

COMMITTEE ON PLANNING AND BUDGET
Annual Report, 2014-15

To: Academic Senate, Santa Cruz Division

The Committee on Planning and Budget (CPB) worked hard on many fronts during the past year. These include:

- Strategic Academic Planning and the Silicon Valley Initiative. We proposed a radical departure from the traditional way of allocating open faculty positions, and encouraged the Chancellor to modify the timeline on and criteria for his Silicon Valley Initiative.
- Long Range Enrollment Planning (LREP), Graduate Growth, and Student Success. These are central to our teaching mission and affect a large portion of the campus budget. During the past year CPB proposed reforms for LREP and participated actively in ongoing efforts to build graduate education capacity and to improve undergraduate retention and reduce average time to degree.
- Reforming the consultation process between the Senate and Administration. To facilitate more fruitful consultations than have been possible in recent years on LREP, capital planning, faculty position allocation and general budget decisions, CPB worked closely for the last several months with the CPEVC to create a review calendar for 2015-16, which includes very specific deadlines and expectations for providing data to CPB to guide consultations.
- Following up on major issues addressed in previous years. These include campus internationalization, the Envision UCSC process, capital planning, and the operation of Business and Administrative Services (especially parking permits and programs, and recharge fees).
- Routine business. As always, CPB this past year reviewed new program proposals; participated in external reviews for several academic departments; reviewed proposals for reorganizing administrative units; responded to systemwide review requests; proposed policy and procedural changes; and commented on requests for off-cycle, Target of Excellence, and President's Postdoctoral Scholar appointments.

Absent from the list is the general budget review that traditionally has been requested by the Office of the Campus Provost and Executive Vice Chancellor (CPEVC). This is the second consecutive transition year with neither budget reductions nor general augmentations on the table, and so no general review was requested.

The remainder of the report elaborates on these activities, and then lists anticipated issues for 2015-16. An Appendix reviews the rules governing the membership and functioning of CPB.

Strategic Academic Planning

As noted in our April 20, 2015 memo to the CPEVC, the campus is about to enter a new environment that demands a new approach to academic planning. We expect significant new resources from rebenching for only two more years, and at best modest increases in state funds thereafter. Faculty demography, on the other hand, suggests an increasing stream of open FTE slots due to separations over the next decade and beyond. At the same time, we expect rapid changes in the research landscape and in teaching techniques. The current approach to academic planning returns virtually all open slots to the division where separations occurred. To survive and prosper in the new environment, we must break that tradition and use available resources to respond to new opportunities.

Our April memo therefore recommended that the campus as a whole harvest a fraction of the faculty slots that come open, perhaps one of every three, and recommended a set of principles for allocating those slots. The allocation process should be *accessible*, enabling all faculty to propose new cluster or group hires in strategic areas where our campus can excel, and should be *transparent* in stating the criteria for campus excellence by which allocations are made. We recommended opening a new round of competition, akin to the 2014 FIGH and cluster hire process, in fall 2016. We understand that the Administration agrees in principle but, before implementing such a process, seeks to resolve issues regarding staff funding in Academic Divisions, which currently is tied formulaically to the allocation of faculty FTE.

Silicon Valley

In a surprise announcement in Fall 2015, the Chancellor launched an Initiative to establish new Masters programs based in Silicon Valley, using resources associated with fourteen of the new faculty lines the campus will receive as part of rebenching. CPB members welcomed the opportunity to consult on this matter, given our longstanding interest in the question of how UCSC can best take advantage of its proximity to a diverse, dynamic urban center in a manner that leverages its existing strengths and furthers our mission in a fiscally responsible way. We were, however, concerned about what seemed to us a lack of adequate attention to and planning for the considerable infrastructure, staff, and support costs that running such programs at a remote site would entail.

Initially, the intention was to include the Silicon Valley Initiative in the 2014-15 Call for Recruitment Proposals; we were pleased by the administration's subsequent decision to proceed more slowly, setting aside this year's FTEs to generate revenue to cover infrastructural expenses. This gave us an opportunity to think through the issues and give more considered advice on selection criteria. CPB formed a subcommittee tasked with compiling an oral history of UCSC's experience in launching academic programs in Silicon Valley. On the basis of this research and our conversations with the administration, we arrived at a set of principles to be considered moving forward:

- Three traits greatly improve the chances of a Master's program's success in Silicon Valley: (a) appeal to international students interested in gaining employment in Silicon

Valley; (b) the use of lecturers with strong industry connections; (c) a committed and effective leader devoted to promoting the program.

