

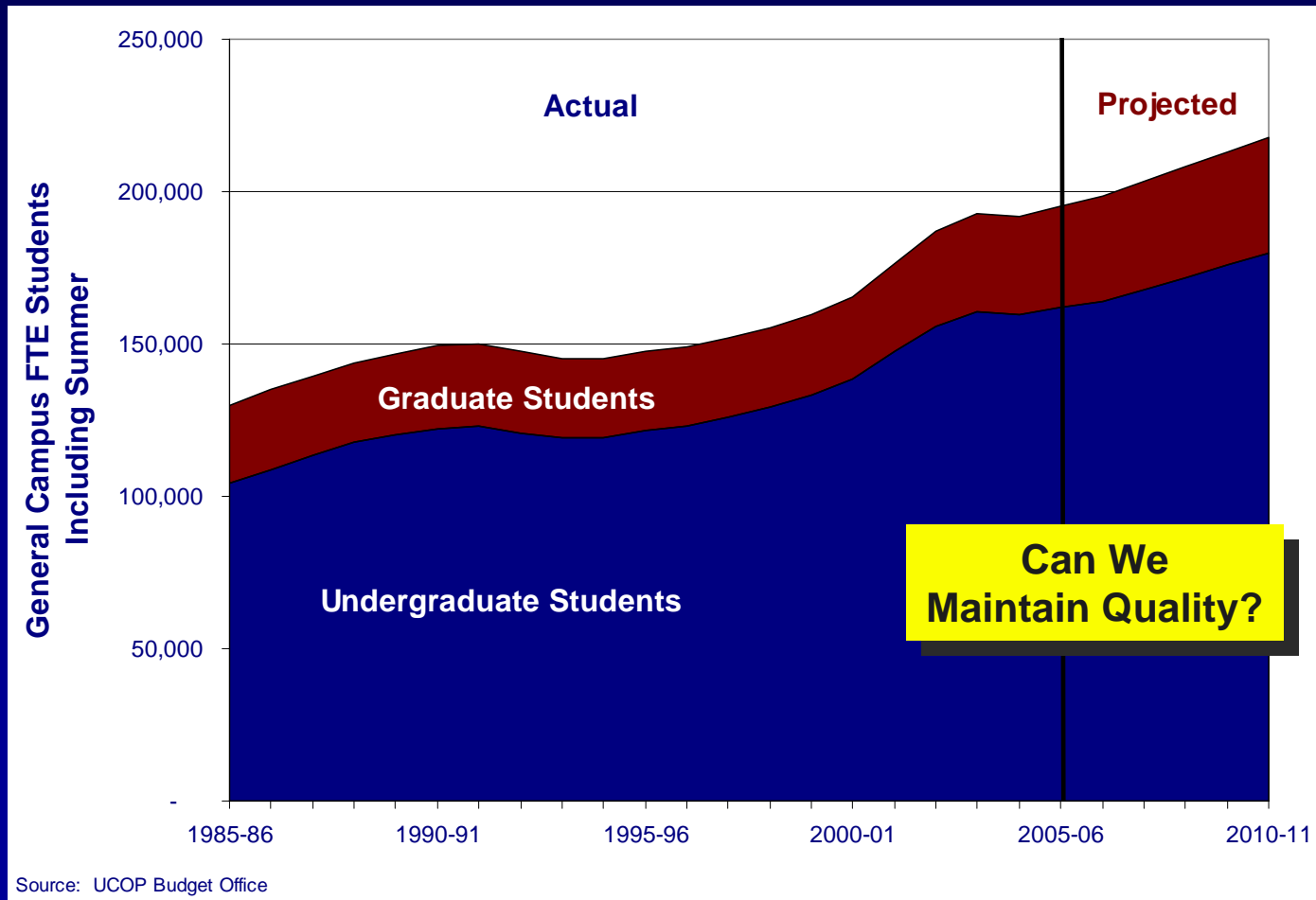
LONG-RANGE PLANNING

Regents' Benchmarks Update

Maintaining Excellence
During a Period of
Exceptional Growth

September 2005

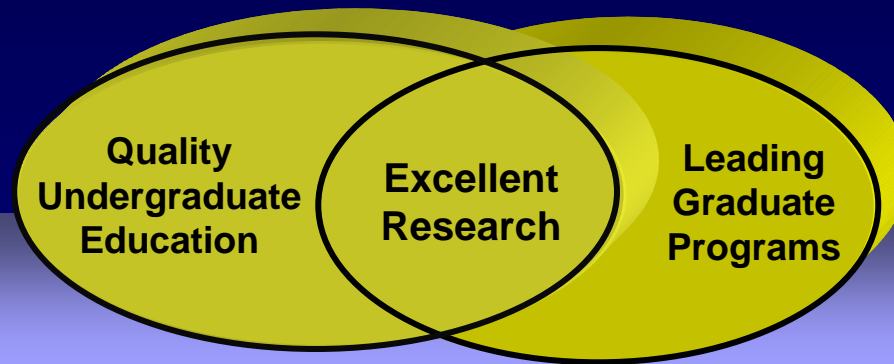
UC Faces a Period of Exceptional Growth



Regents' Benchmarks 2002

Indicators of Quality

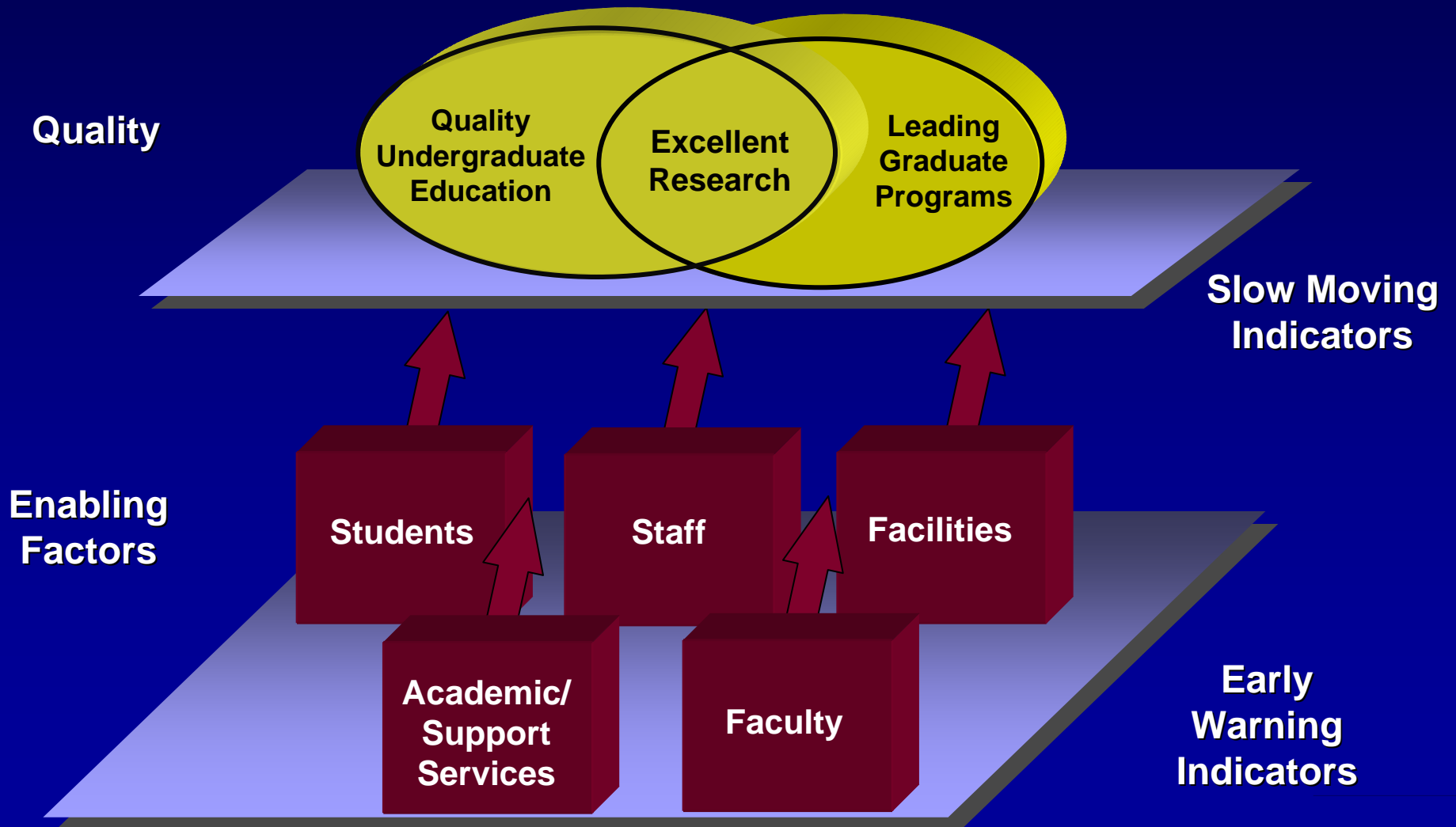
Quality



Slow Moving
Indicators

Regents' Benchmarks 2002

Early Warning Indicators





First UC Benchmarks

2002



➤ Slow Moving Indicators

- Graduation rates for undergraduates
- Research funding
- Rankings of departments and programs

➤ Early Warning Indicators

- Meeting undergraduate enrollment plan
- Meeting graduate enrollment plan
- Faculty salaries
- Staff salaries
- Academic/Support services
- Financial aid
- Graduate student support
- Facilities



Are We Still on Track?

2002

2005



➤ Slow Moving Indicators

- Graduation rates for undergraduates
- Research funding
- Rankings of departments and programs

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- Meeting undergraduate enrollment plan
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Take-Home Messages

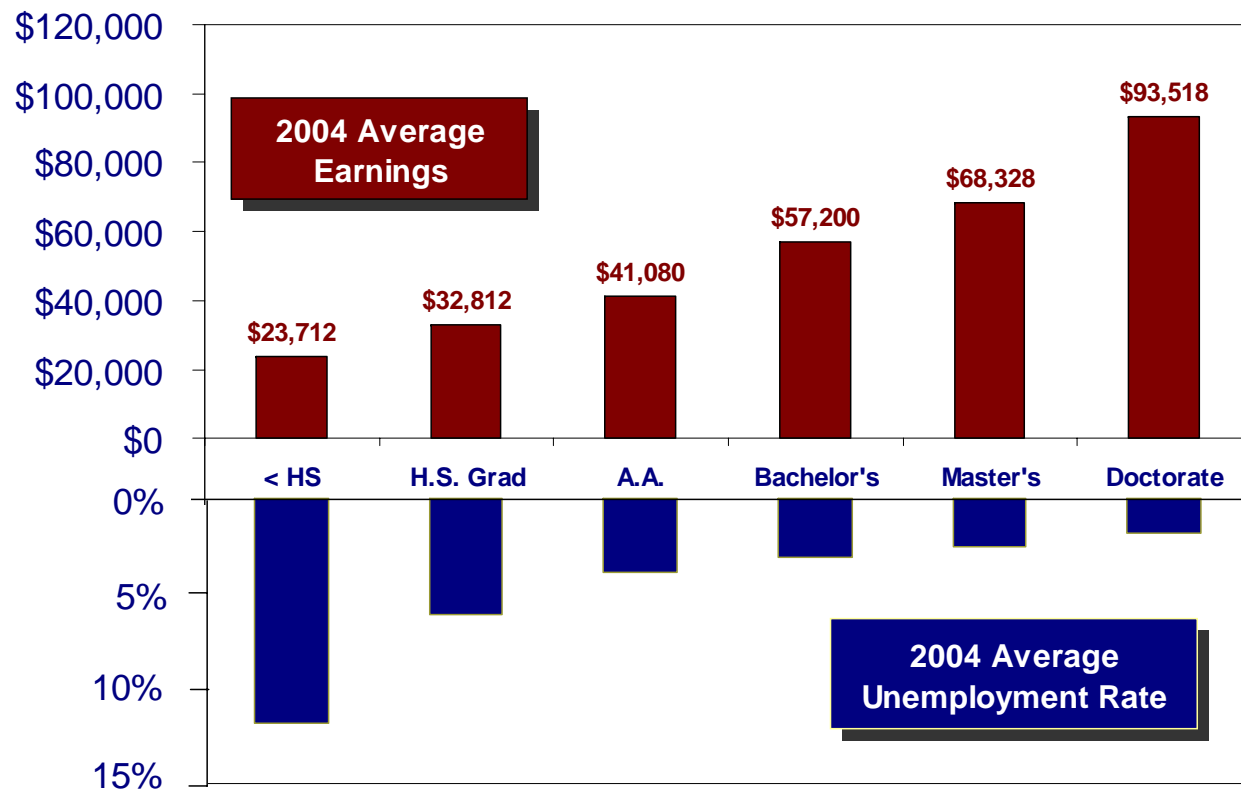
- The economy and demographics of California are changing. Higher education is more important than ever.
- More Californians will want and need a university education for tomorrow's jobs.
- Must protect quality if this valuable public asset is to be an engine of economic growth.
- Resources are essential for quality but early warning signs are pointing in the wrong direction.
- The Compact with the Governor and economic recovery offer hope for future but health care and social service costs could crowd out higher ed.

Today's Agenda

- Large Trends
 - A Changing Economy with More Professional and Managerial Jobs

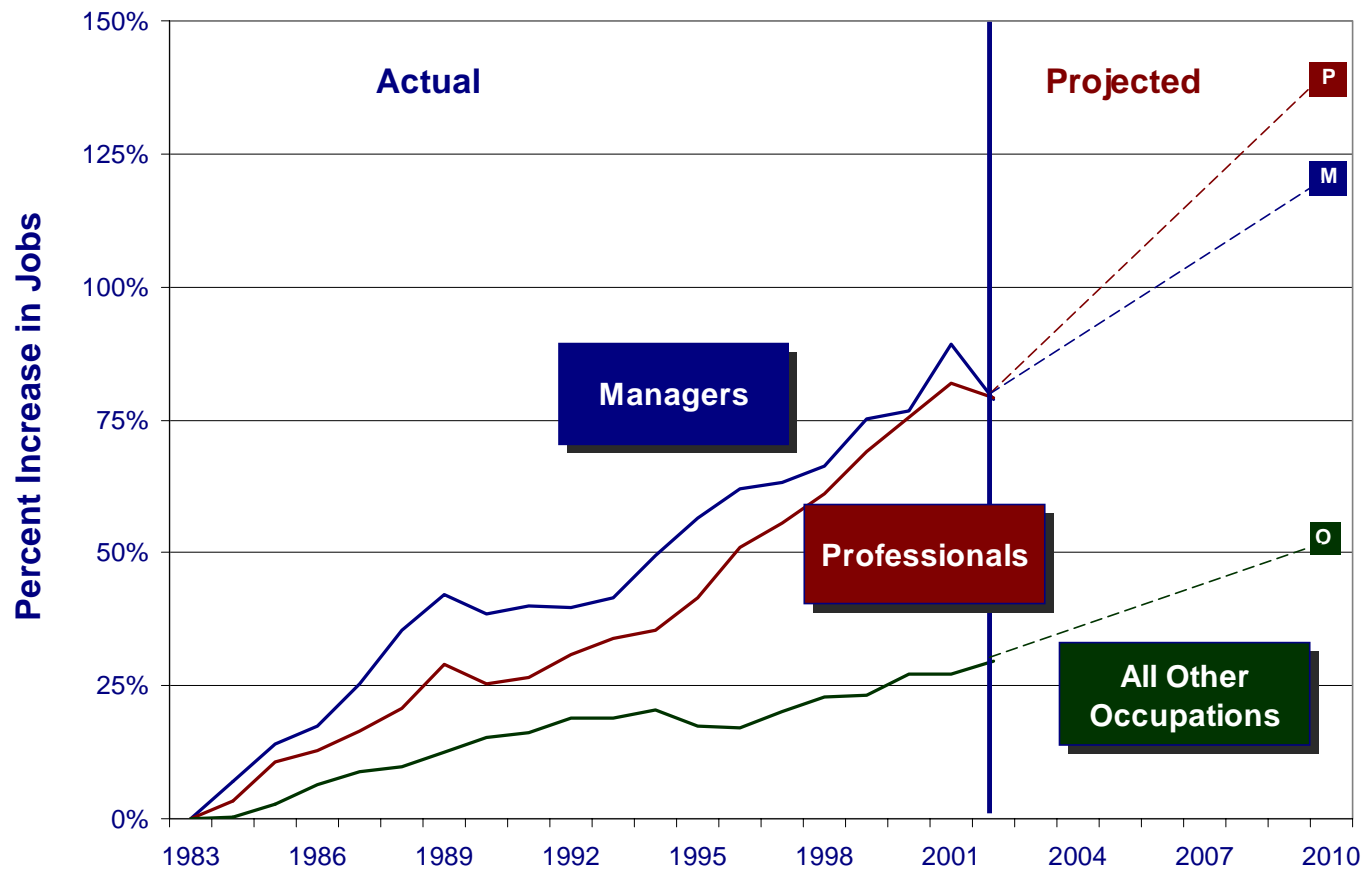


Well-Paying Jobs Are Linked to Levels of Education



Source: Bureau of Labor Statistics

California Firms Will Create More Jobs for Knowledge Workers



Sources: Actual data from Bureau of Labor Statistics

Today's Agenda

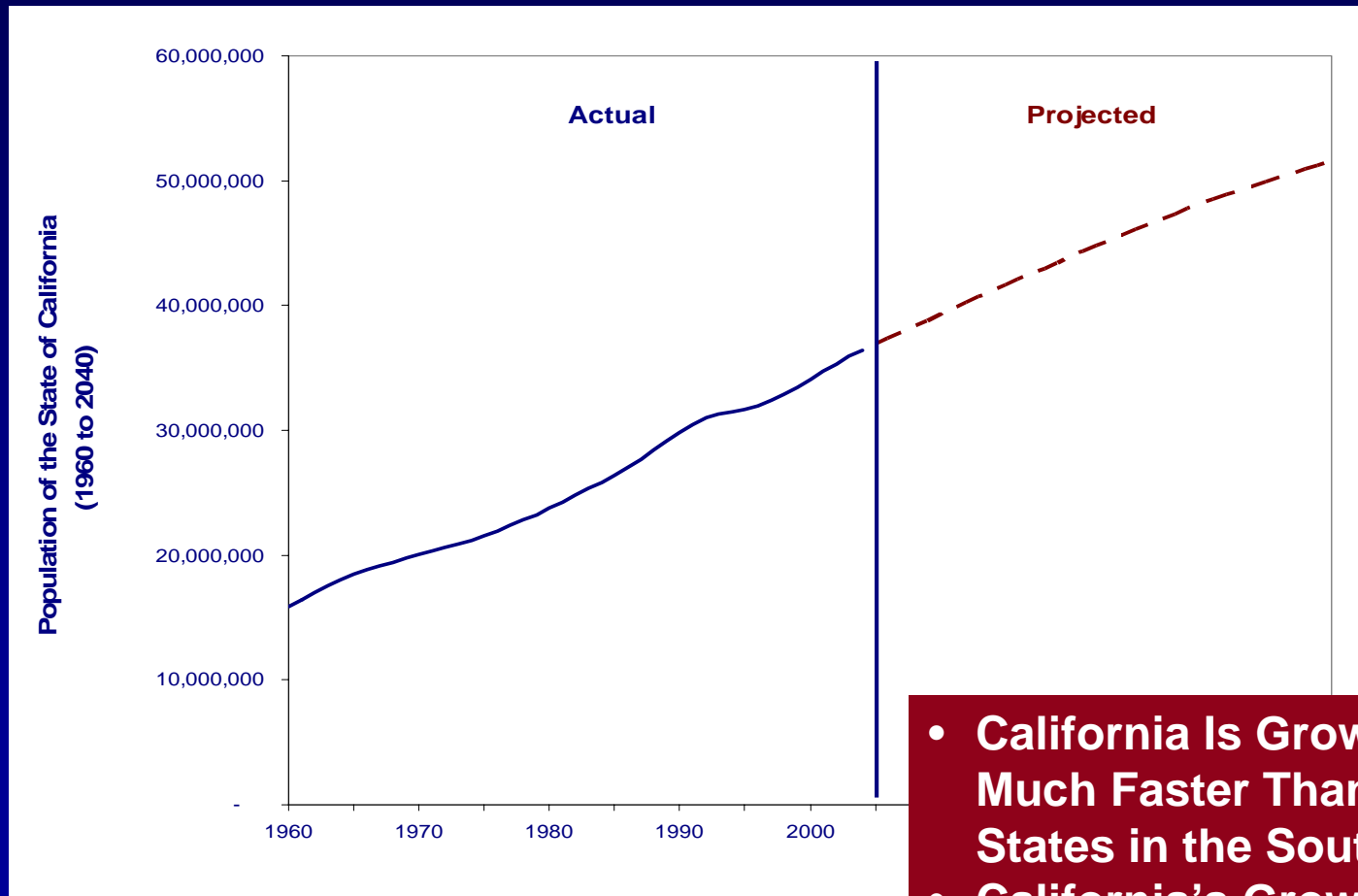
➤ Large Trends

- A Changing Economy with More Professional and Managerial Jobs
- The Demography of California Is also Changing





California Has a Large and Growing Population

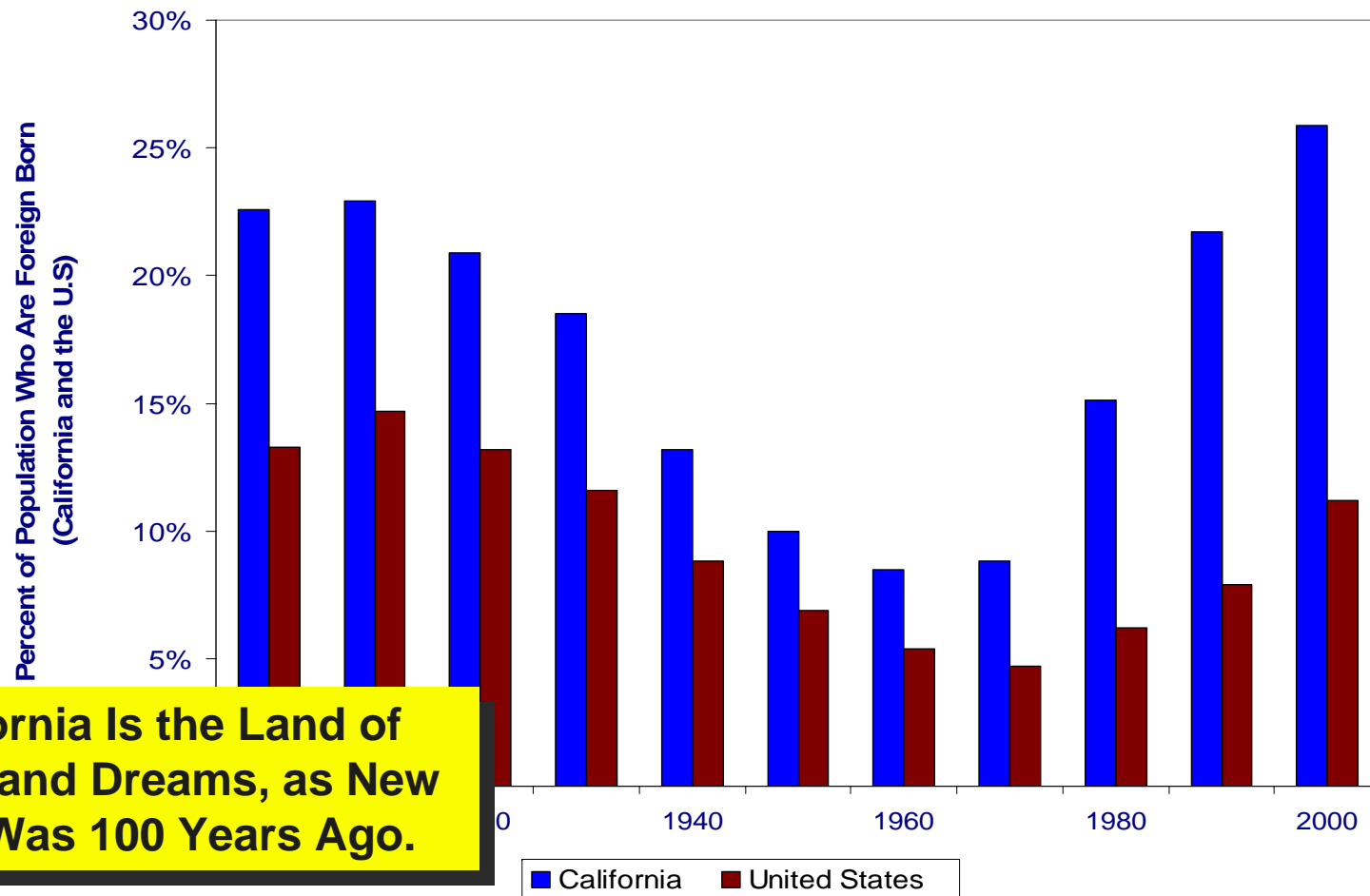


- California Is Growing Much Faster Than Other States in the Southwest.
- California's Growth Rate Is Like Mexico.

