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March 23, 2010

CHAIRS OF THE SENATE DIVISIONS  
CHAIRS OF THE SENATE COMMITTEES

Dear Division and Committee Chairs:

As you know, the five Working Groups of the Commission on the Future of the University, presented their first recommendations to the full Commission today. Following presentation of these recommendations to the Regents today for information, I am now transmitting them to the Senate committees and divisions for a full formal review. The recommendations are attached. In addition, they are available on the web at

[http://ucfuture.universityofcalifornia.edu/presentations/cotf\\_wg\\_first\\_recs.pdf](http://ucfuture.universityofcalifornia.edu/presentations/cotf_wg_first_recs.pdf).

In addition to the recommendations themselves, please note that pages 3 through 9 of the report contain a Powerpoint presentation of the fiscal challenges facing the University, which provide the context for the Commission's work. Of particular interest is slide number 9 (on page 7), which lists assumptions underlying revenue and cost projections outlined on slide number 8.

These recommendations touch on every aspect of academic activity within the University. Accordingly, they challenge faculty across all campuses and all disciplines to engage in an appropriately rich and thoughtful discussion not only of the recommendations but of the assumptions underlying the fiscal analysis within which they are situated. I encourage division chairs to disseminate the document to as many members of the faculty as possible and to create opportunities for broad consultation. At the same time, I ask that committees to bring their special expertise and interest to bear on the issues most relevant to their respective areas of jurisdiction. A robust process within the divisions and committees will inform Council's deliberations and lead to its taking positions on behalf of the entire Senate that are both deeply informed and constructive.

In order to ensure that the Senate's comments are fully considered when recommendations for action are presented to the Regents in July, I request that you submit your comments by Friday, May 28. This will allow for careful consideration by the Academic Council at its meeting on June 30 and provide for a clear statement of the Senate's positions on each recommendation when the recommendations are presented to the Regents during their meeting in July. Please submit your comments by email to [SenateReview@ucop.edu](mailto:SenateReview@ucop.edu).

I am acutely aware that this review extends beyond the end of the academic year for campuses on the semester schedule. I hope that the work all of you have done over the past months to engage with members of the work groups has enabled your divisions and committees to being engaging with the issues and challenges raised by these recommendations. I do not need to tell you how important this review and consultation are for enhancing and affirming the Senate's role in shared governance.

As the formal review progresses, you should feel free to communicate directly with me or Council vice chair Dan Simmons ([Daniel.simmons@ucop.edu](mailto:Daniel.simmons@ucop.edu)) if issues arise during the review that are appropriate for early discussion by Council prior to receiving formal comments from your committee or division.

If you have any questions or concerns about this review, please feel free to contact me or Senate executive director Martha Winnacker at [Martha.winnacker@ucop.edu](mailto:Martha.winnacker@ucop.edu) or (510) 987-9458.

Sincerely,

A handwritten signature in black ink, appearing to read "Henry C. Powell", with a long horizontal flourish extending to the right.

Henry C. Powell  
Chair, Universitywide Academic Senate

Cc: Senate Executive Director Winnacker  
Senate Divisional Directors  
Senate Committee Analysts

# COMMISSION ON THE FUTURE

## **First Round of Recommendations from the Working Groups**

March 2010

**UC Commission on the Future  
First Round of Recommendations from the Working Groups**

**TABLE OF CONTENTS**

<b>Executive Summary</b>	<b>1</b>
<b>Fiscal Challenges and Strategies</b>	<b>3</b>
<b>Working Group First Round Recommendations</b>	<b>10</b>
▪ Size and Shape	<b>12</b>
▪ Education and Curriculum	<b>29</b>
▪ Access and Affordability	<b>55</b>
▪ Funding Strategies	<b>73</b>
▪ Research Strategies	<b>107</b>
<b>Background</b>	
▪ The Fiscal Crisis	<b>132</b>
▪ Working Groups Process	<b>133</b>
<b>Appendices</b>	
▪ Letter Announcing UC Commission on the Future, Chair Gould, July 16, 2009	<b>136</b>
▪ Commission Membership	<b>138</b>
▪ Letter Announcing Working Groups, Chair Gould, August 4, 2009	<b>139</b>
▪ Size and Shape of UC Working Group Membership	<b>143</b>
▪ Education and Curriculum Working Group Membership	<b>144</b>
▪ Access and Affordability Working Group Membership	<b>145</b>
▪ Funding Strategies Working Group Membership	<b>146</b>
▪ Research Strategies Working Group Membership	<b>147</b>
▪ Letter Encouraging UC Community Input, Chair Gould and President Yudof, October 9, 2009	<b>148</b>
▪ Commission Calendar	<b>149</b>

# UC Commission on the Future

## First Round of Recommendations from the Working Groups

### EXECUTIVE SUMMARY

#### Background

The University of California Commission on the Future, formed in July 2009 by Board of Regents Chair Russell S. Gould, is charged with developing a new vision for the University within the context of the University's mission, while reaffirming UC's commitment to access, affordability and the highest levels of quality in instruction, research, public service and health care. UC must continue to play a vital role in sustaining California's economy and cultural life, operating strategically and as efficiently as possible within available resources in the midst of the State's dire financial crisis and into the future.

Co-chaired by Chair Gould and President Yudof, the Commission is composed of members from across UC and outside of the University. In addition, the UC Commission is supported by five working groups organized around the broad topic areas of the size and shape of UC, education and curriculum, access and affordability, funding strategies, and research strategies.

#### First Round Recommendations

In the short time they have met, the five working groups have considered a wide range of issues, many of which require further deliberation and consideration over the coming months. The working groups are issuing this first set of key recommendations early in order to provide adequate time to the Commission for study and to receive input from the UC community and the public. **This first round of recommendations should not be considered the complete product of the working groups, however, and the Commission can consider additional ideas beyond those forwarded by the working groups.**

Many of these first recommendations pertain to administrative efficiencies and, while it is anticipated they could generate significant revenue and savings (several hundred million dollars), more in-depth analysis will need to be conducted to precisely estimate their financial impact on UC. **It must be realized, however, that implementation of these recommendations, if they are eventually adopted, will often require significant up-front costs that may take several years to recapture and to realize increased revenues.**

Some of the recommendations in this first report are uncontroversial. Others would represent a sea change for the University and likely would not be considered except for the severe fiscal crisis that UC faces. It is important to note that some ideas have been taken up by multiple working groups, and in several cases different working groups are offering the Commission different perspectives on a given issue. **Therefore, the recommendations presented here do not reflect the endorsement of all working groups. The ideas are being shared with the Commission and the UC community for the broader and more extensive discussion they now require.**

The working groups' initial recommendations are detailed in the following pages. Many of the ideas offered in this document can be grouped into one of several topic areas:

- **Strategies for improving access and ensuring high-quality education –**  
Recommendations forwarded by individual working groups include creating pathways for **three-year undergraduate degrees**; continuing exploration of **online instruction**; providing more predictability in student fees by giving students and parents a **tuition schedule for four years**; and improving the **community college transfer** function by streamlining lower-division major requirements and enhancing online advising tools.
- **Strategies for enhancing resources available to support the University –**  
Recommendations forwarded by individual working groups include undertaking expanded advocacy activities in support of **improved state funding** reflective of the benefits the University provides the State of California; improving **indirect cost recovery rates** on sponsored research, which currently do not cover the University's actual costs; creating an augmentation to the Pell Grant program in which colleges and universities would receive a **federal augmentation for admitting and graduating more low-income students**; and *investigating the feasibility of campuses charging different student fees (e.g., educational fee, registration fee, non-resident fee, etc.)*, a strategy undertaken by some multi-campus state systems but one posing special challenges for a system with such high quality across multiple campuses.
- **Strategies for ensuring efficient use of resources coming to the University –**  
Recommendations forwarded by individual working groups include promoting efficiencies by **implementing a system of best administrative practices** across the UC system; managing **educational resources** more effectively and efficiently; **prioritizing internal research funds** to support world-class research in disciplines where extramural funding options are limited; and improving **transparency in the management of funds recovered** through indirect costs.

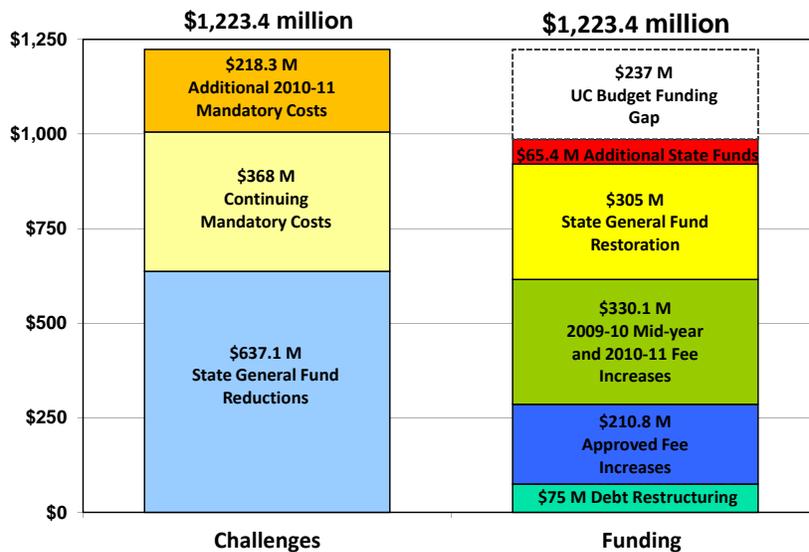
These and the other working group recommendations contained in this first report will be disseminated for review by and feedback from the Academic Senate, staff, students, and the public over the next two months. The full Commission will review and consider the comments received from these internal and external constituents before it presents a prioritized first round of recommendations to the Regents in July.

The working groups continue to develop, analyze and refine additional recommendations that will be presented to the Commission in June. A similar review period for faculty, staff, students, and the public will be provided for before the Commission concludes its deliberations and prioritizes a final round of recommendations for presentation to the Regents in the fall. Implementation of recommendations will be subject to traditional review by the Academic Senate in the areas for which it has delegated authority. For recommendations in all other areas, the Academic Senate will have full opportunity for consultation and review.



# COMMISSION ON THE FUTURE Fiscal Challenges and Strategies March 2010

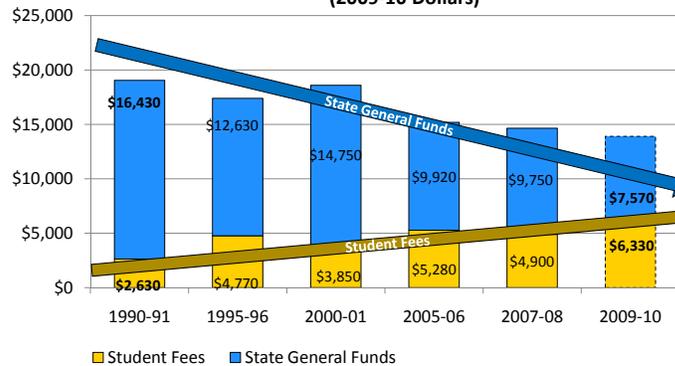
## 2010-11 Budget Reductions and Funding Issues



## Crossroads on Funding

State support has already declined 54% over 19 years.

Per-Student Average Expenditures for Education from Student Fees and General Funds (2009-10 Dollars)



Student fee amounts are net of financial aid.

3

## UC Administrative Efficiencies and Other Actions

- Furloughs/Salary Reductions (2009-10)
- Debt Restructuring (2009-10 and 2010-11)
- Strategic Sourcing
- UCOP Restructuring
- Energy Savings Program
- Other Actions:
  - Senior management salary freeze
  - 5% senior administrator pay reductions on July 1, 2009
  - Cancellation or deferral of bonus and many incentive programs
  - Suspension of staff merit awards
  - Restrictions on hiring, travel, and purchasing

4

## Campus Budget Actions

- Greater impact on administrative versus academic programs
- Administrative restructuring and consolidations
- Positions eliminated, hiring deferred, and layoffs
- Service reductions
- Increasingly using “one-time” campus reserves
- Class sections reduced or eliminated, class sizes increased

5

## Campus Budget Actions

	2008-09 (Actual)	2009-10 (Projected)
Instructional Budget Reductions	\$56 M	\$139 M
Employee Layoffs	> 850	> 1,000
Positions Eliminated	> 1,950	> 1,900
Deferred Hiring	> 600	> 950

6

# Challenges for UC

## How to Maintain Quality and Access in the Face of Declines in State Funding and Subsequent Increases in Student Fees

### Obligations:

- Compensation
- Restart of Retirement Contributions
- Employee Benefits
- Non-salary Items
- Bargaining Unit Contracts

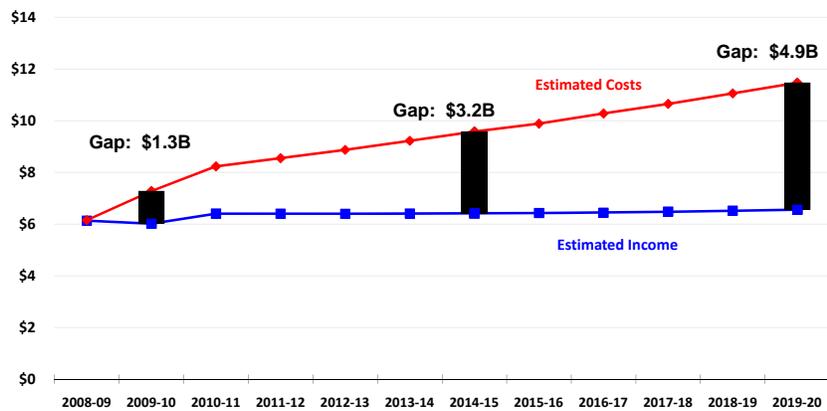
### Regents' Priorities:

- Enrollment Growth
- Educational Quality
- Faculty and Staff Salary Gaps
- Graduate Support
- Capital Renewal and Deferred Maintenance
- Financial Aid

7

# Total Costs to Meet Obligations and Regental Priorities

Assumes no additional revenue increases after 2010-11



Dollars in billions.

8

# Assumptions for Slide 8

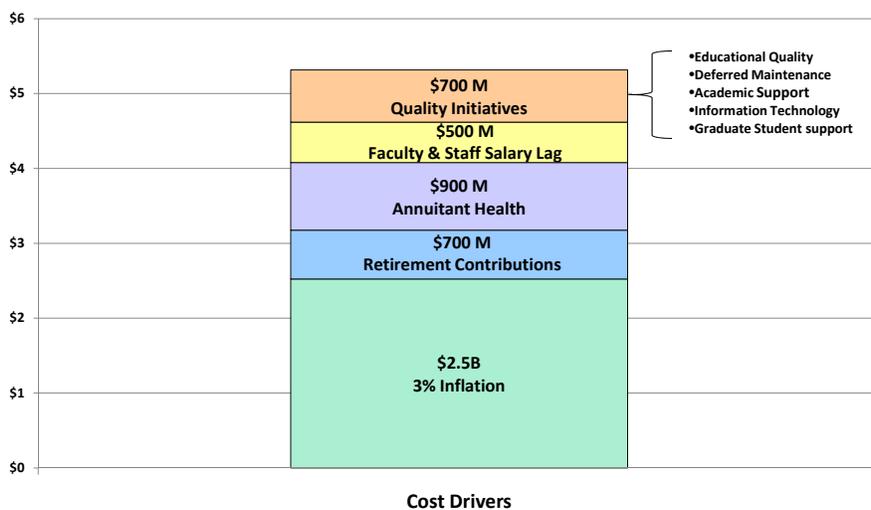
## Funding

Level enrollment, no increases in State funding (no restoration of \$305 million as proposed by the Governor), private gifts or research revenues, and no student fee increases after 15% in 2010-11.

## Costs

- 3% Annual Inflation - on compensation, benefits, utilities, other non-salary items (not financial aid).
- Employer retirement contributions - growing from 2% of covered compensation in 2010-11 to 16% in 2015-16.
- Annuitant Health - Payment of liability for retiree health costs.
- Faculty Salaries - additional 1% annually above inflation (for a total of 4% annually) for ten years to catch up with market.
- Staff Salaries - consistent with faculty salaries, additional 1% annually for ten years.
- Student-Faculty Ratio - Starting in 2010-11, over ten years improving ratio from 18.7 to 17.6:1.
- Graduate Support - Initial \$10 million investment in 2010-11, increasing by \$10 million annually until \$50 million is reached.
- IT Investments - \$88 million investments for five years, followed by a \$15 million maintenance effort going forward.
- Academic Support - Restoring \$150 million to academic support (equipment, instructional technology, libraries, and maintenance).
- Capital Renewal and Deferred Maintenance - \$200M initially rising to \$285M.

# Cost Drivers: Total Increases in 2019-20

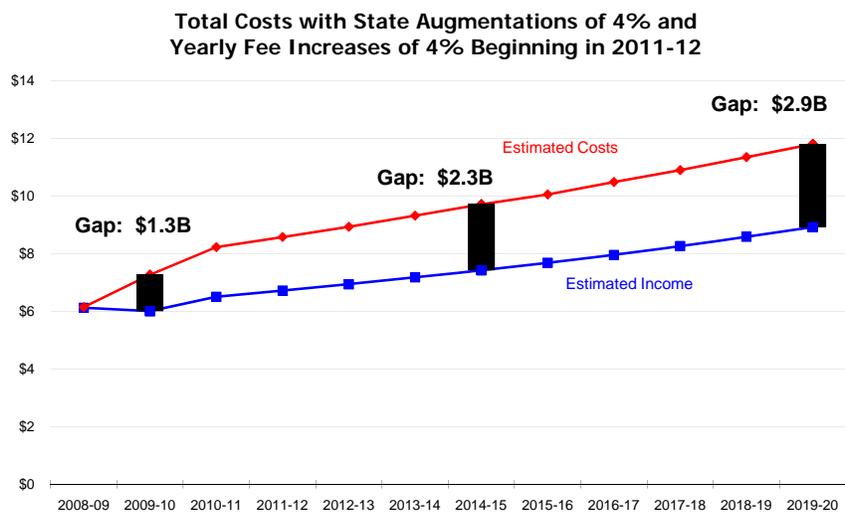


## Potential Strategies to Address Funding Gap

- Funding mix
- Enrollment levels
- Enrollment mix
- Administrative efficiencies
- Student-faculty ratio
- Post employment benefit restructuring
- Faculty mix
- Educational delivery
- Financial aid policy
- Research cost recovery
- Private partnerships

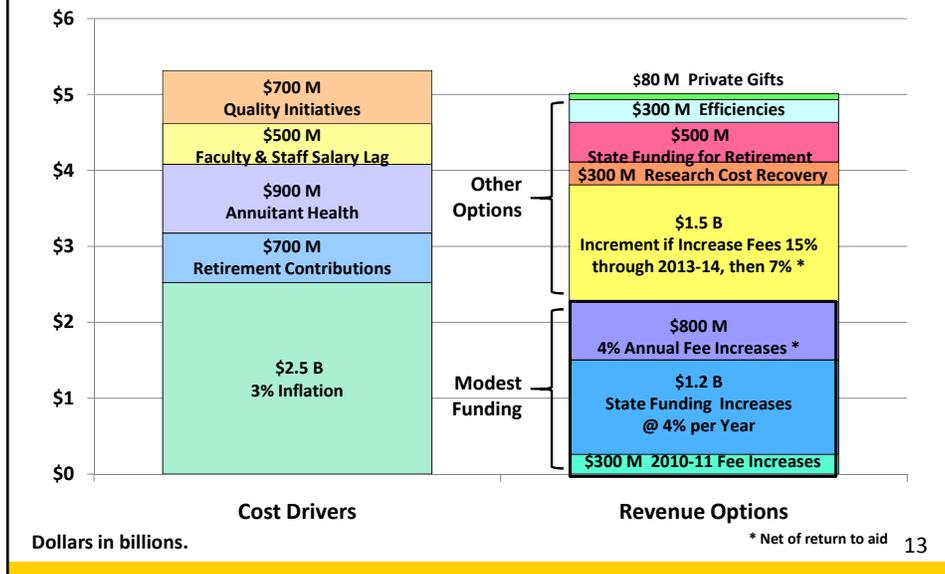
11

## Total Obligations and Priority Costs Relative to Modest Funding Increases



12

## Cost Drivers & Revenue Options: Total Increases in 2019-20



## Assumptions regarding Other Funding Options in 2019-20

- Fee increases of 15% in 2011-12 through 2013-14, followed by 7% annual increases thereafter (increment shown over 4% annual).
- Enhanced research recovery of approximately \$300 million.
- State funding of its share of the University's retirement obligation.
- Additional administrative efficiencies across the system, above the efficiencies already achieved over the last twenty years.
- Regents' endowment growth at an annual rate of 10.8% over the next ten years, with a 7.5% rate of return.

## LIST OF WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Size and Shape

- Recommendation 1: Increase the number and proportion of non-resident students at the undergraduate level. (pp. 14-18)
- Recommendation 2: Improve the student transfer function by developing more complete lower-division transfer pathways in high-demand majors. (pp. 19-21)
- Recommendation 3: To improve the student transfer function, enhance the ASSIST website for greater user-friendliness and improved capabilities. (pp. 22-23)
- Recommendation 4: Examine the utility of practice doctorates for allied health professions in terms of national healthcare quality and costs, UC and CSU missions, and the future needs of California residents. (pp. 24-26)
- Recommendation 5: Eliminate administrative redundancies across the UC system and promote efficiencies where possible. (pp. 27-28)

### Education and Curriculum

- Recommendation 1: Manage educational resources more effectively and efficiently to (1) increase the proportion of undergraduate students graduating in four years, (2) create a pathway for undergraduate students to complete degrees in three years, (3) make more effective use of faculty resources, and (4) maintain or improve the undergraduate student experience. (pp. 29-35)
- Recommendation 2: Continue timely exploration of online instruction in the undergraduate curriculum, as well as in self-supporting graduate degrees and Extension programs. (pp. 36-39)
- Recommendation 3: Expand use of self-supporting and part-time programs to expand opportunities for a UC education to existing and potential students, working professionals, and underserved communities. (pp. 40-45)
- Recommendation 4: Develop a systemwide academic planning framework that incorporates campus goals within the context of priorities identified for the University as a whole. (pp. 46-48)
- Preliminary Recommendation: The working group seeks UC input on its forthcoming recommendation on quality. (pp. 49-54)

### Access and Affordability

- Recommendation 1: Reaffirm UC's commitment to access for California students. (pp. 55-57)
- Recommendation 2: Reaffirm the University's commitment to be financially accessible for all undergraduate students admitted to UC. (pp. 58-60)
- Recommendation 3: Reaffirm the University's commitment to fulfilling graduate education's role in serving UC's research enterprise, UC's teaching mission, and the diverse knowledge and workforce demands of the State and beyond. (pp. 61-63)
- Recommendation 4: Re-establish UC financial aid eligibility for undocumented California high school graduates. (pp. 64-66)

- Recommendation 5: Adopt a multi-year fee schedule for each entering cohort of new undergraduate students. (pp. 67-69)
- Recommendation 6: Rename the Education Fee and the Professional Degree Fees (but not the Registration Fee) as “tuition.” (pp. 70-72)

## **Funding Strategies**

- Recommendation 1: Develop a multiyear advocacy campaign aimed at grass roots opinion leaders throughout the State of California to foster public and political support for the University as a major priority for state funding. (pp. 75-79)
- Recommendation 2: Design and implement a system to identify, promote, and adopt the best administrative practices within the UC system. (pp. 80-83)
- Recommendation 3: Revise practice and policy on charging indirect cost recovery for non-federally funded research. (pp. 84-85)
- Recommendation 4: Improve indirect cost recovery rates with federal agencies. (pp. 86-87)
- Recommendation 5: Adopt a multiyear strategy to replace student fees with tuition, generate new revenue to protect academic quality, and strengthen university planning. (pp. 88-91)
- Recommendation 6: Increase enrollment of nonresident undergraduates. (pp. 92-94)
- Recommendation 7: Advocate for a Pell Augmentation Grant to Institutions (“Pell PLUS”). (pp. 95-100)
- Recommendation 8: Examine alternate faculty compensation plans. (pp. 101-102)
- Recommendation 9: Allow for the possibility of charging differential tuition by campus, as a means of mitigating potential future enrollment impacts on some campuses. (pp. 103-106)

## **Research Strategies**

- Recommendation 1: The University of California must recover a greater share of the costs of research sponsored by outside agencies and make its management of those funds more transparent to ensure accountability to its sponsors and its researchers. (pp. 111-116)
- Recommendation 2: UC must ensure continued excellence across a broad spectrum of cutting-edge research. To aid in this effort, UC should (1) prioritize internal funds to support world-class research in disciplines where extramural funding options are limited; (2) motivate the development of large-scale, interdisciplinary, collaborative research projects to capture new funding streams; and (3) augment and enhance opportunities for graduate student research and support wherever possible. (pp. 117-121)
- Recommendation 3: Create multicampus, interdisciplinary “UC Grand Challenge Research Initiatives” to realize the enormous potential of UC’s ten campuses and three national laboratories on behalf of the state and the nation. (pp. 122-125)
- Recommendation 4: Streamline risk management practices to increase the efficiency of the research enterprise, making optimal use of faculty researchers and administrative staff support. (pp. 126-129)
- Recommendation 5: Proactively demonstrate the significant and long-lasting benefits that UC research provides to California and the nation and advocate at the national level for increased and sustained investment in research. (pp. 130-131)

## Size and Shape Working Group

### Framing language for the Working Group's March Recommendations

The Size and Shape Working Group is pleased to forward the following initial set of five recommendations to the Commission. However, these recommendations represent only a subset of our deliberations. Additional recommendations will be forthcoming regarding the more complex issues of the future size and shape of UC and campus funding models. We expect these recommendation to address specifics such as whether or not the University can maintain its current growth path given the trend in reduced state support, what the proportions of different kinds of students (graduate, professional, freshmen, transfers) at each campus might be in the future, how different fund sources should be allocated among the campuses, how decisions should be made to add new schools and departments, and how campuses can better collaborate in offering curricula and programs.

As concerned as we are about the severity of the recent fiscal crisis in California, and about the terrible constraints it imposes on UC, we must not respond by putting into effect measures that will undermine and degrade the very qualities and values that make UC the envy of the world. Even short-term, "emergency" actions have a surprising power to effect permanent change. It would be a Pyrrhic victory indeed if we "rescued" UC, only to find that we had effectively destroyed this unique institution in the process.

We recommend, then, that we first recognize and affirm the special character and philosophy of our university, and then embody those values clearly in all of our decisions concerning the future structure and operation of the institution.

Three elements in particular deserve our vigilance and protection:

**(1) Our structure as a multi-campus system.** UC's power and excellence derives from our unique structure as a coherent collection of ten campuses, each with its own vision and character. Each campus is freed and encouraged to aspire to world-class excellence in the disciplines it chooses — in effect, we are ten individual experiments in building a great university. At the same time, coordination and collaboration among campuses, fostered by the systemwide organization, generate synergies that make the whole greater than the sum of the parts.

**(2) Our status as a university with a tripartite mission of teaching, research, and public service.** Universities build the societies they serve, by educating the citizenry, fostering creativity of all kinds, encouraging cultural discovery and social development, and driving economic growth and evolution. The UC system is founded on the fervent belief that these goals are best accomplished in an environment rich in research, experimentation, and innovation. Our philosophy is that the human mind most fully realizes its potential when it is asked to bring new things to life, and not merely to learn what is known. Consequently, our students are taught by researchers, writers, and artists at the leading edge of their disciplines, and then are invited to join these leaders on the path to discovery. As California's land grant institution, the University has an obligation to ensure that new discovery is used to address the pressing issues facing the state and the nation. The wisdom of this philosophy is evident in the astonishing impact of our comparatively young system — locally, nationally, and globally.

**(3) Our commitment to graduate education as part of the University’s mission.** Graduate education is integral to the University of California’s research, teaching and service mission. Graduate students teach, mentor and inspire undergraduate students. The relationship between graduate and undergraduate education ensures a continuous “pipeline” of knowledge. Graduate students are closely mentored and trained by faculty for leadership in both academic and applied fields. As the next generation of scholars, they are poised to generate new knowledge in all fields in invaluable ways. It is essential to support graduate education to enhance the undergraduate teaching and research mission, to regenerate the professoriate, and to provide leadership in public policy, industry, and the arts in California. Our recommendations on graduate education, currently in development, will be forthcoming in our final report.

**(4) Our commitment to offer the best education to the most academically qualified students.** Societies thrive best when human potential is not wasted — when the natural abilities of the residents are brought to flower in a nurturing yet disciplined environment. As California’s pre-eminent public university, UC has a solemn responsibility, first, to offer the best possible educational experience, and second, to make this opportunity available to all residents who can best benefit from it. We must be constantly on guard against a gradual erosion of the quality of a UC education. Talent and academic merit, not economic status, should determine a student’s eligibility to come to the University.

We believe it is critical to make decisions today in light of our vision of what we want UC to be 50 years from now and not in response to this or that exigency. Our choices should be informed by the principles and values articulated above, for these are what have brought our University to its present heights of excellence and world renown.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Size and Shape

#### **Recommendation 1: Increase the number and proportion of non-resident students at the undergraduate level.**

The Size and Shape Working Group recommends that University of California campuses increase the number and proportion of undergraduate non-resident students in order to improve the educational quality of the campuses by broadening the geographical diversity of the student body and generating additional resources that can support California students. The working group further recommends that:

- The increase in non-resident students should not displace funded resident students.
- Revenues generated by increased enrollment of non-resident students should be spent on enhancing the educational experience of all students.
- Admission standards shall be set such that the academic record of non-resident students qualifies them for admission at or above the median of all undergraduate students admitted to that campus.
- Over the next five years, each UC campus, in consultation with the Office of the President, should set its own target for undergraduate non-resident students. Each campus and the University shall evaluate this target every five years to determine if it is appropriate, given the educational and fiscal situation at the time of the evaluation.

Note: the Working Group discussed setting minima and maxima for the range of non-resident undergraduates but did not reach consensus on a single approach. Options that were suggested include:

- A systemwide minimum (such as 5 percent) that would apply to every campus in order to make it clear that this recommendation is not just about funding, but rather about the need for every campus to have a minimal level of representation from the rest of the U.S. and the world.
  - A systemwide maximum (such as 15 or 20 percent) that would apply to every campus or systemwide maximum that would apply to system as a whole. There were two arguments for setting (or not setting) such a maximum: (1) the desire to make it clear that UC was maintaining its commitment to Californians and (2) the concern that a uniform systemwide maximum would send the message to the general public that every campus would attain that target in the next few years, when it appears that only a few campuses could actually meet a 15 or 20 percent target in the next five years. Another concern with a systemwide maximum percentage was the possibility of competition across campuses for the right to enroll more non-residents.
  - A systemwide range within which each campus would set its target. This would allow campuses to make individual decisions, but provide some lower and upper limits.
- To ensure that non-resident students are attracted to all campuses, a referral pool mechanism should be incorporated into the application/acceptance process. Students not admitted into one campus would be referred for consideration at other campuses.

### Rationale:

- Just as other forms of diversity enhance the educational experiences of students, California's dependence on an increasingly global society and economy requires geographic diversity among the student body.
- Since students often remain in and contribute to the states where they are educated, increasing the numbers of highly qualified non-resident students can contribute to California's future workforce and social, cultural, and economic development.
- UC has very low proportions of non-resident students compared to other major research universities, both public and private. This recommendation can generate needed additional revenue to enhance the educational experience of all students without unwanted displacement of resident students.

### Impact on Access:

- To the extent that this recommendation is implemented without displacing California residents or negatively affecting student diversity, it can provide resources to provide more access to California residents.
- However, given the reduction in state support for new enrollment, this recommendation is likely to result in fewer unfunded resident students at campuses. This is particularly true for campuses that are near or at their maximum physical capacity or Long Range Development Plan (LRDP) caps.

### Impact on Quality:

- Overall educational quality should improve because non-resident students would:
  - Enhance pedagogical and educational experience for resident students.
  - Provide additional resources to improve educational quality for resident students.
  - Be required to meet rigorous admissions standards.

### Fiscal Implications:

- Currently, there are approximately 7,600 undergraduate students who pay non-resident tuition.<sup>1</sup> Assuming that each non-resident student (at current non-resident tuition rates) contributes about \$12,900 in resources above educational costs, each 10-percent increase in non-resident students would generate \$9.8 million.

### Challenges:

- Some campuses have very low yield rates for non-resident students. Efforts will need to be made to ensure that all campuses can be competitive in the national and international recruitment of non-resident students.
- A greater reliance on non-resident students could hasten withdrawal of state support if it is perceived that UC is less interested in serving Californians.
- Campuses risk becoming dependent on increased revenues and may be reluctant to give up non-resident students if state support returns.

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<sup>1</sup> Budgeted non-resident enrollment. Actual number for 2008-09 was 7,958 (see Appendix 1).

Next Steps for Implementation:

- Create a better model that takes into account physical capacity and instructional costs and that realistically projects demand by non-residents in order to create a feasible plan for growth in undergraduate non-residents.

Other Options Considered:

- Increase non-residents one for one up to the total of unfunded California residents.

