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November 30, 2015

Director Michael Cohen
Department of Finance
915 L Street
Sacramento, California 95814


The Honorable Mark Leno
Chair, Joint Legislative Budget Committee
1020 N Street, Room 553
Sacramento, California 95814

Dear Director Cohen and Senator Leno:

Pursuant to Item 6440-001-0001, Provision 1, of the 2015-16 Supplemental Report of the 2015-16 Budget Package, enclosed is the University of California's updated report to the Legislature on *Operational Changes*.

If you have any questions regarding this report, Associate Vice President Debora Obley would be pleased to speak with you. She can be reached by telephone at (510) 987-9112, or by email at Debora.Obley@ucop.edu.

Yours very truly,


Janet Napolitano
President

Enclosure

cc: Senate Budget and Fiscal Review
The Honorable Marty Block, Chair
Senate Budget and Fiscal Review Subcommittee #1
(Attn: Ms. Anita Lee)
(Attn: Ms. Cheryl Black)
The Honorable Kevin McCarty, Chair
Assembly Budget Subcommittee #2
(Attn: Mr. Mark Martin)
(Attn: Ms. Amy Rutschow)
Ms. Peggy Collins, Joint Legislative Budget Committee
Ms. Amy Leach, Office of the Chief Clerk of the Assembly
Mr. Jim Lasky, Legislative Counsel Bureau
Mr. E. Dotson Wilson, Chief Clerk of the Assembly
Mr. Daniel Alvarez, Secretary of the Senate
Mr. Michael Cohen, Department of Finance

Mr. Christian Osmena, Department of Finance
Ms. Tina McGee, Legislative Analyst's Office
Mr. Mac Taylor, Legislative Analyst's Office
Mr. Jason Constantouros, Legislative Analyst's Office
Provost and Executive Vice President Aimée Dorr
Executive Vice President & Chief Financial Officer Nathan Brostrom
Senior Vice President Nelson Peacock
Executive Director Jenny Kao
Executive Director Kieran Flaherty
Manager Bruce Kennedy
Associate Director David Alcocer
Executive Advisor Marsha Sato

Operational Changes Update

November 2015

Legislative Report



UNIVERSITY *of* CALIFORNIA

University of California Operational Changes Update Report

The following serves as a status report of operational changes undertaken by the University of California as a result of the Select Advisory Committee on the Cost Structure of the University. The initiatives relating to these changes fall into five main categories:

- Pension Liability
- Transfer Function
- Student Progress and Time-to-Degree
- Instructional Costs and Improved Student Outcomes
- Compensation and Personnel Reporting

Within these categories, each relevant initiative will be described and will include an update on the implementation status. Recognizing this report comes at an early stage of the implementation process, any associated cost savings and student outcome improvements will occur in the future and be incorporated into subsequent reports.

Pension Liability

Implementation of PEPRA Pensionable Salary Cap

Goal: Achieve Regental approval of a cap on pensionable salary at the same rate as the State's Public Employee Pension Reform Act (PEPRA) cap for the defined benefit plan for employees hired on or after July 1, 2016; convene a retirement options task force to advise on the design of new retirement options that will include the new defined benefit pensionable salary cap consistent with PEPRA.

Progress: President Napolitano appointed a system-wide task force of UC faculty, staff (including represented staff) and administrators to advise her on the design and implementation of retirement options for employees hired on after July 1, 2016. The group is developing recommended options for the 2016 pension tier that contains the PEPRA cap on defined benefit pensionable salaries to present to President Napolitano in the coming months.

Next steps: The task force will present its recommendations to President Napolitano in the coming months. She will consider the task force's report and will then make her formal recommendations to the Regents in Spring 2016. Pending direction from the UC Regents, the University will complete configuration of its systems.

Transfer Function

System-wide Major Preparation Transfer Pathways

Goal: Complete system-wide major preparation transfer pathways for twenty top majors over the next two academic years, 2015-16 and 2016-17.

Progress: UC faculty developed pathways for ten majors this past Spring: anthropology, biochemistry, biology, cell biology, chemistry, economics, mathematics, molecular biology, physics, and sociology.

The Academic Senate leadership convened system-wide faculty meetings in the Social Sciences, Humanities, and Engineering & Computer Science to develop system-wide major preparation pathways for an additional eleven majors: business administration, communications, computer science, electrical engineering, English literature, film, history, mechanical engineering, philosophy, political science, and psychology.

