

UNIVERSITY COMMITTEE ON PLANNING AND BUDGET

ANNUAL REPORT 2007-2008

TO THE ASSEMBLY OF THE ACADEMIC SENATE:

Under Senate Bylaw 190, the University Committee on Planning and Budget (UCPB) is charged with advising the President and appropriate agencies of the University administration on policy regarding planning and budget matters, and resource allocation in accordance with the Standing Orders of the Regents. UCPB serves as one of many Academic Senate reviewing agencies as well as one source of independent faculty analysis of budget and planning matters. UCPB held seven face-to-face meetings during the 2007-08 academic year, and one teleconference. This report outlines the committee's activities and accomplishments during the year.

Planning and Budget faced challenges this year, as UCOP began a major restructuring at the same time as the state General Fund allocation to UC was reduced. UCPB's job was made more difficult by turbulence in UCOP's procedures and personnel structures and by self-imposed operational changes within the Senate itself. Although several high-level reports called on UCOP to be more transparent and interactive, UCPB did not experience noticeable improvement in access to information vital to our participation in shared governance on planning and budget matters. As for access to budgetary and related information *prior* to major decisions, the situation was somewhat worse than in previous years. The absence of effective information pipelines also caused the committee chair to delay or suspend several multi-year projects. This Report will take up these matters one at a time.

Summary of the Committee's Major Projects and Findings

1. State Budget Impact on UC. UCPB's March 2008 "[Cuts Report](#)" was endorsed by Academic Council and forwarded to President Dynes. The report found that the Schwarzenegger Administration's budget proposals, even as revised in May, ended the University's still-incomplete recovery from the 2002-05 cuts in state funding by reducing state General Funds by 10% below the Regents Nov 2007 budget request, again forcing the University to diminish its per-student investment for 2008-09.
2. UCOP Budgetary Planning: In the context of the "Futures Report's" findings that the state monies dedicated to UC "core funds" cannot be replaced by research sponsorships and philanthropic giving, our research and consultation suggests that UCOP does not yet have a coherent plan for the University's future fiscal solvency under conditions of enrollment growth and modest student fees.
3. Academic Programs and UCOP: UCPB discussed restructuring with our guests and consultants, and produced a report that was reviewed but not endorsed by Academic Council. While in favor of improved OP efficiency, UCPB has so far seen mostly short-term savings through spin-offs and significant budget cuts. Although our data was incomplete, there were signs that academic programs were disproportionately affected (the Education Abroad Program was cut 15%, 40% was removed from the acquisitions budget for the California Digital Library, and IUCRP received a \$2 million cut to its already allocated grant budget for 2007-08 to plug a hole in the

administrative budget of the Office of Technology Transfer). The cuts to UCOP's academic programs, coupled with the "Roles Report's" elevation of the presidential function over campus services, raise the possibility that systemwide and multicampus academic programs will receive the required Senate-based academic review, and enjoy a planning process in keeping with the educational mission, only if they are returned to the campuses.