## Appendix 1

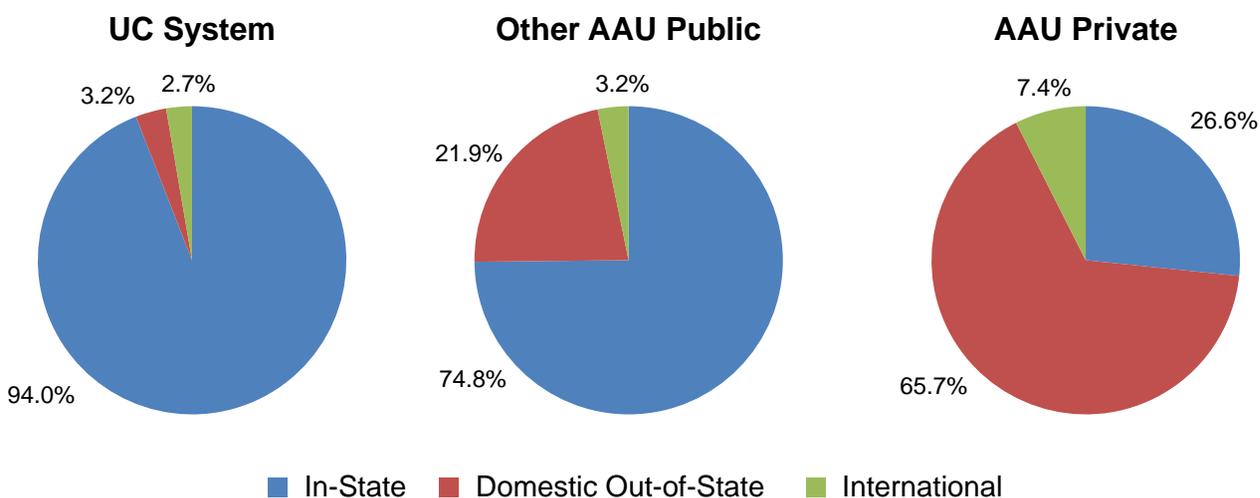
**Table 1: UC Undergraduate Non-Resident Students  
2008-09**

Campus	Total Undergrads	Non Resident Undergrads			
		Total Non-Resident	% of all UGs	Paying Non-Res. Tuition	% of all UGs
Berkeley	24,800	2,542	10.3%	2,157	8.7%
UCLA	25,464	2,605	10.2%	2,061	8.1%
San Diego	22,214	1,353	6.1%	1,099	4.9%
Santa Barbara	18,242	840	4.6%	720	3.9%
Irvine	21,709	907	4.2%	648	3.0%
Davis	23,404	877	3.7%	713	3.0%
Santa Cruz	14,662	442	3.0%	352	2.4%
Riverside	15,179	339	2.2%	191	1.3%
Merced	2,481	43	1.7%	17	0.7%
<b>UC System</b>	<b>168,156</b>	<b>9,947</b>	<b>5.9%</b>	<b>7,958</b>	<b>4.7%</b>

Source: Data on Non-Resident students from UCOP Budget Office Table 10; "Total Undergrads" is Year Average Headcount (YAHC) from UC Corporate Student System.

Note: Approximately 2,000 Non-Resident students did not pay Non-Resident tuition, including AB540 students, children of certain employees, and others with statutory and other exemptions. Numbers may not total due to rounding.

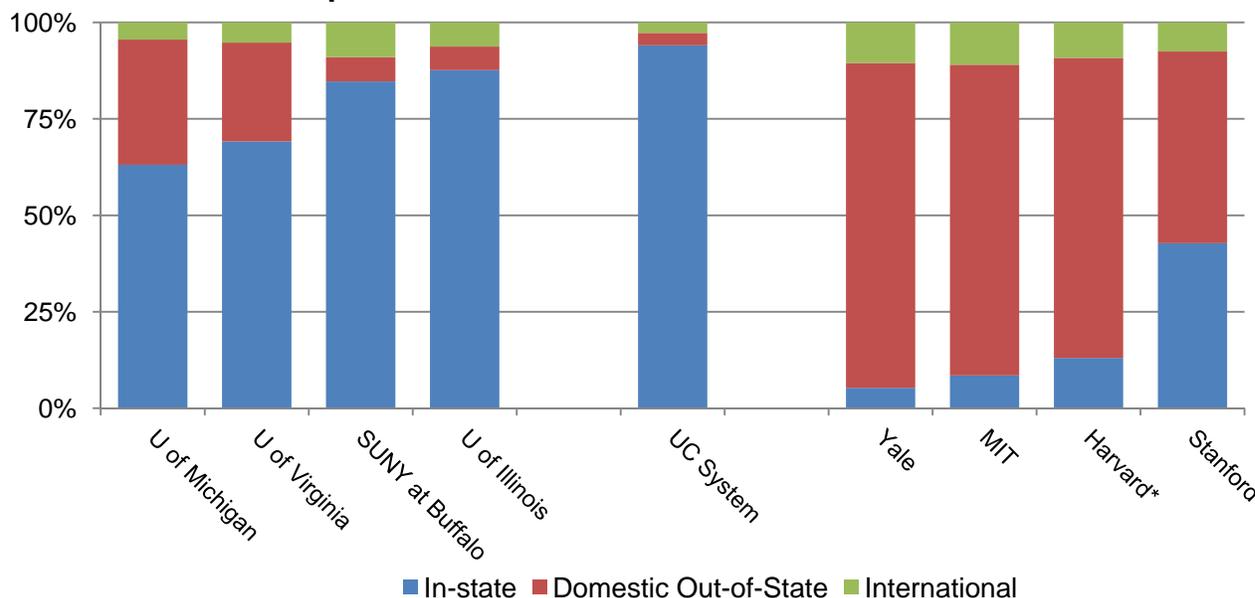
**Chart 1: Geographic Distribution of Entering Freshmen  
UC and Other AAU Institutions, Fall 2007**



Source: IPEDS Fall 2007 Enrollment Survey

Note: Represents Fall first-time students classified according to their permanent address at the time of admission. Excludes students with "unknown" state or country of residence.

**Chart 2: Geographic Distribution of Entering Freshmen  
UC and Comparison Institutions: Fall 2007\***

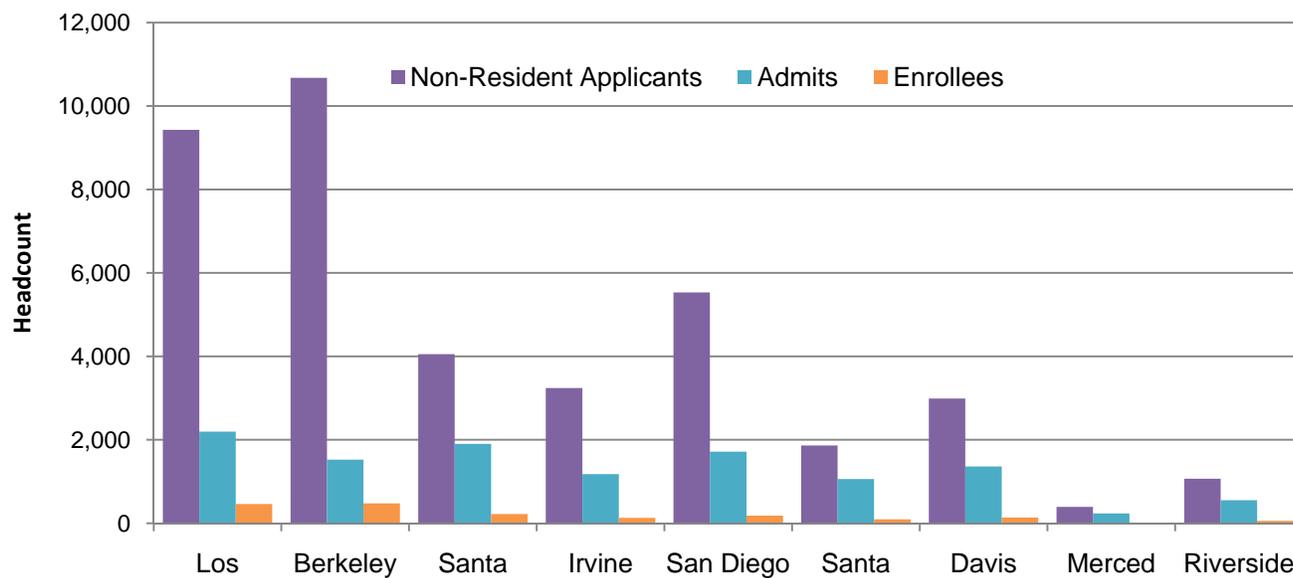


Source: IPEDS Fall 2007 Enrollment Survey

\* Harvard data is from Fall 2006 Enrollment Survey.

Note: Represents Fall first-time students classified according to their permanent address at the time of admission. Excludes students with "unknown" state or country of residence.

**Chart 3: Yield\* for Admitted Non-California Residents  
UC Campuses: Fall 2009 Freshmen**



Non-Res. Yield	Los Angeles	Berkeley	Santa Barbara	Irvine	San Diego	Santa Cruz	Davis	Merced	Riverside
<b>Domestic</b>	21.7%	20.1%	11.2%	10.9%	10.6%	9.6%	9.4%	5.6%	5.2%
<b>International</b>	19.4%	42.8%	12.8%	11.2%	10.7%	7.0%	11.1%	3.6%	12.3%

\*Yield: the percentage of admitted students who enroll.

Source: UC Corporate Student Database, Fall 2009 admissions and enrollment data.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Size and Shape

**Recommendation 2: LOWER-DIVISION MAJOR REQUIREMENTS.** Improve the student transfer function by requesting that UC campuses develop more complete lower-division transfer pathways in high-demand majors. Building on the existing transfer streamlining efforts, disciplinary faculty in high-demand majors at UC and the CCCs should be brought together to reach agreement on transfer pathways with a greater degree of commonality than the current pathways (some of which only have a few common major courses across the UC campuses).

#### Background:

The Master Plan segments – CCC, CSU, and UC – have agreed to a lower-division transfer core curriculum for general education requirements. This curriculum is articulated in the Intersegmental General Education Transfer Curriculum (IGETC), which provides information on community college courses that fulfill CSU or UC lower-division general education requirements.

In 2005 the Academic Senate adopted Regulation 477 which specifies the following: When four or more UC Senate Divisions agree to accept a course from a given California Community College as transferable for preparation for a specific major, the course will be deemed as transferable for the same major at all UC Senate Divisions one year after notification of the divisions. Similarly, if four or more Senate Divisions agree to accept a set of courses as adequate for lower-division major preparation for a UC upper-division major discipline, that set of courses will be deemed as accepted for lower-division preparation in the same major at all the UC Senate Divisions one year after notification of the Senate Divisions.<sup>1</sup>

In response to the regulation and to California Senate bill SB 652,<sup>2</sup> UCOP worked with campus faculty to develop Transfer Preparation Path documents for the top 20 transfer majors to the University ([http://uctransfer.universityofcalifornia.edu/statewide\\_paths.html](http://uctransfer.universityofcalifornia.edu/statewide_paths.html)). While these documents specify common requirements across UC campuses, there remains considerable diversity among campuses regarding lower-division major preparation.

#### Rationale:

- Greater consistency in lower-division major preparation across campuses in key majors can smooth and expedite the transfer process for students and has the potential to minimize the number of excess units taken by students. Consistency across campuses does not preclude campus academic units from requiring additional courses following transfer. Campuses can also recommend additional courses for transfer preparation.
- The value-added dimension of the UC degree is the differentiation that occurs in the upper-division coursework. Creating a common core at the lower-division level provides

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<sup>1</sup> During the year following initial notification, individual Senate Divisions may decline to participate in the agreement. Additionally, all Senate Divisions will be given an annual opportunity to opt out of any previous obligation resulting from this regulation. The Academic Council or the senate agency it so designates shall advise the President on the implementation of this regulation so as to ensure that there is adequate notice for all Senate Divisions, that Senate Divisions have an annual opportunity to opt out of these obligations, and that community college students who intend to transfer to UC are minimally affected by a Senate Division's decision to no longer accept a course or set of courses.

<sup>2</sup> [http://www.leginfo.ca.gov/pub/05-06/bill/sen/sb\\_0651-0700/sb\\_652\\_bill\\_20060930\\_chaptered.pdf](http://www.leginfo.ca.gov/pub/05-06/bill/sen/sb_0651-0700/sb_652_bill_20060930_chaptered.pdf)

prospective students a clear pathway leading to academic preparation and success at the University while offering students flexibility in campus choice. Nothing in this proposal precludes campuses from continuing to use admissions selection processes that reflect local campus values.

#### Impact on Access:

- To the extent the transfer process is improved, these recommendations can improve access in two ways. First, since large numbers of low income, at-risk, and underrepresented students begin their postsecondary education in the community colleges, effective transfer provides a viable route to a four-year degree. Second, streamlined transfer has the potential to improved time to degree, thereby freeing up more spaces for additional students.

#### Impact on Quality:

- Bringing UC disciplinary faculty together across campuses to discuss core lower-division requirements can help ensure that lower-division requirements at all campuses are brought up to date as disciplines evolve. In addition, quality of community college education would similarly be improved as these conversations broaden to include CCC faculty.

#### Fiscal Implications:

- Long-term savings to the segments and transfer students can be achieved if curricular streamlining successfully reduces excess courses and units taken by transfer students and improves their overall time-to-degree.
- Short-term costs for convening disciplinary faculty across campuses and between the two segments may be incurred. Costs include those associated with faculty time devoted to the meetings and to any curricular redesign that may result as well as the administrative costs required to facilitate this process across many campuses and disciplines. This recommendation may require campuses to reexamine required courses and develop specific new courses for transfer students to expedite acquisition of essential knowledge.

#### Challenges:

- Campuses have autonomy to establish requirements for their major; to some degree, SR 477 addresses this concern, but the full intent of SR 477 has never been fully addressed. This proposal requires the commitment of faculty and staff time at a time when resources are severely stretched.
- The design of some majors may, in fact, necessitate specific and unique academic preparation in lower-division course preparation.
- Common lower-division major preparatory pathways offer the potential to provide a clearer channel to transfer in specific majors, but those pathways are most useful for students who decide early on their major.

#### Next Steps for Implementation:

- Propose that the following Academic Senate committees seriously study the benefits and feasibility of the proposal: the Board of Admissions and Relations with Schools

(BOARS); the University Committee on Preparatory Education (UCOPE); and, the University Committee on Education Policy (UCEP).

- Convene disciplinary faculty in disciplines (such as physics, mechanical engineering, etc.) where there is already a strong degree of commonality to begin the conversation about more commonality at the lower division.

Other Options Considered:

- Compel full implementation of SR 477.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Size and Shape

**Recommendation 3: To improve the student transfer function, enhance the ASSIST (Articulation System Stimulating Interinstitutional Student Transfer) website to provide (1) a more user-friendly interface for its current functions and (2) improved capabilities in helping community college students undertake transfer education planning, becoming more of an online advising tool that would enable review of a student's record and provide information on what courses the student must take to be prepared for a major on any campus.**

#### Background:

ASSIST ([www.assist.org](http://www.assist.org)) is the official repository of course articulation – how course credits earned at one college or university can be applied towards a degree after transferring to another – between California's public colleges and universities. ASSIST stores articulation information from the California Community College (CCC), California State University (CSU), and University of California (UC) systems and provides an online information tool for community college students interested in transfer and the counselors who advise them.

ASSIST was built in 1985 and updated in the early 1990s. As described in the Community College Transfer Task Force Interim Report (September 2009), the system is outdated and cumbersome. Improvements have been made to shore up the current system, but the ASSIST management is now embarking on a redesign of the system to make the site more facile, up-to-date, and user-friendly. The new ASSIST, dubbed ASSIST: The Next Generation, will be modernized in two phases. The first phase involves the creation of an extensible, robust database that will link to other data systems across the state. The second phase will develop a student-friendly web interface and, potentially, counseling tools. Such tools have already become the norm in many facets of students' lives, and it is essential that we provide this information to students in an as easily accessible way as possible.

ASSIST is an intersegmentally funded and managed project for which the University of California is the fiscal agent.

#### Rationale:

- The transfer function provides an efficient use of state resources and aligns with the University's enrollment goals.
- Transfer students who have not already narrowed their campus and major decisions need advice and counseling on which coursework to take at community college.
- A robust ASSIST will provide online advising tools for students and academic advisors.
- ASSIST is one of the best examples of intersegmental cooperation.

#### Impact on Access:

- To the extent the transfer process is improved, these recommendations can improve access in two ways. First, since large numbers of low income, at-risk, and underrepresented students begin their postsecondary education in the community colleges, effective transfer provides a viable route to a four-year degree. Second,

streamlined transfer has the potential to improved time to degree, thereby freeing up more spaces for additional students.

#### Impact on Quality:

- Faculty feel strongly that course selection for transfer students at community colleges is key to academic preparation. The more accurate and understandable articulation information is in California, the better prepared students will be.

#### Fiscal Implications:

- ASSIST currently costs UC approximately \$380,000 annually (including the cost of campus articulation efforts).
- ASSIST: The Next Generation may require \$2-3 million over the next few years to implement (very early estimate).
- A well-functioning ASSIST avoids the costs of students taking non-transferrable courses and improves the transfer advising function in all the education segments.
- Sound advice for students on which courses to take to prepare for their major and campus of choice will reduce the number of excessive units students acquire on their path to a degree and improve time-to-degree.

#### Challenges:

- Funding has not yet been identified for ASSIST, although all three segments have tentatively agreed to review a business plan for the Next Generation project.
- Articulation is a complex undertaking and it will be challenging to design a system that is flexible enough to allow linkages to other campus advising systems (e.g., degree audit systems, online advising tools) while ensuring data quality.

#### Next Steps for Implementation:

- Accelerate implementation by authorizing funding for the proposed redesign of ASSIST through The Next Generation project, which includes developing a business plan and technology solutions, and consultation across the segments.

#### Other Options Considered:

- Technological solutions to advising are being explored across California. Nevertheless, even if alternatives are developed for online advising, the existence of an official State repository will be necessary. Hence the two-step process to The Next Generation project.
- Significant changes to transfer policy could reduce the importance of course-to-course articulation.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Size and Shape

**Recommendation 4: Allied health practice doctorates. Examine the utility of practice doctorates for allied health professions in terms of national healthcare quality and costs, UC and CSU missions, and the future needs of California residents. Specifically, UC should undertake the following actions:**

- **Nationwide study.** Seek a comprehensive study of the impacts on health care quality and the effect on healthcare costs of requiring doctoral-level education for allied health professions. The study should be conducted by a nationally-recognized organization such as the National Academy of Sciences or the Institute of Medicine.
- **Review recent recommendations.** Request the UCOP Division of Health Sciences and Services to disseminate and collect comments from UC's health sciences schools on the recommendations of the March 2009 report of the UC Task Force on Planning for Doctoral & Professional Education (PDPE).<sup>1</sup>
- **California higher education summit.** Subsequent to the study and review, convene a statewide summit of Master Plan partners (UC, CSU, CCC, and AICCU) to discuss California's educational needs for allied health professions and the degrees required, with the goal of developing a plan for training the workforce to meet the future healthcare needs of the residents of California. Invite relevant state agencies, licensing organizations, policy experts, and health-care industry partners to provide input in advance.

### Rationale:

- **Allied Health Professions.** There has been substantial growth in allied health professions – health-related professions that facilitate or complement the work of doctors and nurses. Allied health professionals include audiologists, physical therapists, and speech language pathologists. Over 60 percent of the health occupations in California are in allied health and are currently experiencing workforce shortages, according to a Health Workforce Solutions study.<sup>2</sup> Many such professions require associate's degrees, graduate certification or master's degrees for licensure. A few now require doctoral degrees, also known as practice doctorates.<sup>3</sup> Practice doctorates for these fields are a recent phenomenon. Fields requiring practice doctorates include audiology with emerging trends in other professions (such as physical therapy and advanced practice nursing).
- **Utility of Doctoral Training.** The utility of doctoral-level training for allied health professions has not been widely examined in terms of patient benefit and healthcare

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<sup>1</sup> PDPE report:

[http://www.universityofcalifornia.edu/senate/underreview/MW2DivChairs\\_PDPE%20Report\\_Review.pdf](http://www.universityofcalifornia.edu/senate/underreview/MW2DivChairs_PDPE%20Report_Review.pdf),

UC Academic Senate comments on PDPE report:

<http://www.universityofcalifornia.edu/senate/reports/MC%20to%20Beckwith%20re%20PDPE%20FINAL%20revised.pdf>

<sup>2</sup> [http://www.collegecampaign.org/assets/docs/hcwfs/cco\\_alliedhealth\\_report\\_10-30-07\\_final.pdf](http://www.collegecampaign.org/assets/docs/hcwfs/cco_alliedhealth_report_10-30-07_final.pdf)

<sup>3</sup> Association of Schools of Allied Health Professionals, [www.asahp.org](http://www.asahp.org)

costs. It has not been established that doctoral-level training contributes to improved patient care. There is concern that increased educational requirements for allied health professionals contribute to rising healthcare costs, e.g., higher salaries for professionals, and higher costs for practitioners, patients, employers, and insurers.

- Master Plan issues. Under the California Master Plan for Higher Education, with few exceptions, high-cost doctoral education and research is assigned to UC among California's public segments of higher education. CSU offers graduate degrees, both Master's and certificates, in many allied health professions, including Nursing, Physical Therapy, Communicative Disorders/Speech Pathology, and Audiology.<sup>4</sup> In certain instances, as professional accrediting organizations elevate requirements for program accreditation, and as licensure bodies require practice doctorates from accredited programs, CSU's Master's programs in allied health professions fields will no longer qualify for professional accreditation. Because state licensure is dependent on completing an accredited program, these programs do not qualify for licensure as well. In fact, CSU closed Master's level audiology programs when the national accrediting bodies required a Doctor of Audiology beginning in January 2007. CSU has expressed interest in offering practice doctorates in a number of professions and has sought legislation modifying the Master Plan. In addition, CSU is interested in using the Doctor of Nursing Practice degree as a degree to train future university faculty in nursing.
- Quality and cost issues. In some of the past discussions of how to address this training, there does seem to be evidence that having allied health professionals trained in the setting of a university hospital/medical school can enhance the quality of the programs. This is one argument for having UC involved in the training of these practice doctorates. However, programs with an intensive clinical experience can be very costly and divert resources from other UC priorities. UC's five academic medical centers already serve as internship sites for many of the CSU and CCC allied health professionals programs and there would be costs to UC even if practice doctorates are offered at CSU. In the long run, a non-doctoral solution to these training demands could reduce both educational and healthcare costs.

The issue of practice doctorates in allied health professions has not been studied to determine the benefit of these degrees for patient care. There is a need for a comprehensive study to determine whether there is a benefit in doctoral-level training for certain allied health professions. The costs of such training, both for healthcare, and for the individual pursuing the degree, should be explored.

The issue of allied health professions, and the future of health professions education in California, is relevant to all the public higher education segments. The California Community College system offers a large number of associate's degree allied health programs. In 2009, Governor Arnold Schwarzenegger announced his Allied Health Initiative – a \$32 million public-private partnership, which began in fall 2009 with 25 community colleges enrolling more than 700 additional allied health students.

Accordingly, California's higher education segments should convene and discuss how best to meet the state's needs for trained healthcare professionals within the context of overall needs

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<sup>4</sup> CSU Nursing and Allied Health Professions Pathways and Best Practices  
[http://www.calstate.edu/research/health-professions/documents/PathwaysandBestPractices\\_Final.pdf](http://www.calstate.edu/research/health-professions/documents/PathwaysandBestPractices_Final.pdf)

and resources. That discussion should be informed in advance by a national study of the utility of these degrees.

#### Impact on Access:

- The expansion of degree requirements for certain allied health professions from Master's to doctorate imposes greater expense and time commitment on students. Lengthier requirements and costlier programs could lead to fewer enrollments, fewer graduates, and produce fewer professionals for the allied health fields.

#### Impact on Quality:

- Training for practice doctorates could divert campus resources from other UC healthcare research and education priorities.
- It may be difficult to stimulate UC faculty interest in teaching these fields.

#### Fiscal Implications:

- The cost of a nationwide study of allied health professions education may be significant, but it could be shared by stakeholders, or borne by organizations for which such efforts are a mandate of their charter, e.g., healthcare foundations.

#### Challenges:

- Offering these programs, either at the doctoral level or the master's level, whether at UC or CSU or jointly, requires additional resources.
- If such a review concludes that UC should take a more prominent role in offering such degrees, these new programs could compete with existing UC priorities in the health sciences and in general.

#### Next Steps for Implementation:

- Nationwide study. Explore the cost and capacity of policy organizations to conduct such a study, the availability of funding from foundations, and, if necessary, the interest of stakeholders in supporting the cost.
- UC Review. Through a simultaneous review of the PDPE report by the relevant constituencies, UC should seek to articulate its position on the issue of allied health practice doctorates.

#### Other Options Considered:

- None.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Size and Shape

**Recommendation 5: The University of California should work to eliminate administrative redundancies across the system and promote efficiencies where possible.**

#### Rationale:

The current fiscal crisis makes it imperative that the University of California reduce redundancies and improve efficiencies across the system and within the campuses. One of UC's strengths is its size, which should be brought to bear on efficiency efforts, through measures such as strategic sourcing. Such efforts have already been undertaken by the five medical centers, which have adopted several efficiency measures, including commercial contracting as a single entity, a buying consortium that has resulted in millions of dollars of savings for the purchase of supplies and medical devices, and joint branding as "UC Health," which increases the medical centers' visibility and marketability.

In addition to efforts such as those undertaken by the medical centers, the University should consider the recommendations of the 2008 report of the UC Work Group on Administrative Efficiencies.<sup>1</sup> The Administrative Efficiencies Work Group explored this area in depth and its recommendations should be considered and implemented where applicable. The Size and Shape Working Group considers this an opportunity to take advantage of the University's size as a ten-campus system. Administrative efficiencies may be implemented systemwide or within campuses. Centralization of certain systems can be to the benefit of individual campuses.

#### Impact on Access:

- Savings from administrative efficiencies may improve access to a UC education, e.g., a common student information system can provide less costly mechanisms for access opportunities.

#### Impact on Quality:

- Administrative efficiencies should not jeopardize UC's character as a multi-campus research university and its status as a world-class institution of higher learning. Indeed they may have a positive impact on the quality of a UC education by streamlining systems that currently hinder cross-campus collaboration and cross-campus enrollment, e.g., incompatible student information systems.

#### Fiscal Implications:

- Administrative efficiencies for long-term savings often entail significant up-front costs but have the potential to create significant long-term savings.

#### Challenges:

- Systemwide administrative efficiencies require strong leadership. Efficiency proposals are often abandoned because of an absence of will by leadership to make hard decisions.

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<sup>1</sup> Building Administrative Efficiency for the University of California, UC Work Group on Administrative Efficiencies, July 2008. <http://ucadministrativeefficiencies.ucla.edu/>

- To achieve administrative efficiencies, some degree of campus autonomy may have to yield to the greater good of common administrative systems and cooperative initiatives among campuses if they will achieve significant cost savings. Financial incentives may be necessary to reward campuses for participating in systemwide initiatives.
- Systemwide or multi-campus efficiency efforts should be balanced with the commitment to deliver high-quality programs. Such efficiencies should be implemented in ways that preserve the character, individuality and unique strengths of the campuses while avoiding a homogenized system.
- Administrative efficiencies often require significant up-front costs to achieve long-term savings. As the University has already suffered painful budget cuts, the capacity to cover the cost of administrative efficiencies may be a challenge.
- Implementation of efficiency efforts, whether centrally or on the campuses, will need to be adequately staffed. The appropriate level of staffing at the Office of the President will have to be in place in order to ensure that the University has sufficient and capable staff to coordinate systemwide efficiency initiatives.

Next Steps for Implementation:

- The UC Work Group's report on administrative efficiencies should be reviewed and considered.
- Campus administrative offices should be convened to explore further efficiencies.

Other Options Considered:

- None.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Education and Curriculum

**Recommendation 1: Manage educational resources more effectively and efficiently to (1) increase the proportion of undergraduate students graduating in four years, (2) create a pathway for undergraduate students to complete degrees in three years, (3) make more effective use of faculty resources, and (4) maintain or improve the undergraduate student experience.**

By identifying and eliminating curricular, procedural and policy barriers that impede student progress towards a degree (e.g., improving efficiency in course scheduling, curricular redesign) and implementing programs that encourage a shorter time to degree (e.g., incentives for using AP/IB/honors credits, streamlining degrees or increase use of summer sessions), the University may be able to increase the proportion of students graduating in four years or less. Such strategies should not negatively affect the student experience but, instead, should improve the undergraduate experience by providing students with a clearer and more well-defined path to achieving their degree objectives.

Three specific actions are recommended:

1. Increase the proportion of undergraduate students graduating in four years or less, using a variety of means, including:
  - a. Implement more strategic use of degree audit system on campuses, especially to plan and manage course offerings.
  - b. Examine curricular programs and teaching policies with a goal of increasing throughput/ time-to-degree while maintaining quality programs. This process should identify and mediate challenges with access to gateway and major courses that delay student progress and implement solutions. In addition, prerequisite and degree requirement courses should be examined in detail to ensure that these courses are offered and that flexible strategies for degree completion are implemented without impacting quality.
  - c. Raise average unit loads of term completion to 15 quarter/semester credits<sup>1</sup> for undergraduates while being mindful of student work hours, and consider putting stricter limits on the maximum number of units allowed over the course of undergraduate study.
  - d. Implement firmer policies on registration and drop deadlines and other procedures for impacted courses.
2. Create a defined three-year pathway for completion of existing degree requirements for undergraduate students who are willing to accept a pre-defined set of conditions, including:
  - a. Required summer session attendance with efforts to ensure courses would be available (e.g., some GE requirements taken in the summer before the start of the freshman year, and additional GE, prerequisites, and major preparation required during subsequent summer sessions).
  - b. Full use of AP/IB/honors credits.

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<sup>1</sup> See Appendix A for Year Average Student Credit Hours. Most campuses are under 15 credits.

- c. Incentives, such as priority enrollment and financial incentives for students/families to sign up for this path (e.g., guarantee a fixed fee level for 3 years, reduced student contribution from summer work).
  - d. Develop streamlined major programs with structured course scheduling and less degree flexibility in return for guarantees that classes will be available as scheduled.
  - e. Identify entry requirements for students who want to take this option that helps ensure they are both prepared and capable of an accelerated degree program.
  - f. Identify the changes to advising and registration procedures that will support a 3-year program.
3. Make more effective use of faculty resources
    - a. Ensure that existing policies for faculty workload and course release are regularly being evaluated and followed.
    - b. Extend the use made of research grant funding to buy out ladder faculty from instruction. Realize savings by using non-ladder faculty to backfill for instruction.
    - c. Identify ways to involve advanced graduate students more effectively in regular and summer session teaching efforts, while ensuring that appropriate mentoring by faculty occurs.<sup>2</sup>

The fourth objective is more general, but most of the implementation steps that facilitate degree completion in three and four years also should be of educational and financial benefit to students in undergraduate degree programs.

4. Maintain or improve the undergraduate degree experience especially in times of resource constraints through actions designed to eliminate unnecessary course-taking (e.g., reducing excessive upper division degree requirements to allow students more curricular freedom, improving advising services and tools so students do not take unnecessary courses).

#### Rationale:

- Benefit to society. Students graduating quicker can enter the workforce earlier and contribute to the state's social, cultural, and economic development.
- Benefit for students/families. Graduating in fewer terms would mean substantial savings (e.g., campus fees, housing and living expenses, and school loans) for students and their families.
- Benefit to the University. Examining and streamlining degree requirements provides the University an opportunity to update its educational objectives and better manage its curricular offerings. The University would make more effective and efficient use of its resources and produce more degrees for the same level of enrollment. There would be opportunities for graduate students to hone their teaching skills and receive additional support. University facilities would be more fully utilized during regular terms and especially summer session.

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<sup>2</sup> See Academic Senate position in April 2008 document entitled "Proposal for Modified Regulations and Guidelines Governing the Participation of Graduate Students in Delivering University Instruction."  
<http://www.universityofcalifornia.edu/senate/reports/ac.gsi.memo.apm.410.05%2008%20.pdf>

### Impact on Access:

- Improved time to degree will result in more available spaces at the University for additional students. UC will be able to accommodate more students and more students will have access to a UC education. If 5-10% of UC undergraduate students graduated one quarter/semester earlier, this would free up approximately 2,000 to 4,000 undergraduate spaces.<sup>3</sup>
- Students may be more interested in attending UC if they are guaranteed a 3 or 4 year degree and have the opportunity to reduce their total costs. Because summer fees are slightly less than regular term fees, there would be some small savings to the student/family. In addition, the student could enter the workforce more quickly and start earning income. If a UC undergraduate student graduated one quarter/semester earlier, the savings to the student/family is estimated at \$8,895 for one quarter and \$13,342 for one semester.<sup>4</sup>
- Programs will have to be designed carefully to ensure that qualified students have equitable access to the opportunities for accelerated progress.

### Impact on Quality:

- Education quality and student development. With less time on campus in a three year degree, students have less time to develop interpersonal skills, leadership skills, life-coping skills, and skills developed outside the classroom. They also have less time to gain volunteer, research, and work experience, and explore other co-curricular options, such as studying abroad. There will also likely be fewer options available within the curriculum due to scheduling restrictions.
- Campus Experience. With improved access to required courses (e.g., not becoming a year behind in their studies because they cannot register for a required course in a sequence), students may have a more positive educational experience.

### Fiscal Implications:

- Reduce the cost per degree to the state and the University by efficient use of campus facilities and instructional personnel. Contributes to affordability for students. Also, summer instructional costs are often lower because of how summer session courses are offered.
- Operating costs: there could be savings because more students would be educated in lower-cost summer sessions and through better use of excess capacity in regular terms. Curricular redesign could reduce the number of overall courses offered for some savings (assuming classroom capacity).
- Facility and maintenance costs: there could be long-term cost savings for the University because summer session courses and more efficient use of capacity would be less costly options than building more traditional capacity in the non-summer terms. On the other hand, some studies have shown that more use of buildings in the summer does not allow “down” time for deferred maintenance and drives up on-going maintenance expenses.

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<sup>3</sup>Source: UCOP Corporate Student System.

<sup>4</sup> Calculations based on Estimated Average Cost of Attendance (averaging on/off campus living & including fee increase)

### Challenges:

- Low participation. In 1994 and 1995, the campuses implemented the “Finish-in-Four” programs. Participation of each campus’ freshman class varied from a handful of students to 16 percent. However, with today’s higher fees, students and families may be more interested in 3 or 4 year degree paths.
- Negative effect on working students if the average unit loads were raised to 15 quarter/semester credits for undergraduates.
- Faculty buy-out may be negatively perceived as releasing faculty from their instructional responsibilities.

