

**STATE SENATE EDUCATION COMMITTEE  
SUBCOMMITTEE ON HIGHER EDUCATION  
President Robert C. Dynes  
University of California  
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[AS PREPARED FOR DELIVERY]

Senator Scott, Senator Speier, members of the Committee: Thank you for convening this hearing, and thank you for giving me the opportunity to speak with you today. I want you to know how much I appreciate your interest in the University of California, your support for public higher education, and your understanding of the link between higher education and California's future.

I'd like to share with you some of my views about the role the University of California plays in our state and about the future of the University of California – and then I'm looking forward to hearing questions and engaging in dialogue. I also am delighted to be joined on this panel today by some very distinguished members of our faculty who have made enormous contributions both to California and to the worldwide body of scientific knowledge. They will address these issues from their own perspectives, and probably far more eloquently than I.

I want to begin by framing this issue more broadly than the University of California itself. This is not about our self-interest.

We are here to serve the people of California. That means we are focused on identifying and addressing the needs of the state – its educational needs, its economic needs, its health needs, its social and cultural needs. And so the real question we think about at the University of California is, how does a great state build a great future? And how can we maximize our contribution to that effort?

I believe, without reservation, that a strong University of California is integral to California having a strong future. And it's not something we can take for granted.

Economically, California is more like another country than it is like any other state. And if you look around the world, other nations are doing some pretty aggressive things to boost their economic competitiveness – China, India, Singapore, even Ireland and Australia.

As the New York Times columnist Tom Friedman put it recently, the world is now flat. The economic playing field has become flattened due to the "wiring" of the rest of the world and due to the investments other countries are making in their scientific and educational infrastructures.

We cannot just coast in California. We can't assume that the investments that were made 20 or 30 years ago will get us through. We can't assume that the quality of life and standard of living we have today will just last forever.

I believe we are entering a very critical period – a “tipping point,” if you will. The investments we make over the next 10 years in California's competitiveness may well determine our state's economic fortunes for the next 40 or 50 years – just like the investments California made in the 1960s.

That, I believe, is the issue: keeping California competitive. Will we, as a state, have the intellectual capital – the human capital – to stay competitive in the globalized economy, and to make a good life for the generations behind us?

It is in this context that I'd like to talk about what the University of California brings to the table.

Senator Speier has been pretty honest about the fact that she believes many Californians just don't know what they have in the University of California. I agree, and improving that understanding is something we're working on.

Most states do not have what we have here in California. The very top research universities across the United States form what's called the Association of American Universities. There are 62 member institutions, both public and private. Nine of those institutions – about 15% – are in one state: California. Three of them are private institutions – Stanford, Caltech, and USC. The other six are campuses of the University of California. No other state comes close to that kind of representation in the AAU by its public universities.

The Times Higher Education Supplement of London recently ranked UC Berkeley the #2 university in the world, and UCSF, UCSD, and UCLA were all ranked in the top 26. Eighteen percent of the active membership of the National Academy of Sciences – 18%, or 358 members – are affiliated with the University of California.

We're also very proud of our students. Our students at UC come from all backgrounds, from all corners of the state. Many get their start at a community college, and we work very hard to make transfer an effective path to UC. Our students bring outstanding credentials; they all contribute to the richness of our educational environment; they have outstanding graduation rates; and as alumni they do great things for California, becoming our state's leaders in countless fields.

It is less well known – and it's something I'm talking about constantly as I travel the state – that one need not *be* a student at UC in order to *benefit* from UC.

We have a three-part mission at UC – research, teaching, and public service – but let me translate it into something that may be a little more meaningful.

First, we create new knowledge – that's the research conducted on our campuses, in our medical centers, and at the national laboratories we manage. Second, we

create the next generation of creators, through our teaching of undergraduate and graduate students. And third, we take the creations out for public benefit – resulting in new products, new medical cures, new technologies, and new solutions to public problems.

To me, it's about what I call "R, D, & D" – research, development, and delivery so that the public benefits.

It's because of that "delivery" that we have a personal connection, in some way, with every Californian, whether they set foot on one of our campuses or not. For instance:

UC runs the nation's largest health sciences training program; we educate 60% of California's medical students; and we run five medical centers that serve hundreds of thousands of people every year.

UC helped create the modern agriculture industry in California, which is responsible for half of the nation's produce. Our Cooperative Extension advisers are out in the fields working with farmers every day, and the food those farmers grow lands in every California household.

And of course, there is a huge economic benefit to California from the research innovations, the workforce preparation, and the idea generation happening at the University. Our faculty and students produce an average of three new inventions every day, and UC for the last 11 years has been the nation's leading university in patents. One in four biotech companies in California was founded by a UC faculty member or UC alum.

California really is the most dynamic, diverse, entrepreneurial, risk-taking society on the planet. Anyone who has moved here from anywhere else understands that. I do not believe you would have that without a strong system of public higher education and without a strong University of California. And I hear the same thing all the time from business leaders across California.

The support of the state has been absolutely critical to the building today's University of California – critical to producing the academic excellence, and critical to producing the personal connection we have with all Californians.

Also critical has been the Master Plan for Higher Education. I truly believe that the differentiation of function, the defined admission pools, and the opportunities for collaboration between the segments have played a major role in producing the quality and efficiency we have in California's public higher education system today.

We are proud to be part of a strong *system* of public higher education in California, and we believe the Master Plan is still a very relevant and useful document today.

So, I've been talking about the good news. It's time to turn to some of the challenges facing both California and the University of California, and there are some significant ones.

