

**Minutes of Videoconference Meeting
October 11, 2022**

Present: Don Senear (Chair, Irvine); Marc Steurer (Vice Chair, San Francisco); Max Auffhammer (Berkeley); Heather Rose (Davis); Alyssa Brewer (Irvine); Andrew Leuchter (Los Angeles); Kevin Mitchell (Merced); Peter Atkinson (Riverside); Michael Provence (San Diego); Jill Hollenbach (San Francisco); Jim Rawlings (Santa Barbara); Dard Neuman (Santa Cruz); David Brownstone (TFIR); Susan Cochran (Chair, Academic Council); James Steintrager (Vice Chair, Academic Council); Nathan Brostrom (EVP-CFO); David Alcocer (AVP – Budget Analysis and Planning); (Stefani Leto (Analyst).

I. Consent Calendar

Action: UCPB approved the October 11, 2022 agenda.

II. Chair’s Announcement and Committee Priorities

- UCPB will have two meetings in person. The first will be December 6, 2022; the second planned for one of the spring quarter meetings, to be determined.
- This year, the committee will focus broadly on four major areas: 1) Rebenching; 2) Financial relationships between UC Health, and the Medical Schools and health sciences on the campuses; 3) UCPB’s oversight responsibilities regarding Agriculture and Natural Resources; 4) Planning for the enrollment increases that UC has committed to achieve by 2030-31
- UCOP has a large number of Self-Supporting Master’s Degree Program Proposals to review this year. Volunteers are needed.

III. Committee Member Introductions and Campus Updates

Committee members provided brief introductions and outlined goals for their divisional planning and budget committees.

UC Berkeley has a new Provost who is leading who is leading a campus finance reform effort. The campus hopes that a new program, “Busting bureaucracy” will help simplify administrative processes across campus. Many students are on campus now, and classrooms feel full.

At UC Davis, the Senate has committed to reengaging the community on campus. It also plans to engage with the recommendations from the Special Committee on the Evaluation of Teaching, and it plans to continue clarifying the personnel process laid out in the Special Committee’s Report of the Step Plus Assessment. CPB is interested in salary issues surrounding equity, on-scale, and off-scale adjustments. Graduate funding remains

problematic on campus. Residency requirements and dissertation filing fees are demanding attention.

UC Irvine announced a budget shortfall during the summer. The campus entered the pandemic with adequate funding, but through some unforeseen problems as well as changes in student enrollment projections, have led to a projected \$45M operating budget deficit. The campus has instituted an across the board budget cut and anticipates additional, targeted cuts. It hopes to ameliorate the deficit through increased efficiency and cultivating alternative funding sources, including funds flow from outside entities. Self-supporting graduate degree programs have proliferated on campus. Some are struggling, and the campus is updating the review process for them. Some controversial donations have led the Council on Planning & Budget (CPB) to explore ways to have much earlier input regarding donations.

UC Los Angeles has a new Provost but many positions, such as Chief Financial Officer and the Vice Chancellor for Planning and Budget are currently filled on an interim basis. Implementation of the new Bruin Budget Model (BBM) has been suspended twice and modified to address Senate concerns; it will run as a shadow budget along with the current budget system in order to more accurately model the impacts of a new system on the Schools. The campus plans to streamline business models to better support the academic mission. Major decisions, such as purchasing a college for campus expansion and the football program moving from the Pac-12 to the Big Ten, were executed without faculty input. The CPB hopes to establish mechanisms to support earlier consultation regarding financial decisions. Robust growth of the health enterprise concerns faculty, who would like discussion about what principles should control the level of growth in excess of educational needs as well as governing funds flows from the Medical Center to campus.

UC Riverside's budget committee has not yet met. Faculty met with the Provost and senior administration to express concern over the acquisition process for large new software purchases. Budget committee members have expressed concerns over what appears to be a lack of strategic planning for the campus. The Indirect Cost Recovery model does not have enough allocated to fund Ph.D. students. Hiring on campus is not keeping pace with enrollment increases or with separations, increasing the burden on remaining faculty and staff. The current financial management software is no longer supported by the vendor, and will be replaced by Impact 23, a currently-supported software system.

IV. Task Force on Investment and Retirement (TFIR) Update

TFIR Chair Brownstone described TFIR's mandate and top priorities. TFIR concerns itself with the solvency of the UC pension program, and issues of faculty welfare and retention. He noted two time-critical issues:

- The expanded Public Service Loan Forgiveness deadline is October 31. UC faculty and employees are eligible to receive credits for payments which did not meet the criteria before now.

