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Title

"The University of California Looking Toward the Year 2005," California Chamber of Commerce Board of Directors Meeting, Palm Springs, California

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Author

Gardner, David P.

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"The University of California
Looking Toward the Year 2005"
Remarks by President David P. Gardner
Chamber of Commerce Board of Directors Meeting
March 3, 1989

Mr. Chairman and members of the Board, I am pleased to have the opportunity to describe the University's long range planning efforts through the year 2005-06.

In setting the context for our discussion this morning, I should note that the need for comprehensive and strategic long range planning was especially critical given the rapid increase in demand for enrollment in the University which has occurred in the past several years. We have reported to the Regents during the past fall and winter on our planning efforts and I will explain how we are proceeding with our planning work.

Our analysis was prepared on the assumption that the University's assigned mission under the California Master Plan will remain undisturbed, that our standards for freshman admission will continue to qualify the top 12-1/2% of California's high school graduates, and that our commitment to enroll UC eligible California residents seeking undergraduate admission will be honored. We also have assumed that the percentage of UC eligible California residents enrolling as undergraduates will continue to approximate current levels, and that present limitations on state spending will be modified or that alternative arrangements for funding UC will be arranged by the Governor and the legislature and/or the people of California, so as to permit funding of the University of California's projected growth with the same measure of support and consideration as the state has accorded the University in the

past. The basis of our preliminary feasibility analysis is, therefore, rooted in the belief that Californians will wish to provide for UC in the future as they have in the past, and that UC will continue to grow with the State as it has since its chartering in 1868.

Last October we presented to the Regents an estimated capacity for each of the University's existing nine campuses from 1988-89 to 2005-06. The estimated capacities were derived on the basis of an analysis of factors which included campus characteristics; appropriate graduate/undergraduate mix and health sciences student enrollment; physical resources including land, water, services, and facilities; faculty recruitment; housing for students and faculty; community and state interests; optimum rates of growth; and other environmental factors. These factors are primarily academic in nature, as opposed to economic. The estimated capacity numbers reflect my best judgment and that of Chancellors and Vice Presidents and their academic colleagues as to the optimum size and rate of growth for the existing campuses during the planning period.

We also indicated that estimated enrollment demand projections show an increase in student headcount from 154,000 to 217,000 by 2005-06. Some 197,000 of these students could be accommodated on the nine existing campuses, according to our preliminary analysis.

We proposed that The Regents consider authorizing the University to begin planning for an additional campus or campuses to accommodate the estimated 20,000 additional students expected to seek enrollment by 2005-06. We described a preliminary estimate for the development of three additional campuses to be opened at one year intervals in 1998-99, 1999-2000, and 2000-01, respectively.

We indicated to the Regents that in the in the mid-to late 1990's and into the first decade of the next century, the University of California and universities and colleges across the country will be faced with a shortage of faculty members resulting from an unprecedented number of faculty retirements.

The only way to increase the size of the pool available for the nation is to prepare significantly larger numbers of graduate students to enter academic careers than is the case today and UC will have to play a major role in fulfilling that objective.

We also described our estimates of operating and capital needs for the University during the planning period. Information also was provided about the University's projected debt capacity, faculty recruitment, student and faculty housing, and the California Environmental Quality Act.

We also noted that over the course of the next 18 months, a Long Range Development Plan and accompanying environmental impact report for each of the

nine campuses will be brought to the Regents for consideration and action.

The next phase of long range planning for an additional campus or campuses falls into three general categories:

- 1) academic planning;
- 2) evaluation of economic issues; and
- 3) site selection.

With respect to the site selection process, a Site Selection Team to be headed by my office is being formed. Consultants will be engaged to assist the Team with environmental, legal, and real estate matters.

Last November, Proposition 98 was approved by the voters. Enactment of Proposition 98 will further complicate our financial planning, both in the short and long run. The Gann limitation on state spending now coupled with Proposition 98 constraints on the State budget are not mere inconveniences or ordinary problems to be routinely encountered in the budget process. Their effect, unless otherwise modified, will be to deny the State the ability to fund UC's projected growth, with or without new campuses. In short, growth projected for UC is unattainable without the Gann limit and Proposition 98 being modified or removed.

