

UNIVERSITY OF CALIFORNIA

BERKELEY • DAVIS • IRVINE • LOS ANGELES • MERCED • RIVERSIDE • SAN DIEGO • SAN FRANCISCO



SANTA BARBARA • SANTA CRUZ

1111 Franklin Street
Oakland, CA 94607-5200
Phone: (510) 987-9074
<http://www.ucop.edu>

November 28, 2016

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 Department of Finance and the Legislature on *Operational Changes*.

If you have any questions regarding this report, Interim Associate Vice President David Alcocer would be pleased to speak with you. He can be reached by telephone at (510) 987-9113, or by email at David.Alcocer@ucop.edu.

Yours very truly,

A handwritten signature in black ink, appearing to read "Janet Napolitano", with a long horizontal flourish extending to the right.

Janet Napolitano
President

Enclosure

cc: Senate Budget and Fiscal Review Committee
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. Katie Koerber)
Ms. Peggy Collins, Joint Legislative Budget Committee
Mr. Danny Alvarez, Secretary of the Senate

Director Michael Cohen and The Honorable Mark Leno

November 28, 2016

Page 2

Ms. Tina McGee, Legislative Analyst's Office
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. Jeff Bell, Department of Finance
Mr. Christian Osmena, Department of Finance
Ms. Maritza Urquiza, 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 and Chief Financial Officer Nathan Brostrom
Senior Vice President Nelson Peacock
Vice President Pamela Brown
Interim Associate Vice President David Alcocer
Deputy to the Chief Financial Officer Kieran Flaherty
Deputy Chief of Staff Bernie Jones
Executive Director Jenny Kao
Manager Bruce Kennedy

Operational Changes Update

November 2016

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. Significant progress has been made since last year's report – the number of completed initiatives has grown from four a year ago to eight at the time of this report submission. Many of these initiatives remain in progress and others will not have measurable outcomes for years to come. As a result, it remains too early to identify associated cost savings and student outcome improvements associated with these activities. Any savings and student outcome improvements that can be identified will be incorporated into subsequent reports.

Progress Summary

| Completed Initiatives | Initiatives Still in Progress |
|--|-------------------------------|
| Implementation of the PEPRA Pensionable Salary Cap | Transfer Ratio |
| Systemwide Major Preparation Transfer Pathways | Major Requirements |
| Course ID | Three-year Degrees |
| Online Courses for Undergraduates | Summer Session |
| Alternative Credits | Activity-based Costing |
| Time-to-Degree Advising | Adaptive Learning |
| Data to Identify At-risk Students | |
| Stakeholder Convening for Online Programs | |

At their September 2016 meeting, the Board of Regents was provided an update on the progress of the academic changes undertaken by the University of California as a result of the Select Advisory Committee on the Cost Structure of the University. That Regents item can be found here: <http://regents.universityofcalifornia.edu/regmeet/sept16/a3.pdf>

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: In March 2016, the UC Board of Regents approved proposed changes to retirement benefits, including the introduction of the PEPRA-level cap to pensionable income. The implementation process for the cap was completed and all eligible new employees were subject to the cap as of July 1, 2016. One important aspect of the University's new retirement offering is contingent on a private letter ruling by the IRS. The University fully expects approval and will continue to provide updates through our periodic meetings with representatives from the Office of the Governor and the Department of Finance. This ruling does not impact the implementation of the cap.

Next steps: With Regents approval and the implementation of the cap, this element of the Budget Framework is now complete.

Transfer Function

Systemwide Major Preparation Transfer Pathways

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

Progress: Systemwide agreements on the major preparation transfer pathways for the top 20 majors plus one more were completed by the end of 2015. Additional majors that also use one of these pathways are being incorporated as they are identified by the campuses. At present 22 majors at five campuses have been added. All pathways are available at <http://admission.universityofcalifornia.edu/transfer/preparation-paths/index.html>.

Next steps: With the completion of the systemwide major preparation transfer pathways, this element of the Budget Framework is now complete.

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: Originating with the work of the President’s Transfer Action Team and as part of the University’s commitment to increased Californian undergraduate enrollment, campuses are seeking to increase the numbers and proportion of transfer students enrolled, to the extent the quality of the applicant pool permits.

Actions taken in 2015-16 and to date in 2016-17 to increase transfer enrollment include:

- setting aggressive transfer enrollment targets for 2016-17, in conjunction with fulfilling UC’s commitment to increase California resident undergraduate enrollment by 5,000 over 2014-15 enrollment;
- extending the transfer application deadlines for 2016-17 and 2017-18 enrollments, with the 2016-17 extension resulting in an additional 2,757 applications;
- launching a “Campus Transfer Initiative Pilot” with undergraduate campuses partnering with a California Community College (CCC) in its service area with a comparatively low transfer rate (10 CCCs total), resulting in applications from the 10 CCCs increasing 14.7 percent compared to an 11.4 percent increase from the top 20 feeder CCCs to UC;
- enrolling an all-time high of nearly 17,000 community college transfer students; and
- analyzing factors influencing applications, acceptances, and enrollment by UC campus and California Community College.

