

Minutes of Meeting
June 7, 2016

I. Announcements

Shane White, UCPB Chair

Update: Chair White updated the committee on two items. First, the Regents received the first campus budget update from Berkeley in closed session at their May meeting. At the president's request, in addition to budget information, data on diversity and student outcomes were added to the template. The remaining presentations will be in open session, three at a time over each of the next three meetings. Second, UCPB and CCGA leadership have been working to improve the self-supporting program review process. Goals are to increase budget transparency and to facilitate timely review.

II. Consent Calendar

Note: Item deferred.

III. Consultation with UCOP – CFO Division

Peggy Arrivas, AVP and System Controller

Issue: AVP Arrivas shared the draft template for the remaining campus budget presentations. Merced, Santa Cruz, and San Francisco will present in July.

Discussion: Members asked where research and academic achievement were reflected in the templates, and AVP Arrivas indicated that most data was taken from the annual accountability reports and reminded members that the president has determined what content would be presented. She added that the capital assets figures do not reflect deferred maintenance, which is reported separately elsewhere. It is expected that most campuses will report that expenses are out-pacing revenues across the board, and each will present a range of options for redress. Medical center data do not include fee for service exchanges. Members asked the campus budget offices worked with the systemwide office and whether each campus would present the same budget categories and subcategories. AVP Arrivas referred members to the budget office for a careful description of campus-level interactions. She noted that the source of several data points is the same across campuses, such as debt derived from systemwide bonds. Members asked if longitudinal or comparative data would be provided for greater context and to illustrate how efficient the UC really is. AVP Arrivas noted that the budget office was developing a new financial planning group to help in such efforts.

IV. Campus Updates

Berkeley: Confidence in campus leadership remains precarious. Re-hiring a former provost on an interim basis is being widely viewed as a prudent step. Vice Chancellors for Administration and Academic Planning remain under recruitment. Morale concerns have been raised in several corners.

Davis: 1) The campus CFO resigned suddenly, and information has not yet been forthcoming. 2) This event has fed into extant concerns regarding campus leadership. 3) The external fact finding investigation of the chancellor continues. 4) Campus leadership has advocated for retaining maximum flexibility in the administration of faculty salary increases, especially for equity and other high need areas. Some faculty are concerned that this approach reflects a shift to a pay-for-performance model away from the traditional faculty scales. Ideas of how to preserve the scales are being sought. How can off-scales be normalized? How can the counter-offer culture be countered?

Irvine: The campus has also been discussing improvements to the SSP proposal process, such as by standardizing and streamlining the process. This is the best opportunity to address persistent gaps in previous proposals, such as lack of return to aid or sloppy accounting for classroom space, faculty time, and service and research values.

Los Angeles: 1) The campus is still reeling from the recent shooting. Many have raised concerns over the fact that only 8 UCLA police officers are on full-time payroll, although funds for 3 more have been approved. Communications and cooperation between campus and city officers is under scrutiny. 2) Graduate student cost increases are being sought to address student services and safety concerns. Greater training for faculty in handling troubled students has also been requested. 3) A work-force training program is being developed.

Merced: 1) The campus 2020 development plan is moving ahead. 2) There are concerns over some faculty hiring processes.

Riverside: 1) New faculty are being hired in clusters, but there is not adequate office space for new hires. 2) A new budget process is being tried, and the allocations committee is developing its recommendations.

San Diego: 1) Students passed a referendum calling for the campus to join Division I NCAA athletics; the Senate will consider the issue in the fall. 2) The campus budget process is just beginning.

San Francisco: The campus secured a \$100M donation for a new neurological institute. This will be the latest in a series of donor-named facilities. Philanthropic efforts have been successful, but some wonder about hidden or long-term costs from over-reliance on this method of funding.

Santa Barbara: 1) Several deanships have turned over recently. 2) The campus budget is balanced in the short-term, but long-term concerns remain. Start-up costs for STEM fields are a particular concern. Housing limitations in the area are also an obstacle, and some have raised concerns about funding restrictions from philanthropic donations.

Santa Cruz: 1) The campus lost the NASA Aims contract; funds and prestige were both lost. 2) A nearly across-the-board budget cut of 2% has been requested to meet mandatory expenses.

V. Consultation with UCOP – Academic Personnel

Susan Carlson, Vice Provost

Amy Lee, Diversity, Labor, and Employee Relations Director

Issue: Per new federal guidelines, employers must implement a new threshold for exempt employees. The new threshold is \$47K, and implementation must occur on December 1. Employees whose pro-rated annual salary does not achieve the new threshold must be hourly and thus eligible for overtime. Specialists and post-doctoral scholars in the UC community are

the populations most impacted by the change. Part-time employees with pro-rated salaries at the new threshold who are currently exempt will have to be converted to hourly, as well. UC could see significant cost implications as a result of this change, and Academic Personnel has formed a working group with OGC to ensure UC efforts are in compliance. Federal government relations (FGR) is working with NIH and NSF to raise the amount of grant funding on a go-forward basis, if successful.

