

**University of California Academic Senate**  
**University Committee on Planning and Budget (UCPB)**  
**Minutes of Meeting**  
**April 3, 2012**

**I. Consent Calendar**

- Approval of UCPB March 7, 2012 Minutes

**Action:** UCPB approved the consent calendar.

**II. Announcements**

- *Jim Chalfant*

The Budget Rebenching Task Force agreed to several principles and recommendations at its last meeting, and a small subcommittee is now drafting a report that will be circulated to the Senate for review.

The Academic Council met with UCSC Chancellor Blumenthal and EVC Brostrom in March regarding the UC Observatories. A draft letter summarizing Council's discussion and input from divisions and committees will be submitted to Council in April for approval. No further review or action was suggested for UCPB.

Chair Chalfant has been working with the chairs of UCEP and BOARS concerning proposed regulations related to the admission and enrollment of non-matriculated students into courses offered through the UC online education project (UCOE). UCEP and BOARS have suggested that students enrolled in any UCOE course with more than 50% non-matriculated enrollments should receive an "X" or an "OE" designation on their transcript, similar to what is done for Extension courses. BOARS has also proposed limiting high school student access to UCOE courses, and noted that UCOE would need to operate as a self-supporting program to avoid California Education Code rules stipulating that CCC or CSU students can take one UC course per term at CCC/CSU fee levels. Chair Chalfant noted that UCOE's business model is based on enrolling significant numbers of non-matriculated students and on most of the courses being taught six to nine times per year.

The Indirect Cost Waiver Policies and Practices Work Group has invited comments about its preliminary recommendations.

**Discussion:** One member expressed concern that the UCOE enterprise could drain faculty resources away from regular instruction and place additional pressure on TAs. Another concern is that UCOE courses will no longer be UC quality, if it turns out that the faculty course developer ceases to teach the course after its first offering.

Regarding the Indirect Cost Work Group recommendations, one UCPB member noted that certain fields and disciplines will lose grant funding if UC requires higher IDC rates or implements a stricter waiver policy. Policies limiting faculty choice about research priorities also could threaten academic freedom.

### **III. Consultation with UCOP**

- *Debora Obley, Associate Vice President for Budget and Capital Resources*
- *Clifton Bowen, Assistant Director, Budget & Capital Resources*
- *Todd Greenspan, Interim Chief of Staff, Office of the Provost*

**State Budget Negotiations:** Associate Vice President Obley said the Regents are reluctant to endorse a proposed five-year funding agreement with the State because it includes tuition increases; however, UCOP senior leaders want the Regents to understand that the proposal is the best to come before UC in several years and will help address the problems facing campuses. She said the agreement represents a funding floor and is contingent on passage of the Governor's revenue-raising ballot measure. Some Regents believe that UC can reach a better agreement, however, and are frustrated that the Governor has not listed higher education as a priority for revenue generated through the ballot initiative. The Regents are holding their May meeting in Sacramento in hopes that Regents and students can stand together on behalf of UC.

**Discussion:** UCPB's graduate student representative commented that students agree with Regents who say the multi-year plan is not the best deal possible, and that students look forward to working with UCOP, the Regents, and the State on a better agreement. Students are also concerned that the Governor's revenue initiative is temporary and would fund prisons and charter schools.

One member expressed concern that administrators may be reluctant to discuss the negative impact of cuts with Regents during their campus visits, so that the Regents may not even know the whole story. Faculty, on the other hand, are more willing to discuss real examples of damage to quality that have occurred as a result of cuts. The Regents must be educated about these effects and the real cost of running UC in the long-term, even if the reality is dire.

One member asked why UC had abandoned last year's four-year proposal to combine annual 8% State budget augmentations with 8% tuition increases. AVP Obley said the current agreement brings UC to the same place over five years, though she added that the plan does not address UC's total needs in terms of deferred maintenance, the salary lag, and other priorities. She said the main challenge presented by tuition increases is UC's ability to offset the increases for lower and middle income students with financial aid. One member noted that applying tuition increases to graduate students hurts graduate education, because those increases effectively become the responsibility of supervising faculty, who do not have a source of financial aid to defray increases for needy students.

**Rebenching:** The Rebenching Budget Committee has agreed to a rebenching plan that will be phased in over six years starting in fiscal year 2012-13. Campuses will receive per student funding on a weighted basis according to student type (undergraduate residents = 1; academic graduate students = 2.5, and health sciences students = 5). The model addresses aspirational graduate enrollment growth by giving campuses with Ph.D. student enrollment below 12% of total enrollment extra funding to grow to the 12% target over six years. Centrally funded programs hosted at specific campuses, and a \$15 million fixed cost set-aside provided to each campus will also be excluded from the rebenching model. 20% of any new State funding will be

allocated to the base budgets of campuses currently funded below the highest campus level, and 80% will be distributed according to the new rebenching formulas.

