



President, for one year starting in January. She also promised to include the Provost in cabinet meetings and the Senate chair and vice chair in the PAG. Senate leaders are pleased with the commitment to governance changes and will be monitoring their effectiveness.

Governor Brown is expected to release his proposed 2018-19 state budget tomorrow morning, January 10, at 10 am. The Governor has indicated that he plans to propose a 3% base budget increase for the University, rather than the 4% increase he committed to previously.

The Board of Regents will have four vacancies by March, following Regent Pattiz's announcement that he will retire from the Board in February. Regent Lozano has also stepped down from the Board to lead a non-profit educational foundation, and Regent Varner's and De La Peña's terms expire March 1.

#### **IV. Consultation with UCOP – Federal Government Relations**

- *Chris Harrington, Interim Associate Vice President, Federal Government Relations*

The Office of Federal Government Relations' advocacy efforts around the Republican tax bill included numerous meetings with legislators and staff from both sides of the aisle and several joint meetings with CSU colleagues to highlight mutual concerns. In addition, President Napolitano sent the Conference Committee a letter outlining UC's concerns, and signed a joint letter from California higher education leaders emphasizing common priorities. UC also activated its UCAN advocacy network, which issued thousands of calls and emails to legislators about the bill's most harmful elements. UC FGR also worked with UC social media colleagues to directly tweet at members of Congress.

The final tax bill signed by President Trump on December 22 did address many of UC's concerns. It protects the higher education tax benefit, Private Activity Bonds, UCRP's exemption from the unrelated business income tax (UBIT), and other tax benefits associated with employer-provided housing and medical expenses. However, the bill does harm UC by repealing Advance Refunding Bonds and tax deductions for moving expenses and college athletic event seating rights, and by including an excise tax on high executive compensation for tax-exempt organizations. Congress passed a continuing resolution to keep the government running through January 19 and waived the PAYGO rule that would normally force automatic spending cuts to key programs to pay for the tax bill.

The Office of the CFO will conduct a broader analysis of the financial impact of the bill, particularly as it relates to the Advance Refunding Bonds.

#### **V. Consultation with UCOP – Budget Office**

- *David Alcocer, Associate Vice President and Director, Operating Budget*

University Budget: The University has confirmed that the Governor will propose a 3% increase for UC in his 2018-19 state budget, not the 4% UC had anticipated under the framework agreement. To address the shortfall, UCOP will ask the Regents to delay an upcoming increase to the UCRP employer contribution rate and instead use additional STIP borrowing (already authorized by the Regents) to achieve similar long-term goals for UCRP's funded status. In addition, the Governor's budget will continue to fund UCOP and UC Path separately from the rest of the University.

Enrollment Plan: In January, UCOP will ask the Regents to approve an enrollment growth funding plan for an additional 2,000 California undergraduate students and 500 graduate students in fall 2018. State legislators have signaled that they are willing to fund a 500 student share of the undergraduate growth, and UC plans to support the remaining 1,500 students with \$15 million redirected from existing funds identified through the AB 97 process. The plan also includes systemwide nonresident undergraduate enrollment growth of 1,000.

The enrollment growth agreements between UCOP and each of the campuses include aggressive transfer growth at UCR and UCSC, consistent with what the campuses say they can achieve in the near term to meet to a 2:1 ratio target requested by the Department of Finance's. UC is also on track to meet the state's additional expectations related to receiving \$50 million in funding.

Some legislators have expressed interest in an aggressive long-term enrollment growth plan that will help close a 1.1 million gap in bachelor's degrees relative to workforce needs by 2030. The Public Policy Institute of California made this projection in a May 2016 report that also calls on UC to produce another 250,000 bachelor's degrees by 2030. UCOP's March 2017 [report to the Legislature](#) responds to a State request for scenarios that will help determine the state investment needed to support that level of growth.

Tuition Plan: At the January Regents meeting, UCOP also will propose a 2.5% (\$288) net increase to in-state undergraduate tuition, a \$54 increase to the student services fee, and a 3.5% increase to nonresident tuition. UC grants will fully cover the increase for almost two-thirds of undergraduates. To avoid the unpredictability and stress caused by consecutive years of double-digit tuition increases followed by consecutive years of no tuition increases, UC is proposing a tuition policy that involves regular, predictable, modest, inflation-based increases.

Discussion: UCPB members noted that the state's vision for UC focuses primarily on undergraduate degree production and includes little about graduate education and research. Long-term planning should support the University's full academic mission. UCPB members also encouraged UCOP to emphasize how the research mission helps drive the economy, and to engage faculty in the development of stronger messages on this theme.

Director Alcocer noted that UCOP's [March 2017 report](#) emphasizes the importance of masters and doctoral training and research to the state's future workforce needs. UCOP's report recommends maintaining a 20% ratio of graduate and professional enrollments in any growth scenario. It also outlines a more moderate scenario involving 125,000 new bachelor's degrees and 25,000 new graduate and professional degrees by 2030.

## **VI. Institute for Transportation Studies (ITS) Five Year MRU Review**

- *Eleanor Kaufman, UCPB member (UCLA)*

Professor Kaufman represents UCPB on the UCORP-led Senate subcommittee tasked with the five-year review of the Institute of Transportation Studies (ITS), a multi-campus research unit with a presence on the UCB, UCD, UCI, and UCLA campuses. The review is intended to evaluate the systemwide value of the ITS and the quality of its work.

The UCORP chair empaneled subcommittees to focus on three specific areas: evidence of

accomplishment, administration and governance, and budget. Professor Kaufman and the budget subcommittee were asked to assemble a list of budget questions and issues in preparation for UCORP's February meeting with the four campus MRU directors. She asked UCPB to help formulate questions that she will discuss with UCORP at a January planning meeting. UCORP expects to send the Academic Council a final report in May.

Professor Kaufman noted that the five-year report provided by the ITS includes a narrative budget summary and justification as well as three spreadsheets detailing expenditures and revenues. The ITS MRU generated \$263 million in total revenue over five years, of which \$234 million, or 89%, was derived from external sources. The State Public Transportation Account (PTA) provides ITS with \$1 million annually and last year augmented the ITS budget with a one year funding increase of \$3 million. In 2017, Senate Bill 1 provided the ITS with an additional \$5 million annual funding increase.

UCPB agreed that Professor Kaufman should request clarification about the disparate expenditures across ITS campuses; the origin and nature of the "carry forward"; and the nature of the difference in total FY 2016-17 expenditures reported in the three budget charts; the nature of campus funds noted as "cash"; and how indirect cost recovery monies flow; and what accounts for the \$10 million jump in revenue from industry between 2014-15 and 2015-16. In addition, there was a question about how the nature of ITS transportation research evolved over the five-year period in ways that impact budgeting, and whether ITS expects future changes that will affect budgeting.

**ACTION: Circulate a list of question to UCPB members for comment before submitting to UCORP.**

## **VII. Inequities Task Force**

The proposed UCPB Inequities Task Force will consider potential mechanisms to address resource inequities across the campuses and improve the University's functioning as single entity. The membership of the Task Force will not include only current UCPB members, but Task Force members should have budget expertise. It was noted that Academic Senate rules require that UCOC appoint a chair and members who are not currently members of a standing Senate committee. UCOC can also help with recommendations for the entire membership, especially in terms of diversity, as well as representation across the divisions. The Task Force will request data to support discussions.

**ACTION: Chair Schimel will contact UCOC concerning the appointments.**

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Meeting adjourned at 1:00 pm

Minutes Prepared by Michael LaBriola, Principal Committee Analyst

Attest: Joshua Schimel, UCPB Chair