### Next Steps for Implementation:

- Implementation methods (short term):
  - Curricular planning and efficiency in course offerings through degree audit systems, gateway courses, and deployment of faculty to courses of greatest demand
  - Curricular redesign to rationalize and streamline degree requirements, especially upper division degree requirements (e.g., UCLA’s Challenge 45)
  - Increase student average completed units per term (i.e., policies, advising, and incentives)
  - Better use of summer session and alternative scheduling in regular terms
  - Concurrent enrollment across campuses and across segments
  - Identify and eliminate procedural barriers to appointment of advanced graduate student as instructors of record
- Implementation methods (long term):
  - Consider changes in mix/type of faculty deployed to various courses
  - Alternatives for entry level courses (e.g., math and writing requirements)
  - Create incentives for more outside credit (AP/IB/honors/CCC, etc.)
  - Financial incentives to avoid excess units over the term of study
  - Offer self-supporting programs built on existing strengths to generate revenues to support core activities

### Other Options Considered:

- Increased class size.
- Encourage more cross-campus enrollment.
- Programs should regularly demonstrate that their major requirements can be completed, under normal circumstances, within four years (120/180 unit degree).

## APPENDIX A

### Undergraduate course loads are under 15 units/term at seven campuses

<b>Year Average Student Credit Hours Undergraduate</b>			
Academic Year: 2008, Report Date: 02/17/10			
	Lower Div	Upper Div	Campus Average
<b>Berkeley</b>	14.99	14.84	14.88
<b>Davis</b>	14.62	14.54	14.57
<b>Irvine</b>	15.13	14.83	14.94
<b>Los Angeles</b>	14.83	14.36	14.48
<b>Merced</b>	14.88	14.85	14.87
<b>Riverside</b>	14.87	14.52	14.70
<b>San Diego</b>	15.79	14.69	15.02
<b>Santa Barbara</b>	14.87	14.56	14.69
<b>Santa Cruz</b>	15.43	15.09	15.25

Excludes Self-supporting programs and Education Abroad enrollments.

Excludes summer enrollments.

3 term average except Berkeley and Merced which are on the semester systems.

Averages above 15 are highlighted in grey.

Source—Gateway report “CC350B: Year Average Student Credit Hours & FTE Calculation by Level, General Campus, Academic Year: 2008, Report Date: 02/17/2010”

## APPENDIX B

<b>University of California</b> <b>ENTERING FALL FRESHMEN GRADUATING BETWEEN</b> <b>THREE AND SIX YEARS</b> Universitywide (all campuses combined, unduplicated counts)						
Year Enter	Number In Entering Class	Graduate in 3-Years	Graduate in 4-Years	Graduate in 5-Years-	Graduate in 6-Years-	Years-to- Degree - Elapsed Time
1996	23,822	1.2%	44.1%	73.1%	78.7%	4.4
1997	24,595	1.5%	46.0%	74.4%	79.6%	4.3
1998	26,006	1.7%	47.5%	75.7%	80.4%	4.3
1999	27,172	1.8%	50.3%	77.0%	81.4%	4.3
2000	28,278	2.2%	50.9%	77.0%	81.0%	4.3
2001	30,175	2.5%	53.7%	77.4%	81.4%	N/A
2002	31,171	2.5%	55.8%	78.4%	82.3%	N/A
2003	31,572	2.5%	56.6%	78.4%	N/A	N/A
2004	29,502	2.8%	58.8%	N/A	N/A	N/A
2005	31,403	2.9%	N/A	N/A	N/A	N/A
Year Enter	Number In Entering Class	NUMBER Graduate in 3-Years	NUMBER Graduate in 4-Years	NUMBER Graduate in 5-Years	NUMBER Graduate in 6-Years	
1996	23,822	288	10,505	17,412	18,747	
1997	24,595	379	11,302	18,290	19,578	
1998	26,006	433	12,365	19,675	20,912	
1999	27,172	480	13,681	20,932	22,107	
2000	28,278	609	14,392	21,760	22,894	
2001	30,175	766	16,207	23,367	24,554	
2002	31,171	775	17,383	24,451	25,647	
2003	31,572	783	17,869	24,754	N/A	
2004	29,502	840	17,337	N/A	N/A	
2005	31,403	905	N/A	N/A	N/A	

Source: Files Prepared for UC StatFinder- <http://statfinder.ucop.edu>

Prepared by Institutional Research for Academic Planning, sja, 12-16-09

## APPENDIX C

<b>ENTERING UPPER DIVISION FALL CCC TRANSFERS GRADUATING WITHIN TWO TO FOUR YEARS</b>								
Universitywide (all campuses combined, unduplicated counts)								
Year	Entering Fall Enrollees	<u>Persistence Rates</u>		<u>Graduation Rates</u>			Elapsed years to Degree	
		Year 1	Year 2	Year 2	Year 3 Rate	Year 3 # Grads		Year 4
2006	11,585	92.5	83.0	52.1	N/A	N/A	N/A	N/A
2005	11,688	92.2	83.4	51.9	81.0	9,467	N/A	N/A
2004	11,254	92.2	82.9	52.5	80.6	9,071	86.2	N/A
2003	10,826	92.1	83.2	50.9	80.0	8,661	85.5	N/A
2002	9,858	91.6	82.1	47.3	78.7	7,758	84.7	N/A
2001	9,358	92.6	82.9	44.9	77.6	7,262	84.5	N/A
2000	8,727	92.4	83.1	43.9	77.2	6,737	83.9	2.5
1999	8,045	91.8	82.4	43.4	75.8	6,098	83.2	2.5
1998	7,689	92.1	82.0	42.0	75.6	5,813	83.3	2.5
1997	7,634	90.7	81.2	39.4	72.9	5,565	80.9	2.5

University of California, StatFinder Version 2.04, Created on Friday, March 20, 2009 6:28 PM

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Education and Curriculum

**Recommendation 2: Continue timely exploration of online instruction in the undergraduate curriculum, as well as in self-supporting graduate degrees and Extension programs.**

Online education is a rapidly maturing phenomenon whose presence is growing in undergraduate, graduate, and extension curricula at UC and peer institutions. If questions related to quality, cost, workload and support can be appropriately answered, it appears to afford potential opportunities to:

- improve UC students' time to degree;
- create some distinctive opportunities with respect to course content, social networking applications, and differing learning opportunities or needs;
- extend UC's reach in academic preparation of university-bound high school and community college students (e.g., through dual-enrollment);
- satisfy unmet need for post-baccalaureate degrees and certificates that prepare students for work in occupations that are in particularly high-demand in California; and
- generate revenues and create workload efficiencies that support the University's educational mission.

By continuing exploration into the use of online instruction in undergraduate, graduate, and extension programs – by studying efficacy, cost, impact on workload, etc., and identifying the infrastructure that is needed for successful deployment – the University positions itself in a leadership role in pedagogical innovation while taking advantage of these intrinsic opportunities. A key consideration will be a thorough evaluation of the quality of online courses. UC excellence is premised on ensuring a high level of educational quality in every course no matter the delivery vehicle.

Accordingly, the working group recommends the expeditious pursuit of the pilot project being coordinated by the Office of the President which, with appropriate Academic Senate oversight and faculty participation, will develop and deliver up to 40 online undergraduate courses, evaluating their quality, learning effectiveness, workload impacts, costs, etc. This recommendation is consistent with that of the Senate Special Committee on Online and Remote Instruction and Residency which suggested the development of a joint task force to explore the benefits and challenges of online instruction.<sup>1</sup>

With dedicated external funding, the pilot initiative will

- build experience in a broad range of disciplines (e.g., arts and humanities, social sciences, physical and biological sciences) and levels within the curriculum (e.g., developmental, lower division gateway, general education, and some upper division);
- explore the efficacy of teaching online courses to students at other campuses and work to streamline administrative impediments to the process;

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<sup>1</sup> Report of Special Senate Committee on Remote and Online Instruction and Residency, [http://www.universityofcalifornia.edu/senate/reports/hp2apc\\_remote-online\\_110209.pdf](http://www.universityofcalifornia.edu/senate/reports/hp2apc_remote-online_110209.pdf)

- explore different online modalities for hybrid and fully-online courses to identify those that work best in different UC educational settings;
- be evaluated according to a common framework that ensures consistent and comparable evidence is gathered and brought to bear on issues having to do with whether online education can cost effectively achieve required learning outcomes and/or deliver required academic quality (the Academic Senate should be centrally involved in developing the process for assessment of quality);
- build experience within the Academic Senate with regard to the review and evaluation of online courses and resolve any issues related to residency and online courses;
- provide some opportunity (e.g., through summer sessions or dual enrollment) to assess fully-distant learning options; and
- provide an opportunity to assess policy and procedural actions that may be required to support high-quality online education at UC.

Rationale:

- *Improve students' time to degree* by permitting them to take online a proportion of the courses required in order to graduate. Focusing online education on high-demand major requirement (gateway), general education, and developmental courses promises particular benefits as does (in the longer term) the development or delivery of such courses across campuses. Offering online courses during summer session also allows current students to complete required courses from a distance (e.g., from home, while working, or while away on an internship program). The financial benefit to a student could be considerable. As new faculty hires are curtailed owing to budgetary pressures, greater demand is being made on our ability to deliver needed courses. If online education of appropriate quality can be shown to help provide more efficient access to students in selected areas, that could help meet teaching needs in a way that does not increase faculty workloads.
- *Extend UC's reach and impact in academic preparation* by offering selected online courses as produced for use by UC students, to a wider population as dual enrollment courses (e.g., as AP or community college transfer courses for UC bound high-school and community college students). This may have numerous advantages: improving the size and fairness of the academic pipeline, facilitating community college transfer, and improving time to degree by ensuring that students are well prepared by having taken UC courses.
- *Satisfy unmet needs for post-baccalaureate degrees and certificates.* Evidence<sup>2</sup> from peer institutions nationwide demonstrates that fully-distant online education is not only academically effective in the delivery of specific vocationally or professionally oriented areas, but also possible to deliver in an economical manner that is financially beneficial to the host departments. Nationally, there is evidence of particular success in areas where there happens to be acute need (or at least strong demand) in the state of California, e.g., in Nursing, Business Administration, K-12 teaching and administration, health administration, electrical engineering, etc.
- *Generate revenues and create workload efficiencies that support the University's educational missions.*

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<sup>2</sup> Current State of Online Education in the US: Opportunities and Challenges, <http://groups.ischool.berkeley.edu/onlineeducation/docs/currentstate>

### Impact on Access:

- *By making high-demand undergraduate courses available online*, enrolled UC students will have greater access to the courses they need to graduate, thereby improving their time to degree and reducing the costs (to them and the state) of their undergraduate education.
- *By making UC credit bearing courses available to university-bound community college students*, UC can help improve community college transfer rates. This may help address concerns regarding availability of lower division gateway courses or transferrable courses.
- *By making post-baccalaureate degrees and certificates available online*, UC can play a greater role in helping the state meet acute workforce needs in key areas while generating revenues that support the University's educational mission.

### Impact on Quality:

- *Learning outcomes*. A growing body of research demonstrates that online education can be effective in University level instruction, more so in some areas than in others. This needs to be assessed by UC faculty and against the specific learning objectives that faculty define for UC academic programs as a whole as well as for the particular courses that comprise them. Action #1 (delivering 40 online courses) seeks to address this issue.

### Fiscal Implications:

- *Undergraduate courses for enrolled UC students*. Initial modeling based on experiences at UC and at peer institutions is compelling and suggests a number of benefits that may accrue through the greater integration of online learning in the undergraduate curriculum. For example,
  - online courses may be offered more cost effectively than on-the-ground courses in selected areas and with no evident impact on the learning outcomes measured in research studies conducted thus far;
  - online courses may be particularly useful in some large-enrollment foundation or gateway courses, some developmental courses, and in low-demand, highly specialized courses where faculty expertise can be scarce on any given campus (e.g., less commonly taught languages); and
  - relatively large start-up costs may be reduced through reliance on existing capacity that exists in University Extensions or other campuses. Additionally, ongoing operating costs may be offset where online courses are available through dual enrollment to university bound high-school and community college students.

These hypotheses and these cost models need to be evaluated formally through practical experience, in particular with regard to their impacts on pedagogy and learning effectiveness.

- *UC credit bearing courses for university-bound high-school and community college students*. Here too, it appears this effort could be self-supporting, particularly where it leverages courses developed for UC undergraduates.

### Challenges:

These are numerous and many need to be addressed through formal, practical evaluation and assessment.

- *Senate policies and Senate practices.*
  - Course review and approval
  - Residency requirements
  - Cross-campus instruction
- *Faculty concerns, e.g., about academic quality, workload, ongoing institutional support, intellectual property rights.*
- *Start-up and maintenance funding and funding models.*
- *Competition from peer institutions.* While the market for quality online university education appears to be large it is not infinite. Further, it is not geographically or regionally constrained. While opportunities will always exist for UC to integrate some online instruction into its undergraduate curriculum – opportunities associated with post-baccalaureate programs and dual enrollments will be shaped by the existence of offerings at other universities. UC needs to be acutely aware of the quality offerings that are rapidly appearing in this marketplace, e.g., at Stanford's Master's in Electrical Engineering, USC's Master of Arts in Teaching, Harvard Extension's AA and ALB degrees, MIT Open CourseWare, etc.

### Next Steps for Implementation:

- Convene a joint Senate-administration task force to further explore and oversee the execution of this recommendation.

### Other Options Considered:

- Rely on the exploration of online education to take its own course.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Education and Curriculum

#### **Recommendation 3: Expand use of self-supporting and part-time programs to expand opportunities for a UC education to existing and potential students, working professionals, and underserved communities.**

By leveraging existing resources, including UC Extension, UC may be able to better meet student and workforce needs and generate new revenue through the following actions:

1. Develop more self-supporting professional master's degree programs in high demand disciplines.
  - a. Focus on new degrees in disciplines that address current workforce needs, generate sufficient enrollment at higher fee in order to cover all expenses, and result in net distributable revenue back to the campus.
  - b. Develop the infrastructure to support degrees for working professionals, either within departments/schools or by collaborating with UC Extension. The latter is allowed within existing Senate regulations and has been developed in specialized areas on some UC campuses.
2. Expand delivery of high demand UC degree courses through UC Extension to non-UC students (e.g., advanced high school students, prospective community college transfer students, or adult students preparing for higher education).
  - a. Delivery of UC transferable degree credit courses (or "exact equivalent" courses) through UC Extension is allowed within existing Senate regulations.
  - b. Such classes are in high demand in some regions (e.g., Los Angeles).
3. Expand and systematize concurrent enrollment through UC Extension to non-UC students in regular campus courses that have available spaces.
  - a. Concurrent enrollment is well established, is allowed within existing Senate regulations, and currently results in net distributable revenue to campus academic programs.
  - b. Non-UC students currently identify courses and obtain instructor approval to enroll in campus classes on a space-available basis.
  - c. Develop a database of classes with predictable excess capacity that could be marketed to the public; streamline the permission/enrollment process for concurrent enrollment students.
4. Investigate the benefits of offering a part-time, self-supporting bachelor's degree completion program delivered through UC Extension for adult working students who meet current transfer requirements.
  - a. Similar to the professional master's degree programs (item 1 above), but with focus at the upper division undergraduate level.
  - b. Degree would serve working adults who have not yet completed the BA degree.
    - For example, in Los Angeles county, 26% of the adult population over age 25 (a total of 1.7 million people) has had "some college."

- c. Modeled after similar programs at University of Virginia and Harvard University.
  - One or two general, interdisciplinary majors offered
- d. Admission criteria would be the same as current transfer requirements.
- e. Program would be alternatively scheduled (evenings, weekend, and other) to support part-time enrollment.
- f. Develop delivery model that would cover all expenses and would result in net distributable income back to campus academic programs, most likely fees approaching non-resident tuition level.
- g. Evaluate potential use for students in their final quarter or semester allowing degree completion through part-time status freeing up other courses they might take to other students.

#### Rationale:

- *Generate new revenue.* Self-supporting programs have the potential to generate significant revenue for departments, particularly if departments leverage existing infrastructure (e.g., with other departments or UC Extension) to offer and manage the program. Offering UC courses to non-UC students, whether through Extension public programs or concurrent enrollment, would bring new dollars to the University. Bachelor's degree completion programs are in high demand nationally, serve current workforce development needs, and could result in additional revenue streams for UC. These programs also could provide graduate student support if supervised advanced PhD students were permitted to teach in these programs.
- *Improving access to UC education.* Self-supporting programs, completion programs, and delivery of UC courses to non-UC students could all provide qualified students with another avenue to a UC education.
- *Meeting student need.* There is a demand for professional masters programs in certain areas of study. Giving UC students the option to take courses part-time as a "non-UC student" may assist them in eventual degree completion.
- *Improve time to degree.* For UC-bound advanced high school students or CCC transfer students, access to UC courses prior to their matriculation at UC could potentially reduce the required credits they would need to take while on campus.

#### Impact on Access:

- While the higher fee levels of self-supporting programs can be a barrier to access for some, these programs can be designed to return a portion of the fees to financial aid to ensure students of all means have the opportunity to attend these programs. In addition, to the extent that self-supporting programs generate additional revenues for academic departments, this improves access for students in the regular programs.

#### Impact on Quality:

- Degree programs and courses offered for UC credit, whether through departments or UC Extension, should continue to adhere to current Academic Senate processes and standards of quality.

#### Fiscal Implications:

- Potentially significant new revenue from new self-supporting programs and by offering UC courses to non-UC students. Current UC self-supporting programs generate

annually about \$100 million. Those programs yield about \$25 million per year above program costs. However, most of that revenue comes from the high-cost self-supporting executive MBA programs. To date, most other self-supporting programs are relatively small – generating modest amounts above program costs. Concurrent enrollment programs through UC Extension transfer about \$4.5 million annually to academic departments. Additional annual revenue that could be generated beyond existing programs is probably in the \$10-\$25 million range for the system as a whole; however, more in-depth market analysis would need to be conducted on a program by program basis to estimate the true revenue potential of these new programs.

- Cost of developing a system to track open spaces in classes.
- Create financial incentives for academic departments to develop and launch self-supporting programs.

#### Challenges:

- Obtaining Academic Senate support for these programs given the following:
  - Uneven understanding and application of existing policy across campuses with regard to self-supporting programs offered in collaboration with Extension.
  - Concerns over teaching staff.
  - Concerns regarding the creation of a “second-tier” program.
- Encouraging some departments to work with Extension to develop self-supporting programs.
- Developing the processes and tools needed to offer UC courses to non-UC students.
- Protracted process for approval of new graduate programs may force campuses to miss time-sensitive opportunities.

#### Next Steps for Implementation:

- Convene a joint Senate-administration task force to implement and review policies on self-supporting programs.
- Examine best practices from campuses that have been successful with various self-supporting programs.

#### Other Options Considered:

- None.

## APPENDIX 1

### UNIVERSITY OF CALIFORNIA

#### APPROVED SELF-SUPPORTING PROGRAM FEES – 2009-10

*(excludes self-supporting graduate degree programs administered through University Extension)*

#### BERKELEY

Evening-Weekend MBA Program (annual fee):

\$31,528 New and continuing students

Berkeley-Columbia Executive MBA Program (UC portion of program fee):

\$72,480 New students entering Summer 2009

\$70,000 Continuing students who entered Summer 2008

Master of Financial Engineering Program (1-year program fee):

\$50,000 New students entering Spring 2010

LLM Program (1-year program fee, includes health insurance):

\$44,935 New students entering Fall 2009

#### DAVIS

Working Professional MBA Program – Sacramento Location (course fee):

\$2,808 New students entering in 2009

\$2,676 Continuing students who entered in 2008

\$2,550 Continuing students who entered in 2007

\$2,490 Continuing students who entered in 2006

Working Professional MBA Program – Bay Area Location (course fee):

\$3,570 New students entering in 2009

\$3,399 Continuing students who entered in 2008

\$3,240 Continuing students who entered in 2007

\$3,150 Continuing students who entered in 2006

Master of Advanced Study – Clinical Research (unit fee):

\$481 New and continuing students

#### IRVINE

Executive MBA (EMBA) Program (2-year program fee):

\$89,500 New students entering Fall 2009

\$86,250 Continuing students who entered Fall 2008

Health Care Executive MBA (HCEMBA) Program (2-year program fee):

\$89,500 New students entering Fall 2009  
\$86,250 Continuing students who entered Fall 2008

Fully-employed MBA (FEMBA) Program (3-year program fee):

\$79,500 New students entering Fall 2009 and Spring 2010  
\$75,970 Continuing students who entered Fall 2008  
\$71,000 Continuing students who entered Fall 2007

Master of Advanced Study in Criminology, Law and Society Program (annual fee):

\$10,836 New and continuing students

Master of Science in Information and Computer Systems (Embedded Systems) Program:

\$26,250 Program fee for students entering Summer 2007

**LOS ANGELES**

Professional Program for International Dentists (annual fee):

\$61,240 New and continuing students during 2009-10  
\$53,482 New and continuing students during 2008-09

Master of Science in Engineering On-line Program (course fee):

\$3,333.33 New and continuing students

LLM Program (annual fee):

\$45,000 New and continuing students

Master of Public Health Program for Health Professionals (annual fee):

\$22,000 New students and continuing students

Educational Leadership (EdD) Program (annual fee):

\$17,823 New students and continuing students

Executive MBA Program (annual fee):

\$53,500 New students entering Fall 2009  
\$50,000 Continuing students who entered Fall 2008

Fully-Employed MBA Program (annual fee):

\$33,000 New students entering Fall 2009  
\$31,570 Continuing students who entered Fall 2008  
\$30,500 Continuing students who entered Fall 2007 or earlier

Global Executive MBA Program (UC portion of annual fee):

\$31,800 New students entering Summer 2009  
\$28,050 Continuing students who entered Summer 2008

Master of Financial Engineering Program (program fee):

\$50,000 New students entering January 2009

**RIVERSIDE**

Master of Fine Arts in Writing Program (unit fee)

\$460 New and continuing students

Executive MBA (program fee)

\$75,000 New students entering Fall 2009 (*fees approved November 17, 2008*)

**SAN DIEGO**

Rady School of Management FlexMBA Programs

\$870 New students entering Fall 2009 and continuing students who entered Fall 2008

**SAN FRANCISCO**

International Dentist Program (annual fee):

\$73,300 New students entering Summer/Fall 2009

\$70,420 Continuing students entering Summer/Fall 2008

Masters Entry Program in Nursing (annual fee):

\$31,000 New students entering Fall 2009

Master of Advanced Studies in Clinical Research (annual fee):

\$18,000 New students entering Fall 2009

\$17,500 Continuing students who entered Summer/Fall 2008

Joint UCSF/SFSU Doctorate in Physical Therapy (annual fee):

\$21,000 New students entering Fall 2009

Joint UCSF/CSU Fresno Doctorate in Physical Therapy (annual fee):

\$21,000 New students entering Fall 2009

Master of Global Health Sciences Program (annual fee):

\$31,570 New students entering Fall 2009

Master of Science and Technology Studies in Medicine (annual fee):

\$26,500 New students entering Fall 2009

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Education and Curriculum

**Recommendation 4: Develop a systemwide academic planning framework that incorporates campus goals within the context of priorities identified for the University as a whole.**

Substantial shifts in the state funding model drive a need for academic program plans of individual campuses to be considered in concert with the aims and offerings of the entire system. This priority is not new but has renewed prominence in the current fiscal environment. The goal is not to subsume all campus interests to the collective but rather to balance institutional and system prerogatives effectively. The Academic Senate will have an essential role in this process given its authority over program offerings.

To that end, this recommendation seeks to:

- ensure that as UC makes informed decisions on programs in both the short- and long-term, stays focused on core priorities and optimizes use of assets across the system.
- position the University to meet future disciplinary and workforce demands and to maintain a leadership role in being on the frontier of new disciplines/knowledge.

Specifically, we recommend the following actions as critical components of building an academic planning framework:

1. Develop critical information resources on/relevant to UC academic programs—by campus and for the entire system—and provide assessments about program directions.
2. Evaluate campus program review processes to identify practices that support academic diversity, depth and quality, and to address elements of these processes that work against integration of campus and system planning efforts. The administration should work with the Senate to implement policies that facilitate planning.
3. Create a clear statement of University long-term values with respect to the academic program as well as a robust process for review and revision of this statement over time.
4. Establish and routinely update an integrated set of campus and system academic priorities.
5. Develop collaborations among UC campuses and with CSU and the community colleges to allow students to take courses not readily available at their home campuses.

#### Rationale:

By setting priorities through coordinated and proactive deliberation, a planning framework would enable University faculty and administrative leaders to make informed choices about the academic program over time. Budget cuts implemented by individual campuses during a year or two may not pose immediate risk to the systemwide academic profile, but the cumulative effect of such decisions over a longer period could be quite harmful. Coordination is needed to leverage resources and prevent long-term erosion, and the essential roles played by both administration and the Senate must be recognized and utilized effectively.

A systemwide academic planning framework would seek to maximize long-term diversity, depth and quality of the program offerings by:

- guiding decisions about which areas/disciplines/programs to grow/expand and which to curtail/contract/close;
- aligning allocation of resources with highest campus and system priorities;
- fostering new, creative collaborations among UC campuses and between the University and other public segments of higher education; and,
- providing a mechanism to coordinate state needs with UC's educational program.

Impact on Access:

- This recommendation does not have direct impact on student access to the University. However, the coordination and leveraging of programs across campuses enabled by a systemwide academic planning framework could enhance the range of programs to which UC students will have access.

Impact on Quality:

- Good planning is essential to creating and maintaining quality academic programs, and this is especially true when budgetary issues threaten quality. Considering system academic priorities in conjunction with campus priorities should help leverage use of limited resources to provide the highest quality possible. To the extent that UC quality is affected by critical thresholds of academic activity occurring in groups of disciplines on a given campus and in a constellation of programs across the system, an academic planning framework would support articulation of these thresholds as well as informed decisions about maintaining them.

Fiscal Implications:

- This recommendation supports efficient allocation of resources towards identified campus and system academic priorities. It would more effectively support the growth, development and excellence of UC's academic program. Cross-campus and cross-system curricular collaborations could reduce overall program costs.

Challenges:

- Striking appropriate balance between campus/system interests
- Allaying concerns about intent/reach of planning framework
- Promoting enrollment across campuses with different calendars (quarter vs. semester)

### Next Steps for Implementation:

Convene a joint Senate-administration task force to explore implementation of actions noted above, including the following steps:

- Initiate both a short-term and long-term review of campus academic programs to identify key trends, program gaps, program overlaps, and areas of unnecessary duplication and opportunities for cross-campus collaboration.
- Review policies for program establishment/elimination as noted above and improve efficiency of Senate program review processes at the system and campus levels. (The latter is particularly important to expedite evaluation of self-supporting proposals and multi-campus programs.)
- Identify critical areas for cross-campus collaboration (including at the graduate level as well as in less commonly taught undergraduate “niche” or specialty courses). Support collaboration by convening faculty in given disciplines from across all campuses.
- Explore opportunities for intersegmental collaboration on courses and programs with the California State University and the California Community Colleges.

### Other Options Considered:

- Rely on existing mechanisms of campus and systemwide program review.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Education and Curriculum

**Preliminary Recommendation: The working group seeks UC input on its forthcoming recommendation on quality.**

The Education and Curriculum Working Group believes that maintaining the quality of UC undergraduate, graduate, and professional education at the highest levels possible should be a top priority as changes are introduced that might affect the educational process, including ones recommended by the Education and Curriculum work group. Educational quality is a difficult concept to define and measure; only a brief statement on quality will be put forward at this time.

In June, the work group will come forward with more specific recommendations for how different aspects of quality might be interpreted and measured.<sup>1</sup> In the meantime, we felt that quality was important enough to provide a preliminary overview and to invite comments from reviewers (1) on what they consider to be key elements of a quality education at UC and (2) suggesting the types of measures best describing educational quality that could be monitored over time.

Educational quality derives primarily from the background and expertise of faculty and students and from the environment in which learning occurs. In maintaining educational quality at the highest level possible, priority should be given to those aspects of the curriculum and delivery system that best incorporate the unique attributes UC brings to the degree or program. It should be recognized that there are different pathways that lead to a quality UC degree and that the relative importance and relevance of different educational components will best be identified and articulated by the faculty. The working group will continue its effort to identify the common components of a quality UC education and to identify metrics that allow for an ongoing assessment of educational quality. Individual programs should initiate or continue the process of establishing course and program learning objectives and assessment procedures to provide a more direct means of assessing our ability to maintain quality and achieve learning goals.

An example description of elements related to quality is provided in **Appendix A** entitled “Characteristics of Educational Quality at the University of California.” Suggestions for additions, deletions, or changes to these characteristics would be welcome. As an example of one type of quantitative information that might be monitored over time, the 2008 University of California Undergraduate Experience Survey (UCUES) survey of UC undergraduates found that 53% of seniors reported that they had “Done any research or creative project w/ faculty.” Having the opportunity for involvement with research as an undergraduate is often cited as an important aspect of a UC education. Monitoring a measure such as this could be one way of showing how this specific element of overall quality changes over time. Suggestions for the types of measures that students, faculty, administration, and staff would consider important to educational quality are welcome.

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<sup>1</sup>For example, the current working draft includes this proposed recommendation: “Maintaining the quality of UC undergraduate, graduate, and professional education at the highest level possible should be a top priority when any changes are proposed that might affect the educational process. Identify measures related to educational quality and include in a sub-report of the annual accountability process.”

### Preliminary action steps:

- Identify general guidelines for the definition and parameters of education quality at UC. An exemplar reference is the background document entitled “Characteristics of Educational Quality at the University of California.” **See Appendix A.**
- Identify measures that effectively describe factors related to educational quality. Existing reports and surveys -- such as the Accountability Report, UCUES, and the TIE report -- have relevant data that can measure quality. A synthesis of this information showing trends should be a sub-report on educational quality as part of the UC Accountability Report.<sup>2</sup>
- Endorse the general concept put forward in the report by the Undergraduate Educational Effectiveness Task Force<sup>3</sup> entitled “UC Way to Educational Effectiveness” that *responsibility for assessing student learning resides with the faculty, and that it should be discipline specific and locally (campus) defined, with Senate oversight and participation.*
  - Every department and program should establish a process by which learning objectives are identified and outcome assessment is obtained and used as a basis for improving learning.

### Rationale:

- Base reference of quality needed to monitor changes. While educational quality is difficult to define and quantify, efforts to maintain quality require baseline reference indicators. The effects of possible changes to the University’s structure or operation can be then evaluated.
  - The determinants of the desired quality for any degree or program at UC will come from the faculty responsible for the curriculum and teaching of the degree.
- The quality of education at UC is manifested in the final outcome -- the background, abilities and accomplishments of graduates. This is achieved through the integrative effects of the variety of the students’ educational experiences. Thus, there are multiple pathways to achieve the final standard of quality.

### Impact on Access:

- Maintaining top quality faculty and educational programs will ensure that the most qualified and capable students will continue to enroll at UC.

### Impact on Quality:

- Monitor and evaluate quality. By identifying factors and measures related to quality we will have a reference against which any changes to the educational system can be evaluated.

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<sup>2</sup> <http://www.universityofcalifornia.edu/accountability/>

<sup>3</sup> [http://www.universityofcalifornia.edu/senate/reports/hp2lp\\_ueetf\\_2.10.10.pdf](http://www.universityofcalifornia.edu/senate/reports/hp2lp_ueetf_2.10.10.pdf)

### Fiscal Implications:

- During the current fiscal challenges, priority should be assigned to curricular and course delivery aspects that faculty believe are the most important contributors to quality in order to maintain the highest level of quality. If changes that may affect quality are made due to budgetary reasons, there should be an effort to minimize the effect on education quality for the student.

### Challenges:

- Educational quality is difficult to define and quantify.
- A general perspective on educational quality provides little guidance for evaluating quality.
- Key contributors of quality will vary considerably between different educational programs, making it difficult to capture all perspectives in concise statements.

## APPENDIX A

### Characteristics of Educational Quality at the University of California

**Issue: How to Define Educational Quality at UC.** If we want to preserve educational quality at UC in the face of changes that have or will result from the long-term downward spiral of state funding for higher education, we need to have some way to define quality and to identify metrics and anecdotal information that can help quantify quality. Finding quantitative measures of UC quality is difficult and efforts to identify the best measures of quality should continue.

**Fundamental Basis for a UC Quality Education.** The quality of education at the University of California is fundamentally derived from two key components: the background and expertise of the faculty and students involved; and the rich research-based environment inherent in the system of ten top-tier public land-grant research institutions.

- Determinants of what constitutes desired and acceptable quality for any given degree or program at UC will ultimately come from the faculty responsible for the curriculum and teaching in each degree program.

**Characteristics of UC Quality Courses, Majors and Programs.** The following are features that contribute to the ability of UC to deliver a university education that meets a high standard of quality in terms of content and delivery. Courses, majors and programs that define UC quality are ones that:

- ...are developed by UC faculty with quality assurance monitored through the UC Academic Senate course and program review process.
- ...are delivered under the direction of UC ladder faculty, and include substantial contributions from lecturers, graduate students, and other academic positions filled by individuals who understand and can communicate the unique perspective of the UC research university environment.
- ... include appropriate and substantive student-instructor and student-student interaction.
- ... incorporate the recent advances in educational research and methodology, as appropriate to the field of study.
- ...provide a framework by which students achieve objective standards of knowledge and competence appropriate to the field of study or profession.
- ...empower students with skills in the acquisition, assimilation, and synthesis of knowledge that will admit nimble adaptation to the ever-changing intellectual environment, and foster intellectual independence, creativity, and entrepreneurship.
- ...instill interpersonal skills that will contribute to success through collaboration.
- ...provide a broad basis of familiarity with domestic and international cultures that will enhance students' capacity to operate within and advance American and global society.
- ...provide a substantive background in the values and history of American democracy.

- ...provide ample opportunity for closely-mentored relationships with faculty and other University-affiliated personnel that allow students to pursue independent research, creative activity, or service to society related to their field of study.
- ...foster the abilities to interpret and organize information critically, effectively and transparently, and to maintain intellectual integrity and high ethical standards and intellectual honesty.
- ... can contribute indirectly to student awareness of, and involvement in, the perspective unique to the culture of a public research university, with special insight for how that perspective enriches their disciplinary and general education.
- ... support achievement of the basic University of California missions related to teaching, research and service.

