

California State Auditor

B U R E A U O F S T A T E A U D I T S

University of California:

Its Partnership Agreement Could Be Improved to Increase Its Accountability for State Funding



July 2002
2001-130

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CALIFORNIA STATE AUDITOR

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July 25, 2002

2001-130

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As requested by the Joint Legislative Audit Committee, the Bureau of State Audits presents its audit report concerning the University of California's (university) partnership agreement. This report concludes that although the university's partnership agreement contains measurable targets for some of the objectives, it does not contain such targets for others. Specifically, we found that of the 22 objectives in the partnership agreement, only 9 contain outcomes with quantifiable and clear targets to measure improved performance, and 13 do not. Thus, the university's ability to demonstrate its success in using state funds to achieve the partnership agreement's objectives is limited. Additionally, the university's expenditures for support salaries made out of its general operating funds increased at a greater rate than its expenditures for academic staff salaries within instruction, research, and public service between 1997 and 2001—two years before and three years after the partnership agreement went into effect. Only 44 percent of its increase in salary expenditures during this time related to these academic salaries, while 56 percent related to support staff salaries.

Further, certain factors have an impact on the 4.8 primary course-to-faculty ratio the university agreed to maintain as part of the partnership agreement. For example, we found that 13 percent of the primary courses taught by regular-rank faculty had enrollment of two students or fewer. In addition, although the university reports the workload of regular-rank faculty in its annual report to the Legislature, it does not address the workload of non-regular-rank faculty and miscellaneous instructors. These individuals teach a combined total of 46 percent of the university's primary courses. Because the university does not disclose workload ratios for all faculty and miscellaneous instructors, the Legislature and governor may not have a complete picture of how the workloads affect the university's ability to meet the objectives of the partnership agreement.

Respectfully submitted,

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SUMMARY

Audit Highlights . . .

Our review of the University of California's (university) partnership agreement revealed the following:

- Of 22 objectives included in the agreement, 9 contain outcomes that identified quantifiable and clear targets to measure improved performance, and 13 do not. Thus, the university's ability to demonstrate its success in using state funds to achieve the objectives is limited.*
- The university's expenditures for support salaries increased at a faster rate than its expenditures for academic staff salaries within instruction, research, and public service between 1997 and 2001—two years before and three years after the partnership agreement went into effect.*
- Certain factors have an impact on the 4.8 primary course-to-faculty ratio the university agreed to maintain as part of the partnership agreement. For example, we found that 13 percent of the primary courses taught by regular-rank faculty had enrollments of two students or fewer.*

RESULTS IN BRIEF

In May 2000, the University of California (university) and the governor entered into a four-year partnership agreement encompassing fiscal years 1999–2000 through 2002–03. The overall intent of the agreement was for the State to provide the university with funding stability in exchange for the university making progress toward 22 objectives. These objectives, which the agreement outlines, range from maintaining the increase in its faculty teaching loads to maintaining the university's commitment to accept all eligible California high school graduates who wish to attend.

One of the governor's stated goals in entering the partnership agreement was to increase the university's accountability. However, although the partnership agreement contains measurable targets for some of the objectives, it does not contain such targets for many others. Without these targets, the university's ability to demonstrate its success in using state funds to achieve the partnership agreement's objectives is limited. Specifically, our review of the partnership agreement found that of the 22 objectives, 9 contain outcomes that identified quantifiable and clear targets to measure improved performance, and 13 do not. For example, 1 objective states that beginning in 2001, the university should increase the percentage of students from low-participating high schools who enroll in the university. A target for this objective might identify a specific percentage and establish a deadline for the university to reach it, while stating that the university could revise these goals as circumstances warranted. However, the agreement contains no such target. Of the 9 objectives that do have measurable targets, the university asserts it has met 3 and could not meet 2 due to factors outside its control. It is too early to determine whether or not the university has successfully met the remaining 4 objectives. Although in many cases the university did not have clear and measurable targets to achieve, that is not to say the university did not spend funding for the intended purpose, people did not work hard, programs were not implemented, reports were not written, or progress was not made toward unquantified targets. However, none of those events allow for a quantifiable assessment of whether the

desired extent of intended benefit was achieved for the funding provided. An appendix to this report displays an analysis of the university's assertions on its performance in relation to each of the 22 partnership objectives.

Although the Legislature is not a party to the partnership agreement, the Legislature and the governor appropriated additional state funds during the first two years of the partnership agreement that they expected the university to use, in combination with existing resources provided by the State, to accomplish objectives identified in the partnership agreement. For example, during one year of the partnership agreement, the State allocated to the university approximately \$175 million for enrollment growth, for a 4 percent annual increase in the university's base budget, and for a one-time salary increase for lower-paid staff. According to the university, the campuses allocate these funds to hire additional faculty to meet increases in enrollment, to provide salary increases to existing faculty and staff, and to finance high-priority projects at the discretion of vice chancellors and deans. The allocation of the funds to hire faculty and provide salary increases addressed several objectives of the partnership agreement, including maintaining the university's commitment to accept all eligible California high school graduates who wish to attend, continuing to provide competitive faculty salaries, and emphasizing its merit-based pay system.

Additionally, although the university's primary mission is to teach and conduct research in a wide range of disciplines and to provide public services, it increased its expenditures for support staff salaries made out of its general operating funds at a greater rate than it increased its expenditures for academic staff salaries within instruction, research, and public service between 1997 and 2001. Only 44 percent of its increase in salary expenditures during this time related to these academic salaries, while 56 percent related to support staff salaries. Moreover, the proportion of employees that the university hired in certain support classifications using general operating funds over the five-year period was much greater than those it hired in certain academic positions, despite its nearly 13 percent growth in enrollment. The majority of the increases in the university's expenditures occurred in five job classifications, four of which were support classifications. The number of

full-time equivalent (FTE)¹ professorial-tenure employees² at the university grew by 504, or 10 percent, while the number of its FTEs within advising services increased by 532, or 59 percent, and the number of its FTEs within fiscal, management, and staff services increased by 2,075, or 43 percent.

The hiring of both academic and support staff may have contributed to achieving the partnership agreement objectives, and the university's hiring decisions may have appropriately reflected its needs. However, because the partnership agreement does not contain objectives or measurable targets that identify the areas in which the university believes growth in positions is necessary, the Legislature and the governor may not be able to evaluate whether the university's decisions reflect the intent of the agreement. The addition of such targets to the partnership agreement would increase the university's accountability for its use of state funds and would enable both the State and the university to better monitor the proportion of increased funding spent on academic and support salaries.

Further, the university compiles certain ratios involving the teaching activities of regular-rank faculty in its annual *Undergraduate Instruction and Faculty Teaching Activities* report (instructional report), which responds to inquiries made by the Legislature and also addresses one of the objectives included in the partnership agreement.³ According to that objective, the university in effect agrees to maintain an average workload of 4.8 primary courses per faculty FTE per year. The university defines *primary course* as a regularly scheduled, unit-bearing course usually labeled as a lecture or seminar. The university's instructional report states that for academic year 1999–2000, the university's primary course-to-faculty ratio was 4.9, exceeding the agreement's requirement.

¹ To determine the number of FTE employees, the university converts the actual number of full- and part-time employees to a number representing only full-time employees.

² Professorial-tenure employees are associate and full professors.

³ The university's definition of regular-rank faculty is specific to the instructional report and includes positions in the professorial series: professors, associate professors, assistant professors, and acting titles in these positions. In addition, it includes other positions such as supervisors of physical education and professors in residence. This data relates only to the general campus, which consists of all schools and departments except for those focused on the health sciences, such as the medical, dentistry, nursing, pharmacy, and veterinary schools.

However, certain factors have an impact on the primary course-to-faculty ratio. For example, we found that 13 percent of the primary courses taught by regular-rank faculty had enrollments of two students or fewer, and an additional 15 percent had enrollment of only three to five students. In fact, the university spent an estimated \$80 million in fiscal year 1999–2000 on the faculty salaries for primary courses with five students or fewer as well as for a proportionate share of their additional duties related to instruction. These additional duties, for which there is no quantifiable expectation of faculty, include such duties as planning courses, mentoring and advising students, developing curriculum, and teaching independent study courses. The university believes these additional duties can be significant and thus believes our calculation seriously overstates the costs that we attribute to these small enrollment courses and that other methods of calculation would produce a different result. The one- to two-person courses comprised 0.7 of the 4.9 primary course-to-faculty ratio. Although no requirement exists regarding the minimum number of students in a primary course, having a significant number of small-enrollment primary courses could affect a student's ability to graduate in four years. Additionally, we found in our analysis of a sample of the one- to two-person courses that the campuses were unable to demonstrate that they had correctly classified 33 percent as primary courses rather than independent study. To the extent that the university has misclassified these courses as well as others, it could significantly influence the primary course-to-faculty ratio.

Finally, although the instructional report addresses the workload of regular-rank faculty, it does not address the workload of non-regular-rank faculty and miscellaneous instructors, such as adjunct professors, lecturers, teaching assistants, retired faculty, and others. These individuals teach a combined total of 46 percent of the university's primary courses. In light of the partnership agreement's objective of graduating students in four years or less, it would seem appropriate for the university to also provide the Legislature and the governor with information regarding the workload ratio for all of its instructors, not just its regular-rank faculty. In fact, the partnership agreement could be expanded to include objectives and measurable targets that specifically address the workload of these staff. The Legislature and the governor would then have a more complete picture of the workload of all instructors and could more appropriately

evaluate that workload to determine whether fluctuations occur that may affect the ability of students to enroll in the classes they need to graduate.

RECOMMENDATIONS

When preparing future partnership agreements, the university should do the following to accomplish the governor's goal of increased accountability:

- Propose establishing clear and measurable targets that allow it to better assess its success in meeting the objectives of the partnership agreement. If the university is concerned that it will be expected to meet a measurable target even if it does not receive sufficient funds or if factors outside its control intervene, it should propose that, as circumstances change, it can revise its targets.
- Confer with the governor and the Legislature to determine whether it would be beneficial to establish targets to evaluate how the growth in academic and support positions and spending are consistent with the priorities of the partnership agreement.

The university should also confer with the governor and the Legislature to determine whether having the Legislature provide input on objectives and measurable targets for future partnership agreements might be beneficial.

To ensure that the Legislature and the governor have a more accurate picture of the actual primary course-to-faculty ratios so they are able to evaluate and address issues of concern, such as whether the university is providing sufficient courses to allow students to graduate in four years or less, the university should propose expanding future partnership agreements to include objectives and measurable targets that address workload ratios and course enrollment levels for all regular- and non-regular-rank faculty, as well as miscellaneous instructors. Additionally, the university should disclose in its instructional report the primary course-to-faculty ratio for non-regular-rank faculty and the workload ratio for miscellaneous instructors. It should also disclose all faculty and miscellaneous instructor workloads by the number of students enrolled in courses.

To ensure the accuracy of the tables it includes in the instructional report, the university should clarify its definitions of primary and independent study courses. It should also periodically review the data it receives from the campuses for accuracy and consistency.

AGENCY COMMENTS

The university concurs with the general intent of the recommendations and plans to take specific actions to address areas of concern identified in the report. The university also states that the recommendations relating to future partnership agreements will be a matter of negotiation with the governor. ■

INTRODUCTION

BACKGROUND

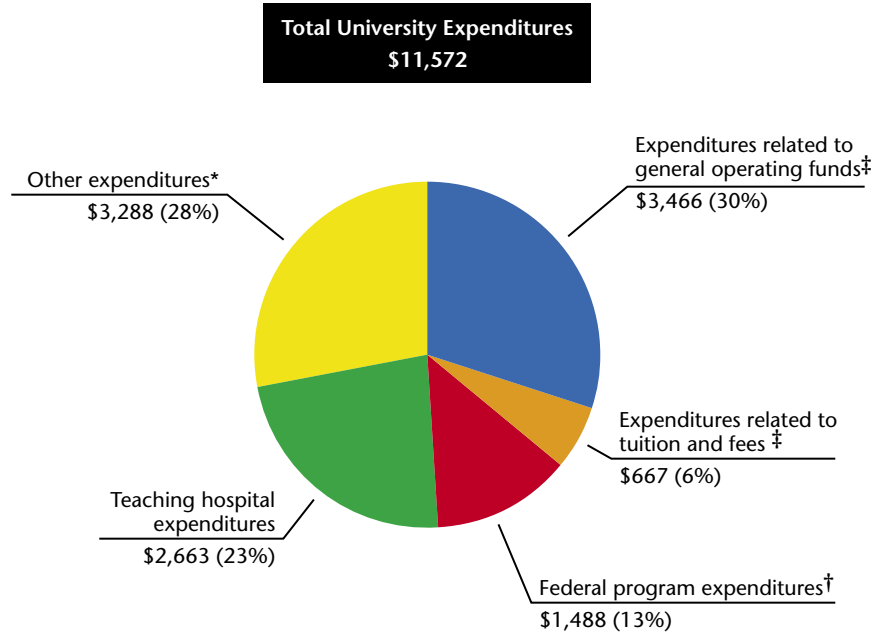
The University of California (university) is a public, state-supported land-grant institution with a mission to teach and conduct research in a wide range of disciplines and to provide public services. The university consists of eight general campuses and a ninth campus, in San Francisco, devoted to the health sciences; it is also developing another general campus in Merced that it expects to open in the fall of 2004. All the university's campuses offer undergraduate, graduate, and professional education; it has five medical schools and three law schools; and it manages three national laboratories. During the fall of 2000, it served more than 183,000 students on-campus and more than 444,000 extension students.

The California Constitution provides that the university shall be a public trust administered by the regents of the university. This 28-member board maintains full power of organization and government subject only to limited control by the Legislature. A central Office of the President heads the university's administrative structure, with the president responsible for overall policy development, planning, and resource allocations. Chancellors at each campus have primary responsibility for managing campus resource allocations and administrative activities.

The university receives its funding from a variety of sources. Of the university's \$12.7 billion in revenues for fiscal year 2000–01, the State's contributions totaled more than \$3.4 billion. The Legislature and the governor specifically identified about \$400 million of state appropriations and contracts for special research projects, thus restricting the use of those funds to the projects, while the university used the remaining \$3 billion of its state appropriation as its general operating funds. State appropriations represented approximately 82 percent of the general operating funds' revenues for fiscal year 2000–01, while the other 18 percent included, in part, nonresident tuition, a portion of student fees, and contract and grant overhead. Figure 1 on the following page shows that expenditures for its general operating funds constituted approximately 30 percent of the university's total expenditures of \$11.6 billion in that year.

FIGURE 1

**Expenditures for Its General Operating Funds Were 30 Percent of Total University Expenditures for Fiscal Year 2000–01
(In Millions of Dollars)**



Source: Fiscal Year 2000–01 campus financial schedules.

* Includes expenditures for special state appropriations and contracts, local government, private funds, sales and services of educational activities or auxiliary enterprises, and other undefined sources.

† Excludes approximately \$3 billion in expenditures for Department of Energy Laboratories.

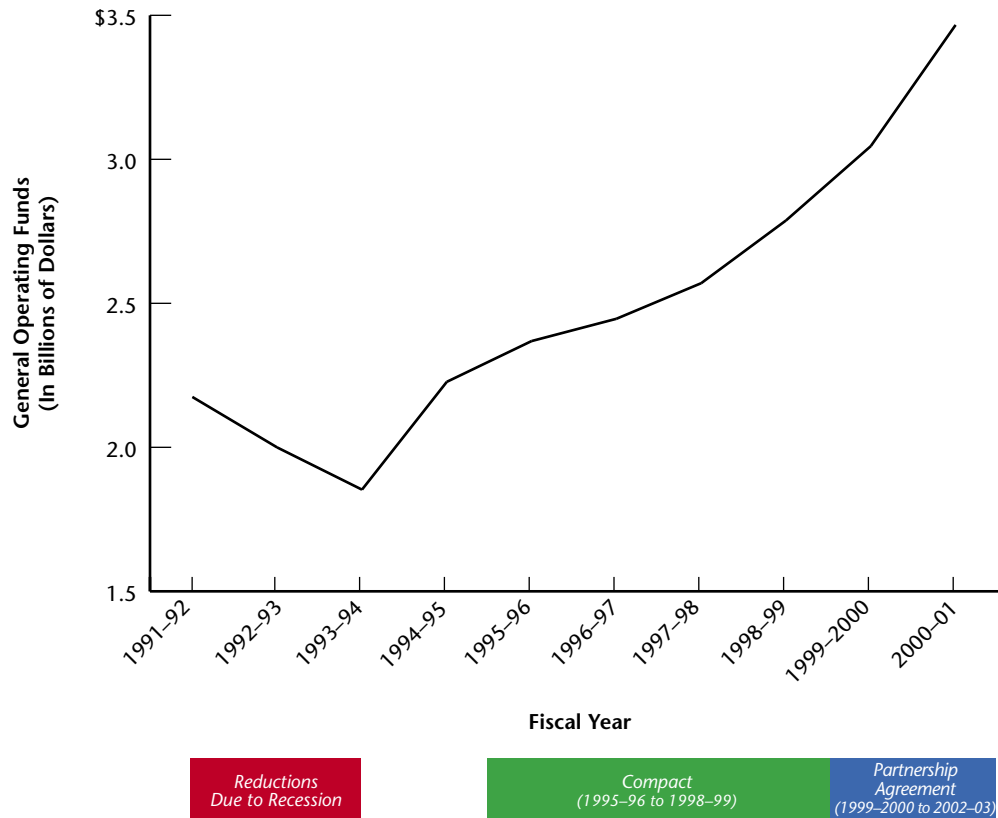
‡ Expenditures related to a portion of student education fees totaling approximately \$329 million are reflected as expenditures related to general operating funds rather than as expenditures related to tuition and fees because, according to the assistant vice president for budgetary planning and fiscal analysis, the university is allowed to apply this portion of the education fees toward expenditures related to its general operating funds.

According to the university, the state-funded portion of the university’s budget has historically reflected the cyclical nature of the State’s economy. The economic recession of the early 1990s led to shortfalls in state revenues and, correspondingly, to reductions in the university’s budget for its general operating funds, as shown in Figure 2 and detailed in Appendix A. The university’s expenditures for its general operating funds increased in fiscal year 1994–95 when state appropriations increased, and its expenditures continued to grow as the State’s

economic condition improved and the university entered into agreements that provided it with some fiscal stability. We discuss these agreements in the next section.

FIGURE 2

The University's Expenditures for Its General Operating Funds for Fiscal Years 1991–92 Through 2000–01



Source: University campus financial schedules for fiscal years 1991–92 through 2000–01.

THE PARTNERSHIP AGREEMENT

In January 1995, the former governor proposed four-year compacts with the university and the California State University (CSU). According to the governor's budget summary, the compact was designed to provide the two universities with fiscal stability and predictability so they could continue to meet the challenge of supplying high-quality education to a growing population. The four-year plan represented the former governor's commitment to provide the university with annual support-budget increases and other funding guarantees

in exchange for the university's commitment to pursue a number of program objectives. According to the university's assistant vice president for budgetary planning and fiscal analysis, the compact was a verbal agreement among the Department of Finance, the Governor's Office, and the university. The university used the compact to develop its regents' budget each year.

In both 1997 and 1998, the Legislature approved bills that would have placed the compact into statute, but the former governor vetoed them. The former governor vetoed the two bills because he did not want to place into legislation minimum funding guarantees for the university. Instead, he stated that the best way to provide an appropriate and predictable level of funding to the university was through carefully negotiated compacts between the State and the university. As a result, the Legislature never formally endorsed the compact in statute, but it did pass budgets consistent with the compact.

At the completion of the four years of the original compact in 1999, the university and CSU jointly proposed a new higher-education compact. According to the governor's budget summary for fiscal year 1999–2000, the governor supported a new agreement as long as it was based on quantifiable objectives. The governor indicated that he expected a new agreement to clearly identify specific programmatic changes that the university would make and to provide quantifiable measurements that demonstrate whether progress was being made. In May 2000, the Department of Finance and the Office of the Secretary for Education presented to the Senate and Assembly Budget Committees the administration's partnership agreement with the university and CSU for fiscal years 1999–2000 through 2002–03.⁴ The Legislature was not a party to the partnership agreement and thus did not participate in establishing the agreement's targets.

The more formal—although unsigned—partnership agreement contains a page of state funding commitments and several pages describing objectives, indicators, and performance data.⁵ The state funding commitments include increased funding relating to the growth in student enrollment and annual 4 percent increases to the base budget amount the State contributes to

⁴ The partnership agreement was effective for the entire fiscal year 1999–2000; however, the university and the governor did not finalize the agreement until May 2000.

⁵ Appendix B contains the portion of the partnership agreement that contains the objectives, indicators, and performance data.

the university's general operating funds. We discuss the funding for the partnership agreement in more detail in Chapter 1. The university intends to seek a new partnership agreement effective fiscal year 2003–04.

SCOPE AND METHODOLOGY

The Joint Legislative Audit Committee (audit committee) requested that the Bureau of State Audits conduct a comprehensive audit of the university's performance under the partnership agreement. As part of the audit, the audit committee asked that we evaluate the effectiveness of the methods the university has established to allocate the increased state funding it receives and the procedures it has developed to measure campuses' performance in meeting the goals of the partnership agreement. In addition, it requested that we compare university expenditures before and after the partnership agreement to determine how the university has allocated and expended its increased state funding. Further, we were to determine whether the university has implemented a state-supported summer term with services similar to the regular academic year, and we were to analyze the university's annual *Undergraduate Instruction and Faculty Teaching Activities* report (instructional report) for the past three years and present conclusions reached on any trends we identified.

As part of our audit, we reviewed documents prepared by the university, university policies and procedures, applicable laws and regulations, and budgetary documents. We also interviewed university staff, including key budget personnel at the Office of the President and at the nine campuses. When we examined the university's allocation of the funds it receives related to the partnership agreement, we reviewed the first two years of the partnership agreement—fiscal years 1999–2000 and 2000–01. We focused on fiscal year 2000–01 in more detail because it was the most recently completed year of the partnership agreement at the time we started our audit. In addition, in that year, the university received full funding for the partnership agreement, unlike in fiscal year 2001–02.

To evaluate the university's procedures for measuring its performance under the partnership agreement, we reviewed the university's efforts as well as the agreement itself. We identified those agreement objectives the university asserts it has met, those for which the deadline for reaching the goal has not yet

arrived, and those that contain no clear, measurable targets. We also identified the objectives that have targets that the university asserted it could not meet due to factors outside its control.

We interviewed university officials at the three campuses that implemented state-supported summer terms during 2001. We compared student fees and financial aid packages for the summer term to those offered during the regular academic year, and we reviewed student survey results concerning course and instructor teaching quality.

To compare university expenditures before and after the partnership agreement, we reviewed information obtained from the university's Office of the President's Corporate Personnel System (CPS). We relied on two prior audits, issued in April and May 2001, in which we tested the accuracy of this data. Because the Office of the President compiles personnel data for the month of October from all nine campuses in its CPS to use for its own reporting purposes, we used the October 1997 through October 2001 data for our review. We also compared the October data to the university data files for the two full fiscal years that it had compiled and maintained—1999–2000 and 2000–01—to ensure that the October data was representative of the yearly data. Additionally, we compared the October files for 1997, 1998, and 1999 to the October files used for our two prior audits to ensure the data were the same. Because the amounts agreed, we concluded that we could rely on the testing we performed during the prior two audits to assess whether the data matched the employee records at all nine campuses. For our prior audits, we used statistical samples to attempt to verify more than 24,400 data elements against signed and authorized personnel documents. Of those, approximately 15,800 data elements existed only in electronic form because most of the campuses have implemented a paperless computerized personnel system. For the approximately 8,600 data elements that we could verify against support documents, we found only 93 errors, or 1 percent of the data elements tested.

To determine how the university has allocated and expended the funding it received from the State under the partnership agreement, we reviewed the information we obtained from the CPS for the two fiscal years leading up to the agreement, 1997–98 and 1998–99, and the first three fiscal years of the agreement, 1999–2000 through 2001–02. We focused on these five years to compare expenditures the university made before the agreement to those it made during the agreement. We

also used certain data from the university's financial system to ensure that we categorized expenditure data from the CPS similar to how the university accounts for its expenditures in the university's financial statements. We performed various comparisons of the October 1997 and 2001 data to determine the changes in expenditures by expenditure category, expenditure category per full-time equivalent student, and job classification. Our review focused only on the salaries charged to the university's general operating funds and did not include nonsalary expenditures, such as contracting for services and purchasing supplies and equipment. We were unable to include the employee benefits and nonsalary-related costs in our analysis because the university does not track these costs at a level of detail similar to salary expenditures. We analyzed the data to identify whether the increases in expenditures were mostly the result of salary increases for existing staff or of hiring employees to fill vacant or newly created positions.

To analyze the data the university includes in its instructional report and to identify trends in instructional activities, we reviewed budgetary language to determine the legislative requirements for the instructional report. Additionally, we reviewed the instructional report to determine whether it addressed objectives in the partnership agreement pertaining to instruction and analyzed the report's tables to determine their content. We also obtained the supporting detail for the tables from the campuses and tested the accuracy of selected data in the tables. ■

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CHAPTER 1

The Partnership Agreement Does Not Always Set Targets for Measuring the University's Progress Toward Achieving Its Objectives

CHAPTER SUMMARY

According to the governor's budget for fiscal year 2001–02, the partnership agreement between the governor and the University of California (university) provides funding stability for the university in exchange for its progress toward meeting certain objectives included in the partnership agreement. One of the governor's stated goals for the partnership agreement was to increase the university's accountability. However, although the partnership agreement contains clear and measurable targets for some of the objectives it outlines, it does not contain such targets for many others. Therefore, the university's ability to demonstrate its success in using state funds to achieve the partnership agreement's objectives is limited.

Specifically, in our review of the 22 objectives specified in the partnership agreement, we found that only 9 contain outcomes that identify quantifiable and clear targets to measure improved performance. It is too early to tell if the university has met its targets for 4 of these objectives; for the remaining 5, the university asserts that it met the targets for 3 and did not meet the targets for 2 because of factors outside its control. For the other 13 objectives, the partnership agreement does not identify clear and measurable targets, even when the objectives lend themselves to the establishment of such targets. For example, one objective states that beginning in 2001, the university would increase the percentage of students from low-participating high schools that it enrolls. However, this objective does not identify a specific percentage by which the university should increase enrollment, nor does it set a deadline for achieving the increase. The objective could have allowed flexibility by allowing the university to revise the target as circumstances warrant; instead, it sets no target at all.

Although the Legislature is not a party to the partnership agreement and thus did not participate in establishing measurable targets, the Legislature and the governor appropriated additional state funds during the first two years of the partnership agreement that they expect the university to use, in combination with the university's existing resources provided by the State, to accomplish the objectives that are identified in the agreement. For example, during one year of the partnership agreement, the State's budget act allocated approximately \$112 million to the university for it to provide outreach and public service programs. Additionally, the university allocates significant portions of the partnership agreement's funds to the campuses. For instance, the university received approximately \$175 million to address several objectives of the partnership agreement, including maintaining the university's commitment to accept all eligible California high school graduates who wish to attend, continuing to provide competitive faculty salaries, and emphasizing its merit-based pay systems. The campuses allocate these funds to hire additional faculty to meet the increases in enrollment, to provide salary increases to existing faculty and staff, and to provide discretionary funds for high-priority needs to vice chancellors and deans.

THE UNIVERSITY CANNOT FULLY MEASURE ITS ACCOMPLISHMENTS BECAUSE THE PARTNERSHIP AGREEMENT DOES NOT ALWAYS ESTABLISH MEASURABLE AND CLEAR TARGETS

During the time in which the partnership agreement was being proposed, the governor stated in his budget summary that he expected the agreement to clearly identify specific programmatic changes that the university would make and quantifiable measurements that would demonstrate its progress toward these goals. Without such quantifiable measurements or measurable targets, the university cannot compare the results of its activities to the targets to determine how it performed relative to expectations. Moreover, measurable targets allow the governor and the Legislature to assess whether they believe the amount they funded was commensurate with the university's progress toward meeting the objectives established in the partnership agreement. However, as shown in Table 1, the partnership agreement contains measurable and clear targets for only 9 of the 22 objectives we reviewed. Appendix C identifies each of

The partnership agreement contains measurable and clear targets for only 9 of the 22 objectives of the agreement.

the objectives of the partnership agreement, the university's assessment of its performance in relation to each, and our evaluation of the objectives.

TABLE 1

Although the Partnership Agreement Contained 9 Objectives With Targets Sufficient to Measure the University's Progress, 13 Objectives Did Not Contain Clear and Measurable Targets

Objectives Containing Indicators With Measurable Targets	
The university asserts it has met the target	3
The university asserts it could not meet the target due to factors outside its control	2
It is too early to tell if the university has met its target	4
Total objectives containing indicators with measurable targets	9
Objectives containing indicators that do not have clear and measurable targets*	13
Total objectives evaluated	22

* This evaluation of the objectives is not an indication of whether the university has made progress on the activities it agreed to perform as part of the partnership agreement but rather whether there were clear and measurable targets against which to measure the university's progress. Appendix C describes the university's assertions regarding its progress in meeting the objectives and our evaluation of the objectives.

