

**UNIVERSITY COMMITTEE ON INTERNATIONAL EDUCATION
TELECONFERENCE MEETING MINUTES
DECEMBER 16, 2005**

I. John Marcum's Remarks

ISSUE/REPORT: Director Marcum updated the committee on the current state of the budget crisis. He also outlined the options available to EAP at the present time. He said that EAP confronts a zero-sum situation, and for every proposed budget reduction that is not made, UOEAP must find comparable savings elsewhere. He stressed that UOEAP is proceeding with budget rectification in accordance with principles designed to limit program cuts to a minimum, which will leave the vast bulk of EAP programming unaffected. He placed a high priority on bringing the more costly programs into fiscal balance, thereby increasing the administrative and program efficiency throughout EAP. On the administrative side, UOEAP is intensifying a systematic process to achieve administrative efficiencies that has been ongoing under the supervision of Chief Administrative Office (CAO) Jerry Lowell. In particular, UOEAP has implemented a series of specific measures to ensure that UOEAP will never again fail to detect a sudden and significant deterioration of its financial wellbeing. He noted that the "Great Cities" programs and the UK summer programs have resulted in most of the budget problems, which were based on fees without any reciprocity offset, and they have proved to be more expensive than expected. He also reminded members of the conditions that precipitated this crisis: a sudden unanticipated freeze on new enrollment; a dramatic drop in the value of the dollar abroad; a major paradigm shift in the pattern of EAP participation from over 80% full year to 80% single semester (which greatly increased administration costs); an outdated funding model based on full time equivalents (FTE); only partial funding for summer programs; and expenses imposed on new UC facilities abroad. He also added that UOEAP has been obliged to supplement the campus EAP offices from its own budget.

II. Discussion Questions

ISSUE/REPORT: Chair Burwick allowed members to ask questions of the consultants.

DISCUSSION: One member asked for clarification on the narrative summary of the budget cuts, which calls for a reduction of UOEAP's budget by about \$1/2 million and the spreadsheet, which only seems to show that UOEAP's budget being reduced by about \$1.5 million. Consultant Scott Cooper responded that the entire portfolio of EAP programs must balance. He clarified that the spreadsheet, which anticipates the implementation of these cuts, shows that by the end of the four years, EAP would be able to erase the budget. He also said that over the next couple of years, UOEAP is trying to cut ten FTE through attrition, retirement, and reassignment. Scott clarified that 70% of UCOP money goes to UOEAP and 30% goes to the campuses' General Funds (which is distributed by the campus administrations). Given that the EAP offices do not always receive the full 30% of the budget formula above, UOEAP also provides \$650,000 (to all of the campuses), another \$120,000 for academic integration staff, and two course releases for the EAP faculty directors. He related to members that the course release program was only recently established a couple of years ago because UOEAP realized

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that there was uneven support for course releases for faculty campus directors across the campuses. He said that the campus course release funding has been cut in this proposal under the rationale that these should be provided by the individual campuses since the faculty campus directors report to their respective campus administrations. An alternative course release proposal was introduced in which UOEAP would provide one course release with the campuses matching it with another. Members also felt that the discrepancy between the 30% of UCOP funding allocated to the campus EAP offices and the amount that they actually receive via the General Fund should be looked into.

Members asked consultants to explain the process by which they reached their decisions on which programs to cut. They also noted that EAP should be investing, not divesting. Scott Cooper responded that EAP became aware of the budget problem in early November. Initially, UOEAP made cuts to its operating budget without cutting academic programs; however the savings accrued were not enough to balance the budgets. UOEAP realized that it would have to make academic program cuts, but they knew that UCIE would be critical in this process. They also felt that there was some urgency in making these cuts for a couple of reasons. First, students will be applying in January; and second, the longer the delay, the larger the budget deficit grows. Then UOEAP drew up logical “principals” that would be used to evaluate proposed program cuts: small expensive programs (if less than 15 FTE and cost more than \$20,000/year), all summer programs except those that are language & culture or special focus in nature (i.e. UK Summer), and duplicative self-construct programs such as the “Great Cities” programs (i.e. Paris and Rome). In the end, they decided to restructure the Rome program, rather than cut it entirely (since it is unique). UOEAP will be eliminating the second semester of Paris, and they are delaying the start of the summer language/culture in Paris. At this point, there is not an alternative for introductory Spanish in Spain. UK Summer is a little different. Since UK Summer is set-up primarily for students who wish to fulfill breadth requirements abroad, and students can fulfill breadth requirements anywhere, it is a good program to eliminate. Members noted that there is a possibility of a campus entity (such as UCI) taking over UK Summer from EAP. They wondered why a campus entity could theoretically make a profit, while EAP cannot. Scott responded that EAP tries to keep costs down for the students. He said that most likely, any campus entity would simply charge students the full rate, which would increase the cost of UK Summer. The issue of new programs also came up, especially with regard to Madrid and Paris. Scott explained that since Rome is not being cut, but only restructured, the start date of the Paris program has been extended and the second semester of the Paris program has been cut in order to recoup these costs. The reason that Madrid is not being cut is that there is not any alternative for introductory-level Spanish.

