

UNIVERSITY COMMITTEE ON PLANNING AND BUDGET

MINUTES OF MEETING

NOVEMBER 1, 2016

I. Chair's Announcements*Bernard Sadoulet, UCPB Chair*

Update: Chair Sadoulet updated the committee on several items of interest from the Academic Council meeting of October 26, 2016.

1) Enrollment of California undergraduates: UC is struggling to accommodate the mandated increase in enrollment, and future enrollment targets may be higher still. The all-or-nothing deal with the legislature seems to have led to over-enrollment by about 900 students, but subsequent targets (2500 in FY17-18 and presumably the same in FY18-19) will be added to the current over-enrollment.

2) Academic quality: Physical capacity limits on the campuses may impair academic quality as classroom space, lab space, and housing are oversubscribed. Assessing academic quality in real time has proven difficult, and many are concerned that student needs are not being met.

3) Joint meeting with EVCs: The Senate and the EVCs share similar concerns regarding Sacramento and seek more standardized metrics for quality assessment.

4) Graduate student support: UC will ask the state for support for 900 new graduate students. UC hopes to convince Sacramento that graduate students enhance the undergraduate experience by mentoring undergraduates, providing a more robust academic environment, and serving as teaching assistants, in addition to their capacity to advance the field and fill the professorial pipeline.

Chair Sadoulet also reminded the committee of their role in forming a new task force to provide oversight on the Division of Agriculture and Natural Resources (ANR). ANR has a budget of nearly \$300M, but budget transparency has been historically lacking. The ANR mission is not in question, but its role in research and its financial interaction between ANR and the rest of the university community remain unclear. Members are encouraged to submit potential members; program review experience is more valuable than subject matter affinity.

II. Consent Calendar**1. DRAFT Minutes of October 4, 2016**

Action: The minutes were approved pending final electronic edits.

III. Consultation with Senate Leadership*Jim Chalfant, Academic Council Chair*

Update: Chair Chalfant updated the committee on several items of interest:

- 1) The Regents will vote on a budget in January. A "positive tuition adjustment" is expected.
- 2) In March, at the chancellors' request, there will be an International Thinking Day.

- 3) The Regents will hear in November valuations for UCRP and the retiree health program. Given the broad public concerns about public pension management, discussions on adjusting the discount rate could prove tricky. Nonetheless, UC's pension policies should help hold UC in good stead; unlike other programs, UC includes salary growth in its amortization projections, for example.
- 4) Changes to summer salary calculations have raised questions about the administration of certain classes through University Extension programs.
- 5) Proposed revisions to the Professional Degree Supplemental Tuition (PDST) policy are forthcoming.
- 6) A new policy on information security will soon be sent for management review. The current draft is highly technical.
- 7) The Regents are considering a limit on the number of non-residents that can enroll at UC campuses. Several methods of limiting the total ratio of non-residents are being considered.

IV. Consultation with the Office of the President – Chief Finance Officer

Nathan Brostrom, CFO

Nina Robinson, Associate President, Chief Policy Advisor

David Alcocer, Interim Vice President, Budget Analysis and Planning

1) Enrollment:

Update: AP Robinson reported that UC exceeded its target of 5000 new California undergraduates, a total further swollen by good retention rates. For fall 2017, an additional 2500 California undergraduates have been mandated by Sacramento – on top of the extra yield. The campuses have submitted growth projections, and UCOP is working to make the targets exact. There may be a slight change in the undergraduate to transfer enrollment ratio to accommodate a spike in new first-year students. Final targets should be generated by the end of December.

Discussion: Members noted that reports of underprepared transfer students are increasing, with some being found to lag first-year students in terms of academic preparation. These reports have led some to wonder if admission standards have dropped in order to accommodate Sacramento enrollment mandates. AP Robinson noted that time to degree and graduation rates are higher for transfer students across the board. Transfer GPA is not necessarily reflective of level of preparation.

