

**University of California Academic Senate**  
**University Committee on Planning and Budget (UCPB)**  
**Minutes of Meeting**  
**June 4, 2013**

**I. Announcements**

- *Jean Bernard Minster, UCPB Chair*
- *Bill Jacob, Academic Senate Vice Chair*

**May Academic Council meeting:** UC's Chief Financial Officer briefed the Academic Council on a study of excess liquidity, which determined that a partial reallocation of funds from campus Short Term Investment Pool (STIP) accounts to the Total Return Investment Pool (TRIP), could generate additional unrestricted revenues for the campuses at low risk.

**Self-Supporting Program (SSP) and Professional Degree Supplemental Tuition (PDST)**

**Task Forces:** Both Task Forces are working toward final reports and policy recommendations. The policies overlap, but must be addressed separately, because the president has authority over SSP policy, while [PDST policies](#) are under the auspices of the Regents.

**Legislation Affecting UC:** Senator Steinberg's latest amendments to [Senate Bill 520](#) maintain the provision requiring CA colleges and universities to collaborate with private, third-party providers to develop online courses that are accepted for credit in all three segments. SB 520 passed out of the State Senate on May 30. It must now go to the Assembly and, if passed there, to the Governor. UC will continue to oppose the bill. [SB 547](#), which UC had supported with amendments, was placed on the Senate Appropriations Committee's suspense file, effectively killing it for this year's legislature. A bill that would have provided for the unionization of Graduate Student Researchers has also been suspended.

**Composite Benefit Rates:** Berkeley has submitted a proposal to the Department of Cost Analysis for a separate composite benefit rate for faculty on summer salary. The systemwide Senate had requested a separate summer rate for all campuses, but was informed that the DCA would not accept a summer rate that is calculated differently than regular academic year salary. Should UCB's negotiations with the DCA succeed, then other campuses would be likely to follow suit.

**II. Consultation with UCOP**

- *Patrick Lenz, Vice President for Budget and Capital Resources*
- *Debora Obley, Associate Vice President, Operating Budget and Facilities Management*

**State Budget Negotiations:** As the June 15 state budget deadline approaches, both the Senate and Assembly are supporting the Governor's multi-year funding plan for UC, his proposed \$10 million budget carve-out for online education, and funding for the UCR School of Medicine. However, the Governor is estimating a smaller budget surplus than the LAO, which he wants to

place into an emergency reserve. He is concerned that the Legislature may over-commit to programs this year, jeopardizing out-year funding for priorities like the higher education plan.

UC is working to incorporate appropriate language into the budget bill regarding the use of the funding for innovative education technologies, rallying support for a proposed debt restructuring plan, and fighting an attempt to divert \$4.8 million from the budget to a collective bargaining agreement for UC service workers. UC has also indicated that it will not be able to commit to a tuition freeze beyond 2013-14 or increase unfunded enrollment, and will request a budget veto if the Legislature fails to remove an enrollment target that is inconsistent with state funding. UC notes that the state is providing additional funding to CalPERS, which will permit CSU to increase enrollment and freeze tuition, but is not funding UCRP. UC needs to ensure it has sufficient revenue to meet its mandatory cost obligations. Moreover, without a tuition increase, UC will be unable to increase financial aid for the lowest income students.

The Department of Finance has asked UCOP to develop a detailed report about the cost of instruction by student level and fund source. UC says it is impossible to accurately delineate the portion of a faculty member's salary associated with teaching undergraduates or graduates, or the time spent on instruction within the research enterprise, and that it will cost \$2-4 million and take five years to build and implement such a report. UC's costs should be considered in the context of the University's total mission and the benefits it provides to the state.

UC will need to adjust the revenue assumptions in its budget to address the effect of federal budget sequestration on research grants and indirect cost recovery.

**Discussion:** It was noted that in discussions about cost, UCOP should emphasize the role of UC faculty as researchers, and the extent to which undergraduates benefit from teaching by research faculty and exposure to a higher level of scholarship. It was also noted that UC's graduation rate is higher compared to CSU and other AAU universities in part because a UC education is more expensive.

