

ACADEMIC COUNCIL

Minutes of Meeting
Wednesday, November 22, 2010

I. Announcements

▪ **Daniel Simmons, Academic Council Chair**

1. Report on November Regents' meeting. Chair Simmons summarized the actions taken at the November Regents' meeting.
2. December 1 Academic Assembly meeting. Chair Simmons noted that because there is only one action item on the agenda, the meeting has been changed to a teleconference.
3. Meetings on undergraduate major pre-requisites. In response to AB2302, which requested that UC streamline major pre-requisites to ease problems for transfer students, Provost Pitts is hosting meetings of faculty in five disciplines across the system. The first meetings of math and biology faculty have occurred. Mathematics faculty discovered a great deal of commonality and may even adopt a common textbook across the system. Biologists similarly discovered that they agree upon much of what is required to major in the field. It is notable that both groups of faculty felt that IGETC hinders successful transfer because community college students focus on fulfilling these requirements, rather than core coursework in their fields.
4. Provost's Budget Group. Chair Simmons reported on the most recent teleconference of the provost's budget group. He noted that enrollment targets will remain the same as last year. A member of the group stated that the theme of the conversation was how to deliver instruction more efficiently, and includes discussion of some fundamental changes, such as hiring more LSOEs or primarily teaching faculty.
5. Vice Chair elections. Chair Simmons asked Council to begin to think about nominations for next year's vice chair. The selection of a candidate to be presented to the Assembly will take place in February.

II. Approval of the Agenda

ACTION: The agenda was approved with one change to accommodate schedules.

III. Consent Calendar

1. **Approval of the October draft minutes**
2. **Extend UCORP's charge to redraft MRU section of the Compendium to March 31**

ACTION: The consent calendar was approved as noticed.

IV. Post-Employment Benefits

(A) Council Response to the President's PEB Proposal

ISSUE: The president made his proposal for post-employment benefits after most Senate agencies had conducted reviews of the proposals outlined in the report of the Task Force on Post-Employment Benefits and in supplemental Option C, put forward by the faculty and staff members of the Task Force. The president's proposal was similar to Option C, but Senate agencies did not formally opine on it, nor did Council discuss it at its October meeting.

DISCUSSION: A member noted that the president's proposal does not address the contribution levels for current employees; the president is not likely to address that issue until closer to 2013. However, the Council stated its position that employee contributions should not be higher than 7% when it reviewed the report of the Task Force on Post-employment Benefits. A member suggested that this document should be referenced in a letter to the president endorsing his proposal.

ACTION: Council endorsed the President's proposal on post-employment benefits to be discussed at the December Regents' meeting (16 in favor, 1 opposed, 1 abstention).

(B) UCPB Letter on Financing UCRP

ISSUE: Council considered a motion from UCPB advocating that the University fully fund the Annual Required Contribution to UCRP by borrowing from the Short Term Investment Pool until the state provides funding for this purpose.

DISCUSSION: UCPB's chair noted that UCFW endorsed UCPB's proposal. He explained that currently, the University is lending STIP funds to the federal government at 2%, while the shortfall of its contributions to UCRP is 7.5%. Borrowing \$2 billion from STIP would reduce the maximum employer contribution from 20% to 18.5% of covered compensation. Borrowing an additional \$2 billion would reduce it to 17%. He noted that there is \$9 B in the pool, which has not varied much in the past five years, so there is plenty of capacity without compromising the University's liquidity needs. Some may caution that in a period of fiscal stress, units will draw down their STIP funds, however it is unlikely that the University would be called upon to pay out all of its obligations at the same time. Another concern is the proposal to cap the payoff of STIP funds at 2.5%, even if interest rates rise. The current resolution does not address this question. A member stated that the recommendation should not be too prescriptive. A member opined that it makes sense to borrow from STIP for the state-funded salaries and for the medical centers, but it does not make sense for research grants and other external funding sources. He offered a friendly amendment that other funding sources should have a credible plan for repayment. A member expressed concern that the line between employer and employee contributions is illusory because of their connection to salaries and the difficulty facing campus operational budgets of providing contributions. A member commented that the University's ability to recover funds to cover the liability of the medical centers is better at 18.5 than 20%. Members offered additional changes in wording.

ACTION: Council unanimously endorsed UCPB's recommendation as amended.

V. CCGA Letter on Review of Professional Degree Fees

ISSUE: CCGA submitted a letter expressing concern about the lack of Senate review of the professional degree fees discussed at the November Regents' meeting.

