

COMMITTEE ON PLANNING AND BUDGET Annual Report, 2002-03

Introduction

The overriding themes of the Committee on Planning and Budget during 2002-2003 were our efforts to improve the quantitative bases of our consultations with the Administration, to formalize and routinize the transmission and forms of data on which consultation is based, and to promote the use of that information to perform data-driven analyses of university functions. We have made substantial progress in this area, having agreed with the Administration on templates and delivery times for six different reports that will form the basis for a broad array of consultative activities in the years to come. Clarifying what data are necessary to evaluate the campus's wide range of planning and budget-related issues, identifying sources of the data, and then developing routines for collecting, organizing, and presenting them were time-consuming but essential tasks which, now complete, will result in more efficient, more timely, and better informed consultation than has previously been possible. For example, reports summarizing multi-year divisional academic hiring plans, the results of recent searches, and budgetary challenges involving start-up funds and other hiring costs are now in easily-generated templates and will form the basis for future consultation on divisional FTE requests.

The 2002-03 CPB also launched discussions on a wide range of issues related to long-term planning, including the Long Range Development Plan process, and consulted on efforts to deal with short- and medium-term budget deficits through the Executive Budget Committee (EBC) process. In our reports to the Senate, we focused on the issue of administrative accountability (<http://senate.ucsc.edu/cpb/cpbscp1374copy.htm>) raised at the end of EVC Simpson's June 2001 campus planning document. In our Winter and Spring reports to the Senate, CPB also promised to review the results of the EBC process as of June. We will do so here, providing a midstream assessment of the budget-cutting proposals focusing on their sensitivity to the core mission and values of the campus, the quality of the data and analysis provided, the clear articulation of the next steps for achieving the expected savings, and any areas of large potential savings that may have been left out of the process.

How CPB Functions

The 2002-2003 CPB consisted of eight regular members (one of whom served as Chair), and two *ex officio* members, the Chair and Vice-Chair of the Senate. All members are selected by the Committee on Committees (COC) subject to Senate approval. CPB brings a balance of perspectives by including members from each academic division. For the second year, CPB extended an open invitation to Vice Chancellor for Planning and Budget Meredith Michaels to attend its meetings, which she did on a regular basis. This year there was a graduate student representative but no undergraduate representative. Senate staff members also attended meetings.

CPB meets weekly during the academic year. Information packets and agendas are circulated to members in advance of meetings. In-person consultations are also scheduled well in advance of meetings, which occur on Thursday mornings. Meetings include a combination of in-person consultation, oral reports from CPB members, and discussion. In 2002-3, our primary dialogue was with CPEVC John Simpson, who frequently visited CPB meetings.

Communication among CPB members continues throughout the week primarily via email. In addition to meeting attendance, CPB members represent CPB on other academic and administrative committees, and share the tasks of writing and editing CPB documents. The roles of the Chair include setting meeting agendas, facilitating meetings, assigning tasks to CPB members for preparing reports and written responses, meeting commitments in terms of timely response to consultation, and signing CPB documents. All CPB letters and reports, unless otherwise noted, represent the consensus opinion of CPB. Consensus is achieved in part via emailed discussion and edits to draft letters and documents, but always reaches conclusion with discussion and agreement at CPB meetings.

Formalizing the Consultation Process

The continuing expansion of student enrollments, faculty FTE, graduate programs, buildings and infrastructure, and overall budget, combined with rapidly fluctuating state budget conditions and the launching of a new Long Range Development Plan process, have increased the need for Administration-Senate consultation on numerous matters pertaining to planning and budget. As noted in last year's Annual Report, CPB and CPEVC Simpson reached agreements two years ago on protocols of timely written notification of items for consultation, combined with timely written responses. This pattern of professionalizing the consultation process took a further step this year with the creation of mutually agreed upon budget templates that will be delivered by the Administration to CPB according to a pre-arranged schedule aligned with relevant annual administrative actions. Table 1 describes these templates.

Administrative Action	Template Data	Delivery date to CPB (est.)
Estimates to UCOP of UG enrollment growth	Progress on building ASF vs. CPEC standards; Progress on graduate enrollments	mid-October following 3 rd week census
Approval/adjusting of Divisional plans for new faculty FTEs	Multi-year FTE plans plus accounting of recently-approved FTE and progress of academic goals by division	Early spring
General planning & budget management	UCSC budget overview booklet	September
Annual update of CPB reports on relative campus investment in I&R	UCSC adjusted campus expenditures, including I&R, Institutional support, and Academic Admin/Executive Mgmt.	November; linked to date of state budget approval
CPB interest in support for graduate programs and students	Annually-updated multi-year graduate/undergraduate enrollment growth model	mid-October
Monitoring campus development goals	Multi-year multi-campus performance in numerous gift categories*	January and July*

*Template and timing to be developed

Table 1: Data templates intended to facilitate Administration-CPB consultation.

In the coming year, CPB should work with the Administration to refine the timing and content of these templates in order to facilitate and streamline an informed process of consultation. The development of these new and promising routines of informed consultation could not have been accomplished without the assistance of Meredith Michaels, Vice Chancellor for Planning and Budget, to whom CPB extends its thanks.

