I. Announcements

Bernard Sadoulet, UCPB Vice Chair

Update: Vice Chair Sadoulet noted that Chair White would be late, and reviewed the agenda for today’s meeting.

II. Consent Calendar

1. Draft Minutes of March 1, 2016
   Action: Item was withdrawn for further editing. A revised draft will be circulated electronically for approval.

2. Draft Minutes of April 5, 2016
   Action: The minutes were approved as noticed.

III. Campus Updates

Berkeley: A crisis of confidence in campus leadership is reaching a head; there may be a vote of no confidence at the local assembly meeting later today. Significant leadership turnover is contributing to the unease. Three major issues are dominating conversation: 1) the campus structural deficit, 2) academic realignment and planning absent academic consultation, and 3) the handling of sexual violence and harassment cases.

Davis: The chancellor is under scrutiny for her post-crisis actions, participation on external boards, and allegations of nepotism. President Napolitano has empowered an external investigator. The need to refute innuendo and speculation with facts is challenged by behind-the-scenes actions. The local assembly will meet today to discuss these issues.

Irvine: Potential academic realignments could impact the College of Medicine or the School of Public Health. Philanthropic successes will likely impact these programs, too.

Los Angeles: 1) Planning to accommodate increased enrollment in terms of classroom space, dorm space, and instructor time has occupied significant campus attention. 2) Space and deferred maintenance concerns are being raised with increasing urgency. 3) How best to use the Geffen Academy for recruitment and retention in light of enrollment limitations requires further analysis. 4) Donors seem to be placing more restrictions on the use of donated funds, which could negatively impact governance and planning.

Merced: The Project 2020 plan includes faculty cluster hiring, and that the clusters are not evenly distributed across disciplines concerns many.

Riverside: Plans to cluster hire faculty are incurring backlash, especially given what is considered a lack of planning regarding space and departmental academic coordination. The campus may be overenrolled this fall.

San Diego: 1) The medical school revised its budget process, which was well-received by faculty. The clinical, instructional, and research buckets are more clearly defined. 2) This year’s salary administration awarded no funds to redress equity, claimed exceptional merit had
already been compensated, claimed the range adjustment was already implemented, and so the focus was on addressing compression concerns. 3) Changes to local budget processes are being considered that would centralize certain funds so that departments do not retain unused funds. The Senate is participating in the discussions. 4) The campus EVC/Provost is retiring this year. 5) Enrollment projections are as expected.

San Francisco: (absent during this item)
Santa Barbara: (absent)
Santa Cruz: 1) The campus lost a NASA contract, to a loss of $3.5 million in administrative fees. 2) Enrollment projections are pending intent-to-register statement submissions. 3) The provost search continues; a short list should be generated soon.

IV. Systemwide Review Items
1. Proposed Revisions to APM 360 and 210.4 (Librarians and Review Committees)
   **Action**: The committee elected not to opine on this item.

2. Proposed Self-supporting Program: UCI Master of Finance
   **Discussion**: Members noted that additional financial details would improve all SSP proposals, and that new SSP guidelines may be issued soon. Rates should be determined and submitted for space, return to aid, and the like.
   **Action**: The response was approved as noticed.

V. Consultation with Academic Senate Leadership
   **Jim Chalfant, Academic Council Vice Chair**
   **Update**: Vice Chair Chalfant updated the committee on several items of interest: 1) Communications for the new pension tier are being drafted in advance of the July 1 launch. 2) The report on the administration of last year’s faculty salary increases has been circulated. Senate leadership continues to work to educate the administration and others on the UC merit and scale system. 3) Berkeley wants to ask applicants about alumni contacts, but some are concerned it would send a mixed signal regarding legacy admits and merit-based admits. 4) Several recent Senate successes seem to be attributable to use of a “cloakroom lobbying” strategy. 5) The findings of the Joint Committee on Faculty Discipline are being scrutinized closely both from within and without the University.