4. Faculty Salaries and the Faculty Salary Scales In August 2008 the chair of the Working Group on Salary Scales, Nick Jewell, issued a report confirming that Year 1 of the Four Year Plan for Faculty Salaries met its goals of reducing the proportion of off-scale salaries and partially closing the gap between the average salaries for UC faculty and those of its comparator institutions. Through the rest of the year, however, the WGSS did not have even preliminary data to use to evaluate the plan's effectiveness or to develop possible models for the next three years. UCPB emphasized that in order to properly evaluate the plan, the Work Group needed the source data illustrating how UC faculty salaries will reach market rates by year four, and needed this data in advance of final policy decisions. UCPB remained very concerned both about the ongoing lag in faculty salaries, and about irregularities in the implementation of the Plan, which had in Year 1 clearly damaged support for continuation among some campus leaders. UCPB also considered the impact of the deteriorating state budget on funding the faculty scale reform in the second of the four-year plan, and argued that the actual costs of the salary scales plan were modest enough to allow for their continuation even under adverse budgetary conditions.
5. UC Merced. Merced is the UC system's newest campus, but is developing in a difficult budget climate and with levels of support that are significantly below those of the campuses that came into being two generations ago. UCPB has been concerned that UCOP has not developed a budgetary model for the Merced campus that will allow it to offer a quality of education equivalent to that of other UC campus – or even basic fiscal solvency. The only viable model involves an increase in public funding support for the campus. UCPB's recommendations regarding Merced's operating budget, capital budget, and strategic growth plan were adopted by Academic Council.
6. Reviews of Professional Schools and Other Programs. The new round of budget cuts coincided with a large wave of new proposals for major professional schools (medicine, nursing, public policy, global health, and others). In nearly all cases, UCPB affirmed the academic plan and recommended against proceeding without more realistic, multi-year budgeting. Our skepticism was confirmed by reports over the summer that the Riverside campus was borrowing money to pay for the early-stage development of its medical school. These ambitious professional school proposals offer eloquent testimony to reduced UC capacity and perhaps reduced quality in the wake of reduced public funding.
7. Shared Governance. Two trends were on a collision course this year: 1) the demand for "real time" consultation in a rapidly-changing administrative environment, which requires timely access to data so that Senate agencies comment prior to final administrative decisions; 2) the failure of data "transparency" in spite of various high-level reports that called for it. UCPB's analyses depended almost entirely on our independent work with publicly-available data in the company of campus-level

information obtained by UCPB members. Without improved information flow between UCOP and UCPB, and greater support for UCPB from the Senate Chair and Vice-Chair, UCPB will not be able to do its job correctly. The same goes for the Senate, which runs the danger of being shut out of financial and other organizational decisions that predetermine the fate of academic programs.

1 & 2. The University Budget and Budgetary Planning

UCPB received monthly updates from its committee consultants (first EVP Katie Lapp, and later VP for Budget Patrick Lenz) about the status of the state and federal budgets and their impact on the University budget, student fees, financial aid, enrollment, capital outlay, and faculty and staff salaries. In 2006-07, we expressed concern about the absence of a multi-year budget planning process, as we had been surprised to discover that the Futures Report's calculation of long-term budgetary pathways had no counterpart in UCOP. As far as we know, long-term planning continues to be delayed by short-term financial problems.

UCPB also advanced initiatives that continued its work of previous years. UCPB had authored a *Resolution on Maintaining the Public Status of the University of California*, which was endorsed by Council in October 2005 and transmitted to the President. The Resolution asked the University of California Long Range Guidance Team to evaluate the effects of increased reliance on private funds on the instructional, research and public service missions of UC, including the long term implications of the Compact, and to report results back to the Council. This evaluation and report were not undertaken by that body.

The UCPB report *Current Budget Trends and the Future of the University of California* (the "Futures Report" 2006) did perform this assessment, and found that private funds in the form of research sponsorship and philanthropy could not replace lost public funding, which meant that drastically increased fees were the only mathematically plausible source of replacement funds (at the level of \$15,000-\$18,000 in 2005-06 dollars). This report was widely reviewed and validated, endorsed by Academic Council, and presented to the Assembly and to the Board of Regents in May 2007. The Report's core recommendation, to formally request an additional \$1.1 billion in state General Funds to put UC back on its 2001 budgetary pathway, has not been seriously considered, even prior to the state budget crisis of 2007-08. The same fate befell the Report's general call for the University to communicate the real costs of combining broad access with high-quality in higher education, and to quantify the greatly increased fees that would result were per-student investment levels to be maintained as General Funds allocations are cut.

In response to the Schwarzenegger Administration's two proposals for cuts to all state agency budgets (in January and May), UCPB wrote the "Cuts Report," which was subsequently endorsed by Council and submitted to the President. The report found that when UC's state revenues are corrected for both inflation and for a 20% student enrollment increase since 2001-02, state investment per student has fallen 30%; that the Governor's May Revision represents a freeze on UC's General Fund budget for 2007-08, and a 10% cut from The Regents' November budget; that to fill the shortfall entirely with student fees would require a 40% one-year fee increase for in-state undergraduates, with

more of the same in future years; and that the new budget cuts were likely to turn into a multi-year cycle of cuts. Our recommendations included the suggestion that UCOP make a compact with the public that would put a floor under its per-student investment (meaning cutting enrollments to match cuts in General Funds, with appropriate notice to the public.) The first draft also recommended a freeze on enrollments as a way of protecting per-student investment. UCOP subsequently rejected this possibility for 2008-09, and our proposal was dropped from later versions of the “Cuts Report.”