Physical Growth and Academic Planning

UCSC is approaching a crossroads in regard to academic planning and physical growth. In a November 4, 2002 letter to UC Chancellors, President Atkinson informed the Chancellors that according to new state demographic projections, UC system-wide enrollment could exceed by 10,000 to 20,000 FTE the number of enrolled students previously projected as of 2015. This projection of possible rapid enrollment growth comes at a time when UCSC is facing important challenges associated with growth and related infrastructure needs (see CPB's report to the Senate, Winter 2003, <http://senate.ucsc.edu/cpb/cpb1373.htm>). These include a renewed commitment by the Academic Senate and campus Administration to increase graduate student enrollments from their current low level of ~9% to 15%; a commitment to bring the campus closer to the published statewide standard for assignable space per student that the California Postsecondary Education Commission (CPEC) uses to measure enrollment capacity; and the need to make fundamental decisions on planning and growth - such as how much to grow and where - as the campus rapidly reaches the 15,000 student enrollment limit constraining the current LRDP for the period 1989-2010.

The broader context for these commitments is that UCSC is likely to experience the entire 40% growth originally projected for 1989-2010 in a 5-6 year period beginning in 1999. This accelerated growth has had an alarmingly dramatic impact on our campus *relative* to the other UC's in two important categories: the adequacy of campus facilities, based on CPEC standards, and graduate student enrollments (as a percent of total enrollments). UCSC began the recent period of growth at the bottom of the UC system according to both measures, and the effect of growth has been to widen the gap. A major focus of CPB over the past four years has been to identify and promote the reversal of these trends as campus priorities.

The 2002-2003 CPB set itself the task of linking future undergraduate enrollment targets to the success of the campus in improving both indices (CPEC standings and grad enrollments), not merely at the level of plans but also at the level of implementation. Following consultations with various administrative and senate individuals and committees, CPB proposed 'principles' and related 'guidelines' to help guide enrollment growth and planning at UCSC:

Principle 1: Link enrollment growth to available infrastructure (e.g., CPEC asf) at UCSC.

Guideline: UCSC should defer enrollment increases that would lower its CPEC standing below the current 20 year low of 68% for more than two consecutive years.

Principle 2: Link overall enrollment growth with UCSC's graduate/undergraduate ratio.

Guideline: The rate of undergraduate enrollment growth should not reduce the relative graduate enrollment standings below the current level of ~9%, which is the lowest in the UC system, nor should it defer for more than two consecutive years progress in achieving the stated goal of 15% graduate student enrollments.

These principles were endorsed by CPEVC Simpson on March 17, 2003, and they were invoked by Chancellor Greenwood in her March 31, 2003 response to UC President Atkinson's request for increased undergraduate enrollment targets.

CPB proposed an annual process of Senate consultation with the Administration on undergraduate enrollment targets that makes specific reference to the two principles stated above. The focus of this process would be to identify the specific years in which the campus should or should not agree to increase undergraduate enrollment targets, consistent with its physical and academic plans.

Accommodating Growth at UCSC

In light of the enrollment growth projections noted above, and the fact that UCSC's current LRDP cap has been nearly reached, the time clearly has come for the city, the campus, and UCOP to enter into discussions about *planned* growth at UCSC. All viable options for growth should be fully considered, including no growth. Above all, growth should be integrated with academic planning. The recent Divisional Ten-Year plans, however, which were put forward within known resource and enrollment cap constraints, did not individually provide a basis for planning beyond the current LRDP enrollment cap— although if all proposals had been equally worthy of funding the total growth in enrollments would have exceeded the present LRDP limit of 15,000. A further complication, however, is that Ten-Year plans were asked to assume that an additional 2,000 student FTE would be accommodated at the Silicon Valley Center, despite the fact that planning for an undergraduate component of that center has effectively ceased.¹ Nonetheless, for programmatic reasons and the need to accommodate these projected enrollments, there may yet arise a strong academic case for growth on the present campus. The campus must, thus, consider the physical and capital planning issues that such future growth might raise.

Broadly speaking, growth can be accommodated at UCSC following any or a mix of the following four strategies: further infill (i.e., placing more buildings near existing buildings); developing the north campus; developing the lower campus (i.e., the meadow); and/or growing off campus. A summary of what CPB has learned about the above four options was included in the report to the Senate (<http://senate.ucsc.edu/cpb/cpb1373>, Appendix I), and is further summarized below.

Further Infill - Infill of the developed core of the campus has the advantages of achieving cost savings by utilizing existing site information, minimizing transformations of existing forests and meadows to buildings and roads, and retaining the architectural principle of colleges forming an arc around the developed core of the campus. Further study may be needed to determine exactly how much of the projected growth (utilizing different growth scenarios) can be accommodated through infill, or whether immediately foreseeable campus needs already exceed this amount.