Source: U.S. Bureau of the Census

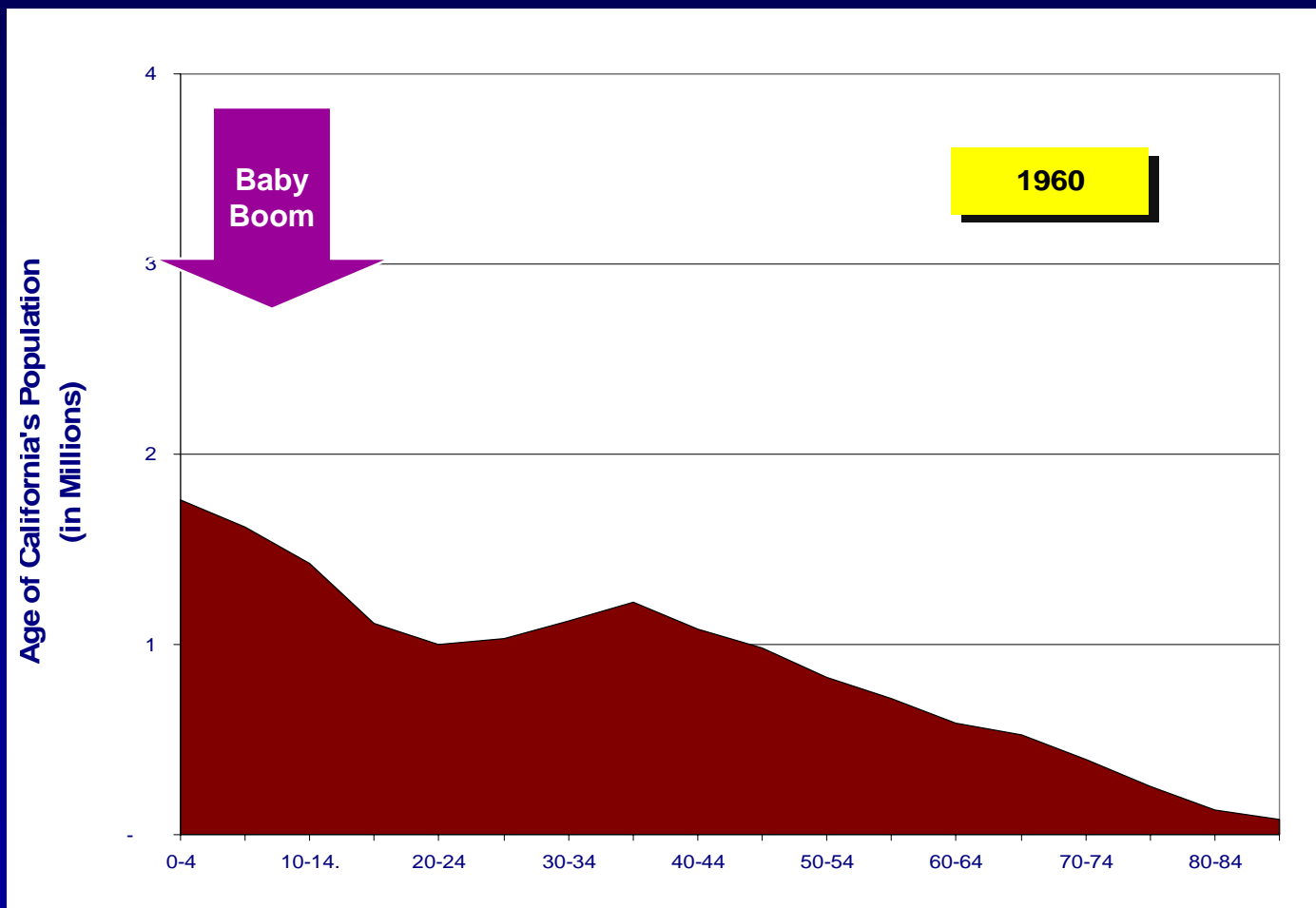


California Is Once Again Home to Many Immigrants

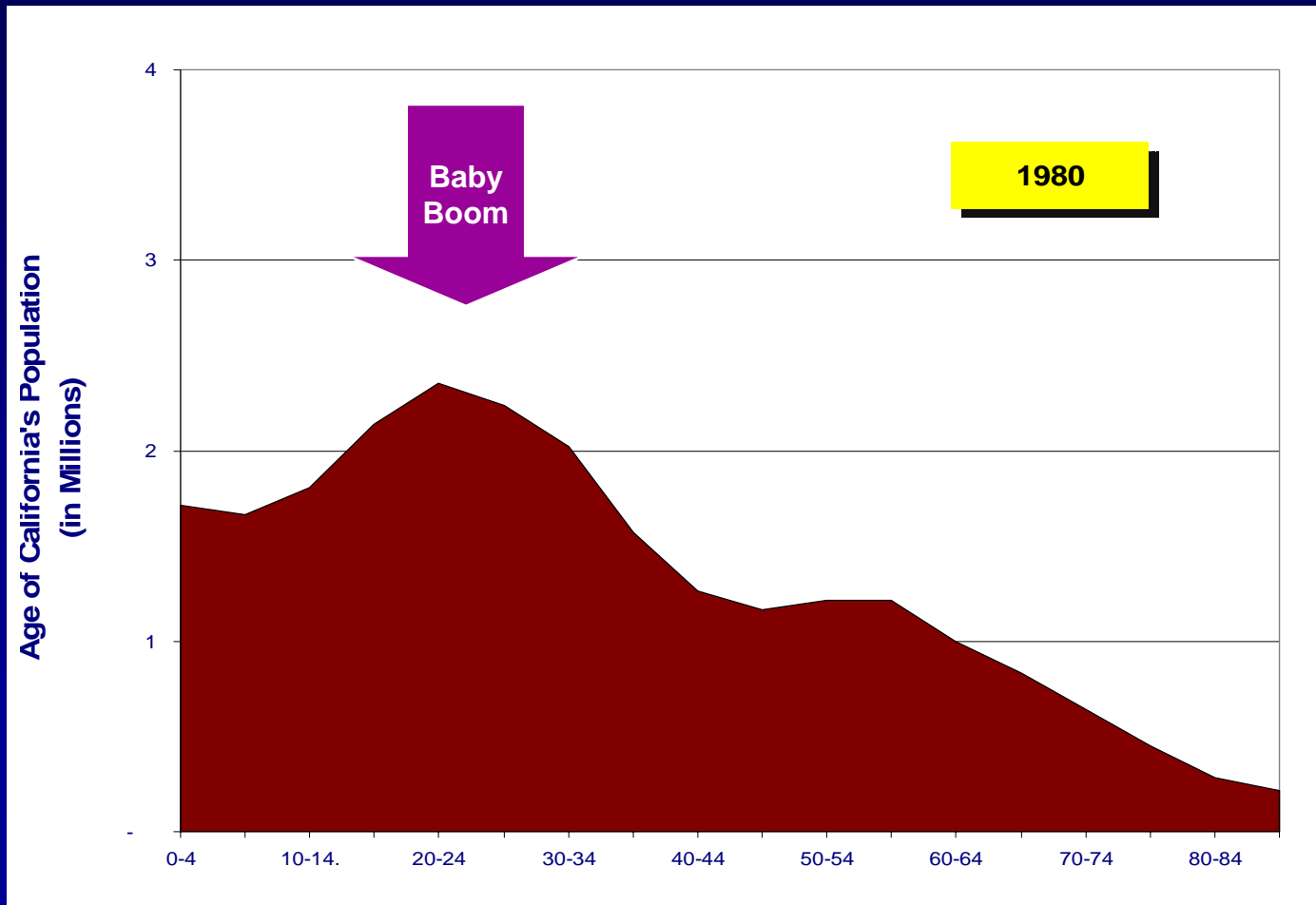


California Is the Land of Hopes and Dreams, as New York Was 100 Years Ago.

