

UNIVERSITY COMMITTEE ON PLANNING AND BUDGET

**Minutes of Meeting
June 2, 2015****I. Announcements**

Gary Leal, UCPB Chair

Update: Chair Leal updated the committee on several items of interest from the May 27, 2015 Academic Council meeting:

- President Napolitano reported that the pension deal in the state budget agreement is non-negotiable. One-time funds from Proposition 2 will be delivered in three installments on the condition that UC activate a new pension tier in July 2016. The Prop 2 funds can only be used to supplement contributions; they cannot replace contributions.
- President Napolitano continues to lobby the state legislature for additional funds; \$50M would bring the budget up to that approved by the Regents last fall.
- The budget deal avoided several deleterious outcomes, such as mandated increased teaching loads for faculty and state determination of faculty salaries.
- Protests over the construction of the Thirty-meter Telescope in Hawai'i continue, but the state government has finally intervened.
- A new vice president for Agriculture and Natural Resources is expected to be approved at the July Regents meeting. The ANR advisory committee, which consists of EVP Brostrom, AVP Obley, and Irvine Provost Michaels, will issue a report at the end of the year.
- 21 transfer curricula are being streamlined for approval for admission to each undergraduate campus. Half have been completed, and the other half will be done in the fall. UC is expected to enroll 1/3 of its new students from the transfer pool, per the Master Plan.
- UC Path is moving forward under new management. UCOP is expected to go live in the fall.
- The budget deal included several academic provisions, including:
 - Also related to transfer pathway streamlining, UC is asked to develop common course identification numbers.
 - 75% of majors will undergo a Course 45 evaluation by July 1, 2017; adoption is not required.
 - UC will develop 3-year degree pathways for ten of the most popular 15 majors by March 1, 2016.
 - Improvements to student services are sought, including the use of predictive analytics to help identify and address behavioral or academic concerns.
 - A more extensive cost-per-course analysis metric will be piloted at Riverside.

II. Consent Calendar**1. Draft Minutes of May 5, 2015**

Action: The minutes were approved as noticed.

III. Review Items**1. Proposed Self-supporting Programs****a. UCLA Applied Statistics**

UCI Representative Klein, Lead Reviewer

Issue: Full budget information has been received, and the submission suggests a balanced budget. A program review is expected after year 3, and the facilities costs were estimated using a UCLA per-student algorithm. The cost of faculty may not be fully accounted for, though, as overload teaching should not be expected in the long-term. The program will not be a resident program. Projected tuition is between similar programs at UCSD and Stanford.
Action: The draft response will be edited for clarity and transmitted to CCGA.

b. UCB Earthquake Engineering

UCR Representative Barish, Lead Reviewer

Issue: This would be a unique program for practicing engineers to learn risk mitigation strategies for chemical or pharmaceutical plants, for example. Materials suggest a clear faculty commitment, and start-up and course-development costs being treated as outside professional activity (OPA). UCPB might endorse this practice to other proposers. The program seems part of the department's growth strategy, and is supported by an online advisory committee which helped develop the market analysis and will assist in course development, too. Because the program is mostly online, facilities costs are low. A one-week in-person practicum makes the program a "hybrid" and is thought to justify the tuition premium. Access and return to aid is a concern, and the inclusion of few external letters of support is a concern. Nevertheless, the program is acceptable for endorsement.

Action: The draft response will be edited for clarity and transmitted to CCGA.

c. UCD MEPN Nursing

UCSB Representative Schimel, Lead Reviewer

Issue: The program is for students without previous nursing training but with an academic degree, and it will be an expensive program. UC-level training is needed in this area. The school is proposing four programs, and this is one plank of their growth plan. The business plan seems adequate- facilities and room for growth have been identified. 20% of fees will be dedicated to financial aid. The UCPB response should note the unique structure of the school.

Action: The draft response will be edited for clarity and transmitted to CCGA.

