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March 8, 2016

Ms. Elaine M. Howle
California State Auditor
621 Capitol Mall, Suite 1200
Sacramento, California 95814

Dear Ms. Howle:

Introduction

As leaders of the University of California, the Board of Regents, Chancellors, and I have one overriding responsibility: to protect and strengthen this great institution for the benefit of current and future UC students and the State of California as a whole. This responsibility includes not only the provision of undergraduate education, but also graduate and professional education, research, and public service. And it extends beyond the contingencies of a single year or budget cycle to the long-term financial and academic sustainability of a public university system that has consistently been the nation's leader in combining academic excellence with access for students from all socioeconomic backgrounds.

In carrying out this responsibility, we welcome collaboration with our state's elected leaders. Ours is a shared responsibility and California's Legislature and Governor are valued partners and supporters. Accordingly, the University of California approached this audit process in a spirit of cooperation, transparency, and goodwill. University and campus leaders and staff devoted thousands of hours and hundreds of meetings to explaining University policies and practices to CSA staff, compiling data and documents, and providing written responses.

Unfortunately, the draft report that has been shared with us makes inferences and draws conclusions that are supported neither by the data nor by sound analysis. The audit's subtitle, for example, presupposes a conclusion that University of California "admissions and financial decisions have disadvantaged California resident students." An alternative and more objective subtitle would be, "faced with unprecedented budget cuts, the University of California made every effort to sustain in-state enrollment, while maintaining academic quality and holding tuition flat." Put another

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way, to suggest from the outset that UC decisions regarding admissions were designed to “disadvantage Californians,” as opposed to mitigate the impact of a 33 percent budget cut, is a rush to judgment that is both unfair and unwarranted. We would have preferred a constructive set of recommendations that could help move the University and the state forward. We are deeply disappointed at this lost opportunity.

In the remainder of this letter, I address the larger context and facts the draft report either misstates, misinterprets, or ignores. The attachment briefly addresses each recommendation.

FACT: UC has consistently met—and in fact, exceeded—its responsibilities under the Master Plan

The Master Plan spells out clearly UC’s obligation to California undergraduates: the University is to establish minimum systemwide eligibility criteria that capture the top one-eighth of California high school graduates and to find a place at UC for every California applicant who meets those requirements. This is a commitment we have consistently met: in fact, UC’s eligibility criteria arguably capture a *larger* pool than required under the Master Plan. Nonetheless, even in the leanest of budget years--and in years when other California institutions turned away tens of thousands of eligible Californians--UC has continued to offer admission to *every* California applicant who meets our criteria.

We believe the University is also obligated to enroll every California student for whom the State provides enrollment funding. And, once again, UC has not only met, but exceeded, this goal, enrolling thousands of California students for whom we did not receive enrollment funding. To suggest, in this context, that UC has “disadvantaged” California students is entirely unfounded.

A consistent theme in the draft report is that UC has enrolled students from outside the state at the expense of Californians. This is also unfounded. If anything has constrained the enrollment of California students, it has been reductions in state funding. Nonresidents pay the full cost of their education--and more.

The State of California faces a dilemma that the draft report does not fully acknowledge. To maintain the quality of a public university system that virtually all agree is the finest in the world, sufficient funding must be found. Sources for this funding are limited. They include (1) State funds--for which competition from other deserving state agencies is fierce; (2) student tuition--increases in which are extremely unpopular; and (3) nonresident tuition--*the burden of which falls entirely on non-Californians.*

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Other sources, including efficiencies and cost savings, are important. The audit report acknowledges many of the University's efforts in these areas and recommends we do more, a recommendation entirely consistent with the University's own direction and plans.

But the savings that can be achieved through these means pale in comparison to the amount of revenue provided to California and its residents by non-California UC students. The State has given no indication that it is prepared to redirect \$728 million in State funds to UC to cover the amount of nonresident tuition revenue cited in the draft report. Had the University not increased undergraduate nonresident enrollment as it did in recent years, the lost revenue would be equivalent to an additional \$2,400 per year in tuition for California undergraduates--a 20 percent increase.

