

**Minutes of Meeting
June 2, 2014**

I. Chair's Announcements

Don Senear, UCPB Chair

Gary Leal, UCPB Vice Chair

Update: Chair Senear reported on several items of interest from the monthly joint Senate/UCOP Leadership budget conference call: A deadline for an enrollment management plan has been set for fall; data and skeleton plans are emerging. The budget bills prepared by the Senate and Assembly differ in detail in their treatment of UC, though both provide increases to permanent funding in excess of the 5% in Governor Brown's 5% budget plan. The Assembly plan is more favorable as it includes some funding for enrollment growth, among other differences.

Chair Senear also encouraged members to think about what criteria should be required for a program to be launched as self-supporting, and how rigorous those arguments should be.

Vice Chair Leal reported on the Academic Council Special Committee on Agriculture and Natural Resources (ACSCANR) meeting of May 8, 2014. ANR will now report directly to the president, and no longer to the provost. This restores the status quo ante reporting structure to the pre-Yudof era. The precise impetus for the change is unclear, however. A presentation was made by Barbara Allen-Diaz in anticipation of a proposal to grant equivalency status for both Cooperative Extension Specialists and Advisors. The motivation was said to be summarized by the four words, "recognition, respect, fairness and consistency". The primary argument was based on an attempt to demonstrate that the duties and qualifications for these positions are similar enough to those of Senate faculty. Equivalency status would confer sabbatical, security of employment, and other benefits, but not Senate membership.

Vice Chair Leal also reported on the Academic Council meeting of May 28, 2014:

- 1) Chair Jacob relayed the success regarding Composite Benefit Rates, while noting that more work remains to be done for Health Sciences Compensation Plan members. In addition to the prescribed categories, each location will have four additional categories for local customization.
- 2) It was reported that the UC Medical Centers gave a 15% discount to UC Care this year. Some geographic regions that do not have access to UC Medical Centers are served by providers that are de facto monopolies, and these providers have no incentive to match the UC Care price limit. It was suggested that UC subsidies to induce these providers to offer Tier 1 service may not continue beyond the first year. More information on the performance and future of UC Care will be available after UCFW's Health Care Task Force meets later this month.
- 3) The President's Transfer Action Team has called on the University to increase the number of "feeder" community colleges. However, there is some potential conflict in doing this without displacing any freshman or growing UC's total student population. More education on the differences between upper and lower division courses, and their attendant costs, is needed.
- 4) President Napolitano has announced that a Mexico initiative is forthcoming.
- 5) President Napolitano has announced that a Food Security initiative is forthcoming.

- 6) The administration will propose to the Regents a \$700M loan from STIP to UCRP. A similar recommendation for next year may also occur. If approved, the loan would effectively enable UC to contribute 16% to UCRP while not charging the campuses a 16% rate. The loan would also allow the plan to achieve a 95% funding ratio in 2042. The Senate position will be one of support, while noting that the Senate advanced an option that would achieve a similar funding ratio sooner, as well as the differences between the administration plan and Regent's policy.
- 7) Captive insurance could provide some benefits to the University, and UCPB is working to schedule a consultation on the topic to learn more.

II. Consent Calendar

Note: Item not addressed.

III. Consultation with the Office of the President – Budget

Patrick Lenz, Vice President

Debbie Obley, Associate Vice President

Issue: Vice President Lenz reported that little has changed in UC's budget prospects with the state. The Department of Finance has kept its May revise assumptions, and so is not advocating any increases from the January budget. The legislature has shown interest in reinvesting in higher education, although at differing levels. UC is still not being treated equitably with the other segments, especially regarding pension funding.

Discussion: Members asked why the Assembly and Senate recommended such different levels of funding for UC, and why UC receives such little support from Sacramento. VP Lenz noted that UC is being treated better than in some of the recent past, but there is a lack of consistent policy from the state that is more difficult to work with. One example is restoration of funding from the state for UC's labor centers, even though labor groups themselves are no longer actively supporting them. Another example is the earmark for the California HIV/AIDS Research Program (CHRP) which appears to result from political considerations, rather than academic merit.

