

## **Committee on Planning and Budget Annual Report 1999-2000**

### **To the Academic Senate, Santa Cruz Division:**

The UCSC Committee on Planning and Budget in 1999-2000 fulfilled its extensive designated tasks in reviewing the processes and documents of, in the words of its charge, "all matters concerning planning." Its members fulfilled increasingly extensive customary duties of cross-membership and ex-officio participation in many other committees, at both system-wide and campus levels. The report of CPB for last year drew particularly clear attention to this increasing responsibility, which has a particular relationship to more general issues of governance that were especially prominent on CPB's agenda in 1999-2000. This report will focus on these issues.

### **SHARED GOVERNANCE AND ADMINISTRATIVE STRUCTURE**

All of these issues involved to varying degrees the fundamental one of shared governance and CPB chose to make it an explicit center of discussion and, it wishes to make clear, of ongoing debate with the administration. On June 28, 2000 signaling the concerns of both its own officers, those of the faculty at large and of the Senate leadership specifically, Executive Vice Chancellor Simpson convened a retreat to review large-scale planning. The agenda was dedicated to the EVC's proposal for a redesigned structure of administrative committees. CPB presented to the retreat a working paper on its own concerns. (See Attachment A, of the CPB report on Initiatives in this CALL)

The EVC proposed a structure of an overarching campus planning committee, into which would be fed the advice of five secondary planning committees (the Academic Planning Committee, Academic Support Planning Committee, Advisory Committee for Facilities, Campus Welfare, and the Information Technology Committee). Senate committees were to provide additional input at an unspecified level. All the committees were to be a blend of Senate ex-officio members, COC-appointed members, Administrative-appointed Senate members-at-large, and administrative officers. The charge to the overarching committee embraced the functions of both planning and implementation.

Senate participants at the Retreat agreed that the EVC should have an administrative structure that is as efficient as possible. It was also clearly stated that the absorption of fragmented Senate voices into a much broader campus body, with its agenda set by the administration, would not be considered compatible with shared governance. CPB considers that the value and success of any structure that is eventually established will depend fundamentally upon its compatibility with a pro-active definition of shared governance as articulated by the Senate out of the Regents' Standing Order. CPB will place a further analysis of these issues in a Current Report for the Fall Quarter Call.

### **ISSUES OF 1999-2000**

This past year, because the issues of the Initiatives Process and the Santa Clara Valley Regional Center were so important and so immediate, CPB decided to issue reports for each Senate Call. These form the core of this annual report. The original reports

are attached. Analyses of three other exceptionally important issues, namely capital planning, FTE searches and External Review Procedures, are also provided.

The priority of importance between plans for a Santa Clara Valley Regional Center and the budgetary process of the Initiatives was a matter of speculation, since either or both had the potential to affect the campus to an unparalleled degree. In the event, the issue of the Initiatives has been reformulated as one of long-term planning, leaving the issue of short-term budgetary decision up in the air. The central issues of the Regional Center, namely Academic Planning and its budgetary basis, still remain unresolved. We consider these in detail below.

### **THE INITIATIVE PROCESS**

To consider first the issue in which most specific change occurred, that of the Initiatives, CPB's Analysis deriving from its Review of May 2 is attached as Appendix 2. In 1998-99, an Initiatives process introduced by the EVC dominated campus discussion of the budget and, in CPB's work, replaced the former review of each unit's budgetary presentation. At the beginning of 1999-2000, CPB was preparing to devote a very large amount of effort to this process for the second year and therefore attempted both to understand the process better and to pass on that analysis to the faculty. In its first report (Appendix 1), CPB observed that both the definition of work-load and the use of this definition had come into question, thereby potentially compromising the support given to established programs.

Subsequently, CPB spent a significant time reviewing a large number of initiatives submitted by the academic, support and administrative campus divisions and units. The process opened up to CPB a much wider view of the budgetary process, and afforded glimpses of decision-making processes that otherwise would have remained invisible. The campus is indebted to the EVC for himself initiating this transformative experience, and CPB believes that it is generally in agreement with him in identifying the following as pre-existing major problem areas, even though our descriptions of them might differ in some aspects.

Among the realizations generated by the Initiative Process were the following.

- General funds provided by the State via UC, are insufficient to cover the costs of growth.
- The planning for the infrastructural growth required by the projections of the original LRDP had not been done, and very little of the costs of its implementation had been budgeted. Even the costs of planning were far in excess of the total Initiatives budget.
- Many of the projects proposed as initiatives, were in fact essential operations left unfunded under the circumstances above.
- The funds required by previously planned development of the Baskin School of Engineering were so large as to far exceed the funds apparently available for the entire campus's Initiatives budget.
- The funds required by programmatic developments proposed by Natural Sciences were, similarly, on such a massive scale as to make them impossible to be accommodated in any rational scheme for apportioning the funds set aside by the EVC for Initiatives.

The total amount of requested funds (\$22M) greatly exceeded the total amount of funding available (\$3M) and, as a result, difficult decisions had to be made about which of the initiatives to recommend for funding. CPB made these decisions on the basis of such principles as it had been given. During the review process and the subsequent discussion in CPB, it became clear that while many features of the initiative process are highly beneficial, the process as a whole is not a good model for long-range budget and resource planning. CPB believes that it is crucial at this time of growth at UCSC to design a new model for planning which will preserve some of the attractive features of the initiative process while modifying other elements that are inappropriate.