Next steps: Continue development of system-wide major preparation transfer pathways for an additional eleven majors.

Transfer Ratio

Goal: Increase the proportion of students entering as community college transfers, so that by the 2017-18 academic year, assuming the presence of a sufficiently qualified transfer applicant pool, one third of all incoming California resident students will enter as transfers, system-wide and at every campus except Merced.

Progress: Estimated data for Fall 2015 indicates that UC as a system enrolled 2.27 new freshmen for every new transfer student for Fall 2015. The same estimates indicated that three campuses—Davis, Los Angeles, and San Diego—have achieved a ratio of 2:1. After these three, Berkeley, with a current ratio of 2.22, is the closest to reaching the 2:1 goal. The UC Office of the President (UCOP) is currently working with all of the campuses to establish targets for freshman and transfer enrollment that will enable the University to reach its goal of enrolling an additional 5000 California resident undergraduates by 2016-17. Increasing transfer enrollment is a critical component of this work.

Next steps: Transfer enrollment targets for 2016-17 will be set in January, following analysis of the Fall 2016 transfer applicant pool.

Course ID

Goal: Request that the Academic Senate examine the State's Common Identification Numbering (C-ID) system.

Progress: President Napolitano sent a letter to Academic Senate Chair Hare (September 1, 2015) strongly encouraging the Senate to “examine adoption of the C-ID system to further simplify

identification of similar courses across the University's undergraduate campuses and transferable courses at California Community Colleges." Chair Hare has forwarded the letter to the appropriate Senate committees. This topic was discussed by the Academic Senate at various leadership meetings in September and October.

Next steps: With the sending of the President's letter (Attachment 1), this element of the Budget Framework is now under consideration by the Academic Senate.

Student Progress and Time-to-Degree

Major Requirements

Goal: Review major upper-division requirements for attaining undergraduate degrees for the top 75 percent of undergraduate majors, with the goal of reducing units to the equivalent of a full year of academic work where possible by July 1, 2017.

Progress: UCOP has coordinated with appropriate campus representatives to initiate data collection to confirm the top 75 percent of majors for each campus, as well as to develop a process to determine interim progress towards the stated goal. There is close, continuing work with the system-wide Academic Senate to ensure that faculty and Senate responsibilities and prerogatives are known and taken into account on the campuses.

Next steps: Campuses will continue the major requirements review process within their departments and any other unit(s) responsible for a particular major.

Three-year Degrees

Goal: Identify three-year degree pathways for at least ten of the top fifteen majors across the system by March 1, 2016. Incentivize three-year degree paths and bring the number of students who are on a three-year degree track to five percent of students by Summer 2017.

Progress: The majors for which a three-year pathway to the degree could be developed were identified by UCOP and confirmed by the campuses. Given its much lower number of majors, Merced is responsible for developing three-year pathways for three of its top five majors. An interim benchmark of completing at least three three-year pathways (one for Merced) was met by all campuses. All campuses are on track to complete the remaining pathways on time, and some campuses are ahead of schedule.

Next steps: The campuses will continue to make progress toward completing ten (or three) pathways with whatever assistance UCOP can provide. UCOP will also coordinate with these campuses as they work towards meeting and measuring the goal that five percent of all UC undergraduate students will access the three-year bachelor's degree pathways by the Summer 2017.

Summer Session

Goal: Pilot alternative pricing models in Summer sessions at three campuses by Summer 2016 to determine effective strategies for increasing Summer enrollment.

Progress: Three campuses have established an initiative designed to expand Summer enrollment. Each involves a pricing model incentive: a Summer enrollment loan program available to all financially needy students, including middle class students; a Summer fee cap whereby all students receive for free any units taken above eight units; and low-cost summer housing rates for continuing students who enroll in Summer. The three campuses have developed plans to ensure the initiatives are widely known, and each plan has been implemented as appropriate at this time of the year. All three initiatives are on track for Summer 2016 implementation, with campus registration for Summer 2016 beginning in February and extending through the Spring.

Next steps: Campuses will continue and step up promotion of their initiative as the Summer session approaches. They will also work with UCOP to ensure an effective evaluation of the campus's initiative.

Online Courses for Undergraduates

Goal: Provide information on how the University has prioritized funding for bottleneck courses.

Progress: Led by the Innovative Learning Technology Initiative (ILTI) and in coordination with UC campuses, UCOP representatives have developed a report that demonstrates the prioritized funding for bottleneck courses.

