

LONG RANGE PLANNING

Maintaining Excellence
During a Period of
Exceptional Growth

September 2002



University of California

- Educates 187,000 students
- Touches the lives of every California family
- An economic engine for jobs, local dollars and tax revenues



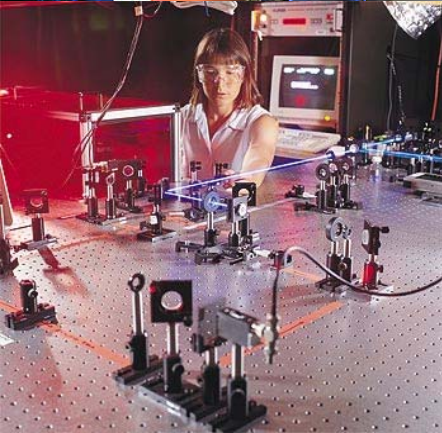
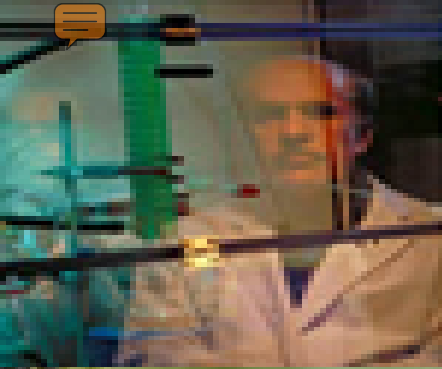
Today's Agenda



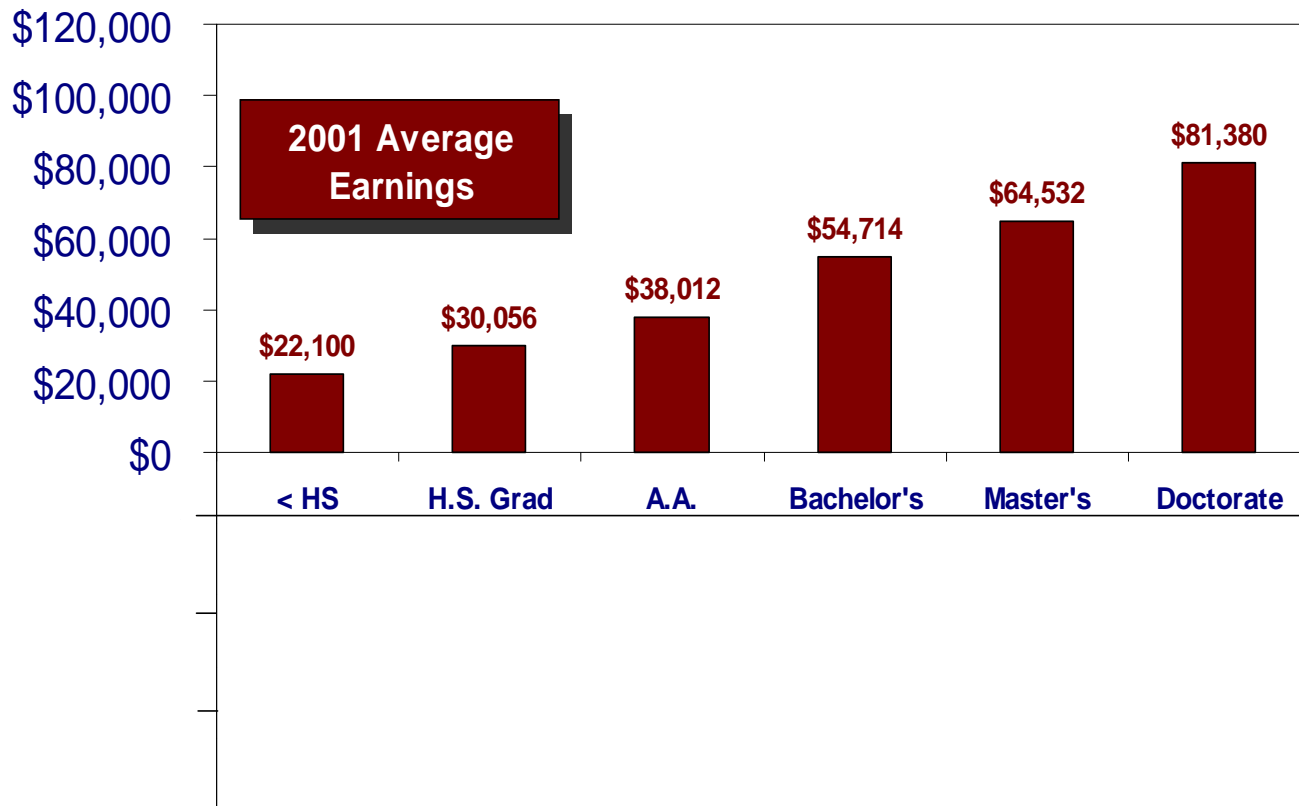
- Overview
- Enrollment plans
- Faculty recruitment and retention
- Resources
- Housing task force report
- Summary and future topics

Universities Are More Important than Ever

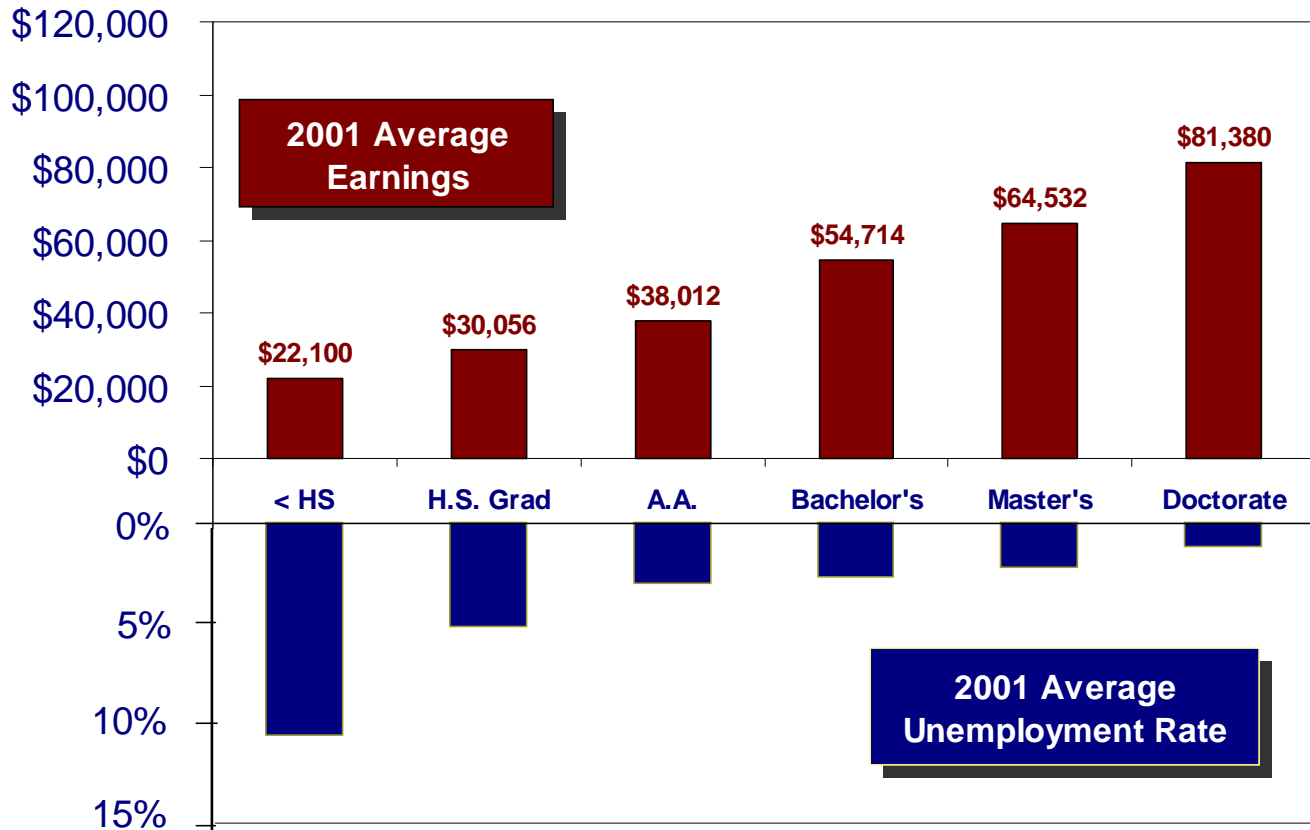
- University research advances California's economy and quality of life
- UC's contributions are even more vital as the world shifts to more of a knowledge-based economy
- UC is an economic engine driving regional industry clusters



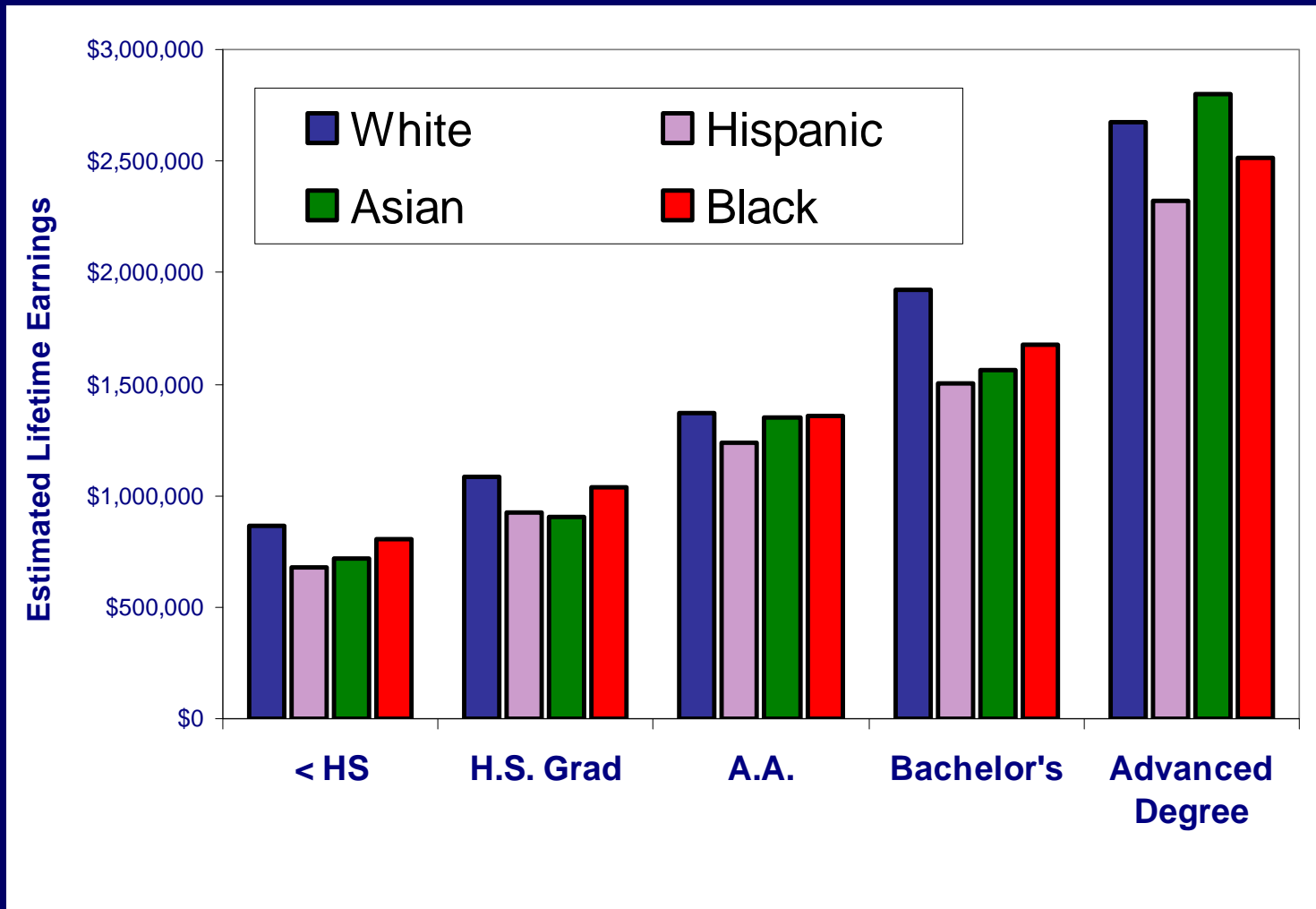
Education Pays



Education Pays

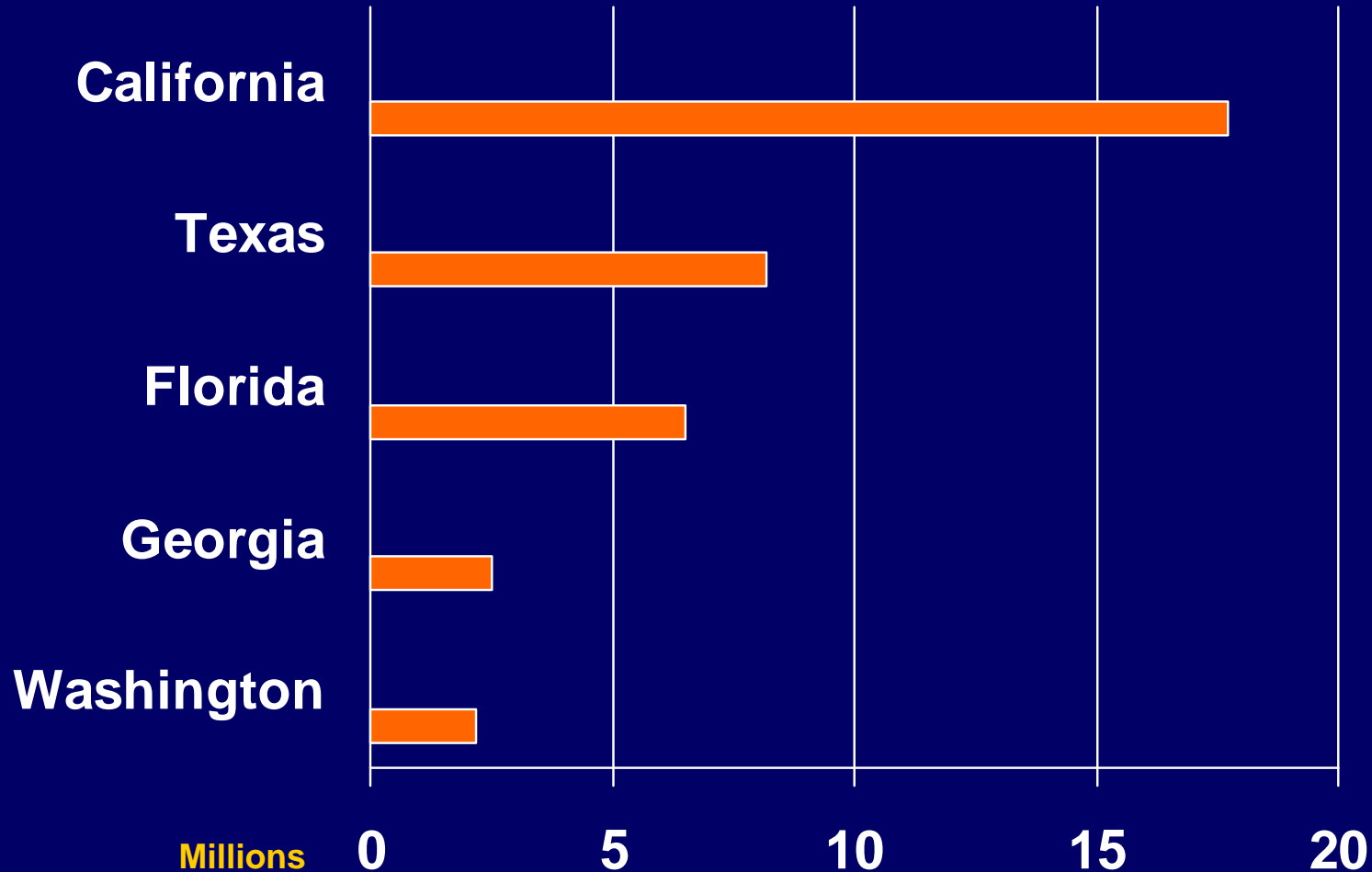


Education Is the Pathway to Upward Social Mobility



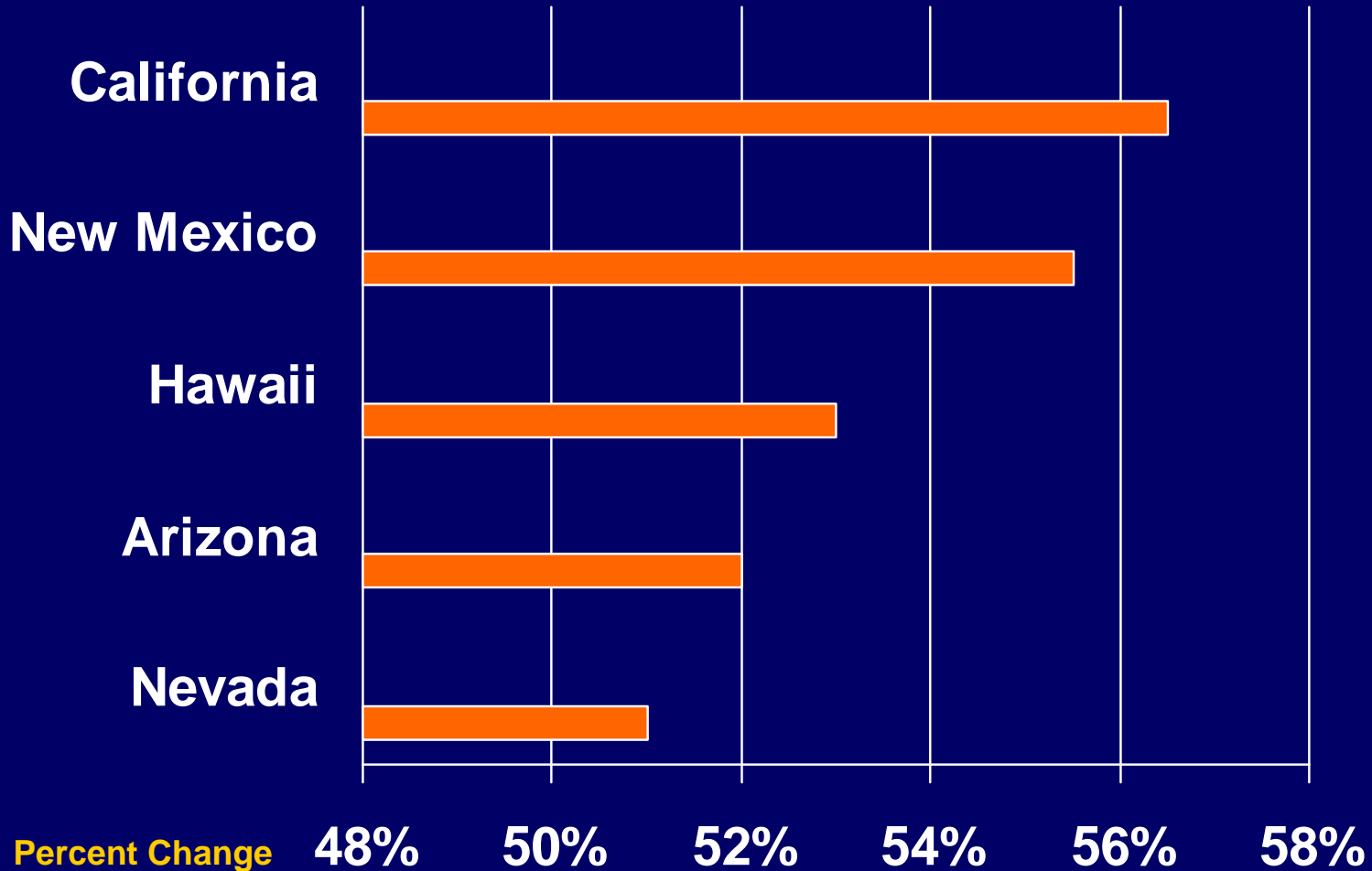


Population Growth 1995 to 2025 (millions)



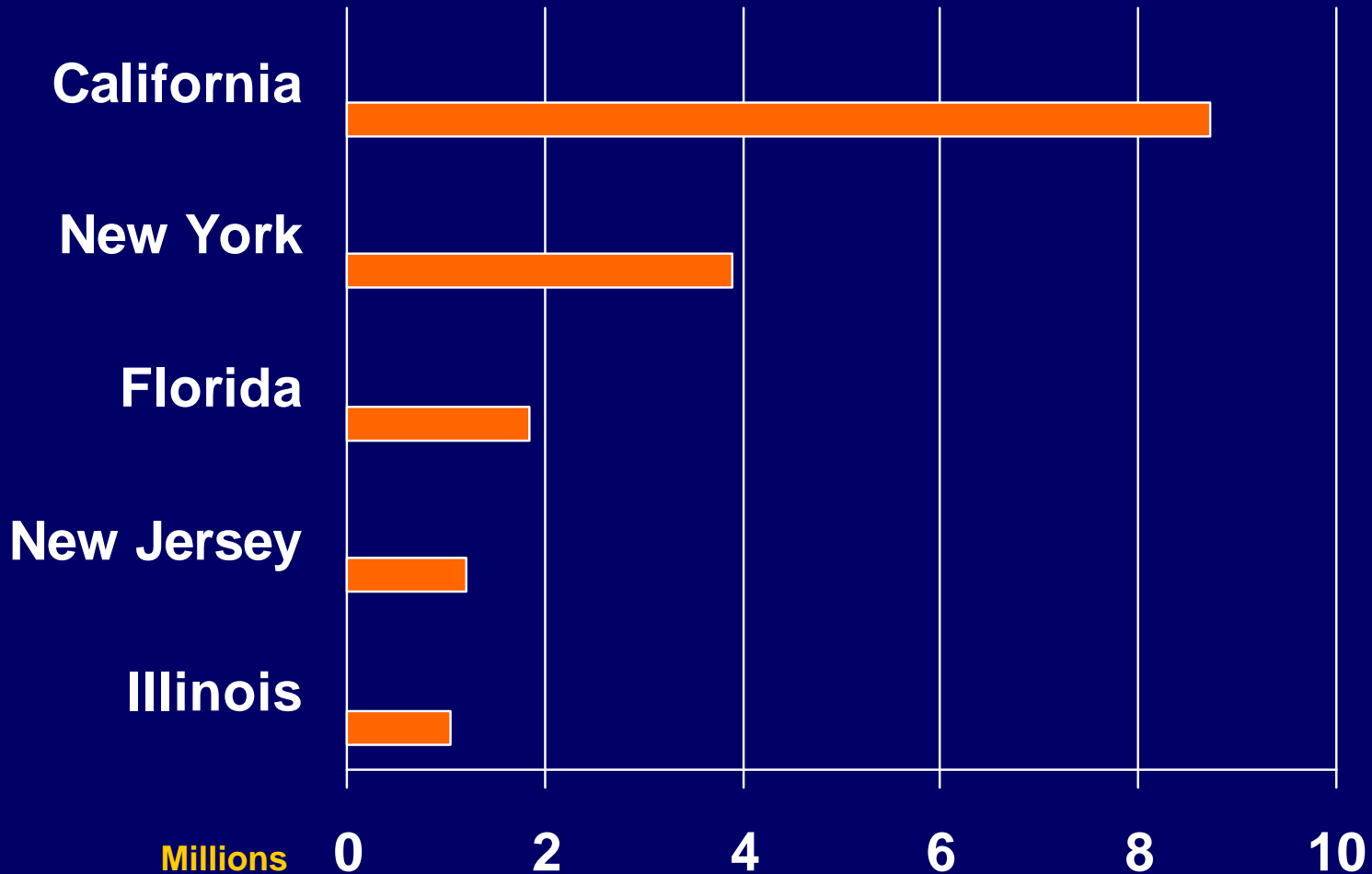


Fastest Growing States 1995-2025





Increase in Immigrants 1995 to 2025 (millions)





Population Age 65 and Over

	1995	2025	
Florida	19%	26%	(Highest)
California	11%	13%	
Alaska	5%	10%	(Lowest)



Population under 20 Years of Age

	1995	2025	
Alaska	31%	34%	(Highest)
California	28%	33%	
Florida	24%	21%	(Lowest)