- Newly-hired faculty must choose between Pension Choice or Savings Choice retirement plans within 90 days, with Pension Choice the default setting. A decision tool has been provided by TFIR, but not every new hire is informed about the implications of their choice. TFIR is working to have the default choice changed to Savings Choice. Chair Brownstone noted that there is a window of time between five and ten years of employment during which those who wish to could switch to the Pension Choice.

In addition, Chair Brownstone suggested that negative investment returns in 2021-22 and continuing so far in 2022-23 might motivate the Regents to investigate increasing both employer and employee pension contributions.

IV. Budget Consultation with OP

Chief Budget Officer Alcocer and Chief Financial Officer Nathan Brostrom briefed UCPB about the State of California budget planning process

The 2022-23 budget cycle appears more predictable than previous years, based on the University's five-year budget compact with the Governor and the cohort tuition plan. In exchange for a five percent base budget increase each year of the compact, the University promised to grow enrollment of California students, and close graduation gaps for URM students, as well as other programs. The University is concerned that changes in the state's economic outlook could mean that the legislature will change the agreement.

CFO Brostrom and AVP Alcocer noted that although roughly 6000 more students are in residence across UC campuses, they are generally taking fewer units than pre-pandemic averages. The legislature bases enrollment funding on full-time equivalent (FTE) units taken by students. This may impact the University's ability to meet the compact's requirements. The allocation of state general funds to the campuses for enrollment in the 2022-23 academic year will include a one-time "true-up," to account for actual student enrollment instead of only budgeted enrollment. Guardrails instituted in 2021-22 will remain in place so that all campuses will be funded to at least 95 percent of the unweighted per student average across all campuses.

- TFIR Chair Brownstone asked whether pension fund market losses would increase pressure on the Regents to call for increases in employee contributions. CFO Brostrom noted that many campuses are currently understaffed and struggling with staff retention; anything increasing the difficulty of hiring and retention is a poor choice at present. He would rather borrow from STIP, even with a surcharge, and noted the employee contribution is tied to the pension normal cost, rather than the funding ratio.
- Discussion covered the method by which campus building projects are approved. CFO Brostrom noted that campus debt ratios are considered in approving projects, but that housing projects receive debt service waivers since campus housing is self-supporting.

- In response to a question about the future of the Compact for Higher Education, the expectation was expressed that the state is more likely to decrease one-time funding rather than cut the 5% base budget increase as the state experiences budget contraction over the previous year's robust surplus. The University plans again to ask for a large amount of one-time funding to address seismic retrofitting and deferred maintenance.

VI. Senate Leadership Update

Academic Council Chair Susan Cochran and Academic Council Vice Chair Jim Steintrager indicated that this is a year of transitions – a new Vice Provost for Academic Personnel and Programs, as well as a new Provost and Executive Vice President beginning January 9, 2023.

News and updates from the September Regents meeting included:

- Investment losses across all areas of the portfolio, accompanied by increasing concern that the state is entering a recession which may have negative effects on University budget allocations,
- Related to the above, at least one Regent expressed that the employee contribution to UC Retirement should increase, and Chair Cochran expects that the issue will return at the November Regents meeting,
- Capital improvements on campuses include real estate purchases by UC San Diego and UC Los Angeles. Satellite campus expansion raises at least two issues: 1) How to address pedagogical needs of students on distant campuses without losing the benefits of interdisciplinary contact among faculty, and 2) Budget constraints: UC San Diego's housing is self-supporting, but satellite campuses spread the same need over fewer students. Chair Cochran indicated that this would be a fruitful area of investigation for UCPB,
- The Regents announced plans for a campus-based tracking system for patents and innovation transfer, in addition to a unit at the Office of the President to administer items better addressed at the systemwide level. Concerns about software procurement followed this announcement.

Issues addressed at Council included:

- A meeting with Chief Operating Officer Rachael Nava, Chief Information Officer and Vice President for Information TEC Van Williams, and AVP and Chief Procurement Officer Paul Williams to discuss problematic software purchases and rollouts system-wide. The Council sent a letter detailing their concerns regarding software acquisitions,
- A report on the most recent faculty survey indicated deep weariness on the part of faculty, that students are relearning how to engage with learning, as well as the perception that online course delivery produces worse educational outcomes than in-person instruction. A report on the survey will be forwarded to the Provost and President,
- A joint letter from UCFW and UCPB reiterating the need for continued regular faculty salary increases was approved for delivery to UCOP budget planning before the 2023-24 budget allocations are set,

- Senate leadership is part of the Office of the President Executive Budget Committee which presents OP budget priorities to campus budget leaders,
 - There is \$85M for competitive grants for faculty doing broadly-defined climate-based research. Leadership will share the link for the program when it is available.
- Discussion included concerns regarding differences in approval for public/private building partnerships from campus-financed buildings. At UC San Diego, the faculty was not consulted before the campus acquired a satellite site. In addition, San Diego increased graduate student rent by 45 percent, and members wondered if campus' commitment to below market rate housing is insufficient given high housing costs around campuses. Chair Cochran encouraged members to advocate for early Senate consultation for campus projects.

