

UNIVERSITY COMMITTEE ON PLANNING AND BUDGET (UCPB) ANNUAL REPORT 2020-21

TO THE ASSEMBLY OF THE ACADEMIC SENATE:

The University Committee on Planning and Budget (UCPB) met ten times in Academic Year 2020-21 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, Associate Director of State Government Relations, and other senior administrators, joined UCPB each month to discuss the development of the 2021-22 University budget plan, the State budget, and the progress of budget negotiations and advocacy in Sacramento. UCOP leaders also carved out time to brief UCPB on the changing insurance landscape for the UC, the outlook for the UC Retirement Plan, and UCOP's method for allocating funds to campuses. UCPB Chair Malloy supplemented these updates with in- and between-meeting summaries of business from Academic Council and UC Regents meetings, and the monthly budget calls hosted by the UC Provost.

The ongoing COVID-19 pandemic continued to impact the University's budget plans and UCPB agendas. Committee meetings were via videoconference format, and discussions continued to focus on the economic impact of campus shutdowns, the state budget crisis, expected cuts to the University's budget, and ultimately, post-pandemic planning.

The short-term financial effects included \$2.2 billion in losses and expenses at the UC medical centers, which deferred medical procedures to focus efforts on pandemic management, and approximately \$600 million in lost income at campus auxiliaries. However, the University received \$900 million from the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act to help offset these losses. Hospital revenues stabilized as the medical centers addressed deferred procedures, and there was no expectation of a long-term drop in demand for on-campus student housing.

President Drake convened a Task Force in fall 2020 to consider workforce-related options for addressing the financial challenges created by COVID-19, and principles to guide decisions. The Task Force was co-chaired by the Provost and Chief Operating Officer and included Council Chair Gauvain and the chairs of UCPB, UCFW, and UCAP. It proposed a University-wide curtailment program. UCPB expressed concern that the program was essentially a pay cut and would generate modest savings that did not justify costs to employee morale. UCPB also asked for clarification regarding the President's power to set faculty salaries, given that Regents Standing Order 100.4 (*qq*) requires the President to declare an "Extreme Financial Emergency" before implementing a systemwide salary reduction program. The President's office maintained that a declaration of emergency is not necessary to give the President power to set salaries. University administration continued to plan for an austerity budget, while making cost-saving furloughs optional for campuses.

The effects of the COVID-19 crisis on the state budget were not as expected. The year began with the Legislative Analyst's Office (LAO) predicting a deep recession, but as state revenues continued to outpace predictions, the University turned to requesting a full restitution of the 2020-21 \$300M cut to the University budget. The outcome of the Presidential election opened the opportunity for

the UC to receive additional stimulus funds to address COVID-related losses.

As the greater-than-expected state revenues changed the budget calculations, UCOP administrators turned to planning to distribute federal stimulus funds and the restitution of the 2019-level budget cut in the current state budget, along with a regular base budget increase and substantial one-time funding for capital improvements and deferred maintenance. UCPB expressed concern over legislative attempts to shape University policy through trailer bills attached to the budget. The request that the University cap nonresident enrollment at 18 percent as a condition of state funding was the most impactful of these attempts. Additionally, the final budget restored the assessment model for the UC Office of the President (UCOP) budget, while retaining line-item appropriation for Agriculture and Natural Resources (ANR). The legislature included “intent language” in the budget asking the University to increase California undergraduate enrollments beginning next year. However, funding for this enrollment growth would not be provided until the 2022-23 academic year.

As COVID-19 vaccines became widely available, Senate leadership worked to center the practical needs of faculty in reopening, rather than an entirely clinical approach. The University instituted a vaccine mandate for all students, staff, and faculty.