In a letter to the Senate Advisory Committee and in its Review of the Initiatives, CPB described these features in detail. Here we emphasize the need to preserve the notion that some percentage of the new funds UCSC receives should be set aside for innovative projects that do not necessarily follow student or market demands. Other projects must be viewed as necessary infrastructure developments (such as library, building wiring, etc.) and should be funded on a long-term basis outside the initiative process. CPB believes that the openness of the initiative process and the view it afforded of the entire budgetary process were extremely positive features that must be preserved in future campus planning. Coming up with a process which contains all these features is a challenge facing UCSC that must be resolved in the very near future so that this exciting period in UCSC's history can be a true opportunity for enhancing the research, teaching and service mission of the university.

At the end of the academic year, the EVC's decisions on allocation of initiative funds had not been received. CPB intends to report in the Fall on what structures and processes have been developed for both long-term planning and immediate budgetary decisions. It is not clear at this time where primary budgetary power will be located.

#### **SANTA CLARA/SILICON VALLEY REGIONAL CENTER**

The second recurrent issue was the proposal to establish a Regional Center. During the year, CPB periodically assessed the progress and procedures for the development of the Santa Clara Valley Regional Center (SCVRC). By December the critical situation faced by UCSC was apparent in that we are committed to enroll over 16,900 students by the year 2005, exceeding the LRDP limit for the Santa Cruz campus. However, as stated in the previous section, at present we lack the funds to adequately expand infrastructure to meet the emerging demand, let alone fund additional research or teaching initiatives on our present campus. Simultaneously, we are faced with developing a major satellite facility in the Santa Clara Valley.

It was in this light that we reviewed SCVRC, which we saw as holding great potential to meet a range of research and academic interests. Were this a time when resources were overflowing, we obviously would have been much more receptive to the whole proposal. Since it is not, we raised a number of issues in a campus-wide letter (Appendix 3) that must be addressed before CPB and eventually the Academic Senate can assess the feasibility of this plan and its impact on the home campus.

In the Spring Quarter, the interim report of an Academic Plan Task Force (convened by the EVC in March, 2000) outlined a general strategy for the SCVRC (See CPB's appended comment, Appendix 4). After considering a range of possible options, the task force settled on a targeted upper-division and graduate program model. The focus would be on "programs that would significantly benefit by being located in the Valley." More specifically these "path to major" programs, stand alone away courses/internships, specific Masters and doctoral programs, and research institutes. Four such units were suggested: engineering, education, pharmacology and community studies. CPB notes that it is hard to envision any of these handling more than a relatively small number of students - certainly far short of the anticipated 2,000 students to be accommodated at SCVRC. The departments themselves have not proposed these programs.

In meetings between CPB and the central administration, it became apparent that the administration understands the need to build this center without unduly affecting the strength of the home campus. However, the rigid budgetary firewall originally offered by the Chancellor is now deemed impractical, as the SCVRC is envisioned not as a separate facility or satellite campus but an integral part of the UCSC overall program. At present, the faculty necessary to mount this center are often more concerned about the potential drain on the main campus resources, or the question of whether or not we would be required to commute to the Santa Clara Valley. The ability to attract faculty and staff to the UCSC campus is already declining as the cost of living steadily increases. Similar and perhaps worse problems exist in the Santa Clara Valley.

It is CPB's view that the administration and Senate need to jointly establish the nature of the student body we hope to attract. The organization of the center can then take form. At the close of the academic year we were assured that no contracts or "deals" have been made for the facilities, the delineation of the prospective sites and exclusion or inclusion of certain locations that will affect both the nature of the student body to be attracted and the type of program that can be housed.

The task force calls for three conditions: 1) guarantee from OP that the capital budget will be provided separately, 2) during planning, faculty release time and support will be provided from a planning fund and that leadership be identified early. 3) development and implementation be monitored by relevant senate committees - including a new senate committee specifically to deal with this issue. CPB strongly endorses these conditions.

In sum, CPB intends to closely follow this project, and intends to report in the Fall on any developments that have occurred during the summer. We seek assurance that leadership will be chosen after full consultation that will inspire Senate confidence, and that a sound academic plan will be in place and approved by the Senate before the decision is made to proceed with the Center.

### **CAPITAL PLANNING**

Capital planning and construction define one of CPB's major categories of concern. The committee participated in the normal campus venues for such planning, both general and specific (as for particular buildings). We discussed proposals for the 5-year capital program and sent a representative to Capital Improvement and Space

Allocation Committee, (CISAC) which met infrequently and then only to approve projects. CISAC is such a large and diffuse body that little or no discussion or deliberation is possible. On CISAC and through CPB, there was initial consultation about the five-year capital program but there was no later feedback on whether CPB comments were incorporated into the final campus plan submittal.

CPB shares with Campus Provost Simpson a belief that the campus must establish a more effective planning process that will allow strategic capital planning. The Provost and the Senate leadership, however, have not been in agreement on how this should be achieved. We have too many urgent needs for instructional, research, academic support, student services, and housing space to continue with the present ineffectual process. In particular we need to look at how we can build space when we need it and with the available resources. Infrastructure must be in place before building construction, and the campus must look at each of its proposed projects to see how its resources might be used to help with the infrastructural needs of future buildings. The campus planning processes must always keep clearly in view total project cost, timing, and the objective of a given project at all stages of capital construction. Academic activities and needs should be given a more central role in the planning process.

