I. Consent Calendar
1. Today’s agenda items and their priority
2. Master of Information and Cyber Security (MICS) degree at UC Berkeley

ACTION: Council approved the consent calendar.

II. Senate Officer Announcements
   o Shane White, Academic Council Chair
   o Robert May, Academic Council Vice Chair

   September Regents Meeting: In his remarks to the Regents, Chair White focused on threats to the University’s quality from diminished state funding and specific legislative mandates and challenged the University to develop a funding model that allows all UC campuses to achieve the same level of excellence.

   Following concerns from the Senate and other constituencies, the Regents postponed to November their discussion of a proposal to remove the 70 percent floor for the University’s annual aggregate contribution to the retiree health benefit program. A letter from UCFW to the Academic Council on today’s agenda proposes a way for the Senate to move forward in partnership with the administration on a plan to preserve the benefit.

   At the Investments Subcommittee, UC’s Chief Investment Officer Jagdeep Bachher announced that the University’s endowment and pension plan both grew by about 15 percent last year, reflecting strong performance in the broader market; however, the CIO also cautioned that lower returns should be expected in the future and that the discount rate assumption be studied.

   Governor Brown is expected to announce a replacement for immediate past Chair of the Regents Monica Lozano, who is leaving the Board to lead the College Futures Foundation, a private Californian educational foundation. Chair White has invited current Chair George Kieffer to attend the October Council meeting.

III. Response to AB 97: Options for Redirecting Funds to Enrollment

   The Budget Act of 2017 (Assembly Bill 97) requires the University to enroll 1,500 more resident undergraduates in 2018-19, with costs supported by funding redirected from systemwide programs and UCOP operations. The bill follows a series of state audits of the University, the most recent of which criticized UCOP budget and accounting practices, particularly around centrally-funded programs and initiatives. The 2016-17 Academic Council articulated several concerns about an earlier version of the bill in a June 2017 letter to President Napolitano.

   President Napolitano has appointed an Executive Budget Committee to advise her on options for reallocating $15 million from the UCOP Academic Affairs budget to support the new enrollments.
Academic Senate leaders are concerned that AB 97 fails to recognize the state’s responsibility for funding the marginal cost of enrollment and sets a bad precedent by shifting that responsibility to UCOP. They are also concerned about the decision to seek funding from Academic Affairs, because it plays a critical role in supporting the University’s core research, teaching, and service missions, and has already absorbed deep cuts in the last decade.

Chair White asked the Council to identify a set of broad principles to guide the review and maintenance of systemwide programs and services and the consideration of cuts.

Council members expressed support for the following principles:

1. Budget decisions should prioritize the preservation of academic systemwide programs and services, based on the sum of their contributions to the core teaching, research, and public service missions of the University.
2. Budget decisions should prioritize the preservation of systemwide academic programs and services that support or benefit multiple UC campuses.
3. Proposals for cuts to centrally-funded academic programs should not occur until after an academic review that includes appropriate input from the Academic Senate.

**ACTION:** A motion was made and seconded to approve the general principles and draft a letter from Council to President Napolitano. The motion passed unanimously.

**IV. Retiree Health**

- Roberta Rehm, UCFW Chair
- Lori Lubin, Chair, UCFW HCTF
- Jim Chalfant, Former Academic Council Chair

UCFW’s Health Care Task Force (HCTF) and Task Force on Investment and Retirement (TFIR) have sent Council a letter proposing a plan for maintaining UC retiree health care benefits in response to a UCOP proposal to remove the 70% floor on retiree health expenditures. Retiree health is not a vested benefit, and the University could eliminate it at any time. UC has always listed the retiree health liability as a footnote on its balance sheet, but new federal reporting guidelines require all liabilities to be listed on the ledger, which has raised concerns about the University’s future credit rating and borrowing capacity.