The university's president stated during the process of negotiating the partnership agreement that the university recognized that specific outcome measures and very specific accountability principles are critical to the effectiveness of the partnership agreement. Further, the university's assistant vice president for budget development and external relations stated that the partnership agreement was not designed to tie each objective to a specific appropriation, with a few exceptions. Instead, the university believes that through the partnership agreement, the governor makes a good-faith effort to provide funding and the university makes a good-faith effort to reach the outlined objectives. Thus, according to the assistant vice president, the parties involved agreed to identify specific targets for some objectives, whereas other targets are more general because a good-faith effort to make progress was all that was required.

The university believes that we evaluated the effectiveness of the procedures it developed to measure the campuses' performance of the partnership agreement objectives using an inappropriate definition of a clear and measurable target. For example, the

assistant vice president for budget development and external relations states that the university strongly disagrees with our conclusion that there is not a clear and measurable target for the objective related to ensuring that the new “4 percent path” results in more students being eligible for and successfully attending the university. According to the assistant vice president, there are clear and measurable targets: whether or not the university implemented the program and whether or not more students from low-participating schools are getting the opportunity to attend the university. The assistant vice president further stated that because the university did implement this program and more students from low-participating schools are coming to the university, to classify this as unmeasurable does not seem credible.

While the university’s definition of an adequate target is a target of “more” without specifying how much more or when it will be achieved, our definition required both these elements.

While the university’s definition of an adequate target is a target of “more” without specifying how much more or when it will be achieved, we required these two elements in our definition. We did so because without these two elements for all objectives, the university, the governor, and others cannot fully assess whether the university has met the objectives of the partnership agreement and that the governor and the Legislature have received the value they expected for the funding provided. To use the extreme case to make a point, it does not seem reasonable to us that the university would have achieved the intended goal if only one more of the students from low-participating schools attended the university. Yet, using the university’s measure of success, any increase would mean the university met the objective. To provide a more meaningful target, the partnership agreement could have identified a specific percentage increase for the university to achieve annually over a specific period, as it did for an objective to increase the enrollment in its engineering and computer science programs by at least 1,000 students annually.

Although in many cases the university did not have clear and measurable targets to achieve, that is not to say the university did not spend funding for the intended purposes, people did not work hard, programs were not implemented, reports were not written, or progress was not made toward unquantified targets. However, none of those events allow for a quantifiable assessment of whether the desired extent of intended benefit was achieved for the funding provided. Appendix C displays an analysis of the university’s assertions on its performance in relation to each of the 22 partnership objectives.

The Partnership Agreement Contains Measurable Targets for Three Objectives That the University Asserts It Has Met

As previously stated, only 9 of the 22 objectives outlined in the partnership agreement contain measurable and clear targets. According to the university, it has met the targets for 3 of these 9 objectives. For example, the first objective of the partnership agreement contains a desired outcome: to ensure access under the Master Plan for Higher Education in California (master plan) by accommodating all eligible California high school graduates who wish to attend the university. The master plan defines

The University Asserts That It Met Its Targets for Three Objectives:

- Ensure access under the master plan by maintaining its commitment to accept all eligible California high school graduates who wish to attend.
- Maintain increased faculty teaching loads.
- Place a priority on producing graduates who will meet California's workforce needs.

broadly the respective roles of the three public higher education systems in California—the university, the California State University (CSU), and the California Community Colleges (community colleges)—and it establishes student eligibility criteria for the three systems. At the time of the partnership agreement, the university estimated that students eligible to attend the university would grow by about 3 percent, or 5,000 students, each academic year. During its annual budget process, the university revises its expected enrollment growth based on the most recent student data. The expected enrollment growth becomes the university's target each year for this objective.

The university asserts that it has met this target because it has and continues to admit all eligible applicants who wish to attend. Applicants are eligible if they attain a specific composite score based on a combination of their grade point averages and certain scholastic assessment tests they are required to take. In addition, applicants must have completed certain high school coursework before applying to the university. In explaining the process it uses to ensure that it admits all eligible students, the university stated that first students submit their applications to a central location. The university then forwards the applications to each of the students' chosen campuses. Each campus independently determines which students it will accept and informs the students of its decisions. If a student meets the eligibility requirements and is not accepted at one of the campuses of his or her choice, the university will offer that student an opportunity to enroll in a campus that has space. Most recently, both the Riverside and Santa Cruz campuses have offered admission to these students. Students who are not admitted to the university but believe they are eligible can appeal the university's admission process.

The university also asserts that it has met the targets established for two other objectives. For the first, the university committed to maintaining a 6.7 percent increase in faculty teaching workload. This increase equates to a primary course-to-faculty workload ratio of 4.8, up from the 4.5 primary course-to-faculty ratio that the university's reports indicate it had sustained since the early 1990s. In Chapter 3, we discuss how courses with only one or two students affect the ratio of 4.8. For the second objective, the university asserts it has met its target of increasing enrollment in its engineering and computer sciences programs by at least 1,000 students annually.

According to the University, It Could Not Meet the Targets for Two of the Partnership Agreement's Objectives Due to Factors Outside Its Control

The university asserted that for two of the nine objectives with measurable and clear targets, it could not meet the targets because of circumstances that were outside its control. One objective of the partnership agreement set a target that had two parts, the first of which was increasing the number of community college transfers to the university by 6 percent annually for a period of seven years. Although the university reported that it exceeded the first goal when transfers increased by 6.5 percent in the first year of the partnership agreement, it acknowledged that in the second year transfers increased by only 3.5 percent. In explanation, the university noted that the target is partially dependent on increasing the number of transfer-ready students at the community colleges. As a report from the community colleges dated April 2001 indicates, the number of transfer-ready students declined by 10 percent in academic year 1999–2000 from the base year of 1997–98. The second part of this objective's target was to raise the number of student transfers from low-transfer community colleges by 15 percent annually. However, the university stated that it was unable to report on the percentage increase in student transfers from low-transfer community colleges because the Department of Finance, the community colleges, and others had not agreed which campuses should be classified as low-transfer.

The University Asserts That It Could Not Meet Its Target for Two Objectives:

- Expand intersegmental transfers by increasing the number of transfer-ready students from the community colleges.
- Improve teacher preparation to ensure that teacher education programs adapt quickly to meet K-12 academic standards.

The university also did not meet the target associated with a second objective, ensuring that teacher education programs adapt quickly to meet K-12 academic standards. The partnership agreement identified the number of K-12 teachers

that the university should enroll each year in its Professional Development Institutes (PDIs), which are teacher education programs that cover a range of subjects such as algebra, reading, mathematics, and English. When we reviewed the university's reported progress on these programs for fiscal year 2000–01, we noted that the number of teachers participating was lower than the desired targets in all areas except one. According to the university's assistant vice president for budget development and external relations, the university did not receive notification until January 2001 that it would receive funding to implement the PDIs during the summer of 2001, which meant the university had very little planning time. In addition, the assistant vice president stated that the short lead-in time to implement the program made it difficult to solidify commitments from enough teachers to meet the expected targets in the first year.

Because of the PDIs' low enrollments in their first year of implementation, the university received permission from the Department of Finance to redistribute \$6.5 million of the \$61.7 million in funding that the State had provided for the PDIs. The assistant vice president for budget development and external relations also noted that because the university did not serve the number of teachers it had originally projected, it gave back the unspent funds to the general fund. The university further stated that the partnership agreement's target numbers are no longer applicable because program funding was reduced by \$11 million in fiscal year 2001–02 and as of June 2002, the State proposed eliminating the funding in the fiscal year 2002–03 budget for the PDIs, with the idea that the university contract with school districts individually to offer these programs.

It Is Too Early to Tell if the University Has Met Its Target for Four Objectives:

- Reduce barriers to students transferring from the community colleges to ensure the ease of transferring and expand course transferability.
- Provide better and more timely information to students, families, teachers, and counselors to improve planning and preparation for college.
- Increase the university's commitment to meeting the demand for new teachers.
- Fund chronic budget shortfalls in four core areas: instructional equipment, instructional technology, libraries, and building maintenance.

The University's Success in Meeting the Targets for Four of the Partnership Agreement's Objectives Cannot Yet Be Determined

Although the partnership agreement set targets for another four objectives, the university's success in meeting those objectives cannot yet be determined because the targets involve deadlines that have not yet been reached. For example, to meet one objective—increasing the university's commitment to meet the demand for new teachers—the partnership agreement contains three targets: the first target

involves increasing the number of students enrolled in teacher credential programs from approximately 1,000 in academic year 1998–99 to 2,500 by 2002-03, which is still one year away; the other two targets include deadlines of academic years 2001–02 and 2003–04. Similarly, the other three objectives establish target dates that range from 2002 to academic year 2005–06. For these objectives, it is too early for the university to provide documentation to allow us to make any assessments.

The Partnership Agreement Does Not Contain Clear and Measurable Targets for 13 Objectives

The partnership agreement does not contain clear and measurable targets for 13 of its objectives, despite the fact that many of these objectives are outcome-oriented. Consequently, the university, the governor, and the Legislature cannot easily assess whether the university has successfully met these objectives. For example, the partnership agreement contains

The Partnership Agreement Does Not Contain Clear and Measurable Targets for 13 Objectives:

- Provide classes needed for students to graduate in four years or less.
- Ensure that individuals in the top 4 percent of each graduating class from each California public high school are eligible for admission to the university, thus increasing the percentage of qualifying students from low-participating schools statewide.
- Provide competitive faculty salaries.
- Increase emphasis on merit-based pay systems.
- Enroll students at a 10th campus in Merced to provide increased access to students in the Central Valley, who historically have had low university participation rates.
- Implement more extensive use of existing facilities to accommodate enrollment demands and help alleviate enrollment pressures during the regular academic year by phasing in a state-supported summer term beginning in summer 2001.
- Assume greater responsibility in working with K-12 schools toward improving K-12 student performance.
- Evaluate the effectiveness of outreach programs to ensure that resources are focused on the most successful programs.
- Increase regional cooperation with CSU and the community colleges.
- Maintain and renovate existing campuses.
- Decrease current deferred maintenance backlogs.
- Increase use of public-private partnerships to further economic development of the State.
- Provide opportunities for all students to participate in community service or service learning.

an objective and related indicators that focus on increasing the percentage of qualifying students from low-participating schools statewide who successfully complete college preparatory courses and enroll in the university. Although this objective lends itself to the establishment of a measurable target, none is offered in the partnership agreement. The partnership agreement could have identified a specified percentage increase the university would achieve involving the specified type of students.

In a second example, one objective of the partnership agreement is for the university to provide the classes needed

for students to graduate in four years or less. As part of this objective, the partnership agreement contains a measurable target—to reach the current budgeted student-faculty ratio of 18.7 to 1. However, it does not specify a period in which the university should achieve its longer-term target of a student-faculty ratio of 17.6 to 1. According to the university, it estimated that it would take five to six years to lower the student-faculty ratio to 17.6 to 1 if it received steady increases in funding beginning in fiscal year 2000–01. Although the university indicated that it received sufficient funding for fiscal year 2000–01 to achieve an 18.6-to-1 ratio, it did not receive funding for this purpose in fiscal year 2001–02, and it does not expect to receive the funds necessary in fiscal year 2002–03 to make additional progress towards the 17.6-to-1 target. The university believes the partnership agreement’s lack of a specified period is not a shortcoming and instead reflects the fact that the involved parties recognized that this target would be addressed as the State made funds available. However, we believe the partnership agreement could have identified a specified period with the understanding that if circumstances changed, the university could revise the target.

The Outreach Task Force Report recommended specific targets related to one objective of the partnership agreement, yet the agreement did not contain these targets.

A third example of an objective lacking a clear and measurable target involves the university assuming greater responsibility in working with K-12 schools toward improving K-12 student performance. The objective does mention that the university should report on its progress toward meeting the goals specified in the *Outreach Task Force Report* (task force report) dated July 1997. The task force report discusses the university’s current outreach goals, strategies, programs, and activities and provides a plan to help fulfill the university’s charge to increase the preparation and enrollment of students in disadvantaged circumstances. One of the recommendations of the task force report was that the university could strive toward several numerical outcomes related to this objective. For example, the task force report suggested that the university should work with its partner K-12 schools to increase between 1997 and 2002 the number of university-eligible graduates by 100 percent or the university-eligible rates in these schools by 4 percentage points, whichever was greater. According to the university, the fact that the parties involved in the agreement did not specifically enumerate these targets reflects a conscious choice to rely on targets set elsewhere. However, because the task force report was simply making recommendations as opposed to requiring

the university to implement its suggestions, it would have been appropriate to incorporate those recommendations into the partnership agreement.

THE STATE APPROPRIATED INCREASED FUNDING FOR THE FIRST TWO YEARS OF THE PARTNERSHIP AGREEMENT FOR THE UNIVERSITY TO USE TO ACCOMPLISH THE AGREEMENT'S OBJECTIVES

As discussed, the Legislature is not a party to the partnership agreement and did not have a say in establishing measurable targets related to the agreement's objectives. Nevertheless, the Legislature and the governor appropriated additional funds during the first two years of the partnership agreement that they expected the university to use, in combination

with existing resources provided by the State, to accomplish the objectives that are identified in the agreement.⁶ However, in response to the State's recent economic problems, the Legislature and the governor decreased a significant amount of this funding for fiscal year 2001–02 and, as of June 2002, have proposed reducing it further for fiscal year 2002–03.

The university's annual appropriation from the State consists of a base budget amount plus any additional funds approved by the governor and the Legislature. The base budget amount represents the funds the university receives to maintain its current level of services,

The State's Funding Commitments Under the Partnership Agreement

4 Percent Funds: 4 percent annual increase to the base funds the State provides. Although the State does not designate the 4 percent funds for specific purposes, the university allocates a significant portion of these funds for salary increases.

Enrollment Growth: Funding for enrollment growth (estimated to be 3 percent annually) at the agreed-upon marginal rate adjusted annually.

1 Percent Funds for Core Needs: An additional 1 percent increase to the base funds the State provides to phase in full funding between fiscal years 1999–2000 and 2002–03 to eliminate the annual budgetary shortfalls for building maintenance, instructional equipment, instructional technology, and libraries.

Public Service/Outreach: Funds for programs to improve K-12 schools.

Special Research: Funding for new or expanded research initiatives or programs.

Capital Outlay: Annual funding to support capital outlay needs. State general obligation bond measure and/or lease revenue bonds will provide additional support for capital outlay needs beginning in fiscal year 2002–03.

State-Supported Summer Term: Funding for the transition to year-round operations.

Other Funds: Funds that the university uses to pay down existing debt, cover annuitant benefits, establish the university's 10th campus at Merced, address deferred maintenance needs, develop off-campus centers, provide a student fee increase buyout, and meet other needs.

⁶ The partnership agreement covers the four-year period from fiscal year 1999–2000 through fiscal year 2002–03. As discussed in the Scope and Methodology section, we limited our review of the funding the university received to fiscal years 1999–2000 and 2000–01 because fiscal year 2001–02 was not yet complete at the time we started our audit.

whereas, the increased funding it receives as part of the governor's commitment to the partnership agreement primarily provides the additional funding it needs to cover the costs associated with increases in staff and faculty compensation, student growth, inflation, and other fixed costs. The portion of the funding used to cover these sorts of costs becomes part of the subsequent year's base. The governor and the Legislature may also provide funding for other special programs and research projects that they agree are high priorities for the State. Some of these appropriations for special programs and research projects also become part of the base in the subsequent year, whereas the governor and the Legislature annually appropriates others if they desire to continue to fund the projects.

As shown in Table 2 on the following page, the university received increases in its funding for fiscal years 1999–2000 and 2000–01 that related either directly or indirectly to many of the objectives included in the partnership agreement. Further, the annual increases in funding were combined with the university's existing resources, and it was expected that the university would use these resources to accomplish all the objectives of the partnership agreement. (Appendix B provides a complete listing of these.) For example, it provided the university approximately \$25 million and \$46 million for fiscal years 1999–2000 and 2000–01, respectively, to fund core needs related to libraries, building maintenance, instructional equipment, and instructional technology, which aligns with one objective of the agreement.

The State reduced the partnership agreement funding for fiscal year 2001–02 and has proposed further reductions for fiscal year 2002–03.

The State appropriated the increased funding for the first two fiscal years of the partnership agreement—1999–2000 and 2000–01—at the levels the governor and university had agreed to as part of the partnership agreement. However, for fiscal year 2001–02, the governor and the Legislature reduced the funding that the university received for the partnership agreement in response to the State's declining fiscal situation. For example, the State reduced the portion of the funds used for salary increases from 4 percent to 2 percent, which equates to a reduction of approximately \$60 million. It also eliminated about \$30 million in funding for core needs such as libraries, instructional equipment, instructional technology, and building maintenance.

TABLE 2

**Increased State Funding Aligns With Several Objectives of the Partnership Agreement
(In Thousands of Dollars)**

Objective Number*	Funding and Related Objective	Fiscal Year	
		1999–2000	2000–01
	4 Percent Funds	\$ 94,223	\$104,437
	One-Time Funding for Employee Compensation for Lower-Paid Staff	—	19,000
	Total 4 Percent and One-Time Funds	94,223	123,437
5	Provide competitive faculty salaries.		
6	Increase emphasis on merit-based pay systems.		
	Enrollment Growth	43,295	51,234
1	Ensure access under the master plan by maintaining commitment to accept all eligible California high school graduates who wish to attend.		
	1 Percent Funds and One-Time Funding for Core Needs	25,000	46,109
16	Fund core needs within partnership resources.		
	Public Service and Outreach	17,750	111,809
4	Ensure that new top 4 percent “path” results in more students eligible for and attending the university; increase the percentage of students from low-participating schools who enroll in the university.		
8	Expand intersegmental transfers.		
9	Reduce barriers to student transfers.		
11	Assume greater responsibility in working with K-12 schools to improve student performance.		
15	Improve teacher preparation to ensure that education programs adapt quickly to K-12 academic standards.		
	Capital Outlay†	—	133,700
18	Maintain and renovate existing campuses.		
21‡	Increase use of public-private partnerships to further economic development of the State.		
	Special Research	22,950	87,100
20	Place a priority on producing graduates who will meet California’s workforce needs.		
21‡	Increase use of public-private partnerships to further economic development of the State.		
	State-Supported Summer Term	—	13,800
10	Use facilities more extensively to accommodate regular academic year enrollment demands.		
	Other Funding §		
	Increase to “buy out” general student fee increase	16,603	17,900
	Professional school fee buy-out	2,406	1,400
	Revenue bond payments	4,761	—
	Annuitant health benefits	8,523	1,753
	Reduction in mandatory systemwide fees	26,500	—
	Teaching hospitals—equipment—one-time funds	—	25,000
	Other miscellaneous initiatives	4,957	12,450
	Total Increases	\$266,968	\$625,692

Sources: Fiscal Year 2000–01 Governor’s Budget, the Final Budget Summary, and university records.

* Objective number coincides with the numbering sequence of the partnership agreement objectives in Appendix B.

† The amount shown for capital outlay represents the portion the State appropriates from its general fund monies. However, the university also receives capital outlay funds from the State’s general obligation bonds for new construction related to student enrollment growth and other renovation projects.

‡ Objective 21 is shown as part of capital outlay and special research projects. This objective contains an indicator for the university to implement three institutes of science and innovation. Therefore, the State provided funds to construct the institutes, which are shown under capital outlay. The State also provided funds for a second indicator for the university to increase research efforts that will help California maintain its competitiveness in a global economy, which are shown under special research.

§ Although these funds do not relate to a specific objective, they are part of the State’s funding commitments in the partnership agreement.

As of June 2002, the State also expects to provide less funding for the partnership agreement for fiscal year 2002–03. For example, the governor proposed to again reduce the funds used for salary increases from 4 percent to 1.5 percent and to eliminate the 1 percent funds for core needs. Further cuts were proposed in the May revision to the governor’s budget, including a one-time reduction of \$29 million in funding for libraries, instructional technology, instructional equipment, and building maintenance; a \$32 million cut to research programs; and reductions in public service and outreach programs totaling \$87 million, among others.

THE UNIVERSITY ALLOCATED THE INCREASED FUNDING IT RECEIVED UNDER THE PARTNERSHIP AGREEMENT TO ACCOMPLISH MANY OF THE AGREEMENT’S OBJECTIVES

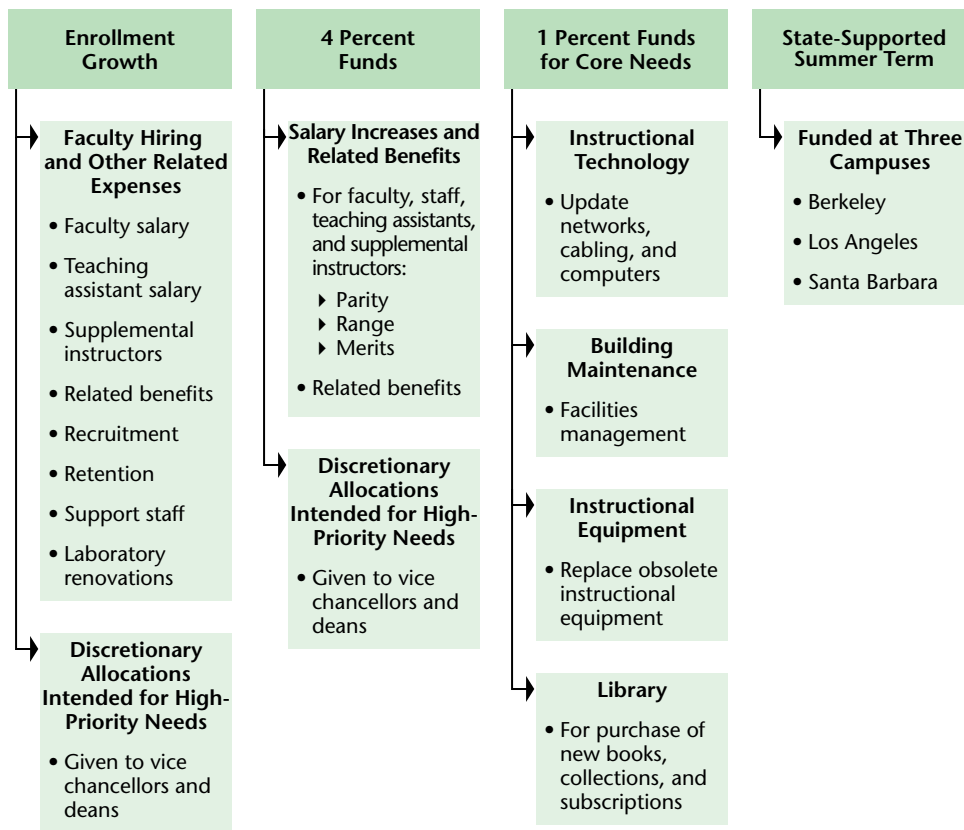
As previously discussed, the State appropriated additional funds in fiscal years 1999–2000 and 2000–01 for many of the objectives contained in the partnership agreement. The university in turn allocated the state funds to accomplish the objectives. For example, the university allocated most of the 4 percent funds, 1 percent funds for core needs, enrollment growth funds, and summer session funds to the campuses through an allocation letter distributed by its Office of the President. The allocation letters officially disseminated these funds to the campuses based on the campuses’ projected needs for the upcoming fiscal year. However, because the Office of the President operated some of the public service and outreach programs and special research projects, it maintained control of the related funds. Otherwise, the university allocated the remaining funds to the campuses, contractors, or other educational entities that were responsible for operating the related programs or projects.

The university’s Office of the President allocated certain funds, such as enrollment growth funds, to campuses and maintained control of other funds, such as those for the public service and outreach programs it operated.

Figure 3 on the following page shows how the campuses distributed the funds they received through the allocation letter process. According to the university, the campuses are required to use the 1 percent funds for core needs only, such as instructional technology, building maintenance, instructional equipment, and libraries. Therefore, the campuses generally allocated the library funds to their libraries and the building maintenance funds to facilities management. Additionally, campuses allocated the 4 percent funds and the enrollment growth funds to provide salary increases and to hire faculty,

FIGURE 3

Campuses' Allocation of the Increased Funding for the Partnership Agreement



Source: Key budget personnel at the Office of the President and at the campuses.

with a smaller portion used for discretionary projects. According to the assistant vice president for budget development and external relations, once the university distributed the funds to the campuses, it became the responsibility of the campuses to determine how best to distribute the funds to meet their needs as well as the goals of the partnership agreement. For the remainder of this chapter, we focus on the increased funding the university received during fiscal year 2000–01.

The University Primarily Allocated 4 Percent Funds for Salary Increases

Although the State does not designate the 4 percent funds for specific purposes, the university has primarily chosen to allocate the majority of the funds for salary increases. The allocation of these funds for this purpose aligns with two objectives of the

partnership agreement: to provide competitive faculty salaries and to increase the emphasis on a merit-based pay system. Before the university identifies the amount it allocates to the campuses and the Office of the President, it adds revenues from its other general operating funds, such as nonresident tuition and overhead funds from the federal government. Thus, the total amount it actually allocated during fiscal year 2000–01 was approximately \$117 million. In addition, in that year, the university also received from the State a late special augmentation of \$19 million for salary increases for lower-paid staff.

The university's allocation of funds for salary increases aligns with two objectives of the partnership agreement—to provide competitive faculty salaries and to increase the emphasis on a merit-based pay system.

In fiscal year 2000–01, the campuses reported that they in turn allocated a significant portion of these funds for salary increases for faculty and other staff. Our review found that the university and the campuses allocated 81 percent, or \$110.9 million, of these funds for parity, range, and merit pay increases. The university and the campuses reported that they allocated the remaining 19 percent, or approximately \$25.3 million, for high-priority purposes identified by the vice chancellors and deans. For example, one campus allocated some of these funds to its facilities management for the cost of utilities and to the dean of graduate studies for its fellowship budget.

The University Primarily Allocated Enrollment Growth Funds to Hire New Faculty and Pay for Related Expenses

The State provides the university with enrollment growth funds to offset the cost of the additional students it estimates it will serve during an academic year. In the past, the university has chosen to allocate the majority of these funds for hiring new faculty and pay for other related expenses. As it does with the 4 percent funds, it adds other revenues—in this case, the registration and education fees paid by students—to the enrollment funds before allocating them. Therefore, the total amount the university actually allocated during fiscal year 2000–01 was more than \$60 million. Of this amount, our review found that the university and campuses allocated approximately 75 percent, or nearly \$45 million, to support the hiring and retention of new faculty and other staff.

The allocation of enrollment growth funds for hiring new faculty contributed to satisfying one objective of the partnership agreement—the desire to maintain the university's commitment to accepting all eligible California high school graduates who wish to attend the university. By using these funds to hire faculty, the university could increase the number of courses it

offered at each campus, thus providing the additional faculty and courses necessary to handle its growing enrollment. The campuses reported that they distributed the discretionary portion of enrollment growth funds to priority projects. In fiscal year 2000–01, 25 percent, or about \$15 million, was allocated to the campuses' vice chancellors and deans and intended for high-priority needs. For example, one campus allocated some of these funds to its vice chancellor of administration for use by the campus's police department and for other human resources priorities. Another campus allocated some of its funds to the library.

The University Allocated 1 Percent Funds to Meet Core Needs, as Required by the State

During fiscal year 2000–01, the State provided the university with a 1 percent increase, or more than \$26 million, to be used to fulfill one objective of the partnership agreement—to fund core needs in the areas of building maintenance, instructional equipment, instructional technology, and libraries. During the same year, the State also allocated \$20 million in one-time funds for libraries, instructional equipment, and building maintenance. According to the assistant vice president for budgetary planning and fiscal analysis, the university believes that these funds are to be used only for the purposes indicated. Therefore, most campuses allocated the maintenance funds directly to facilities management and the library funds directly to the libraries for purchasing new books, collections, and subscriptions. In some cases, the campuses distributed the instructional technology and instructional equipment funds based on internal formulas or the needs of specific prioritized projects. Nevertheless, whenever the campuses distributed the core needs funds, it was with the understanding that the departments were to use the funds strictly for building maintenance, instructional technology, instructional equipment, and libraries.

The State provided the university more than \$46 million during fiscal year 2000–01 to fund core needs in the areas of building maintenance, instructional equipment and technology, and libraries.

As discussed earlier, the State eliminated the increase in the core funds during fiscal year 2001–02 in response to its declining fiscal situation. Further, the governor's budget for fiscal year 2002–03 again eliminated the increase in the core funds, and the May revision to the governor's budget proposed an additional one-time reduction of \$29 million to the base budget funding for libraries, instructional technology, instructional equipment, and building maintenance.

The University Allocated Public Service and Outreach Funds for Programs That Target K-12 and Community College Students

In fiscal year 2000–01, the university received an increase in its funding of nearly \$112 million to provide public service and outreach programs. This funding related to several of the objectives in the partnership agreement, such as increasing the percentage of students from low-participating high schools who enroll in the university, assuming greater responsibility in working with K-12 schools to improve student performance, improving teacher preparation to ensure education programs adapt quickly to K-12 academic standards, and increasing the number of students who transfer from community colleges to the university. Table 3 contains a detailed listing of the public service and outreach funds and programs.

