

**COMMITTEE ON PLANNING AND BUDGET**

**Re: Meeting Agenda for November 18, 2004**

Paul Koch, Chair, Earth Sciences

Don Rothman, Writing

Margaret Morse, Film & Digital Media

Margaret Fitzsimmons, Environmental Studies

John Lynch, Literature

Onuttom Narayan, Physics

Ray Gibbs, Psychology

Wentai Liu, Electrical Engineering

Alison Galloway, *ex officio* Anthropology

Faye Crosby, *ex officio* Psychology

Mary-Beth Harhen, Senate Director

Karen Ottemann, Senate Service Scholar

Beth Daniels, GSA representative

The next meeting of the 2004-2005 Committee on Planning and Budget will be held: Thursday, November 18, 2004 in 307 Kerr Hall, **8:30** start time. If you have any questions, please call Mary-Beth Harhen at extension 9-5209 for assistance.

**Agenda**

	<b><u>Target Time</u></b>
1. Members' Items/Committee Business (11/04/04 minutes)	8:30
2. Pre-consult - University Relations	8:45
3. Pre consult – TOE, MCIP, Writing Program	9:00
4. Break	9:45
5. Consultation with CPEVC Peggy Delaney	10:00
6. Consultation with University Relations VC Ron Suduiko	11:00

**Attachments**

**Physical and Biological Sciences TOE Documents (see folder on site)**

Kliger to Delaney, 10/15/04, re: TOE Proposal

Thorsett to Kliger, 10/04/04, re: TOE Recruitment

TOE Curriculum Vitae

Letters of Recommendation (six)

Target of Excellence Program url:

<http://www2.ucsc.edu/ahr/policies/CAPPM/112000.htm>

**University Relations**

Cooley to Harhen, 10/05/04, re: Questions on the CPB report on University Relations and Development

CPB report on University Relations and Development url:

<http://senate.ucsc.edu/cpb/cpb1372.htm>

**For Information Only**

Delaney to Hutchison, 11/02/04, re: 2004-05 Education Ed.D. Recruitment Request

Delaney to Kliger, 11/01/04, re: 2004-05 Ad Hoc Recruitment Requests

Delaney to Houghton et.al., 11/02/04, re: Program to Advance Faculty FTE for Hiring of President's Postdoctoral Fellows

Schumm to Hutchison, 11/05/04, re: Environmental Studies External Review

Schumm to Kliger, 11/05/04, re: Science Communication Program

CEP Minutes 10/27/04 (see minutes folder on secure site)

## 112.000 TARGET OF EXCELLENCE PROGRAM

Principles in Allocation of "Target of Excellence" Proposals: A great university needs to be responsive to opportunities, and to be able to act quickly on its own behalf when standard operating procedures might miss chances of potentially great benefit to the institution. In times when available resources permit it, UCSC should pursue new ladder rank faculty that are identified as "Targets of Excellence" as a viable strategy to greater excellence and diversity. This is meant to be a chance for departments/divisions to pursue opportunistic hiring strategies, where it is clear that such faculty will improve the overall excellence and at the same time, promote diversity on this campus. Proposals for TOE's will be relatively infrequent, and must demonstrate a very high probability that they will be of significant and continuing value to the UCSC campus environment. The campus must be mindful of the consequences of pursuing TOE proposals that in procedure go beyond standard and normal ladder rank recruitment processes. It is anticipated that the possibility of appointments using the TOE procedures will elicit careful consideration of institutional values and goals by the faculty and the administration.

The following particular constraints will guide the approval process for TOE proposals:

1. All departments are eligible to initiate TOE proposals through the cognizant dean, who will forward them to the Campus Provost. The authority to approve a TOE proposal rests with the Campus Provost, who will solicit the advice of the Committee on Affirmative Action and Diversity and the Committee on Planning and Budget before any TOE proposal is approved. Upon approval of the TOE proposal, the candidate's appointment file undergoes the usual review process, including review by the Committee on Academic Personnel.
2. Over time, there should be relative equity in distribution of TOE opportunities among divisions.
3. A TOE proposal will be approved only if the individual will clearly increase the overall excellence of UCSC. Individuals proposed for TOE appointment must be distinguished in all aspects of professorial activities, including research/scholarship, teaching, and service.
4. The university recognizes its responsibility to attract and educate a diverse student population to function effectively in an increasingly diverse state. To further this goal, proposals that diversify the faculty and the curriculum as well as help to fulfill the university's affirmative action plan will be especially welcomed.
5. TOE proposals should make a clear case of the benefits to the program(s), division(s), and the institution. Normally, approval of a TOE proposal will require a strong endorsement from the department and department chair as well as the cognizant dean(s) on the significance of the proposal to the division(s), and to UCSC as an institution. As well, any TOE proposal must indicate the relationship

between the proposed ladder rank faculty appointment and the long-term curricular and diversity plans of the department(s) and the division(s).