### **III. Funding Streams and the UCOP budget**

- *Michael Reese, Associate Vice President, Business Operations*
- *Debora Obley, Associate Vice President, Operating Budget and Facilities Management*

UCPB reviewed a preliminary 2013-14 budget for the UC Office of the President. UCOP is proposing a 6.2% overall increase to its unrestricted budget, which it attributes largely to the cost of new systemwide initiatives such as UC Path and P200 that are designed to save campuses money over the long term. UCOP will also be absorbing cost increases related to the Keck Telescope and the Cal ISIs, and making new investments in information technology, the CDL, the Office of General Counsel, and other areas. UCOP plans to use budget reductions to offset a projected \$8.5 million in mandatory cost increases related to employee salaries and benefits. The Funding Streams assessment is proposed to increase slightly in 2013-14, from 1.45% to 1.46%.

UCOP is smaller, more efficient, and has a more transparent budget compared to the past. It now separates its budget into three broad areas: general administration, systemwide academic

programs and initiatives, and centralized services, to clarify its roles and the services it provides. UCOP has been reducing its role in research funding by shifting some research and academic programs it used to host or manage to the campuses and eliminating some legislatively mandated programs. Campuses have asked UCOP to provide a multi-year budget so they know what to expect from the Funding Streams assessment.

It was noted that UC Path may not produce the savings originally envisioned, at least at the outset. The consultant that provided the initial cost estimate did not fully consider the distribution of workload among individual career employees who may do payroll work only as part of their job. Nevertheless, UC's payroll system is broken and it makes sense to have a single system for all campuses. The assessment for UC Path will be customized to each campus, and the savings will be different for each campus.

**Discussion:** It was noted that UCOP marketed UCPath and P200 as money savers, and some campuses are unhappy that they will have to spend money to participate in those programs. The outside consultants should be held accountable for failing to understand the nature of a public institution. It was also noted that as UC Path is a systemwide initiative, the costs and savings should accrue to campuses in an equitable manner.

Members noted the need for the Senate to engage UCOP on budget issues as they are developing.

#### **IV. Enrollment Planning and Rebenching**

- *Todd Greenspan, Interim Chief of Staff, Office of the Provost*
- *Debora Obley, Associate Vice President, Operating Budget and Facilities Management*

Campuses have submitted their initial fall 2013 enrollment targets for freshmen, CCC transfers, and nonresidents, and are updating long-range enrollment plans (LREPs) for the first time since 2008. To arrive at a systemwide enrollment target, UCOP works with campuses to set individual targets, analyzes the extent to which they are willing to enroll residents for which they do not have funding, and determines whether the combined target is consistent with state funding, capital and human resources, and UC's Master Plan obligation to enroll the top 12.5% of CA public high school graduates. The LREP is also informed by the Department of Finance's annual long-range projections for public high school graduates; however, the projections made in 2008 for 2012-13 fell short by more than 35,000 graduates.

Campuses are currently using Statements of Intent to Register to project final fall 2013 enrollments. Systemwide, the number of CCC transfers is projected to fall slightly below the 2012 target, which campuses say is the result of fewer applications and weaker major preparation in the applicant pool, and the number of overall nonresidents is projected to increase. UC's total nonresident enrollment is about 8.8% this year, and it is expected that UC will soon meet or exceed the overall 10% level recommended by the Commission on the Future and adopted by the Regents.

UCOP will maintain the current Funding Streams and rebenching models through 2013-14, and will base rebenching on 2010-2011 "budgeted" enrollments until a new LREP is developed and

several issues are addressed, including the appropriate enrollment base for rebenching, a possible penalty for campuses that fail to meet their CA undergraduate resident targets, the extent to which campuses will have flexibility within rebenching targets, and a methodology for allocating future enrollment growth funding and to account for campuses that fail to achieve graduate enrollment targets. UCOP must also determine the extent to which the new president will support enrollments that are not in line with state funding.

UCOP is negotiating with the state on a new enrollment target that is based on a more accurate budgeted enrollment calculation. The state has not funded enrollment growth since 2010-11, and UC currently enrolls at least 9,500 resident undergraduates who have never received state funding. Some UC analysts argue that the real number of unfunded students is closer to 37,000 if one takes into account state budget cuts, and excludes tuition increases the state counts as “state funding”.