California's situation is not unique. Nearly every state in the nation has faced this Hobson's choice, and they have all reached the same decision: *open doors to out-of-state students in order to keep the doors open for in-state students*. In fact UC greatly lags other public flagship universities in the percentage of its undergraduates who are not state residents. For example, Purdue and the Universities of Oregon, Iowa, and Michigan each enroll more than 40 percent out-of-state students and Penn State, Iowa State, Indiana University, Georgia Tech and the Universities of Wisconsin, Georgia, Virginia, and Arizona enroll more than 30 percent. By comparison, as a system UC enrolls 15.5 percent nonresidents and even at the UC campuses that enroll the most nonresidents, those percentages remain below 25 percent.

Perhaps the greatest missed opportunity in this draft report is that it chooses to posit enrollment of Californians versus enrollment of non-Californians as an either/or proposition, suggesting that enrollment of nonresidents somehow diminishes opportunity for Californians. While this conclusion is superficially appealing, the opposite is true. In-state enrollment is directly related to state funding. This year is a good example. Funding for enrollment growth has resumed--albeit at a reduced rate. Accordingly, UC is enrolling 5,000 additional Californians this year, *nearly half of whom UC plans to enroll on the very campuses that also enroll the most nonresidents: Berkeley, UCLA, and UC San Diego*. If indeed nonresidents were displacing residents, we would see that California growth concentrated on campuses less in demand from out-of-state students.

We also strongly reject the premise that underrepresented minorities are disadvantaged by increases in nonresidents. The facts are otherwise. Even in a period when *overall* enrollment of California undergraduates has remained relatively steady, the proportion of underrepresented minorities has *continued to increase*. UC can, and

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must, continue its efforts to enroll a student body that more closely reflects California's diversity. As UC President, I am deeply committed to this goal. With the additional State support that allows us to add 5,000 Californians this year, we see 2016-17 as a year of enhanced opportunity for all our California applicants and, especially, for minority and disadvantaged students.

FACT: The University accelerated its plans to achieve equity in per-student state funding across the campuses and will have devoted \$255 million to rebenching and to previously unfunded California residents.

The initial impetus for this audit was concern that State resources were not being equitably distributed across the campuses on a per-student basis. As UC President, I am committed to equitable per-student funding, and I did not wait for the audit findings to address this. Specifically, this year I committed to:

- (1) Fund 7,000 previously unfunded California residents, an action that will direct approximately \$50 million in additional funding to campuses that continued during the recession to increase enrollment despite the lack of State funds to support growth. Several of these are also campuses that enroll higher proportions of low income and underrepresented students. For example, UC Riverside, with 41 percent underrepresented minority students, will receive an additional \$25 million in State funding over and above the additional funding they receive for enrolling more Californians next year.
- (2) Accelerate the reallocation of per-student funding. In 2012, UC implemented a new resource allocation formula designed to ensure that per student allocations of State general funds will be equivalent for each student across the University. Since this new approach--known as "rebenching"--was implemented, UC has allocated \$111 million to reduce disparities in per-student student state funding across the campuses. I made the decision to accelerate rebenching, allocating a combined \$94 million in 2015-16 and 2016-17, so that full per-student equity will be achieved by 2016-17.

FACT: UC took bold action to control costs, remain affordable to California residents, and protect quality during the biggest financial crisis since the Great Depression

In assessing the fiscal crisis the University of California has experienced in recent years, the Public Policy Institute of California observed:

"Over the past 15 years, per student General Fund allocations have fallen by more than 40 percent at CSU and by more than 50 percent at UC. These cuts

have not been the result of a deliberative process that reprioritized the state's goals. Rather, state policymakers have had to put out budget fires, and the General Fund's higher education component is relatively unprotected by statutory, judicial, or federal requirements. Recent increases in General Fund allocations have not made up for the previous cuts."

To address this reality, the University has taken a number of actions designed to reduce its cost structure and protect quality while remaining affordable for California resident students. By conflating growth at UC medical centers with the undergraduate campuses, and by failing to consider growth in staff relative to growth in the size of our student body, the draft report seriously understates the reduction in the University's per-student cost structure. In fact, according to public policy expert Henry Brady:

"On a per-student basis, the UC's increases in net tuition have been less than cuts in state funding. The UC's have not replaced state funding dollar for dollar – instead they have found ways to economize and to decrease their spending per student so that net tuition increases could be less than declines in state funding. Far from being profligate, the UC's have been doing more and more with less and less."

