

**UNIVERSITY COMMITTEE ON PLANNING AND BUDGET (UCPB)
ANNUAL REPORT 2008-2009**

TO THE ASSEMBLY OF THE ACADEMIC SENATE:

The University Committee on Planning and Budget (UCPB) met nine times and held one additional conference call in Academic Year 2008-09 to conduct business with respect to its duties outlined in [Senate Bylaw 190](#) – to advise the President and other agencies of University Administration on policy regarding planning and budget and resource allocation – and in the *Universitywide 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:

The Budget Crisis and Response

UCPB’s main focus this year was the deteriorating State and University budget situation. UCPB took pro-active positions regarding the budget and also responded quickly to a series of administrative proposals intended to address budget shortfalls.

Budget Planning Principles:

In April, UCPB sent a set of budget principles to the Academic Council stating that UC’s budget decisions should strive above all to protect the quality, affordability, and accessibility of UC’s core teaching and research missions; that UC must communicate a strong message to the State about the consequences of persistent and chronic under-funding; and that additional new cuts cannot be absorbed without severe impact to its core missions. In addition, furloughs and pay cuts should be temporary and implemented only after all other options are exhausted; UC should strive for greater efficiencies at all levels and consider alternative options for revenue enhancement in response to the current trends in state funding, and the University’s enrollment policy must be clear that UC cannot continue to sacrifice educational quality by accepting more students than are funded by the state. Later, Council added a principle stating that senior administrators should take cuts in total compensation before imposing any such cuts on faculty and staff. It endorsed and forwarded the final document, [Principles to Guide Fiscal Decision-Making in the Current Budget Environment](#), to the President.

In August, Interim Provost Pitts asked UCPB to prioritize the UCPB-drafted Council-endorsed Budget Principles in order to transform them into a working document that would aid planning discussions at UCOP and in the working groups of the UC Commission on the Future—particularly to help provide guidance in actions with a fiscal impact. UCPB reordered the Principles to emphasize those related to preserving educational and research quality and shared governance in decision making, followed by those related to the need to address short term budget cuts, and finally, those aimed at securing future funding. In a new preamble, UCPB stressed that maintaining the quality of the faculty should be UC’s fundamental objective as it considers decisions about how to cut costs while preserving the quality of the academic enterprise.

Proposed Amendment to Standing Order 100.4 – Duties of the President:

In May, UCPB reviewed a proposed Regental Standing Order governing the establishment of Presidential authority for furloughs or pay cuts in the event of emergency situations. UCPB declined to endorse the policy out of concern that it addressed extreme budgetary circumstances and emergencies such as natural disasters with the same measures, authority, and processes for consultation, review, and approval; that the policy was overly broad and could be applied to

other policies with an emergency as the justification; that it assumed an affirmative answer to the question of whether UC should respond to inadequate state funding with furloughs or pay cuts; and that it raised concerns about the extent to which UC remains one university with ten campuses, with one standard of excellence.

Proposed Options for Furloughs/Salary Reductions:

In June, UCPB held an emergency conference call to discuss UCOP's furlough and salary reduction plan options. The Committee declined to endorse any of the options for furloughs that were proposed by the President and noted that each was a short-term measure that would do nothing to improve the long-term budget problem. Each would damage faculty and staff morale, recruitment, and retention, further erode educational quality, harm research productivity, and damage UC's reputation. The Committee also concluded that the details concerning how any option would be implemented were far too vague to permit ranking the options.

UCPB also expressed strong opposition to any plan that extended furloughs beyond the middle of the 2009-10 academic year without an accompanying comprehensive plan for maintaining UC quality that includes strategic alternatives for cutting expenses and raising revenues. The Committee said the Regents should not be asked to consider pay cuts and furloughs in isolation; but rather should have alternatives before them that encompass a broader range of possibilities—including higher student fees; increased non-resident enrollment; borrowing; property and asset sales; streamlined administrative positions and salaries; and strategic program cuts—for discussion as part of a comprehensive plan. UCPB also raised concerns that UCOP's goal of "equity" in the implementation of pay cuts or furloughs would not be met, as all the options would have differential, rather than equitable, effects on UC employees. The Committee also recommended that the effects of furloughs be placed in the context of the already uncompetitive total remuneration of faculty, in any discussions by The Regents.

At the August meeting, UCPB members compared emerging campus plans for implementing the approved furlough plan and opined on the possibility of applying some furloughs to instructional days. The Committee also reiterated its request to UCOP for data regarding the growth of administrative salaries and FTE relative to faculty and its desire to monitor the impact of salary cuts on faculty recruitment and retention.

