

**University of California Academic Senate  
University Committee on Planning and Budget (UCPB)**

**Minutes of Meeting**

**March 6, 2012**

**I. Consent Calendar**

1. March 6, 2012 UCPB agenda
2. February 7, 2012 UCPB minutes

**Action:** UCPB approved the March agenda and February minutes.

**II. Announcements**

- o *Jim Chalfant*

The UC Provost and some members of the California agricultural community have raised concerns about comments recorded in the November 2011 UCPB minutes about the Division of Agriculture and Natural Resources (ANR). Chair Chalfant responded to UCOP that the minutes reflect opinions expressed by individuals in that meeting, and do not necessarily represent the view of the Committee or the Senate. Nonetheless, it is appropriate for the Senate and UCPB to scrutinize the role of and budgets for ANR and other centrally-funded UC programs, particularly in the context of State budget cuts and rebenching. The chair reiterated that ANR was not singled out for unique scrutiny, and noted that it would be inappropriate to revise approved minutes that already have been posted. It was agreed that the committee should take no further action, other than to continue to seek to understand the allocation of funds to both UCOP administration and the associated items in the budget that are not part of UCOP proper, but which are centrally funded and not part of any campus base budget.

The Academic Assembly has approved the distribution of a proposed [Memorial to the Regents](#) for a systemwide vote of Senate faculty. If adopted, the Memorial would ask the Regents to take a formal position in support of ballot measures and legislation that increase state revenues and/or prioritize funding for public higher education. Senate Chair Anderson has asked UCPB to review the revenue measures on November 2012 ballot and to advise the Academic Council about which, if any, the Senate should endorse in the event the Memorial vote is positive. The California Budget Project website includes a brief [analysis](#) of each measure.

The UCLA Senate is asking the Budget Rebenching Task Force to discuss its proposal to separate all health sciences funding from the rebenching process. UCLA recommends that the special consideration given to UCSF in current rebenching models should extend to the health sciences on all campuses. It is anticipated that Senior Vice President for Health Sciences John Stobo and Associate Vice President Cathryn Nation will join UCPB in April to discuss this issue.

Elizabeth Deakin is representing UCPB on the joint Senate-Administration Task Force on a Negotiated Salary Plan for the General Campus.

**III. Consultation with the UCOP Budget Office**

- o *Patrick Lenz, Vice President for Budget and Capital Resources*

- *Debora Obley, Associate Vice President for Budget and Capital Resources*
- *Clifton Bowen, Assistant Director, Budget & Capital Resources*
- *Elisabeth Willoughby, Principal Analyst, Budget & Capital Resources*

*State Budget Update:* Vice President Lenz reported that the State Senate Budget Committee begins deliberations next week, although the legislature is unlikely to make final recommendations until after the May revision. UC is working with the Governor on a multi-year funding agreement and other issues raised by the Legislative Analyst's Office. UC is optimistic that the \$90 million commitment to UCRP proposed in the Governor's 2012-13 budget will be maintained. The Regents plan to invite advocates for the Governor's November revenue initiative and the "Millionaire's Tax" initiative to the March Regents meeting to discuss the relative merits of each for the University. The Assembly Speaker has said he expects the Regents to support the Governor's initiative. The UC Student Association has endorsed the "Millionaire's Tax" initiative.

Senate Bill 721 would give the Legislative Analyst's Office new authority to define accountability metrics and goals for higher education in California. The bill is unacceptable to UC particularly because it attempts to hold the University to a higher standard for less funding. UC wants any accountability measures approved as part of a multi-year agreement to be meaningful and productive. UC is also concerned that the proposed cuts to the Cal Grant program are inconsistent with the State's professed desire to make higher education more affordable. He said that the recent student protests in Sacramento are sending a very important message about the State's disinvestment in higher education.

*Rebenching:* Chair Chalfant said the latest rebenching spreadsheet lists base funding for the Agricultural Extension Stations (AES) at Davis as \$32 million, but Davis believes the amount the campus actually spends on AES is \$9 million higher. UC Riverside has noticed a similar discrepancy. Associate Vice President Obley confirmed that cost increases for salary and benefits have not been accounted for specifically in the base budgets of the AES or any other centrally funded program, due to campuses operating a centralized benefits pool. She said that those costs are typically 20%, so UCOP thinks the discrepancy reported by UCR and UCD is too high; however, they are working with campuses to verify the calculations and will adjust base budgets accordingly. She said the purpose of the project is not to adjust spending but to determine what portion of the State funding base is rebenchable. She said that programs like AES and UCO represented off-the-top allocations within the rebenching process because those programs represent systemwide priorities, and it would be unfair to hurt campuses simply because they host them.

