

UNIVERSITY COMMITTEE ON PLANNING AND BUDGET (UCPB) ANNUAL REPORT 2018-19

TO THE ASSEMBLY OF THE ACADEMIC SENATE:

The University Committee on Planning and Budget (UCPB) met ten times in Academic Year 2018-19 to conduct business pursuant to its duties to advise the President and other University agencies on policy regarding planning, budget, and resource allocation as outlined in [Senate Bylaw 190](#) and in the *University-wide Review Processes for Academic Programs, Academic Units, and Research Units* (the “[Compendium](#)”). The major activities of UCPB and the issues it addressed this year are outlined briefly, as follows:

BUDGET, ENROLLMENT, STATE RELATIONS, AND ADVOCACY

The University’s Chief Financial Officer, Associate Vice President for Budget Analysis and Planning, State Government Relations Director, and other senior administrators, joined UCPB each month to discuss the development of the 2019-20 State and University budgets and the progress of budget negotiations and advocacy efforts in Sacramento, including efforts to make permanent the one-time funding provided by the State in the 2018-19 budget and to secure permanent new funding to support enrollment growth, mandatory cost increases, deferred maintenance, and other needs. The Committee also received regular briefings from UCOP on the development of the Multi-year Planning Framework, a proposed four-year budget and enrollment plan focused on increasing undergraduate degree attainment, closing the achievement gap between different student groups, and investing in the next generation of faculty and research. UCOP also made presentations on UC’s cost structure and cost drivers, the UCOP budget, and UCOP’s efforts to meet the requirements of the 2017 audit of UCOP budget and accounting practices.

UCPB was disappointed with the final state budget to the extent that it did not address the University’s requests for additional permanent funding. While UCPB appreciated the additional one-time funds provided, it emphasized that UC needs permanent revenue streams to continue providing a world-class educational experience. UCPB lamented the effect of past unfunded state enrollment mandates, and observed that campuses are constrained by a lack of classrooms, dorms, teaching labs, and other facilities, and that the student experience and the long-term value of the UC degree are enhanced by smaller class sizes, more frequent opportunities for personal interactions with faculty, and opportunities to engage in deeper learning. UCPB observed the large gap between the health of the state economy and the size of the UC budget, and noted that the University will need to fundamentally reframe its position with the state to stop losing ground. This will require UC to speak honestly about how budget cuts are affecting quality and to show evidence of declines. UC should not suggest that it can get by with less State funding.

UCPB encouraged administrators to highlight the campuses’ resource needs, to communicate the negative consequences of underfunding and over-enrollment on educational quality and the student experience, and to reflect on the limits or failures of current advocacy strategies to move the needle. UCPB called for meaningful planning that broadens the State’s exclusive focus on undergraduate affordability and access, to address the overall educational environment and academic quality, including operating budgets, capital projects, and research. It encouraged UCOP to develop metrics to showcase UC’s unique mission as a Research I University and how the research mission helps drive the state economy; and to engage faculty in developing stronger messages on these themes.

Finance Policy and Issues

UCOP leaders briefed UCPB on asset optimization initiatives and capital strategies that help UC manage liabilities, reduce administrative expenses, and generate additional unrestricted revenues for the campuses, including the reallocation of STIP funds to TRIP, and the use of STIP borrowing to fund the UCRP Annual Required Contribution. UCOP also discussed UC's use of systemwide debt to finance capital projects, its efforts to restructure debt to achieve cash flow savings, its use of Limited Project Revenue Bonds and public-private partnerships to fund new housing projects, and UC's plan to pursue a return to General Obligation bonds as a mechanism to fund capital growth and renewal. UCPB supported these strategies as means to help supplement unpredictable State funding. UCOP also briefed UCPB on a UCRP experience study that resulted in recommended changes to actuarial assumptions for UCRP. UCPB expects to be involved next year in the discussion of options for addressing the resulting increase in UCRP's accrued liability.

Cohort Tuition

UCPB reviewed several models for cohort-based tuition pricing scenarios that guarantee entering undergraduates a tuition level for the duration of their enrollment. UCPB expressed support for predictable tuition increases in principle, noting that regular, moderate, inflationary-based increases would be attractive to students and families looking for predictability and would also provide the University with a more stable revenue strategy. However, UCPB members did not uniformly support the cohort approach as a means to achieve predictable revenue. Members noted the challenge of ensuring stable and predictable state support, and were skeptical that the Regents or Legislature would support a cohort plan, given its assumption of 3% annual base tuition increases. They also noted that a cohort model locking in tuition revenue would not respond well to dramatic shifts in State funding, and that any cohort plan should be tied to a contractual agreement with the state that guarantees steady inflationary-based funding and that gives UC an out in case the state does not follow through.