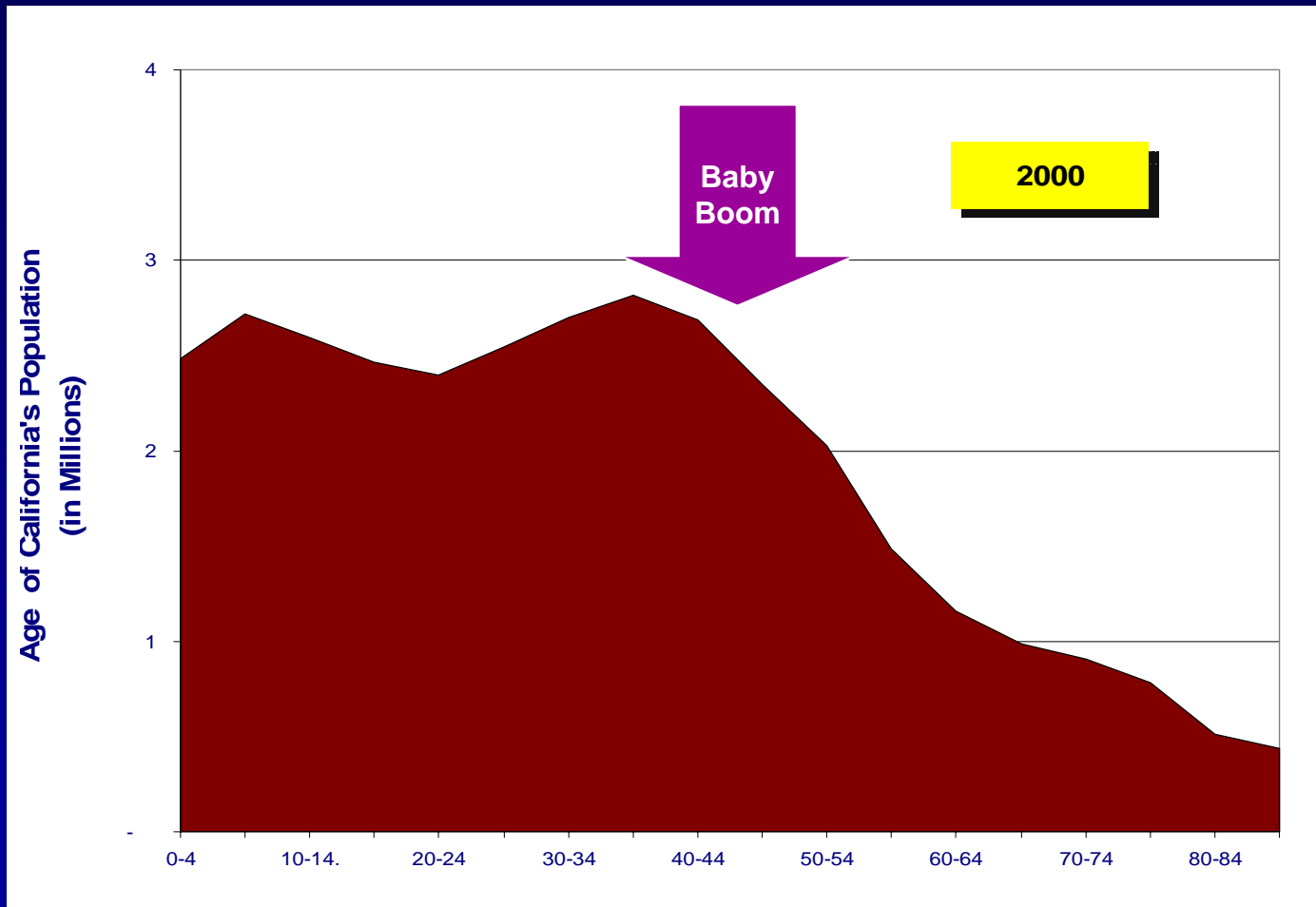
California's Population in 1960



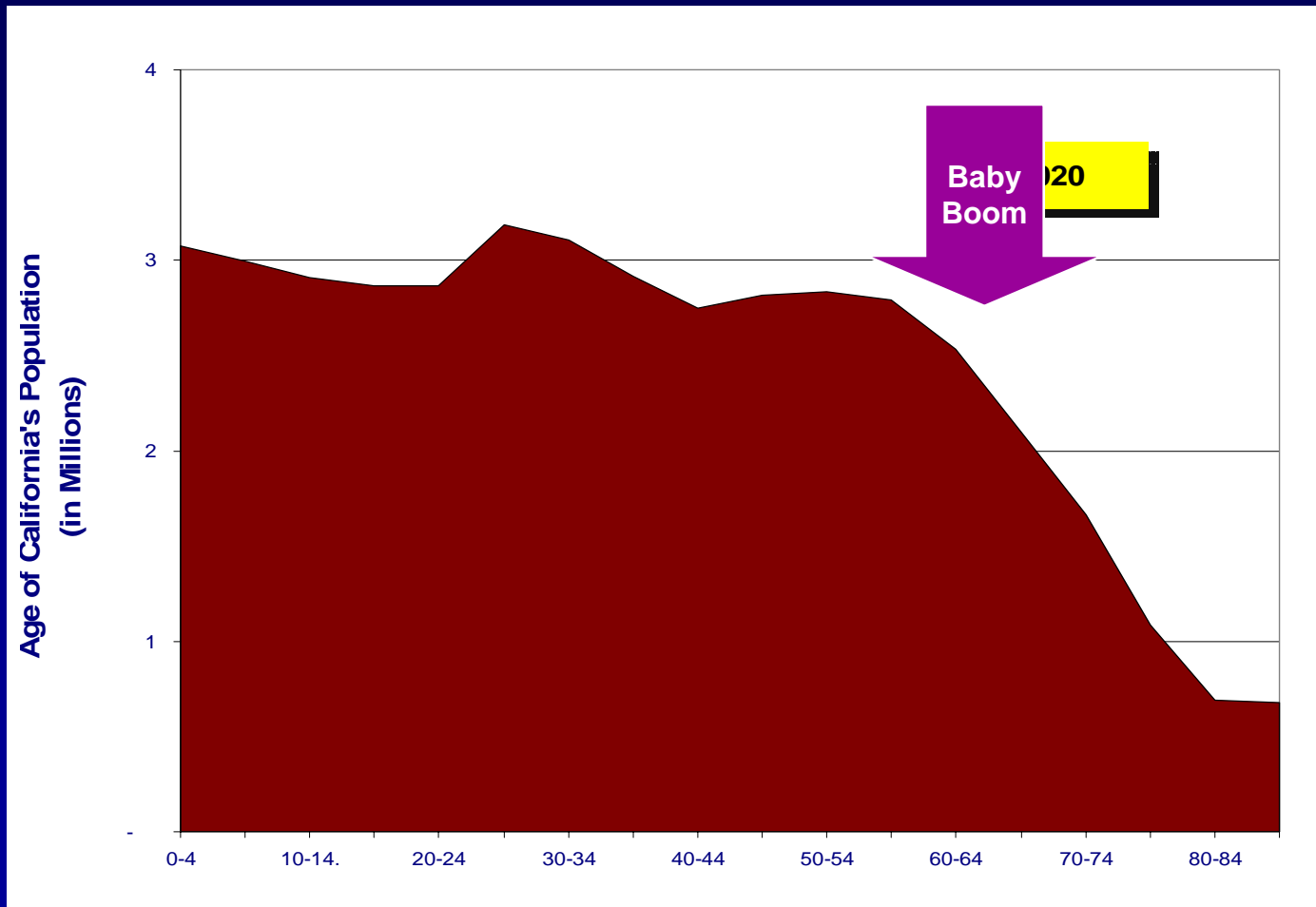
California's Population in 1980



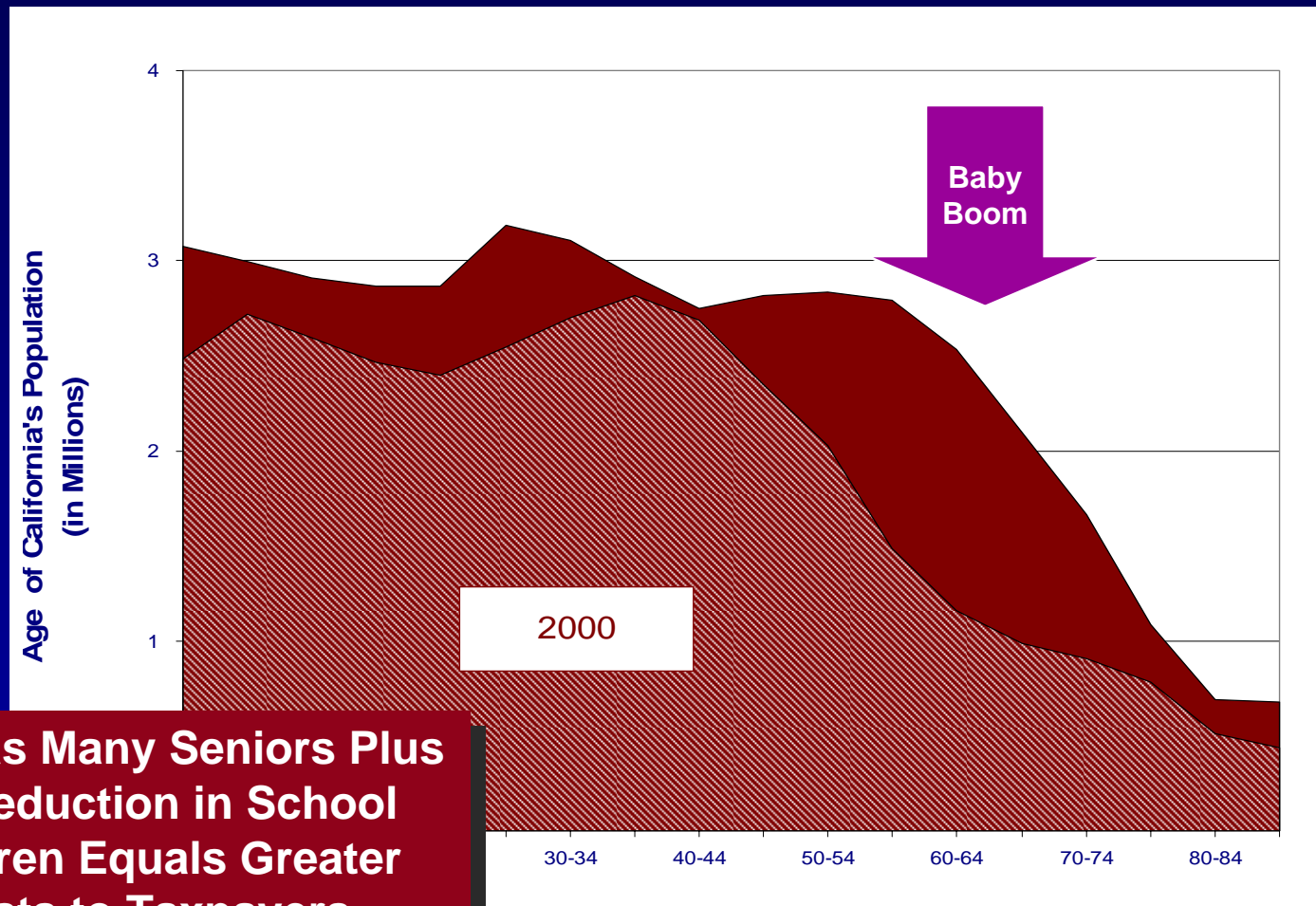
California's Population in 2000



California's Population in 2020



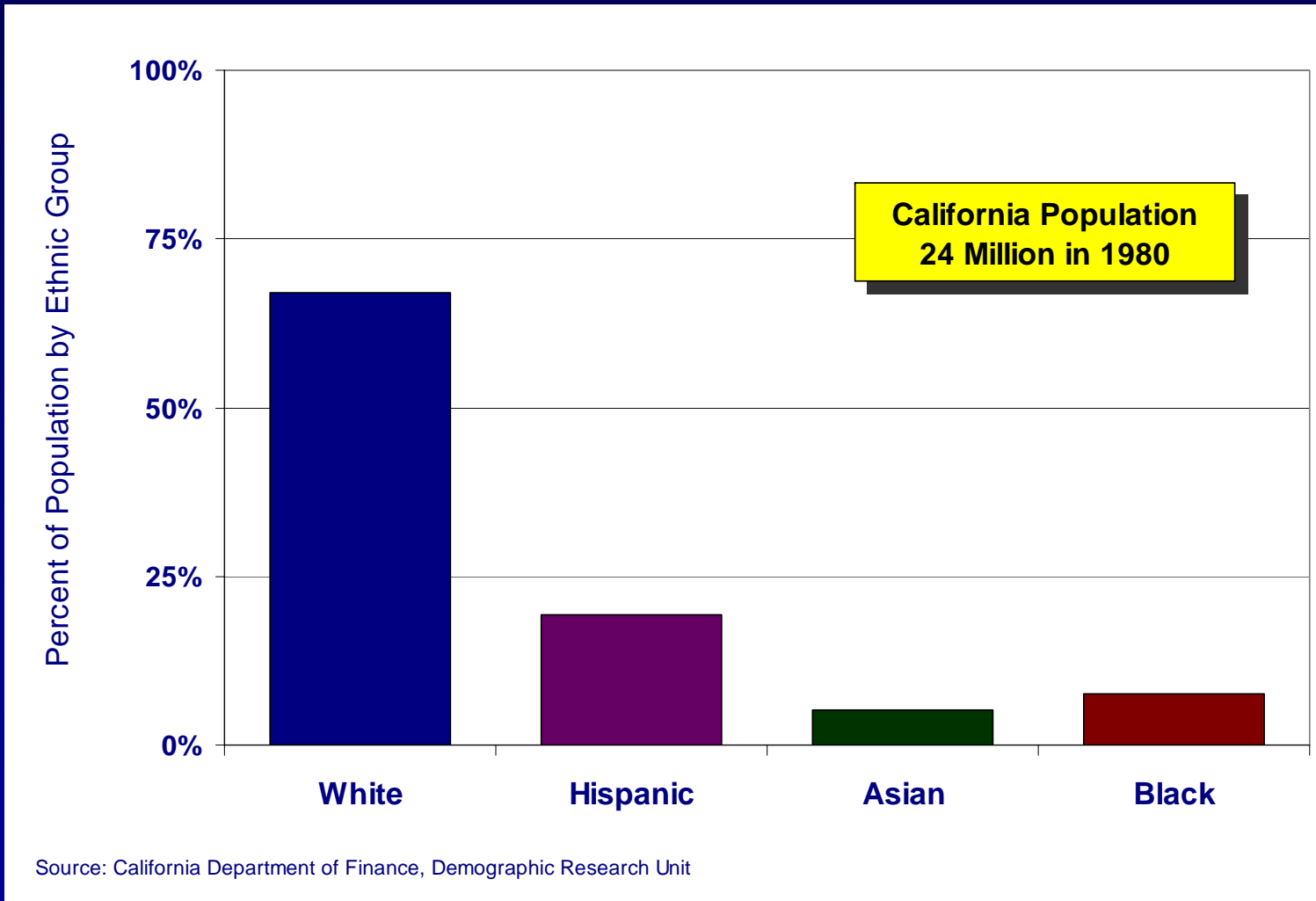
California's Population in 2020



**Twice as Many Seniors Plus
No Reduction in School
Children Equals Greater
Costs to Taxpayers**

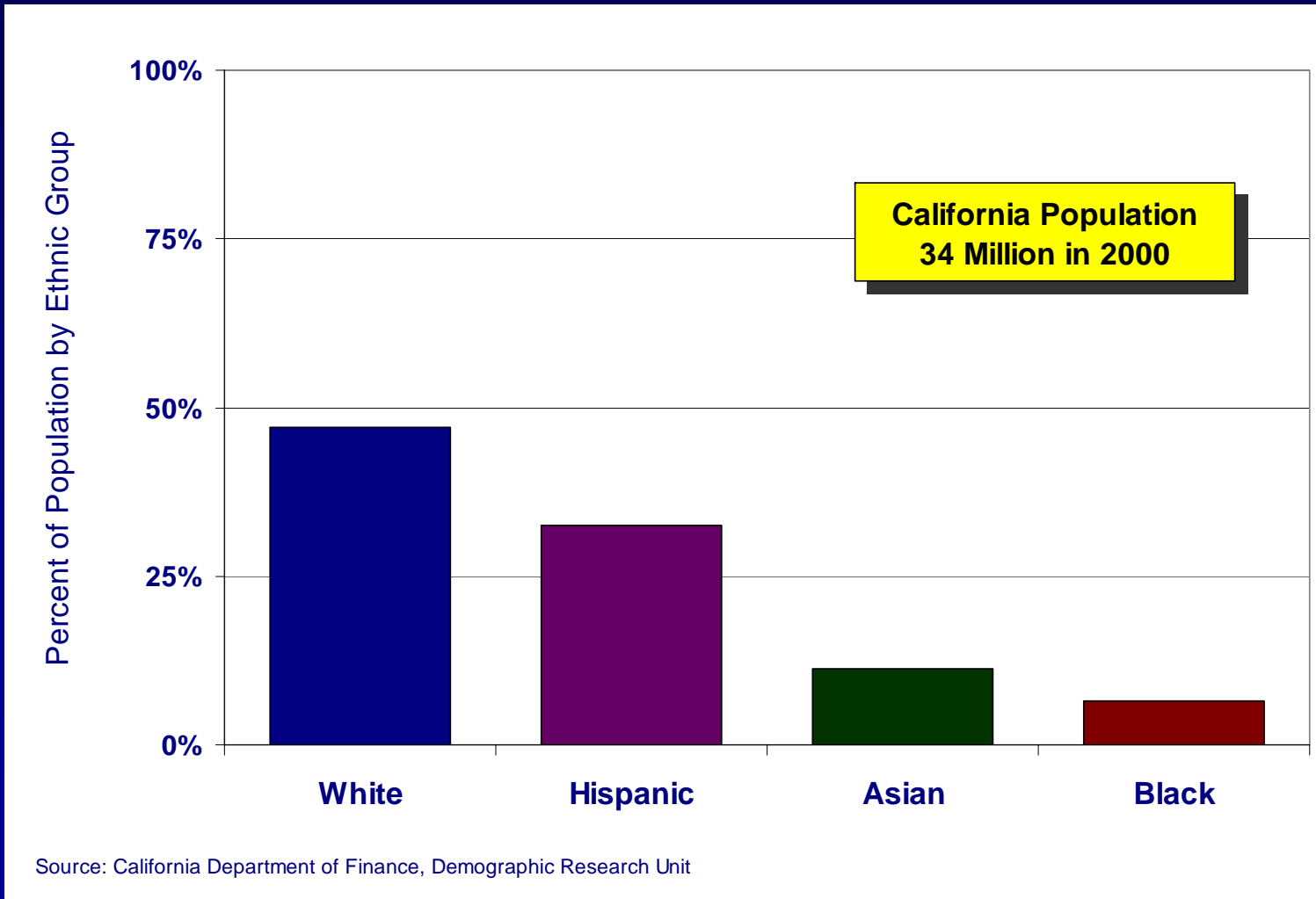


California's Population in 1980



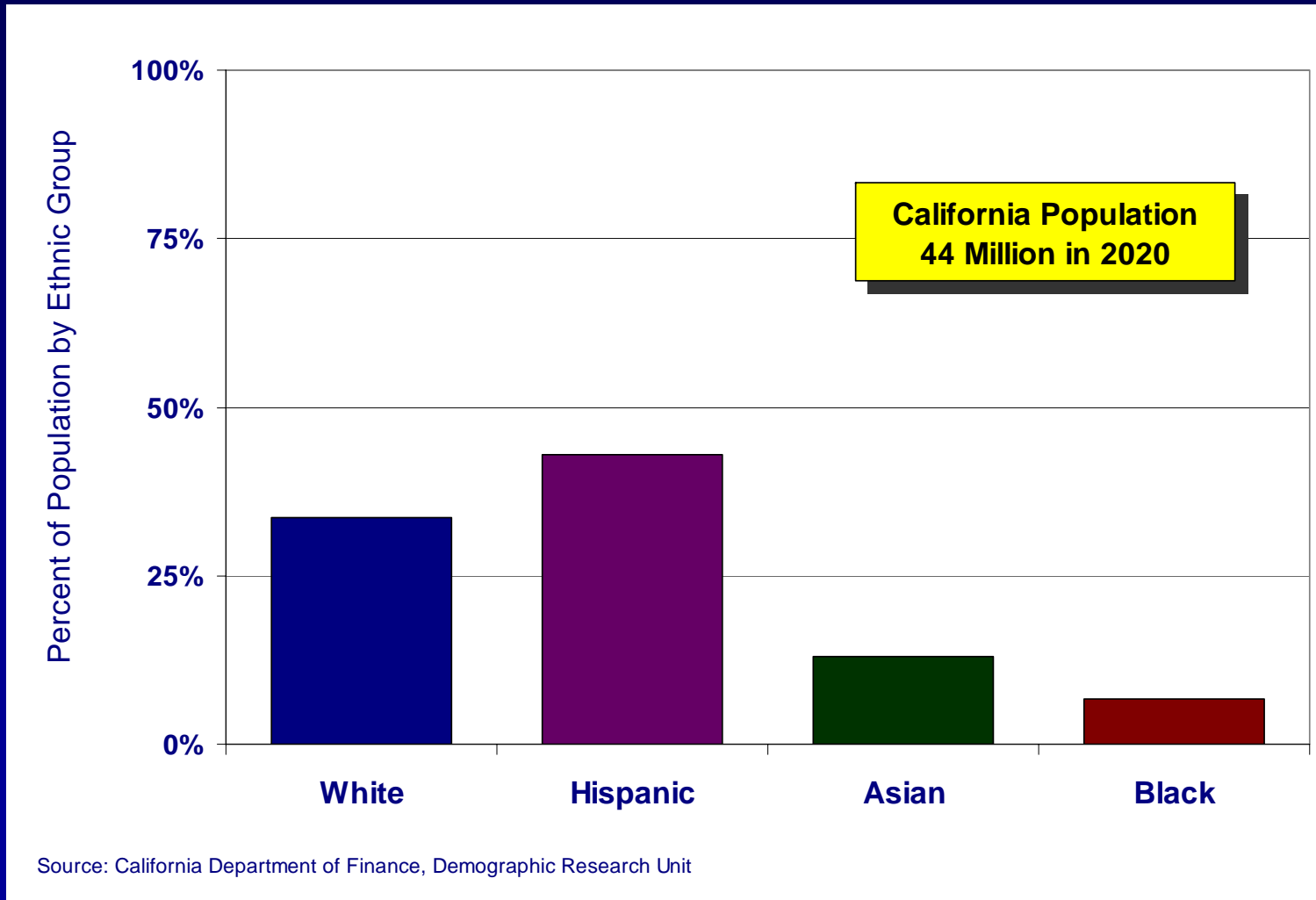


California's Population in 2000



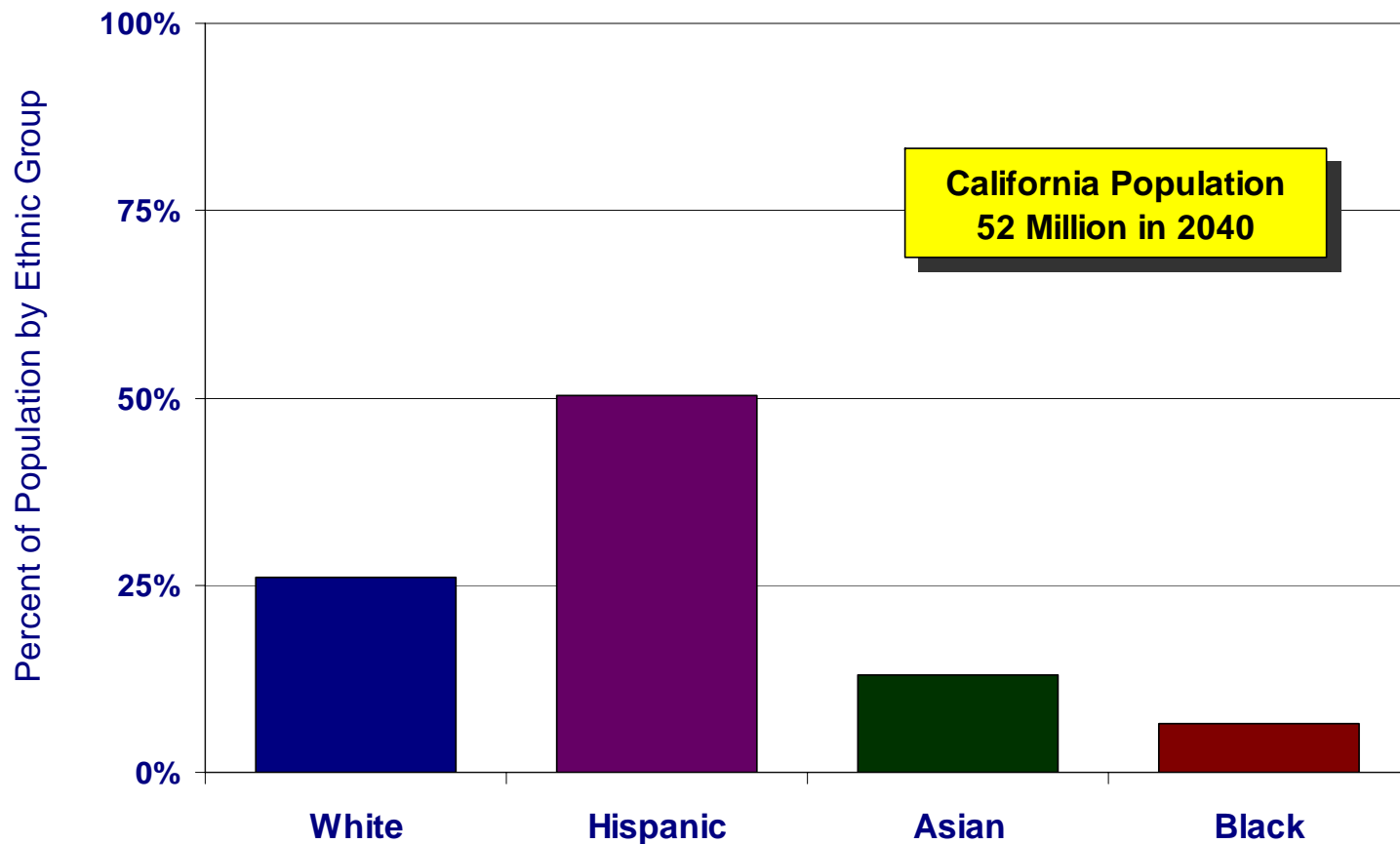


California's Population in 2020





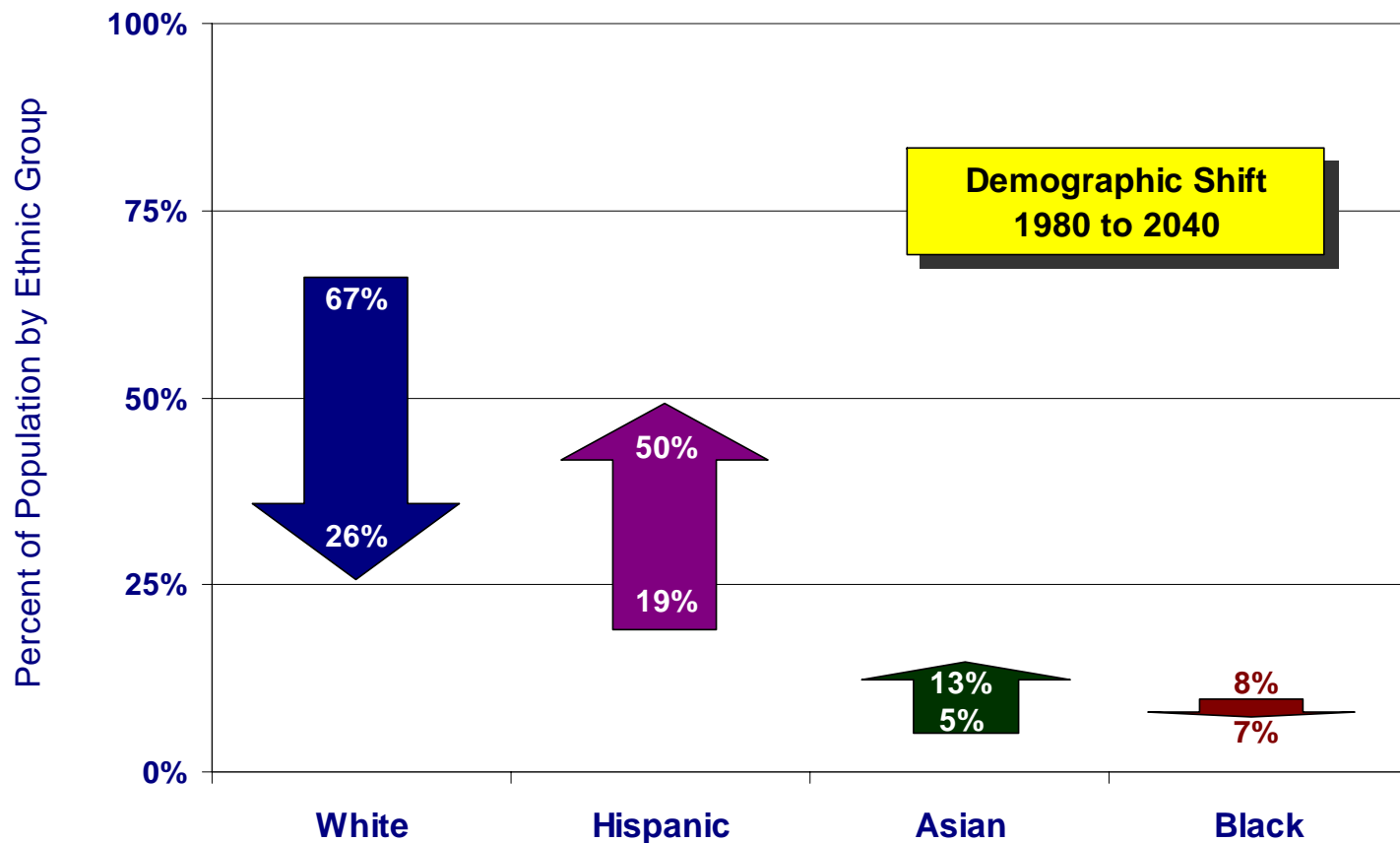
California's Population in 2040



Source: California Department of Finance, Demographic Research Unit

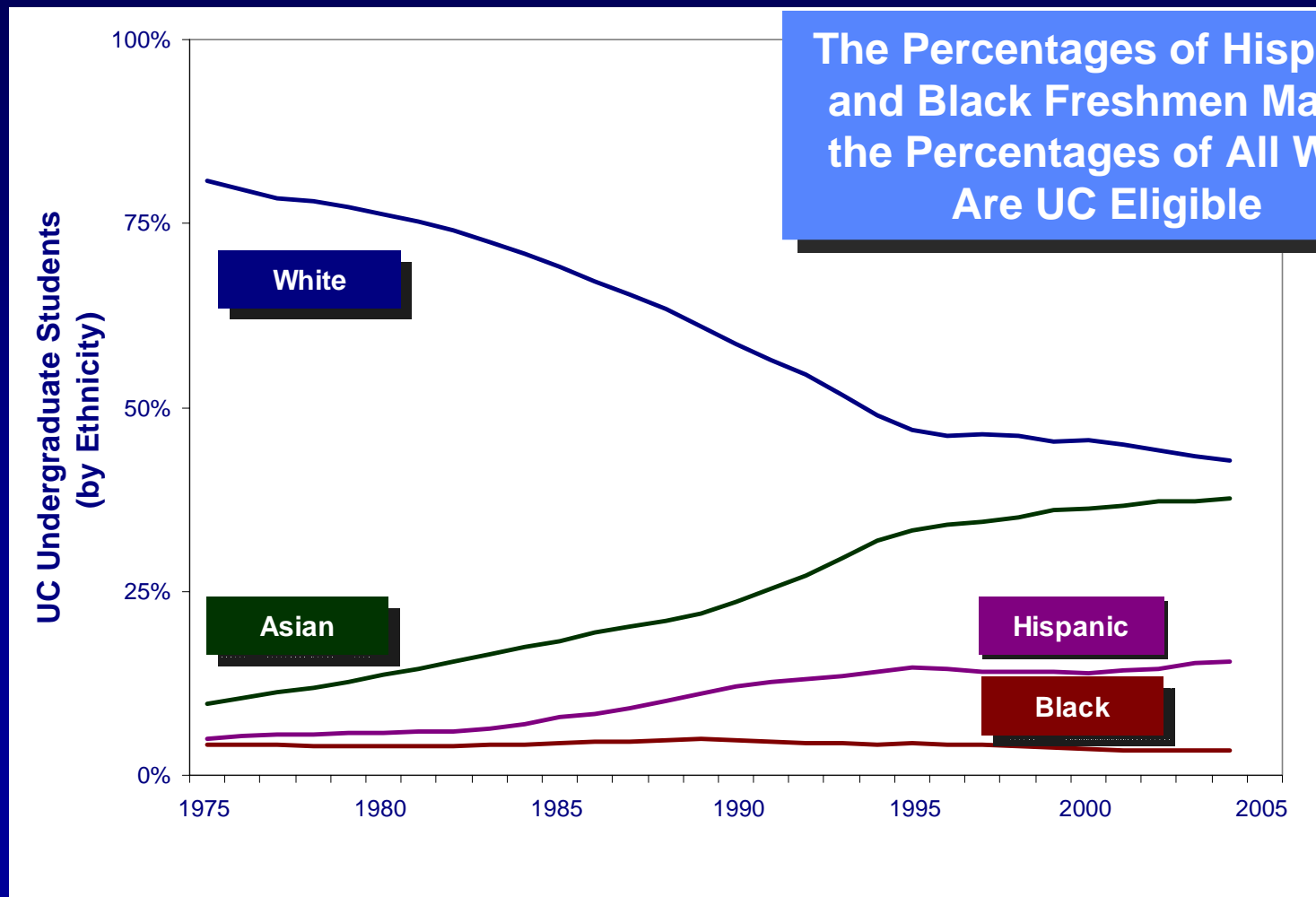


Hispanics & Asians Increase as % of Population



Source: California Department of Finance, Demographic Research Unit, May 2004

Ethnic Mix of UC Undergraduate Enrollment Has Also Changed





Some Implications of Large Trends

- Higher education is more important than ever before to economic competitiveness and the quality of life.
- Research and innovation lead to new products, better processes, new companies, and sometimes entirely new industries.
- Higher education is a pathway to upward social mobility for a changing population.
- To address the state's highest priority, UC has been growing to accommodate more high school graduates.
- But, UC has not expanded graduate and professional programs as California's needs have grown.



Are We Still on Track?

2002

2005



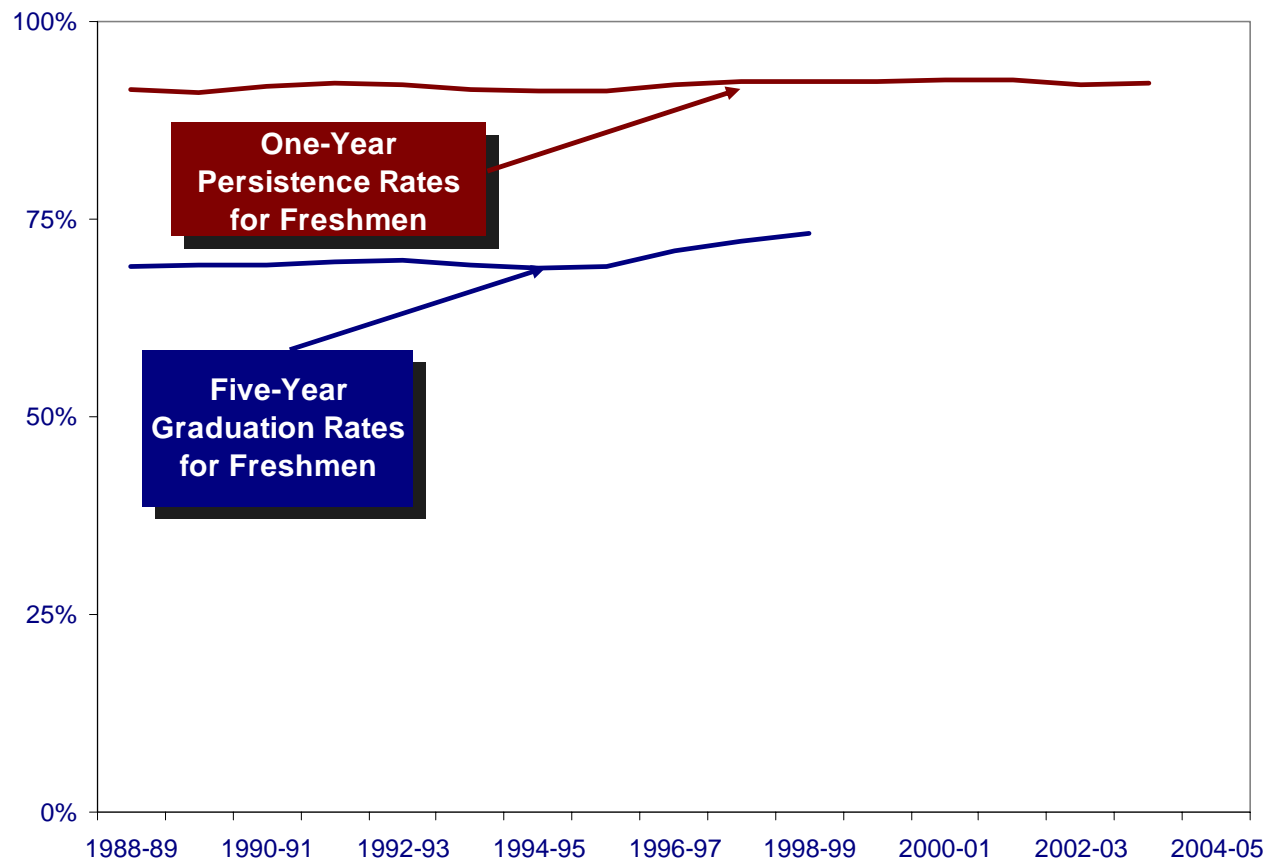
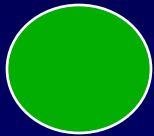
➤ Slow Moving Indicators

- Graduation rates for undergraduates
- Research funding
- Rankings of departments and programs

➤ Early Warning Indicators

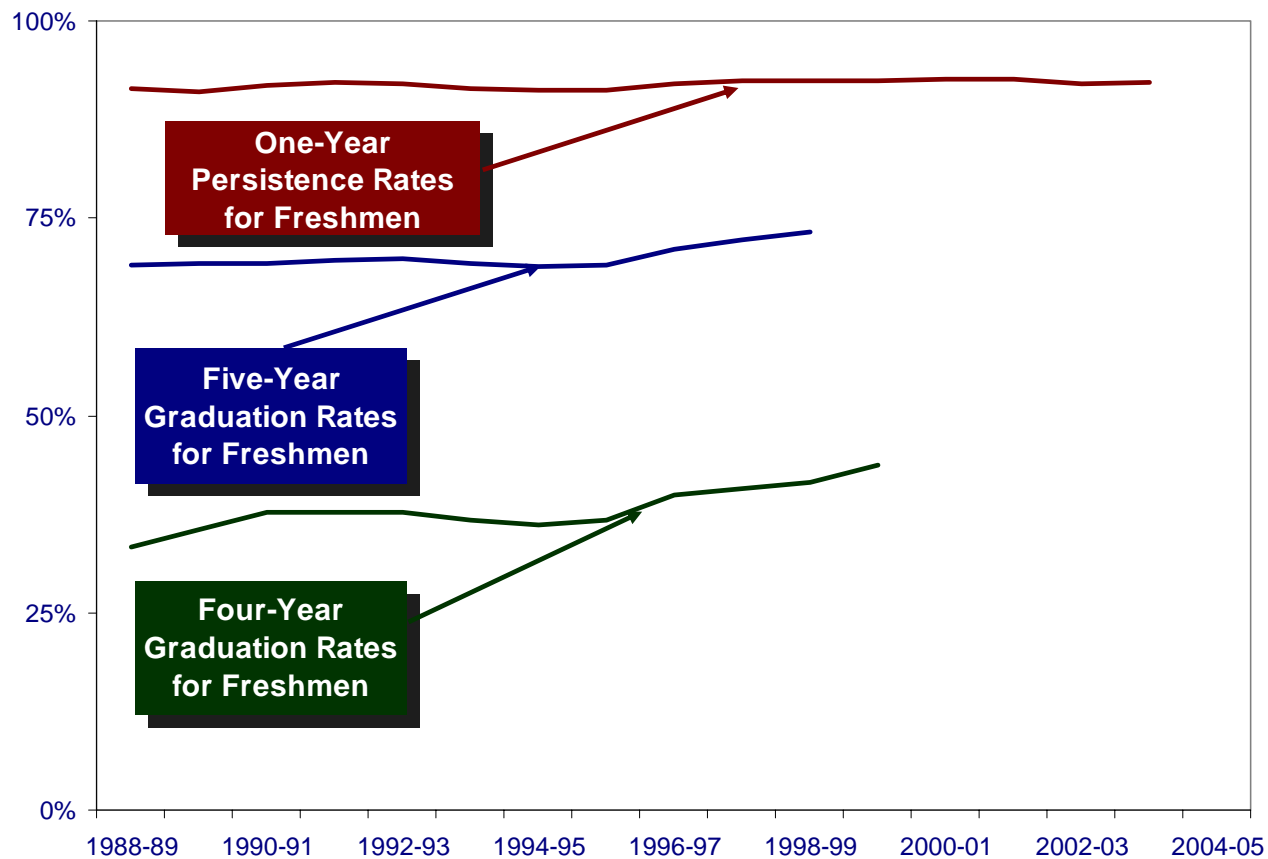
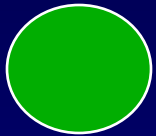
- Meeting undergraduate enrollment plan
- Meeting graduate enrollment plan
- Faculty salaries
- Staff salaries
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- Financial aid
- Graduate student support
- Facilities