Population under 14 Years of Age

	1985	2020
United States	20%	18.6%
Western Europe	20%	13.7%

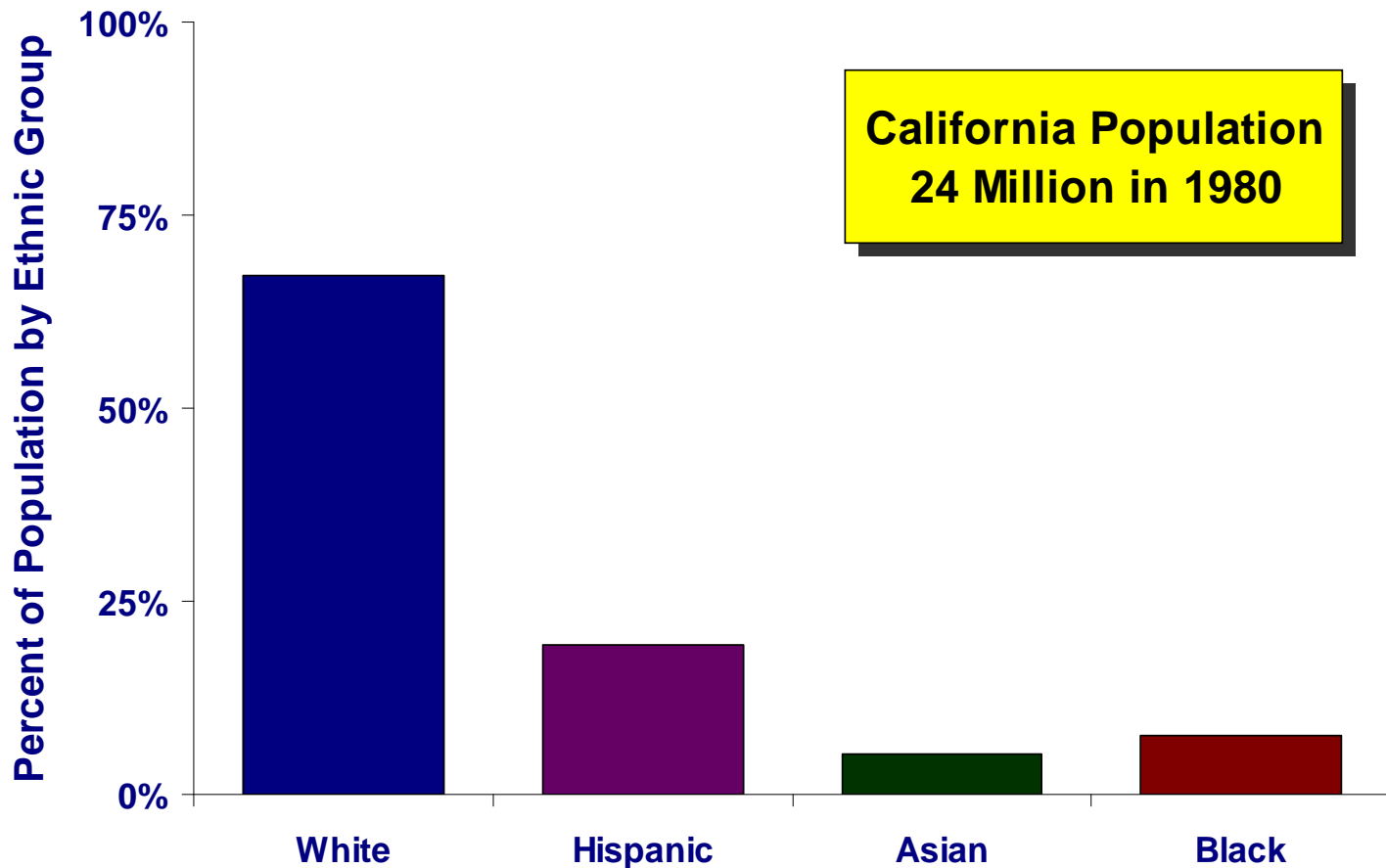


Median Age

	2000	2050
United States	35.5	36.2
Western Europe	37.7	52.7

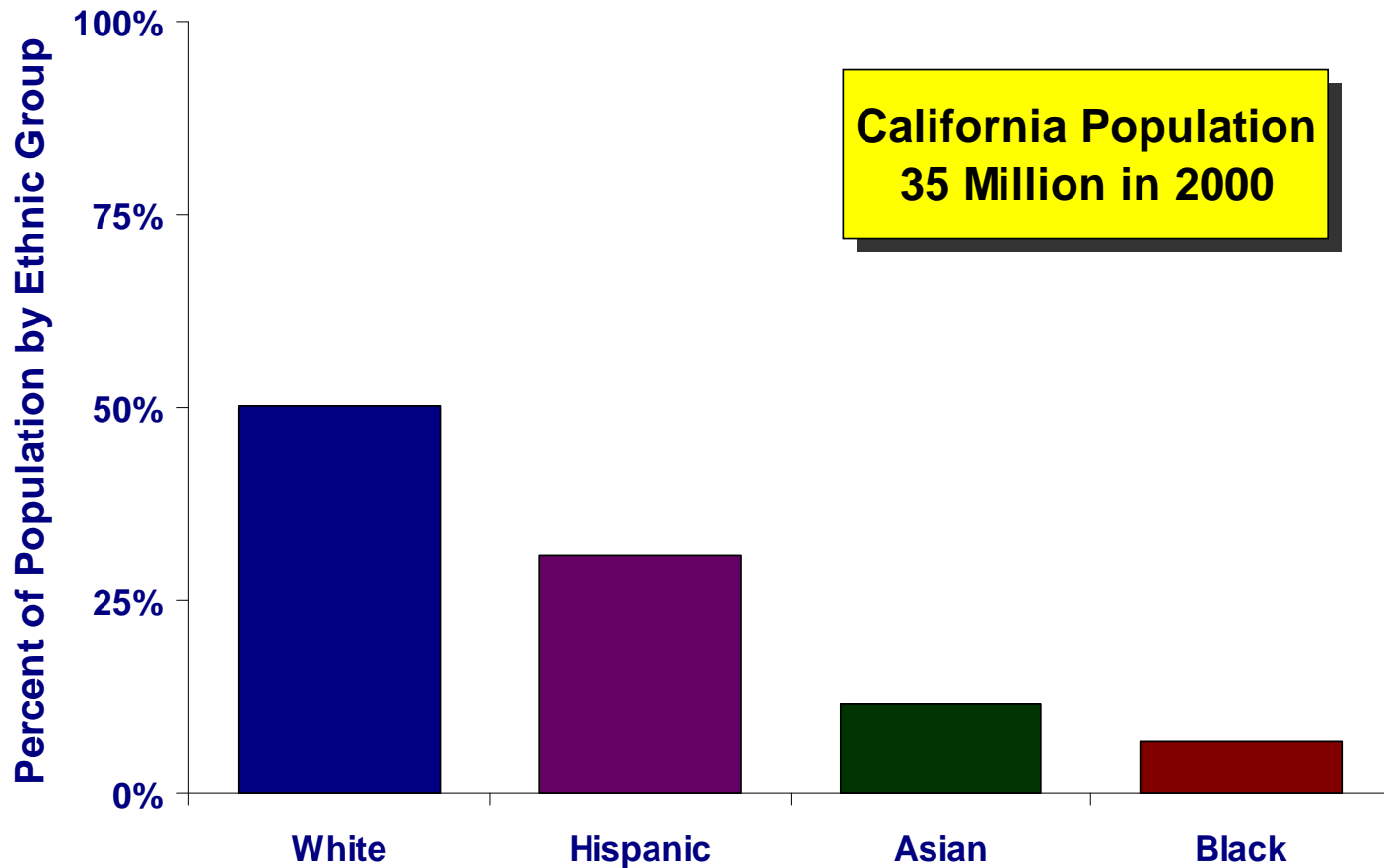


California's Population in 1980



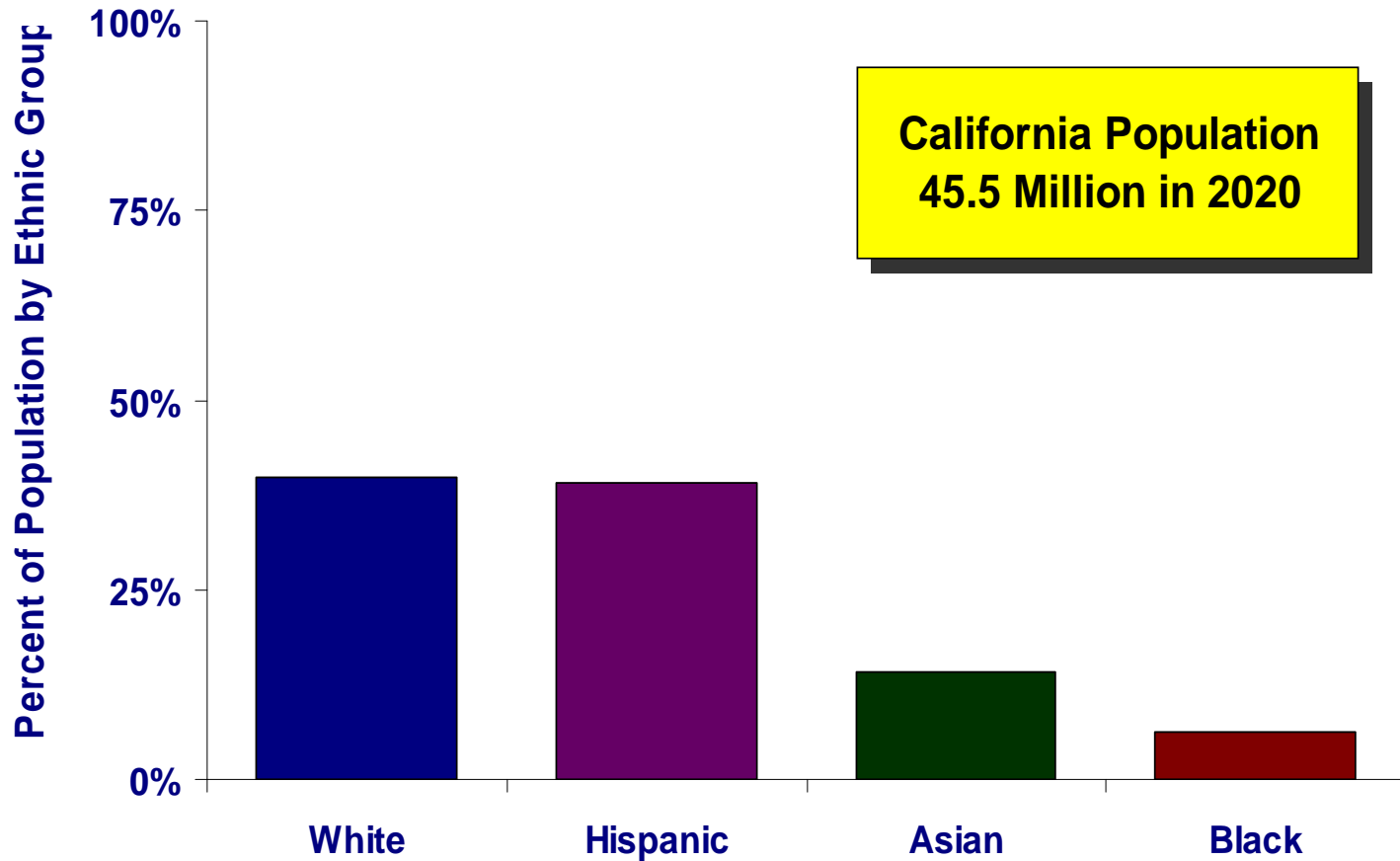


California's Population in 2000



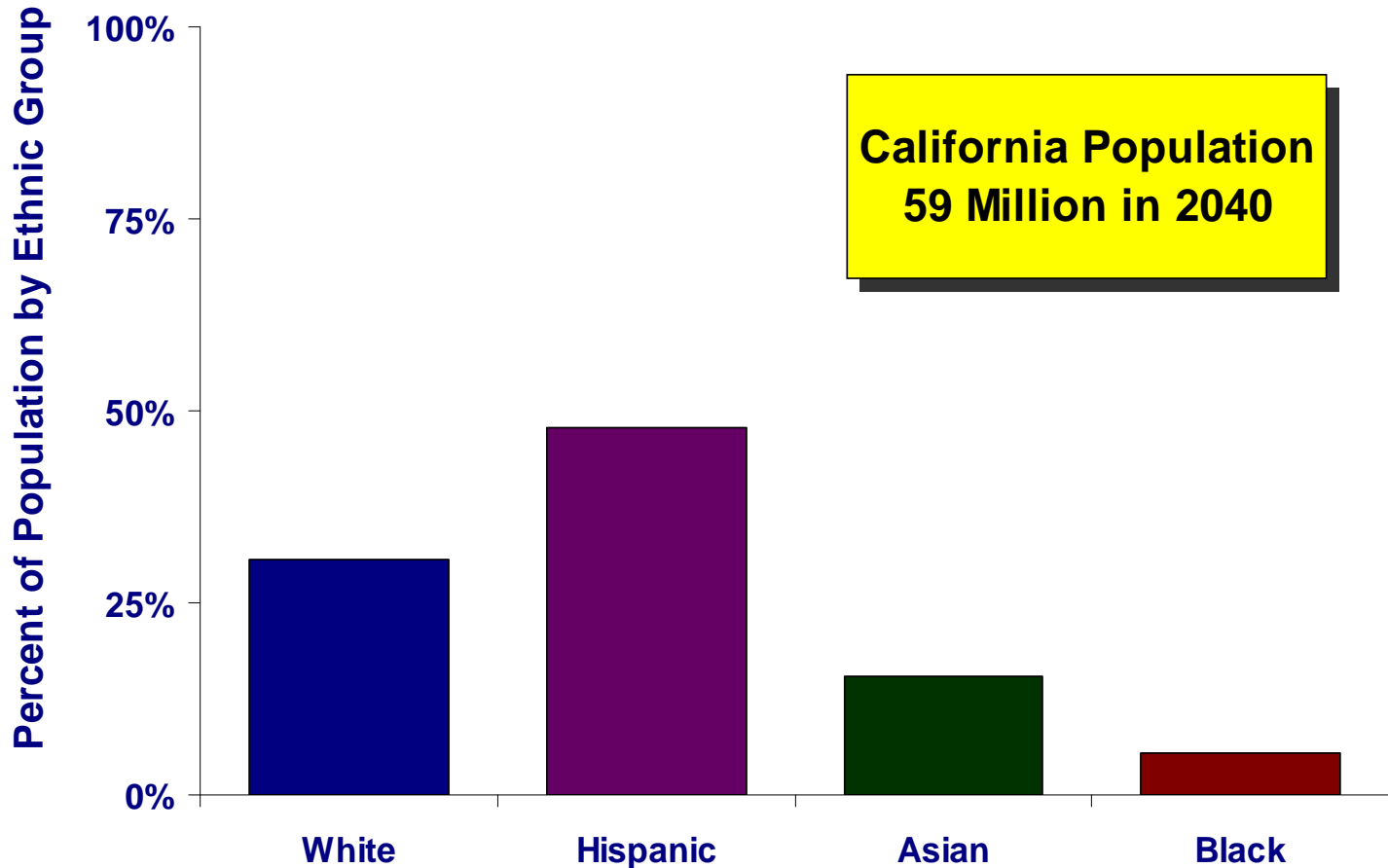


California's Population in 2020

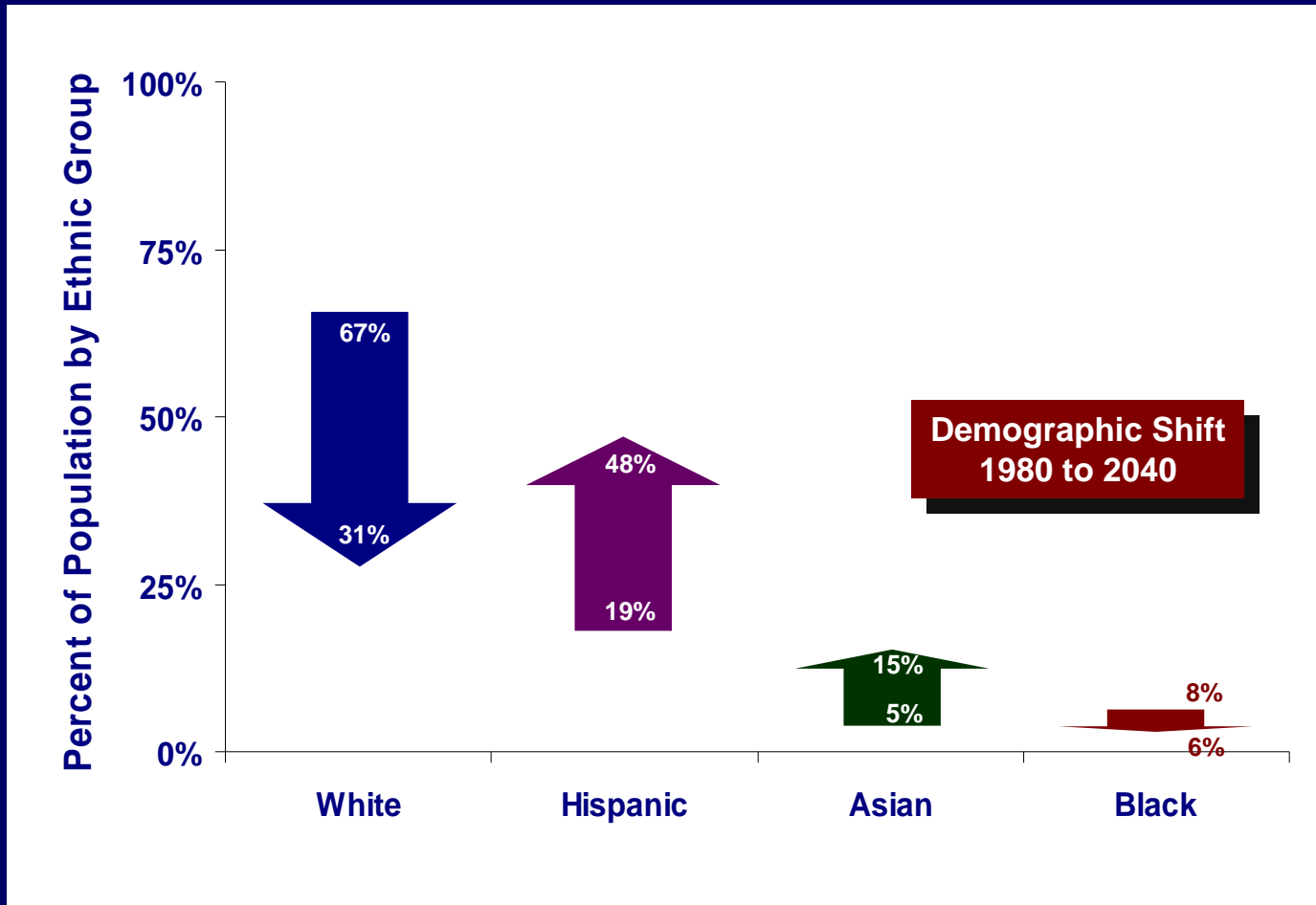




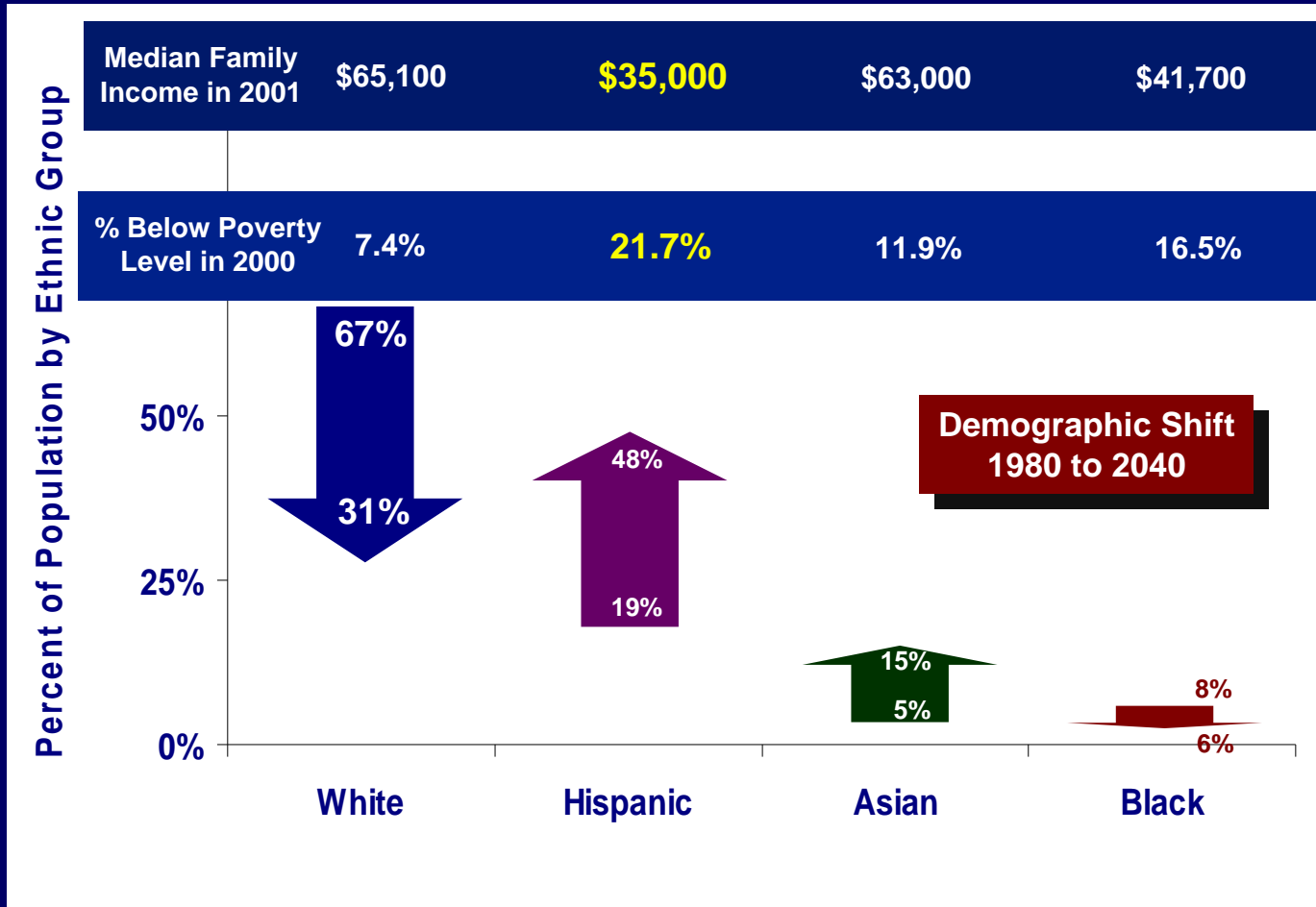
California's Population in 2040



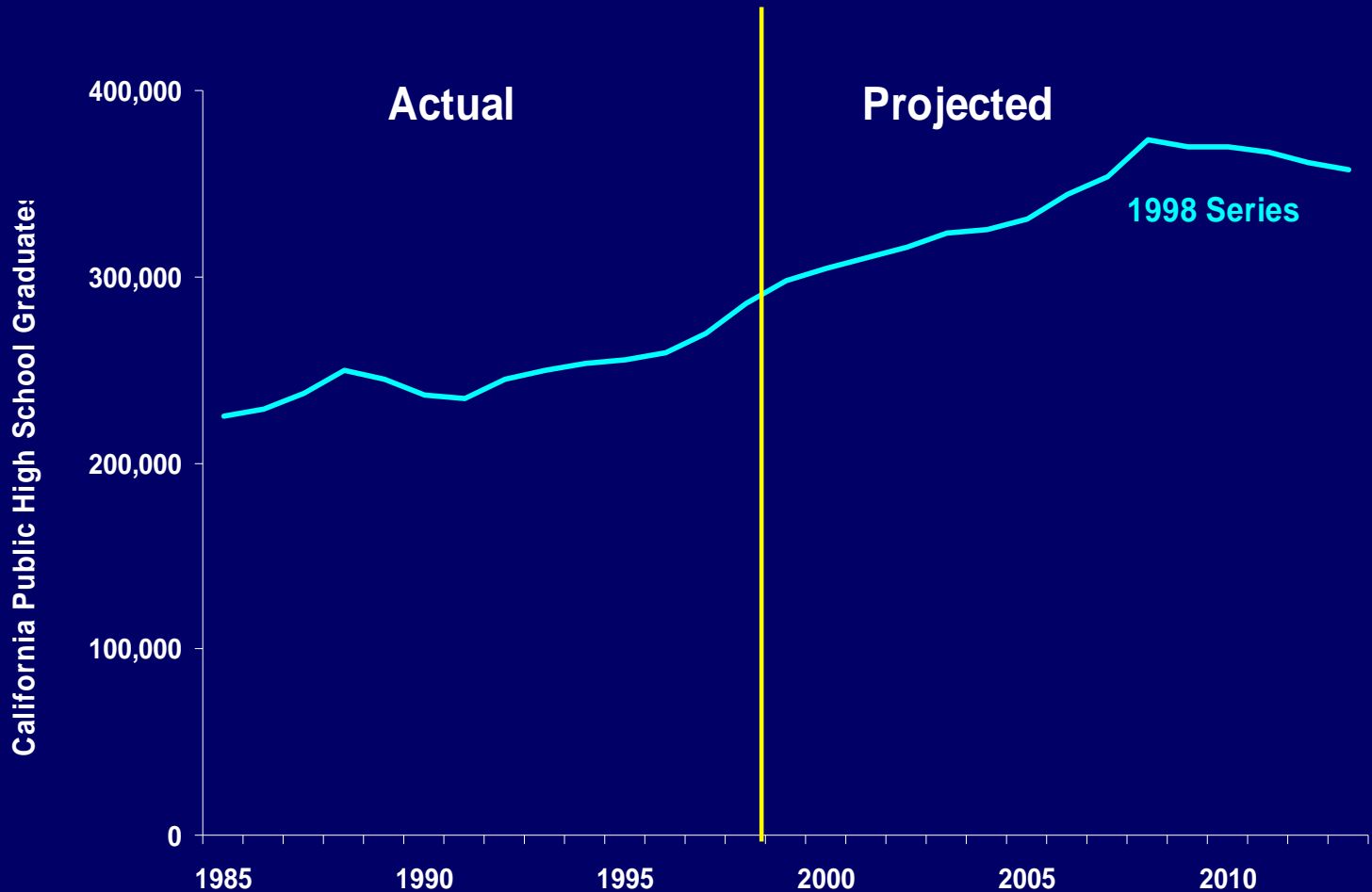
Hispanics & Asians Increase as % of Population



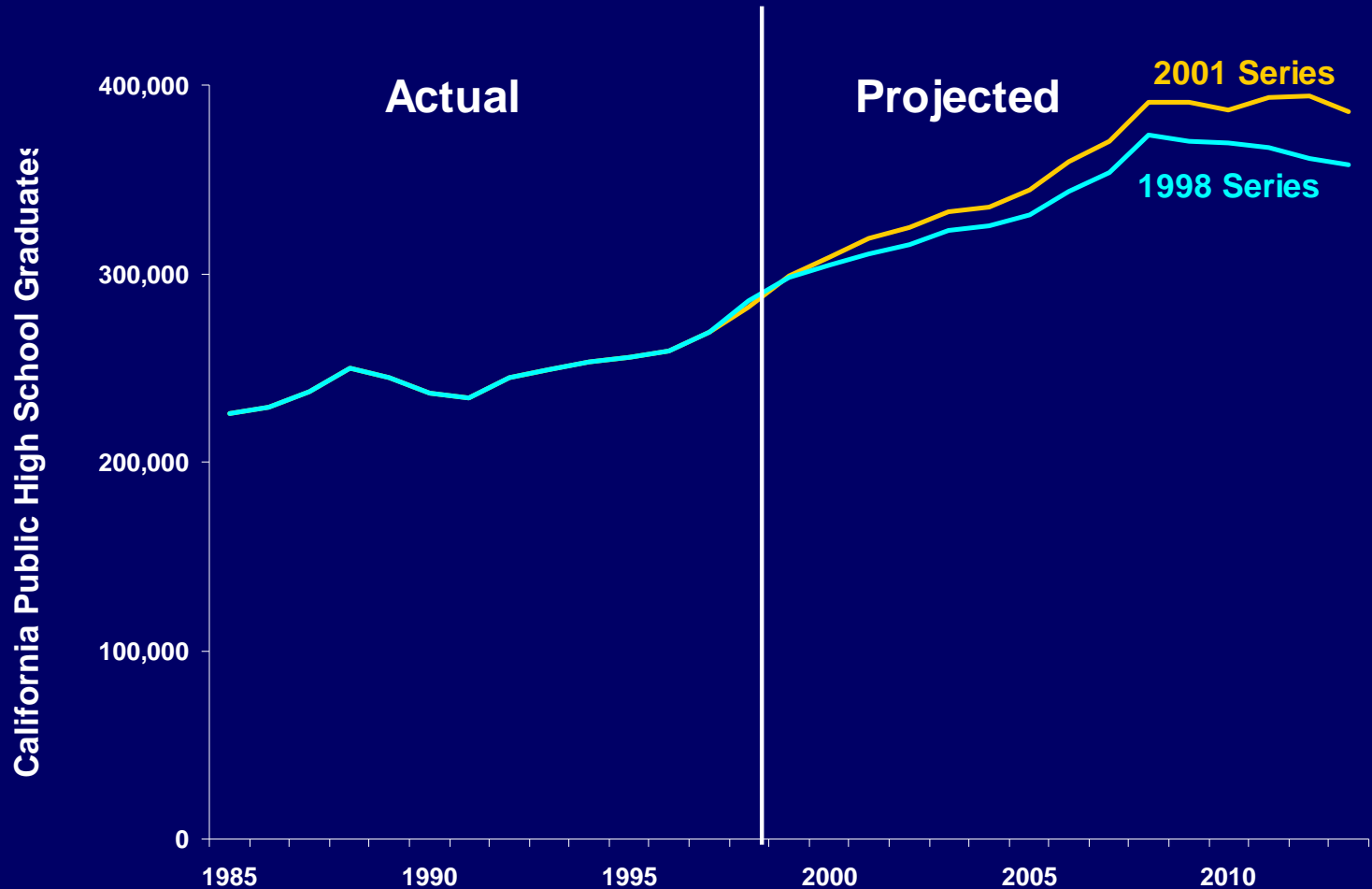
Policy Leaders Want to Reduce Income Disparity



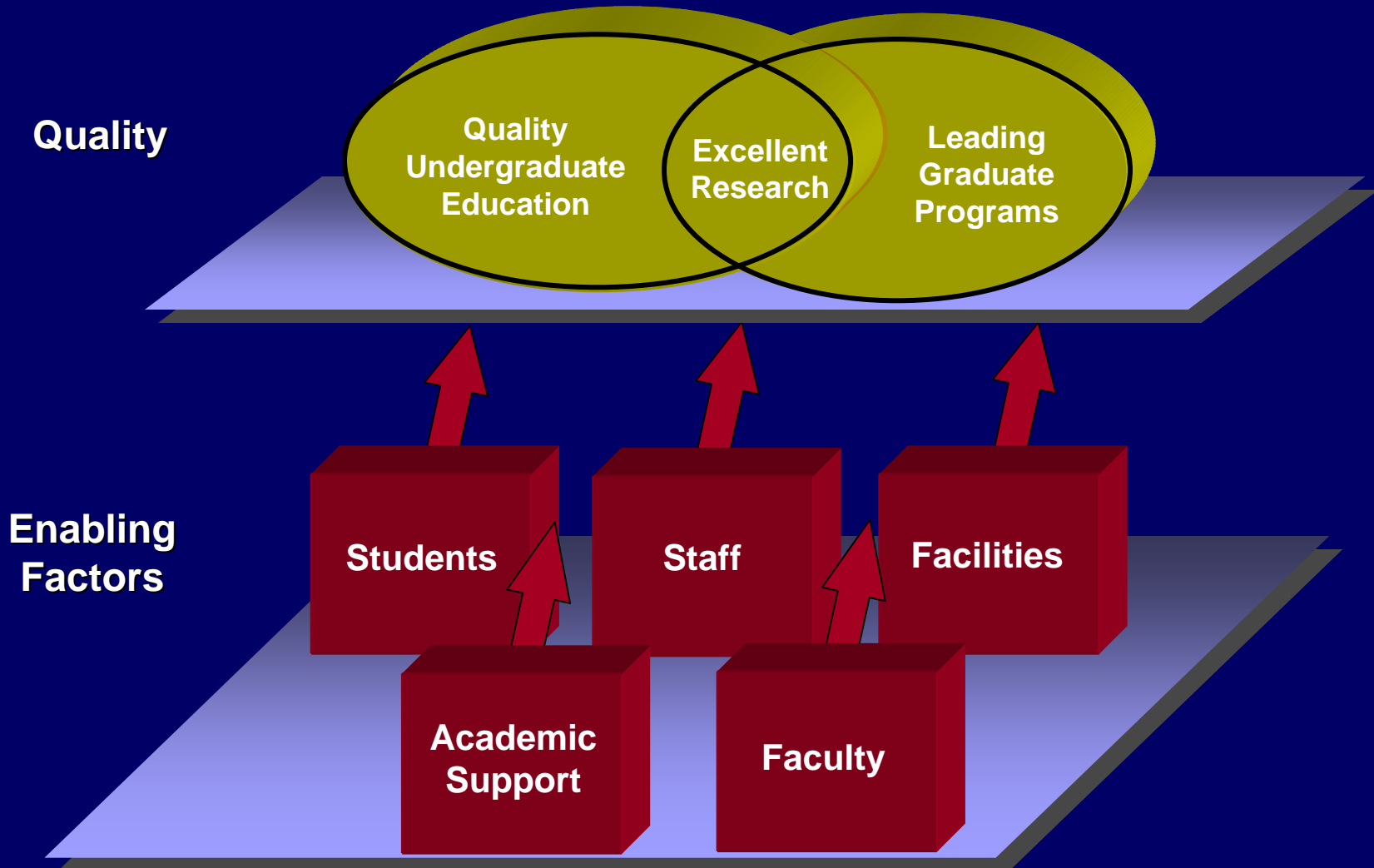
1998 Forecast of "Tidal Wave II"