Examples of UC's efforts to reduce cost include the following:

- Between 2007 and 2014, the University reduced the number of general campus staff supported by State funds and tuition by over 3,500 full-time equivalent employees. Any growth in staff during that period was entirely funded by alternative sources such as research funds, federal support, and by the University's self-supporting auxiliary enterprises, such as its medical centers. For example, during this time period employees in the University's medical centers and health sciences programs grew by 14 percent.
- During this same period, faculty and other academic employees grew by 3,958 full-time equivalent employees. This growth allowed UC to continue to serve an expanding number of students without diminishing the quality of a UC education.
- The University's Working Smarter initiative has reduced costs by *over \$660 million*.
- Nonresident undergraduates provided an estimated \$420 million in revenue in 14-15 above and beyond the funds needed to educate these students--funds available to better support California students.
- UC has frozen systemwide tuition for California students for the past five years. That stability, which is a particular boon to students from middle-

income families not eligible for financial aid, was made possible by the cost-savings efforts and other revenues described above.

- In 2015-16, UC estimates that California resident undergraduates received over \$60 million in need-based grants funded by nonresident students' tuition and fees. This provided about \$600 to each California resident receiving a UC grant, on average, which is equivalent to reducing a California resident's need to borrow by about \$2,400 after four years.

FACT: UC's mission and contribution to the state extends far beyond undergraduate instruction

California's Master Plan for Higher Education charges the University of California with three primary missions: teaching, research, and public service. State funding, tuition, and the revenue UC generates from other sources combine to support all of these functions, many of which are closely interrelated, and all of which benefit California students and the state overall. The University's research programs bring billions of dollars to the state and have created whole new industries. Our public service activities bring the benefits of the University's expertise and programs to all Californians. Yet many of the draft report's recommendations focus only on costs that support undergraduate instruction, as if any expense that cannot be shown to have a direct impact on undergraduate education cannot be justified. The University places major emphasis on ensuring that access, affordability, and quality are preserved for its instructional program, and no other institution in the country has been as successful at combining both access and excellence. But to fulfill our broader mission and purpose we must ensure that the University's research enterprise and public service functions are also successful.

FACT: UC is committed to transparency and publicly reports extensive data about its finances and operations

The University of California highly values transparency and accountability and continues to identify new ways to expand our efforts in these areas. Our annual Accountability Report provides detailed information on topics of interest to the public and the Legislature. Data underlying this report is available for downloading and analysis and our Accountability website contains numerous tools and reports addressing topics such as affordability, student outcomes, and employment of UC graduates. The University's annual Regents budget contains an extensive narrative explaining how funds are spent and highlighting the major issues the University faces. Additional data about campus expenditures posted annually on the University's website provides fine-level detail on how campuses spend their funds. Annual financial statements provide audited information about the financial status of the University's various enterprises. And each year, UC submits and

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publicly posts dozens of reports requested by the Legislature. In fact, the most recent CSA audit conducted of the University's finances, published in July 2011, found that, "The University of California Office of the President maintains extensive accounting records in its corporate financial system that document the university's annual financial operations."

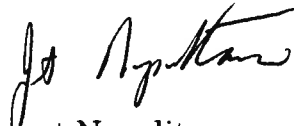
In light of what the University already produces, the new reporting requirements proposed in the draft report are burdensome, of little value, and would entail significant new expense to install new technology and prepare even more documentation. It is contradictory to suggest, on the one hand, that the University should reduce the number of administrative staff and, on the other hand, to recommend even more reporting requirements than currently exist. The University is committed to being fully transparent. But we believe the benefits of these new proposed reporting mechanisms should be carefully balanced against the significant cost and time they would require.

Conclusion

This simple cover letter does not do justice to the serious deficiencies in the draft audit. Indeed the draft audit understates and undermines the efforts of thousands of UC faculty and staff who have sustained the University's reputation, accessibility, and affordability during a period when state funding was cut by about one third. The University is always open to constructive recommendations, and desires to work with you as you prepare the final report. As it currently stands, however, the draft audit is neither accurate nor helpful and thus requires major revision.

I appreciate your attention to the concerns I have raised. Thank you.

Yours very truly,



Janet Napolitano
President

Attachment

cc: Provost Aimée Dorr
Executive Vice President and Chief Financial Officer Nathan Brostrom
Senior Vice President and Chief Compliance and Audit Officer Sheryl Vacca
Senior Vice President Nelson Peacock
Associate Vice President Steve Juarez

Attachment

The University of California's Responses to Recommendations in the California State Auditor's Report "The University of California: Its Admissions and Financial Decisions Have Disadvantaged California Resident Students"

The draft version of the California State Auditor (CSA) report that was shown to the University contained several recommendations for action with which the University agrees, but also a significant number of characterizations, conclusions, inferences, and recommendations to which the University of California strongly objects. Below are responses to each of the report's recommendations.