Enhancing Budget Engagement

UCPB discussed the need to increase Academic Senate engagement in budget and planning discussions at both the campus and systemwide levels, particularly during the early stages of UC budget development in the summer. Chair Steintrager sent the Senate chair a plan for engaging UCPB on budget matters in summer. It was agreed that UCPB leadership (chair, vice chair, and incoming vice chair) would remain in contact with the UCOP budget office over the summer for information and consultation, and would brief and consult the full UCPB on budget developments via email and/or short videoconferences, as needed.

SELF-SUPPORTING GRADUATE PROFESSIONAL DEGREE PROGRAMS (SSGPDPs)

UCPB/CCGA/UCAP REVIEW

Chair May asked UCPB, CCGA, and UCAP to lead an evaluation of the self-supporting graduate and professional degree (SSGPDP) program, focused on the overarching program's success and effectiveness; impact on educational goals, campus budgets, state-supported programs, diversity, faculty effort and the evaluation of faculty advancement; the extent to which SSGPDPs are appropriate within a public university; and how the systemwide review process has improved proposed SSGPDPs. In November, administrators from the UC Budget Office and Office of Institutional Research & Academic Planning joined UCPB to present historical and demographic data on SSGPDPs, discuss the components of the UCOP cost analysis template campuses submit

with their initial SSGPDP proposals, and describe how UCOP calculates campus-specific indirect cost (IDC) rates used in the template. UCPB, CCGA, and UCAP then developed a survey about SSGPDPs for distribution to campuses. However, as UCI had just put together two task forces looking at SSGPDPs, the committees decided to pilot the survey at UCI with the help of staff there. After the survey results became available in June, the three committees reviewed the information gathered, and submitted an interim report to Council. The report outlined what is knowable and unknowable through current data collection processes, and recommended data points campuses should track to answer academic and financial questions about SSGPDPs, including: the use of SSGPDP revenues; how SSGPDPs maintain academic quality on par with state-supported programs; the ratio of ladder-rank faculty teaching done on-load or overload; diversity and access; student learning objectives and outcomes; and the role of SSGPDPs in the academic review and merit system. CCGA was also collating completed program reviews of approved SSGPDPs to further analyze trends. The committees will continue and complete their review in the new academic year.

REVIEW OF INDIVIDUAL SSGPDPs

Per the Compendium, CCGA leads the main systemwide review of proposed SSGPDPs, while UCPB provides financial analysis to CCGA after assigning a lead reviewer to assess the business plan and market analysis. UCPB reviewed 11 SSGPDPs this academic year, a significant increase in workload over past years. All UCPB members served as lead or co-lead reviewer for at least one SSGPDP.

- UCI Master of Presentation Design
- UCI Master of Engineering
- UCR Master of Supply Chain and Logistics Management
- UCB Flexible MSW
- UCD Online MBA
- UCB Master of Design
- UCLA Master of Legal Studies
- UCSF Master of Genetic Counseling
- UCI Master of Data Science
- UCSF School of Nursing Supplemental Studies in Advance Practice in Nursing Certificate
- UCI Conversation of MA in English to SSGPDP

UCPB's lead reviewers were thorough and thoughtful in their assessments. They noted when SSGPDP proposals included strong academic and market justifications, as well as well-documented academic, business, and facilities usage plans. When appropriate, they asked programs to clarify the following issues: accuracy of and support for the market analysis; contingency plans if enrollments fail to meet projections; the accounting of IDC to the campus for facilities usage; the teaching obligations of ladder rank faculty and the sustainability of overload teaching; return-to-aid and financial accessibility plans; and mechanisms for ensuring the separation of the state-funded and self-supporting components of mixed enrollment courses. UCPB also withheld endorsement of several specific proposals. It was particularly skeptical about a proposal for a UC campus to use a private Online Program Manager to handle services such as course development, student demand analysis, recruitment, and marketing, and suggested that the University first consider ILTI before outsourcing UC education to private, for-profit vendors.

