

May 7, 2010

Lori Kletzer, Chair
Academic Senate

RE: CPB response to Commission on the Future Recommendations

Dear Chair Kletzer:

The UCSC Committee on Planning and Budget has reviewed the March 2010 First Round of Recommendations of the UC Commission on the Future (COTF). When the Commission completes its recommendations, we anticipate engaging in another examination of all the proposals. For now, we note the following important themes for which a consistent message should emerge.

1. **Stratification.** This theme arises both in terms of campuses and students. The COTF should discuss these issues directly so that subcommittees have a shared understanding of what the costs and benefits are. Potential (but not assured) benefits include revenue enhancement if some campuses raise their fees substantially, and reduced cost to students who choose not to participate in higher priced academic and non-academic activities. It could also create incentives for following campuses to emphasize their distinctive excellent programs, thus increasing their attractiveness to students. Costs include resentment and decay at campuses selected for the bottom tier, especially in cases where excellence is clearly tied to available financial resources, such as TAs per class, access to teaching laboratories, and class size in the freshman year.

Economic terms are used to imply that cutting fees at undesirable campuses might shore up future enrollments:

A differential tuition could both protect enrollments at campuses beginning to experience demand elasticity, and allow tuition to increase at campuses where demand remains relatively inelastic.

We should look carefully before we leap into the untested assumptions of further stratification of UC.

2. **Excellence.** Excellence can be related to the size of an intellectual endeavor when sufficient researchers are necessary to cover a topic. Excellence does not grow as the number of enrolled students grows. The COTF recommendations should all be reviewed in light of this critical goal of UC.

3. **Connection to California.** Our globalized world means that we must reconsider our connection to the region in which we are located and political entity that established us.

One can imagine being a global, on-line university with dissolving links to the state government where our infrastructure exists. We must think this through quite deeply. There are connections to the state of California, such as the state's political will to protect intellectual freedom, that could be weakened if we move to weaken our ties further.

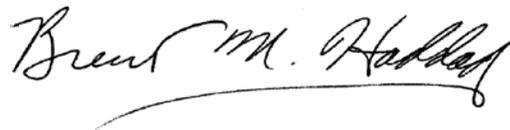
4. Cost justification of intellectual endeavors. Cost justification should be a minor issue when examining I&R. The reason is that the benefits of an excellent intellectual or professional program will almost always exceed the costs. The benefits are diffuse and multi-decadal, while the costs are easily identified and annual. So if we focus on matching costs to marginal revenue, we miss the larger point of the broad social benefits of programs. Of course there are limits to this argument and trade-offs must be made since budgets are finite. But holding proposed programs up to a standard of whether tuitions, gifts, and grants will cover their costs is arbitrary and deleterious to the creation of bold new initiatives. It also privileges existing programs that may be running out of intellectual steam but no longer have to justify themselves.

CPB found the summary statement in Recommendation 2 of the Research Strategy Work group, p11 to be somewhat unclear, but the articulation on pp. 117-121 helped clarify. If COTF as a whole does consider the UC system to be an ensemble, not a hierarchy (p. 117), this crucial point should be recognized up front and throughout the report.

5. Assigning costs to those who incur them. The proposal to guarantee a fee schedule to each student when they arrive is an academic equivalent of California's Proposition 13 forcing future students to pay for the cost overruns of existing students. It is not fair to have students pay different fees for the same services based on when they arrived. Students could instead be given a best-guess good-faith projection of costs, as well as greater flexibility to choose an academic career path stripped of amenities.

To conclude, CPB awaits further reports from the COTF, both exploring further the first round of recommendations and completing their recommendations. It is essential that a first attempt to integrate the recommendations from the various working groups be made at the current juncture of the process. As they stand, we are not able yet to evaluate the proposals in detail, but note that some could have major impacts on UC for good or ill, and will require extensive further consultation with the Senate.

Sincerely,



Brent Haddad, Chair
Committee on Planning and Budget