Next steps: With the completion of the report (Attachment 2), this element of the Budget Framework is now complete.

Alternative Credits

Goal: Consult with the Academic Senate and request that it reexamine credit provided for Advanced Placement and College-Level Examination Program tests.

Progress: President Napolitano sent a letter to Academic Senate Chair Hare (September 1, 2015) strongly encouraging the Senate to "reexamine current policies regarding Advanced Placement and the College Board's College-Level Examination Program tests." This topic was discussed by the Academic Senate at various leadership meetings in September and October.

Next steps: With the sending of the President's letter (Attachment 1), this element of the Budget Framework is now under consideration by the Academic Senate.

Time-to-Degree Advising

Goal: Provide guidance to campuses on advising practices that support timely graduation of students and help reduce the achievement gap among different socioeconomic cohorts of UC students.

Progress: A variety of resources have been compiled and used to draft a comprehensive guide to effective advising. Resources include publications from well regarded professional associations, published research, internal analysis of UC records, and best practices identified by the campuses. Every undergraduate campus has offered examples that have been incorporated into the draft.

Next Steps: Prepare the final report so it will be ready for distribution at the beginning of Winter Quarter 2016 or Spring Semester 2016. The President will transmit it to the campuses with a request that it be widely shared throughout the campus. Once the report has been sent to the campuses, this element of the Budget Framework will be complete.

Instructional Costs and Improved Student Outcomes

Data to Identify At-risk Students

Goal: Expand use of data systems (*e.g.*, predictive analytics) to identify undergraduate students at risk of academic difficulty.

Progress: UCOP provided campuses a summary of UC efforts to leverage data, including campus data on student success measures, including first-year retention rates, first-year average UC units, freshman graduation rates, and transfer graduation rates.

To confirm and expand its collective use of data systems, UCOP has coordinated a process for campuses to report on their efforts to use data and technology to identify and support undergraduate students with a lower likelihood of completing a UC bachelor's degree or graduating in a timely manner. Campuses have provided information on: 1) how students are identified, 2) how the information is used and by whom, 3) how the impact is assessed, and 4) what the impact is (if an evaluation has been conducted).

Next steps: UCOP will convene campus representatives to discuss the campus reports on efforts to use data and technology to identify and support undergraduate students with a lower likelihood of completing a UC bachelor's degree or graduating in a timely manner.

Activity-based Costing

Goal: Pilot "activity-based costing" at UC Riverside and engage two other campuses in a scoping study to potentially expand the piloting of activity-based costing to either or both of these two other campuses.

Progress: The activity-based costing project at UC Riverside has commenced for three departments in their College of Humanities, Arts & Social Sciences (CHASS): Hispanic Studies, Psychology, and Theatre. Campus staff have acquired requisite data of several types. Outside consultants on the project have completed the onsite requirements and developed a first-pass costing model. They are working with campus staff on detailed refinements of the model. Riverside hosted an ABC Partners' Workshop in October that staff from the two campuses doing scoping studies and UCOP attended, in addition to outside consultants and other interested parties. The Riverside campus staff have started discussions with faculty members and solicited their input.

The two campuses that are now conducting scoping studies have preliminarily selected departments among their most popular disciplines. In parallel with this process, both campuses have conducted data assessment to determine the type and quality of the data available, and whether there are common data fields between the necessary data systems so that they can be linked one to another, and if not, how these necessary linkages would be established. In addition, they have begun another part of the scoping study – to estimate the costs of creating the data system ABC requires. Costs include consultants of the type used by Riverside, newly hired staff for the project, time devoted to the project by current staff, and opportunity costs of such uses of existing staff and of new expenditures.

Next steps: Riverside will provide a report on the outcome of their pilot and the other two campuses will provide results of their scoping studies.

Adaptive Learning

Goal: Pilot “adaptive learning technology” at UC Davis and two other campuses focused on improving instruction and increasing the number of students who master content in particularly difficult courses and persist to completion.

Progress: All three campuses are using the adaptive learning technology ALEKS system for chemistry or mathematics. The three specific uses of ALEKS are different: as a tool to increase student mastery of foundational concepts in chemistry and mathematics so that students place into a higher level chemistry or math course for which they are better prepared, as a summer learning opportunity in advance of undertaking an academic year course that students often find challenging, and as a learning support system during the academic term. For all three, the goal is improved student performance and persistence in the chemistry and mathematics course they took during the 2015-16 academic year.