Chapter 1 Recommendations:

Recommendation #1: To meet its commitment to California residents, the university should do the following:

- **Replace its "compare favorably" policy with a new admission standard for nonresident applicants that reflects the intent of the Master Plan. The admission standard should require campuses to admit only nonresident students with admissions credentials that place them in the upper half of the resident students it admits.**
- **Amend its referral process by taking steps to increase the likelihood that referred resident students ultimately enroll.**

UC strongly disagrees with the interpretation of the Master Plan contained in the report and with the suggestion that the University is not meeting its commitments to California residents. Even in the depths of the fiscal crisis, the University has consistently offered admission to every California student who meets its criteria and continues to enroll every California undergraduate for whom the state provides enrollment funding. Moreover, with additional State funding, the University will enroll more California students, as evidenced by the fact that, as soon as the Legislature agreed to provide additional funding for enrollment, UC made plans to increase the enrollment of California residents by 5,000 students in 2016-17. Along with this planned growth, the University is currently engaged in multiple efforts to increase the likelihood that students admitted through the referral pool will accept their offers of admission.

Recommendation #2: To ensure that campuses' interpretation of admission standards do not adversely impact resident students, the university should implement a thorough process to annually evaluate the qualifications of students who apply and students who are admitted. These evaluations should highlight instances when campuses admit nonresident students who are less qualified than residents and should include corrective action steps. Moreover, this evaluation should include resident and nonresident undergraduate enrollment in majors at each campus. The university should make the results of this evaluation - including details of the academic qualifications of students who applied and who applied and who were admitted - publicly available.

UC objects to the implication that its interpretation of admission standards adversely impacts resident students. As noted earlier, the University guarantees a place in the system for all qualified resident applicants. The University already publishes extensive data each year on the qualifications of students who apply and are admitted to its campuses. In addition, the Academic Senate each year issues its Annual Report on Undergraduate Admissions Requirements and Comprehensive Review (<http://senate.universityofcalifornia.edu/committees/boars/reports.html>), which provides extensive data tables summarizing the outcomes of the previous year's undergraduate admissions process. This report also includes a narrative description of the admissions process at each campus. The University will continue to make these data publicly available.

Recommendation #3: To ensure that it has accurate information upon which to make funding decisions, the Legislature should consider amending the state law that requires the university to prepare a biennial cost study. The amendment should include requirements for the university to differentiate costs by student academic levels and discipline, and to base the amounts it reports on publicly-available financial information. In the absence of legislative action, the university should conduct a cost study every three to five years and ensure that it is based upon publicly-available financial information. The university should use the results of the cost studies as a basis for the tuition it charges and for the proposed funding needs that it presents to the Legislature.

While this is a recommendation for the Legislature, nevertheless the University notes that it will continue to complete the report on expenditures for instruction required by the Legislature. However, the level of detail that this recommendation suggests would be expensive, burdensome, and in some instances is simply unavailable. The University does provide a calculation of the average cost of instruction that is reliable, based on publicly available information, and uses a methodology developed with the Department of Finance, the Legislative Analyst's Office, and other state staff. Moreover, that report or any report focused on expenditures for instruction or other cost studies can only be one of many factors the University must consider in setting tuition and justifying its budget request. Other factors that must be considered include the availability of revenue from the state and other sources, as well as cost pressures such as mandatory cost increases and other high priority needs that must be funded.

Recommendation #4: To ensure that the university does not base future decisions on the revenue that students generate, the Legislature should consider amending state law to limit the percentage of nonresident students that the university can enroll each year. For example, the Legislature could require that the university limit nonresident enrollment to 5 percent of total undergraduate enrollment. To accomplish this, the Legislature should consider requiring that the university's annual appropriations be based on it enrolling agreed-upon percentages of resident and nonresident students.

