

COMMITTEE ON PLANNING AND BUDGET**Report on the Strategic Futures Committee/Long Range Development Plan Process
and the Future of Enrollment Growth at UCSC****To: The Academic Senate, Santa Cruz Division****Abstract**

Here we provide CPB's assessment of the Strategic Futures Committee Draft Report on future growth on the campus that is meant to inform the up-coming Long Range Development Plan. We begin with a discussion of the campus planning process this year which ended with the proposed enrollment cap number of 21,000 students. This number was not presented for formal consideration by the Senate, and cannot be endorsed by CPB unless and until critical issues are addressed. The critical issues are that plans should precede future growth, and that at some point redeployment of existing resources, rather than continued growth, must become the primary means of developing new initiatives.

CPB offers the following points on the question of UCSC growth (for further explanation of these points see page 4):

- 1. we need a campus-wide plan that will help us to define acceptable growth,*
- 2. the current divisional 10-year plans do not constitute campus-wide plans,*
- 3. future growth should occur within the framework of a planned size, within which the campus can realize articulated visions with available resources,*
- 4. resources from enrollment growth do not cover the total cost of education per student,*
- 5. undergraduate enrollments alone do not facilitate the growth of graduate enrollments*
- 6. the present unconditional enrollment cap may preclude eventual development of graduate/professional programs,*
- 7. raising the enrollment cap may increase pressure to take additional undergraduates beyond the current carrying capacity of the campus,*
- 8. the current incremental growth model does not facilitate campus-wide planning,*
- 9. the campus needs to define specific resource and planning conditions under which revenue generated by growth in undergraduate enrollment improves the overall balance and quality of the campus,*

As part of the move to institutional maturity of the campus, CPB recommends the following immediate steps:

- 1. establish a campus-wide committee with responsibility for planning on an on-going basis,*
- 2. develop a robust Graduate Division to support and grow existing graduate programs and promote new programs,*
- 3. restructure the VPAA and VPDUE positions,*
- 4. provide structural means for developing new schools and enhancing existing programs,*
- 5. enhance the disappointing fund-raising performance of University Relations,*
- 6. strengthen the role of departments and their chairs in academic planning,*
- 7. ensure that functional efficiency and capacity-building in the academic support and administrative units are maximized under the Executive Budget Committee process.*

Preamble

The Long Range Development Plan (LRDP) process is underway, based on a growth target of 21,000 students to which the Academic Senate has not yet had an opportunity to provide a formal response. This is a troubling development inasmuch as the campus did not articulate in its recent 10-Year plan an academic vision that would require, or even justify, growth beyond the current 15,000 FTE. We understood that before a growth target was chosen, the campus would have the opportunity to debate the academic, physical, and financial implications of alternative growth scenarios (a continuum of options ranging from

no growth to little or modest growth, on upward, that would allow a thorough comparative analysis). In addition, our understanding was that where the campus should grow physically through 2020 (e.g. on the upper campus or through infill), would depend in part on the enrollment target chosen. Instead, the campus was informed in March 2004 that a number had been chosen by the Strategic Futures Committee (SFC), the academic planning committee formed in conjunction with the LRDP to guide the LRDP process, and that this choice would be explained in a draft Report that would circulate to the Senate in mid-March. The draft finally became available to us on May 5, by which time the number had already been incorporated into the LRDP options for campus development.

A fundamental rationale for growth throughout the draft Report is “flexibility” – i.e., the desirability of responding to new and unforeseen opportunities. While the benefits of this argument are self-evident, it does not offer sufficient balance to protect the campus from unplanned growth that can have a detrimental impact on the campus. We know that many mature universities (including other UC campuses) are able to maintain their flexibility to pursue strategic initiatives, when substantial increases in enrollment are no longer possible or desirable. The important questions are, thus, (1) is UCSC now a mature campus that is at an appropriate size, and if not (2) how can we determine what the planned build-out size of a mature UCSC should be? The SFC Draft Report communicated a clear ‘no’ to the first question, and did not address the second question.

The SFC Draft Report, rather, presents the 21,000 FTE cap for 2020 as a point on the continuum of campus growth, midway between minimal growth to 17,000 and aggressive growth to 25,000. This growth cap was supported in part by responses that the SFC received from Deans and department chairs who provided a list of hypothetical new faculty positions totaling 560 FTE that could come from growth and might be individually desirable for the campus. CPB notes that identification of desirable faculty FTE was the same process used to establish the current enrollment limit of 15,000. Also considered in the growth models were the possibility of one or more professional schools and the demographic pressures throughout the state for providing a UC level of education. The SFC’s procedure implicitly assumes that the campus can only improve through growth-generated FTE. The alternative is to set priorities for the redeployment of existing resources, as mature campuses do, even as they continue to seek new revenues from a variety of sources (including, but not limited to, the state). CPB has repeatedly stated that the failure of the campus to articulate priorities (even during periods of growth) is a defect of the planning process that must be addressed if growth is to be desirable and maximally advance the campus’ priorities (See CPB reports on Campus Planning and Enrollments <http://senate.ucsc.edu/cpb/index.htm>).