Chair Senear asked what level of support from UC was expected in Sacramento regarding online education. VP Lenz said that UC would honor its commitment to the governor and expand courses and offerings where possible; it is not clear how UC's ambitions in this area are changing. Chair Senear also asked how the budgeted \$25M for enrollment funding was to be used, particularly in 2014/2015 given that admissions have been completed. VP Lenz noted that if the language is not vetoed, UC could receive funds for 1200 additional students (\$12M), and the remainder could roll into 2015-16.

AVP Obley observed that the next steps for transfers should focus on process improvements, not enrollment targets. Members noted that better processes would lead to more applicants. VP Lenz agreed, adding that community college enrollments are increasing (and funded), so even retaining the same rate of transfers would lead to an increase in the number of students on campus. More students, in turn, leads to the need to address the University's physical plant and budgetary increases to cover the additional students.

Merced only plans to grow by 100 students next year because their physical capacity is maxed out. AVP Obley added that Merced will continue to serve as the referral campus. Merced also is facing a faculty shortage, and there are no plans to hire new faculty next year,

either. Current discussions focus on mixed-use and retail space in campus construction projects. VP Lenz said that the state expects all campuses to grow, but members doubted the ability of campuses to continue to absorb new students when current students are still unfunded by the state. VP Lenz stated that the governor has taken a strict line regarding new debt. If the Senate budget passes, the message to UC will be that CSU is rewarded for having cut enrollments during the downturn while UC is penalized for taking unfunded students during the same time.

IV. Systemwide Review Items

1. [Proposed Revised Self-Supporting Graduate Professional Degree Programs \(SSGPDP\) Policy](#)

Discussion: Members reported that campus colleagues had concerns with the word “compelling” in the guidelines. Chair Senear noted that previous provosts have changed the standard from strict, enumerated criteria to general and broad criteria, but CCGA needs some level of content to evaluate new proposals. Much of the difference in thinking is attributed to how the issue is framed: some view self-supporting programs strictly from a revenue generation perspective; others believe that such programs should represent an academic need that cannot be met via normal state supported departments or colleges. Depending on the frame used, the focus of discussion changes from why should a program be state supported, to why should a program not be state supported. The members considered the statement in the policy calling for a compelling affirmative case for offering a new program as an SSP and assuring that it will not have a detrimental effect on state-supported programs to be the most important statement in the document. The members were unanimous that UCPB not support a policy that does not include such a statement

Action: Analyst Feer will draft the committee’s response for electronic approval.

2. [Proposed Revisions to APM 133-210-220-760](#)

Discussion: Members agreed that the revisions to expand “stop the clock” justifications to dependent care more broadly should be supported.

Members had several questions about the proposed changes to 210, 220, and 760, however. It is not clear how contributions to diversity are to be weighed in the promotion and appraisal process. As written, diversity would be weighted equally with quality in evaluating research, teaching and service. Members were unclear what would constitute “diversity” in research and teaching. One interpretation might be that research into or service in “diversity” activities would be weighted more than research or service in other areas. Members thought that “significant” weight should be given to diversity activities, but that it should not be weighted the same “as any other” research project.

Action: Analyst Feer will draft the committee’s response for electronic approval.

Note: Subsequent to the meeting, the Academic Council extended consideration of this item through the fall. The item will be reconsidered at that time.

V. Campus Updates

Updates: Members reported significant new or continuing issues:

Berkeley: The campus has no strategic plan and a lingering structural deficit. Shared services have not been well received, and there are no metrics for evaluating the effort. Anecdotally, the program has been so poorly run, some staff are leaving the University and faculty workload is increasing. There are increasing concerns regarding the use of PeopleSoft software at UC Path.

Davis: A new fiscal tracking program is being launched by the provost. Discussions continue as to how best recruit new faculty; some are calling for grouped recruitments rather than one-by-one recruitments.

Riverside: The campus has several new senior administrators, so the divisional Senate sent their goals and is working to orient the new leaders. The administration has aggressive goals, but no funding plan to help achieve them. Addressing the diminishing physical capacity of the campus is not among the administrations identified goals, which could jeopardize the administration goal of increasing the faculty ranks by half and the graduate student population by nearly 90%.