DISCUSSION: CCGA's chair stated that the committee feels strongly that proposals to impose new professional degree fees must be reviewed. A member suggested a friendly amendment to the

third resolution, specifying adequate time for review. Council further requested that CCGA set guidelines defining the meaning of adequate consultation. CCGA's chair agreed to provide guidelines to the Graduate Councils. A member suggested that CCGA reference the appropriate section of the Compendium when invoking its review authority. Another member suggested that campus Graduate Councils should consult with local Planning and Budget committees.

ACTION: (1) Council supported CCGA's decision to invoke its delegated authority to require review of graduate programs not previously designated as professional programs before they may charge professional tuition, effective immediately (2) Council requests that all proposals for new Professional Degree Fees be submitted to local Graduate Councils and CCGA with adequate time for review and comment.

VI. Consultation with the Office of the President – Senior Managers

- **Lawrence Pitts, Provost and Executive Vice Chancellor**
- **Nathan Brostrom, Executive Vice President, Business Operations**
- **Patrick Lenz, Vice President, Budget/Capital Resources**

Budget update. EVP Brostrom stated that the legislature will hold a special session to address the growing budget deficit for this fiscal year, although nothing is likely to happen until the new governor takes office. He was encouraged by comments at the Regents' meeting on the need for multi-year budgets. However, the propositions passed in the November election will make it more difficult for the state to balance the budget (especially the 2/3 requirement for any fee increase and the prohibition on raiding local and highway funds). If the Bush-era tax breaks are extended, it could create an even larger hole.

VP Lenz added that the challenge next year is more significant than last year due to the state's growing deficit. He noted that we have no idea what the state will provide to UC, which precludes the ability to plan. This year, the state made an effort to remedy the cuts to the University's budget. It is very possible that the University's budget will be cut further when negotiations on the state budget resume. But if all of this year's increase is taken back, it will send a dire signal for the future of education in the state.

Q&A

Comment: At UCSF, we have tried to do multi-year budgeting, but unless we know with some degree of certainty how much money we will get from the state, it is a waste of time.

A: EVP Brostrom stated that most campuses have done multi-year budgets on the expense side, so they can project expenses accurately. But core general funds are unknown. But it is a good goal to create projections over time so that the University can tie expenses to fees. To the extent that the state does not provide its share, then it is clear that the revenue will have to come from tuition and fees.

Q: The Division of Agriculture and Natural Resources anticipates hiring 30 people in cooperative extension. Most campuses are in an anti-growth mode. Are they financing growth in this systemwide program? How much of the increase in state funding will be allocated to ANR?

A: EVP Brostrom stated that currently all revenue sources (state general funds, education and registration fees, etc.) are blended together and are distributed to the campuses on a percentage

basis. In the future, all revenues generated by the campuses will stay on the campuses. UCOP will distribute the state allocation to the campuses, and will fund systemwide priorities through a flat tax. A proposal on this model will be distributed for comment before the holidays. For this year's budget, we plan to apply a 90% factor to the old and new models and provide campuses with the higher amount. ANR will continue to get fee revenue under this model this year, but as a systemwide initiative, they will not receive fee revenue in the future.

Q: Thank you for explaining the transition for the allocation of education fees. Can you use that logic to create a model for allocating the \$51.3 million budgeted for unfunded enrollments? Doing so would facilitate the move toward rebenching.

A: VP Lenz stated that UC has 16,500 unfunded students. The \$51.3 million in the state's budget allocated for this purpose covers only 1/3 of the unfunded enrollment, so we can only address a portion of each campus' unfunded enrollment.

Comment: That approach simply duplicates and compounds past inequities.

Comment: UCOP has been talking about starting the rebenching process for a long time. The philosophical discussion should be easy—we should provide the same funding for all students. It will cause political problems, but it will have less of an impact now than previously because tuition is more important than enrollment funding. What is the timeline for this effort?

A: Provost Pitts answered that he will proceed as quickly as possible, and aims to convene a group to discuss principles for rebenching in January. However, he noted that the funding streams project has proved more complex than expected. There are many ways to approach the issue and decisions to be made. For example, should graduate students be funded at a higher level than undergraduates and if so, by how much; should the University reward productivity measures like number of degrees awarded, time to degree, number of three year degrees, etc. We also need to be cautious about unintended consequences, e.g., a time to degree metric may be detrimental to campuses with more low income students.