Budget Consultations with UCOP

UCPB received regular updates from UCOP administrators about the California and UC budget. At each meeting, Vice President for Budget Patrick Lenz, Associate Vice President for Budget Debora Obley, or both, updated the committee about negotiations in Sacramento, the growing deficits facing the State, UC Retirement Plan funding, the suspension of bond funding supporting UC construction and research projects, and other UC-specific budget matters. At the November meeting, Executive Vice President Katie Lapp presented a long-term budget planning model from the Blue Sky Consulting Group, and in April, Associate Vice President Obley and Assistant Budget Director Michael Clune presented an overview of the process by which UCOP allocates State money to UC campuses and determines funding for each campus. Interim Provost Lawrence Pitts joined three meetings to discuss the budget crisis, and Chair Conrad served as a member of the President's Advisory Group on Budget Strategies.

UCPB enjoyed fruitful and informative interactions with UCOP. Members encouraged administrators to do more to communicate UC's chronic under-funding and demonstrate the real consequences of state de-funding on student fees, enrollment, and programs. They expressed concern that a steady erosion of State general fund support and future budget scenarios call into question UC's ability to meet its basic mission and obligations. The committee requested

additional data from UCOP on several occasions. Members, on their part, gathered information about capital construction and research projects affected by the December stop order on bond funding and provided data to Vice President Lenz.

Comparison of Campus Budget Actions and Communications

Members shared information about the impact of local budget cuts on hiring, layoffs, enrollment, and communications about budget planning. Most campuses were being forced to implement short-term cost saving measures over the course of the year, including freezing staff hiring, cancelling faculty searches, and delaying plans for new programs and facilities. Members compared thoughts about how faculty on each campus perceived the quantity and quality of information their administration was providing to the campus community about budget cuts and strategies for reducing budget deficits.

Compendium Reviews

As a Compendium committee, UCPB participated in the review of the reconstitution of an existing School of management at UC Riverside and a proposed new School of Nursing at UC Davis and. The Committee submitted the following views and analyses to the chair of the Coordinating Committee on Graduate Affairs:

Proposal to Reconstitute the UC Riverside A. Gary Anderson Graduate School of Management

UCPB endorsed a revised proposal to reconstitute the A. Gary Anderson Graduate School of Management at UC Riverside to include an undergraduate component, pending clarification of several points concerning the hiring of new faculty FTEs and the measurement of the faculty-student ratio.

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

UCPB declined to endorse a revised proposal to establish a School of Nursing at UC Davis over concerns about long-term funding, curriculum, faculty hiring, and student-faculty ratios. In its memo to CCGA, UCPB noted that it would be irresponsible to support the project without evidence of a sustainable funding model that can secure its future success. Ultimately, Academic Council decided to approve the School, with an added stipulation that UC Davis should do more to address UCPB's concerns about potential effects on other program, financial sustainability, and student-faculty ratios.

UCPB also submitted views to Council on two systemwide multi-campus research units:

California Institute for Quantitative Biosciences (QB3)

In November, UCPB opined on the five-year academic review of the California Institute for Quantitative Biosciences. The Committee noted that the Academic Review Panel report and the data provided by QB3 deliver successfully on the promise of synergistic, multi-campus research and teaching in conjunction with private industry and grant-giving bodies. However, UCPB warned that the viability and continued success of QB3 and the other Cal ISIs will depend on a continued commitment to an efficient and stable operating and administrative environment.

Division of Agriculture and Natural Resources and the Cooperative Extension Program

In June, UCPB responded to the external reviews of the Division of Agriculture and Natural Resources (ANR) and the Cooperative Extension Program. The Committee endorsed the reviews, but noted that they leave many of the Senate's previous questions unanswered and urged that DANR follow-up with a more comprehensive review that provides appropriate

information about planning and budgeting. At the end of the year, UCPB and UCORP were charged to develop jointly during 2009-10 an iterative series of queries to DANR, particularly regarding budgetary assessments, that will facilitate its critical thinking about its new strategic vision and how to attain it.

Graduate Education Issues

Vice President for Research Steven Beckwith joined the October meeting to discuss recommendations from the MRU Advisory Board for opening the MRU funding process to competitive review. UCPB members expressed general support for the recommendations and sent VP Beckwith a memo outlining suggested changes to the RFP language. He returned in April to discuss Senate concerns about the Multicampus Research Programs and Initiatives [RFP process](#), the potential need for disestablishing existing MRUs not selected for funding, and how new programs will be incorporated into the existing processes detailed in the [Compendium](#).