Members also asked UOEAP consultants why they did not simply ask UOEAP for a line of credit or a loan, which could be used to balance the budget. Scott Cooper stated that they decided not to ask for a loan because, given the current budgetary environment, UOEAP might be turned down. Instead they pursued a dual-strategy of (1) working towards reducing the budget deficit; and (2) working with UCOP on long-term strategies to improve EAP’s funding formula. He added that John Marcum recently met with Larry Hershman, who recognizes that the current EAP funding model simply does not work.

UOEAP agreed with UCIE members that the EAP student application fee should be eliminated, and plans to either integrate it into a student participation fee or get additional monies from UCOP.

Finally, members asked why did the crisis burst upon UOEAP so suddenly. Scott explained that new accounting procedures have been gradually instituted over the past three years, which made UOEAP aware of the budget problems. Members also wanted to know if there are plans to revise this budget plan or extend the time line for making these decisions, given that additional input has been received from various entities since the drafting of the original budget plan. Scott responded that UOEAP is open to any suggestions that UCIE members may have in the final disposition of budget cuts.

III. Discussion of Responses--I

ISSUE: Chair Burwick invited members to discuss the consultants' responses to their questions. Consultants were allowed to remain on the call during this discussion.

DISCUSSION: Members agreed that more time is needed to study the implications of the proposed academic program cuts. They also wanted time to gather input from their campus constituents. Scott Cooper reported that the Council of Administrative Directors (CAD) met a few days ago and they reached consensus that they could manage these cuts through the redirection of students to other programs, etc. However, Peter Schiffman, the representative from the Council of Campus Directors (CCD), said that CCD members have voiced concern about these cuts and have not reached a consensus at this point. One member asked why UOEAP has not made any cuts to its academic integration efforts. Scott replied that most funds devoted to academic integration go to the campuses. He added that UOEAP only has one staff person devoted to academic integration, so the UOEAP internal funding is actually quite minimal. Members said that they would like to see UCOP grant UOEAP a line of credit, or at least provide a longer time-line, to better manage the cuts. They also agreed that UOEAP needs to deliver a revised document, which would include the course release proposal mentioned above.

IV. Discussion of Responses--II

ISSUE: Chair Burwick opened up the floor for a second round of discussion. Members invited consultants to remain on the line to provide responses to members' questions.

DISCUSSION: Chair Burwick asked the consultants about the consequences if a decision on these cuts were delayed. Scott Cooper responded that this is hard to determine since UOEAP does not know if UCOP will grant a line of credit. However, he did say that if EAP continues along its current path, it would easily accrue an eight million dollar debt within only a couple of years. Members agreed delaying a decision on the cuts indefinitely is not a feasible course of action. Moving back to individual budget items, one member asked if it would be reasonable to add a temporary surcharge to some of the more expensive self-construct programs. Scott responded that there is a general reluctance to institute surcharges; however EAP does get additional monies for its scholarship fund. It would be possible to shift some of these scholarship monies; however EAP is reluctant to do this. They also asked if there would be any savings

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accrued from extending some Study Center Directors in certain countries. Bruce Madewell reminded members that the following programs are possibilities for Study Center Director extensions: France Lyon, Paris, Spain Granada, UK/I Bloomsbury, and possibly the Italy immersion programs. The rationale for these extensions is that placing new people in these programs would be difficult given the proposed changes, as well as costly (relocation expenses, etc.). All told, these cost savings amount to approximately \$50,000.

Members turned their attention to the application fee and EAP contracts/agreements with outside providers (primarily ACCENT) that host some of its self-construct programs. A lot of these self-construct programs have contracts with ACCENT. Members wondered if this is the most cost-effective way to go. As an example, Scott presented the case of Rome, for which UOEAP has received two proposals (one from ACCENT and one from the Rome Study Center Director). The cost difference between these proposals is only about \$100,000, which is not a huge. However, both proposals would save EAP approximately ½ million dollars per year. Scott also stressed that an automation project is ongoing at UOEAP, and it will be finished in about one year. Members also raised the possibility of fund raising by UOEAP. Scott said that traditionally fund raising has been under the purview of the campuses. He added that UOEAP does not have the personnel resources to pursue fund raising at this time.