Developing the north campus - Substantial analysis has been done with respect to development of the north campus under the auspices of the Growth & Stewardship Task Force. Building the north campus would involve additional major investment in new infrastructure (water, electricity, roads, etc.) in addition to buildings, producing overall development costs that would be ~ 10% above the costs for comparable infill projects. There are also significant land use and ecological concerns associated with developing the north campus that may run counter to the campus' image. Together, these factors suggest that development of the north campus will remain a less viable option relative to other (cheaper) options, particularly if growth were to occur incrementally.

Developing the lower campus - Development of the lower campus was not envisioned as part of the existing LRDP. Therefore, the basic studies have not been done considering such issues as biotic impacts, viewshed, protected landscape, and programmatic uses.

¹ See CPB 2001-2002 Annual Report (AS/SCP/1363, <http://senate.ucsc.edu/cpb/CPB0102.htm>). Earlier CPB Reports on the feasibility of an undergraduate component of the Silicon Valley Center (SVC) are gathered at <http://senate.ucsc.edu/cpb/indxSVRC.htm>. For CPB's Report on the implications of the SVC for planning undergraduate enrollment growth on the main campus, see <http://senate.ucsc.edu/cpb/svc221sg.html>.

Off-campus growth - Off-campus growth is already serving as an implicit strategy for coping with the growth the campus has experienced (via, for example student housing at the University Inn, administrative offices at the University Business Park and nearby buildings on the Mission Street extension, etc.). There has, however, been no systematic forward looking planning regarding the growth of the university, including university functions, faculty, or program instructional space into local, off-campus locales (with the exception of Long Marine Lab).

CPB's Winter report recommended that the Chancellor immediately address these issues in the context of a new LRDP, and in the Spring she convened a Task Force to do so. The Task Force first addressed the absence of an academic plan necessitating growth. In this context, the Senate members of the Task Force suggested the creation of a Strategic Futures Committee (SFC) to define the broad conditions for program and capital development under which growth into the north campus, or elsewhere among the various options, would be academically and fiscally desirable. The SFC was to meet during the summer, in advance of the LRDP committee, and to prepare the essential groundwork for the normal LRDP process. The SFC committee was to consider various growth scenarios, including no further growth on the current site; continued incremental growth driven by statewide enrollment pressures; and modular growth based on a campus-generated plan to add new units (e.g. schools) with significant forward funding of enrollments, infrastructure, and capital construction. The Administration accepted the Task Force proposal to create a SFC, but that committee was not appointed until fall quarter, 2003.

Ten-Year Plans

An ongoing concern of this year's CPB was to address the unsatisfactory resolution of the campus Ten-Year planning process that occurred in Fall 2002.

Background: The Ten-Year planning process arose from the Initiatives Process, which coincided with the first two years of rapid enrollment growth discussed above. Under the Initiatives Process, a significant portion of new funds generated by enrollment growth would be allocated to existing budgetary units on the basis of competitive review of new "initiatives." Many of the proposals raised questions about the adequacy of the base budgets of the proposing units (e.g., the Divisions) and how the base-increment model may impair efficiency in the overall management of the campus. The 'base budgets' refer to the stable funding resources provided from the central administration to the units, while the 'base-increment model' refers to the model, or process, developed by the central administration for allocating new funding resources from the central administration to the various units. Under the current base-increment model, each unit continues to receive its previous level of funding, subject to occasional "across the board" increases or decreases that arrive through system-wide financial change. Operating within the base budget, a manager acquires discretion to fund new needs and initiatives, or to cover shortfalls by underspending (e.g. not filling FTE positions), and/or by accumulating the underspending from previous years as "carry-forwards." Otherwise, the manager must seek an increment (i.e., augmentation) to the base, either one-time or permanent, that is justified for a specific purpose. The Initiatives Process fell within this logic while attempting to limit the unreviewed discretion it leaves to unit heads. Instead of passing out all growth-generated revenue in the form of "across-the-board" increases, it required unit heads to apply for increments based on the urgency of unmet needs or the attractiveness of new opportunities. The process of reviewing the specific "initiatives" put forward directed CPB's attention to several structural problems: accountability for the use of base budgets in each unit to meet longstanding campus needs; lack of review of discretionary spending; and absence of opportunity for any initiatives (such as new schools) that would not ultimately be managed within the base budgets of existing units. In May 2000, CPB issued a Report <http://senate.ucsc.edu/cpb/CPBInitiativesRpt.1273.pdf> endorsed by the Senate Advisory Committee, that called for the replacement of the Initiatives Process by a new long-range planning process that encompassed base budgets as well as incremental funding needs and requests. The Report's implicit premise was that locking in base budgets was a desirable means to protect certain features that are unique to university life, such as academic tenure, but that in areas unrelated to academic freedom, the base-increment model required too little administrative accountability.

Ten-Year Planning: The Ten-Year Planning Process was initially presented to CPB as a response to the defects we noted in the Initiatives Process, and as a step toward producing a long-term base budget for the campus at 15,000 students that would not be based on "across the board" increments, but rather on programmatic planning. Unfortunately, however, the CPEVC's Call for Ten Year Plans did not sufficiently emphasize the need to present the planner's priorities with respect to existing resources. The consequence was that some Ten-Year plans were implicitly framed as requests for incremental funding, in effect a continuation of the previous Initiatives Process.

