

University of California Academic Senate
University Committee on Planning and Budget (UCPB)
Minutes of Meeting
February 5, 2013

I. Local Discussions about Enrollment Management

UCOP has asked campuses to detail their fall 2013 enrollment plans for residents, nonresidents, and transfers. UCOP is also developing a long-term planning template, but it has not yet been submitted to campuses. UCPB members summarized current campus-based enrollment planning discussions.

The Regents' systemwide enrollment target for nonresident undergraduates is 10%. The current total is about 8%. Most campuses intend to increase nonresident enrollment by varying degrees, although they also want to maintain at least current levels of California resident enrollment. Campuses note that nonresident tuition revenue allows them to admit more residents and to hire more faculty, and that, with current admission standards, nonresidents enhance diversity and tend to perform as well or better than residents. However, there are also concerns that international students bring additional costs related to English remediation and advising, and that an influx of nonresidents could strain a handful of disciplines disproportionately.

Some campuses have experienced higher than expected yield rates for both residents and nonresidents, making it more difficult to project precise outcomes. Some campuses cite specific diversity goals such as becoming a Hispanic-serving-institution. Some want to expand enrollment significantly over the long term, while the urban and land-constrained campuses have less potential for growth. New housing to accommodate growth will require some campuses to navigate an approval process with state environmental agencies and/or local communities and governments. Less selective campuses aspire to increase selectivity, and others are increasing selectivity in specific disciplines. Some campuses are considering online education as a means to address impacted courses and improve time to degree. Academic and enrollment planning also has to account for aging infrastructure and/or earthquake retrofitting, including seismic upgrades to hospitals required by law. Campuses want to increase graduate enrollment, attract and retain the highest quality graduate students, and provide the best possible facilities and financial packages for them.

Merced has unique challenges. The campus had planned to increase enrollment from 5,700 to 10,000 students by 2020, but it is now slowing its growth trajectory to 300 additional students per year, due to a lack of space and faculty. One new academic building will open this fall, but a second planned for 2015 is not funded in the Governor's budget. Merced has less potential to raise revenue through nonresident enrollment that could be used for capital construction or faculty hiring.

II. Composite Benefit Rates Project

- *Peggy Arrivas, Associate Vice President and Systemwide Controller*
- *Joao Pires, Director, Cost Policy and Analysis*

Report: The Composite Benefits Rates Steering Committee met in January. The latest scenario under consideration includes separate rates — for (1) faculty; (2) other academics; (3) staff; (4) postdocs and employees with health benefits only; (5) interns, residents, and employees with no benefits; and on campuses with medical centers (6) faculty on the Health Sciences Compensation Plan with “y” salaries. The Steering Committee decided not to pursue adding sabbaticals to the rates, as it would be too complicated to standardize diverse campus practices. The U.S. Department of Cost Allocation does not support a scenario that includes a separate rate for summer salaries, so the Steering Committee is recommending that summer salaries be charged a 0% rate to reduce adverse impacts on extramural funding. Summer salaries are currently being charged benefits that average between 10-12%. UCOP is modeling one additional scenario that divides exempt and non-exempt staff and one that combines faculty and other academics. UCOP hopes to reach an agreement about a final model with campuses by late March, so they can send the model to the DCA for approval in April. UCOP hopes to implement the model in time to be concurrent with UCPATH Wave I implementation in April 2014. Since April 2014 is in the middle of the fiscal year, transition plans for the other campuses will need to be developed. For example, Berkeley and Davis will probably transition to the systemwide model on July 1, 2014. Each campus is to develop transition plans for supporting faculty who have grants that are adversely impacted; however, the majority of grants will not be adversely impacted.

Discussion: UCPB members requested more local consultation about the project and its implications for individual grant costs, noting that faculty need to be informed about what is happening and projected outcomes as soon as possible.

III. Consultation with Senate Leadership

- *Robert Powell, Academic Senate Chair*
- *Bill Jacob, Academic Senate Vice Chair*

Academic Council Meeting: Council endorsed a statement from the UCFW Task Force on Investment and Retirement urging UC to maintain the current trajectory for employer contributions to UCRP. Council also endorsed a UCFW letter asking UCOP to produce an updated total remuneration study for faculty and non-represented staff. Council is discussing criteria for the conversion of existing programs to self-supporting status and hopes to produce new draft guidelines by the end of the year.