TABLE 3

The State’s Funding Augmentations for the University’s Public Service and Outreach Programs for Fiscal Year 2000–01 (In Thousands of Dollars)

Public Service and Outreach	Amount
Internet Connectivity and Network Infrastructure for K-12 Schools	\$ 32,000
California Subject Matter Projects	20,000
California Reading Professional Development Institutes (PDIs)	14,000
High School English PDIs	12,000
High School Mathematics PDIs	8,000
Elementary Mathematics PDIs	7,500
English Language Development PDIs	5,000
Online Advanced Placement and Honors Courses	4,000
Algebra PDIs	2,500
Algebra Academies PDIs	1,700
California State Summer School for Mathematics and Science	1,000
Mathematics, Engineering, and Science Achievement; Puente; and Early Academic Outreach Program	1,000
Services to Community College Students to Promote Transfer to the University	1,000
Graduate and Professional School Outreach	1,000
New Teacher Centers	600
ACCORD (All Campus Consortium On Research for Diversity)	509
Total State Funding Augmentations Provided for Public Service and Outreach Programs	\$111,809

Sources: Fiscal Year 2000–01 Governor’s Budget, the Final Budget Summary, and university records.

According to the assistant vice president for budget development and external relations, the university allocated certain public service and outreach funds as follows:

- **Internet connectivity for K-12:** The university used funds to hire a contractor responsible for purchasing and leasing equipment and establishing Internet connectivity. To date, the contractor has connected approximately 90 percent of the K-12 schools in the State.
- **California Subject Matter Projects:** The university provided funds to regional sites, typically located on the campuses of the university, CSU, and private institutions for nine distinct projects that bring together K-12 and university teachers to share successful practices and to improve the content knowledge and skills of K-12 teachers.
- **PDIs (English, mathematics, algebra, and reading):** The university allocated funds to directors of PDIs who operate mainly in the field through contract with various school districts to provide professional development programs for K-12 teachers.

As required by the partnership agreement, the university released its first status report in the fall of 2001, documenting its progress on outreach efforts. The report indicated that effectiveness and cost-effectiveness studies related to its public service and outreach programs will not be complete until the end of the 2003–04 academic year.

The University Received State General Funds for Capital Outlay Purposes to Construct the California Institutes for Science and Innovation and to Maintain and Renovate Existing Campuses

The State appropriated nearly \$134 million in capital outlay funds for fiscal year 2000–01 for the university to address two objectives of the partnership agreement. According to the State’s budget, \$75 million of this amount was for constructing the California Institutes for Science and Innovation (institutes). This relates to the agreement’s objective of increasing the use of public-private partnerships to further economic development of the State. Specifically, the agreement requires the university to create three institutes that can serve as centers for strategic innovation by combining research with collaboration and training for the next generation of scientists and technological leaders. The agreement calls for the State to provide \$75 million in funding each year for four years to construct the institutes.

The partnership agreement calls for the State to provide \$75 million annually for four years to construct the California Institutes for Science and Innovation.

Subsequent to the development of the partnership agreement, the State provided funding for a fourth institute. The university also received nearly \$59 million in state general funds to address a second objective of the partnership agreement—to maintain and renovate existing campuses. The State’s budget stated that the university was to spend these funds to prepare preliminary plans for and to renovate its teaching and veterinary hospitals. The university also receives capital outlay funds from the State’s general obligations bonds for new construction related to student enrollment growth and other renovation projects.

The University Allocated Special Research Funds for a Variety of Research Purposes

The university received more than \$87 million of additional research funds for fiscal year 2000–01, some of which the State specifically allocated to align with two objectives in the partnership agreement. One objective involves the university increasing its use of public-private partnerships to further economic development of the State, in part by expanding research efforts that may help California maintain its competitiveness in a global economy. To this end, the State provided \$5 million for the Mexico Research Collaboration and \$26 million for Internet 2, as shown in Table 4 on the following page. The university used the Internet 2 funds to develop an advanced, high-performance communication network that allows faculty and students to access network services and thus fosters research collaboration.

The university used Internet 2 funds to develop an advanced, high-performance communication network that allows faculty and students to access network services.

In addition, the university received \$5 million for graduate research assistantships in engineering and computer science. This funding related to the agreement’s objective requiring the university to place a priority on producing graduates who meet California’s engineering and computer sciences workforce needs. During fiscal year 2000–01, the State also appropriated other research funds that did not specifically relate to objectives in the partnership agreement but were part of the funding commitments under the agreement. For example, the university received a total of \$30 million in research funds to support research, purchase equipment, prepare working drawings, and construct the Medical Investigation of Neurodevelopmental Disorders (MIND) institute at the Davis campus.

TABLE 4

**The State’s Funding Augmentations for the University’s
Special Research Efforts for Fiscal Year 2000–01
(In Thousands of Dollars)**

Research—Permanent Augmentations	Amount
Internet 2 Connectivity and Infrastructure for University Campuses	\$ 8,000
Labor Policy Research Institutes	6,000
Engineering and Computer Science	5,000
Mexico Research Collaboration	5,000
Environmental Science	2,000
Medical Investigation of Neurodevelopmental Disorders (MIND)	2,000
Substance Abuse Research	2,000
Lupus Research	1,000
Spinal Cord Injury Research	1,000
Subtotal	32,000
Research—One-Time Funding	
MIND (Includes \$4 million for March of Dimes Research Grant)	28,000
Internet 2 Connectivity and Infrastructure for University Campuses	18,000
Academic Geriatrics Research Program	6,000
Medical Marijuana Research	3,000
University of Berkeley Institute of Government Affairs	100
Subtotal	55,100
Total Funding Augmentations	\$87,100

Sources: Fiscal Year 2000–01 Governor’s Budget, the Final Budget Summary, and university records.

The University Used Summer School Funding to Implement a State-Supported Summer Term

One of the partnership agreement’s objectives states that the university should use existing facilities more extensively to accommodate enrollment demands and to help alleviate enrollment pressures during the regular academic year. This objective required the university to begin a state-supported summer term in 2001 and states that the university’s phasing plan should assume fees, financial aid, and the quality of programs should be similar to that offered during the regular academic year. Toward this end, the State allocated \$13.8 million to the university for fiscal year 2000–01 to encourage students to attend summer terms at all campuses. The State appropriated

these funds to reduce students' summer term fees at all campuses to the level paid during the regular academic year with the intent to encourage more students to attend summer school. Additionally, the State provided three of the campuses—Berkeley, Los Angeles, and Santa Barbara—with an additional \$20.7 million from the fiscal year 2001–02 appropriation to fully fund their summer terms for 2001. According to the governor's budget, the Davis campus will receive similar funding for the 2002 summer term.

The three campuses that received additional state funding for their summer term for 2001 appropriately reduced their fees to a level less than those charged during the regular academic year.

Our review of the three campuses that received the additional funding found that these campuses appropriately reduced their student fees to a level that was less on a per unit basis than the fees they charged during the regular academic year. In January 2002, the university released its final report on the success of its summer 2001 term at these three campuses. The report discusses course quality, financial aid, and incentives for student and faculty to participate. It stated that the university was not able to provide the breadth of courses that it does during the regular academic year; however, the campuses attempted to provide those courses that are the most overenrolled during the regular year, thus making those courses available to students who might otherwise be unable to take them. Additionally, based on the results of student surveys for two of the campuses—Los Angeles and Santa Barbara—the students found the quality of the courses during the summer term to be similar or better than during the regular academic year. According to its director of summer sessions, the Berkeley campus did not conduct student surveys.

The university acknowledges in its January 2002 report that summer term financial aid was not equivalent to that offered during the regular academic year. During the regular academic year, students may receive financial aid through federal and state programs or from the portion of student fees that the university collects and designates for financial aid. According to the university's director of student financial support, the portion of the summer-term financial aid that was funded from student fees was equivalent to that provided during the regular academic year. However, the director stated that the annual award limits and funding from federal aid programs do not increase when a student attends year round. In addition, the director stated that the current process for delivering the Cal Grant awards provided by the State during the summer is overly cumbersome. Thus, according to the director, until the federal government revises

its rules and until the State implements a new planned delivery process for the Cal Grant awards in 2003, the total amount provided for financial aid during the summer will continue to be less than that provided for the regular academic year.

RECOMMENDATIONS

To accomplish the governor's goal of increased accountability, the university should propose establishing clear and measurable targets when preparing future partnership agreements. These targets should allow the university to better assess its success in meeting the objectives of the partnership agreement. In addition, if the university is concerned that it will be expected to meet a measurable target when it has not received the related funds or when factors outside its control impede its progress, it should propose that as circumstances change it can revise the targets.

Further, the university should confer with the governor and the Legislature to determine whether having the Legislature provide input on objectives and measurable targets for future partnership agreements might be beneficial. ■

CHAPTER 2

The University Has Spent More of Its Increased State Funding on Support Staff Than on Academic Staff

CHAPTER SUMMARY

As discussed in the Introduction, the primary mission of the University of California (university) is to teach and conduct research in a wide range of disciplines and to provide public services. However, our analysis of the university's salary expenditures for its general operating funds between 1997 and 2001—the two years before the partnership agreement and the first three years after it went into effect—shows that during this time, the university's expenditures for support staff increased at a greater rate than its expenditures for academic staff within instruction, research, and public service. Academic salaries related to instruction, research, and public service represented 44 percent of the university's increase in salary expenditures for its general operating funds for these five years, while support staff salaries represented 56 percent.

During the same years, the proportion of employees the university hired using general operating funds in certain support job classifications was much greater than the proportion it hired in certain academic positions. The majority of the increases in the university's expenditures occurred in five job classifications. One of these classifications was academic: The university had a net increase in full-time equivalents (FTEs) of 504 professorial-tenure employees⁷, which represents an increase of 10 percent over the five years. However, the number of employees in four support classifications increased at a greater rate. For example, the university had a net increase in FTEs of 532 in advising services and 2,075 in fiscal, management, and staff services, which represents increases of 59 percent and 43 percent, respectively, for those job classifications.

⁷ Professorial-tenure employees are associate and full professors.

The university relied on state funding in general, and funds related to the partnership agreement in particular, to create some of these new positions. Among the objectives of the partnership agreement are commitments by the university to accept all eligible California high school graduates who wish to attend, to provide a sufficient number of courses to ensure that students can graduate in four years or less, to continue to provide competitive faculty salaries, and to emphasize a merit-based pay system for faculty. Although the hiring of both academic and support staff may contribute to achieving one or all these objectives, the partnership agreement does not contain objectives or measurable targets that identify the areas in which the university believes growth and positions may be necessary to reach these goals. Because the university has had a nearly 13 percent increase in enrollment over the past five years and may face similar growth in the future, including such targets in the partnership agreement might allow both the State and university to ensure that funds related to the agreement are used to most effectively achieve its objectives.

THE UNIVERSITY INCREASED ITS SUPPORT STAFF SALARY EXPENDITURES AT A GREATER RATE THAN ITS ACADEMIC SALARY EXPENDITURES

To determine how the university has spent the funds it received from the State under the partnership agreement, we compared its expenditures for the two fiscal years leading up to the partnership agreement, 1997–98 and 1998–99, and the first three fiscal years of the four-year partnership agreement, 1999–2000 through 2001–02. We found that during this period, the university increased its support salary expenditures at a greater rate than it increased its academic salary expenditures. Total salary expenditures increased by almost 39 percent, with 44 percent of the increase relating to academic salaries for instruction, research, and public service and 56 percent relating to support salaries. Similarly, when the expenditure data is normalized by taking into account the growth in student enrollment, we found that salary expenditures per student increased by 23 percent, with academic salaries for instruction, research, and public service contributing 41 percent to the total increase and support salaries contributing 59 percent.

Our review focuses only on the salaries charged to the university's general operating funds and does not include nonsalary expenditures. University salaries represented

Total support salaries accounted for 56 percent of the total increase in salary expenditures while academic salaries accounted for only 44 percent.

approximately 63 percent of its total expenditures for its general operating funds for fiscal year 2000–01, while employee benefits and nonsalary-related costs such as operating expenditures represent the remaining 37 percent. As discussed in the Scope and Methodology section, we were unable to include the employee benefits and nonsalary-related costs in our analysis because the university does not track these costs at a level of detail similar to salary expenditures. In addition, our analysis was limited to the salary expenditures for the month of October for each of the five fiscal years because the university does not maintain its full fiscal year data files longer than two years. Our analysis indicates that the October data is generally representative of the full fiscal year data.

From 1997 Through 2001, the University's Expenditures for Support Salaries Increased at a Faster Rate Than Its Expenditures for Primary Mission/Academic Salaries

The university classifies its salary expenditures into categories provided in the standards issued by the National Association of College and University Business Officers (NACUBO standards). According to the university's assistant vice president for budgetary planning and fiscal analysis, consistent with national practices in higher education, the university's campus financial schedules do not specifically separate academic from support

salaries. Instead, the university reports the salaries of both academic positions and certain support positions to what we are referring to in this report as the university's primary mission expenditures categories. Because the university's primary mission is to teach and conduct research in a wide range of disciplines and to provide public services, we have classified expenditures for instruction, research, and public service as primary mission expenditures.

The University's Major Expenditure Categories (As Defined by NACUBO Standards)

Instruction: All activities that are part of an institution's instruction program, including department research and public service that are not separately budgeted.

Research: Activities specifically organized to produce research, research institutes, and centers. Also includes departmental research that is separately budgeted.

Public service: Non-instructional services that are beneficial to individuals and groups external to the institution, including community service, cooperative extension services, and public broadcasting services.

Academic support: Provision of support services for the institution's primary missions of instruction, research, and public service, as well as organized activities that directly support the operation of the library, museums and galleries, education media services, and computing support.

Institutional support: Central executive-level activities concerned with management and long-range planning for the institution, such as fiscal operations and community and alumni relations.

Operation and maintenance of plant: Physical plant administration, building maintenance, custodial services, utilities, landscape and grounds maintenance, and major repairs and renovations.

We used job classifications to identify which salaries related to academic positions and which related to support positions.

To identify which salaries related to academic positions and which related to support positions within these categories, we used job classifications. For example, if the university identified an individual by a job classification in the professorial series within one of the primary mission expenditure categories, we classified that individual's salary as primary mission/academic. On the other hand, if it identified an individual as a clerical employee within a primary mission expenditure category, we classified that individual's salary as primary mission/direct support. We have classified the expenditures charged to the remaining categories—academic support, institutional support, operation and maintenance of plant, and other—as indirect support expenditures since by definition these categories relate to support activities for either the academic employees or the university as a whole.⁸

Our analysis of the change in the university's salary expenditures over the last five years indicates that the university's spending of its general operating funds for total support (primary mission/direct support plus indirect support) salaries increased at a faster rate than for its primary mission/academic salary expenditures. As shown in Table 5, between the months of October 1997 and October 2001, the university's total monthly salary expenditures increased by almost 39 percent. Specifically, primary mission/academic salary expenditures increased by 33 percent, or \$24.1 million monthly, while total support salary expenditures increased by almost 45 percent, or \$30.5 million.

⁸ The financial records of the Santa Cruz campus reflect the separation between academic and support salaries to a greater degree than the records of the other campuses. According to its assistant vice chancellor for budget and resource management, Santa Cruz has established separate service centers that provide support services to the various campus departments. As a result, Santa Cruz captures the salary expenditures related to the service centers separately and charges the expenditures to academic support. At the other campuses, departmental support staff are generally located and work within the departments to which they are assigned. Therefore, the salary expenditures related to these staff are charged to their assigned departments, resulting in their inclusion in the primary mission categories. We did note that Santa Cruz's October 2001 data charged various employees to the primary mission expenditure categories who we classified for our purposes as support.

TABLE 5

**The University's Expenditures for
Primary Mission/Academic Salaries Have Grown at a
Slower Rate Than Have Support Salary Expenditures
(In Thousands of Dollars)**

	October 1997	October 2001	Difference	Percentage Change
Primary mission/academic salaries				
Instruction	\$ 64,494	\$ 86,459	\$ 21,965	34.1%
Research	5,630	7,137	1,507	26.8
Public service	2,007	2,632	625	31.1
Totals	72,131	96,228	24,097	33.4
Support salaries				
Primary mission/direct support				
Instruction	15,403	22,561	7,158	46.5
Research	4,923	7,563	2,640	53.6
Public service	1,086	4,264	3,178	292.6
Subtotals	21,412	34,388	12,976	60.6
Indirect support				
Academic support	20,015	25,994	5,979	29.9
Institutional support	16,597	25,040	8,443	50.9
Operation and maintenance of plant	5,620	7,164	1,544	27.5
Other*	4,681	6,234	1,553	33.2
Totals	68,325	98,820	30,495	44.6
Grand Totals	\$140,456	\$195,048	\$54,592	38.9%

* Includes student financial aid, auxiliary enterprises, student services, summer session, provisions for allocations, and items not otherwise allocated to a particular expenditure category.

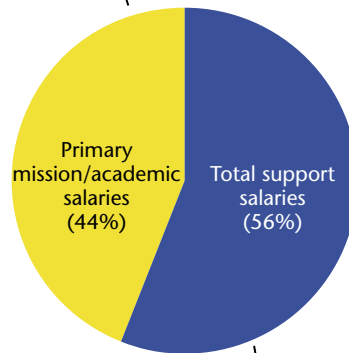
The makeup of the increase reflects that total support salary expenditures increased at a faster rate than did primary mission/academic salary expenditures. Our analysis demonstrates that the primary mission/academic salaries contributed 44 percent to the \$54.6 million increase in salary expenditures, while support salaries contributed 56 percent, as shown in Figure 4 on the following page.

According to the assistant vice president for budgetary planning and fiscal analysis, it is important to consider not only the growth in expenditures but also the growth in the number

FIGURE 4

**Support Salary Increases
Represent the Largest Portion of the \$54.6 Million
Growth in Monthly Salary Expenditures**

Increase in total primary mission/academic salaries of \$24.1 million divided by the total increase of \$54.6 million



Increase in total support salaries of \$30.5 million divided by the total increase of \$54.6 million

Source: Table 5 on page 41.

of employee FTEs. Specifically, while salary expenditures grew by nearly 39 percent, the number of employee FTEs grew by only 16 percent. The 16 percent growth rate reflects a 15 percent increase in FTEs for primary mission/academic positions and a 17 percent increase in FTEs for total support positions. This 17 percent increase consists of increases of 31 percent for primary mission/direct support, 6 percent for academic support, 18 percent for institutional support, 10 percent for operation and maintenance of plant, and 9 percent for other. In a later section of this chapter, we analyze the growth in employee FTEs, for selected job classifications. Additionally, we review salary expenditures for these same classifications to identify whether the increase was mostly the result of salary increases for existing staff or the result of hiring employees to fill vacant or newly created positions over the five-year period.

The greatest percentage increases in salary expenditures occurred in three support categories. Within primary mission/direct support salary expenditures, an increase of nearly \$3.2 million, or 293 percent, occurred in the public service category. Staff

Increased state funding related to certain objectives of the partnership agreement contributed to the 293 percent increase in expenditures in the public service category.

members participating in public service activities are responsible for providing non-instructional services to individuals and groups external to the university, such as to ensure K-12 teachers adapt quickly to changing academic standards. State funding related to the partnership agreement's objectives contributed to the university's increase in expenditures in this area, as discussed in Chapter 1. Another significant increase of more than \$2.6 million, or nearly 54 percent, occurred in the research category of primary mission/direct support salary expenditures. In fact, according to the university's assistant vice president for budget development and external relations, between fiscal years 1996–97 and 2001–02, the university received more than \$350 million in new funding for public service and research programs; \$240 million of this amount was received during the first two years of the partnership agreement. These funds were provided largely for initiatives sponsored by either the governor or the Legislature. According to the assistant vice president, these additional funds generated large increases in staff in the public service and research areas in a relatively short period. When we reviewed the increase in FTEs for support positions in the category of public service, we found that the FTEs increased from 313 in 1997 to 1,104 in 2001. Finally, an increase of \$8.4 million, or 51 percent, occurred in the category of institutional support. Institutional support staff are responsible for the central activities concerned with the management and long-range planning for the institution.

We also found that unlike five years before, support salaries as of October 2001 accounted for a larger proportion of total salary expenditures than did academic salaries. In October 1997, primary mission/academic salaries accounted for approximately 51 percent of the university's total monthly expenditures, while total support salaries constituted approximately 49 percent. However, by October 2001, support salaries had surpassed academic salaries, accounting for about 51 percent of total monthly expenditures. Appendix D contains the university's salary expenditures by category as a percentage of its total expenditures for October 1997 and October 2001.

Taking Into Account the Growth in Student Enrollment, the University Increased Its Academic Salary Expenditures at a Slower Rate Than Its Support Salary Expenditures

Our analysis of the change in the university's salary expenditures when normalized by taking into account the growth in student enrollment also indicates that the university's spending of its general operating funds for total support salaries increased at a faster rate than its spending for primary mission/academic salaries over the last five years. Table 6 shows the changes in salary expenditures per student FTE⁹ between October 1997 and October 2001. For purposes of our salary expenditure analysis, which is based on the October data, we only used student enrollment data for the fall term, which we determined by collecting fall-term enrollments from each of the campuses and computing the number of student FTEs.¹⁰

University officials assert that there is little or no relation between salary expenditures and student FTE with the exception of those expenditures relating to instruction and other student workload-driven areas of the budget; therefore, they believe an analysis of salary expenditures per student FTE is appropriate for some budgetary functions but not others. We recognize that some expenditures, such as those for research and public service, are project or program driven rather than enrollment driven. As discussed in Chapter 1, the university received additional funding for research and public service that was not related to student enrollment. However, we still believe this analysis has value because as student enrollment increases, the university needs to increase staff, not only in the area of instruction, but in support areas as well. As shown in Table 6, total salary expenditures per student FTE increased by 23 percent between 1997 and 2001. Primary mission/academic salaries per student FTE increased by 18 percent, while total support salaries per student FTE increased by more than 28 percent. These increases reflect that support salary expenditures per student FTE increased more than the primary mission/academic salary expenditures per student FTE over the five-year period. Ultimately, the increase in primary mission/academic salary expenditures contributed 41 percent to the total increase and

Total support salary expenditures increased by more than 28 percent, while primary mission/academic salaries increased by 18 percent when taking into account the growth in student enrollment.

⁹ A student FTE is a conversion of the numerical headcount of students to a number representing a full-time student. The university considers undergraduate students to be full time if they are enrolled in 15 units per term, while graduate students are full time if they are enrolled in 12 units per term. It considers all health science students to be full time.

¹⁰ We collected enrollment information from eight of the campuses for general campus students, who include all students other than health science students. Because all San Francisco campus students are health science students, we did not obtain any student information from that campus. We obtained health science student enrollment information from the university's Office of the President.

the increase in total support salaries per student FTE contributed 59 percent to the total increase in salary expenditures as shown in Figure 5 on the following page.

TABLE 6

Support Salaries Account for the Majority of the Increase in Total Salary Expenditures Per Student FTE

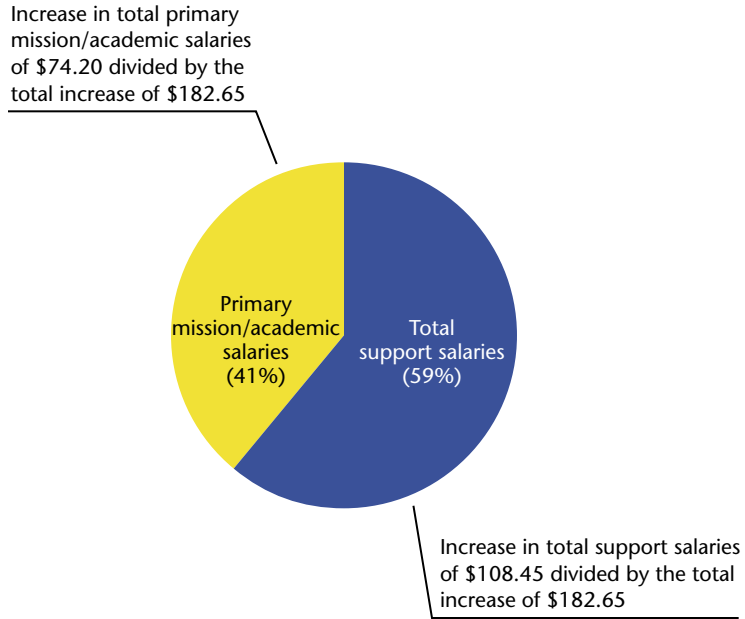
	October 1997	October 2001	Difference	Percentage Change
Student FTE	178,228	200,934	22,706	12.7%*
Primary mission/academic salaries				
Instruction	\$361.86	\$430.28	\$ 68.42	18.9
Research	31.59	35.53	3.94	12.5
Public service	11.26	13.10	1.84	16.3
Totals	404.71	478.91	74.20	18.3
Support salaries				
Primary mission/direct support				
Instruction	86.42	112.28	25.86	29.9
Research	27.62	37.64	10.02	36.3
Public service	6.09	21.22	15.13	248.4
Subtotals	120.13	171.14	51.01	42.5
Indirect support				
Academic support	112.32	129.37	17.05	15.2
Institutional support	93.12	124.62	31.50	33.8
Operation and maintenance of plant	31.53	35.65	4.12	13.1
Other†	26.25	31.02	4.77	18.2
Totals	383.35	491.80	108.45	28.3
Grand Totals	\$788.06	\$970.71	\$182.65	23.2%

* We obtained the fall-term student enrollment data for academic years 1997–98 and 2001–02 used to calculate the student FTE numbers presented in this table from the campuses. We used the fall-term data rather than annual data because our analysis focuses on October expenditures. As a result, our student FTE numbers differ from the university’s annual numbers reported in its regents’ budget. The university’s calculation of student FTEs for the 1997–98 academic year reflects student FTEs of 157,811. Further, the university’s assistant vice president for budgetary planning and fiscal analysis indicated that the regent’s budget, to be issued in fall 2002, will reflect student FTEs of 179,639 for the 2001–02 academic year. The university’s annual numbers result in a 13.8 percent increase in student FTEs, rather than the 12.7 percent shown in this table.

† Includes student financial aid, auxiliary enterprises, student services, summer session, provisions for allocations, and items not otherwise allocated to a particular expenditure category.

FIGURE 5

Support Salary Increases Represent the Largest Portion of the \$182.65 Growth in Monthly Salary Expenditures Per Student FTE



Source: Table 6 on page 45.

Because various job classifications were spread throughout most of the categories included in Tables 5 and 6 previously shown, we found it difficult to analyze in any detail, or in a sufficient manner, the increases shown in the preceding tables. Therefore, we present the salary expenditure information in another format, as discussed in the next section, to provide a more meaningful analysis.

THE UNIVERSITY HIRED A SIGNIFICANTLY HIGHER PROPORTION OF INDIVIDUALS FOR MANAGEMENT AND SOME OTHER SUPPORT POSITIONS THAN IT DID FOR CERTAIN FACULTY POSITIONS.

In addition to analyzing the increases in the university's salary expenditures by expenditure category, we also considered the proportion of employees it had hired using general operating funds in various job classifications. We found that between 1997 and 2001, the proportion of employees it hired in certain support categories significantly exceeded the proportion of

Examples of Occupational Groups Within Selected Job Classifications

Faculty Ladder-Ranks

- Professorial-Tenure
- Professorial-Non-Tenure

Student Services

- Advising Services
- Counseling Services

Fiscal, Management, and Staff Services

- Computer Programming and Analysis
- Administrative, Budget, and Personnel Analysis

Management

- Executive Program
- Managers

Academic Administrative Officers

- Deans
- Academic Coordinators

employees it hired for certain academic positions. As shown in Table 7 on the following page, the majority of the salary expenditure increases, when considering both dollars and percentages, were related to five job classifications—one academic and four support.¹¹ We analyzed these job classifications further by comparing October data for 1997 and 2001 to identify whether the increases were mostly the result of salary increases, such as merits, promotions, or parity adjustments for existing staff, or whether the increase resulted from the hiring of employees to fill vacant or newly created positions over the five-year period.

Each job classification shown in Table 7 is made up of multiple occupational groups; therefore, we reviewed the changes in the salary expenditures of the various groups to determine if any one accounted for the majority of the increase in a job classification's expenditures. For three of the five job classifications, one group accounted for the majority of the increase, so within these three job classifications, we reviewed only those groups further. Because no one group

accounted for the majority of the increase in either of the two remaining job classifications, we initially analyzed all the groups within the fiscal, management, and staff services job classification and the academic administrative officers classification.

As shown in Table 8 on page 49, a significant portion of the increase in all five categories related to the hiring of new staff. To determine whether the increases in salary expenditures were caused by increases in the number of FTEs or by increases in the salaries of existing employees, we compared the data for October 1997 with that for October 2001. If the employee was present in the 1997 data but not in the 2001 data, we classified that employee as a separation. If the employee was in the 2001 data but not in the 1997 data, we classified that employee as a new hire. Finally, if the employee was present in both sets of data, we calculated the increase in wages to determine the monthly pay raise amount. We found that while the university incurred a net increase in FTEs for professorial-tenure employees of 504, or 10 percent, the four support areas increased at an even

¹¹ Appendix E provides details of the change in salary expenditures between October 1997 and October 2001 by job classification and by the major expenditure categories.