### **RECRUITMENTS AND TRANSFERS**

Several overlapping issues of concern emerged in this year's recruitment process. First, there was a series of requests for additional hires emerging from, but not anticipated by, authorized searches. In each case a slightly different rationale was presented for the double hire. The exceptional strength of the pools in some cases was cited along with heavy workload; in others, issues of dwindling pools and of priorities where senior leadership is changing, carried more weight. Although CPB denied approval only in one case (for reasons specific to the state of the search and the Department's situation), the pattern of repeated variance from normal search procedures, in either extent of appointment or rank, is the fundamental concern. The problem of diverging from normal recruitment procedures also emerged in relation to the Campus Curriculum Initiative. Of the six authorized recruitments, at least three had not been taken through the established review process, nor had the relation of these FTE to Departmental planning been explicitly addressed. CPB, in principle, unequivocally supports the CCI recruitments and hence urges that they not be potentially compromised by any further departures from regular procedures.

Second, the relation of appointments to faculty transfers between departments is not consistently and explicitly considered as part of the overall recruitment process, particularly in the context of growing programs. One anticipated FTE transfer was presented as part of a plan to establish a research and policy-study center at Santa Cruz, another was justified on the basis of program-building. CPB questions the planning process in these cases at several fundamental junctures. How do the transfers affect the FTE allocation both to the units losing and acquiring the FTE transfer? Finally, the practice of using faculty transfers to build programs appears to reflect an ad hoc rather than a rational planning process. CPB hopes that decisions of the sort adumbrated here will be made part of a coherent, overall, academic planning process.

### **EXTERNAL REVIEW PROCEDURES**

External reviews, supposedly conducted every five years, demand a great deal of energy and time from the units being reviewed, as well as from Divisions and several other committees, officers and offices involved in the process from initiation to closure and beyond. They are, however, the campus's most valuable method of maintaining a clear view of the quality of its individual programs in the context of the entire campus enterprise and in the comparative light of national and even international standards. CPB is involved in external reviews only in commenting on the draft of the initial charge to the review committee and in reviewing the entire file as a participant at the closure meetings. In thus bracketing the entire process, CPB benefits enormously from the information gained and has a very serious interest in how well the process works. There are current guidelines for procedure, established in 1992, but it has long been clear that wide variations existed in practice, from departments extending the interval between reviews, through Divisions imposing a variety of agendas in the charge and review teams being constituted with uncertain degrees of objectivity, to closure under the EVC's officers being delayed to sometimes extraordinary lengths.

CPB was therefore pleased to receive a revised set of guidelines from the office of the VPAA, in January 2000. CPB, however, found several aspects of this revision unsatisfactory. More serious than a lack of clarity in some aspects, was a definite shift in the emphasis embodied in a Division's charge to the review team. This shift, to a much greater degree than formerly, subjected the academic enterprise of a program to the overall plans of the Division. The review teams would have been instructed to review a department's success with an assumption that the administrative demands of a Division were more important than the intellectual identity of a program.

This change would have radically diminished the crucial aspect of external reviews, namely their externality. CPB was further troubled by the convergence between this proposed shift and a parallel one in the principles of the Initiative Process, where CPB's concerns about the impact on departments of short-term budgetary opportunism had been answered by folding the process back into the 6-year plans of Divisions.

CPB expressed these major reservations and a number of smaller ones, and has been gratified by the efforts of succeeding VPAA's to rework the revisions and to accommodate this critique and those of other Senate committees. At the time of writing, the new guidelines have not yet been issued.

### **OTHER ISSUES**

There are other issues of major importance that CPB has been following through this year and in which we expect resolution in 2000-2001. Chief among these is, first, the criteria for establishing departments and programs. CPB, in connection with pending proposals, such as that for the departmental status of LALS, has asked the VPAA for an agreed set of guidelines that will make it possible to review all such proposals in a coherent academic plan (including questions such as the effects on other programs, see section under Recruitments and Transfers above), and that will establish

## APPENDIX 1

### CPB ANALYSIS: The Initiative Process

#### **To the Academic Senate, Santa Cruz Division:**

CPB has decided to issue periodic analyses of issues critical to the campus community. Our first report focuses on the initiative process.

During the Fall Quarter CPB has reviewed the results of last year's "Initiatives" process, and consulted with EVC Simpson about his plans for this year. Discovering our own misunderstandings about how the process is applied, we are concerned with how widespread such misunderstandings may be.

The core concepts are "workload" and "initiative," each receiving about 50% of the funding generated by enrollments. Campus units should be alerted, however, that if they do not participate in the "initiatives" process, they may not see their enrollment increases funded at even the 50% level suggested by the campus-wide formula.

CPB analysis indicates that Deans have an incentive to use their "workload" funds to leverage favored "initiatives" in their divisions and that any proposal can be described as an "initiative" if the Dean makes a case for its importance. It follows that increased enrollment is most likely to be funded if it is part of an "initiative" that the Dean supports, and that campus units that do not propose "initiatives" may be expected to absorb increased enrollments with few, if any, new resources.