VI. Consultation with UCOP – Academic Personnel
   **Susan Carlson, Vice Provost**
   **Janet Lockwood, Director, Academic Policy and Compensation**
   1. Health Sciences Compensation Plan (HSCP) Overview
      **Issue**: UC is unique in its administration of health sciences compensation; most competitors administer theirs through a 501 (c)(3), but UC manages its in-house. APMs 670 and 671 govern the HSCP, and 13 of UC’s 17 health science schools participate in HSCP. (The non-participating schools are public health at UCLA and UCB, nursing at UCLA, and veterinary medicine at Davis.) Health sciences faculty comprise 43% of all faculty, 22% of tenured and tenure-track faculty, and 32% of Senate faculty. The goal of the HSCP is to manage clinical revenue, which can be pooled and then redistributed, in accordance with applicable tax laws. HSCP also governs how non-state funds are paid
HSCP has several components, with the X component being tied to the general campus scales. There are 10 levels to the HSCP, with 0 being the standard scale, and levels 1-9 having multiplication factors. HSCP scales are referred to as $X'$, or x-prime, and are also known as academic personnel units (APUs). The Y and Z portions of HSCP salaries are negotiated annually with the chair. Y is the expected clinical production and is usually stable from year to year, but can vary to reflect performance or outside activities. Z is incentive-based and often formula-based; it may be tied to the number of patients or procedures, for example. APM 671 specifies limitations on outside professional activity (OPA), and generally prescribes the same limitations as on the general campus: There is a maximum of 48 days/year with a 21 day floor; maximum earnings are capped at $40K/annually or 40% of scale 0, whichever is greater. Some schools and departments place further restrictions and offer additional guidance.

**Discussion:** Members speculated as to the cash flow transfers between the medical centers and their affiliated general campuses, and it was observed that most fee transfers are for payment of services, not philanthropic donations.

2. **Salary Strategies**

**Issue:** Vice Provost Carlson has enjoined UCFW to help develop new ways of framing salary discussions for both internal decision-makers and external observers. Should the scales be retained or adapted? What options are available to close the cash compensation gap, or should UC focus its efforts in other areas? President Napolitano has voiced her preference for plans that stress merit, but it is not clear that she has operationalized the term in the same manner as UC faculty. UC faculty evaluate merit according to the tenure review cycle, which for any given faculty member, is not an annual event; President Napolitano has asserted that reviews must be conducted annually. Members are encouraged to think creatively: If there were plenty of money, how would it best be allocated?

**Discussion:** Members noted that some of the compression and inversion in evidence today is a result of abandoned multi-year compensation plans from the past. Members also noted that annual reviews sometimes lead to short-term thinking. Recent salary actions have been unduly complicated; the cost and difficulty of administering them, especially given the low total funds involved, has left many dubious of the administrations intent to act meaningfully on the problem. Past problems have not yet been resolved, either, such as how to handle off-scale and above scale salaries vis-à-vis those on scale.

VII. **Systemwide Review items (II)**

3. **Proposed revisions to APM sections 278, 210.6, 279, 112, and new APM 350 (Clinicians)**

**Action:** Chair White, UCSD Representative Ramamoorthy, and UCSF Representative Pieper will draft a response off-line for subsequent electronic approval.

VIII. **Consultation with UCOP – Budget and Enrollment**

*Debbie Obley, AVP, Budget Analysis and Planning*

*Todd Greenspan, Director, Academic Planning*

1. **Non-resident Supplemental Tuition (NRST) Spending**
**Issue:** AVP Obley noted that most increases in tuition recently have been in response to cuts in state funding, and that NRST funds and state funds are used for the same purposes. The indictments of UC’s NRST spending in the state audit do not withstand intellectually rigorous analysis. It is expected that other areas exposed in the audit will be the focus of external scrutiny going forward.

2. **Non-resident enrollment cap**  
   **Issue:** AVP Obley reported that the legislature is keenly interested in capping UC’s out-of-state enrollment, possibly at a level lower than current enrollment. A 25% cap is workable from UC’s point of view, and some have posited that it would be a natural cap anyway due to cost burdens and the difficulty undergraduates face in becoming California residents. Complications arise from the need to grow the Merced campus, from the higher levels of non-resident enrollment at high profile campuses, and how non-resident tuition should be used from a systemwide perspective. Another complicating factor is the upcoming end of rebenching and the subsequent reversion to the state allocation funding formula.

