

**California Performance Review Commission
University of California Testimony
on Academic Issues Related to CPR Report Recommendations**

Provost M.R.C. Greenwood

September 9, 2004
Los Angeles County Museum of Natural History

- Co-chairs Kozberg and Hauck, members of the Commission, I want to thank you for giving me the opportunity to present the University of California's views on the CPR Report. For those of you who don't know me, I am M.R.C. Greenwood, Provost of the ten-campus University of California system. Prior to assuming my current role as Provost, I served for eight years as the Chancellor of UC Santa Cruz. I want to briefly touch on the University's thoughts with respect to the CPR recommendations that pertain to how we best fulfill our academic mission to the people of this state. We have submitted detailed written comments that address these issues in more depth and UCLA Administrative Vice Chancellor Peter Blackman will later address issues related to state and university business practices.
- First, let me say that UC strongly supports the general goals of the CPR, and we appreciate the Governor's leadership in bringing about this kind of conversation. As a public institution, with a tri-partite mission of teaching, research and public service, we agree that the public's trust and confidence in this institution, and other state agencies, depends on our ability to demonstrate the most effective and efficient use of limited state resources.
- We also recognize that that one of the Governor's main goals is to make California a more competitive state, with a thriving economy and a climate that attracts new businesses and jobs to the state. The University of California plays a central role in driving this state's unmatched economic success and its innovation in key knowledge-based industries. For example, UC has been critical to the state's pre-eminence in the field of biotechnology, with 1 in 3 California biotechnology firms having been founded by a UC scientist, and 85% of biotech firms employing UC alumni with advanced degrees. The University has played an important role in educating what is now one of largest and best-trained workforces in the world and in transforming the quality of our health care, agriculture, environment and other resources that shape the unique quality of life all Californians enjoy. Clearly, without California's world-class higher education system, this state would be a very different place.
- One of the reasons our higher education system has been so successful is that we received the equivalent of a "CPR for Higher Education" in 1960 - a top to bottom review that resulted in the Master Plan for Higher Education. The Master Plan was born of necessity: it was created to introduce efficiencies that would allow us to accommodate the first tidal wave of Baby Boom students.
- The Master Plan assigned each segment (UC, CSU and the community colleges) specific functions and admissions pools and encouraged each to be the best in the world within its own sphere. This concept has stood the test of time and has served as a model for other states.

- Therefore, our areas of agreement, concerns and suggestions focus on strengthening and preserving the core tenets of the Master Plan, resulting in a higher educational system that keeps California competitive:
 - **We agree that the best way to guarantee statewide access to a bachelor's degree is to enhance the community college transfer function.** It is critical to focus not only on producing greater numbers of students who graduate with baccalaureate degrees, but also on ensuring that each graduate walks away with the kind of high quality degree demanded by the California economy. UC has already made great strides in increasing transfers; overall our recent transfer rates have shown dramatic gains. UC and CSU combined produce more bachelor's degrees per 100 enrolled students than all but one other public university system in the US, including the large proportion of degrees awarded through the transfer route. Yet we can do better. We need to ensure that every motivated community college student who desires to can transfer from a community college to UC on a clearly defined path that minimizes the need to take excess units.
 - **We believe that differentiation of functions among higher education segments needs to be preserved.** Allowing community colleges to award bachelor's degrees would create degree programs that will be costly and unnecessary, in our view. The cost for the community colleges to duplicate library holdings and upper division laboratories, not to mention hiring a different kind of faculty, would be substantial. In addition, implementing CPR Recommendation ETV-23 could be particularly problematic if combined with CPR Recommendation ETV-03. As an alternative, we support a comprehensive plan to ensure that all residents of the state have the opportunity to pursue a BA or BS degree, including developing innovative ways to deliver degrees to underserved areas of the state.
 - **We agree that it is critical there be strong and coordinated efforts to ensure that higher education is meeting the long-term needs of the state.** For the Master Plan to function, each segment of higher education, including the community colleges, needs a strong and effective governing authority. And, the system as a whole needs a viable coordinating mechanism such as CPEC that includes representation from all of the segments. Lay governing boards and higher education policy commissions with segmental representatives are a nationally proven model.
 - **We are concerned that CPR proposal ETV-16, which proposes that Cal Grants be converted to fee waivers, may have significant unintended consequences for undergraduate student access to the University. We believe that the principles of providing adequate financial aid and allowing students a choice of where to attend are best realized through the existing Cal Grant program.** California is a leading-edge state in ensuring that low-income students have access to high-quality higher education, and UC is proud to enroll the highest percentage of low-income students of any public or private research university in the country. We do not support CPR Recommendation ETV-16 to convert Cal Grants to fee waivers, because we are concerned that it could have the unintended consequence of reducing access to the University for the state's neediest students. Fees are but one part of the student's total cost of attending college. The proposed fee waiver program would divert financial aid resources away from the neediest students and toward students with less need. It would do this by reducing the resources available to students through the University's Student Aid Program, where it can be used flexibly to address the total educational