UC Has High Persistence and Graduation Rates



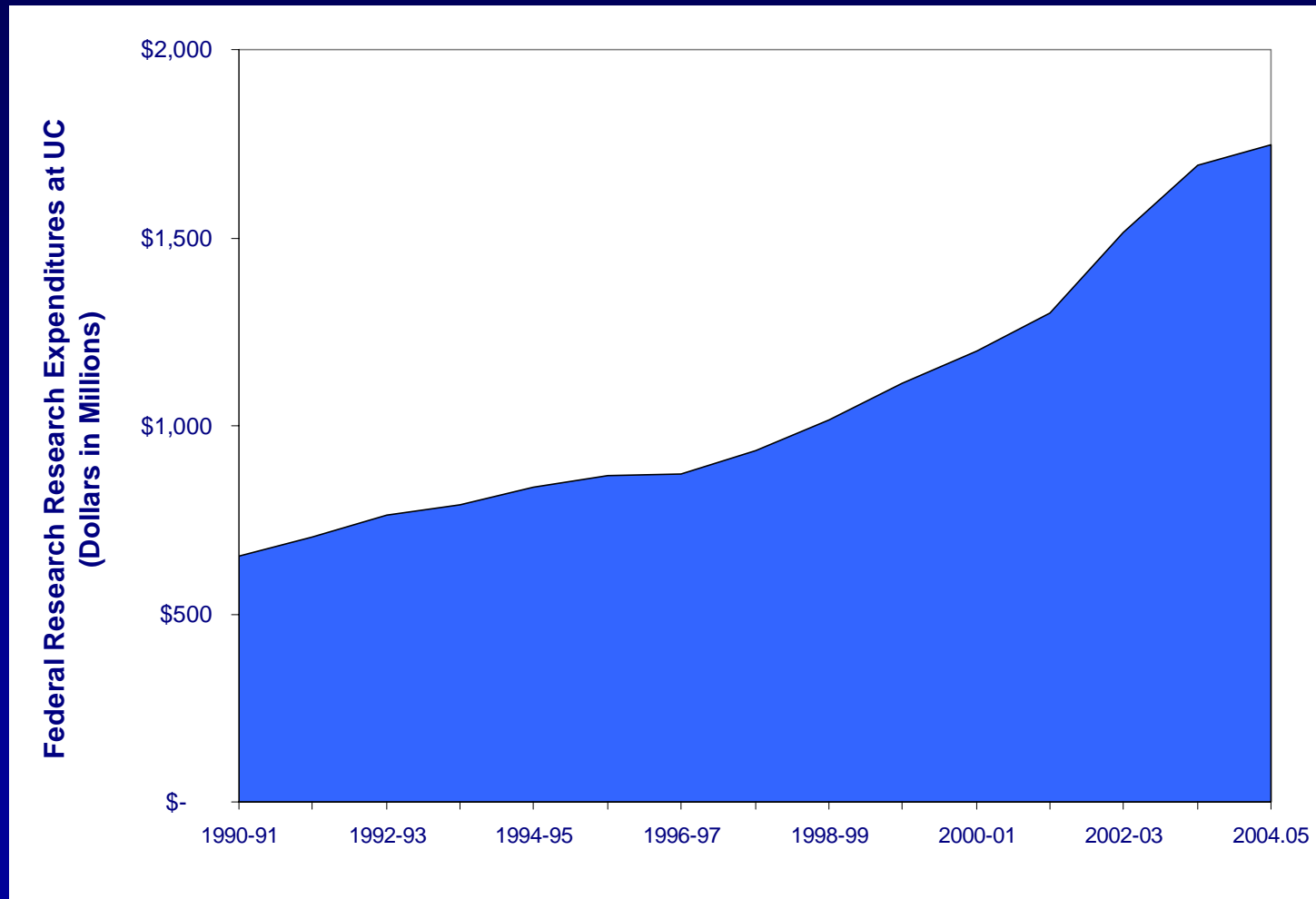
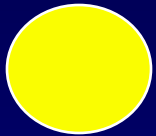
Source: Office of Student Academic Services

Higher Four-Year Graduation Rates Means Shorter Time to Degree

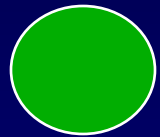


Source: Office of Student Academic Services

Sharp Growth in Federal Research Expenditures Is Leveling Off



Indicators of the Quality of Graduate Programs



- Of the 261 doctoral-granting universities in the U.S., only 62 are members of the prestigious American Association of Universities (AAU).

- 6 of the 8 UC campuses eligible for the AAU are members.
- In spite of being small and young, UCR and UCSC are in top 15 on Graham/Diamond ratings.

- Of the top 12 universities in the U.S., 3 are UC campuses.

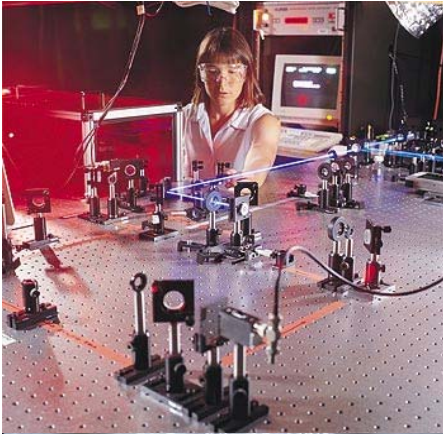
- Of the 229 rated UC campuses, 20 were in the top 20.

• Data from the next NRC study will not be available for 2-3 years.

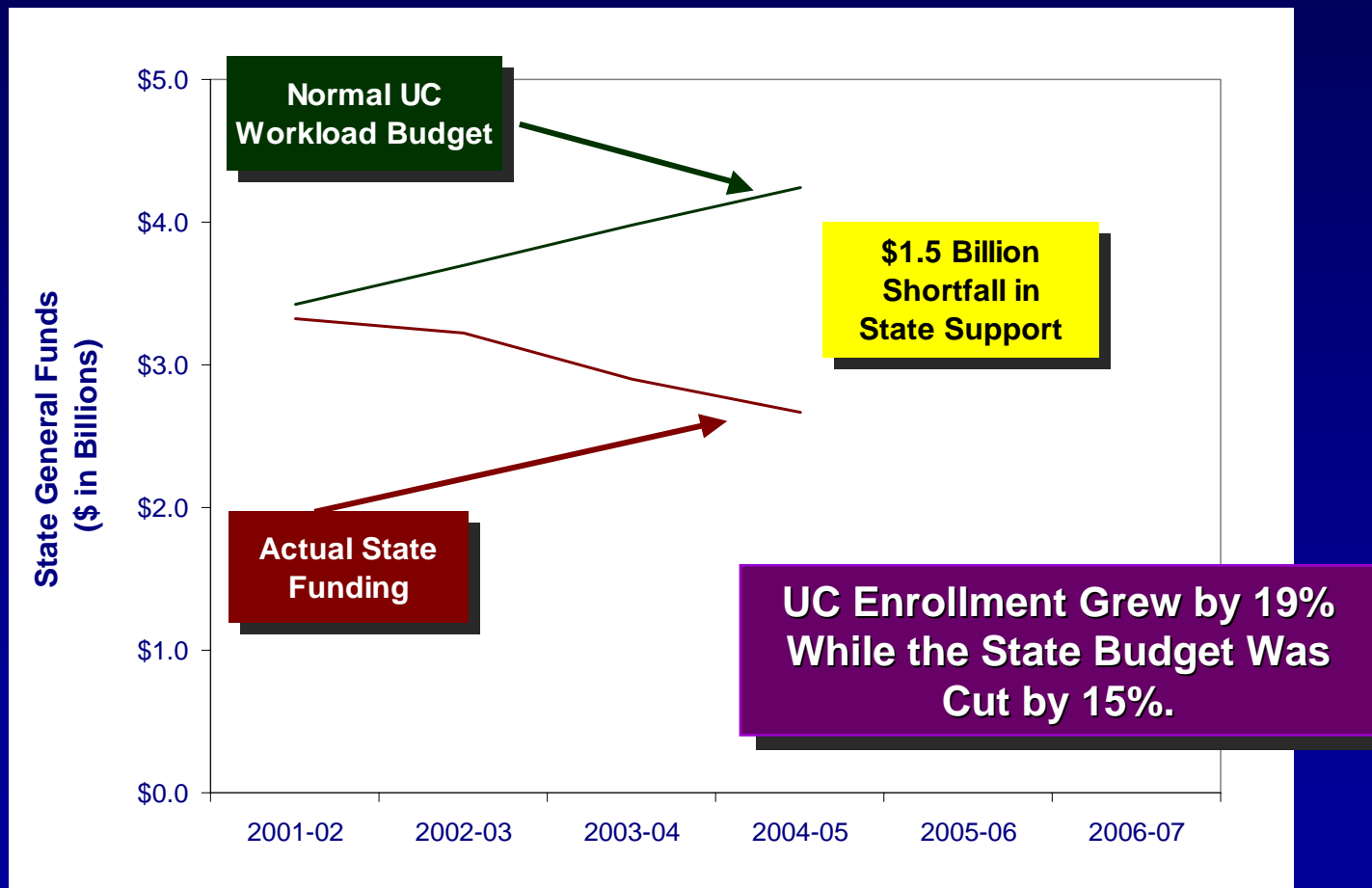
• The rankings of doctoral and professional programs by *U.S. News & World Report* suggest there are fewer public universities among the nation's best.

Today's Agenda

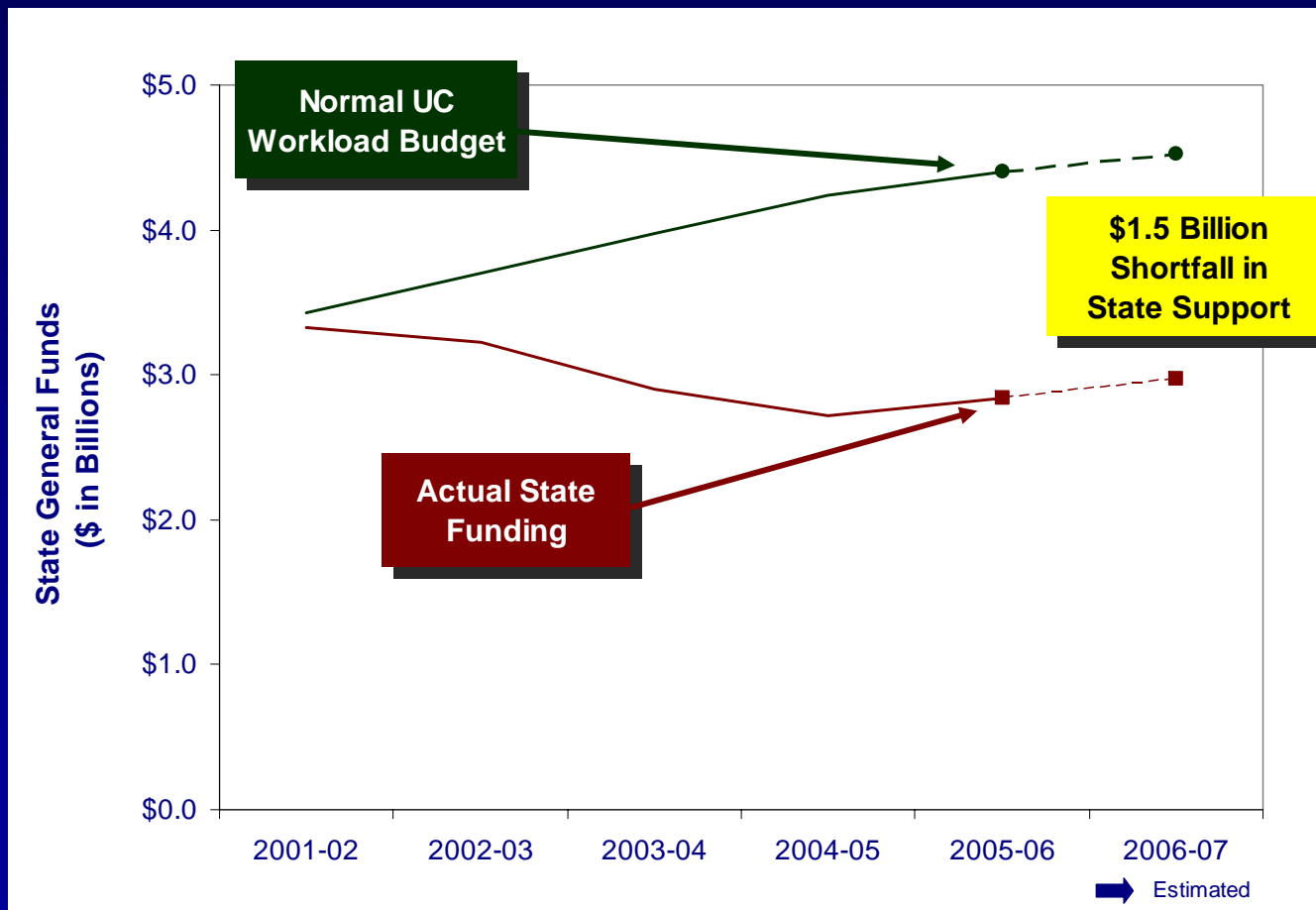
- Large Trends
- The Impact of California's Fiscal Crisis



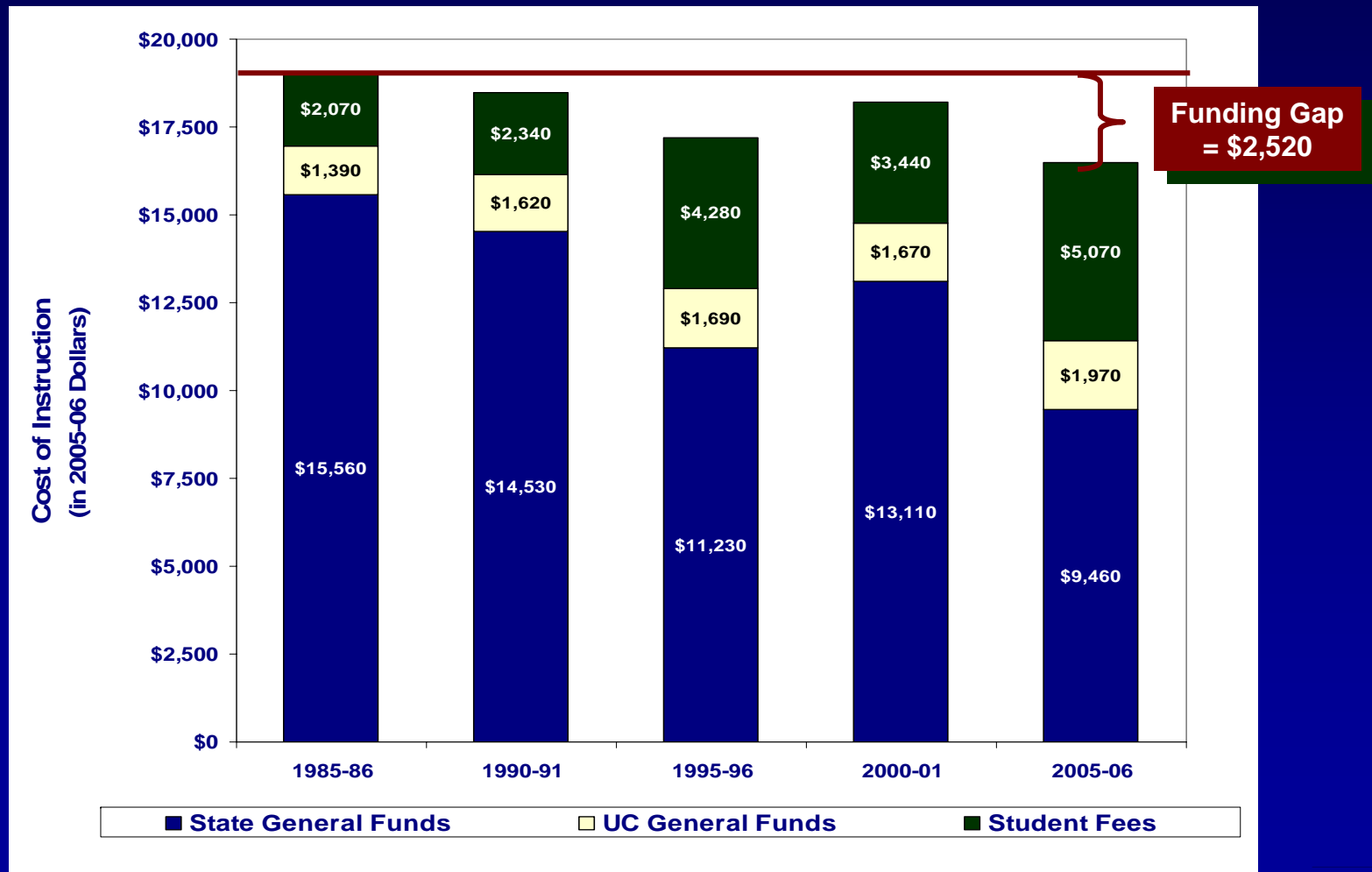
California's Fiscal Crisis Has Impacted the UC Budget



California's Fiscal Crisis Has Impacted the UC Budget



State Budget Cuts Create Gap of \$2,520 per UC Student

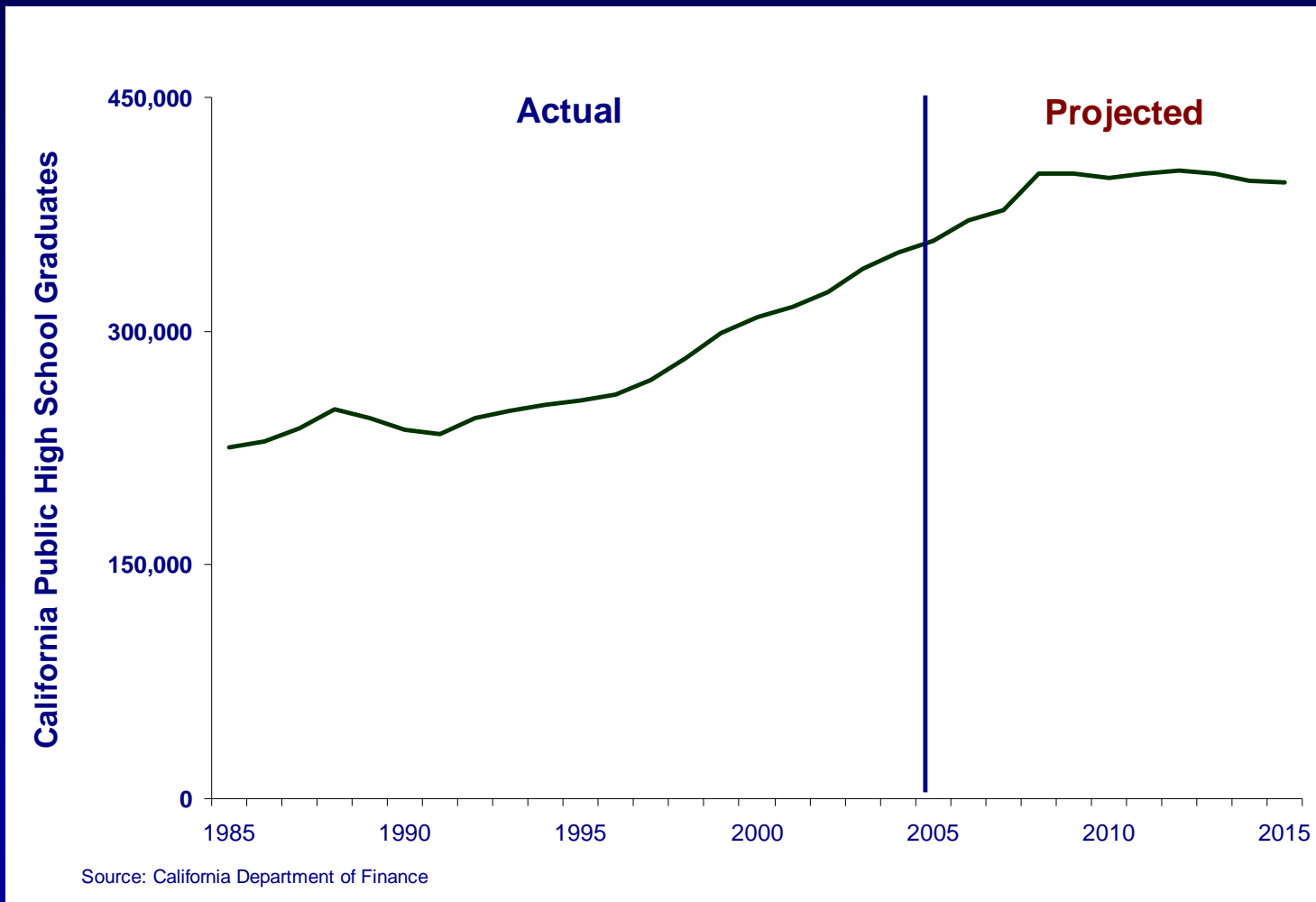


Today's Agenda

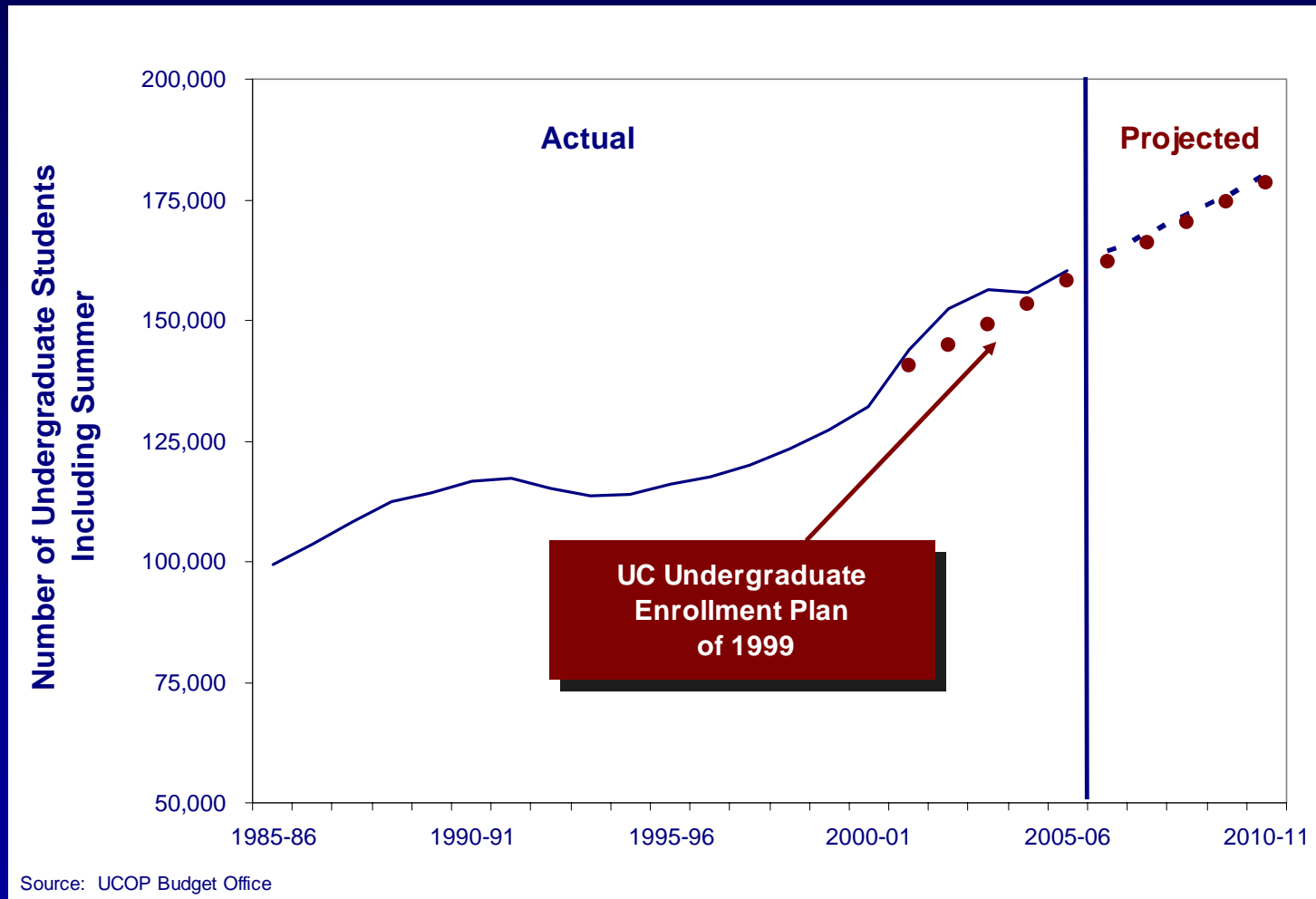
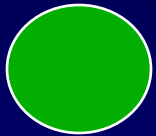
- Large Trends
- The Impact of California's Fiscal Crisis
- The Regents' Benchmarks – Early Warning Indicators