2) 2017-18 budget:

Update: Mr. Alcocer reviewed core budget assumptions: The marginal cost of instruction for an undergraduate is \$18K, with 10K expected from the state and 8K from tuition and return to aid. The budget will also reflect the updated non-resident predictions, 3-5% increases for represented employees, the usual 3% for non-represented staff salary increases, and 3% for the faculty merit program. Mandatory cost increases include 4% for benefits, and debt service obligations are included. Clearly, the anticipated 2.5% tuition increase will lag expected growth in expenses.

Discussion: Members wondered how UC could grow given these numbers. CFO Brostrom reminded members that the campuses will again split \$50M in permanent funding for academic quality, and that other fund sources could be used for various

operations and mission critical functions. Members asked if campuses had budgeted in the loss of state-supported students given the increase in SSPs.

Strategies for capping non-resident enrollment could include cohort totals, or a system cap with campus caps beneath it.

Members asked how the campuses were spending the funds dedicated to reinvesting in academic quality, noting that the EVCs could not give an accounting to the Council last week. EVP Brostrom suggested that VCPBs should be able to itemize those expenditures. Members also asked if these incremental investments were changing the trajectory of any programs.

3) Rebenching:

Update: Mr. Alcocer recalled that the objective of rebenching was partly to illustrate to the state that UC's limited central funds were being allocated equitably across the campuses. The central funds in question include state general funds, UC general funds, and core fees. Since 2007, these funds no longer come to UCOP for redistribution; instead they are sent directly to the campuses according to the rebenching formula, which standardized the rate per student and brought all campuses up to the same funding rate per student over the course of the program. President Napolitano accelerated the last two years of the project.

Next month's discussion will focus on rebenching assessments.

V. Systemwide Review Items

1. Self-supporting Programs

a. UCI Business Analytics

Abel Rodriguez, UCSC Representative and Lead Reviewer

Issue: Overall, this proposal is well-written. Additional clarification on the use of the revenue fund would enhance the proposal. The assumed inflation rate seems too high, and return to aid/access could be clearer. The model for faculty compensation is well done and specifies how overload teaching will be compensated.

Action: Analyst Feer will draft a memo to CCGA conveying UCPB's concerns.

b. UCI Conservation Management

Item deferred.

c. UCSF Doctorate of Nursing

Item deferred.

d. UCLA Business Analytics

Item deferred.

2. Proposed UCI School of Nursing

Russ Pieper, UCSF Representative and Lead Reviewer

Issue: The proposal is to convert the current UCI department of nursing into a school. In part, the impetus comes from the receipt of a large cash donation (\$40M), but the campus has also planned to expand its medical center and establish a school of nursing. There are clear plans for faculty recruitment, and funds for this purpose have already been approved. The market analysis could be strengthened by specifying the need for nurse practitioners and including a tuition analysis. Similarly, the fee breakdown could

be more explicit, and access and return to aid goals need clarified. Campus matching funds and other local backstops have been demonstrated to the campus reviewers, though some minor questions remain. The steady state size is smaller than other schools, but seems to match the anticipated size of the UCI medical center.

Action: Analyst Feer will draft a memo to CCGA summarizing UCPB's findings.

3. Proposed Presidential Policy on International Activities

Discussion: Members raised concerns about the lack of Senate consultation in the development and approval processes. Members would also like greater specificity regarding the size threshold required to trigger stricter review. Deadlines should also be included.

Action: Analyst Feer will draft a memo to Council for electronic approval.

4. Proposed Amendments to SBL 182 (University Committee on International Education)

Item deferred.

VI. UCPB Planning

Item deferred.

VII. New Business

Item deferred.

Adjournment at 3:30 p.m.

Minutes prepared by Kenneth Feer, Principal Analyst

Attest: Bernard Sadoulet, UCPB Chair

Attendance:

Bernard Sadoulet, UCPB Chair

Josh Schimel, UCPB Vice Chair

Raveevarn Choksombatchai, UCB

Bob Powell, UCD

Jim Steintrager, UCI

Tim Lane, UCLA

Mukesh Singhal, UCM

Christian Shelton, UCR

Andrew Kahng, UCSD

Russ Pieper, UCSF

Ann Jensen Adams, UCSB

Abel Rodriguez, UCSC