6. TOE proposals will outline the expected financial contribution of the division(s) and department(s) to the proposed hire. It is expected that any proposal will be underwritten by the division with a vacant permanent faculty position, and additional contributions to salary and startup expenses by the department/division may be expected.

7. Normally, such proposals should occur within the usual time framework for requests to search for new faculty. In unusual circumstances, consideration will be given to proposals that do not fall in the normal cycle of recruitment proposals. These proposals will be possible only in situations where the budgetary health of the institution can afford them.

AHR: 8/03

**Committee on Planning and Budget Report  
on University Relations and Development**

**To: The Academic Senate, Santa Cruz Division:**

**Introduction**

UCSC is now in a period of transition from its 2000-02 ten-year planning process to one of implementation of plans. Two themes have emerged from this process.

**1. Campus academic plans presuppose a rapid and continuing growth in funding from non-state sources.**

In the face of increasing enrollments, declining state funds, and ambitious divisional plans, the campus must have an efficient and productive Development Office. As documented in this report, total private funds raised by UCSC nearly tripled, from \$6 million in 1995/96 to \$18 million in 1997/98, following the arrival of Chancellor Greenwood. Since then, fund raising has plateaued – at a time when non-state funds are more and more important. This has been (and will continue to be) a time of dramatic enrollment growth systemwide and at UCSC. While the state has continued to provide support for enrollment growth (at about 2/3 of what we spend per student), it is unable to honor the Governor's earlier financial commitments to UC (the Partnership Agreement). Thus, the need for non-state funding is greater than it was when the current wave of enrollment growth began. Moreover, the campus's commitment to increase the graduate student-to-total student ratio from 9% to 15% will result in a higher per-student cost of instruction, as well as a greater need for fellowship and research support. This commitment assumes that a substantial part of this increase in non-state funding will be tied to graduate education.

(see CPB Report to the Senate, May 2002 AS/SCP/1349 <http://senate.ucsc.edu/meetings/02may/sep1348.html>).

**2. Administrative units should be held regularly accountable for their performance, just as academic personnel and departments are held accountable.**

A major theme of the Administration's implementation of 10-year planning is decentralized *accountability*. A fair process of accountability requires that expectations be set for individual units, that measures of achievement be identified and agreed-upon, that reviews occur in an expected and timely manner, and that there are consequences for a unit's performance. The Administration has committed to developing accountability measures for all campus units (Simpson, 2002: *passim*). While there are practical challenges in implementing a campus-wide program of accountability, the Committee on Planning and Budget (CPB) strongly supports this effort. Just as we (the Administration and the Senate) must jointly monitor the performance of instructional units, we must also monitor administrative units that bear a fiscal responsibility for the success of the campus.

This confluence of imperatives—the urgent need to bring additional financial resources into UCSC and to develop effective measures of accountability—sets significant, new expectations for the University's development activities. CPB therefore decided to conduct a preliminary review of the Development Office (located in the University Relations Division), with the following goals:

- to develop a shared understanding of the organization, operations, goals, and performance of the Development Office;
- to identify issues for further consideration by the Administration; and
- to assist in determining performance measures for the Development Office.

CPB has requested and received data on Development from the University Relations Division and the Office of Planning and Budget. CPB met with Vice Chancellor (VC) for University Relations Ron Suduiko, Associate VC for Development Paul Prokop, Special Projects Manager Barbara Collins, CPEVC John Simpson, and Chancellor MRC Greenwood

Committee on Planning and Budget  
to discuss these issues. Their comments and reactions were considered in preparing CPB’s final report.

**Summary of Recommendations**

1. The Academic Senate and Administration should agree on a set of performance measures for the Development Office to avoid confusion over how to characterize and assess performance.
2. The Administration should revisit the decision to unify into one Division the various units engaged in public relations and fundraising.
3. The Administration should investigate the pros and cons of its partially decentralized development structure, with a focus on the compatibility of incentives between decentralized offices and campus-wide goals.