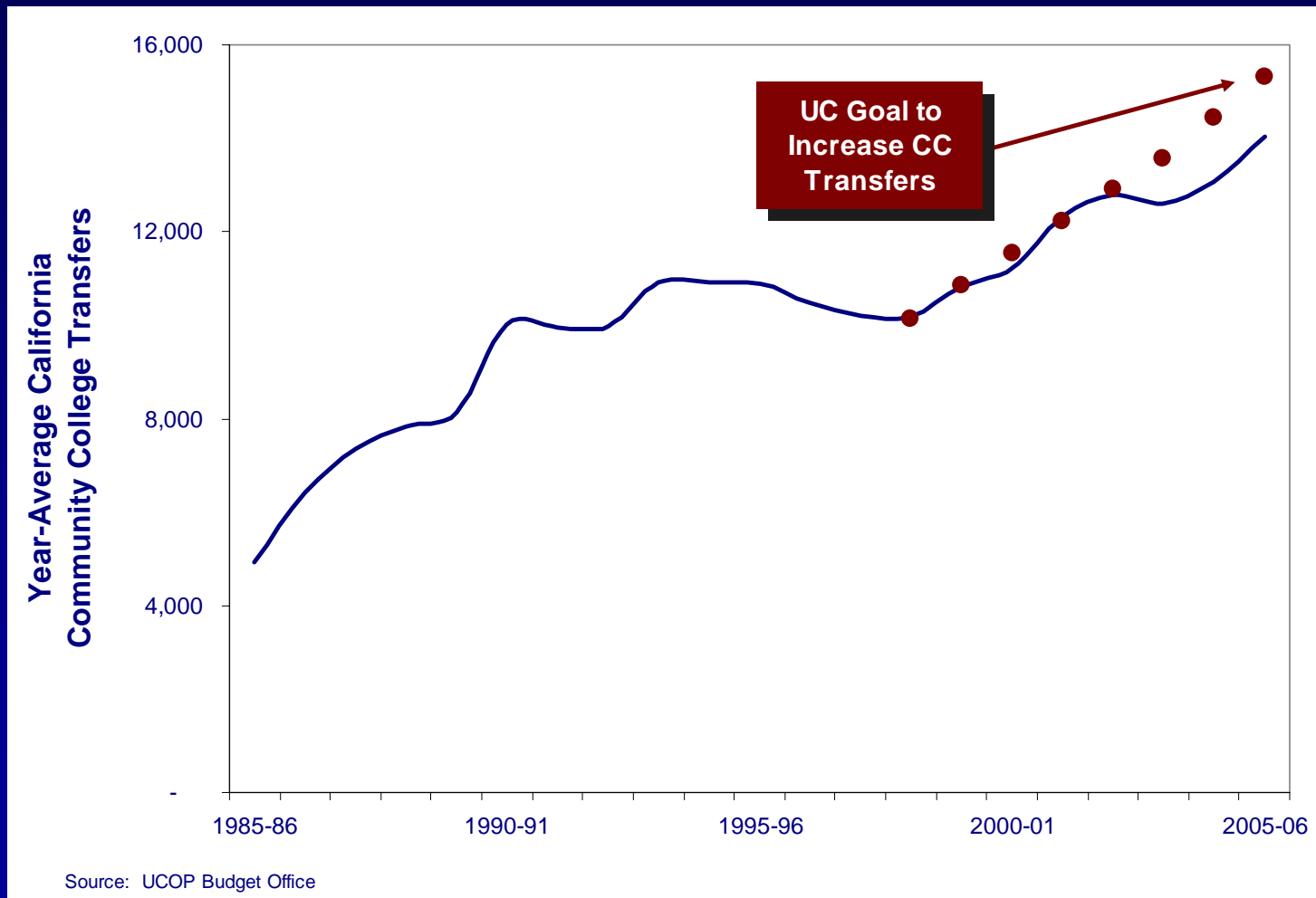
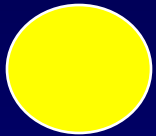
Tidal Wave II



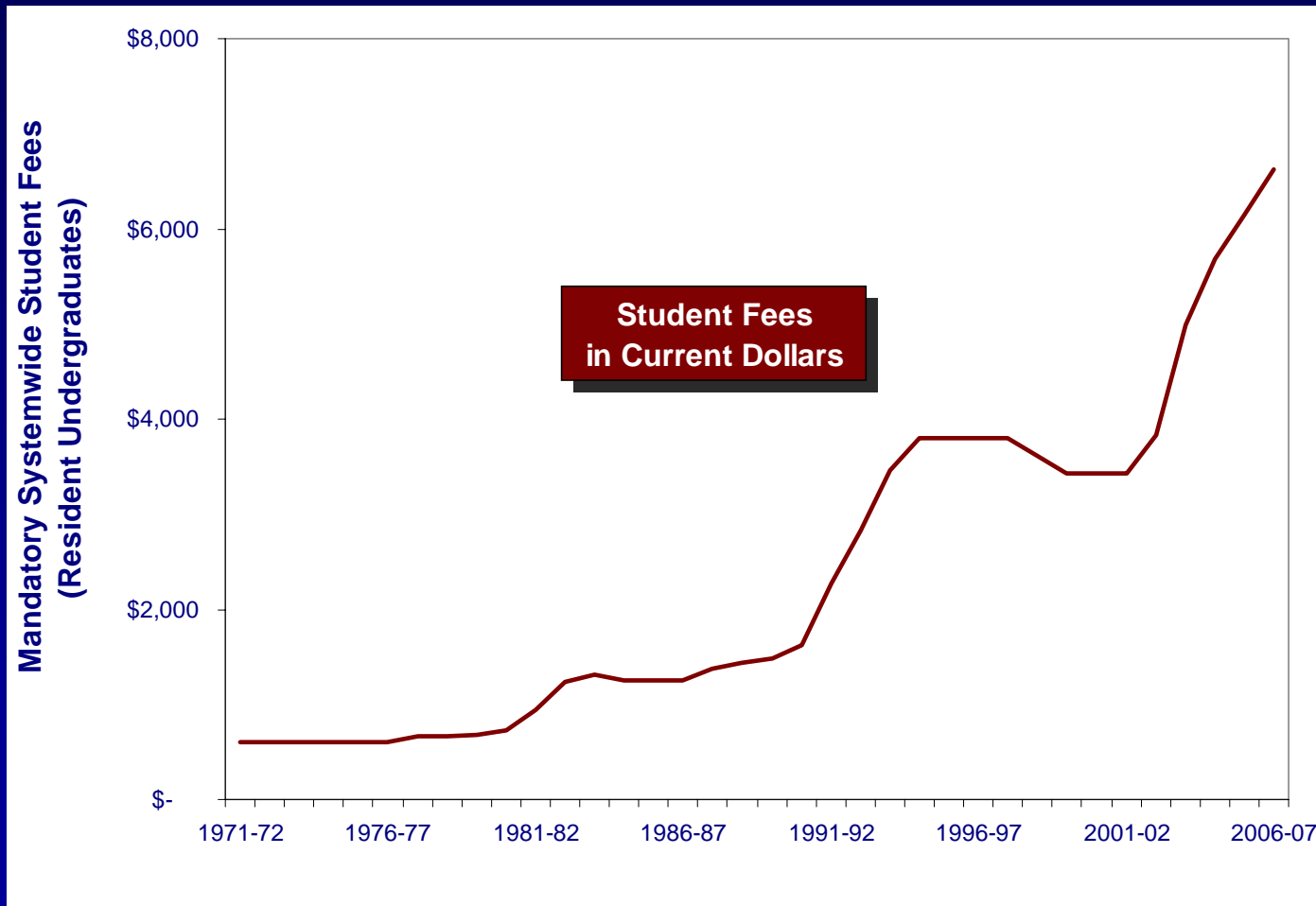
Undergraduate Enrollment Is Returning to the 1999 Plan Levels



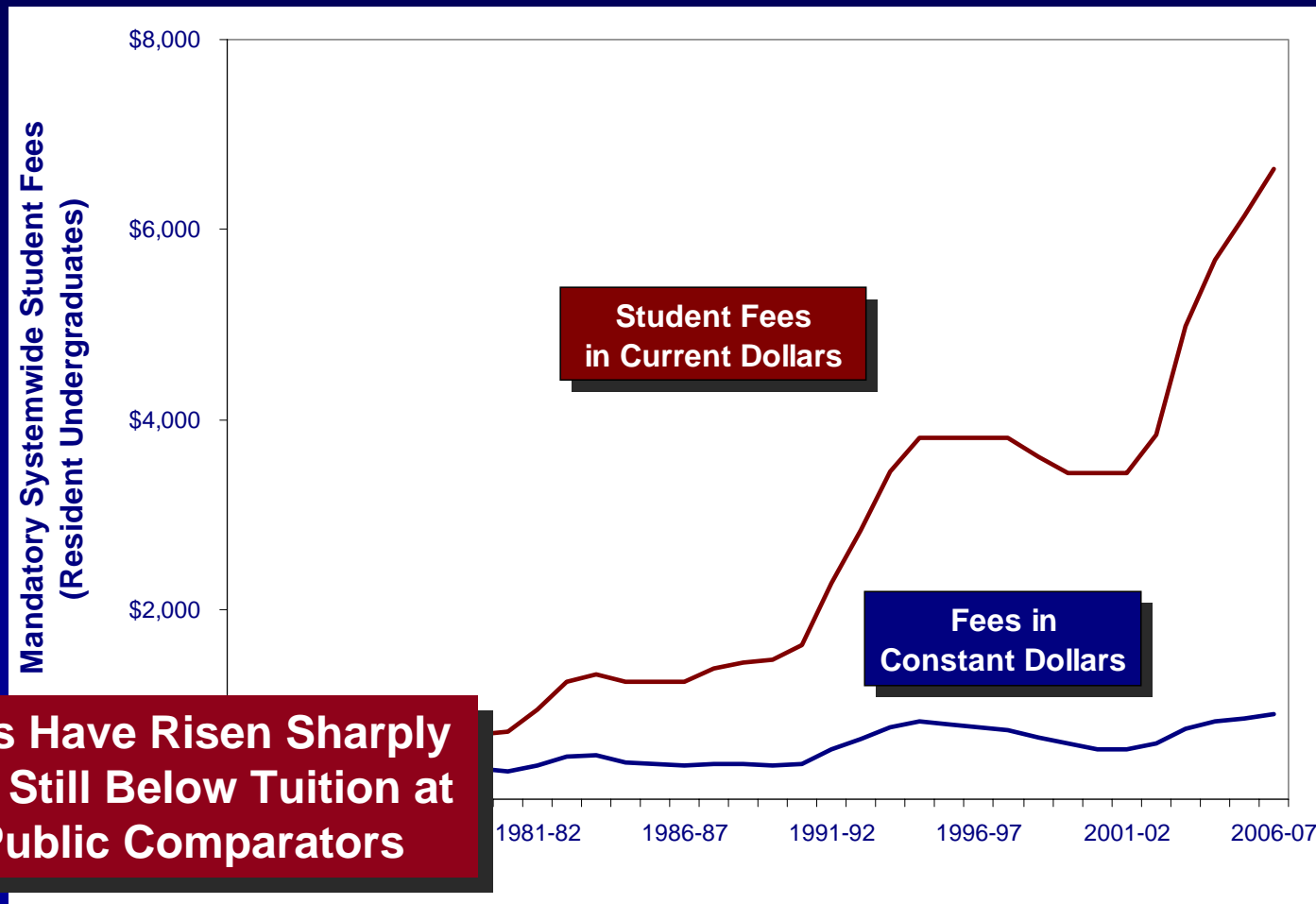
CCC Transfers Were on Plan until Enrollment Restrictions



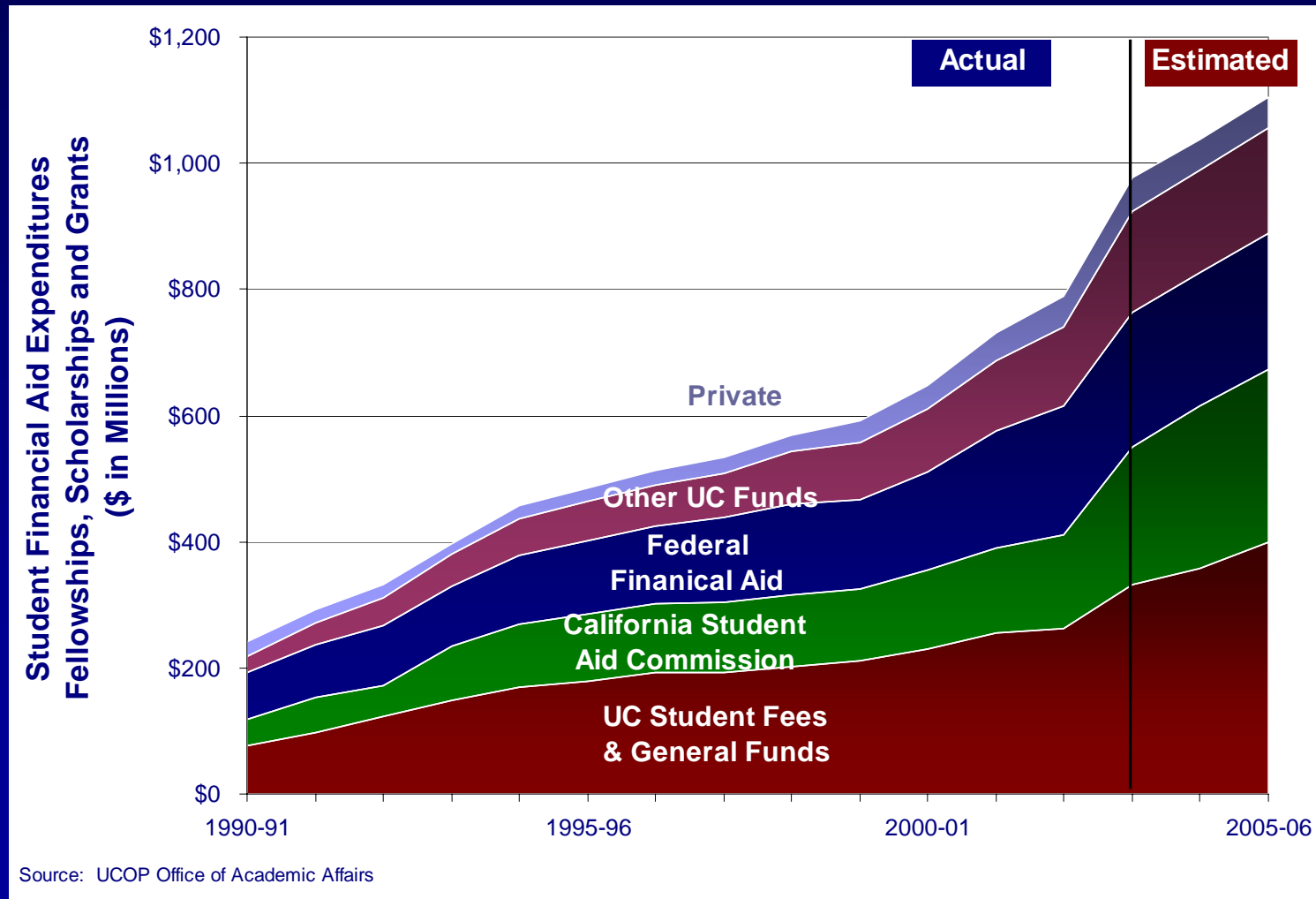
Budget Cuts Have Led to Student Fee Increases



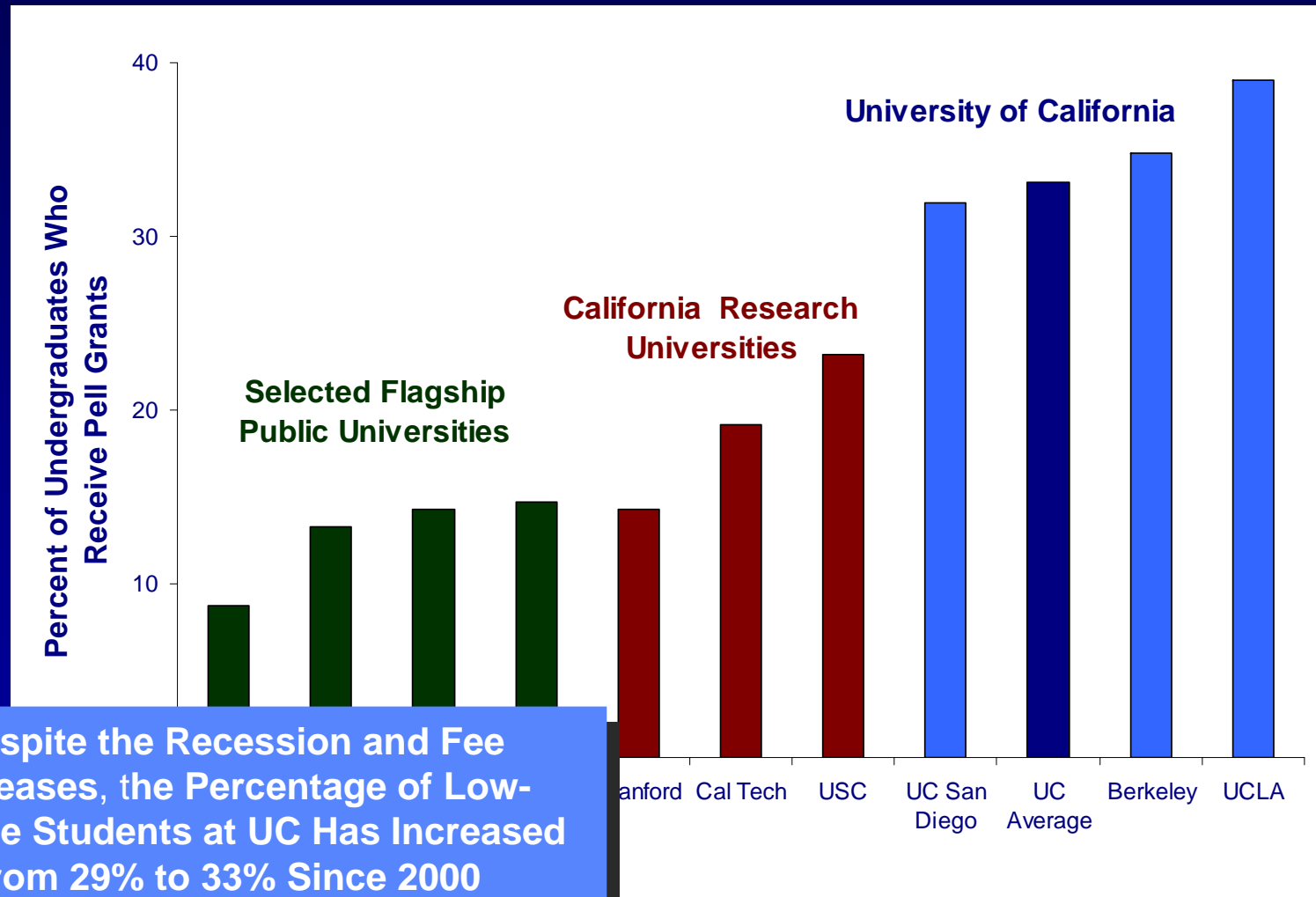
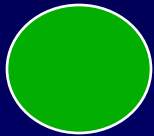
Budget Cuts Have Led to Student Fee Increases



But, Financial Aid Has Also Increased to \$1.1B

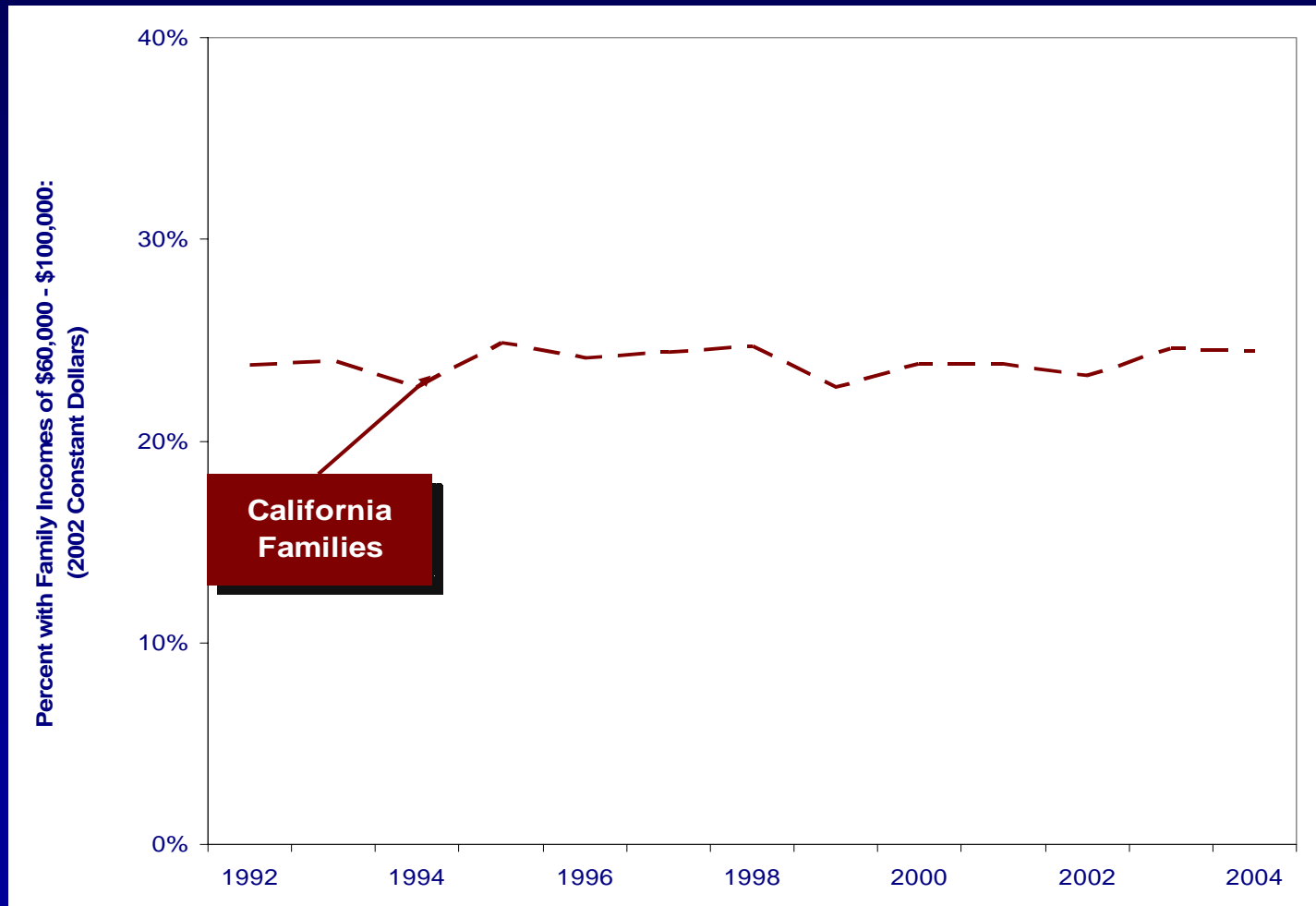


UC Continues to be Accessible to Low-Income Families

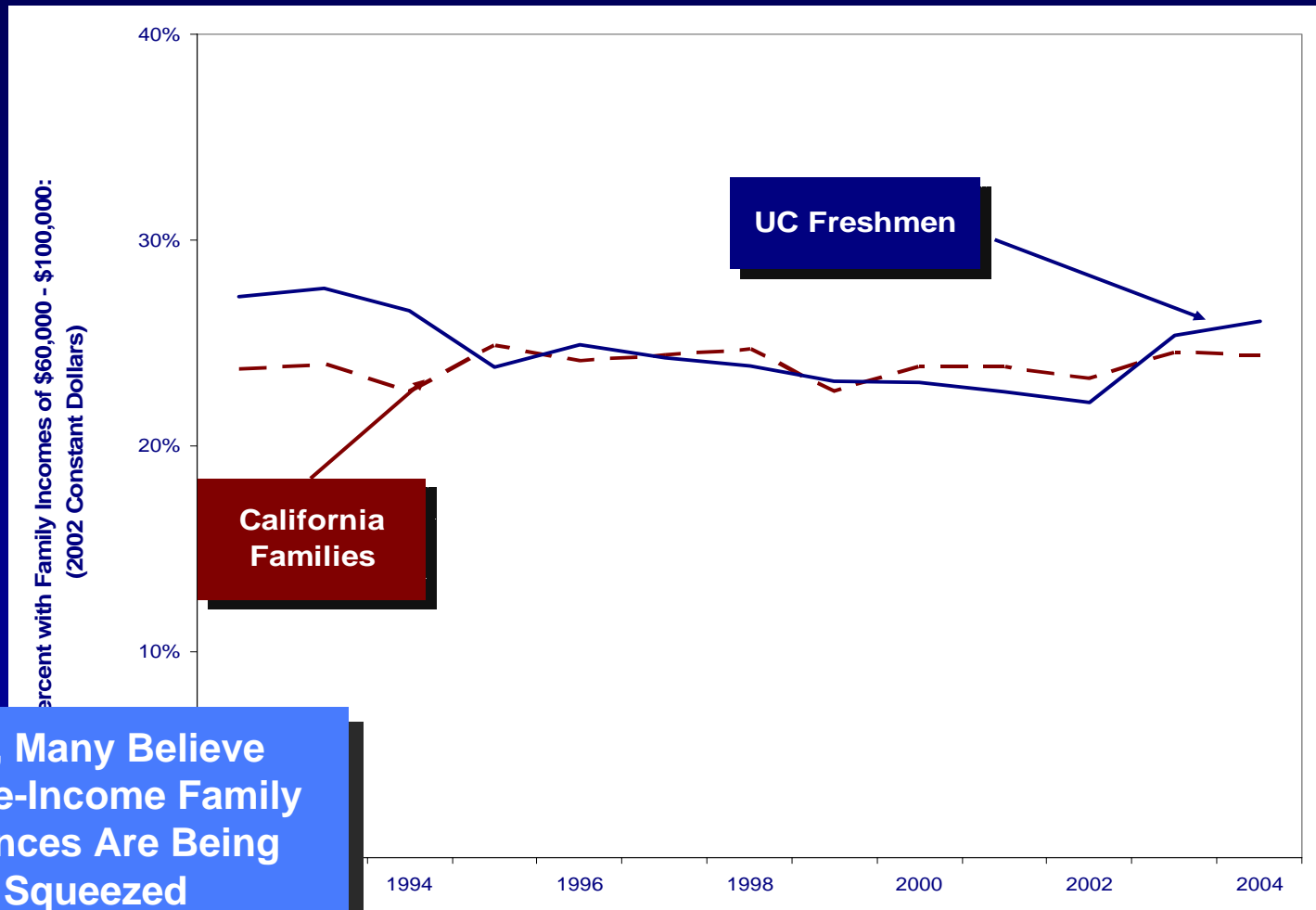


Despite the Recession and Fee Increases, the Percentage of Low-Income Students at UC Has Increased from 29% to 33% Since 2000