TABLE 7

**The Majority of the Increase in Salary Expenditures
Relates to Five Job Classifications
(In Thousands of Dollars)**

	October 1997	October 2001	Difference	Percentage Change
Academic Salaries				
Faculty—ladder ranks	\$ 43,791	\$ 58,789	\$14,998	34.2%
Faculty—acting ranks	368	485	117	31.8
Faculty—lecturers	4,884	6,939	2,055	42.1
Other faculty	4,055	5,564	1,509	37.2
Student assistants	13,443	16,971	3,528	26.2
Research	4,435	6,348	1,913	43.1
Librarians	2,140	2,491	351	16.4
Cooperative extension	1,892	2,332	440	23.3
University extension	6	19	13	216.7
Other academic personnel	1,011	1,733	722	71.4
Subtotals	76,025	101,671	25,646	33.7
Support Salaries				
Student services	3,430	6,015	2,585	75.4
Clerical and allied services	17,735	19,973	2,238	12.6
Food and linen services	18	22	4	22.2
Communication, arts, and graphics	1,697	2,143	446	26.3
Architecture, engineering, and allied services	1,602	2,096	494	30.8
Fiscal, management, and staff services	19,477	32,923	13,446	69.0
Maintenance, fabrication, and operations	5,878	6,975	1,097	18.7
Health care and allied services	270	518	248	91.9
Sciences, laboratory, and allied services	3,304	3,787	483	14.6
Protective services	1,200	1,705	505	42.1
Management	7,799	13,819	6,020	77.2
Academic administrative officers	1,840	2,935	1,095	59.5
Other*	181	466	285	157.5
Subtotals	64,431	93,377	28,946	44.9
Grand Totals	\$140,456	\$195,048	\$54,592	38.9%

Note: The shaded gray rows identify the five job classifications that account for the majority of the increase in expenditures when considering both dollars and percent.

* Includes positions not otherwise identified by the university.

TABLE 8

**Growth in the FTEs of Employees in Support Areas
Outpaces That of FTEs in Academic Areas**

	Occupational Group			Job Classification	
	Professional-Tenure	Advising Services	Managers	Fiscal, Management, and Staff Services	Academic Administrative Officers
October 1997 employee FTEs	5,298.0	909.8	753.7	4,880.7	293.1
Separations	(2,113.8)	(488.5)	(416.8)	(2,649.8)	(186.4)
New hires	2,618.2	1,020.6	923.3	4,724.6	262.7
October 2001 employee FTEs	5,802.4	1,441.9	1,260.2	6,955.5	369.4
Net change in the FTEs of employees	504.4	532.1	506.5	2,074.8	76.3
Net change in FTEs as a percentage of total employees	9.5%	58.5%	67.2%	42.5%	26.0%

greater rate. The university experienced a net increase in FTEs for advising services of 532, or 59 percent; managers increased by 507 FTEs, or 67 percent; fiscal, management, and staff services increased by 2,075 FTEs, or 43 percent; and academic administrative officers increased by 76 FTEs, or 26 percent.

For the two job classifications we reviewed—fiscal, management, and staff services and academic administrative officers—we identified the types of positions that contributed most significantly to their respective FTE increases of 2,075 and 76. In fiscal, management, and staff services, the FTEs of employees in computer operations, programming, and analysis increased by 676, and the FTEs of employees in administrative, budget, and personnel analysis increased by 1,311. Within the administrative, budget, and personnel analysis occupational group, most of the increase in the FTEs of employees can be attributed to the addition of analyst-type positions. Of the 76 additional FTEs within the academic administrative officers job classification, 66 were academic coordinators or administrators, and the remaining 10 were primarily in director positions.

As shown in Table 9 on the following page, the net increase in FTEs was responsible for the majority of the university's increase in salary expenditures between October 1997 and October 2001 for the five categories we analyzed. For example, within the fiscal, management, and staff services job classification, the net increase in FTEs accounted for 78 percent of the more than \$13.4 million increase in monthly salary expenditures,

TABLE 9

**Salaries Related to the Net Increase in Employees Account for
the Majority of the Increase in Monthly Expenditures
(In Thousands of Dollars)**

	Occupational Group			Job Classification	
	Professorial-Tenure	Advising Services	Managers	Fiscal, Management, and Staff Services	Academic Administrative Officers
October 1997 employees	\$38,464	\$3,079	\$5,195	\$19,477	\$1,840
Pay raises for individuals employed at both October 1997 and October 2001	6,653	401	645	2,979	137
Net increase in employees between October 1997 and October 2001*	7,122	2,117	4,460	10,467	958
October 2001 employees	52,239	5,597	10,300	32,923	2,935
Increase in total expenditures	\$13,775	\$2,518	\$5,105	\$13,446	\$1,095
Percentage due to pay raises for individuals employed at both October 1997 and October 2001	48.3%	15.9%	12.6%	22.2%	12.5%
Percentage due to net increase in employees between October 1997 and October 2001	51.7%	84.1%	87.4%	77.8%	87.5%

* This represents the difference between the salaries of new and separated employees.

and within the managers group, the net increase in FTEs accounted for 88 percent of the more than \$5.1 million increase. However, for the professorial-tenure group, the increase in salary expenditures due to pay raises and the net increase in employees were almost equal.

The university’s assistant vice president for budgetary planning and fiscal analysis indicated that the growth in support staff occurred for several reasons. Specifically, half of the university’s growth in advising services was attributable to the expansion of outreach programs with substantial augmentations from the Legislature and the other half was for improved services for a growing number of students. The assistant vice president also stated that the university experienced a period of tight budgets caused by the economic recession during the early 1990s and, as such, was faced with the challenge of doing more with less. Therefore, the university depended on technology and a more highly skilled workforce for productivity increases. As a result, according to the assistant vice president, the university required

A university vice president stated that, as academic departments have grown, the university has decentralized authority, which has resulted in more managers in academic departments and some increase in assistant deans.

more employees in computer operations, programming, and analysis, which, as we indicated previously, accounts for one-third of the growth in the fiscal, management, and staff services job classification. The assistant vice president stated that the remaining two-thirds are the administrative staff needed not only to meet the university's growth in size and complexity but also to meet the university's increased reporting, regulatory, and compliance requirements. In addition, the assistant vice president indicated that these positions require more advanced skills to solve problems in a more complex environment and to work with the new financial information systems that many campuses implemented during this period.

Further, the assistant vice president for budgetary planning and fiscal analysis indicated that the growth in the number of academic administrative officers and managers occurred for several reasons. First, the reclassification of certain positions to reflect higher level responsibilities and the hiring of staff into positions that were vacant in October 1997 contributed to the increase. Second, the university also hired staff in these positions in response to the program expansion that occurred with the significant increases in public service, research, and other funds it received in the last few years. Finally, the assistant vice president stated that, as academic departments have grown, the university has decentralized authority to those who are closer to the academic programs, which has resulted in more managers in academic departments and some increase in assistant deans.

THE PARTNERSHIP AGREEMENT DOES NOT ESTABLISH TARGETS FOR GROWTH IN THE UNIVERSITY'S ACADEMIC AND SUPPORT POSITIONS

Under the partnership agreement, the university receives state funding in exchange for making progress toward certain objectives. One of the governor's stated goals for the partnership agreement was to increase the university's accountability. However, as discussed in Chapter 1, the partnership agreement does not identify measurable targets for all of the objectives contained within it. Among the many objectives of the agreement are commitments by the university to accept all eligible California high school graduates who wish to attend the university, to provide a sufficient number of courses to ensure that students can graduate in four years or less, to continue to provide competitive faculty salaries, and to emphasize a merit-based pay system that rewards outstanding faculty members.

The partnership agreement does not contain objectives for growth of its faculty and staff.

The university uses the additional state funds it receives under the partnership agreement to hire the staff necessary to meet many of the objectives of the partnership agreement. For example, the university uses the funds to hire sufficient academic and support staff to provide and support the courses needed to ensure that it can accept all eligible students and that these students can graduate within four years. It also uses the additional state funds to provide salary increases for its academic and support staff. However, the partnership agreement does not contain objectives or measurable targets that identify the areas in which the university believes growth and positions are needed to meet the agreement's objectives. As a result, the university is not accountable to the parties in the partnership agreement for the decisions it makes regarding the growth of its faculty and staff.

By expanding the partnership agreement to establish targets for employee growth, the parties involved could ensure that they have the means to evaluate whether the proportional increases in the university's spending for support and academic salaries are consistent with the agreement's priorities. For example, the partnership agreement could contain targets for growth in student enrollment and related growth in positions such as professorial-tenure faculty, other faculty, fiscal staff, clerical staff, and managers. The partnership agreement could also require the university to report on actual growth in relation to the established targets for these areas.

We recognize that this expansion of the partnership agreement would result in a fundamental change in the agreement because it apparently was never intended to track expenditures. According to the assistant vice president for budgetary planning and fiscal analysis, the partnership agreement was developed expressly with the intention to discontinue the annual tracking of particular line-item expenditures for particular programs, and move toward an outcomes-based budget process that reduced "micro-managing" at the state level and left the responsibility to the university to achieve certain results that correlate generally with the level of resources envisioned by the agreement. The assistant vice president stated that the university is not bound by the agreement to using funds or producing results according to a formula and that the governor does not measure the university's performance on such a basis. Rather, the assistant vice president stated that the governor makes a good-faith effort to provide the funding and the university makes a good-faith effort to reach the objectives in the partnership agreement.

State policymakers may be interested in expanding the partnership agreement to include targets related to spending patterns.

However, due to the continuing interest in spending patterns that led to this report, state policymakers may be interested in expanding the agreement to include targets related to spending patterns. For example, the partnership agreement contains many objectives related to public service that are not student driven. However, policymakers may have been interested in understanding that approximately 16 percent of the increased public service funding over the last five years was likely to be used for academic salaries and that the remaining 84 percent would likely be spent on salaries of nonacademic employees such as student service workers (26 percent); fiscal, management, and staff services workers (20 percent); clerical workers (14 percent); and managers (14 percent). Thus, when the resulting public service expenditures are reported as in Table E.4 in Appendix E, their expectations would be met.

We recognize that these targets would need to be evaluated annually when public service, research, and other programs were funded. The resource needs cannot be known precisely in advance and some degree of management discretion will be needed. However, the same is true for all programs managed by all managers, yet those other managers submit a prospective plan displaying the types of resources that will be hired if funding is provided. We also recognize that if state policymakers are not concerned about the actual spending patterns for the funding that was provided under the partnership, they may not be interested in this level of information. However, it appears to us to be worthy of discussion between the university and state policymakers.

RECOMMENDATIONS

When preparing future partnership agreements, to accomplish the governor's goal of increased accountability, the university should confer with the governor and the Legislature to determine whether it would be beneficial to establish targets to evaluate how the growth in academic and support positions and spending are consistent with the priorities of the partnership agreement. For example, the university could establish targets that address the growth and positions it believes are needed in such categories as professorial-tenure faculty, other faculty, fiscal staff, clerical staff, and managers to meet the objectives of the partnership agreement. In addition, the university should confer with the governor and the Legislature to determine whether it is beneficial for the university to report on the actual growth that has occurred compared to the targets. ■

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CHAPTER 3

The University Should Ensure Accurate Campus Data and Expand Its Reporting to More Fully Communicate Faculty Workload

CHAPTER SUMMARY

The University of California (university) presents information regarding faculty teaching activity in its annual report titled *Undergraduate Instruction and Faculty Teaching Activities* (instructional report), which responds to legislative inquiries and also addresses one of the objectives of the partnership agreement. As part of the partnership agreement, the university effectively agrees to maintain a 4.8 primary course-to-faculty ratio. A primary course, as defined by the university, is a regularly scheduled, unit-bearing course usually labeled as a lecture or seminar. According to the most recent instructional report available at the time of our review, the university's ratio for academic year 1999–2000 was 4.9 primary courses per full-time equivalent (FTE) faculty.

However, we found that certain factors have an impact on this ratio. For example, 13 percent of the primary courses taught had enrollments of two students or fewer, and an additional 15 percent had enrollments of only three to five students. When we excluded the one- to two-person courses from the calculation of the primary course-to-faculty ratio, it reduced the ratio by 0.7, from 4.9 to 4.2. Although neither the university nor the partnership agreement requires a minimum number of students in a primary course, having a significant number of small-enrollment courses could have an effect on a student's ability to graduate in four years or less—an objective of the partnership agreement. Yet, in fiscal year 1999–2000, the university spent an estimated \$80 million on the faculty salaries for primary courses with five students or fewer as well as for a proportionate share of the faculty's additional duties related to instruction. These additional duties, for which there is no quantifiable expectation of faculty, include such duties as planning courses, mentoring and advising students, developing curriculum, and teaching independent study courses. The university believes these additional duties can be significant and thus believes

our calculation seriously overstates the costs that we attribute to these small enrollment courses and that other methods of calculation would produce a different result. We also found that the campuses were unable to demonstrate they had correctly classified as primary 33 percent of the courses with two students or fewer that we sampled. To the extent that the university has misclassified these courses as well as others, it could significantly influence the primary course-to-faculty ratio.

In addition, we also found that the instructional report was not as comprehensive as it could be. Although the instructional report addresses the workload of the regular-rank faculty, thus responding to past legislative inquiries and providing the supporting data for one objective of the partnership agreement, it does not address the workload of non-regular-rank faculty, such as adjunct professors and lecturers, or the workload of miscellaneous instructors, such as student teaching assistants, researchers, and retired faculty members. We found that non-regular-rank faculty teach 30 percent of all primary courses and have a primary course-to-instructor ratio of 8.5. The miscellaneous instructors teach 16 percent of the primary courses, but we were unable to determine their workload ratio because the university's system was not designed to capture certain data used to calculate the ratio. In light of the partnership agreement's objective to graduate students in four years or less, including information in the instructional report regarding the primary course-to-faculty ratio for non-regular-rank faculty and miscellaneous instructors might enable the Legislature and the governor to evaluate fluctuations in workload and determine whether the fluctuations affect the ability of students to graduate in four years or less. Future partnership agreements could also include objectives and measurable targets that address the workload of non-regular-rank faculty and miscellaneous instructors.

THE UNIVERSITY'S INSTRUCTIONAL REPORT CONTAINS INFORMATION THAT ADDRESSES CERTAIN LEGISLATIVE INQUIRIES AND ONE OBJECTIVE OF THE PARTNERSHIP AGREEMENT

The university's annual instructional report, which it submits to the Legislature and makes available to the public, contains three parts. The first part describes in narrative form the ways in which the campuses sustain undergraduate education and focuses on their efforts to develop new programs, facilitate

The second part of the university's instructional report is a response to past legislative inquiries regarding faculty teaching activities.

degree completion in four years, and meet California's workforce needs. The second part, which was the focus of this portion of our audit report, examines trends in instructional activities over the past nine years and responds to legislative inquiries regarding faculty teaching activities. The university presents these data in three tables. The third part discusses how the university oversees the development and implementation of campus instructional workload policies. The university relies on the campuses to provide most of the information included in the three parts of the instructional report. It prepares a survey of instructional activities, which each campus completes, and then it compiles the data.

The university submits this report to the Legislature and includes in the report its response to provisions contained in the California Education Code, Section 66015.5, and in the supplemental reports of the conference committees for the 1985, 1992, and 1994 budget acts. Under these provisions, the university is required to perform the following:

- Report annually on the university's workload policies for full-time tenure-track faculty and the faculty workload policies of comparable universities. It may also include the faculty workload policies of other universities.
- Alter the distribution of faculty workload with the intent to increase the number and types of courses offered and to reduce course size. This should result in an increase in the average teaching load per faculty member of one additional course every one to three years. The provisions required the university to phase in this increase over a three-year period that, according to the university's assistant vice president for planning and analysis, was later defined as 1991–92 to 1993–94.
- Provide a sufficient number of courses for students to achieve a normal progression to a baccalaureate degree and increase the teaching responsibility of tenured and tenure-track faculty where necessary to meet this goal.
- Establish programs so that full-time students can complete their degrees in four years.
- Annually report on its progress in graduating students within four years. The provisions also require the university to report on any impact its efforts to reach this goal may have on its quality of education.

As part of the partnership agreement, the university effectively agreed to maintain a faculty workload ratio of 4.8 primary courses annually, which the university reports in its instructional report.

Additionally, the university incorporated within the partnership agreement an objective that is similar to the Legislature's requirement that it increase faculty teaching loads. Originally, the Legislature required the university to increase its faculty workload by 6.7 percent, from an average of 4.5 to 4.8 primary courses per faculty FTE per year. As part of the partnership agreement, the university effectively agreed to maintain this faculty workload ratio of 4.8 primary courses annually. In its instructional report, the university stated that it achieved this ratio during academic year 1992–93 and that it has maintained or exceeded the 4.8 ratio since that time. It includes the ratio within one of the tables of the instructional report.

The university's most recent instructional report available when we began our review was dated April 2001. The three tables included within it contain 10 years of data, beginning with academic year 1990–91 and ending with academic year 1999–2000. These data relate only to the general campus, which consists of all schools and departments except those related to the health sciences, such as the medical, dentistry, nursing, pharmacy, and veterinary schools. The university therefore excludes from the instructional report the San Francisco campus, which is devoted exclusively to health sciences, in addition to the health sciences schools at the other campuses. According to the university's director of policy analysis, the university reports only on the general campus because it believes that the Legislature is specifically interested in the workload of the general campus instructors.

Two of the three tables in the instructional report focus on trends in the instructional activities of the university's regular-rank faculty. For the instructional report specifically, the university defines regular-rank faculty to include professors, associate professors, assistant professors, and acting titles in these positions. In addition, it includes other positions such as supervisors of physical education and professors in residence. The university converts actual counts of faculty to FTE positions when calculating the statistics included in these tables. For example, if an instructor works half-time, the university calculates this instructor's time as 0.5 FTE. An instructor working full-time converts to 1 FTE.

One of the two tables reports faculty instructional activities relating to undergraduate and graduate students. The second table is a subset of the first and reports only on faculty activities related to undergraduate education. We discuss these two tables

in more detail in the next sections. The third table focuses specifically on instructional activity as it relates to students. We discuss this table and the methods the university uses to collect the data included in all three tables in greater detail in Appendix F.

TWO FACTORS HAVE AN IMPACT ON THE NUMBER OF PRIMARY COURSES PER FACULTY FTE

As we described earlier, the university effectively agreed to maintain a faculty workload of 4.8 primary courses per year per full-time faculty member as part of the partnership agreement. However, two factors have an impact on the primary course-to-faculty ratio. Our analysis shows that one- and two-student primary courses represented 0.7 of the university's 4.9 ratio in academic year 1999–2000. Moreover, we found that of 240 primary courses in our sample, campuses were unable to demonstrate that they had correctly classified 33 percent. In addition, because Berkeley's faculty apparently teach more primary courses than the faculty at any other campuses when Berkeley's data are converted from a semester to a quarter basis, the higher number of courses taught by Berkeley's faculty affects the university-wide ratio. However, in the instructional report, the university does not discuss the impact of Berkeley's faculty teaching more primary courses.

Smaller Enrollments Affect the Primary Course-to-Faculty Ratio

In its instructional report, the university states that it has maintained or exceeded a faculty workload of 4.8 primary courses per year per faculty FTE since academic year 1992–93. Table 10 on the following page presents the instructional activity of regular-rank faculty for academic years 1997–98, 1998–99, and 1999–2000 that the university included in its April 2001 instructional report.¹² As shown in the table, the primary course-to-faculty ratio was 5.0 for academic years 1997–98 and 1998–99 and 4.9 for academic year 1999–2000. When we researched this ratio further, we found that the university expects faculty to carry an average workload of between three to five primary courses per year. Because the ratios reported in the table were at the high end of the three-to-five course range, we focused part of our review in this area.

The university expects faculty to carry an average workload of between three to five primary courses per year.

¹² Although the tables in the report contain 10 years of data, we included only the last 3 years of data because of the scope of the Legislature's request for this audit.

TABLE 10

The University’s Regular-Rank Faculty Taught an Average of Five Primary Courses Per Year in Academic Years 1997–98 Through 1999–2000

All Levels of Instruction (Undergraduate and Graduate)		Academic Year		
		1997–98	1998–99	1999–2000
Formal Instructional Activities				
a. Primary courses		25,218	25,736	25,750
b. Independent study enrollment		76,589	76,589	77,843
c. Total student credit hours*		3,613,323	3,653,683	3,689,597
d. Regular-rank faculty FTE positions		4,997	5,176	5,252
Formal Instructional Activity Per Faculty FTE				
Primary courses per FTE	(a ÷ d)	5.0	5.0	4.9
Independent study enrollment per FTE	(b ÷ d)	15.3	14.8	14.8
Student credit hours per FTE	(c ÷ d)	723.1	705.9	702.5

Source: The university’s April 2001 instructional report.

* Student credit hours represents the unit value of a course, for both primary and independent study, times the number of students enrolled. For example, a four-unit course with 25 students generates 100 student credit hours.

As we reviewed the documentation that we received from the campuses to support the data shown in Table 10, we noted a significant number of primary courses with small enrollments. When we analyzed this data further, we found that 13 percent of the primary courses taught by regular-rank faculty had enrollments of two or fewer students and that an additional 15 percent had enrollments of three to five students, as shown in Table 11.¹³ In fact, one- to two-student primary courses represented 0.7 of the university’s reported 4.9 primary course-to-faculty ratio: Courses with only one student enrolled represented 0.4 of the 4.9 ratio and courses with enrollments of two represented 0.3. Eliminating these courses reduces the university’s primary course-to-faculty ratio to 4.2.

Although nothing precludes the university from providing primary courses with small enrollments, and it may have academic reasons to do so, offering such courses could affect its ability to meet one of the objectives of the partnership agreement—to graduate students in four years or less. When faculty spend time teaching classes with small enrollments, it

¹³ In Table 11, we included the data only for the most recent academic year, 1999–2000. Our review of academic years 1997–1998 and 1998–99 indicates that a full evaluation would reveal similar results for all three years.

may limit the number of classes available to other students, thus making it more difficult for students to obtain the classes and credits necessary to graduate. Additionally, it may require the university to hire more faculty than it otherwise would need because faculty are spending significant amounts of time teaching the primary courses with small enrollments. We estimate that of the \$492 million it spent in fiscal year 1999–2000 on regular-rank faculty salaries for instruction, research, and public service, the university spent an estimated \$80 million on the faculty salaries for primary courses with five students or fewer as well as for a proportionate share of their additional duties related to instruction. Approximately \$37 million related to instruction for one- to two-student courses, and \$43 million related to instruction for three- to five-student courses. While

TABLE 11

One- to Two-Student Courses Represent 13 Percent of the Primary Courses Taught by Regular Rank Faculty

Number of Students Enrolled	Number of Primary Courses *	Percentage of Total
<1-2	3,465	13
>2-5 [†]	3,917	15
>5-10	4,668	18
>10-15	2,942	12
>15-20	1,915	7
>20-30	2,228	9
>30-40	1,345	5
>40-50	929	4
>50-100	2,377	9
>100	1,964	8
Totals	25,750	100

Source: Instructional activity data for academic year 1999–2000 provided by the eight campuses.

* In cases where a course is listed as a course offering by more than one department (i.e., cross-listed) or where instruction is shared by more than one instructor, the university's instructions to the campuses are to count the course as one course offering, although teaching credit may be divided between the involved departments or faculty members. We determined that the number of one- to two-person courses presented in this table was not materially affected by instances of multiple counting of team-taught courses, but we could not determine the effect of multiple counting of cross-listed courses.

[†] Although technically the primary courses included in this category represent those courses with enrollments of greater than two and up to five students, for ease of discussion in the text, we refer to these as courses with enrollments of three to five students.

The university spent an estimated \$80 million on the faculty salaries for primary courses with five students or fewer as well as for a proportionate share of the additional duties of faculty related to instruction.

not precise, this estimate suggests that the cost of regular-rank faculty instructing primary courses with five or fewer students is significant. Our estimate is based on the fact that one- to two-student classes account for 13 percent of the regular-rank faculty workload and three- to five-student classes account for 15 percent. Further, our estimate assumes that a regular-rank professor's salary is 58 percent for instruction and 42 percent for research and public service since we found, as shown later in the report, that regular-rank faculty had an instruction workload that was 58 percent of the instruction workload of non-regular-rank faculty (4.9 versus 8.5) who do not have research and public service responsibilities. The additional duties of faculty included in our estimate, for which there is no quantifiable expectation, include such duties as planning courses, mentoring and advising students, developing curriculum, and teaching independent study courses. The university believes these additional duties can be significant and thus believes our calculation overstates the costs that we attribute to these small enrollment courses and that other methods of calculation would produce a different result. Further, according to the university's assistant vice president for planning and analysis, the university also believes that our estimate is seriously over-inflated because the estimate assumes that faculty spend just as much of their time on the one- to two-student courses as they do on the ones that involve 50 or 500 students. However, whether a primary course has one or 500 students, it has the same impact on the 4.9 ratio.

We believe that the university should consider disclosing faculty workload by primary course enrollment in its instructional report. Additionally, the university should propose expanding the partnership agreement in the future to ensure that it includes objectives and measurable targets related to faculty workload by primary course enrollment. We discuss this in more detail in a later section of this chapter.

The Campuses Could Not Demonstrate That They Correctly Classified Many of the One- to Two-Student Primary Courses We Reviewed

Our analysis of a sample of the one- to two-student courses offered by the university in academic year 1999–2000 found that the campuses were unable to demonstrate that they had correctly classified 33 percent of them as primary courses.

The university defines *primary course* as a regularly scheduled, unit-bearing course usually labeled as a lecture or seminar. On the other hand, *independent study course* is defined as a unit-bearing activity for which students receive credit toward their degrees, but it is not regularly included in the schedule of courses and usually focuses on independent study or special projects by arrangement between a student and faculty member. Seminars and lectures typically have higher enrollments, whereas independent study courses involve one student or a small group of students. As previously shown in Table 10, the university calculates the primary course-to-faculty ratio by dividing the total number of primary courses by the number of regular-rank FTE faculty. Therefore, if the campuses incorrectly classify primary courses as independent study courses or vice versa, it affects the accuracy of the ratio.

Campuses could not provide sufficient support to demonstrate that they correctly classified 79 of 240 primary courses that we reviewed with one to two students.

Although nothing precludes the university from providing primary courses with enrollments of only one- to two-students, we focused our review on these courses because we believed these courses were likely to have the highest risk of misclassification because independent study courses generally have low enrollments. We reviewed 240 primary courses with enrollments of only one to two students at the eight campuses that are included in the instructional report. In our initial analysis, we reviewed each campus's course schedule and catalog to determine if the course was regularly scheduled and if its description was consistent with the definition of a primary course. If the course was not regularly scheduled and the description in the catalog more closely fit the definition of an independent study course, we requested additional information from the campus to support the contention that it had correctly classified the course as primary. We found that the campuses were unable to provide sufficient support to demonstrate that they correctly classified 79, or 33 percent, of the 240 courses in our sample. Table 12 on the following page shows the results of our review.

Our review of all of the primary courses with enrollments of only one to two students found that 76 percent were graduate classes. Although we recognize that graduate courses frequently have fewer students than undergraduate courses, nothing in the definitions for primary or independent study courses indicates that the university uses a different standard for graduate courses that would affect how they are classified. When we selected our sample, we selected an equal number of graduate

TABLE 12

**The Campuses Were Unable to Demonstrate That
They Had Correctly Classified 33 Percent of the
One- to Two-Student Primary Courses We Reviewed**

Description	Total Number of Courses	Percentage of Total
Course correctly classified based on catalog and schedule	83	35%
Course correctly classified based on campus's subsequent production of course time and location and/or description	51	21
Course correctly classified based on description; however, campus was unable to produce course time and location	27	11
The campus was unable to demonstrate that course was correctly classified	79	33
Total sample reviewed	240	100%

Sources: Instructional activity data, schedule of courses, and course catalogs for academic year 1999–2000 that were provided by the eight campuses included in the university's instructional report.

and undergraduate courses. We found that of the 79 courses for which the campuses could not demonstrate correct classifications, 43 were undergraduate courses and 36 were graduate courses.

During our review, we found courses that the campuses classified as primary despite the fact that they fit the description of independent study. For example, the San Diego campus classified a cognitive science course as a primary course, but the course catalog described it as an independent study research project. The staff that compiles the instructional report stated that the campus classified the course as primary based on consultation with the department. We also found examples of similar courses classified as primary in one department and as independent study in a second department at the same campus. The Davis campus classified an English course as independent study and an agriculture and resource economics course as primary even though the campus's course catalog describes both courses as directed group studies, and the schedule of courses did not provide a time or location for either. Such inconsistencies occurred between campuses as well. For example, the Berkeley campus classified an internship as a primary course, whereas the Irvine campus classified an internship as an independent study course.

The assistant vice chancellor for institutional planning at the Riverside campus acknowledged that seven of the primary courses we questioned fell into a “gray area” because they have attributes of both primary and independent study courses. Additionally, the assistant vice chancellor indicated that the classification of another six courses was problematic because the courses were listed as lectures or seminars with supervised teaching by a faculty member who meets with the student some time during the quarter; however, the exact location, day, and time of the meetings were not known by the campus’s central administration. The assistant vice chancellor also acknowledged that, in fact, three additional courses were misclassified.

The methods used to classify courses can differ among the campuses. For example, at the Berkeley campus, the professor who develops and instructs a course determines the classification of the course, which ultimately is approved by the professor’s academic department and the academic senate. At the Santa Barbara campus, however, the registrar’s office determines all course classifications. When we asked the university whether it offers guidance to the campuses or verifies the data in the report, the director of policy analysis responded that the university annually provides instructions and definitions for the campuses’ use in classifying courses. In addition, the director of policy analysis stated that the university works with the campuses to ensure that they understand and interpret the instructions correctly and that they are able to resolve any issues that might emerge in the preparation of the data for the instructional report. Further, the university reviews the data to determine whether they are consistent over time or unusual in any way. The director of policy analysis stated that the university trusts the campuses to provide accurate information and does not verify the data included in the tables. However, we found the guidance the university provides to the campuses to be very general and subject to interpretation.