THE COVID-19 CRISIS AND BUDGET PRINCIPLES

UCPB employed a historical perspective on University budget decisions, inviting past chairs of UCPB and emeritus faculty to illustrate the paths the University had taken to its current budget choices. UCPB considered the University budget situation to be a research issue, posing questions leading to solutions to budget conundrums. The committee stressed that adequate funding for the University was the only way to provide California’s current diverse student population with the same quality education as the prior majority-white student body, and challenged University administration to demonstrate a commitment to continued excellence along with increased access and racial justice. The restitution of the base budget was welcomed, although longer-term and more structural losses reflect reduced state general funding.

UCPB referred to earlier University budget crises and hoped to heed the lessons learned from them; it also challenged the notion that the University can continue to provide world-class education to an increasingly diverse student body, and world-class research benefitting an increasingly diverse state, with continued degradation in the amount of support provided by the state.

Committee members noted the importance of communicating the true costs of continued cuts across the campuses. Chair Malloy suggested that UCPB author another in-depth report in the tradition of the “Futures Report (2006),” “Cuts Report (2008),” and “Choices Report (2010).” Members noted that the University should emphasize that the state funded the University at a higher level when it had many fewer minority and underrepresented students and that budget cuts harm inclusion and access. The legislature expresses concern about inclusion and diversity; it should be challenged to provide the same level of support to a much more diverse student body. Some legislators see online teaching as a cost-conscious approach to the University’s funding. Faculty accomplished an almost complete pivot to online instructions in three weeks at the beginning of the pandemic. UCPB noted that this is not the same as high-quality remote instruction, which has not been shown to be less expensive than in-person instruction, and, there were negative impacts to students.

INVESTMENT AND RETIREMENT ISSUES

Consultation with UC Investments: UC Investments Vice President Bachher and Investments staff briefed UCPB on University investment strategy and outlook in May. They noted climate change as

a persistent risk to investments, and as the primary motivation for a movement to a sustainable investment framework. Because UC Health had provided early warnings of the pandemic, an early focus on liquidity in investments allowed UC Investments to offer campuses loans at favorable rates, fund the pension, and react to market events. UCOP urged adoption of a principled stance on carbon disinvestment, rather than a financial risk-based approach.

Consultation with TFIR Chair: UCFW Task Force on Investments and Retirement (TFIR) Chair Brownstone briefed UCPB at each meeting on a variety of investment and retirement topics, including the ongoing reorganization of Systemwide HR, UCOP messaging regarding both initial retirement plan election and a one-time option to change between Pension Choice and Savings Choice retirement plans, a deferred annuity for purchase to employees of a certain age, and a low-cost fossil free retirement fund. In addition, he called on the administration to provide free financial counseling for faculty and staff making pension election choices.

COHORT TUITION

UCPB discussed a proposed cohort tuition plan that would increase tuition by the rate of inflation plus 2% for each incoming freshmen and transfer class, but then keep that rate flat for each cohort for six years. UCPB understood the benefits of the cohort tuition model to be increased cost predictability for students and families and increased revenue predictability for campuses. The committee did not take a position on cohort tuition. UCPB's undergraduate student representative emphasized the Associated Students of the University of California's (ASUC) opposition to tuition increases as discussion of cohort-based tuition models continued. Students objected to a model which fixes tuition increases for future students without their input. The Regents adopted cohort-based tuition at their July 2021 meeting.

NEGOTIATED SALARY TRIAL PROGRAM PHASE II REPORT

Vice Provost for Academic Personnel Susan Carlson, Director of Academic Data and Compensation Gregory Sykes, and Analyst Kaylin Jue briefed UCPB on the Phase II Report of the Negotiated Salary Trial Program (NSTP), which began in 2013 as an experiment to help supplement the salaries of some faculty who bring in money from varied sources. The program is seen as a retention device for faculty, and a way to provide for faculty while directing state funds elsewhere. The report provided a breakdown by gender and race of NSTP participants. UCPB expressed concern that the program may exacerbate existing inequalities among disciplines and genders. The program will be either ended or established formally next year.