The Latest Forecast Is Even Higher

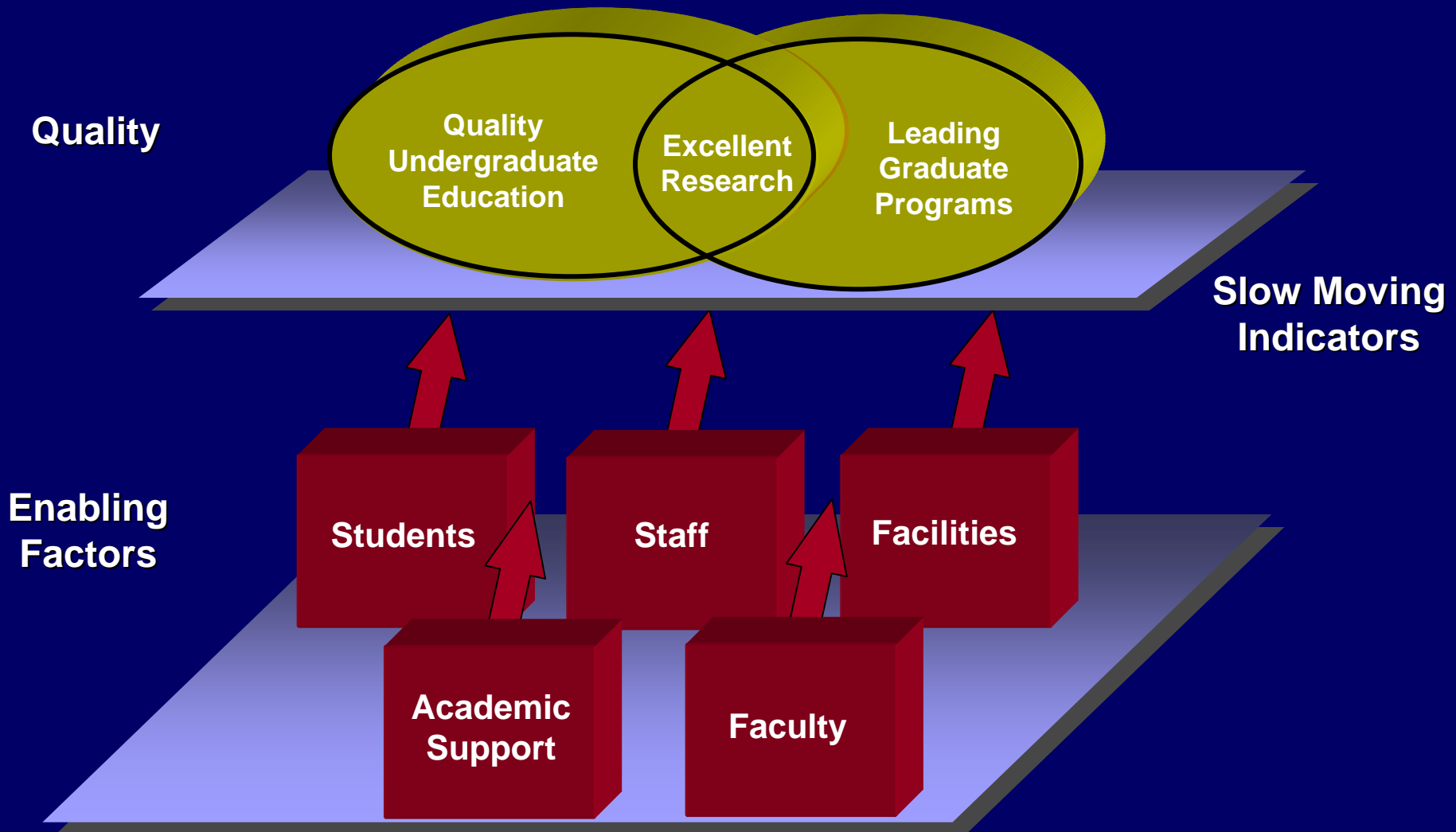


Maintaining Excellence



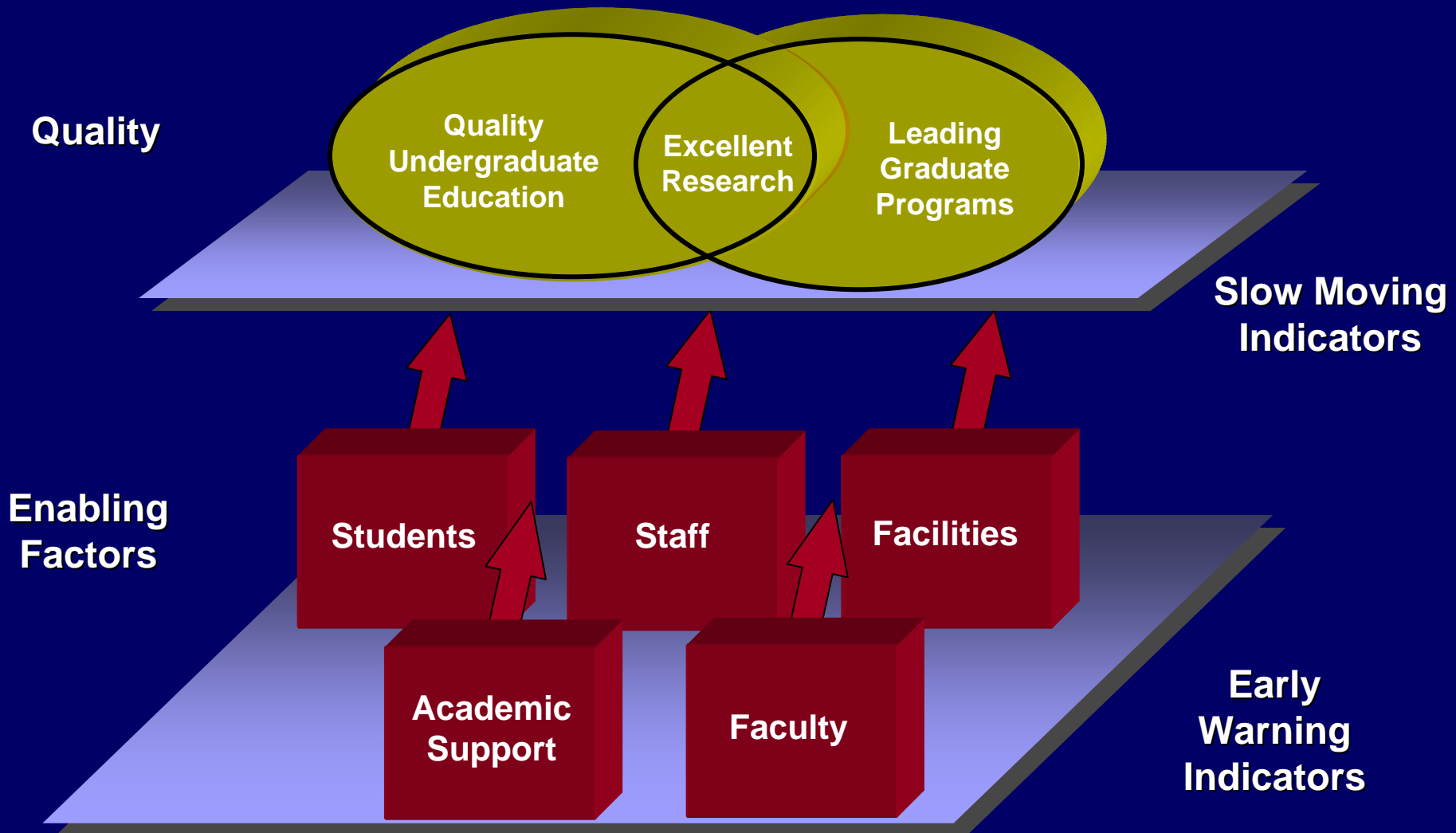
Maintaining Excellence

Benchmarks of Quality



Maintaining Excellence

Early Warning Indicators





Are We on Track?

■ Slow Moving Indicators

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

■ Early Warning Indicators

- Undergraduate enrollment ●
- Graduate enrollment ●
- Faculty hiring ●
- Staff salaries ●
- Academic support ●
- Financial aid ●
- Graduate student support ●
- Facilities ●

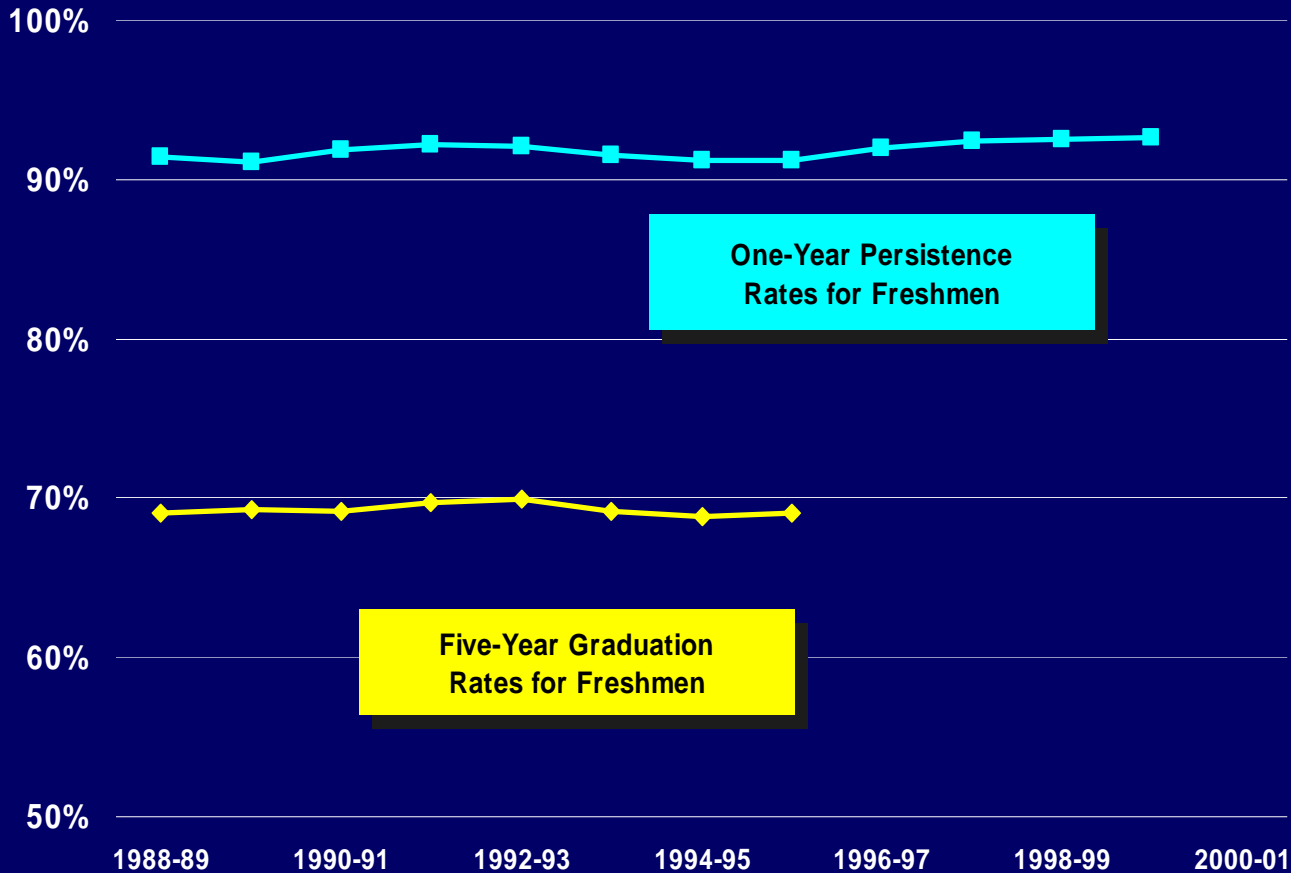


Are We on Track?

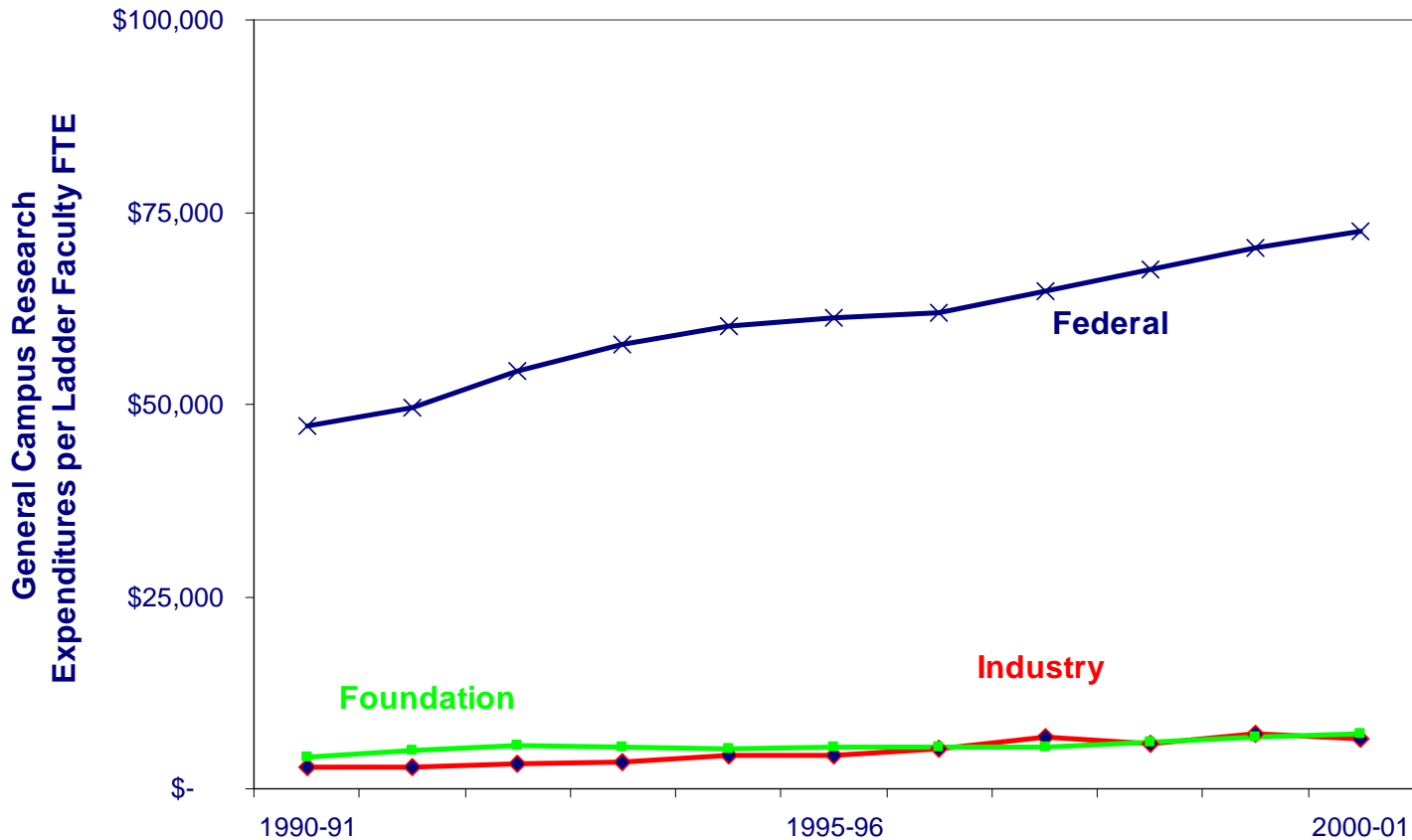
■ Slow Moving Indicators

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

UC Has High Persistence and Graduation Rates



Increase in Competitive Awards to UC Faculty



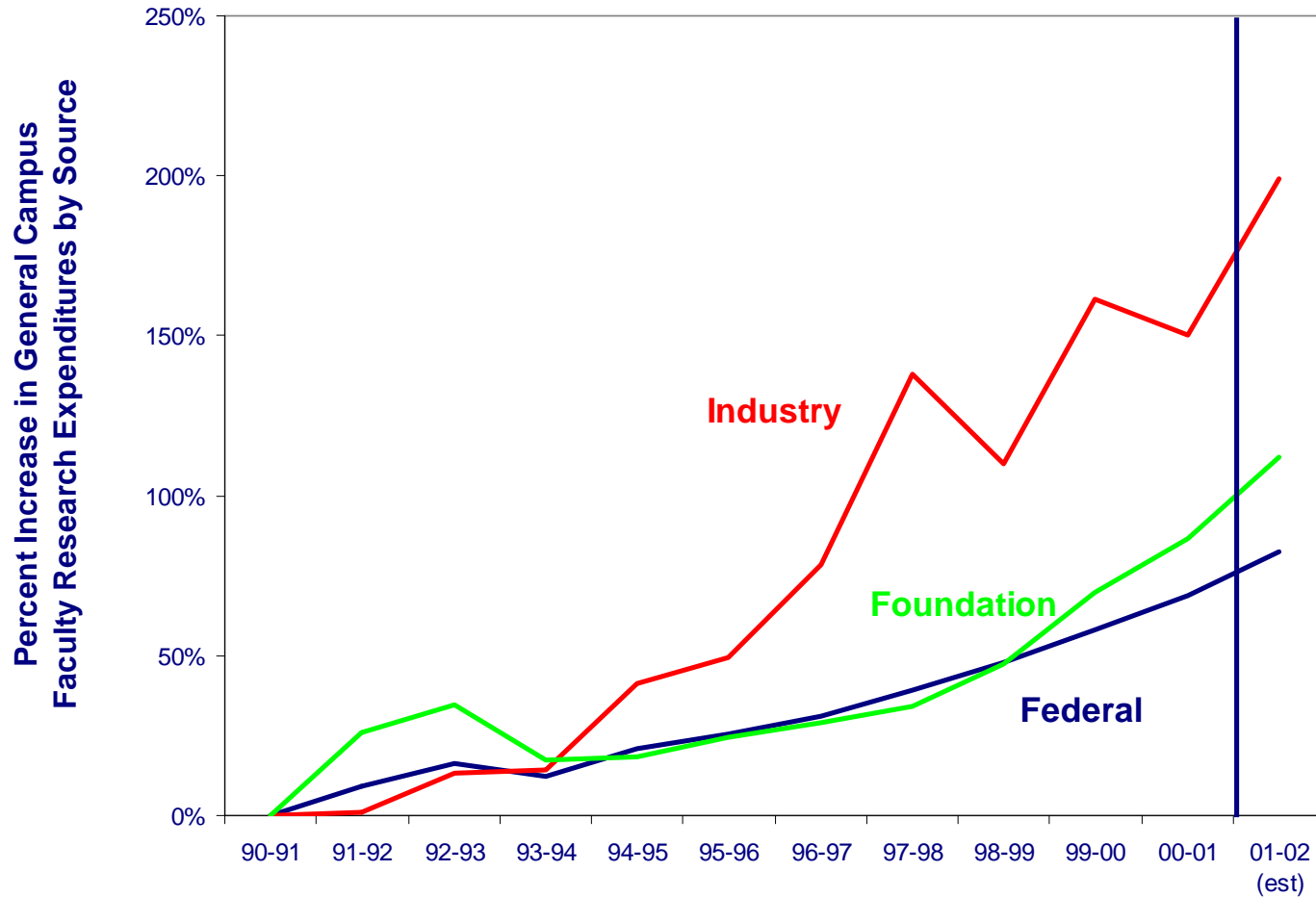


California Tops Federal Research Funding, FY 99

Funding Agency	State Receiving Most Funding	Percentage Received
Defense	California	26%
Health and Human Services	California	11%
NASA	California	30%
National Science Foundation	California	15%



Fastest Growth is in Research Support from Industry





Many Indicators of Strong Graduate Programs

- Of the 261 doctoral-granting universities in the U.S., only 61 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 on the NRC rankings, 3 are UC campuses.
- Of the 229 rated UC programs, more than half were in the top 20.



Californians Take Pride in UC Quality



The University of California



**The Best Public
University System
in the World**



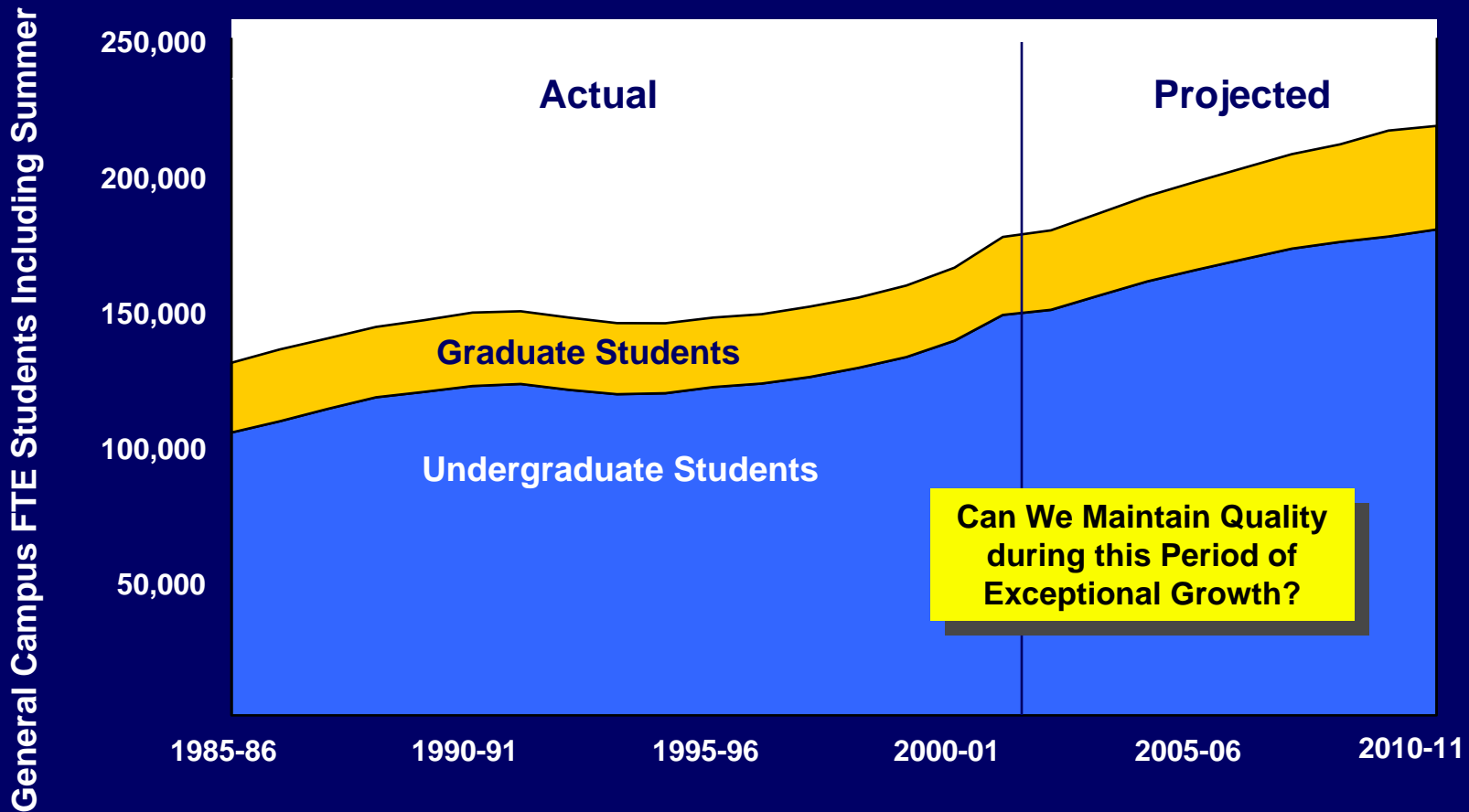


Today's Agenda



- Overview
- **Enrollment plans**
- Faculty recruitment and retention
- Resources
- Housing task force report
- Summary and future topics

Creating Opportunities for More High School Graduates





Are We on Track?

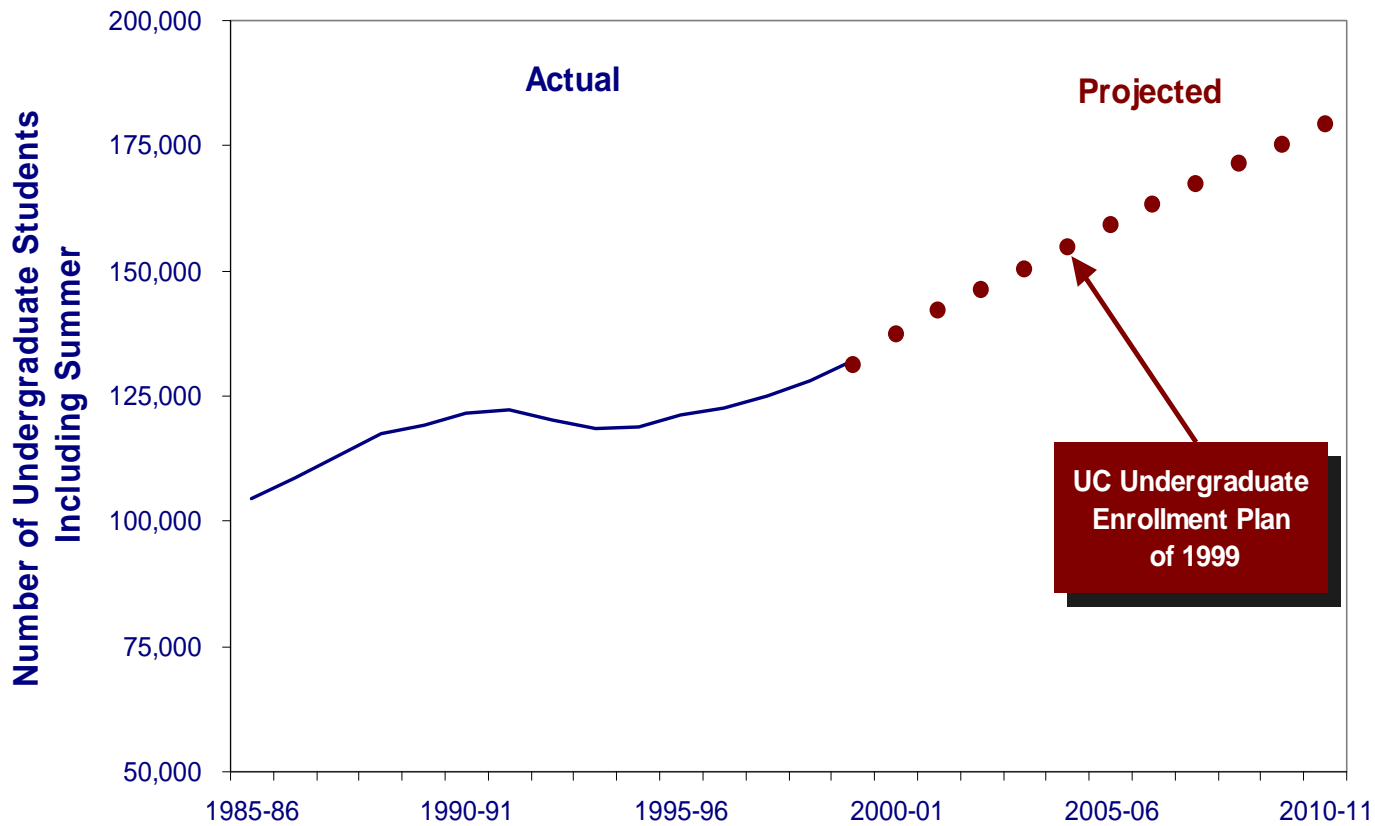
- **Slow Moving Indicators**

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

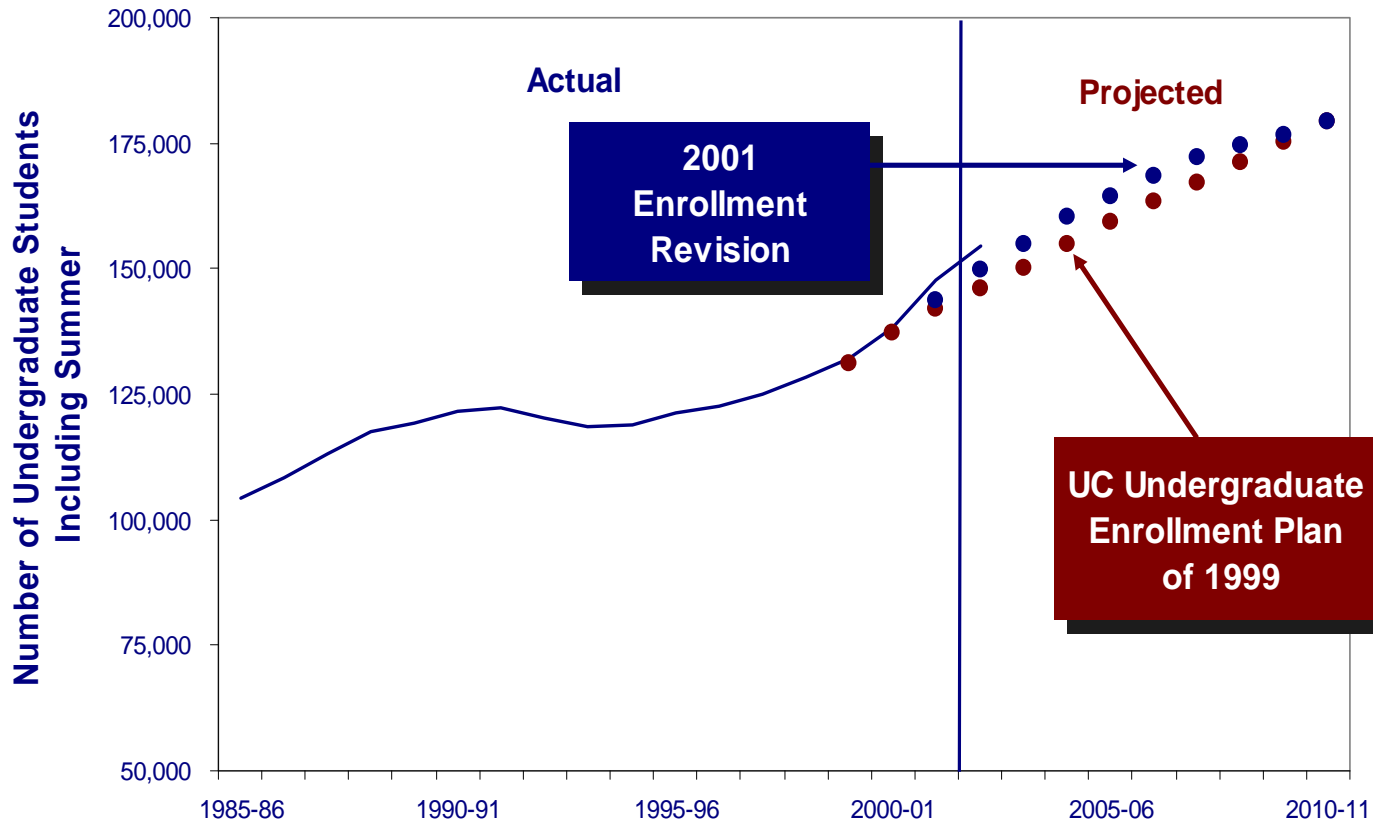
- **Early Warning Indicators**

- Undergraduate enrollment ●
- Graduate enrollment ●
- Faculty hiring
- Staff salaries
- Academic support
- Financial aid
- Graduate student support
- Facilities