The letter from UCFW, HCTF, and TFIR notes that the retiree health benefit does not represent an undue financial burden for the University and the proposed changes are not justified by a financial emergency. Instead, the liability is manageable as a budget matter, (the “pay as you go” cost for retiree health represents about 3% of payroll), and the benefit is sustainable going forward. The letter recommends no changes, and encourages UC to involve all stakeholders in an effort to develop a funding strategy that maintains the benefit.

- Council members expressed concern that removing the 70% floor will shift significant health care cost to retirees, and they noted that retiree health was an element in the 2014 faculty total remuneration study, which found a total remuneration gap of 10 percent for UC faculty relative to their peers at comparison universities. Retiree health is also a lifeline benefit for retired faculty, who assumed it would persist when they made retirement planning decisions. The 2010 Post-Employment Benefits process included an understanding that 70 percent
would be the floor for University contributions to retiree health. Breaking this commitment would further harm total remuneration and could undermine recruitment and retention.

- Council members agreed that others beyond the Senate, such as retiree groups, should have the opportunity to review the projections. It was suggested that Council propose the formation of a task force charged with monitoring retiree health issues and developing a plan to preserve the benefit and the 70 percent floor.

V. Transfer Admission Issues

- Stephen Handel, Associate Vice President, Undergraduate Admissions

2:1 Transfer: The State budget withholds $50 million from the University contingent on its demonstrating a “good faith effort using all possible means” to meet a 2:1 ratio of freshmen to transfer enrollments on a systemwide basis and at all campuses except Merced by 2018-19. (UCM is excluded as it builds an infrastructure). UCSC and UCR are not expected to meet the target but have submitted plans for increasing the number of qualified applicants over a three-year time frame. In the meantime, UC is doing more to highlight educational opportunities at UCR and UCSC. However, campuses are also concerned that the mandate intrudes upon faculty authority over admissions and could force the admission of unprepared students.

UC Transfer Pathways: Two years ago, a Senate-led effort defined a set of lower division transfer preparation expectations common to all nine UC undergraduate campuses for 21 popular transfer majors. The UC Transfer Pathways are successfully communicating UC’s transfer expectations more clearly and transparently. To help implement the Pathways, UCOP is identifying articulation agreements and gaps between UC and CCC for specific courses in the 21 Pathways.

Transfer Degrees: The UC Senate has been working with CCC Senate faculty colleagues on a pilot for UC Associate Degrees for Transfer. The degrees would be based on the UC Transfer Pathways curricula and include an admission guarantee to a Chemistry or Physics major at a UC campus. The Senate is considering minimum GPA expectations for courses taken in the Pathway curricula that could confer an admission guarantee into those majors.

- Council members noted that transfer enrollment connects to the University’s larger capital resource needs. UC campuses are overenrolled, and struggling to meet the growing demand for classroom and laboratory space and other resources. Transfer students also face specific challenges as they transition to the UC upper division. Students who enter UC without adequate preparation, particularly in the sciences, may need to retake lower division courses, which takes seats away from freshmen and increases time-to-degree for all.

- Council members noted that the University should address racial disparities in transfer preparation and access by increasing outreach to students at less competitive CCCs and students who may be discouraged by UC’s complex transfer requirements.

VI. Consultation with Senior Managers

- Janet Napolitano, President
- Michael Brown, Provost & Executive Vice President, Academic Affairs
- Nathan Brostrom, Executive Vice President and Chief Financial Officer
- Rachael Nava, Executive Vice President and Chief Operating Officer
State Budget: President Napolitano noted that implementation of the Budget Act provisions related to the University is a two-part process: first, UCOP is identifying funds it can redirect from the UCOP budget to support 1,500 new undergraduate enrollments, with some portion of the $15 million cost of those enrollments shared by the State. UCOP is also implementing the other State audit recommendations embedded in the Budget Act related to reducing the University’s cost structure, improving accounting practices around systemwide and presidential initiatives, and reassessing UCOP salaries and salary ranges. A UCOP website provides regular updates about the progress of the audit implementation effort.