- Resilience should be a central criterion for assessing Masters programs. Programs supported by UCSC must be viable in downturns as well as in booms, and they should not depend too much on a single partner in industry or government.
- Although the Silicon Valley Initiative is not primarily designed as a revenue-generating endeavor, it must be a sustainable one. The administration must subject all programs to a periodic financial review and create a sunset process for winding down programs that don't prove to be viable.
- In launching Masters programs, the administration should not lose sight of our broader goal: to build a durable presence in Silicon Valley that best furthers the UC mission of research, teaching, and service on both sides of the hill. To achieve this goal, we need to leverage existing assets, including UCSC Extension, the partnership with NASA, and the numerous collaborations of individual faculty to create a central hub of activity.
- An attractive and accessible location will be crucial to our success in building an intellectual critical mass. Adequate resources for support services, including transportation, administrative staffing, and student health care will also be key.

On the basis of these principles, CPB evaluated the six pre-proposals submitted in response to the Administration's Call. We recommended two for further development: A linked set of programs based in the Department of Computational Media, and an interdisciplinary program in Data Science. CPB also favored proceeding cautiously with the Aeronautics program if the NAMS proposal is successful.

Graduate Growth

Graduate growth has been a long-standing campus goal. The UC systemwide rebenching formula announced in 2013 included a mandate to increase Ph.D. enrollment at UCSC to 12% of undergraduate enrollment by 2017-18. Because graduate growth impinges on all academic and research activities, including Divisional faculty FTE requests, program reviews, and budget recommendations, CPB has followed this issue closely and is particularly interested in funding strategies to support graduate growth. Last year the Senate Executive Committee proposed Guiding Principles for Graduate growth and recommended that a Joint Senate/Administrative Task Force be developed immediately to assess current efforts to meet the 12% mandate, and to offer analysis and recommendations for strengthening graduate education and research at UCSC. The Task Force, which included three CPB members, completed a report in June that analyzes the capacity of programs for growth, the allocation of current resources to encourage growth, the incentives to increase faculty participation in graduate education, and the current practices and needs for graduate student professional development. A set of prioritized recommendations is included for consideration next year by appropriate Senate and Administrative constituencies.

In preparation for this process, CPB consulted with Vice Provost & Dean of Graduate Studies (VPDGS) Tyrus Miller, asking about the Graduate Division's recent investment experiences at

our campus and lessons learned. CPB was also interested in graduate growth strategies at other UC campuses, and how the Graduate Division models costs and benefits of the major type of graduate student funding, such as external funds, fellowships, TAs, etc. The discussion focused on specific strategies in five departments over the last couple of years, and, more explicitly, the nature, size, and impact of investments and the implications for the overall graduate growth. The viability and cost of making multi-year commitments to graduate students, like those offered recently at UC Irvine, were also discussed.

Undergraduate Student Success

Improving student success continues to be a major topic on our campus. Starting this year UCOP provided \$1.6M for four years to increase undergraduate retention and graduation rates at UCSC. The campus Student Success Steering Committee (SSSC), led by Jaye Padgett and including two CPB members along with many representatives from the Division of Undergraduate Education and elsewhere, advises on how the UCOP funding and other available resources can best be utilized to attain these goals. The SSSC recommended that the UCOP funding be used to purchase computer software described below, as well as 1) to establish a Student Success Center with relevant staff; 2) to improve the first-year experience, curricular success, and enrollment management; 3) to enhance academic support services; and 4) to improve retention, graduation, and interventions.

CPB consulted with Jaye Padgett twice this past year to learn about the committee's observations and recommendations. These consultations discussed implementation of the Envision goals pertaining to student success (February 19 meeting), the progress on the search for a proper information system to evaluate student success (February 19 meeting), and the proposed spending plan and metrics to assess outcomes (February 19 and May 21 meetings). Other topics of discussion included how summer session could be utilized more effectively, perhaps through affordable summer housing.