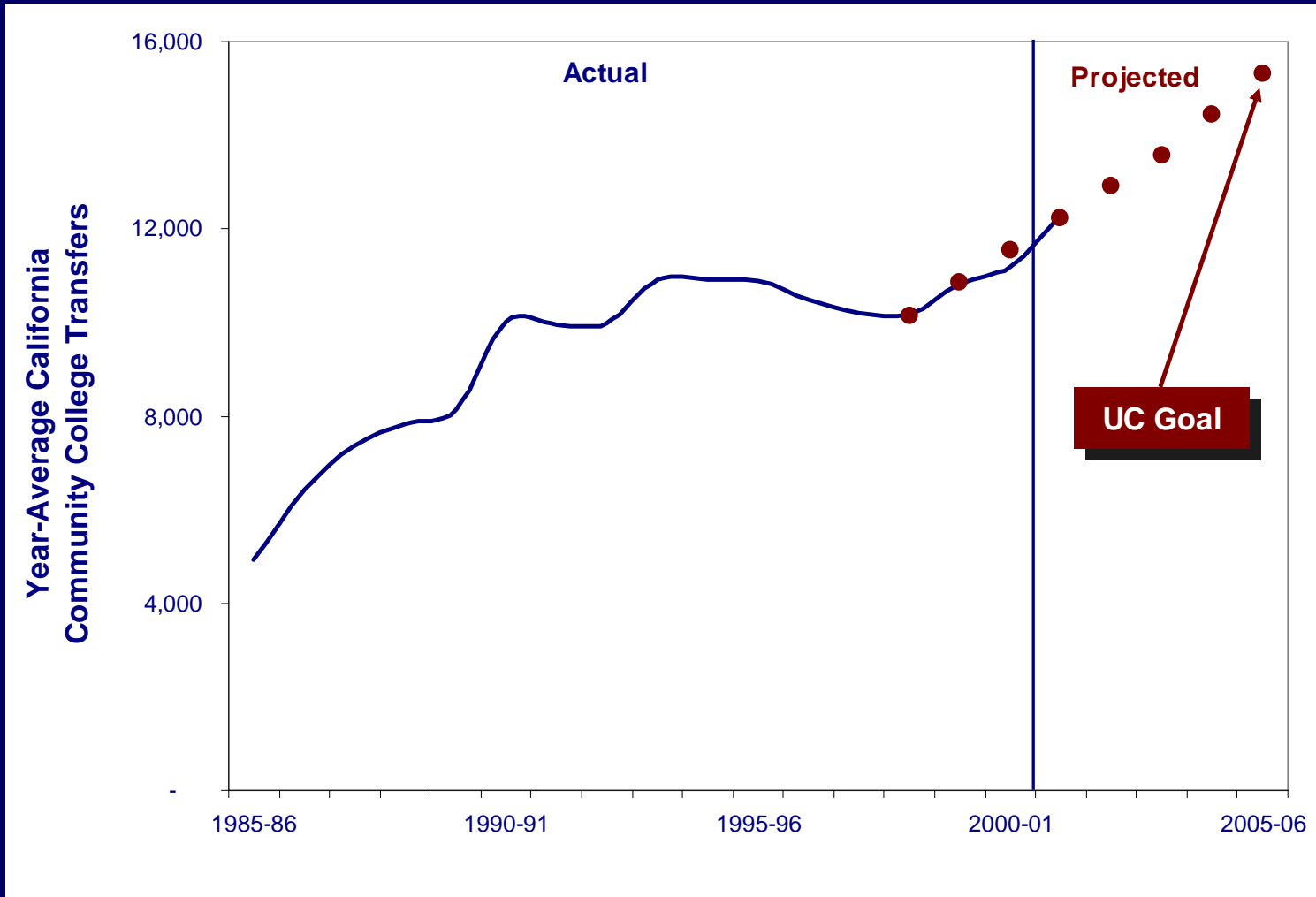
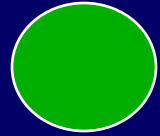
1999 Plan Forecast Many More Undergraduates



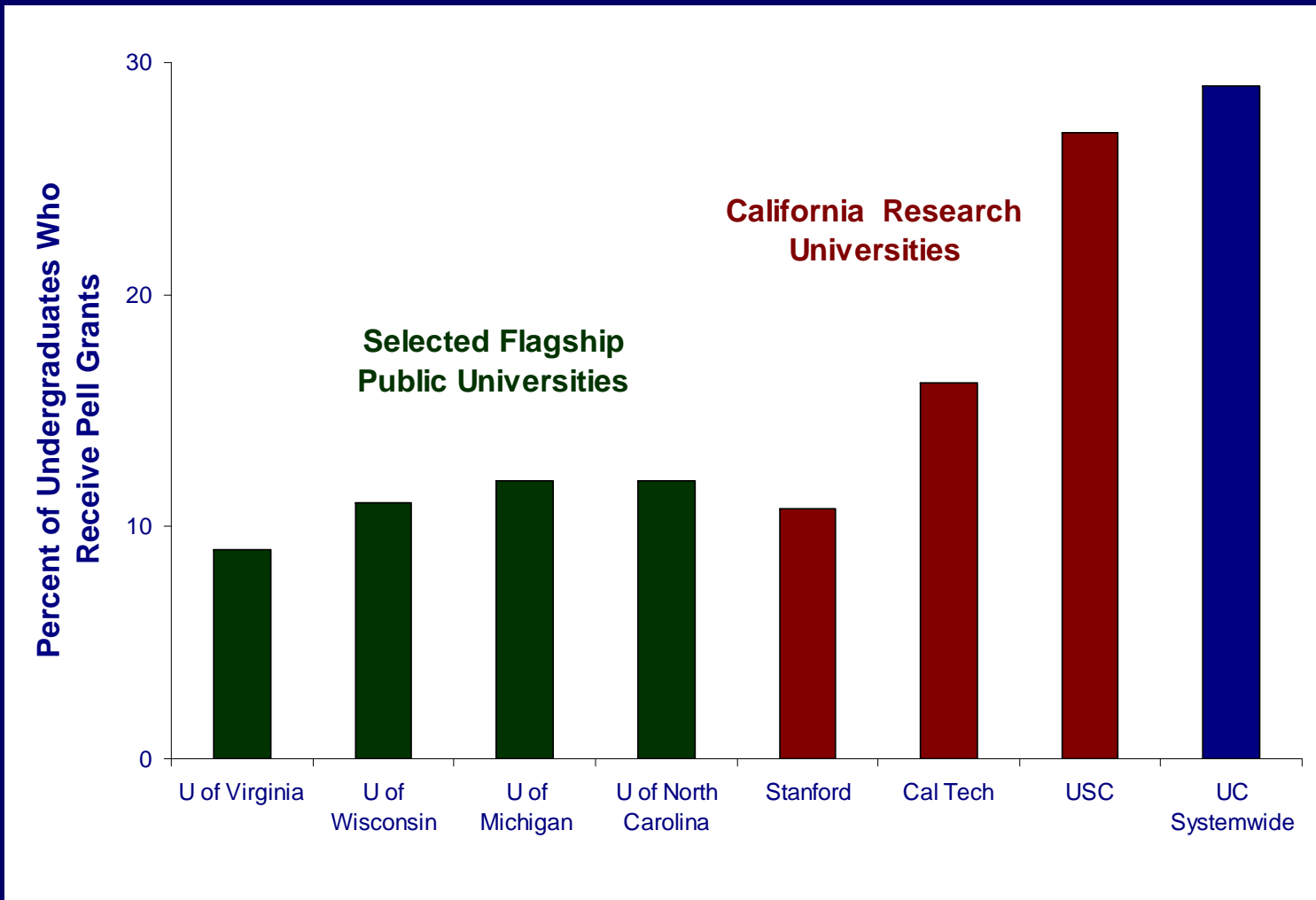
Last Year's Revision Assumed a Return to the Plan, But ...



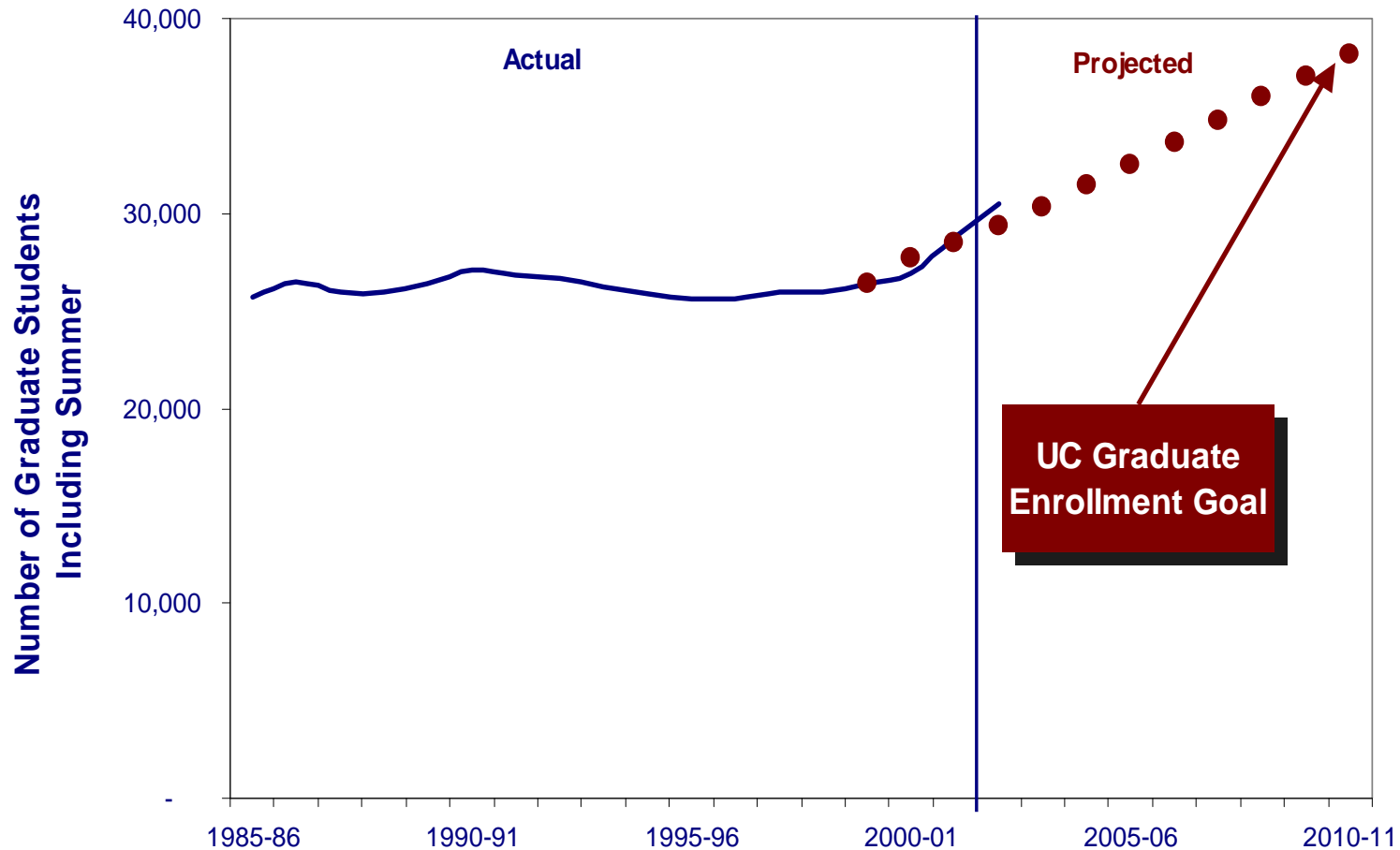
Community College Transfers are on Plan



UC is Accessible to Low-Income Families



Graduate Enrollment is on Plan





Today's Agenda



- Overview
- Enrollment plans
- **Faculty recruitment and retention**
- Resources
- Housing task force report
- Summary and future topics

Faculty Recruitment and Retention

■ Faculty Quality

- Measures for Current Faculty
- How We Achieve It and What It Costs
- How We Nurture Continual Faculty Achievement

■ Needs for Faculty Hiring Over the Next Decade

- Numbers and Causes
- Concerns
- Flexibility
- Opportunities



Academic Achievement and Scholarly Recognition

■ Nobel Prize	26
■ Fields Medal	3
■ National Medal of Science	39
■ MacArthur Fellowships	37
■ National Academy of Sciences	350
■ National Academy of Engineering	150
■ Institute of Medicine	117
■ Howard Hughes Medical Institute Investigators	48



Graham & Diamond

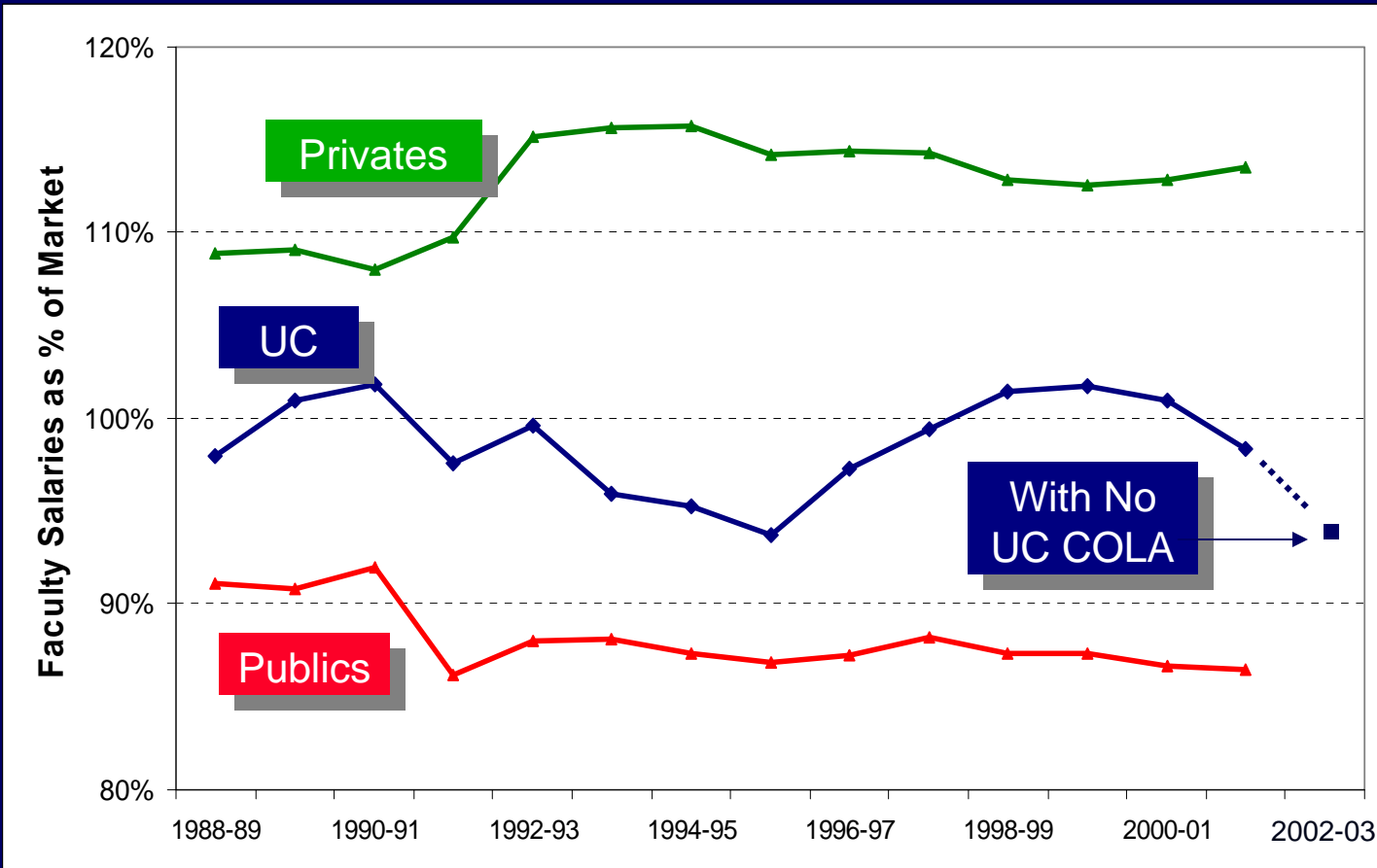
“No aspect of our revised class of Research 1 universities is more arresting than the inclusion of all eight general campuses of the University of California... The speed with which [UC’s newer campuses at Santa Barbara, Riverside, and Santa Cruz] rose from modest beginnings is astonishing.”



What Outstanding Faculty Want

- Outstanding colleagues
- Outstanding students
- Outstanding support
 - Salary
 - Services
 - Finances
- Perception that the state and public value UC and treat UC well
- Intellectual stimulation and opportunities on campus and in surrounding area
- Good location/Quality of life

Faculty Salaries Are Falling Below Market Again





Reasons First-offer Candidates Declined Appointments

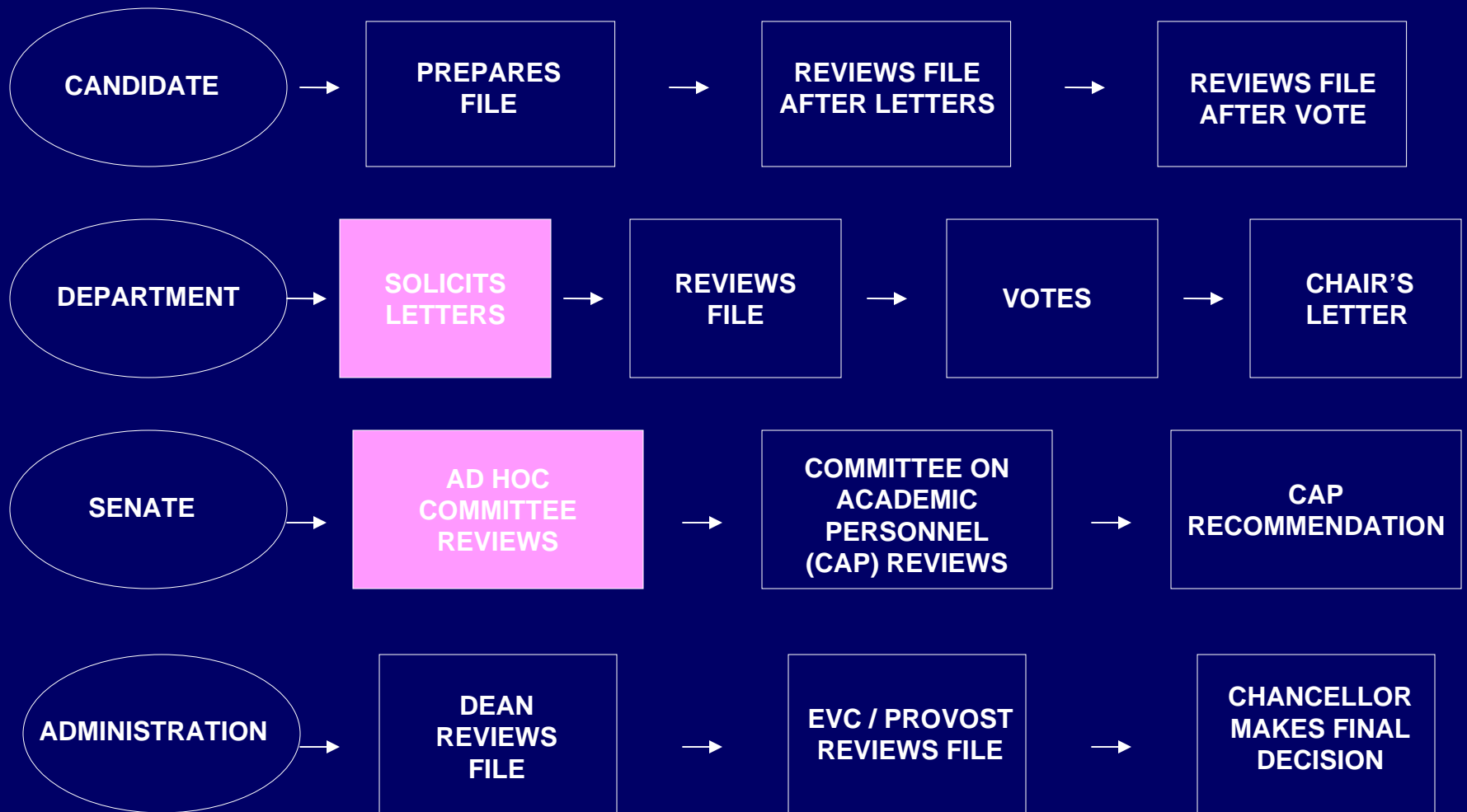
- Better salary offer elsewhere
- Spousal employment
- Family/geographic considerations
- Housing problems



Reasons Cited by Faculty who Resigned 2000-01

- Low salary
- Family/geographic considerations
- Housing problems
- Spousal employment problems
- Lack of research money

Promotion Review Process



Faculty Promotions

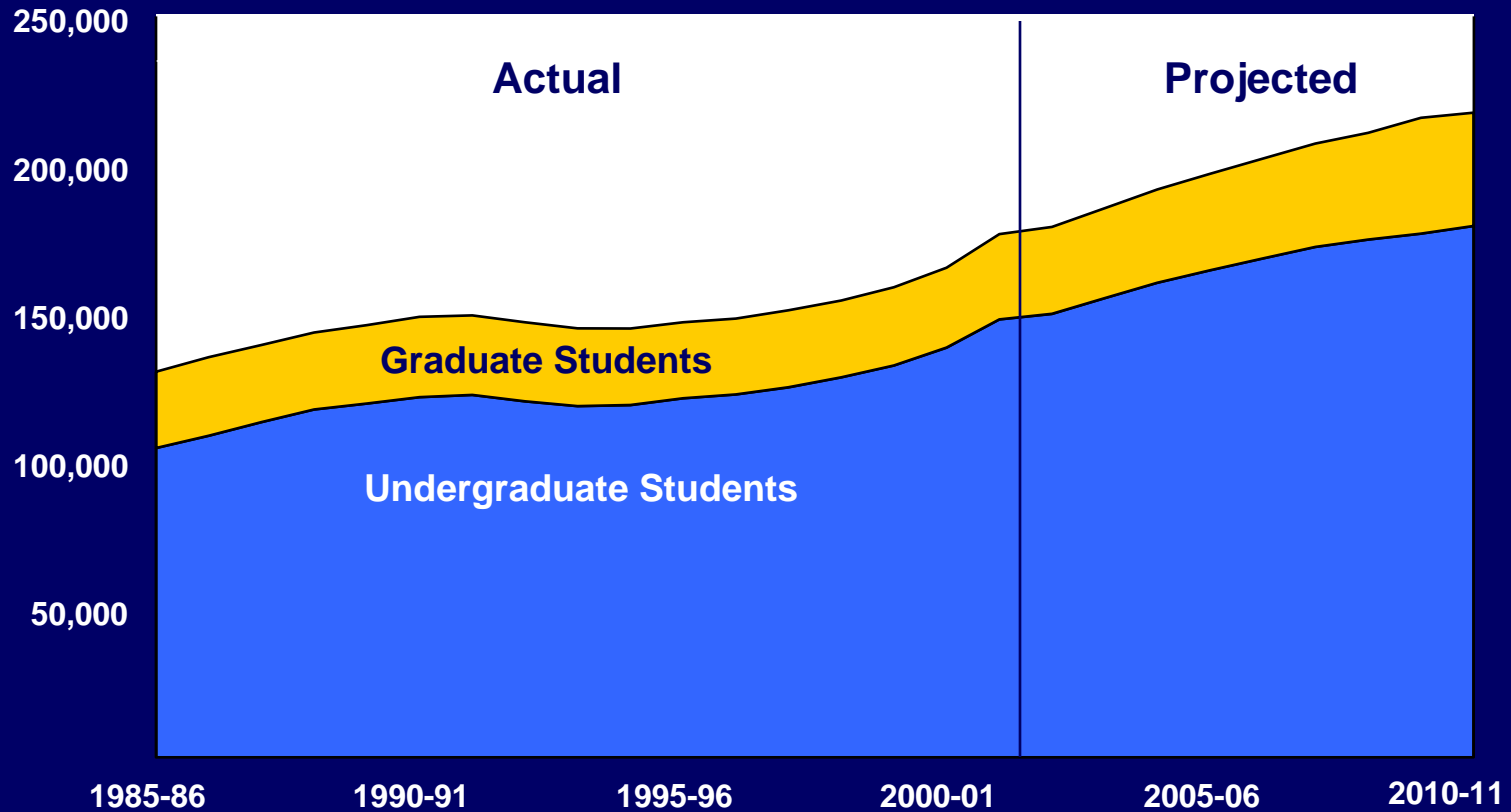
- Campuswide process: input from department, academic senate and administration
- Individuals are reviewed throughout their professional careers
- World's top people in fields are asked to evaluate
- Advancement is not automatic or merely a function of years-of-service



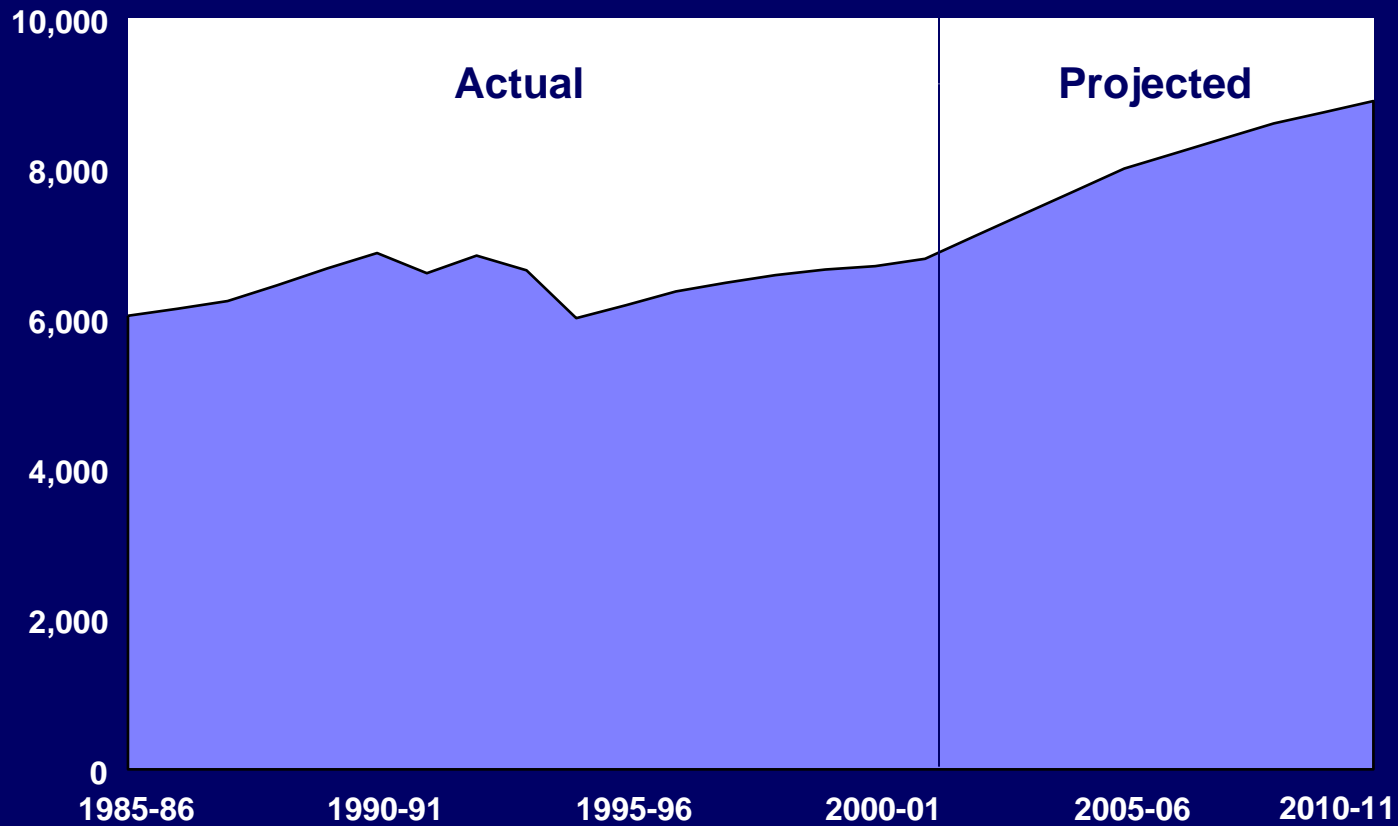
Tenure Rates

- About 78% of UC's non-tenured faculty hires eventually achieve tenure
- Over the last 10 years, nearly 90% of faculty who formally came up for tenure review were granted tenure
 - Of those who left prior to tenure review, 76% secured positions at other universities (71% tenure track positions)