At a Senate budget committee hearing last January, we stated that, as to the University of California, the combined effects of the two measures will make

it impossible in the coming years for the University to secure the resources needed to sustain its academic program, maintain its standards, and secure a place for all UC-eligible students wishing to enroll at UC. Unless the "Gann Limit" and the attendant complications of Proposition 98 are removed or substantially modified, the University of California will be unable to sustain its historic commitment to enroll UC-eligible California residents seeking undergraduate admission; indeed, we will be unable to sustain the University of California in its present form and at its current level of distinction. We stated this clearly to the Senate committee; and I repeat it today in language as plain and forthright as I can put it.

In our testimony to the Senate committee, we emphasized that our comments were not intended in any way to question the needs of the schools and the community colleges for adequate funding both now and in the future, and that we have been working collaboratively with them in an effort to help improve the preparation of their students. We are encouraged by the success of these joint programs and we intend to continue our support of them, especially as they pertain to increasing the participation rates of minorities in the University.

Recognizing that the Governor and a number of legislators have already expressed their view that substantive change in the "Gann Limit" is needed, and in Proposition 98 as well, we advised the Senate committee that the University administration intends to work with the Governor and the

Legislature in an effort to achieve such change. We are hopeful that a bipartisan consensus can be achieved that will help lead to a solution to the problem which, if properly devised and clearly explained, will permit Californians to exercise their discretion and judgment wisely and in ways serving and furthering the needs and interests of all citizens of the State.

One hears much these days about the growth our state is experiencing and the impact it is having on our schools, roads, governments, water, housing, and other needs crucial to the maintenance of California as a vital and vibrant state where people will wish to live and work. These issues cannot be dealt with on an ad hoc basis. They will require a strategic rather than a tactical assessment if our understanding of the challenge and our responses to it are to be coherent and effective. That is what we are trying to do with regard to the University of California's future and the contribution UC can continue to make to the social, cultural, and economic life of California and the education and betterment of its people.

I welcome your comments and questions.

**University of California
Executive Briefing Packet
Long Range Planning**

**The start of the process is our evaluation of the
factors considered to determine:**

**Estimated Planned Capacity
For the University of California to 2005-06
On Existing Campuses**

Factors Considered in Arriving at Preliminary Enrollment Feasibility by Campus to 2005 – 06

1. Campus Characteristics
 - a. Campus History
 - b. Campus Culture
 - c. Campus Opinions
 - d. Program Requirements
 - e. Enrollment Demand
2. Appropriate Graduate/Undergraduate Mix and Health Sciences Student Enrollment
3. Physical Resources
 - a. Land
 - b. Water
 - c. Services
 - d. Facilities
4. Faculty
5. Housing – Faculty and Student
6. Community and State Interests
7. Optimum Rates of Growth
8. Other Environmental Factors

The result of the evaluation of the factors
is shown as Estimated Planned Capacity to
196,950 students in the year 2005-06
on the nine existing campuses.

Preliminary Headcount Enrollment Feasibility To 2005 – 06 by Campus

Campus	Total			% of Graduates To Total	Health Science Enrollment*		Total
	Undergraduate Enrollment	Graduate Enrollment	Total		Enrollment*	Total	
Berkeley	20,000	8,700	28,700	30.3%	750	29,450	
Davis	20,000	5,000	25,000	20.0%	1,850	26,850	
Irvine	20,000	5,000	25,000	20.0%	1,050	26,050	
Los Angeles	22,300	8,700	31,000	28.0%	3,500**	34,500	
Riverside	12,000	3,000	15,000	20.0%	50	15,050	
San Diego	20,000	5,000	25,000	20.0%	1,050	26,050	
San Francisco	0	0	0	0	4,000	4,000	
Santa Barbara	16,000	4,000	20,000	20.0%	0	20,000	
Santa Cruz	12,000	3,000	15,000	20.0%	0	15,000	
Total	142,300	42,400	184,700	22.9%	12,250	196,950	