Next steps: The campuses consider Winter Quarter 2016 to be the end of the period of implementation of their adaptive learning pilot studies. Data to assess the outcome will be collected and analyzed in Spring 2016.

Stakeholder Convening for Online Programs

Goal: Convene industry and academic leaders to further identify online programs that may be developed to enhance delivery of UC's instructional programs to better meet industry workforce needs.

Progress: The Online Convening was held at the offices of the Bay Area Council on September 25. There were 54 attendees. UC Berkeley's Haas School of Business dean, Richard Lyons, led the discussion.

The conversation included a discussion of how UC can help businesses meet the educational demands of their workforce and how those outside the UC system can navigate the barriers that may exist between UC departments and schools, working collaboratively to build cross-functional partnerships.

Next steps: The hosting of the convening satisfies this element of the Budget Framework. An additional stakeholder convening may be held in Southern California.

Compensation and Personnel Reporting

Market Reference Zone Update

Goal: Revise Market Reference Zones for Senior Management Group employees to include comparable positions in State government.

Progress: Compensation and job information for employees at the State, county, municipalities, CSU, and special districts was collected and analyzed to include in UC's Market Reference Zones (MRZ) for Senior Management Group (SMG) positions, where possible. Over two million lines of data were analysed and efforts were made to engage CalHR, counties, CSU, and other entities.

Next steps: University leadership is continuing its work on this matter and anticipates bringing it forward to the Board of Regents at a meeting in early 2016.

Personnel Categories by Fund Source

Goal: Post information on its website that explains the details related to the subcategories of personnel within the Managers and Senior Professional personnel category and disaggregates personnel categories by fund source.

Progress: Staff have been collecting this data and preparing the necessary web infrastructure for the update.

Next steps: UCOP will update the Office of the President website in early 2016.



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September 1, 2015

ACADEMIC COUNCIL CHAIR HARE

Dear Dan:

Let me again congratulate you on the beginning of a new academic year and on your tenure as Chair of the Academic Council.

I am writing to seek the assistance of the Academic Senate in two areas where I believe we can make the University's curricular requirements clearer and simpler and streamline our students' progress through their studies and on to graduation. As you know, at their May meeting, The Regents endorsed the framework for long-term funding that the Governor and I agreed on during our deliberations earlier this year. These agreements were also included in the Governor's May Revised Budget. Two of the programmatic elements included in these agreements fall within the jurisdiction of the Academic Senate:

Enhanced use of Advanced Placement, the College Board's College-Level Examination Program (CLEP), and other opportunities for students to earn credit for coursework or experience outside UC.

I ask the Academic Senate to reexamine current policies regarding Advanced Placement and the College Board's College-Level Examination Program tests.

Adoption of the State's Common Identification Numbering (C-ID) system.

I ask the Academic Senate to examine adoption of the C-ID system to further simplify identification of similar courses across the University's undergraduate campuses and transferable courses at California Community Colleges.


In both of these areas, I strongly encourage the Senate to reexamine current policies for students to prepare for and complete their degrees at UC. I assume you will refer these issues to the appropriate committees within the Senate and that they

Academic Council Chair Hare
September 1, 2015
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will take them up very early in this year's committee business. I look forward to hearing of the Senate's progress on both of these issues.

Thank you for your superb partnership and collaboration on our work during the 2014-15 academic year. I look forward to a similarly productive year in 2015-16.

Yours very truly,


Janet Napolitano
President

cc: Vice Chair Chalfant
Provost Dorr
Vice President Sakaki
Associate Vice President Handel
Associate President Robinson
Chief of Staff Grossman

ONLINE COURSES FOR UNDERGRADUATES

The systemwide Innovative Learning Technology Initiative (ILTI) was created in spring 2013. It was a direct response to the Governor’s interest in using technology to increase access to and decrease bottlenecks to high demand courses for UC matriculated undergraduates. ILTI takes advantage of and moves beyond what individual UC campuses are doing to use innovative learning technology in the undergraduate instructional program. In fiscal years 2013-14, 2014-15, and again in 2015-16, the UC Office of the President allocated \$10M in core state funds to ILTI. The funds are used to increase undergraduates’ access to courses that will help them complete their undergraduate degree in a timely way.

Online Courses and Online Components for Hybrid Courses

ILTI has used three different strategies to increase the number of online high-need undergraduate courses and the number of online components for high-need courses taught partially online and partially in a classroom (e.g., hybrid courses, flipped courses).