3. **Funding for academic quality**  
   **Issue:** Securing funds for academic quality may be a political challenge: recent state disinvestment coincides with increased under-represented minority enrollment. The Regents budget includes $50M/annual increases for academic quality; this is year 2 of 5, for a total base budget increase of $250M/annually for this purpose. Chancellors have discretion regarding spending, and common priorities include IT upgrades, deferred maintenance, faculty salary increases, and the like. They are not asked for itemized reporting on how they spend these funds.

4. **Enrollment projections**  
   **Issue:** Statements of intent to register are still being received, and transfer students have another month after native freshman to submit their decisions. The systemwide total is being evaluated in Sacramento for release of additional funds, per the budget agreement with Governor Brown.

**IX. Consultation with UCOP – CFO Division**

*Nathan Brostrom, EVP and CFO*  
**Issue:** The Regents will hear campus budget overviews at their next several meetings. The impetus arose at Berkeley and their structural deficit. A “profit and loss” balance sheet model will be used. Berkeley will present their budget at next week’s Regents meeting, and the remaining campuses will present at subsequent meetings. The recent tuition freeze has impacted all campuses. On a cash basis, most campuses are afloat, but on an accounting basis, many are in the red due to retiree health obligations, unmet deferred maintenance projects and seismic retrofitting, and UCRP payments. A new method for standardizing deferred maintenance costs will be tested.

**Discussion:** Members asked what role the Senate could play in these discussions, and EVP Brostrom indicated that an overarching strategic framework was still to be agreed upon. Members then asked how the Senate could help develop that framework, and whether it would be systemwide or campus-by-campus. EVP Brostrom noted that the Berkeley problem was known for a while, but no difficult choices were made. Members suggested some effort be
spent on dispelling persistent budget myths, such as that research makes money or that the medical centers are flush with cash.

X. Consultation with UCOP – Provost

Aimée Dorr, Provost

1. Self-supporting Program Proposals

Issue: The campuses are instructed to develop and submit budgets for proposed SSPs, similar to those created for indirect cost recovery calculations. SSPs should also be reviewed within three years and remain self-supporting in perpetuity. The submissions should also include ladder-rank faculty compensation calculations. SSPs should not have state-supported students in the same classes. Direct program costs to be included are specified on the template.

Discussion: Members noted that most proposals do not submit materials in a manner that matches the template. Members wondered how space costs and other costs were to be calculated within the template. Provost Dorr suggested the committee meet with her lead staff person for more specifics regarding the template.

Another concern is the time required to review proposals, especially if they are submitted in the spring or summer. It is unclear how to prevent proposers from relying on overload teaching in the first few years, but some suggested it could take the place of some OPA. Provost Dorr noted that OPA is generally uncompensated, but creative thinking on cost sharing is needed.

2. Faculty Salary Strategies

Issue: (Note: See also VI.2 above.) UCPB contends that 2% annual salary growth for a career is uncompetitive, but that is what UC has offered ladder-rank faculty the last several years.

Discussion: Members suggested that the first 3% should be across the board, and only funds above the 3% mark should be split for targeted redress. Provost Dorr reminded members that sources of funds must be found before they can be spent.

XI. New Business

None.

Meeting adjourned at 3:50 p.m.

Minutes prepared by Kenneth Feer, Principal Analyst
Attest: Shane White, UCPB Chair

Attendance:
Shane White, UCPB Chair
Bernard Sadoulet, UCPB Vice Chair
Jenna Johnson-Hanks, Berkeley
Mitch Sutter, Davis
Jim Steintrager, Irvine
Monica Smith, Los Angeles (alternate)
Mukesh Singhal, Merced
Ken Barish, Riverside
Anthony Edwards, San Diego (alternate)
Russ Peiper, San Francisco (phone)
Abel Rodriguez, Santa Cruz