**Background**

The University Relations Division was reorganized in 1999, with the aim of bringing together into one administrative division the units with responsibility for on-campus/off-campus relations. These units include Alumni Relations, Public Affairs (Public Information/Publications and University Events), Government & Community Relations, and Development. The Development Office is the lead office for UCSC fundraising. It includes centralized FTE housed in the Carriage House and decentralized FTE housed in Divisional Offices, as well as the Division of Student Affairs.

**Resources and Performance**

During the period 1997/98 through 2001/02, campus expenditures on Development grew 53%, from \$1.17 million to \$1.79 million. Staff assigned to Development grew from 15.51 total (FY1998) to 19.78 (FY2003), an increase of 28%. During two recent years, Development had higher staffing levels (20.51 and 21.49, for FY 2001 and FY2002, respectively). Notwithstanding this growth in numbers, the office experienced a high level of turnover during this period.

The performance of the Development Office in terms of dollars raised or committed is presented in Table 1. Over the long term, the yearly average for 1992/1996 was \$8,250,439, whereas the 1997/2002 average was \$17,463,733, an increase of 112%. Since the reorganization in 1999, however, private support has declined. In 2001/02, private support totaled \$13,058,968, a decline of 25% from the 1997/98 level of \$17,957,562. Private giving peaked in 1999/00, the year when two grants totaling \$6 million from the Howard Hughes Medical Institute were booked on campus. In the absence of these grants, private support would have increased by c. 6% during the first three years under study, before declining to pre-1997/98 levels in the last two years.

**Table 1: Total dollars raised/committed by year**

FY Ending	Funds Raised/Committed (\$)
1998	17,957,562
1999	18,467,880
2000	24,330,790
2001	13,503,465
2002	13,058,968

Performance in terms of total number of gifts is presented in Table 2. 15,963 separate gifts or commitments were received in FY1997-98, compared with 15,483 gifts received in FY 2001-02, a decline of 3%.

**Table 2: Total number of gifts received/committed by year**

FY Ending	Total Number of Gifts
1998	15,963
1999	16,335
2000	15,903
2001	14,803
2002	15,483

To place this performance in context, we have compared it to the following metrics.

1. **Statewide economy.** Development Office performance should be assessed in the context of changes in the economic climate for fundraising. One proxy for private fundraising opportunities in recent years has been the change in state revenues from capital gains and stock options. It is reasonable to ask whether changes in the funds raised can be largely explained by the expansion and collapse of the recent economic bubble. Table 3 presents data on the performance of the UCSC Development Office as well as the collection by the state of capital gains and stock options. Clearly, UCSC private fund raising did not keep pace with the growth in capital gains and stock options, which despite recent declines, are still greater than in the 1997/98.
2. **Development performance at similar UC campuses.** Other UC campuses operate in an economic climate similar to UCSC's. It is, therefore, valid to measure the success of UCSC's development efforts in comparison with the performance at the most similar UC campuses. In our opinion, these are UC Santa Barbara and UC Riverside, as neither has a health science campus or a traditionally strong base of alumni support. Table 3 presents data on funds raised at UCSB and UCR. With one exception (1998/99) UCSB has had consistently strong fundraising over the past 5 years, such that its overall growth mirrors the cumulative change in capital gains and stock options. UCR has been more variable, and raised funds comparable to UCSC over this interval.
3. **Level of Investment.** UCSC has traditionally invested less in Development than most other UC campuses. Our campus administration has, thus, decided to increase resources for Development. Table 3 (following this report) presents data on investment in development at UCSC, UCSB and UCR. The available data show some disturbing anomalies (i.e., the unreasonably low value for UCR in 1997/98). Yet, if taken at face value, UCSB appears to consistently invest more in development than the other campuses. Over the past 5 years, the average yield on investment in development has been similar at UCSC and UCSB. UCR appears to invest less and therefore has a significantly higher yield (\$39/\$1 or \$12/\$1 excluding 1997/98). The most troubling aspect of this comparison is the drop in productivity of the UCSC Development office in 00/01 and 01/02 by nearly half, precisely at the time when we have been increasing investment in the office. Neither UCSB nor UCR experienced such a drop, despite the statewide economic downturn. (The data in Table 3 indicate, for example, that 2001-2002 UCSC invested 58% more in development than it did five years ago, and yielded 24% less; in contrast, UCSB had invested 62% more and got an increased yield of 72%.) Gathering reliable comparative data will be fundamental to assessing whether the development office at UCSC is under-funded, as well as whether it is under-performing, and what remediation measures would be appropriate.