The guidance the university provided to the campuses for classifying courses is very general and subject to interpretation.

We also reviewed a sample of 160 independent study courses, because misclassification of these courses could influence the primary course-to-faculty ratio presented in the instructional report. We focused on the independent study courses that we believed would have the highest risk of misclassification—those that had high student enrollments. We found only four courses that the university should not have included as independent study courses, which represented only 2.5 percent of our sample.

The Higher Number of Courses Taught by Berkeley's Faculty On a Quarter Basis Also Affects the University's Primary Course-to-Faculty Ratio

Berkeley's faculty apparently teach more primary courses than faculty at any other campuses when Berkeley's data are converted to a quarter basis. Therefore, the higher number of courses had an impact on the university-wide primary course-to-faculty ratio for academic year 1999–2000. Because Berkeley uses the semester system rather than the quarter system used by the other campuses, the university multiplies its data by a factor of 1.5 to make it comparable to that of the other campuses. Therefore, in academic year 1999–2000, the conversion of Berkeley's data resulted in a primary course-to-faculty ratio for Berkeley of 5.8, almost 1 primary course higher than the ratios of any other campus. The law schools at the Los Angeles and Davis campuses also use the semester system, but because they are small in comparison to the rest of the university, the conversion of their courses did not materially affect the ratio.

In 1999–2000, the conversion of Berkeley's data from a semester to quarter system resulted in a primary course-to-faculty ratio of 5.8, almost 1 primary course higher than any of the other campuses' ratios.

According to the university, it converts the semester data to quarter-system terms to develop consistent instructional measures for the university system as a whole. Berkeley's resultant 5.8 primary course-to-faculty ratio suggests that Berkeley's faculty taught a greater number of primary courses than faculty at other campuses. In fact, the university's assistant vice president for planning and analysis acknowledges that because faculty make different choices in curricular design, the number of courses taught will vary among campuses and particular disciplines. The assistant vice president further stated that, when the data are converted to a quarter basis, it is evident that the Berkeley faculty teach on average more primary classes than the faculty on other campuses. However, the assistant vice president also stated that the Berkeley classes generally carry lower unit values compared to, for example, the Santa Cruz faculty who teach fewer quarter classes but with greater average units per course (units reflect the amount of effort expected on the part of faculty per course). According to the assistant vice president, because these two measures must be viewed together to understand faculty effort, the university believes it is important to include in its instructional report both primary courses and student credit hours per faculty FTE. However, the partnership agreement only addresses the primary course-to-faculty ratio.

Our analysis found that, because Berkeley's faculty apparently teach more primary courses, when we exclude Berkeley's data from the calculation of the university-wide ratio, the ratio decreases to 4.7. Although the university discloses that it converts Berkeley's data, it is important that the university also disclose the impact that Berkeley's data has on the university-wide ratio.

THE INSTRUCTIONAL REPORT DOES NOT ADDRESS THE WORKLOAD OF NON-REGULAR-RANK FACULTY AND MISCELLANEOUS INSTRUCTORS

Non-regular-rank faculty and miscellaneous instructors—adjunct professors, lecturers, teaching assistants, retired faculty, and others—teach a significant number of the university's primary and independent study courses. In fact, in academic year 1999–2000, non-regular-rank faculty were responsible for teaching almost a third of the university's primary courses. However, the two tables concerning faculty workload that the university includes in its instructional report focus on regular-rank faculty only. Because the university does not report on the workload of its non-regular-rank faculty and miscellaneous instructors, the governor and the Legislature do not have a comprehensive picture of the university's staffing for its courses.

Because the university does not report on the workload of its non-regular-rank faculty and miscellaneous instructors, the governor and the Legislature do not have a comprehensive picture of the university's staffing for its courses.

According to the university, the Legislature first asked it to report its regular-rank faculty course loads in the early 1990s, when budget constraints made the hiring of new faculty a cause for concern. The university states that it was the intent of the Legislature to increase the workload of the regular-rank faculty to ensure that the university offered an adequate number of courses to students without hiring more faculty members than necessary. The university agreed to increase its faculty workload by 6.7 percent, from an average 4.5 to 4.8 primary courses per year. Since that time, the university has effectively agreed to continue the 4.8 primary course-to-faculty ratio by agreeing to maintain the 6.7 percent increase as one objective of the partnership agreement.

However, the partnership agreement does not address the workload ratios for non-regular-rank faculty and miscellaneous instructors, and the university does not address these staff in its workload-by-FTE tables in the instructional report. In particular, non-regular-rank faculty, which include adjunct faculty and

lecturers, contribute a significant amount of instruction to the university. As Table 13 illustrates, in academic year 1999–2000, non-regular-rank faculty taught 14,499, or 30 percent, of the university’s 47,825 primary courses and 15,677, or 15 percent, of its 105,450 students enrolled in independent study courses.

TABLE 13

Non-Regular-Rank Faculty Had Higher Instructional Activity Ratios for Primary Courses Than Did Regular-Rank Faculty During Academic Year 1999–2000

	Primary Courses			Independent Study			Credit Hours		
	Number of Courses	Faculty FTEs	Ratio	Independent Study Enrollment	Faculty FTEs	Ratio	Number of Student Credit Hours	Faculty FTEs	Ratio
Full professor	15,604	3,171	4.9	51,118	3,171	16.1	2,238,796	3,171	706.0
Associate professor	5,360	1,071	5.0	15,956	1,071	14.9	808,918	1,071	755.3
Assistant professor	4,119	876	4.7	9,851	876	11.2	576,367	876	658.0
Ladder-rank totals	25,083	5,118	4.9	76,925	5,118	15.0	3,624,081	5,118	708.1
Other*	667	134	5.0	918	134	6.9	65,516	134	488.9
Regular-rank totals	25,750	5,252	4.9	77,843	5,252	14.8	3,689,597	5,252	702.5
Visiting and adjunct faculty	2,539	333	7.6	3,013	333	9.1	451,237	333	1,355.1
Lecturers/senior lecturers	11,835	1,340	8.8	12,040	1,340	9.0	1,846,175	1,340	1,377.7
Supervisor of teacher education	125	25	5.0	624	25	25.0	12,836	25	513.4
Non-regular-rank totals †	14,499	1,698	8.5	15,677	1,698	9.2	2,310,248	1,698	1,360.6
Totals, regular and non-regular rank	40,249	6,950	5.8	93,520	6,950	13.5	5,999,845	6,950	863.3
Miscellaneous instructors ‡	7,576	N/A	N/A	11,930	N/A	N/A	681,662	N/A	N/A
Totals for all instructors	47,825	N/A	N/A	105,450	N/A	N/A	6,681,507	N/A	N/A

Source: Instruction activity data for academic year 1999–2000 that was provided by the eight campuses included in the university’s instructional report.

* This category includes law professors, professors in residence, and supervisors of physical education.

† The university estimates that there are approximately 100 FTEs associated with non-regular-rank instructors that are paid on an agreement basis rather than a salary basis. The university does not track these FTEs, and therefore no FTE data has been included in our calculation for these non-regular-rank employees. The course ratio would decrease to 8.1, the independent study ratio would decrease to 8.7, and the student credit hour ratio would decrease to 1,284.9 if the estimated 100 FTEs were included.

‡ Miscellaneous instructors include teaching assistants, researchers, and retired faculty. We could not calculate ratios for these instructors because the university’s system for compiling faculty FTEs was not designed to capture data for the purpose of determining workload of the miscellaneous instructors.

Non-regular-rank faculty taught 30 percent and miscellaneous instructors taught 16 percent of the university's primary courses, thus contributing a significant amount of instruction to the university.

Further, in total, non-regular-rank faculty taught an average of 8.5 primary courses per year, while regular-rank faculty taught 4.9 primary courses per year. According to the university's director of policy analysis, the ratio is higher for the non-regular-rank faculty because the university generally does not require them to perform research, public service, and other assigned duties; therefore, non-regular-rank faculty can take on greater instructional workloads.

The university's miscellaneous instructors, including student teaching assistants, researchers, and retired faculty, are also responsible for teaching a significant number of its courses. In academic year 1999–2000, miscellaneous instructors taught 7,576, or 16 percent, of the university's 47,825 primary courses and 11,930, or 11 percent, of the 105,450 students enrolled in independent study courses. However, we were unable to determine the average workload of these instructors because the university's system for compiling faculty FTE data was not designed to capture data for the purpose of determining the workload of the miscellaneous instructors. For example, the system does not collect the FTE data for instructors who are paid on an agreement basis rather than by a monthly rate. Additionally, the university's system did not appear to include FTE data for some individuals who, based on campus records, were teaching courses but did include data for other individuals who did not appear to be teaching courses.

Tables 14 and 15 on the following pages show the breakdown of courses for academic year 1999–2000 for non-regular-rank faculty and miscellaneous instructors sorted by enrollment. As shown in Table 14, approximately 6 percent of the primary courses taught by non-regular-rank faculty had enrollments of two students or fewer compared with 13 percent of the primary courses taught by regular-rank faculty, as previously discussed. Primary courses that had high enrollments accounted for a higher proportion of the workload for non-regular-rank faculty than for regular-rank faculty: 50 percent of the workload of non-regular-rank faculty consisted of primary courses with more than 20 students enrolled, while such courses made up only 35 percent of the workload of regular-rank faculty.

TABLE 14**One- to Two-Student Courses Represent 6 Percent of Primary Courses Taught by Non-Regular-Rank Faculty**

Number of Students Enrolled	Number of Primary Courses*	Percentage of Total
<1-2	900	6
>2-5	1,156	8
>5-10	1,710	12
>10-15	1,791	12
>15-20	1,812	12
>20-30	2,878	20
>30-40	878	6
>40-50	513	4
>50-100	1,411	10
>100	1,450	10
Totals	14,499	100

Source: Instructional activity data for academic year 1999–2000 provided by the eight campuses.

* In cases where a course is listed as a course offering by more than one department (i.e., cross-listed) or where instruction is shared by more than one instructor, the university's instructions to the campuses are to count the course as one course offering, although teaching credit may be divided between the involved departments or faculty members. We determined that the number of one- to two-person courses presented in this table was not materially affected by instances of multiple counting of team-taught courses, but we could not determine the effect of multiple counting of cross-listed courses.

Table 15 shows that of the 7,576 primary courses taught by miscellaneous instructors, 9 percent had enrollments of two students or fewer. In addition, 57 percent of the workload of miscellaneous instructors consisted of primary courses with between 10 and 30 students enrolled.

Even though non-regular-rank faculty and miscellaneous instructors teach a significant number of primary courses with high enrollments, neither the instructional report nor the current partnership agreement addresses the workload of these instructors. Because the current partnership agreement includes an objective for the university to provide the courses students need to graduate in four years or less, it would seem appropriate for the university to disclose to the governor and the Legislature not only the regular-rank faculty workload but also the workloads of non-regular-rank faculty and miscellaneous instructors. We believe that disclosing such information to the governor and the Legislature would enable the State to evaluate

TABLE 15**One- to Two-Student Courses Represent 9 Percent of Primary Courses Taught by Miscellaneous Instructors**

Number of Students Enrolled	Number of Primary Courses*	Percentage of Total
<1-2	707	9
>2-5	780	10
>5-10	879	12
>10-15	1,316	18
>15-20	1,280	17
>20-30	1,687	22
>30-40	353	5
>40-50	108	1
>50-100	251	3
>100	215	3
Totals	7,576	100

Source: Instructional activity data for academic year 1999–2000 provided by the eight campuses.

* In cases where a course is listed as a course offering by more than one department (i.e., cross-listed) or where instruction is shared by more than one instructor, the university's instructions to the campuses are to count the course as one course offering, although teaching credit may be divided between the involved departments or faculty members. We determined that the number of one- to two-person courses presented in this table was not materially affected by instances of multiple counting of team-taught courses, but we could not determine the effect of multiple counting of cross-listed courses.

fluctuations in workload and determine whether these affect the ability of students to graduate in four years or less. The university could include this data when presenting the faculty workload in its instructional report. It could also include the workload for all instructors and faculty members by the number of students enrolled.

Further, the partnership agreement could be expanded to include objectives and measurable targets that address the workload of non-regular-rank faculty and miscellaneous instructors in particular, in addition to objectives that focus on primary course enrollments for all faculty and instructors. For example, the partnership agreement could establish a target that involves limiting the number of one- to two-student primary courses to a certain percentage.

We believe this expansion would be consistent with the governor's stated intent to clearly identify specific programmatic changes that the university would make and quantifiable measures that would demonstrate whether progress was being made. A programmatic change to have measurable targets for workload ratios and course enrollment levels for all regular- and non-regular-rank faculty, as well as miscellaneous instructors, appears to us to be worthy of discussion between the university and state policymakers. It would allow the State to have a better understanding of how the resources it is funding are used.

RECOMMENDATIONS

To ensure the accuracy of the tables it includes in the instructional report, the university should perform the following actions:

- Clarify the definitions of *primary course* and *independent study course* in the instructions it provides to the campuses.
- Ensure that the campuses consistently interpret the definitions of *primary course* and *independent study course* by periodically reviewing the campuses' data for accuracy and consistency.
- Review more closely the existing classifications of courses and make corrections where appropriate. This review should include, but not be limited to, primary courses with low enrollments.

To ensure that the Legislature and the governor have a complete understanding of the factors influencing the primary course-to-faculty ratio included in the instructional report, the university should disclose that Berkeley's faculty teach more primary courses on a quarter basis than the faculty of other campuses and should communicate the impact that Berkeley's data has on the university-wide ratio.

To ensure that the Legislature and the governor have a more accurate picture of actual primary course-to-faculty ratios so they can evaluate and address issues of concern—such as whether the university is providing sufficient courses to allow students to graduate in four years or less—the university should propose expanding future partnership agreements to include objectives and measurable targets that address workload ratios and course enrollment levels for all regular- and non-regular-rank faculty

and miscellaneous instructors. Additionally, the university should disclose in its instructional report the course-to-faculty ratio for non-regular-rank faculty and the workload ratio for miscellaneous instructors. It should also disclose all faculty and miscellaneous instructor workloads by the number of students enrolled in courses.

Finally, to enable it to calculate and report the workload for miscellaneous instructors, the university should develop a method to capture the FTE data related to these instructors.

We conducted this review under the authority vested in the California State Auditor by Section 8543 et seq. of the California Government Code and according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,



ELAINE M. HOWLE
State Auditor

Date: July 25, 2002

Staff: Karen L. McKenna, CPA, Audit Principal
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APPENDIX A

TABLE A.1

University Expenditures for Its General Operating Funds by Fiscal Year and Expenditure Category
(In Thousands of Dollars)

Expenditure Category	Fiscal Year									
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01
Instruction*	\$1,081,814	\$1,069,738	\$1,015,226	\$1,042,750	\$1,099,608	\$1,138,083	\$1,230,860	\$1,318,282	\$1,414,320	\$1,546,681
Research	168,590	158,526	155,582	160,418	168,370	179,234	188,103	195,675	223,091	276,909
Public service	45,730	42,960	40,875	43,439	43,928	50,522	49,698	79,702	111,182	177,000
Academic support*	296,405	236,761	197,735	363,522	386,731	394,637	407,838	459,582	483,238	491,333
Institutional support*	250,624	210,069	222,123	274,885	306,965	303,887	305,949	332,286	366,975	425,072
Operation and maintenance of plant*	239,687	231,813	156,971	235,969	243,624	253,057	266,766	274,727	312,577	374,045
Medical center/teaching hospitals	57,075	53,005	51,357	30,765	41,885	45,214	35,366	36,543	37,221	59,393
Student services*	28,181	(8,915)	6,940	67,624	69,496	72,564	77,047	73,308	81,990	87,704
Student financial aid	6,623	5,554	6,196	7,897	8,281	9,005	8,163	17,476	15,076	28,026
Auxiliary enterprises	69	51	50	67	67	66	99	100	112	233
Totals	\$2,174,798	\$1,999,562	\$1,853,055	\$2,227,336	\$2,368,955	\$2,446,269	\$2,569,889	\$2,787,681	\$3,045,782	\$3,466,396

Source: University campus financial schedules for fiscal year 1991-92 through 2000-01.

* The university distributed mandatory statewide student education fees ranging from approximately \$329 million to \$387 million to these five categories for fiscal years 1994-95 to 2000-01. According to the assistant vice president for budgetary planning and fiscal analysis, as the result of the reduction in state appropriations in the early 1990s, the university's regents revised the university's policy to allow it to expand the use of the education fees. Before fiscal year 1994-95, the university used education fees primarily to fund student financial aid and certain student service activities.

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APPENDIX B

University of California Partnership Agreement

CONTENTS

University Commitments

- I. Commitment to Improving Access to a Quality Undergraduate Education
- II. Improving Integration and Coordination Within California's Educational System
- III. Meeting Teacher Demand and Improving the Quality of Teacher Preparation
- IV. Productivity Improvements
- V. Regional Cooperation
- VI. Efficient Use of Existing Campuses and Facilities
- VII. Maintaining California's Competitiveness
- VIII. Improving the Academic Experience

I. Commitment to Improving Access to a Quality Undergraduate Education

Objective Number	Objective	Indicator	Performance Data
1	Ensure access under the Master Plan.	Maintain commitment to accept all eligible California high school graduates who wish to attend. To accommodate projected annual enrollment growth of about 3 percent, or 5,000 students per year, examine a range of options including, but not limited to, adjustments to current long-range development plans, more intensive use of facilities during the summer, and the development of off-campus centers.	Continue to provide a student outcomes report in October each year. Include in this report admissions and enrollment data.
2	Provide classes needed for students to graduate in four years or less.	Hire sufficient faculty to at least reach the current budgeted student faculty ratio of 18.7 to 1 and to ensure no further deterioration. The longer-term goal is to phase in a return to the historical student faculty ratio of 17.6 to 1, with the increase in faculty devoted to improving the quality of undergraduate education by providing more seminars and reducing class size.	Report each year in the regents' budget on actual and budgeted enrollment and faculty.
		Continue commitment to maintain improved student outcomes. More students are graduating sooner and at greater rates than in any other time (average time to degree is 4.2 years, compared to 4.4 years for students admitted in 1984. The percent of students who graduate in 4 years, 5 years, and 6 years has continued to improve. For example, looking at graduation rates over a long period, about 70 percent of enrolled freshmen now graduate within 5 years or less, compared to the 1950s when 50 percent of students graduated in 6 years or less.	Continue to provide graduation and persistence rates, time to degree, and degrees conferred data in the student outcomes report each year.
		With regard to students who enter as freshmen, eliminate state funding, including financial aid, for those who exceed the required credit units for their current degree program by more than 20 percent.	Report in October 2000 on progress in implementing this goal.
3	Increase faculty-teaching loads.	Continue commitment to maintain the agreed-upon 6.7 percent increase in faculty teaching workload.	Provide report in March each year on undergraduate instruction and faculty workload.

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Objective Number	Objective	Indicator	Performance Data
4	Ensure that new top "4 percent path" (provides that the top 4 percent of each graduating class from each California public high school are eligible for admission to the university) results in more students eligible for and successfully attending the university.	Increase percentage of qualifying students from low-participating schools statewide who successfully complete university college preparatory courses.	In November 2001: <ul style="list-style-type: none"> • Provide a report on the percentage of students in low-participating high schools who complete 11 of 15 A-F courses by end of junior year (or other proxy measure, such as algebra) and otherwise meet the eligibility requirements delineated in the regents' policy on the "4 percent path."
		Develop an implementation and evaluation plan for the "4 percent path." Include references to special services that may be needed to ensure that students admitted through the "4 percent path" succeed at the university.	In March 2002: <ul style="list-style-type: none"> • Provide a report on the percentage of students from low-participating high schools who enroll as freshmen in the university. • Include other implementation data as appropriate, to be determined by the university.
		Beginning in 2001, increase percentage of students from low-participating high schools who enroll in the university.	Outcomes will be reported as part of the California Postsecondary Education Commission (CPEC) eligibility study.
		Continue policy of no state funding for remedial courses. Use California Community Colleges (community colleges) and extension classes to provide remedial education, to the extent possible.	Continue to provide information on remedial education in the report on student outcomes report each year.
5	Provide competitive faculty salaries.	Increase investment in instructional technology to ensure students have access to state-of-the-art technology for learning and conducting research.	Report each year in regents' budget on progress in improving instructional technology for students.
		Continue to maintain commitment to provide competitive faculty salaries using the CPEC methodology.	Continue to provide annual report to CPEC on faculty salaries.
6	Increase emphasis on merit-based pay systems.	Continue to emphasize a merit-based pay system to reward the most outstanding faculty.	Report each year in the regents' budget on faculty salaries and merit increases for faculty.

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Objective Number	Objective	Indicator	Performance Data
7	Enroll students at a tenth campus in Merced, provided adequate resources are available, to provide increased access to students in the Central Valley, which historically have had low university participation rates. The university should do all it can to open the campus by 2004–05 and enroll students in academic programs even before the campus opens.	Submit a revised plan by April 1, 2000, that reflects the goal of opening the Merced campus by 2004–05, including the major milestones regarding planning activities.	By October each year, provide a progress report on development of the Merced campus and include in this report data on enrollment of students in the university's general campuses from those counties in the Central Valley that have been historically underrepresented at the university.
		By May 2001, or as soon as possible upon completion of the campus long-range development plan and associated environmental analyses required by state and federal law, identify infrastructure and capital needs, related costs, and methods of financing these needs, including the leverage of other public or private sources of funding.	Include in annual report on Merced information on actions taken to meet the goal of opening by 2004–05.
		Develop an academic plan for the campus.	Submit plan by spring 2002.
		Continue development of academic programs that would enable enrollment of first students in Merced programs earlier than opening of the campus.	Include in annual report on Merced actions taken to enroll students earlier than the opening of the campus.
		Work with Governor's University of California Merced Implementation Team to explore ways to streamline the review and approval process of multiple state and federal agencies and ensure these processes are accomplished in a manner that allows the Merced campus to break ground in 2001.	Include in annual report on Merced actions taken by the Implementation Team to speed development of the Merced campus.
		Continue to implement student academic development programs and K-12 partnerships in the Central Valley to increase university eligibility and promote increases in the enrollment of university-eligible students from the Central Valley at the university's general campuses.	Include in annual report on Merced activities and progress of outreach programs intended to promote increases in enrollment of university-eligible students from the Central Valley at the university's general campuses.
8	Expand intersegmental transfers.	Increase the number of Central Valley residents participating in higher education programs at the distributed learning centers funded in the 1998 Budget Act from 14,000 in 1999–2000 to 60,000 by 2004–05.	Include in annual report on Merced information on enrollment of students from the Central Valley at distributed learning centers.
		To the extent that the community colleges increase the number of "transfer ready" students: (1) increase the total number of community college transfers to the university by 6 percent annually over 7 years (from 10,150 in 1998–99 to 15,300 in 2005–06), and (2) increase the number of student transfers from low-transfer community colleges by 15 percent annually.	Provide a report by October each year on progress in meeting community college transfer goals. Include in this report the total number of transfers and number of transfers from low-participation colleges.

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Objective Number	Objective	Indicator	Performance Data
9	Reduce barriers to students transferring among segments. Work with community colleges to ensure the ease of the transfer function and expand course transferability.	Develop and maintain systemwide agreements between the university, California State University (CSU), and the community colleges on lower-division course requirements for 20 high-demand majors (at a rate of 3-5 per year) by 2005–06. The long-term vision is to ensure that a qualified student from any community college has the opportunity to transfer to any university (or CSU) campus and have their courses accepted for their major.	Include in the annual report on community college transfers information on the progress made in developing systemwide agreements for high-demand majors. Also include in this report a list of systemwide agreements developed.
		Ensure that each of the university's general campuses has articulation agreements with 100 percent of the community colleges within their respective service areas.	For each university campus, include status of articulation agreements, with each community college in its service area, in the annual report on community college transfers.
		Maintain current programs that provide, for example, transfer-specific training for community college counselors, transfer agreements, and increased access to transfer information.	Include in the annual report on community college transfers information on improving access to information about transfer.
		Continue to use the Intersegmental General Education Transfer Curriculum (IGETC), allowing students to complete all university general education requirements before transferring.	Include in the annual report on community college transfers information on use of the IGETC.
		Work with CSU and the community colleges to ensure that transfer students are taking the appropriate required courses and will receive credit for classes they have taken. This can be accomplished by September 2001 in a number of ways, including Articulation System Stimulating Interinstitutional Student Transfer (ASSIST), a common course numbering system, or IGETC.	Include in the annual report on community college transfers information on progress toward achieving this goal.

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Objective Number	Objective	Indicator	Performance Data
10	Implement more extensive use of existing facilities to accommodate enrollment demands and to help alleviate enrollment pressures during the regular academic year.	<p>Reach agreement with the Administration and the Legislature on a plan for phasing in implementation of a state-supported summer term on a campus-by-campus basis. If agreement reached, beginning in September 2001 implement summer term. The phasing plan should be based on the assumption that fees, financial aid, and the quality of programs should be similar to that offered during the regular academic year.</p> <hr/> <p>Space requests for classrooms and class laboratories will be justified using legislatively approved utilization standards and the assumption of a summer term enrollment of 40 percent of fall/winter/spring enrollment, consistent with the approved phasing plan for implementation of year-round operations.</p> <hr/> <p>Examine incentives to encourage more students to attend classes in the summer and more faculty to teach in the summer.</p> <hr/> <p>Provide funding for existing summer enrollment of university-matriculated students if agreement is reached.</p> <hr/> <p>Consider developing off-campus centers to accommodate increased enrollment demand.</p>	<p>Include phasing plan in final agreement on budget for 2000–01.</p> <p>By October 1 each year provide a progress report on implementation of year-round operations.</p> <hr/> <p>Include justification of space in regents' budget each year.</p> <hr/> <p>Report by October 1, 2000 on incentives to encourage more students to attend class in the summer and more faculty to teach in the summer.</p> <hr/> <p>Include in phasing plan funding for existing summer enrollment.</p> <hr/> <p>Report each year in the regents' budget on progress in developing off-campus centers.</p>

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II. Improving Integration and Coordination Within California’s Educational System

Objective Number	Objective	Indicator	Performance Data
11	Assume greater responsibility in working with K-12 schools towards improving K-12 student performance.	High schools participating in university partnerships are expected to demonstrate greater educational achievements compared to prior years and in comparison to similar high schools that do not participate in partnerships. Students in participating high schools are expected to successfully complete college preparatory courses at a higher rate than prior years. Success is predicated upon a commitment from both the university and participating high schools. To the extent it is possible to collect data, the university will compare the performance of students in participating high schools with that of students in non-participating high schools.	<p>By October 2001:</p> <ul style="list-style-type: none"> • Report first results of long-term outreach evaluation. • By October of each year, provide a progress report on outreach and K-12 improvement programs and include in the report the following: <ul style="list-style-type: none"> ▪ Proportion of students completing A-G requirements. ▪ Percentage of students eligible for the university from schools where university outreach is operational. ▪ Other data as appropriate to indicate college readiness.
		Expand efforts to increase educational opportunity and improve the academic preparedness of K-12 students, especially students from disadvantaged backgrounds, and to reduce the disparities in educational opportunities and achievement. Consistent with goals of the Outreach Task Force, the university is working to expand: <ul style="list-style-type: none"> • K-12 school partnerships, which seek to ensure that students have access to high quality instruction and are able to meet the A–G course requirements. • Traditional student-centered programs such as Mathematics, Engineering, Science Achievement (MESA), Puente, and Early Academic Outreach Program (EAOP). • Academic outreach in the Central Valley (including those counties which have been historically underrepresented at the university). 	Include in October report on outreach and K-12 improvement programs information on the progress toward meeting the goals specified in the Outreach Task Force Report.
		Expand outreach programs aimed at attracting more students from disadvantaged backgrounds into graduate and professional school programs.	Include in the annual report on outreach and K-12 improvement programs information on expansion of graduate and professional school outreach programs and include in the report the number of participants and other evaluation data as appropriate.
		Expand AP Online program to make Advanced Placement and honors courses available to students who attend high schools that offer few or no AP courses.	Include in the annual report on outreach and K-12 improvement programs, the number of courses provided on-line each year and the number of students completing the courses.
		Expand SAT test preparation programs, including through the California Digital High School.	Include in the annual report on outreach and K-12 improvement programs the number of students participating in SAT test preparation programs, including those the university operates through the Digital High School.

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Objective Number	Objective	Indicator	Performance Data
12	Provide better and timelier information to students, families, teachers, and counselors to improve planning and preparation for college.	Expand visits to K-12 schools, counseling programs, public affairs programs, community and media relations activities, and telephone and direct mail campaigns to better inform students, schools, and parents about university eligibility requirements. The university's stated goal in the Outreach Task Force Report is to increase the number of outreach contacts with elementary, middle school, high school, and community college students and families by 200 percent over the number of contacts now made with these groups.	Include in the annual report on outreach and K-12 improvement programs progress toward meeting the goals specified in Outreach Task Force Report.
13	Evaluate the effectiveness of outreach programs to ensure that resources are focused on the most successful programs.	Enhance research on instructional strategies that can assist under-performing schools and students.	Include in the annual report on outreach and K-12 improvement programs the number of effective teaching strategies researched, disseminated and/or published, and implemented in under-performing K-12 schools.