The first and primary strategy for creating more undergraduate online courses and components has been open competitions in which any UC faculty member can seek funding to create one or more online courses or hybrid courses. Funded courses have been selected in five separate rounds of competition to date, based on the extent to which the proposals met or were likely to meet the following criteria:

1. *Target High-Need/Bottleneck Courses*: Online courses and components of hybrid courses that serve large numbers of UC lower- or upper-division undergraduates, that are general education courses, that are required for large majors or multiple majors, and/or that are gateways to a series of courses, especially courses where student need is great and course availability is impacted.
2. *“Top 16 Courses”*: Courses that have been identified as one of the “top 16 needed courses” are a priority for funding. (The data to establish the “top 16 courses” came from UC campus website lists of impacted courses, campus lists of most common and impacted majors, and the UC Faculty Instructional Activities dataset (“TIES” 2011-12).
3. *Provide Systemwide Benefits*: Online courses or online components of hybrid courses that have the potential to benefit the UC system overall, including students and faculty at campuses other than those of the host campus, and are, or are likely to be, accepted on more than one campus for general education, pre-major, major, or gateway credit.

A second strategy has been to provide funding to each of the nine general campuses. The strategy was used in fiscal years 2013-14 and 2014-15, and the ILTI Steering Committee is still considering whether to use it again in 2015-16. Using the funding from ILTI in 2013-14 and 2014-15 (and any funds they campuses chose to add), campuses were expected to carry out some type of open competition for online course proposals for high demand, undergraduate courses that would be useful for the individual campus’s students and have the potential to be useful for students from other UC campuses.

A third strategy has been used only once. In 2014-15 ILTI offered all nine undergraduate campuses the opportunity to apply for block grant funds in 2015-16 as another way to increase the number of online courses open to undergraduate students on all UC campuses. The criteria for block grants included that the course currently met home campus or department general education, pre-major, major, or gateway

requirements, or was likely to meet such requirements, and that campuses would support efforts to obtain such approvals at the home campus and other UC campuses.

In all cases, the online courses and components are created and approved by UC faculty, following standard policies and procedures. Academic administrators on the campuses are also appropriately involved in decision making about these courses and components. In addition, the Chair and Vice Chair of the systemwide Academic Senate serve with the UC Provost and two senior ILTI staff on the ILTI Steering Committee where decisions about funding strategies and course choices are made.

Information Resources and Cross-Campus Enrollment in Online Courses

ILTI has emphasized the creation of online courses and online components for hybrid courses that will increase UC undergraduates' ability to complete their degrees in a timely way, as described above. At the same time, ILTI has put in place a variety of initiatives and practices that will make it easier for UC undergraduates from every campus to access online courses offered by campuses other than their own. The main efforts are as follows:

- Courses funded by ILTI are offered without additional charges during the academic year to undergraduates enrolled at campuses other than the one hosting the course.
- Online components for hybrid courses are available free of charge to any UC faculty member who wishes to use them in her or his hybrid course.
- Faculty who create online courses must work with their campus to obtain approval for the course to meet general education, pre-major preparation, or major requirements.
- ILTI staff work with campuses to promote approving online courses from other campuses to satisfy general education, pre-major preparation, or major requirements on their campus (all courses count for unit credit on all UC campuses).
- ILTI funds cover the additional cost to the host campus for enrolling undergraduates from other UC campuses during the academic year (e.g., additional teaching assistants or course readers)
- A searchable database has been developed so that all UC students can identify online courses open during the academic year to students from multiple campuses (link below).
- A data transfer “hub” is in development so that cross-campus course enrollment and recordkeeping processes can be handled electronically, and in a seamless manner, by the campuses' different student information systems.

Conclusion

Through ILTI, UC has used state general funds in fiscal years 2013-14, 2014-15, and 2015-16 to create and offer online courses and online components of hybrid courses that increase access to and decrease bottlenecks for high-demand courses for UC matriculated undergraduates. This effort has also developed a variety of tools and practices that help make these courses available to undergraduates on all UC campuses. More information about ILTI can be found on the ILTI website (<http://www.ucop.edu/innovative-learning-technology-initiative/>), and on the cross-campus enrollment site ([https:// http://crossenrollcourses.universityofcalifornia.edu/](https://http://crossenrollcourses.universityofcalifornia.edu/)).