There are clearly other metrics that can be used for measuring changes in the state economy and other campuses. Moreover, the choice of years for the purposes of comparison is inherently arbitrary – fundraising totals are often skewed by a single large gift or award that may or may not be attributable to the Development Office's work over a period of years. We feel, however, that the metrics offered here provide a good start in determining whether the campus is on track in its effort to increase private donations. One appropriate question raised by our preliminary analysis is whether UCSC is under-investing in development; another is what return UCSC can reasonably expect on the increased investment it has recently made or might make in the future. Before further investment is made the campus needs assurance that UCSC's development effort is well-managed and meeting campus goals.

### Specific Concerns

The Administration and Academic Senate have agreed on the necessity for accountability measures. In addition to the current lack of accountability two specific concerns have been raised during this preliminary review of the Development Office.

**1. Follow-through on development plans.** In 1999-2000 UR proposed, as its highest priority, an Initiative of \$250K in ongoing funds and \$40K in start-up funds for a full-time Director of Development for Silicon Valley, to begin in 2000-2001. The CPEVC appropriated \$150K for UR's "highest priority." No such appointment appears to have been made. We cannot say whether UCSC's failure to benefit from the windfall gains of 2000-2001 is the result of a poor use of the funds appropriated for this purpose, or an insufficiency of appropriated funds. What is clear, however, is that the absence of follow-through on all sides may have cost the campus important fundraising opportunities. The campus has also been waiting for definitive action on the long-promised workshops, to be organized by University Relations, for departmental fundraising. Such assistance has become especially critical in the context of fundraising for expanding graduate programs, both existing and new.

**2. Accountability for results of the reorganization of UR.** The goal of unifying all offices dealing with external relations was to take advantage of synergies that might develop among the offices. These synergies might arise because, as VCUR Suduiko explained to CPB, all the UR offices are in essence engaged in development. We see at least four potential problems with this structure that should be examined carefully through accountability measures. First, the expectation of synergy does not yet appear to have been met, given a decline in total number and overall value of gifts. Second, while all UR offices may be engaged in development, not all are accountable for the performance of development. Staff members in Public Affairs, for example, are not evaluated in terms of their fund-raising performance. Neither the mandate nor the incentive to engage in development is explicit for any UR office other than Development. Third, the porous-by-design walls between the Development Office and other UR offices raises questions about the division of labor among Development staff members between development-related activities and other tasks that may conflict or compete. Finally, it is not clear whether and how development officers are held accountable for their fund-raising performance.

**3. Setting development priorities in a decentralized system.** CPB is unclear about how UR copes with situations where campus wide, divisional, or departmental development priorities differ. For example, since 1998, raising \$7,000,000 for the Physical Sciences Building (PSB) has been a top campus priority, because a substantial portion of this amount is for a loan that must be repaid (with interest) to UCOP once PSB is occupied. So far, only a small amount has been raised toward this goal. One potential complication is that responsibility for raising PSB funds resides with a decentralized unit of the Development Office in the Division of Natural Sciences. CPB would hope that a mechanism is in place to hold the division accountable for raising PSB funds, so that this project (and not other important fund raising goals) is indeed the top divisional priority. Without such a mechanism, the division might have an incentive to raise funds for those other projects, assuming that the burden of paying off the UCOP loan for the PSB would be shared proportionally among all UCSC units. We are not asserting that such a potential disincentive exists or has contributed to the slow pace of fund raising for the PSB or the other projects on campus. We do think that accountability for decentralized Development Office activities must be designed with care and must be clearly articulated to all campus stakeholders.