**Ongoing Assessment and Oversight of Quality.** To ensure the effectiveness of UC courses, majors and programs are evaluated by a regular review process, and this process is another component leading to a quality education at UC. Key elements to this process are programs and majors that:

- ...include regular evaluation of faculty teaching by students that is a part of the evaluation process for faculty as they advance within the University.
- ... are evaluated regularly through self-assessment followed by an internal and external administrative and peer faculty review process that evaluates the “fitness for purpose” of the content and delivery of instruction.
- ...include a course and program learning assessment process in which faculty develop learning goals, map goals to the curriculum, and assess majors’ mastery of the learning goals. Learning goals include skills related to critical thinking, analytical reasoning, written communication, and other discipline-based skills.

**Context Contributing to UC Quality.** The unique environment created by UC’s system of ten top-tier public land-grant research universities contributes to the overall UC educational quality. Important aspects of this environment include the ability to.....

- ...provide students with research opportunities closely mentored by UC faculty.
- ...take advantage of the unique benefits of UC’s 10-campus system through cooperation, collaboration, differentiation, administration and specialization among the campuses.
- ...provide a civil and inclusive multicultural environment that conveys and helps to develop the most current knowledge, theories, ideas and perspectives.
- ...provide insights and experiences that are based in both research and practice.

**Expected Outcomes of a UC Education.** Graduates of UC will have the ability to.....

- ...contribute to society in ways that encourage independent thinking and enhance leadership potential.
- ...make significant and relevant contributions to issues important to California, the nation and the world.

- ...enable them to improve the quality of their lives and the quality of life of others.
- ...facilitate meaningful engagement with others in diverse vocational, living and social environments.
- ...make use of the scope and depth of the liberal-arts education inherent to a public land grant research university.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Access and Affordability

#### Recommendation 1: Reaffirm UC's commitment to access for California students.

UC's historic mission of complementary quality and access in its undergraduate student body is central to the University's mission and responsibility to the state of California. This recommendation addresses (1) the value to the state of continued adherence to the Master Plan's expectations for the number and proportion of students who enter at the freshman and transfer levels; (2) the maintenance of access for a pool of students that is broadly diverse; and (3) the value and role of non-resident undergraduate students.

1. Presuming adequate funding for enrollment and maintenance of academic quality, UC should continue to guarantee admission to the "top one-eighth" of California public high school graduates, and prioritize access for students transferring from California community colleges.
  - UC's undergraduate enrollment planning should be responsive to changes in the number of students graduating from high school in California.
  - UC should strive each year to admit a number of public high school graduates that is not less than 12.5% of the number of students who graduated from California public high schools in that year (understanding that not all of these students will enroll).
  - All applicants who meet the University's requirements for guaranteed admission should be offered a place on at least one UC campus, although not necessarily in the major or term for which they applied.
  - UC should enroll sufficient numbers of transfer students to maintain an upper-lower division ratio of at least 60:40 on all campuses.
  - Transfer applicants from California community colleges should be given priority over all other transfer applicants.
2. Consistent with Regents policy, the University of California should strive to enroll a diverse student body.
  - UC should actively encourage the enrollment of students from all regions of the state and from every high school in the state and should strive to improve the representation of students from racial and ethnic groups historically underrepresented in California higher education.
  - The University should prioritize access for students for whom enrollment at UC represents the most significant benefit — including those from low-income families and those with little or no previous experience with higher education.
3. Assuming appropriate physical and instructional capacity, enrollment of nonresidents enhances the educational experience for California residents; nonresidents should be admitted above the state-funded enrollment levels.
  - UC should continue to give California residents highest priority at the undergraduate level. UC campuses should first admit the full number of California residents for which they are funded.
  - The admission of nonresident undergraduates should not disadvantage California residents. Nonresidents should not be eligible for guaranteed

admission and the overall qualifications of nonresident students on each campus should be comparable or superior to those of resident students.

4. As part of its efforts to increase access to higher education, UC should work to improve the college preparation levels of students enrolled in California K-12 schools and community colleges and increasing college enrollment, degree attainment, and other student success measures to the extent consistent with quality, funding, and physical capacity.

#### Rationale:

- The Organic Act (1868) stated that the University was to set standards sufficient that enrolling students would have the ability to successfully complete a degree; be financially accessible to all; draw from “all regions of the state;” and admit women on equal terms with men.
- This California Master Plan for Higher Education (1960) specified, among other things, that (1) the pool of students from which the University draws its freshmen should represent the top one-eighth of California public high school graduates; (2) the University’s cost should not be a barrier to enrollment; and (3) to ensure a robust community college transfer path, the University should admit sufficient numbers of upper-division transfers to maintain a 60:40 ratio between upper- and lower- division students. The Master Plan was later amended to provide a guarantee of admission to students who met the University’s eligibility requirements.
- Regents’ policy states that the University should strive to enroll a student body “that demonstrates high academic achievement or exceptional personal talent, and that encompasses the broad diversity of cultural, racial, geographic, and socioeconomic backgrounds characteristic of California.”
- Enrollment at the University of California provides substantial public benefits for individuals and for the State of California and these benefits should be extended to as broad a group as possible. This is particularly important given UC’s role as the premier public university in one of the nation’s most diverse states in the country.
- Inclusion of international and out-of-state students allows UC students the opportunity to develop multicultural competencies necessary for participation in today’s global economy.
- UC’s ability to enroll and graduate greater numbers of students depends on students’ ability to receive appropriate preparation while in elementary and secondary school and community college. Therefore, ongoing engagement with and support for the state’s K-14 system is central to the University’s access mission and the benefits it provides to the state.

#### Impact on Access:

- This recommendation encourages enrollment of students from all regions of the state and from every high school in the state, and strives to improve the representation of students from racial and ethnic groups historically underrepresented in California higher education.
- These policies ensure that the admission of nonresident undergraduates will not disadvantage California applicants.
- Ensuring adequately prepared students will enhance UC’s ability to enroll and graduate greater numbers of students.

#### Impact on Quality:

- The enrollment of a student body that encompasses the broad diversity of cultural, racial, geographic, and socioeconomic backgrounds characteristic of California enhances the educational experience of all students.
- International and non-resident students will contribute to the intellectual, social and cultural diversity of a campus and the educational experience of California resident students.

#### Fiscal Implications:

- This recommendation is designed to be revenue-neutral by assuming that UC enrolls as many resident undergraduates as it receives state enrollment funding for.
- Increasing transfer enrollment has the potential to make UC more *efficient* by allowing us to increase the number of undergraduate degrees produced without increasing total enrollment.

#### Challenges:

- In recent years UC has not received adequate state funding to support growth in undergraduate enrollment. If funding is not forthcoming, UC cannot meet its access responsibilities to the state.
- Although this recommendation specifically mandates that increases in nonresident enrollment should not come at the expense of access for California students, increases in nonresident enrollment may be negatively perceived by the public.

#### Next Steps for Implementation:

- Research and analysis to determine optimum levels of resident and nonresident enrollment on each campus.

#### Other Options Considered:

N/A

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Access and Affordability

#### **Recommendation 2: Reaffirm the University's commitment to be financially accessible for all undergraduate students admitted to UC.**

The University of California Financial Aid Policy, adopted by The Regents in 1994, states that the University's commitment to enroll a diverse student body requires that financial considerations must not be an insurmountable obstacle to students' decisions to seek and complete a University degree.

Three key implications of this commitment are:

- Students at every income level must be able to finance their total cost of attendance – not just fees – through a combination of (a) manageable contributions from parents and students, and (b) grant assistance from University, Federal, and State aid programs.
- All aspects of a University of California education – including special educational programs (e.g., Education Abroad) and experiential opportunities (e.g., living on campus) – should be available to all students regardless of their financial resources.
- Emphasis should be placed on providing aid to students on the basis of their financial need rather than other criteria (such as scholastic achievement).

To date, UC has been largely successful in remaining financially accessible to students at every income level, as demonstrated by the percentage of low-income students we enroll, the stability of the income profile of UC students over time, student persistence and graduation rates, and levels of student employment and borrowing.

The Commission should reaffirm UC's commitment to this goal as a fundamental component of the University's identity and purpose, even as other aspects of the University evolve and change.

#### Rationale:

- *A reaffirmation of the University's commitment to financial accessibility would help counter the misperception that a UC education is out of reach.* News of rising college costs – in particular, fee increases – threaten to discourage a generation of low-income students from aspiring to a UC education despite the vast amounts of financial aid available to them.
- *Rising fees and other costs have created new challenges for UC affordability – particularly for middle-income families.* Many middle-income families qualify for little or no federal, state, or University grant assistance. Reaffirming UC's commitment to remain affordable to all students would highlight the need to address the issues faced by this population as well.
- *A reaffirmation would clarify that financial aid must remain among the University's top budgetary priorities.* Cuts to the University's budget have created severe resource constraints throughout UC, leading some to question UC's ability to continue to dedicate such a large portion of its operating budget to financial aid.

### Impact on Access:

- *Reaffirming UC's commitment to financial accessibility would help preserve access for students at every income level, and would be particularly important to underrepresented minority students.* Underrepresented minority students are more likely than other students to be from families of modest means and to be most discouraged by rising costs.

### Impact on Quality:

- *No direct impact on UC quality.*

### Fiscal Implications:

- *Financial aid would remain a top budgetary priority for the University.* As fees and other costs increase, the University would have to continue to dedicate a large share of its revenue to financial aid. The University's need-based grant program is currently funded by setting aside a portion of new undergraduate systemwide fee revenue (currently 33%) for financial aid. To the extent that rising costs and other factors require funding beyond the amount generated by this practice, a higher percentage and/or a return-to-aid on other revenue sources (e.g., non-resident tuition) may be necessary.
- *Variations in costs across campuses, programs, and student living situations should not deter low- and middle-income students from participating in the full range of UC's education opportunities.* Differences in costs can be minimized either by having similar costs at each campus, program, living situation, etc., or by providing grant support to offset these differences for low- and middle-income students.

### Challenges:

- *Some students are not currently included in this commitment.* UC is not currently financially accessible to most undocumented students because these students are not eligible for most forms of financial aid. (See the Workgroup's separate recommendation on this topic.) The University also needs to decide what commitment, if any, is appropriate for other UC undergraduates who are not California residents.
- *A clearer strategy for assisting middle-income students is needed.* While UC has a proven framework for preserving access to low-income students, that framework currently relies on the Federal formula for determining a family's ability to pay. That formula expects more from middle-income families – particularly those in high-cost areas like California – than many consider reasonable. Improving aid for middle-income students will require a restructured framework for evaluating student need that is inclusive of middle-income student issues.
- *UC needs a clearer message for communicating financial aid.* The Blue and Gold Opportunity Plan allows UC to deliver a simple, strong message to low-income students about financial aid and systemwide fees. However, it does not address the concerns of middle-income students, and does not address other expenses (campus fees, room and board, books and supplies, etc.) that make up over 60% of the typical student's budget.

### Next Steps for Implementation:

- *A workgroup should be charged with determining the needs of middle-income students and developing a strategy for addressing them without denying financial access to low-income students.*

Other Options Considered:

- N/A.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Access and Affordability

**Recommendation 3: Reaffirm the University's commitment to fulfilling graduate education's role in serving UC's research enterprise, UC's teaching mission, and the diverse knowledge and workforce demands of the State and beyond.**

California's Master Plan recognizes UC as a doctoral-granting institution and the state's primary research institution. Graduate education is critical to the University's research mission and, therefore, central to the vibrancy of the state's knowledge-based economy and ability to meet its academic, technical, and professional workforce needs and fuel innovation that can have worldwide impact. These contributions are made possible when UC graduate academic and professional school programs serve as a magnet for the most highly qualified, talented, and diverse students worldwide and are maximized by a sufficiently large number of graduate students to meet growing needs.

Three key implications of this commitment are:

- Graduate enrollments need to grow at a rate at least equivalent to those of undergraduate enrollment, with a special focus on increasing degrees in areas of specific state need (i.e., the health care sector).
- To attract students with top academic qualifications and diversity of perspective, the fees and financial support associated with graduate and professional degree programs must be competitive with the support provided by other institutions.
- To enhance diversity and ensure that debt levels do not deter access to a range of career options, including low-paying public interest opportunities, graduate student debt levels must be manageable relative to student future earnings potential.

The Commission should reaffirm the importance of graduate education as a fundamental component of the University's identity and purpose, even as other aspects of the University evolve and change.

#### Rationale:

- *The current proportion of graduate enrollments relative to undergraduate enrollment is not adequate to support the research and instructional mission of the University.* As UC has vastly expanded undergraduate enrollment over the past 50 years, graduate enrollment has not kept pace; graduate students have slipped from one-third to one-fifth of total enrollment.
- *UC financial support offers are not fully competitive with those from other institutions.* Survey results indicate that UC financial support offers to students admitted to a UC academic doctoral program are, on average, \$1,000 lower than the offers these students received from their top-choice non-UC institutions.
- *Rising tuition and fees create pressure on faculty research grants that provide tuition and fee remissions to graduate student research assistants.* Although research grants are an important contributor to the revenue generated by tuition and fees, these financial pressures can have a negative impact on research productivity, the willingness of faculty to hire graduate students (as opposed to postdoctoral scholars, for example) as

research assistants, and, in some cases, the ability of faculty to attract external research funding.

- *Rising fees – particularly among students in professional degree programs, whose fees have increased the most due to inadequate state support – have led to increased levels of student debt, which threaten to deter graduates from seeking socially valuable but low-paying careers.* The University must ensure that debt does not preclude students from pursuing public interest careers in health, law, social work, or any other professional or academic discipline.

#### Impact on Access:

- *UC graduate enrollment growth has been constrained by funding, including funding for graduate student financial support.* Departments are often unwilling to admit students if they cannot provide them competitive support packages. To the extent that new funding for financial support can be identified, departments will be more likely to admit additional students and meet UC's graduate enrollment goals.
- *Sensitivity to debt, especially among professional degree students, and the use of loan repayment assistance programs can allow UC to remain a viable option for students interested in low-paying public interest employment.*

#### Impact on Quality:

- *Competitive financial support packages are an important recruitment tool for top-quality students.* Although quality of the academic program and its match with the student's interest are the most important factors in student's enrollment decisions, survey research has shown that the size and attractiveness of support packages also influence choice of program.
- *Improved support for international students would facilitate attracting top students from other countries.*

#### Fiscal Implications:

- *Graduate financial support would need to remain a top budgetary priority for the University.* The University already sets aside a portion (50% for graduate academic students and 33% for professional degree students) of new systemwide and professional degree fee revenue for graduate financial support, and faculty research grants provide fee remission coverage for an additional 30% of new fee charges. Plus the University has been foregoing additional revenue from graduate student nonresident tuition in order to avoid increasing these charges and thus enable easier recruitment and funding of international students. To the extent that rising costs and other factors require funding beyond the amount generated by these practices, additional augmentations to UC graduate financial support programs may be necessary just to maintain the current value of awards.
- *Meeting the University's goals for enrollment and competitiveness will be costly.* Without efforts to improve the graduate student support outlook, the University will face an estimated \$158 million shortfall in attempting to meet its graduate academic student support needs for enrollment growth and competitiveness by 2016-17. This estimate includes both meeting the enrollment goals included in UC's Long Range Enrollment Plan and closing the competitive gap between support offered by UC and by other institutions to academic doctoral students, which is currently estimated to be \$3,000 per student (adjusted for cost-of-living differences).

Challenges:

- Achieving graduate enrollment growth is constrained by the fiscal implications outlined above.
- The need for increased fee revenue to maintain and enhance the quality of UC's graduate and professional degree programs has to be balanced against the impact on students, their debt levels, and the fund sources that provide funding for graduate financial support.
- Although some graduate programs can be expanded at relatively lower cost, they are not necessarily the programs that align with state needs (i.e., the health sector) or UC's diversity goals.

Next Steps for Implementation:

- These principles should be incorporated into discussions of enrollment growth.

Other Options Considered:

- N/A.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Access and Affordability

#### **Recommendation 4: Re-establish UC financial aid eligibility for undocumented California high school graduates.**

Since 1996, federal law has precluded public universities from providing financial aid to undocumented aliens unless a state explicitly makes undocumented students eligible for such a “public benefit.” Consequently, undocumented students attending UC are currently precluded from receiving any financial support (e.g., scholarships, grants, loans) other than private outside scholarships and AB 540 tuition exemptions. As a comparison, in 2008-09, documented UC students with financial need received an average of \$16,700 in support, including \$5,400 in UC scholarships and grants that undocumented students could not receive.

To partially address the lack of financial aid funds for undocumented students, it is recommended that the UC Regents act to re-establish undocumented student eligibility for UC financial aid. This could be done by explicitly referencing undocumented students in the existing Regents financial aid policy.

The proposed re-established eligibility would only include the undocumented students who have attended and graduated from California high schools and who have already been determined to be eligible for tuition exemptions pursuant to AB 540.

The proposal would only provide for undocumented students to receive their fair share of UC aid. It would not call for using UC funds to “replace” federal and state aid which their undocumented status precludes them from receiving.

#### Rationale:

- California has already made significant investment by enrolling and educating undocumented students in its elementary and secondary schools. Undocumented California high school graduates who meet the University’s high admissions requirements have also made substantial investments in themselves. Precluding these students from attending UC for financial reasons represents a significant waste of public investment and human potential.
- Restoring eligibility for these students would bring UC’s financial aid practices back into alignment with its financial aid policy, which calls for maintaining “the affordability of the University for all the students admitted within the Framework of the Master Plan.” Consistent with this inclusive goal, UC has funded undocumented students in the past, prior to the passage of the federal law. The University’s current practice is not consistent with this goal.
- UC would not be the first public institution to provide institutional aid to undocumented students. Texas, New Mexico and Oklahoma have made undocumented students eligible for both state as well as institutional financial aid.
- By reestablishing eligibility for undocumented students, UC could serve as catalyst for other efforts at the state and federal level to address this issue. So far, in California and at the federal level, legislative solutions to providing financial aid for undocumented students’ in-state educational costs have not been enacted.

### Impact on Access:

- The proposal would extend institutional financial aid eligibility to approximately three-quarters of the undocumented students at UC (those who qualify for AB 540 tuition exemptions). We estimate that the number of undocumented students at UC who would benefit from the proposal (using 2007-08 numbers) is 406 to 615. Almost all (98%) are undergraduates. Almost half (48%) are Asian American, and 44% are Chicano/Latino. It is unknown if additional undocumented students would enroll if financial aid were available. Enrollment did increase after the introduction of AB 540 tuition exemptions.

### Impact on Quality:

- The undocumented students who would regain eligibility under this proposal have entering qualifications that are competitive with other students. The average high school grade point average for freshmen in this category entering between 2003-04 and 2006-07 was 3.84, compared to 3.78 for all entering freshmen.

### Fiscal Implications:

- Among the undocumented students who would regain eligibility under this proposal, an estimated 370 would have financial need and be eligible for their fair share of existing UC scholarship and grant funds (approximately \$5,400 per recipient).
- This proposal would have no fiscal impact on UC's overall budget. Undocumented students pay fees and UC assess a return-to-aid on their fees. This proposal would reallocate roughly \$2.0 million, less than .5% of the \$373 million in UC gift aid received by undergraduates in 2008-09. The impact of this redistribution on undergraduate documented students with financial need would amount to a decline of about \$30 in UC gift aid per recipient.

### Challenges:

- UC needs to be willing to act independently of state legislative action. In the past, the Governor has vetoed state bills that would provide institutional aid eligibility for undocumented students.
- The federal law requires action by "the state" to make benefits available to undocumented students. Given the University's constitutional autonomy, the General Counsel's office has advised that it is possible that action by The Regents may qualify as action by "the state," within the meaning of the federal law.

### Next Steps for Implementation:

- The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) has precluded undocumented students from receiving federal and state benefits since 1996. UC Counsel has advised that this includes all UC student financial support. However, states can preempt PRWORA by explicitly establishing state benefits for undocumented individuals.
- The Regental action needed would be to affirmatively extend UC's financial aid policy to undocumented students.

Other Options Considered:

- Wait for the passage of state legislation [e.g., SB 1460 (Cedillo)] that would affirmatively establish institutional aid eligibility for undocumented students at CSU and the CCC's.
- Rely on federal and state legislative efforts that would establish institutional aid eligibility and also federal and state aid eligibility for undocumented students.
- Rely on federal legislative efforts that address the broader issues faced by undocumented students (such as the creation of a process for undocumented individuals to establish permanent residency or other legal status).

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Access and Affordability

#### **Recommendation 5: Adopt a multi-year fee schedule for each entering cohort of new undergraduate students.**

In order to preserve a quality education for UC students, the University has had to generate new fee revenue to partially backfill the severe state budget cuts that have occurred. The fee increases have been problematic for students and their families because of both their size and their unpredictability. To avoid the pain and frustration produced by large, unexpected fee increases that occur mid-education, UC could adopt a multi-year fee schedule for incoming cohorts of undergraduates which would cover a specified number of years – e.g., the typical time-to-degree of between four and five years for entering freshmen and two to three years for transfer students. During this period fees would increase annually at a moderate fixed rate or according to a relatively stable annual adjuster (e.g., the inflation rate). The starting fees charged to entering classes would be set independently and could increase at a faster rate, as needed, to achieve the gross revenue required by the University’s budget in a given year. Fees charged to students who remain enrolled beyond the specified number of years could roll up to the fee levels for the following cohort (i.e., a sixth-year student might be charged the higher fees scheduled for currently enrolled fifth-year students).

To ensure that the University would have the flexibility to meet its budget needs, the University should build a reserve into its budget to help smooth vagaries of state funding levels. In addition, application of the multi-year fee schedule should be contingent on a maintenance of effort by the State. In the case of significant and abrupt state budget cuts, the University would have the option of adopting an emergency fee increase outside of the scheduled amount.

A similar model has been adopted by other public universities, either voluntarily or in response to state legislation. The University of Illinois and certain University of Texas campuses, for example, provide a guarantee to new students that provides for no increase for four years. (The University of Georgia had a similar policy, which it reluctantly abandoned in response to a dramatic shift in state funding.)

#### Rationale:

- *The predictability provided by a multi-year fee schedule would help middle-income families manage the cost of UC fees.* Although financial aid generally protects low-income students from the impact of fee increases, most other students pay the cost of the fee increase. Under the multi-year fee schedule, middle-income families would still pay fee increases but they would know in advance what they would be. This predictability would help families plan for the increases and avoid the “jolt” of unexpected large fee increases for which they are not prepared.
- *The policy would send a bold, positive message to prospective students that they needn’t worry about dramatic fee increases once they arrive at UC.* Just as the Blue and Gold Opportunity Plan assures prospective low-income students that fees needn’t prevent them from aspiring to a UC education, a multi-year fee schedule would assure entering middle-income students that fees would not rise unexpectedly beyond their means to cover them once they enroll at UC.

- *Increased leverage with the State to maintain its support for the University's budget.* The expectation that UC's budget needs can be met through sharp fee increases that disrupt the ability of families to plan their financing of a UC education will be more difficult. The multi-year fee schedule can serve as a "contract" that will add pressure on the State to maintain its funding for the University's budget. Fee revenue would not be seen as a limitless resource for responding to State cuts.

#### Impact on Access:

- *UC may be perceived more favorably by prospective students and families.* Provided that UC remains financially accessible to low-income students and remains competitive for middle- and upper-income students in terms of its perceived quality and cost, a multi-year fee schedule may provide UC with a competitive advantage for enrolling these students because of the predictability that it would provide. The predictability, however, would be limited to fees, since other costs (housing, books and supplies, health insurance, etc.) and an individual's overall financial aid package would not be constrained by such a guarantee.

#### Impact on Quality:

- *No direct impact on UC quality.* See Fiscal Implications, below, for potential indirect impacts.

#### Fiscal Implications:

- *Reduced flexibility in fee revenue would require contingency plans.* Since continuing students would be assured a fixed fee increase rate, any revenue required beyond that amount – due to a sudden decline in State funding, for example – would have to be generated by the 30% of students who are subject to the "new" student rate. To avoid this, UC could (a) anticipate such a rainy day by building larger-than-needed fee increases into the fee schedule, (b) find an alternative source of funds until fees catch up with the budget shortfall, or (c) attach an escape clause to the fee schedule.
- *Greater administrative complexity.* Campus registration systems, billing systems, and financial aid systems would need to be modified in order to accommodate a cohort-based fee system. The cost of these changes is not known.

#### Challenges:

- *Public attention may still focus on fee increases for new students.* Suppressing the rate of fee increases for continuing students may result in higher fees for new students, which may continue to dominate headlines each time The Regents approve a fee increase.
- *Negotiation with the State may be required to ensure that Cal Grants cover cohort-based fees.* Cal Grant coverage of cohort-based fees would be essential to preserving UC's accessibility.

#### Next Steps for Implementation:

- *Policy approval process.* The authority for setting fees rests with The Regents. A change of this magnitude would require broad consultation involving the Academic Senate, campus leadership, the Department of Finance, the California Student Aid Commission, legislative staff, and potentially others.

- *Preparation period.* Once the policy is approved, campuses would need an additional time period in which to prepare and implement cohort-based fee schedules.

Other Options Considered:

- *Large fee increases for students enrolled beyond the specified time period.* The incorporation of a large fee increase for students enrolled beyond the period covered by the specified fee schedule was considered and rejected. Although a large fee increase (perhaps the amount charged to newly enrolled students) might provide a financial incentive for students to graduate within a normal time-to-degree, such a fee increase is more likely to be viewed as a penalty for taking extra time to graduate that is not under the control of the student. Unless UC can also guarantee that classes will be available, students could legitimately complain about paying such higher charges. In addition, some students, especially low-income students, often arrive at UC with less academic preparation than other students and are hence more likely to take longer than four years to graduate. These students would also have a compelling argument against paying a “penalty” fee for needing extra time to graduate. Further, the jump in fees could, potentially, result in the undesirable outcome of some students dropping out rather than persisting to graduation. Finally, UC’s fees are considered high enough without an additional penalty amount to be a financial deterrent to students opting to prolong their enrollment.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Access and Affordability

#### **Recommendation 6: Rename the Education Fee and the Professional Degree Fees (but not the Registration Fee) as “tuition.”**

Consistent with language in the Organic Act (1868) and the California Master Plan for Higher Education (1960) that calls upon the University to be “tuition free” for Californians, UC has not labeled any of its in-state student charges as “tuition.” However, despite the labeling, the Education Fee and the Professional Degree Fees have been equivalent to tuition as the term is typically understood by most people since the early 1990’s. Both these fees provide critical revenue for core instructional expenses.

In contrast, the Registration Fee, which currently provides revenue for non-instructional student programs and services, is appropriately labeled as a “fee.” Note that the Registration Fee Task Force, which is currently reviewing the Registration Fee policy, will be recommending a name change for the Registration Fee -- to the Student Services Fee – when it presents its report to the Regents in May. The proposed name change would align the name of the fee with its use in parlance that is more commonly understandable.

To provide similar alignment in the labeling of charges used for instructional purposes and make them more easily understood by the general public, the Education Fee could be renamed “in-state tuition,” and the current Fee for Selected Professional School Students could be renamed “professional degree tuition.”

#### Rationale:

- *Labeling student charges used for instruction as “fees” instead of “tuition” is inconsistent with the understanding of those terms by the general public, the federal government, and other entities to which the University needs to report its student charges.* Colleges and universities report their institutional charges to the federal government and other entities in a variety of contexts. For example, schools participate in both voluntary and mandatory surveys of institutional costs (IPEDS, U.S. News, etc.), and disbursement amounts from various programs are often tied to institutional charges (e.g., veterans educational benefits, fellowship programs, and research programs). In all of these contexts, the term “tuition” is expected to represent the primary educational charge assessed by the institution for instructional expenses. Occasionally, UC’s divergence from this standard practice has real consequences. For example, GI Bill payments to California veterans attending private schools were delayed because payments are statutorily tied to the level of “tuition” charged by a state college to in-state residents – which, in California, is technically zero. Labeling the Education Fee as “in-state tuition” avoids these problems and leads to greater comparability between UC and other schools.
- *Claiming to be a “tuition-free” institution is no longer meaningful.* The goal of remaining “tuition-free” as expressed in the Organic Act and the Master Plan does not, presumably, refer to the use of the word “tuition” *per se* but to the practice of requiring California students to cover a share of their educational expenses themselves. Regrettably, all three California segments now engage in such a practice – although financial aid has preserved the spirit of “tuition-free” enrollment for low-income students. Moreover, at

UC, the goal of providing a “tuition-free” education is no longer sufficient to be financially accessible to low-income students because of the many other costs associated with a full-time, four-year, residential experience. While the concept of financial accessibility inherent in the Organic Act and the Master Plan remains relevant and vital, the references to “tuition” in those documents do not.

#### Impact on Access:

- *Greater clarity about UC’s pricing structure.* Students and families could more easily understand the costs at UC and compare them to those at other institutions if UC used the terms “tuition” and “fees” as they are typically understood by the general public.

#### Impact on Quality:

- *N/A.*

#### Fiscal Implications:

- *Administrative processes and systems would need to adapt to the new terminology.* Campus registration systems, billing systems, and financial aid systems would need to be modified in order to accommodate the proposed change in terminology. The cost of these changes is not known.

#### Challenges:

- *Coordination with other segments.* Renaming UC’s Education Fee as “tuition” would require coordination with CSU and the CCCs, who also currently refer to their student charges that provide revenue for instructional expenses as “fees.” It would be confusing to the general public and other entities if UC were to make the naming change without similar changes occurring in the labeling of student charges at CSU and the CCCs.
- *Coordination with relevant parties in State government.* Renaming UC’s Education Fee as tuition would require coordination with State government officials to ensure all understand that the name change does not represent any shift in the use of the fee revenue, in the level of the fee, or in the state’s responsibility to provide adequate funding to the University for its instructional costs. In addition, some statutory changes may be needed in cases where there are specific references to UC’s “fees.” For example, the Cal Grant statute, which currently refers to Cal Grant coverage of UC’s “mandatory systemwide fees,” may require modification to ensure that Cal Grants would cover “in-state tuition” as well.
- *Public relations impact.* Even though the change in terminology would have no impact on the level or use of UC’s student charges, UC could anticipate negative reaction from constituents who perceive the adoption of the term “tuition” as an abandonment of UC efforts to strive for a tuition-free university where the State actually fully covers instructional costs.

#### Next Steps for Implementation:

The University should develop a more specific proposal for implementing the name change. It should identify a mechanism for making any statutory changes that might be required.

UC should consult with CSU and the CCCs on their interest in making parallel names changes and with state government officials to determine if there are other issues that need to be addressed.

Other Options Considered:

- N/A.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Funding Strategies – Executive Summary

*"In finance everything that is agreeable is unsound and everything that is sound is disagreeable."*

–Winston Churchill, 1953

The funding challenges facing the University of California are considerable, and the solutions are not easy. The University of California Office of the President currently estimates that UC's core funding from state funds, student fees, and other sources has fallen \$1.2 billion below UC's current needs. At current levels of state support, this funding gap is estimated to grow to \$3.5 billion by the 2015-16 fiscal year.

The funding gap is exacerbated by a significant unfunded post-retirement benefit liability, which is currently \$1.9 billion and expected to reach \$18 billion by 2013. Similarly, the University's unfunded post-retirement healthcare liability is projected to grow from \$13 billion today to \$18 billion by 2013. Because a separate Post-Employment Benefit (PEB) Task Force, established by President Yudof in 2009, is scheduled to finalize recommendations this summer, we do not address PEB issues in this report; however, we recognize that PEB issues have the ability to impact the future of our institution more than any other financial challenge facing the University.

No single strategy will likely prove sufficient, by itself, to meet the University's needs. To protect the University's financial health and academic quality, the Commission on the Future as well as the Regents should be prepared to support a range of strategies aimed at (1) increasing state funding, (2) improving operational efficiency (both administrative and academic)\*, and (3) generating additional revenues through student fees, federal funding, and other modes.

If state funding is the basic foundation of UC's long-term excellence, then operational efficiency is its framework. State funding and operational efficiency are of particular and equal importance in any discussion of university funding strategies. In an effort to establish the premises of our arguments and recommendations, we outline our fundamental principles regarding state funding and administrative efficiencies below. We then lay out specific recommendations in two sections: recommendations for immediate adoption, followed by recommendations for longer-term adoption under certain circumstances.

### STATE FUNDING PRINCIPLES

- *State funding remains critical to UC.* State funding provides the foundational support that allows UC to attract the faculty, students, and outside funding that make the institution the highest-quality and most successful public institution in the world. The key word is public. As the finest public university in the world, UC opens the door of educational opportunity to highly qualified students only with the support of the taxpayers of this state, and it has done so at a level that substantially exceeds private university efforts. Yet the state has been steadily disinvesting in UC for the last 20 years. State funding per student has declined by 54% since 1990-91. This trend must be reversed.
- *Student fee increases cannot fully replace state funds.* UC has been considered a bargain for decades, due to the state's historical commitment to keeping fees low and public universities

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\* In terms of operational efficiency, this report focuses primarily on administrative efficiencies as opposed to academic efficiencies.

accessible in California. Over the last two decades, however, student fees have risen dramatically, principally in an attempt to partially offset state funding declines. If UC is to continue as a public university offering an alternative to costly private institutions for highly qualified students, it must remain affordable. Periodic large fee increases are not only contrary to that principle, but they are also inadequate under almost any fee modeling scenario.

- *State funding is UC's equivalent of endowment.* Private universities have large endowments, some of which have been created over centuries of effort, which support a substantial fraction of their operations. UC will not create endowments of this size any time soon, if ever. As a result, the reduction in state funding is as if a private university found its endowment continually reduced. No private university could maintain itself under these circumstances, and the University of California cannot do so with a steady reduction of state funds.

## ADMINISTRATIVE EFFICIENCY PRINCIPLES

- *We have not measured administrative performance in the past.* While metrics for the assessment of successful academic performance may be well known, no such standards exist for administrative performance. Indeed, the peer review process within which UC demonstrates its extraordinary academic quality does not have a counterpart for the assessment of administrative organizations and systems.
- *There is variance in the quality and efficiency of administrative systems both within and across UC campuses.* Like our academic programs, there is great talent among our administrative ranks; however, for many reasons (e.g., campus culture, workload, lack of resources and knowledge), there has not been a systematic method to identify and implement those systems and practices that are most effective within the UC system and beyond. Through an aggressive program to identify and encourage (if not require) adoption of the most effective and efficient practices, we can preserve resources that can then be dedicated to core academic programs. Of course, it is solely to support these academic programs that administrative operations exist.
- *Administrative efficiencies are most effective when mandated.* The change towards more uniform and efficient administrative systems will only be achieved if it is required by Chancellors, the President, and The Regents. Large organizations can suddenly become surprisingly nimble when it comes to protecting the status quo.