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III. Meeting Teacher Demand and Improving the Quality of Teacher Preparation

Objective Number	Objective	Indicator	Performance Data
14	Increase the university commitment to meeting the demand for new teachers.	Commit to a goal of increasing the number of students enrolled in teacher credential programs from approximately 1,000 in 1998–99 to 2,500 by 2002–03, with a focus on increasing the number of first-time and new type credentials in math and science. This would more than double the number of teachers prepared by the university in 1998–99. Increase the number of university student internships, particularly in mathematics and science at the middle and high school level.	In October of each year, provide a report on teacher credential programs that includes the following information: <ul style="list-style-type: none"> • Total number of students enrolled in both post-baccalaureate and masters credential programs. • Number of students recommended for first-time and new type credentials in total and in mathematics and science. • Number of university student internships, by field and school level. • Passage rate on California Basic Educational Skills Tests (CBEST) and other statewide exams required to receive a credential.
		Implement initiative to attract well-qualified students into the teaching profession by offering students with a BA, especially those with degrees in math and science where there is a shortage of well-qualified teachers, the opportunity to earn a teaching credential over two summers and to teach in the intervening year using an emergency credential.	
		Develop and implement Teacher Scholars Program by 2001–02 to provide 400 students the opportunity to earn a combined Masters' and Teacher Credential in 15 months.	Include in the annual report on teacher credential programs the number of students who enroll in and complete the program.
		Develop and implement the Principal Leadership Training Program by 2002–03 to provide 400 students with rigorous leadership training.	Include in the annual report on teacher credential programs the number of students who enroll in and complete the program.
15	Improve teacher preparation to ensure that teacher education programs adapt quickly to meet K-12 academic standards.	Implement teacher preparation reforms consistent with SB 2042 and Commission on Teacher Credentialing (CTC) standards in the following areas: <ul style="list-style-type: none"> • Provision of pre-internship, internship, and integrated undergraduate programs. • Curriculum consistent with standards for the teaching profession and with curriculum and performance standards for K-12 students. • Integration of theory and practice in all programs. • Implementation of candidate performance assessment. • Collaboration across university academic departments and with K-12 schools; and flexible course scheduling (e.g., evenings, weekends, intensive short courses). 	Include in the annual report on teacher credential programs a progress report on the extent to which reforms have been implemented. (The reporting format will be developed by the Office of the Secretary for Education and the Department of Finance and include a campus rating system that can be summarized at the systemwide level as well as concise campus-level back-up.)

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Objective Number	Objective	Indicator	Performance Data
15 (cont.)	Improve teacher preparation to ensure that teacher education programs adapt quickly to meet K-12 academic standards.	In cooperation with CSU and private institutions, expand the California Subject Matter Projects (CSMPs) to 170 sites serving 35,000 K-12 teachers through institutes and other activities aimed at improving participants' content knowledge and pedagogical practice in nine core areas of the K-12 curriculum.	Provide the results of the four-year independent evaluation of CSMPs, consistent with AB 1734 (Mazzoni), due to the State Board of Education, the Governor, and the Legislature by July 1, 2002.
		In cooperation with CSU and private institutions, implement Governor's Professional Reading Development Institutes to provide professional training for 20,000 teachers in pre-Kindergarten and in grades K-3.	In October of each year provide a progress report on K-12 Teacher Professional Development Programs and include the number of participants who participated in this program and other evaluation data as appropriate.
		In cooperation with CSU and private institutions, implement English Language Development Institutes to provide professional training for 5,000 English language learner teachers in grades 4-8 and 5,000 English language learner teachers in grades 9-12.	Include in the October report on K-12 Teacher Development Programs the number of participants in this program and other evaluation data as appropriate.
		In cooperation with CSU and private institutions, implement Algebra Institutes to provide professional training for 2,500 teachers in grades 7-10 in Algebra.	Include in the October report on K-12 Teacher Development Programs the number of participants in this program and other evaluation data as appropriate.
		In cooperation with CSU and private institutions, implement Mathematics Specialists Institutes to prepare 5,000 Math teachers in grades 4-6 to assume leadership roles within their schools to improve the instruction of Math.	Include in the October report on K-12 Teacher Development Programs the number of participants in this program and other evaluation data as appropriate.
		In cooperation with CSU and private institutions, implement High School Mathematics Institutes to provide professional training for 8,000 high school teachers in Math.	Include in the October report on K-12 Teacher Development Programs the number of participants in this program and other evaluation data as appropriate.
		In cooperation with CSU and private institutions, implement High School English Institutes to provide professional training for 12,000 high school teachers in English.	Include in the October report on K-12 Teacher Development Programs the number of participants in this program and other evaluation data as appropriate.
		In cooperation with CSU and private institutions, implement the Pre-Algebra and Algebra Academies to provide professional training for 1,000 teachers in grades 7-8 linked with summer school instruction for K-12 students in Pre-Algebra and Algebra.	Include in the October report on K-12 Teacher Development Programs the number of participants in this program and other evaluation data as appropriate.
		Work closely with K-12 in the development of charter schools and conduct research on the degree to which charter schools achieve intended outcomes.	Report annually on test scores of students at the San Diego campus charter school in comparison with public and private school students. Broadly disseminate research findings of the San Diego campus charter school program.

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IV. Productivity Improvements

Objective Number	Objective	Indicator	Performance Data
16	Fund core-funding needs within partnership resources.	Achieve productivity savings through the increased use of technology and streamlining administrative practices in order to help fund chronic budget shortfalls in four core areas of the budget: building maintenance, instructional equipment replacement, instructional technology, and libraries. This shortfall was estimated at \$150 million in 1998–99. The State will provide an increase of 1 percent above the prior year's State General Fund appropriation each year for four years, for a total of \$100 million, toward elimination of these shortfalls. University campuses will achieve productivity savings of at least \$50 million to eliminate the remainder of the shortfall by 2002–03.	In October 2003, report on how campuses have eliminated budget shortfalls in building maintenance, instructional equipment replacement, instructional technology, and libraries.

V. Regional Cooperation

Objective Number	Objective	Indicator	Performance Data
17	Increase regional cooperation among the segments.	Expand the number of joint doctoral degree programs offered in collaboration with CSU. Proposals are either developed and awaiting approval or still in the planning stages for additional joint doctoral programs in Education, Criminal Justice and Forensic Science, and Physical Therapy.	Report each year in the regents' budget on progress in establishing new joint doctoral programs.
		Expand collaborative efforts with CSU and the community colleges in the Central Valley in anticipation of development of a tenth campus.	Report each year in the regents' budget on collaborative efforts to establish joint programs in the Central Valley.

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VI. Efficient Use of Existing Campuses and Facilities

Objective Number	Objective	Indicator	Performance Data
18	Maintain and renovate existing campuses.	Approximately 50 percent of the State capital outlay dollars will be used to address seismic, life-safety, and modernization needs of existing facilities, and about 50 percent to support enrollment-growth related projects.	Report each year in the regents' budget on distribution of state capital funds among seismic, renovation, and enrollment growth projects.
		In the next few years, enrollment growth-related projects will focus on science facilities for high-tech workforce.	Report each year in the regents' budget on extent to which growth-related projects are focused on the sciences.
19	Decrease current deferred maintenance backlogs.	Maintain commitment to provide annual increase of \$6 million from the operating budget (university funds) to pay for long-term financing of high-priority deferred maintenance projects. This should allow the university to fund about \$60 million of projects each year.	In October of each year, provide an annual report on deferred maintenance projects funded from these funds.
		Use streamlined capital outlay process to complete projects in a timely way at a lower cost.	Report each year in the regents' budget on the progress of streamlined projects.

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VII. Maintaining California's Competitiveness

Objective Number	Objective	Indicator	Performance Data
20	Place a priority on producing graduates who will meet California's workforce needs.	Implement Engineering and Computer Sciences Initiatives to increase undergraduate and graduate students in these disciplines by at least 1,000 students annually through 2005–06. This is a 50 percent increase over 1997–98 (from 16,000 students in 1997–98 to 24,000 students in 2005–06).	Report each year in the regents' budget on the increases in these programs.
21	Increase use of public-private partnerships to further economic development of the State.	Increase research efforts that will help California maintain its competitiveness in a global economy that is increasingly knowledge-based. Expand the Industry-University Cooperative Research Program that targets research of economic importance to California.	Report each year in the regents' budget on progress of public-private partnerships.
		Implement three California Institutes for Science and Innovation to create world-class centers for strategic innovation that combine cutting-edge research with collaboration and training for the next generation of scientists and technological leaders. Funding of \$75 million each year for four years will be provided by the State to fund the capital and core operational costs of the institutes. The university will match the funding on a two-to-one basis with non-state funds, including private and federal funds, provided for both operating and capital purposes. Consideration should be given to establishing additional institutes in subsequent years.	In October of each year, provide annual progress report on implementation of the institutes and acquisition of matching funds.
		In order to help maintain quality, seek additional private resources and increase the university's share of federal research dollars.	Report each year in the regents' budget on additional private and federal funding.

VIII. Improving the Academic Experience

Objective Number	Objective	Indicator	Performance Data
22	Provide opportunities for all students to participate in community service or service learning.	Increase the number of university students who engage in community service or complete a service learning experience.	Increase student participation in community service and service learning based on funding provided.

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APPENDIX C

Evaluation of the Partnership Agreement's Objectives and the University's Assertions Regarding Its Progress in Meeting Those Objectives

Tables C.1 through C.4 on the following pages present the objectives and indicators of the partnership agreement, the University of California's (university) assertions regarding its progress in meeting each of the objectives, and our evaluation of the agreement's objectives and indicators. We have listed the objectives in the tables by the following categories:

- Table C.1—Objectives containing measurable targets the university asserts it has met.
- Table C.2—Objectives containing measurable targets that the university asserts it could not meet due to factors outside its control.
- Table C.3—Objectives containing measurable targets involving deadlines in the future.
- Table C.4—Objectives lacking clear and measurable targets.

TABLE C.1. Objectives Containing Measurable Targets That the University Asserts It Has Met

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
1	Ensure access under the Master Plan.	Maintain commitment to accept all eligible California high school graduates who wish to attend. To accommodate projected annual enrollment growth of about 3 percent, or 5,000 students per year, examine a range of options including, but not limited to, adjustments to current long-range development plans, more intensive use of facilities during the summer, and the development of off-campus centers.	The university continues to admit all eligible applicants who wish to attend. The university has exceeded budgeted enrollment levels each year of the partnership.	<p>Within this objective, the agreement contains a measurable outcome: to accommodate all California high school graduates (eligible students) who wish to attend the university. An eligible student is one who attains a certain composite score based on a combination of grade point average and the scores of certain required scholastic assessment tests. In addition, the student must have completed certain high school coursework before applying to the university. At the time the agreement was developed, the university estimated an enrollment growth of about 3 percent, or 5,000 students per year. During the annual budget process, the university revises its expected enrollment growth based on the most recent student data. The adjusted enrollment growth amount becomes the university's target each year.</p> <p>We discussed with the university its process for admitting all eligible students, and the university provided documentation to support its assertion that it admitted all eligible students. To the extent that students are not admitted to the university who believe they are eligible, the students can appeal the university's admittance process.</p>

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TABLE C.1. Objectives Containing Measurable Targets That the University Asserts It Has Met

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
3	Increase faculty-teaching loads.	Continue commitment to maintain the agreed-upon 6.7 percent increase in faculty teaching workload.	The university has honored its commitment to maintain the 6.7 percent increase in faculty teaching workload agreed upon in the partnership agreement. The partnership agreement was based on the supplemental budget language adopted in 1992, which called on the university to increase the number of classes taught per faculty member by an additional course every one to three years, or a third of a class every year over a three-year period (0.33). A method was developed to define and track primary class offerings and independent study enrollments. Since the class to faculty ratio in the base year of 1990-91 was 4.5, the satisfactory increase raised the ratio to 4.8. This 6.7 percent increase was achieved in 1992-93. The partnership agreement was finalized in May 2000. Its language regarding increases in faculty workload was intended to ensure that faculty teaching loads do not decline below the levels reached in 1992-93.	The indicator is a continuation of a prior practice. It does contain a measurable target, which the university asserts it has met. As required by the agreement, the university annually reports workload data in the instructional report, which shows that the university achieved the desired increase during the 1992-93 academic year and has either maintained or exceeded the 4.8 through the academic year 1999-2000. In Chapter 3, we discuss how one- and two-person courses affect the ratio of 4.8.
20	Place a priority on producing graduates who will meet California's workforce needs.	Implement Engineering and Computer Sciences Initiatives to increase undergraduate and graduate students in these disciplines by at least 1,000 students annually through 2005-06. This is a 50 percent increase over 1997-98 (from 16,000 students in 1997-98 to 24,000 students in 2005-06).	The university met its goal in 2001-02 to increase engineering and computer science enrollments by 50 percent, from 16,000 to 24,000 students. It is four years ahead of schedule.	Within this objective, the agreement contains a measurable target: to increase the students in its engineering and computer sciences programs by at least 1,000 students annually through 2005-06. The university provided summary documentation to support its assertion that it has met its goal of 24,000 students in 2001-02, four years ahead of schedule.

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TABLE C.2. Objectives Containing Measurable Targets That the University Asserts It Could Not Meet Due to Factors Outside Its Control

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
8	Expand intersegmental transfers.	To the extent that the California Community Colleges (community colleges) increase the number of "transfer-ready" students: (1) increase the total number of community college transfers to university by 6 percent annually over 7 years (from 10,150 in 1998-99 to 15,300 in 2005-06), and (2) increase the number of student transfers from low-transfer community colleges by 15 percent annually.	<p>The university exceeded the goal in 1999-2000, when transfers increased by 6.5 percent, but did not meet the goal in 2000-01, when transfers increased by only 3.5 percent. Over the two-year period, transfers increased by 10.2 percent, which is close to but short of the goal of 12 percent.</p> <p>The most recent report from the Chancellor's Office of the community colleges indicates that the number of "transfer-ready" students declined by 10 percent in 1999-2000 from the prior year.</p> <p>While the university is able to report on the number of student transfers from each community college, it is unable to report on the percentage of student transfers from low-transfer community colleges because there is no agreement among the California Department of Finance, the community colleges, and others about which campuses should be regarded as low transfer. Part of the reason for the disagreement is that there are many community colleges that place a high priority on vocational training rather than preparation for transfer. The community colleges contend this should not be regarded as a shortcoming on the part of those campuses, and therefore they should not be included among campuses labeled as "low-transfer." This has been a very controversial issue within the community colleges, and until it is resolved and a definition of low-transfer is agreed upon, the university cannot report anything more than the number of students from each community college.</p>	<p>Within this objective, the agreement contains measurable targets: to annually increase the total number of community college transfers by 6 percent and the number from low-transfer community colleges by 15 percent. As indicated by the university, it is not currently meeting these targets. However, the university states that its progress toward the 6 percent target is dependent on the number of transfer-ready students, which recently declined.</p> <p>In addition, the university believes it is unable to report on the percentage of student transfers from low-transfer community colleges because there is no agreement among the Department of Finance, the community colleges, and others about which campuses should be called low transfer.</p> <p>The university agreed to prepare an annual report that describes its progress in meeting the objectives related to community college transfers. The university prepared this report for the first year of the partnership agreement, academic year 1999-2000. We noted that within this report, the university discussed the 6 percent annual target and the actual percentages the university achieved.</p>

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TABLE C.2. Objectives Containing Measurable Targets That the University Asserts It Could Not Meet Due to Factors Outside Its Control

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
15	Improve teacher preparation to ensure that teacher education programs adapt quickly to meet K-12 academic standards.	<ol style="list-style-type: none"> 1. Implement teacher preparation reforms consistent with SB 2042 and Commission on Teacher Credentialing (CTC) standards. 2. Expand the California Subject Matter Projects (CSMP) to 170 sites serving 35,000 K-12 teachers. 	<ol style="list-style-type: none"> 1. CTC has just promulgated new standards for multiple subject credential candidates and is developing single subject standards. In October 2001, CTC submitted the State's 1999–2000 report to the U.S. Department of Education. Issues of compliance were raised, and the State is preparing a response based on new teacher preparation programs. Consistent with these new standards and SB 2042, the university will comply as part of the normal program review process over the next two years. 2. The comprehensive evaluations being conducted by the American Institutes for Research are focused on measuring the impact of CSMP programs on student achievement and teacher performance, leadership, and professionalism. A final report is due to the university in July 2002. In 2001–02, the CSMPs are serving more than 25,000 teachers in 129 projects throughout the State. <p>Note: For indicators 3 through 9, the evaluation of California PDIs is being guided by a team of external evaluators in cooperation with researchers within the university's Office of the President. This evaluation, which is expected to be complete by January 2002, will include investigations of the combined effects of different programs that are in place in the same schools or districts.</p> <ol style="list-style-type: none"> 3. In 2000–01, the Reading PDIs served 27,243 teachers from 1,875 schools. 4. In 2000–01, the English Language PDIs served 8,488 teachers. 	<p>Within this objective, the agreement contains measurable targets for indicators 2 through 9. Although this objective did not clearly establish dates by which the university planned to meet the targets, the university has indicated that these are annual targets.</p> <p>As part of this objective, the university agreed to annually prepare a progress report on these programs and include the number of participants and other evaluation data as appropriate. When we reviewed the university's reported progress for fiscal year 2000–01, we noted that the number of teachers participating was lower than the desired targets except for the target related to indicator 3. However, the university did not address the targets included in this objective nor did it explain the reasons for the apparently lower participation.</p> <p>According to the university's assistant vice president for budget development and external relations, the university did not receive notification until January 2001 that it would receive funding to implement the PDIs during the summer of 2001, which meant the university had very little planning time. In addition, the assistant vice president stated because of the short lead-in time to implement the program, it was difficult to solidify commitments from enough teachers to meet the expected targets in the first year. As a result, the university received permission from the Department of Finance to redistribute \$6.5 million of the \$61.7 million in funding provided for the PDIs to better reflect demand in the first year of implementation. Additionally, the assistant vice president noted that to the extent that the university did not serve the number of teachers originally projected, the unspent funds were given back to the general fund. The university further stated that these target numbers are no longer applicable because program funding</p>

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TABLE C.2. Objectives Containing Measurable Targets That the University Asserts It Could Not Meet Due to Factors Outside Its Control

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
15 (cont.)				
	5. Implement Algebra PDIs to provide training for 2,500 teachers in grades 7-10.		5. In 2000-01, the Algebra PDIs served 2,465 teachers.	was reduced by \$11 million in fiscal year 2001-02 (\$5 million in the 2001-02 budget act and \$6 million in mid-year budget cuts). In addition, according to the university, as of June 2002, the State is proposing eliminating the PDI funds for fiscal year 2002-03, with the idea that the university contract with school districts individually to offer these programs.
	6. Implement Mathematics Specialists PDIs to prepare 5,000 Math teachers in grades 4-6 to assume leadership roles within their schools to improve Math instruction.		6. In 2000-01, the Elementary Mathematics PDIs served 1,529 teachers.	Finally, as part of this objective, the university expects the results of a four-year independent evaluation of the CSMPs to be completed in July 2002. It has received its evaluation of the PDIs that was expected in January 2002.
	7. Implement High School Mathematics PDIs to provide training for 8,000 high school teachers.		7. In 2000-01, the High School Mathematics PDIs served 689 teachers.	
	8. Implement High School English PDIs to provide training for 12,000 teachers.		8. In 2000-01, the High School English PDIs served 3,409 teachers.	
	9. Implement the Pre-Algebra and Algebra Academies to train 1,000 teachers linked with K-12 summer school instruction.		9. In 2000-01, the Algebra Academies PDIs served 90 teachers.	
	10. Work closely with K-12 in the development of charter schools and conduct research on the degree to which charter schools achieve intended outcomes.		10. The Preuss School on the San Diego campus is in its third year of operation with 530 students in grades 6-10. The school will reach full enrollment in 2003-04 [Auditor's note: The Preuss School is a model charter school located on the San Diego campus—the university is comparing test scores of these students to those in public and private schools and plans to broadly disseminate research findings on the Preuss School.]	
				According to the university, because the funds for these programs were eliminated for fiscal year 2002-03, the targets for each individual institute will no longer be applicable.

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TABLE C.3. Objectives Containing Measurable Targets Involving Deadlines in the Future

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
9	Reduce barriers to students transferring among segments. Work with the community colleges to ensure the ease of the transfer function and expand course transferability.	<ol style="list-style-type: none"> Develop and maintain systemwide agreements between the university, California State University (CSU), and the community colleges on lower division course requirements for 20 high-demand majors (at a rate of 3-5 per year) by 2005-06. Ensure that each of the university's general campuses has articulation agreements with 100 percent of the community colleges within their respective service areas. Maintain current programs that provide, for example, transfer-specific training for community college counselors, transfer agreements, and increased access to transfer information. Continue to use the Intersegmental General Education Transfer Curriculum (IGETC), allowing students to complete all university general education requirements before transferring. 	<ol style="list-style-type: none"> Four university campuses have completed articulation agreements on lower-division course requirements for their 20 high-demand majors (defined as those with the most applications). The other campuses plan to have agreements for at least 10 high-demand majors by 2002-03 and the balance by 2004-05, a year ahead of the agreed upon deadline. University campuses have developed articulation agreements with all community college campuses in their service areas. The university continues to promote programs that disseminate information about the transfer process. Each spring, the university co-sponsors the community college counselor institutes with the community colleges and CSU. Participation has doubled to over 1,000 counselors since 1998. The university continues to use IGETC so that students can complete their general education requirements before transferring, although IGETC may not be the preferred pre-transfer curriculum for all students. For example, students intending to transfer into engineering and some science programs should take a different pre-transfer course sequence in order to adequately prepare for their majors. In fall 1997, 83 percent of new transfer students had completed IGETC. 	<p>The agreement contains measurable targets for this objective: to develop systemwide agreements for 20 high-demand majors at a rate of 3 to 5 per year by 2005-06 and to have articulation agreements with 100 percent of the community colleges in each campus's service area.</p> <p>This objective requires the university to prepare an annual report that describes the university's progress in meeting the objective and indicators. The university prepared this report dated fall 2001 for the first year of the agreement (academic year 1999-2000). The report indicates that the university has developed agreements with 100 percent of the community colleges within their respective areas. In addition, in a separate document that the university provided us in June 2002, the university indicates that it is on track to have completed agreements for 20 high-demand majors.</p>

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TABLE C.3. Objectives Containing Measurable Targets Involving Deadlines in the Future

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
9 (cont.)	5. Work with CSU and community colleges to ensure that transfer students are taking the appropriate required courses and will receive credit for classes they have taken.		5. Articulation System Stimulating Interinstitutional Student Transfer (ASSIST) is the core of the university's transfer efforts. The ASSIST website contains agreements articulating 2,200 university courses with 24,000 community college courses and detailing how to satisfy university course requirements. The website received about 4 million hits in July 2001, up from about 2 million in January 2000. ASSIST is jointly funded by the three segments, which are the community college, CSU, and the university. An augmentation to increase the capacity of the system was removed during the May revision to the Governor's 2001–02 budget. Because there is no funding to upgrade hardware to cope with this increased volume, the website is experiencing severe operating slowdowns.	
12	Provide better and more timely information to students, families, teachers, and counselors to improve planning and preparation for college.	Expand visits to K-12 schools, counseling programs, public affairs programs, community and media relations activities; telephone and direct mail campaigns to better inform students, schools, and parents about university eligibility requirements. The university's stated goal in the Outreach Task Force Report is to increase the number of outreach contacts with K-12, community college students, and families by 200 percent.	With the new funds provided for informational outreach and recruitment in 1998–99, the university increased considerably its visits to K-12 schools and expanded counseling to reach more students and their families in order to more carefully and thoroughly explain the requirements for eligibility and avenues for admission to all university campuses. However, all of the new funding provided in 1998–99 for these new programs was eliminated in the 2001–02 budget.	Within this objective, the agreement contains a measurable target: to increase the number of outreach contacts by 200 percent. Although not indicated in the agreement, the Outreach Task Force report identifies this increase is to occur between 1997 and 2002. Therefore, it is too early to determine whether the university has met this target. The university believes that meeting this target may be difficult because the additional funds provided for this purpose were eliminated in 2001–02. Additionally, the annual report on outreach and K-12 improvement programs does not specifically address the progress the university is making towards meeting the 200 percent target.

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TABLE C.3. Objectives Containing Measurable Targets Involving Deadlines in the Future

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
14	Increase university commitment to meeting the demand for new teachers.	<ol style="list-style-type: none"> 1. Commit to a goal of increasing the number of students enrolled in teacher credential programs from approximately 1,000 in 1998–99 to 2,500 by 2002–03. Increase the number of university student internships, particularly in mathematics and science at the middle and high school level. 2. Implement initiative to attract well-qualified students into the teaching profession by offering students with a BA, especially those with degrees in math and science where there is a shortage of well-qualified teachers, the opportunity to earn a teaching credential over two summers. 	<ol style="list-style-type: none"> 1. The university is on target to reach its goal to more than double education credential students between 1998–99 and 2002–03. FTE enrollment has grown from 1,000 students in 1998–99, to 1,350 students in 2000–01, and 1,900 in 2001–02. The university plans to reach the target of 2,500 in 2002–03. 2. About one-sixth of the university credentials in 1998–99 and 1999–2000 were in math and science. An increase in these numbers is expected in the current year. 	<p>Within this objective, the agreement contains measurable targets for the first part of indicator 1 and for indicators 3 and 4. According to the university, it is on track to meet the targets for indicators 1 and 3 by the dates specified. However, since the dates for meeting these targets range between fiscal years 2001–02 and 2002–03, it is too early for the university to provide documentation that would allow us to make any assessments. For indicator 4, the university stated that it will not meet the target of 400 students by fiscal year 2002–03.</p>
		<ol style="list-style-type: none"> 3. Develop and implement a Teacher Scholars Program by 2001–02 to provide 400 students the opportunity to earn a combined Masters' and Teacher Credential in 15 months. 	<ol style="list-style-type: none"> 3. The Governor's Teacher Scholars (GTS) Program was developed and will meet its target of 400 students in 2001–02. The university intends to extend this program to 500 FTE students in 2003–04, 100 students beyond the original goal. Four of the campus programs lead to the Master's degree/credential in 4 or 5 terms, including summer. The others require two years. The Davis campus's GTS program will begin in 2002–03. 	<p>The agreement does not contain a target related to the second part of the first indicator: to increase the number of university student internships. The agreement could have identified the number of students the university expected to add to the internship program.</p> <p>As part of this objective, the university agreed to provide an annual report in October of each year that would address the teacher credential programs and provide certain enrollment statistics related to the programs. The university released its first report in April 2002.</p>
		<ol style="list-style-type: none"> 4. Develop and implement the Principal Leadership Training Program by 2002–03 to provide 400 students with rigorous leadership training. 	<ol style="list-style-type: none"> 4. The university had developed the Governor's Principal Leadership Institutes, a two-year Master's degree program at the Berkeley and the Los Angeles campuses, to help meet the State's demand for talented highly trained school principals. In 2001–02, these programs enrolled 150 year-average headcount students. By 2003–04, the university is projected to enroll nearly 300 year-average headcount in this program, eventually enrolling 400 students per the partnership agreement. 	