## Conclusion

In light of the critical role of fund-raising in ensuring that UCSC realizes its short- and medium-range academic goals, to create and support a successful Development Office should be a high campus priority. The questions are what expectations of success the campus should have and how we may assess progress toward our goals. In principle, CPB favors providing the Development Office with the necessary resources, *in addition* to those already provided by the campus over the period reviewed here, if such resources are needed to help the campus achieve its goals. Until we develop such assessment tools, however, we will not be in a position to judge what has produced the declining performance of the Development Office: whether it is attributable to under-funding, to underlying structural and management problems in Development and UR, to excessive exposure to effects of the burst economic bubble, or to a combination of factors. Clear accountability metrics, clarification of centralized/decentralized organizational structure, and established policies of regular performance review are needed before additional campus resources are committed to the critical task of private fundraising in support of our goals and expectations. A comprehensive review must be undertaken in order to ensure that our fundraising goals work in tandem with our expectations for campus growth.

## Reference

Simpson, John October 7, 2002. "Looking toward the UC Santa Cruz of 2010 ... the path to implementation,"

CPB Report on Implementing Growth in Graduate Education (May 2002) <http://senate.ucsc.edu/meetings/02may/scp1348.htm>

DOF Report, "California's Economic Challenge" [http://www.dof.ca.gov/html/Budget02-03/01\\_econchallenge.pdf](http://www.dof.ca.gov/html/Budget02-03/01_econchallenge.pdf)

UC Annual Financial Reports (Schedule C), <http://www.ucop.edu/ucophome/cao/reports/>

UCOP Annual Report on Private Support, 2000-01 <http://www.ucop.edu/uer/instadv/annual/2001.pdf>