AVP Obley noted that the Task Force agreed to providing state funding for a list of “off the top” programs although the status of specific programs will continue to be discussed. In addition, UCOP is undertaking a review of the UCOP budget and all centrally funded programs with the goal of reducing the Funding Streams assessment. One idea is to move ANR and all agriculture programs from the UCOP budget, into a new location, similar to a separate campus, for budgeting purposes. This would have no effect on the total amount collected under funding streams or set aside through off-the-top allocations, unless there are separate decisions made to shrink programs. Its effects would be to reduce the visible UCOP “budget footprint,” and to potentially redistribute the burden of funding central programs between the campuses.

Assistant Director Bowen noted that the budget office has resolved an earlier discrepancy that appeared to underestimate the real cost of AES to the AES hosting campuses.

*Enrollment Management:* Todd Greenspan said UC is overenrolled by 10,000 resident undergraduates systemwide, compared to its budget, but is underenrolled by 1,400 resident academic graduate students. UCOP is working with the State to define a budgeted enrollment target that can form the basis of future growth, and will be asking the campuses to develop ten-year enrollment plans that define their aspirational growth goals. The rebenching model is based on total budgeted enrollment, not actual enrollment. For rebenching purposes, UC will establish a total enrollment target that campuses will be expected to meet, which will include undergraduate resident students and all graduate students. He said the Rebenching Task Force agreed to penalize campuses for each targeted resident undergraduate they fail to enroll, although the specific amount and methodology for the penalty has not been determined. He added that the model may have the unintended consequence of creating a financial incentive to keep graduate students enrolled longer.

*Discussion:* A UCPB member said the \$6,000 figure used in the model may not be a strong enough disincentive for campuses to enroll a resident over a nonresident. AVP Obley said campuses will not fail to honor their resident enrollment agreements. She also noted that UCOP sets revenue targets for nonresident enrollment (separate from rebenching), and that the Regents’ 10% systemwide target cap for nonresident enrollment is subject to change. A UCPB member noted that because the graduate education funding model is so unfavorable for faculty it creates a strong incentive for faculty to help their graduate students finish in a timely way.

## **V. Report of the Joint Senate-Administration Faculty Salaries Task Force**

Several UCPB members relayed their views and the views of their local planning and budget committees regarding the Task Force recommendations. The UCLA committee’s main concern is that the plan could become an unfunded mandate and would require a large amount of resources to implement. UCSC is also concerned that it will not be able to implement the plan without additional funding. The UCLA representative added that the scales are important because they provide regular intervals of peer review and salary increases, and it would be ideal if they were more competitive. The UCSD representative questioned the value of preserving the salary scales, noting that it is unrealistic to weigh faculty equally across disciplines and

campuses or to maintain the “fiction” of a single salary scale. For UCSB, the most important consideration is creating more relevant salary scales. The plan does not solve the problem, but it is progress in the right direction. The UCI representative also noted concern about the growing irrelevance of the salary scales and relayed his committee’s view that the scales need to be fixed. The UCM committee generally supports the plan, and will recommend that Merced maintain existing off-scale increments and continue using off-scales to reward meritorious faculty. The UCSF committee considers the Task Force plan to be imperfect but a good start. UCSF faculty are mostly on the HSCP, but are proud to be part of one university and a single system of merit reviews and scales. The committee is seeking more information about how the plan would affect covered compensation at UCSF and at the other health sciences campuses.

It was noted that the salary scales represent the minimum salary that UC faculty should be paid at any particular rank and step combination. Fixing the published salary scales implies that there is a salary level below which no UC faculty member should fall, at a given rank and step. Moreover, not all campuses are in a financial position to provide off-scales to the majority of their faculty, and most campuses still have at least some very meritorious faculty on scale. The plan would raise the minimum base, and campuses would continue to have the freedom and discretion to use off-scales to help them recruit or retain faculty.

Members agreed that the plan would not be viable without new revenue either from the State or from tuition increases. It was noted that the Task Force was asked how best to allocate 3% for faculty salary growth, in addition to normal merits, based on the assumption that revenue will be available for annual increases. The report states that implementation of the plan depends on new money, so there should be no fear of an unfunded mandate.

A member expressed concern about a view that all faculty salaries should be market driven, noting that part of UC’s strength comes from being one system with a single salary scale that values all professors equally, regardless of campus and discipline. Equivalence across disciplines reflects the effort all UC faculty put into their work. It was also noted that the system is broken: 85% of assistant professors are hired at off-scale salaries, sometimes with salaries higher than more senior faculty in the same department. Faculty who wish to be paid fairly are forced to spend time marketing themselves to receive an outside offer. Moreover, professors with an off-scale salary are not necessarily “more meritorious” than their peers who may simply not wish to take this route to a salary increase. It was also noted that women faculty are less likely to use an outside offer to force an off-scale increase at UC.

A UCPB member noted that relevant scales are important to maintaining the merit and reward system, and that UC should work to make the scales resemble the market in which UC operates. It was also noted that at least half of UC campus CAPs do not comment on salary, and that determining salaries through individual negotiations with administrators based on an outside perception of excellence is harmful. It was noted that all UC faculty deserve at least off-setting salary increases as UCRP contributions increase and faculty are asked to shoulder more of the health care cost burden.

**Action:** The UCPB chair, vice chair and committee analyst will draft a response and circulate to the committee for review over email.