Budgeted Student Enrollments General Campus

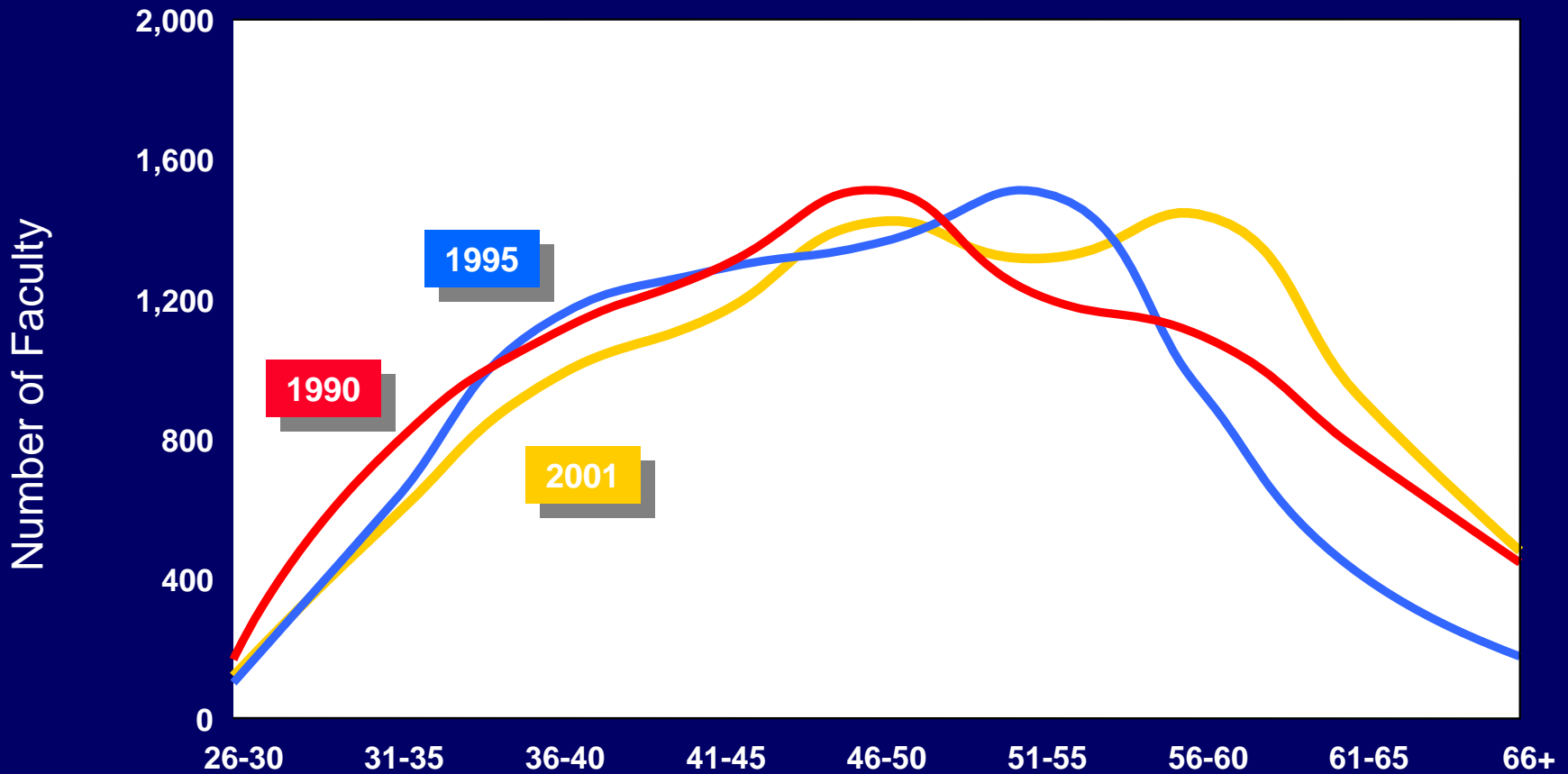


Tenure Track Faculty Positions

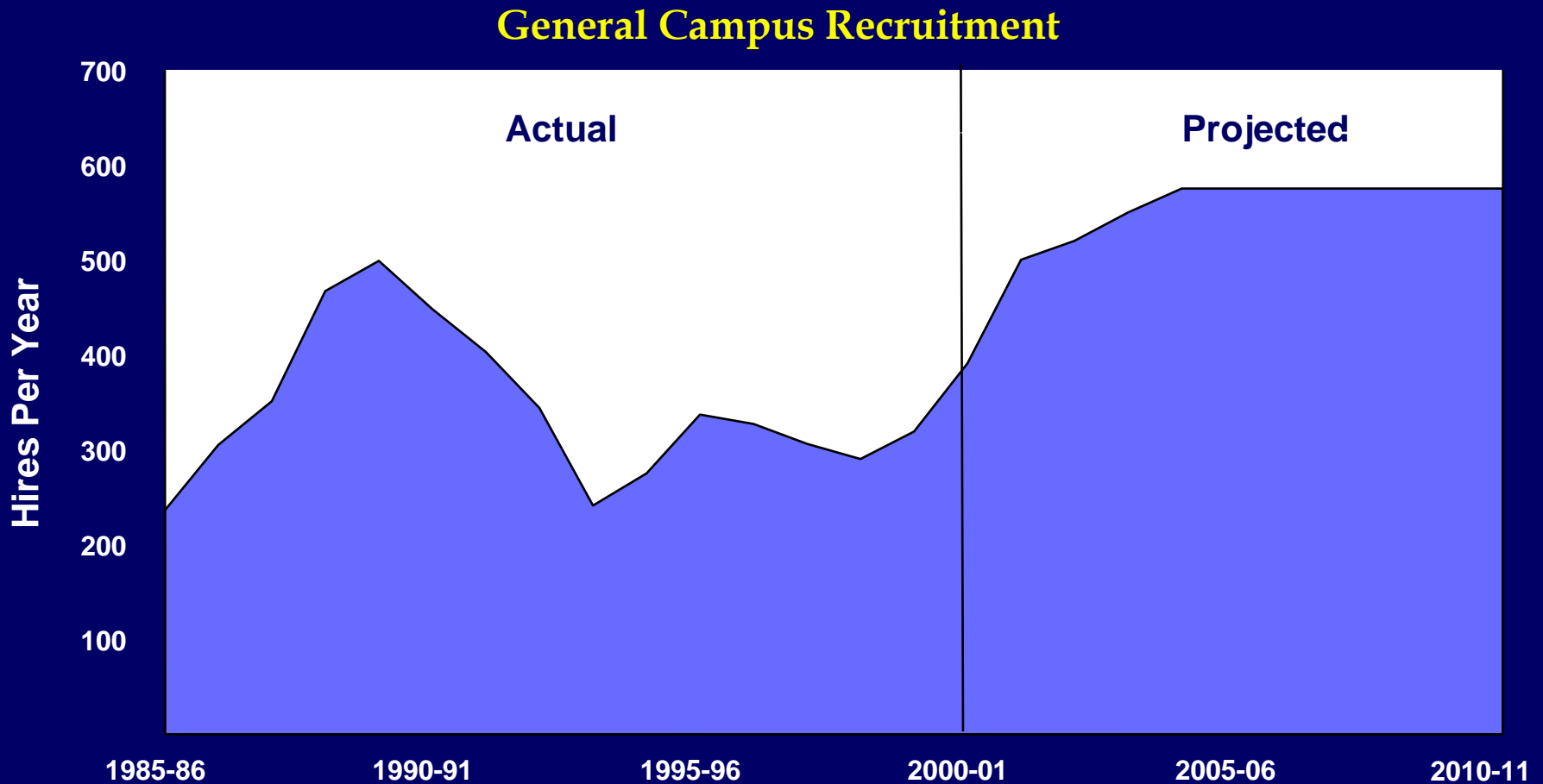




Tenure Track Faculty General Campus & Health Science Age Distributions 1990, 1995, and 2001

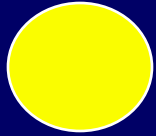


Tenure Track Faculty New Appointments Actual & Projected





Concerns



- Number of searches
- Start-up costs
- Space
- Faculty salaries



Flexibility

- Balance between temporary and permanent faculty
- Balance between new hires at junior and senior levels



Opportunity

- Creating the faculty for the next several decades
 - Disciplinary balance
 - Coverage of growing fields
 - Diversity

Summary

- UC has a faculty of very high quality and knows how to foster quality
- Fostering quality requires resources
- An unusually large wave of faculty hiring in this coming decade will set in place the faculty of the next several decades
- Concerns, flexibility, and opportunities

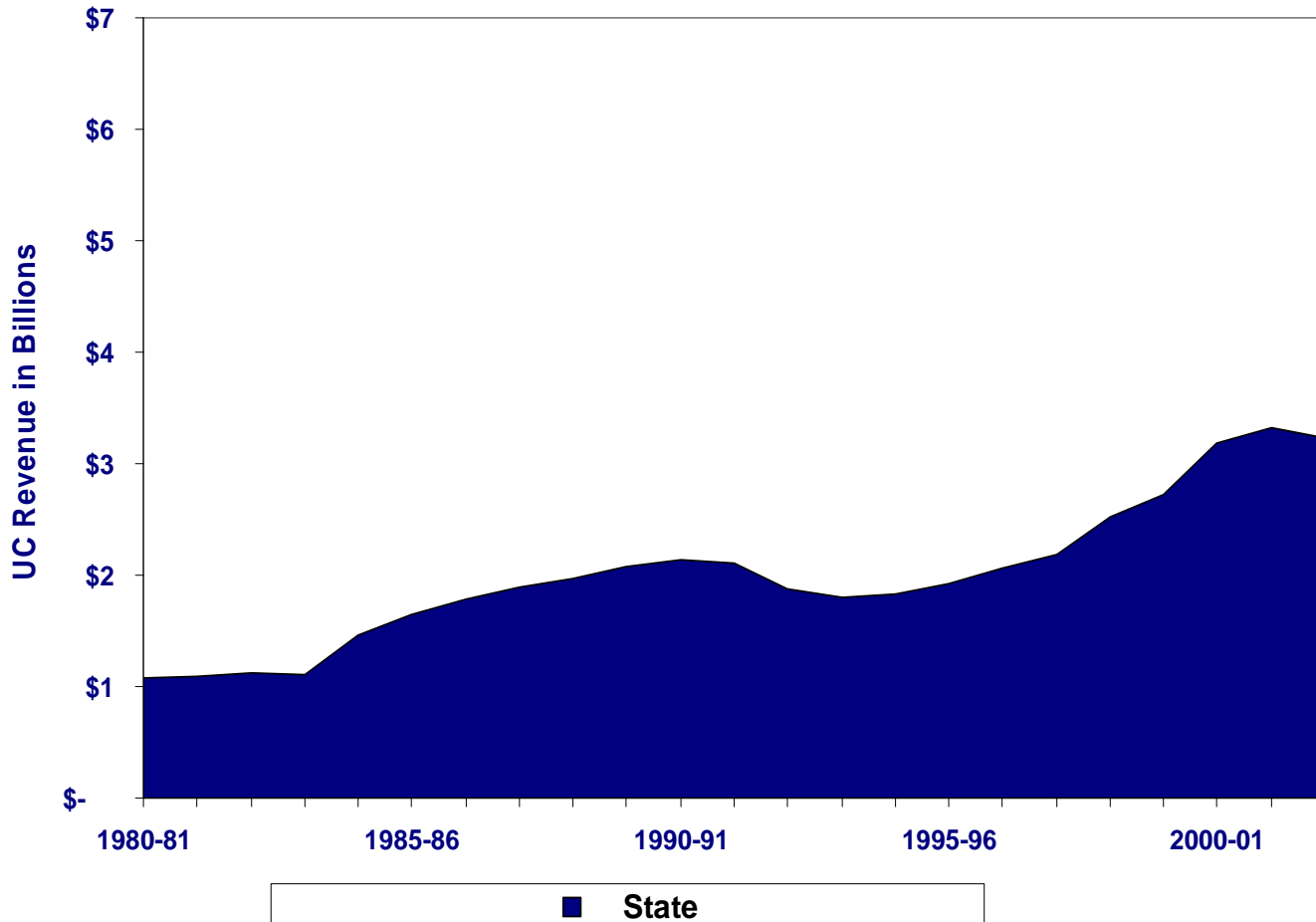


Today's Agenda

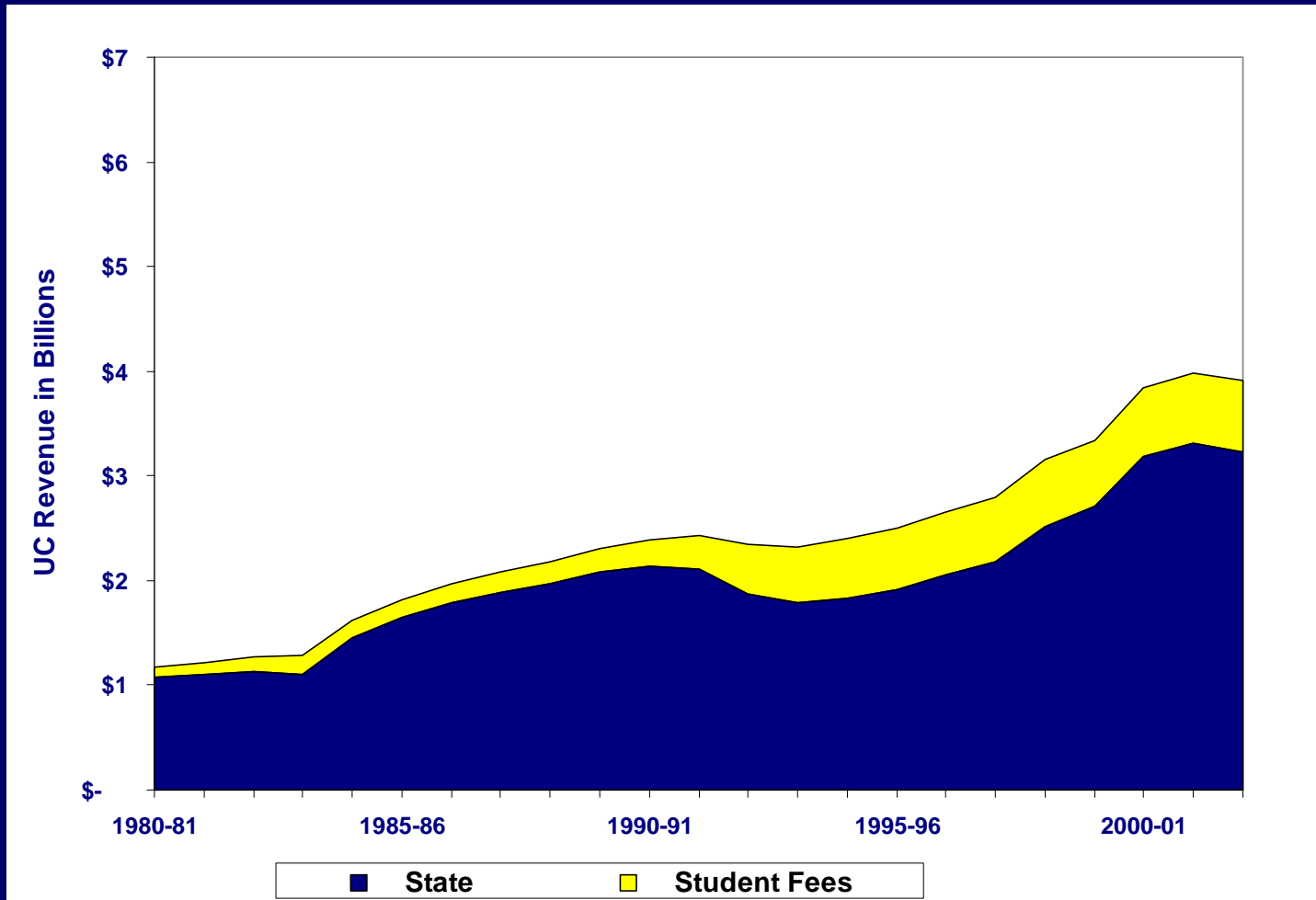


- Overview
- Enrollment plans
- Faculty recruitment and retention
- **Resources**
- Housing task force report
- Summary and future topics

State Funding Cycles

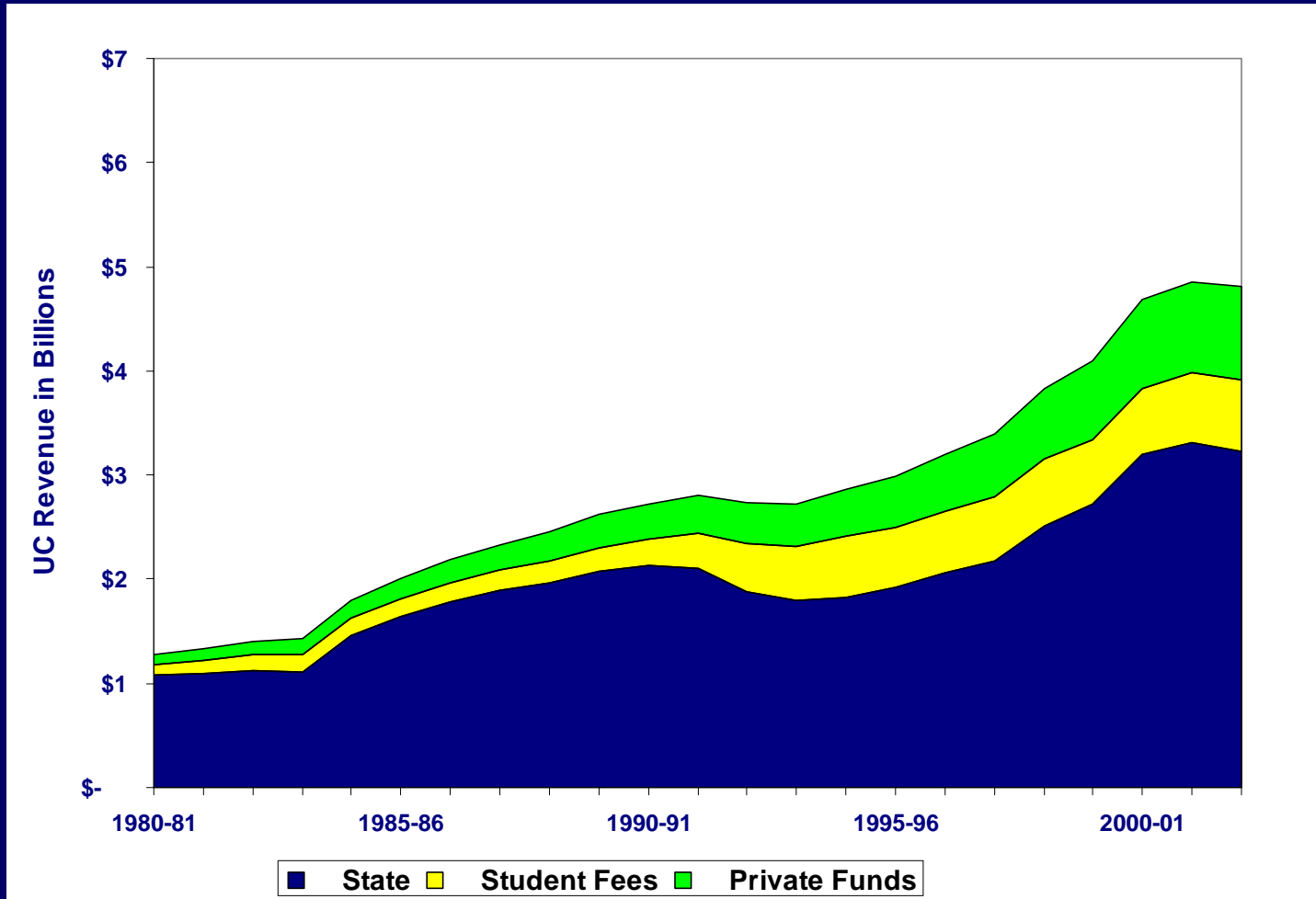


Student Fee Revenues Increased During the Early 1990s

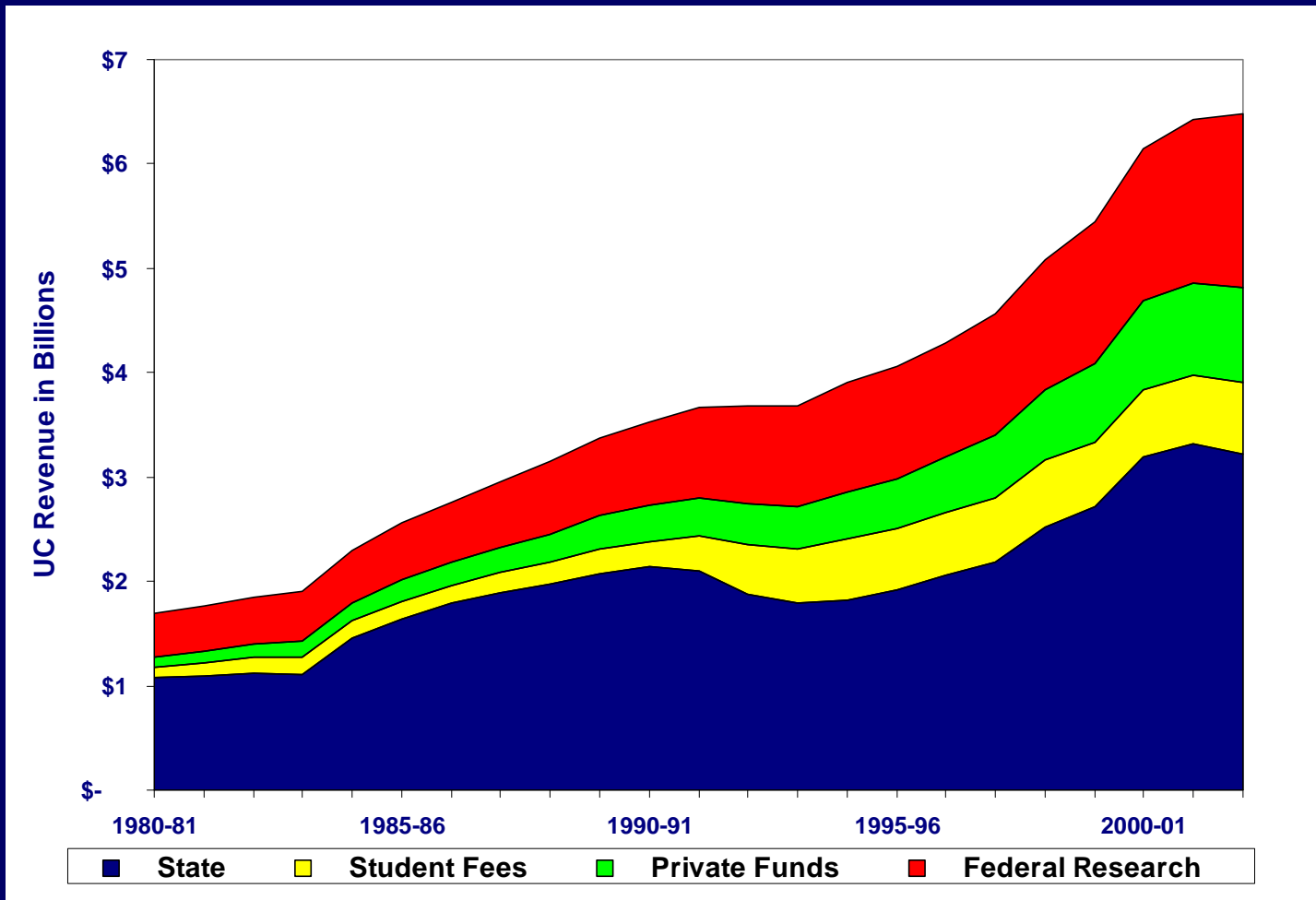




Private Fund-Raising Has Been a Terrific Success



So Has the Growth in Federal Research Support



The Growth Plan and the Partnership Agreement

Assumptions

- Enrollment on plan
- State support - Partnership
 - Cost increases to the base budget – 4%
 - Catch-up funding in core areas – 1%
 - Fund enrollment growth
 - New academic facilities
- Federal – maintain \$ per faculty
- Private – continue growth in private fund-raising

Actual

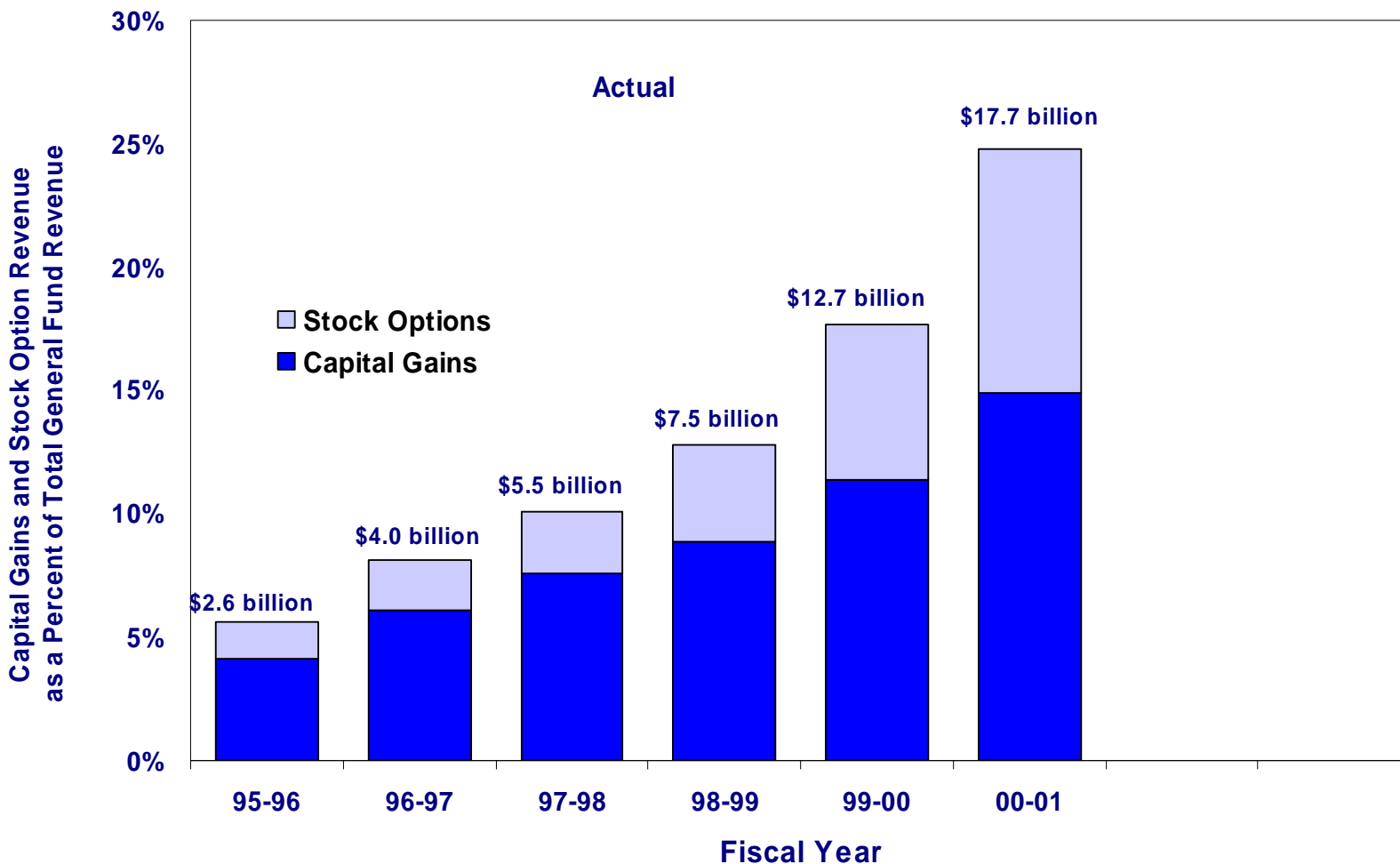
- Overenrolled
- State support - Partnership
 - \$237 million underfunded
 - \$29 million one-time cut to core areas
 - Funded enrollment growth
 - Larger GO bond + ISIs
- Federal – end of NIH increases? Double NSF? Impact of Federal deficits?
- Private – exceptional growth until this recession, then holding steady



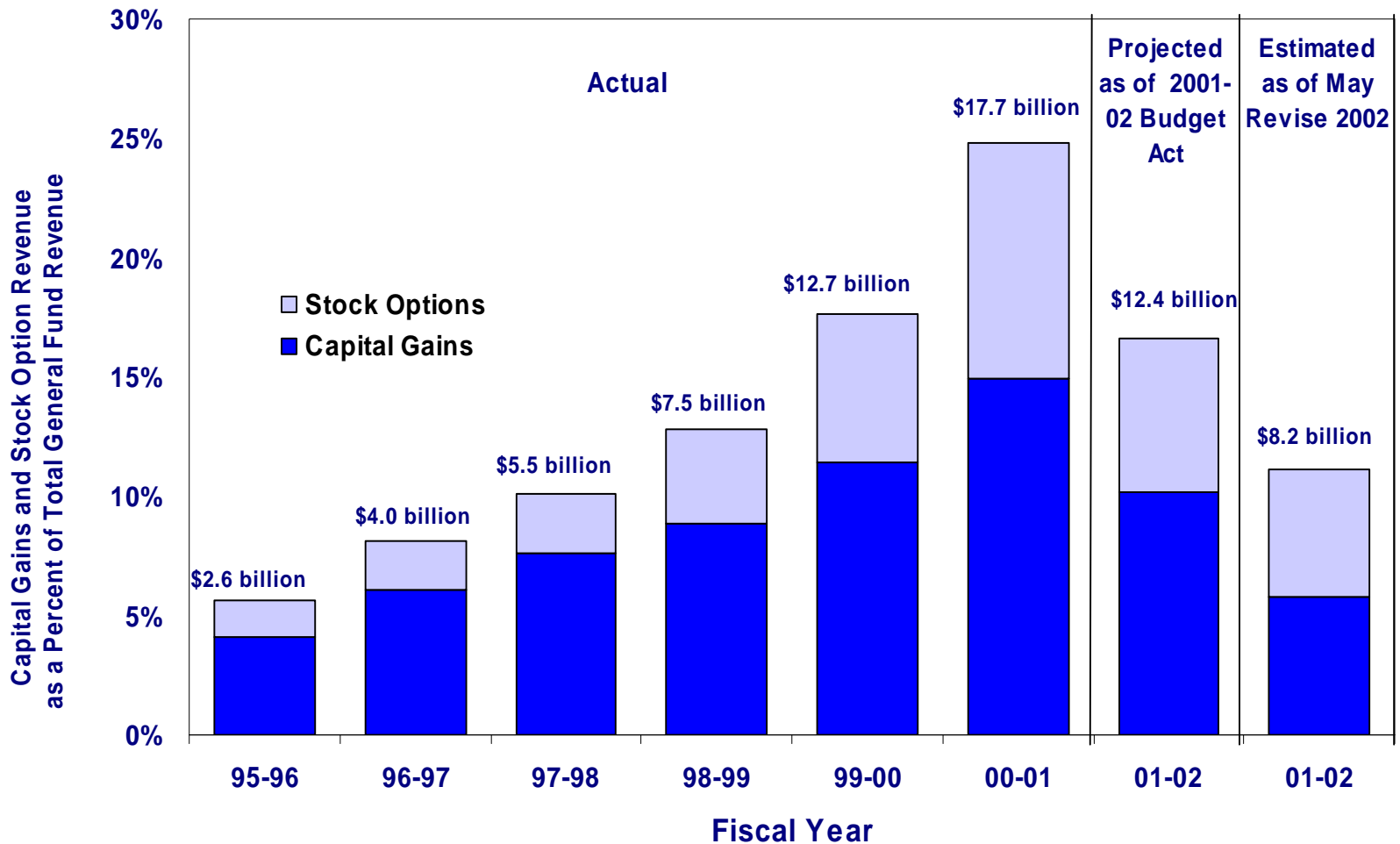
However, California is Facing a Fiscal Crisis

- Capital gains and stock options bubble

Sharp Growth in Capital Gains & Stock Options Revenue



California's Bubble





The Fiscal Crisis

- Capital gains and stock options bubble
- Concern about economic slowdown, layoffs, lower tax receipts
- September 11, 2001