3. Academic Programs and UCOP

Academic year 2007-08 began with a call for major UCOP operational changes from the Chair of the Board of Regents Richard Blum. A consulting company, Monitor, issued a related report on UCOP operations. In addition, a Regent-administrative committee –with one Senate representative – wrote what was referred to as the “Roles Report.” UCPB heard discussion of UCOP restructuring from our guests and consultants at every meeting, and finally drafted a report that was submitted to Academic Council at its final meeting. Our Report attempted to identify the operating principles implicit in this body of working administrative documents, and to assess those principles from the perspective of faculty and University interests. We found as follows: that the Senate should endorse the three documents’ emphasis on making UC planning and management more proactive, communicative, well-coordinated, and long-term (Principles I and II); that restructuring will bring improved effectiveness only if UCOP makes its culture more collaborative and transparent; that functional analysis and design should take precedence over short-term budgetary goals; that UCOP should recognize that “Systemwide Support Functions” are *at least as* important to the campuses as are “Presidential Support Functions” and should be protected; that UCOP should solicit systematic advice from a broad cross-section of the service-users on the campuses prior to final decisions; and that UCOP should not direct academic planning, but should focus on finding and developing resources to support the specific goals and the common ambitions of the campuses.

In its July 2008 meeting, the Academic Council returned this document to UCPB for revision, which next year’s UCPB may choose to do. The matter remains urgent, as one unfortunate possibility is that UCOP will retain its financial and legal authority over the campuses while drastically reducing its responsibilities for development and support.

In the domain of systemwide research programs, UCPB was concerned this year that the tone and financial goals of UCOP’s restructuring discussion would jeopardize these programs. The committee had spent a great deal of time in recent years on OP management of multi-campus research units, and hoped this year that the new Vice President for Research and Graduate Programs would continue some of the reforms ours and other Senate committees had recommended. This year’s indications are mixed, as the Office of Research was involved in controversial personnel changes and in the irregular budgetary reallocation noted above. Next year’s UCPB may want to spend more time on the research side of UCOP’s academic planning and administration.

UCPB’s major review in the arena of academic planning was the Education Abroad Program. The committee had been involved in correspondence and consultation about EAP’s budgetary problems and reforms since January 2006, and took the lead in the

spring of 2006 in adding Senate members to the Ad Hoc Committee reviewing EAP so that the program's budgetary problems could be examined and solutions could be proposed. Our meeting with EAP's chief administrative officer Gerald Lowell, in March 2007, revealed that the major deficit was a one-time problem tied to a poorly-planned move of UOEAP, but that a better budgetary model, coupled with operational streamlining, needed to be designed and enacted as quickly as possible. In 2007-08, UCPB was one of the Senate agencies charged with reviewing the Ad Hoc report that had indeed appeared. During this period, UCPB enjoyed invited visits from Jerry Kissler, author of the Consultant budgetary analysis of EAP (November 13, 2007), and Gretchen Kalonji, Director of International Strategy Development in UCOP (January 22, 2008).

UCPB's analysis concluded the following. While the Ad Hoc report was an important step forward in the evaluation of EAP's strengths and weaknesses, it was flawed by the absence of 1) an evaluation of the program's academic programs and outcomes and 2) an analysis of the budget model. A budget analysis was provided by an outside consultant, Jerry Kissler, which was a genuine advance in the understanding of EAP's budget problems. But Kissler's model was not evaluated by the Ad Hoc committee, was not part of the materials forwarded to Senate reviewing agencies, and was incomplete in important respects. UCPB was in a unique position within the Senate in its evaluation of the Kissler budget model along with the other materials. Our analysis concluded that neither the Ad Hoc Report nor the Kissler Report provide a sustainable basis for restructuring and growth.