costs of UC's neediest undergraduates for essential expenses such as housing, meals, transportation, and textbooks. While we agree that the Cal Grant program can be made more efficient by streamlining its administration, a change that could have a significant negative impact on access should not be undertaken without careful study and analysis.

- **We are concerned that CPR Recommendation ETV-18, proposing a significant increase in non-resident tuition, could have significant unintended consequences for a) undergraduate access for California residents and b) the quality of graduate education, which would, in turn, have an effect on the health of California's economy.**
 - **Any hope of raising new revenue through an increase in non-resident tuition is speculative at best and would, in any case, come at the expense of undergraduate access for California residents.** Non-resident tuition and fees have skyrocketed over the last few years. Further increases could be counter-productive and actually result in a loss of revenues due to reduced enrollments. Even assuming that UC could attract and enroll enough additional non-resident undergraduates to result in increased revenues, it likely would mean accepting and enrolling a lower percentage of California residents, which could raise significant concerns given UC's long tradition of giving priority access to California residents.
 - **Further steep increases in non-resident tuition could deal a devastating blow to the quality of our graduate programs and, as a consequence, to the health of California's economy.** One of the key reasons California's colleges and universities have become world-class learning institutions is because we attract the best and the brightest from all over the globe – many of whom (including those in high-tech) stay and contribute to the California economy. In order to remain internationally competitive for the most talented non-resident and international graduate and professional students, the University must offer competitive financial aid packages, which means reimbursing fees and tuition for many of our top students. Thus, it is unrealistic to assume that we would realize substantial revenue by increasing non-resident tuition. However, to the extent that large tuition increases are passed along to graduate and professional students, the result would be a significant negative impact on our ability to attract the best students. Since our high-quality graduate programs supply the state with many of its scientific experts, entrepreneurs, and business leaders, decreasing our ability to attract the best students would inevitably have a negative impact on the state
- **We support the concept of budget accountability and believe the goals of performance based budgeting are achieved through our Compact agreement with Governor Schwarzenegger.** The Compact specifies a six-year funding commitment, which is dependent on UC's ability to meet key goals, including: guaranteeing enrollment access to students consistent with the Master Plan; ensuring students access to the courses they need for timely graduation; improving course articulation to streamline transfers; and improving graduation rates and time to degree. The Compact also has detailed reporting requirements that specify UC provide annual data to the Dept. of Finance on issues that have traditionally been of high importance to the State.

- **We agree that setting statewide goals and assessing how the overall higher education system is performing against those goals is good public policy.**
Segmental accountability and goals are the essence of our Compact Agreement with Governor Schwarzenegger. But we are also supportive of the SB 1331 approach of creating a *statewide* accountability framework that focuses on how higher education as a whole is meeting the long-term needs of the state, including workforce and economic development needs.
- **We believe that UC is in the business of helping create California's future and we applaud your considerable efforts to think constructively about long-term goals for the state.**
- **With that, I thank you for allowing us the time to voice our views – and we look forward to working with you to secure an even brighter future for future generations of Californians.**