State funding and administrative efficiency are integral to the success of any funding strategy. With these basic principles in mind, we explore the following specific recommendations:

## RECOMMENDATIONS FOR IMMEDIATE ADOPTION:

1. Develop multiyear grassroots opinion-leader advocacy campaign for state support
2. Administrative best practices system
3. Revise non-federal ICR policy
4. Improve federal ICR rates
5. Implement multiyear tuition-planning strategy
6. Increase nonresident enrollment

## RECOMMENDATIONS FOR LONGER-TERM ADOPTION UNDER CERTAIN CIRCUMSTANCES:

7. Advocate for federal Pell Grant augmentations
8. Examine faculty compensation plans
9. Allow for possibility of differential tuition by campus

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Funding Strategies

#### RECOMMENDATIONS FOR IMMEDIATE ADOPTION

**Recommendation 1: Develop a multiyear advocacy campaign aimed at grass roots opinion leaders throughout the State of California to foster public and political support for the University as a major priority for state funding.**

This campaign would:

- Educate local public opinion leaders (e.g., media, business, non-profit, and other organizational leaders) throughout California about the contributions UC makes.
- Send the message that UC educates outstanding future citizens and employees; UC generates new ideas, innovations, and inventions that create new businesses and that nourish existing ones; and UC assists in improving operations and service delivery for government and non-profit institutions. In sum, UC helps make California the “Golden State.”
- Use multiple media and methods including speakers’ bureaus, e-advocacy, social media, large-scale events in Sacramento and elsewhere, and meetings with politicians, legislators, and opinion leaders.
- Get political by giving advocates the tools to be engaged with elected officials and candidates for office on an ongoing basis, demonstrating that UC has a political constituency that matters to them.

#### Rationale:

- *Public institutions must have the backing of those who pay taxes to support it.* In an era when term limits provide only a short period of time for the state’s elected officials to understand and react to changing economic circumstances, it is critical to maintain a public base of support that will persist for more than the two-, four-, or six-year terms of state office-holders. UC must better communicate its value to all Californians and derive more public support from those who benefit from its services.
- *Activism is strongest at the local level.* UC must appeal to the real interests of local citizens and governmental leaders. By listening to the needs of these individuals and translating those needs into problem-solving actions, UC can reposition itself as a partner in their efforts to succeed as citizens and leaders.
- *Political leaders can gain from a relationship with UC.* Legislators, governors, mayors, local council members and everyday citizens can all benefit from knowledge and experience that resides within UC’s walls. A concerted effort to listen to their issues and develop real-time answers to help address their problems can have a direct impact on the priority placed on providing adequate funding for UC.

### Impact on Access:

- *State funds help maintain affordability at UC.* Affordability is highly valued at UC. Every fee increase in the last 20 years, with the exception of 2007-08, has been in response to budget shortfalls caused by the state's disinvestment in UC. Turning this trend around will help preserve quality *and* affordability, the twin pillars of excellence that characterize UC.

### Impact on Quality:

- *The decline in state funding has a direct impact on the quality of education UC provides.* The average expenditure per student for a UC education has declined over 19 years by 25%. Without state funds, the challenge of supporting adequate salaries, maintaining a competitive student-faculty ratio, and providing adequate classes for timely completion of degrees remains immense. These functions require ongoing, stable sources of funding. While there is always room for improvement in terms of attracting other fund sources, the ability to provide the core programs that comprise the University's basic missions remains heavily reliant on state funding.
- *UC provides a vital and lasting contribution to the state's economy and the quality of life of its citizens.* Because of the core support provided by state funds, UC is able to train the workforce and provide the knowledge and research California needs to stay on the cutting edge of discovery and innovation. This, in turn, helps stimulate job growth and has a direct impact on the state's economic recovery. But UC's contributions to the state are far more broad. They include development of a health care system that provides research and care for those with the hardest illnesses to treat, assistance to K-12 schools to help improve the quality of instruction and expand educational opportunities, and discoveries and best practices for the agriculture industry, among others. If the public gains a greater understanding of the important role UC plays in everyday life and is able to signal their support for UC, the state's disinvestment in UC could be reversed.

### Fiscal Implications:

- *An advocacy campaign could be costly.* The campuses and the Office of the President are already engaged in a wide range of advocacy activities, largely drawing on the engagement of alumni and other volunteer advocates. But expanding those efforts and breaking through the clutter of the modern communications environment to reach a wide audience of everyday Californians – those for whom the University does not have built-in communications mechanisms – would be costly. An intermediate strategy, recommended as a starting point here, is to focus on reaching local opinion leaders by working outwards from UC students and alumni to local communities. Key contacts and networks of students and alumni, supplemented by Internet research, could be used to identify local people and organizations (Chambers of Commerce, fraternal and business organizations, non-profit organizations) that could provide forums where UC faculty, students, alumni, or staff could present UC's message. This approach would be much less costly than a campaign to reach the mass public, and it would probably have a much greater impact for each dollar invested.
- *However, some exploration of a broader-based campaign may be a good idea.* This could involve focus groups and polling to identify the issues and messaging most resonant with particular audiences. Outside professional assistance would likely be

needed to provide expertise in key areas such as polling, advertising, and event management. Paid media would likely need to play a role in an effective broad-based campaign. A campaign with these elements could cost several millions of dollars in the first year alone, and any campaign would need to be sustained to be truly effective. Appropriate non-state sources of revenue would need to be identified to fund these activities.

- *Inability to turn around the state's disinvestment could be devastating.* Recent studies commissioned by the Regents have shown that funding for basic costs at UC will skyrocket in the coming decade. Funding will need to increase from all sources – state and non-state – to meet this need. Failure to achieve additional state funding could be disastrous.

#### Challenges:

- *Development of an adequate campaign infrastructure.* In addition to the challenges associated with funding for such an effort, a grass roots campaign targeted at opinion leaders would need to develop organizational vehicles (e.g., grassroots organizations, etc), to find qualified strategists, to mobilize volunteers, and to make sure that various independent activities were adequately coordinated.
- *Development of campaign messaging.* The University already has developed and implemented messaging focusing on the institution's impact on the economy, health, and quality of life of California. Research is available on such topics as the life-time earnings of its students, regional economic impacts of the campuses, efficiency of the University in getting students to a four-year degree, and other issues. But additional issues meaningful to local opinion leaders in California would need to be identified and crafted in ways that are simple and persuasive.
- *Doing it the UC Way.* A campaign for UC should not be just another political campaign, it should adhere to the highest standards of scholarship, service, and teaching.
- *Internal constituencies need to be educated and "buy in" to the campaign.* In the last several years, notes of discord have been heard from various internal constituencies (students regarding fee increases, faculty regarding priority setting, etc.). A major element within the advocacy campaign should be the education of UC's family of faculty, students, and staff to ensure that we share a common message and join together in a common goal of changing the priority the state places on adequate funding for higher education.

#### Next Steps for Implementation:

- *Develop a common understanding of activities already underway.* The advocacy network at the Office of the President and on the campuses has been greatly enhanced recently and many programs are already underway – email and letter-writing campaigns, visits of UC-supportive delegations to Sacramento, increased use of social media, joint forums with legislators on policy issues important to the state, and more. The first step in the grass roots opinion leaders advocacy campaign would be to develop an outline of all these activities so that leadership is well-informed and an expanded campaign can be developed.

- *Develop recommendations for how to expand existing efforts.* The campaign envisioned here would go beyond existing efforts and seek to reach much larger numbers of Californians, educating them about what the University contributes to the state as a whole. A variety of activities will need to be further developed to achieve this higher level of public engagement – events, speakers’ bureaus, advertising, expanded use of the web, and more. The content of this campaign would need to be designed, with a careful eye to the balance of activities best done at the campuses and those best done by the Office of the President.
- *Develop a plan for funding a major advocacy campaign.* A grass roots opinion leaders advocacy campaign will require activities at both the system wide and campus levels. It will be important to develop a plan for funding an ambitious effort that over time will help turn the tide of public opinion toward a call for adequate support for higher education as a basic value in California.

Other Options Considered:

- *Establishing a funding guarantee through legislative initiative or constitutional amendment.* Budgeting by ballot is very challenging, in terms of receiving public support. While Proposition 98 has been very successful for K-12 schools and community colleges, it remains unclear how successful future attempts to tie up the state budget would fare in an election, although it is noted that guaranteed funding for stem cell research was widely approved fairly recently. Both issues benefited from a wide political support base, which the University must still develop. Also, it is unclear how enforceable it would be in bad fiscal times if the Legislature and Governor can suspend it with a 2/3 vote. If an appropriate nexus could be found between an identified funding source and UC or higher education, and if the groundwork has been laid for an effective grass roots advocacy campaign, the idea may be worth pursuing and should remain under consideration as the grassroots opinion leaders advocacy campaign is developed.
- *Increased reliance on specific stakeholder partnerships – e.g. business, labor.* This is a high priority for the University – we can’t turn around state support alone. Representatives from business, labor, alumni, agriculture, entertainment, Silicon Valley, other science and energy partners, health sciences, and the national labs are the spokespeople who help influence opinions – it is no longer political leaders who do this in California. It will be important to involve these stakeholders in UC’s effort to gain public attention and renew support for UC as a priority for state funding. This is a critical element of the grassroots opinion leaders advocacy campaign.
- *Seek reestablishment of the Higher Education Compact Agreement with the Governor and/or Legislature.* While it is believed that the Compact is a good statement of the *minimum* resources UC should receive from the state, it is clear such an agreement is not enforceable in bad economic times, so it provides no certainty for planning purposes. More importantly, the previous Compacts lulled UC into thinking it could rely entirely on “elite bargaining” (UC staff working behind the scenes with key government staff) instead of developing effective grass roots lobbying to build more widespread support.
- *Secure explicit support for increased revenues and/or earmarked revenues.* While it is believed that identifying a dedicated fund source for higher education sends a message that UC is important to the state, it is also believed that without a constitutional

guarantee of some maintenance of effort, such funding is not likely to be additive, especially in bad economic times. For example, the state could simply take away existing state General Funds and substitute the newly designated sources. Additionally, it fails to make the case that higher education is so important that it should be funded out of the general budget. There is also the possibility that the tax source might dry up or create significant opposition to UC among those who are taxed. UC could fare better with a general tax increase. Research shows UC drives the economic engine that fuels the state's economy – \$1 invested in UC leads to \$4 in return for the state because fewer people go to prison, fewer people rely on welfare, fewer people need social services, etc. (See *Return on Investment: Educational Choices and Demographic Change in California's Future*, Survey Research Center, University of California, Berkeley,).

- *Redirecting state funding away from specific other state programs, e.g. prisons, health & welfare programs.* The Governor's proposal to sponsor a constitutional amendment that would reverse the proportion of state funding spent on prisons vs. that spent on higher education is extremely helpful in framing a public debate on the state's funding priorities. The state should be questioning why so much more is spent on prisons than on higher education. Such a debate could be particularly effective if carried out by third parties on behalf of the University. However, a direct confrontation with another state entity, particularly one that is well-funded from special interests, may not result in more funding for UC.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Funding Strategies

#### Recommendation 2: Design and implement a system to identify, promote, and adopt the best administrative practices within the UC system.

- Mechanisms need to be established to facilitate the acquisition and adoption of best practices throughout the system. Additionally, mechanisms need to be established to motivate and reward the campuses and other UC locations to implement best practices. Finally, chancellors, other leaders, and their staffs need to be measured on the implementation and encouragement of best practices.
- Work groups should be formed to analyze each of our core business operations: Finance, Human Resources, IT, Energy, Space Management, Student Services, and Procurement. This must be done with a clear mission to determine timeliness and effectiveness of current operational models. Those models that are outdated and/or no longer serve our needs need to be ramped-down, replaced, or eliminated.
- Fiscal efficiency metrics should be incorporated into all administrative reviews. Currently the revenue-based funding model results in a review system oriented towards asking what funds were spent on, not how effectively they were used and whether the core mission was addressed.

#### Rationale:

- *Administrative activity pervades any large organization, especially complex public research universities.* Significant faculty and staff effort is required to manage academic departments, research units, libraries, student service activities, operation and maintenance of plant, campus-wide and system-wide administration, fiscal operations, logistical services, and community relations. Costs not directly related to research and teaching (herein called administrative costs) are estimated to be as large as 25-30% of that which is funded by UC core funds. While recent actions have been made to reduce these costs, they remain substantial.
- *Our funding model may be misaligned with our efficiency goals.* While we decry across-the-board cuts at campuses, they serve as the basis for UCOP's incremental funding of campuses. Administrative funding should reward efficiencies and best practices, similar to the manner in which quality research is rewarded.

#### Impact on Access:

- *A penny saved is a penny earned.* To the extent that administrative costs can be reduced and operations improved, resources will be preserved for other functions, including access and affordability efforts.

#### Impact on Quality:

- *Cost-cutting cannot mean quality-cutting.* The manner in which additional administrative budget reductions are pursued will have a dramatic influence on the quality of the

University of California. Unless we adopt practices that acknowledge quality as a primary measure of both academic programs and administrative operations, lackluster administrative systems will degrade our academic performance.

#### Fiscal Implications:

- *It can work for UC.* When the University of Texas System enacted a shared-services model to improve administrative efficiencies, \$250 million in value was added to system operations. The “Carolina Counts” program at UNC, focused on operational efficiencies, expects to deliver \$90 - \$160 million dollars of ongoing operational savings within five years. Most recently, UC Berkeley expects to generate tens of millions of dollars in annual savings as a result of administrative improvements suggested by external consultants Bain & Co. There is no reason to expect that similar results, scaled to the UC system, could not be delivered as well through the pursuit of an administrative efficiency framework.
- *There are opportunities for quick wins.* Most immediately, the sharing of best practices within the UC system should translate into substantial benefits quickly, given that these practices have already been proven within the system. This should not be costly to implement. In addition, a transition to common systems and programs would eliminate the inefficiencies that result from each campus managing independent systems. A report from the UC Work Group on Administrative Efficiencies titled “Building Administrative Efficiency – July 2008” has already identified potential strategies for streamlining processes and collaborating among locations to achieve tens of millions in cost savings.
- *Intangible benefits are significant.* While measureable savings are likely attainable, a substantial benefit can also be achieved through improvements in quality of services, given the deep cuts service units have experience to-date.
- *The budgeting model matters.* Ultimately, switching to a cost-based rather than the current revenue-based budgeting model will not only allow wiser decisions to be made regarding use of funds, but it will also render the impact of unfunded mandates fully transparent.

#### Challenges:

- *We must follow through.* We recognize that many of the administrative efficiency initiatives called for in this recommendation have appeared in previous UC white papers (“Monitor Group Report to the Regents: University of California Organizational Restructuring Effort”; “UC 2025: The Power and Promise of Ten”; “Building Administrative Efficiency”; and most-recently, though focused on a single campus, the Berkeley-commissioned “Operational Excellence” report.) While we excel at producing reports, we have not excelled at implementation. Significant improvements in administrative efficiencies must be driven with the highest level of support, including the President, the Chancellors, and other senior leadership.
- *There is a time and place for campus autonomy.* The culture of the UC system does not strongly encourage each campus to collaborate with other campuses in such seemingly pedestrian but costly areas as IT support, administrative systems, and policies. By

focusing too intently on the need for each campus to maintain autonomy and academic freedom, we have allowed “free range” and independent administrative systems.

#### Next Steps for Implementation:

- *Appoint a small staff to quickly identify best practices in UC and among other large universities.* As an example within the UC system, UC Berkeley has employed Bain Consulting to help drive “Operational Excellence” within the campus. A comprehensive implementation plan is in place. This seems to be a useful rubric for other campuses. UC Davis has also recently announced a similar initiative. Undoubtedly, other campuses have examples to be shared and emulated.
- *Speed is essential.* It is strongly encouraged that each campus appoint a key person (e.g., Vice Chancellor for Admin) to begin now to engage with his/her counterparts with the intention of defining a best practice sharing plan by June. A senior official within UCOP should be appointed to join in this effort. Such review could also be assisted by appointing an all-campus review team to visit each campus in both the collection and eventual dissemination of best practices.
- *We know what areas to work on.* Teeing off of work from UC Berkeley’s Bain report, the focus of these best practices should be in the following areas: Finance, Human Resources, IT, Energy, Space Management, Student Services, and Procurement. Particular attention should be paid to those administrative services that are in direct support of academic and research activities as not all administrative functions occur in conventionally defined administrative departments.
- *There is often no better motivation than sunshine.* It is recommended that the chancellors report periodically to the President on the actions that they and their teams are taking, and the results attained. It is further recommended that the President periodically report the accomplishments and/or failures to the Board of Regents.
- *Accountability must also be positive.* Reward/recognition systems aimed at driving administrative efficiencies are to be encouraged at each campus.

#### Other Options Considered:

- *Large-scale common support systems.* Several studies have noted the inefficiencies from non-standardized support systems throughout the system. Lack of commonality not only is expensive, it inhibits collaboration. Designing and implementing such large-scale common systems is expensive and time consuming, but at a minimum there should be a definition of standards for such support systems so that any future systems development enhances long-term commonality.
- *Use the Commission momentum to prioritize and promote existing efforts as well as new ideas.* Provide greater support to current initiatives for collaboration and system improvement (e.g., PPS review, campus work on the development and adoption of Quali systems). Out-of-the-box solutions will almost certainly be required, such as the adoption of shared-service models to improve efficiency of non-core business functions (such as payroll), regional IT server centers, and centralized administrative functions at

the campus level to eliminate duplication across academic departments/colleges/centers/etc.

- *Keep longer-term transformational change in mind.* UC should evaluate longer-term and more systemic quality/cost endeavors, such as Six Sigma, but this should not interfere with the adoption of the above recommendations.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Funding Strategies

#### Recommendation 3: Revise practice and policy on charging indirect cost recovery for non-federally funded research.

- Establish uniform and consistent policy and practice throughout the University of California to fully recover the fair share of indirect costs associated with non-federally funded research.

#### Rationale:

- *Total cost recovery.* Externally-funded research in the University of California is supposed to be conducted under the accounting principle of total cost recovery, including indirect costs. The indirect costs are intended to recover the facilities and administrative costs attributable to research.
- *Core funds subsidize research.* For a variety of historical reasons and local campus practices, indirect costs charged to non-federally funded research projects – those funded by the State of California, foundations, gifts, and corporations – do not fully recover the costs of research conducted for these agencies. Hence, the university subsidizes this research with core funds. This can be rationalized in times of ample budget in fulfilling one of our primary missions – research. It cannot be rationalized in times of insufficient core budget to fulfill one of our other primary missions – teaching.

#### Impact on Access:

- *Shift burden away from student fees.* As with any revenue-generating strategy, improved recovery of indirect costs associated with non-federal research could reduce need to raise student fees.

#### Impact on Quality:

- *Make more educational investments possible.* This strategy could free up core funds that could be re-directed to improving quality of education.

#### Fiscal Implications:

- *Significant potential.* The Research Strategies Work Group has taken the lead on this issue. Preliminary estimates are that current policies and practices of recovering indirect costs on non-federally funded research throughout the University of California are currently leading to the use of core-funds to subsidize this research in the range of more than \$300 million per year.

#### Challenges:

- *State-funded research.* California state-funded research is charged an indirect cost recovery (ICR) rate that is less than half that charged to federal. Part of the rationalization of this is that the state already pays for facilities (although federal ICR

rates are already discounted by this as well) and part of the faculty salaries engaged in research. Moreover, some research projects have special arrangements and limitations on ICR as part of the original funding conditions. Changing this will require considerable negotiations with the state.

- *Understanding among the faculty.* Faculty in general do not realize that ICR does not fully recover the costs of doing research, and indeed believe they already do not receive their “fair share” of the ICR for attracting the research funds to the campus in the first place. Hence, there are widespread practices of trying to waive or reduce overhead on non-federally funded research to more fully utilize any research funds for direct research expenses. The belief that the research “pie” is fixed and that the more that goes to ICR will mean less for direct research expenses will be difficult to overcome.
- *Differing effects on different disciplines.* There may be equity issues – perceived and real – among faculty in different disciplines. For example, faculty in the humanities and social sciences who receive funding from foundations without ICR may regard such changes as a “take-away” and question whether ICR should be the same for “laboratory” and “non-laboratory” disciplines.

#### Next Steps for Implementation:

- *Support the Research Strategies Workgroup.* As noted above, the Research Strategies Work Group has taken the lead on this issue. Our role will be to provide review and coordination with the resulting recommendation that arises from this effort.

#### Other Options Considered:

- None.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Funding Strategies

#### Recommendation 4: Improve indirect cost recovery rates with federal agencies.

- Develop a system-wide team to negotiate Indirect Cost Recovery rates for the University of California campuses with federal agencies

#### Rationale:

- *Total cost recovery.* Externally funded research in the University of California is supposed to be conducted under the accounting principle of total cost recovery, including indirect costs. The indirect costs are intended to recover the facilities and administrative costs attributable to research. However, Indirect Cost Recovery (ICR) rates on federally-funded research at the University of California campuses does not fully recover the costs of research, and falls on average 25% short of full recovery.
- *Disparities among funding agencies.* Not all federal agencies provide the same ICR rates to the same campus. Additionally, we fall 5-10 percentage points behind some of our comparator institutions in ICR rates with the same federal agencies.<sup>†</sup>
- *Dedicated negotiating team.* While there are number for reasons for the disparities, best practices at comparator institutions include the establishment of a permanent government costing group dedicated to proposal development and negotiation, typically 3-8 FTE's plus consultants. In contrast, the ICR negotiations are done at UC on a campus-by-campus basis, often with a small temporary team drawn from existing offices (budget and planning, accounting, research, etc.), putting us at a distinct disadvantage with seasoned negotiators from the federal government.

#### Impact on Access:

- *Shift burden away from student fees.* As with any revenue-generating strategy, improved federal indirect cost recovery rates could reduce the need to raise student fees.

#### Impact on Quality:

- *Make more educational investments possible.* This strategy could free up core funds that could be re-directed to improving quality of education.

#### Fiscal Implications:

- *Significant potential.* The Research Strategies Work Group has taken the lead on this issue. Preliminary estimates are that we are 5-10 percentage points behind our comparator institutions in ICR rates, and recover 75% of facilities and administrative

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<sup>†</sup> For instance in FY 2010, UC campuses range from 51.5% to 54.5%, whereas University of Illinois and SUNY Buffalo are 58.5%, Stanford is 60%, Harvard is 67% and MIT is 68%.

costs attributable to federally-funded research. Increasing ICR rates by just 5% across UC could generate more than \$70 million per year.

Challenges:

- *Understanding among the faculty.* Faculty in general do not realize that ICR does not fully recover the costs of doing research, and indeed believe they already do not receive their “fair share” of the ICR for attracting the research funds to the campus in the first place. The belief that the research “pie” is fixed and that the more that goes to ICR will mean less for direct research expenses will be difficult to overcome.
- *Multiple funding agencies involved.* Campuses deal with different federal agencies to negotiate their ICR. A permanent team will either have to consolidate negotiations with one agency or deal with several. Obtaining the best federal negotiator for UC is not a given.
- *Campus autonomy.* Some campuses already have designated teams for negotiating with federal agencies and may resist a system-wide team.

Next Steps for Implementation:

- *Support the Research Strategies Workgroup.* As noted above, the Research Strategies Work Group has taken the lead on this issue. Our role will be to provide review and coordination with the resulting recommendation that arises from this effort.

Other Options Considered:

- None.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Funding Strategies

**Recommendation 5: Adopt a multiyear strategy to replace student fees with tuition, generate new revenue to protect academic quality, and strengthen university planning.**

- The Regents currently approve the UC operating budget and student fee levels on an annual basis. At present, there is no established multiyear plan or policy governing the projected levels of student fees. In past years, the Higher Education Compact Agreements and the Higher Education Partnership Agreement established limits on annual increases, but did not establish specific projected levels of student fees. As a result, the university lacks a basic input into its multiyear budget and enrollment planning. In addition, students and parents have no reliable basis with which to estimate future costs.
- Mandatory system wide fees consist of the Education Fee and the Registration Fee. The names of these fees are legacies from their establishment in the 1960s. The current use of the revenue from these fees differ significantly from the original purposes for which they were established. These revenues are now used to support the basic academic program (including faculty salaries and benefits), student services, student financial aid, and the university administrative structure – uses that are commonly supported by tuition at other universities. The use of the term “student fees” has also made it difficult for the university to qualify students for some forms of federal financial aid that will pay tuition but not student fees.

This recommendation would:

- Replace the existing Ed Fee and Reg Fee with a single tuition.
- Increase tuition levels under a multiyear plan to protect academic quality.
- Integrate the tuition plan with a multiyear budget and other planning activities.

#### Rationale:

- *Change misleading nomenclature.* The current use of the term “student fees” is misleading, implying that the fees pay for specialized or optional services. The term “tuition” more accurately describes the actual use of the revenue, which is to support academic programs, student services, student financial aid, and administrative services. In addition, the use of the term “student fees” has proved to be a barrier for establishing eligibility for some forms of federal student financial aid.
- *Simultaneously maintain focus on state funding.* This strategy must be combined with vigorous advocacy efforts to protect and increase state funding, and to reduce operating costs through academic and administrative restructuring efforts.
- *Utilize market headroom.* Notwithstanding recent major increases in student fees, the University of California remains a significant value within the marketplace of leading universities. At least in the short run, there is significant room to increase tuition levels without significant negative impacts on projected enrollment or access for students from

low-income families. This market headroom, however, is likely more constrained for nonresident students than for California resident students.

- *Create an integrated planning framework.* The Regents, UCOP, and campuses lack a consistent framework for integrating planning for the budget, student access, employee compensation, and campus operations. A multiyear budget and tuition framework would better integrate these efforts.
- *Exhibit interconnectedness with the state.* A multiyear budget and tuition planning framework could strengthen UC's partnership with the State of California, to the extent that the plan could clearly demonstrate the relationship of state funding and planned tuition increases to the attainment of state objectives for higher education.
- *Increase predictability.* Adopting a broadly supported multiyear plan for tuition increases may allow for more predictable increases for students and parents, but would not constitute a tuition guarantee.
- *Look to successful precedents.* Multiyear tuition projections, coupled with annual Regental approvals, has proved effective for graduate professional programs.
- *Continue to address affordability.* Impacts of tuition increases on access and affordability could be effectively addressed through financial aid mechanisms.

#### Impact on Access:

- *Effect on middle class.* Increased tuition would place a higher financial burden on many California families. Federal, state, and UC financial assistance would defray much of the impact on lower income students, but middle class students and families would likely bear increased costs.

#### Impact on Quality:

- *Protect quality.* Because California fiscal experts agree that the state's severe fiscal problems are likely to persist for several years, the Regents should be prepared to approve tuition increases sufficient to contribute significantly to the University's funding needs, thereby protecting its academic quality.

#### Fiscal Implications:

- *Low increases.* 5% annual increases for five years would increase tuition for resident undergraduates from \$10,302 in 2010-11 to \$13,148 in 2015-16. Tuition for nonresident undergraduates would increase from \$33,181 to \$36,027. This option would generate \$445 million over five years, net of aid.
- *Moderate increases.* 10% annual increases for five years would increase tuition for resident undergraduates to \$16,591 in 2015-16. Tuition for nonresident undergraduates would increase to \$39,470 in 2015-16. This option would generate \$983 million over five years, net of aid.

- *Aggressive increases.* 15% annual increases for five years would increase tuition for resident undergraduates to \$20,721 in 2015-16. Tuition for nonresident undergraduates would increase to \$43,600 in 2015-16. This option would generate \$1.63 billion over five years, net of aid.
- *Nonresident enrollment held constant.* These revenue estimates assume no change in the level of nonresident enrollment. Under the more aggressive scenarios, it might be necessary to reduce nonresident tuition to maintain competitiveness, which would reduce net revenues.
- *Return-to-aid held constant.* These revenue estimates assume that no increase in return-to-aid would be required in order to maintain access for low- to moderate-income students. If increased return-to-aid became necessary in order to address access problems, net revenues would be reduced.
- *Tuition is not a sole solution.* It is important to note that even under the most aggressive option, current UC priorities would not be fully funded by increases in tuition alone. Attaining current (and future) UC priorities would require not only increased tuition revenue, but also increased state funding and cost savings realized through academic and administrative restructuring efforts.

#### Challenges:

- *Continue to pursue state funding.* Adoption of a multiyear tuition plan cannot be construed as implying a reduced commitment to state funding for the university's public mission. Development of a multiyear plan by itself will not guarantee that the state would be willing or able to increase its financial support for UC core operations.
- *Enrollment and other impacts.* Depending on the rate at which tuition would increase, tuition levels may reach the point where they would begin to have an impact on less selective campus's ability to meet enrollment goals. Under the current system of uniform tuition for all campuses, this could limit the future revenue capacity of the more selective campuses. The potential impact of significant sustained tuition increases on student demand at individual campuses, quality of the admit pool, and affordability are not well understood.
- *Complex implementation.* The development of a multiyear plan is complex, involving the integration of strategic planning, academic planning, budget planning, student enrollment management, tuition setting, financial aid, and resource allocation models.
- *Avoid guarantee misunderstanding.* Approval of a multiyear tuition plan cannot be construed as a fee guarantee for students and parents.
- *Avoid Reg Fee misunderstanding.* The consolidation of the Registration Fee could be perceived as a "take-away" of funding for student services; this will require some mechanism to retain student involvement in the distribution of part of the tuition for student services.

#### Next Steps for Implementation:

- *Establish planning model.* Further refinement of existing budgetary and tuition planning models would be required.
- *Conduct market study.* Complete a professional marketing analysis regarding student demand, price elasticity, and the potential impact of tuition increases on enrollment, quality, and access.

#### Other Options Considered:

- *Cohort-based tuition.* We examined and discussed a recommendation from the Access and Affordability Workgroup. This recommendation would establish funding guarantees for entering cohorts of undergraduate students. Generally, we felt that while cohort-based tuition could be incorporated into a multiyear tuition plan, uncertainty regarding state funding would expose the university to substantial financial risk under such a plan. A cohort-based approach would reduce the University's flexibility to respond to budget changes and thereby expose affected cohorts to greater tuition hikes.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Funding Strategies

#### Recommendation 6: Increase enrollment of nonresident undergraduates.

- At present, the University of California enrolls 7,600 nonresident undergraduate students, constituting 4.5% of the University's 2007-08 budgeted undergraduate enrollment. In addition to all other system wide mandatory fees, most nonresidents also pay nonresident tuition, currently set at \$22,879.
- This recommendation would substantially increase the enrollment of nonresident undergraduates over a five-year period. There are two options. Both would increase enrollment of nonresident students by an additional 7,600 students (100%) by 2015-16.
- The first option would add nonresidents as replacements to existing California residents who are enrolled above the 2007-08 enrollment targets. The state currently provides no funds for these so-called over-enrolled students. By substituting nonresidents for residents, instructional costs would remain unchanged, but the university would gain an additional \$22,879 in tuition revenue per student.
- The second option would add nonresidents but maintain the existing level of overenrolled California residents. Like the first option, the university would receive additional nonresident tuition revenue, but these gains would be offset by additional instructional costs.
- This recommendation also anticipates that there would be no increases in the level of nonresident tuition. Nonresident students would pay the increases in system wide tuition, but nonresident tuition would be kept flat in order to prevent UC from pricing itself out of the marketplace. Specifically, total tuition paid by nonresidents would be limited to \$5,000 under the levels charged by Harvard, Stanford, and similar institutions. Under some models calling for more aggressive increases in resident tuition, this would require actual reductions in the level of nonresident tuition in future years.

#### Rationale:

- *Revenue generation.* Increasing the enrollment of domestic and international nonresident undergraduates would generate a major increase in revenues for support of the academic program for California residents.
- *Positive impact on the state.* Increased nonresident enrollment would attract talented students to California, many of whom would choose to stay after graduation, a strategy that the University of Michigan has used for years to great effect.
- *Market headroom.* There is some headroom for increases in charges paid by nonresidents, but this headroom will be taken up solely by increases in system wide mandatory tuition.
- *Success at comparator institutions.* UC enrollment of both domestic nonresident students is lower than many flagship public universities in other states, and enrollment of

international students is lower than many private institutions. Notably, all four of UC's public comparison institutions enroll a greater proportion of nonresident students. More than 30% of the undergraduate students at the University of Michigan and the University of Virginia are nonresidents.

#### Impact on Access:

- *Protecting racial diversity.* Increasing the number of nonresidents enrolled at UC campuses would enhance geographic diversity, but we would need to be vigilant to ensure that it does not have a negative impact on racial diversity.

#### Impact on Quality:

- *Improved admit quality and student body diversity.* Because nonresident applicants to the University will be held to academic standards that are at or above the standards required of resident applicants, increased nonresident enrollment would strengthen the overall academic quality and diversity of the UC student body by drawing from a larger pool of highly qualified applicants.
- *Enhanced worldwide reputation.* Increased nonresident enrollment would enhance UC's reputation as a national and international university.

#### Fiscal Implications:

- *Option 1: Adding 7,600 nonresident students as replacements for existing resident students* would generate \$174 million in nonresident tuition revenue, with no new instructional costs.
- *Option 2: Adding 7,600 nonresident students but maintaining the existing level of overenrolled California residents* would generate \$174 million in nonresident tuition, but this gain would be offset by an estimated \$76 million in new instructional costs, for a net gain of \$98 million. Instructional costs are estimated at \$11,000 per student, the current level of state support under the marginal cost of instruction funding formula.
- *Revenue potential mitigated by possible tuition discounting.* These estimates represent gross tuition revenue. Net revenue could be substantially less, depending on the amount of tuition discounting needed to attract highly qualified applicants.

#### Challenges:

- *Recruiting infrastructure.* All campuses would need to build the infrastructure to recruit more nonresidents. At present, UC campuses do very little to recruit nonresident students.
- *Revenue potential limited by return-to-aid.* A portion of the revenue would need to support financial aid.
- *Perception issues.* Students, elected officials, and the public may perceive that UC is reducing access to California residents.