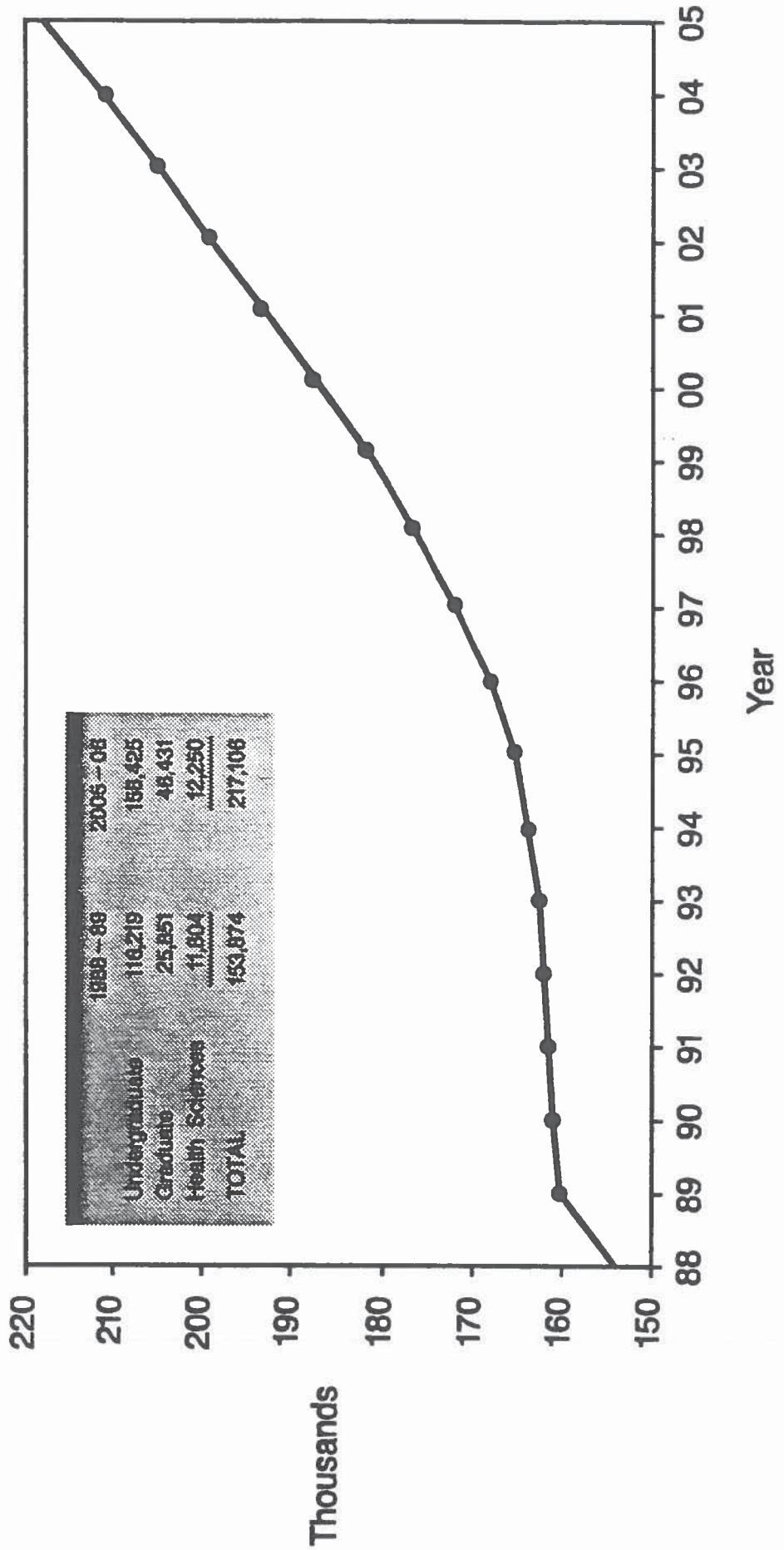
* Every effort will be made to accommodate changes in health science enrollment within the total enrollment projection for the respective campuses

** Excludes 218 Drew enrollments

The demographic projections to the year 2005-6
indicate a substantial increase in enrollment
after 1988-89.