- All increases in enrollment-driven state funds are used for the "initiative" and "workload" process (c. \$7900/student FTE).
- Under current policy, 50% of these funds are now spent on "workload" and 50% are spent on "initiatives."
- "Workload" funds are allocated to the Deans (and administrative unit heads) by formula on the basis of proportional increases in student enrollments, but thereafter "workload" funds may be used at the Dean's discretion.
- Divisional commitment to an initiative is measured by the Dean's willingness to commit matching money, from his available funds including those generated by "workload."
- 50% of the new state revenue generated by enrollment growth remains under the EVC's effective control for the purpose of funding initiatives. Promoting "innovation" is only one basis on which "initiative funds" may be distributed. Another is "opportunism" as defined in recent documents by the EVC.
- The EVC will also consider "workload" (increased student enrollments) as a basis for funding "initiatives."
- Thus conceived, "initiatives" do not have to propose entirely new programs. Existing programs and new programs already budgeted can qualify as "initiatives" based on their perceived importance to the campus (the category of "opportunism") and the fact that they are impacted ("workload").
- Administrative units and the EVC himself can and do propose "initiatives" based on "opportunism" - the existence of a perceived campus need that may or may not be fundable from other sources.

## Appendix 1

- When an academic program is funded as an "initiative" (rather than from "workload" funds) that funding can become part of its budgetary "base" for purposes of calculating future increases in workload. Any increased student
- enrollments in an initiative-funded program could thus be a basis for requesting new "workload" funds from the dean.
- For some ongoing "initiatives," funding is not part of a permanent budgetary base, but must rather be renewed annually. The criteria for renewal vary from program to program. Previously funded "initiatives" may be required only to fulfill their past commitments or they may be required to compete on an equal basis with new proposals.
- Units proposing successful "initiatives" will not necessarily receive the allocated funds. "Initiatives" that seem to satisfy an important campus objective (such as "diversity") may be grouped into a single "initiative" that is administered centrally.

The EVC has informed CPB that the "initiatives" process is separate from the "Santa Clara Valley Initiative" and that funds generated by increased enrollments on this campus will not be diverted to programs mounted in the proposed Regional Center. Proposed initiatives primarily based on the Regional Center, therefore, should not be submitted.

CPB believes that consultation with the EVC can be meaningful only if a broad range of academic units on this campus use the "initiatives" process to identify their most important needs, including the need to restore funds that were cut during previous periods of financial stringency. CPB urges departments to propose initiatives for both new and existing programs, in the belief that the more initiatives that are proposed, the better the process will serve as a public forum for discussing campus priorities. Ideally, the initiative process will not simply fund a few specific proposals but, more important, will also reveal, through what it cannot support, a range of underfunded academic programs on campus, whose pressing needs based on both workload and academic quality must then be considered by the administration and the Senate. CPB intends to exercise oversight of the initiative process throughout the year at the departmental, divisional, and campus levels and will issue periodic reports to the Senate.

Respectfully Submitted,

COMMITTEE ON PLANNING AND BUDGET

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**APPENDIX 2**

(AS/SCP/1273)

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**COMMITTEE ON PLANNING AND BUDGET****REPORT ON THE INITIATIVES PROCESS AND THE FUTURE OF  
CAMPUS PLANNING****To the Academic Senate, Santa Cruz Division:**

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**THE INITIATIVES PROCESS**

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As UCSC nears the end of the second year of the Initiatives Process, CPB has developed serious concerns that must now be shared with the Senate as a whole. We acknowledge that the opportunity to compete for “initiative” funding has induced some campus units to reflect differently on unmet needs and future possibilities, and that this new thought has been good for the campus as a whole. Over the past two years, however, the detrimental aspects of the Initiatives Process have become increasingly apparent. We regret to report that, as presently implemented, the Initiatives Process has taken the place of rational campus planning, and threatens to become its very antithesis.

This need not have been the case. CPB has long believed that a limited portion of the campus budget should be set aside for meritorious and innovative projects that may fall outside the immediate priorities and plans of the powers that be. A desirable Initiatives Process would provide a direct channel through which such projects could come to the attention of the administration and the Senate outside the normal planning process.<sup>1</sup>

This is not, however, the Initiatives Process we now have. Last December, CPB produced a critical analysis of the first year of “initiatives”, pointing out that these “initiatives” had imposed much more than a 50% tax on “workload” allocations, inasmuch as Deans proposing initiatives were expected to use their workload funds to leverage those proposals. The effect, we argued, was to place a very large proportion of growth-generated revenue under the discretionary power of the EVC – and outside the normal planning process. The EVC responded to this criticism by folding the Initiatives Process into the normal planning process. The result was to create the unanticipated negative consequence that all requests for new funds, including funds that may be necessary to fulfill the core mission of a campus unit, would now be couched in the language of initiatives.

The justification of expenditures as “initiatives” implies that each proposal has survived a process of evaluation that is analogous to the way in which grant proposals are evaluated, and that the funded proposals are those that have been judged most “excellent” by qualified independent referees. In CPB’s opinion, “initiatives” are a poor metaphor for evaluating many proposed campus expenditures that are now reviewed through the Initiatives Process. One of CPB’s constructive roles in this process IS to promote fiscal accountability by looking critically at the metaphors used to

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<sup>1</sup> There are good reasons to maintain a form of the Initiatives Process that reserves a portion of the anticipated revenues generated by enrollment for high quality projects that would not otherwise be funded according to present administrative priorities. One of CPB’s undergraduate members, Chris Polster, has suggested a model procedure in which the role of Deans would be to produce an impact-analysis of proposals submitted to an independent review committee by departments and other faculty groups. His proposal can be found at <http://artstream.ucsc.edu/film142/chameleon/>

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**APPENDIX 2**

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justify particular expenditures. Our concern in all cases is to make sure that this justification is consistent with the core mission of the University, which is teaching and research.