Retiree Health: The President noted that retiree health is a critical issue both for current employees and for retirees. She announced her intention to assemble a working group or task force in early 2018 charged with making recommendations to the Regents about retiree health affecting the 2019 budget. In the meantime, the University needs a budget target for retiree health in 2018-19, and the President is contemplating a recommendation for a four percent increase.

DACA: The University is working hard to support undocumented students affected by the Trump Administration’s decision to rescind the Deferred Action on Childhood Arrivals (DACA) program. UC is encouraging students to submit their renewal applications by October 5 and has identified foundation money to help support renewal fees. UC has also sued the Department of Homeland Security over the decision to rescind DACA on the basis that it violates the Administrative Procedures Act, and the Due Process clause of the Constitution. UC is providing legal services to undocumented students through the Immigrant Legal Services Center, is partnering with Mexican consulates to sponsor DACA workshops, and is advocating for a Federal Dream Act.

Free Speech and Campus Climate: Student organizers of “Free Speech Week” at Berkeley cancelled the event the day before it was expected to begin, but the campus still incurred $800,000 in security expenses. UCOP will pay half of the costs from the President’s endowment fund. The University wants to provide an environment where free speech can thrive, but also recognizes that it has to ensure public safety and security. UCOP has sent legal guidance to campuses about events, noting that any policy has to respect the First Amendment and be content neutral.

Legislation: The University is seeking vetoes on two bills: SB 574 (Lara), which would restrict the University’s ability to contract for services, and SB 201 (Skinner), which would allow Graduate Student Researchers to unionize. UC is sponsoring bills related to domestic violence counselor-victim privilege and the Umbilical Cord Blood Collection Program sunset extension, as well as a bill that would write new UC Sexual Violence/Sexual Harassment policies into State statute. The University has also been monitoring efforts to change or repeal the Affordable Care Act, understanding that changes could affect UC’s ability to secure reimbursement from UC hospital patients and place additional pressures on the state budget.

The President recently co-chaired a forum at the UC Center in Washington D.C. (UCDC) on the future of NAFTA and the state of U.S.–Mexico relations that highlighted the productive relationship between the two countries. The President believes that UCDC can be used to a greater extent to can help leverage Western U.S. scholarship and voices into Washington public policy discussions.
Comments from Provost Brown: Provost Brown noted that he is deeply honored to join UCOP as its chief academic officer. The President has asked him to work closely with the Academic Senate and the larger academic community to help inform UCOP decisions that affect campuses. The Provost will undertake a “listening tour” of campuses, starting with Merced, to learn how the Division of Academic Affairs can best support their missions to achieve academic excellence and promote diversity. He will also be working hard to ensure that the Academic Affairs is operating as efficiently as possible.

CFO Division: At the November Regents meeting, UCOP will present a 2018-19 operating budget proposal, 2016-17 financial statements, actuarial valuations for UCRP and retiree health, an update on the Merced 2020 project, and a capital finance plan. The financial statements indicate a small overall improvement in UC’s net position compared to last year as a result of strong investment returns. UCRP showed a $4.4 billion improvement that increased its funded ratio to 85% (market basis).

Capital funding remains a critical priority. The University hopes to work with the next Governor on a plan for financing capital growth through the traditional mechanisms of general obligation bonds and lease-revenue bonds. In the meantime, UC has been funding capital through the AB 94 mechanism, which authorizes the University to use a portion of its state general fund allocation to fund debt service for state-eligible capital projects. UCOP has issued limited project revenue bonds for several housing projects to help support the President’s Student Housing Initiative goal of 14,000 new beds. UCOP is planning a systemwide review of campus deferred maintenance needs, using a new database called the Integrated Capital Asset Management Program, which will allow UC to track the condition of its facilities more precisely over time.