January Regents meeting: The Governor’s budget proposes a \$10 million annual set aside over the next six years to fund new online educational technologies for matriculated undergraduates. The Senate collaborated with Provost Dorr on an informational [session](#) about online education at the January Regents meeting that detailed the various online activities already underway across the UC system. UCOP will be sending an RFP to campuses proposing the creation of new lower-division high enrollment systemwide online courses. The Provost has called for a systemwide conference on the future of instructional delivery technologies in the spring that will discuss how to allocate funds to meet the Governor’s goals.

Faculty Workload: President Yudof has asked the Provost and Senate leadership to address faculty workload at the March Regents meeting. The Governor wants faculty to teach more, but the total number of ladder rank faculty is expected to remain flat over the next 5-8 years while undergraduate student credit hours are projected to grow by as much as 10% or 750,000 over the next three years, along with a growing proportion of upper division credit hours. The average age of faculty is rising and campuses are not recruiting new faculty fast enough to keep up with

separations. Enrollment planning must account for the additional credit hours and faculty teaching. UC will have to figure out how to teach the additional hours with the existing number of ladder-rank faculty or additional lecturers.

Discussion: It was noted that UC risks creating a “two-tier” faculty by hiring significant numbers of new lecturers, which threatens the excellence that stems from Research Faculty teaching undergraduates. UC also has to protect the research environment for faculty and should employ industry and others to help make the case for the importance of university research to the economy and a highly educated and skilled workforce. It was also noted that there could be a role for online education in lower division gateway courses and could help address time to degree issues.

IV. Consultation with the UC Provost

- *Aimée Dorr, Provost and Executive Vice President*

Quality Initiative: The Quality Initiative is an effort to define the things UC needs in the next decade to remain a first-class public research university. It identifies several areas that were already in the UC budget and highlights them as critical investments in excellence – reducing the student-faculty ratio; increasing funding for faculty start-up costs; increasing graduate student support to competitive levels; enhancing undergraduate instructional support; and reducing faculty and staff salary gaps.

UCOP has asked each campus to identify their highest priorities for funding within this quality enhancement framework that will sustain and improve excellence on that campus. Priorities will vary by campus. UCOP will also expect campuses to provide data showing that the funding they receive is making a difference in progress toward goals in those areas. In the end UC needs useful, believable, and affordable metrics.

The March Regents meeting will include a discussion of faculty workload and academic efficiency. The discussion is likely to focus on student credit hours taught, rather than number of classes taught. One of UC’s biggest challenges is to inform the general public about the total scope of the faculty’s job – particularly their role as researchers.

Online Education: The Provost has scheduled two all-day working meetings for Senate and campus administrative leaders in mid-April—one in the north and one the south—to discuss how to use funding the Governor’s budget sets aside for online education. The meetings will identify UC’s needs, including those related to courses and faculty resources; UC’s goals for online education, and a plan to track the extent to which UC is meeting the goals. Some of the funding may be used to develop a comprehensive catalog of all online and in-person courses that are available to UC students at any campus, along with a systemwide communications hub that can enable seamless cross-campus enrollment. The initiative will be of and for the willing. Faculty and students will not be required to teach or take online courses. But UC will have to show progress. Following the meeting, UCOP will finalize an RFP to campuses for the creation of new online courses.

Discussion: Members noted that the student-faculty ratio target of 18.7:1 should remain an investment priority. It was noted that the public values affordable, undergraduate education for California residents, and recognizes the value of small class sizes.

V. Consultation with UCOP – Budget Update

- *Debora Obley, Associate Vice President for Budget and Capital Resources*

UCOP is developing a revised budget plan that reflects the Governor's budget and his request not to raise tuition or professional degree fees. Some projected expenditures, including the areas identified by the Quality Initiative, are discretionary, but others like retirement contributions, employee and annuitant health benefits, and academic merit increases remain mandatory. UC campuses also face huge backlogs of deferred maintenance.

UC is optimistic that the state will support the Governor's lease revenue bond debt restructuring plan. Under the plan, the state would transfer \$200 million in lease revenue debt to UC that is currently owned by the state but in the UC budget. As the new debt owner, UC can restructure the debt with its more favorable credit rating and save \$80 million over ten years. The state would also move \$200 million of general obligation bonds into UC's base budget so that future adjustments would be applied to the increased base.