The main focus of SSSC this past year was to select a computer system that could 1) identify students who are at risk of dropping out in order to intervene in a productive fashion (early alert), 2) mine student information system data to provide a model for predicting risk factors for students dropping out (predictive analytics), and 3) increase the coordination of intervention and advising (case management). At the end of spring quarter SSSC recommended investing in the Student Success Collaborative (SSC) of the Education Advisory Board (EAB), which incorporates all three functions.

CPB members expressed some concern about the cost, suggesting that it might be possible to develop predictive analytics software in house rather than purchasing an expensive system that the campus would not retain if UCSC decided to terminate the contract with EAB. At minimum, the CPB recommends that while adopting the EAB SSC product, the campus should also explore developing the predictive capability in house with the assistance of faculty and students. CPB also expressed concern that too much of the UCOP funds is being directed toward analytics and advising and not enough spent on the academics. CPB members also felt that student success would benefit from using some of the funds to improve the social climate for students.

Enrollment Planning

Last year's CPB annual report noted that we were not able to provide any meaningful input on the Long Range Enrollment Planning (LREP) projections because the committee was brought into the process too early, before any relevant information was available, and then too late, namely, after decisions were made. In October this year, CPB proposed a schedule for the review of previous and future campus enrollment targets. Despite several subsequent requests, no enrollment data were forwarded to the committee until the end of January, against a backdrop of an official campus deadline for submission of the LREP to UCOP that very week.

Nevertheless, CPB wrote an urgent memo to the CPEVC on this matter (February 3, 2015). We were especially concerned about the potential budgetary impact of UCOP enrollment mandates, particularly of a very sharp reduction in the incoming cohort of California residents. Although increasing the number of non-resident students would bring additional revenue to campus, not to mention welcome multicultural diversity, we were concerned that the benefits would be partially offset by financial (and reputational) costs associated with supporting underprepared non-resident students. Our concerns were reinforced by the Committee on Admissions and Financial Aid (CAFA) analysis of the "Data Comparing Selective Admissions Credentials of Resident and Nonresident Freshmen at Santa Cruz: 2006-2014" report generated by UCOP Institutional Research and Academic Planning (October 29, 2014). CAFA pointed out that the high admission rate for non-resident students brought to campus a significant number of students with academic records insufficient to indicate a high probability of success. Unless the pool of non-resident applicants were to improve significantly, growing the population of non-resident students would likely result in more unprepared students. Indeed, a sharp rise in non-resident admissions would displace California residents and run contrary to the spirit of the state's Master Plan for Higher Education. After reviewing the draft LREP targets circulated by Planning & Budget on January 22, 2015, we ran models showing the budgetary implications of different mixes of admitted students. Based on this modeling, we recommended that admissions targets be revised as follows: 1) maintain stated LREP target of 3000 California residents rather than dropping that number to 2800 as current plans then indicated; 2) drop the non-resident admission target from 600 to 500 to help maintain quality.

Consultation Process

The problems mentioned above in obtaining timely information apply not just to the LREP process, but also to Capital Planning (as further discussed below) and to general budget review. On February 5, CPB wrote a sharp memo to Senate Chair Brenneis describing the breakdown of the traditional process by which the Senate advises the Administration on these crucial matters. The memo attributed the problems mainly to changes external to the campus that disrupted the normal schedule, and it emphasized the need to rebuild the consultation process to function well in the current and likely future environment.

We were very encouraged by the positive and forthcoming response of CPEVC Galloway. CPB staff have worked with Planning and Budget Vice Chancellor Delaney and her staff over the last several months to develop a specific calendar of information collection and transmission that will enable timely and useful consultations for general budget review, LREP, Capital Planning and faculty recruitment authorizations. At the time of this writing, we have full agreement on the broad outlines and most of the detail. We await a memo from the CPEVC (being drafted by the

VCPB) describing the broad outlines to administrators who consult with CPB regularly.

Business and Administrative Services (BAS)

CPB had two brief but productive consultations with VCBAS Latham on a range of topics, including the following.

