

**University of California Academic Senate**  
**University Committee on Planning and Budget (UCPB)**  
**Minutes of Meeting (*teleconference*)**  
**April 2, 2013**

**I. Announcements**

- *Jean Bernard Minster, UCPB Chair*

**Financial Aid:** The Academic Council reviewed comments from Senate divisions and systemwide committees about UCOP's options for modifying UC's undergraduate financial aid funding and allocation methodology, and will express support for the policy-driven options and qualified support for "Option A."

**II. Consultation with Senate Leadership**

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

**Online Education Legislation:** The Academic Senate chair and vice chair have released an [open letter](#) to UC faculty opposing [State Senate Bill 520](#) (Steinberg), which would establish a process through which UC, CSU, and CCC students who are unable to enroll in classes they need to graduate could gain credit for courses taken through for-profit third-party providers of Massive Open Online Courses (MOOCs). The Intersegmental Committee of Academic Senates met with policy staff from the offices of Senator Steinberg and Block to air concerns about the bill, and the CA Senate Education Committee will hold a public hearing on SB 520 in late April. The higher education segments are also reviewing [SB 547](#) (Block), which would require them to develop or identify high demand lower division online courses that are transferable under IGETC, and make them available to students by fall 2014. In a recent [op-ed piece](#), the UC Senate chair and vice chair discuss the benefits and shortcomings of online instruction, UC's extensive existing offerings and efforts, and the need for faculty to ensure quality through existing course development and approval processes.

**April Online Education Meetings:** The Senate and Provost are planning two systemwide meetings scheduled for mid-April that will discuss the use of funding in the Governor's budget for the development of online educational technologies, goals for online education, infrastructure needs, course articulation, a systemwide online course catalog, and the RFP for faculty to develop online and hybrid courses that can be offered on multiple UC campuses.

**Discussion:** It was noted that the online education legislation is attempting to solve problems for which UC already has solutions, and that a systemwide course catalog will help clarify and promote UC's current course offerings and activities.

**Composite Benefit Rates:** Plan "J" and "K" are the latest composite benefit rate scenarios under consideration. "J" would charge faculty summer grants academic year benefit rates of 33-36%, rather than actual costs of 10-12%, which would represent a \$16 million funding cut systemwide for faculty with summer grants. Plan "K" would charge a 0% rate to summer salaries but extract \$23 million from general funds beyond the actual cost of benefits. It is opposed by the chancellors. The Senate chair and vice chair have encouraged faculty to lobby for a new plan that

will charge a rate to summer salaries that is closer to actual cost. UCOP says it needs to choose a scenario soon to align with a parallel testing process for UC Path, and that the federal government will not accept a separate summer rate that is calculated differently than regular academic year salary.

**Budget Sequestration:** UC grant revenue dropped 20% during the first quarter of 2013 after the implementation of federal budget cuts known as “sequestration” on January 1, which forced the NIH, NSF, and other agencies to cut back on new grants or delay approved grants.

**Total Remuneration Study:** UCOP has agreed to Council’s [request](#) for an updated total remuneration study for faculty and non-represented staff.

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

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

The CA Department of Finance is expected to recommend attaching outcome measures to UC’s 2013-14 budget, and the Legislature may attempt to reinstate several line items proposed for elimination. UC opposes a trailer bill accompanying the budget that asks the university to report on the cost of education by student level, because it says it is impossible to accurately delineate the portion of a faculty member’s salary associated with teaching only or research only, or the time a faculty member spends on instruction within the research enterprise. UC is also emphasizing that it can delay a tuition increase only if the Governor’s debt restructuring plan is approved, and is advocating for funding to support the UCR School of Medicine and new academic buildings at Merced, and for Proposition 39 funding to support shovel-ready energy efficiency projects. UC hopes the Governor will use a portion of an expected State budget surplus to address existing liabilities such as UCRP and deferred maintenance on UC campuses.

UCOP will be extending the April 30 deadline for campuses to return their initial 2013 enrollment plans to allow for additional local modeling and discussion, and to give UCOP more time to discuss the plans with campuses in the context of their Master Plan commitment and nonresident enrollment expectations. UCOP will be able to implement another year of rebenching without the enrollment numbers.

**Discussion:** UCPB members expressed some frustration regarding the delay in the enrollment planning project. It was noted that faculty understand modeling and should be involved in local discussions at an early stage. It was also noted that the LAO has a new [report](#) about a \$70 billion deficit in the California State Teachers’ Retirement System (CalSTRS), and the UCM chancellor is concerned about the Merced campus’s capacity to meet UCOP’s growth projections.