UCPB has long been concerned that it has no way to assess the financial performance of SSGPDPs

after they have been established and was disinclined to approve more SSGPDPs without convincing budget projections showing meaningful net budget gains. Data on fiscal outcomes relative to projections would help inform UCPB about what comprises a realistic SSGPDP budget model. UCPB felt that its review would also benefit from improved data about how the SSGPDP plans to use revenues and state-funded resources; compensate the campus for its use of services and facilities; and how the campus calculates its IDC rates. UCPB was also concerned that the high cost of SSGPDPs makes them less accessible to underprivileged populations and was skeptical about the ethics of charging high tuition rates for reproductions of existing state programs. It encouraged programs to monitor access and diversity trends through an ongoing analysis of data on the socioeconomic, gender, and racial composition of SSGPDP applicants and enrollees. UCPB has expressed interest in working more closely with CCGA to coordinate SSGPDP reviews and to regularize and gain access to three-year divisional reviews of new SSGPDPs per the [2016 SSGPDP policy](#).

NEW UCPB SSGPDP REVIEW TEMPLATE

UCPB approved a revised template for the committee's review of SSGPDPs, which elaborates on questions in the current template to better align with the [2016 policy](#) and more completely address UCPB's concerns about topics such as the IDC rate proposed for SSGPDPs and how they are determined; the planned use of net revenues; the disposition and compensation of faculty serving the program; the program's impacts on state-funded programs and the research mission; and how it will ensure accessibility and diversity.

UCOP RESTRUCTURING

UCPB responded to several UCOP proposals inspired by the Huron Consulting Group to restructure or relocate systemwide programs, including UC's Mexico entities, the UC Center in Sacramento, the Division of Agriculture and Natural Resources, and the Research Grants Program Office.

UC MEXICO

UCPB submitted comments on the *State Assessment Report for Systemwide Mexico Entities*, a proposal to consolidate three systemwide UC programs related to educational and research activities with Mexico. UCPB expressed support for consolidating the UC MEXUS MRU, the UC-Mexico Initiative, and Casa de California; phasing-out the UC Mexico Initiative; maintaining the MRU structure and UCR home for UC MEXUS; folding funding for the UC-Mexico Initiative into the new consolidated entity; expanding the scope of the new entity into a broader range of disciplines and research interests; and reimagining the mission of Casa de California to expand its availability to a wider range of UC constituencies.

UC DIVISION OF AGRICULTURE AND NATURAL RESOURCES

UCPB submitted comments on the draft report of President Napolitano's UC ANR Advisory Committee and its recommended options for the structure, governance, and funding of the Division of ANR (UC-ANR). The comments were authored by UCPB's Task Force on Agriculture and Natural Resources (TF-ANR). Professor Mary Gauvain joined UCPB in October to discuss her role as Senate representative on the UC ANR Advisory Committee. TF-ANR endorsed the recommendations to maintain UC ANR's status as a systemwide program within UCOP; to maintain campus oversight and responsibility for State AES funds; and to establish an ANR Governing Council as a means to enhance the Senate's role in shared governance and oversight of the ANR budget. TF-ANR also recommended a more fundamental rethinking of ANR's mission and relation

to the non-AES campuses, targeting the need for greater integration between ANR and all campuses.

UC CENTER IN SACRAMENTO

UCPB submitted comments on the *State Assessment Report for the UC Center in Sacramento* (UCCS), a plan to increase the financial health and sustainability of UCCS. UCPB endorsed most of the Report's financial recommendations, and agreed that UCCS must address its projected budget deficit to maintain and strengthen its high-quality education, research, and public engagement programs. UCPB also agreed that UC should promote more diverse and inclusive participation in UCCS to ensure that students and faculty from across the system and a variety of backgrounds have the chance to engage with policymakers and policy issues. It endorsed the Report's recommendation to increase philanthropic giving to support expanded outreach activities, and recommended that UCOP consider a development officer dedicated to systemwide programs such as UCCS.

RESEARCH GRANTS PROGRAM OFFICE

UCPB submitted comments on the *State Assessment Report for the Research Grants Program Office* (RGPO). UCPB expressed support for the Report's recommendation to maintain RGPO's administrative home at UCOP; identify new funding streams to counterbalance diminished research support, including expanding RGPO's scope to grant-making for non-research related activities; reorganize RGPO's internal organizational structure and staffing model to improve efficiency; and make other improvements to increase the accountability and transparency of RGPO's operations and finances. UCPB also supported the restoration of MRPI funding, and recommended that UCOP ramp-up its central development and fundraising functions to support RGPO and other central activities and initiatives.