The SFC Draft Report notes that the 1989 plan took us from 10,000 to 15,000. With the benefit of hindsight, SFC found it desirable that the campus maintained flexibility to pursue new initiatives that were not planned in 1989. However, many of the programmatic accomplishments noted in the Report preceded the period of enrollment growth from 10,000 (which occurred only over the past five years). How did we do it before the students were here if the argument is that growth is necessary? An equally important question is why in growing from 10,000 to 15,000 the campus made virtually no progress toward reaching some of our key institutional goals, such as raising graduate enrollments to 15% of total campus enrollments?

CPB’s Winter 2003 Report presented an analysis of the effects of incremental, unplanned growth under the current LRDP <http://senate.ucsc.edu/cpb/cpb1373.htm> . Our analysis showed that over the past six years UCSC’s 40% growth has reduced us to a level well below that of the next lowest UC campus in both its proportion of graduate students and in its available facilities per student. We concluded that the rapid, unplanned growth of recent years has clearly served the campus poorly, and the long term benefits of that growth have yet to be realized in our academic plans.

Based on this conclusion, CPB proposed two conditions for the higher freshman enrollment targets requested by UCOP: 1) the improvement of the graduate/undergraduate ratio; and 2) the improvement of the gap between UCSC and system wide norms for facilities (physical space) to accommodate its present

faculty and students.¹ (CPB's reaffirmation of the longstanding 15% graduate enrollment goal was largely reactive to a then-projected decline of UCSC's graduate enrollments to c. 7%). These principles were accepted by the Senate, and, thereafter, the central administration agreed not to increase undergraduate enrollments if the campus had declined in its proportion of grads and available space per student FTE for more than two consecutive years.

While this agreement could be honored at a higher LRDP enrollment cap, it originally presupposed that the campus was very near its current enrollment cap, and that the pressures from UCOP to take more freshmen would abate. A higher LRDP enrollment cap (even in the form of a proposal) makes our campus more susceptible to state demographic pressures than campuses such as UCB, UCLA, and UCSB, which have acknowledged strict limitations on future growth. It, thus, reopens the campus to the unplanned enrollment growth pressures that caused UCSC's decline relative to all other UC campuses, without any specific acknowledgement that we have learned the lessons of the past.²

Because the SFC's Draft Report assumes the inevitability of growth, it limits its task to providing a positive rationale for such growth. This assumption raises several important questions:

- How does the SFC envision growth to 21,000 FTE advancing our 15% graduate enrollment goal, if the primary "drivers" of growth continue to be at the freshman level?
- What resources beside funds from undergraduate enrollment will be needed to fund graduate education and research from now on?
- How can we redesign our planning process to develop forward looking academic plans outside of growth already in place?
- How can we tie growth to achievement of agreed-upon planning benchmarks in graduate enrollment, facilities, and infrastructure?

If the campus is to benefit most fully from future growth, it needs a very different approach to planning than it has had under the present LRDP. The recently-concluded 10-Year planning process and the earlier Initiatives Process were flawed from the outset because they asked the campus to rationalize programmatically enrollment growth that had already occurred. Instead, we need campus planning and funding models that target the dollars generated by increased enrollments to the enhancement and development of specific programs, and that condition further growth on achieving agreed-upon planning benchmarks. We have identified, and listed, a tentative set of criteria at the end of this document.

CPB is most troubled by the failure of the SFC process to allow the Senate time to specify the conditions under which the campus should consider increased enrollments, based on the pros and cons of the growth scenarios studied by SFC. The SFC correctly states that enrollment growth should be a means for the campus to achieve its long-standing goals in undergraduate education, graduate education, and research. We know, however, that enrollment growth alone, especially rapid incremental growth, does not in itself provide means enough or time to achieve those goals. Given the lack of formal consultation on the target and the speed at which the LRDP process is moving, the role of the Senate in reviewing the academic reasons for higher enrollments will be irrelevant to the LRDP, unless we speak now.