She said the Rebenching Task Force is reviewing a new "hybrid" rebenching model that would bring the per student funding of all campuses up to the level of the second highest campus, rather than the more expensive option of meeting the UCLA level. She observed that this is the most realistic option based on available funding.

The health sciences continue to be a sticking point, because it is difficult to accurately separate them from the general campus. She believes that the current proposed weighting of health sciences students at 5 times the undergraduate level addresses the problem but that it might be possible to implement a first stage of rebenching in 2012-13 and then continue work on the health sciences and other issues. She added that a multi-year budget agreement with the State would generate new money for rebenching.

**Discussion:** It was noted that some campuses consider the removal of systemwide programs from the rebenching process to be special treatment for the host campuses that unfairly reduces the amount of money for rebenching that could benefit other campuses.

It was also noted that if UC agrees to separate the health sciences from the rebenching process, professional schools and others might logically argue that they should also receive special consideration. It was noted that UCSF students are better funded on a per student basis than health sciences students on other campuses, but that it would decimate general campus funding to bring all health sciences students up to the UCSF level, at the current level of state funding for the University.

Chair Chalfant noted that the Rebenching Task Force has not agreed to rule out a model with a redistribution feature; they have agreed that such an approach should be taken only after the use of new money and cuts to systemwide programs.

#### **IV. UC Observatories**

- *With John Crawford, UCORP chair*

UCORP has requested the assistance of UCPB and UCFW in formulating policies that can provide guidance regarding UCO, and more generally regarding Memos of Understanding that govern budgets for multi-campus research units (MRUs).

Chair Crawford said UCORP's involvement in the UCO external review is part of a larger effort to review all of UC's multi-campus research activities. In 2009, UCOP asked existing MRUs to re-compete for funding to address a concern about the quasi-permanent funding status of programs intended to be temporary. UCO was exempted from that re-competition, but ORGS arranged a separate external review for UCO.

To UCORP, the UCO external review was very positive but did not fully address budget planning, as well as related issues regarding the place of UCO in UC's research portfolio and the effectiveness of the current UCO management structure. In meetings with Vice President Beckwith and UCO Director Bolte, UCORP learned about some ongoing UCO budget issues related to shortfalls in systemwide funding for UCO faculty salary and benefits upgrades, and became concerned about the lack of a constructive management relationship that could help address those needs. UCO and UCOP differ about the extent to which a ten-year-old MOU obligates UCOP to fund UCO's faculty salary and benefits upgrades. UCORP experienced difficulties in getting direct answers from UCO related to budgetary and management issues, and UCORP members would like to see more willingness from UCO to open up their financial and planning process to transparent oversight.

UCORP has been the recipient of a coordinated advocacy effort by the astronomy community, and has also been accused of making factually incorrect statements. UCORP believes that it has successfully fulfilled its charge by pointing out significant research policy issues regarding UCO. And while the budget for UC's systemwide research portfolio is a small fraction of the total UC research enterprise, the systemwide support has a significant potential to seed new projects. Its budget and funding process should be carefully and transparently managed.

**Discussion:** One member said that some astronomers are worried about UCOP's commitment to the Keck Observatory and the planned Thirty Meter Telescope (TMT) project. Keck is said to be

the main reason top astronomers want to study and work at UC, and continued funding for the TMT will be essential if UC wishes to be a founding partner in that project.

Another member noted that UC's astronomy research is distinguished, but that UCO is also part of a system suffering through severe budget problems. It is reasonable to ask whether UCO is taking its share of cuts, whether there are potential alternative uses for UCO funding, and how cuts to UCO would impact UC's astronomy programs. More generally, faculty need to have a role in discussions and decisions about major research investments that affect all campuses.

One member said the proposed governing board is a good solution. The UCEAP governing board has been effective in saving the Education Abroad Program and guiding it to a more sustainable path, and could be a model for UCO.

Chair Crawford said he is not convinced that a new systemwide governing body is the best model for ongoing UCO oversight, nor does he think that ongoing systemwide investment in UCO is a foregone conclusion beyond the current commitment to Keck through 2018. UCORP thinks UCO's current structure may need re-envisioning, particularly with the advent of the Thirty Meter Telescope (TMT) initiative. UCORP is recommending a Senate-led strategic review to recommend medium and longer term objectives and policies for systemwide investment in UCO. UCORP also wants the UCO budgeting and planning process to be responsive to the needs and goals of all UC astronomy and astrophysics faculty as UCO deals with its current deficit and potential future budget reductions.