## **VI. Consultation with the Division of Agriculture and Natural Resources**

- *Barbara Allen-Diaz, Vice President, Division of Agriculture and Natural Resources*
- *Lawrence Pitts, Provost and Executive Vice President*
- *Debora Obley, Associate Vice President, Budget and Capital Resources*

Chair Chalfant noted that UCPB is discussing budget priority-setting for all centrally funded programs, including, but not limited to ANR. UCPB believes it can play a positive role, in addition to that being played by ACSCANR, the Senate's new special committee on ANR, in reviewing UC's total agriculture/natural resources budget portfolio, helping ANR address a shrinking pot of discretionary funding, and analyzing the different funding models being discussed for ANR.

Vice President Allen-Diaz said ANR comprises the agricultural experiment station (AES) and cooperative extension (CE). The AES faculty within ANR belong to five campus units at Davis (3), Berkeley, and Riverside. Cooperative Extension Specialists are housed primarily in units on the three ANR campuses, and a network of CE Specialists and Advisors reside and work in counties throughout California. ANR oversees such programs as 4-H, the Master Gardener program, and a variety of other nutrition, health, and agricultural programs. CE Specialists and Advisors are not Senate members. Specialists are required to have Ph.D.s and are evaluated for merits and promotions by a CAP-equivalent committee designed for CE and other non-Senate academic appointees. CE Advisors are required to have Master's degrees, although most recent hires have Ph.D.s. All Advisors are required to do applied research and are evaluated on that basis in addition to their extension program. She said she has asked ACSCANR to advise ANR about the possibility of giving Specialists and Advisors "equivalent status"—which would bestow additional privileges shared by Senate faculty. ANR has agreed to add two Senate representatives to the ANR Program Council.

Federal and state funding for AES and CE comes through ANR; the state funding for the AES is embedded in campus base budgets, overseen by the three chancellors, who make specific funding decisions; and funding for CE flows directly to ANR at UCOP.

Chair Chalfant said there is concern that ANR does not have a sustainable funding model, because campuses are now being assessed to fund it. There is also concern that ANR did not take proportionate cuts over the past few years as UC's budget was being cut by \$1 billion.

AVP Obley said that UCOP has been funding ANR from the \$2.3 billion State budget base. The State no longer identifies ANR as a specific funding priority or specifies how much of that funding ANR's programs should receive. The legislature has periodically augmented the UC budget specifically to help CE, and has also limited the amount by which UC could cut CE. There are State legislators from both parties who want ANR to remain a UC priority. UC sends base budget adjustments for salary and benefits cost increases to the campuses as a lump sum and has cost-adjusted ANR's base budget like any other UCOP program. UC has traditionally funded central programs incrementally and not re-evaluated its decisions regularly; however, this is changing. She said ANR has taken its fair share of cuts, although the State has most recently required UC to limit cuts to CE to 5%. In addition, most campuses have cut their AES budgets. She said UCOP will provide UCPB and ACSCANR a history of funding for AES, ANR, and CE from 2006-07 to the present in an effort to provide a long view of cuts.

She said that under rebenching, all “off the top” programs will receive a special cost adjustment. Provost Pitts added that moving the budgets of all “off the top” programs to a separate location could make it easier to review the overall budgets of those programs.

A UCPB member noted that indirect costs are waived for non-federally funded research done on behalf of commodity groups. Another member noted that it would be useful to quantify the total return on investment in terms of grant support due to AES and CE as well as the indirect cost money recovered. Provost Pitts noted that the spectrum of ANR’s indirect cost recovery is as wide as that for any other campus research program.

Chair Chalfant said UCPB does not consider the creation of ASCANR as a delegation of UCPB’s regular shared governance responsibilities regarding reviewing and advising about the budgets of centrally funded programs. A UCPB member said UCPB should press ANR and UCOP about ANR’s mission and vision going forward. For example, is it appropriate to raise tuition and tax patient revenues to fund agriculture research?

It was noted that UCPB and UCORP are also waiting for ANR to respond to their [proposed metrics](#) to guide future academic reviews of ANR set of metrics they proposed two years ago. UCPB’s reaction to that review was that there was no information about what more or less funding for its activities would mean for ANR or other programs.

**Action:** Chair Chalfant will draft a “UCPB guide” to understanding ANR.

## **VI. Consultation with Academic Senate Leadership**

- *Robert Anderson, Academic Senate Chair*
- *Robert Powell, Academic Senate Vice Chair*

Chair Anderson noted that the Regents are unhappy about the State’s commitment to the university, but they are reluctant to support a four-year funding agreement that requires the University to raise tuition. The Regents are also discussing the need to reduce the future cost of pensions, which could lead them to back away from their current policy to achieve full UCRP funding in 30 years.

Vice Chair Powell said UCRJ will meet in person to discuss the UCSF Senate’s declaration that it intends to issue an interpretation of the Standing Orders of the Regents that will expand Senate membership there to faculty in the Health Sciences Clinical and Adjunct series titles. Council has appointed a Task Force to discuss the role of clinical faculty in the Senate and the possibility of granting them membership.

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Meeting adjourned at 4:00 p.m.  
Minutes prepared by Michael LaBriola  
Attest: Jim Chalfant