One-Quarter of California Families Earn \$60,000 to \$100,000

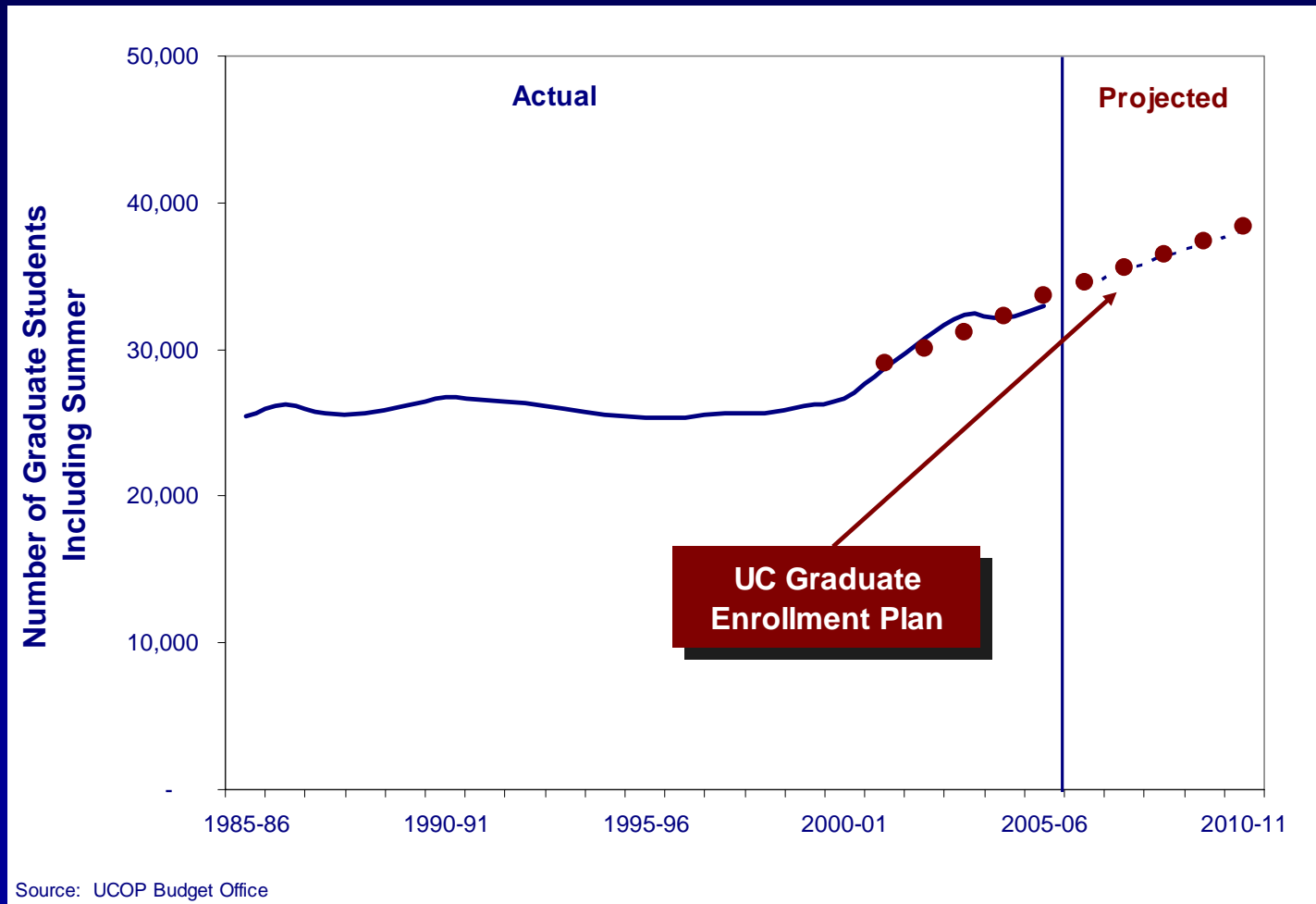
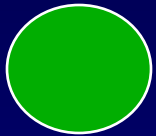


Despite Fee Increases, About Same % Freshmen from Middle-Income Families

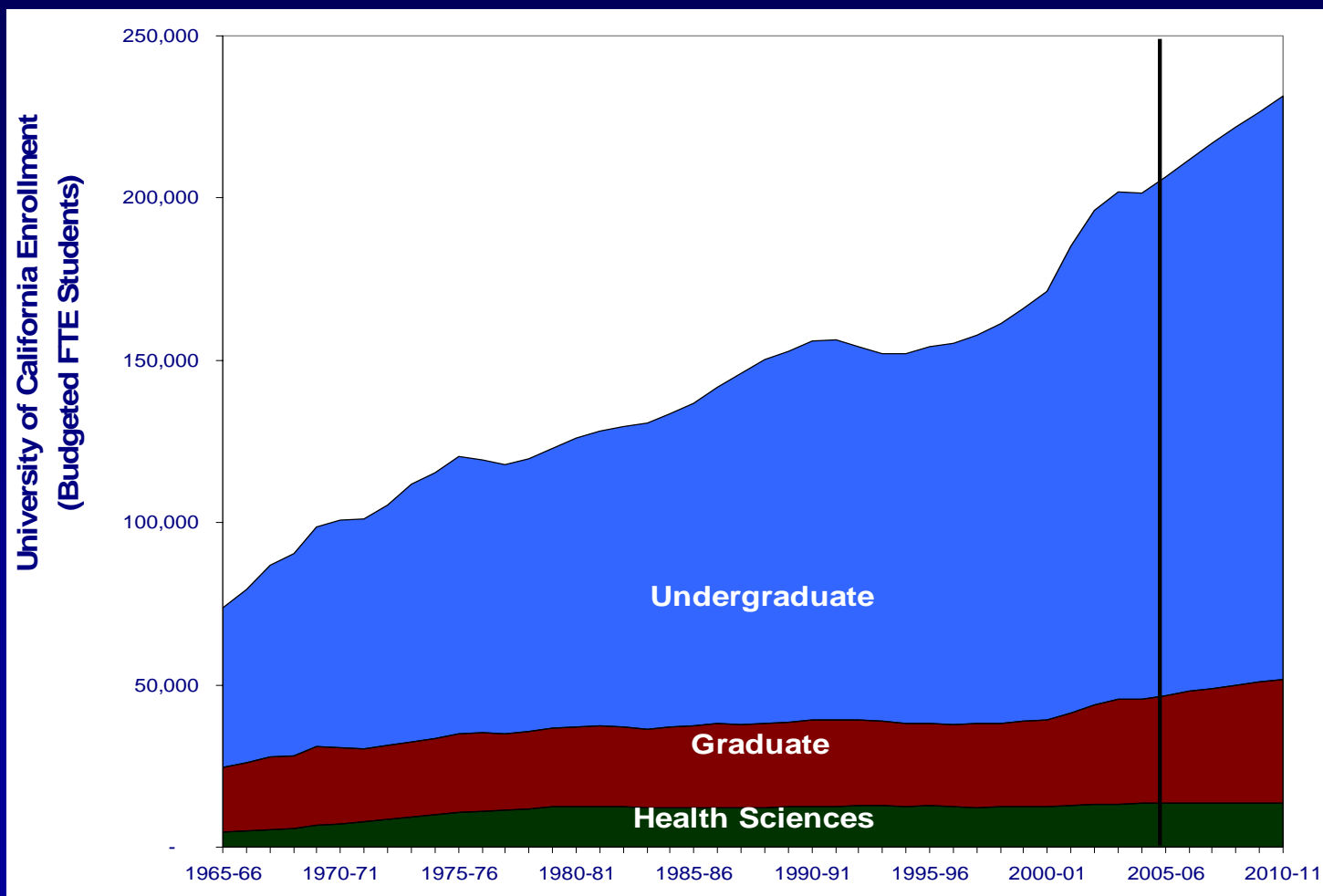


But, Many Believe
Middle-Income Family
Finances Are Being
Squeezed

Graduate Enrollment Is on Plan but ...



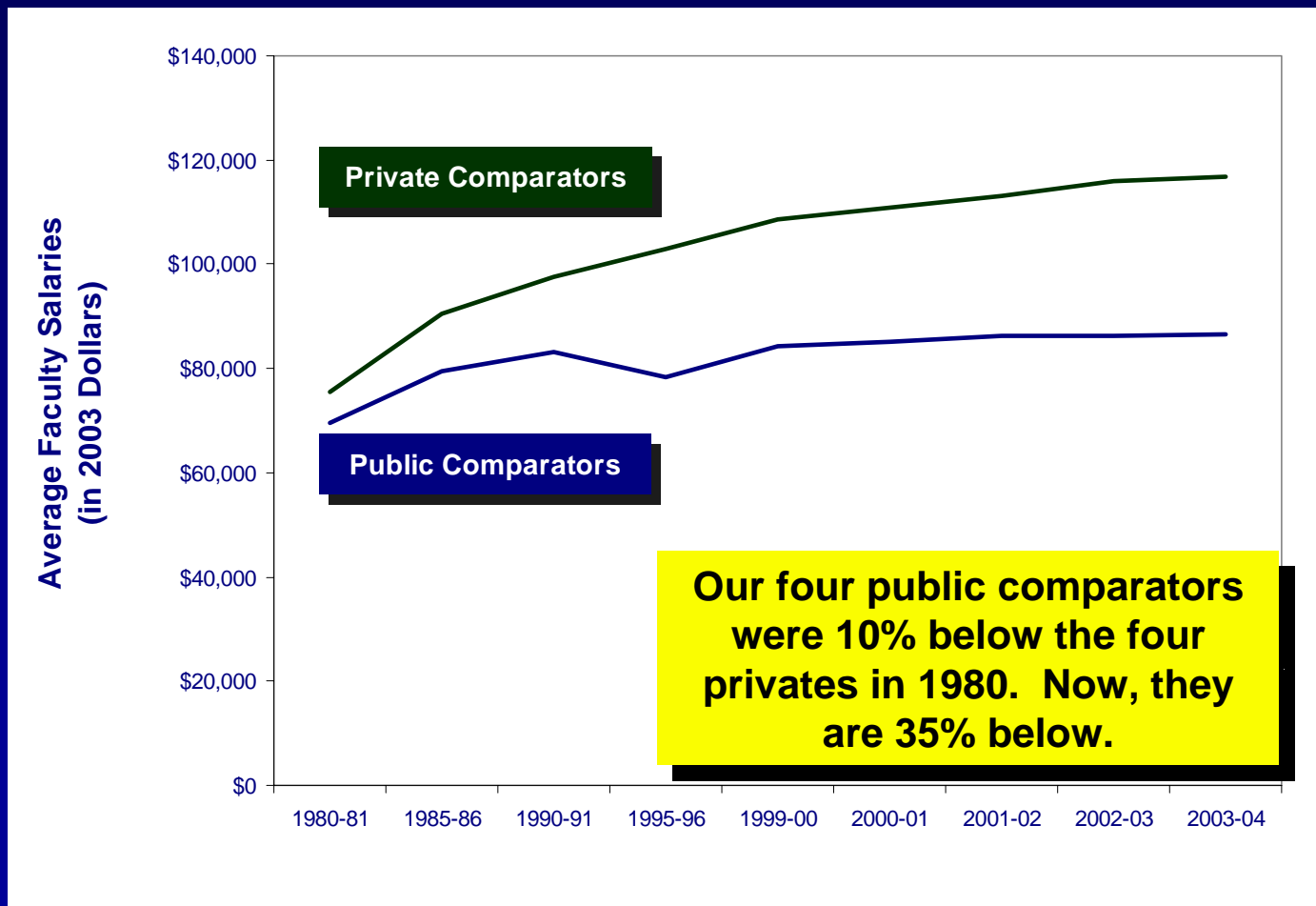
UC Enrollment Is Out of Balance



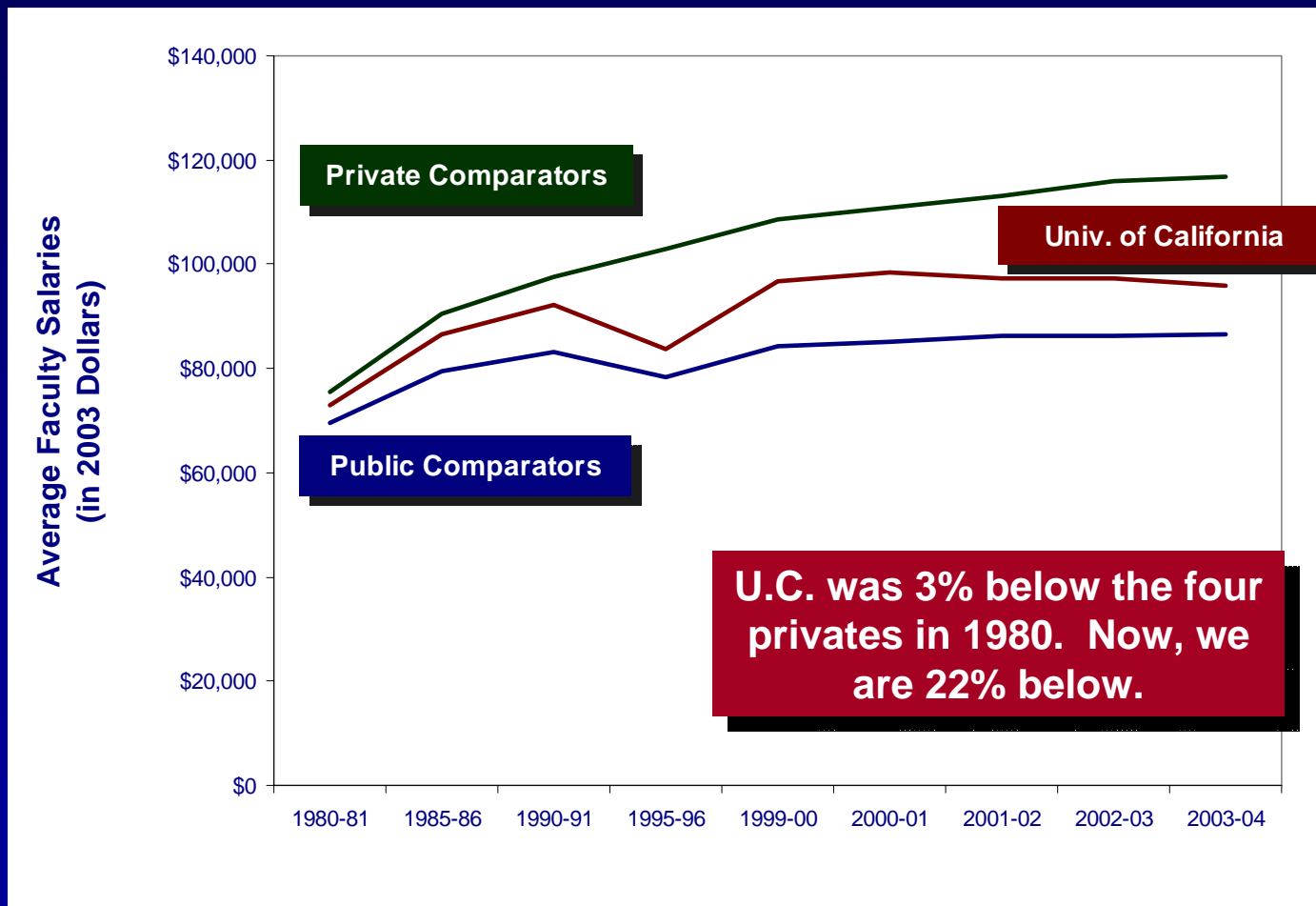
Serious Impacts of the Fiscal Crisis on the University

- Salaries

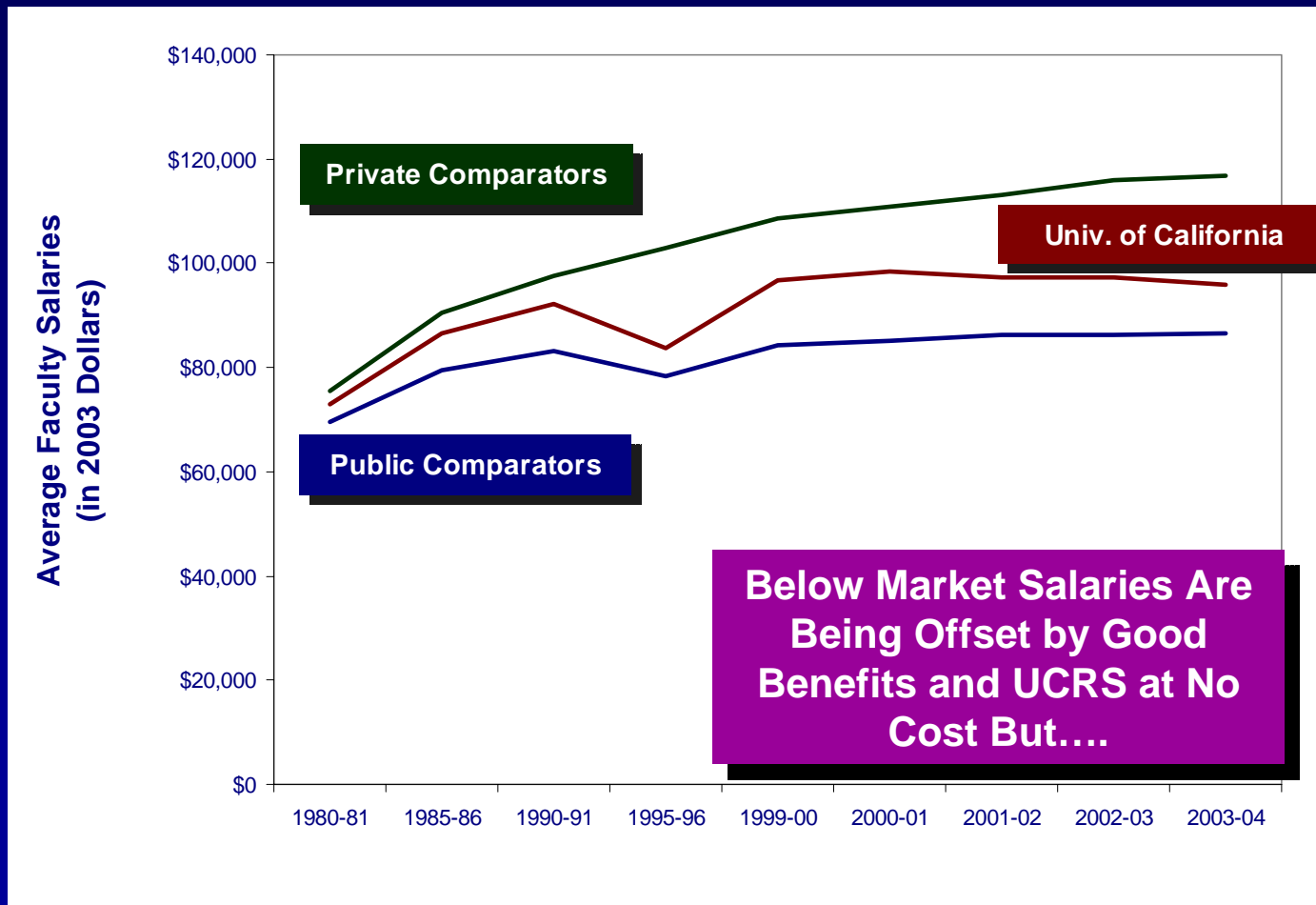
The Gap Between Leading Publics and Privates Is Larger



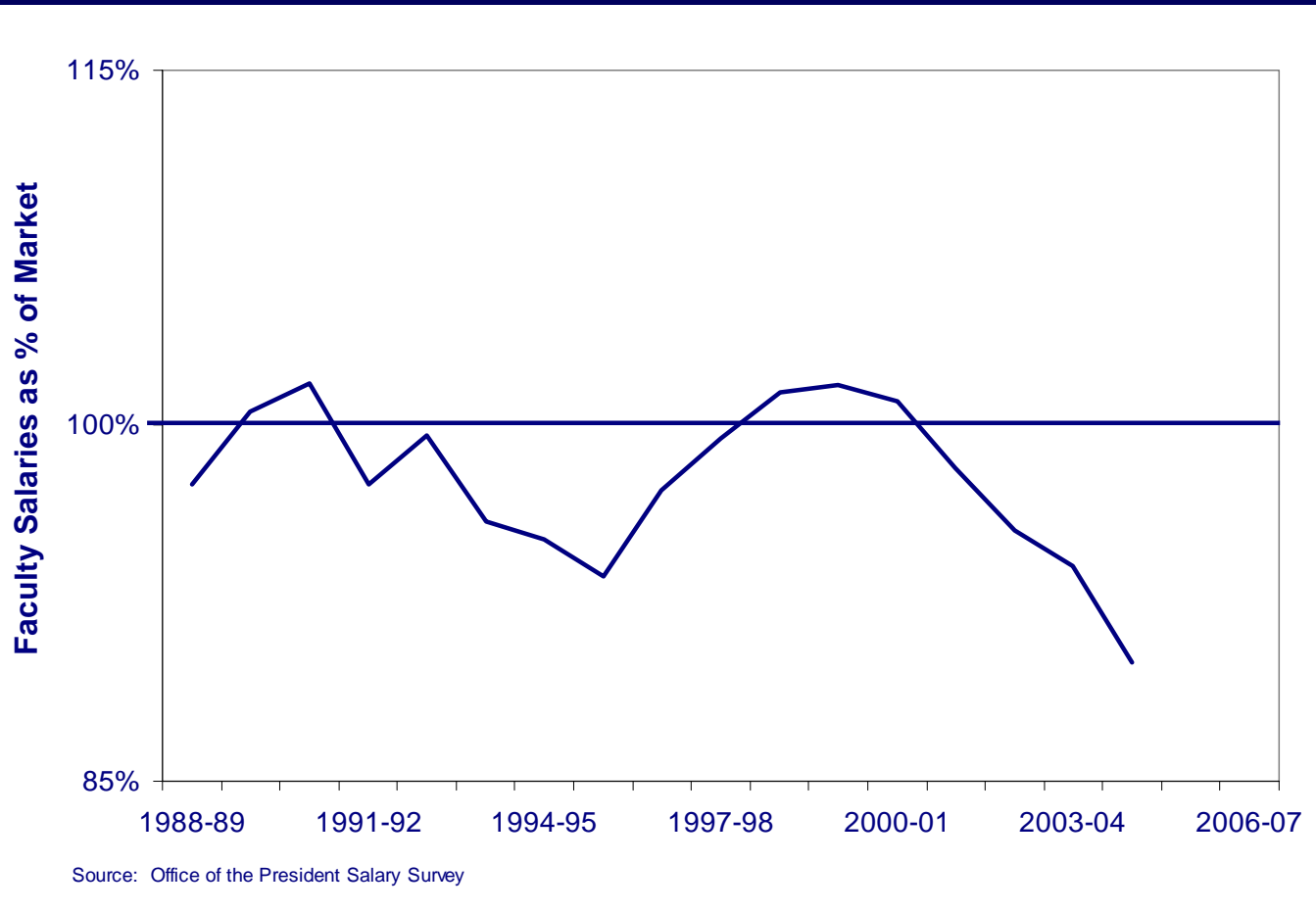
UC Faculty Salaries Are Further Below the Privates