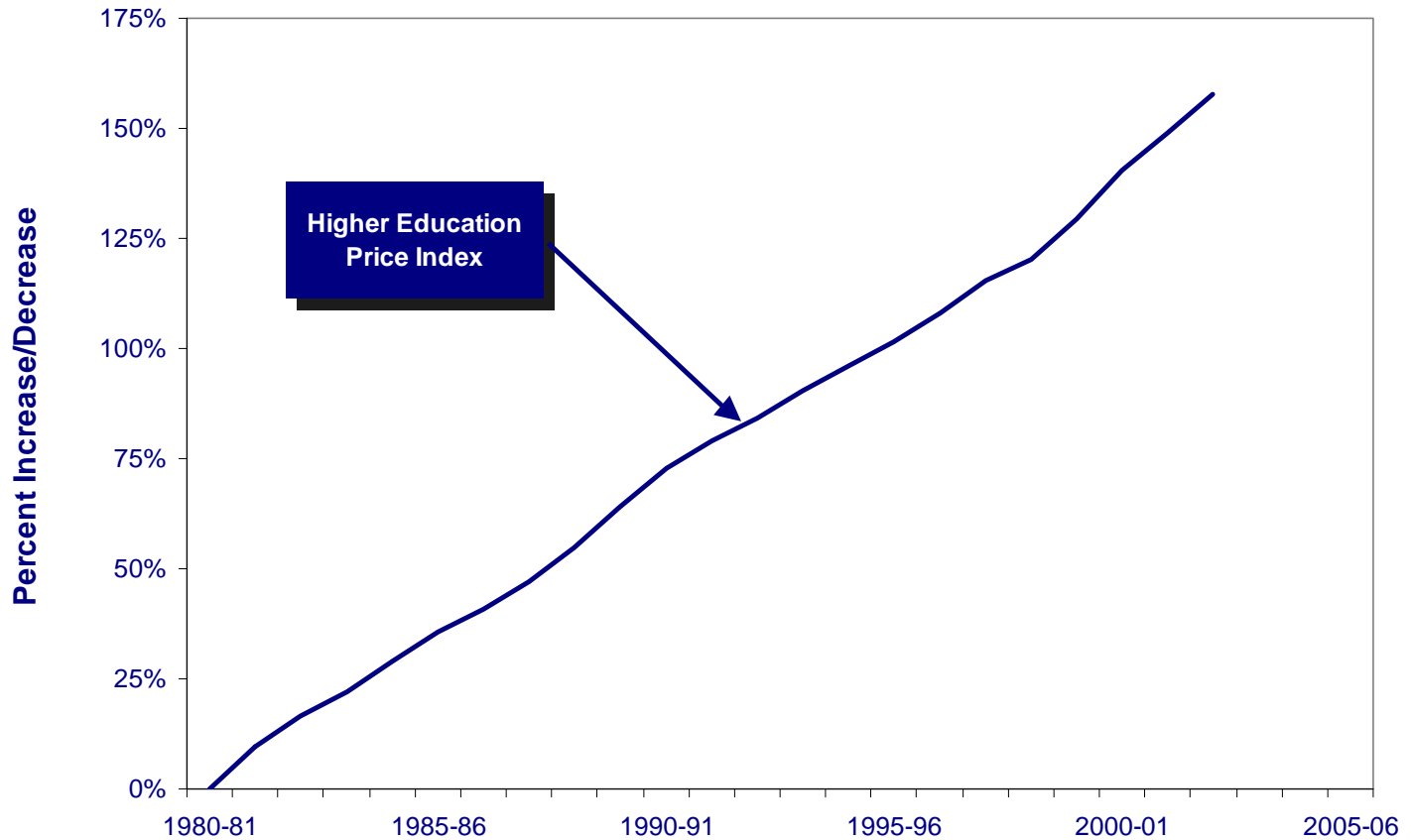
\$23.6 billion budget problem for California over two years and \$10 billion on-going problem



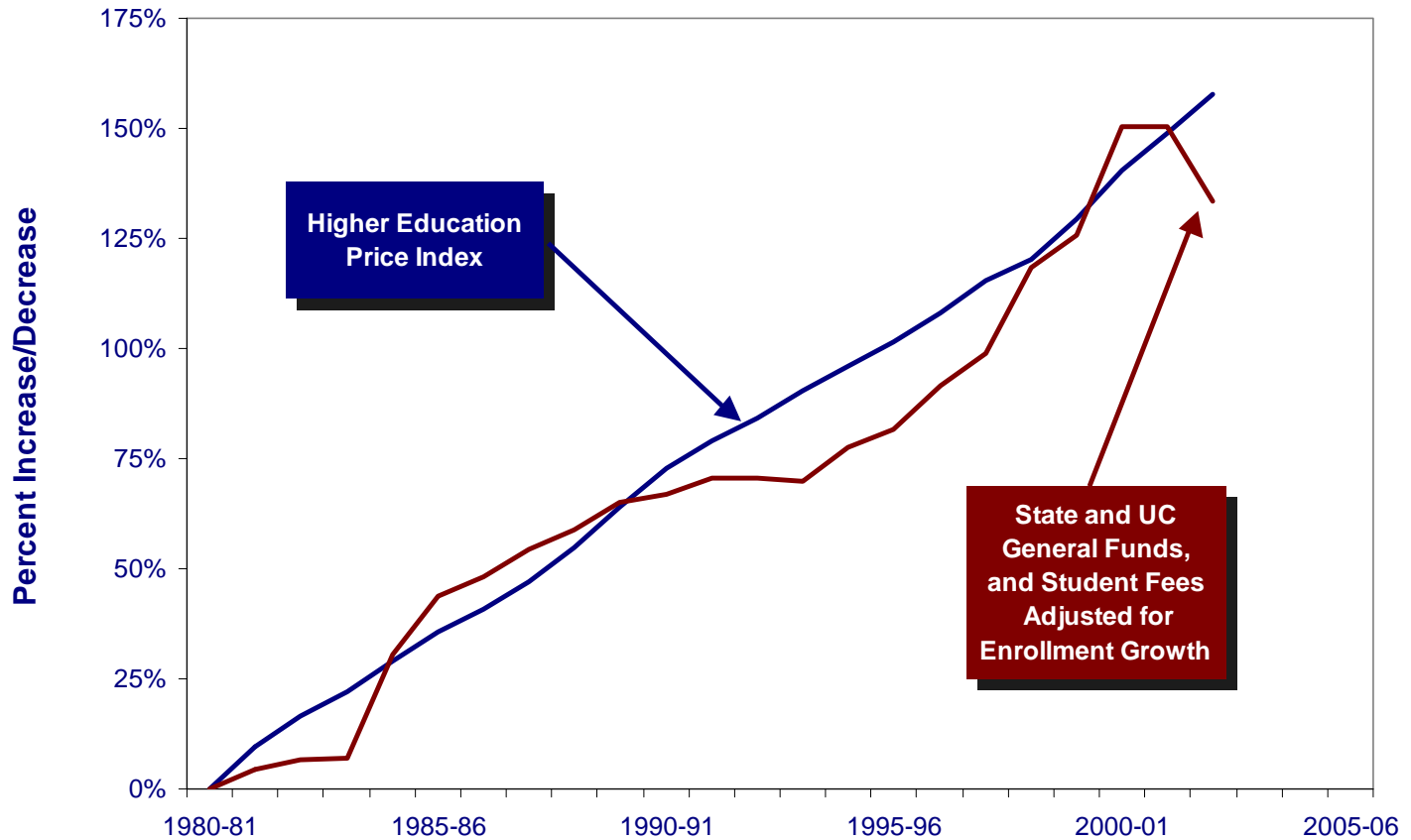
Short-Term vs. Long-Term

- **Cycles:** California had financial problems in early 1980s and 1990s

Costs to Universities Have Risen Steadily



UC Spending Lagged, Then Caught Up





Short-Term vs. Long-Term

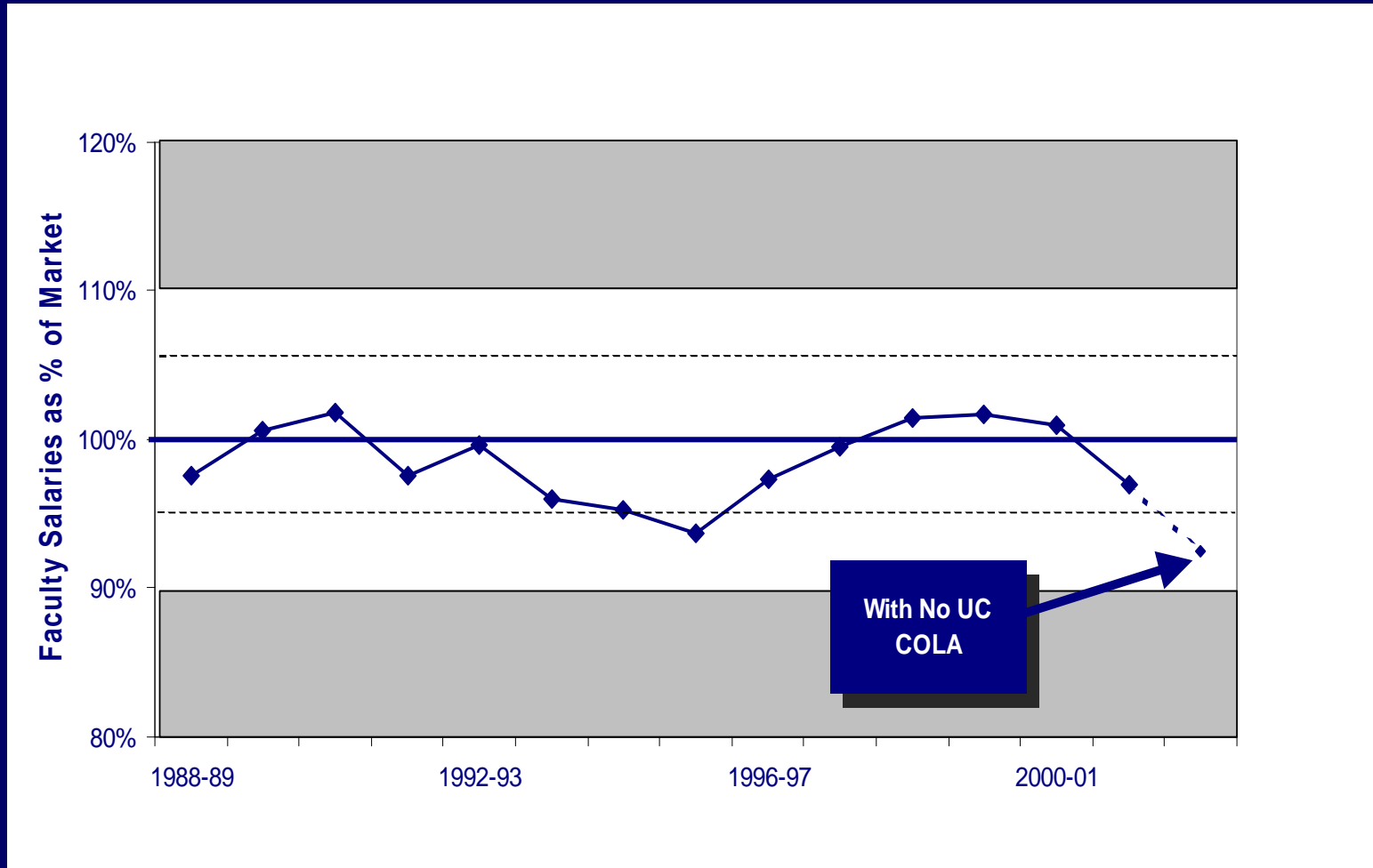
- **Cycles:** California had financial problems in early 1980s and 1990s
 - Better funding when economy improves
 - Fundamentals of California's economy are strong; funding should improve again



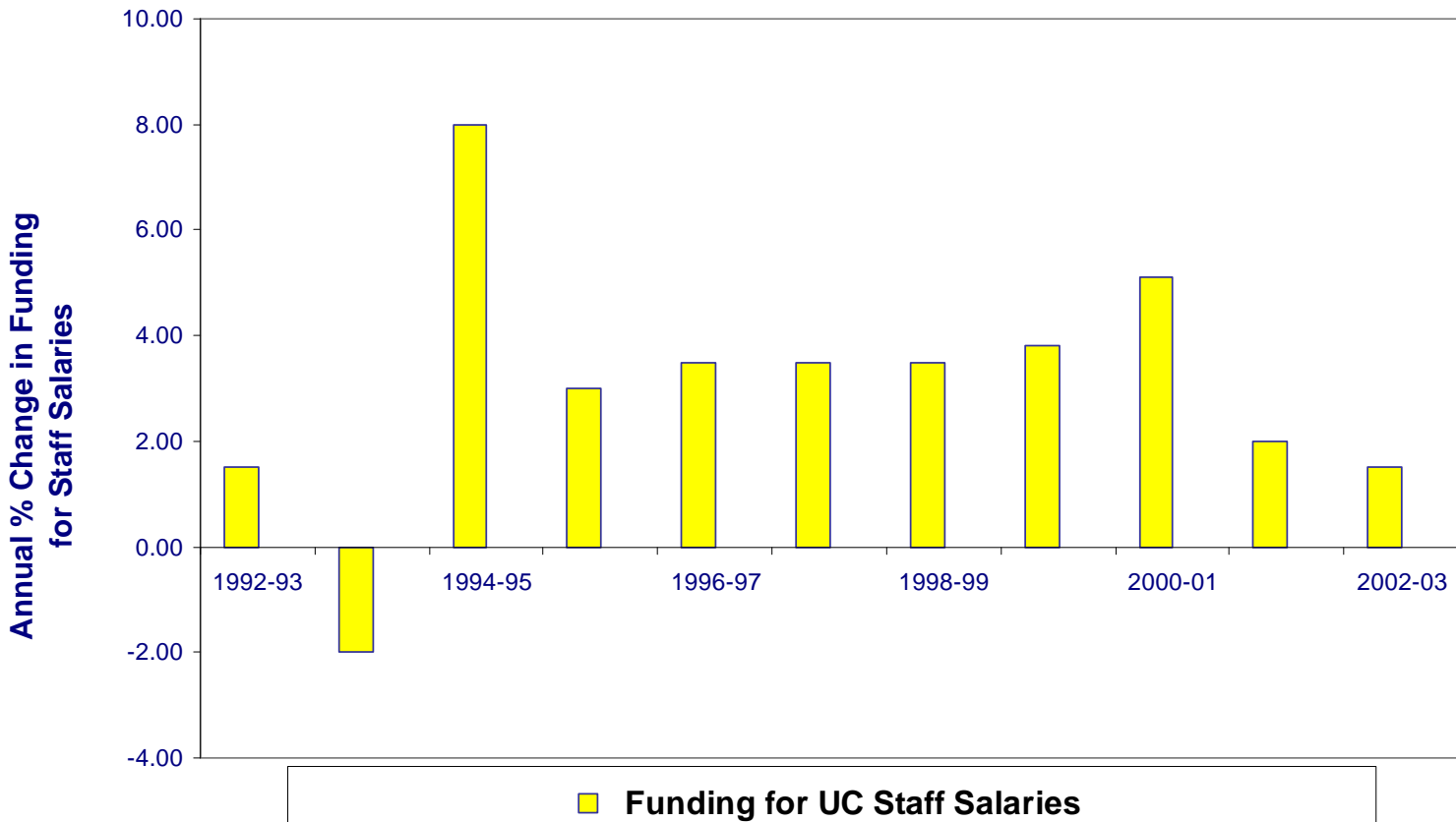
Short-Term vs. Long-Term

- Cycles: California had financial problems in early 1980s and 1990s
 - Better funding when economy improves
 - Fundamentals of California's economy are strong; funding should improve again
- Lags: Faculty hiring and new buildings lag behind student increases and then we catch up at enrollment plateau

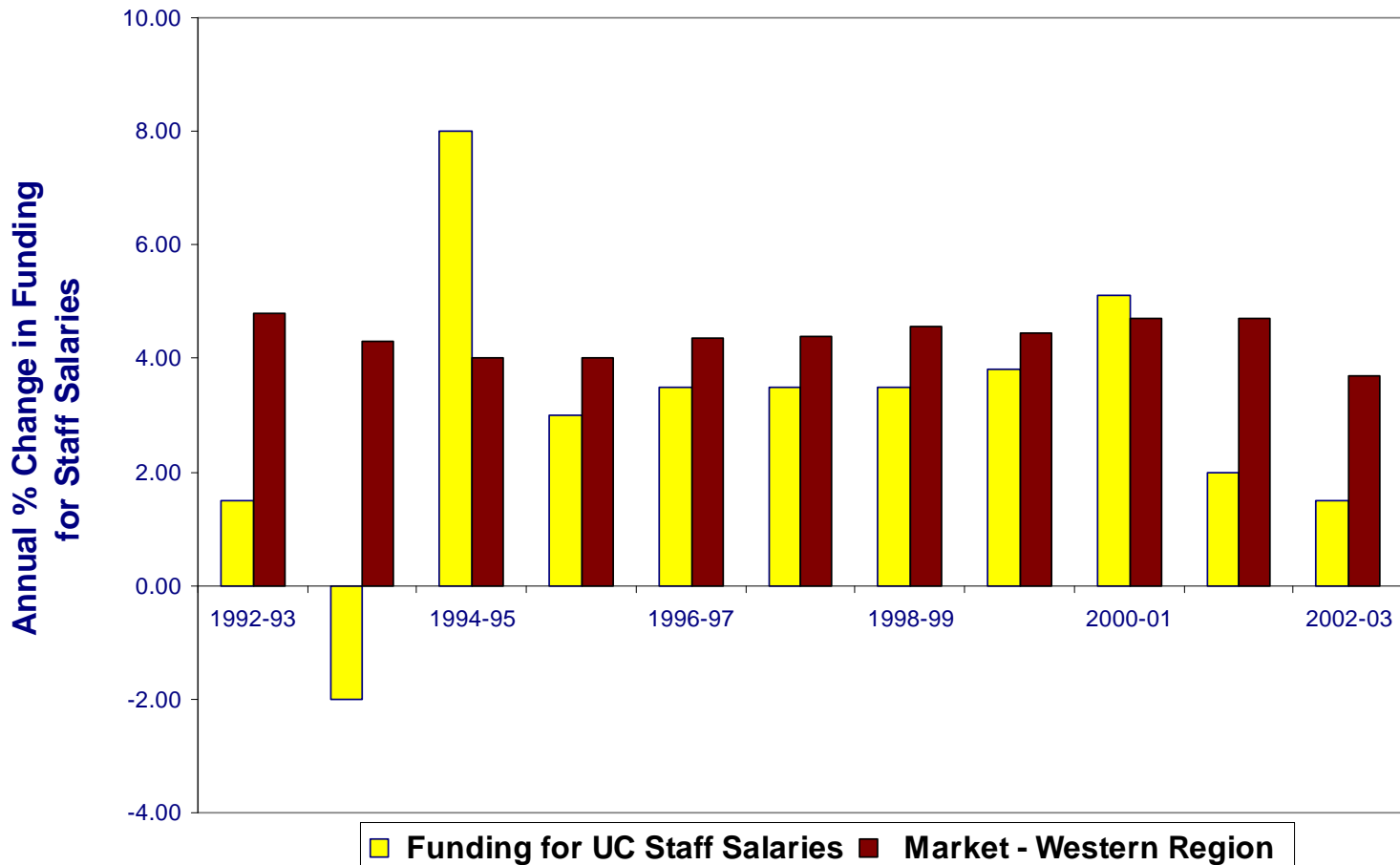
Faculty Salaries Are Falling Below Market Again



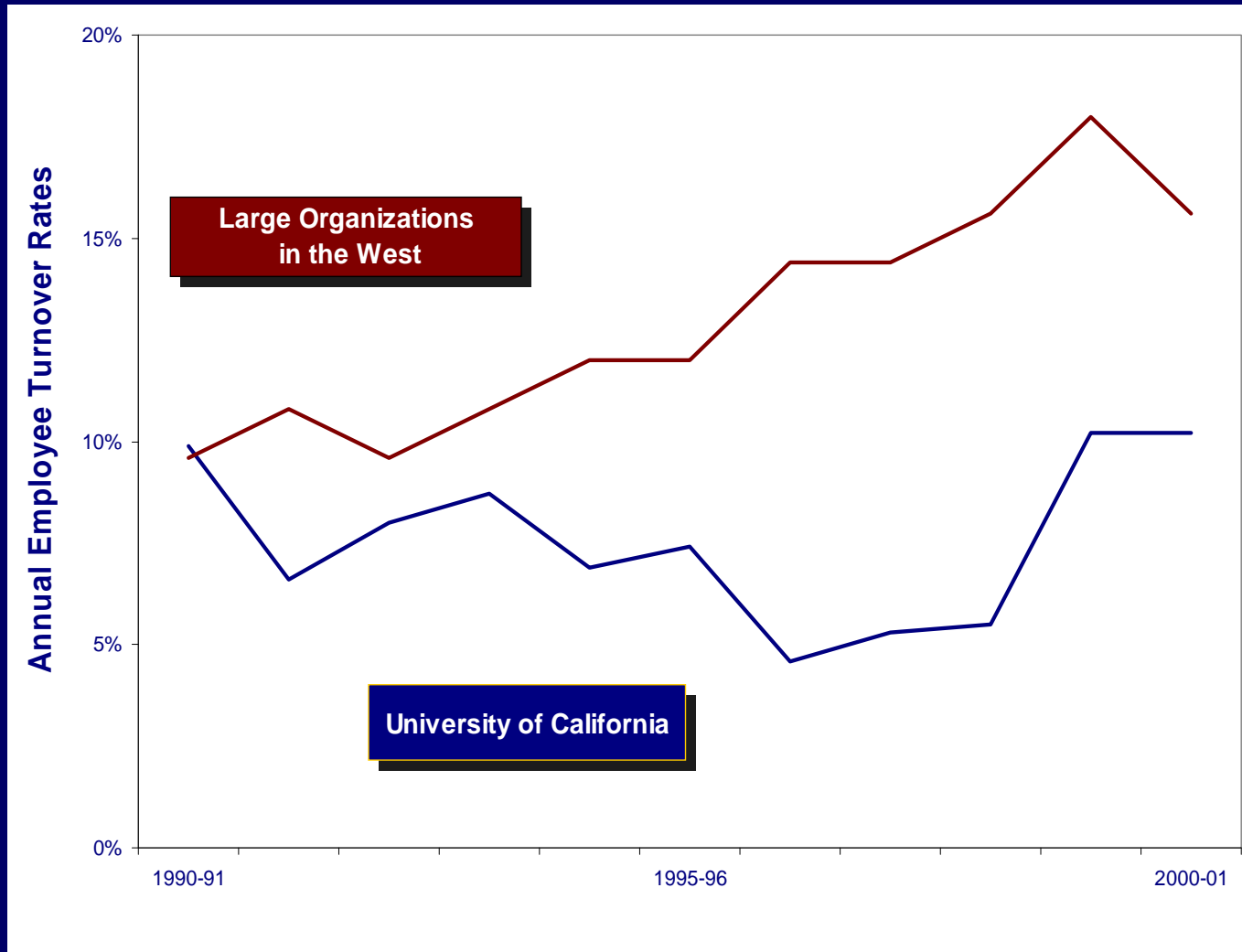
State Funding for UC Staff Salary Increases



Funding for Staff Salaries is Falling Below Market



But, UC Has Less Staff Turnover Than Other Large Employers





Are We on Track?

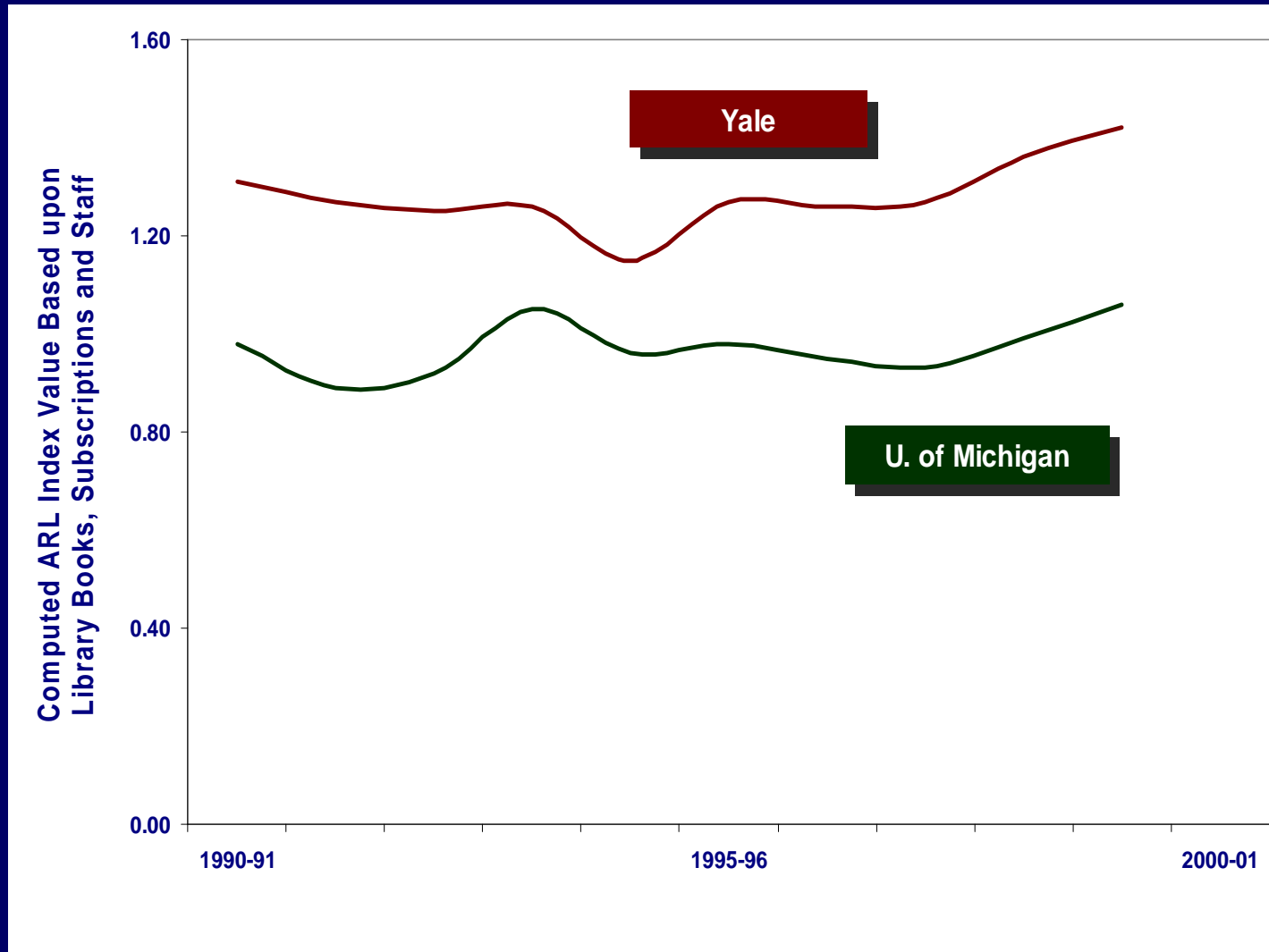
■ Slow Moving Indicators

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

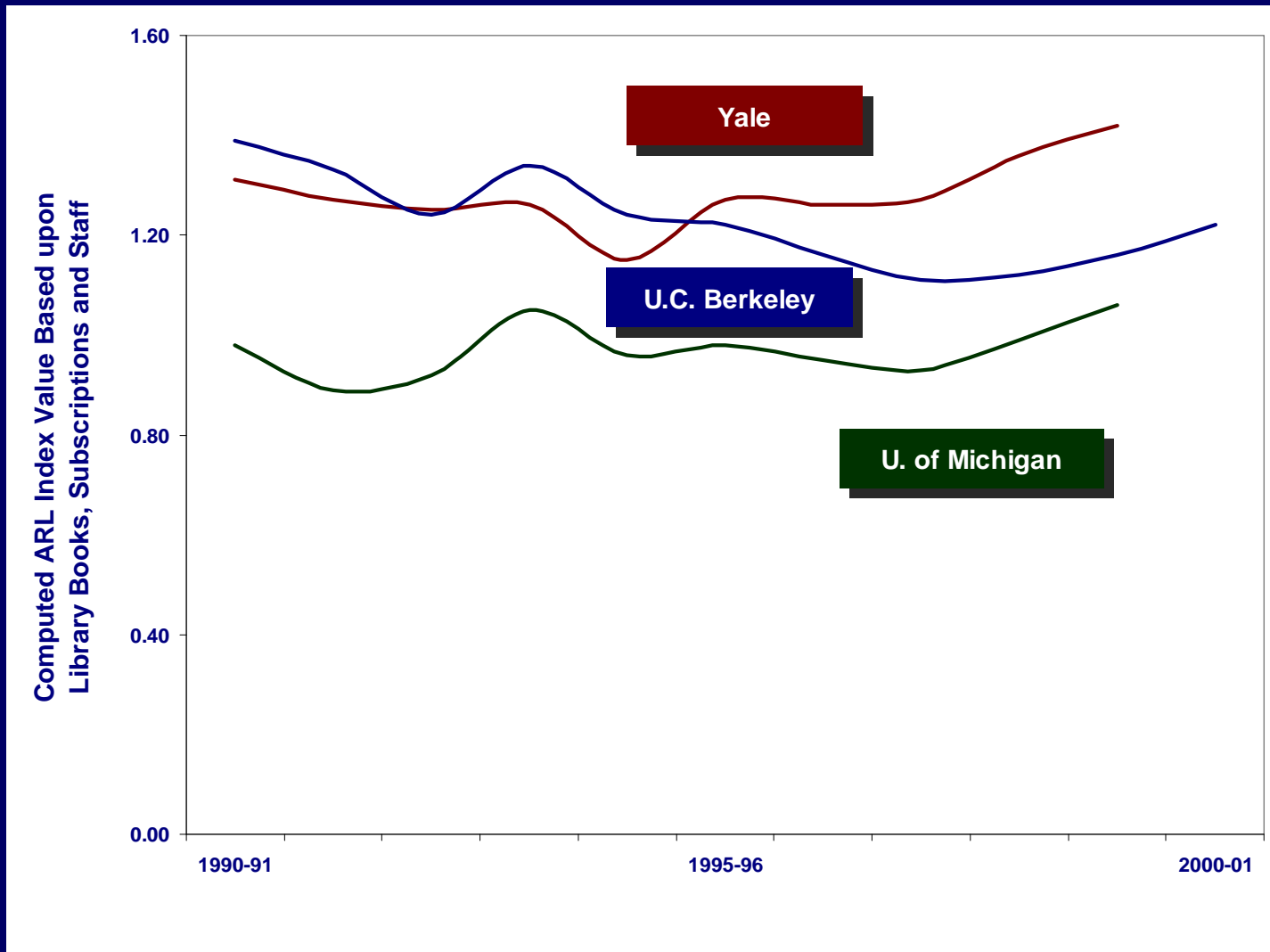
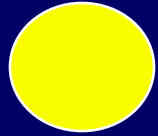
■ Early Warning Indicators