The Plans: The 2001-2002 CPB agreed with CPEVC Simpson that the plans by campus unit heads were not on the whole sufficient to allow the EVC to develop a Ten-Year campus budget model, and that after four years of incremental growth without an adequate plan the campus could not afford to start its planning process all over again. The EVC agreed to communicate these criticisms privately to unit heads, and establish a process in which the approval of

incremental funding would be contingent on resource plans (submitted annually but covering three-year cycles) that fully accounted for the unit's use of its base budget. CPB reported this conclusion to the Senate in May 2002 (AS/SCP/1349, <http://senate.ucsc.edu/cpb/campPlan/cpb1349.htm>) and in its Annual Report as follows: "At year's end, CPB and the CPEVC agreed that substantive discussions of the divisional plans could be carried forward in the form of fuller and earlier Senate scrutiny of the annual divisional budgets. Such scrutiny would, henceforth, extend not only to the proposed uses of incremental funding by the divisions, but also to the priorities reflected in their base budgets." (AS/SCP/1363, <http://senate.ucsc.edu/cpb/CPB0102.htm>)

Outcome CPEVC Simpson's final report to the campus declined to approve or disapprove any specifics in the plans and did not produce a campus-wide Ten-Year Plan. He broadly praised the planning documents, however, he did not specifically extend his call for greater accountability to the base budgets of each unit, as we expected him to do. This shortcoming created further confusion during the FTE-approval process, since the units were inconsistent in the extent to which they justified and prioritized their FTE requests within the context of the discretion afforded by their base budgets. Given that CPB's most important regular business is to advise the CPEVC on the approval of Faculty Recruitments for the upcoming academic year, from our perspective, the most positive intention of the Ten-Year planning process was to link the rationale for placing a proposed FTE in a divisional academic plan to the conditions under which it would be funded in the divisional budget. Our dilemma then was how to respond to the divisional FTE requests made in this transitional year.

We are pleased to report that we could recommend approval of most divisional FTE requests that were submitted. The exceptions were FTE that directly supported aspects of divisional Ten-Year Plans in which specific and longstanding questions had not been adequately addressed. Table 2 provides a summary of the overall process and of our responses to the individual divisions. It demonstrates that in most cases the CPEVC agreed with our recommendations and/or carried forward our comments in his authorization letter.