IV. Consultation with the Education Abroad Program

Jean-Xavier Guinard, Associate Vice Provost

Jessica Blazer, Budget Director

Update: AVP Guinard reported that EAP will be fully self-funded as of next year. EAP is led by a governing committee, which consists of administrators and Senate representatives from UCPB, UCEP, and UCIE; the governing committee issues recommendations to Provost Dorr. EAP's funding model has recently changed from fees from participants to tuition and fees. Differential campus fee practices and the fact that EAP administration funds are routed through UCSB complicate EAP funding. Per the governing committee, EAP has 90 days "cash on hand" in the form of \$8.6M in reserves, housed in TRIP (\$4.6M) and funds functioning as endowments ((FFE) \$4M). Also, a \$7M carry-over is being used to offset the loss of tuition increase revenue for the next few years, but with the general fund subsidy being phased-out as part of a 2010 budget deal, EAP could see a deficit in the next 1-2 years. EAP solvency is partially participation dependent, and while participation rates are increasing, more often, students only travel for a semester or over the summer. Any growth in participation would require additional FTE at UCSB and in host locations. EAP is also working with the campuses to help prepare students for success when abroad.

Discussion: Members asked if EAP planned to increase tuition in 2018, and Director Blazer indicated that original plans to increase tuition 5% are being revised to show projections at 3 and 4%. Members asked how flexible the EAP budget is, and AVP Guinard indicated that only scholarships and strategic initiative funds are fungible, but that raiding those funds was not politically wise or financially viable. Other obstacles EAP faces are the requirement that all student participants join SHIP and the fact that ACA was not designed with study abroad in mind. For non-California residents, especially, this serves as an unfunded mandate and a disincentive to participation. In response, EAP is developing a proposal to charge a different rate of NRT and will encourage more summer travel (because summer sessions do not carry NRT).

Chair Leal noted that the NRT fee goes to the student's campus of enrollment, not to EAP. The EAP proposal would cut NRT in half while the student is in EAP. The differential impact by campus makes the proposal hard to evaluate. Reliance on the carry-forward, however, is not a sustainable practice, which means EAP still has not fully addressed its structural deficit.

Action: UCPB will communicate its concerns to Provost Dorr.

V. Consultation with Academic Senate Leadership

Dan Hare, Academic Council Vice Chair

Update: Vice Chair Hare reported on the state budget deal. Additional state revenues were almost entirely earmarked for proposition items. Options for funds to UC include \$25M from cap-and-trade money, \$25M for deferred maintenance, and \$436M from Prop 2 for UCRP. Cap-and-trade funds must be spent on efforts related to sustainability. Prop 2 funds will be dispersed over 3 years, conditional upon UC offering a new pension tier as of July 1, 2016. The new tier must include a DC option, but it could be a hybrid plan; the new tier will observe the California PEPRA cap, but a supplemental plan is expected to be offered to highly remunerated employee groups. The governor also included various programmatic requests in the budget deal. Such requests include, for example, to increase transfer enrollments, to increase the ratio of upper division students, to identify at-risk students with predictive analytics, to improve transfer pathway standardization, and to evaluate pricing and cost of instruction with various metrics.

Discussion: Chair Leal asked how changes to TRIP allocations could impact UC finances. Vice Chair Hare indicated that UC was changing its equities and fixed income investments to lower-risk funds for short-term returns. Additional modeling for UCRP might occur after the experience study is concluded and its recommendations are assessed.

VI. Consultation with Budget Office

Debbie Obley, Associate Vice President

Update: AVP Obley reported that the state budget deal is nearly complete. UC is not planning changes to enrollment growth projections because it is so late in the process. UC will ask the state for an additional \$50M from state general funds from the legislature. All numbers are for the system; campus-by-campus allocations will be determined separately.

Discussion: Members asked if the changing fund sources would impact expenditure plans, and AVP Obley said that only deferred maintenance and enrollment growth would be impacted by such changes. Tomorrow the campus VCPBs will meet to discuss possible changes to the campus assessment rates.