UCPB's response also included a set of budgetary principles that noted that 1) funding for EAP units should be determined on a per student FTE basis; 2) the budget per student FTE for Education Abroad (the centralized and campus based budgets combined) should be comparable to that of on-campus programs; 2) the budget per student FTE for EAP (the centralized and campus based budgets combined) should be equivalent to that of on-campus programs; 3) Clarity of the EAP funding structure must underlie any future approach to restructuring international education and must precede any recommendations on its programmatic identity (growth, new mix of undergraduate and graduate research components, new decentralized partnership for global education); 4) any future funding structure must clarify how resources would flow to EAP by defining the relations of the central and campus units. UCPB strongly recommended integrating undergraduate education with graduate study and research exchange, a move that could position UC as a global leader. Finally, UCPB recommended that UCOP provide EAP with short-term budgetary stability, and that UCOP work with the Senate to provide the integrated academic and budgetary analysis required by academic programs under shared governance provisions.

In fact, UCOP unilaterally imposed a 15% cut on the program for 2008-09, and did not respond to a budgetary model proposed by acting director Michael O'Connell, who was subsequently dismissed prior to the end of the academic year. In August 2008, President Mark Yudof wrote a letter to Senate Chair Michael Brown that separated the development of a "business plan" for EAP, which would be reviewed and approved by the President, from the Senate's input into EAP's academic program, including the possible development of graduate programs. The memo to the Senate did not include the

President's letter defining the actual business model that had already been communicated to the new acting director of EAP, Michael Cowan. This letter, obtained by the committee chair from one of the committee's consultants, establishes budgetary ground rules very similar to those proposed by Consultant Kissler's report. As of this writing, the Kissler report has effectively replaced input from the Academic Senate – input that should be routine under shared governance - at the interface between budgetary and academic requirements.

The needs and opportunities of academic programs are constantly changing: EAP, the MRUs, the Industry-University Cooperative Research Program, the California Digital Library, UC Press, and the Cal ISIs, are examples of programs where UCOP has a responsibility to provide curatorial oversight – oversight that supports efficiency but also development and timely transformation. UCPB has not seen evidence of this curatorial spirit in UCOP's relation to its academic programs. Towards the end of the year, we included in our analysis of UCOP restructuring the recommendation that all UCOP academic programs be spun off to campuses. This possibility may be worth considering again next year.

4. Faculty Salaries and the Faculty Salary Scales

The only point to add to the summary at the start of this report is that the personnel (Nick Jewell) and budgeting functions (Debra Obey et al) appeared to be not well coordinated; Nick Jewell was unaware of some of the important details of the funding allocations to campuses and of the Budget Office's cost estimates. Whatever the causes, the implementation of the plan created resentment among administrators at most campuses, and at one point in the year an EVC tried to enlist his local academic senate leader to push back against the systemwide senate support for the Four Year Plan. If the Four Year Plan is going to continue, its implementation will need better communication and coordination among the University's various constituents.

5. UC Merced

Merced is meant to be a full-fledged campus of the UC system, and is currently enjoying steady increases in enrollments, successful faculty hiring, and solid per-faculty research funding. At the same time, the funding model for Merced, in particular the capital and operating budgets, appears to put it on a path toward long-term poverty and indebtedness, and severe restrictions on space resources and hence, high-quality faculty hiring. To partially alleviate these structural problems, UCPB recommended that a specific set of capital projects be put at the top of the University's list, that the first 5000 Merced students be funded by about 50% above the campus's current assumed enrollment support of \$8300 per student (or \$12,500), and that UCOP work with Merced to design a strategic growth plan that will make UC Merced equivalent to other campuses in practice as well as in principle. Each of these recommendations involves a significant increase in public funding for the campus in order for it to achieve its potential. These recommendations were accepted by Academic Council and forwarded to the President. UCPB hopes that this Senate analysis will help put Merced's development back on track.

