

ACADEMIC COUNCIL

**Minutes of Meeting
Wednesday, February 23, 2011****I. Announcements****▪ Daniel Simmons, Academic Council Chair**

- 1. Report on the Academic Planning Council meeting.** Online Pilot Project. At the APC meeting Provost Pitts reported that 30 excellent prospective online courses have been submitted to the online pilot program. The University needs \$2.5 M to support 10 to 15 courses. It has submitted two proposals for \$750K to the Gates and Lumina Foundations; UC's proposal is among 64 that are under consideration by the Gates Foundation; 35 projects will be funded. The Provost also has asked the Finance Office to run scenarios to see if a loan to finance the courses would pay off. Self-Supporting Programs. APC members discussed self-supporting programs and agreed that Graduate Councils should approve SSPs in order to ensure that core academic degree programs are protected. UCOP staff will work with CCGA to revise the policy and implementation guidelines for SSPs. Professional Degree Fees. CCGA will advise Graduate Councils and Committees on Planning and Budget to review of PDF proposals before they come to UCOP. Enrollment. UCOP is not going to enforce enrollment targets this year. Based on early reports, there will be a net increase of 1000 students systemwide over the targets.
- 2. Powell Committee Implementation Task Force.** Chair Simmons reported that two subcommittees of the Implementation Task Force have been formed—one to model enrollment and one to consider the use of titles to achieve a better teaching/research balance.
- 3. Merced Chancellor Search.** Chair Simmons reported that the search for a UCM chancellor is proceeding well; there are several good candidates.
- 4. Report on ICAS.** Chair Simmons reported that ICAS is focusing on legislative advocacy and on cooperation among the segments to ease the experience of transfer students.
- 5. Vice chair nomination reminder.** Nominations for next year's vice chair are due on March 21 for consideration at the March 30 Council meeting.

II. Approval of the Agenda

ACTION: The agenda was approved as noticed.

III. Consent Calendar

- 1. Approval of the January draft minutes**

ACTION: The consent calendar was approved as noticed.

IV. Changes to WASC Accreditation Process

ISSUE: Ralph Wolff, President of WASC, presented changes to the accreditation process being considered as part of the Commission's handbook revision and requested informal Senate input on the proposed changes.

DISCUSSION: Mr. Wolff provided an overview of the activities of WASC. It oversees one of 6 regions and is one of 7 accrediting associations and includes oversight of for-profit institutions. It last revised its handbook from 1998 to 2001, and needs to develop a process that responds to the diversity of the institutions it accredits. He noted that UCR Chancellor White and UCI Vice Chancellor Salinger are two of the 25 members of the Commission. He stated that higher education has been challenged in two areas: completion (graduation and retention) and demonstrating outcomes-based learning. He noted his concern that the federal government will become more prescriptive if universities do not make progress in these two areas and stated that accrediting agencies can assist universities in demonstrating that they are meeting goals. The goals of the WASC handbook review include: developing a clear and public accountability and quality assurance role; providing greater public information about the outcomes of institutional evaluations; supporting effective transfer from community colleges; reducing and focusing the institutional review process, including clarifying what can be taken off the table in the review process so that institutions can focus their energies on improvements; exploring the role of WASC in alternative models and new approaches to education; and enhancing its role as an advocate for higher education.

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

- **Mark Yudof, President**
- **Lawrence Pitts, Provost and Executive Vice President**

President Yudof. Budget. President Yudof stated that if Governor Brown’s proposed tax extensions do not make it onto the June ballot or are not passed, then the University is likely to receive an additional \$500 M cut, for a total \$1 billion cut. This does not include the funds needed for pension contributions. Additional cuts will lead to privatization in terms of access because the University will have no choice but to charge higher tuition. Extensive modeling of the harm the cuts will do will be presented at the March Board of Regents meeting. While he is not in favor of instituting furloughs, layoffs, reductions in funds set aside for financial aid, higher fees, and differential fees all would be possibilities for coping with the shortfall. The University has asked the legislature for flexibility in how it allocates the cuts, but there are a large number of programs that the legislature would like to protect. He noted that he is not optimistic about the prospects for a tax extension, particularly if legislators couple it with a ballot measure that addresses pensions. He stated that a recent LAO report showed the impact and magnitude of a budget that cuts without tax extensions. On the positive side, the legislature included some small building projects, particularly at Merced. He stated that UCOP staff are examining its budget, and will cut some centrally funded research programs.

Enrollment. Originally the University planned to reduce enrollment this year, but it will probably remain flat or slightly increase. Faculty size has remained constant across the system. Campuses will tend to reduce the marginal cost of instruction by increasing class size, but this could have an unacceptable effect on quality. Campuses are taking different approaches; some want to increase non-resident enrollment. While UCOP can set enrollment targets, decisions made at the campus level are significant. For example, it is impossible to decouple enrollment management from faculty hiring.

Q: What is the role of UC advocacy?