UCOP is responding to a claim made in the Governor's budget that UC has increased expenses by 15% while other state agencies have reduced costs. UCOP notes that 60% of the increase relates to financial aid. The other part of the increase reflects higher employer contributions to UCRP, which the state has not funded to the extent that it funds retirement accounts of other State agencies.

Discussion: It was noted that the budget situation, especially without tuition increases or additional state funding, leaves UC little choice but to increase the enrollment of nonresidents, even beyond what is reflected in revenue estimates. It was noted that tuition increases benefit low-income students through the return-to-aid system. The student representative noted that the UCSA supports the UCR medical school and the undergraduate student-faculty ratio as top funding priorities.

VI. Consultation with UCOP – Enrollment Management

- *Debora Obley, Associate Vice President for Budget and Capital Resources*
- *Todd Greenspan, Chief of Staff, Office of the Provost*

UCOP has asked campuses to provide their fall 2013 enrollment targets and is working on a long-term template projecting enrollments out to 2021. UCOP will use the data to model rebenching, review trends for different disciplines in the context of workforce needs and infrastructure/ resource capacity; and analyze the extent to which campuses are willing to enroll residents for which they do not have funding. After UCOP receives campus plans, it will assemble a systemwide plan that works with rebenching and maintains UC's commitment to California residents.

The rebenching model is based on total budgeted enrollment for 2010-11. If UC and the state can agree to a more accurate budgeted enrollment calculation, UCOP will adjust the rebenching formula to produce the same outcomes. UC believes it enrolls at least 10,500 unfunded resident undergraduates systemwide compared to the budgeted enrollment figure used by the state, and some UC analysts argue that the real number of unfunded students is closer to 37,000. In 2009-10, the state did not factor its budget cut to UC into its budgeted enrollment calculation and at the same time, considered the resulting tuition increase to be state funding for additional enrollment.

It was noted that UC continues to meet its Master Plan commitment to admit the top 12.5% of California public high school graduates, although the University was unable to meet its transfer enrollment target last year, and applications from community college transfers are down this year. BOARS has a policy that nonresidents admitted to a campus must “compare favorably” to residents admitted to that campus.

VII. Consultation with UCOP

- *Nathan Brostrom, Executive Vice President, Business Operations*

Funding Streams and Rebenching: UCOP is discussing how to implement the second year of rebenching—with this year’s increment of \$37 million plus last year’s \$20 million shortfall, or by amortizing the total remaining balance over five years. UCOP is considering alternate models for calculating the Funding Streams tax—currently 1.6% of total expenditures—to address concerns from some campuses that they do not receive UCOP services proportionate to their assessment. UCOP is reviewing a new, more complex methodology that assigns weights to various UCOP functions based on usage, ability to pay, and other metrics, and accounts for the special circumstances of the medical centers. It was noted that the UCOP budget includes systemwide administration, central functions such as HR/Benefits and the Office of General Counsel, and systemwide research and public service programs like SAPEP, ANR, and the California Digital Library. Funding Streams will also fund UC Path, P200, and other systemwide efficiency initiatives intended to save the campuses money.

New Funding Opportunities: UCOP has been meeting with the authors of Proposition 39 to discuss energy efficiency projects at UC that could receive Proposition 39 funding. The same projects would also help UC meet the State’s new cap-and-trade law. The State is projecting that actual tax revenues will be \$5 billion more than estimated in the Governor’s budget. UC hopes the Governor will use a portion of the revenue to pay down existing unfunded liabilities.

Tuition Policy: The projected increases to UC’s base budget are good news, but they will not cover UC’s mandatory costs or return the University to a sustainable path. UC is concerned about strongly held views against tuition increases that need to be a part of any sustainable long term budget plan. UCOP hopes to achieve an agreement with the state about a tuition policy that includes low and predictable tuition increases with a return-to-aid component that benefits low income students and extends affordability further into the middle class. UC has a progressive financial aid program and low student debt relative to other universities.

Discussion: One member recommended that UCOP implement the full \$57 million for rebenching while funding is available. There were some concerns about efforts to parse apart the specific benefits of particular central programs to particular campuses; central programs should all be considered part of the common good. Members agreed that more predictability about tuition, and more importantly expected family contribution, would benefit students and their families.

Meeting adjourned at 4:00 p.m.
Minutes prepared by Michael LaBriola
Attest: Jean-Bernard Minster