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**ADMINISTRATIVE ACCOUNTABILITY**

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The UCSC administration is fundamentally unlike a granting agency that funds outside proposals according to established criteria of merit because it is to a significant extent funding *itself* through this process. Decisions about the administration's own "initiatives" raise questions of policy and planning that are systematically excluded from the Initiatives Process itself. The proposals related to the Banner System, for example, are not in any relevant sense "excellent" – they are merely necessary, perhaps regrettably so, in view of administrative decisions in the past. The present process does not, however, address the larger question of how the campus assigns financial liability for past decisions based on unfulfilled assumptions. Other proposals (e.g. infrastructural planning) are a *sine qua non* for generating the funds that the Initiatives Process seeks to distribute. Presenting this need as an "initiative" presupposes that the campus must use the first several years of enrollment-generated funds to pay for the prior planning that would have normally been required for this growth. Should the campus, rather, set aside a fixed portion of the growth-generated money each year for planning and infrastructural investments? How will it assure that instructional quality is not eroded to pay for growth? Still other proposals, such as the University Relations Initiative, request substantial new funds so that an administrative unit with at least 38 FTE in its base budget can perform tasks that are essential to its core mission. Could University Relations be making more effective use of its base budget to support its core mission?

Even in the area of academic planning, the "initiatives" metaphor can be misleading. The Engineering proposal, for example, asks that the campus forward fund its core curricular plan out of revenues generated by enrollment growth in other fields. This calls for a decision, based on policy and equity. It cannot be made by reviewing the intrinsic excellence of the proposed engineering program without also reviewing the long and short-term costs of a further diversion of campus resources from under-funded programs that did not propose initiatives to support their teaching activities. At the other extreme, Natural Sciences has proposed initiatives genuinely outside its teaching mission that far exceed the proposals of the other Divisions in ambition. These proposals, if funded, would get the lion's share of the FTE resulting from the initiatives process. In a competition for limited resources, they cannot be evaluated merely on their own terms without producing an academically unbalanced campus over the next decade. The future shape of the campus should be based on deliberate, publicly accessible, policy decisions in which the Senate as whole must play a central role.

When CPB has attempted to raise these fundamental questions within the Initiatives Process, we have been told that they are out of place because each proposal must be considered on its own intrinsic merits. There is, however, no *other* place for such questions to be considered now that the Initiatives Process has *become* the campus planning process. CPB is disturbed by the possibility that these questions are not being considered at all. We are equally disturbed by the likelihood that they are being considered and decided *outside* the process of shared governance through which the initiatives are reviewed. If so, the Initiatives Process has diverted an enormous amount of faculty and administrative attention from central questions about the future of UCSC – questions that the EVC and the Chancellor are effectively deciding on their own, without any meaningful discussion or review by the broader campus community.

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**REASONS FOR CONCERN**

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CPB's concern about the cumulative impact of hidden administrative decisions on the funding of instruction and research predates the Initiatives Process. Over the past few years, UCPB has developed a method for indexing campus expenditures so that the performance of the campus administrations could be compared meaningfully over time and across the system. The preliminary results raise serious questions about our own campus administration. On an indexed basis, UCSC spent the highest proportion of its state funds on institutional support, and an alarmingly low proportion on research. In cooperation with the campus Office of Budget and Planning, this year's CPB has further developed UCPB's method of analysis to incorporate instructional and administrative expenses. Preliminary results show that in a recent ten period the net amount of state money that UCSC *receives* from the state per student (including fees) has gone up *twice* as fast as the amount that it *spends* for instruction and research per student. In contrast, the amount that UCSC spends on academic administration per student has gone up at least six times as fast as the amount it spends on instruction and research per student – a conclusion we base on the most cautious interpretation of the presently available data.

This data covers the period from 1988-89 to 1998-99, before the budgetary impact the Initiatives Process, and before the campus substantially increased its funding of such activities as central administration, university advancement, public service, and outreach. CPB is still awaiting data on the effects of last year's budgetary commitment (including the funded initiatives) on the proportion of enrollment-generated revenue that goes into UCSC's core mission of teaching and research. We are requesting that this data be provided in a form that would allow us to project and monitor the ongoing effects of the long-term budgetary decisions of the past two years, including the initiatives.

Without such basic information, CPB cannot fulfill its basic responsibility in the academic planning process: to assure the Academic Senate that the core mission of the campus is receiving the highest budgetary priority from the campus administration. We believe that one valid measure of the budgetary performance of a UC campus administration is its ability to deliver over time an increased commitment to UC's mission of teaching and research, relative to various forms of institutional overhead. The citizens of California should expect this of the University as a basis for continuing support, and the system of shared governance gives our Academic Senate the power and duty to hold each campus administration directly accountable for deviations from this expectation.