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TABLE C.3. Objectives Containing Measurable Targets Involving Deadlines in the Future

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
16	Fund core-funding needs within partnership resources.	Achieve productivity savings through the increased use of technology and streamlining administrative practices in order to help fund chronic budget shortfalls in four core areas of the budget: building maintenance, instructional equipment replacement, instructional technologies, and libraries. This shortfall was estimated at \$150 million in 1998–99. The State will provide an increase of 1 percent above the prior year's State General Fund appropriation each year for four years, for a total of \$100 million, toward elimination of these shortfalls. The campuses will achieve productivity savings of at least \$50 million to eliminate the remainder of the shortfall by 2002–03.	The State provided an increase of 1 percent to help fund chronic budget shortfalls in 1999–2000 and 2000–01. Unfortunately, due to the State's fiscal circumstances, funds for this purpose were eliminated from the 2001–02 budget.	<p>Within this objective, the agreement contains a measurable target: campuses will achieve productivity savings of at least \$50 million by 2002–03.</p> <p>This objective does not require the university to prepare a report until October 2003. The report is to describe how campuses have eliminated shortfalls in building maintenance, instructional equipment replacement, instructional technology, and libraries.</p> <p>According to the university, it has not asked campuses to report on how they are achieving their savings and does not plan to do so until the State is able to fully fund this objective.</p>

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TABLE C.4. Objectives Lacking Clear and Measurable Targets

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
2	Provide classes needed for students to graduate in four years or less.	<ol style="list-style-type: none"> Hire sufficient faculty to at least reach the current budgeted student faculty ratio of 18.7 to 1. The longer-term goal is to phase in a return to the historical student faculty ratio of 17.6 to 1. Continue commitment to maintain improved student outcomes. More students are graduating sooner and at greater rates than in any other time (average time to degree is 4.2 years, compared to 4.4 years for students admitted in 1984). The percent of students who graduate in 4 years, 5 years, and 6 years has continued to improve. 	<ol style="list-style-type: none"> The university has sustained a budgeted student to faculty ratio of 18.7 to 1 and has a multi-year plan to restore the 17.6 to 1 ratio, which had been in place prior to the budget cuts in the early 1990s. The first year of that plan was funded in the 2000–01 budget. Unfortunately, the second year's funding was eliminated by the governor in the May revision to the 2001–02 budget. The university has maintained the high graduation and persistence rates noted in the partnership agreement. These measures tend to move slowly and therefore year-to-year changes are typically small. Average time to degree for undergraduates who entered in 1993 is now 13 quarters, down from 13.4 quarters for students who entered in 1984. Of the freshmen who entered the university system in 1994, 36 percent graduated in 4 years, 69 percent in 5 years, and 77 percent in 6 years. These rates are an improvement over 10 years ago, when the 4-year rate was 31 percent, the 5-year rate was 67 percent, and the 6-year rate was 73 percent. 	<p>Within this objective, the agreement contains a measurable target: to reach the current budgeted student-faculty ratio of 18.7 to 1 and a longer-term target of 17.6 to 1. However, it did not identify a period in which it plans to achieve the ratio of 17.6 to 1. According to the university, it estimated that it would take 5 to 6 years to lower the student faculty ratio to 17.6 to 1, assuming steady increases in funding beginning in fiscal year 2000–01. The university also stated that although it received funding for fiscal year 2000–01 to achieve a ratio of 18.6 to 1, it did not receive funding for this purpose in fiscal year 2001–02, and it does not expect to receive funds in fiscal year 2002–03 to make additional progress toward the target of 17.6 to 1. The university believes the lack of a specific period is not a shortcoming and instead reflects an appreciation for the fact that this was a target that would be addressed as funds were made available. However, we believe the partnership agreement could have specified a period with the understanding that as circumstances change, the target could be revised.</p> <p>Additionally, the agreement could have contained a measurable target related to the second indicator, which set a desired graduation rate by a certain time. However, the university indicated that the university and governor consciously chose not to assign a specific target or period. The university stated that it has been making steady progress in this area over a long period and that there is no rational basis for an ending target or specific date: the university is simply supposed to do the best it can over the long run.</p> <p>As part of this objective, the university agreed to report the actual and budgeted student enrollment and faculty numbers in its annual regents' budget. Our review found that the university reported student data in its regents' budget but did not report faculty</p>
		<ol style="list-style-type: none"> With regard to students who enter as freshmen, eliminate state funding for those who exceed the required credit units for their degree programs by more than 20 percent. 	<ol style="list-style-type: none"> This policy was fully implemented last year. No students exceeding 120 percent were included in the 2001–02 budgeted enrollment. In 2001–02, any student exceeding 120 percent will not receive state-funded financial aid. 	

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TABLE C.4. Objectives Lacking Clear and Measurable Targets

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
2 (cont.)				data. It also agreed to provide graduation and persistence rates, time-to-degree data, and degrees-conferred data in an annual student outcomes report. We noted that the university did provide most of this data in its Information Digest 2002, which includes information through 2000.
4	<p>1. Ensure that new top "4 percent path" (provides that the top 4 percent of each graduating class from each California public high school are eligible for admission to the university) results in more students eligible for and successfully attending the university system.</p> <p>2. Increase the percentage of qualifying students from low-participating schools statewide that successfully complete university college preparatory courses.</p> <p>3. Develop an implementation and evaluation plan for the "4 percent path."</p> <p>4. Beginning in 2001, increase percentage of students from low-participating high schools who enroll in the university.</p> <p>5. Continue policy of no state funding for remedial courses. Use community college and extension courses to provide remedial education, to the extent possible.</p> <p>6. Increase investment in instructional technology to ensure students have access to state-of-the-art technology.</p>	<p>1-3. The university has implemented the 4 percent path called "Eligibility in the Local Context" or ELC. Preliminary data indicate that the ELC program generated 2,100 additional applications to the university this year from students who otherwise might not have applied—half of them from underrepresented minorities and one-fifth from students who live in rural areas of California. All ELC-eligible students who applied to the university were guaranteed a space in the university system. Final numbers were reported to the university's regents in May 2002.</p> <p>4. The university has continued the "No State Funding" policy for remedial classes and some campuses use a local community college as a cost-effective way to provide remedial courses.</p> <p>5. The university continues to invest in instructional technology. Unfortunately, the governor eliminated the most recent budget increment in the May revision to the 2001–02 Budget.</p>	<p>Within this objective, the agreement does not contain measurable targets. However, the objective lends itself to a defined target. For example, the agreement could have identified a specific percentage increase for the university to achieve related to the number of students from low-participating schools that ultimately enroll in the university.</p> <p>Although the agreement did not establish measurable targets as part of this objective, the university agreed to provide a report in November 2001 on the percentage of students in low-participating high schools who complete certain courses by the end of their junior year. The university provided this report in June 2002, after we requested it. Additionally, the university agreed to provide a report in March 2002 on the percentage of students from low-participating high schools who enroll as freshmen. The university provided this report in May 2002. It also agreed to report certain outcomes as part of the California Postsecondary Education Commission (CPEC) eligibility study; however, according to the university, this study will not be complete until fall 2002. Finally, the university prepared its implementation and evaluation plan, as promised.</p>	

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TABLE C.4. Objectives Lacking Clear and Measurable Targets

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
5	Provide competitive faculty salaries.	Continue to maintain commitment to provide competitive faculty salaries using the CPEC methodology.	The university continues to rely on the CPEC methodology for calculating the increase required to keep university faculty salaries competitive. Unfortunately, the partnership agreement was not fully funded in 2001–02, and salaries are falling behind the “Comparison Eight.” The “Comparison Eight” are the eight campuses nationwide that CPEC has chosen as comparable to the university and uses in its methodology for salary comparison purposes.	Although the indicator is a continuation of prior practices that the university would likely continue even without the agreement, it still lends itself to a measurable target. According to the university, it does have a defined target, which is to provide faculty salaries that are at the average of its comparison institutions. However, the partnership agreement does not identify this as a target. As it agreed to do in the agreement, the university reports faculty salary data annually to the CPEC.
6	Increase emphasis on merit-based pay systems.	Continue to emphasize a merit-based pay system to reward the most outstanding faculty.	The university continues to emphasize a merit-based pay system to reward outstanding faculty.	Although the indicator is a continuation of prior practices that the university would likely continue even without the agreement, it still lends itself to a measurable target. For example, the agreement could have identified a specific amount the university plans to set aside annually for merit-based pay raises, or it could have identified a certain percentage increase in merit-based pay raises for the university to achieve annually. As it agreed to do in the agreement, the university annually provides data on its faculty salaries and merit increases in the regents’ budget. However, this data does not address how the university is performing in terms of increasing its emphasis on merit-based pay systems.

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TABLE C.4. Objectives Lacking Clear and Measurable Targets

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
7	Enroll students at a 10 th campus in Merced, provided adequate resources are available, to provide increased access to students in the Central Valley, which historically have had low university participation rates. The university should do all it can to open the campus by 2004–05 and enroll students in academic programs even before the campus opens.	<ol style="list-style-type: none"> 1. Submit a revised plan by April 1, 2000 that reflects the goal of opening the Merced campus by 2004–05. By May 2001, identify infrastructure and capital needs, related costs, and methods of financing these needs. 2. Develop an academic plan for the campus. 3. Continue development of academic programs that would enable enrollment of first students in Merced programs earlier than opening of the campus. 4. Work with the governor's University of California Merced Implementation Team to explore ways to streamline the review and approval process of multiple state and federal agencies and ensure these processes are accomplished in a manner that allows the Merced campus to break ground in 2001. 5. Continue to implement student academic development programs and K-12 partnerships in the Central Valley. 6. Increase the number of Central Valley residents participating in higher education programs at the distributed learning centers from 14,000 in 1999–2000 to 60,000 by 2004–05. 	<ol style="list-style-type: none"> 1. In conjunction with the governor's Merced Implementation team, planning for the university's 10th campus at Merced remains on track for enrolling the first University of California Merced students in 2004. The environmental impact report and long-range development plan will be submitted to the regents for approval at their January 2002 meeting. 2-4. Faculty and administrators now being hired at the Merced campus are developing the academic plan, which will be submitted in spring 2002. 	<p>Within this objective, the agreement did not identify a measurable target specifically for the part of the objective related to providing increased access to students in the Central Valley, which have had low university participation rates. The university could have established a target using the percentage or number of qualifying students from low-participating Central Valley schools it ultimately plans to enroll at the Merced campus when it opens.</p> <p>The agreement does contain a measurable target related to the second part of the objective: to increase the number of Central Valley residents participating at distributed learning centers from 14,000 in 1999–2000 to 60,000 by 2004–05.</p> <p>As part of this objective, the university agreed to provide an annual report on the actions the Merced campus is taking to meet the goal of opening by 2004–05. We noted that the university has annually prepared this report.</p> <p>In addition, as the university asserts, we noted that it has completed its environmental impact report and long-range development plan. Further, we also noted that, as it agreed to do, the university completed an academic plan for the Merced campus by spring 2002.</p>

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TABLE C.4. Objectives Lacking Clear and Measurable Targets

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
10	Implement more extensive use of existing facilities to accommodate enrollment demands and to help alleviate pressures during the regular academic year.	<ol style="list-style-type: none"> 1. Reach agreement with the Administration and the Legislature on a plan for phasing in implementation of a state-supported summer term on a campus-by-campus basis. If agreement reached, beginning in summer 2001 implement summer term. The phasing plan should be based on the assumption that fees, financial aid, and the quality of programs should be similar to that offered during the regular academic year. 2. Space requests for classroom and class laboratories will be justified using legislatively approved utilization standards and the assumption of a summer-term enrollment of 40 percent of fall/winter/spring enrollment. 3. Examine the incentives to encourage more students to attend classes in the summer and more faculty to teach in the summer. 4. Provide funding for existing summer enrollment of university-matriculated students if agreement is reached. 5. Consider developing off-campus centers to accommodate increased enrollment demand. 	<ol style="list-style-type: none"> 1. The governor and the Legislature provided funds in 2001–02 for the first state-supported summer terms at the Berkeley, Los Angeles, and Santa Barbara campuses. Funds were also appropriated in 2000–01 to reduce student fees at all campuses in summer to the level of the rest of the year. As a result, summer enrollments increased substantially this year, enhancing the university's ability to plan for and accommodate the 21,000 students expected to enroll in 2010. 2. The development of the 2002–03 regents' budget for capital outlay recognized the partnership agreement's commitment to expand off-campus and summer enrollment to approximately 40 percent of fall/winter/spring average enrollment. This is true even though full state funding for the summer terms has not been provided for five of the eight general campuses. 3. Increased marketing efforts and additional state funding served as significant incentives in summer 2001. Enrollment increased by 26 percent at the five campuses that offered only reduced fees. Enrollment in the summer increased even more (60 percent) at the three campuses that received enrollment-related funding and offered reduced fees. In addition, the number of classes offered increased by 28 percent, and the number of regular-rank faculty and lecturers increased by 27 percent at Berkeley, Los Angeles, and Santa Barbara. 4. Agreement was reached and funding was provided for three campuses; five remain to be funded as discussed above. 5. The university is developing several centers, including the Education Abroad Program, an academic center in Washington D.C., 	<p>The indicator states that the university's requests for new classrooms and class laboratory space will be based on an assumption that the university will achieve a summer-term enrollment of 40 percent of the average of its fall, winter, and spring enrollments. According to the university, its five-year capital outlay plan is built on that assumption, and it also stated that all documents published and all testimony given indicate its intent to strive for the 40 percent figure. Therefore, the university believes that because it has used this figure in its capital outlay plan, it has met this target.</p> <p>However, we believe that an equally important goal of this objective is to phase in a state-supported summer term beginning in the summer of 2001 and that the objective should contain an appropriate related target. Although the university indicated that the 40 percent target was established for capital outlay purposes, as described earlier, the partnership agreement could have easily identified the 40 percent as a target for its summer program and could also have identified a deadline for achieving the target, but it did not do so. When we reviewed the enrollment for the three campuses receiving full funding for their 2001 summer program, we found the enrollment was 33 percent of their regular academic year enrollments.</p> <p>As part of this objective, the university also agreed to provide a phasing plan and annual progress report on its summer school operations and incentives to encourage summer enrollment. It also agreed to report each year in the regents' budget on its progress in developing off-campus centers and provide justification for space. We noted that the university prepared an annual progress report and included in its regents' budget its progress in developing off-campus centers and</p>

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TABLE C.4. Objectives Lacking Clear and Measurable Targets

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
10 (cont.)			the Ventura Center, and the University of California, Merced Centers. In addition, \$1.1 million was provided to the Santa Cruz campus in 2001–02 for planning of the Silicon Valley Center.	justification for space. Additionally, its regents' budget addressed the university's phasing plan for summer school.
11	Assume greater responsibility in working with K-12 schools toward improving K-12 student performance.	<ol style="list-style-type: none"> High schools participating in university partnerships are expected to demonstrate greater educational achievements compared to prior years and in comparison to similar high schools that do not participate in partnerships. Expand efforts to increase educational opportunity and improve the academic preparedness of K-12 students, especially students from disadvantaged backgrounds. Expand outreach programs aimed at attracting more students from disadvantaged backgrounds into graduate and professional school programs. Expand AP On-Line program to make advanced placement and honors courses more available. Expand SAT test preparation programs. 	<ol style="list-style-type: none"> University school partnerships now extend to 256 low-performing California schools with enrollments exceeding 165,000 students. This represents a 39 percent increase since 1998. A data system is now in place to collect information from non-participating schools. At the end of two years of program implementation, university-eligible participants from Mathematics, Engineering, and Science Achievement (MESA), Puente, and Early Academic Outreach Program (EAOP) increased from 4,208 in 1998–99 to 4,947 in 1999–2000. While university-eligible students from partner schools decreased slightly (3 percent) from 1998–99 to 1999–2000, there was an increase in university-eligible underrepresented minorities from 1,378 to 1,451 during that time. Students who participate in the university's outreach programs do continue on to higher education after high school. Outreach program participants accounted for 30 percent of African American and 33 percent of Chicano/Latino students among new university freshmen in 2000. Because much of the university's work is centered on changing course-taking patterns over students' entire high school careers, substantial changes in eligibility are anticipated in the years ahead as students move successfully through the educational pipeline. In addition to eligibility and a variety of other performance indicators, the university is also measuring progress on Algebra and other course completion patterns. 	<p>Within this objective, the agreement did not clearly identify a measurable target. However, the objective does mention that the university should report on its progress toward meeting the goals specified in the Outreach Task Force Report (task force report). One of the recommendations of the task force report was that the university could strive toward several numerical outcomes related to this objective. For example, the task force report suggests that the university should work with its partner K-12 schools to increase the number of university-eligible graduates by 100 percent or to increase the university-eligibility rates in these schools by 4 percentage points, whichever is greater, between 1997 and 2002. According to the university, the fact that these targets were not specifically enumerated in the agreement reflects a choice made on the part of the university and the governor, given that the targets were specified elsewhere. However, because the task force report was simply making recommendations, we believe it would have been appropriate to incorporate those recommendations in the agreement.</p> <p>In fall 2001, the university prepared an outreach report that included certain data related to the first three indicators of this objective. The report shows the results of the outreach programs as of 1999–2000, and in April 2002 the university provided a report to the Legislature on its K-12 and community college outreach programs with data through 2000–01. Although the university did not provide data related to the last two indicators in its outreach report, it did report this data in the regents' budget.</p>

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TABLE C.4. Objectives Lacking Clear and Measurable Targets

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
11 (cont.)			3-5. Significant progress has been made in the university's major graduate and professional school outreach programs. Also, in fall 2001, there were 2,100 AP on-line students. Finally, test administration services were expanded to more than 15,000 students.	
13	Evaluate the effectiveness of outreach programs to ensure that resources are focused on the most successful programs.	Enhance research on instructional strategies that can assist underperforming schools and students.	The university's All Campus Consortium on Research for Diversity (ACCORD) builds on existing faculty expertise and research infrastructure to examine the problems and challenges of access to higher education by California's disadvantaged school children. In 2001-02, the university's ACCORD is supporting the work of 25 university scholars from eight university campuses with research grants.	The university states that the agreement does not contain a specified target because "enhancing research" cannot be quantified. However, as part of this objective, the university agreed to include in its annual outreach report the number of effective teaching strategies researched, disseminated, and/or published, and implemented in underperforming K-12 schools. The agreement could have contained a measurable target related to the number of strategies it reported in its outreach report. Further, although the university discusses certain strategies in its outreach report, it did not specifically identify the number of effective teaching strategies as it agreed to do in this objective.
17	Increase regional cooperation among the segments.	1. Expand the number of joint doctoral degree programs offered in collaboration with CSU. 2. Expand collaborative efforts with CSU and the community colleges in the Central Valley in anticipation of development of a 10 th campus.	1. The university has added 2 joint doctoral programs since the beginning of the partnership and now has 13 in total. In addition, 8 are in the planning stages. 2. The Merced campus has established a system of distributed learning centers in conjunction with local community colleges at three locations: Fresno, Merced, and Bakersfield. A fourth is planned for Modesto.	Within this objective, the agreement does not contain a measurable target. However, the agreement could have identified the number of joint degree programs the university planned to establish as a target. The university reported its progress in establishing new joint programs in its regents' budget as it agreed to do for this objective.

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TABLE C.4. Objectives Lacking Clear and Measurable Targets

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
18	Maintain and renovate existing campuses.	<ol style="list-style-type: none"> 1. Approximately 50 percent of the State capital outlay dollars will be used to address seismic, life-safety, and modernization needs of existing facilities, and about 50 percent to support enrollment-growth related projects. 2. In the next few years, enrollment-growth related projects will focus on science facilities for high-tech workforce. 	<ol style="list-style-type: none"> 1. The mix of projects in the 2002–03 regents' budget for capital outlay is more than 50 percent enrollment-growth related. 2. All of the campuses experiencing significant enrollment growth have science and/or engineering projects in the 2002–03 regents' budget for capital outlay. 	<p>Although the objective indicates the percentage of funding the university will use towards certain types of projects, it does not indicate what was to be accomplished with the funding or how it was to be measured. For example, the partnership agreement could have identified a certain percentage of the university's projects for each category that it planned to complete during the four years of the partnership agreement.</p> <p>As part of this objective, the university agreed to report in its regents' budget its distribution of funds among seismic, renovations, and enrollment growth projects, and the extent to which growth-related projects are focused on the sciences. It has reported on these issues as it agreed to do.</p>
19	Decrease current deferred maintenance backlogs.	<ol style="list-style-type: none"> 1. Maintain commitment to provide annual increase of \$6 million from the operating budget (university funds) to pay for long-term financing of high-priority deferred maintenance projects. This should allow the university to fund about \$60 million of projects each year. 2. Use streamlined capital outlay process to complete projects in a timely way at a lower cost. 	<p>The university used \$6 million from its operating budget in 2000–01 for high-priority deferred maintenance projects. Unfortunately, the State was unable to fully fund the partnership in 2001–02, and only \$4 million could be committed for this purpose in the current year. The university continues to use the streamlined capital outlay process when feasible.</p>	<p>Although the objective indicates the level of funding the university will use to fund deferred maintenance projects, it does not indicate what was to be accomplished with the funding or how it was to be measured. For example, the partnership agreement could have identified a certain percentage of the university's deferred maintenance projects that it planned to complete during the four years of the partnership agreement.</p> <p>As part of this objective, the university agreed to prepare an annual report on deferred maintenance projects in October of each year. The university indicated that this report is currently under development. Additionally the university agreed to report in its regents' budget the progress of streamlined projects; however, it did not include such information in the regents' budget. Instead, it submitted a report on its streamlined projects to the chair of the Joint Legislative Budget Committee in February 2002.</p>

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TABLE C.4. Objectives Lacking Clear and Measurable Targets

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
21	Increase use of public-private partnerships to further economic development of the State.	<ol style="list-style-type: none"> Increase research efforts that will help California maintain its competitiveness in a global economy that is increasingly knowledge-based. Expand the Industry-University Cooperative Research (IUCR) program that targets research of economic importance to California. Implement three California Institutes for Science and Innovation (institutes) to create world class centers for strategic innovation that combine cutting-edge research with collaboration and training of the next generation of scientists and technological leaders. In order to help maintain quality, seek additional private resources and increase university's share of federal research dollars. 	<ol style="list-style-type: none"> The IUCR, established in 1996–97, has emerged as an important mechanism for making targeted investments in areas of research that are of strategic importance to the California economy. This competitive matching grant program is modeled, in part, on the university's successful MICRO Program, which demonstrates the university's track record in using research partnerships to enhance economic development. The university has created four institutes pursuing cutting-edge research in fields that will be critical to the future of the State's economy by bringing together university researchers and private-sector partners to push the boundaries of knowledge, maintain California's economic leadership, and create jobs for the State's growing population. While the institutes are required by legislation to provide non-state matching funds at a 2 to 1 ratio, they expect to do so at a level of 3 to 1. Federal funding for university research has increased by an annual average of 9 percent over the last three years. <p>Similarly, the university has met with great success in securing private support to supplement state funding, raising \$1.2 billion in 1999–2000—the first year ever over \$1 billion—and exceeding \$1 billion in the fiscal year that ended June 30, 2001.</p>	<p>Within this objective, the agreement does not contain a measurable target. However, the objective lends itself to defined targets. For example, the agreement could have identified a target that specified a stated increase in the amount of funds from the federal government and private sources the university desires to receive annually.</p> <p>As part of this objective, the university agreed to report in its regents' budget, its progress on public-private partnerships, the additional private and federal funding it received, and its progress in implementing the institutes. It has reported on these issues as it agreed to do.</p>

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TABLE C.4. Objectives Lacking Clear and Measurable Targets

Objective Number	Objective	Indicator	University's Assertions On Its Performance in Relation to the Objective	Our Evaluation
22	Provide opportunities for all students to participate in community service or service learning.	Increase the number of university students who engage in community service or complete a service learning experience.	Campuses estimate that at the beginning of the partnership agreement, approximately one-third of all undergraduates participated in community service or service-learning experiences. Campuses are developing plans to enhance community service and service-learning experiences for students.	Within this objective, the agreement does not contain a measurable target. Even though the 2002-03 regents' budget discusses that the university desires an increase in student participation in community service from the current level of approximately 33 percent to 66 percent or more by fiscal year 2005-06, the agreement does not identify this as a target. According to the university, the agreement did not contain a specified target for this objective because the university and the governor determined that some goals were best described in general terms with the expectation that the university would do the best it could to make progress.

APPENDIX D

TABLE D.1

The University's Expenditures, by Category, as a Percentage of Total Expenditures for the Months of October 1997 and October 2001

Category	October 1997	October 2001	Difference
Primary mission/academic salaries			
Instruction	45.9%	44.3%	(1.6)%
Research	4.0	3.7	(0.3)
Public service	1.4	1.3	(0.1)
Totals	51.3	49.3	(2.0)
Support salaries			
Primary mission/direct support			
Instruction	11.0	11.6	0.6
Research	3.5	3.9	0.4
Public service	0.8	2.2	1.4
Subtotals	15.3	17.7	2.4
Indirect support			
Academic support	14.3	13.3	(1.0)
Institutional support	11.8	12.8	1.0
Operation and maintenance of plant	4.0	3.7	(0.3)
Other*	3.3	3.2	(0.1)
Totals	48.7	50.7	2.0
Grand Totals	100.0%	100.0%	0.0%

* This includes student financial aid, auxiliary enterprises, student services, summer session, provisions for allocations, and items not otherwise allocated to a particular expenditure category.

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APPENDIX E

Expenditures by Job Classification for October 1997 Through October 2001

Table E.1 provides details of the change in the University of California's (university) salary expenditures between October 1997 and 2001 by job classification. As shown in Table 7 in Chapter 2, and Table E.1, a significant portion of the increase in expenditures was found in the support classifications. Specifically, spending for support salaries increased by 45 percent while spending for academic salaries increased by 34 percent. In Chapter 2, we analyze some of the significant increases within the expenditure categories by job classification.

Tables E.2 through E.8 provide details of the change in the university's salary expenditures between October 1997 and 2001 by job classification and by the expenditures categories (instruction, research, public service, academic support, institutional support, operation and maintenance of plant, and other) and are the supporting details for Table E.1 and Tables 5 through 7 in Chapter 2. The level of detail provided by Tables E.2 through E.8 is necessary for an adequate understanding of the increases in expenditures shown in Table E.1 and Tables 5 through 7. For example, of the \$7.2 million increase in support salaries for instruction shown in Table E.2, \$3.8 million related to fiscal, management, and staff services staff; \$1.1 million related to student services staff; \$1.0 million related to management; and \$0.7 million related to academic administrative officers.

The tables presented in this appendix also provide the information necessary to determine which expenditure category (instruction, research, etc.) contributed the most to the total salary expenditure increases, by job classifications, as shown in Table 7 in Chapter 2. For example, that table shows that monthly salary expenditures for management increased by 77 percent from \$7.8 million to \$13.8 million. Tables E.2 through E.8 show that the increase was spread across the expenditure categories, with \$1.0 million in instruction, \$0.3 million in research, \$0.5 million in public service,

\$1.1 million in academic support, \$2.8 million in institutional support, \$0.1 million in operation and maintenance of plant, and \$0.2 million in other.

Tables E.2 through E.8 also display the variety of occupational groups that can be charged to various expenditure categories in the university's financial statements. For example, protective services, food and linen services, and maintenance, fabrication, and operations salaries can be charged to instruction. Additionally, lecturers and student services can be charged to research. Finally, of the 13 job classifications that we considered to be support job classifications, between 11 and 13 were included in each of the seven expenditure categories.

TABLE E.1

**Total Expenditures by Job Classification
(In Thousands of Dollars)**

	October 1997	October 2001	Difference	Percentage Change
Academic Salaries				
Faculty—ladder ranks	\$ 43,791	\$ 58,789	\$14,998	34.2%
Faculty—acting ranks	368	485	117	31.8
Faculty—lecturers	4,884	6,939	2,055	42.1
Other faculty	4,055	5,564	1,509	37.2
Student assistants	13,443	16,971	3,528	26.2
Research	4,435	6,348	1,913	43.1
Librarians	2,140	2,491	351	16.4
Cooperative extension	1,892	2,332	440	23.3
University extension	6	19	13	216.7
Other academic personnel	1,011	1,733	722	71.4
Subtotals	76,025	101,671	25,646	33.7
Support Salaries				
Student services	3,430	6,015	2,585	75.4
Clerical and allied services	17,735	19,973	2,238	12.6
Food and linen services	18	22	4	22.2
Communication, arts, and graphics	1,697	2,143	446	26.3
Architecture, engineering, and allied services	1,602	2,096	494	30.8
Fiscal, management, and staff services	19,477	32,923	13,446	69.0
Maintenance, fabrication, and operations	5,878	6,975	1,097	18.7
Health care and allied services	270	518	248	91.9
Sciences, laboratory, and allied services	3,304	3,787	483	14.6
Protective services	1,200	1,705	505	42.1
Management	7,799	13,819	6,020	77.2
Academic administrative officers	1,840	2,935	1,095	59.5
Other*	181	466	285	157.5
Subtotals	64,431	93,377	28,946	44.9
Totals	\$140,456	\$195,048	\$54,592	38.9%

* Includes positions not otherwise identified by the university.

TABLE E.2

**Instruction Expenditures by Job Classification
(In Thousands of Dollars)**

	October 1997	October 2001	Difference	Percentage Change
Academic Salaries				
Faculty—ladder ranks	\$43,160	\$ 58,100	\$14,940	34.6%
Faculty—acting ranks	368	485	117	31.8
Faculty—lecturers	4,804	6,774	1,970	41.0
Other faculty	3,187	4,362	1,175	36.9
Student assistants	11,838	14,717	2,879	24.3
Research	473	861	388	82.0
Librarians	28	35	7	25.0
Cooperative extension	0	0	0	0.0
University extension	4	17	13	325.0
Other academic personnel	632	1,108	476	75.3
Subtotals	64,494	86,459	21,965	34.1
Support Salaries				
Student services	1,029	2,107	1,078	104.8
Clerical and allied services	5,471	5,758	287	5.2
Food and linen services	0	1	1	100.0
Communication, arts, and graphics	532	566	34	6.4
Architecture, engineering, and allied services	458	594	136	29.7
Fiscal, management, and staff services	4,737	8,504	3,767	79.5
Maintenance, fabrication, and operations	694	702	8	1.2
Health care and allied services	91	127	36	39.6
Sciences, laboratory, and allied services	1,081	1,135	54	5.0
Protective services	3	4	1	33.3
Management	705	1,654	949	134.6
Academic administrative officers	581	1,305	724	124.6
Other*	21	104	83	395.2
Subtotals	15,403	22,561	7,158	46.5
Totals	\$79,897	\$109,020	\$29,123	36.5%

* Includes positions not otherwise identified by the university.

