

UNIVERSITY COMMITTEE ON PLANNING AND BUDGET (UCPB) ANNUAL REPORT 2021-22

TO THE ASSEMBLY OF THE ACADEMIC SENATE:

The University Committee on Planning and Budget (UCPB) met ten times in Academic Year 2021-22 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 2022-23 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 risk landscape faced by the University, University of California Retirement Plan funding, and rebenching review efforts. UCPB Chair McGarry 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 affected the University’s budget plans and UCPB agendas. Committee meetings were via videoconference format. A UC-wide vaccine mandate drove high levels of vaccination among faculty, staff, and students. Campuses resumed in-person instruction, with different campuses beginning at different times. Emerging more-infectious Omicron variants and subsequent surges led to some staffing shortages, maintenance of remote work for many UC staff, and calls from students for continuing pandemic-introduced accommodations such as multi-modality class delivery and universal class recording.

California expects an estimated \$97.5 billion state budget surplus in 2022. The final University budget is the largest ever, over \$5.1B. This includes an allocation of \$360M in new ongoing funds, with a five percent base budget adjustment per year for five years, as part of the Governor’s Compact for Higher Education, and \$67.8M to fund enrollment growth, including prior unfunded enrollment growth. This represents full enrollment funding for the first time in many years. Any excess from that amount can be carried forward, allowing the University to hire faculty in advance of increased student numbers. Some of the Regents’ requests for funding for the Student Academic Preparation and Educational Partnerships (SAPEP), former foster youth services, carceral system impacted student services, and undocumented student services were also granted. The state has allocated money for student housing construction in a grant program and expressed intent to establish a zero-interest, revolving loan fund in 2023-24. One-time capital funds for seismic retrofitting, deferred maintenance, and energy efficiency were requested but not enough was provided. The five-year budget deal and the new cohort tuition plan should enable more stable budget planning. Although many allocations have language promising their continuance in subsequent years, the Governor’s Finance Office predicts a downturn in 2023; traditionally the state has pulled back on agreed long-term funding in times of economic retreat.

As part of the budget agreement with the state, the University has agreed to a plan to add at least 20,000 California undergraduate students by 2030. Legislatively-imposed caps on non-resident student enrollment were coupled with a buy-out agreement in which the state would provide the University with money equal to that which non-resident students would have paid in tuition. Ideas

for accommodating increasing numbers of students include expanding summer sessions, concentrating growth at Merced and Riverside campuses, expanding online education and partnership arrangements with the California State Universities, and the use of satellite campuses. Some legislators see online teaching as a cost-conscious approach to the University's funding. UCPB noted that the experience of remote teaching due to the pandemic is not the same as high-quality remote instruction, which is not necessarily less expensive than in-person instruction. Surveys of faculty and students indicate that both find online education less effective than in-person instruction.

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 December. The University's portfolio has shown steady increases over the last 25 years, and current market downturns do not pose significant risk to University financial stability. For long-term investment, equity remains the primary investment vehicle, with bond funds held for their role in diversifying and moderating risk. He noted climate change as a persistent risk to investments, and as the primary motivation for a movement to a sustainable investment framework.

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, the development and deployment of a tool to model Pension Choice and Savings Choice retirement plans for new hires, ongoing issues with Navitus, a new prescription manager, chronic ongoing problems with service from the Retirement Administration Service Center (RASC), and successful efforts to obtain an ad-hoc COLA to raise affected retirees to 85 percent of purchasing power.

OTHER BRIEFINGS AND ISSUES

UC Insurance and Risk Landscape

In October, UC Berkeley Professor Johan Walden provided UCPB with a high-level overview of the insurance industry as well as issues complicating the provision of insurance. Interim Associate Vice President and Chief Risk Officer Kevin Confetti met with UCPB in November and discussed the University's liability coverage. The University cannot obtain traditional liability insurance for earthquake risks, cyber risk, sexual violence/sexual harassment (SVSH), and traumatic brain injuries from University-sponsored athletics. Fiat Lux, the University's captive insurance company, provides otherwise-unobtainable insurance coverage.

UCPB Task Force on Agriculture and Natural Resources (TF-ANR)

Eleanor Kaufman chaired TF-ANR, and reported to UCPB in March that the task force believed that because the Legislative Analyst's Office had called for the Agriculture Experiment Stations to be funded as a budget line-item, that an outside review of ANR was warranted. This proposal has not been brought to the ANR Governing Council.

Admissions Planning and Implications

In March, Todd Greenspan, Director, Academic Planning, Institutional Research and Planning, Pamela Brown, Vice President, Institutional Research and Planning, and Han Mi Yoon-Wu, Executive Director, Undergraduate Admissions presented information on the annual enrollment cycle, the enrollment proposal for 2022-23, the multi-year (rolling 4-year) enrollment plan, enrollment expectations in the Governor's budget and the five-year compact, and UC 2030 capacity

planning. In 2021, total applications to the UC were higher than ever, with close to one million applications being evaluated across the system. Modeling admission outcomes were accurate until the pandemic and the discontinuation of the use of standardized tests. Campuses vary in the accuracy of their yield models. Wait lists have helped campuses smooth out admission targets. Evaluating applicants has become increasingly challenging for campuses, and subsequent modeling for yield has been complicated.

