santa Clara Valley Regional Center (SVRC).

In our first Report (Winter 2000), we expressed doubts that a UC-quality academic program could be provided at the SVRC (or any satellite campus) out of the state funds generated by the students who would be enrolled there. These doubts reflect the ways in which fundamental principles of UC budgeting disfavor the absorption of enrollment growth on satellite campuses: (a) for each incremental student the state provides the campus with significantly less funding than its average appropriation for each student already in the system; (b) if the academic programs at a satellite campus were to be funded by their own enrollments, the average expenditure per student would therefore be significantly less than on the main campus; (c) there is, thus, *prima facie* reason to suppose that the academic programs on the satellite campus would not be budgetarily equivalent in quality to similar programs on the main campus, *unless* they were subsidized by funds generated by enrollments on the main campus, or from some outside source. In our first Report, we asked the Task Force on Academic Planning for the SVRC to address the presumptive problem of providing a UC-quality education at a satellite campus under these budgetary conditions.

The Task Force Report explicitly endorsed CPB's analysis and concerns. In doing so, it limited the academic component of the SVRC to programs that would be enhanced by their presence in Santa Clara Valley, whether or not there is a Regional Center. It did not argue that these educationally appropriate programs could bring in sufficient state funds to create or sustain a Regional Center, nor did it argue that the anticipated enrollment "bulge" could be accommodated by the SVRC. Rather, the Task Force explicitly set aside all consideration of whether a desirable academic program could accommodate the number of students (now estimated at 1900 student FTE) that UCSC is expected to admit in excess of the enrollment cap (15,000 student FTE) for the main campus, and whether the State would fund an SVRC that did not have this goal. It then concluded that a limited range of programs (accommodating perhaps 400 students) could be appropriately placed at the SVRC, assuming that the establishment of such a Regional Center was funded by other means. In reaching this conclusion, the Task Force left to the Senate as a whole the job of ensuring that the programs placed in the SVRC were an appropriate projection of UCSC's mission and quality; to CPB was left the task of developing mechanisms that ensure the funding of programs in Santa Clara Valley would not drain resources from the main campus.

In its Second Report to the Senate, CPB attached a near-final version of the Task Force Report. CPB's brief comment identified the charge that it had been given by the Task Force, and promised to report in the Fall on the extent to which the campus administration had worked with Senate leadership to implement the safeguards demanded by the Task Force, ensuring that academic planning for the Regional Center could proceed within the recommended guidelines. This is the subject of our Third Report.

II. Implementation of the Task Force Recommendations

A. Academic Planning: The record of the administration has, thus far, been mixed. There was no consultation with the Senate during the summer on the substance of academic planning for the SVRC. Neither has there been any consultation on the process. A principal recommendation of the Task Force was that the Senate be closely involved in the selection of a Director for the SVRC who would supervise academic planning. Over the summer an Interim Director was appointed with no Senate consultation. As of the submission of this document, COC has not been asked to nominate members of the Search Committee for a permanent director. On the subject of academic planning, the administration has not yet proceeded to implement the Task Force recommendations.

The administration's delay is troubling for at least two reasons. The first is that the desirable academic planning identified by the Task Force has not yet gone forward, despite the great urgency under which the Task Force was asked to act. The second is that the statements made about the SVRC by the administration to the Regents and the public do not reflect any of constraints on expectations that should have been the result of last year's process of consultation. Thus far, no public statement by UCSC reflects the now general recognition on campus that the SVRC is very unlikely to make a major contribution to absorbing the enrollment "bulge," or the general recognition that enrollment-generated funds would have to be substantially supplemented from other sources in order to meet the Task Force's concern about maintaining UC quality at the SVRC at almost any level of enrollment. The Chancellor, the EVC, and the Interim Director have each explicitly acknowledged both of these points in recent meetings with CPB.

Serious academic planning for the SVRC has been deferred for the current academic year. While the Office of the President expects to receive reassurance on the subject of academic planning if it is to continue funding the SVRC, no representatives of the administration have expressed the expectation of any planning document going forward (to the Regents or CPEC) that will require, or allow, Senate consultation. Overall planning for the SVRC will thus, presumably, go forward on the assumption that an academic plan is in preparation that could accommodate up to 2000 students and still meet the standards of quality demanded by the Senate.

CPB believes that, if there is to be an SVRC fulfilling the curricular purposes endorsed by the Task Force, then the Senate must be adequately informed of its budgetary base and must be in a position to review the plan as a whole before any significant commitments are made. Even more pressing, because there is now little likelihood that the academic plan for the SVRC will accommodate those students in the "bulge," there must be *other* planning by UCSC to accommodate those students, who will be here by 2006 under current projections. CPB is unaware that any such planning is underway.

This broader inadequacy of academic planning for UCSC as a whole is, perhaps, the most serious consequence of its absence in the more limited sphere of the SVRC. CPB recommends a continuation of the Task Force process that would embrace the relationship of academic planning for the SVRC to academic planning for the main campus. We view the curriculum in the SVRC as new enterprise or program of UCSC that must be approved as a whole, rather than as a series of individual course offerings.

B. Budgetary Planning: We are pleased to report that the administration and the Senate have successfully cooperated on budgetary planning for the SVRC.

The Task Force asked that the administration develop meaningful fiscal benchmarks for monitoring the impact of the center and of its particular programs on the funding of the teaching and research mission of the main campus. In cooperation with CPB, AVC Michaels had already begun to track the adjusted expenditure on Instruction and Research per student at UCSC and on our sister campuses. This method of analysis can be used to evaluate the curriculum at the SVRC in its entirety from a budgetary point of view, and it can be extended to determine the degree to which the specific programs offered at the proposed SVRC would be budgetarily equivalent to similar programs offered at UCSC, and other comparable campuses in the system.