Table 2:2003-04 FACULTY RECRUITMENT REQUESTS

Division	Recruit Year	Program/Subdiscipline	CPB Recommendation	EVC Decision	Prov. #	Base Salary Source	Salary Upgrade Per Resource Model
							Up-To Rank
Arts	Reauth	History Art & Visual Culture: European Architecture	yes	OK	593	DIV [1]	Asst Prof III
	New	Art: Sculpture	yes	OK	518	DIV	Asst Prof III
		Art: Sculpture/Public Art	yes	OK	489	DIV [1]	Asst Prof III
		Film & Digital Media: Critical Studies	yes*	OK**	252	DIV [1]	Prof I
		Music: Scholar/Performer	yes	OK	580	DIV [1]	Asst Prof III
		South Asian/Classical Indian Music	yes	OK	257	DIV [1]	Asst Prof III
		Theater Arts: Theatrical Design	yes	OK	375	DIV	Asst Prof III
	Off-cycle	Film & Digital Media: proposed double hire	no	no			
Total Arts				7			
Engineering	Adv 02-	Computer Engineering: Network/robotics/autonom Design	yes	2nd Hire	TBD	CEN	Asst Prof II-IV
		Computer Science: Software Engineering (2nd hire 02-03)	yes	2nd Hire	583	DIV	Assoc Prof III o/s
	Reauth	Applied Math and Statistics: Numerical Solutions	yes*	OK*	444	DIV	Asst Prof II-IV
	New	Applied Math and Statistics: Bayesian Econometrics	yes*	OK	TBD	CEN	Assoc Prof III o/s
		Biomolecular Engineering: Protein Engineering	yes*	OK	581	DIV	Assoc Prof III
		Microarrays,robotics,automation	yes*	OK	454	DIV	Prof IV o/s
		Computer Science: Storage Technology Systems	yes*	OK	582	DIV	Asst Prof II-IV
		Systems and Security	yes*	OK	TBD	CEN	Prof IV o/s
		Electrical Engineering: CFAO VLSI/MEMS/Nanotech	yes*	OK	TBD	CEN	Assoc Prof III
		Communications and Signal Technology	yes*	OK	TBD	CEN	Asst Prof II
		Information Systems Technology:e-business etc.	yes*	OK	TBD	CEN	Asst Prof II
	Off-Cycle	EE Waiver of Recruitment,	no***	OK**	declined		
		CS Second Hire (#440)	yes*	OK*	440		
		CE Second Hire (#588)	yes*	OK*	588		
Total Engineering (Current)				14			
Humanities	Adv 02-	American Studies: Democracy, Citizenship, Public Life	yes	TOE	261	DIV	Prof II
	New	History of Consciousness:Digital Culture	defer to Fall 03	DEFER	640	DIV	Prof II
		Literature: Shakespeare	yes	OK	401	DIV	Asst Prof III
		Russian/Jewish Studies/Translation Studies	defer to Fall 03	DEFER	166	DIV	Prof II
		Philosophy: Open	yes	OK	490	DIV	Prof III to AS
		Humanities (Knowledge/Society)	more info req'd	no			
		Writing (Divisional appl.)	more info req'd	no			
	Off-Cycle	Women's Studies: Theory/Women's Health senior hire	no	OK	declined		
		American Studies: Waiver of Recruitment (spousal)	yes	OK	declined		
		Women's Studies: TOE	no		nonTOE		
Total Humanities				5			
Physical & Biological Sciences	Adv 02-	Physics: Condensed Matter	yes	TOE	376	DIV	Prof V-IX
	New	Astronomy & Astrophysics: UCO Lick Research (20 FTE)	yes	OK	TBD	DIV	Asst Prof/Astron
		Chemistry and Biochemistry: Inorganic (Materials)	yes	OK	TBD	CEN	Asst Prof III
		Experimental Physical (Materials)	yes	OK	TBD	CEN	Asst Prof III
		Environmental Toxicology: Gene Environment Interactions	no*	OK	TBD	CEN	Asst Prof III
		Earth Sciences: Planetary Sciences	yes	OK	TBD	CEN	Asst Prof III
		Eco Evo Biology: Evolutionary Theorist	yes	OK	TBD	CEN	Asst Prof III
		MCD Biology: Cell and Developmental (Health Sciences)	no*	OK**	TBD	CEN	Asst Prof III
	Off-Cycle	Physics: Geology/Geochemistry	yes	OK			
		Physics: search beyond Assistant Professor (#566)	yes	OK	566		
Total Physical & Biological Sciences				10			
Social Sciences	New	Anthropology: Physical Anthropology	yes	OK	TBD	CEN [2]	Asst Prof III
		Community Studies: Gender/Sexuality	more info req'd	OK	TBD	CEN [2]	Asst Prof III
		Social Documentation	yes	OK	TBD	CEN [2]	Asst Prof III
		Economics: Econometrician	more info req'd	OK	657	DIV	Asst Prof. III o/s
		Industrial Organization	more info req'd	OK	TBD	CEN [2]	Asst Prof. III o/s
		Education: School Reform	yes	OK	660	DIV	Asst Prof III
		Literacy/Second language Development	yes	OK	TBD	CEN [2]	Asst Prof III
		Policy, Evaluation & Assessment	yes	OK	TBD	CEN [2]	Asst Prof III
		Politics: Public Law	yes	OK	TBD	CEN [2]	Asst Prof III to Prof III
		International Law/ Human Rights	yes	OK	TBD	CEN [2]	Prof III
		Political Econ/Comparative Capitalism	yes	OK	TBD	CEN [2]	Asst Prof III
		Psychology: Social Justice	more info req'd	OK	495	DIV	Asst Prof III
		Sociology: Info & Culture economy	more info req'd	OK	197	DIV	Asst Prof III
		Chicano/Mexicano/Latino	more info req'd	OK	TBD	CEN [2]	Asst Prof III
	Off-Cycle	Politics: Double hire in Pol. Th..	yes	OK			
	Economics: Recruit lecturer w/SOE	yes	OK				
	Community Studies Proposed TOE	yes	OK				
Total Social Sciences				17			

KEY to Base Salary Source:

DIV = funded by division open provision(s); CEN = funded from new dollars/provisions held centrally

[1] Arts Division forwards provision but assumes new money from center will replace funds and provision

[2] Social Sciences - fewer new positions allocated budgetarily than recruitments authorized from "CEN"

* = with conditions

** = EVC letter reflects CPB conditions

*** = CPB objection to searchless hire. (The CPEVC came to agree with CPB's position.)

Executive Budget Committee (Budget-Cutting) Process

CPB has previously reported to the Senate that, during the budget crisis of the early 1990's, cuts were concentrated on the core academic mission (instruction and research), resulting in a proportional increase in the expenditure of enrollment-generated funds on administrative and other services.² In recent years, CPEVC Simpson has worked with CPB to reverse this trend, and in January 2003 he hired a management consultant (AVCOR) to advise the campus on how to reduce costs from non-academic operations so that its academic mission can be spared as far as possible.

AVCOR's campus-wide study of campus administrative operations combined (for the first time) a survey of user-satisfaction with an analysis of costs. AVCOR's data show that levels of satisfaction are highly uneven, and that costs are unacceptably high in comparison with "best practices" on UC campuses and in other comparable institutions (Table 3). These data have now been made publicly available. They show that in its 26 separate Service Centers the campus has developed wide variances in the efficiency of its staff human resources and purchasing and that the total costs are far greater than are justified. (This is not to say that the circumstances in each service unit are directly comparable, but rather that the campus as a whole could provide these services in more cost-effective ways.)