The committee also discussed a memo of concern sent to the Industry University Cooperative Research Programs (IUCRP) Steering Committee regarding the redirection of \$2 million from IUCRP to the Office of Technology Transfer and related concerns about the future of the University-Industry partnership programs due to the budget crisis. Peter Krapp served as UCPB's representative to the IUCRP Steering Committee, which disbanded at the end of the year as part of the Office of Research restructuring; it is anticipated that a new steering committee will be formed, which should again have UCPB representation.

In November, UCPB sent comments to Council about a UC Task Force on Planning for Professional and Doctoral Education (PDPE) report that proposes principles for evaluating whether UC should offer certain professional doctoral programs and if and when CSU and UC should share granting authority over professional doctoral titles. Vice Chair Oppenheimer attended a PDPE meeting, and UCPB member Peter Krapp attended two meetings, substituting for Chair Conrad; both reported back to UCPB on deliberations there.

Undergraduate Education Issues

UCPB expressed strong support for the President's undergraduate enrollment curtailment plan in relation to the Committee's view that UC should send clear messages that it cannot continue to make room for unfunded students without damaging educational quality. In June, UCPB sent comments to Council about a set of principles submitted by the Board of Admissions and Relations with Schools to help guide decisions about the enrollment of non-resident undergraduates, noting that UC must begin to consider creative new ways of generating revenue for the University, including the enrollment of more international and domestic non-resident undergraduates, and that policy should not limit UC's ability to increase the number of non-resident undergraduates. UCPB also commented on the President's proposed financial aid guarantee program, "The Blue and Gold Opportunity Plan," and Director of Student Financial Support Kate Jeffery joined a meeting to answer questions about the financial aid system.

Long-Term Academic Planning and the Compendium

UCPB agreed that the University should examine all proposals for new programs, schools, and entities not only on the basis of their individual merits, but also in the context of long-term systemwide planning—particularly their impact on FTE and other programs within the campus and across the system, and their ability to address state need and demand. UCPB prepared a list of possible questions and issues campuses should address in proposals, which it provided to Joseph Bristow, UCPB's designated representative to the Academic Council Compendium Review subcommittee.

Regents Item “J1” – Development of a New Capital Funding Strategy

In November, UCPB submitted a resolution to Council opposing Regents “Discussion Item J1,” a proposed \$2 billion bond measure intended to fund systemwide capital improvements, including seismic retrofitting, infrastructure renewal, deferred maintenance, and new space. Council did not act on the resolution because the Regents postponed their discussion, and J1 was subsequently sent for systemwide Senate review. UCPB’s memo to Council enumerated its concerns about the impact of bond’s debt load on academic programs throughout the system and its potentially differential impact across the system, and suggested that the bond be evaluated in the broader context of UC’s overall, long-term budget situation.

Draft UC Accountability Framework

In November, the committee reviewed a draft UC Accountability Framework. Committee members formed subcommittees to review and comment on each UCPB-relevant section of the draft framework and brought preliminary analyses to the November meeting. Vice Provost for Academic Planning Dan Greenstein attended a portion of one meeting to discuss the progress of the draft UC Accountability Framework and the UCOP restructuring effort. Members of UCPB felt that the Academic Senate should monitor the further development of the framework, expecting to see the majority of its suggestions incorporated into revisions that continue to draw on the expertise present on each campus and system-wide in standing committees that devote a significant amount of time to precisely the issues the framework tries to address.

UC Education Abroad Program

EAP Director Michael Cowan joined the November meeting to discuss a proposed new Business Model for the UC Education Abroad Program that was intended to streamline costs and ensure the fiscal health of UCEAP. In a memo to Council, UCPB noted the importance of EAP to UC and expressed concern that budget cuts could compromise its academic mission. UCPB also submitted a modified version of the budget plan that extended projected cuts from three to five years, stressing that EAP should become more efficient, but should also have adequate time to make improvements that would ensure a sustainable future. Bjorn Birnir also served as UCPB’s representative to a joint Senate-Administrative Task Force convened to advise the Provost on EAP’s future. In June, he submitted a report to UCPB expressing concern that the Task Force was proposing dramatic cuts and a reduced role for faculty in the Study Center model that had long contributed to EAP’s academic quality.

Proposed State Legislation Regarding UC Autonomy

In May, UCPB discussed the two bills before the California legislature proposed by state Senator Leland Yee and his colleagues – ACA 24 and SCA 21 – which would place before the voters a constitutional amendment repealing the historic autonomy of the UC Regents. In a memo to Council, UCPB resolved that the Academic Senate should oppose this legislation vigorously, both by adopting as policy a statement of the Senate’s strong support for preserving the Regental independence provided by California’s Constitution, and through individual communications from faculty to legislators. The Academic Assembly endorsed the resolution in June.