6. Proposals for New Schools and Other Programs

Review of the Proposal for a School of Public Health at UC Davis

While UCPB recognized the high demand for new public health professionals, the committee identified a number of budgetary concerns. These included the proposal's assumption of future state funding for student enrollment growth. We were also concerned that current levels of state support per student are not high enough to sustain and grow such a school (even assuming it is not further reduced by the State legislature in the future). Members also articulated concern over the School's dependence on current faculty in the Department of Health Sciences. Due to these significant concerns, UCPB did not endorse the proposal.

Review of the Proposal for a School of Nursing (SON) at UC Davis

Although UCPB acknowledged that the new SON would help address an acute nursing crisis, it noted that the proposal did not include a detailed curriculum for any of the degree plans (matriculation dates were also unclear). The proposal also did not include sufficient information to assess the financial viability of the SON – e.g. cost estimates, or funding sources for capital projects. UCPB did not endorse the proposal, and recommended that a revised proposal be submitted.

Review of Proposal for a School of Medicine at UC Riverside

UCPB was impressed with the compelling case made by Riverside for a Medical School with a focus on the inland region of Southern California. However, UCPB indicated that the financial feasibility of the school warranted further exploration. We viewed as problematic the heavy reliance on State funding at a time of State financial retrenchment and on philanthropic fund raising in a financially stressed region of the State. UCPB was also concerned that the school could be structurally underfunded, resulting in a compromised program. While these concerns remain, UCPB joined other Compendium committees in approving the proposal contingent upon the commitment of new funding sources.

Review of the Proposal for a School of Public Policy at UC Riverside

One of UCPB's primary concerns with this proposal was its proposed budget model: it assumed that the proposed executive MPP and professional development courses would meet what appeared to us to be unrealistic revenue targets. It was also felt that the budget did not provide the level of start-up funds that major programs have always required in their inaugural years. UCPB also expressed concern that the proposed curriculum and research focus appeared to be more aligned with programs in public administration than in public policy. UCPB's endorsement of the proposal was contingent upon the resolution of these specific funding and programmatic issues.

Review of Systemwide Research Units and Administration

California Institutes for Science and Innovation

Per the Compendium, UCPB submitted its comments regarding the first Five-Year Review of the California Institute for Telecommunications and Information Technology (Cal IT2). In particular, while the committee noted the quality and accomplishments of Cal IT2, it strongly recommended careful monitoring of a number of issues. The most serious problem was the operating budget. UCPB and UCORP advised that future Cal ISI reviews should include data that show how Cal ISIs increased industry and/or federal funding beyond what already exists in related academic departments.

Indirect Cost Recovery

UCPB and UCORP agreed to form a joint working group to study indirect cost recovery (ICR) mechanisms and their related impact on the University; three UCPB members agreed to participate on the working group. This project did not advance, in large part because the lead partner, UCORP, was unable to obtain data in a timely way. UCPB may continue working on this issue in the 2008-09 year.

UCPB reviewed and formally commented on the following additional issues and proposals: 1) Review Protocol for Division of Agriculture and Natural Resources (endorsed); 2) UC Information Technology Guidance Committee (ITGC) report (not endorsed, with recommendations for a revised proposal); 3) proposed Senior Management Leave Policy (proposed combining option two's distinction between administrative and sabbatical leave with incorporating the faculty salary base (from option three), with the difference between the faculty salary and administrative salary being paid into a special account for sabbatical-specific activities option); 4) Endowment Policy (endorsed); BOARS' revised "Proposal to Reform UC's Freshman Eligibility Policy" (not endorsed); and proposed Amendments to UC Policy on the On-Campus Marketing of Credit Cards to Students (endorsed).

Reviews Postponed for Lack of Time and/or Data

CalISI Budgeting. In 2006-07 UCPB obtained a first round of budget data from all CalISIs in the system. This data was often incomplete, and yet suggested that the CalISIs will require substantial operating funds from their campuses for the foreseeable future. This may be an issue that is worth pursuing next year.

Analysis of the Components of Private Research Support for UC. The figure given for this portion of UC revenues is very large, but UCPB was unable to obtain data explaining this component or projecting its future growth.