Members asked if ancillary costs for the programmatic requests were covered by the agreement, such as the costs associated with developing new degree tracks. AVP Obley noted that many of the programmatic requests are already underway in one form or another somewhere in UC, so costs should not be exorbitant.

Members asked for more background on the UCRP portion of the deal, noting that the proposed change would not save significant funds (an estimated \$40M over 28 years). AVP Obley noted that the

governor outplayed his political rivals on this matter, and that UC had to be seen to make a significant sacrifice.

AVP Obley added that tuition increases will now be tied to inflation, but that the details have not yet been worked out. The entirety of the budget deal is expected to apply throughout the remainder of Governor Brown's term, through 18-19. Governor Brown has said he will not veto additional funds added by the legislature, but additional funds from the legislature could also carry prohibitive "strings", especially regarding enrollment. (Updated enrollment plans should be available in August.)

Members asked how tuition-dependent programs like EAP will fare moving forward. AVP Obley noted that UCDC and UC Sacramento are in the same category, and that special fees remain options.

VII. Consultation with Office of Research and Graduate Studies

Kathleen Erwin, Director, UC Research Initiatives

Chris Spitzer, Program Officer

Issue: Mr. Spitzer presented an update on the MRU review protocol revision. The working group met and generated the edits now before the committee; the group is expected to finalize the new protocol at their next meeting. Changes include a more nuanced impact statement of leveraged external grants, clarification regarding governance structure, a reordering of metrics for a more logical flow, and more extensive budget reporting and projections.

Discussion: Members asked how affiliated research could be reported, and Mr. Spitzer referred members to the appendices. Additionally, publication mining with the CDL is improving. Members asked if there were still issues in consistency of reporting, and Director Erwin noted that there may be some software limitations, but the guidelines are clear in asking for footnotes when needed.

Action: Vice Chair White and Merced Representative Kelley will report any additional feedback directly to the work group.

VIII. Consultation with Academic Personnel

Susan Carlson, Vice Provost

1. Campus Salary Equity Plans

Issue: Vice Provost Carlson reported that each campus has taken the exercise seriously and is taking ownership of addressing their local problems. Differences in the rate of advancement, in particular, are stark along lines of gender and ethnicity. Issues of compression and inversion were not the target of this investigation, but other such variables are clearly worthy of scrutiny as redress continues. Indeed, secondary metrics will require attention in subsequent studies. More work remains to be done in the health sciences.

Discussion: Chair Leal noted that fixing the salary scales would help, at least partially, most of the identified problems, especially high retention offers that may be skewing the data. VP Carlson noted that all the studies are posted, and that they influenced President Napolitano's decision regarding this year's faculty salary increase allocation directions.

2. Faculty Total Remuneration

Issue: The joint work group's recommendations to President Napolitano regarding this year's faculty salary increase allocation were ignored, and the group has disbanded before addressing meaningfully the question of closing the total remuneration gap. Closing the gap is still listed as a budget goal, but it seems that the will to do so is in question. The efficacy of another work group is in doubt, but Provost Dorr may take the 2014 total remuneration data to the Regents in July to serve as a benchmark for discussions on the new pension tier. The new tier is expected to make cash compensation/salary even more important in comparative analyses of faculty remuneration.

Discussion: Members agreed that for new hires, salary will be the overriding determination, but for mid-career retention offers, the pension is still a significant lure. Chair Leal noted that salary needs attention more than pension, but politics has reversed these priorities. Further, the false trope that UC benefits make up for poor salaries still lives in the ether.

IX. New Business

1. Summer meeting schedule

Action: UCPB will meet in-person on August 4. Teleconferences will be scheduled as needed.

Meeting adjourned at 3:20 p.m.

Minutes prepared by Kenneth Feer, Principal Analyst

Attest: Gary Leal, UCPB Chair