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**TOWARD A BETTER PLANNING PROCESS**

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CPB's two year experience with the Initiatives Process has revealed a series of broad policy issues that have not been, and cannot be, adequately addressed through that process. Among these issues are the following:

**Infrastructural investment and planning for accelerated growth:** CPB has learned through the BAS initiative that this campus has neither the infrastructure nor the plans to accommodate the additional students whom the administration has agreed to admit over the next five years. BAS estimates that the cost of *preparing* for the necessary capital projects would absorb most OF the new revenues generated by the first three years of enrollment growth, leaving little if anything for instruction and research. CPB believes that these "up front" costs could be most appropriately

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discussed as a proposed “tax” or “investment”, rather than as an “initiative,” and that our focus should be on recouping them for the academic mission. An adequate campus planning process would thus seek ways to forward fund the infrastructural and planning aspect of growth without substantially reducing the funds available for instruction per student in the near term. It would also ask how *rapidly* the campus could afford to grow without jeopardizing the quality of education it offers to the present generation of students. Such analysis might be a basis for seeking additional forward funding from the state that could be paid back over time.

**Depreciation and Technological Obsolescence:** CPB has learned through the Initiatives Process that the campus seems to have no standard budgetary mechanism for replacing and upgrading essential equipment. Even where administrative units maintain cash reserves, these often seem only loosely related to the total cost ownership and useful life of their equipment. This is especially troubling in the case mission-critical information technologies, both hardware and software. Technology should not reach the point of malfunctioning or underperforming before it can be replaced by means of an “initiative.” Adequate fiscal planning must find better models of addressing this known issue.

**Base budget and initiatives:** CPB has observed that some campus administrative units tend to package as “initiatives” the most appealing elements of their core mission, and that others use the process to foreground their best cost-saving ideas. In such cases it is appropriate to ask why the items presented as initiatives are not a higher priority for the requesting unit and why they would not be part of the base budget if initiative funding were denied. In some cases there may be good answers that suggest alternative models for funding the proposed requests: e.g., giving the unit its full “workload” allocation or requiring it to “pay back” some part of the savings produced when greater efficiency results from centrally-funded investment.

**Engineering:** Last year, CPB recommended against the School of Engineering’s initiative because we believed that development of its core curriculum should be forward-funded by seed money from OP. The EVC decided contrary to our recommendation, and this year the SOE has requested additional forward funding from campus resources. This expectation of full funding cannot continue without sacrificing the quality of other academic programs. A better planning process would allow us to address the policy issues raised by the lack of sufficient seed money to fund the growth of engineering. Ultimately, SOE must prepare an alternative plan for growth based on resources that can be realistically expected from the campus. Once this fallback plan is in hand, the administration may be able to make a better case to OP that seed money is required to keep the present plan in place.

**Natural Sciences:** The Dean of Natural Sciences has once again submitted impressive research-based initiatives that are far more ambitious than the initiatives proposed by the Deans of Humanities, Arts, and Social Sciences. In effect, he has recognized that the “initiatives” model allows the internal funding process of the campus to reinforce, rather than offset, the advantages of the Natural Sciences Division in getting external support for its projects. This approach to campus academic planning cannot continue without allowing the non-science divisions to become academically marginalized as service divisions. A better planning process would allow for principled debate about the overall role of Natural Sciences in an intellectually balanced University that seeks academic distinction in all areas.

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**Plan vs. Program:** The Initiatives Process has put the Deans in direct competition with each other for the academic resources generated by future enrollment growth. There is, however, no necessary relation between the “excellence” of the planning documents produced by each Dean and the underlying merits of the departments and programs in each Division. Yet the Initiatives Process, in its present implementation, disqualifies any initiative that does not fit its sponsoring Dean’s long-range divisional plan. The process thus provides no effective check on the quality or integrity of the Dean’s plan, and, particularly, on whether it stifles or advances the needs of the departments and other faculty groupings that offer academic programs. This is something that the initiatives process in its original implementation might have done, and that must be done in an academic planning process that is properly reflective of the longstanding intellectual commitments of campus programs as supported in their external reviews. The current process goes too far in subjecting the priorities of potentially distinguished departments and programs to exogenously motivated changes in the priorities of the divisions and the central administration.

**Retrenchment:** UCSC is still recovering from a period of budgetary retrenchment that was highly damaging to many academic programs. CPB is only now developing the fiscal benchmarks that will enable us to judge how much damage was done, and how far that damage was exacerbated or mitigated by the campus administration’s response to budget cuts imposed by the state. There is, of course, no general reason for academic planning to reproduce the past, but a better planning process would allow campus units to make principled arguments that their academic quality was sacrificed in the 1990’s and that some growth-generated funds should be used for restorative purposes. Such arguments are systematically excluded from the current process.

**The Future: Growth and Quality:** A better process for planning campus growth would keep sight of a fundamental fact: the additional revenue provided for educating additional student is substantially less than our current per student expenditure (“average cost of instruction”). Such underfunding may be justified in period of normal growth, when we might assume that the physical infrastructure is already in place and that additional enrollment can be absorbed by marginal increases in academic staff. In periods of rapid growth, however, maintaining the quality of academic programs will be difficult, if not impossible, unless we develop fiscal benchmarks for monitoring the extent to which the state resources appropriated per student are used for teaching and research. CPB is currently working with Budget and Planning to develop such benchmarks, and to use them in assessing the impact of enrollment growth (both on this campus and in Santa Clara Valley) on our budgetary commitment to maintaining the quality of a UC education. We firmly believe that a better long-term planning process can and must be built around such benchmarks.

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## CONCLUSION

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For the reasons stated, CPB has lost confidence in the Initiatives Process as an overall approach to campus planning. We have, nevertheless, complied to the best of our ability with the EVC’s request that we evaluate each individual proposal. In doing so, we have limited our total funding recommendations to the amount of money available in the Initiatives Process this year. Our specific recommendations, however, reflect our misgivings about the present process, and our view that certain long-term budgetary decisions should be deferred until underlying issues are addressed.