National Laboratory LLCs. In 2005-07, UCPB repeatedly inquired into the nature of the new LLC agreements between UC and its industrial partners for the operations of the DOE laboratories at Los Alamos and Lawrence Livermore. Our concerns were that the agreements have some correspondence with faculty sentiment as expressed most recently in a 2004 Senate poll, and that the Senate work to closing that gap where it existed. We were concerned about management fee calculations, academic freedom for lab scientists,

faculty input into managing the scientific operations, among others. This year, the chair sat on a new Senate laboratory committee, ACSCOLI, which developed and passed a resolution calling for a rethinking of UC participation in the LANS LLC if PITS production increased significantly. At the end of the year, outstanding issues included compliance with the Academic Assembly resolution of October 2006 - paragraph 9a has not been put into effect, and 9b, to misgivings of ACSCOLI members, was tabled without informing the Assembly; the status of University participation in setting LLNL and LANL research directions; a possible repolling of the faculty on lab relations; and the informing of the faculty about the contractors and what they mean for faculty and for shared governance. By June 2008, UC's online public information implied that journalists, lawmakers, etc. would assume that UC remains fully liable for both program directions and accidents. UCPB did not involve itself with these issues this year as it had in the past.

7. Shared Governance

The standard review process functioned reasonably well. The discussion of major issues has been more uneven. These have in recent years been moved to or mediated by a series of task forces, working groups, guidance teams, and special committees. In some cases, there is real parity and partnership, as on the Working Group on Salary Scales, which had five Senate members. In other cases, such as the Senate's lab committee, Senate-administrative interaction tends to drift away from the body of the systemwide Senate and may become closer to their administrative consultants: ACSCOLI does not keep minutes in response to the national security cloak, but this practice is not obviously compatible with shared governance. Many major decisions are made by joint committees that have only one Senate member, usually the Senate Chair. UCOP created a Friday budget strategy group whose sole Senate member, Chair Brown, did not generally report out to Academic Council or to the Senate's own budget committee, UCPB, thus creating a partial bypass of UCPB – of its expertise and its formal responsibilities. The Regental-Administrative committee that drafted the "Roles Report" is another example: UCOP had been effectively redefined before the systemwide Senate as a formally constituted body was able to comment.

Operational Difficulties

In addition to problems with the availability and timeliness of data, operational problems cropped up within the Senate itself. These problems stemmed largely from a reinterpretation of SBL 40.B as requiring continuous approvals from the Senate Chair of a standing committee's guest invitations and information requests.

According to Senate Bylaw 40.B., "when a Special or Standing Committee of the Assembly formally advises the President it shall convey its advice through the Academic Council." The intention of this legislation is to provide a check on possible inappropriate influence of a standing committee and to ensure that the Academic Senate speaks with one voice. It is sufficient for that purpose. SBL 40. B. notwithstanding, Systemwide Senate committees have also traditionally and rightly had latitude under their chairs to pursue projects within their charge, meet with the most significant UCOP personnel, and comment in their meetings in keeping with the Senate's values of open exchange and

academic freedom. Moreover, a large governance structure such as the Academic Senate cannot function productively without relying on focused and informed subcommittees for much of its substantive work. And in order to do that work, subgroups must be given both trust and tools.

The Chair has served on UCPB for six years. In the first four of those years, our committee meetings included regular consultation with UCOP managers at the VP level who were responsible for budgetary and academic planning matters. Our “approved consultants” included the VP for Budget; the AVP for Budget Planning & Fiscal Affairs; the AVP for Planning and Analysis; and, on an as-needed basis, the MRU Director(s). Following an organizational shift in the Academic Affairs unit, Provost Rory Hume became an approved committee consultant for 2006-07 and met with us on a monthly basis. These individuals saw their regular interaction with UCPB as a responsibility of their office that was not just a matter of complying with shared governance protocol, but – by their own report - also a meaningful exchange with an active, important, dispositive Academic Senate body. In planning its agendas, the committee sought and, in those earlier years, readily received approval to meet with non-regular consultants. Indeed, the Senate Chair was typically very supportive of the committee’s efforts, the products of which were always vetted by the Council and often found to be of value to the Senate as a whole. During the Chair’s earlier years on the committee, the Senate Vice Chair was assigned ex-officio UCPB membership. The people who held that office attended meetings conscientiously, offering valued input in discussion and briefing members on OP and Regents’ activities. A partial list of non-regular consultants or guests who have visited UCPB in recent years, some of them multiple times, at our request or theirs, would include the EVP for Business and Finance, the Vice Provost for Research, the Vice Provost for Academic Initiatives, the Assistant VP for Institutional Advancement, the Associate Vice Provost for Research, and various Directors of the Cal ISIs.