- Undergraduate enrollment
- Graduate enrollment
- Faculty hiring ●●
- Staff salaries ●●
- Academic support
- Financial aid
- Graduate student support
- Facilities

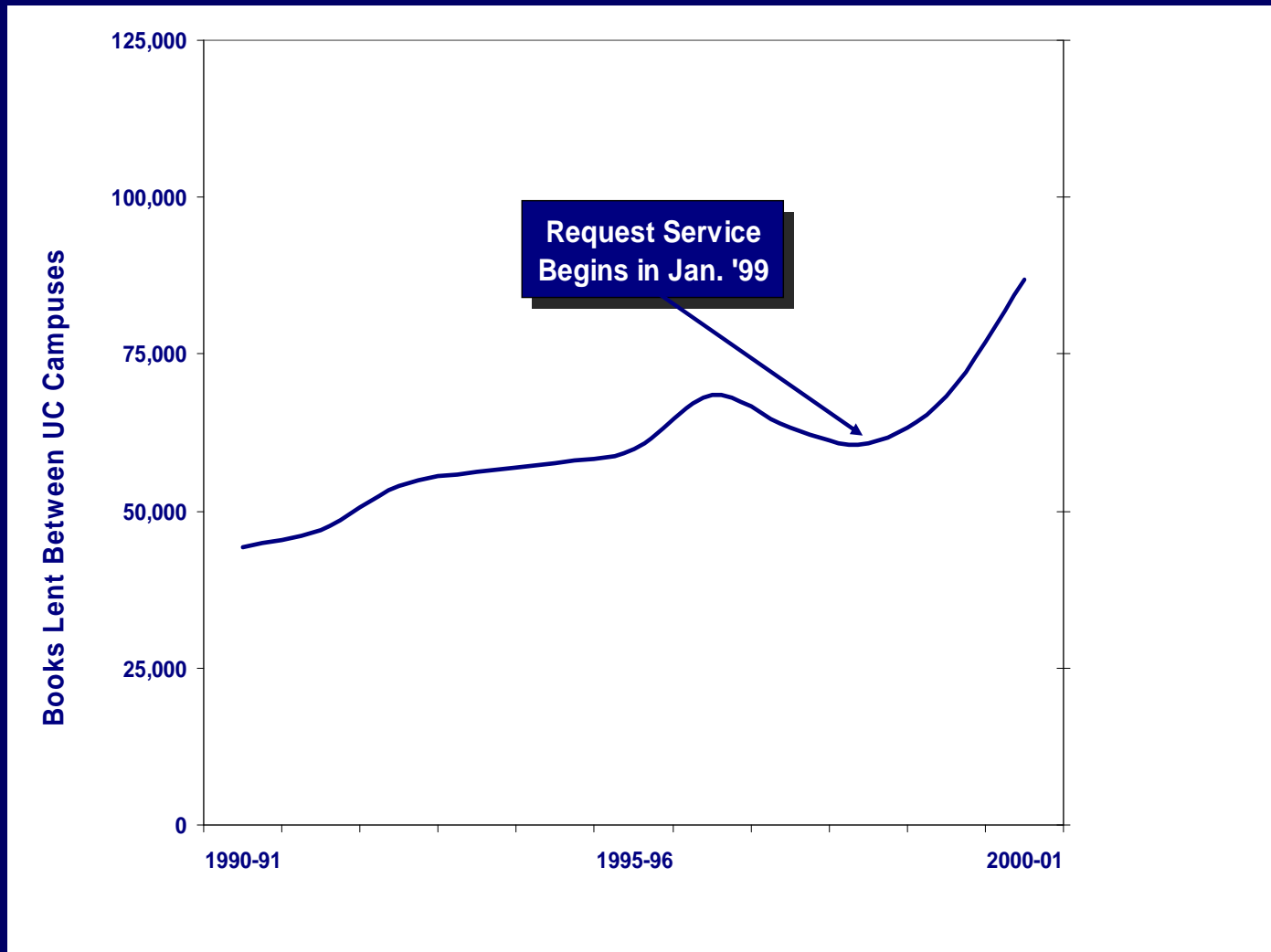
Yale and Michigan Have Excellent Libraries



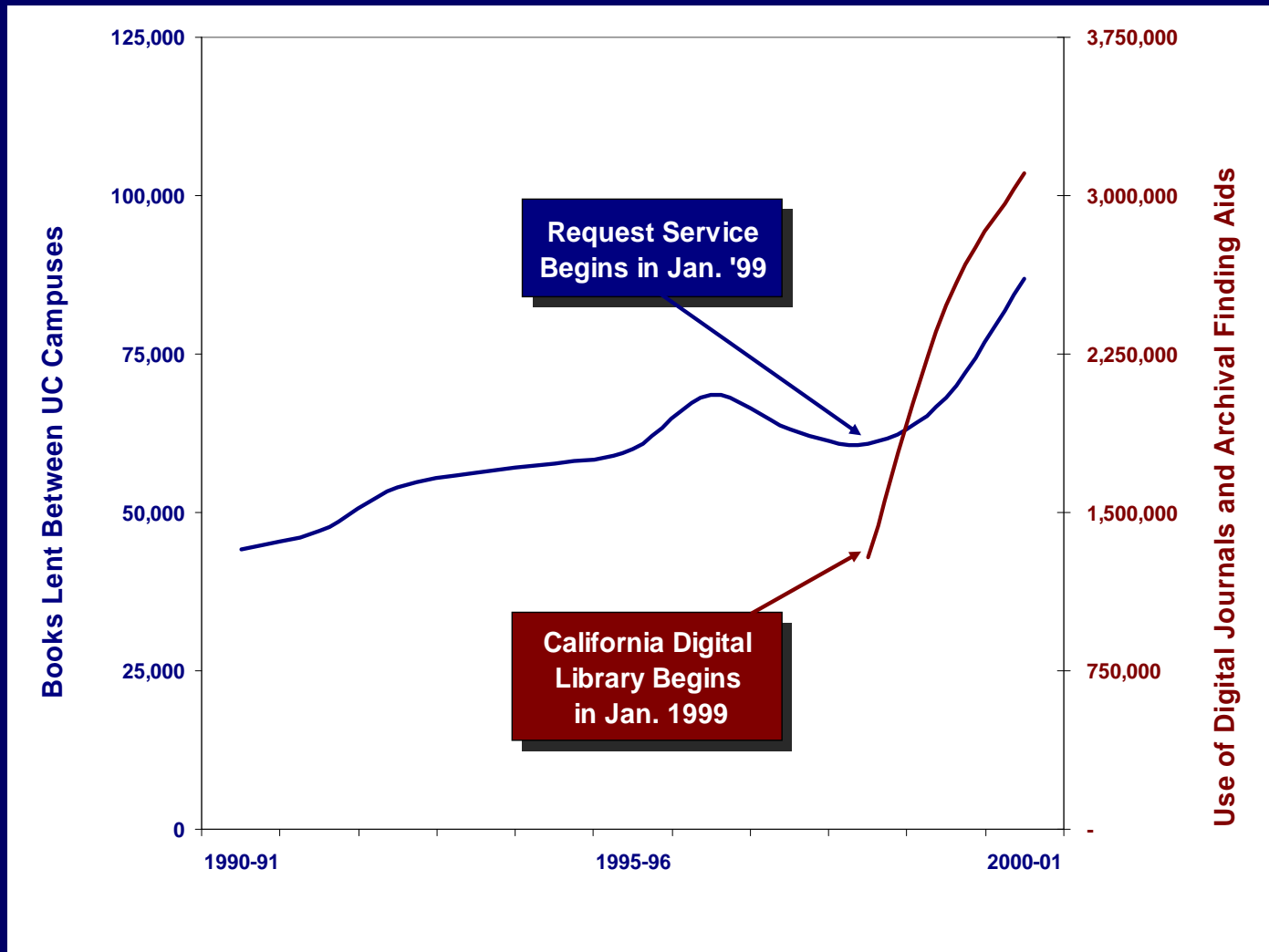
Budget Cuts Have Eroded Traditional Library Measures



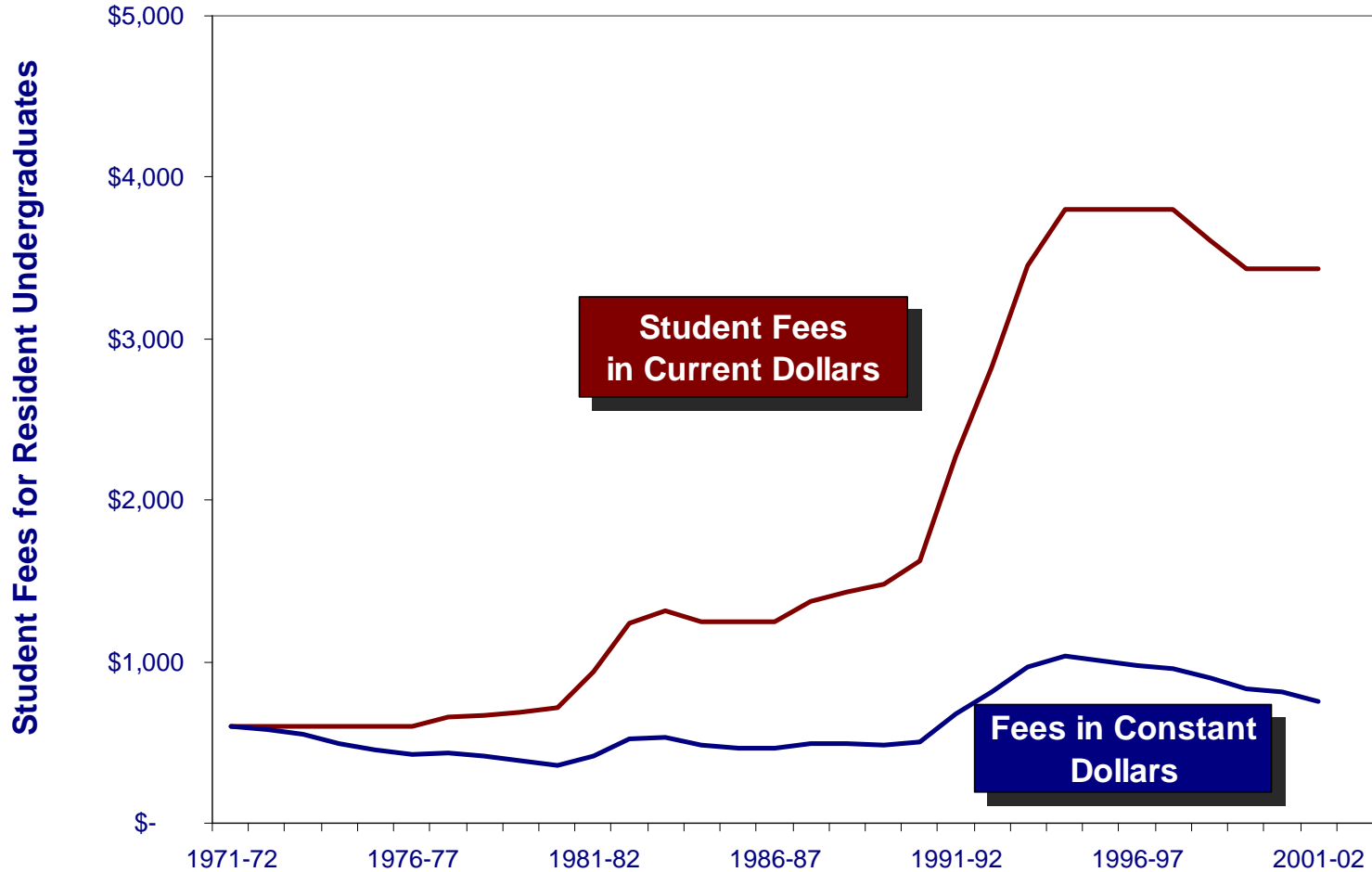
But, Interlibrary Loans Have Doubled



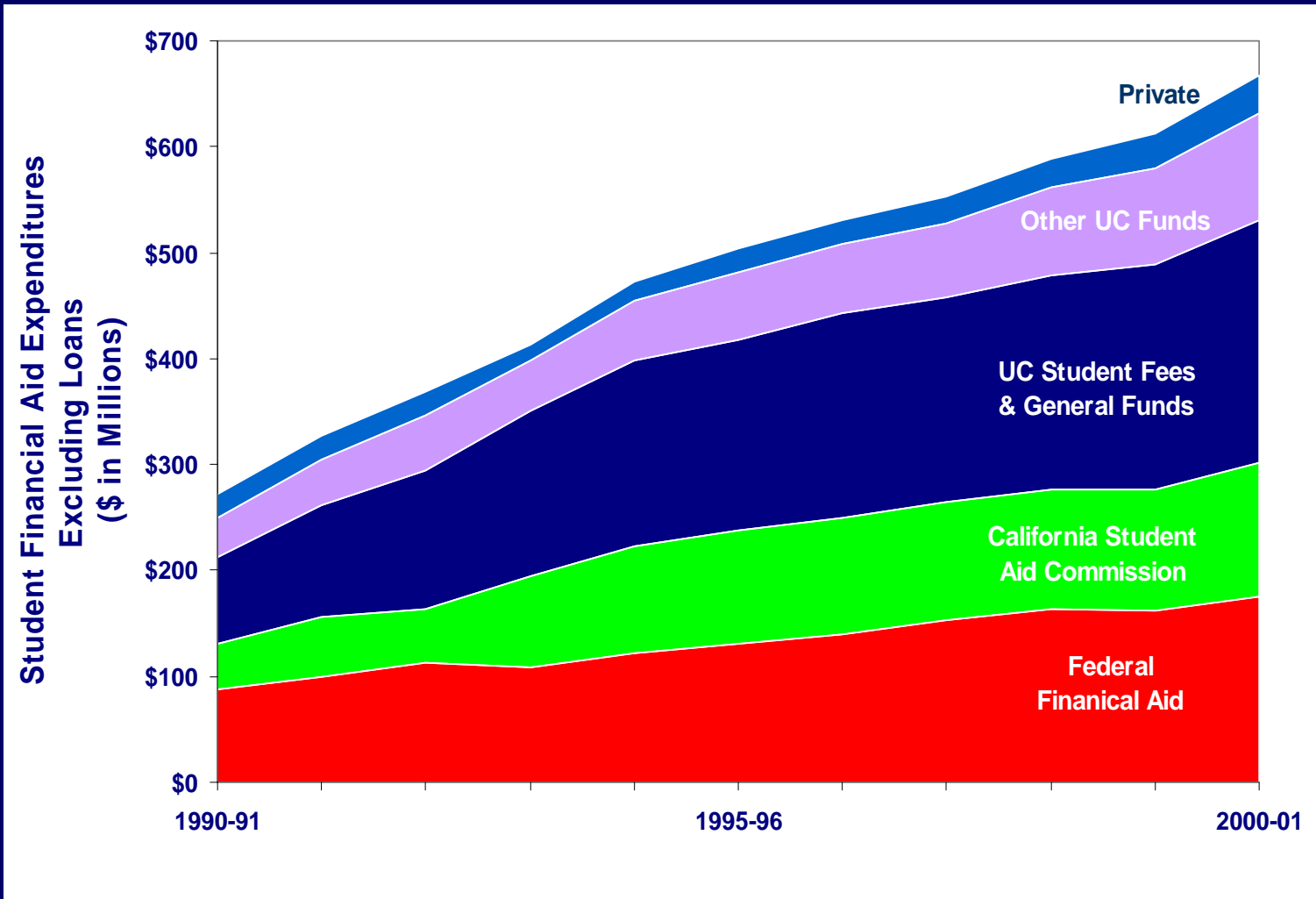
And, More Materials Are Being Shipped Electronically



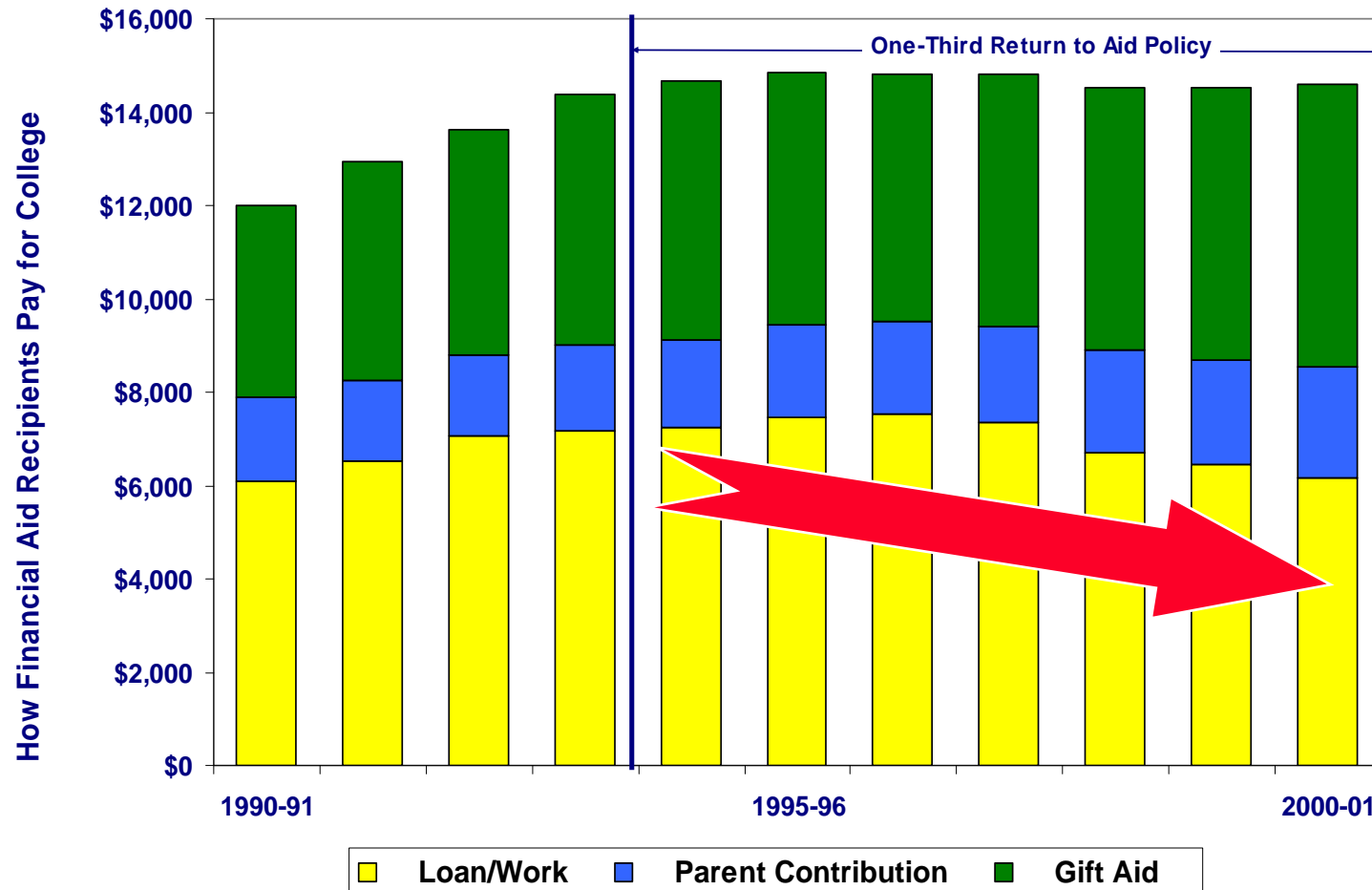
Student Fees Increased Sharply in Early 1990s, But ...



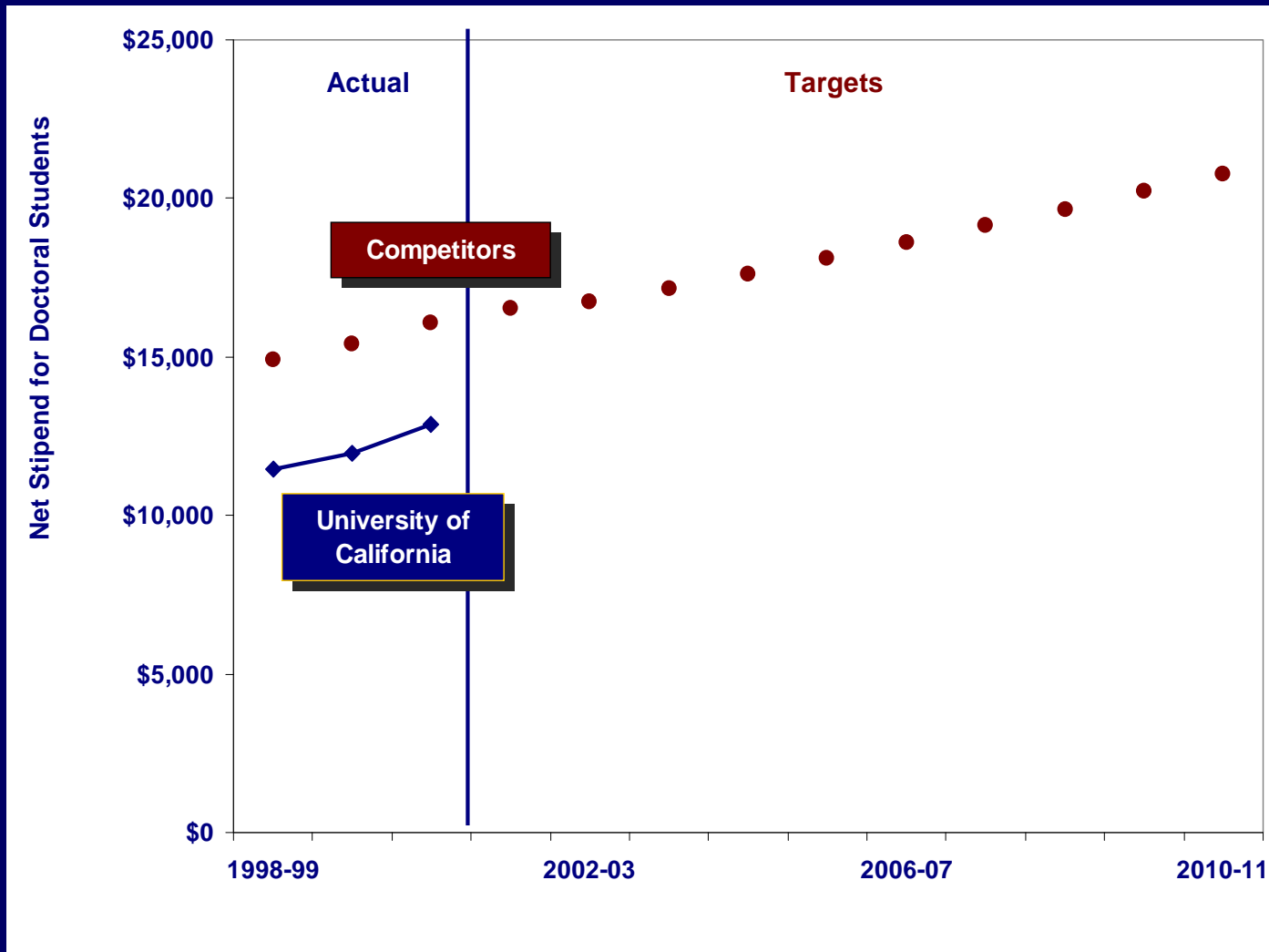
Financial Aid Offset Impact on Low-Income Families



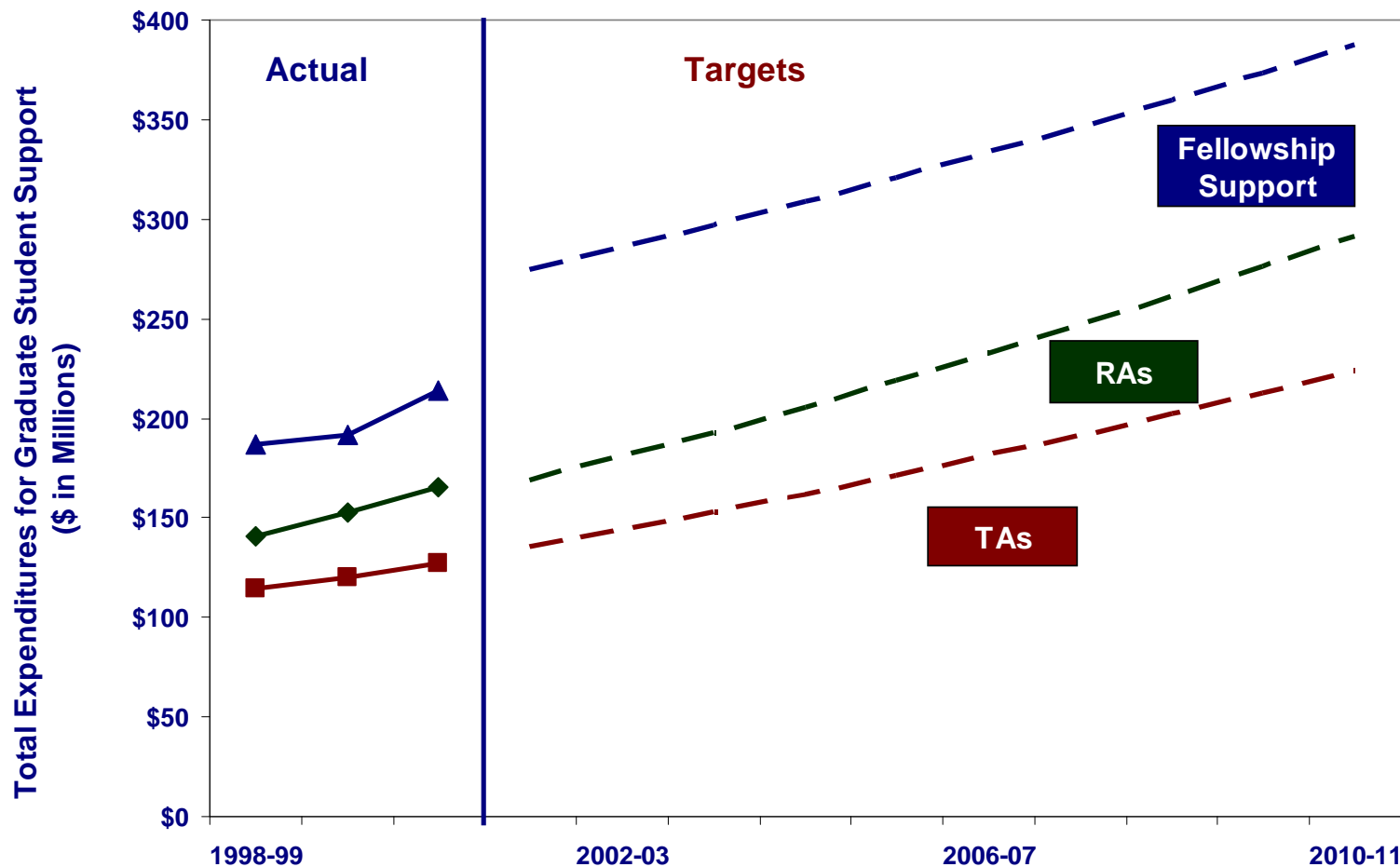
Student Loan/Work Has Decreased



Higher Doctoral Student Support Targets



Need Larger Fellowships and More \$ for Enrollment Growth





Are We on Track?