Santa Barbara: Discussions on how to adjust to UC Path continue.

Santa Cruz: Capital project priorities for next year are being determined. How best to establish public/private partnerships has received renewed interest.

VI. Enrollment Management

Debbie Obley, Associate Vice President, Budget and Capital Resources, Budget

Todd Greenspan, Director, Academic Planning, Institutional Research and Academic Planning

Clifton Bowen, Director, Operating Budget, Budget and Capital Resources, Budget

Issue: AVP Obley noted that the goal is to have enrollment plans for 2015-16 in place by Fall, or at least to have defined parameters that can be amended. Director Greenspan provided an overview of the materials distributed in advance of the meeting. There are three scenarios outlined: The first reflects budgeted enrollment only, and flat state support. The second uses previous campus submissions, but does not add new students until after unfunded students are paid for. The third assumes 1% growth in all categories. None of the three scenarios is realistic, though, as some include mathematical errors and others use unrealistic assumptions about budget. To meet the fall deadline, additional off-line work may be required of the committee.

Discussion: Members noted that one campus's decision often has impacts to other campuses. AVP Obley repeated that the plan will be a systemwide one; local exceptions in excess of the plan will only be permitted with extra locally sourced funds. Members echoed the notion that new funds are essential for growth; the governor's current plan of 5-5-4-4 makes these estimates non-viable. The differential valuations of students under rebenching further complicate these discussions, especially with external audiences. Director Greenspan indicated that a more realistic 1% growth scenario is being developed, and he added that only a few categories of students (e.g. PhD) are under-enrolled.

AVP Obley highlighted the tensions involved by noting that Sacramento wants to open UC to new students, while UC wants to operate in a fiscally responsible manner and fix past budget shortfalls. UC proposed a multi-year plan, but many politicians seem to have other short- and medium-term priorities. Director Greenspan noted that high school graduation rates seem to be leveling off, which could ease pressures on the most overenrolled campuses, which are also the locations with the least growth capacity at present. Council Chair Jacob added that

the impacts of over-enrollment are real, as are the impacts of declining state budgets; these negative consequences to the educational experience need to be conveyed more clearly to external audiences.

Director Greenspan reported that, including non-residents, graduate student enrollment lags the target number by only 750. Members responded that academic qualifications should not be softened merely to achieve enrollment targets for state funding. Members also noted that departments manage graduate student enrollment, not the campuses, and that international graduate students are more expensive to support on grants than domestic students. Many international students are also pressured to advance to candidacy early because of limits to funding for non-resident tuition.

VII. Consultation with the Office of the President – Academic Affairs

Aimee Dorr, Provost

1. Doctoral Student Support

Issue: Following the April conference on Graduate Student Support at UC Irvine, plans are being developed for presentation to the Regents next January. Non-resident supplemental tuition (NRST) will have to be included in this presentation. The amount of NRST collected is less than most seem to assume. For the first 2 years, only \$76M is generated from NRST; first year students account for \$38M. Can the University afford to lose the additional revenue, if NRST is waived after the first year, as some have called for? Another factor to consider is that a significant amount of the funds come from internal UC resources, and would not be “lost” but re-directed.

Discussion: Members noted that framing the argument in terms of what campuses gain if NRST is not collected, e.g., more and potentially higher quality PhD students, rather than what campuses lose (NRST), could yield better understanding and a better outcome from the Regents.

2. Central Support for Research

Issue: The Senate continues to prepare a statement in support of central funds being dedicated for research. Clear data and analysis submitted by Academic Affairs will be used to augment the argument.

3. Division of Agriculture and Natural Resources (ANR)

Issue: Provost Dorr reminded the committee that to some, ANR constitutes an 11th campus already, so from that perspective, reporting directly to the president makes sense. She also reminded the committee that the change in reporting lines restores the status quo ante, to the pre-Yudof era. Not all share that perspective, though, and there are pluses and minuses to the change. President Napolitano made the decision after consulting with internal and external stakeholders, and considering political implications, as well as state and UC budgetary practices.