This year, the distance between Senate leadership and the standing committees increased. As it did, so did the difficulty in securing approval of committee consultants. A trend toward a more restrictive, less supportive relationship between the committees and the Senate leadership was observed by two previous UCPB Chairs: Michael Parrish in 04-05, Stan Glantz in 05-06. For various reasons, the question of committee-UCOP interaction had become charged with undue anxiety. Then, at the beginning of this past year, Senate Chair Brown stated his intention to limit the title-level of UCOP managers to which committees would have routine access as consultants. The UCPB Chair, along with the chairs of BOARS, UCORP, and UCFW registered their disagreement with that plan in the spring of 2007 and with this overall trend, noting their belief that it would damage the Senate’s effectiveness and morale. Nonetheless, restricting committee access to consultants then became, more than ever, a regular practice. EVP-level consultants were reclassified as guests, and access became more fitful and difficult.

In 2006-2007, UCPB met monthly with Provost Rory Hume, VP for Budget Larry Hershman, and less often with personnel from the office of research. We had a varied list of guests, from Gerry Lowell, the office director of UOEAP, to Chris Edley, the Dean of Berkeley Law School, budget watchdog Charles Schwartz, and Bill Eklund (twice), from the General Counsel's office. In contrast, this year Provost Hume and EVP Lapp declined

several invitations, sometimes on the grounds that they were already scheduled; the VP for Research, Steven Beckwith, visited UCPB once, for half an hour, and was unable to find time to meet with us again. Vice-Provost Dan Greenstein came several times, all in the first half of the year. Routine invitations came to involve burdensome correspondence for the chair and for Todd Geidt, the committee analyst: for example, EVP Lapp came to our final meeting only after several rounds of discussion which led the chair finally to produce a statement saying the committee would be asking her about OP restructuring and not about the budget, apparently the exclusive domain of UCPB consultant and VP for Budget Patrick Lenz.

As a practical matter, this year's experience indicates that it is impossible to get time with overscheduled senior managers outside of the Senate's previous mechanism of getting a full-year's meetings on the calendar of a senior manager by making them a consultant. By the end of the year, even our remaining consultants were declining invitations to meet with us (e.g., Cathie Magowan and Dante Noto in OR). More fundamentally, these protocols and negotiations undermined the atmosphere of trust and open exchange of information and ideas among Senate committees and administrative personnel that many of us have been striving to create, and that many reports in this and previous years had recommended.

Guest invitations encountered similar difficulties, and inviting the equivalent of last year's guests became impossible. During our review of the Ad Hoc report on EAP, the chair's invitation to EAP acting director Michael O'Connell to comment on various EAP budget models was blocked by Chair Brown, on the grounds that as a future Study Center Director for EAP the chair had a conflict of interest, one that he did not want to defend to Provost Hume. The chair was concerned at the time that Provost Hume had been given some kind of veto-power over systemwide committee invitations, but did not pursue the issue. Later, the chair's invitation to Berkeley EVC George Breslauer, a follow-up on the Berkeley privatization theme previously represented by Dean Edley, was delayed by the Senate office until the day before UCPB's meeting, at which point the Chair withdrew the invitation out of sheer embarrassment.