PUBLISHER NEGOTIATIONS AND OPEN ACCESS

Members of the UC Publisher Negotiation Team (representing the California Digital Library, the UC Librarians, and the Academic Senate) joined UCPB to discuss the University's negotiations with scholarly journal publishers for journal subscription contract renewals. Team members described UC's efforts to reduce escalating and unsustainable costs, transition UC from a subscription-based model to an open access (OA) model, and implement as a medium-term sustainability strategy a multi-payer "publish and read" model agreement that moves all UC-authored articles to an OA model, with fees divided between authors and UC libraries. UCPB was persuaded that the "publish and read" model is a viable alternative to the current system, and financially sound.

The chair of UCOLASC returned to UCPB in May and asked the committee to endorse UCOLASC's *Declaration of Rights and Principles to Transform Scholarly Communication*, an aspirational document outlining a set of principles and an ideal future state of scholarly publishing that gives faculty control over their publications and enables the broad dissemination of scholarship. UCPB endorsed the Principles as ideals and expressed support for the progress UC is making in negotiations with publishers.

REVIEWS OF MULTI-CAMPUS RESEARCH UNITS (MRUs)

UCPB participated in the five-year reviews of two Multi-campus Research Units: the UC Institute for Nuclear and Particle Astrophysics and Cosmology (INPAC) and the UC Humanities Research Institute (UCHRI). Following procedures outlined in the Compendium, the reviews were performed

by a Joint Senate Review Committee, led by UCORP with input from UCPB and CCGA. UCORP's chair and vice chair joined UCPB's March meeting to discuss the reviews, which evaluated the systemwide value and quality of the MRUs. Asad Ahmed, and then Jessica Trounstone, represented UCPB on the UCHRI review subcommittee. Steven Constable represented UCPB on the INPAC review subcommittee. UCPB representatives conferred with UCORP members on budget-related questions, and UCPB also reviewed and commented on the final draft reports.

In addition, several UCPB and Academic Council members questioned whether UCHRI should continue to have an MRU status and expressed support for making its funding infrastructure permanent, given its unique mission in serving the research interests of an entire subset of faculty who work in the humanities. Chair May asked UCPB and UCORP to consider a possible alternative status for UCHRI. UCORP Chair Andrew Baird met with UCPB in June for a preliminary discussion of this issue.

UCPB TASK FORCE ON AGRICULTURE AND NATURAL RESOURCES (TF-ANR)

Vice Chair Kaufman chaired TF-ANR, which met six times this year, by videoconference. TF-ANR first met in November to consider and respond to the report of the President's UC ANR Advisory Committee. At subsequent meetings, TF-ANR discussed Chair May's request to expand on a recommendation it made to further integrate non-AES campuses more fully into ANR's research and service missions, and as part of this, generated a list of recommendations, both modest and more ambitious, for changes and initiatives that would enhance the effectiveness and reach of ANR. In January, CFO Brostrom briefed TF-ANR on the hybrid funding model proposed for ANR, and former Senate Chair Dan Hare discussed potential ways TF-ANR might focus its work. In February, TF-ANR met with the three Agricultural Experiment Station (AES) deans for their individual perspectives on the AES funding model; the use of AES funds; and the potential for greater integration of non-AES campuses with the AES mission. ANR Vice President Humiston joined TF-ANR in March and June to discuss ANR's activities and priorities. The April and June meetings included the Academic Senate representatives to the new ANR Governing Council. Discussion with the representatives focused on opportunities for enhancing Senate engagement in ANR. It was agreed that the three representatives should have a formal connection to the larger Senate, and the representatives expressed a willingness to work with TF-ANR to communicate the Senate's views and goals. TF-ANR also discussed whether it should continue alongside the new Governing Council, and/or adopt another structure, possibly under the aegis of UCORP, or of UCORP-UCPB jointly, given TF-ANR's interest in research policy issues. Members expressed a preference for continuing alongside the new Governing Council and for retaining the current structure of a task force reporting solely to one parent committee. In April, Vice Chair Kaufman briefed the Academic Council on the status of TF-ANR.

OTHER BRIEFINGS AND ISSUES

Faculty Housing and Home Ownership: Director of Home Loan Programs Ruth Assily and Director of Capital Markets Finance Jean Yin joined UCPB to discuss the current status of the Mortgage Origination Program (MOP) and other University efforts to assist in homeownership for faculty. UCPB raised the possibility of using the University's debt capacity to facilitate home co-ownership between the University and faculty.

Online Education: Innovation Learning Technology Initiative (ILTI) Director Ellen Osmundson

briefed UCPB on ILTI's use of funding to support the development of online learning technologies and systemwide UC undergraduate courses available to students at any UC campus through a cross-campus enrollment system. UCPB supported ILTI as part of UC's larger strategy to enhance student access to high demand courses; improve learning and timely graduation; and support faculty innovations in online pedagogy. UCPB also encouraged ILTI to gather more data about the effectiveness of online courses, and their effect on access for different populations.