**Action:** UCPB will wait for direction from the Academic Council.

## **V. Consultation with UCOP**

- *Lawrence Pitts, Provost and Executive Vice President*
- *Nathan Brostrom, Executive Vice President for Business Operations*

EVP Brostrom noted that UC has made progress on a multi-year budget agreement with the State that would include \$90 million in base budget building in 2012-13 with 6% annual growth starting in 2013-14 through at least 2016-17. The State would also transfer lease revenue bond debt service to UC, allowing the University to refinance the debt using its more favorable credit rating. The agreement would ask the Regents to commit to a long-term tuition plan, and UC projects that annual net tuition increases of 5% would make the agreement sustainable.

Provost Pitts added that the State wants to tie accountability metrics to the agreement, including increasing the number of transfer students and improving graduation rates for undergraduates and transfers. Specifically, the State would implement base budget cuts if five-year graduation rates for undergraduates (three year rates for transfers) dropped below 78%. UC believes it can meet the metrics but is also concerned that ongoing budget cuts impair the ability of students to graduate on time. The University also thinks that the State should not penalize UC for the decreasing number of qualified community college transfers resulting from budget cuts at the CCC. Faculty workload is not part of the proposed accountability metrics.

EVP Brostrom noted that UCOP would not impose penalties or rewards on campuses based on their individual performance in meeting the proposed metrics. The agreement still has to pass through the legislature and is also contingent on passage of the Governor's revenue measure. He said the Governor wants the University to support his revenue initiative, and if both the Governor's and the "Millionaire's Tax" initiatives pass, the one with the higher personal income tax percentage would be implemented.

Provost Pitts discussed his idea for the “hybrid” rebenching model, which would bring the campuses with the lowest per-student allocations of state funding up to the level of the campus with the 2<sup>nd</sup> highest per student funding and then use new money over eight years to address the gap between the highest level and the second highest level. He said the plan is a more flexible approach that allows UC to implement ad hoc solutions, if necessary, in a given year while maintaining the goals and principles of rebenching over the long term. EVP Brostrom said another possibility would be to use half of the money needed for rebenching to bring the four neediest campuses up to the weighted average, and then seek to bring all campuses up to the UCLA funding level.

**Discussion:** One member noted that the hybrid plan appears to be based on the desire of the EVCs on the Task Force to follow what they call a “do no harm” principle, which seems to avoid any redistribution of the base budgets of overfunded campuses. Senate members, on the other hand, believe the current system is already harming some campuses and therefore support redistribution. Chair Chalfant added that the Task Force did not vote to rule out redistribution, only to prefer rebenching with new money first, with cuts to systemwide programs second. Rebenching via redistribution of existing base budgets would be the third choice. Provost Pitts agreed that the EVCs oppose any redistribution of base budgets and said the hybrid model spares any campus from cuts by allocating new money disproportionately.

Chair Chalfant said that it is not accurate to say that UC does not have a health sciences rebenching problem; it has a general campus rebenching problem, but that if UC is unable to justify the way it funds health sciences compared to the general campus to UC undergraduates, it will not have a case for raising tuition. Chair Anderson noted that other institutions give different weighting for different types of health sciences students; and UC should consider doing the same.

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

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

*Negotiated salary plan task force:* Vice Chair Powell reported that administrators on the new negotiated salary plan task force are seeking a way forward for their proposed pilot project. They are concerned that UC is losing its competitiveness in the biological sciences, which is forcing life sciences faculty to seek split appointments in the medical school and draining faculty FTE from their departments. Senate representatives encouraged the task force to address Council’s [comments and concerns](#) about APM 668 by collecting data about the extent of the problem and the implications and unintended consequences of implementing a pilot project. Chair Anderson noted that the only area where there is a demonstrated problem is the biological sciences, so it might be worthwhile to craft a salary plan that addresses those faculty specifically, although he added that there is no guarantee Council would agree to such a plan.

*Senate Bill 259:* Chair Anderson noted that the University [opposes](#) Senate Bill 259, which would grant collective bargaining rights to graduate student researchers (GSRs). Specifically, the bill removes language restricting such rights to students whose primary role is employee. (GSIs are primarily employees, while the work of GSRs is fundamentally connected to the process of gaining a degree.) UC’s main concern is that if a union contract restricts GSRs to a 20 hour

workweek (a typical restriction in TA contracts) GSRs will be unlikely to complete their dissertation research in a timely way. Moreover, such restrictions may lead faculty to avoid hiring GSRs. SB 259 has passed the Senate.