Budget. BAS consists of several heterogeneous units with varying objectives, many of which operate largely independent of each other. These units are funded through different sources – central (or core) funds, housing fees, parking fees, and student fees – and some of these units are self-supporting while others are depend largely on core funds. Historically these units have reported their budgets in different and inconsistent ways. There may be no single budget format that can communicate coherently to BAS as a whole as well as to CPB and to Planning and Budget (P&B).

In spite of these challenges, CPB made some progress this past year in understanding the BAS budgets. Going forward, we recommend (i) organizing the BAS budget by arranging the 20+ BAS units into perhaps half a dozen clusters whose constituents can use the same reporting format, and (ii) creating a set of consistent budget documents that enable all readers (the individual unit, BAS central, and P&B as well as CPB) to understand the functioning of each BAS unit.

Transportation and Parking Services (TAPS). CPB spent considerable time trying to get current information on the TAPS budget and eventually in reviewing the multi-year parking fee increase it proposed on March 31, 2015. After considerable work by the CPB representative on the Transportation Advisory Committee and by BAS and P&B staff along the lines of (ii) above, CPB was able to review the TAPS budget in April 2015. We observed major inconsistencies remaining between various documents for critical numbers, especially on reserves, which varied from negative to more than half a million dollars.

On May 8, 2015 CPB wrote a memo opposing the proposed parking fee increase. Although fee increases may indeed be required to support parking operations, the information in the request packet was inadequate to explain or justify the proposed overall fee increases. We are also concerned with proposed structural changes that would disproportionately impact sustainable commuters who use a combination of vanpool, bus pass, bike, and scratch-off A permits. A third concern is an unvetted plan to extend on-campus parking fees to off-campus parking areas such as Delaware and Schaffer Road.

We were pleased to hear that in June 2015 TAPS agreed to reformulate their proposal with proper justification and vetting next year. We expect that TAPS will (1) provide adequate information on reserves to establish the need and justification for parking fee increases, and will project the extra revenue needed for the next 3-5 years and its usage; (2) consider a range of options for differential fee increases and structural changes and explain their advantages and disadvantages; and (3) going forward, will compare annually the actual revenue by permit type with the projected revenue in order to assess whether the structural changes are making any impact (positive, neutral, or negative) on revenues and accessibility.

Reorganization and Efficiency. It has been difficult for CPB to provide suggestions for increased reorganization and efficiency across BAS units without understanding the budget. However, one potential area of reorganization appears to be accounting where different accounting practices and formats are followed in each individual unit without much communication with each other, resulting in potential duplication.

Recharges. As in several previous years, CPB again tried to tackle recharge issues. Basic economic principles tell us that the campus should not try to provide services that can be obtained locally at lower cost, and that the campus should pay directly for non-discretionary services whose usage a unit cannot control. Recharge should be used only in other cases, and sparingly even there because the system is costly to use, especially in terms of staff time. Just today, the author of this paragraph signed off on a \$220 recharge that required an email thread of 11 sends by 4 staff members plus several completed forms. The time cost was probably more than \$20 per send, and the recharge was for an activity that cost the receiving unit nothing to provide.

Besides the primary question of which activities belong in the recharge system, we have become aware of a subtle secondary issue. In recharge-based units, staff upgrades and salary increases can be funded by raising recharge rates or holding them constant while service expands, whereas most other campus budgets are less flexible and have been subject to cuts. There is a perception that this asymmetry has led to lower pay for academic staff and others outside the recharge-based units, although we are unaware of any clear evidence that this is the case.

CPB members believe that the time has come for a high-level review of the campus recharge system. We are pleased that BAS leadership has indicated that they will be happy to have CPB participate in such a review, if one were scheduled.

Physical Planning and Construction (PP&C). As noted elsewhere, CPB has become concerned with PP&C operations as they relate to the overall campus system of Capital Planning. We became aware last summer that an external review was scheduled and so delayed making our own inquiries about PP&C. We met with the external review committee on April 16, 2015, and asked that BAS forward their report to CPB when available. This is clearly an area for continued CPB attention.