Next Steps for Implementation:

- *Assess campus readiness.*
- *Market analysis.* Conduct professional marketing study to establish more specific estimates of the amount of market headroom for nonresidents.

Other Options Considered:

None.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Funding Strategies

#### RECOMMENDATIONS FOR LONGER-TERM ADOPTION UNDER CERTAIN CIRCUMSTANCES

##### Recommendation 7: Advocate for a Pell Augmentation Grant to Institutions (“Pell PLUS”)

- If UC continues to face severe state disinvestment, and its efforts on operational efficiencies and increased revenue generation fail to close budget gaps, UC may have a heightened motivation and a stronger argument for an increased role of the federal government in funding university operations.
- *Background.* The federal government’s traditional role in supporting higher education has primarily entailed:
  - (1) Providing direct and indirect funding to institutions for the support of basic research.
  - (2) Promoting access for low-income undergraduate students in the form of grants, loans, and work study programs.
  - (3) Partially funding core operations at certain institutions serving highly disadvantaged populations.
- *Core operations precedent.* With respect to (3) above, Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities, and more recently, some Hispanic-Serving Institutions (HSIs) have benefitted from federal support for core operations, in recognition of the special role they serve with respect to low-income students. However, four-year public institutions that serve large populations of low-income students are enrolling and graduating more disadvantaged students than the HBCUs, Tribal Colleges, and HSIs combined. Unfortunately, these institutions are facing pressure to admit more “full paying” students as states withdraw taxpayer funding from these enterprises.
- *Graduation Rate Component.* Because of reputation, high admission standards, and highly effective academic support programs, most UC campuses graduate low income students at almost the same rates as other students (80% for Pell Grant recipients versus 83% for all students). Other less selective public four-year institutions enroll higher proportions of Pell students, with wider ranges of academic preparation levels, and have graduation rates that are often below 50%. Academic support programs *at all colleges and universities are impacted by current budgetary constraints.* In order to maintain UC’s ability to enroll and graduate high proportions of low-income students, and to improve the graduation rates at other institutions, additional funding for core instructional programs is required. The federal government would be well served to protect its investment in Pell Grants by ensuring that institutions do not simply *enroll* but

also *graduate* Pell Grant recipients and receive the institutional support they need to keep their doors open to these students.

Four-Year Public Institution	% of UGs with Pell Grants	% of UGs who graduate within six years	Pell enrollment of at least 25% and six-year grad rate of at least 50%
UC Berkeley	30%	90%	Yes
UC Davis	32%	81%	Yes
UC Irvine	26%	81%	Yes
UCLA	32%	89%	Yes
UC Merced	40%	n/a	Yes
UC Riverside	40%	64%	Yes
UC San Diego	32%	85%	Yes
UC Santa Barbara	24%	81%	No <sup>1</sup>
UC Santa Cruz	26%	72%	Yes
Cal Poly SLO	15%	69%	No
Cal Poly Pomona	32%	50%	Yes
CSU East Bay	30%	44%	No
CSU Long Beach	31%	55%	Yes
CSU Fresno	40%	48%	No
CSU LA	55%	31%	No
CSU Northridge	45%	41%	No
CSU Sacramento	33%	41%	No
CSU Stanislaus	40%	53%	Yes
U. Michigan	13%	88%	No
U. of Florida	19%	82%	No
U. of Illinois	16%	82%	No
U. of Minnesota	17%	66%	No
SUNY Buffalo	26%	62%	Yes

SOURCE: IPEDS, 2007-08.

<sup>1</sup> Due to increases in the Pell Grant maximum since 2007-08, we expect that the percentage of Pell recipients at all UC campuses will equal or exceed 25% in 2008-09 and in the future.

- *Extend core operations support.* We are proposing that federal support for institutions enrolling large numbers of disadvantaged students be extended beyond HBCUs, Tribal Colleges, and HSIs to include additional public institutions that are successfully enrolling *and graduating* these students. Absent this infusion of federal dollars to replace diminished state core funding to bachelor's degree level (and higher) universities, the major public institutions in this country will be forced to concentrate their admissions efforts on a larger percentage of "full payers" in order to cross-subsidize the inclusion of lower-income students for whom state funding no longer provides support.
- *Award concept.* Under this recommendation, the federal government would incentivize higher education institutions to admit and graduate more low-income students by providing institutions with "Pell PLUS" augmentations associated with their Pell Grant enrollees. While the primary Pell Grant would still be assigned to the individual student, the Pell PLUS award would be assigned to the institution.
- *Award eligibility.* Under the Pell PLUS, institutions that demonstrate that they are enrolling and graduating Pell Grant recipients would be considered eligible for (but not entitled to) Pell PLUS institutional augmentation grants. In order to be eligible, an institution should be able to demonstrate that at least 25% (or FTE equivalent) of

undergraduate degree-seeking students and post baccalaureate teacher training candidates enrolled are Pell-eligible and that the institution's six-year graduation rate is at least 50%.

- *Award criteria.* After eligibility is established, additional measurable objectives should be considered as the basis for Pell PLUS. The metrics would assure that federal funds are targeted and would also limit the overall cost of the program. Such metrics might include:
  - (1) Average federal student loan debt among Pell Grant recipients and their parents.
  - (2) Average non-federal student and parent education loan debt among Pell Grant recipients and their parents
  - (3) Year-to-year persistence rates among Pell Grant recipients
  - (4) Post-graduation metrics for Pell Grant recipients such as rates of employment, enrollment in graduate or professional school programs, teacher training programs, military, Peace Corps, etc.
- *Qualitative factors could also be considered.* Factors could include rigor of the academic program, level of support for community college transfer articulation agreements, and maintenance of effort in state student grant programs. The mix of quantitative and qualitative metrics provides the federal government with awarding flexibility.
- *Award calculation.* Pell PLUS awards would recognize institutions that successfully graduate Pell Grant recipients closest to "normative time to degree" for the particular degree objective (five-year engineering programs would not be expected to produce graduates on a four-year time table, for example.) The largest Pell PLUS awards would be available to institutions that meet the 25% Pell enrollment threshold and that produce the greatest percentage of graduates in periods of time closest to full-time degree completion rates. Basic guidelines for this could include the following:
  - For public degree-granting institutions with six-year graduation rates of at least 70%, the annual institutional Pell PLUS award will equal at least a 50% "add-on percentage" of the student portion of the Pell Grant. For example, a Pell Grant in the amount of \$1,000 to the student would also result in an additional award of \$500 to the institution.
  - For public, degree-granting institutions with six-year graduation rates between 50-69%, the annual institutional Pell PLUS award will equal at least a 30% "add-on percentage" of the student portion of the Pell Grant. For example, a Pell Grant in the amount of \$1,000 to the student would also result in an additional award of \$300 to the institution.

#### Rationale:

- *Avoid stratification.* Pell PLUS awards will combat economic stratification within higher education, whereby students from middle- and upper-income families attend elite private

and public institutions and the remaining student population is relegated to under-funded public institutions.

- *Preservation of quality.* Without the intervention of the federal taxpayer, the world-class public higher education system that U.S. residents have prized for the last century will erode in quality and in level of public service to the detriment of our collective community interests.

Impact on Access:

- *Federal support is needed to support federal access objectives.* While UC and other similarly competitive institutions may be able to fill seats with “full paying” students, this would compromise diversity and access. These institutions will need the assistance of the federal taxpayer dollars in order to keep the door open to the bright, well-prepared students from low-income backgrounds. To keep access to the most successful public institutions available to Pell Grant recipients, we will need the federal government to support operations associated with educating these students.

Impact on Quality:

- *Access means little without quality.* We strongly believe that a high level of student access becomes irrelevant if we no longer have the capacity to ensure a quality education. Support for core operations and infrastructure will allow the University to hire quality professors, equip laboratories, expand physical plant, and carry out the other day-to-day activities that improve the quality of education, and ultimately, the country’s return on every Pell dollar invested in an American student.

Fiscal Implications:

- *Impact on Core Funds.* Based on historical Pell Grant dollars received system wide over the last five fiscal years, the incremental boost to Core Funds would be significant:

Annual Incremental Core Funds Under Pell PLUS		
	Six-Year Grad Rate of at least 70%	Six-Year Grad Rate of 50-69%
Year	50% Add-On Percentage	30% Add-On Percentage
2004-05	\$73,809,046	\$44,285,428
2005-06	\$71,758,474	\$43,055,084
2006-07	\$74,206,029	\$44,523,618
2007-08	\$85,057,005	\$51,034,203
2008-09	\$100,498,516	\$60,299,109

Challenges:

- *Identifying available federal funds.* The federal government supports college loans in two ways: by making loans directly to students and by guaranteeing loans made by private lenders. The Obama Administration is proposing an end to the bank-sponsored loan

guarantee program, creating an overhaul of the student loan business that would halt government subsidies to private lenders by making direct loans to students. The Congressional Budget Office (CBO) has issued savings estimates ranging from \$47 billion to \$87 billion over 2010-2019 (depending on how risk is factored). Even in the low-end scenario of \$47 billion over ten years, the elimination of the Federal Family Education Loan (FFEL) Program in favor of a Direct Lending program represents a possible source of funds for federal education programs. However, dedicating any of these anticipated savings to a Pell PLUS award program may be difficult considering the many other pledges President Obama has made to increase funding of other higher education programs. The federal government will spend \$26.9 billion on the Pell Grant program in fiscal year 2010 and \$68 billion in fiscal year 2011. Funding for Pell PLUS awards could be made from these increased Pell funds, but again, that may be difficult vis-à-vis the many other spending commitments already envisioned.

- *Feasibility.* In order to enhance ongoing viability of a program like this, UC must be careful not to inadvertently create an entitlement program with awarding mechanisms that are too formulaic. It is important to preserve some awarding flexibility, and it is also important to consider other limiting factors that would reduce the federal government's budget exposure without reducing UC's ability to succeed in the program.

#### Next Steps for Implementation:

- *Legislative process.* The UC Federal Government Relations (FGR) Office in Washington DC has already been working with the Administration and Congress advocating for programs like the one proposed here that would assist UC in funding its core services activities. By distributing the White Paper to the Administration, Congress, and higher education associations, FGR has been a leader promoting these proposals. Strong views regarding the traditional role of the federal government in funding higher education would need to be changed for a proposal like this to be enacted. This will take time. President Yudof and his White Paper have started this process, and there is a National Academies study looking into the health of our research institutions. We need to continue to press the need for a new federal strategy for higher education. A program of this magnitude will require strong support from the Obama Administration. The best scenario would be for it to be proposed with the submission of the President's Budget for 2012 in January 2011. (The 2011 budget was released February 1, 2010). Congress could propose such a program on its own, but without Administration support, passage is unlikely. As mentioned earlier, Congress is working on legislation to revamp the federal student loan program. The House has already adopted its version of the legislation (HR 3321, Student Aid and Fiscal Responsibility Act), and the Senate has not acted. While not impossible, we are very late in the legislative process to get a program of this size adopted this year.
- *Business process.* Every institution of higher education that participates in the federal Pell Grant program routinely draws down federal funds on a daily (or nearly daily) basis around the beginning of each academic term. Once a campus has determined the Pell Grant amount for an individual student, the campus draws down that amount via fed wire (electronic cash management transmission system). The amount for each student is then transferred to that student's campus financial account. In order to retrieve Pell PLUS awards, the campus would draw down the supplemental funds associated with the student's Pell Grant in the same manner at the same time and would place it in a separate account for campus use.

### Other Options Considered:

- *UC research advantage.* Among top-tier research universities, both public and private, the University of California is clearly at a competitive advantage in the realm of student-access. Advocating for recognition of student access within the top-tier research environment would benefit UC strongly. However, the federal government is more interested in student access generally, as opposed to student access specifically to research universities. Rather than tie our access argument to UC's research status, we instead chose to tie it to UC's six-year graduation rate. This shifts the argument to a broader, nationwide educational need in which the federal government is keenly interested, i.e., not only access to, but also *success* in higher education for low-income students.
- *Lower eligibility threshold.* As proposed, the minimum threshold for eligibility in Pell PLUS is two-pronged: 25% Pell enrollment and 50% six-year graduation rate. We acknowledge that these standards are somewhat stringent, with few institutions succeeding in both categories. Lowering either standard would naturally allow the program to be more inclusive initially; however, overly broad *initial* inclusion may impair the program's ability to spur improvement in low-income student access and success. While Pell PLUS appropriately recognizes institutions that already make significant contributions to low-income student access and success, it also represents an important opportunity to activate a "race to the top of higher education."

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Funding Strategies

#### Recommendation 8: Examine alternate faculty compensation plans.

- The recommendation aims to examine ways of covering parts of faculty compensation with non-state funding. However, analytic data is currently unavailable to fully examine this issue. Additionally, a separate taskforce has recently been appointed to thoroughly address the issue. For these reasons, this recommendation may be best suited for longer-term adoption, as described further below.

#### Rationale:

- *Existing precedent.* There are already examples in the UC system of faculty salaries being covered in part by fees (professional schools), or by a combination of income from clinical practice and research (medical school). There have been a number of suggestions of ways to extend similar or derivative practices to other faculty:
  - Compensation plans similar to the medical schools for faculty in the biological sciences
  - The use of non-core funding (e.g., contract and grant money, or other external sources of revenue) to pay some portion of the off-scale component of faculty salaries, where feasible
  - More extensive use of contract and grant funds to support some fraction of faculty salary during their regular nine-month appointment.
  - Such practices would augment/replace core funds for instruction.

#### Impact on Access:

- *Shift burden away from student fees.* Although displacing non-state funding to cover salaries does not necessarily generate incremental revenue, it does ease the fiscal burden on Core Funds. By preserving a larger portion of Core Funds for instruction, student fee increases become less necessary.

#### Impact on Quality:

- *Positive or negative impacts are possible.* Depending on the action, it could redirect core funds to improve quality of education. On the other hand, it could make faculty recruitment and retention more difficult.

#### Fiscal Implications:

- *Analytic data is needed.* Data to assess the fiscal impact of various compensation schemes will not be available till mid-March. Depending on the compensation plan, the core funding displaced or new revenue created could be in the \$10-100 million range.

### Challenges:

- *Equity issues among disciplines.* Not all disciplines can access contract and grant money for faculty compensation plans, so some method to address equity issues would have to be devised.
- *Cultural shift.* Moving state funded salaries to (partial) contract-and-grant funding would be a significant cultural shift for UC, and would be resisted by many.
- *Faculty resistance.* Some faculty will resist displacing a portion of their contract and grant money to cover their base salaries. They would be less resistant if this displacement augmented their salaries.

### Next Steps for Implementation:

- *Support the Task Force that is underway.* Interim Provost Pitts has just established a charged with looking at these types of faculty compensation plans. Our role will be to provide review and coordination with the resulting recommendations that arises from this effort.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Funding Strategies

#### **Recommendation 9: Allow for the possibility of charging differential tuition by campus, as a means of mitigating potential future enrollment impacts on some campuses.**

- Although tuition cannot singlehandedly solve UC's budgetary challenges, it is a key component of any funding strategy. As previously mentioned, there still exists substantial headroom on each campus for across-the-board tuition increases without impacting enrollments. However, at some point in time, campuses will cease to experience the same inelasticity of demand, and the possibility of a differential tuition model would come into play. We stress that UC has not yet exhausted other avenues of tuition revenue generation and may not exhaust them for some time; however, the Commission should consider building in flexibility now for future circumstances that could find UC both underfunded by the state and out of tuition headroom.
- Currently, all mandatory student fees (tuition) are set by the Regents. The Registration Fee is uniform for all students. There are minor differences in the Educational Fee based on student status – undergraduate vs. academic graduate vs. professional graduate, or resident vs. nonresident – but it is undifferentiated by campus. There are substantial differences in graduate professional fees, primarily between disciplines, but also to a lesser extent between campuses. Finally, there are significant differences in the level of campus-based fees.
- Allowing tuition to vary by campus is based on the premise that student demand for different campuses varies. Because there is more student demand to attend more selective campuses, allowing differences in tuition levels would expand the university's overall revenue capacity. A key variable in understanding the revenue potential of differential tuition is the elasticity of demand. Because the university is highly selective, demand is currently inelastic. In the short run, incremental increases in the level of tuition would have little or no impact on the number of enrolled students. The elasticity of demand, however, may vary considerably among campuses.
- Generally, it is expected that more selective campuses will have relatively inelastic demand, and that the less selective campuses – for example, those enrolling students from the enrollment referral pool – would have relatively higher elasticity. It also is expected that elasticity would increase as the level of mandatory system wide tuition rises. As a result, it is predicted that the less selective campuses would be the first to experience enrollment impacts as a result of system wide increased tuition, primarily because applicants would choose to attend out-of-state public universities or even private universities, especially when they are offered financial aid. We believe that all UC campuses are currently in the range of inelastic demand. In the future, however, the university could experience revenue losses in either of two ways:
  - Mandatory system wide tuition would continue to increase, and the less selective campuses would begin to experience reductions in enrollment.

- The Regents would limit future increases in tuition to protect enrollment in the less selective campuses and thereby forego revenues that could have been generated at the more selective campuses by charging closer to market levels.
- 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.
- The approval of differential tuition by campus might take one of several forms:
  - The Regents would set the tuition level for each campus. This would require the Regents to establish a basis for differentiation. This would likely require the explicit or implicit establishment of two or more “tiers” of campuses.
  - The Regents would set a basic mandatory tuition level, and then delegate to campuses the authority to establish differential tuition add-ons, perhaps within a prescribed range.
  - The Regents would set a basic mandatory tuition level, and then delegate to campuses the authority to establish differential tuition discounts, perhaps within a prescribed range, either through price discounts or greater financial aid.
- We acknowledge that the issue of differential fees is controversial and that the controversy extends beyond questions about the appropriate level of tuition. The University’s choice to have uniform or differential tuition necessarily reflects more fundamental decisions about the nature of the UC system and the reputations and aspirations of the campuses. These choices also have important implications for internal campus management, especially challenges and opportunities for managing the shape, content, and pricing of academic programs. We believe that the UC Commission on the Future should consider and discuss the potential advantages and disadvantages of differential forms of tuition, and do so in an informed manner. On balance, however, we concluded that differential tuition is premature and that pursuing a multiyear strategy to increase tuition at all campuses is the preferred option at present. In future years, however, differential tuition may be needed to protect some campuses from losses of student enrollment.

Rationale:

- *Increase revenue capacity.* In an era of sharply increasing tuition levels, differential tuition would further increase the university’s overall revenue capacity.
- *Existing cost differentiation.* The undergraduate programs at the UC campuses are already differentiated by content and cost. For example, faculty salaries and operating costs are higher at Berkeley and UCLA than at other campuses.
- *Precedent in other states.* Differential tuition levels are a common practice among other multi-campus state systems. However, no other state has more than two public AAU universities, so other states are more readily able to justify higher tuition for clearly identified flagship campuses.

- *Discounts rather than add-ons.* We felt that if differential tuition was to be adopted in the future, it should take the form of tuition discounts, rather than add-ons, combined with a more aggressive strategy for mandatory tuition increases.

Impact on Access:

- *Mitigate future impacts on enrollment.* While most UC campuses are currently highly selective, sustained significant increases could eventually have negative effects on yield levels, quality of the enrolled student pool, and diversity at some campuses. Differential tuition could protect those campuses from the harmful effects of these increased tuition levels, and at the same time allow tuition at more selective campuses to more closely approach market levels.

Impact on Quality:

- *Enrollment management.* The potential impact of substantial tuition increases on campus enrollment, quality, diversity, etc., is not well understood. While the current price elasticity of demand may be relatively low within the range of tuition levels experienced in recent years, several of the planning models would increase tuition levels far higher, where price competition with other universities could be a more significant factor. The establishment of differential tuition should be done within the framework of strategic enrollment management, which is currently limited.

Fiscal Implications:

*Multiple scenarios.* The potential revenue gains from differential tuition are difficult to estimate, because doing so requires making assumptions about demand elasticity, the level of mandatory system wide tuition, and the choices made by campuses. The following scenarios illustrate the challenges facing our efforts to estimate the revenue impact.

Under the first scenario, a differential tuition add-on generates a major revenue gain:

- The Regents approve increases in system wide tuition (10% annually), and three campuses begin to experience impacts on enrollment. As a result, only six of the nine undergraduate campuses phase in a 25% differential tuition add-on by 2015-16. Mandatory system wide tuition would increase from the 2010-11 level of \$10,302 to \$16,591 in 2015-16. Differential tuition would be \$4,148 (for a total of \$20,739) and would generate \$382 million over five years, net of aid.

Under the second scenario, differential tuition generates no revenue:

- No campus experiences any loss of students, allowing the Regents to increase tuition for all campuses in 2015-16 to the \$20,739 level. In this case, the availability of differential tuition generates no incremental revenue, because it is already captured by the higher mandatory tuition level.

The likely outcome is probably between these two scenarios, and the key variable will be the extent to which students at specific campuses choose to attend other universities in response to tuition hikes.

### Challenges:

- *Perception issues.* The perceived or actual tiering of campuses for tuition-setting purposes will be highly controversial. Some campuses may feel that establishing tiers for tuition-setting purposes may have a negative impact on their perceived reputation or academic quality.
- *Inclination to move to the maximum.* If campuses were given the option to establish differential tuition, all campuses could move initially to the maximum level. However, if mandatory tuition increased substantially, some campuses might be more willing to differentiate by price (discount) later.
- *Integrate with resource allocation efforts.* The allocation of revenues from differential tuition would have to be integrated with resource allocation issues and with enrollment planning in order to protect those features of campuses that allow them to attract students paying higher tuition and to aid those campuses where tuition discounting is required.

### Next Steps for Implementation:

- *Establish planning model.* Further refinement of budgetary and tuition planning models would be required.
- *Enrollment management capability.* Development of a strategic enrollment management capability, including a professional marketing analysis regarding student demand and the potential impact of tuition increases on enrollment, quality, and access.

### Other Options Considered:

- *Differential tuition by discipline.* The subgroup also discussed the concept of differential tuition based on undergraduate program. This concept was withdrawn from the November 2009 Regents agenda for further discussion and development. Similar undergraduate program charges are used at other universities to support programs with high student demand or high program costs. Business, engineering, and performing arts are the most common disciplines. Implementing these charges would present a number of administrative challenges, and would be most feasible for relatively self-contained academic or pre-professional programs. The revenue potential of such charges is modest and if adopted would best be retained by the program levying the charge, as is currently the case with graduate professional differential fees.

## Recommendations of the Research Strategies Working Group to the UC Commission on the Future

March 8, 2010

Excellent research plays a central role in making the University of California the world's leading university system. UC researchers create new knowledge about nature, society, art, and technology, and pass this knowledge to future generations by integrating research and teaching. UC research touches the lives of everyone in the nation through discoveries that improve health, technology, welfare and the quality of life. It is a major factor in sustaining and renewing our economy, which relies increasingly on new knowledge.

UC's research mission faces a special challenge from diminished state support. How can we preserve the long term benefits of a superbly successful research enterprise while rethinking the way research is funded and carried out in response to new fiscal realities? UC will continue to rely primarily on support from the Federal government for much of its research. The working group spent considerable time discussing how to maintain and enhance Federal and State support, so that it can do more to serve the needs of the nation and the state. In addition, the group recommends changes that would help UC to do research more efficiently and make better use of available resources.

Some of the key elements of the University's success that need to be preserved are:

- Research excellence in all fields of scholarship;
- Support for emerging areas of research with seed funding;
- Support for research areas in which extramural funding is limited;
- Training of students in research to pass on to the next generation the ability to create new knowledge and innovation; and
- Translating new knowledge into new economic opportunities, thereby driving economic development.

The University can also improve the way it brings the benefits of research to society, by marshalling the enormous multicampus, national laboratory, and interdisciplinary resources within the University to address societal challenges. UC, with its ten campuses, three national labs and five medical centers, is the largest research system in the United States, containing the capacity to address the major challenges facing society in the 21<sup>st</sup> century.

To face these challenges, the Research Strategies Workgroup recognized that UC will need to change some aspects of its research practices to make optimal use of its most important resource, the creative time of its researchers, and to recover the full costs of research, especially those requiring state-of-the-art facilities for success:

- UC should lead nationwide efforts to ensure that the full costs of externally supported research are recovered from government, foundation, and industrial sponsors.
- UC should work with America's research universities and partners in industry and government to demonstrate the benefits of investing in research and advocate for maintaining and increasing investment in the research infrastructure of universities to keep the nation's capability strong.

- UC should organize itself to increase the time its researchers can use to produce scholarship and innovation, primarily by better management of administrative work.

This initial report of the Research Strategies Working Group offers five recommendations to maintain research excellence in the face of decreasing state support. The final report will offer additional recommendations in June.

## ***Executive Summaries***

**Recommendation 1: The University of California must recover a greater share of the costs of research sponsored by outside agencies and make its management of those funds more transparent to ensure accountability to its sponsors and its researchers.**

### **Executive Summary:**

The University of California should recover a greater proportion of the indirect costs it incurs in the conduct of extramurally-sponsored research. To do so, it should negotiate indirect cost recovery (ICR) rates with the federal government that recover the full costs, and it should work with major foundations, requesting that they provide funding to cover those costs either directly or through indirect support. In addition, the University should ask that corporations provide full ICR for all industry-sponsored research. The goal should be to achieve an ICR rate comparable to the rates at peer research universities and closer to the actual costs of research than is presently the case.

The potential fiscal implications of these changes in indirect cost recovery are large. The current gap between the rates UC calculates and the final negotiated rate is between 5 and 18 percentage points, amounting to several hundred million dollars per year systemwide. Through improved management of waivers for foundations, corporations, and private donors, the University also can significantly improve the reimbursement of those research costs. Waivers of ICR for these and other external sponsors also add up to several hundred million dollars per year systemwide. And while the competition for funding will dictate the need for continued flexibility in how UC accepts research funding, improving the recovery of the costs of research by even a fraction of this amount would be an enormous boon to the University's budget and bring it closer to parity with its peer institutions, particularly the private universities.

UC should increase transparency in its management of indirect cost recovery (ICR) funds to emphasize that they represent reimbursement for costs associated with doing research. To attain this transparency, ICR funds should be directed initially to the campuses that generated them, and the academic and administrative leadership of each campus should be responsible for the allocation of funds within the campus. This arrangement will provide the incentives needed for campuses to weigh the costs and benefits of waiving indirect costs. Some of the ICR funds collected on campuses should be distributed by formula to the Office of the President for systemwide research initiatives.

**Recommendation 2: The University of California must ensure continued excellence across a broad spectrum of cutting-edge research. To aid in this effort, the University should (1) prioritize internal funds to support world-class research in disciplines where extramural funding options are limited; (2) motivate the development of large-scale, interdisciplinary, collaborative research projects to capture new funding streams; and (3) augment and enhance opportunities for graduate student research and support wherever possible.**

**Executive Summary:**

Support for research across broad disciplines and campuses has been an important element of UC's overall success as a research university system, enabling the campuses to hire and retain faculty, attract graduate students and postdoctoral scholars, secure extramural funding, provide research opportunities for undergraduates, and ultimately foster its mission of teaching enhanced by research. The University of California will need to use internal funding to support high-quality research in areas where extramural funding opportunities are limited or nonexistent, thus sustaining excellence in all areas of research.

UC internal research funds can also help researchers develop and compete for large-scale interdisciplinary awards. This goal can be accomplished through internal competitions for projects that break new interdisciplinary ground or require a period of initial development before they become strong candidates for extramural funding. Supporting such startup projects helps the university leverage its support by attracting extramural funding. These large-scale collaborative projects have the potential to make highly effective contributions to improving the lives of people in California, the nation, and the world.

Graduate students advance research because they bring in new ideas, facilitate collaborations, and are often the vehicle for the exploration of innovative approaches. Through attracting and sufficiently supporting the best graduate students, UC's outstanding research programs will continue to thrive and produce that vital element of the workforce for knowledge industries. Additionally, improved graduate student funding will offer greater opportunity to increase the diversity of people who can benefit from a UC education and research training.

**Recommendation 3: Create multicampus, interdisciplinary "UC Grand Challenge Research Initiatives" to realize the enormous potential of UC's ten campuses and three national laboratories on behalf of the state and the nation.**

**Executive Summary:**

Many grand challenges for society in the 21st century will be global, and many will require interdisciplinary solutions drawing upon large-scale, collaborative research efforts on multiple fronts: scientific, engineering, biomedical, agricultural, social, economic, cultural, ethical, and/or educational. UC is uniquely positioned to take a leadership role in addressing grand challenge research problems of the 21st century. No other research institution in the nation has UC's combination of scope and excellence across campuses, laboratories, and medical centers.

UC should create a framework (including a process, administrative and technological support) to support its campuses, national laboratories, and research units in multicampus, interdisciplinary "UC Grand Challenge Research Initiatives." Initiatives would be chosen for their research value, social value, and "fit" with UC strengths, and also to reinforce or balance each other.

**Recommendation 4: Streamline risk management practices to increase the efficiency of the research enterprise, making optimal use of faculty researchers and administrative staff support.**

**Executive Summary:**

Active researchers have been taking on an increasing amount of administrative work, diminishing the return to outside sponsors of their research investments. A recent national study on federally-sponsored research found that 42 percent of a faculty member's time was devoted to pre-award and post-award administrative activities and not to research itself; this percentage compares to 18 percent two decades ago. The significant increase is time that could be more effectively performed by administrative staff. In some cases, the University's own administrative and risk management practices create the burden.

The University should strive to be a leader in optimally managing the creative and administrative work among its faculty and staff. This management approach will ensure a better use of the research dollars provided by the State of California and extramural sponsors. The adoption of best practice models for the delivery of services, including use of trained specialists, may provide higher expertise at reduced costs. In addition, the time saved by not having faculty perform these tasks could be more cost-effectively used for increased research productivity and teaching. This should result in reduced costs and increased research revenues over time.

**Recommendation 5: Proactively demonstrate the significant and long-lasting benefits that UC research provides to California and the nation, including the development of new knowledge, new industries, and new opportunities for economic expansion and employment. In addition, UC should speak in a strong and clear voice in advocating at the national level for increased and sustained investment in research and knowledge development.**

**Executive Summary:**

Basic research creates new knowledge, and new knowledge fuels social mobility, global leadership, and economic health. UC is America's best public research university. The University of California and America's research universities are the envy of nations around the world.

Given that the federal government underwrites so much of the basic research conducted at U.S. research universities, laboratories, and research organizations through federal funding agencies, it is critical that this federal support be sustained or, hopefully, increased. But research funding in the United States stands on the precipice of potential disaster. Although the President's budget calls for a steady increase in the financing of research, the funds provided in the American Recovery and Reinvestment Act for research are about to expire. At the same time, fiscal pressures are placing the more established sources of support for research in jeopardy. While this challenge is certainly not a problem unique to California, it has serious potential consequences for California and the UC system. It is crucial that UC take leadership in working with America's research universities and partners in industry and government to demonstrate the benefit of research, and to advocate and ensure that federal funding of university research increases.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Research Strategies

#### *Indirect Cost Recovery and Distribution*

**Recommendation 1: The University of California must recover a greater share of the costs of research sponsored by outside agencies and make its management of those funds more transparent to ensure accountability to its sponsors and its researchers.**

This recommendation has two parts, one on increasing Indirect Cost Recovery (ICR) and one on increasing transparency in the management of ICR. The discussion below is therefore separated into two parts.

#### **Recommendation 1a: Increase indirect cost recovery.**

##### Rationale:

Many of the costs of research are direct costs, for example, to purchase specialized laboratory equipment needed for an experiment, to travel so as to carry out a scholarly investigation in a specialized archive, or to hire graduate students or postdoctoral researchers to assist in carrying out a research project.

Other costs of research are the indirect costs of research facilities and the administrative support for research, also known as overhead costs. They do not involve expenditures that are unique to the particular research project that the grantor is funding, but they are part of the total costs of carrying out research within the University. Indirect costs (IC) include a portion of the costs of technology infrastructure at a campus, utility bills, libraries, buildings, laboratories, research facilities, and staff members who support research activities. The University recovers some of the indirect costs of research by charging a percentage of direct costs as overhead on many external grants.

In recent years, the University has received over \$3.5 billion per year in extramurally-sponsored research grants, of which over \$780 million per year is designated for indirect costs such as facilities support and research administration. But the actual indirect costs of extramurally-funded research are estimated to be \$1.5 billion. It is therefore critical that the University increase its rate of indirect cost recovery, since it can no longer afford to substantially underwrite the infrastructure costs of conducting research.

The University needs to recover a greater portion of the costs it incurs in the conduct of extramurally sponsored research. With sufficient investment of effort and resources, the University can reasonably aim to increase its recovery of costs by well over \$100 million per year. To do so, the University should take the following steps:

- a. It should support the negotiation of indirect cost recovery (ICR) rates with the federal government by hiring experts in this field at each campus and coordinating their efforts centrally. The goal should be to achieve an ICR rate equal to or greater than the rates at similar research universities. UC, together with other leading research universities, should make the strongest case possible to the federal government to raise the cap on the administrative component of ICR.

- b. UC, together with other leading research universities, should work with major foundations, requesting that they provide funding that covers indirect costs or allow overhead costs to be represented as direct costs of conducting research.
- c. Research contracts and grants from corporations should include full ICR.
- d. Research contracts and grants from State agencies should include ICR at a standard rate negotiated between UC and the State. No State agency should be permitted to require blanket waivers of this negotiated rate.
- e. Each campus must develop clear mechanisms for assigning fiscal responsibility when waiving the requirement that full indirect costs be recovered from extramural sponsors, and each campus should develop policies identifying the circumstances in which the administering unit should be required to cover the indirect costs lost by a full or partial waiver of ICR.
- f. Each campus should have a clearly defined procedure for deciding whether a research award is a grant or a gift.

It is often appropriate for the University to share in the support of externally funded research: for example, through academic salaries, staff support, and mandatory or voluntary cost-sharing. But the University should not be underwriting the full costs of externally funded research. What is reasonable for external grantors to expect may be somewhat different in different cases, so we discuss types of external grantors separately in what follows.