The Conditions on Future UCSC Growth

We, therefore, offer the following points on the question of UCSC's growth:

¹ See Resolution: <http://senate.ucsc.edu/cpb/cpb1336.htm> Minutes: <http://senate.ucsc.edu/senmin/02marMf.htm> and CPB Annual Report <http://senate.ucsc.edu/cpb/cpbar1406.pdf>

² CPB's concerns can and should be raised during the Senate's annual consultation on freshman enrollment targets, whether or not the campus has raised the present enrollment cap.

1. **Reasoned growth beyond the current enrollment limits requires a campus-wide Master Plan that explicitly links academic and budgetary priorities.** In the recent 10-year planning process, the sum of all divisional plans would support enrollments that somewhat exceeded the present cap. But the divisional plans themselves were not made with significantly greater growth in mind. The process, moreover, did not prioritize programmatic growth at the divisional and the campus-wide levels. We must put in place adequate processes by which we can establish departmental, divisional and, most critical, campus-wide priorities.³ CPB has reported extensively on this in the past . <http://senate.ucsc.edu/cpb/index.htm>
2. **The future horizons of the campus should be based on campus-wide academic and research aspirations, and not be limited by the 10-year plans developed independently by divisions.** The 10-year planning process was constrained by the way divisions compete for marginal resources generated by the undergraduate enrollment growth that the campus had *already* experienced (i.e., enrollment growth related resources are made available after enrollments have arrived). Only units (departments and divisions) already in existence provided plans. The SFC's approach of consulting Deans and department chairs about future FTE beyond their plans replicates this process without adequately considering integration of a prioritized set of campus goals or the possibility of the creation of new units (departments or schools).
3. **Future campus growth and development should occur within the context of achieving a planned size that would allow the campus to realize its academic and research vision.** UCSC academic planning has become a competition for new enrollment-generated resources, with little or no accountability for the use of existing resources or of carry-forward funds. The campus must break through the limitations of this perspective to cope with growth in enrollment while retaining flexibility as new opportunities present themselves.
4. **Enrollment growth does not cover the total cost of education per student.** The campus gets substantially less (c. 40%) for each incremental student added than the average expenditure on existing students.⁴ At present, therefore, enrollment growth lowers the average funds available from the state per student. Modest growth can be accommodated, but large increases require faculty and facilities to absorb the growth and campus plans that would recognize, mitigate, and eventually reverse the negative effects of rapid growth on academic quality. The SFC Draft Report indirectly addresses this concern by advocating an average rate of growth that diminishes over time, but it does not consider the serious consequences if such incremental growth is concentrated in a short period of time with no plans or infrastructure in place to accommodate it. The striking lesson of the past five years is that incremental growth (if it is rapid) overtakes and eventually undermines the ability of the campus to plan effectively for the optimal use of that growth.
5. **Growth in undergraduate enrollments alone does not facilitate the expansion and/or initiation of graduate programs.** One justification for growth during the last LRDP process (1988-89) was the need to increase graduate enrollment to 15% of total enrollment-- a level more consistent with other UC's and research universities nationwide. In fact, however, we have reached total enrollments of nearly 17K with only c. 9% graduate enrollments. As a campus, we

³ See CPB Reports on Initiative Process , and 10-year plans
<http://senate.ucsc.edu/cpb/indxPlan.htm>

⁴ This is an illustrative (and changing) percentage based on "marginal cost of instruction" increments to the campus's base budget that are attributable to annual increases in enrollment. NB that, as enrollments increase under the present formula the average expenditure per student would gradually decline, reducing the differential between the average and marginal revenues that the campus receives per student. This qualification, however, merely underscores the point made above. A further qualification concerns Education Fee revenues, which unlike state support, are the same for new and existing students. To the extent that UC becomes increasingly tuition-based (*and* that Education Fee increases are allowed exceed reductions in state support), higher enrollments could conceivably pay for themselves. This, however, would be a departure from the spirit of the Master Plan, which promises UC access to all eligible graduates of California high schools. There is likely to be less demographic pressure on UC to grow if access is reduced as a result of higher fees.

will continue to fail making substantial progress towards higher proportionate graduate enrollment through increasing undergraduate enrollments without a better financial and planning model to specifically support graduate growth.⁵ That model should assume that the campus has a choice about the timing and amount of undergraduate growth and that it has chosen not to grow in ways that will perpetuate and worsen UCSC's longstanding bottom-ranked position in graduate education and facilities.

