

MINUTES
COMMITTEE ON PLANNING AND BUDGET
Meeting of June 15, 2006

Present: Chair Paul Koch, Onuttom Narayan, Ravi Rajan, Faye Crosby, Quentin Williams, Don Rothman, Wentai Liu, David Evan Jones, Ray Gibbs, Mary-Beth Harhen

Absent: (with notice) Emily Honig, Wentai Liu, Marina Sarran, and Saurabh Mishra,

Guests: CPEVC Dave Klinger, Interim VPAA Alison Galloway and VC Meredith Michaels

Member's Items

The minutes for 5/18/06, 5/25/06, 6/01/06 and 6/8/06 were all approved with minor corrections.

Consultation with UNEX Dean Sandeen

CPB presented the idea of restructuring University Extension (UNEX) because it is still loosing money, beyond the \$4million deficit that the Committee set as the benchmark in their November 21, 2005. Dean Sandeen pointed out that UNEX shows a \$1.2 million improvement in the deficit from last year. She also said that revenue has been affected by cut backs in marketing. The UNEX catalog schedule changed this year. In retrospect, the combination of a combined winter/spring catalog had a negative impact on the income. The combined catalog next year will be spring/summer.

There was also a change in leadership in the Education and Personal Enrichment areas. New programs will be explored by the new Directors for these two sections. The Business Management Director is also changing. It usually takes six to twelve months for new leadership to make changes. A similar change will also occur in the Engineering and Technical Programs. UNEX is now marketing to India; many individuals who left Silicon Valley (which lost approximately 200,000 jobs in the past six years) are keeping their skills current through training with UNEX.

The Engineering/Technical program is no longer making as large of a contribution to UNEX income as it once did. Dean Sandeen projected that this segment, based on various industries (bio tech, etc.) will increase to previous levels by 2009-10. She stated that the deficit is being reduced and that UNEX is headed in the right direction. CPB's main concern is that the cuts made this year to balance the budget lead to a drop in income. CPB noted that if revenue had been maintained, then it would have been a better financial scenario.

Dean Sandeen distributed and reviewed an operating income analysis which demonstrated that by taking out the deficits (including STIP interest, loan repayment and

excess lease costs); UNEX has actually showed a positive trend this year. None of the University of California (UC) UNEX's are making money. UCLA with an income of \$40million a year just breaks even. UC Berkeley and UCSC are currently in the worst financial shape. In other states extension programs have part-time degree programs. This creates a stable source of revenue for these organizations. UC UNEX only has professional education and certificates. UC's model is a full time, degree programs in residence. In Washington State, a class action suit was won so that citizens who are eligible for acceptance to a degree program can get a degree while working through UNEX. CPB noted that the structure of higher education in California, according to the master plan, designates which segments (community colleges, CSU and UC) can offer different degree types.

CPB put forth the idea of a radical restructuring of UNEX. They noted that UNEX as a structure is important for supporting certain types of programs. They proposed maintaining the MSN program, High School honors and concurrent enrollment, and the Science Illustration program. Dean Sandeen responded by saying that certain segments are covering their own direct expenses and are contributing to the overhead (such as Business and Management and Personal Enrichment). She stated that any program in this situation. (contributing to overhead) should be maintained. She views UNEX as an integral part of UCSC and is working to do whatever is advantageous to the mission of the campus.

CPB will forward their recommendations regarding UNEX to CPEVC Dave Kliger.

Consultation with CPEVC Kliger and Interim VPAA Galloway

CPB reported to EVC Kliger that they heard nothing in the consultation with UNEX Dean Sandeen that indicates progress will be made toward it becoming a self sustaining enterprise. If UCSC were a for-profit company, shutting down a revenue losing unit like this would be straight forward. If it were providing services that was essential to the mission of the university then it would be fine if it broke even or would worth subsidizing. CPB will recommend that a shut down strategy be developed, restructuring to keep those aspects that resonate with the mission of the campus.

CPB read the draft of the Campus Academic Plan with interest and provided general comments:

- The document was pitched to a level of rhetoric that was too abstract. (it is departments that create excellence, not large themes).
- There was too much imposition from top down, not enough from the bottom up.
- One of the difficulties about the uniqueness of UCSC is that it is difficult to make generalizations about the campus.
- There was so much emphasis on interdisciplarity that it misses departments that are excellent. (Is interdisciplarity good because it is cheap/efficient or because it is what the campus really wants to do?)
- Themes and packaging (e.g., the MCD Biology program enrollments were dropping but once the Health Science major was established which was not a

significant change in what they were already doing, MCD Biology enrollments increased dramatically.)

CPB suggested adding the following sections for the Campus Academic Plan:

- vision/mission/self view (in the context of current trends in higher education)
- interdisciplinary
- divisional strengths

CPB previously indicated that it would reserve judgment on the size of the divisions until it reviewed the UC-wide campus comparative workload data. CPB will recommend that CPEVC Kliger ask the School of Engineering and the Humanities Division to submit strategic plans in order to receive additional resources. CPB agreed to write an addendum to their response to the divisional plans.

Salary Survey

In their review of 2005-06 faculty salaries, CPB noted that UCSC faculty are paid less than even the small campuses. There also seems to be less flexibility to offer outstanding candidates maximum salaries. CPB was unable to look at how quickly faculty progress through the system and this will be an agenda item for next year's CPB and CAP. CPB's letter to CPEVC Kliger is forthcoming and CPB will also include the salary survey review in their 2005-06 annual report.