Comment: The move toward decentralization, allowing every campus to have some autonomy regarding their goals, is counter to rewarding certain behaviors. Who should set the reward system?

Comment: You will get what you can measure. If you choose degree throughput as a value, campuses will achieve it, but it may be at the expense of quality. Give the funds to the campuses and let them make their own decisions.

Comment: The Senate has recommended that employees should not pay more than 7% of salary to the pension fund. I have seen some modeling from UCOP that anticipates an 8% contribution. Can you comment?

A: EVP Brostrom stated that new employees will be paying 7% for reduced benefits, so it is only equitable that current employees should pay a bit more.

Comment: 7% seems a reasonable ceiling. The fact that there will be a new tier that offers lower benefits is unfortunate, but for new employees it will not be a benefit cut and younger employees will have 30 years to plan. By definition, they will be hired at market and I expect they will be paid higher salaries to compensate for lesser benefits. But for that someone who is close to retirement, contributions amount to a significant pay cut. Our benefits have compensated us for below market salaries.

Comment: Even if the University gave salary increases to compensate for increased employee contributions, it would have a negative impact because it would increase the cost basis of the

pension plan, plus it would provide perverse incentives to retire. For example, a productive colleague who had no intention of retiring early did so when furloughs were instituted because he could make more in retirement than by taking an 8% pay cut. The University runs the risk of increasing the normal cost of the pension fund by imposing additional fees on existing employees, providing incentives for early retirement.

VII. BOARS' Response to President's Letter on Holistic Review

ISSUE: BOARS submitted a response to the President's August 16, 2010 letter asking them to encourage holistic review admissions processes at all campuses.

DISCUSSION: BOARS' chair provided background for this letter. In February 2009, the Regents passed eligibility reform. This letter deals with the next stage of the admissions process—evaluation and selection. He noted that the political context includes projections that University will lose ground on diversity, and the racial and campus climate problems at San Diego. As a result of these issues, the president requested that campuses move to a holistic system of evaluation. In the letter BOARS affirmed the goal that every applicant will receive an individualized review, including a human read evaluating each applicant's accomplishments in the context of opportunity. The committee affirmed the value of holistic review, particularly to more selective campuses, but also recognized the value of other processes used at some campuses. Finally, it affirmed its June 2010 recommendation that beginning in 2011, all campuses will receive the holistic review scores of Berkeley and UCLA, and will collectively devise a plan for the remaining applications to also receive a holistic score. However, funding the admissions process remains an issue. While BOARS will not recommend a funding level, it will make expectations clear and describe the personnel needed to do a good job. A member commented that it is important to document how much unfunded mandates cost. Another member noted the necessity of developing a public message addressing why each application to a UC campus requires a separate fee.

VII. White Paper on Funding Divisional Senate Offices

ISSUE: At the request of Council, the Senate Directors drafted a white paper on the functions performed by divisional Senate offices and requesting that the Provost urge the EVCs to provide the appropriate level of funding to sustain the Senate offices.

DISCUSSION: UCSC Senate Director Mary Beth Harhen presented a white paper jointly authored by the Senate Directors and asked for Council's endorsement. She noted that the Directors chose not to include quantitative metrics because the needs of Senate offices and their access to resources differ across campuses. Their aim was not to mandate a standard set of resources, but to outline the functions of the divisions and provide the Senate Directors with the flexibility to request resources as they see fit. Several members complimented the report as timely and important, given increasingly greater demands and reliance on the Senate. A member noted that admissions is not listed as one of the responsibilities of Senate offices. A member emphasized the importance of the point that Senate Chairs should not be asked to choose whether to provide adequate resources for research grants, or Senate Office staff.

ACTION: Council endorsed the Senate Directors' white paper outlining principles for adequate support of Senate offices with some minor editorial changes. It will be circulated to Council and then sent to the President with a request that he disseminate it to the Council of Chancellors.

IX. Strategic Planning for the University

(A) Review of Council Recommendation to the Commission on the Future and UCLA Statement on UC Values

(B) Report of Special Committee on a Plan for UC

ISSUE: Council discussed the responses to the systemwide review of statements on the future of the University, as well as the interim report of the Special Committee on a Plan for UC.

DISCUSSION: Members discussed what to do with the responses to the Council and UCLA downsizing proposals. A member stated that the responses were muddled and did not provide a clear message on how to proceed. The consensus is that the proposals were not sufficiently developed. He commented that the Council and UCLA statements are out of date and no longer relevant. A member spoke in favor of referring the report of the Special Committee to a subset of Council including divisional and standing committee chairs for further development, noting that the group must be broad because the topics extend beyond the purview of any one committee. A member argued that it is unlikely that forming another subcommittee would be productive.