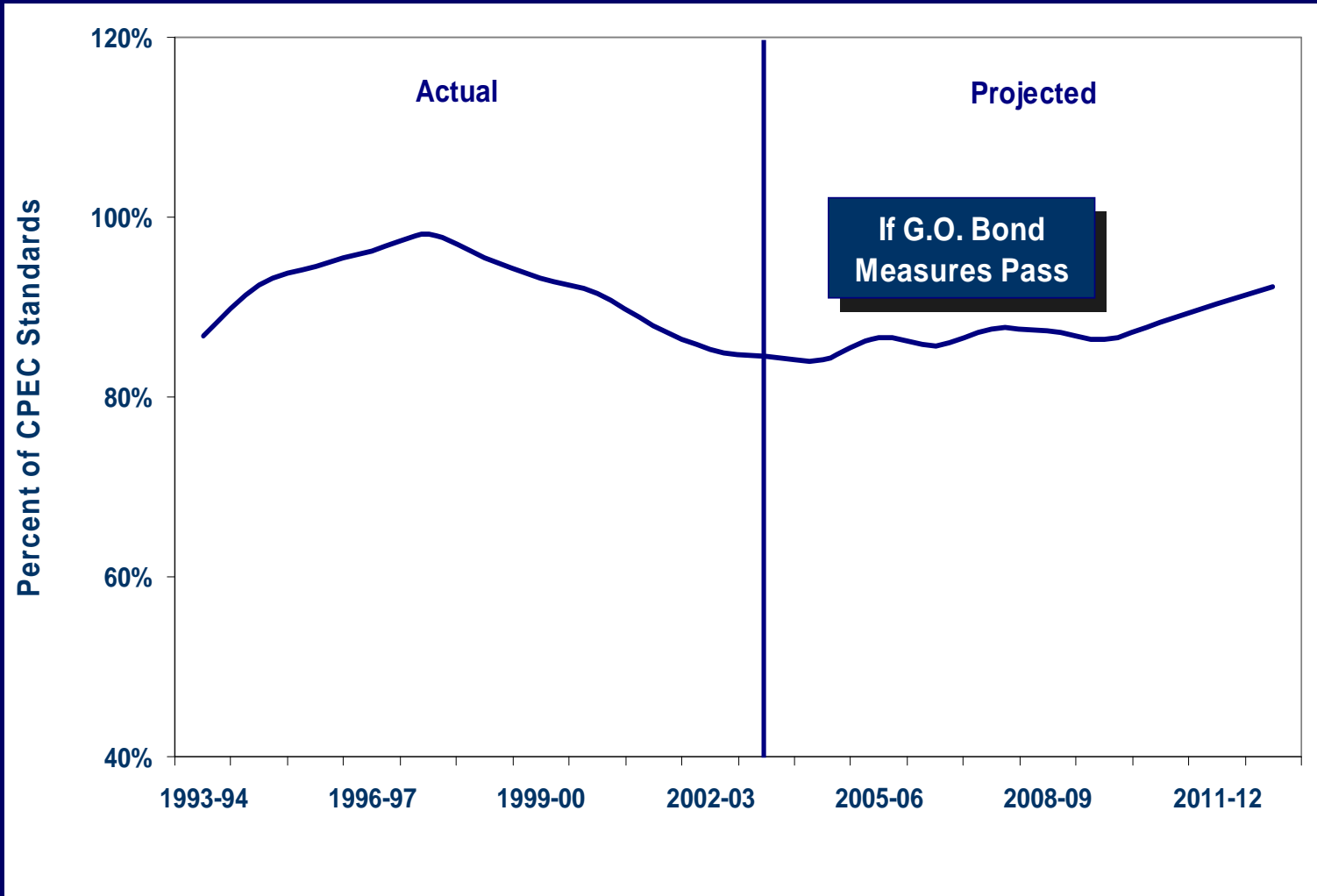
■ Slow Moving Indicators

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

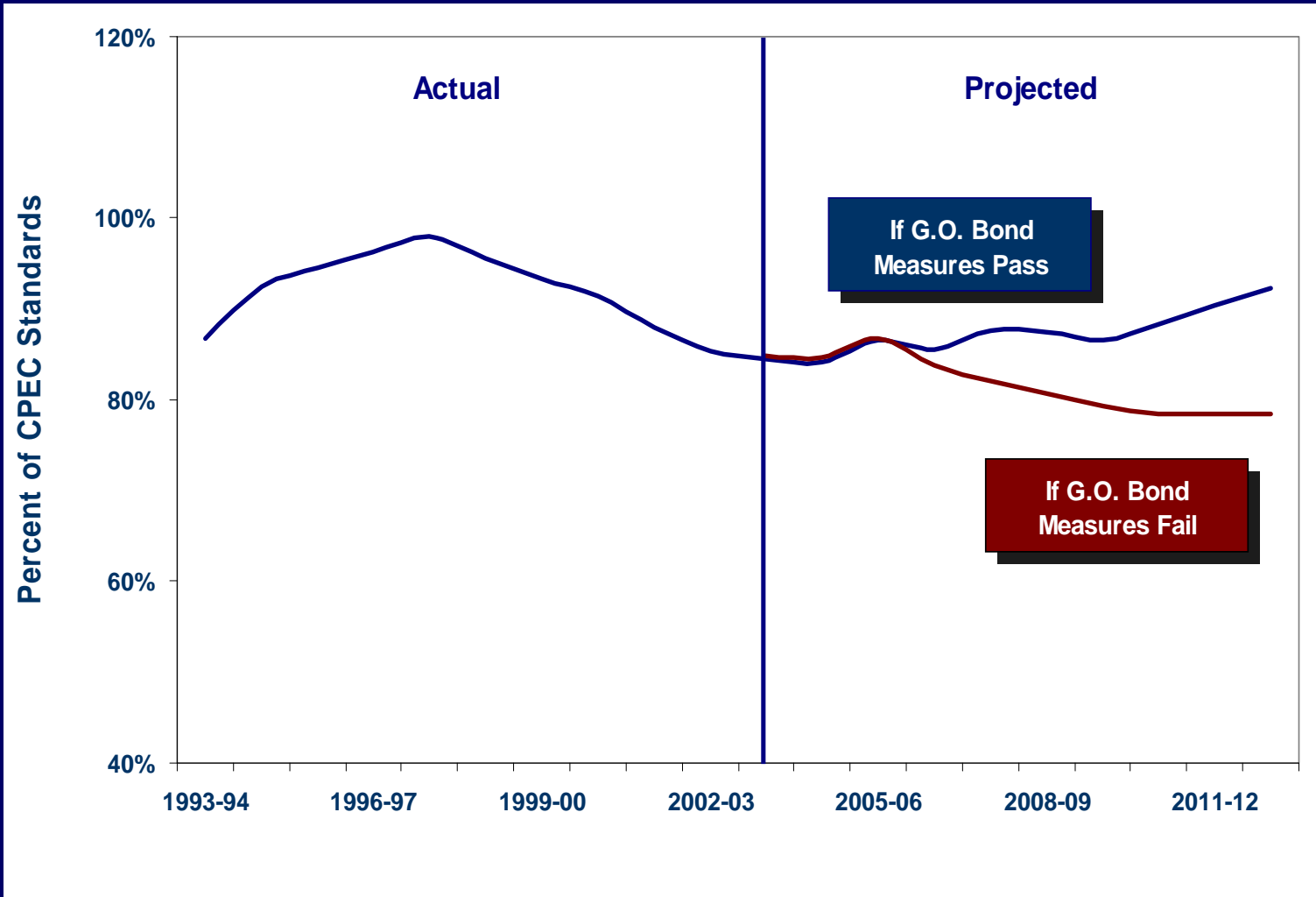
■ Early Warning Indicators

- Undergraduate enrollment
- Graduate enrollment
- Faculty hiring
- Staff salaries
- Academic support ●
- Financial aid ●
- Graduate student support ●
- Facilities

With Future Bond Measures UC Could Increase Space Capacity



Space Drops to 78% of Standard If Future Bond Measures Fail





Are We on Track?

- **Slow Moving Indicators**

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

- **Early Warning Indicators**

- Undergraduate enrollment
- Graduate enrollment
- Faculty hiring
- Staff salaries
- Academic support
- Financial aid
- Graduate student support
- **Facilities** ●



Today's Agenda

- Overview
- Enrollment plans
- Faculty recruitment and retention
- Resources
- **Housing task force report**
- Summary and future topics



UC Housing Task Force

■ Task Force charge

- Review current housing resources and programs;
- Assess housing needs;
- Examine the adequacy of current housing programs;
- Identify resources and programs to provide additional housing for students, faculty, and staff.

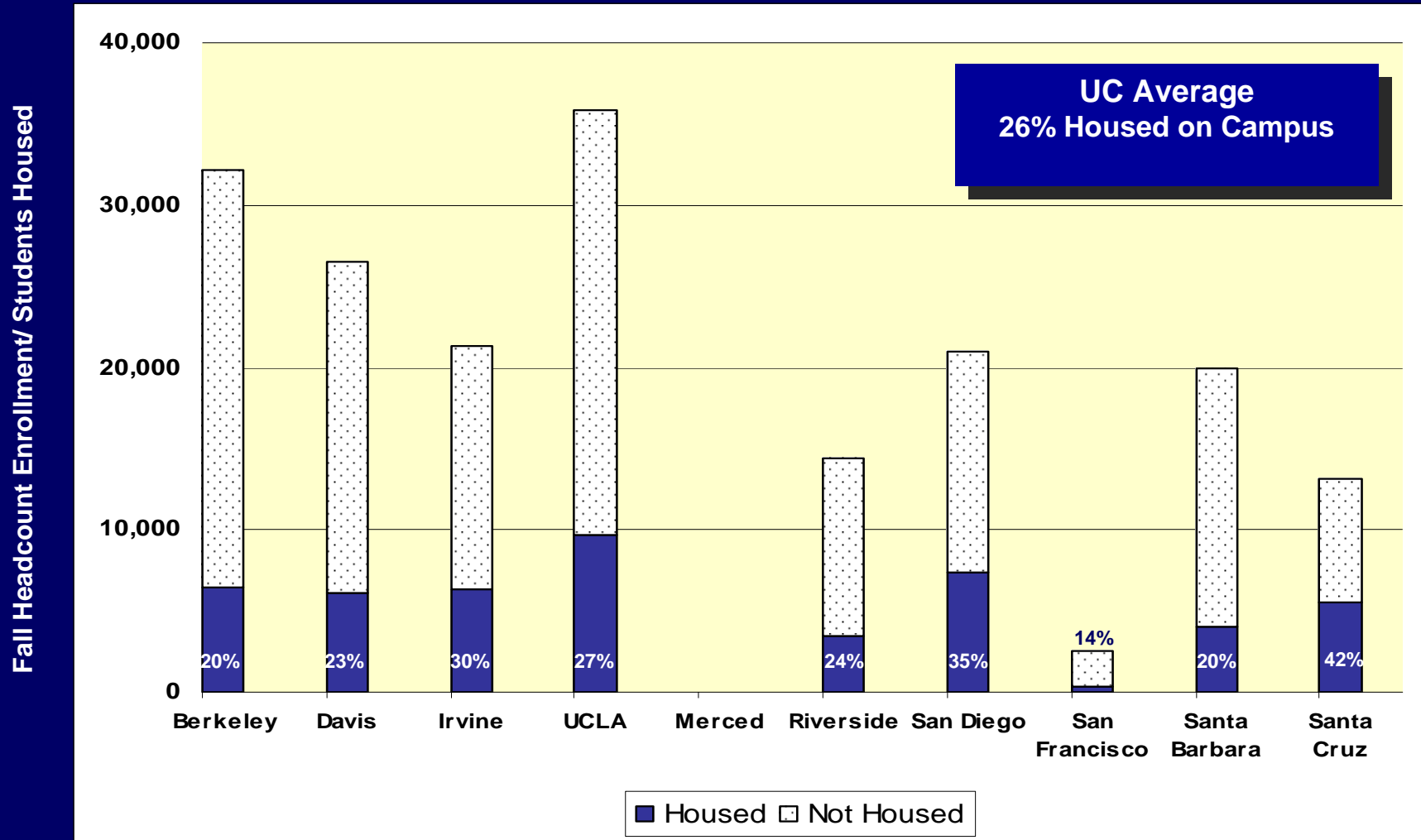
■ Membership of the Task Force



The Challenge

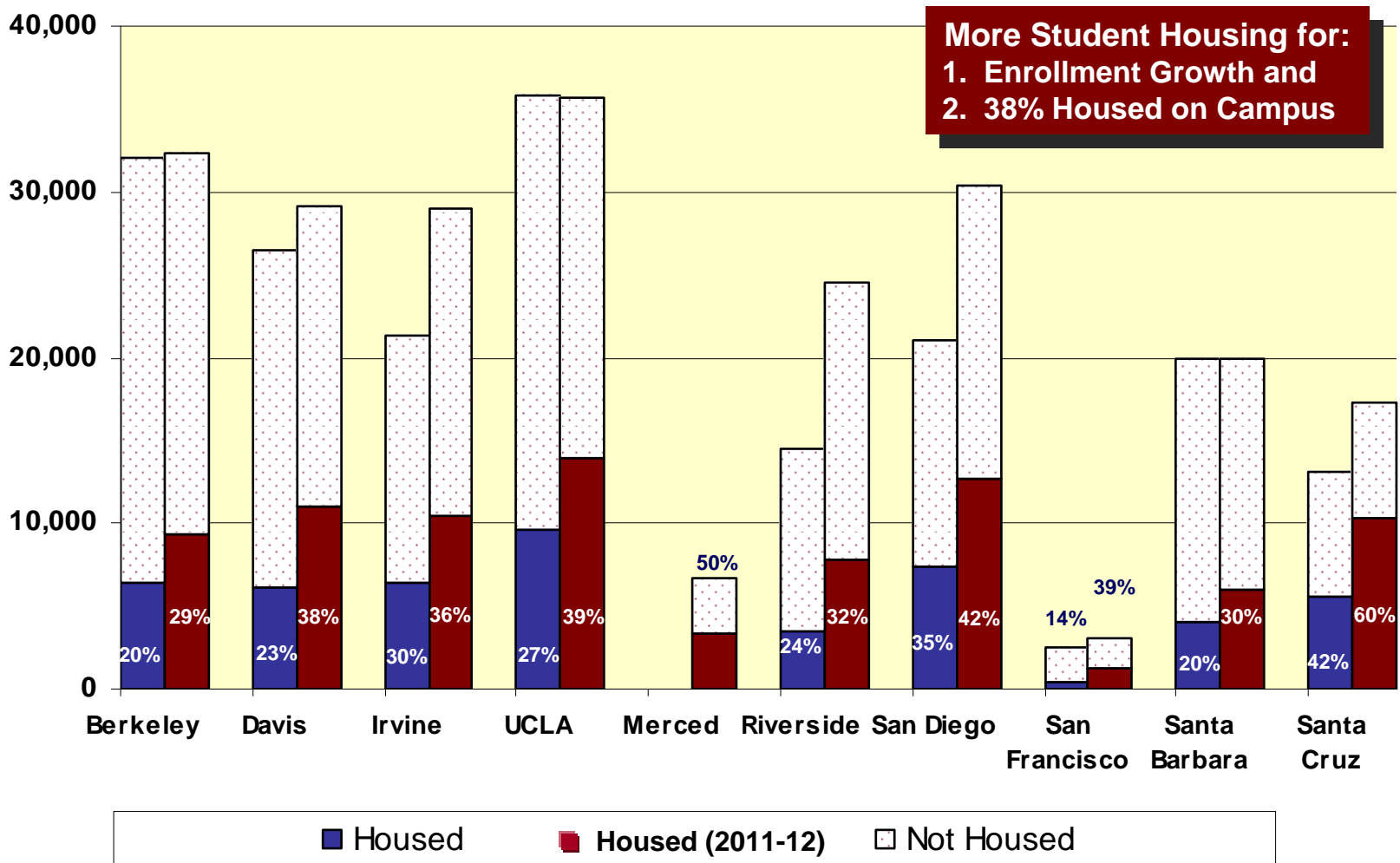
- High cost of housing in California
- Local housing needs in UC communities
- Needs associated with UC growth plan

Campuses Vary in Size and % Currently in Student Housing

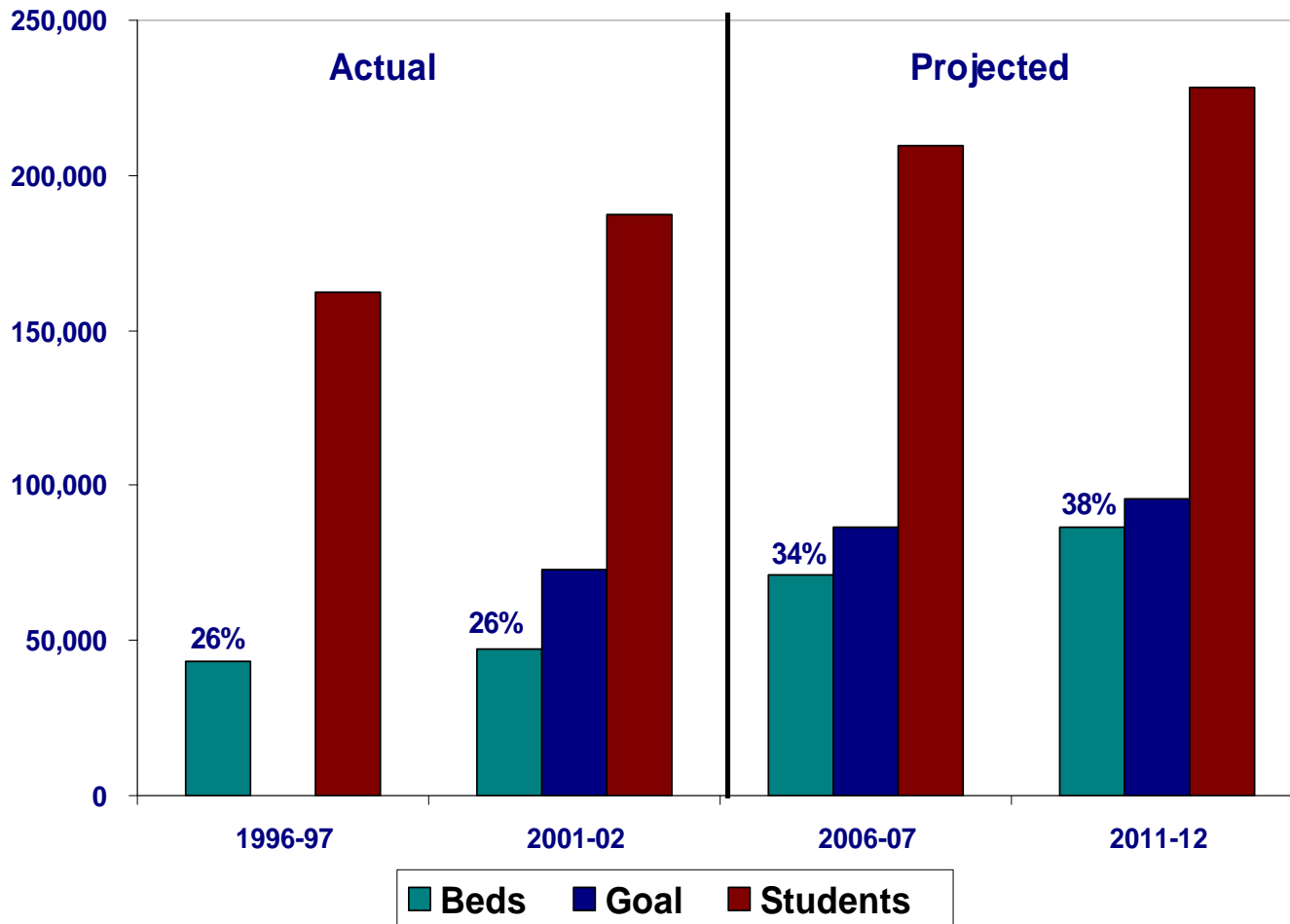


Campuses Have Increased Student Housing Goals for 2011-12

Fall Headcount Enrollment/ Students Housed

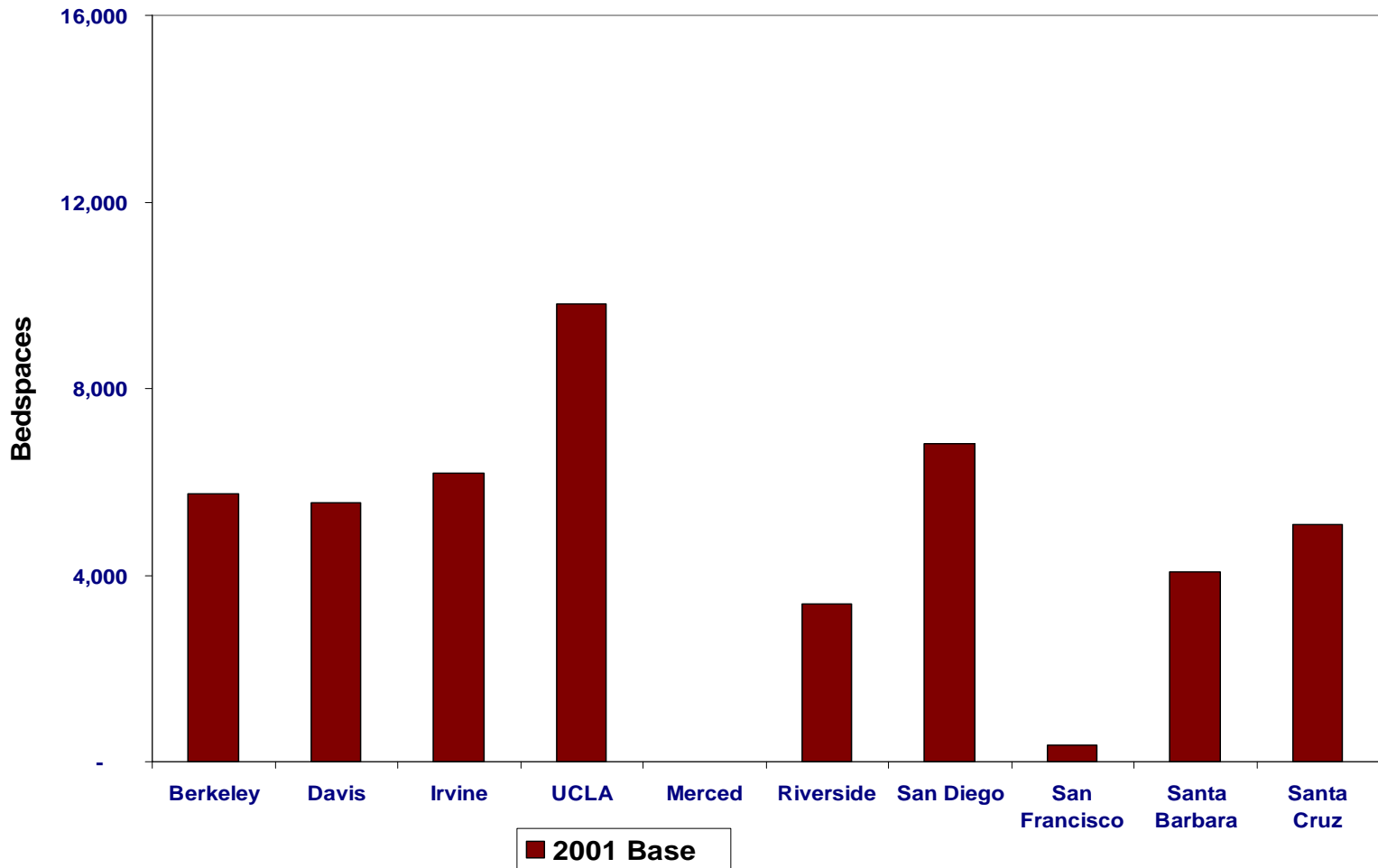


Student Housing Plan Systemwide Benchmarks



UC Student Housing Plan

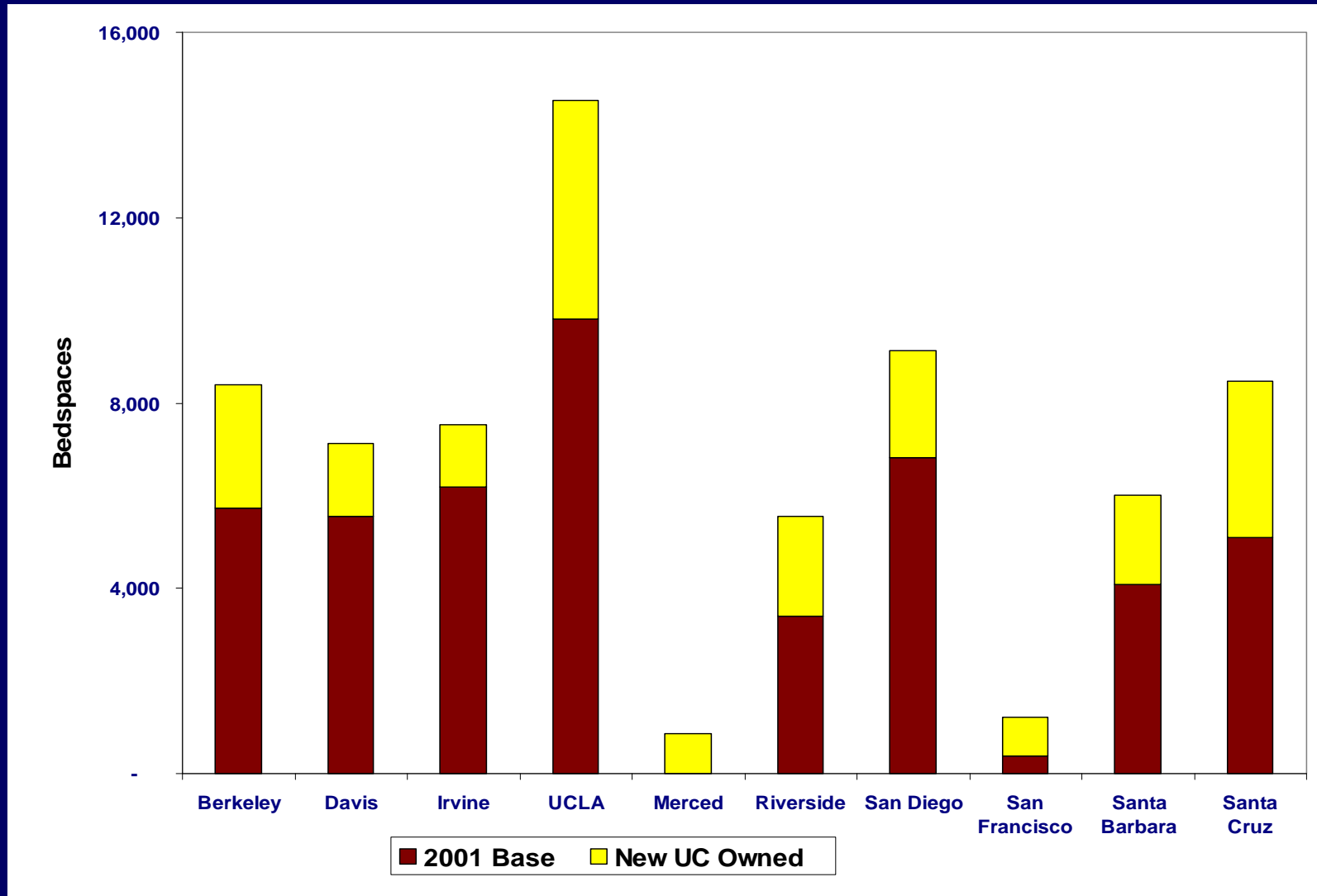
Student Housing Base 2001-02





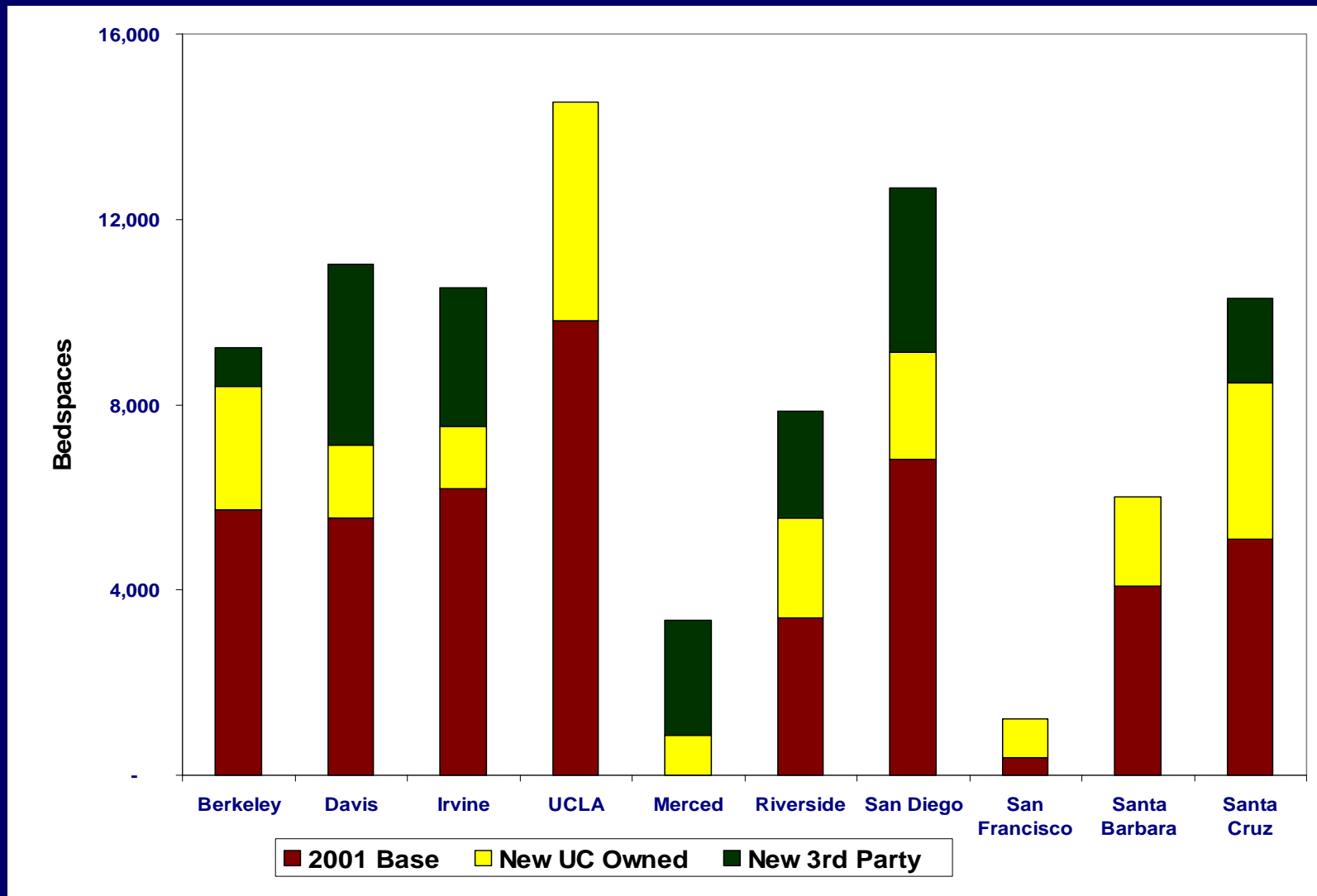
UC Student Housing Plan

New UC Owned Beds by 2011-12



UC Student Housing Plan

New Beds by 3rd Party Developers





3rd Party On-Campus and Community Housing

- Major expansion
- Complex management, financial and tax issues
- State incentives for off-campus development
- Community support for student, faculty and staff housing



Uncertainties That Could Affect the Housing Plan

- Growth
- Economic environment
- Financing
- 3rd party development
- State and community support



Faculty and Staff Housing Programs

- Faculty housing programs
- Staff housing programs
 - Nationally recruited
 - Other staff needs



Faculty and Staff Housing Recommendations

- Increase maximum loan thresholds;
- Increase the maximum allowable loan term to 40 years;
- Introduce a new graduated payment mortgage program;
- Increase the size of the mortgage program.

Campus Plans for Additional Faculty and Staff Housing

- Nine campuses are exploring plans for developing additional for-sale and/or rental units resources for faculty and staff.
- As of June 30, 2002, there are 966 for-sale housing units and 711 rental units for faculty and staff.



Status

- Revised mortgage program guidelines have been implemented.
- New graduated-payment mortgage program has been launched.
- Mortgage pool has been sold.

Summary

- Housing is a critical resource.
- Need to monitor progress toward housing goals.
- Annual housing report to Regents.



Today's Agenda



- Overview
- Enrollment plans
- Faculty recruitment and retention
- Resources
- Housing task force report
- **Summary and future topics**



Take-Home Messages

- Higher education is more important than ever
- UC faces a period of exceptional growth
- Can we maintain quality given California's fiscal crisis?
- California is well positioned for economic competitiveness later in the decade
- But, the state may be slower in rebounding this time
- So, need to monitor benchmarks continuously



Are We on Track?

■ Slow Moving Indicators

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

■ Early Warning Indicators

- Undergraduate enrollment ●
- Graduate enrollment ●
- Faculty hiring ●
- Staff salaries ●
- Academic support ●
- Financial aid ●
- Graduate student support ●
- Facilities ●



Future Topics

- Regular review of the benchmarks

- Focused discussions on key topics
 - Demographic trends
 - Enrollment projections
 - Competitive salaries
 - Capital program funding
 - Graduate student support
 - Technology transfer