

STRATEGIC PLANNING ASSUMPTIONS

UC Santa Cruz

February 2014

The Larger Context

There is a strong societal need for an educated and well-trained populace.

Not only more bachelor's degrees are demanded, but also increasing numbers of higher professional and graduate degrees to meet escalating needs for workforce expertise.

Federal and state governments and the general public are concerned about access to higher education, about the cost of a college education, and about rising student debt.

This has led to greater scrutiny, new regulations, and more rigorous reporting on specific accountability metrics by crediting agencies and state legislatures for colleges and universities.

Universities are expected to demonstrate more directly the contributions of their research to the economic well-being and cultural attraction of their local, regional, and state settings.

Only a portion of the decline in Federal funding for research and education can be attributed to the sequester.

University of California (UC) Resources

State funding for higher education in California will not return to pre-2008 levels, and there will be tight limits on tuition increases.

The financial health of UC will depend on its ability to increase other revenues to fund its core operations, to maintain competitiveness, to operate efficiently, and to demonstrate accountability in key areas such as learning outcomes, time-to-degree, and graduation rates.

The California Governor and Legislature are very interested in online education and have provided state funds to develop more online courses that can be accessed across UC campuses to broaden access to a UC education.

Administrative efficiencies that reduce operating costs are a key component of UC's long-term budget plan. Examples include purchasing utilities at a lower cost on the wholesale market and centralizing payroll and personnel functions with the implementation of a new payroll system (UCPath). While perhaps leading to efficiencies, such systemwide measures may impact UC Santa Cruz workloads heavily, both during implementation and in long-term disposition.

In addition to cost reductions, UC's budget plan assumes significant increases in non-resident supplemental tuition and indirect cost recovery revenues, as well as increased philanthropy.

The UC rebenching plan is standardizing state funding-per-student across the campuses for each category of student; it will take six years for the funding to completely normalize.

The state of California is unlikely to return to its role in funding capital projects for core instructional and research space and infrastructure in the near- or medium-term future. Any UC-wide program is expected to be substantially smaller than that funded in the previous decade (probably less than one-third the size). Responsibility to fund capital projects will increasingly devolve to the campuses, increasing the role of both private philanthropy and campus debt in core space funding.

Undergraduate student demand and competition for admission to UC are expected to remain very high. Graduate student education is expected to be an increasing part of the UC portfolio, although funding mechanisms are uncertain. The imperative to sustain graduate competitiveness and UC's distinctive role as California's research / doctoral-granting institution stands in tension with growing political pressures to deliver cost-effective, mass undergraduate education on a base of diminished state funds.

UC Santa Cruz Specific Trends

Demand from California residents for undergraduate admission to UC Santa Cruz has continued to increase in recent years, and admission has become increasingly selective. Admission yield is relatively low and varies by student performance as measured by SATs and high school GPA.

UC Santa Cruz's graduate enrollments at the doctoral and master's levels lag behind other UC campuses, and UC Santa Cruz's updated Long Range Enrollment Plan (LREP; under negotiation with UC Office of the President [UCOP]) proposes to increase the proportion and number of doctoral students toward UC norms, master's students (including programs requiring Professional Degree Supplemental Tuition [PDST]), national and international undergraduate and graduate students, and community college transfer students. It maintains about the same frosh class size as at present for California residents. Implementation and academic planning will be required to support this enrollment plan.

To avoid permanent operating budget cuts on an annual basis, the campus must increase the revenue flow into the core operating budget from summer enrollments and from non-resident supplemental tuition from undergraduates and fee-paying masters and professional students.

Revenue from PDST programs (to be created, likely in Silicon Valley) will be important in mounting programs meeting specific workforce needs in areas of faculty interest.

Extramural funding and philanthropy increases are needed to help in specific areas and for unrestricted purposes, but will not contribute significantly to ongoing operational budgets.

Critical capital needs for core instruction and research facilities will have to be addressed within the core operating budget, as will campus infrastructure renewal needs. Obtaining donor funding for core buildings (including operations and maintenance) is a critical target.

The pressures of providing a quality undergraduate education are challenging UC Santa Cruz's ability to maintain its innovative research profile.

Challenges to the research environment (such as increased response times for standard services) at UC Santa Cruz resulting from actions taken during budget cuts have become increasingly clear: impacting faculty, researcher, and student productivity and satisfaction.

