UNIVERSITY OF CALIFORNIA, ACADEMIC SENATE

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July 22, 2008

PRESIDENT MARK G. YUDOF
UNIVERSITY OF CALIFORNIA

Re: UC Merced Budget Concerns

Dear Mark:

At its June 25, 2008 meeting, Academic Council endorsed three recommendations from the University Committee on Planning and Budget (UCPB), which address a number of concerns that Council has regarding the Merced budget—both now and going forward. **These recommendations are designed to target deficiencies in both Merced's capital and operating budgets, and are as follows: 1) The following capital construction projects at Merced should be given highest priority among UC's capital projects; the Science and Engineering 2 building should be expanded, and accelerated if possible, and the Castle facility (at the former Castle Air Force Base), although not a substitute for building the campus, should be expanded; 2) All Merced students (through the first 5,000 students) should be fully funded at the higher cost of instruction appropriate for a new campus, which we estimate at about 50% above the campus's assumed enrollment support of about $8,300 per student, which would total approximately $12,500 per student; and 3) UCOP should work with the Merced campus to design a strategic growth plan that clearly articulates the total quantity of resources required for the campus to achieve equal quality with the other UC campuses.**

Though Council has been quite impressed by the stellar achievements of this campus already (e.g., steadily increasing undergraduate enrollments with 18 undergraduate majors, the development of a strong base in graduate education, and a solid record of research grants per faculty capita), we are increasingly concerned about the budgetary storm clouds that we see looming on Merced's horizon. Its capital budget is most concerning, as Merced essentially has two buildings for teaching, research, and faculty offices. One of these buildings, the Science and Engineering Building (SE1) which houses the School of Natural Sciences and the School of Engineering, is full. That is, there is no more scientific laboratory space available, and new science and engineering faculty will be placed in an off-campus facility, the former Castle Air Force Base, a ten mile trip from campus. The lack of scientific laboratory space, and the undesirability of off-campus facilities, is presently having a deleterious impact on faculty recruitment, and will soon have the same effect on faculty research. Although another building, for Social Sciences and Management (SSM), is expected to be available

for the academic year 2011, this building would not have laboratory space suitable for natural sciences and engineering faculty. There is a plan for a second Science and Engineering Building (SE2) to be available for academic year 2012, but UCPB has examined CPEC demand data for office/laboratory space that show a shortfall of space from 2009 even with the opening of SE2 in 2012. Besides a simple shortfall in space at Merced, there is no room for flexibility that would be possible on campuses with many more buildings. Critically, though, what matters most to science and engineering research and teaching excellence is more than the total amount of space, but the kind of space -- Merced's scientific lab spaces are full. The proposed five-year state-funded capital improvement budget for Merced, of $61.4 million, is unfeasibly low. At the rate of one new building every five years, it would take 250 years to build the academic core of the Merced campus.

Similarly, Merced is heavily and overly dependent on enrollment-based funding. Even with restrained spending, Merced will struggle to maintain a balanced budget in the upcoming years, and indeed it appears that to do so will depend on heavy borrowing, even while Merced is already making payments on its debts. While the Merced budget does have a supplemental allocation, this allocation is currently only $14 million and will decrease to zero by 2010-2011. As noted above, Merced will have substantial growth-related infrastructure expenses over the next few years that will not be covered by the inadequate capital budget. These expenses will be a further drain on the operating budget. In general, it's clear that there will be increased staffing needs as the campus grows, not to mention increased instructional needs including increased remedial instruction. Moreover, investments will be needed to support academic initiatives and successes.

It is difficult to overstate the dire nature of Merced's budgetary situation going forward, which will have an increasingly negative impact on Merced's ability to attract the best and brightest faculty and graduate students, conduct UC-quality research, and grow its academic programs in a sustainable way. Towards the end of correcting this budgetary trajectory, the Academic Council is ready to assist in whatever way possible. For your information and reference, I have enclosed the recent memo from UCPB on this issue, which contains additional and detailed data on Merced's budget.

Sincerely,

Michael T. Brown, Chair
Academic Council

Copy: EVP Katherine N. Lapp
Academic Council
Martha Winnacker, Senate Director

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