Metric	UCSC		
	Worst	Average	Best
Service Center Efficiency Metric			
1) Number of Employees / SC FTE	8	42	70
HR Efficiency Metrics			
2) PPS Actions / HR FTE	96	291	842
3) Cost per PPS Action (Salary only)	\$304.50	\$126.25	\$30.43
Payroll Efficiency Metric			
4) Payroll Transactions / Payroll FTE	123	280	619
5) Cost per payroll transaction (Salary only)	\$422.06	\$151.03	\$60.63
Payments Efficiency Metrics			
6) Total Payments / Payment FTE	3,017	5,707	17,547
7) Cost per payment (Salary only)	\$12.74	\$6.97	\$1.65
Purchasing Efficiency Metrics			
8) Total Orders / Purchasing FTE	635	2,616	7,669
9) Cost per order (Salary only)	\$61.03	\$15.26	\$6.55

* Excluded absolute worst and best case for each metric

** Based on data from UCSC P3 study dated 04/03

Table 3: Summary of AVCOR Efficiency Data (see Appendix)³

The AVCOR study suggested that the work currently performed by 180 staff FTE could be performed by an estimated 100 staff FTE with a probable improvement in the quality of service. AVCOR was then able to show the very large total savings (estimated at ~\$4 million) achievable by consolidating these business functions and adopting "best practices" on our own campus. It reached this recommendation by analyzing campus business functions outside their 26 separate budgetary silos and asking what similar functions should cost in organizations of comparable size and complexity, where they are regularly performed with headcount ratios of approximately 1:100. (The complete data supporting AVCOR's findings are published, below, as an Appendix to this Report. Its full Report on HR and Business Processes is on file in the Academic Senate Office.)

² See, e.g., February 2003 (AS/SCP/1374, <http://senate.ucsc.edu/cpb/cpbscp1374copy.htm>); May 2003 AS/SCM/271-10, <http://senate.ucsc.edu/senmin/03mayME.pdf>) February 2002 (AS/SCP/1348 http://senate.ucsc.edu/cpb/1348_1A..htm) — Appendix B, Figure B.1)

³ Similar studies of business IT and facilities maintenance are still underway.

AVCOR also revealed the difficulties of managing a campus-wide budget under the current model, where there are few incentives to review functions across divisional structures and where the only monies available for discretionary funding are those accumulated by underspending and saving on leaves, vacancies etc. CPB believes that the base-increment model is an appropriate way to manage funding for ladder FTE and research activities, where considerations of academic freedom make universities unlike other institutions. With respect to business functions, however, the campus will need a new and more appropriate funding model. CPB was concerned that, as of mid-Summer 2003, this model (and the IT tools to implement it) had not been developed. We urged that this be made the administration's highest priority.

In the area of campus business practices, CPB has been highly impressed with the kind of analysis that was done, and believes that the proposals should be carried forward to implementation with the quality controls identified through the EBC process. We recognized that these changes are motivated by the campus' need to return money to the state, but we believe that many of them will clearly improve, rather than diminish, the effective functioning of the campus.

Outside the area of campus business practices, however, a thorough analysis of the cost-effectiveness of campus administrative units has for the most part not been completed. In the case of Information Technology, the analysis is still underway and may result in efficiencies comparable to those identified in business practices. We regret to say, however, that several of the largest budgetary units on campus have not been directly addressed by the EBC process, except in relation to their business and IT operations. Notable among these are Student Affairs and University Relations.

CPB also recommended that several proposals, such as a change in the "freshman experience," reorganized advising and streamlining shared governance be altogether removed from the EBC process. These proposals did not promise significant budgetary savings and should, we believe, be driven by substantive academic factors that are best considered through normal campus processes.

CPB gave a mixed review of the proposal for Comprehensive Academic Planning and Curricular Review. On the one hand, we did not believe that it should address the projected size of campus departments and programs. This decision should be driven by academic considerations, and should be removed the EBC process. On the other hand, we did believe that the campus needs an enrollment-management model that would allow departments and divisions to plan the specific course offering that current students will need to meet graduation requirements. We concluded that the aspect of the EBC initiative concerned with sustaining the required curriculum should proceed whether or not financial savings can be realized, but that long-term academic planning should be integrated with a better methodology for allocating resources to academic divisions, and for reviewing their priorities in using the resources currently available in funding new initiatives and departmental needs.

Review of Academic Administration (The Grey Report)

CPB was concerned throughout the year that the need for greater accountability in academic administration would fall between the cracks of the Ten-Year planning process and the budget-cutting (EBC) process. CPEVC Simpson shared this concern, and he appointed a consultant (former UC Davis EVC, Robert D. Grey) to issue a report.

Viewed narrowly, Dr. Grey's charge was to address the functional confusions that resulted between the roles of the recently created academic Vice Provosts, the pre-existing academic Deans, and the Campus Provost himself. Moreover, CPB (May 15, 2003 consultation) urged Dr. Grey to gather data that the EBC lacked on the broader budgetary functions of the academic Divisions (i.e., their base budgets, and the mechanism(s) for creating discretionary funds) and what impact this resource allocation model has on departmental, divisional, and university academic planning at UCSC. He did not, however, directly address the present budgetary role of the divisions.