UC Santa Cruz will use rebenching funds primarily to replenish funding for faculty FTE ("hollowed" in budget cuts), as well as to increase funding for fellowship support, teaching assistants, and graduate student instructors (GSIs). Most to all of the replenished FTEs will be used to hire ladder-rank faculty. New faculty will be selected to strengthen the campus research profile and its graduate programs.

Research support on campus has focused largely on proposal budgeting and compliance, research compliance, and IP licensing; in the future, greater emphasis will be placed on direct support for research development, industry relations, and other activities that will grow the campus research enterprise.

The campus must address gaps in external reputation and communication about our distinctive strengths and potentials in key areas: We have not created an overall image of UC Santa Cruz as a strong graduate institution and tend to be seen still as a campus defined by our historic undergraduate education. Despite recent inroads in Silicon Valley, we are not yet seen by regional industry as a significant, consistent provider of expert workforce. Nor has UC Santa Cruz's distinctive character as a university achieved widespread public recognition and resonance even in our most proximate urban centers.

Demographic Trends

The number of California public high school graduates is expected to decline slightly (1.5%) over the next ten years according to Department of Finance (DOF) projections. In the past, DOF predicted declines were larger than actual reductions.

Applications for California resident undergraduate admissions for UC Santa Cruz is projected to remain steady or increase as some UC campuses cap or decrease California resident admissions in favor of nonresident supplemental tuition paying national and international students. UC Santa Cruz's LREP proposes that undergraduate nonresident enrollment increase to 11% by 2020 (from 1.8% during 2012-13).

Growth and increase in quality of our graduate programs will require outreach to a steadily increasing pool of national (CA non-resident) and international applicants.

As the California and US populations grow more diverse, UC Santa Cruz will need to expand access for underrepresented students to undergraduate and graduate programs, paying especial attention to the pipeline from the baccalaureate to higher degrees.

Nationally, the number of high school graduates is expected to decline. Competition for national and international students will increase.

California Community Colleges (CCC) are reducing course offerings, which could impact the number of qualified transfer students available. Although it is a fairly nascent phenomenon, another factor might be more granting of four-year degrees in CCs.

A large portion of the undergraduate student body will be comprised of traditionally underrepresented student groups and first-generation college goers.

Academic support services will be an increasingly important resource for incoming undergraduate students. The increases in first-generation college goers and low-income students (as measured by Pell Grant recipients) mean these services must value a focus on time-to-degree and quality of student performance.

Economic and Political Considerations

There is continued pressure from federal and state government, and the general public, to control the cost of higher education.

The state will insist on increased accountability on key performance metrics yet to be fully defined.

Federal financial aid and state funding may be linked to performance metrics, such as graduation rates, not just access or enrollment.

Tuition increases will be limited, with some pressure to reduce tuition.

Improved academic and administrative accountability will require focus on definition, assessment, and improvement of learning outcomes.

Concern about high student debt, students' ability to repay loans, and rising student loan default rates will limit the availability of loan funding for students.

The current *California Master Plan for Higher Education* may be revisited and replaced with a new *Master Plan for Higher Education* (recommendation of the Little Hoover Commission, October 2013).

Federal funding for research will likely remain flat or reduced.

The state will have rising expectations regarding the relevance of research to its political, social, environmental, and economic problems.

Market and Societal Trends

Social media and crowdsourcing will be increasingly important tools for communicating to every audience, including current and prospective students, alumni, and donors.

UC Santa Cruz must compete in an increasingly competitive job market to attract, hire, and retain the best faculty and highly skilled staff.

The very tight employment market, in both academic and non-academic sectors, will continue to make public scrutiny of the value of degrees more intense and raise demands for new skill training, professional development, and employment placement services for our undergraduate and graduate students.

Technology Trends

There is a high demand for instructional technology in all areas, including: online courses, assistive (ADA) technology, computer-based training, online advising, distance learning, lecture capture and archiving. Dealing with copyright issues remains a challenge.

Demand for mobile computing will continue to increase.

The shift to cloud environments may lead to potentially decreasing needs for additional IT infrastructure.

Research computing needs increase in demand and complexity, including in areas not traditionally thought of as computing-intensive (e.g., digital humanities).

Security threats (e.g., exposure of HIPAA or PII through breaches and increased reporting requirements for breaches (e.g., SB46) will increase.