Current Total Projected Enrollment Demand 1988 – 89 to 2005 – 06

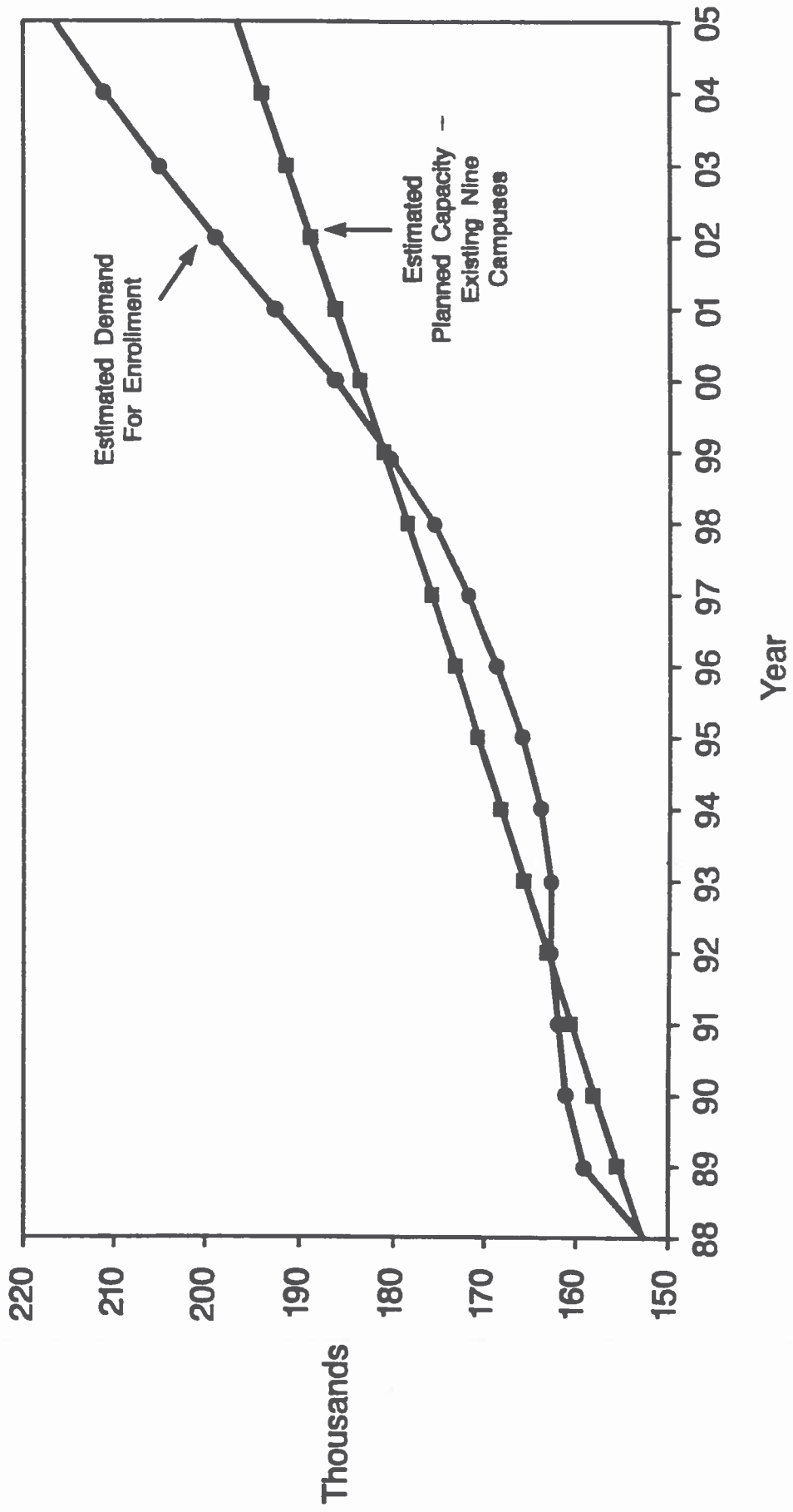
Headcount



The demographic projections show
estimated enrollment levels which
exceed planned capacity in 1999-2000
and which increase rapidly to 2005-06,
showing a deficiency in estimated planned capacity of
more than 20,000 students
without new campuses.