The most important use of these benchmarks, however, would be to calculate the fiscal shortfall that must be overcome in order to bring the per student funding of education at the SVRC up to the level of the main campus – the funds that must be generated from other sources (state and/or private) to ensure that the academic programs at the SVRC are budgetarily of UC quality. At CPB's October 10 meeting, AVC Michaels presented a "Preliminary Financial Feasibility Analysis" for the SVRC. Her initial scenario assumes first, that the mix of programs to be established there are on average the same in cost as those on the present campus, and second, that the programs at the SVRC will not benefit from "economies of scale" except in the area of services (e.g. the Registrar, etc.) Under these assumptions, the annual shortfall in funding for the SVRC would be over \$4M at an enrollment level of 2000 students (and proportionately less at lesser enrollment levels.) This would represent the amount of additional core funding that UCSC would need each year to maintain the satellite campus under current the assumptions stated above. It does not include capital funding, and one-time (startup) funding required to establish the SVRC.

AVC Michaels emphasizes, and CPB understands, that the assumptions stated above are merely a starting point for an analysis of financial feasibility of the SVRC's curricular component. The specific programs to be placed in the SVRC may be less expensive than the average cost of programs on the main campus; they may, however, be more expensive. There may be greater opportunities for economies of scale than anticipated; we may also find, however, that infrastructure in the Santa Clara Valley is more expensive to build and maintain than comparable facilities in Santa Cruz. The sole purpose of this preliminary analysis of financial feasibility is to set the baseline presumption from which discussions of a more specific academic plan can proceed. Those who wish to target the academic program at a given number of student FTE would now have the burden of identifying the sources of the capital, start-up, and continuing core funding that would be necessary to supplement the enrollment dollars brought in by those students. If programs are to be located in Silicon Valley that are less costly per student than those at UCSC, then the burden will be on those who advocate such a plan to show (a) that these programs are of UC quality, and (b) that their presence at the SVRC would not indirectly raise the cost of instruction on the main campus. The financial information that we have requested, and are now getting, is precisely the kind of information that the administration will need in order to request budgetary supplements from OP, the Regents, and the Legislature for the establishment of an SVRC.

Finally, the Task Force has charged CPB with the responsibility of establishing reporting mechanisms to determine the extent to which planning funds and capital funds for SVRC are being diverted from the main campus. AVC Michaels has created a separate account for the line item funds that have been appropriated to plan the SVRC, and the Banner System can now generate reports on this account. There is as yet, however, no reporting mechanism for determining whether funds from other accounts have in fact been spent on the SVRC.

CPB is pleased that the campus received \$20M augmentation of its capital budget in order to give it the flexibility to plan for Silicon Valley. We note, however, that the planning process that generated this augmentation is far from transparent. The funds, we are told, cannot be specifically designated for the SVRC unless and until there is an approved academic plan, but they cannot be spent elsewhere if the campus so decides. CPB hope and expects that a separate accounting will be made of capital funds expressly appropriated for the SVRC, and that no capital funds will be used there that could have been used to meet urgent needs on the main campus.

III. The Changing Mission of the SVRC

CPB has always been aware that the academic component of the SVRC is only one of its aspects: the others are research, outreach/public service, and collaborative education with San Jose State and community colleges. The most prominent driving force behind the SVRC proposal, however, was to provide academic programs for the growing number of UCSC students who were part of Tidal Wave II. It has become clear by now that this is no longer an appropriate justification for the Center, and that it cannot provide the basis for academic planning consistent with the recommendations of the Task Force.

The administration's choice of the NASA Ames site for the SVRC has changed the character of the academic planning for the Center. We now understand that the Space Act requires NASA to form partnerships with educational institutions (such as UCSC) in order to develop 213 acres of prime Silicon Valley land as a business and research park. This partnership could provide potential research collaborations and funding for some UCSC faculty (e.g. in astrobiology), and could consequently provide opportunity funds (overhead) to UC as a whole. From NASA's perspective, we understand that the partnership with UCSC and other universities will be research-driven. UCSC, however, has made it a condition of the partnership that it be allowed to locate appropriate academic and outreach programs on the NASA site. The academic component is apparently no longer driving the SVRC – the possibility of such a program is rather a one of the terms under which UCSC has agreed to participate (along with other universities) in the development of 213 acres of government land for research and business purposes.

Despite these developments, the public representation of the SVRC remains that of a satellite campus that would both handle the "bulge" and educate otherwise underserved students. When we have asked why this has not changed, we have been told only that OP and the Regents would not be interested in funding a Regional Center that did not address the "bulge." This explanation suggests that planning funds for the SVRC would become unavailable if it were to be publicly acknowledged that something *else* must be done about the "bulge." Given the present lack of

clarity, CPB finds it extremely difficult to fulfill its obligation to advise both the Senate and the administration on either the SVRC *or* the "bulge."

IV. Conclusion

CPB believes that the time has come for the Senate to express its intentions on the issue of SVRC. In the Winter Call we plan to propose an action item that would express the desire of the Senate to review and vote on an academic plan for the SVRC, in its entirety, before individual programs or courses are offered there. We have here presented the reasons for our concern, and would welcome the opportunity to discuss them more broadly with the Senate and the administration in the coming weeks.

Respectfully Submitted:

COMMITTEE ON PLANNING AND BUDGET

Roger Anderson

Barry Bowman

Tina Campt

Ben Friedlander

Allison Galloway

Susan Gillman

Bob Meister

Tudor Ratiu

John Hay, Chair