Proposed Online Major in Business Administration: UC Irvine's Associate Dean of Undergraduate Programs and Senior Associate Dean in the School of Business joined UCPB to discuss the School's proposal to offer a BA in Business Administration as a fully online undergraduate degree program. The systemwide Senate deemed the BA a "first of its kind" program requiring systemwide Senate review. UCEP led the review.

UC Path: UCPB met with UC Path administrators to discuss concerns about the implementation of Path, including those from graduate students paid from multiple sources about the accuracy of paychecks, and concerns from students, faculty, and staff about a lack of effective communication in resolving problems. Administrators described processes in place to identify and correct technical and business problems; preventative measures to inform subsequent deployments; and improvements to programming and operations that have helped improve pay accuracy and customer service. UCPB expressed strong concerns that Path was bleeding money with no evidence of improved efficiency or service, and the committee felt that Path was getting an overly optimistic view of the rollout by communicating only with high level administration. They encouraged Path to communicate with front-line managers, and, when possible, to draw on established knowledge, behaviors, and processes.

Compendium Reviews: UCPB endorsed proposals for a new School of Public Health at UCSD and a Seventh Undergraduate College at UCSD.

Campus Reports: UCPB set aside a portion of each meeting for member updates about issues under discussion on campuses and local budget and planning committees. These briefings touched on a wide range of topics, including: faculty participation in long-term strategic academic planning groups and exercises; campus plans to accommodate enrollment growth; practices on UC campuses for preserving access to impacted majors; campus experiences with Responsibility Center Management (RCM) budget models; local academic and space planning issues; problems associated with the cost and implementation of UC Path; and the serious struggles campuses are having adjusting to the new normal of underfunding.

Survey of CPB Practices: UCPB compiled a survey of campus CPBs' structures, operations, and resources, including compensation for committee leadership, which was distributed to UCPB members as an informational resource.

Senate Leadership Briefings: The Academic Council chair and vice chair attended a portion of each UCPB meeting to brief the committee on business from Academic Council and Board of Regents meetings, and other systemwide issues of particular interest to UCPB or of general interest to the faculty. These briefings included the status of budget and enrollment negotiations with the state; proposed legislation affecting the University; a proposed affiliation between UCSF and Dignity Healthcare; Faculty Salaries; a proposed Memorial to the Regents; Retiree Healthcare issues, and efforts to extend academic freedom to non-Senate academic appointees.

Student Representatives: UCPB's undergraduate and graduate student representatives were active

participants in a wide range of committee discussions. They effectively conveyed their personal views and concerns, as well as those from their student peers and colleagues. They were particularly vocal in discussions about tuition and the importance of preserving middle-class affordability. They also emphasized the importance of preserving educational quality in several contexts, including the growth of SSGPDPs and their possible negative effects on state-supported programs and the connection of state disinvestment to reductions in available classroom space, reduced faculty office hours, and an increasing number of classes scheduled at irregular times.

UCPB REPRESENTATION

Chair James Steintrager represented UCPB at meetings of the Academic Council, the Assembly of the Academic Senate, the Academic Planning Council, the UC Education Abroad Program Advisory Committee, and its Finance Subcommittee, which he chaired; and the Academic Council Special Committee on Laboratory Issues. Vice Chair Kaufman led the Task Force on Agriculture and Natural Resources. Steven Gross represented UCPB on the UCFW Task Force on Investments and Retirement.

ACKNOWLEDGEMENTS

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Respectfully submitted:

James Steintrager, Chair (UCI)	Steven Constable (UCSD)
Eleanor Kaufman, Vice Chair (UCLA)	Aditi Bhargava (UCSF)
Asad Ahmed (UCB-fall)	João Hespanha (UCSB-fall)
Richard Stanton (UCB-winter/spring)	Christopher Newfield (UCSB-winter/spring)
Robert Powell (UCD-fall)	Bruce Schumm (UCSC)
Ahmet Palazoglu (UCD-winter/spring)	Nikola Draganic (Undergraduate Student)
Steven Gross (UCI)	Chamroeunpaul Cheean (Graduate Student)
Jens Palsberg (UCLA)	Robert May, <i>ex officio</i>
Jessica Trounstine (UCM)	Kum-Kum Bhavnani, <i>ex officio</i>
Katherine Kinney (UCR)	Michael LaBriola, Committee Analyst