6. **The present unconditional enrollment cap might preclude the eventual development of graduate and professional programs that require an undergraduate component.** There are specific areas in which synergies with new or existing undergraduate programs could be key components of a viable financial model of a graduate or professional program. Financial viability might be difficult to achieve for such programs if undergraduate enrollment growth occurred in the absence of strategic academic plans or if it could not occur at all. In the optimal scenario, UCSC could phase in targeted undergraduate enrollment growth as a component of a broader plan to fund specific graduate and professional programs, and only after the forward funded component has been committed by state or private sources.
7. **Raising the present enrollment cap makes the campus susceptible to system wide pressure to grow beyond our present academic and physical plans.** The UC system can and does ask campuses to take more students than they can optimally accommodate now, and develop the programs and facilities to accommodate them later. It does not, however, regard campuses that have reached their LRDP enrollment cap as having the capacity to accommodate more students. Because we are now close to our LRDP cap, we are in a position to establish the processes by which facilities and faculty hiring can better match any future growth before UCSC can accommodate UCOP requests. This is, thus, the moment for the Senate to consider what kind of planning model must be in place to provide sufficient assurance that further growth will be beneficial to the campus as a whole.
8. **Future growth in enrollment should avoid the incremental growth model that has thwarted adequate long-term strategic planning.** Instead of simply adding students across existing programs, future growth should be targeted to the development of new programs or the enhancement of existing programs that would then accommodate and distribute the overall student enrollment. This is consistent with the SFC's view that the LRDP "plan ... growth in the context of a master plan [that] ... should accommodate alternative models of growth ---including both incremental growth (e.g., in response to new enrollments) and strategic/opportunistic growth in specific areas (e.g., in response to research initiatives)" (p. 22) The campus must have this sort of "master plan" before it considers growth beyond what is necessary to accommodate the students to whom we are already committed.
9. **The campus should define the specific resource and planning conditions under which enrollment growth would improve the campus.** The campus must plan proactively to use the financial resources that enrollment growth can generate in combination with other sources of funds that the campus actively seeks. This would require a more effective fund-raising operation that is better linked to academic plans and priorities. It would also require, as stated above, a different kind of campus planning model that more directly links budgetary and academic planning.

CPB recommends a broader campus discussion of the desirability and phasing of growth under alternative scenarios before final decisions are made in the new LRDP process. CPB cannot endorse, and we recommend that the senate not endorse, any target including the proposed 21,000 FTE without such discussion.

⁵ The above analysis assumes continuation of the present 50% differential funding of UC over CSU per student FTE. This differential was adopted when UC was 25% graduate. The UC system as a whole is now only c 16.5% graduate. The existing differential funding that UC receives per student FTE has thus come under legislative challenge on the grounds that the cost of educating the students we now enroll should be closer on average to the cost at a CSU. NB UCSC is c. 9.2% graduate, the lowest in the UC system.

CPB lists below a set of immediate steps that we believe must be met to ensure that growth will take place at the rate and in the direction that will produce the future campus we collectively define. These conditions summarize and codify concerns raised by CPB throughout our recent period of intensive growth.

Immediate Steps for Academic Planning and Growth Beyond the Current LRDP Cap

-- A campus-wide academic plan should be developed that both establishes priorities for academic growth and retains flexibility to pursue strategic opportunities. The plan should include rationales for academic and research growth and should specifically address both the benefits and detriments of growth to the academic and research mission of UCSC.

-- The campus must establish a robust Graduate Division, with the resources to subsidize existing and the authority to plan new graduate programs. In particular, the Graduate Division should have the funding and authority to promote, establish, and administer graduate groups. A separate development program to recruit and support graduate students should be established, linking fundraising in University Relations to the Graduate Division.

-- The structure and organization of the offices of the VPAA and VPDUE should be reviewed. What are the lines of authority and responsibility between the two offices, as currently structured? Would a complete rethinking of these positions and duties be preferable, given campus aspirations that bring into close coordination undergraduate and graduate research and education?

-- The reorganized VPAA and VPDUE office(s) should have both the resources and the authority to plan, develop, and implement new schools and colleges as well as to assist the guidance of established academic programs. Academic planning for the campus, including an ongoing Strategic Futures process, should be coordinated under the reorganized office(s).

-- The chronic underperformance of campus fundraising through University Relations <http://senate.ucsc.edu/cpb/cpb1372.htm> should be addressed. Clear performance targets should be set for UR, and these should be coordinated with academic plans, capital plans, and enrollment growth at the campus and divisional levels.

-- Departments should play a greater and more direct role in campus planning, both within and across divisions. The divisional Councils of Chairs should be coordinated into a transdivisional Council.

-- Before another phase of growth begins, the campus must show a clear will to meet the capacity building and performance benchmarks promised through the Executive Budget Committee process. We must replace the ad hoc, overlapping, multiple systems that have developed over the years with standardized levels of service that are efficient, effective, scalable, accountable, and appropriate to the different needs of campus constituencies. We must also have in place the means to prevent the proliferation of such overlapping systems in the future.

Respectfully Submitted:

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