First, there are the international competitive pressures. In 1970, the United States was third in the world in the proportion of 24-year-olds who earned a degree in the natural sciences or engineering. Today, we're 17<sup>th</sup>. And while California has more than 16% of the nation's high-tech jobs, it grants less than 9% of the nation's science and engineering bachelor's degrees.

So, we have the challenge of keeping California competitive in a global economy that is fast-moving and fast-changing.

We also have the challenge of doing this on the foundation of a K-12 system in which there are many inequities in opportunity and many gaps in student performance. I think this committee understands those issues very well.

We also have the challenge of the trends in state funding for higher education. In 1970, UC received 7 cents of every state general fund dollar; today, it's 3½ cents. Over the last four years alone, we lost 15% of our state-funding while our enrollments grew 19%. The result has been program cutbacks, significant student fee increases, and stagnation of salaries – which creates recruitment and retention problems at a time when other universities, particularly the privates, are going after people more aggressively than ever.

Fortunately, in the last year we have achieved the compact, and we also have received a tremendous outpouring of support for higher education from the Legislature, which we greatly appreciate. So the short-term outlook is brightening. But UC and the state it serves have some significant long-term needs, which I'll describe in a moment, that still need attention.

I do want to mention that while we've been in this particularly difficult period of reduced state funding, we've been working hard to help ourselves. We realize that the University is a large administrative organization, and that we need to work to make it as efficient as we can.

So we've launched a major "strategic sourcing" initiative that aims to streamline the purchasing of everything from office equipment to scientific products, leveraging the buying power of a 10-campus system. This effort is still in process, but the potential savings are in the millions of dollars.

We also are using the breather provided by the stabilization of our immediate budget situation to do exactly what this committee is doing – and that is, looking at the long-term future and goals of the University of California. I believe strongly that we need to be looking 15, 20, 25 years out, identifying what the needs of the state of California will be, and deciding now how we are going to position our institution to best meet those needs.

We've undertaken a long-range planning process to look at those issues in depth, and with the benefit of the perspectives of people from many different constituencies. That effort is going to take much of the next year, so I don't have results to share with you yet. But I do have a sense of some of the major issues where we will need to be focusing a good part of our attention in the coming years. In the interest of time, I won't go into them in great detail now, but I do want to mention a few key themes.

**First**, we must preserve quality, access, and affordability at the University. Among other things, that means students get the classes they need; they have reasonable student-faculty ratios; we have capacity for growing numbers of students; there is a strong community college transfer process; fee increases are as moderate as we can make them, given the state's budget situation; and financial aid keeps the University affordable for students of all financial backgrounds.

We're very proud that when you look across the nation's top universities and rank them by the proportion of low-income Pell Grant recipients they enroll, UC campuses form the entire top of the list. We need to keep it that way.

**Second**, we need to expand our graduate programs. For many students in today's economy, the bachelor's degree is no longer the terminal degree. Graduate education is what prepares many students for the professional and managerial jobs that represent so much of the growth in California's workforce.

Today, 85% of our undergraduates tell us they plan to attend graduate or professional school. Tidal Wave II is now moving through to the graduate level. But while about 17% of UC's enrollment today is graduate students – 23% including the health sciences – the figure averages 34% in our public comparison institutions and 59% in the private institutions. That's a big problem for California's economic future, particularly given how dependent California is on its public universities, as I described earlier.

We're going to keep our commitments to enrolling undergraduates, as the Master Plan specifies. But we need growth in graduate education if we are going to meet students' needs and if we are going to meet the state's economic and workforce needs in the future.

**Third**, we need to build our international connectedness. We have a very strong Education Abroad Program – this year we have 4,500 students in 150 institutions in 35 countries around the globe. But as a university, we need a broader international strategy that integrates education, research, and economic development. We need to be involved in the world in a deeper way – and we're working on it now.

**Fourth**, we must not lose sight of diversity and inclusiveness for our students, faculty, and staff – even as we continue complying with state law in this area.

As part of that, we need to be involved in K-12, finding the places in the K-12 system where the University can have the most impact in helping improve student

performance. California's future is dependent on the preparation of all students, from all backgrounds and all parts of California, to be active participants in a knowledge-based economy. We need *everybody's* talents.

Our compact with the governor calls for UC to take on an expanded role in training high-quality science and math teachers for California's schools. We're working very intensively on a major effort that we think will pay big dividends for California's schools in the long run.

I also am pushing for continued support of our K-12 academic preparation programs in this year's budget. I believe those programs are critical to preparing students from the most disadvantaged educational backgrounds to make it to college and beyond.

**Finally**, none of this works if we don't have an engaged, rewarded, respected University community – and that means, in part, turning around the years of compensation stagnation and once again moving toward market-competitive compensation for our faculty and staff. We believe the compact will help us make a good start on that, but we have a lot of ground to make up. Our faculty compensation, for instance, right now lags the competition by roughly 10%.

This, of course, is not an exhaustive list. But hopefully it gives you a feel for the kinds of things the University of California can, and must, do for California's competitiveness.

To accomplish these things, we need, first and foremost, the consistent, reliable, and long-term support of the state for the University of California.

We can't just "get by." We've got to have the levels of support and investment that allow us to do what we really *can* do to help keep California competitive.

We also need the support of our private donors and of the federal government. The latter is an area of real concern right now because federal budgets are increasingly tight.

And we need the support of the public. We need the public to truly understand that if the University of California is ever allowed to become just another university, California ultimately will become just another state.

I believe these hearings will help create that understanding. So, thank you again for convening this discussion and for inviting me here today. I welcome your ideas, and I look forward to your questions.