Although this is a recommendation for the Legislature, the University notes that it appears to be based on the erroneous assumption that enrollment of nonresident students negatively impacts the enrollment of resident students. The enrollment of nonresidents does not displace California resident students. The ability of the University of California to expand enrollment for California residents is reliant on sufficient state funding to support enrollment growth. The

University has serious concerns about any possible legislative action to establish a limit on nonresident enrollment and the impact it would have on access, tuition, and program quality for all students without a commensurate increase in state support to offset the considerable revenue loss.

Recommendation #5: To ensure that the university meets its commitment to resident students and to bring transparency and accountability to admissions outcomes, we believe a reexamination of the university's adherence to the Master Plan is necessary. Specifically, the Legislature should not consider the students that the university places in the referral pool as admissions as defined by the Master Plan until the percentage of students who enroll through the referral process more closely aligns with that of the other campuses.

The state is currently undertaking an eligibility study that will document that the University is meeting its commitment under the Master Plan. The University objects to the suggestion in the report that offers of admission provided through the referral pool should not be considered admission offers because many students do not accept them. The referral mechanism (endorsed repeatedly by the Legislature in reviews of the Master Plan) is essential for meeting the Master Plan requirement that UC provide a place for all eligible students. The acceptance of an admission offer is entirely the choice of an applicant.

Chapter 2 Recommendations:

Recommendation #6: To improve its internal operations and promote cost savings related to the \$13 billion it spent on staff salaries in fiscal year 2014-15, the university should conduct a systemwide assessment to identify ways to streamline and reduce its employee costs.

The University of California currently and consistently engages in a wide array of efforts to reduce costs—including through initiatives such as Working Smarter, at all campuses and medical centers—and will continue to do so. UC is successfully instituting a common payroll and human resources system that will improve internal operations. The University also conducts annual reviews of employee trends, both in terms of the number of full-time-equivalent employees and salaries, which inform its hiring and compensation practices.

Recommendation #7: To ensure the reasonableness of the compensation the university pays its executives, it should consider - to the extent possible - all items of compensation when setting or adjusting salaries and benefits and when conducting surveys, studies, and comparing the compensation packages of its executives to those in similar positions outside the university.

The University conducts regular studies of its compensation practices, applying a higher standard than that suggested in the report. UC annually compares compensation for positions at the University to comparable positions at other institutions and organizations with which it competes for qualified faculty and staff. UC already has agreed to add local and state government positions to its analysis. However, the University strongly disagrees with the contention in the report that positions at UC are always comparable to state employees.

Recommendation #8: To ensure that its process for establishing and revising salaries for its top executives is documented, thorough, and consistently applied, the university should implement the five outstanding recommendations from its 2013 internal review report by August 2016.

This documentation will be completed by August 2016.

Recommendation #9: To improve the transparency and timeliness of its annual compensation report, the university should streamline the process it uses to prepare the report to allow its issuance by April of each year.

UC will continue to streamline and automate processes so that delivery of the compensation report is more expeditious. UC will continue to target release of all compensation information and disclosures to be no later than July of each year, consistent with reporting practices for all state agencies.

Recommendation #10: To ensure that the home loan program is the best use of the university's investment funds, it should conduct a cost benefit analysis that factors in the opportunity costs of investing in the home loan program as opposed to other higher returning assets.

The Mortgage Origination Program is a valuable recruitment and retention tool that greatly benefits the University because the high cost of housing near several of the University's California work locations has made it increasingly difficult to recruit and retain faculty. The Office of Loan Programs continuously evaluates the need for new products and services and for program modifications, including researching and expanding opportunities for partnerships with financial institutions.

Recommendation #11: To maximize the savings and new revenue from the Working Smarter initiative and ensure that the university uses [these funds] for its academic and research missions, the Office of the President should take the following actions:

- **Immediately require that the campuses fully participate in all projects unless they can provide compelling evidence demonstrating harmful effect.**

UC believes that opportunities exist to increase participation in various projects, which will result in additional revenues or cost savings. However, since every component of the *Working Smarter* initiative differs in its level of decentralization, the University must consultatively evaluate each systemwide project roadmap in the context of campus priorities and work in progress.

- **By June 30, 2016, to the extent possible, implement a process to centrally direct these funds to ensure that campuses use them to support the core academic and research missions of the university.**

Campuses will be provided with additional direction to use new revenues or savings from these initiatives to advance the University's core missions. This will be done in the annual

allocation letters that are typically distributed after the state budget is adopted, so it is most efficient for the University to comply at that time.