Federal grants. Since World War II, the national effort in science and technology has been carried out through a combination of government-owned laboratories and federally supported research projects at universities. In the late 1950s, the federal government recognized that universities could support a larger research enterprise only if the government reimbursed universities for the indirect costs of the research. American research universities have thus developed over the last 50 years on the premise that federal research funding should cover the full costs of doing research.

In practice, however, indirect cost recovery (ICR) from federal grants does not cover the true overhead costs of research at any university in the nation. The federal government is the largest sponsor of research, providing a total of about \$2.5 billion per year for research at UC. Of this, about \$600 million per year is designated for indirect costs. Yet these ICR funds fall far short of UC's actual overhead costs on federal grants, which are estimated to be as high as \$900 million.

As California reduces funding to the University, it is vital to return to the basic principle that federal research funding should cover the true overhead costs of research. Given the constraints of federal policy, achieving full ICR is not an attainable goal at the present time, but UC should aspire to the greater levels of ICR that are being achieved at other universities.

The ICR rate is negotiated every few years at each campus. The key action is to make sure the University makes the best case possible as part of those negotiations. At present, the negotiated ICR rates at UC campuses run from 51.5% to 54.5% of modified total direct costs, which is relatively low compared to similar institutions. The universities that have successfully negotiated better rates often have deployed teams of experts dedicated to analyzing their institutions' true indirect costs. By building such teams on its campuses, and by supporting them centrally, the University of California can maximize its ability to recover the true overhead costs of the federally-funded research that it carries out.

State agencies provide direct funding to UC research to advance our missions. The agencies sponsoring such research include the Departments of Education, Health, Transportation, Water Resources, Food and Agriculture, and Energy Resources and Conservation Development. By conducting the State's research, UC is able to make excellent use of its research capability, but the agencies often specify that they will not pay indirect costs. This may be because they assume that the University receives such support from the State within its core budget. For the University to sustain its excellent research capabilities and provide this service, some reasonable fraction of the true indirect costs must come to the University from the state agencies, since there are no provisions for these costs in the University's core budget allocation from the State.

Foundations are another important source for the University's research funding, providing about \$400 million per year in research awards. Many of these foundations specify that they will pay little or nothing to cover the overhead costs of research, and in such cases, UC typically grants waivers to its ICR policies in order to accept these funds. In other words, the University pays the full overhead costs of conducting this research.

In the very diverse realm of foundation support, the University will need to use a variety of approaches. Waivers may be appropriate for some foundations supporting research in the humanities, arts, behavioral sciences, and social sciences (HABSS fields), research in science technology, engineering, or mathematics (STEM) fields that are not supported federally, or research carried out by new faculty. In other cases, the University and its campuses may need to create policies that would limit the granting of waivers. The University also must partner with other research universities on strategies for persuading major research foundations to increase ICR.

Corporations provide research funding that often makes it possible to "translate" basic research into products that are of broad social value. Examples include medical treatments and the technology needed for increasing energy efficiency and discovering new energy sources. These corporations usually have business reasons to support the research. It is entirely appropriate for the University to expect these grantors to provide the University with full ICR, and indeed that is the usual practice among most corporate sponsors with the exception of biotechnology and pharmaceutical firms. The University should aim to recover full ICR from all corporate research sponsors.

Private donors also fund research by making gifts to the University. The distinction between a gift and a grant is important, because indirect costs are not generally recovered from gifts for research, even though the infrastructure needs are comparable. As outlined in the UC Berkeley policy on research gifts, the following are the characteristics of a research gift:

- a. It does not carry restrictions;
- b. It is irrevocable; and
- c. Its donor requires no formal fiscal accountability beyond periodic progress reports and summary reports of expenditures.

The University should make sure that privately funded research awards that do not pass these tests are classified as grants or contracts, to ensure that the indirect costs associated with such research will be covered.

### Impact on Access:

Currently, the University is underwriting the cost of conducting research. By increasing our recovery of the costs of doing research, some University funds could be redeployed more broadly to support broadened access to educational and research opportunities.

### Impact on Quality:

Improved recovery of indirect costs will help to improve and renew research facilities at UC, including its libraries, laboratories, and research infrastructure, thereby enhancing the research excellence that serves the State's needs. As a result, the University will be in a better position to attract the top faculty researchers in the world, which is the most important factor in sustaining and improving research quality.

### Fiscal Implications:

The potential fiscal implications of the changes in indirect cost recovery outlined in this recommendation are large. The gap between our costs of doing research and the federal dollars brought in through ICR is approximately one quarter of a billion dollars. Raising the federal rates of UC campuses by five percentage points could bring in an additional \$70 million per year to UC. Through improved management of waivers for foundations, corporations, and private donors, the University also can significantly improve the reimbursement of indirect costs; here, a realistic goal would be increased reimbursements of \$80 million per year. By combining the raising of the federal rates and improving the management of waivers, the University can aim to increase its recovery of costs by well over \$100 million per year.

### Challenges:

Some faculty members are concerned that increases in overhead rates and changes in cost recovery policies will reduce their chances of receiving funding that is adequate to cover the direct costs of their intended research projects. For example, in issuing requests for proposals, some grantors set a cap on the total amount of funding that will be provided for proposals that are accepted. Thus the amount of funding that researchers can request for direct costs may be reduced if the amount they must request for indirect costs is increased. Nevertheless, it is important that the actual costs of conducting research be explicitly stated and recovered; the University can use cost-sharing to assist with the direct costs of those research projects with limitations on the total funding level.

The experience of other leading universities suggests that UC can maintain its excellence in research while increasing ICR. In addition, if UC and other leading universities were able to succeed in persuading the federal funding agencies to increase the cap on administrative ICR, that change would assist all universities and would not affect the competitive balance among them. It will be critical to provide faculty with information and opportunities to participate in crafting campus policies concerning ICR.

Making these changes in ICR recovery for all of the nation's research universities would require increasing total federal funding for university-based research by only one to two percent. Universities need to make the case that their continued research partnership with the federal government will require reimbursement for appropriate costs of research, including the costs of meeting federal requirements.

### Next Steps for Implementation:

It will be important to carry out the research and analysis necessary to refine and validate reasonable goals for increased cost recovery. Such an analysis can be undertaken by the UC Office of Research and Graduate Studies, with policies developed by a joint Academic Senate and Administrative Task Force. In addition, the University needs to make certain that the upcoming negotiations of ICR rates by campuses receive appropriate support.

### **Recommendation 1b: Increase transparency in the management of recovered funds.**

#### Rationale:

To strengthen its case for recovery of indirect costs, the University must increase transparency in its management of indirect cost recovery (ICR) funds and must ensure that they are expended to meet clearly defined costs associated with doing research. To attain this transparency, ICR funds should go to the campus or campuses that generated them, and the academic and administrative leadership of the campus should direct the allocation of funds within the campus. Some of the ICR funds collected on campuses should be distributed by formula to the Office of Research and Graduate Studies within the Office of the President. These funds would be used to sustain the research support activities carried out there for the University. This arrangement will provide the incentives needed for campuses to balance the costs and benefits of waiving indirect costs.

The University's processes for allocating indirect cost recovery (ICR) funds on campus are relatively opaque. ICR funds generated by research conducted at the ten campuses now go directly to the UC Office of the President (UCOP). There, a small portion of these ICR funds is retained, and the remainder is mingled with other types of funding and then distributed to the campuses. On the campuses, these blended funds are expended in accordance with needs identified by the campus administration.

As a basic principle of operation, the University should be expected to have a clear and well-justified system for managing these funds. Such a system would help the University explain to grantors that a higher indirect cost return rate is justified by documenting and demonstrating the true costs of doing research. It also would help the faculty receiving extramural research awards understand more clearly how the funds are being used to sustain the research activity of the campus. Finally, the administration and the faculty can work together to determine how the funds can best be used at the campus and systemwide to support University research endeavors.

Transparency also will enable better decisions about possible waivers of indirect cost recovery. In certain cases, the campus will decide for strategic reasons to waive or reduce indirect cost recovery, understanding that other campus funds will be needed for the indirect expenses associated with the research project. When the use of ICR funds is not clear, as is the case now, it is easy to see the benefit of a waiver and ignore the cost.

#### Impact on Access:

Fiscal transparency will help to increase ICR, and some of the increased ICR will relieve State funds and other University funds that could be redeployed more broadly to support access to broader educational and research initiatives.

### Impact on Quality:

Transparency will help to build the case made to sponsors for increased indirect cost recovery rates and will provide incentives to campuses to collect the appropriate level of ICR. For the reasons stated above, increased ICR will lead to improved quality of research.

### Fiscal Implications:

Campuses will have a strong incentive to increase indirect cost recovery if they retain a predictable proportion of the ICR funds they generate. This change would make clear the cost of ICR waivers and would help reduce the amount of ICR waived. More transparent fiscal processes will help campuses make the case for increased ICR to grantors.

### Challenges:

Some important aspects of research administration and policy are done centrally at UCOP. Some of the ICR funds collected on campuses should be distributed to UCOP to sustain these efforts. Determining the appropriate formula for this distribution will require a careful analysis of how the research support effort is divided between UCOP and the campuses.

### Next Steps for Implementation:

Full transparency in the distribution of ICR funds will require significant changes in accounting practices across the University and in the processes by which these funds are allocated and spent at each campus. Once fully transparent accounting procedures are implemented, the administration and the faculty should work together to determine how the funds can best be used at the campus and systemwide to support University research endeavors.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Research Strategies

#### *Research Excellence in All Fields*

**Recommendation 2: The University of California must ensure continued excellence across a broad spectrum of cutting-edge research. To aid in this effort, the University should (1) prioritize internal funds to support world-class research in disciplines where extramural funding options are limited; (2) motivate the development of large-scale, interdisciplinary, collaborative research projects to capture new funding streams; and (3) augment and enhance opportunities for graduate student research and support wherever possible.**

#### Rationale (1):

The University of California system is an ensemble, not a hierarchy. All ten campuses, and all of its faculty's research areas, contribute to the University's ability to create new knowledge for the State and nation, and to serve the needs of our highly diverse student body. Therefore support for research across disciplines and campuses is essential to the health of the UC system as a whole, enabling the campuses to hire and retain faculty, attract graduate students and postdoctoral scholars, secure extramural funding, provide research opportunities for undergraduates, and ultimately foster our mission of teaching that is informed by research.

Outstanding research can be carried out in many different ways, ranging from discoveries that emerge through insight within a single brilliant mind to the collective efforts of teams of collaborators. Techniques for discovery include close analysis of texts and images, creative accomplishment in the arts, archival research, theoretical analysis, laboratory experimentation, clinical investigation, and field work. Debate, peer review, and critical discourse further ensure excellence across all domains.

Different areas of research require different sources and levels of funding to sustain excellence. Much research in science, technology, engineering, and mathematics (STEM fields) is supported by extramural funds, including contracts and grants from government agencies, corporations, foundations, and gifts from donors. Direct costs and indirect (facilities and administrative) costs for such research are high. Research costs in the humanities and arts, as well as the behavioral and social sciences (HABSS fields), are usually relatively modest. Extramural funding for research in these areas, however, has been dropping precipitously for many years.

The sources and levels of funding vary with the missions, thematic focus, and changing priorities of funding agencies. Research projects tend to be more competitive when projects contribute to the mission of the funding agencies, and when reviewers favor the paradigms of the day. But excellence in research is not bounded by the missions of funding agencies, and breakthroughs by definition go beyond the current paradigms in ways that are rarely anticipated or even recognized at first.

The University of California should use internal funding to support high-quality research in areas where extramural funding opportunities are limited or nonexistent. This is increasingly the case in the HABSS disciplines, but also occurs in areas of STEM fields that fall outside the typical purview of funding agencies. In addition, innovative research often requires internal funding to obtain preliminary data in order to compete for external funds. Internal funding also should

target projects in which modest investments of time and money will result in the completion and dissemination of a piece of research, scholarship, or creative work. Internal fellowship programs providing a quarter or semester of research time for project completion should be expanded, with particular attention to untenured faculty members and graduate students in their final year of Ph.D. work (see *Rationale (3)*).

While extramural funding opportunities may be very limited in some disciplines, they do exist. UC should aggressively compete for such funds by supporting the researchers, scholars, and artists who are in the best position to pursue these opportunities. In these instances, UC should provide targeted administrative support for grant proposal identification, for budget development, and for managing large grants. Internal funds directed for this purpose will not only benefit the projects themselves, but also will be highly leveraged because faculty time and resources can be more appropriately directed towards developing and conducting the research rather than on administrative tasks (see Risk Management and Administrative Staff Support Recommendation).

#### Rationale (2):

Recent shifts in the national research landscape have resulted in new funding opportunities for large-scale, interdisciplinary, collaborative research. Its diversity and strength makes the UC research enterprise particularly well-positioned to address the growing interest in relations among systems across scales and modalities, i.e., physical, biological, social, economic, historical, cultural and technological. Addressing these relations requires collaborations across disciplinary boundaries, enabling synergies and producing knowledge that would not otherwise come from disciplinary research.

UC is unique in the world in its size and scope as a public institution. It is imperative that UC support researchers who want to pursue today's large-scale collaborative problems and challenges through world-class research.

While external funding for collaborative research in some fields is provided routinely, it is less common in other fields, especially in the HABSS areas. In addition, some exciting collaborations may stretch far more broadly than external funders currently envision—it is easy to imagine, for example, research that extends from the genetics laboratory to the philosopher's study to the archaeologist's dig for understanding human migration responses to local and global climate changes in the past.

UC internal research funds can help researchers compete for large-scale interdisciplinary awards, such as internal "grand challenge" seed funding competitions. Seed funding is particularly important for projects that break new interdisciplinary ground and require a period of initial research and development before they can become strong candidates for extramural funding or before the priorities of funding agencies catch up with them. Supporting such projects with seed funding in the startup phase helps the university leverage its support by attracting extramural funding.

UC must identify and remove barriers and disincentives to interdisciplinary and intercampus research. For instance, departmental and other academic units sometimes make it difficult to apportion researcher time and resources across units, or to properly divide and assign credit for cross-unit collaborations. Multicampus collaborations will be eased by the removal of barriers such as unnecessary requirements for subcontracting between campuses.

### Rationale (3):

Graduate students are future researchers, scholars, artists, and teachers. They advance research because they bring in new ideas, facilitate collaborations, and are often the vehicle for the exploration of innovative approaches. Their training must reflect the symbiotic relationship between teaching and research. Many master's degree students and all doctoral degree students at the University of California engage in research as an integral component of their graduate education. Our graduate students must therefore be supported sufficiently to engage in their research and to complete their theses and dissertations. Stability in graduate student support for the duration of these studies is crucial. Only through attracting and supporting the best graduate students will our outstanding research programs continue to thrive.

UC-specific sources of dissertation research funding such as the Pacific Rim Research Program, Graduate Residencies offered by UCHRI, the UC Dissertation Year Fellowship Program, and others with a focus on supporting graduate research, give UC graduate students a competitive edge and shorten time to degree. Programs such as these should be expanded and supported by systemwide resources.

Postdoctoral researchers play key roles in many laboratories, departments and research units within the University of California community, generating innovative ideas and leading-edge research. In addition, postdoctoral experience is for many disciplines, a necessary "next step" in training after completion of a doctoral degree. The University of California President's Postdoctoral Fellowship Program (PPFP) was established in 1984 to encourage outstanding women and minority Ph.D. recipients to pursue academic careers at the University of California. PPFP offers postdoctoral research fellowships, faculty mentoring, and eligibility for a hiring incentive to qualified scholars in all fields whose research, teaching, and service will contribute to diversity and equal opportunity at the University of California. Expansion of this or similar programs would increase access and improve diversity among our postdoctoral scholars.

Undergraduate students also benefit from opportunities to participate in research in association with (and under the mentorship of) faculty, postdoctoral scholars and graduate students. UC undergraduates have showcased excellent research conducted in parallel or in addition to their courses. A relatively small commitment of support to inaugurate the creation of innovative programs, workshops, showcase events, or other activities that encourage undergraduates to participate in research and allow them to gain access to UC's world-class researchers would enhance the ability of UC to attract and train the best students.

### Impact on Access:

Seed funding for high quality research topics before they are recognized by extramural funding agencies broadens the scope of education at UC to include emergent areas of interest among a more diverse student population.

Stimulating collaborative research programs across disciplinary boundaries increases the breadth of academic programs at UC and the proportion of students able to participate in research at both the undergraduate and graduate levels.

Improved funding for graduate students and postdoctoral fellows will offer much greater opportunity to increase the diversity of scholars who can participate in, and benefit from, a UC education and research training.

These measures will help UC to serve the educational needs of a highly diverse undergraduate, graduate, and postdoctoral population, providing them with research opportunities and experiential learning across broad areas of human knowledge.

### Impact on Quality:

This proposal will help the University sustain excellence across the full range of disciplines, the full scale of research efforts, and across all campuses.

Increased incentives and support will enhance both the quality and the quantity of research in the humanities, arts, behavioral sciences and social sciences throughout the UC system.

Large-scale collaborative projects have the potential to make highly effective contributions to improving the lives of people in California, the nation, and the world.

Augmented funding for graduate students and postdoctoral scholars will greatly enlarge and enhance the potential pool of applicants to UC programs as improved funding will make our institutions more competitive for the top students and fellows. Providing appropriate funding to support students throughout their graduate studies and postdoctoral careers will serve to keep us competitive in attracting and graduating the most talented and sought after students. This will significantly enhance and sustain the quality of graduate education and postdoctoral training provided by the University of California for tomorrow's leaders.

### Fiscal Implications:

Targeted seed funding to incubate new and innovative research efforts will bring a corresponding increase in extramural funding. This is particularly true in the humanities, arts, behavioral sciences and social sciences.

Internal nucleation of interdisciplinary collaborative research projects will position UC researchers to be more successful in competing for new sources of funding linked to broader interdisciplinary collaboration at the national and international levels.

Funding of Multicampus Research Programs and Initiatives (MRPI) and campus Committee on Research (COR) efforts on a competitive basis provides a familiar mechanism for disbursement of internal funds that can be augmented as needed.

Augmentation of graduate student support requires a serious investment of financial resources that may require further study of the University's policies on non-resident tuition and fees.

### Challenges:

As state support for the University declines, the question arises whether sufficient internal funds can be found to implement the many facets of this recommendation. By many accounts and for many years, the University has used state funds to subsidize externally funded research, particularly in many STEM disciplines, but also in some HABSS fields. This subsidy has been necessary because indirect cost rates (around 52% across UC campuses) are lower than the true costs of supporting research facilities and infrastructure (estimated to be closer to 70% of modified total direct costs). To phrase it another way, the University collects over \$780 million in indirect costs on grants and contracts per year, yet it spends an estimated \$1.5 billion on facilities and administrative support for these grants and contracts (see Indirect Cost Recovery and Distribution Recommendation). To make up this shortfall, internal UC funds have been disproportionately used to support research that is aligned with the missions of funding agencies. If the University is successful in negotiating higher indirect cost recovery rates (see corresponding recommendation), then more of the internal funds will be available to implement

this recommendation and support high-quality research that does not yet appear in the dossiers of extramural sources.

Next Steps for Implementation:

A joint Academic Senate - Administrative task force should be charged with identifying new UC systemwide incentives and other mechanisms to support this recommendation.

The University should examine current policies and procedures, streamlining or enforcing them as needed to implement this recommendation.

The Academic Senate should ensure that criteria for faculty merit and promotion cases include appropriate recognition for collaborative or interdisciplinary work. This is particularly true in the HABSS fields, which traditionally emphasize single investigator research and scholarly activities.

Administrative support for the development of interdisciplinary research proposals should be forged in anticipation of faculty collaboration on large interdisciplinary projects.

## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Research Strategies

#### *Multicampus and Interdisciplinary Research*

**Recommendation 3: Create multicampus, interdisciplinary “UC Grand Challenge Research Initiatives” to realize the enormous potential of UC’s ten campuses and three national laboratories on behalf of the state and the nation.**

#### Rationale:

Many grand challenges for society in the 21st century will be global and many will require interdisciplinary solutions drawing upon large-scale, collaborative research efforts on multiple fronts: scientific, engineering, biomedical, agricultural, social, economic, cultural, ethical, and/or educational.

UC should create a framework (including a process, administrative and technological support) to support its campuses, national laboratories, and research units in multicampus, interdisciplinary “UC Grand Challenge Research Initiatives.” Such initiatives would be designed in consultation with the faculty, the public, and funding entities.

Initiatives would be chosen for their research value, social value, and “fit” with UC strengths, and also to reinforce or balance each other.

UC is uniquely positioned to take a leadership role in addressing grand challenge research problems of the 21st century. The University’s multiple campuses are unique for the scale, breadth, and excellence of research they produce across the full range of disciplines (as indicated, for instance, by the fact that UC is unrivalled in the number of academic programs that are ranked first in the National Research Council’s assessment of U.S. Research Doctorate Programs). No other higher-education research institution has UC’s combination of scope and excellence. None can rise to the same level as a match for today’s global challenges. Channeling the full spectrum of UC research around these grand challenges would allow the university to address issues with great state, national, and world impact.

Creating “Grand Challenge Research Initiatives” would have the following specific benefits for UC:

- a. New Funding Streams: To the extent that UC Grand Challenge Research Initiatives align with, or complement, nationally-identified challenges, the University’s considerable system-wide strengths would give it a competitive advantage for funding from major federal sponsors such as the NSF, NIH, and DOE. In addition, a consolidated UC front on grand challenges would act as a magnet for funding from private foundations and the National Endowments for the Humanities and the Arts (NEH and NEA).
- b. Meeting California’s needs: UC Grand Challenge Initiatives would allow UC to serve California by helping to catalyze next-generation synergies in information technology, green technology, biomedical research, nanotechnology, media and entertainment, social and cultural innovation, etc.

- c. New Research Paradigms: Grand Challenge Initiatives would drive innovations and efficiencies in inter-campus, interdisciplinary, and collaborative research arrangements and practices at UC.
- d. Supporting Basic Research: UC Grand Challenge Initiatives would help support basic research and training in the STEM disciplines, and it would augment support for the equivalent basic research in the arts, humanities, behavioral sciences, and social sciences.
- e. Public Engagement and Advocacy: UC Grand Challenge Initiatives would engage the public in a renewed spirit of consultation, responsiveness, and advocacy for research.

#### Impact on Access:

Grand Challenge Research Initiatives will improve the access of graduate and undergraduate students to research faculty, facilities, programs, and activities. This enhanced access will provide more students the opportunity to participate in innovative research and teaching programs across campuses including:

- The addition of more course credits for students in research-centered or laboratory courses.
- The combination of innovative teaching/research programs with public engagement to attract students to UC and the research professions.

#### Impact on Quality:

- a. Quality from intellectual synergy: The quality of UC research will be enhanced through interdisciplinary synergy.
- b. Quality from efficiencies: Greater efficiencies deriving from the Grand Challenge Research Initiatives will strengthen UC's research mission--e.g., through cost sharing of the next-generation information-technology and remote-conferencing resources needed for systemwide collaboration.
- c. Educational quality: New collaborative research organizations, practices, and methods fueled by UC Grand Challenge Initiatives will create opportunities for new kinds of integrated research-and-teaching. Undergraduate students, graduate students, and postdoctoral scholars will be exposed to a variety of laboratory, field, clinical, technological, archival, social, cultural, artistic, and other research.
- d. Maintain UC's world-class research quality: The Grand Challenges Research Initiatives will strengthen the already world-class research at UC. Even as UC seeks new ways to apply research to the emerging needs of California and the world, it should maintain its support for basic research. Basic research is the foundation for identifying and reacting to emergent, applied needs. Basic research is one of the core missions of the University. Today, when the private sector is increasingly challenged to provide for basic research, UC's importance in this role will only increase.

#### Fiscal Implications:

- a. Increased external funding. UC Grand Research Initiatives would allow UC researchers to compete more successfully for extramural funding.
- b. Channeled internal funding. A portion of UC's internal research funding would be channeled to support the creation of grand-challenge research initiatives.

- c. Cost savings. Certain cost savings may be realized through the sharing and pooling of research facilities, technologies, activities, student funding, etc. (see above).

#### Challenges:

- a. "Picking winners" from the top down. The role of UCOP and UC campus administrations should *not* be to pick or shape grand challenges. Instead, their role should be to create the conditions of consultation, collaboration, and support that foster the bottom-up emergence of grand challenge research initiatives from UC's deep talent pool of faculty and students. UC needs to tap its strength--individual researchers and research units -- to incubate innovative grand challenge initiatives suited to the resources of the UC system.
- b. Supporting research unevenly. UC Grand Challenge Initiatives should not have the effect of concentrating resources or leadership in just a few types of disciplines. It is also crucial that UC Grand Challenges support both applied and basic research.
- c. Constraining academic freedom. Safeguards must be created to protect academic freedom, prevent conflicts of interest, and establish a clear distinction between policy-relevant research and policy advocacy. Also, a process will be needed to guide the ways in which UC handles conflicting interests and power imbalances among different groups of the "public."
- d. Launching a program without funding. The Grand Challenge Research Initiatives will require either new internal seed funding or a collaborative effort to obtain extramural seed funds. It should not be started unless such funding and the large-scale extramural funding it ultimately seeks to attract is identified. After the budget cuts of the last few years, there is no capacity to fund this program without trimming other research programs.

#### Next Steps for Implementation:

##### Create a framework for developing UC Grand Challenge Research Initiatives

- a. Draw together a diverse group of stakeholders (e.g., faculty, students, and the public) to develop the framework to set up these initiatives.
- b. Design a time line and administrative and technological support.
- c. Design a process for wide consultation with the UC research community.
- d. Design a process for consultation with the public, government, and funding agencies.
- e. Design a process for evaluating, selecting, staging, and assessing the impact of these initiatives.

#### Other Options Considered:

Another option considered was only to recommend a renewed public advocacy campaign emphasizing UC's considerable research accomplishments and their impact on California and the nation. Thus, in addition to the Grand Challenge Research Initiatives, the Research Strategies Workgroup is continuing to consider a call for a broader campaign of public engagement and education to communicate the premier, basic research at UC and the transformative impact this research has on the lives of Californians. The public engagement would emphasize that continued support of basic research at UC is vitally important for the

University, the State, the nation and the world today. The basic research environment attracts top talent to the University. It makes essential contributions to the education of today's and tomorrow's teachers, researchers, leaders and innovators. Successful research students leave the University with the ability to contribute much more to society than they could beforehand. Basic research inspires new generations and creates knowledge of great intrinsic value. Of equal importance, history has shown that very often, basic research whose instrumental value cannot be determined during the time it is carried out has later been applied to solve problems of great societal value, as well as to discover next-generation challenges. Continued and enhanced support of basic research at UC is a wise investment that will create the knowledge that will help solve pressing problems with great local and global societal impact.

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## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Research Strategies

#### *Risk Management and Administrative Efficiencies*

**Recommendation 4: Streamline risk management practices to increase the efficiency of the research enterprise, making optimal use of faculty researchers and administrative staff support.**

#### Rationale:

Faculty researchers at the University of California are experiencing an ever-increasing administrative burden associated with their work. Some of this burden results from requirements imposed by external sponsors, while other burdens are related to regulatory requirements that apply to research activities. As a result, many faculty researchers believe that the University's administrative and risk management practices are making highly creative and innovative research more difficult. The University has adopted many research policies that, while based on statutory and regulatory requirements that are meritorious in their own right, provide an additional layer of control on research activities. This problem is compounded when campus administrators add their own interpretations of these requirements and policies to require a level of control that exceeds that actually required under the applicable regulations and University policies. Systemwide research policies should be reviewed to determine whether they should be updated and revised. Training should be provided to administrators to prevent additional restrictions not based on policy or regulation.

Faculty also have reported that minimum insurance requirements and risk management practices make it more difficult than necessary to enter into research collaborations with other partners, particularly international research partners. The Working Group urges a thorough review of claims or losses related to research activities to determine the frequency and size of insurance claims and settlements. This review should, to the extent feasible, review the University of California's experience along with the experience of other leading institutions. It is possible that such a review would disclose that the largest claims (e.g., laboratory disasters or losses related to a University-sponsored research boating accident) involve activities performed on-campus and/or by University employees and students, while the most common difficulties faced by researchers seeking risk management approval involve non-University research collaborators or subcontractors.

The Working Group recognizes that, even if the University is successful in paring back restrictions placed on research to those based only on applicable regulations, policies, and relevant claims history, a significant administrative burden will remain.

A January 2007 report of the Federal Demonstration Partnership's Faculty Standing Committee described the results of a survey of its membership. It found that, of the time a faculty member committed to federally-sponsored research, 42 percent of the time was devoted to pre-award and post-award administrative activities and not to research. Commentators have noted that this compares to only 18 percent two decades ago. This is a significant increase and represents time spent performing administrative tasks that could be more efficiently and perhaps more effectively, performed by administrative staff.

To maintain the level of research excellence for which the University is known, it should strive to be a leader in providing administrative support to its faculty. Providing increased administrative staff support would increase the return on investment in research. By providing additional administrative staff support to researchers, they can concentrate a greater percentage of their time on conceiving of and performing research. This will ensure a better use of the research dollars provided by the State of California and extramural sponsors. It is possible that a solution lies in the consolidation of research support services (including the possibility of clustering at intermediate levels) and the adoption of best practice models for the delivery of said services as recommended by the Funding Strategies Working Group. Such programs may provide greater expertise at a reduced cost to the research community. The Commission should review the efforts in this area that have already begun at UC Santa Barbara and UC Berkeley to determine the applicability of such programs systemwide, keeping in mind that centralization may not always be the most efficient solution.

Using trained specialists may provide higher expertise at reduced costs. Academic units often duplicate services in procurement, finance, human resources, and contract and grant administration at the departmental or decanal level. Such functions are often performed by management services officers who function as generalists and may have strengths in only one or two of the areas they are expected to serve. These functions could perhaps better be performed by specialists who, by training and experience, would be able to perform more efficiently and with greater expertise the administrative duties that are being performed by departmental staff and research faculty.

#### Impact on Access:

Streamlined administrative practices and decreased administrative burdens on faculty will result in increased research opportunities for students. Faculty will have more time available to conduct research with students at all levels.

Decreased administrative burdens on faculty will increase interaction between faculty and students. Providing additional support to faculty researchers reduces the time they spend on administrative duties and frees up their time for additional research, mentoring, and other educational interactions with student researchers.

#### Impact on Quality:

As a result of improved administrative efficiencies and decreased administrative burden, the University of California will be able to compete more effectively in research endeavors. By implementing a careful review of University risk tolerance and removing barriers to research activities that are not based on regulation or policy, University researchers will be able to compete more effectively with researchers at other institutions. In addition, efficiencies for the University research enterprise are expected to result from a consolidation of services. Skilled researchers would spend less of their time performing administrative tasks; the required administrative functions would be performed by individuals specifically trained in the particular area.

#### Fiscal Implications:

Certain kinds of activities, such as the performance of classified research on-campus, are limited by University policy. However, other research activities may be further restricted by campus or systemwide practices that are not based on regulations or policy. Such restrictions

can result in lost research opportunities and can inhibit the growth of the University's research portfolio. While initial outlays for increasing administrative support staff and streamlining research regulations may increase research expenditures, the University should see reduced costs and increased revenues relatively quickly.

Consolidating services in smaller units of staff with higher levels of expertise could allow campuses to provide the same, or perhaps higher, levels of service at reduced cost. In addition, the time saved by not having faculty perform these tasks could be more cost-effectively used for increased research productivity and teaching. This should result in reduced costs and increased research revenues over time.

### Challenges:

There are likely to be challenges associated with identifying research obstacles related to regulatory or policy requirements. It will be important to analyze carefully the reported cases of unnecessary regulation. In many cases, the restrictions on research result from statutes and regulations that are outside of the University's control. Moreover, campus restrictions may be based on University policy that is well-founded. Care will need to be taken to separate restrictions that are based on a campus practice without a foundation in regulatory or policy requirements from those that implement applicable requirements.

There also may be challenges associated with obtaining data on research-related claims; however, the University has begun significant efforts to collect information on non-campus, research-related insurance claims in the past several years. While the system has decades of data related to on-campus claims, it is still collecting information on claims related to research collaborators and off-campus research. A sound risk management program will be data-driven and will evaluate claims that are truly related to research activities. Fortunately, the risk management offices at the campus and systemwide level already have an incentive to put together comprehensive and accurate data on research-related claims. Such data can be used to lower the University's premiums on the coverage provided by outside insurers.

Redirecting administrative support funding from the departmental level may prove challenging; however, resources will need to be directed to the consolidated units to enable those units to retain the necessary expertise to perform the work formerly performed at the departmental level. Departments can be expected to resist such redirection of funding without convincing evidence that an existing or superior level of service can be provided at the same cost.

A final challenge regards implementing appropriate structures and mechanisms for accountability for performance by research support services. It is possible that support services are best provided at the division level for certain areas of research such as the humanities, arts, behavioral sciences, and/or social sciences. In other cases such as specialties within schools of medicine, services may be more effectively delivered at the departmental level. The Working Group notes that the organizational support structure could vary by discipline. In addition, consideration must be given to the size of the resulting consolidated unit. A balance must be struck between an unnecessary duplication of services at the departmental level and having the services too far removed from the investigators. All structures must be accountable for quality and timeliness of performance of services to faculty members.

### Other Options Considered:

One option considered was a recommendation for increased administrative services based on the existing model of providing such services through departmental management services officers. While such increased support would secure many of the benefits described above, this also would require the identification of a new source of funding. One such source would be the redirection of recovered indirect costs related to campus research. Increased recovery of indirect costs related to research would facilitate the redirection of a portion of these funds without decreasing the funds available for other areas of University operations.

Other options for providing increased administrative support would require changes at the federal level. For example, the Office of Management and Budget (OMB) could decide to lift the 26% cap on administrative indirect costs that may be charged to federal grants. In addition, OMB could revise Circular A-21 to provide greater ability to directly charge administrative costs related to performing the research.

### Next Steps for Implementation:

Data must be collected on restrictive practices, such as extra-legal requirements that are inhibiting research. In addition, data should be collected on research-related claims and losses to analyze areas in which the University may be overly risk averse.

Campus implementation models must be reviewed. Certain campuses, notably UC Santa Barbara and UC Berkeley, have begun to use consolidated research support services and have developed some working experience illustrating the benefits and difficulties associated with such models. The Working Group recommends that this experience be reviewed to determine the feasibility of implementing such models at other campuses.

