I. Announcements

**Bernard Sadoulet, UCPB Chair**

**Update:** Chair Sadoulet welcomed new and returning members, and provided an overview of UCPB’s duties to advise the president and administration on relevant issues such as the state budget, enrollment planning, capital planning, UC Health’s relations with the academic medical centers, the Education Abroad Program’s finances, support for Division of Agriculture and Natural Resources (ANR), debt capacity, and structural deficits on the campuses, to name a few.

At the Academic Council meeting of September 28, several items of interest to UCPB were discussed: 1) proposed changes to the University Committee on International Education (UCIE) by-law were approved for systemwide review; 2) the University Committee on Committees (UCOC) will help with ad hoc appointments, including populating the new UCPB task force on ANR; 3) a new Vice President for Research and Graduate Studies has been appointed, as has a new Vice President for Research Innovation and Entrepreneurship; 4) the Berkeley campus is experimenting with Letters of Reference for some applicants; 5) the University Committee on Affirmative Action, Diversity, and Equity (UCAADE) will lead a re-investigation of faculty salary equity; and 6) the UC Health strategic plan suggests entrepreneurial expansion is a top priority.

II. Consent Calendar

*None.*

III. Systemwide Review Items

1. **Self-Supporting Graduate and Professional Degree Program (SSP) proposals**
   a. **UCI Business Analytics**
      **Action:** UCSC Representative Rodriguez will serve as lead reviewer.
   b. **UCI Conservation Restoration**
      **Action:** UCB Representative Choksombatchai will serve as lead reviewer.
   c. **UCLA Business Analytics**
      **Action:** UCM Representative Singhal will serve as lead reviewer.
   d. **UCSF Nursing**
      **Action:** UCLA Representative Lane will serve as lead reviewer.
   e. **UCI School of Nursing Proposal**
      **Issue:** Irvine has proposed converting their department of nursing to a school of nursing, and has further proposed to skip the pre-proposal review stage in accordance with policy as the campus has secured a large philanthropic gift associated with the proposal. This effort is part of a longer strategy to convert the campus’s current school of medicine to a college of medicine comprised of various health sciences schools; nursing is the first department to be converted.
Action: Analyst Feer will draft a letter of support for skipping the pre-proposal stage.

2. Proposed Revisions to APM 190, Appendix G (Retirement Contributions on Academic Employee Summer Salary)
   Issue: Summer salary is not “covered compensation” for UCRP. Instead, summer salary retirement contributions have historically been deposited into a defined contribution plan (DCP). With the launch of the 2016 UCRP tier, it has become necessary to change the destination of summer salary retirement contributions to avoid tax penalties and contribution limits. This change is for new faculty hired after July 1, 2016 only; their summer salary contributions will now be directed into a 403(b) in accordance with IRS regulations.
   Action: Analyst Feer will draft an endorsement of this proposal.

3. Proposed New Presidential Policy on International Activities
   Action: The committee will consider this item at its November 1 meeting.

4. Proposed Amendments to APM 015, 016 and SR 336 (Faculty Code of Conduct)
   Action: The committee elected not to opine on this item.

5. Proposed Amendments to SBL 182 (UCIE)
   Action: The committee will consider this item at its November 1 meeting.

IV. Consultation with the Office of the President – Chief Financial Officer Division

Nathan Brostrom, Executive Vice President and CFO
David Alcocer, Director, Operating Budget

Update: EVP Brostrom reported on several items of interest to the committee:

- 2017-18 State Budget: The legislature and governor remain largely unmoved by pleas from graduate students for increased funding. Instead, they seem to focus on support for California undergraduates, and have targeted non-residents and return to aid as sources of that support. The Regents will develop a policy on non-resident enrollment this year, and UCOP is using 2015-16 non-resident enrollment levels for internal projections. UCOP is also assuming the state will resume its $10000/student level of support in those projections. Long-term plans rely on new leadership in the statehouse and new capital bonds to address growing classroom capacity concerns.
  Discussion: Members were particularly concerned about the lag-time for construction projects vis-à-vis incipient student body growth, especially if new projects continue to be approved at a trickle.

- Rebenching: The project was intended to equalize support per student across campuses by removing legacy funding advantages.
  Action: The committee will return to this topic for an in-depth discussion at its November 1 meeting.