If the EVC chooses to depart from our specific recommendations on funding, we would ask him to explain his position on the issues we raise using fiscal metaphors (such as “investment” and

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“taxation”) that are more appropriate to long-range campus planning than is the metaphor of “initiatives.” We would also ask that he provide CPB with an analysis of the *overall* impacts of the funded initiatives for the first two years on projected I&R, IS, and Academic Support expenses per student FTE over the next several years. This information would allow the Senate to evaluate the impact of UCSC’s two-year experiment with “initiatives” on the core academic mission of the campus.

Most importantly, however, we ask that the EVC and his staff commence meetings with CPB and SAC to introduce significant modifications in the planning and budget process for next year. The faculty time and energy consumed by this year’s Initiatives Process will have been justified if it begins meaningful dialogue with the administration on the fundamental priorities and direction of campus planning. We believe, however, that even one more year of the Initiatives Process in its present form would be an enormous diversion of Senate attention from the *real* campus planning process, which presently occurs beyond the level of effective shared governance. CPB, therefore, recommends replacing the present Initiatives Process with an approach to campus planning that will make the administration and the faculty jointly accountable for the budgetary decisions that affect our core mission as a University. We are pleased to report that the EVC’s initial response to this recommendation has been positive, and look forward to reporting on our discussions with him at the Fall meeting of the Academic Senate.

Respectfully Submitted;

Committee on Planning and Budget

Roger Anderson (ex officio)

Ilan Benjamin

James Clifford

Alison Galloway

Susan Gillman

Bob Meister

Frank Talamantes

John Hay, Chair

May 17, 2000

(AS/SCP/1262)

## Committee on Planning and Budget Analysis

### PROPOSAL TO ESTABLISH A UCSC REGIONAL CENTER IN THE SANTA CLARA VALLEY

#### Introduction

The Chancellor's proposal to establish a regional center cannot be separated from academic planning on this campus. It is, rather, part of a plan -- already underway -- to increase UCSC's enrollment by over 60% in the next decade. Governor Davis has included \$1.1m in next year's budget to plan a "Santa Clara Off-campus Center" in the expectation that it will help UCSC (and therefore the entire system) absorb an estimated 16,900 students by 2010-11 -- a number significantly higher than anticipated in the LRDP for the present campus.

UCSC already has a significant (and valuable) presence in the Santa Clara Valley, but this is both heterogeneous and scattered, granting academic credit in some cases and but not in most. CPB believes at this point, however, that the anticipated need to accommodate an enormous increase of enrolled students, either on this campus or elsewhere, eclipses all other issues in deciding whether and how to extend UCSC's presence into Santa Clara Valley. The crucial questions now concern the kind and the quality of degree program that UCSC could offer at a satellite campus, and whether establishing such a program would threaten the quality of what UCSC offers here at Santa Cruz.

To plan for Santa Clara Valley under currently accepted scenarios is also to plan the educational future of the present campus. It is not enough simply to acknowledge this and to restate our commitment to first-rate education. CPB urges everyone at UCSC to think long and hard about our collective future.

This bulletin sets forth CPB's seven major concerns about the educational and financial impact of academic planning for Santa Clara valley on the future of UCSC as a whole.

**1. Justifying the Academic Plan:** The Academic Plan must be produced before programs are instituted and it must (a) specify the target student body, (b) outline a framework of instruction and (c) propose means of delivering this instruction that will convincingly address the anticipated demographic "bulge".

Questions: How far will the enrollment at the Regional Center in degree-related programs go toward meeting any excess enrollment over the LRDP for the UCSC main campus? Where would the targeted student population otherwise go?

**2. Adequacy of facilities:** The academic plan for the regional center must provide a close match between the needs of the segment of UCSC students who will be educated there and the facilities that will be provided.

Questions: what levels of physical plant and support structure will be needed for the targeted student body? Will providing it in the Santa Clara Valley be cost-effective relative to the main campus? Given UC's dire shortage of funds for capital improvement,

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to what extent will any such funds applied to a regional center reduce what remains for UC in general and UCSC in particular?

**3. Preserving the financial base of the main campus:** The Chancellor has stated that the Santa Clara Valley Regional Center must not be funded out of revenues generated by enrollment growth on the main campus. The Chancellor has referred to this principle as a “budgetary fire-wall,” under which UCSC’s instructional activities at the Regional Center will be entirely funded by the additional funds brought in by students actually enrolled there.

Questions: Can “forward-funding” of the Regional Center from the main campus’s budget be avoided? How can maintenance of a “fire-wall” be guaranteed, in what categories of expenditure and for how long?

**4. Maintaining standards:** EVC Simpson, in his consultations with CPB has readily agreed that any programs mounted at the Center must fully adhere to the academic standards and values of the UCSC campus. The meaning of a “UCSC degree” should not diminish in any way whatsoever, nor be blurred by the encroachment of any other qualification based on the difference between the satellite and the main campus.

Questions: are programs proposed for UCSC-enrolled students at the Regional Center consistent with the present academic mission and vision of the main campus, and of their sponsoring departments? If programs at the proposed Center change our educational mission, rather than simply extending it geographically, by what process should those changes be considered and evaluated?