Respectfully submitted,

COMMITTEE ON PLANNING AND BUDGET

George Blumenthal, *ex officio*

Mark Cioc

Ben Friedlander

Alison Galloway, *ex officio*

Susan Gillman

Brent Haddad

Paul Koch

Jennie McDade

Don Smith

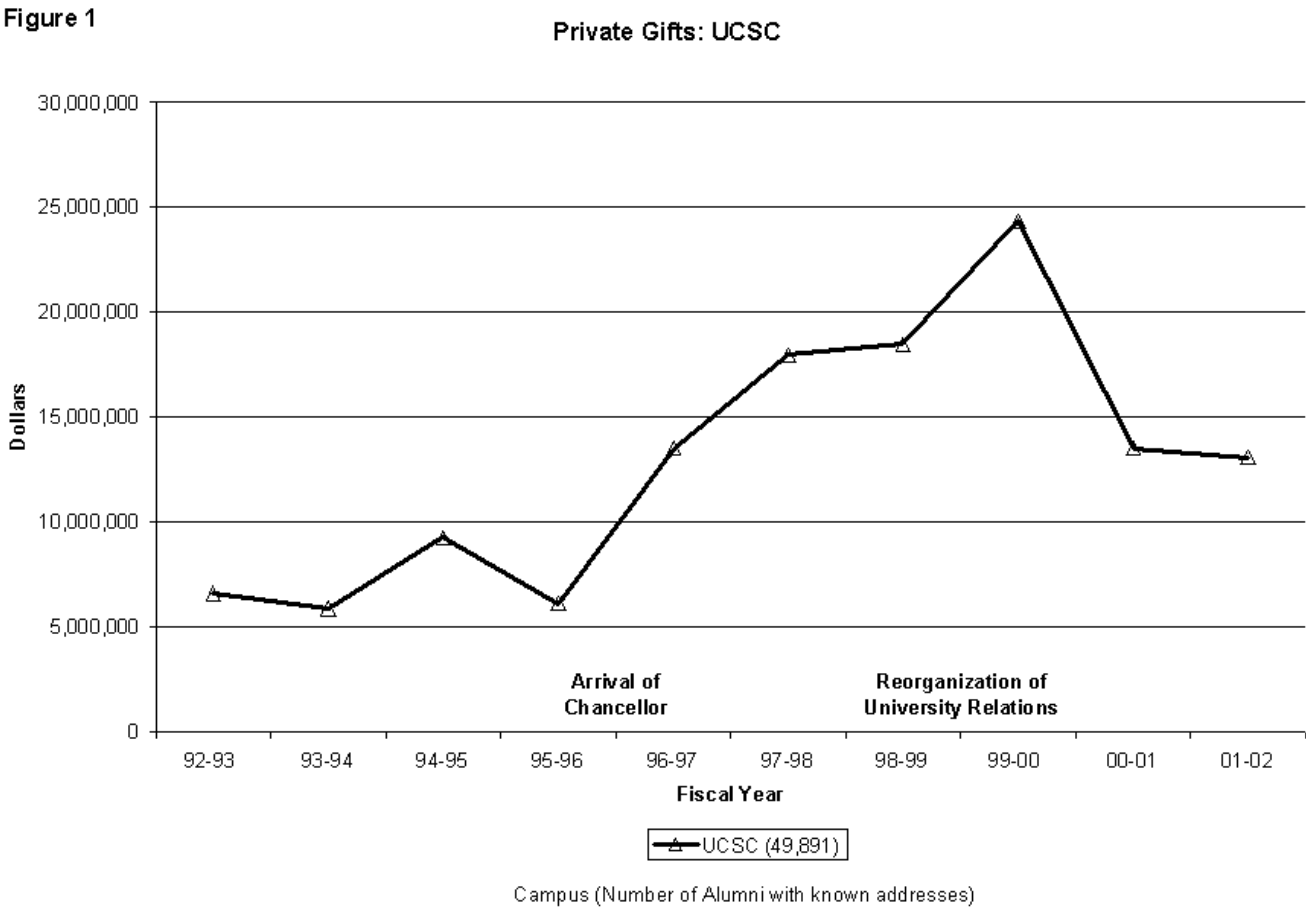
Bob Meister, Chair

January 24, 2003

Table 3															
		1997-1998	% change	1998-1999	% change	1999-2000	% change	2000-2001	% change	2001-2002	% change	Cumulative	Annual	Annual	
													% Change	Average	Average
													1997-2002	1992-1996	1997-2002
CA tax revenue (Cap. Gains and Stock Op)		\$5.5 Billion	38%	\$7.5 Billion	36%	\$12.7 Billion	69%	\$17.7 Billion	39%	\$9.5 Billion	-46%	73%			
Total Funds Raised (UCSC)		\$17,957,562	32%	\$18,467,880	3%	\$24,330,790	32%	\$13,503,465	-45%	\$13,058,968	-3%	-27%	\$8,250,439	\$17,463,733	
Total Funds Raised (UCSB)		\$29,828,085	69%	\$19,793,230	-34%	\$30,564,479	54%	\$48,030,598	57%	\$51,362,292	7%	72%	\$16,212,720	\$35,915,737	
Total Funds Raised (UCR)		\$21,748,417	-32%	\$7,361,975	-66%	\$17,098,028	132%	\$18,005,373	5%	\$31,596,126	75%	45%	\$20,385,449	\$19,161,984	
Non-Alumni Gifts from Individuals (UCSC)		\$6,154,281	-23%	\$3,760,882	-39%	\$5,541,390	47%	\$2,256,347	-59%	\$3,187,928	41%	-48%			
Non-Alumni Gifts from Individuals (UCSB)		\$2,247,119	na	\$2,213,976	-1%	\$6,395,555	189%	\$9,234,455	44%	\$4,220,714	-54%	88%			

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Expenditure (Devel. Off + VCUR) UCSC	\$1,995,977	na	\$2,151,572	8%	\$2,943,432	37%	\$3,428,162	16%	\$3,155,421	-8%	58%	\$2,734,913
Expenditure (Devel. + VC Advancement) U	\$3,090,000	na	\$3,892,000	26%	\$5,287,000	36%	\$6,758,000	28%	\$4,995,600	-26%	62%	\$4,804,520
Expenditure (Devel. + Related VC's) UCR	\$150,000	na	\$1,298,000	765%	\$1,507,000	16%	\$2,341,000	55%	\$1,291,000	-45%	761%	\$1,317,400
Total Funds Raised/Expenditures (UCSC)	\$9		\$9		\$8		\$4		\$4			\$7
Total Funds Raised/Expenditures (UCSB)	\$10		\$5		\$6		\$7		\$10			\$8
Total Funds Raised/Expenditures (UCR)	\$145		\$6		\$11		\$8		\$24			\$39
(units are \$ per \$)												
Notes:												
All figures are actual, not adjusted, dollars.												
Data for UCSC are from internal sources; data for UCR and UCSB are from systemwide reports.												
Under expenditures, from 1999-2001 UCR had both a VC for Advancement and a VC for UR and Development												
1997-98 Expenditures for UCR seem anomalously low and may distort some comparisons. For example, the Annual Average Total Funds Raised/Expenditures ratio for UCR excluding this year is \$12, not \$39.												

Figure 1



Campus (Number of Alumni with known addresses)

Figure 2

## Private Gifts: UCR, UCSB, UCSC