Dr. Grey's eventual Report (August 18, 2003; <http://planning.ucsc.edu/ebc/GreyReportAug03.pdf>) highlighted the need and suggested ways to redefine and consolidate the Vice-Provosts' roles, including consolidation of the Vice Chancellor for Research and Graduate Studies positions, the latter of which occurred before the report was issued. He also argued against redefining the academic role of the Deans on the grounds that other campuses functioned well with similar structures for the academic oversight of departments, and that the non-academic (business) functions of the Divisions were being addressed by the EBC. Looking forward, he argued that the academic divisions should become degree-granting schools because this would more closely align degree-granting authority with departments and ladder faculty. Dr. Grey also noted that the departmental structure here at UCSC is relatively weak, and called for increased presence and autonomy of the departments within divisions, primarily in terms of control over resources (budgets, FTE's, etc).

University Relations

As part of its concern with accountability of administrative units, CPB undertook a sustained study of University Relations (UR) in the Fall and reported to the Senate in the Winter (<http://senate.ucsc.edu/cpb/cpb1372.htm>). Our report

did not address the difficult questions of accounting, such as whether certain awards won by faculty should be credited to the Development office for the purpose of assessing its performance in a given year. Rather, we focused on reported trends over time in order to review the campus decision in the mid-1990s to combine the functions of fundraising, public relations and governmental relations into a single UR Division as it affects the return the campus has received on its increased investment in Development. CPB found little evidence to suggest that the combined functions of University Relations have directly benefited the campus. Indeed, our report provides several reasons why these combined functions may have adversely affected fund raising activities.

Our report develops specific benchmarks to measure this return relative to changes in investment and return at other UC's during the same time period, and relative to the boom and bust of the state economy. Its purpose was to develop future performance expectations for campus fundraising, which will be increasingly important for the development of academic programs and facilities. The data presented in our Report raises serious questions about whether past expectations have been high enough, and suggests that the Senate continue to monitor the fundraising performance of UR using comparative benchmarks.

Finally, the CPB report examined the efficiency of our decentralized development activities, for example in the academic Divisions. We suggested that the campus must exercise care that the goals of our decentralized fundraisers are consistent with overall campus priorities, particularly in the area of facilities, and that UR become more directly involved in the support of existing and emergent graduate programs across the campus. We therefore urged that incentives and responsibilities of the decentralized offices be made more consistent with those in the central office. There has, as yet, been no formal response by the central administration to these concerns.

Student Affairs

CPB began a review of the scope and organization of Student Affairs, though little progress was made during the academic year 2002-03. Student Affairs administers a large budget and oversees a number of academic and quasi-academic programs; at other campuses, some of that budget and many of those programs would fall under the jurisdictions of a V-C for Undergraduate Affairs and a Graduate Dean. We received a budget breakdown and had a fruitful discussion with V-C Francisco Hernandez on the overall workings of Student Affairs, but we did not have time to do an in-depth analysis.

Writing Program

The relationship between the Writing Program and the Humanities Division has been an ongoing concern of CPB, now intensified since the lapse of the enrollment-based funding formula established by former Dean Jorge Hankamer, and the resulting divisional discretion over the use of TAS funds that supported freshman writing instruction. The Humanities Division has told the Writing Program that it has established a temporary funding formula (called "commensurable funding") to replace the previous formula, and also that it is exploring the possibility of establishing a Department of Writing. The Writing Program, meanwhile, has formally complained to CPB that its budget for 2003-04 will not allow it to mount enough sections to cover the needs of students.

CPB requested information from the Writing Program and the Humanities Division, and was troubled by the contradictory claims and data we received. In the absence of further clarification, we recommended that the EVC Office temporarily take direct control of the funds allocated for the Writing Program until the Humanities Division provides a reviewable plan for the budgetary management of the Writing Program that adequately addresses the campus-wide need for lower-division Writing courses. Over the summer, the CPEVC declined our recommendation and, instead, provided the Division with some additional funds for Writing. He did, however, gather budgetary data from the Division that was partially responsive to CPB's questions. This data came too late for this year's Committee to review.

Freshman Discovery Seminars

A program of Freshman Discovery Seminars was announced over the summer of 2002 without any consultation with CPB. In the Fall, CPEVC Simpson took responsibility for this lapse in shared governance, stating that this program was an unfunded mandate from UC President Atkinson and was likely to continue regardless of the Senate's advice. He promised, however, to would authorize the program at only the minimal level required of the campus, no more than 40 seminars. The Program, he said, would be funded at first from temporary sources, and would then most likely be made a permanent responsibility of the Divisions.

CPB informed CPEVC Simpson that we did not regard Senate consultation on this matter as complete. Our position was follows: (1) We strongly endorsed the goal of increasing contact between ladder-rank faculty and lower division students; (2) We were not persuaded that Freshman Discovery Seminars (even if positively evaluated) are the best way to meet this goal — other alternatives might better fit the campus curriculum and/or the college system; (3) Our

questions about the permanent funding and opportunity costs of this program had not been answered; (4) Making the program part of the curricular responsibility of the Divisions was not an answer — it merely passed the question on to the Divisions.