Information-gathering suffered as well. Few of our specific queries were answered (e.g. the constituents of the "Private Funding - Other" component of a revenue pie chart at a Regents budget presentation). Our questions also became less frequent. The office was understaffed, and the committee analyst had less time for UCPB than had the previous analyst. The analyst reasonably feared a reprimand if he forwarded a question that the Senate Chair would later hold to be inappropriate; the process of backstage permission-gathering delayed the arrival of these questions, which in some cases were sent back for additional justification. One important example, mentioned above, is the Cal ISI budgets: we received much information in 2006-07, and it took most of the year and much digging by analyst Brenda Foust to obtain. The chair intended to complete the task this year, but by December he decided that the Senate office and policy structure was not up to the task, and moved on to more routine issues.

One vital source of information are the Senate Chair and Vice Chair, who all but inhabit UCOP and have a more detailed understanding of UCOP thinking than do any other

members of the Senate. In recent years, the Chair and Vice Chair reported monthly to UCPB on matters within our purview. This year, Chair Brown and Vice-Chair Croughan missed nearly every meeting, and offered no systematic debriefings on budgetary modeling, OP restructuring, research changes, and the like. Throughout the year, UCPB had less information from UCOP personnel, very little through formal inquiries from our analyst, and very little from Senate leadership itself.

The upshot is what in the chair's view has become a "3 Senates" problem: the divisional Senates focus on their own campus issues, the Senate Chair and Vice Chair work within the Office of the President and report at their own discretion, and the systemwide standing committees are somewhere in between. Even the UC system as a whole has two basic levels, not three, and the Chair and Vice-Chair need to be integrated into the processes and activities of the systemwide committees. If this does not take place, the result of the multi-year trend towards greater executive control and unilaterally imposed changes in protocol will continue to be a reduction in meaningful dialogue with top UCOP managers, decreased informational flow to the committee members, reduced and more ambiguous staff support to the committees, and reductions in substantive, independent Senate analysis.

It is the devout hope of the Chair that the 2007-08 interpretation of SBL 40.B be abandoned, that in coming years UCPB in particular receive appropriate support from the Chair and Vice-Chair, and that the different components of the Senate integrate themselves to work effectively to produce creative analyses at a time in which the University is in increasing danger of being pulled apart.

Projects Placed on Hold

Indirect Cost Recovery. In Spring 2006, UCORP initiated a new study of indirect cost recovery mechanisms and impacts in the University. The topic is an important one, since extramural research funding is a major part of UC finances and there are indications that its impact is not correctly understood. This year, UCORP took the lead in a joint research project and made some progress on obtaining basic data about the sourcing and spending of ICR monies. The project offers another example of the difficult systemwide Senate committees have had in obtaining timely and complete data on subjects of major interest to the faculty.

Operating Budgets for the California Institutes for Science and Innovation. In submitting to the Academic Council a proposed [Review Protocol for the California Institutes for Science and Innovation \(Cal ISIs\)](#) in 2005-06, the Chairs of UCPB and UCORP noted their ongoing concern about the long-term budgetary issues surrounding the Cal ISIs and their potential impact on campus budgets. In 2006-07, UCPB obtained a first round of financial documents, which suggested major budgetary shortfalls but which remained incomplete. The shortfall was confirmed this year, when \$5 million was transferred from UC's portion of the Los Alamos Management fee to the CalISI budgets. The original model for CalISI support, in which industry would furnish the bulk of operating expenses, may have been flawed, and may require rethinking to sustain the long-term viability of these programs. This year, the Chair decided that UCPB did not have the office resources and support required to pursue a second round on this issue.

Funding of Enrollment Growth. UCPB’s Irvine representative provided the committee with preliminary evidence that certain campuses were being financially disadvantaged by accepting additional students that were not being funded as in previous years by UCOP. We did not have time to pursue a more thorough investigation, and the committee may be interested in pursuing this issue next year.

UCPB Representation

The UCPB Chair served on the following committees/task forces: the search committee for a new Vice President of Budget; Academic Council Special Committee on Lab Issues; Academic Planning Council; Council on Research. The Vice Chair was a member of the Joint Ad Hoc Committee on International Education. A UCPB committee members sat on the joint CCGA/UCPB subcommittee on graduate student funding, the Technology Transfer Advisory Committee, the Steering Committee of the Industry University Collaborative Research Program, and the Systemwide Library and Scholarly Information Advisory Committee.

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