A: Only the Board of Regents can endorse a pending ballot proposition. In addition to the tax extension measure, there is a measure that could benefit UC by funding cancer research with a \$1 tax per pack of cigarettes. The Governor has not outlined specific cuts if the tax extension does not pass, but he has indicated that a large portion of the cuts will be to education.

Comment. We should take a more proactive approach to budget advocacy. Our default approach is to focus on the erosion of quality. Instead, we should define the cost of educating students and ask how much money it would take to fund them, and then present the numbers to the public and to the legislature. UC has incredible value to students. Student fees comprise the gap between the cost of educating students and what the state provides. We need to convince the students that their education is worth the cost and we need to be honest about those costs.

A: President Yudof noted that marginal cost is difficult to calculate, but UCOP is modeling such scenarios for presentation at the March Board of Regents' meeting, including examining what UC would have to charge over a period of time to maintain its priorities and commitments if it sustained a \$1 billion cut. For example, reducing return-to-aid funds by 5% raises \$100 M. An alternative is to maintain financial aid at the same level, but raise tuition. UC has 230,000 students and it would need to increase tuition by \$5000 to maintain financial aid levels currently provided. If UC is cut by "only" \$500 M, as the governor's budget proposes, tuition would have to be raised by \$3000. Downsizing also is an option, but comes with a host of problems, and would be detrimental to the clinical and research enterprises.

Comment. Any financial modeling should capture the difference in mission between UC and CSU. It is important, but difficult, to convey the additional costs incurred and value of a research university.

Comment. One theme in the campus responses to the funding streams proposal is the critical importance of the link between funding streams and rebenching. We urge that the rebenching process begin as soon as possible. Another theme in the responses is concern over the effect of funding streams on graduate student aid; you should consider delaying implementation of funding streams in regard to graduate students. Finally, the differential effect on campuses should be modeled.

A: President Yudof stated that rebenching may reduce graduate student aid, but funding streams has no effect on it. UCOP has directed campuses to fund graduate student aid in a certain way, but there never has been a dedicated funding source. The funding streams project simply gives the campuses more choices of what to tax. A campus could choose not to fund graduate education, but the policy, itself, does not dictate that choice.

Q: When will rebenching begin?

A: Provost Pitts stated that the funding streams project is dominating budget staff time. He hopes to begin the rebenching process in September. Five Senate members and five Chancellors have been identified to serve on the committee and all of the campuses are represented.

Comment: It is important to begin the rebenching process as soon as possible. Although the budget office may not be able to provide data now, the task force could begin to discuss principles. Given that the process will take time, and it would be ideal to implement rebenching by July 2012, the task force should begin now. If it is delayed it will hinder campus planning.

A: President Yudof agreed that it would be a good idea to begin the discussion around principles and fair methods for allocating state general funds. Provost Pitts stated that the first meeting could take place in the beginning of April.

Q: A primary Regental responsibility is to be the custodian of the state's investment in UC. To what extent is this role relevant, given continued state disinvestment in the University?

A: President Yudof stated that reflection on the role of the Board of Regents is appropriate. He agreed that the governor, who appoints 18 seats on the Board, has disproportionate influence for a low investment. However, the Board is not a representative body. If it were, there would be more students, representatives of the federal government, hospitals and funding agencies. To make changes to the Board of Regents requires an amendment to the state Constitution. The students wanted another seat, but you'd have to amend the constitution.

Q: Next year student fees will be approximately \$12 K per year. For some families that is painful and for some it is a drop in the bucket. Have you given any thought to a progressive gradation in fees?

A: President Yudof responded that this is precisely what Stanford does. While it does not have differential tuition in terms of sticker price, in practice they charge differential average tuition. He noted that while he has thought about it, the student leadership is against it. One would have to charge significantly higher tuition to achieve redistribution.

Q: I heard you were considering allowing voluntary reduction in time for faculty as well as staff.

A: Yes. It will differ from the START program, as it will proportionally reduce pension benefits. If Council thinks it makes sense to extend it to faculty, then we will. However, departments will receive equivalent portions of FTE so they will not be penalized if their faculty participate.

VI. Working Smarter Initiative

ISSUE: UCFW submitted a letter critiquing the Working Smarter Initiative, a UCOP-led set of programs to promote administrative efficiencies.

DISCUSSION: UCFW's chair stated that the main issue is lack of consultation and shared governance. Also, many of the initiatives shift administrative tasks from UCOP to the divisions, and de facto to the faculty. Finally, the Working Smarter report asserts savings but does not provide the data to support the assertions. For instance, it claims that the usage of new tools is a key metric, rather than their utility, efficiency, and acceptability. UCOP should consult with the end-users (faculty and staff) about whether these programs are effective. Chair Simmons stated that he and Vice Chair Anderson met with EVP Brostrom, who said he would recommend to the president that a Senate representative be put on the Working Smarter steering committee. UCPB's chair said that his committee requested utilization data by campus on the strategic sourcing project, but was told that UCOP is not collecting that information. A member stated that Connexus is not available at Berkeley, and others said that many faculty are not familiar with the program. A member stated that faculty will embrace administrative efficiencies if they are well-designed and save money. A member stated that faculty have been active participants in campus initiatives to achieve operational efficiencies. A member asked whether UCOP's effort is coordinated with campus initiatives. A member stated that efficiencies should enhance productivity through time savings, and not merely push costs to the campuses, and that it is important to recognize that not all efficiency initiatives will be successful. For this reason, they should be evaluated.