Capital Planning

CPB devoted considerable attention this past year to issues associated with capital planning, maintenance and construction. The campus faces significant challenges due to expanding the faculty and opening new programs, meeting the LRDP requirements as our student numbers continue to increase, and addressing problems arising from aging facilities, particularly in Kresge College and Family Student Housing. Compounding the challenge, the Office of the President will now provide funding for no more than half of approved campus capital projects, with the remainder coming from increased debt burden or private sources.

CPB provided membership to three capital-planning committees. The Academic Space Plan (ASP) Task Force considers issues associated with the allocation and development of campus

space assigned to academic functions, including both teaching and research. The Campus Housing Planning Committee (CHPC) develops proposals for new housing development, in parallel with considerations about maintenance and refurbishment of existing housing facilities. The Campus Planning and Stewardship (CPS) committee considers the "big picture" of the capital planning and maintenance process, considering reports and recommendations from groups such as ASP and CHPC and providing a critical review, and eventually forwarding its recommended capital projects proposal to the EVC.

CPB members involved in these committees voiced several concerns. Senate involvement in CHPC must be maintained or even increased next year as the mix of lower-division, upper-division, and graduate housing must be worked out for rebuilding Kresge and Family Student Housing. Likewise for ASP as it allocates the warm-shell space to be developed at 2300 Delaware among various academic groups. CPB's input to CPS has been missing the last few years, but it is crucial as CPS develops the 10-year capital projects plan that is forwarded annually to the Office of the President. This input is an important component of the consultation process reform noted earlier.

CPB believes that the whole capital planning system needs fundamental reconsideration given the challenges noted above. As explained in our memo of July 8, 2015, during the coming year reforms should be put in place that transform the current cumbersome compliance-oriented system into a more nimble process whose clear goal is to find cost-effective ways to meet campus goals of undergraduate and graduate teaching, research and service.

Internationalization

CPB continues to strongly support the internationalization of the campus and has remained engaged with budgetary and planning activities to that end. In particular, CPB concurred with CP/EVC Galloway's administrative reorganization plan to establish a new position for a Vice Provost of Internationalization, a move consistent with CPB recommendations to the Senate Chair (copied to the CP/EVC) in January 2014. Besides recruiting more international undergraduates, we see internationalization as including recruiting and supporting international graduate students as well as faculty collaborations extending beyond national borders. Such activities are mutually reinforcing and cut across existing campus structures, so a new administrative unit under a separate Vice Provost seems appropriate. It will give more prominence to the campus' internationalization efforts and also provide more focus and coherence to efforts in this area which to date have been rather scattered and ad hoc. This reorganization should free up resources in the Undergraduate Division and elsewhere, and so need not require a major net infusion of new resources.

CPB would like to see an increase in international undergraduate enrollments, but not by reaching too deep into the existing applicant pool for marginally qualified students. Instead, for several years CPB has emphasized the need to develop pipelines to potential feeder schools abroad that can be relied upon to consistently provide us with well-prepared students. Efforts by individual faculty in countries such as China suggest that with a proper investment in time and planning, these efforts should meet with success. CPB hopes that the interim and the new Vice Provost for Internationalization will give very high priority to such targeted outreach so that, over time, the quality and size of the pool of international students will increase.

At the end of the year, CPB was asked to provide feedback on a new Multilingual Writing Curriculum, a four-course sequence designed especially for international students. CPB agrees that once the campus admits students, it has the ethical obligation to provide them with the tools they need to succeed. However, CPB felt that its ability to comment on this proposal was compromised not only by the fact that it came late in the academic year, but even more seriously by the fact that it was not accompanied by a prospective budget nor any indication of the source and disposition of the funds that would support it.

Envision UCSC

CPB reviewed the Envision UCSC goals as enumerated on the campus website, as well as a draft of the CPEVC's presentation at the February 18, 2015 Senate Meeting. We were pleased to see this collaborative planning process coalescing into a suite of specific goals addressing serious issues. However, we are unable to detect real progress towards implementing action plans. CPB was and remains concerned that the innovative thinking in the vision conferences will be diluted or lost as goal implementation is assimilated into administrative processes. Additionally, the committee expressed concern about the vagueness with which graduate student issues (notably success and support) were described in the Student Success and Research goals. Clearer commitment and more decisive action in this critical area is essential if we are to realize our stated commitment to graduate growth.