### **IV. Consultation with UCOP**

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

**Funding Streams:** UCOP met with the Vice Chancellors for Planning and Budget to discuss an alternative model for calculating the Funding Streams assessment that would assign weights to UCOP functions based on services received, ability to pay, and other metrics. The VCPBs are recommending a simpler model that would base 1/3 of the assessment on total campus expenditures; 1/3 on the number of enrolled students; and 1/3 on the number of employees. As a

result, UCSF would have a smaller assessment, but would also return a proportionate amount of state funding to campuses with a higher assessment, so that no campus will be impacted disproportionately in the initial assessment.

**UC Path:** UCOP now plans to implement Wave 1 of UC Path in July 2014, Wave 2 in January 2015, and Wave 3 in July 2015. The \$200 million cost of implementation will be amortized over seven years.

**UCRP:** Employee and employer UCRP contribution rates will increase to 6.5% and 12% on July 1, and the President is reviewing a recommendation from UCOP to increase the rates to 8% and 14% in July 2014. The Regents will review and act on the recommendation this July. UCOP believes it is critical for UC to continue on a path to the full funding of the UCRP Annual Required Contribution (ARC) and is modeling options for leveraging a portion of UC's existing liquidity to fund UCRP to relieve some of the pressure on campuses.

**Discussion:** It was noted that the latest composite benefit rate scenario will have a negative impact on faculty grants, compounding the effects of sequestration. It was also noted that the Senate believes it is critically important to pay down UCRP's unfunded liability to cover at least the full Modified ARC. It was agreed that UCPB will request for the May meeting an in depth primer on UCRP funding issues along with updated projections about the goal of funding ARC by 2018.

## V. Systemwide Senate Review Items

UCPB reviewed a set of proposed revisions to [APM 600 Section IV](#). A memo from the Vice Provost for Academic Personnel notes that the revisions are intended to clarify and correct the APM language, align it with current practice, and prepare for the implementation of UC Path. UCPB members requested more time to review the revisions for possible budget impacts.

**Action:** UCPB will discuss the proposed changes at its inter-meeting teleconference on April 23.

## VI. Campus Reports

Most campus Planning and Budget committees are discussing composite benefit rates and UC Path. In addition, the UCR P&B has been meeting with deans for an overview of their 2013-14 budgets, and is discussing a campus plan to increase graduate enrollments to 20% by 2020. UCSC is reviewing departmental budget and recruitment plans, discussing the campus's goal to increase international and graduate student enrollments, and contemplating the role of technology in pedagogy. The UCSD P&B is hosting a budget education workshop in late April to help increase budget awareness and transparency, and is considering how a higher nonresident enrollment target will impact UC's Master Plan commitment. The UCSD chancellor is also implementing the negotiated salary trial program, and has decided to return the full amount of nonresident graduate tuition to departments. UCI is also moving forward with a negotiated salary trial program, and the UCI P&B has been meeting with EVC finalists.

UCLA's joint enrollment planning committee believes that UCLA should maintain its commitment to CA residents—particularly underserved and First Generation populations—even as it increases nonresident recruitment. UCLA has a new online education office, and has

launched a new development campaign to raise \$4 billion in time for its 2019 centennial. The UCM P&B is reviewing FTE requests and discussing “Project 2020,” a plan to build Merced’s capacity in order to support 10,000 enrollments with a 10% graduate student ratio and a research infrastructure that can eventually support a medical school. The campus plans to use a public/private partnership model for some construction projects, for which it will issue RFPs this fall. A UCSF working group will be meeting this summer to consider strategic long-term issues, including the relationship of the campus to the UC system; pension funding; the research grant environment; space for faculty; and the role of the UCSF medical center *vis a vis* other Bay Area healthcare providers. The UCD chancellor is proposing a tax on all carry forward accounts to fund the campus’s budget deficit.

In addition, a UCPB member circulated a document compiled in 2008 that compares the charges, characteristics, and activities of campus Planning and Budget committees. There was interest in updating and revising the survey and adding questions about areas in which shared governance consultation has been most and least effective. UCPB will review the updated survey at its April 23 teleconference.

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Meeting adjourned at 12:30 p.m.  
Minutes prepared by Michael LaBriola  
Attest: Jean-Bernard Minster