**5. Preserving faculty, teaching-assistant, staff and student rights:** All UCSC employees and our students have well-established expectations of conditions under which they work. The Center should not affect these adversely in any way.

Questions: How should these conditions be protected? Can students be assured of the opportunity to study with faculty engaged in active research in the manner that defines UC? Can the proportions of student FTE taught by ladder and non-ladder faculty approved as now appropriate be maintained at the Regional Center and at UCSC as a whole?

**6. Relationship to Initiatives in general:** The proposal for a Center is not only a particular kind of initiative, it is also running parallel to our new “Initiative Process.” They may both play a major role in defining the new campus that will emerge from a growth of over 62%. EVC Simpson has reassured the campus (see his {memo on budgetary allocation}, p.), that no “Initiative” that is explicitly and specifically directed towards the Center will be approved in this year’s process.

Questions: once initiated, how will balance in planning a multi-campus organization be maintained? Would the development of the Regional Center have a negative effect (even initially) on the discretionary resources available for academic programs on the main campus?

**7. Planning and approving the academic program:** The EVC is in the process of appointing a task-force to develop an academic plan under principles that it will be

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establish as its first order of business. Investigation of real estate and discussion of administrative plans has already been proceeding for several months, and it has been announced that a task force pursuing these issues will be formally appointed soon.

Questions: how, under what conditions, and when will the Senate and its standing committees choose to exercise the plenary power delegated by the Regents to supervise the quality of the curriculum and maintain academic standards?

### **Conclusion**

CPB believes that the Senate as a whole must have a full opportunity to discuss and vote on a comprehensive academic plan for the Regional Center before the necessary approval of its elements by relevant committees, and before the Regional Center begins operation as a site of regular instruction for UC-enrolled students. To this end, CPB is consulting with the other senate committees and expects that the Senate will be presented with a recommendation as to how such discussion and approval should take place.

Respectfully Submitted:

Committee on Planning and Budget

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Roger Anderson (ex officio)

Ilan Benjamin

James Clifford

Alison Galloway

Susan Gillman

Bob Meister

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Anujan Varma

February 9, 2000

(AS/SCP/1272)

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**COMMITTEE ON PLANNING AND BUDGET**  
**REPORT ON THE SANTA CLARA VALLEY REGIONAL CENTER**

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

The following report is endorsed by the Senate Advisory Committee.

The Committee on Planning and Budget is pleased that the Task Force on the Santa Clara Valley Regional Center has endorsed in its “Interim Report” (attached) the seven concerns set forth in the CPB analysis that appeared in the Winter Senate Meeting Call (AS/SCP/1262) and that it has proposed specific safeguards that address those concerns. We look forward to working with the EVC to implement these safeguards over the summer, so that planning for the Regional Center can proceed in the Fall along the lines that the Task Force recommends. In our view, the most important of the proposed safeguards are as follows:

1. Develop meaningful fiscal benchmarks for monitoring the impact of the center and of its particular programs on the funding of the teaching and research mission of the main campus.
2. Develop adequate procedures for reporting to the appropriate Senate Committees the degree to which forward-funding of proposed activities in Santa Clara Valley drain resources from the main campus, both prospectively and on an ongoing basis.
3. Obtain guarantees that the capital budget for the Regional Center will be provided separately from, and in addition to, the capital budget of the main campus.
4. Obtain guarantees that faculty released time for planning the SCVRC, and all other planning costs, will be centrally funded, and will not be a drain on revenues generated by enrollment growth on the main campus.
5. Appoint a respected faculty director for the SVRC in full consultation with the Academic Senate.
6. Establish a Senate Committee to monitor planning for the SVRC and advise the administration on whether to proceed.
7. Senate oversight of academic planning must be sustained over the summer.

In its “Interim Report” the Task Force relies on CPB, and other committees of the Senate, to implement these conditions. CPB believes that academic planning for the SVRC cannot proceed (except in the most preliminary way) until the essential preconditions are met to the mutual satisfaction of the Senate and the administration. Our greatest immediate concern is that the accounting mechanisms called for in the Task Force Report do not now exist, and that they need to be in place **before** any meaningful academic planning can go forward in a way that will not unduly impact the academic mission of the main campus.

This concern is heightened by CPB’s recent discovery (through the campus Initiatives Process) that the new building required by increased enrollment will not come until planning and infrastructural development have been done, and that the anticipated cost of this work will leave little enrollment-generated money for new faculty and courses. Over the next several years, the

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main campus will thus be expected to squeeze a rapidly growing student population into existing facilities and into existing classes. According to the Task Force, we cannot look to the SVRC to alleviate this problem. We must, therefore, develop accounting mechanisms that will guarantee that developments in Silicon Valley do not make anticipated stringencies on the main campus even worse.

CPB is working closely with Associate Vice Chancellor Meredith Michaels to develop a transparent method of accounting for the impact of expenditures on the SVRC on the funds available for instruction, research, and new facilities here at the Santa Cruz. Based on this method of accounting, we expect to report to the Fall Academic Senate meeting on the financial feasibility of the sort of program suggested by the Task Force for the SVRC. We will also report on the extent to which the administration has met the other conditions imposed by the Task Force on academic planning for SVRC. If appropriate, we may request a Senate vote on the desirability of proceeding with academic planning for the SVRC in the context of rapid enrollment growth at the Santa Cruz campus.

Respectfully Submitted:

Committee on Planning and Budget

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John Hay, Chair

May 17, 2000