Audit Implementation: Chief Operating Officer Nava is leading the task force charged by the President with implementing the 33 recommendations in the State audit of UCOP and subsequent policy changes announced by the President. These include modifying or eliminating several policies affecting UC senior managers and administrative staff (e.g. car allowances); developing a formal reserve policy; examining UCOP staff compensation practices; and reviewing systemwide programs and initiatives. The President has also charged a joint Executive Budget Committee with reviewing the UCOP budget and advising the President on spending priorities, and hired Huron Consulting to review UCOP’s organizational structure.

- Council members encouraged UC leaders to emphasize in discussions with the State how unfunded enrollment and budget cuts affect educational quality. And they noted that it makes little sense to redirect funding from current students to new students.

- Council members noted that the 70 percent floor for contributions to retiree health was an important promise to current and retired employees. The University should avoid policy changes that undermine total remuneration and employee confidence. It should prioritize total remuneration by improving the faculty salary scales and also address salary equity on the basis of gender and ethnicity.

- A Council member thanked President Napolitano for her remarks at the Laboratory Fee Symposium about the importance of enhancing research collaborations between faculty at UC campuses and the UC-managed national laboratories.
Council members gave President Napolitano a round of applause to express appreciation for her leadership on DACA.

VII. Consultation with the Office of Academic Personnel and Programs
   - Susan Carlson, Vice Provost, Academic Personnel and Programs
   - Pamela Peterson, Executive Director & Deputy to the Vice Provost

Faculty Diversity: For a second year, the state has provided UC with $2 million to support efforts to advance faculty diversity. Last year following a competitive process, a systemwide UC advisory committee recommended funding pilot programs at Davis, Riverside, and San Diego. UCOP will release a report on outcomes from those pilots later this fall. In the meantime, the advisory committee is evaluating eight campus proposals for the second funding allocation.

Negotiated Salary Trial Program: A report on the Negotiated Salary Trial Program (NSTP) from the Fourth Year NSTP Task Force is currently under systemwide review. The five-year NSTP has been in effect since 2013 on the UCI, UCLA, and UCSD campuses. It permits eligible general campus faculty to supplement their income with certain non-state resources. The Task Force recommends continuing the pilot program for another four years and expanding it to other campuses where there is interest.

LSOE/Teaching Professor: Following the systemwide review of proposed revisions to the Lecturer with Security of Employment (LSOE) APM series, Council endorsed the concept of a new title series to replace LSOE that includes a rank and step system, sabbatical privileges, and a research requirement. However, it did not endorse the specific title proposed for the series – “Teaching Professor” – and expressed mixed views about some of the proposed criteria for advancement. UCOP expects to circulate a second revision that addresses the concerns and questions raised by Senate reviewers.

Council members noted that the proposed revisions did not address faculty in the current LSOE series who may choose not to migrate to the new series; the next revision should clarify whether incumbents will have the option to remain in their current LSOE role, and also define a limit on the permitted proportion of individuals in the series relative to ladder rank faculty.

Faculty Salaries: Vice Provost Carlson noted that she is committed to working with the Senate on options for addressing the faculty salary and total remuneration gap. She is aware that some faculty are dissatisfied with the 3 percent salary program implemented the last two years, in which 1.5 percent was distributed to faculty as an across-the-board increase to the systemwide salary scales and 1.5 percent through a campus-designed discretionary program. She wants to encourage a more comprehensive discussion focused on merit. To support the Senate’s conversations, UCOP will provide an updated analysis of off-scales, and a new analysis of Health Sciences salaries.

Chair White noted that UC’s benefits are just competitive with those offered by UC’s “Comparison 8” group of institutions, but that UC faculty salaries lag comparators by at least 10 percent. Council members noted that the salary offer often drives faculty recruitment decisions, and that race- and gender-based salary disparities persist at the University. It is important for the University to address not only the overall salary gap but also salary equity. It was noted that URM and women faculty may be less likely than other faculty to use an
outside offer to obtain a pay raise. Some Council members also expressed support for a more flexible systemwide salary program to help campuses address local pay disparities.