Several members expressed reluctance to vote on a budget proposal at this time. They urged that UOEAP should revise the budget proposal according to UCIE's input. Scott responded that UOEAP will change the budget proposal with the following specific changes: Re-evaluate campus Director course release funding; change the time-line from three to five years; and change the application fee to a participation fee. He anticipated that a revised budget will be ready in early January. The possibility of reciprocity cuts was also raised, specifically in regard to the elimination of the health care insurance. Why is this cut being phased in and not being cut immediately? Scott responded that this kind of funding is built into EAP's contracts/agreements with its host institutions, which are reevaluated on a two-year basis. Therefore, if these cuts were made immediately, it would antagonize partner institutions. One member was also interested in hearing feedback from other Study Center Directors, and asked if UOEAP had received budgets from them. Scott said that they are talking with other Study Center Directors and they have received a number of alternate budget proposals from the "Great Cities" Study Center Directors, which they are considering (or have already included in the current budget proposal). For example, the Alcalá Study Center Director in Madrid has proposed that the cuts to the Alcalá program be instituted over a three-year, rather than a one-year, time-line. Another member asked if EAP has put a moratorium on program development during this time. Scott clarified that EAP is adding an art option to the Bologna program because EAP is cutting the art program at Brea, which was very costly. There are very few additional costs in adding another option to the existing Bologna program. He added that there is no reason that EAP cannot add new programs as long as their costs are relatively low and do not add to EAP's budget deficit. Finally, members asked about EAP's long-term budgetary health. Scott responded that there is a need to change the UCOP funding model and asked for the support of UCIE members in that effort.

V. Actions

A. Study Center Directorship Extensions

ISSUE: The committee considering extending several of the Study Center directorships (France Lyon, Paris, Spain Granada, UK/I Bloomsbury, and possibly the Italy immersion programs) through June 30, 2008. These would be one-year administrative appointments, offered to several of the Study Center Directors in the circumstance of excellent performance by the director and where local conditions at the Study Center allow. This unusual request is triggered by the necessity of having someone on site at these Study Centers with the skills and knowledge to facilitate the programmatic changes that will be a consequence of the budget reductions. It will be very difficult or impossible for a new director to negotiate and facilitate these programmatic changes. The other argument in favor of these one-year extensions is that there will be significant cost savings, because we will not have the expenses associated with displacement and moving families, and the travel for both the general and country-specific orientations.

DISCUSSION: One member asked if any of these Study Center Directors are slated to step down this year. Bruce Madewell replied that no, this would be for the next recruitment cycle.

ACTION: Seven votes in favor; the action passes.

B. Budget Principles

ISSUE: Members discussed the budget principles, as contained in the narrative budget summary.

DISCUSSION: Members tried to reach consensus on the principles without agreeing on the specific program cuts. In response to members' questions, Scott clarified that the Leiden cut has already been approved by UCIE on academic grounds. Brea is being cut due to a lack of student participation. The Siena recommendation was already approved by UCIE last year. The DIS in Denmark was recommended for elimination because it is a very small architectural program (enrolls mostly Berkeley students), which is also very expensive.

ACTION: Motion made to agree on the principles and seconded. Seven votes in favor; action passed. All four principles have been approved. UOEAP will provide a revised budgetary statement by next week (it will also go to CCD, CAD, and the Study Center Directors), which will be sent directly to UCIE members. Budget will incorporate the suggestions made during the meeting.

C. UCPB Involvement in the EAP budget plan

ISSUE: Members discussed the possibility of involving the UC Committee on Planning and Budget (UCPB) in addressing EAP's budgetary issues.

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DISCUSSION: Academic Council Chair Brunk recommended that UCIE Chair Burwick share with UCPB Chair Stan Glantz EAP's budgetary concerns, and especially the concern about the longer-term budgetary plan (the funding formula) for EAP. He noted that any revolving credit arrangement with UCOP will need to be worked out with UCPB.

ACTION: UOEAP will draft a jointly signed letter (John Marcum and Fred Burwick) to UCPB Chair Stan Glantz regarding the EAP budget crisis; Council Chair Brunk will place the EAP budget crisis on the January Academic Council as an information item.

The next teleconference will take place on Wednesday, January 4th at 10 AM.

Meeting adjourned at 12:15 PM.