4. Self-supporting Graduate Programs

Issue: Provost Dorr noted that “compelling” is implied, but was made explicit for emphasis. She also noted that some stakeholders think that generating revenue is sufficiently compelling, even though comparators are determined by academics not costs.

Discussion: Members noted that the “compelling” rationale is intended to apply to the self-supporting status. The Senate is comfortable with existing mechanisms to assess the existential academics of programs that are proposed.

VIII. Consultation with the Office of the President – Business Operations

Nathan Brostrom, Executive Vice President

Update: EVP Brostrom reported that his office is working to schedule a consultation with UCPB on captive insurance at an upcoming meeting. UC Path will go live at OP January 1, 2015. A borrowing proposal to help UC meet modified ARC for 14-15 will be proposed at the July Regents meeting; the proposal is similar to the actions taken in 2010-11 and 2011-12. The assessment on the previous borrowing to the campuses is 0.5%. If the additional borrowing of \$700M is approved, the campus assessment would rise to 15.32% in 2018, and the plan would achieve a 95% funding ratio by 2042.

Discussion: Members asked about a second year of borrowing to shore up UCRP still further. EVP Brostrom indicated that more borrowing could lead to a full funding ratio, but that no decision has been made regarding additional borrowing beyond the July proposal. Members noted that the TFIR recommendation argued for a larger direct cash infusion to be paid off by interest earnings. EVP Brostrom added that the rate of employee growth will also impact the funding ratio, but that the University and its actuary do not agree on the rate of employee growth. UC has assumed 0.7% growth for the past several years. Members wondered why the previous borrowing had a lower repayment rate, and EVP Brostrom indicated that the previous loan was from commercial paper, not STIP.

EVP Brostrom noted that external ratings agencies view pension debt differently than capital project debt, for example. To address all needs, UC may need to consider additional lines of credit. He added that ratings agencies each use different formulae, so differential responses are to be expected.

Issue: EVP Brostrom also reported that UC Care claims are being analyzed, but it is too early to draw many conclusions as only 3 months of data are available. CSU has reportedly asked about joining, but the program needs to mature before external expansion is considered. Providers with local monopolies have little incentive to meet UC Care’s low reimbursement rates, but some may continue to do so for next year. Some markets may benefit from an expanded distance presence by UC medical centers.

Discussion: Members asked if UC would end its practice of subsidizing certain providers, or subsidize additional providers to achieve better geographic parity. EVP Brostrom stated that dislocation is inevitable when new programs are launched; nonetheless, there are many options for quality coverage in all areas; UC offers a broad choice in plans. Members noted that a PPO is medically necessary for some, but that not all areas have a PPO option.

IX. Consultation with Academic Senate Leadership

Bill Jacob, Academic Council Chair

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

- Additional education on transfer processes and practices is needed, as is more education on the cost of upper versus lower division classes. The differences between CCC classes and lower division classes also need highlighted.
- The Regents have convened a task force to investigate divestment from fossil fuels, and they will meet with student advocates soon. Many have voiced slippery slope concerns.
- Dr. Stobo indicated strongly that no new tier 1 providers will be added to UC Care for 2015. As much as \$1-1.4M from the system is being spent to help Santa Barbara access its preferred provider.
- The governor's \$10M for online education has all been spent. It funded 39 courses for development, cross-campus enrollment expenses, and the like. None of the allocation was spent on the hub. ILTI and UCOE may merge going forward.
- The Health Sciences Compensation Plan components X and Y need additional attention under the Composite Benefit Rate decision reached by the president. UCFW has formed a task force to investigate further options.
- How best to provide oversight to ANR continues to be a discussion topic. The renewed push for equivalency status for extension specialists and advisors will be contentious.
- Council will consider a request for a fixed percentage of the OP budget to be spent on research programs. The specific amount to be requested is still under discussion.

Meeting adjourned at 4:15 p.m.

Minutes prepared by Kenneth Feer, Principal Policy Analyst

Attest: Don Senear, UCPB Chair