Several members advocated bringing closure to the Council and UCLA recommendations by acknowledging the work done to respond to them. A member articulated a sense of dismay at continual requests for review and asked Council to review its processes and to think about how the Senate can most effectively make its voice heard. Members considered whether to vote on formally endorsing or rejecting the two documents. A member responded that dealing with the budgetary challenges is an ongoing, iterative process and the review was part of that process.

Chair Simmons suggested sending the responses to the systemwide review of the Council recommendation to the Commission on the Future and the UCLA Statement on UC Values to the Special Committee on a Plan for UC to incorporate into their final report; the responses will inform an ongoing process of creating a faculty-led strategic plan for the University. He also suggested convening a small group to evaluate the financial impact of the Special Committee's recommendations. He stated that the Council participants in monthly budget calls hosted by Provost Pitts may be an appropriate group, given that they have expertise and have authority to request data from UCOP. A member supported the latter suggestion, stating that the Special Committee does not have the wherewithal to assess the costs and benefits of their ideas. A member stated that a charge and realistic timeline should be developed for the budget group.

A member suggested that Chair Simmons should write a letter to Senate faculty explaining that the Council will continue its discussion of the size and shape of the University and that a subcommittee will flesh out the likely impact of the Special Committee's recommendations. Members emphasized that the conclusions of these discussions should be sent for systemwide review, but that the report of the Special Committee should be released without a request for review, since it is part of an ongoing process of evaluation. Divisional chairs, in particular, stated their opposition to continual reviews of interim reports and proposals.

ACTION: Council decided: a) to forward the systemwide responses to the Special Committee with a request that they consider the responses in their final report; b) to request that the Senate participants in the provost's budget committee calls draft a charge for Council's consideration in December. The charge will appoint the faculty participants in the budget

committee as a subcommittee of Council that will examine the Special Committee report and develop implementation plans for the recommendation based on data to be supplied by UCOP; and c) that Chair Simmons will write a letter to the divisions and committees describing next steps in the development of a plan for UC.

X. Allocation of funds for student enrollment

ISSUE: The Chairs of UCSC and UCPB wrote to Chair Simmons asking that he request formal consultation with UCOP on determining how to allocate \$51.3 million for unfunded student enrollments and that decisions on the allocation be delayed until such consultation is held.

DISCUSSION: UCSC Chair Gillman stated that the aim of the letter is to advise UCOP to allocate the funds for enrollment growth with the goal of mitigating unequal funding per student across the campuses. This could be a test case for the long-delayed “rebenching” effort. She stated that rebenching should be a principle for every funding allocation. A member commented that allocating funds to the individual campuses according to existing enrollment targets introduces the possibility that differential allocations will be made that will exacerbate the problem of unequal funding per student. He noted that UCPB has requested data on whether these new allocations would bring campuses into closer alignment, have no effect, or worsen the inequality in per student funding. A member suggested that Council entrust Chair Simmons to write a letter to the president asking for consultation on the allocation of funds for enrollment growth before any decisions are made. A member opposed this strategy, stating that since Council supports the rebenching effort, it would be better to say so than to ask for further consultation.

ACTION: Council charged Chair Simmons with writing a letter to the president requesting formal consultation on the allocation of monies for enrollment growth (17 in favor, 1 opposed).

XI. New Business

Senate Oversight of ANR. UCPB’s chair stated that recently the Division of Agriculture and Natural Resources (ANR) has announced that it will hire 30 new employees in its Cooperative Extension program. It also recently redirected endowments affecting campus departments and graduate fellowships without consulting with the Senate. ANR is a systemwide priority and under the new funding system, it should not receive fee revenues. He suggested that it may be appropriate to establish a Senate Special Committee for oversight of ANR, similar to ACSCOLI. It would be constituted by representatives from UCPB, UCORP, and the three campuses with ANR divisions, UCB, UCD and UCR. A special committee would provide more consistent oversight than an *ad-hoc* one. Chair Simmons asked him to confer with the three campus divisional chairs and bring a formal recommendation to a future Council meeting.

Meeting adjourned at 4:30 p.m.

Attest: Daniel Simmons, Academic Council Chair

Minutes prepared by Clare Sheridan, Senior Policy Analyst