VII. Proposals for Review

Professor Neuman presented a review of the UC Berkeley Master of Computational Social Sciences proposal, a one-year program, with an optional summer pre-component. He noted that the program addressed a demonstrated need for analysts in the social science field. There has been a rigorous exchange between the graduate council on campus and program proponents.

Concerns were expressed about the efficacy of a one-year program to create analytical expertise, the relatively high cost for the program, and the possibility of saddling targeted URM students with large debt loads relative to their expected salaries after the degree. In addition, the effect of overload faculty teaching in the proposed program on state-supported programs was considered. The committee agreed that it was a strong proposal, and voted to approve it.

UCPB delayed taking up other reviews to the next meeting.

Action: UCPB will send a letter to CCGA approving the Master of Computational Social Sciences proposal and noting their concerns.

VIII. Systemwide Senate Review Items for Optional Comment

1. Second Systemwide Review of Presidential Policy on Abusive Conduct in the Workplace

Professor Rose presented her review of the proposed changes to the policy, noting that UCPB had not commented on the prior proposal. Language about “bullying” has been removed, and a section on mandatory reporters added. Prior concerns about effects on academic freedom have been adequately addressed in this version.

Concerns regarding inequitable administration of the policy campus-to-campus is not addressed in the proposed revisions; no systemwide tracking system to ensure timely investigation and similar reporting requirements on different campuses exists; and that the policy may create potential conflicts if Deans and Chairs are mandatory reporters without faculty being aware of this. Privacy concerns expressed by the Academic Senate have not been fully addressed.

Action: UCPB agreed to send a response to the Academic Council.

IX. Rebenching Consultation with Budget Director

Budget Director Alcocer presented modifications currently proposed to the rebenching process. Funding for enrollment in 2022-23 will first be based on a “trued-up” count of undergraduate students who were unfunded due to past over-enrollment. The funding for the true-up will come from the five percent base budget increase. It will be a one-time adjustment to the number of funded undergraduates; future enrollment growth will continue to be based on annual enrollment targets. A complicating factor for this plan is that campus enrollment yield plans have been less predictive than in the past.

Graduate student enrollment true-up efforts will begin in 2023-24. Campuses have exercised different approaches to graduate student enrollment, including moving students from state-supported programs to self-supported programs, and enrolling fewer Ph.D. students to provide more competitive funding packages. The true-up effort should provide a baseline for campuses’ thinking about enrolling graduate students. Without additional faculty hiring, graduate growth is difficult. Discussion addressed the aspirational funding model for some campuses’ graduate students, so that those funds would remain specific to graduate enrollment.

President Drake would like to add a new weight of 1.5, versus 1, for undergraduates from Local Control Funding Formula Plus (LCFF+) high schools, reflecting a higher cost to educate these students. There is a demonstrable graduation gap for those students, distinct from Pell or first-gen students. There is a question about whether LCFF+ was a school- or district-level designation, and UCOP uses Department of Education lists of LCFF+ schools to designate students. It was noted that the same effect could be achieved by using an add-on funding mechanism, rather than changing student weights. An add-on mechanism would provide greater agility for the University to address changing circumstances versus permanent changes to per-student weights. Discussion included whether or not campuses would experience an incentive to enroll more LCFF+ students for increased funding, given that graduation rates for such students have tended to lag. Chair Senear referenced the UCPB Rebenching Report which predicted that campuses might manipulate admissions to maximize their funding.

The new plan suggests adjusting graduate student weights by reducing non-M.D. students from five to two point five over time. Disciplines such as Dentistry, Nursing, Optometry, Pharmacy, Public Health, and Vet Med would be affected. This approach will change funding between campuses and increase the disparity in health sciences funding between campuses. UC Davis has already requested a review of Veterinary Medicine before the weights are finalized.

AVP Alcocer said none of these changes beyond the undergraduate true-up will happen before the 2023-24 AY.

Prepared by Stefani Leto, Analyst
Attest, Donald Senear, Chair
The meeting ended at 4:01 p.m.