Discussion: Members asked if post-doctoral scholars could be classified as trainees, and thus remain exempt employees. Ms. Lee indicated that federal regulations reserve trainee designation for medical and veterinary medicine interns, with a select few other groups. Members asked how many post-docs would be impacted, and at what cost. Members also asked if the threshold included total income, or individual employer totals not considered cumulatively. Ms. Lee noted that final decisions have not yet been made, but noted that it would be difficult for UC to track outside hours for all possibly impacted individuals. Most post-docs are approximately \$3-4K dollars below the new threshold, but that is before the value of benefits are factored in. The J1 visa loophole has also been closed. Teaching post-docs are excluded from the new regulations. Feedback is being sought from various internal UC stakeholder groups, including other Senate committees, APDs, and EVCPs. That post-docs are unionized is another factor that must be considered.

VI. Consultation with UCOP – Provost

Aimée Dorr, Provost

David Alcocer, Director, Operating Budget, Office of Budget Analysis and Planning

Issue: UCPB has asked for greater financial planning data to be included in SSP proposals. Director Alcocer has provided the committee with a copy of the budget spreadsheet proposers must submit at the campus level.

Discussion: Members noted other areas that need further financial explication, such as faculty buy-outs, diversity and access planning, return to aid policies, and impacts to other programs who share resources. Director Alcocer noted that access and aid concerns are complicated by the fact sometimes employers pay the fees for these programs. Members noted that the worksheet is helpful and should be included when proposals are sent to systemwide for review. Provost Dorr cautioned that the worksheets are only estimates.

VII. Consultation with UCOP – Budget and Enrollment

Debbie Obley, Associate Vice President, Budget Analysis and Planning

Todd Greenspan, Director, Academic Planning

Issue: AVP Obley reported that the UC budget is in conference committee in Sacramento, but that few changes are expected. The legislature has included funding for graduate students, but it may not survive the governor's line-item veto. The legislature has also moved closer to funding students at the \$10/S mark that UC uses for its planning purposes. Sacramento is using the NACUBO formula for cost of instruction calculations, and UC will use this figure as a comparator data point, even though UC has determined it to be overly simplistic and generating low estimates. How to handle non-resident students remains a thorny issue to many in Sacramento. The Assembly has proposed annual audits for UC.

Director Greenspan reported that freshman Statements of Intent to Register (SIRs) place UC in a good position to meet its enrollment targets, but summer enrollments need to grow more.

Discussion: Members noted that non-resident statistics had been cast in the light of revenue targets, not diversity or academic planning frameworks. Members asked if the state had considered where to house and educate the new students it demands UC enroll, and AVP Obley indicated that the campus 5-year plans are intended to help address this question. Director Greenspan noted that UC's high enrollment of first-generation students and under-represented minority students contributes to its higher cost of instruction and its need for greater student support services, and noted the accolades UC receives as an institution of social change and mobility. UC will not propose any capital bonds in the immediate future.

VIII. Consultation with Academic Senate Leadership

Jim Chalfant, Academic Council Vice Chair

Update: Vice Chair Chalfant updated the committee on several items of interest: 1) UC may set an aspirational growth target for academic PhDs relative to the student body of 12%. It is not clear how UCOP conducts graduate student enrollment planning vis-à-vis undergraduate student enrollment planning. 2) Concerns around the 2016 pension tier now include that it offers more than the minimum legal requirement, and so should be rejected. This sentiment seems rooted in executive compensation concerns. 3) The Regents have recommended greater support services for undocumented students. 4) Access and diversity are seemingly more valued than academic quality among more of UC's stakeholder groups and decision-makers. 5) The Regents proposed changes to their governance structure should actually strengthen the Senate, but close watch is being kept to ensure that outcome. 6) More calls for divestment have been heard; UCPB should plan to discuss this topic in depth in the fall.

IX. Further Discussion

None.

Meeting adjourned 3:40 p.m.

Minutes prepared by Kenneth Feer, Principal Analyst

Attest: Shane White, UCPB Chair

Attendance:

Shane White, UCPB Chair

Bernard Sadoulet, UCPB Vice Chair (phone)

Jenna Johnson-Hanks, Berkeley

Mitch Sutter, Davis

Jim Steintrager, Irvine

Monica Smith, Los Angeles (phone)

Mukesh Singhal, Merced (phone)

Ken Barish, Riverside

Sonia Ramamoorthy, San Diego

Russ Pieper, San Francisco

Josh Schimel, Santa Barbara

Loisa Nygaard, Santa Cruz (alternate)