UC PATH

In November, UCPB received a briefing from Vice President Mark Cianca and Interim Executive Director Peggy Huston on the status of UC Path deployment and implementation, including cost-saving measures, plans for stabilization, simplification, and standardization. UC Path is moving towards a fee-for-service model, away from partial legislative funding.

COMMERCIAL INSURANCE RESOLUTION

In January, following a presentation by UCSD Professors Aron and Halgren in December, UCPB transmitted a resolution to the Academic Council requesting that UCOP to include a criterion for eligible institutions to adhere to Environment, Social and Governance (ESG) principles in all future RFPs for insurance vendors. The [resolution was endorsed by Council](#) and sent to Executive Vice President Brostrom.

SELF-SUPPORTING GRADUATE PROFESSIONAL DEGREE PROGRAMS (SSGPDPS)

CCGA/UCPB Working Group on Self-Supporting Graduate Professional Degree Programs

UCPB Vice Chair McGarry co-chaired a working group with CCGA Vice Chair Kasko, examining emerging issues surrounding cost accounting, financial transparency, and spill-over effects for self-supporting graduate professional degree programs. The group authored a report in June, investigating returns to campuses, hidden costs of SSGPDPs, faculty compensation in SSGPDPs, proposed programs which change rapidly once launched, effects of SSGPDPs on the long-term reputation of the UC, how to define and track success for SSGPDPs, and financial reporting from SSGPDPs. The workgroup's report contained nine recommendations to facilitate the effective evaluation of issues surrounding these graduate programs. UCPB supported the joint committee report and it was [endorsed by the Academic Council in July](#) and sent to Provost Brown.

Provost's Proposal to Delegate Authority to Approve Master's Degrees

UCPB discussed a proposal from the Provost to move the delegated approval authority for state- and self-supporting master's programs from UCOP and the systemwide Senate to the campus chancellors and division Senates. Provost Brown met with UCPB in July to discuss the proposal. UCPB strongly opposed the proposal, and worked with CCGA on a [joint letter to the Academic Council](#) urging the Senate to reject the proposal. The letter also asked the Provost to appoint a joint work group to assess the current review system and resolve issues in contention around Master's level degree program approvals. In June, Council endorsed the joint [letter](#). The Provost agreed to the request for a work group.

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 seven SSGPDPs this academic year.

- UCSD Master in Health Informatics (MS)
- UCSD Master in Computational Social Sciences (MS CSS)
- UCLA Master of Quantum Science and Technology (MQST)
- UCB Master of Analytics
- UCSF Master of Science in Health Data Science (MiHDaS)
- UCLA Master of Applied Chemical Sciences (MACS)
- UCSD Online Master of Data Science (MDS)

Most UCPB members served as lead reviewer for one SSGPDP. Lead reviewers were guided by a revised UCPB review template that addressed multiple topics including the financial viability of the SSGPDP; the proposed indirect cost (IDC) rate and how it was determined; the planned use of net revenues; and the disposition and compensation of faculty serving the program. Reviewers also considered factors that could prevent the program from achieving UC quality; the extent to which SSGPDPs could divert resources – including space, services, and faculty effort – away from state-supported programs; their financial aid plan, and other factors that could affect accessibility to diverse and underserved student populations.

UCPB's lead reviewers noted when SSGPDP proposals included strong academic and market justifications, and well-documented academic, business, and facilities usage plans. When appropriate, they noted concerns around issues such as the accuracy of and support for the market analysis; contingency plans for enrollment shortfalls; 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.

As noted above, UCPB was concerned about assessment of financial performance of SSGPDPs after they are established, lack of methods for terminating programs which do not meet their financial or educational goals, and effects of rapidly-proliferating SSGPDPs on the reputation of the University. Efforts by the joint Coordinating Committee on Graduate Affairs (CCGA)-UCPB subcommittee to evaluate the SSPDGP program were welcomed by UCPB.