The National Laboratories

Chair Conrad attended meetings of Academic Council’s Special Committee on Lab Issues (ACSCOLI). Associate Vice President for Laboratory Programs John Birely joined one meeting to discuss questions UCPB members had about the national laboratories, including those related to the LLC agreements for the national laboratories at Livermore and Los Alamos, concern that

the labs might increase production of plutonium “pits,” and the Senate’s role in shared governance relating to the Livermore, Los Alamos, and Lawrence Berkeley labs.

UC-Merced

Evan Heit updated UCPB on the difficult budget challenges facing the young Merced campus, which continues to grow, but faces significant challenges stemming from flawed estimates about the cost of establishing the campus, an unsustainable funding model, and the current state fiscal crisis. The campus has only two academic buildings, and its state-funded capital budget is still insufficient to meet the needs for student enrollment growth and faculty recruitment. Its operating budget is based on the per student marginal cost of instruction rate, but with the state funding only 2,000 of its 3,000 students and higher than average costs associated with building a new campus, Merced is at a disadvantage compared to other UC campuses. The Merced budget situation was also featured in a [Senate Source article](#) written by the committee analyst.

2009 Total Remuneration Study

Randy Scott, Executive Director of HR Strategic Planning & Work Force Development, joined the April meeting to discuss preliminary findings of the 2009 Total Remuneration Study for Ladder Rank Faculty and other benefits issues. He returned in June to discuss the final report. His presentations highlighted the urgency around the future sustainability of the UC Retirement Plan and the declining competitiveness of UC faculty and staff salaries. UCPB passed a motion strongly recommending that the Total Remuneration Study presentation be made available to the Academic Council as soon as possible.

Investigation into Student-Faculty Ratios

In June, Vice Chair Oppenheimer presented his research into the history and current funding model for student-faculty ratios, problems associated with that model, and alternatives for restructuring. UCPB decided it could use the report as part of an effort to examine the historical choices and consequences of base budget funding models, how base budgets are set and how funding is distributed among campuses currently, and future prospects—tying the information to a host of key problems, showing their interconnectedness, and recommending alternative models UC should consider in order to survive and maintain quality.

Other Issues and Additional Business

In response to requests for comment from the Academic Council, UCPB also issued formal views on the following issues and proposals:

- Policy on Reemployment of University of California Retired Employees
- Request from the University Committee on Academic Freedom to change Senate bylaws and add UCAF to Council
- Proposed Sanctions for Faculty who Fail to Comply with Sexual Harassment Prevention Training
- Proposed Revisions to APM 240 (Deans)

Looking Ahead to 2009-10

UCPB plans to play an active role next year in helping UCOP and the Senate confront difficult choices in terms of both short-term and long-range budget planning resulting from the reduced state funding to the UC. The Committee strongly opposes the continuation of furloughs or salary cuts beyond one year and we remain focused on budgetary planning that will maintain the quality of education, research, and service throughout the 10 UC campuses. UCPB will continue

to advocate that UCOP develop a plan addressing short-term possibilities for generating revenue and increasing efficiencies that does not involve salary cuts, a long-term strategy for restructuring the funding model, and a political strategy for restoring the Master Plan.

UCPB is considering the possibility of updating its 2008 [“Cuts” Report](#) to reflect the new budget reality. Tentatively titled the “Choices Report,” UCPB would aim, with such a report, to revisit and update old analyses, address gaps in previous data, and conduct new analyses, including potential options for cuts and their impact, essential for making budget decisions.

UCPB Representation

UCPB Chair Conrad represented UCPB at meetings of the Academic Council, the Academic Assembly, the Provost’s Advisory Group for Budget Strategies, and the Academic Council Special Committee on Laboratory Issues. Vice Chair Oppenheimer and Peter Krapp each attended meetings of the UC Task Force on Planning for Professional and Doctoral Education. Peter Krapp attended meetings of the Industry-University Cooperative Research Program Steering Committee; Bjorn Birnir was a member of the Joint Ad Hoc Committee on International Education; Joseph Bristow represented UCPB on the Compendium Task Force; and James Chalfant represented the Committee on the Post-Employment Benefits Workgroup.

Acknowledgments

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Thanks also to the faculty and students who served as alternates for regular committee members: Jane Mulfinger (UCSB); Robert Koegel (UCSB); Frank Powell (UCSD); Jean-Bernard Minster (UCSD); Bruno Nachtergaele (UCD); Paul Hoffman (UCR); Peter Chung (UCR); Christopher Childers (undergraduate student, UCSD); Aaron de Grassi (graduate student, UCB).

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