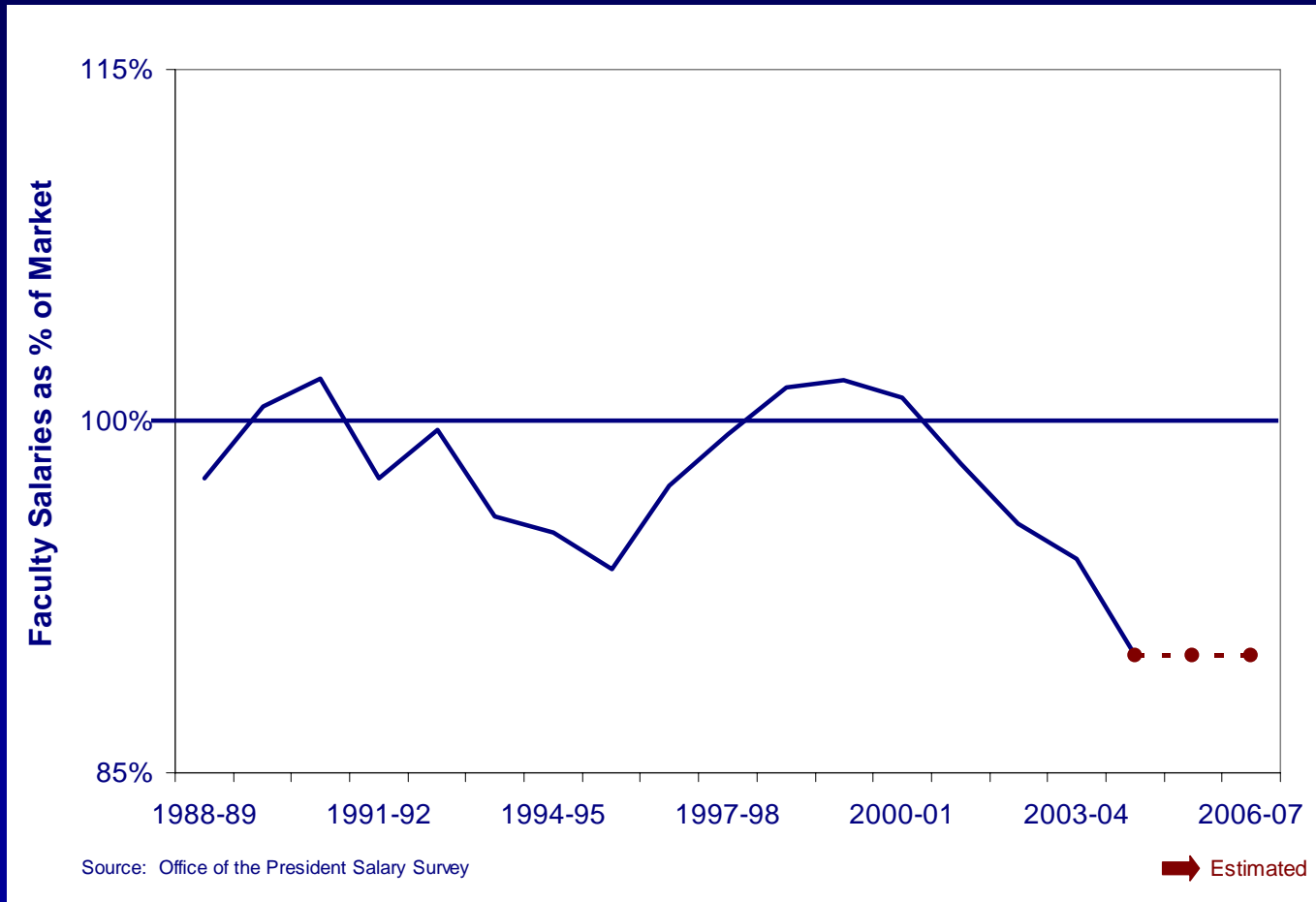
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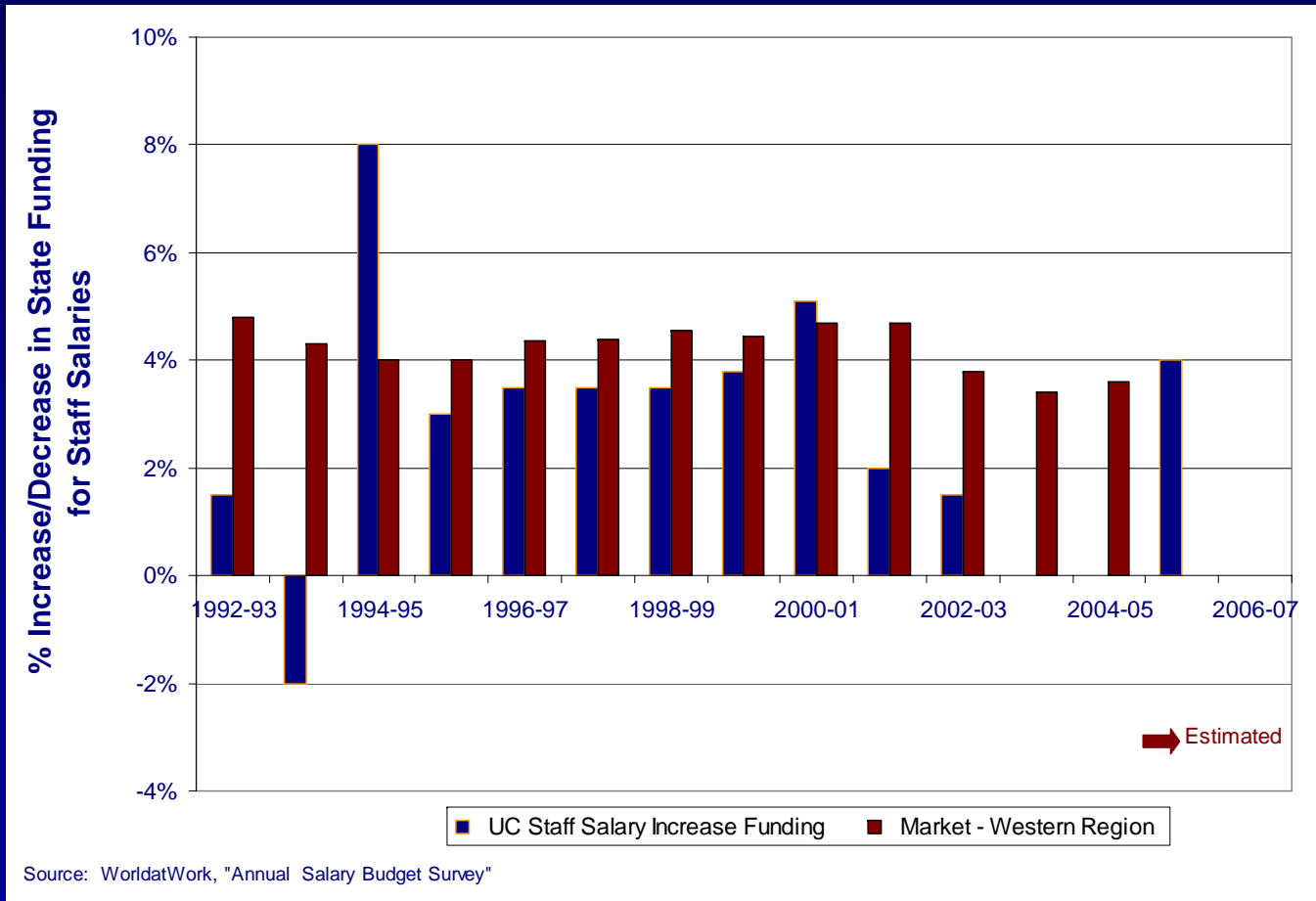
Faculty Salaries Are Below the Comp 8 Average



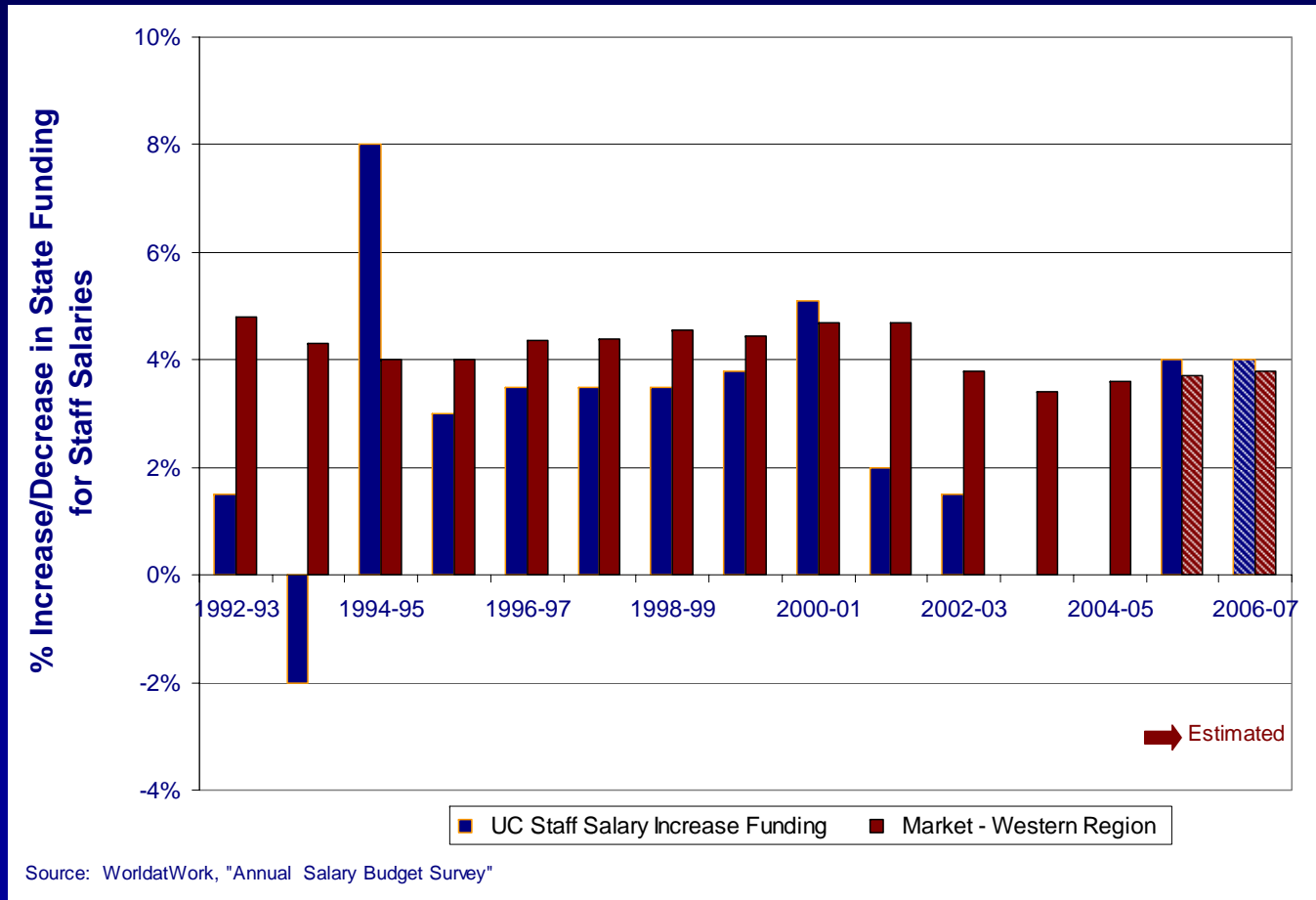
No Catch Up in the Near Future; Need Longer Term Plan



Funding for Staff Salaries Has Fallen Below Market



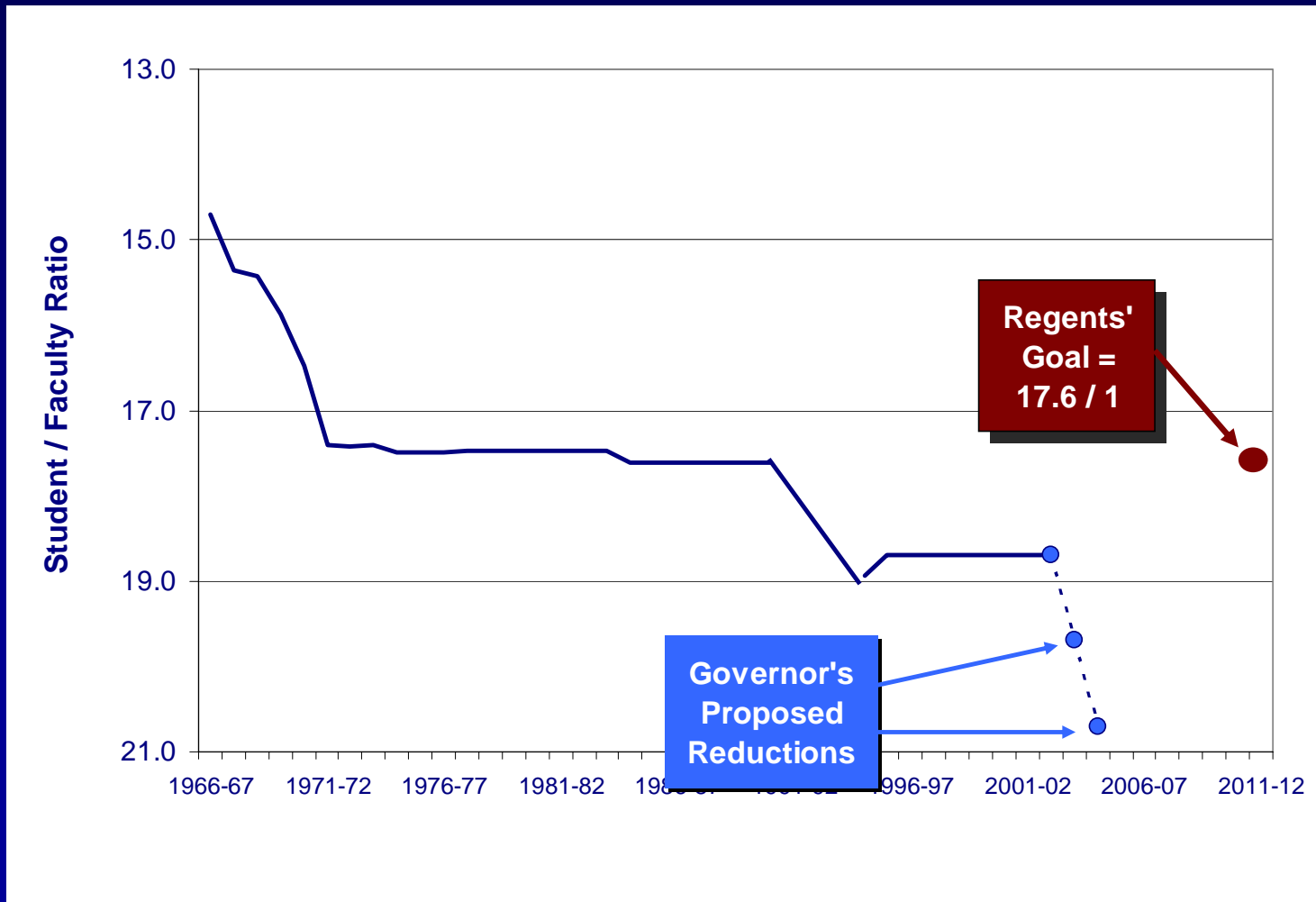
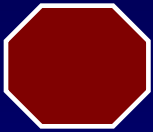
Funding for Staff Salaries Has Fallen Below Market



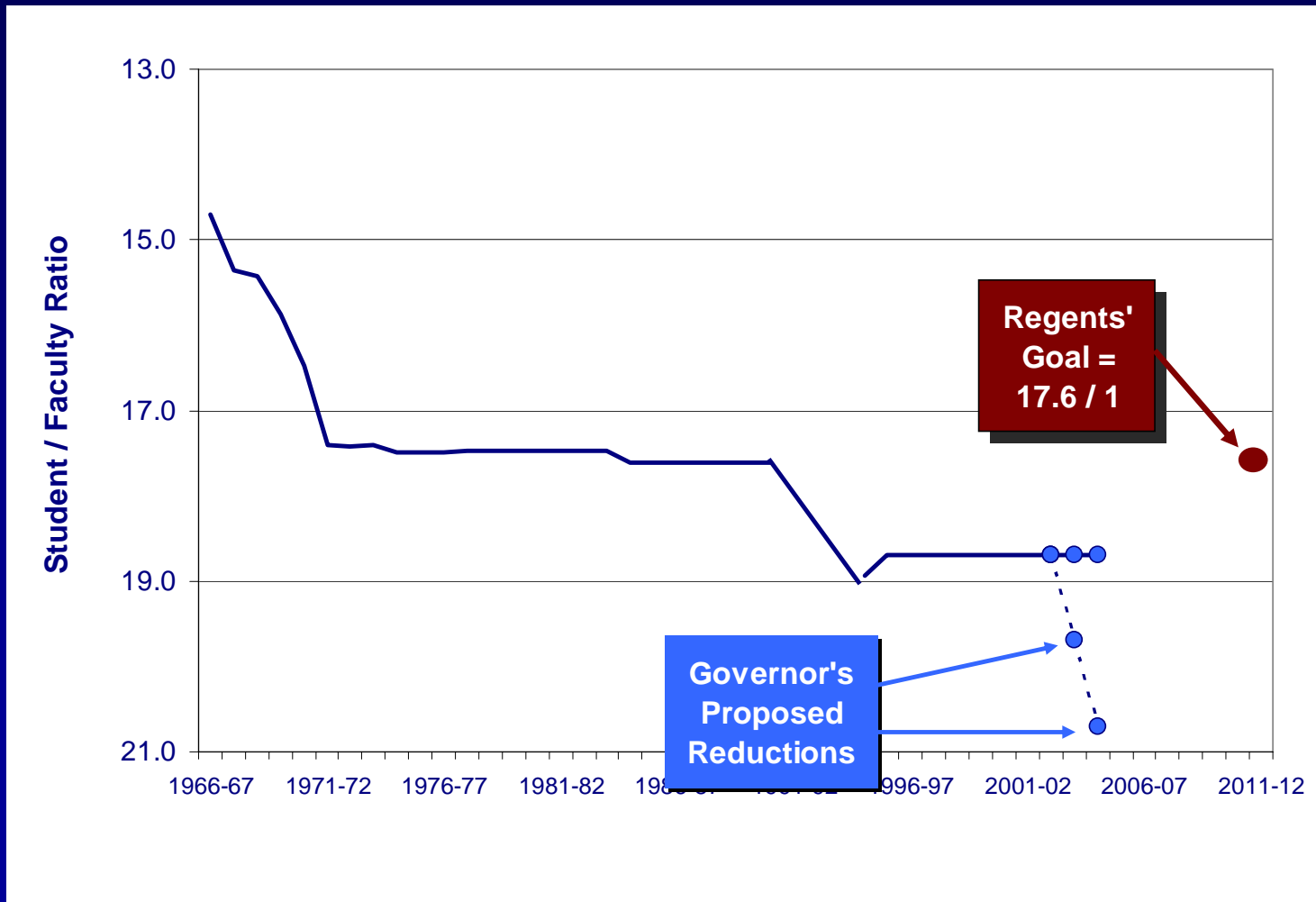
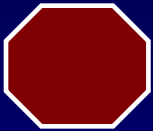
Serious Impacts of the Fiscal Crisis on the University

- Salaries
- Academic/Support Services
 - Student/Faculty Ratio

Inadequate Resources: Proposed Deterioration of Student/Faculty



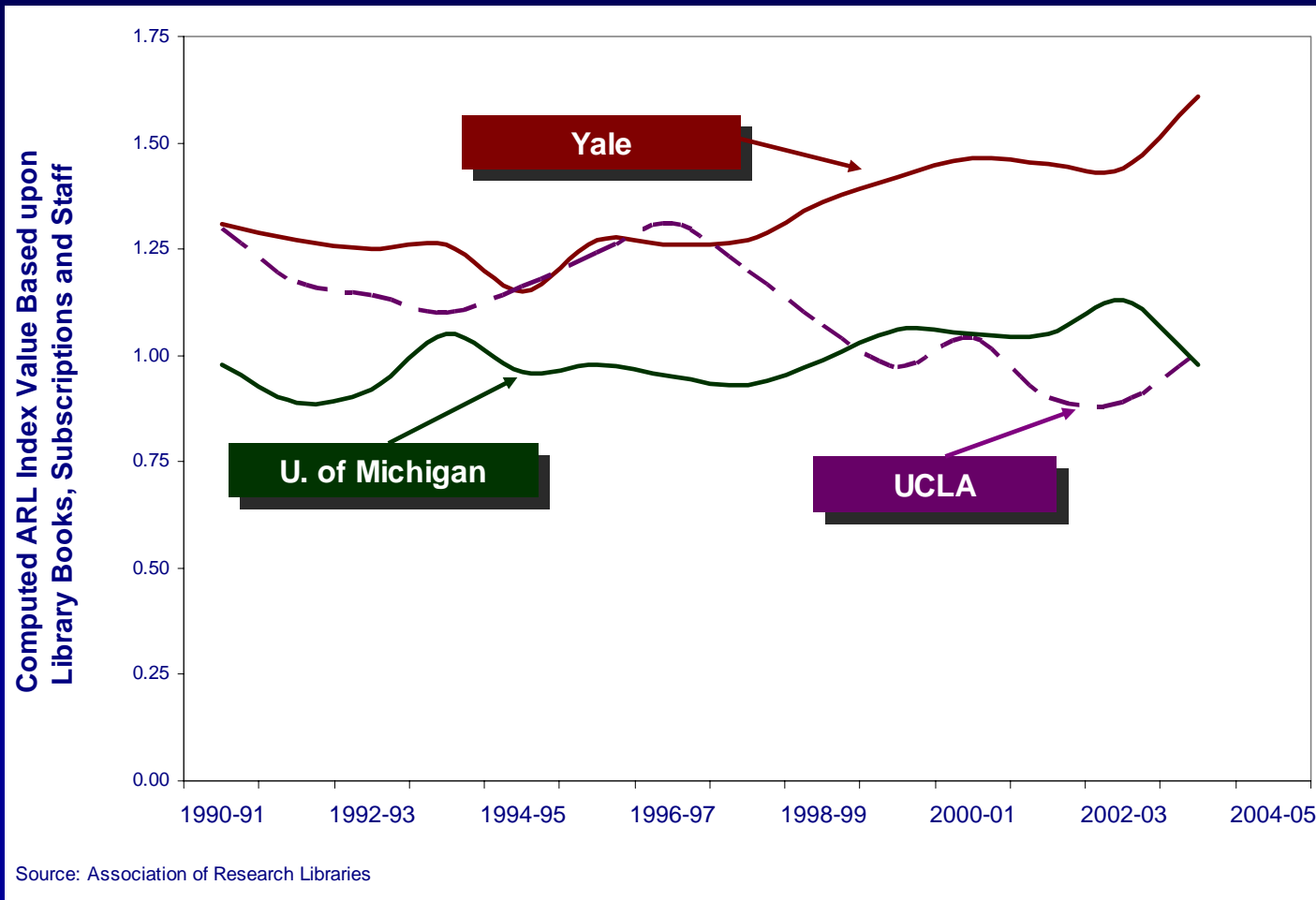
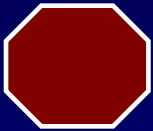
Inadequate Resources: Regents' Plan to Restore the Student/Faculty Ratio