Estimated Planned Capacity and Estimated Demand for Enrollment

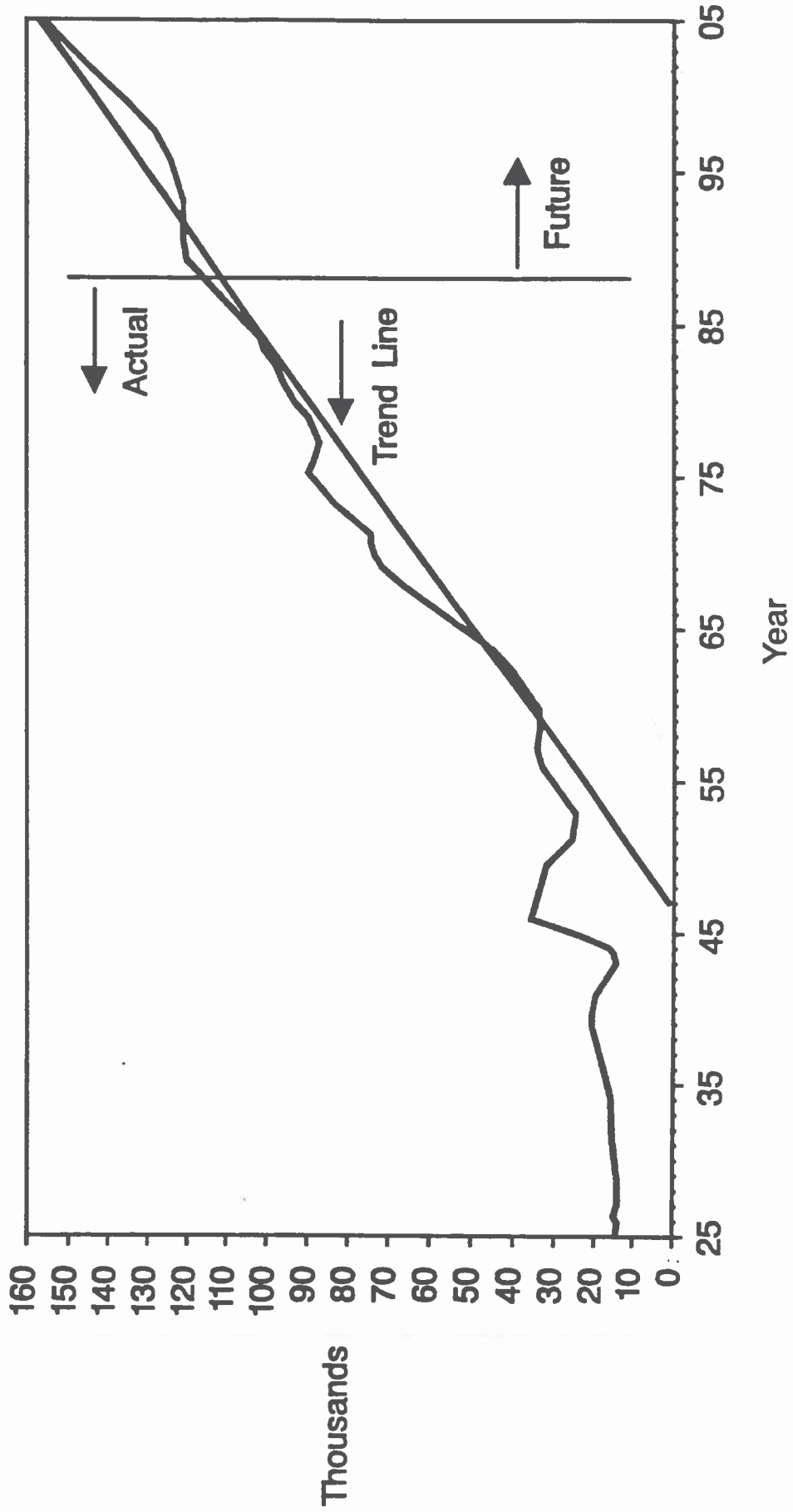
1988 – 89 to 2005 – 06 Headcount



This rate of growth for the University is not unusual -
it has been almost the same since 1945.

Undergraduate Enrollments – – Historic and Estimated 1925 – 26 To 2005 – 06

Year Average Headcount



The analysis supports development of three new campuses
opening in 1988-89, 1999-2000 and 2000-01.

The rate of growth for each new campus
is about 880 students/year/campus--
a level which we have learned
can be accommodated and still permit us to
maintain academic quality and retain community support.