UC Health

In April, Executive Vice President of UC Health Carrie Byington along with AVP, Finance and Administration, UC Health Zoanne Nelson joined UCPB to present an overview of UC Health's operations and plans. UC Health began a systemwide strategic planning year in June. UC Health supports universal health care and would like to be available to more Californians. During the first half of 2022, the system had returned to pre-pandemic bed numbers and had recovered financially but patients were generally sicker than pre-pandemic. Constraints on space and clinicians who have other roles than patient care both limit the amount of care UC Health can provide. EVP Byington would like to add UC Health clinics located away from campuses, staffed by full-time clinicians. There is a newly-hired UC Health Director of Finance, and this position should enable mutually-agreed on financial data for sharing. Although UC Health would like to help UC Merced achieve the goals of having a School of Medicine, as well as supporting UC Riverside's School of Medicine, current funding levels are not enough to support these two enterprises.

Faculty Home Loan Programs

In May, Jennifer Mays, Director of Loan Programs, presented an overview of the three kinds of mortgage assistance available for faculty and senior management. Mortgage programs are used to support recruitment and retention. The Mortgage Origination Program (MOP) are initial loans, Supplemental Home Loan Program (SHLP) are second mortgage offerings, and a new product, the Zero Interest Program (ZIP) Loan uses campus discretionary funds to provide a supplemental mortgage with no monthly payment, and no interest, with ten percent of the loan forgivable each year, so that at the end of the term there is zero balance due on this loan. Loans can be stacked, according to campus funds, to enhance purchasing options.

Agriculture and Natural Resources (ANR)

In July, ANR Vice President Humiston and ANR AVP, Business Operations, Tu Tran provided an overview of ANR's strategic plans and budget. The legislature would like all of ANR funding to be line-item, a practice which might extend legislative reach into ANR's educational activities. ANR sees its role extending beyond agriculture into a multitude of topics designed to serve rural communities in California. Expanding AES to Merced and Irvine makes sense for ANR's strategic goals, yet current funding is not enough to support that expansion. VP Humiston reminded UCPB that the ANR Governing Council has robust Senate representation, and urged the committee to review the annual report.

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: socializing the recommendations the Mitigating the Effects of COVID-19 on Faculty Report; the retention of systemwide review of Master's degrees; UC Health policy on affiliations; possible legal responses to websites facilitating cheating and the theft of intellectual property; the work of ICAS to create a singular transfer pathway to both the UCs and California State Universities; pressure to move forward with fully-online degrees; effects of unionization on the work and education of Graduate

Student Researchers; problems with a new pharmacy benefits provider; the Climate Memorial approved and sent to the Regents; discussions regarding adding ethnic studies to the A-G curriculum; and departments posting political statements on their websites.

SELF-SUPPORTING GRADUATE PROFESSIONAL DEGREE PROGRAMS (SSGPDPs)

Academic Planning Council Workgroup on the Review and Approval of Master's Degree Programs: Chair McGarry and Vice Chair Senear represented UCPB on a joint Senate/Administration workgroup reviewing 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.

After evaluating and discussing the efficiency and effectiveness of the review process and weighing its potential benefits against the risks and liabilities of devolving approval to the divisions, the workgroup concluded that there is value in systemwide review of master's degree programs, and that the current process of degree proposal review should remain in place. The systemwide review process reinforces academic quality, equity across campuses, and in the case of SSGPDPs, financial soundness.

Despite the report of the joint workgroup, the Provost put forward in July that he would still like the proposal review and approval process to be campus-based. UCPB will continue monitoring the issue.

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 six SSGPDPs this academic year.

- UCB Master of Climate Solutions – approved
- UCB Master of Nutritional Science and Dietetics - approved
- UCD Doctorate of Nursing Practice-Family Nurse Practitioner Degree Conversion to Self-Supporting Degree Program - approved
- UCLA Master of Science in Data Science in Biomedicine – approved
- UCSD Precision Medicine MS – approved

Most UCPB members served as lead reviewer for one SSGPDP. They 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. Reviewers noted positive elements such as strong academic and market justifications, or well-documented academic, business, and facilities usage plans. 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.

REPORTS:

Faculty Hiring Work Group Report: Senate Chair Robert Horwitz asked the University Committee on Planning and Budget (UCPB) to undertake an analysis of faculty hiring across UC campuses, with particular attention paid to the relative numbers of Lecturers and Senate faculty. Chair McGarry and Professor Neuman examined hiring trends from April, 2012 to April 2020. UC saw rapid growth in the number of non-Senate Lectures and relatively slow growth in the number of Senate Faculty. In addition, there was dramatic growth in the percentage increase of Lecturers with Security of Employment (LSOEs). While the workgroup noted the typically very high caliber of teaching provided by these types of instructors, students have less opportunity to learn from faculty engaged in cutting edge research. Student to Senate Faculty ratios increased at all campuses except Merced, Riverside, and Santa Cruz, producing a systemwide 5% increase.