GRADUATE STUDENT FUNDING AND SUPPORT

The graduate student wildcat strike of 2019-20 and pandemic-related student job losses highlighted for UCPB structural issues that threaten the financial security of UC graduate students and the UC graduate education and research mission. In May, Professor Neuman reported findings from the UCSC Working Group on Graduate Education. UCPB further discussed the report in July and requested a “toolkit” so that other campuses can perform similar analyses and reports. UCPB sent the Council chair the report and encouraged adoption of the recommendations therein. The graduate student representative gave a presentation on graduate student employment during the pandemic, and UCPB asked for an expanded report next year.

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

Eleanor Kaufman chaired TF-ANR, which met four times by videoconference. In January, ANR Governing Council Chair Chancellor Kim Wilcox (UCR) discussed the role of the ANR Governing Council, and its Senate representatives. Senate leadership emphasized that Senate representatives to the Governing Council should represent Senate interests, and expressed concern over the lack of a provision and mechanism for Senate representatives to report to the Academic Council.

Also in January, ANR Vice President Humiston and ANR Chief of Staff Kathy Eftekhari provided an overview of ANR’s budget and budget process, and an update on two concurrent ANR Strategic Plan updates. In April, Senate leadership met with TF-ANR, UCPB, and UCORP leadership to discuss concerns regarding the role of the task force and its relationship with the ANR Governing Council. UCPB supported the continuation of TF-ANR as a task force reporting to UCPB, and UCORP concurred.

Later in April, the task force met with CFO Brostrom to discuss the history of funding models for ANR. Members suggested assembling a group of outside expert consultants to evaluate the impact of ANR. ANR Chief of Staff Eftekhari updated the task force on the Hub for Urban living, intended to build partnerships among diverse groups interested in addressing challenges related to the sustainability of urban living. Vice President of Research Teresa Maldonado reported on efforts to evaluate the structure and oversight of seven Multi-Campus Research Units (MRUs) and the California Institutes for Science and Innovation.

A TF-ANR subcommittee, chaired by UCORP Vice Chair Karen Bales, discussed increasing integration between Agriculture Experiment Station (AES) campuses and non-AES campuses. The subcommittee met three times and drafted a seed grant program proposal for integrated research among campuses. It also explored the relevance of such a program to the National Laboratory Fees Research Program, and participated in a UCORP discussion of this matter with the VP of the National Laboratories, Craig Leasure.

OTHER BRIEFINGS AND ISSUES

Salary Scales Task Force Report: Professor Senear reviewed on behalf of UCPB the report and

recommendations of the Academic Planning Council Faculty Salary Scales Task Force, which makes recommendations for achieving competitive salaries with eight comparator institutions, while maintaining equity, transparency, and routine adjustments. UCPB sent a [memo to Council](#) expressing concern about the implementation of some of the report's findings, and suggested that all campuses ensure that faculty play a formal role in all off scale decisions.

Rebenching: In March, Chief Financial Officer Brostrom, Associate Vice President Alcocer, and Professor Emeritus Chalfant provided UCPB with an overview of rebenching at the University. UCPB sent a memo to Council with recommendations for increasing the equitable funding of UC campuses through further study of the rebenching weighting system, regular re-assessments of set-asides, and options for sharing a portion of nonresident tuition revenue across campuses. UCPB later noted that the cap on non-resident students, imposed by the legislature in the final budget package, complicates efforts to reform rebenching.

Online Degree Program Task Force: UCPB Committee member Neuman reviewed on behalf of UCPB the report of the Online Undergraduate Degree Task Force, which discussed the feasibility and desirability of offering fully remote online undergraduate degree programs at UC. UCPB conveyed its [observations about the report](#) to the Academic Council. UCPB declined to endorse any of the presented options, believing that more research, in light of the coronavirus pandemic experience with remote instruction, is needed. It also noted the difficulty of separating the work of the Task Force from the current remote learning landscape caused by the COVID-19 crisis.