ACTION: Council approved sending a letter to the president supporting administrative efficiency initiatives in principle, but calling for including faculty in developing and evaluating efficiency projects.

VII. Funding Streams Proposal

ISSUE: Council received responses to the systemwide review of the funding streams proposal and engaged in a discussion of the merits and disadvantages of the proposal, including issues of enrollment management and the relationship of individual campuses to the whole.

DISCUSSION: Council members expressed general support for the principles of the funding streams model and appreciation for the increased autonomy of the campuses to retain and allocate their own resources. Members agreed on several issues. First, the rebenching process must immediately follow the implementation of funding streams. Second, the impact of the proposal on graduate student funding is so unclear that Council could neither endorse nor reject the proposed changes. For instance, it was unclear whether all graduate student support (e.g., teaching assistantships) is considered financial aid. Instead, it requested that staff from UCOP's budget office meet immediately with CCGA, UCORP and UCPB to clarify the implications of the new policy on graduate students and graduate education. Third, Council questioned how the assessment to support central operations will be determined, who has the authority to set it, and how often it will be reviewed. It recommended an annual review of the assessment rate with Senate and campus representation. In addition, many Council members expressed concern that, in the absence of clear mechanisms for enforcement of enrollment targets for undergraduate California residents, allowing each campus to retain the entirety of tuition revenues on the campus will create incentives that undermine central enrollment planning, quality, and UC's accountability to the state. Some members objected to an inequity in the funding streams model in that it allocates future cuts in state funds on a different basis from the allocation of future augmentations. Several members urged that campus budget decision making should be similarly consultative and transparent and urged inclusion of language in the funding streams proposal to promote campus consultation with the Senate on budgetary decisions. Finally, some Council members cautioned that the funding streams initiative could have unintended negative consequences for UC, undermining its identity as a system. Members discussed the issue of non-resident tuition being retained by the campuses. It is intertwined with issues of enrollment management and can only be addressed in the context of rebenching. Members advocated maintaining the incentive for campuses to recruit non-residents, while ensuring that all campuses contribute to the University meeting its commitment to enroll California students and providing a quality education. A member recommended that UCOP issue an annual report on how funding streams changes the behavior of campuses. A member commented that the strength of the Senate depends on the central authority of UCOP; as that is decentralized, it will weaken the systemwide Senate.

ACTION: Council endorsed the concept of the funding streams proposal, and agreed to send a letter reflecting the comments during Council's discussion and in the responses to the systemwide review.

VII. Charge for a Special Committee on Agriculture and Natural Resources

ISSUE: At its December meeting, Council approved the formation of an Academic Council Special Committee on Agriculture and Natural Resources and asked Chair Simmons and Vice Chair Anderson to develop a charge, which Council discussed.

DISCUSSION: Members reaffirmed the need for a Special Committee on ANR to consult about its involvement in academic affairs.

ACTION: Council unanimously endorsed the charge and membership of a new Special Committee on Agriculture and Natural Resources.

VIII. Professional Degree Fees

ISSUE: The provost issued a call for programs that wish to impose a new professional degree fee to submit their letters of intent by March 1 and for programs with existing fees to submit their reports by September 1. Council discussed how the Senate can review these processes.

DISCUSSION: CCGA's chair stated that next week CCGA will discuss proposed program review guidelines for PDFs as well as Self-Supporting Programs for use by divisional Graduate Councils. The Academic Council will have the opportunity to review the draft language at its March meeting. The draft language proposes a more formal process for the involvement of Graduate Councils and Committees on Planning and Budget prior to the submission of proposals for PDFs.

X. Executive Session

Minutes were not taken for this portion of the meeting.

XI. Budget Cuts

ISSUE: UCOP has informed the divisions of target cuts to their operational budgets, assuming that the University's budget will be cut by \$500 million, as proposed in the governor's budget.

DISCUSSION: Divisional chairs reported on how their campuses are absorbing the budget cuts, including how campus administrations are treating divisional Senate budgets and the means and degree to which divisional representatives participate in the decision making process. Council discussed Senate involvement in budgetary decision making, with specific reference to enrollment planning and impact on undergraduate academic programs.

XII. Programmatic Cuts at UCOP

Council did not have sufficient time to discuss this item.

XIII. New Business

Council did not discuss any new business.

Meeting adjourned at 4:30 p.m.

Attest: Daniel Simmons, Academic Council Chair

Minutes prepared by Clare Sheridan, Senior Policy Analyst