Current transfer enrollment is at a systemwide ratio of 2.22 (excluding Merced). Davis, UCLA, and San Diego are at or below the 2:1 ratio. Berkeley is very close to 2:1, with it not reaching the ratio only due to the impact of over-enrollment at the freshman level. Santa Barbara improved from 2.95:1 in 2015-16 to current estimate of 2.37:1 in 2016-17, aided by a transfer enrollment increase of 37 percent in a single year. Irvine improved from 2.48:1 in 2015-16 to current estimate of 2.23:1, aided by a transfer enrollment increase of 24 percent in a single year.

Next steps: Transfer enrollment targets for 2017-18 will be set in January, following analysis of the Fall 2017 transfer applicant pool. In 2016-17, additional work is being done with students in CCCs close to targeted UC campuses in order to increase application, admission, and enrollment of transfer students to these campuses.

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 forwarded the letter to the appropriate Senate committees. The appropriate committees of the Academic Senate continue to work on this issue.

Next steps: With the sending of the President’s letter, this element of the Budget Framework is now complete.

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: Faculty at all undergraduate campuses have completed their review of upper division requirements for at least the top 75 percent of the major(s) for which they are responsible. These reviews require considerable effort by faculty who must review all course requirements and decide what combination of these and perhaps other courses provides a quality education in the major in the most efficient way possible. Of the 648 majors that comprise the top 75% on each campus, approximately 67 percent are at or below their benchmark in terms of time to complete upper division major requirements and over one-third proposed changes to the upper division major requirements. More than one-third of the 200 plus majors for which the responsible faculty have proposed changes have received campus approval; the remaining changed majors will be processed in the first quarter of 2017.

Next steps: The remaining campus approval of changes proposed by department faculty will be obtained by April 1, 2017. Some campuses have already begun publishing approved changes on their major websites. All campuses are working on materials and activities needed to implement approved changes to majors.

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 provide that 5 percent of all UC undergraduate students will access these accelerated tracks to graduation by the summer of 2017.

Progress: All nine undergraduate campuses completed the three-year pathway for at least the number of majors required by the agreement; specifically, the requirement was three majors for Merced and ten majors for the other eight undergraduate campuses. Seven of the nine campuses completed more majors than the number required. All nine undergraduate campuses developed communications plans for making students aware of the three-year degree pathways and providing advisors with the pathways to use as degree planning tools for students as appropriate. These campus communication efforts include websites, orientation sessions, advising workshops, or other activities and publications and have been and continue to be implemented. Campuses are also implementing a process, and associated measurements, to provide that 5 percent of all UC undergraduate students will access these accelerated tracks to graduation by the summer of 2017.

Next steps: The campuses will continue to make the three-year degree pathways known to students. UCOP will also coordinate with the 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 initiated pilots examining financial incentives to summer course-taking and actively advertised them to students. These campuses developed summer session enrollment targets for pilot programs. Enrollment figures show that the three campuses that participated in the Budget Framework pilots increased their summer FTE by 642 over 2015.

Next steps: Campuses are analyzing the programs and assessing their impact. They remain committed to programs designed to enhance summer session enrollment.

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 developed a report that demonstrates the prioritized funding for bottleneck courses.

Next steps: With the completion of the report, 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.” The appropriate committees of the Academic Senate continue to work on this issue.

Next steps: With the sending of the President’s letter, this element of the Budget Framework is now complete.

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: President Napolitano transmitted a report on time-to-degree advising to the nine undergraduate campuses’ leadership and staff, who are sharing it with those responsible for student advising on each of these campuses.

Next steps: With the completion and distribution of the report, this element of the Budget Framework is now 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: A summary report, “Data to Identify At-Risk Undergraduate Students: UC Campus Efforts,” was shared with UC campus Undergraduate Education Deans and Institutional Research Directors.

Next steps: With the completion and distribution of the report, this element of the Budget Framework is now complete.

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: UCOP is working with UC Riverside to better understand the details of its implementation of activity-based costing and how it can be used to monitor costs of formal instruction. UC Merced and UC Davis have submitted reports on their scoping studies and are exploring alternate mechanisms to monitor costs of formal instruction.

Next steps: Final report of UC Riverside’s pilot project is expected to be complete by the end of 2016.

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: Campus pilot studies were carried out Summer 2015, Fall Quarter 2015, and Winter Quarter 2016. Data collection and analysis are largely complete.

Next steps: The University remains on track to finalize a report on these pilot efforts in 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 UC departments and schools, working collaboratively to build cross-functional partnerships.

Next steps: Having hosted this convening, this element of the Budget Framework is now complete.

Contact Information:
Office of the President
University of California
1111 Franklin Street
Oakland, CA 94607