Consultation with UC Health: In January, Executive Vice President of UC Health Byington joined UCPB to present an overview of coronavirus impacts on UC Health. At that point, the hospitals were working at or near capacity, vaccine distribution was beginning, and the arc of the pandemic was unknown. EVP Byington discussed the work of a systemwide task force that made recommendations for pandemic responses, including vaccine distribution and future return to in-person instruction. She discussed the hoped-for expansion of UC Health, including a medical school at UC Merced and expansion of mental health services to students, staff, and faculty.

UC Health Affiliations: UCPB discussed the issue of UC Health's affiliations with hospitals that follow Ethical and Religious Directives (ERDs) that include policy-based restrictions on health care. In March, UCPB member Grandis presented to UCPB a history of UC Health affiliations, noting causes for such affiliations and concerns regarding them. UCPB generally opposed such affiliations, but agreed to wait until the Regents addressed the issue before taking a public stance.

Innovative Learning Technology Initiative (ILTI): Professor Ng reviewed on behalf of UCPB the Innovative Learning Technology Initiative (ILTI) assessment report and recommendations for the future. UCPB sent [a memo to Council](#) conveying observations and concerns. It noted that the University's experience with online and remote instruction had changed substantially since the ILTI report was completed in 2018, that online instruction is not a less expensive alternative to in-person instruction, and that while faculty successfully pivoted to remote instruction to support students during the pandemic, there were many financial and educational costs to the change.

Campus Reports: UCPB set aside a portion of each meeting for updates from members about issues under discussion on campuses and local budget and planning committees. These briefings touched on a wide range of topics, including: responses to COVID-19; campus approaches to cost-cutting furlough plans; faculty participation in budget and academic planning; the status of campus structural deficits; campus experiences with spoke and hub budget models; graduate student funding and unionizing; returning to in-person instruction; effects of the 18 percent cap on non-resident students; and cybersecurity concerns.

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 interest to UCPB or of general interest to faculty, including: news about Senate and University responses to COVID-19; curtailment proposals, UC Health and affiliation with hospitals imposing religious restrictions on medical care; the Draft Presidential Campus Safety Plan; the Feasibility Working Group's report and next steps for a possible admissions test/assessment; a survey of instructor experiences with remote instruction; the effects of a systemwide data breach of the Accellion file transfer appliance; the effects of websites facilitating cheating and the theft of intellectual property; the work of various Senate task forces; and the University's response to the climate crisis.

University Policing: UCPB discussed proposed revisions to the Universitywide Police Policies and Administrative Procedures (the "Gold Book"). Although UCPB found no direct budget impacts, it expressed strong reservations about the use of force policy and the lack of reimagining policing and campus safety. In June, President Drake released a draft Presidential Campus Safety Plan for response.

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 of their student peers and colleagues. They were particularly vocal in discussions about the impacts of COVID-19 on students, tuition, financial aid, graduate student support, and the importance of preserving affordability and educational quality.

UCPB REPRESENTATION

Chair Sean Malloy represented UCPB at meetings of the Academic Council, the Assembly of the Academic Senate, Academic Council Special Committee on Lab Issues (ACSCOLI), and the Provost's monthly budget Zoom meeting. Vice Chair McGarry served as co-chair for the joint CCGA/UCPB Working Group on Self-Supporting Graduate Degree Programs; and Eleanor Kaufman led the Task Force on Agriculture and Natural Resources.

ACKNOWLEDGEMENTS

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Respectfully submitted:

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Donald Senear (UCI)	Jazz Kiang (Graduate Student)
Tim Groeling (UCLA)	Eleanor Kaufman (TF-ANR chair), <i>ex officio</i>
Patricia LiWang (UCM)	Mary Gauvain, <i>ex officio</i>
Katherine Kinney (UCR)	Robert Horwitz, <i>ex officio</i>
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