Comparative Growth Rate For Existing UC Campuses and For Additional Campuses

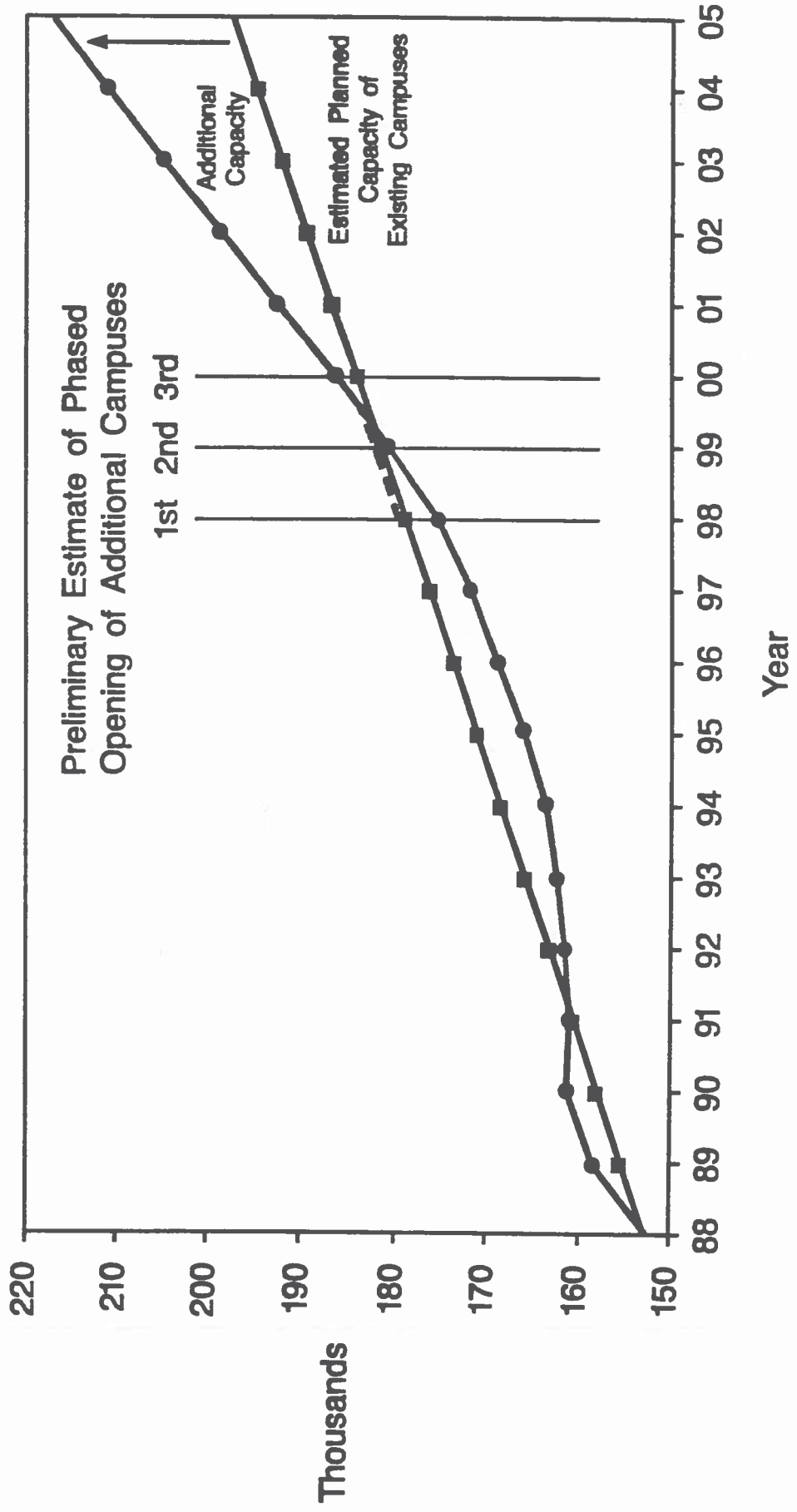
<u>Existing Campus</u>	<u>Average Annual Increase in Students</u>	<u>Time</u>
UCLA	786	First 7 Years
UCI	729	First 7 Years
UCSD	714	First 7 Years
UCSC	629	First 7 Years
UCD	871	7 Years of Most Rapid Growth – Early Years
UCSB	743	7 Years of Most Rapid Growth – Early Years
UCB	486	7 Years of Most Rapid Growth – Early Years
UCR	443	7 Years of Most Rapid Growth – Early Years

<u>Additional Campuses</u>	<u>Average Annual Increase in Students</u>	<u>Time</u>
1st Campus	880	First 8 Years
2nd Campus	880	First 7 Years
3rd Campus	880	First 6 Years

With these new campuses
the University's estimated Planned Capacity
matches the demographic needs.

Estimated Planned Capacity and Estimated Enrollment Demand with Additional Campuses

1988 - 89 to 2005 - 06 Headcount



The needed state operating dollars
will exceed projected state funding.