At year's end, CPB had still not received an adequate answer to its questions about the funding of the Freshman Discovery Seminars in relation to other campus priorities.

Conclusion

2002-2003 was a transitional year in which the unfinished business of the Ten-Year Planning Process, with its emphasis on growth, was overtaken by need to plan for budgetary retrenchment embodied in the EBC Process. From CPB's perspective, plans for both growth and retrenchment require the campus to move beyond the base-increment model of budgeting to a more efficient functional management of campus business functions and a more direct attention to preserving and strengthening the academic programs that it is our campus mission to provide. CPEVC Simpson agreed with the need for a new campus resource allocation model that would protect the campus academic mission, but made less overall progress in this direction than CPB wished to see. We, nevertheless, hope and expect that the conceptual and data-gathering foundations laid this year will be built upon in the future.

APPENDIX

AVCOR DATA ON CAMPUS HR AND BUSINESS PROCESSES

Service Center Costs per FTE (APRIL, 2003)

SC Service Center Name Average % of FTE/Function	Total Cost per FTE	People Served		HR Actions			TOTAL PPS/HR Actions	Ratio TOTAL HR ACTIONS:FTE
		# of people served (self reported)	# of people served per FTE	Staff Hires, Tran/Promo, Leaves, Separations	Academic Hires, Tran/Promo, Leaves, Separations	Student Hires, Tran/Promo, Leaves, Separations		
Central Business Operations	\$ 49,995	320	51.6	89	2	148	239	275
Colleges & Univ Housing Svcs	\$ 41,815	246	10.2	243	4	915	1,162	540
Communications & Technology Sv	\$ 50,914	190	29.2	38		89	127	130
Fin/Safety	\$ 58,676	350	70.0	140		69	209	348
Humanities Division**incr in FTE by 9	\$ 41,296	309	71.9	34	241	306	581	166
Image/Print/Mail/Temp Services	\$ 66,555	57	19.7	20		18	38	181
Physical & Biological Sciences	\$ 42,903	2,089	46.0	253	329	595	1,177	238
Physical Plant	\$ 48,696	322	53.7	108		66	174	215
Physical Planning & Const.	\$ 41,000	47	7.5	12		9	21	122
Social Sciences Business Offc	\$ 42,008	330	23.6	135	364	406	905	462
Engineering Combined Svc. Centers	\$ 44,648	412	52.8	33	67	222	322	130
UC College Prep	\$ 34,691	20	11.3	1			1	#DIV/0!
University Extension	\$ 52,026	120	16.0	345	297	216	858	1,383
Total Self Reported by Function								
Arts Division	\$ 44,294	2273		187	188	244	619	376
Educational Partnership Center	\$ 45,448	31	7.0	65	16	188	269	294
***Estimate Bay Tree Bookstore	\$ 43,500			7		52	59	57
***EstimateUCO/Lick Observatory	\$ 43,500			50	24	46	120	96
***Estimate Colleges	\$ 41,000							-
Financial Aid Office	\$ 50,512	25	32.7	14		105	119	764
Health Center	\$ 46,854	39	15.7	113		32	145	279
***Estimate Media Services-Library	\$ 41,000							-
Orientation, Student Academic Support	\$ 40,504	22	12.8	14	8	284	306	842
Phys Ed, Recreation & Sports	\$ 46,055	29	9.3	77	1	275	353	540
Registrar's Office	\$ 41,909	67	24.2	38		118	156	273
Student Dev/Comm Serv Bus Ctr	\$ 37,591	107	30.6	67	1	136	204	282
Summer Session				6	45	37	88	
University Library	\$ 43,207	330	56.9	48	7	227	282	234
TOTAL Service Center								
		7,715	653	2,137	1,594	4,803	8,534	
Service Center Average		351		85	106	200	328	
Cost per Function - using Average								
Cost per Function - using \$50,000 (incl benefits)								
Best Practice								
- Average highest processing vol			65.2					397
- Highest processing vol			71.9					1,625

Current Service Center FTE's and Reported Salary Levels

	FTEs	Reported Salary
Humanities	7.80	\$378,354
PBS	34.78	\$1,488,863
BAS FinSaf	5.00	\$205,644
BAS IPMTS	3.00	\$138,177
BAS PHYSPL	4.85	\$229,436
BAS PPC	4.86	\$233,603
SA C&U Housing	33.32	\$1,287,158
SA Baytree	2.00	\$72,384
SA EPC	4.45	\$194,150
SA UCCP	1.75	\$72,303
SA SD&CS BC	3.94	\$157,164
SA SHS	2.01	\$88,009
SA OPERS	2.75	\$121,646
SA AOR	2.60	\$107,194
SA Financial Aid	0.17	\$8,162
CBO	6.00	\$275,040
ARTS	8.25	\$372,474
Library	6.25	\$313,613
Social Sciences	16.70	\$732,978
ITS	8.00	\$367,812
UNEX	9.50	\$467,893
	167.98	\$7,312,057
Not Reported		
Engineering		
Lick		
Total Reported	167.98	\$7,312,057
	Avg Salary	\$43,529