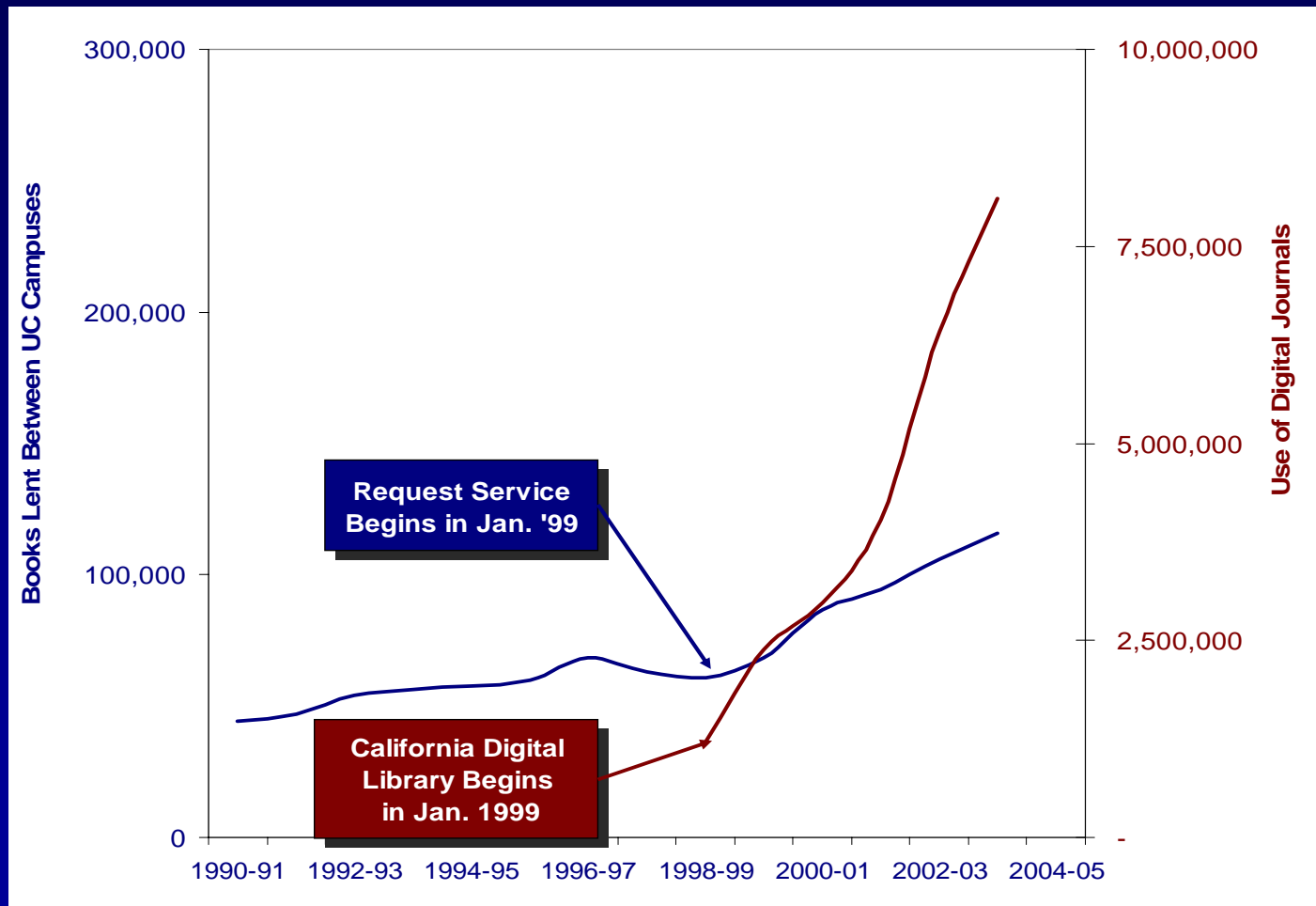
Serious Impacts of the Fiscal Crisis on the University

- Salaries
- Academic/Support Services
 - Student/Faculty Ratio
 - Libraries and Other Academic Support

Inadequate Resources: Less Funding for Academic/Support Services



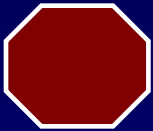
UC Has Leveraged the Power of the Multi-Campus System for Libraries



Serious Impacts of the Fiscal Crisis on the University

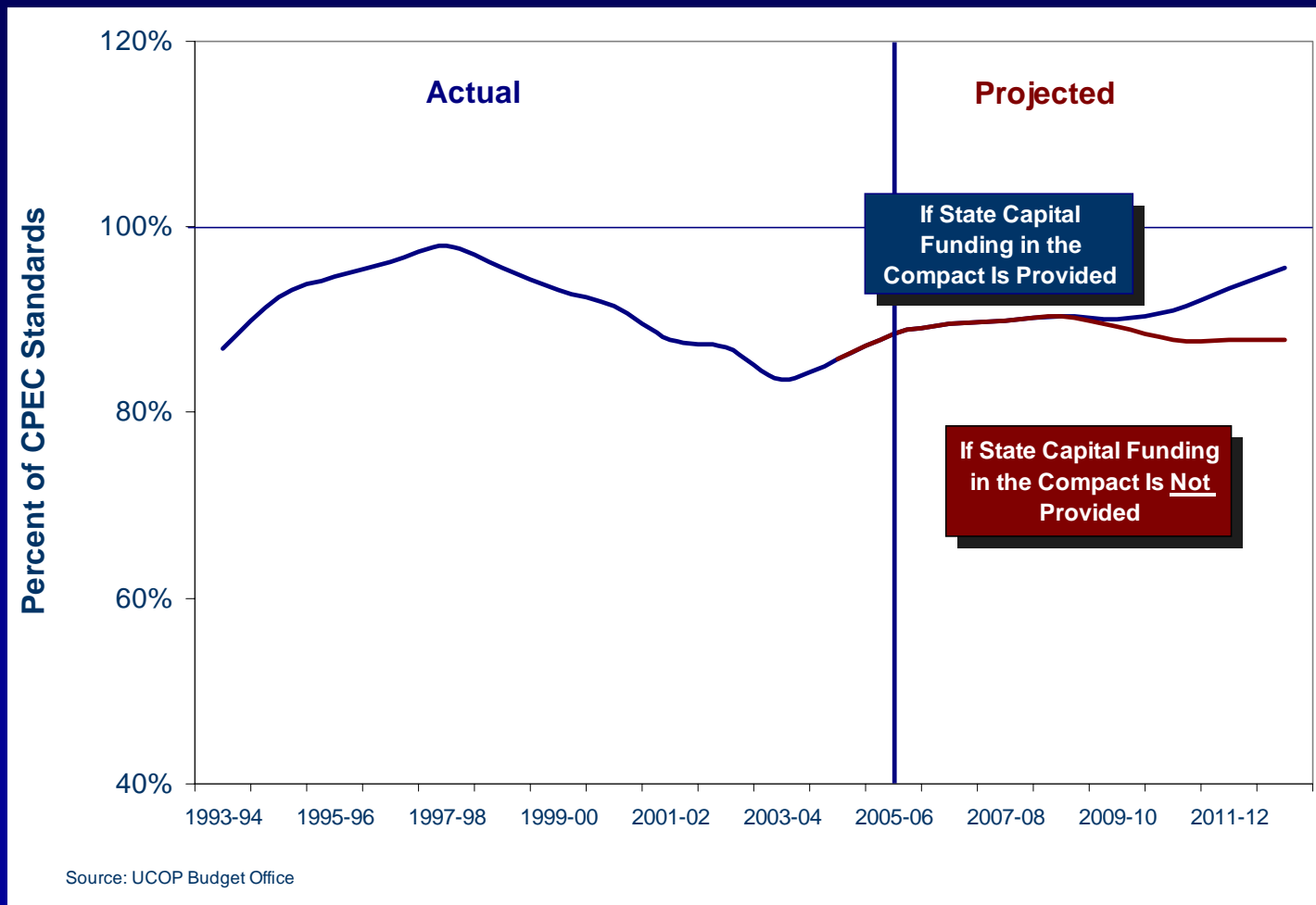
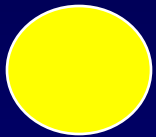
- Salaries
- Academic/Support Services
 - Student/Faculty Ratio
 - Libraries and Other Academic Support
 - Maintenance of University Facilities

Maintenance of UC Facilities Has Fallen Further Behind



- Need State Funds to Maintain New Space
- Need Plan to Provide Annually for Recognized Maintenance Standards
- Need to Reinvest in Accumulated Deferred Maintenance and Capital Renewal Needs

The Compact Provides Needed Capital Funding, but Need Public Support



Serious Impacts of the Fiscal Crisis on the University

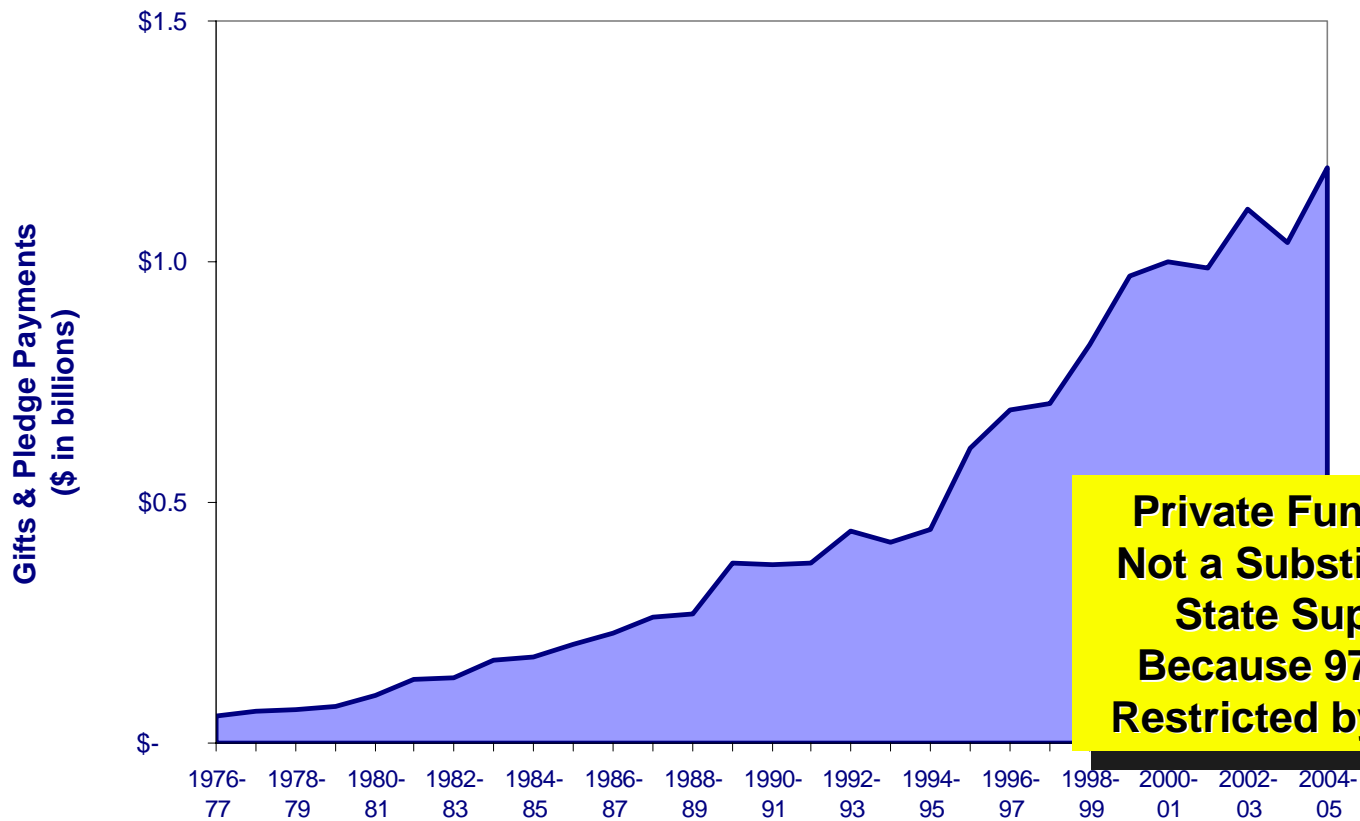
- Salaries
- Academic/Support Services
 - Student/Faculty Ratio
 - Libraries and Other Academic Support
 - Maintenance of New Space
- Graduate Student Support

Inadequate Resources: Graduate Fees Have Increased Sharply



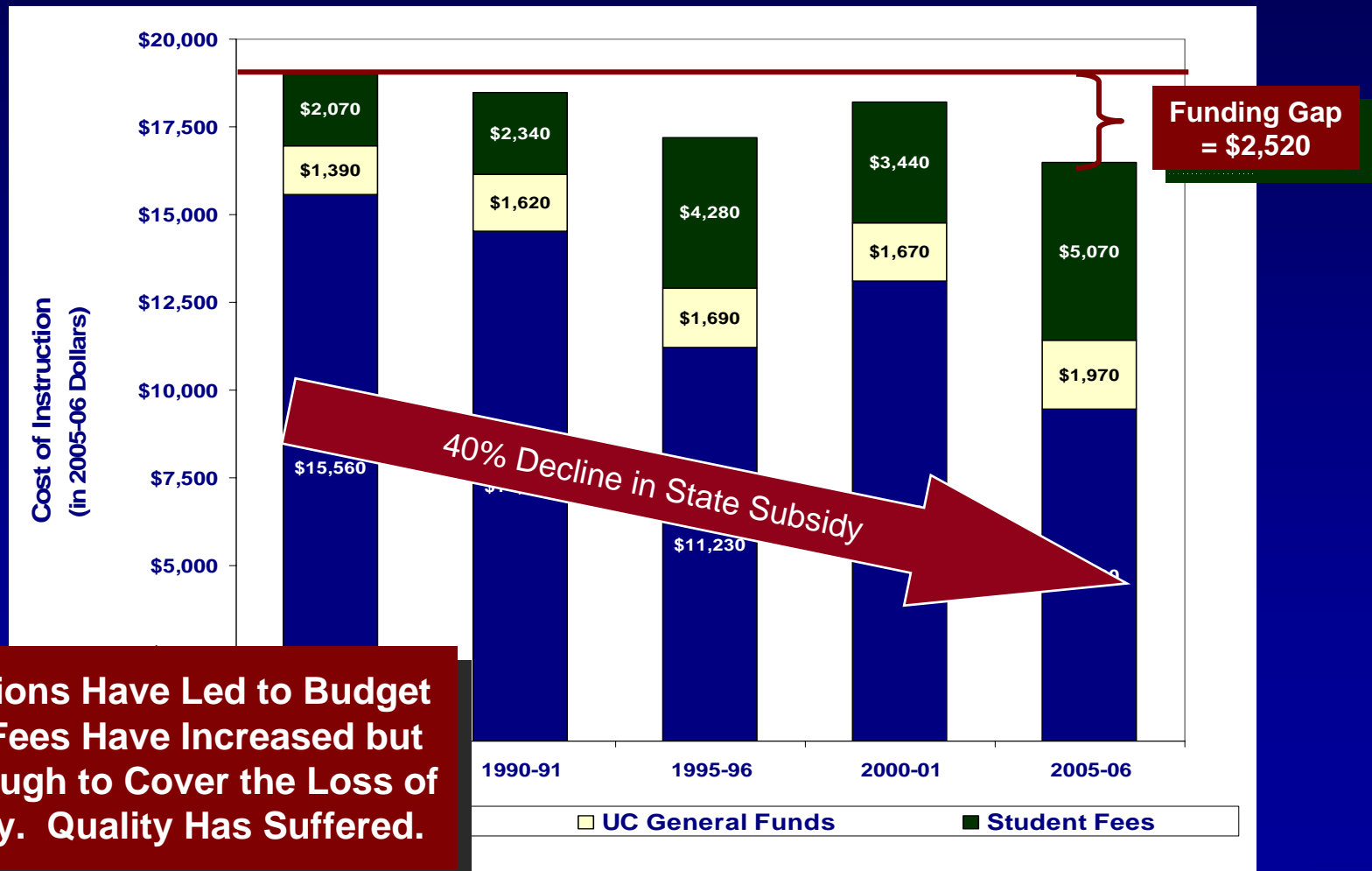
- In 2001 the Commission on Growth and Support for Graduate Education identified additional financial support as a high priority.
- State budget cuts have caused graduate academic and professional student fees to increase sharply.
- Regents' 2005-06 Budget Plan helped by increasing return-to-aid to 50%.
- Regents' 2006-07 Budget Plan will begin a multi-year effort to improve significantly graduate student support.

Growth in Private Support Helps UC Compete with the Best



Private Funds Are Not a Substitute for State Support Because 97% Are Restricted by Donor

Student Fee Increases Have Partially Offset State Budget Cuts



Recessions Have Led to Budget Cuts. Fees Have Increased but Not Enough to Cover the Loss of Subsidy. Quality Has Suffered.

Additional Resources under the New Compact

- **State Funds**
 - Enrollment Growth of 5,000 Students per Year
 - 2005-06 and 2006-07: 3% Increase
 - 2007-08 through 2009-10: 4% Increase
 - 2008-09 and 2009-10: Additional 1% for Instructional Support (Libraries, IT, Equipment and Maintenance)
 - Capital Outlay: \$345 Million per Year
- **UC General Funds**
 - 3 to 4% Increases to Cover Inflation
- **Student Fee Increases**
 - Undergraduate: 8%
 - Graduate: 10%
 - Professional: Multi-Year Plan

The UC Regents' Priorities Update

Priorities	2006-07 Budget	Long-Term
Student/Faculty Ratio		17.6:1
Faculty and Staff Salaries & Benefits		Competitive salaries & total remuneration
Research & Graduate Students (Numbers and Quality)		Restoration of research \$. Make competitive offers.
Instructional Support (Libraries, Instructional Tech., Equip. Building Maintenance)		Restoration and catch-up funding for instructional support
Enrollment		Admit all qualified students – Master Plan
Student Fees & Financial Aid		Stable State funding, predictable fee increases, maintain access.
Student Academic Preparation (Outreach)		Restore funding for most effective programs

The UC Regents' Priorities

Student/Faculty Ratio

Priorities	2006-07 Budget	Long-Term
Student/Faculty Ratio	Marginal Cost Funding + \$10 million for Partial Restoration	17.6:1

The UC Regents' Priorities

Faculty and Staff Salaries & Benefits

Priorities	2006-07 Budget	Long-Term
Student/Faculty Ratio	Marginal Cost Funding + \$10 million for Partial Restoration	17.6:1
Faculty and Staff Salaries & Benefits	4% for Salary Increases, Benefits, and Equity/Parity	Competitive salaries & total remuneration

The UC Regents' Priorities

Graduate Students

Priorities	2006-07 Budget	Long-Term
Student/Faculty Ratio	Marginal Cost Funding + \$10 million for Partial Restoration	17.6:1
Faculty and Staff Salaries & Benefits	4% for Salary Increases, Benefits, and Equity/Parity	Competitive salaries & total remuneration
Graduate Students (Numbers and Quality)	50% Return-to-Aid plus <u>New Initiative</u>	Restoration of research \$. Make competitive offers.

The UC Regents' Priorities

Instructional Support

Priorities	2006-07 Budget	Long-Term
Student/Faculty Ratio	Marginal Cost Funding + \$10 million for Partial Restoration	17.6:1
Faculty and Staff Salaries & Benefits	4% for Salary Increases, Benefits, and Equity/Parity	Competitive salaries & total remuneration
Graduate Students (Numbers and Quality)	50% Return-to-Aid plus <u>New Initiative</u>	Restoration of research \$. Make competitive offers.
Instructional Support (Libraries, Instructional Tech., Equip. Building Maintenance)	New Marginal Cost Funding ; Fund Core Maintenance of I&R Facilities	Restoration and catch-up funding for instructional support

The UC Regents' Priorities

Enrollment

Priorities	2006-07 Budget	Long-Term
Student/Faculty Ratio	Marginal Cost Funding + \$10 million for Partial Restoration	17.6:1
Faculty and Staff Salaries & Benefits	4% for Salary Increases, Benefits, and Equity/Parity	Competitive salaries & total remuneration
Graduate Students (Numbers and Quality)	50% Return-to-Aid plus <u>New Initiative</u>	Restoration of research \$. Make competitive offers.
Instructional Support (Libraries, Instructional Tech., Equip. Building Maintenance)	New Marginal Cost Funding ; Fund Core Maintenance of I&R Facilities	Restoration and catch-up funding for instructional support
Enrollment	Funding for 5,000 additional students	Admit all qualified students – Master Plan

The UC Regents' Priorities

Studying Middle-Income Family Needs

Priorities	2006-07 Budget	Long-Term
Student/Faculty Ratio	Marginal Cost Funding + \$10 million for Partial Restoration	17.6:1
Faculty and Staff Salaries & Benefits	4% for Salary Increases, Benefits, and Equity/Parity	Competitive salaries & total remuneration
Graduate Students (Numbers and Quality)	50% Return-to-Aid plus <u>New Initiative</u>	Restoration of research \$. Make competitive offers.
Instructional Support (Libraries, Instructional Tech., Equip. Building Maintenance)	New Marginal Cost Funding ; Fund Core Maintenance of I&R Facilities	Restoration and catch-up funding for instructional support
Enrollment	Funding for 5,000 additional students	Admit all qualified students – Master Plan
Student Fees & Financial Aid	Cal Grants, 25% Return-to-Aid, Studying Middle-Income Needs, <u>Prof School Plan</u>	Stable State funding, predictable fee increases, maintain access.

The UC Regents' Priorities

Student Academic Preparation

Priorities	2006-07 Budget	Long-Term
Student/Faculty Ratio	Marginal Cost Funding + \$10 million for Partial Restoration	17.6:1
Faculty and Staff Salaries & Benefits	4% for Salary Increases, Benefits, and Equity/Parity	Competitive salaries & total remuneration
Graduate Students (Numbers and Quality)	50% Return-to-Aid plus <u>New Initiative</u>	Restoration of research \$. Make competitive offers.
Instructional Support (Libraries, Instructional Tech., Equip. Building Maintenance)	New Marginal Cost Funding ; Fund Core Maintenance of I&R Facilities	Restoration and catch-up funding for instructional support
Enrollment	Funding for 5,000 additional students	Admit all qualified students – Master Plan
Student Fees & Financial Aid	Cal Grants, 25% Return-to-Aid, Studying Middle-Income Needs, <u>Prof School Plan</u>	Stable State funding, predictable fee increases, maintain access.
Student Academic Preparation (Outreach)	<u>Obtain Permanent Funds</u> in Budget Act	Restore funding for most effective programs



Summary

Plan against Current Status

➤ Slow Moving Indicators

- Graduation rates for undergrads
- Research funding
- Rankings of grad/prof programs

➤ Early Warning Indicators

- Meeting undergrad. enrollment plan
- Meeting graduate enrollment plan
- Faculty salaries
- Staff salaries
- Academic/Support services
- Financial aid
- Graduate student support
- Facilities

Goal	Current Status	2005
Maintain or improve	Slightly higher	●
Increase by 7%	Only 3% increase	●
Maintain or improve	Maintaining ??	●
Actual near plan	Returning to plan	●
Actual near plan	Near plan	●
Competitive	Below Market	▲
Competitive	Below Market	▲
Increase core \$	Large budget cuts	⬡
Affordability	Increased aid	●
Competitive offers	Not keeping up	▲
90 – 100% of CPEC	84% of Standard	●



The Future

- The Compact with the Governor stops the bleeding.
- California's economy can be well positioned for economic competitiveness in 21st century, if the State makes key investments.
- But, there will be more competition for limited State and Federal funds because
 - Structural problem in State budget of \$5-6 billion;
 - Little discretion in State budget;
 - Health care and other social service costs to the State are rising.



Take-Home Messages

- The economy and demographics of California are changing. Higher education is more important than ever.
- More Californians will want and need a university education for tomorrow's jobs.
- Must protect quality if this valuable public asset is to be an engine of economic growth.
- Resources are essential for quality but early warning signs are pointing in the wrong direction.
- The Compact with the Governor and economic recovery offer hope for future but health care and social service costs could crowd out higher ed.