### Works Cited:

Federal Demonstration Partnership, "A Profile of Federal-Grant Administrative Burden Among Federal Demonstration Partnership Faculty" (January 2007)  
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## WORKING GROUP FIRST ROUND RECOMMENDATIONS

### Research Strategies

#### *Advocating for UC Research at a National Level*

**Recommendation 5: Proactively demonstrate the significant and long-lasting benefits that UC research provides to California and the nation, including the development of new knowledge, new industries, and new opportunities for economic expansion and employment. In addition, UC should speak in a strong and clear voice in advocating at the national level for increased and sustained investment in research and knowledge development.**

#### Rationale:

Basic research creates new knowledge, and new knowledge fuels social mobility, global leadership, and economic health. UC is America's best public research university. The University of California and America's research universities are the envy of nations around the world.

Given that the federal government underwrites so much of the basic research conducted at U.S. research universities, laboratories, and research organizations through federal funding agencies, it is critical that this federal support be sustained or, hopefully, increased.

But research funding in the United States stands on the precipice of potential disaster. Although the President's budget calls for a steady increase in the financing of research, the funds provided in the American Recovery and Reinvestment Act for research are about to expire. At the same time, fiscal pressures are placing the more established sources of support for research in jeopardy.

While this challenge is certainly not a problem unique to California, it has serious potential consequences for California and the UC system. It is crucial that UC take leadership in working with America's research universities and partners in industry and government to demonstrate the benefit of research, and to advocate and ensure that federal funding of university research increases.

#### Impact on Access:

With increased research funding and a healthy economy, more funds will be available to ensure broad access to education at the University of California.

#### Impact on Quality:

Increased Federal funding for basic research will create more opportunities for faculty members to compete for research grants and will stimulate innovation and research excellence at UC.

#### Fiscal Implications:

Sustained Federal investments in basic research are essential for the financial stability of the University. They will ensure that the research enterprise at UC remains properly funded.

Challenges:

The U.S. Congress is under considerable pressure to reduce Federal budgets. As a result, it may look for short-term monetary gains and neglect basic research and its long-term impact on economic health.

Next Steps for Implementation:

The University of California should advocate for increased Federal investments in basic research in collaboration with key partners and structure their advocacy to communicate that basic research is critical for social mobility, global leadership, and sustained economic health.

# UC Commission on the Future

## First Round of Recommendations from the Working Groups

### BACKGROUND

#### The Fiscal Crisis

From its founding in 1868, the University of California has propelled California's economy and quality of life. The University has created new industries and economic prosperity, contributed to the defense and security of the nation, stimulated social mobility, and promoted discoveries and innovations that have improved the health and well-being of people far beyond California's borders. To achieve all this, UC has required continuous investment from the state, but California's financial support for the University has been steadily eroding, particularly since the 1990s.

Historically, state funding has been the largest single source of support for the University, providing a critical core investment that enables UC to attract funds from federal, private, and other sources. However, as state priorities have shifted away from education, state funding for the University has failed to keep pace with inflation and student enrollment:

- While higher education's share of the state budget has dropped from 13.4 percent to 5.9 percent over the last 40 years, UC's share alone has decreased from 7 percent to 3.1 percent over this time period.
- In inflation-adjusted dollars, the state contributed \$16,430 to the cost of education for each UC general campus student in 1990, and now contributes only \$7,570 per student per year, a reduction of over 50 percent.
- Between 2000-01 and 2009-10, UC enrollment grew over 35 percent; however, state funding for UC in 2009-10 was nearly 19 percent less than support in 2000-01 (in unadjusted dollars).

On top of this historical decline in state support, for 2009-10 UC is facing at least a \$1 billion gap in state funding that threatens the excellence of the University and our commitment to access and affordability. This gap consists of \$637.1 million in funding cuts, \$155 million in student enrollments not being funded by the state, and \$213 million in unfunded costs over a two-year period for utilities, employee health benefits, and other unavoidable inflationary costs. To cope with these unprecedented cuts in state funding, every member of the University community has sacrificed – employees have been laid off, pay reduced, faculty hiring curtailed, class sizes increased, courses cut, freshman enrollments limited, and student fees raised.

The University faces the very real threat that the quality of our academic and research programs and commitment to access and affordability will be jeopardized as the state continues to face a severe budget deficit with no permanent solutions in sight:

- Without corrective action, California is projected to face a budget gap of \$19.9 billion in fiscal year 2010-11.
- Baseline revenues for the state have fallen by more than 20 percent (also from 2007-08) and they are expected to remain approximately 30 percent lower than 2007-08 projections for several years.

Without a renewed financial commitment from the state, the University must make hard choices about our programs and services, not just to endure the coming months but to ensure the future of the University.

### **Creation of UC Commission on the Future**

Looking forward, it is clear that the University of California must forge a new vision of itself to survive in a climate of continuing financial stress. In search of that vision, UC Regents Chair Russell Gould formed the UC Commission on the Future in July 2009. The Commission is charged with developing a new vision for the University within the context of the University's mission, while reaffirming our commitment to access, affordability and the highest levels of quality in instruction, research, public service and health care. UC must continue to play a vital role in sustaining California's economy and cultural life, operating strategically and as efficiently as possible within available resources in the midst of the State's dire financial crisis and into the future.

Co-chaired by Chair Gould and President Yudof, the Commission is composed of members from across UC and outside of the University. To date, the Commission has met three times to receive public comment, updates from its working groups, and presentations from several noted speakers: Jane V. Wellman, Executive Director, Delta Project on Postsecondary Education Costs, Productivity, and Accountability; Mark Baldassare, President and CEO, Public Policy Institute of California (PPIC); Robert B. Reich, Professor, UC Berkeley, Goldman School of Public Policy, and former U.S. Secretary of Labor; Richard C. Atkinson, President Emeritus, University of California; and David Pierpont Gardner, President Emeritus, University of California.

### **Working Groups Process**

The UC Commission on the Future is supported by five working groups organized around the broad topic areas of the size and shape of UC, education and curriculum, access and affordability, funding strategies, and research strategies:

- **Size and Shape of UC**, chaired by UC Santa Cruz Chancellor George Blumenthal and UC Santa Barbara professor and commission member Cynthia Brown, is exploring the appropriate enrollment levels and program offerings for the University going forward.
- **Education and Curriculum**, chaired by UC Berkeley School of Law Dean and commission member Christopher Edley and UC Davis professor Keith Williams, is looking at whether there are alternative delivery models that will both maintain quality and lower costs.
- **Access and Affordability**, chaired by UC Student Regent Jesse Bernal and UC Irvine Chancellor Michael Drake, both commission members, is reviewing how UC can best meet the goals of providing an accessible and affordable education to a diverse student population in a climate of diminishing resources.
- **Funding Strategies**, chaired by UC Santa Barbara Executive Vice Chancellor Gene Lucas and UCLA Vice Chancellor Steven Olsen, is studying how to maximize revenue from traditional and alternative sources.
- **Research Strategies**, chaired by Academic Senate Immediate Past Chair Mary Croughan and UC Santa Barbara Chancellor Henry Yang, both commission members, is

looking at how UC can utilize new models for research practices and collaboration, within and outside the system.

The working groups are made up of a wide spectrum of members drawn from the Regents, faculty, students, alumni, administration, staff and other experts not affiliated with UC. Nominations for individuals to serve on the working groups were solicited from representatives of a number of key constituencies, including Academic Senate Chair and commission member Henry Powell, UC Student Association President and commission member Victor Sanchez, and UC Staff Advisor to the Regents and commission member Edward Abeyta. Each of the co-chairs of the five working groups had the unenviable task of selecting members from several hundred nominees. From the beginning of this process, an overarching goal has been to insure that members of the working groups were selected to represent a broad diversity of campuses, disciplines, and perspectives. For these committees to work effectively and efficiently, they have had to limit participation and were not able to appoint all qualified nominees.

Since last fall, the five working groups have been engaged in the critical work of gathering data, reviewing past studies, and consulting with subject matter experts to develop recommendations for the Commission's consideration. In the short time they have met, the five working groups have considered a wide range of issues, many of which require further deliberation and consideration over the coming months. However, the working groups are issuing this first set of key recommendations early to provide adequate time to the Commission for study and to receive input from the UC community and the public.

### **Community Input**

In developing recommendations for the Commission's consideration, the working groups have sought input from across the entire UC community:

- **Suggestions Web Site** – In October 2009, a web site where the UC community and public can submit ideas for shaping the discussion of the Commission was launched at <http://ucfuture.universityofcalifornia.edu/feedback.html>. To date, more than 500 suggestions have been received and forwarded to the appropriate working groups for consideration.
- **Campus Visits** – To ensure that the Commission's working groups are focusing on the right questions and hearing relevant feedback from the campus community, the Commission, working with chancellors, scheduled a series of 10 meetings, one on each campus. Selected working group co-chairs and members were present at these meetings to answer questions and receive input on the scope of work for their groups from faculty, staff, students and others. Additional information about these campus visits, including archived video of several meetings, is available on the Commission's web site at: <http://ucfuture.universityofcalifornia.edu/campusmeetings.html>.
- **Public Forum** – As part of its deliberations, the Commission held a public forum at the UCSF Mission Bay campus on December 8, 2009 to hear ideas and perspectives from an array of individuals. In addition to soliciting public input, the Commission heard presentations from Daniel L. Simmons, Vice Chair of the Academic Senate, Lin King, Chair of the Council of UC Staff Assemblies, and Student Regent Designate Jesse Cheng, who is also a commission member.

Individual working group co-chairs and members have also been engaging in regular meetings with various representatives and organizations within the University, such as Academic Senate committees, to discuss the work of their groups.

### **Next Steps**

During the next two months, the working group recommendations contained in this first report will be disseminated for review by and feedback from the Academic Senate, staff, students, and the public..

- **Additional Public Forum** – As part of its deliberations on the first round of recommendations from the working groups, the full Commission will be holding a second public forum on May 7, 2010. Additional details about this public forum will be made available on the Commission's web site: <http://ucfuture.universityofcalifornia.edu/calendar.html>.
- **Formal Review Process** – The Commission will also provide the Academic Senate, Council of UC Staff Assemblies, and UC Student Association with an opportunity to formally review and respond to the recommendations put forth by the working groups.

The full Commission will review and consider the comments received from these internal and external constituents before it presents a prioritized first round of recommendations to the Regents in July.

The working groups continue to develop, analyze and refine additional recommendations that will be presented to the Commission in June. A similar review period for faculty, staff, students, and the public will be provided for before the Commission concludes its deliberations and prioritizes a final round of recommendations for presentation to the Regents in the fall. Implementation of recommendations will be subject to traditional review by the Academic Senate in the areas for which it has delegated authority. For recommendations in all other areas, the Academic Senate will have full opportunity for consultation and review.



# THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

1111 Franklin Street, 12th Floor  
Oakland, California 94607-5200  
(510) 987-9220  
FAX: (510) 987-9224

July 16, 2009

## TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA:

Fifty years ago, California's vision for higher education was captured in the California Master Plan for Higher Education. The State's investment in higher education has paid great dividends to both the state and nation. At this time in our history, it is critical to revisit that vision and chart a direction for the future of the University of California.

To achieve that goal and in consultation with President Yudof, I am creating the University of California Commission on the Future to consult with the entire University community to help craft the vision to best serve California in the years ahead. President Yudof has agreed to join me in co-chairing the Commission.

The Commission's charge will be to develop a vision for the future of the University that will reaffirm our role in sustaining California's economy and cultural life while recognizing that our limited state resources require us to be creative and strategic in meeting that mission. Key objectives should include consideration of:

- How can UC best meet the needs of California and at the same time maintain access, quality and affordability in a time of diminishing resources?
- What is the appropriate size and shape of the University going forward? Where should we grow, or should we?
- What educational delivery models will both maintain quality and improve efficiency for UC's future?
- How can traditional and alternative revenue streams be maximized in support of UC's mission?

Deliberations of the Commission will be modeled on the successful work of the Study Group on University Diversity. We plan to have separate working groups that will delve more deeply into the areas described above as well as other areas that arise from the Commission's deliberations.

In addition, we plan to look to the entire University community, including the Chancellors, faculty, senior managers, students, alumni and staff, to gather their input in this critically important fundamental review. We also plan to consult with experts in higher education and

other relevant fields as well as with members of the various external communities that are affected by the University's services.

Given the current crisis, we hope to coalesce around some recommendations sooner than others, but given the importance of the effort, we hope to hear from the Commission early next year.

I look forward to working with you on this important effort and am optimistic that this group will make recommendations that will strengthen the University and enhance its ability to continue to contribute to California's long-term success and prosperity.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell S. Gould". The signature is fluid and cursive, with a large, stylized initial "R" and "S".

Russell S. Gould  
Chairman

## UC COMMISSION ON THE FUTURE

Board of Regents Chair Russell Gould, Co-Chair

President Mark G. Yudof, Co-Chair

Regent Jesse M. Bernal

Regent Sherry L. Lansing

Regent Monica Lozano

Regent Yolanda Nunn Gorman

Regent-Designate Jesse Cheng

UCLA Chancellor Gene Block

UC Irvine Chancellor Michael V. Drake

UC Santa Barbara Chancellor Henry T. Yang

UC Berkeley School of Law Dean Christopher Edley, Jr.

Academic Senate Immediate Past Chair Mary Croughan

Academic Senate Chair Henry ("Harry") Powell

Regents Staff Advisor Edward L. Abeyta

Professor Cynthia Brown, UC Santa Barbara

Professor Anil Deolalikar, UC Riverside

Victor Sanchez, President, UC Student Association

Warren Hellman, Alumnus, UC Berkeley

Allan Zaremborg, President and Chief Executive Officer, California Chamber of Commerce

Art Pulaski, Executive Secretary-Treasurer and Chief Officer, California Labor Federation, AFL-CIO

### Ex Officio Members

Interim Provost and Executive Vice President Lawrence H. Pitts

Executive Vice President Peter Taylor

Executive Vice President Nathan Brostrom

Academic Senate Vice Chair Daniel L. Simmons

Vice Provost, Academic Planning, Programs & Coordination Daniel Greenstein

Vice President for Research and Graduate Studies Steven Beckwith



# THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

RUSSELL S. GOULD  
Chairman

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August 4, 2009

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

Dear Colleagues:

I am anxious to begin the work of the Commission on the Future of the University. A critical element is to engage Regents in Commission deliberations in the broadest way possible. I would like to find out if you are interested in participating in one of the Commission's working groups. It is in these groups that the hard work of gathering data, reviewing past studies, and listening to subject matter experts will occur. Not all Regents will be able to take on this time commitment in addition to their other assignments for the University, but I would like to ensure that those of you who can do so are afforded that opportunity. Your input will be invaluable to President Yudof and me.

At the present time, five working groups are planned. President Yudof and I have developed a detailed summary of the working groups' roles, which is attached. In order to keep the size of the groups manageable, we won't want to have more than a few Regents – or any other constituency – on each working group. For that reason, it would be very useful if you can be flexible about which group you will serve on.

Please let me or Diane know at your earliest convenience if you would like to participate and, if so, your order of preference for the working groups. If you would like to nominate others in our University community or supporters to serve, please let us know that too. Once we have received input from everyone, we will be back in touch with working group assignments. When the Commission's work is complete, we anticipate that its product will be reported to the Board in a Committee of the Whole – the work of the Commission is simply too central to assign it to one Board committee. President Yudof and I look forward to engaging the entire University community in this ground-breaking endeavor.

Sincerely,

Russell S. Gould

## **UC Commission on the Future Working Groups**

The Commission is charged with developing a new vision for the University within the context of the University's mission and budget, while reaffirming our commitment to quality, access and affordability. UC will continue to play a vital role in sustaining California's economy and cultural life, operating strategically and as efficiently as possible within available resources.

UC's long-held governing principles of maintaining access, affordability, and the highest levels of quality in instruction, research, public service, and health care have guided the policy decisions of this great University. In today's budgetary climate, these principles are becoming, in essence, what economists call "competing goods": One cannot be altered without affecting the value of others. Even a world-class research institution such as our own does not have the resources to maximize all competing goods simultaneously.

In the past, many policy decisions at UC were made one at a time, often without considering the impact of changing one variable upon the others. Going forward, we must take a competing goods approach: Each solution will affect others to follow. Any increase in support in one area inevitably has opportunity costs for other priorities.

The Commission and working groups will identify multiple positive attributes worthy of promoting, but priorities must be established to balance the budget. Some of these "competing" attributes include:

- Graduation in 3 or 4 years – maximum flexibility in degree programs, dual degrees, majors and minors
- Low fees – high financial aid – enhanced student support services
- Access to all qualified California residents (freshman, transfer) – high proportions of graduate and professional enrollment
- Small classes and student mentoring – highest levels of research and scholarship
- Instructional delivery costs – low student faculty ratios – state of the art classrooms and class laboratories
- Competitive positioning for research funding – public service outreach
- Competitive faculty and staff salaries

The overarching task is to define an overall balance among these priorities that is consistent with UC's mission, commitment to quality, and best serves California.

The working groups will be comprised of a wide spectrum of members drawn from the Regents, faculty, students, alumni, administration, staff and other experts not affiliated with UC. Much of the expertise lies with our extraordinary faculty. Because competing goals may span multiple workgroups, the Commission, as a coordinating and deciding body, will expect strong communication and coordination among the working group

chairs. Close consultation with the Academic Senate is essential for recommendations pertaining to curriculum and other core faculty responsibilities.

With this background, the working groups are:

#### 1. Size and Shape of UC

What is the appropriate size and shape of the University going forward? Should the size of graduate programs be rationalized? Should the size of undergraduate programs be reduced, especially for programs that are not cost effective? Should there be a new model focusing UC on graduate and professional education and undergraduate education that cannot be delivered by other public segments?

- Evaluate the size and breadth of academic program offerings and the distribution of these offerings by campus, with a focus on areas of specialization. The group will consider to what degree the campuses should be similar or different in their educational programs, or in their growth in numbers of undergraduate, graduate and professional students among other potential differences. Faculty research expertise and capacity, proximity to and availability of funding, unique resources (industry partners, targeted sponsorship, physical location, etc.), and other relevant factors will be considered in this process.
- The workgroup will consider and develop recommendations regarding the optimum enrollment mix (freshman, transfer, undergraduate, graduate and professional, resident, non-resident, etc.) by campus and for the system as a whole.

#### 2. Education and Curriculum

What alternative educational delivery models will both maintain quality and lower educational delivery costs?

- The workgroup will consider and develop recommendations for different models of educational delivery, including: modifications to curriculum and degree programs; modifications on how information is presented and how we interact with students; online and remote instruction; testing out of required courses; reconfiguration of major requirements; limits on the number of units permissible (including Advanced Placement units); year-round instruction; three-year baccalaureate degrees; student: faculty ratios; etc. The pros and cons of each model of educational delivery will be examined, as well as direct and indirect cost considerations.
- Consider how the University works in collaboration with K-12, community colleges, California State University, and other partners to achieve the highest quality education possible.
- Consider and examine other models of higher education within the United States and elsewhere, paying particular attention to models that work in research universities, public universities, and land grant institutions.

### 3. Access and Affordability

How can UC best meet the needs of California and at what levels of access and affordability assuming diminishing resources? Should there be greater reliance on California State Universities and California Community Colleges for access? Should fees be increased?

- The workgroup will undertake a comprehensive evaluation of current and alternative student body size, and fee and financial aid policies and structures, as well as the impact of these alternatives on student access and diversity.
- Consider and examine other fee, aid and access models within the United States and elsewhere, paying particular attention to models that work in research universities, public universities, and land grant institutions.

### 4. Funding Strategies

How can traditional and alternative revenue streams be maximized in support of UC's mission?

- The workgroup will explore and develop recommendations to maximize funding from traditional sources including the state, federal, and private sectors, as well as identify alternative revenue streams. New strategies will focus on ways to enhance and manage funding for core operations, instructional innovations, infrastructure, and capital projects.
- The workgroup will also develop recommendations for an effective advocacy campaign to enlist the University's supporters in these efforts.

### 5. Research Strategies

- The workgroup will consider and develop recommendations for new models for various aspects of the research enterprise, including graduate student support, support services, research funding, indirect cost recovery, collaborations, policies and administration. New models for collaborative research within campuses and across campuses, with industry partners, and the development of hybrid models will be explored.
- Best practices in developing and delivering research experiences to undergraduate, graduate, post-doctoral fellows, and professional students will also be identified.

These matters have been studied for many years. The Commission and workgroups will rely on previous and ongoing studies by the Office of the President, Academic Senate, campuses, and faculty researchers in their deliberations. Implementation of recommendations will be subject to traditional review by the Academic Senate in the areas for which it has delegated authority. For recommendations in all other areas, the Academic Senate will have full opportunity for consultation and review.

## UC COMMISSION ON THE FUTURE | **Size & Shape Working Group**

George Blumenthal, Co-Chair	Chancellor, UC Santa Cruz
Cynthia Brown, Co-Chair	Professor of French, UC Santa Barbara
Don Brenneis	Professor of Anthropology, UC Santa Cruz
Margaret Ferguson	Professor of English, UC Davis
Deborah Greenspan	Professor, School of Dentistry, UC San Francisco
Norman Abrams	Professor Emeritus, School of Law, UCLA
Ken Janda	Professor of Chemistry, UC Irvine
James Posakony	Professor of Biology, UC San Diego
Mary Firestone	Professor of Environmental Science, Policy, and Management, UC Berkeley
Denise Segura	Professor of Sociology, UC Santa Barbara
Mark Matsumoto	Professor of Environmental Engineering, UC Riverside
Keith Alley	Executive Vice Chancellor and Provost, UC Merced
David Marshall	Executive Dean, College of Letters and Science, UC Santa Barbara
Claire Pomeroy	Vice Chancellor, Human Health Sciences and Dean, School of Medicine, UC Davis
Steve Thorsett	Dean, Physical and Biological Sciences, UC Santa Cruz
John Sandbrook	Former Interim Chief of Staff, UC Office of the President
David Miller	Deputy Assistant Chancellor, UCLA
Garth Johnson	Student, UC Santa Barbara
Miguel Daal	Graduate Student, UC Berkeley
John Gage	Partner, Kleiner, Perkins, Caulfield and Byers
Robert Campbell	Former Member, California State Assembly
Philip Bugay	Senior Vice President, Morgan Stanley
Darek DeFreece	UC Board of Regents (Regent-Designate)
Ronald Stovitz	UC Board of Regents
Lawrence Pitts (ex officio)	Interim Provost and Executive Vice President, UC Office of the President

## UC COMMISSION ON THE FUTURE | **Education & Curriculum Working Group**

Chris Edley, Co-Chair	Dean, School of Law, UC Berkeley
Keith Williams, Co-Chair	Associate Professor of Exercise Biology, UC Davis
David Kirp	Professor of Public Policy, UC Berkeley
Joel Michaelsen	Professor of Geography, UC Santa Barbara
Mark Appelbaum	Professor of Psychology, UC San Diego
Steven Axelrod	Professor of English, UC Riverside
Peggy O'Day	Professor, School of Natural Sciences, UC Merced
Bruce Schumm	Professor of Physics, UC Santa Cruz
William McDonald	Professor of Film, Television, and Digital Media, UCLA
David Simpson	Professor of English, UC Davis
Judith Stepan-Norris	Professor of Sociology, UC Irvine
Molly Cooke	Professor, School of Medicine, UC San Francisco
Jane Lawrence	Vice Chancellor, Student Affairs, UC Merced
Bill Ladusaw	Vice Provost and Dean, Undergraduate Education, UC Santa Cruz
Jane Conoley	Dean, Graduate School of Education, UC Santa Barbara
Kim Barrett	Dean of Graduate Studies, UC San Diego
Cathy Sandeen	Dean of Extension, UCLA
Charlene Zettel	UC Board of Regents
Jesse Cheng	UC Board of Regents (Student Regent-designate)
Jane Patton	Chair, California Community Colleges Academic Senate
Cathy Casserly	Senior Partner, Carnegie Foundation for the Advancement of Teaching
Dan Greenstein (ex officio)	Vice Provost for Academic Planning, Programs and Coordination, UC Office of the President

## UC COMMISSION ON THE FUTURE | Access & Affordability Working Group

Michael Drake, Co-Chair	Chancellor, UC Irvine
Jesse Bernal, Co-Chair	Student Regent
Michael Brown	Professor, Gervitz Graduate School of Education, UC Santa Barbara
Sylvia Hurtado	Professor, Graduate School of Education and Information Studies, UCLA
Bob Jacobsen	Professor of Physics, UC Berkeley
Bennie Osburn	Dean, School of Veterinary Medicine, UC Davis
Susan Strome	Professor of Molecular, Cell, and Developmental Biology, UC Santa Cruz
Akos Rona-Tas	Associate Professor of Sociology, UC San Diego
Kevin Grumbach	Chair, Department of Family and Community Medicine, UC San Francisco
Akua Asa-Awuku	Assistant Professor of Chemical and Environmental Engineering, UC Riverside
Derek Dunn-Rankin	Chair, Department of Mechanical and Aerospace Engineering, UC Irvine
Olivia Diaz	Management Services Officer, Cesar Chavez Department of Chicana and Chicano Studies, UCLA
Penny Rue	Vice Chancellor for Student Affairs, UC San Diego
Braden Hirasawa	Student, UC Merced
Hadi Makarechian	UC Board of Regents
Fred Ruiz	UC Board of Regents
Rita Cepeda	President, Mesa Community College, San Diego
Nathan Brostrom (ex officio)	Interim Executive Vice President for Business Operations, UC Office of the President

## UC COMMISSION ON THE FUTURE | **Funding Strategies Working Group**

Steve Olsen, Co-Chair	Vice Chancellor for Finance, Budget and Capital Programs, UCLA
Gene Lucas, Co-Chair	Executive Vice Chancellor, UC Santa Barbara
Linda Bisson	Professor of Viticulture and Enology, UC Davis
Henning Bohn	Professor of Economics, UC Santa Barbara
Henry Brady	Dean, Goldman School of Public Policy, UC Berkeley
Sandra Faber	Chair, Department of Astronomy and Astrophysics, UC Santa Cruz
David Gardner	Professor of Medicine, UC San Francisco
Gary Hansen	Professor of Economics, UCLA
Robert Reich	Professor, Goldman School of Public Policy, and former U.S. Secretary of Labor
Peter Krapp	Associate Professor, Film and Media Studies, UC Irvine
Carol Lovatt	Professor of Plant Physiology, UC Riverside
Meredith Michaels	Vice Chancellor for Planning and Budget, UC Irvine
John Meyer	Vice Chancellor for Research Management, UC Davis
Brian Gresham	Assistant Director – Capital Planning and Space Management, UC Merced
Eric Barba	Student, UCLA
Rex Hime	UC Board of Regents
Leslie Tang-Schilling	UC Board of Regents
Bruce Varner	UC Board of Regents
Daniel G. Burnham III	Former CEO, Raytheon (retired)
Robert Haas	Trustee, Evelyn and Walter Haas, Jr. Fund
Maurice Salter	President and CEO, Aladdin Two and member, UCLA Foundation Board of Directors
Art Pulaski	Executive Secretary-Treasurer and Chief Officer, California Labor Federation, AFL-CIO
Peter Taylor (ex officio)	Chief Financial Officer, UC Office of the President

## UC COMMISSION ON THE FUTURE | **Research Strategies Working Group**

Mary Croughan, Co-Chair	Professor, School of Medicine, UC San Francisco
Henry Yang, Co-Chair	Chancellor, UC Santa Barbara
Stanley Prusiner	Professor of Neurology and Biochemistry, UC San Francisco
Patricia Conrad	Professor, School of Veterinary Medicine, UC Davis
Tom Tomich	Professor, Director of Agricultural Sustainability Institute, UC Davis
Ronald Gronsky	Professor of Materials Science and Engineering, UC Berkeley
Andrea Ghez	Professor of Physics and Astronomy, UCLA
Cheryl Hayashi	Professor of Biology, UC Riverside
Gail Hershatter	Professor of History, UC Santa Cruz
Alan Liu	Professor and Chair, Department of English, UC Santa Barbara
John Crawford	Associate Professor of Dance and Media Arts, UC Irvine
Chris Kello	Associate Professor of Cognitive Science, UC Merced
Margaret Schoeninger	Professor of Anthropology, UC San Diego
Janet Broughton	Dean of Arts and Humanities, UC Berkeley
Christine Des Jarlais	Assistant Dean, Graduate Division, UC San Francisco
Patrick Schlesinger	Assistant Vice Chancellor, Research Administration and Compliance, UC Berkeley
Sam Traina	Vice Chancellor for Research and Graduate Studies, UC Merced
Michael Witherell	Vice Chancellor for Research, UC Santa Barbara
Malaika Singelton	Graduate Student, UC Davis
Heidi Schutz	Post-Doctoral Researcher, UC Riverside
William De La Pena	UC Board of Regents
Norm Pattiz	UC Board of Regents
Norm Augustine	Lockheed Martin (retired)
Steve Mayo	Vice Provost for Research, California Institute of Technology
John Birely	Consultant and former Associate Vice President for Laboratory Programs, UC Office of the President
Steve Beckwith (ex officio)	Vice President for Research and Graduate Studies, UC Office of the President



October 9, 2009

Dear UC Colleague:

As you know, the University is at a crossroads. One of the central challenges we face is how to preserve access and quality, and continue to serve a state with ever-increasing educational, scientific, and healthcare needs in the face of diminishing State support.

We recently established a special commission--the UC Commission on the Future--to explore answers to this and other key issues, and to help develop a vision for UC. The strength of the recommendations it presents to the Board of Regents in March depends, in part, on you.

As members of the UC community, we strongly encourage you to be a part of this conversation. Are we asking the right questions? Are there specific issues that you think are crucial to address? What action is essential, from your perspective, to help UC continue to thrive?

There will be several ways for you and other members of the University community to participate. Among them:

- **Commission Web site:** Start today by posting your questions and suggestions through the feedback page on the Commission's Web site at <http://ucfuture.universityofcalifornia.edu>. You can direct your comments to any or all of the five working groups reviewing specific aspects of the University's structure, from the appropriate size and shape of UC to alternative educational delivery and revenue models.
- **Local forums:** Leaders of each of the five workgroups will conduct listening tours on UC campuses throughout the state over the next several months to hear directly from faculty, staff, and students. The schedule for these forums is being finalized now and will be posted to the Commission's Web site soon--watch for dates in your area.

We thank you in advance for participation in this process--your views are important to us. And we invite you to use the Commission Web site to stay abreast of the progress and evolution of this effort through the coming months.

Sincerely,

Russell S. Gould  
Chairman  
Board of Regents

Mark G. Yudof  
President

## UC COMMISSION ON THE FUTURE | Calendar

### Phase I: Issue Identification and Clarification

#### JULY 16, 2009

- Announcement of the UC Commission on the Future

#### SEPTEMBER 8, 2009

- **First Commission meeting, UCSF Mission Bay**
  - [Agenda](#)

#### SEPTEMBER 15, 2009

- Regents' retreat, UCSF Mission Bay
  - Brief Regents on first Commission meeting, working groups, work plan, and timeline

#### LATE SEPTEMBER - EARLY OCTOBER 2009

- Working group meetings
  - Implement outreach and engagement plan with the UC community
  - Clarify charges and refine issues under consideration, based on feedback from UC community and others
  - Develop requests for additional information
  - Develop preliminary list of subject matter experts to consult

### Phase II: Discovery and Exploration

#### LATE OCTOBER - EARLY NOVEMBER 2009

- Working group meetings
  - Presentations from subject matter experts
  - Continued analysis of issues under consideration

#### NOVEMBER 12, 2009

- **Second Commission meeting, Oakland City Center Marriott**
  - [Agenda](#)
  - [Meeting Materials \(pdf\)](#)

#### NOVEMBER 17-19, 2009

- Regents Meeting, UCLA
  - Update Regents on Commission progress

#### LATE NOVEMBER - EARLY DECEMBER 2009

- Working group meetings
  - Presentations to capture views of additional subject matter experts
  - Continued analysis of issues under consideration

- Synthesize information from subject matter experts and begin to frame recommendations

### **Phase III: Frame Recommendations**

#### **DECEMBER 8, 2009**

- **Third Commission meeting, UCSF Mission Bay**
  - [Agenda](#)

#### **MID-JANUARY 2010**

- Working group meetings
  - Continued discussion of issues under consideration, taking into account public's and commissioners' comments
  - Begin to frame recommendations

#### **JANUARY 19-21, 2010**

- Regents meeting, UC San Diego
  - Update Regents on Commission progress

#### **LATE JANUARY - EARLY FEBRUARY 2010**

- Working group meetings
  - Continue to frame recommendations, taking into account public's and commissioners' comments
  - Begin drafting recommendations

### **Phase IV: Refine Recommendations and Prepare Report**

#### **LATE FEBRUARY - EARLY MARCH 2010**

- Working group meetings
  - Refine and finalize first round of recommendations
  - Collaboration among working groups on overlapping recommendations

#### **MARCH 23, 2010**

- **Fourth Commission meeting, UCSF Mission Bay**
  - Receive and discuss first round of recommendations

#### **MARCH 23-25, 2010**

- Regents meeting, UCSF Mission Bay

#### **LATE MARCH - MAY 2010**

- Working group meetings
  - Continue analyses and refinements of additional recommendations for presentation at June Commission meeting
- Commission
  - Disseminate first round of recommendations to internal and external constituents

- Receive comments on first round of recommendations from Academic Senate, staff, students and the public
- Refine first round of recommendations as necessary

#### **MAY 7, 2010**

- **Fifth Commission meeting**
  - Public Forum

#### **JUNE 2010**

- **Sixth Commission meeting**
  - Receive and discuss final set of recommendations from working groups
  - Prioritize March recommendations for presentation to Regents

#### **JULY 2010**

- Present prioritized first round of recommendations to Regents

#### **SUMMER 2010**

- Commission
  - Disseminate final round of recommendations to internal and external constituents
  - Receive comments on final set of recommendations from Academic Senate, staff, students and the public
  - Refine final set of recommendations as necessary

#### **EARLY FALL 2010**

- Present prioritized final set of recommendations to Regents