*Online Education Project:* The Academic Council continues to be concerned about several aspects of the UC Online Education project (UCOE), including the appropriateness of State-supported UC faculty teaching online courses to non State supported students through UCOE. Another concern is that if UCOE is permitted to enroll only non-matriculated students in at least some courses, quality will decrease and UCOE will become a “UC Lite.” Chair Chalfant serves on an advisory committee providing input into academic policy issues. He recently helped the BOARS and UCEP chairs draft a set of regulations related to the admission and enrollment of non-matriculated students into UCOE. One proposal is to require UCOE courses to have at least 50% matriculated student enrollment. Chair Anderson said the Senate has to acknowledge faculty criticism but also be honest in its criticism. He is concerned that a regulation requiring 50% matriculated student enrollment would kill the UCOE business model.

**Discussion:** One member noted that UC quality should be the paramount consideration in the further development of the UCOE program.

## **VII. Consultation with UCOP**

- *Susan Carlson, Vice Provost Academic Personnel*

The joint Senate-Administration Task Force on Faculty Salaries was formed last year to develop options and recommendations for maintaining faculty salary competitiveness both in the short term and over the next five years based on the assumption that revenue will be available for annual 3% increases.

In July, the President implemented the Task Force’s recommendation for a one-time 3% merit-based salary increase, and the Task Force has since turned toward the need for a longer-term plan. It began by affirming the importance of the merit review/peer review system and the salary scales to UC’s excellence, and acknowledging that the current published scales are not competitive. The Task Force’s just-released [report](#) recommends a new multi-year plan that is based partly on a plan in use at UC Irvine. It proposes to first move the official systemwide scales to the median of the nine general campus averages for each rank and step. Next, when faculty advance to a new rank and/or step, they would move, at a minimum, to the average salary of their peers at the new rank and step on that campus. The Task Force believes the proposal represents the best common ground outcome possible within the current funding framework. The report recommends that another task force address disciplinary differences—e.g., schools of business/management and law. The Task Force believes the recommendations can be implemented for the next fiscal year.

Chair Anderson noted that the Senate has long advocated moving the scales back to market reality. The report introduces a complex mechanism, but one that helps to achieve the Senate’s goals. It is also pragmatic and saleable, and the administrators on the Task Force support it.

**Discussion:** One member noted concern about the complexity of the plan and said that implementing an across-the-board market adjustment would be a much simpler solution for fixing the published salary scales. Vice Provost Carlson responded that the Task Force believes the plan to award a higher salary at the time of review rather than making an across the board adjustment, is more saleable to faculty, administrators, and the general public.

A concern was expressed that the report ignores salary differences by discipline within a campus and it was observed that campuses will continue to address disciplinary differences with off scales. Chair Anderson noted that the systemwide aspect of the plan would absorb any off scale below the new scale. However, the way Irvine implements step 2 does allow people to keep some of their off-scale after they advance to the new rank and step. A concern was expressed that faculty in lower paid disciplines will get raises and faculty in other disciplines will lose their off-scale.

One member expressed concern that the plan could become an unfunded mandate without additional state funding, and as such, would be hard to support without more certainty about the outcome of the State budget. Chair Anderson agreed that the plan would not work unless there is new revenue either from the state or from tuition increases, and the report makes that clear.

One member noted that spending on faculty salaries is a matter of campus priority to a significant degree. Berkeley was able to find \$12 million to implement a plan to extend financial aid into the middle class.

### **VIII. UCPB Members Topics**

One member recommended that UCPB develop principles for allocating funds to centrally funded programs and MRUs addressing how permanent UC's commitment to each should be, even if they become high quality signature programs. It was noted that State funding has an important role in seeding new enterprises, and that funding should sometimes be temporary and sometimes permanent. UC has in some cases made commitments to programs without very much strategic justification, and that support often becomes quasi-permanent by default, which may be fine, but it may also prevent other worthy programs from being seeded and becoming successful. It was noted that UCPB can still make progress on rebenching without closing the door on new principles for off-the-top programs, and the legacy of rebenching has to include a regular assessment of those programs.

It was recommended that UCPB begin each academic year with a comprehensive budget presentation that includes the complete budget portfolio of UCOP. UCPB needs to engage with the new provost on this issue next year. It was also suggested that UCPB invite the chair of the Regents Budget Committee to a future meeting.

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