Reason: The enrollment demand
is increasing faster than
projected State Resource Growth.

Annual Percentage Increases Operating Budget Need vs. Revenue

University of California Estimates Through 2005-06	Without Inflation	With 5% Inflation
Operating Budget Need		
- Real Increase in Operating Costs Not Related to Growth	1.5	
- Program Improvements	0.8	
- Growth on Existing Campuses	1.3	
- Growth on Additional Campuses	0.5	
Total	4.0	9.0
 State Commission on Finance Estimates Through 1997-98		
Growth in State Appropriations Under the Gann Limit	1.9	7.0
Growth in State Revenues	3.5	8.5

The need for capital funding exceeds current levels.

[Capital funding for the new campuses
probably would require a special bond issue.]

Need for Capital Funds by Year

Capital Budget – Constant 1988 Dollars

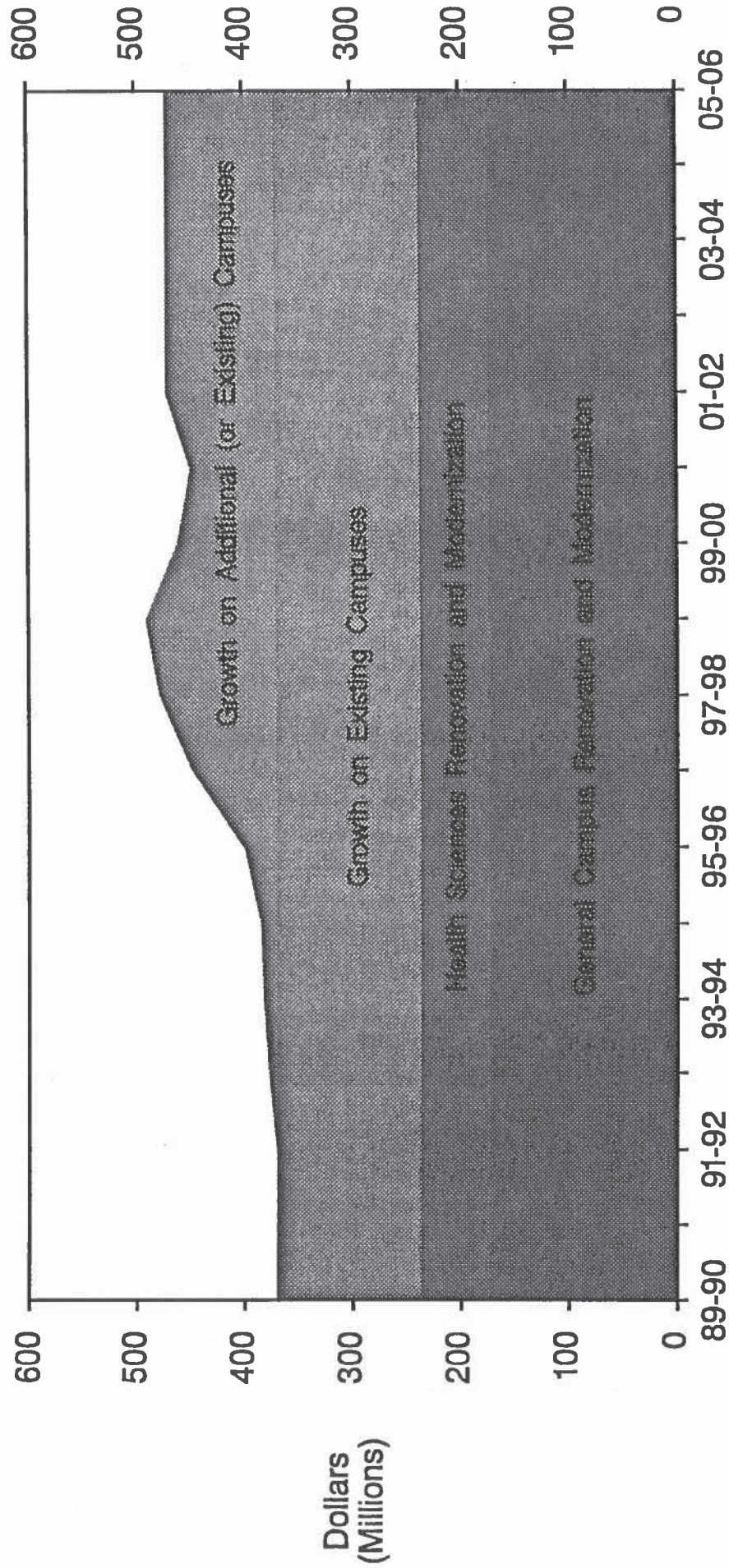
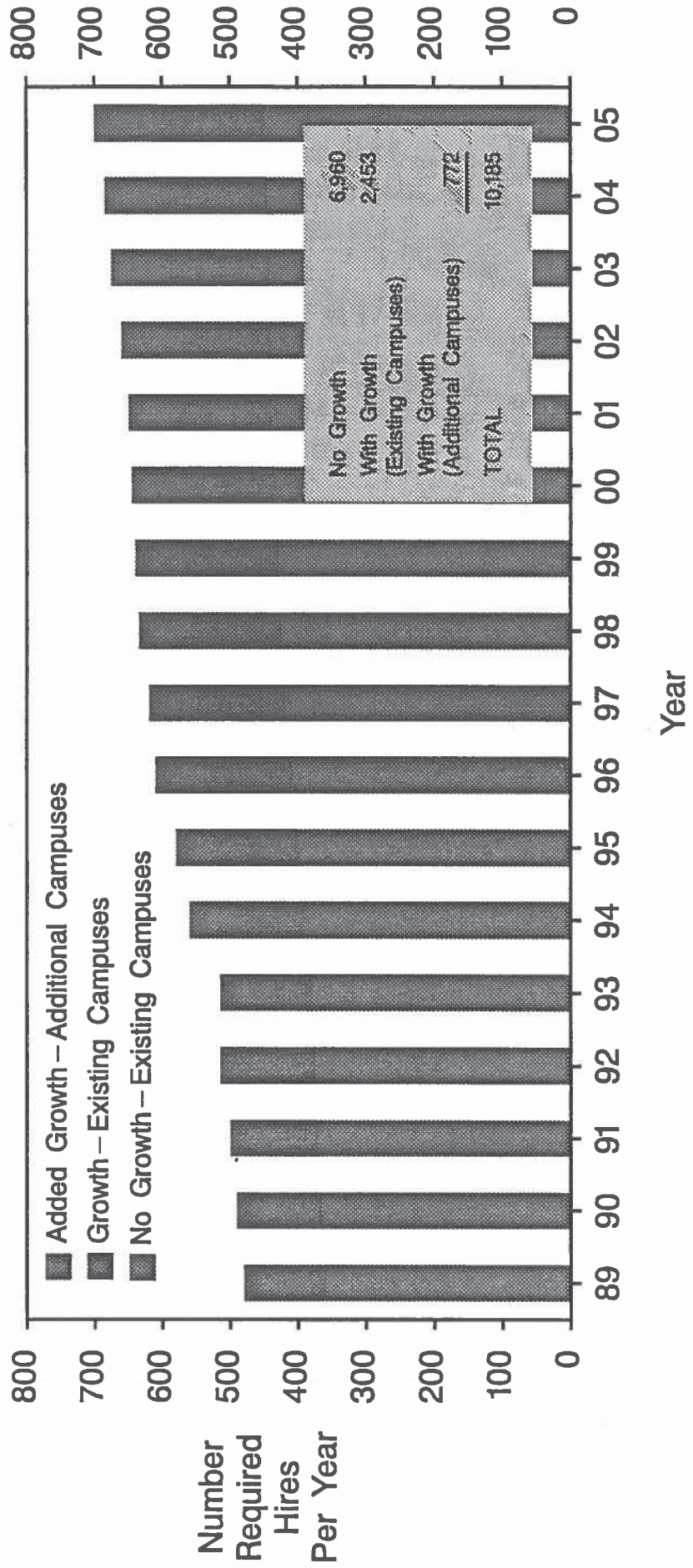


Chart does not include seismic corrections needs because it is assumed this will be dealt with as a State-wide issue. (Approximately \$32 million/year need over period.)

Faculty hiring over the period
will be dramatic.

Over 10,000 faculty will need to be hired.
This presents a great opportunity and a great challenge.

Number of Required Faculty Hires — Total University (Existing and Additional Campuses)



The End Product:

To continue the historic mission of the University
and to provide access for California students
will require enormous dedication of resources --
but it should and can be done if solutions
to various aspects can be found.