VIII. Senate Officer’s Announcements
   ○ Shane White, Academic Senate Chair
   ○ Robert May, Academic Senate Vice Chair

UCOP Budget and Response to the Audit: Chair White and Immediate Past Chair Chalfant represent the Senate on the UCOP Executive Budget Committee. This Committee, along with the larger Senate, will be monitoring UC’s response to Budget Act provisions related to enrollment that may affect the Division of Academic Affairs; UCOP’s responses to audit recommendations concerning its budget; and Huron’s organizational review of UCOP.

Online Education: The Innovative Learning Technology Initiative (ILTI) is UC’s program for using $10 million in annual funding set aside in the Governor’s budget to fund the development of online/hybrid undergraduate courses and technologies that enable cross-campus enrollment into those courses. In addition, a gubernatorial candidate has submitted a ballot measure called the California Higher Education Online Initiative, which would create a new free and open University of California Online, if approved by voters.

Committee on the Master Plan: A special State Assembly Select Committee is holding a series of hearings about ways to improve the 1960 California Master Plan for Higher Education.

SVSH Policy Implementation on Campuses: Over the summer UC implemented a new systemwide policy framework for the investigation and adjudication of sexual violence and sexual harassment (SVSH) cases involving faculty and staff. Campuses are now implementing the new policies, which include a requirement for a Peer Review Committees (PRCs) charged with advising chancellors on appropriate disciplinary action in cases of SVSH involving faculty.

- Senate division chairs reported that some campuses have asked for clarification about the expected role and purview of the PRCs and the extent to which campuses are expected to align local Senate bylaws with systemwide policy. Some chairs are concerned that UCOP is overemphasizing policy centralization, which could erode local Senate authority. Division chairs agreed to prepare reports about lingering issues for discussion at a future Council meeting.

APM 015 and 016 Follow-Up Work Group: During last year’s systemwide review of policy revisions related to the adjudication of sexual violence and harassment cases, Senate reviewers suggested further revisions to the APMs not directly related to the revisions. Council agreed to establish a joint work group to discuss these suggestions, and the administration has agreed to support the work group.

LSOE/Teaching Professor Follow-Up Work Group: Last year Council agreed to convene a joint working group (Council members and the office of Academic Personnel) to look closely at the concerns raised during the Senate review of proposed revisions to APMs 285, 210-3, 133 and 740, in an effort to reach consensus about these issues, to inform the next round of proposed policy revisions. Some of the specific additional issues include the series title and the research and teaching expectations in the criteria for appointment and promotion. Council expressed support for a research requirement emphasizing pedagogy contingent on the addition of language
that also allows research in the underlying discipline, favoring neither over the other in personnel reviews.

IX. Retiree Health

Council returned to the issue of retiree health discussed in the morning and with President Napolitano. It was agreed that Council should endorse the letters from UCFW, HCTC, and TFIR, and attach an accompanying cover letter expressing gratitude for the President’s commitment to maintaining the status quo for retiree health in the coming year and assembling a working group early next year to make recommendations to the Regents. The letter should also make recommendations concerning the charge and composition of the working group, and emphasize that the retiree health benefit is a critical issue for total remuneration that affects both retirees and current employees.

Action: A motion was made and seconded to approve the UCFW letter and forward it to the President. The motion passed unanimously.

X. Council Member 2017-18 Priorities

Division and systemwide committee chairs summarized some of the high priority issues facing their campuses and committees. The topics they mentioned included transfer admission, faculty diversity, undergraduate enrollment growth and management, graduate student growth and funding, free speech and expression, structural budget deficits, strategic academic planning, implementation of sexual violence and sexual harassment policy, salary equity, self-supporting programs, research funding, DACA, campus climate, and faculty morale.

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Meeting adjourned at 3:00 pm
Minutes prepared by Michael LaBriola, Principal Committee Analyst
Attest: Shane White, Academic Council Chair