- Debt capacity: This quarter’s financial statements will reflect recent poor market performance. Next year, new GASB reporting requirements will change how the retiree health liability is reflected on UC’s general ledger. This change is problematic since although this liability increase is artificial, it might impact our debt capacity ratings. Strategies to address this problem should go beyond just public messaging efforts.
might include: prefunding retiree health, adjustments to the retiree health benefits package, additional borrowing for UCRP, and further liquidity management strategies.

V. Consultation with Academic Senate Leadership

Jim Chalfant, Academic Council Chair
Shane White, Academic Council Vice Chair

Update: Chair Chalfant reported on several items of interest from the September Regents meeting, including: 1) recent changes to the Regents bylaws have elevated the role of the Senate from Standing Orders to the bylaws. No changes to the delegations given the Senate were made, but since the bylaws are harder to change that the Standing Orders, the role of the Senate has been enshrined further. 2) Cost savings are still being sought through procurement efficiencies and related avenues. 3) Faculty diversity efforts received $2M in the 2016-17 state budget, so faculty hiring practices will be under scrutiny. 4) The enrollment of more California undergraduates has received vocal support from the Regents, so state indictments of UC's compare favorably policy, the number of non-resident enrollees and the support afforded them, and related issues will be under investigation this year. 5) Last year’s state audit has resulted in an audit of UCOP operations, specifically for “efficiencies” and redundancies.

VI. UCPB Goals and Campus Updates

Issue: This summer, the Academic Council ended its special ad hoc committee that advised on the Division of Agriculture and Natural Resources. That committee was found to be ineffective due to high member turnover, low member expertise, and previously fractured relationships. As a result, a new task force is being formed with a more specific charge, more carefully selected membership, and hopefully a fresh start with ANR colleagues. The new task force will function as a subcommittee to UCPB and report to it, focusing their work on planning and budget issues. At present, ANR receives significant financial support via funding streams, additional funds “off-the-top” for the Agriculture Experiment Stations, plus federal funds, endowment funds, and more. Complete budget transparency is one goal of the new task force. Another goal is to monitor implementation of ANR’s new strategic plan, which was requested by the president and is due before any Senate consultation can occur.

Action: Chair Sadoulet will meet off-line with VP ANR Humiston prior to a full consultation with UCPB.

VII. Consultation with the Office of the President – Provost

Aimée Dorr, Provost

Professional Degree Supplemental Tuition (PDST) and Self-supporting Graduate and Professional Degree Programs (SSPs)

Issue: Provost Dorr noted that the status quo ante SSP policy dates from December of 2014, but before the policy could be fully implemented, President Napolitano’s tenure began. In keeping with her modus operandi, President Napolitano promptly requested that the policy be streamlined and clarified. A revised policy was issued by the Academic Planning Council for implementation on July 12, 2016.

At nearly the same time, the Regents adopted regulations for PDST wherein President Napolitano may approve without Board review increases under certain circumstances (e.g., for
programs that already have PDST and propose less than a 5% increase). This policy, however, has led to unintended consequences, such as automatic maximum PDST increases, and needs to be revised. The entire PDST policy will soon be sent for full systemwide Senate review. The revised policy will maintain the same high levels of scrutiny for market studies and multi-year planning, while adding a requirement for a specific, justified appeal for increases.

**Discussion:** Members noted that one goal could be to increase cash flow to campuses, but that achieving that goal may be easier via SSPs, bureaucratically speaking, at least. Provost Dorr noted that SSP approval is becoming increasingly difficult, and that SSP enrollments are not counted in the rebenching formulae. Members reiterated the previous UCPB’s concern that overload teaching and pro-rating expenses are common in SSP proposals. Nonetheless, Provost Dorr reported that the EVCs resisted requiring proposers to include the UC SSP budget template projection in the systemwide proposal package, even if recognized only as approximations. The availability of three-year reviews of SSPs for budget benchmarking also remains unclear.

**VIII. New Business and Further Discussion**

*Not addressed.*

Meeting adjourned at 3:30 p.m.

Minutes prepared by Kenneth Feer, Principal Analyst
Attest: Bernard Sadoulet, UCPB Chair

Attendance:
Bernard Sadoulet, UCPB Chair
Josh Schimel, UCPB Vice Chair
Raveevarn Choksombotchai, UCB
Bob Powell, UCD
Jim Steintrager, UCI
Tim Lane, UCLA
Mukesh Singhal, UCM
Christian Shelton, UCR
Andrew Kahng, UCSD
Russ Pieper, UCSF
Ann Jensen Adams, UCSB
Abel Rodriguez, UCSC