Regular Committee Business

FTE Review. CPB reviewed the divisional requests for faculty recruitment authorizations for 2015-16, including for 17 new centrally funded positions. Of these, four were reserved for development of academic programs in Silicon Valley. The thirteen remaining positions will be allocated for recruitment in 2015-16, of which four positions were to be used to complete cluster hires initiated with the 2014-15 recruitments. The divisions made 36 total requests, 15 of which were for the 13 new slots. The committee consulted and made recommendations on several requests for partner-hire, Target of Excellence (TOE), Presidential Postdoctoral Scholar and waivers of open recruitment.

Over at least the last decade FTE allocations have been very roughly equal across the five academic divisions. There is a logic to this since all divisions are experiencing new challenges and opportunities, and one of the very few ways in which divisions receive new resources (Instruction and Research funding, I&R) is through FTE allocations. However, a more expansive interpretation of equity must take into account the fact that student/faculty ratios vary widely across departments and divisions. Also, the established divisions (Social Sciences, PBSci and Humanities) currently hold and/or can expect many more open slots due to retirements than a new unit such as Baskin School of Engineering (BSOE), launched in 1997 and since stunted by two periods of state economic crisis. This past year CPB recommended a disproportionate share of the 13 new slots go to BSOE departments on these broader grounds of equity, as well as grounds of opportunity for the campus.

Program Review. CPB reviewed proposals for the establishment of new B.A. programs in Applied Linguistics and Art and Design: Games and Playable Media, and M.S. and Ph.D. programs in Computational Media. Additionally, the committee provided a recommendation on

the TM department's request to self-suspend the Technology & Information Management M.S. program.

External Reviews.

CPB prepared universal charge questions for the departments of: Anthropology, Computer Engineering, Computer Science, Economics, Film & Digital Media, and Microbiology and Environmental Toxicology. Committee responses to the external review reports for discussion during closure meetings were prepared for the departments of: Electrical Engineering, History of Consciousness, Latin American and Latino/a Studies, Literature, Mathematics, Molecular, Cell, and Developmental Biology, Physics, Theater Arts, Technology Management, and the Writing Program.

On the administrative side, in addition to the PP&C external review mentioned above, the committee also submitted questions for consideration during the Bookstore external review. Neither report was finalized at the time this annual report was prepared.

Continuing Issues for CPB 2015-16

Next year promises to be at least as busy as the year just passed. Major continuing issues include: 1) implementing consultation reforms, 2) reforming the capital planning process in light of the PP&C external review, 3) monitoring the parking fee increase proposal from TAPS, 4) working with P&B to reform financial reporting in BAS units, 5) developing a comprehensive process for enrollment planning that addresses the readiness of non-resident students while achieving campus financial goals, 6) development of a new campus long-range development plan, and 7) monitoring the graduate growth task force recommendations.

Perhaps even more important, it may be time to follow the lead of some of our sister campuses in reforming the dual currency model (FTE/ dollar amounts) of faculty resource allocation, or at least to change the established model of tying I&R (Instruction and Research) support to the divisions to FTE allocation.

Respectfully submitted;

COMMITTEE ON PLANNING AND BUDGET

Suresh Lodha

Loisa Nygaard

Rick Prelinger

Eric Porter

Danilyn Rutherford

Abel Rodriguez

Bruce Schumm

Jin Zhang

Don Brenneis, *ex officio*

Ólöf Einarsdóttir, *ex officio*

Dan Friedman, Chair

Whitney DeVos, Graduate Representative

Guillermo Rogel, Undergraduate Representative

Hannah Tuong, Undergraduate Representative

July 20, 2015

Appendix A: How CPB Functions

CPB consists of ten regular members (one of whom serves as Chair), including two *ex officio* members, the Chair and Vice-Chair of the Senate. All members are selected by the Committee on Committees (COC) and are subject to Senate approval. CPB brings a balance of perspectives to campus issues by including members from each academic division. CPB also had a graduate student representative and places for two undergraduate student representatives to sit with the committee throughout the year. Members represent CPB on other academic and administrative committees and share the tasks of writing and editing documents. The duties 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, signing CPB documents and attending UCPB. All CPB letters and reports, unless otherwise noted, represent the consensus opinion of CPB.