Thank you, Chair Lozano.

When I prepare these remarks, I realize I can’t possibly cover everything faculty want this Board and others to know. The University we know is not the one discussed in the press or at Assembly hearings, nor even at Regents meetings. My plea to the Board and especially to the State is to please dig deeper and learn more. Talk to staff, students, and faculty, and learn their stories.

Simple narratives like “UCOP hides $175 million, cut their funding” and “nonresidents displace residents” make good headlines, but as one of my favorite sayings has it, “this isn’t right; it isn’t even wrong.” It’s not the real story. UC is very big and complex, and to improve things, we all need to understand them. We are California’s third-largest employer and currently enroll over 264,000 students. We cannot be reduced to a politician’s sound bites. From the faculty’s perspective, many of the people governing California simply do not appear to understand UC’s problems. Political theater about nonresidents or audits doesn’t educate students, or bring about the research that enriches our lives in countless ways. Unfortunately, theater does feed a familiar but harmful narrative that UC is arrogant and out of touch.

UC should not receive a free pass. Unforced errors like Survey-gate do not help our cause; they feed the narrative and also cause serious harm. I appreciate the Regents’ attention to this matter, and the public’s concerns, but this story needs to be kept in perspective; it is not the most important problem we face. The discrepancies in altered surveys reported in the newspapers address issues that were simply not worth hiding; these issues should surprise no one. Shane and I object to the auditor’s implied dismissal of every initiative because we could have spent the funds on undergraduates. However, the phrase “No state funds will be used” is not a rebuttal and should henceforth be interpreted by this Board as
“Maybe we should not be doing this.” The test of any budget item should be whether we feel good about it, judged by benefits greater than the opportunity cost of the funds, and not whether we think we can claim that it’s none of the state’s business.

I want to avoid feeding the narrative that faculty are also arrogant and out of touch. We desperately want to change the conversation. There is an old Warner Brothers cartoon where Sam Sheepdog and Ralph Wolf greet each other good morning, then punch a time clock and resume battle. Our engagement with Sacramento won’t work if, once the cameras are turned on, UC hears the same extreme rhetoric or superficial sound bites. This needs to stop. During the audit hearing, we heard about a student wait-listed at Santa Cruz who is going instead to Alabama. There was no mention of the irony here -- that Alabama has made it a priority to recruit nonresident students to cope with reductions in state funding.

I no longer see much point in talking about our policy limiting nonresidents. The policy you will vote on tomorrow is not a good policy. The Senate urged that the conversation shift to how campuses are funded and how they use nonresident tuition. We still need that conversation, but were no match for narratives about nonresident admissions that are simple but incorrect.

I’d also like to comment on the May Revise and the 2:1 freshmen-to-transfer student ratio, cited as a reason to hold up $50M in state funding. Suppose my home campus, Davis, sends 500 transfers to Santa Cruz in exchange for 500 freshmen to be named later. Davis would still maintain a better than 2:1 ratio, and Santa Cruz would now achieve it. Sacramento would call that progress, but we’d be educating the exact same students. Our most selective campuses are meeting the 2:1 ratio and we are meeting it as a system. To threaten UC’s budget over the fact that Santa Cruz and Riverside did not do so seems like a cheap political stunt that shows no interest in the underlying issue. California is better than this.
The same is true of linking funding to Activity-Based Cost modeling. How many department chairs have been asked if they need this information? We all know how to educate students cheaply. Hire lecturers and underpay them. Put students in the largest possible lecture hall. Give them multiple-choice exams graded by scanners and for heaven’s sake, don’t spend time trying to improve their writing or critical thinking skills. Even the ardent proponents of this study—and there are a handful, apparently—are quick to add “of course this ignores quality”. If it ignores quality, then why on earth are we talking about it?

Let’s talk about things that should matter in Sacramento: the achievement gap for African-American students, and the excellent article by Chancellor Wilcox, in which he described what works at UC Riverside, cited by the Education Trust as a success story; four top-ten campuses in the Forbes best-value ranking; six campuses in the top ten US News ranking for publics; the fact that UC Merced opened in 2005 and already ranks 74th in that same ranking; high international rankings of so many of our graduate programs.

Let’s talk about funding 900 graduate and professional students, our unfunded liabilities for pensions and retiree health, or our staggering capital needs. Where are the stories about UC enrolling more under-represented and first-generation students than ever before, but having less to spend educating them than in previous generations? How many newspapers or Assembly members have treated the Presidential Postdoctoral Fellowships Program, the Carbon Neutrality Initiative, or the Global Food Initiative as substantive programs with both costs and benefits, going beyond the hidden-reserves narrative?

The auditor criticizes UC because some campuses spend state dollars to fund programs managed at the Office of the President that provide benefits other than undergraduate education. How many people in this room are aware that UC funds Cooperative Extension and 4-H in every county in California using assessments paid by the campuses? These programs are not separate parts of our allocation from the state. Understanding the budget means learning the magnitudes involved. It also means developing metrics that allow us to talk about
UC’s excellence, instead of taking it for granted. We can’t manage what we don’t measure. The auditor barely noticed ANR and a roughly $70M allocation from campus assessments, but complained that ten executives at UCOP made nearly $700,000 above their supposed comparisons in the state government. With that money, we could have bought every one of our 264,000 students a cappuccino---with only one shot, of course. Alternatively, it would have paid a portion of the start-up costs for providing a lab for one faculty member in the STEM fields.

Reducing systemwide initiatives to fund undergraduate education is worth debating, but it is not auditing; it is policy analysis at best, but when well-publicized initiatives are portrayed as secret, hidden reserves, or as taking money that rightfully belongs to the campuses, it is propaganda. We are one university, not tern plus the IRS. Of course everything we spend involves opportunity cost, but that doesn’t make it a scandal. Last year, the audit pointed out that UC could simply pay faculty and staff less and then it would cost less to educate undergraduates. It turns out we have already tried that experiment; this Board heard at its July 2015 meeting that we are, as a system, an average of 10 percent behind the competition for faculty compensation. It is reckless to extend that experiment and expect to remain UC. I don’t need to tell you the harm it would do; you all already know it. The Senate would welcome a real conversation about UC’s budget, but it’s just not happening when ideas must be reduced to 140 characters or political sound bites masquerading as questions. Such a conversation requires that policymakers learn what the real issues are, understanding the scale of both the university and its problems.

Right now, we have a mess on our hands, and we all need to work together to fix it. The current excitement over Survey-gate will pass. An investigation will be completed, the Regents will adopt a policy, and after that, the challenges I’ve described will still be waiting. As the Sacramento Bee said---eight expensive audits in four years? I keep thinking the same thing: lather, rinse, repeat. Let’s get back on track while we still can.

Chair Lozano, this concludes my remarks.