- **Ensure that it substantiates that projects are actually generating savings and new revenue and that it can demonstrate how the university uses these funds.**

The *Working Smarter* initiative concluded its planned 5-year lifespan in 2015, although individual projects and programs in progress continue. It is not always possible or practicable to directly link cost avoidance in one area to increased investment in another area. Nevertheless, the University will do so where feasible.

Recommendation #12: To ensure its recruiting efforts benefit residents, the university should prioritize recruiting residents over nonresidents. In particular, the university should focus its recruiting efforts broadly to ensure that it effectively recruits resident underrepresented minorities. For example, the university could establish a limit on the amount of funds it dedicates to nonresident recruiting. Further, it should develop a process to better track its nonresident and resident recruiting expenditures.

The report correctly indicates that the University spends most of its recruiting budget to recruit California residents, and in particular, recruits broadly to reach historically underserved populations. However, the University strongly disagrees with the suggestion in the report that it does not currently prioritize the recruitment of California residents. The University will continue to ensure that recruiting expenditures for nonresident students are in line with the success of these efforts.

Chapter 3 Recommendations:

Recommendation #13: To determine if the campuses are using funds to further the goals of the University of California system and the Legislature, the Office of the President should begin regularly monitoring and analyzing how campuses are using both state funds and nonresident supplemental tuition. If, after the close of the fiscal year, the Office of the President determines that campuses are not using state funds and/or nonresident supplemental tuition in accordance with those goals, the Office of the President should take steps to correct the campuses' spending decisions as soon as possible.

The Office of the President will develop and implement a process to regularly evaluate campus expenditures from core funds – e.g., state general funds, nonresident supplemental tuition, other UC general funds, and student tuition and fees – and will continue to take appropriate measures to ensure that those expenditures are aligned with the University's core missions.

Recommendation #14: To ensure it spends state funds prudently for programs that do not directly relate to educating students, the university should do the following:

- **Track spending from state funds for programs that do not relate to educating students.**
- **Reevaluate these programs on an annual basis to determine whether they continue to be necessary to fulfill the university's mission.**
- **Explore whether the programs could be supported with alternative revenue sources.**

The University has a tripartite mission – teaching, research, and public service. It is committed to ensuring that state funds are used appropriately within all three of its defined missions. The University strongly disagrees with the suggestion that that programs that do not directly relate to the instructional mission but relate to one of the two other core missions should be subjected to a different level of scrutiny.

Recommendation #15: To increase its transparency and help ensure that it can justify its spending decisions, the university should make publicly available the amounts of state funding it allocates toward per-student funding, as well as the amounts it or campuses spend for programs that are not directly related to educating students. The university should publicly present the ranges of per student funding based upon the amount of funding excluded from the formula.

The Office of the President will make campus state general fund allocations available on its website in a manner that is more easily accessible than figures that appear in the University's audited financial statements and campus financial schedules, which are already available on its website. Allocations will include a breakdown of funds that are allocated on a per-student basis (along with the resulting per-student funding level at each campus) as well as state funds that are allocated on a different basis.

Recommendation #16: To ensure that its rebenching efforts lead to equalized per-student funding among the campuses, the university should do the following:

- **Include actual enrollment numbers in its rebenching formula.**
- **Adopt a methodology that it can use to, at least every three to five years, update its weighting system to ensure the weight factors take into account campuses' actual costs of instruction, using the cost study that we recommend in Chapter 1 and other revenue sources if necessary.**
- **Exclude all state funding it uses for programs that do not directly relate to educating students from its rebenching calculation. The university should exclude these programs only after it has evaluated them in accordance with the recommendation we made previously.**
- **Include stakeholders such as students, legislative and executive branch staff, and student groups, in future discussions of rebenching to ensure that it considers their viewpoints and to increase transparency regarding its funding decisions.**

The University will use a methodology based on targeted enrollment, rather than actual enrollment as suggested in the report, because this approach gives campuses an incentive to

manage their enrollments and meet agreed upon enrollment targets. The University will review the weighting factors used in its allocation methodology every five years, but not more often as there needs to be consistency in allocations. The University disagrees with the recommendation in the report to exclude all state funding it uses for programs that do not directly relate to educating students; it is inconsistent with other parts of the report that imply that too much funding is being excluded from the per student calculation. The University regularly consults with students, legislative and executive branch staff, and others about a wide range of budgetary matters and will include these groups in any future discussions of rebenching.