TABLE E.3

**Research Expenditures by Job Classification
(In Thousands of Dollars)**

	October 1997	October 2001	Difference	Percentage Change
Academic Salaries				
Faculty—ladder ranks	\$ 333	\$ 425	\$ 92	27.6%
Faculty—acting ranks	0	0	0	0.0
Faculty—lecturers	1	8	7	700.0
Other faculty	613	165	(448)	(73.1)
Student assistants	828	1,235	407	49.2
Research	3,677	5,021	1,344	36.6
Librarians	54	68	14	25.9
Cooperative extension	30	59	29	96.7
University extension	0	1	1	100.0
Other academic personnel	94	155	61	64.9
Subtotals	5,630	7,137	1,507	26.8
Support Salaries				
Student services	15	38	23	153.3
Clerical and allied services	1,240	1,659	419	33.8
Food and linen services	12	16	4	33.3
Communication, arts, and graphics	126	215	89	70.6
Architecture, engineering, and allied services	125	207	82	65.6
Fiscal, management, and staff services	1,094	2,273	1,179	107.8
Maintenance, fabrication, and operations	524	553	29	5.5
Health care and allied services	6	155	149	2,483.3
Sciences, laboratory, and allied services	1,103	1,231	128	11.6
Protective services	0	0	0	0.0
Management	222	541	319	143.7
Academic administrative officers	451	617	166	36.8
Other*	5	58	53	1,060.0
Subtotals	4,923	7,563	2,640	53.6
Totals	\$10,553	\$14,700	\$4,147	39.3%

* Includes positions not otherwise identified by the university.

TABLE E.4

Public Service Expenditures by Job Classification
(In Thousands of Dollars)

	October 1997	October 2001	Difference	Percentage Change
Academic Salaries				
Faculty—ladder ranks	\$ 2	\$ 3	\$ 1	50.0%
Faculty—acting ranks	0	0	0	0.0
Faculty—lecturers	0	6	6	100.0
Other faculty	2	50	48	2,400.0
Student assistants	14	100	86	614.3
Research	41	120	79	192.7
Librarians	0	0	0	0.0
Cooperative extension	1,862	2,224	362	19.4
University extension	0	1	1	100.0
Other academic personnel	86	128	42	48.8
Subtotals	2,007	2,632	625	31.1
Support Salaries				
Student services	32	1,016	984	3,075.0
Clerical and allied services	238	781	543	228.2
Food and linen services	0	0	0	0.0
Communication, arts, and graphics	176	336	160	90.9
Architecture, engineering, and allied services	5	5	0	0.0
Fiscal, management, and staff services	191	965	774	405.2
Maintenance, fabrication, and operations	14	17	3	21.4
Health care and allied services	12	37	25	208.3
Sciences, laboratory, and allied services	162	203	41	25.3
Protective services	0	0	0	0.0
Management	191	732	541	283.2
Academic administrative officers	61	128	67	109.8
Other*	4	44	40	1,000.0
Subtotals	1,086	4,264	3,178	292.6
Totals	\$3,093	\$6,896	\$3,803	123.0%

* Includes positions not otherwise identified by the university.

TABLE E.5

**Academic Support Expenditures by Job Classification
(In Thousands of Dollars)**

	October 1997	October 2001	Difference	Percentage Change
Academic Salaries				
Faculty—ladder ranks	\$ 279	\$ 258	\$ (21)	(7.5)%
Faculty—acting ranks	0	0	0	0.0
Faculty—lecturers	74	144	70	94.6
Other faculty	249	982	733	294.4
Student assistants	686	692	6	0.9
Research	197	258	61	31.0
Librarians	2,054	2,386	332	16.2
Cooperative extension	0	0	0	0.0
University extension	2	0	(2)	(100.0)
Other academic personnel	168	235	67	39.9
Subtotals	3,709	4,955	1,246	33.6
Support Salaries				
Student services	811	983	172	21.2
Clerical and allied services	5,563	6,166	603	10.8
Food and linen services	6	5	(1)	(16.7)
Communication, arts, and graphics	450	526	76	16.9
Architecture, engineering, and allied services	145	192	47	32.4
Fiscal, management, and staff services	4,965	7,313	2,348	47.3
Maintenance, fabrication, and operations	365	344	(21)	(5.8)
Health care and allied services	159	188	29	18.2
Sciences, laboratory, and allied services	943	1,188	245	26.0
Protective services	27	25	(2)	(7.4)
Management	2,114	3,209	1,095	51.8
Academic administrative officers	739	795	56	7.6
Other*	19	105	86	452.6
Subtotals	16,306	21,039	4,733	29.0
Totals	\$20,015	\$25,994	\$5,979	29.9%

* Includes positions not otherwise identified by the university.

TABLE E.6

**Institutional Support Expenditures by Job Classification
(In Thousands of Dollars)**

	October 1997	October 2001	Difference	Percentage Change
Academic Salaries				
Faculty—ladder ranks	\$ 17	\$ 1	\$ (16)	(94.1)%
Faculty—acting ranks	0	0	0	0.0
Faculty—lecturers	0	0	0	0.0
Other faculty	0	0	0	0.0
Student assistants	1	4	3	300.0
Research	1	2	1	100.0
Librarians	0	0	0	0.0
Cooperative extension	0	0	0	0.0
University extension	0	0	0	0.0
Other academic personnel	23	91	68	295.7
Subtotals	42	98	56	133.3
Support Salaries				
Student services	112	43	(69)	(61.6)
Clerical and allied services	3,371	3,717	346	10.3
Food and linen services	0	0	0	0.0
Communication, arts, and graphics	318	426	108	34.0
Architecture, engineering, and allied services	522	720	198	37.9
Fiscal, management, and staff services	7,192	11,632	4,440	61.7
Maintenance, fabrication, and operations	75	103	28	37.3
Health care and allied services	(1)	6	7	700.0
Sciences, laboratory, and allied services	11	14	3	27.3
Protective services	1,043	1,496	453	43.4
Management	3,861	6,664	2,803	72.6
Academic administrative officers	1	51	50	5,000.0
Other*	50	70	20	40.0
Subtotals	16,555	24,942	8,387	50.7
Totals	\$16,597	\$25,040	\$8,443	50.9%

* Includes positions not otherwise identified by the university.

TABLE E.7

**Operation and Maintenance of Plant Expenditures by Job Classification
(In Thousands of Dollars)**

	October 1997	October 2001	Difference	Percentage Change
Academic Salaries				
Faculty—ladder ranks	\$ 0	\$ 0	\$ 0	0.0%
Faculty—acting ranks	0	0	0	0.0
Faculty—lecturers	0	0	0	0.0
Other faculty	0	0	0	0.0
Student assistants	0	0	0	0.0
Research	0	0	0	0.0
Librarians	0	2	2	100.0
Cooperative extension	0	4	4	100.0
University extension	0	0	0	0.0
Other academic personnel	0	0	0	0.0
Subtotals	0	6	6	100.0
Support Salaries				
Student services	0	9	9	100.0
Clerical and allied services	343	389	46	13.4
Food and linen services	0	0	0	0.0
Communication, arts, and graphics	4	4	0	0.0
Architecture, engineering, and allied services	347	382	35	10.1
Fiscal, management, and staff services	330	606	276	83.6
Maintenance, fabrication, and operations	4,202	5,247	1,045	24.9
Health care and allied services	0	0	0	0.0
Sciences, laboratory, and allied services	3	12	9	300.0
Protective services	119	179	60	50.4
Management	200	322	122	61.0
Academic administrative officers	0	4	4	100.0
Other*	72	4	(68)	(94.4)
Subtotals	5,620	7,158	1,538	27.4
Totals	\$5,620	\$7,164	\$1,544	27.5%

* Includes positions not otherwise identified by the university.

TABLE E.8

**Other Support Expenditures† by Job Classification
(In Thousands of Dollars)**

	October 1997	October 2001	Difference	Percentage Change
Academic Salaries				
Faculty—ladder ranks	\$ 0	\$ 2	\$ 2	100.0%
Faculty—acting ranks	0	0	0	0.0
Faculty—lecturers	5	7	2	40.0
Other faculty	4	5	1	25.0
Student assistants	76	223	147	193.4
Research	46	86	40	87.0
Librarians	4	0	(4)	(100.0)
Cooperative extension	0	45	45	100.0
University extension	0	0	0	0.0
Other academic personnel	8	16	8	100.0
Subtotals	143	384	241	168.5
Support Salaries				
Student services	1,431	1,819	388	27.1
Clerical and allied services	1,509	1,503	(6)	(0.4)
Food and linen services	0	0	0	0.0
Communication, arts, and graphics	91	70	(21)	(23.1)
Architecture, engineering, and allied services	0	(4)	(4)	(100.0)
Fiscal, management, and staff services	968	1,630	662	68.4
Maintenance, fabrication, and operations	4	9	5	125.0
Health care and allied services	3	5	2	66.7
Sciences, laboratory, and allied services	1	4	3	300.0
Protective services	8	1	(7)	(87.5)
Management	506	697	191	37.7
Academic administrative officers	7	35	28	400.0
Other*	10	81	71	710.0
Subtotals	4,538	5,850	1,312	28.9
Totals	\$4,681	\$6,234	\$1,553	33.2%

* Includes positions not otherwise identified by the university.

† This expenditure category includes student financial aid, auxiliary enterprises, student services, summer session, provisions for allocations, and items not otherwise allocated to a particular expenditure category.

APPENDIX F

Analysis of the University's Methodology for Preparing the Tables in the Instructional Report

We analyzed the data the University of California (university) collected from the campuses for inclusion in the three tables of its annual *Undergraduate Instruction and Faculty Teaching Activities* report (instructional report). Unlike the two tables we discussed in Chapter 3, the third contains information involving all instructional activities related to regular-rank, non-regular-rank faculty, and miscellaneous instructors. The third table, however, focuses on the university's instructional activities as they relate to students. Table F.1 shows this data for the last three years as the university reported in the instructional report.

TABLE F.1

The University Presented Data for All Instructors by Student FTE Only

All Instructors, All Levels of Instruction (Undergraduate and Graduate)	Academic Year			
	1997–98	1998–99	1999–2000	
Formal Instructional Activities				
a. Primary courses	46,085	46,981	47,825	
b. Independent study enrollment	105,638	105,427	105,450	
c. Total student credit hours*	6,365,035	6,494,925	6,681,507	
d. Total students enrolled (based on FTE)	145,534	148,856	153,090	
e. Total students enrolled (based on headcount)	151,635	155,490	159,720	
Per Student Measures of Teaching Activity				
Primary courses per 1,000 FTE students	(a ÷ d)	316.7	315.6	312.4
Independent study per 1,000 FTE students	(b ÷ d)	725.9	708.2	688.8
Student credit hours per student†	(c ÷ e)	42.0	41.8	41.8

Source: The university's April 2001 instructional report.

* Student credit hours represents the unit value of a course, for both primary and independent study, times the number of students enrolled. For example, a four-unit course with 25 students generates 100 student credit hours.

†This table presents the ratio of student credit hours per student based on headcount rather than student FTE because the university uses headcount when it calculates this ratio in the instructional report. According to the university's director of policy analysis, it uses headcount instead of student FTE to calculate this ratio because the university is trying to track trends in unit loads per individual student, not per FTE, to ensure that the number of courses is keeping pace with student enrollment growth.

The university uses data collected in the current year as well as in the prior years to develop the total full-time equivalent (FTE) students enrolled, as shown in Table F.1. For example, according to the university's budget coordinator for general campus instruction, to convert 1999–2000 headcount students to FTE students, the university used an average number of units it calculated based on data it had collected during the three quarters in 1996–97 and three quarters in 1997–98, rather than an average number of units it calculated from data it collected during 1999–2000. The budget coordinator also indicated that the university and the State define a full-time undergraduate student as a student who enrolls in 15 units per term and a full-time graduate student as a student who enrolls in 12 units per term. As part of this agreement with the State, according to the budget coordinator, the university excludes any units that exceed the 12 or 15 unit definition of a full-time student. The university applied this average number of units to the actual student headcount for fiscal year 1999–2000 to develop the total students enrolled based on the FTE number it used as shown in Table F.1. When we reviewed the student FTE calculated using the actual number of units for the academic year 1999–2000, we found that the student FTE was higher by 784 than the student FTE the university calculated and included in the instructional report. This represents less than a 1 percent difference and is not material.

When we analyzed the data used in all three reports, we found that the university collects the data from the campuses as of the 15th academic day rather than at the end of the term. Therefore, the university is not capturing the most accurate data because students at some campuses may continue to add and drop courses as late into the term as the 40th academic day without a dean's approval. Even after that date, campuses allow students to add or drop courses with a dean's approval late into the quarter. Although this data is collected early in the quarter, when we compared the data to the actual end of term data, we found differences that were not material.

Agency's comments provided as text only.

University of California
Office of the President
1111 Franklin Street
Oakland, CA 94607-5200

July 15, 2002

Ms. Elaine M. Howle*
State Auditor
Bureau of State Audits
555 Capitol Mall, Suite 300
Sacramento, California 95814

Dear Ms. Howle:

Thank you for the opportunity to review and comment on the audit report, "University of California: Its Partnership Agreement Could be Improved to Increase its Accountability for State Funding." The Bureau of State Audits has conducted a professional and thorough review of the University's progress in meeting the goals included in the Partnership Agreement, the increase in expenditures related to instruction compared to increases in other areas of the budget, and the annual report we submit to the Legislature on faculty teaching and undergraduate instruction. The University appreciates your staff's extensive work in collecting information and analyzing the many complex factors that are part of the major issues raised in this audit, as well as their care in working through difficult issues to arrive at a constructive report. We concur with the general intent of the recommendations and agree with the Bureau on the importance of accountability. As described in this letter, we will be taking specific actions to address areas of concern identified in the report. The recommendations relating to future partnership agreements will, of course, be a matter of negotiation with the governor.

We have a few general comments to offer on each chapter in the report.

Chapter 1-The University's Progress in Meeting Partnership Goals

The Partnership Agreement with the governor provides the framework for the University's planning for significant enrollment growth during this decade. The Agreement contains funding principles that state the governor's commitment for the minimum level of resources needed to maintain quality and offer the teaching, research, and public service programs that comprise the University's mission. It also contains accountability principles that reflect the University's commitments for meeting outcomes across a wide spectrum of issues related to access, quality, and the University's role in public higher education that traditionally have been of great importance to the State.

The University is undergoing a sustained period of rapid enrollment growth—perhaps more significant than at any other time in our history and much faster than the rate of growth we envisioned when we entered into the Partnership Agreement. Such growth

* California State Auditor's comments begin on page 133.

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brings opportunities, but also significant challenges. Our single greatest challenge is accommodating this dramatic enrollment growth while maintaining academic quality. To accomplish this, faculty and staff in the University community must manage resources in a way that creates an appropriate balance among many compelling priorities and must do so while the State is undergoing significant financial stress. Understanding this context is important to any assessment of our progress in meeting the goals of the Partnership.

The University remains strongly committed to achieving the goals outlined in the Partnership, despite the inability of the State to support fully the funding principles for two consecutive years. We believe we have demonstrated an outstanding record of meeting the goals of the Partnership. A more complete list of our accomplishments is attached to this letter, but I want to draw your attention to several in particular:

- UC continues to guarantee access to all eligible California high school graduates who wish to attend—in fact, we have exceeded our enrollment goals each year;
- UC provides its students with the classes necessary for graduation in a timely manner—for nearly a decade, our time-to-degree has averaged 13.0 quarters (four years plus one quarter);
- graduation rates have steadily improved—of students graduating at the end of the 1980s, 31 percent graduated within four years, 67 percent within five years, and 73 percent within six years; by comparison, of students graduating at the end of the 1990s, 37 percent graduated within four years, 69 percent within five years, and 77 percent within six years.
- outreach programs and K-12 teacher professional development institutes have expanded dramatically in recent years and have served hundreds of thousands of students and tens of thousands of teachers;
- UC is significantly increasing its private-public research partnerships in ways that will help stimulate the State's economy and provide the basis for new industries and scientific discoveries.

We are pleased that Appendix C of the report illustrates many of the activities the University has undertaken to achieve our Partnership goals.

I also want to comment on two specific issues in Chapter 1:

Assessment of the University's Progress

The report is very clear about the Bureau's position not to assess UC's progress on specific accountability goals unless the goal as written in the Agreement includes a quantifiable target and a deadline by which the goal is to be achieved. While we understand that some aspects of performance may not satisfy certain audit criteria, we maintain assessment is possible if progress is demonstrable. For example, the Partnership asks us to implement the "4 percent path" to eligibility and thus increase the percentage of students who enroll from low-participating high schools. We have demonstrated our implementation of this program and have provided data showing that more than 2,000

students applied who would not have done so otherwise (as noted in Appendix C of the report). We believe this demonstrates we have met the Partnership goal, even though the goal does not specify a numerical goal or a timeline by which the program would be implemented. In every objective classified as “unassessible” by the Bureau, the University has made demonstrable progress toward achieving the goal expressed in the Partnership Agreement. We hope that those reading the report will understand that, to achieve our Partnership goals, the University has taken strong steps that go beyond the purely quantifiable measures the Bureau sought to apply in reviewing our progress.

Community College Transfers

There are two goals in the Partnership that the audit report indicates the University has not met. One is related to the California Professional Development Institutes, for which State funding was reduced in 2001-02 and has been eliminated as of 2002-03. Thus, the Partnership goals are out of date on this issue. The second is related to the goal to increase community college transfers by 6 percent annually. This goal was exceeded in the first year of the Partnership when we increased community college transfers by 6.5 percent, but was not achieved in the second year when the increase was 3.5 percent. During the process of this audit, we did not have information on the third year of the Partnership (2001-02). Now that the year has ended, information that became available today indicates a dramatic increase in community college transfers in 2001-02 of approximately 9.8 percent. Thus, when the three years are taken together, we are ahead of our plan to increase the number of community college transfers, even if the annual increase has varied—data show we enrolled 12,290 community college transfers, while our plan called for 12,215. While this is welcome news, we remain concerned about our ability to continue this rate of increase over a sustained period of time without taking additional steps to achieve our goal. As a consequence, specific enrollment targets have been assigned to UC campuses for CCC transfer students and we are monitoring their progress against those targets. Also, with the funding currently proposed for the 2002-03 budget, we will be implementing the Dual Admissions Program. This program will change our eligibility policy to ensure that all California high school students who are within the top 12.5 percent of their high school class, but who do not meet the eligibility requirements through either the statewide eligibility path or the 4 percent path, are eligible for admission simultaneously to a California Community College (CCC) campus and a UC campus. After satisfactorily fulfilling their freshman and sophomore requirements at a CCC campus, students would be enrolled at the UC campus that admitted them as a Dual Admission student. This program will create a closer link between UC and the CCC system and will ensure a more effective transfer process. We believe these measures will be sufficient to allow us to meet the 6 percent annual increase envisioned in the Partnership.

Chapter 2—University Expenditures

We are pleased that, after nine months of reviewing University reports and countless meetings with representatives throughout the University, the auditors found that UC’s expenditure of State funds is basically consistent with the purposes for which the governor and Legislature provided the funds. While there were initial questions about the large

increases in expenditures in research and public service, the report recognizes that those increases are directly attributable to targeted appropriations from the Legislature for activities intended to meet State public policy objectives.

The audit report does, however, indicate that staff positions and payroll expenditures grew at a faster rate than academic positions and payroll expenditures during the period of the audit. The University values the key roles played by professional staff and recognizes that relying upon a mixture of faculty and staff is the most cost-effective way to manage the University's limited resources. As the report indicates, the difference in academic and support staff FTE growth is small and is in part attributable to the large, targeted appropriations for research and public service I have mentioned.

The report also notes sharp growth in selected support staff categories. Two factors explain this. First, the University experienced a period of tight budgets caused by the economic recession of the early 1990s and faced the challenge of having to do more with less. Like the private sector, the University decided to depend upon technology and a more highly skilled workforce for productivity increases. This strategic decision resulted in disproportionate growth in the "Fiscal, Management & Staff Services" category because the University hired more information technology (IT) professionals and relied upon departmental staff with more advanced skills in order to manage the new financial and student information systems many campuses implemented during this period. Second, the University not only grew in size and complexity during the 1990s, but it also experienced increased State and federal reporting, regulatory, and compliance requirements, which also required an increase in certain staff positions.

We are convinced of the wisdom of the strategic decision to invest in technology. We also know that staffing increases identified in the report were necessitated by substantially increased demands on the University during the past decade. Nevertheless, we recognize that during a time of fiscal crisis, we must make some difficult choices. Therefore, over the next two years we will permanently reallocate \$10 million from Institutional Support and Academic Administration to the Instruction program to help with faculty hiring and related educational purposes consistent with the Partnership's goals of providing quality undergraduate education, ensuring sufficient classes for students, and maintaining our achievements in student persistence, graduation rates, and time-to-degree.

Chapter 3—The University's Annual Legislative Report on Faculty Instructional Activities and Undergraduate Education

The University reaffirms its commitment to achieving the goals for faculty instructional activities stated by the Legislature in Supplemental Language and by the Governor in the Partnership and agrees about the importance of doing so in valid ways. To ensure that the Legislature and governor are receiving an accurate description of the nature of instructional activities, the University will examine carefully the classes identified as having 1-2 students, and will remove from the reported count any that should not be defined as classes, categorizing them properly as independent study, if that is what they are.

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In addition, I want you to know that I have been working with the Academic Senate on an initiative to add a significant number of freshman seminars taught by regular rank faculty. The goal is to add at least 1,000 undergraduate classes taught by regular rank faculty, including freshman seminars for all freshmen who want them. We believe this will improve the undergraduate educational experience, and will also enable the University to meet the commitment previously made to the Legislature and governor regarding teaching loads of our faculty. We will take a major step toward implementing this in 2002-03 and intend to achieve it fully by 2003-04. In addition, the University will include information about the teaching activities of non-ladder rank faculty in its Instructional Activities annual report beginning with the 2003 report.

In closing, I want to reiterate the high priority the University places on accomplishing all of the goals stated in the Partnership and on being held accountable for doing so. Unfortunately, the State's inability to fully meet the funding commitments of the Partnership makes it difficult for UC to meet those goals in the Agreement that are dependent upon additional resources, such as maintaining competitive faculty salaries. Nevertheless, the Partnership's approach of moving away from controlling inputs and emphasizing instead the actual achievement of important goals is a very constructive advance and one the University welcomes. Your report and recommendations, therefore, were particularly welcome in that they will help us achieve the Partnership's goals. Our efforts to do so will be bolstered by the actions we are taking to reallocate funds and to strengthen our commitment to our undergraduate program.

Finally, I want to express our appreciation to the management and staff of the Bureau of State Audits for their positive and professional efforts in conducting this audit.

Sincerely,

(Signed by: Richard C. Atkinson)

Richard C. Atkinson
President

Attachment

University Of California
Progress on Accountability Measures
2001-02

- UC continues to admit all eligible applicants who wish to attend. UC has exceeded budgeted enrollment levels each year of the Partnership.
- Graduate enrollments at UC have increased by nearly 3,000 students over the last three years - as much as these enrollments grew over the previous 25 years.
- This is the seventh consecutive year without a systemwide fee increase for UC students. In 1998-99 and again in 1999-2000, fees for resident undergraduates were reduced 5%. Annual student fees at UC are now more than \$1,000 below the average of our public comparison institutions.
- UC students continue to receive more than \$1 billion a year in financial aid, more than half of it in the form of gift aid.
- The University has implemented a new path to eligibility that opens UC's doors to the top 4% of students in each California high school. Preliminary data indicate that the ELC program generated 2,100 additional applications to UC this year from students who otherwise might not have applied - half of them from underrepresented minorities and one-fifth from students who live in rural areas of California. All ELC-eligible students who applied to the University were guaranteed a space in the UC system.
- The Partnership specifies an increase in community college transfers of 6% per year, from 10,150 in 1998-99 to 15,300 in 2005-06. Over the last two years, full-year transfer enrollment growth has averaged 5.2% annually - very near the Partnership goal - and last year UC enrolled more than 11,000 new community college transfer students for the first time in its history.
- The University has honored its commitment to maintain the agreed-upon 6.7% increase in faculty teaching workload and has continued to provide the classes that students need to graduate in a timely manner.
- Average time to degree for undergraduates who entered in 1993 is now 13 quarters, down from 13.4 quarters for students who entered in 1984. Of the freshmen who entered UC in 1994, 36% graduated in four years, 69% in five years, and 77% in six years. These rates are an improvement over 10 years ago, when the four-year rate was 31%, the five-year rate was 67%, and the six-year rate was 73%.
- UC has created four institutes pursuing cutting-edge research in fields that will be critical to the future of the state's economy by bringing together university researchers and private-sector partners to push the boundaries of knowledge, maintain California's economic leadership, and create jobs for the state's growing population. While the

Institutes are expected to provide non-State matching funds at a 2:1 ratio, they expect to do so at a level of 3:1.

- Planning for the University's 10th campus at Merced remains on track for enrolling the first UC Merced students in 2004. In the meantime, the campus has established a system of distributed learning centers in conjunction with local community colleges at three locations: Fresno, Merced, and Bakersfield; a fourth is planned for Modesto. Central Valley outreach programs developed by the campus have led to a 69% increase (817 students) between 1990 and 2000 in the number of freshmen students enrolled in UC from Central Valley high schools.
- The Partnership called for the University to seek to increase its share of federal research and development dollars to help maintain high-quality programs. Federal funding for UC research has increased by an annual average of 9% over the last three years.
- Similarly, the University has met with great success in securing private support to supplement State funding, raising \$1.2 billion in 1999-2000 - the first year ever over \$1 billion - and exceeding \$1 billion again in the fiscal year that ended June 30, 2001.
- UC will meet its goal in 2001-02 to increase engineering and computer science enrollments by 50%, from 16,000 to 24,000 students - four years ahead of schedule. The University is assessing industry demand to determine if continuing this strategy beyond the original goals that were outlined is necessary to continue helping meet state workforce needs.
- As specified in the Partnership, UC embarked on a multi-year plan to more than double the number of education credential students - from 1,000 in 1998-99 to 1,800 this year and to 2,300 by 2002-03. UC is meeting this goal.
- The UC-administered professional development summer and intersession institutes for teachers of reading, mathematics and English language development are now reaching more than 70,000 educators each year. The professional development provided by these programs will help maximize the performance of California students in core academic areas.
- The Governor's Teacher Scholars Program offers a teaching credential and a master's degree to participants who agree to teach in a low-performing school for at least four years. The first year saw 200 students enroll, building toward an ultimate enrollment of 400 annually by 2003-04.
- The University has developed the Governor's Principal Leadership Institutes, a two-year master's degree program at the Berkeley and Los Angeles campuses to help meet the state's demand for talented, highly trained school principals. Participants in the program receive full scholarships in return for the commitment to serve four years as a principal, vice principal, or in another administrative role at a public elementary or secondary

school. In 2001-02, the enrollment is estimated to be more than 100 FTE students, and when fully operational in 2003-04, the two-year program will serve a total of 400 FTE students.

- The Governor and the Legislature provided funds in 2001-02 for the first State-supported summer terms at the Berkeley, Los Angeles, and Santa Barbara campuses; funds to reduce student fees at all campuses in the summer to the level of the rest of the year were provided in 2000-01. As a result, summer enrollments increased substantially this year, enhancing UC's ability to plan for and accommodate the 211,000 students expected to enroll by 2010. The three campuses enrolled 9,615 FTE students in summer 2001, an increase of 2,800 FTE over the previous summer. Those campuses increased the number of classes they provided by 28% and the number of regular-rank faculty and lecturers who were assigned to teach by 27% over summer 2000. They also provided nearly \$4.4 million in student financial aid that was not available in previous summers.

COMMENTS

California State Auditor's Comments on the Response From the University of California

To provide clarity and perspective, we are commenting on the University of California's (university) response to our audit report. The numbers below correspond to the numbers we have placed in the response.

- Contrary to the university's statement, we do not use the term "unassessible" to classify certain objectives identified in the partnership agreement. Instead, as shown on page 22 of the report, we state that the partnership agreement does not contain clear and measurable targets for 13 objectives despite the fact that many of these objectives are outcome-oriented. Measurable targets are necessary to determine whether the university achieved the desired extent of intended progress. As an example of what it considers to be demonstrable progress in increasing the percentage of students who enroll from low-participating high schools, the university states that it provided data showing more than 2,000 students applied who would not have done so otherwise. To use the university's example, if the partnership agreement had set a target to increase the number of students applying by 2,000 during a specified period, we would have reported that the university had met its target based on the documentation it provided. In contrast, if the agreement had set a target of 4,000 students, we would have reported that the university had not met its target. However, the partnership agreement did not establish any targets for the objective and thus we could not determine whether the university achieved the desired extent of intended progress. Further, Appendix C identifies each of the objectives of the partnership agreement and includes the university's assessment of its performance in relation to each including those that do not contain a clear and measurable target.
- The university states that we found its expenditures of state funds to be basically consistent with the purposes for which the governor and the Legislature provided the funds. However, we need to clarify our report conclusions in this area. In Chapter 2, we reported on the university's salary expenditures for its general operating funds between 1997 and 2001 and concluded

that the university's expenditures for support staff increased at a greater rate than its expenditures for academic staff within instruction, research, and public service. In discussing our analysis, we point out on pages 42 and 43 that significant increases in support salary expenditures occurred in the public service and research categories and report that state funding related to the partnership agreement's objectives contributed to the university's increase in expenditures in these areas. Further, as the scope of our audit required, we reviewed the increased state funding the university received under the partnership agreement and how the university allocated those funds in Chapter 1. For example, we discuss that the university allocated the additional state funding it received for public service and outreach for programs that target K-12 and community college students. However, we did not review how funds were spent by the campuses, contractors, directors, or others that the university used to accomplish the specific purposes for which the governor and the Legislature provided the funds.

cc: Members of the Legislature
Office of the Lieutenant Governor
Milton Marks Commission on California State
Government Organization and Economy
Department of Finance
Attorney General
State Controller
State Treasurer
Legislative Analyst
Senate Office of Research
California Research Bureau
Capitol Press