Rebenching Work Group: Vice Chair Don Seneor led a working group including UCPB Chair McGarry, and UCPB members Dard Neuman (UCSC), Heather Rose (UCD) and Dana Simmons (UCR). The working group produced a report endorsed by Council in June and forwarded to the Provost. The report concluded that students should continue to be assigned different weight values for funding, with possible lowering of weights for students paying professional supplemental tuition to doctoral programs in the health sciences, such as Schools of Public Health, and greater weights for academic Master's students. They noted that any change in student weights will have unintended consequences. In addition, the working group strongly urges that the current level of set-aside funding be held as an upper limit and efforts to reduce the overall expenditures directed to set-asides. Set-asides should be reviewed on a regular basis and sunsetted if they are no longer warranted. The work group also voiced strong support for maintaining aspirational funding for PhD students to aid campuses in reaching PhD enrollments equivalent to 12 percent of undergraduate enrollments. As with other set-asides, these funds should sunset after a period of time with any continuation predicated on a review.

UC Health Work Group: Professor Marc Steurer led the working group including Alyssa Brewer (UCI), Eleanor Kaufman (TF-ANR, UCLA), and Evelyn Blumenberg (UCLA). They worked to describe the financial relationship between UC Health/Medical Centers and the campuses. They focused on Schools of Medicine (SOM) as they represent the largest portion of funds and labor exchange between UC Health and campuses. The UC Health systems all have funds flow practices in place that appear to share several similarities. Departments must structure clinical compensation for the faculty such that they have funds left to cover research and education. This portion can create tension between the differing missions and stakeholders: the academic mission is of utmost importance, as it not only defines UC at its core but also the faculty (both clinical and non-clinical). Codifying it and creating more visibility/transparency around this point would likely serve all stakeholders well. The working group will pursue information of funds flow at all levels over the next two years. They hope to determine whether a common standard for all UC Health sites would be useful. Efforts to understand the financial relationships will continue next year.

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: ongoing issues with Oracle financial systems software implementation and efforts to address the problems; COVID-19 responses on campus; student and faculty housing crises; staffing issues; salary equity reviews and programs; and budget shortfalls.

UCPB REPRESENTATION

Chair Kathleen McGarry represented UCPB at meetings of the Academic Council, the Assembly of the Academic Senate, and the Provost's monthly budget Zoom meeting. Gedeon Deák and Dard Neuman reviewed the UC Institute on Global Conflict and Cooperation (IGCC) and The Dickens

Project, respectively as UCPB liaisons to the Multicampus Research Units, Kevin Mitchell served as UCPB representative to the Academic Council Special Committee on Lab Issues (ASCOLI), Heather Rose served as UCPB representative to the Education Abroad Program, and Eleanor Kaufman led the Task Force on Agriculture and Natural Resources.

ACKNOWLEDGEMENTS

UCPB benefited from regular consultations with CFO Nathan Brostrom; Associate Vice President for Budget Analysis and Planning David Alcocer, Associate Vice President and Director of State Governmental Relations Kieran Flaherty; Associate Director of State Government Relations Seija Virtanen State Governmental Relations; and Todd Greenspan, Director, Academic Planning. UCPB is also grateful to the following consultants and guests for their contributions: TFIR Chair David Brownstone; Provost Michael Brown; UC Health Executive Vice President Carrie Byington; AVP, UC Health Zoanne Nelson; ANR Vice President Glenda Humiston; ANR Budget Director Tu Tran; Vice President of Research Teresa Maldonado; Vice President of Investments Jagdeep Bachher; Vice Provost Susan Carlson; Director Gregory Sykes; Analyst Kaylin Jue; Chief Risk Officer Kevin Confetti; CCGA Chair Andrea Kasko; UCFW Chair Jill Hollenbach; Professor Emeritus James Chalfant; Professor Johan Walden (UC Berkeley); Professor Susannah Scott (UCSP); and Professor Eric Halgren (UCSD). UCPB also appreciates the contributions of faculty who attended UCPB meetings as alternates for regular committee members: Holly Doremus (UC Berkeley), Patricia LiWang (UC Merced), Jeffrey Gee (UC San Diego), James Rawlings (UC Santa Barbara). UCPB once more notes sorrow at the death of Professor Robert Powell, UC Berkeley.

Respectfully submitted:

Kathleen McGarry, Chair (UCLA)	Marc Steurer (UCSF)
Don Senear, Vice Chair (UCI)	Doug Steigerwald (UCSB)
Holly Doremus (UCB)	Rene Weber (UCSB)
Heather Rose (UCD)	Dard Neuman (UCSC)
Alyssa Brewer (UCI)	Bailey Henderson (undergraduate student)
Evelyn Blumenberg (UCLA)	Eleanor Kaufman (TF-ANR chair), <i>ex officio</i>
Kevin Mitchell (UCM)	Robert Horwitz, <i>ex officio</i>
Dana Simmons (UCR)	Susan Cochran, <i>ex officio</i>
Gedeon Deák (UCSD)	Stefani Leto, Committee Analyst