**Discussion:** It was noted that UC Merced does not expect to be able to continue offering a place to all referral pool students in the near future. The eventuality that UC may not be able to honor the “9x9” admission guarantee is a serious matter. Members noted the moral and political importance of maintaining UC’s current commitment to CA residents. UCOP was also encouraged to take a stronger position with regard to enforcing resident enrollment targets, to ensure that campuses with a greater ability to attract nonresidents (and generate additional revenue) do not shift the system’s Master Plan obligation to a handful of other campuses, and in doing so, impair their ability to generate NRT.

UCOP will present a more in-depth tutorial on funded and unfunded enrollments on July 2.

## **V. Systemwide Review of UCOLASC’s Proposed Open Access Policy**

UCOLASC has revised its proposed Open Access policy based on comments from Senate committees and divisions. The policy would give UC a limited, non-exclusive right to make published UC faculty scholarship available in an existing open-access online repository maintained by the California Digital Library. The Provost has also assured the Senate that the administration will be a partner in implementing the policy and will provide support and resources to the CDL to mitigate the effect of additional publication fees some open access journals may charge to faculty.

UCPB agreed that UCOLASC had made a concerted effort to address many of the comments and concerns expressed in the review. Members also noted that some faculty in the arts and humanities, particularly those who publish embedded copyright material, are still concerned that the policy will expose their scholarship to copyright risk, despite the provision permitting a faculty member to opt-out of open access for any reason. Although this will not be an issue for most arts and humanities faculty, the policy will have a differential effect on some faculty in these disciplines who will have no choice but to opt-out until new technologies are available, or the price of open access becomes more acceptable. Some members also expressed uncertainty about the effect the new model could have on library and faculty research budgets, despite assurances from the provost.

**Action:** Committee analyst will draft comments for UCPB review.

## **VI. Consultation with the Provost**

- *Aimée Dorr, Provost and Executive Vice President*

**Innovative Learning Technology Initiative (ILTI):** The ILTI is UCOP's plan for developing an array of credit-bearing online and hybrid courses using the \$10 million the governor's budget sets aside for online learning technologies. It will fund both the development of new online/hybrid undergraduate courses and the revision of existing online courses to meet ILTI criteria, as well as new infrastructure that can facilitate cross-campus enrollment by UC students. For a proposal to receive ILTI resources, the department/campus will be expected to offer the course over multiple years and make it available to students at more than one UC campus at no cost. Other campuses will be expected to articulate the course beyond unit credit. Intellectual property agreements will likely be made and based at the campus or department level. The funding is still an area of contention in Sacramento, and there is a possibility that a portion could be diverted to implement the proposed SB 520, if passed. Although there is concern about faculty signing agreements with for-profit MOOC providers, UCOP or OGC will not forbid faculty from making such agreements.

**Professional Degree Supplemental Tuition (PDST) Policy:** A special joint Task Force co-chaired by Provost Dorr will release an updated PDST Policy for review later this summer. The Policy will continue to require units charging PDSTs to submit multi-year plans that describe intended uses and provide specific market- and program-based justifications for PDST revenue. It will also ask programs charging PDSTs to emphasize affordability and access to low income groups, to achieve low debt outcomes, and to consider loan relief for graduates who pursue low-paying public service jobs. The Regents are required to approve PDST levels annually, even if the PDST is not proposed to increase. In July, the Regents will review 61 PDSTs, including four new PDSTs proposed to take effect for 2013-14.

**Self-Supporting Program (SSP) Policy:** The Academic Planning Council is updating the Compendium to clarify the kind of programs to which the SSP Policy applies, and to specifically address a policy and protocol for reviewing state-supported programs that wish to convert to self-supporting status. In lean budget times, more programs are considering the self-supporting model. The policy states that conversions should be rare, and that existing self-supporting programs that lose the capacity to be self supporting, as well as converted programs that are unable to remain self-supporting should both be disbanded. These policies will be submitted for Senate review and discussion in the coming weeks.

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Meeting adjourned at 3:30 p.m.

Minutes prepared by Michael LaBriola

Attest: Jean-Bernard Minster