

# UNIVERSITY OF CALIFORNIA

# ACADEMIC SENATE

## UNIVERSITY COMMITTEE ON PLANNING AND BUDGET

### Videoconference Minutes of Meeting - October 6, 2020

Present: Sean Malloy (Chair, Merced); Kathleen McGarry (Vice Chair, Los Angeles); Holly Doremus (Berkeley); Bruno Nachtergaele (Davis); Donald Senear (Irvine); Tim Groeling (Los Angeles); Patricia LiWang (Merced); Kwai Ng (San Diego); Steven Cheung (San Francisco); Doug Steigerwald (Santa Barbara), Dard Neuman (Santa Cruz); David Brownstone (TFIR); Eleanor Kaufman (Chair, TF-ANR); Mary Gauvain (Chair, Academic Senate); Robert Horowitz (Vice Chair, Academic Senate); Nathan Brostrom (CFO); David Alcocer (AVP); Kieran Flaherty (Director, SGR); Seija Virtanen; (and Stefani Leto (analyst))

#### **I. Consent Calendar Items:**

1. October 6, 2020 UCPB Agenda
2. Simple Name Change for UCB College of Natural Resources

**Action:** UCPB approved the consent calendar.

#### **II. Introductions and Announcements**

- o *Sean Malloy, UCPB Chair*
- o *Kathleen McGarry, UCPB Vice Chair*

Committee Overview: Chair Malloy welcomed UCPB members and members introduced themselves.

The Chair announced the impending release of the report of President Drake's Strategic Planning Task Force, designed to shape responses to COVID-19-related financial effects. He had hoped to discuss the report at today's meeting, but stated that he would initiate a discussion of the report with UCPB over email after it is released. Comments on the report should be finalized before the October Academic Council meeting.

#### **III. Consultation with Academic Senate Leadership**

- o *Mary Gauvain, Academic Senate Chair*
- o *Robert Horowitz, Academic Senate Vice Chair*

Senate leadership described their role representing the various committees to the Senate as a whole, as well as the wider University community.

#### Regents Meeting:

The Regents received a report from Executive Vice President for UC Health Carrie Byington about the status of COVID-19 at UC. COVID-related updates at Regents meetings generally go beyond the allotted time, reflecting the concern about the course of the pandemic and its effect on the University.

The Vice President for National Laboratories' report to the Regents noted that the UC-managed National Laboratories touch all aspects of the University – including undergraduate and graduate students, scientists of all kinds, and collaborations across UC campuses.

The UC Health Strategic Planning report proposed a reorganization and changes to UC Health that will have budget implications across the University. UCPB members were encouraged to keep their attention on this recurring issue.

A report from UC budget leaders described the effects of the pandemic on the University's fiscal health and was designed to prepare the Regents to discuss specific fiscal responses to the pandemic at their November meeting.

The forthcoming final report of the Regents Special Committee on Basic Needs will include recommendations that are likely to have budget implications. The Regents seem poised to take action based on the recommendations. While most of the Special Committee's work has focused on undergraduate basic needs, the budget implications make it relevant to UCPB.

President Drake is working quickly to address the fiscal impacts of the budget crisis on the campuses. He has invited faculty input into the University's response; and UCPB members who experienced the 2009 fiscal crisis may have valuable insights. . The Senate will need to respond quickly to the forthcoming report of the Strategic Plan Task Force to make the deadline for the November Regents meeting.

In May 2020, the Regents' voted to phase-out the use of the SAT/ACT at UC by 2025 and evaluate the possibility of using a new standardized test for UC admission. The Feasibility Study Working Group, which includes Senate representatives, is investigating the viability of creating either a UC-specific test or using an existing test such as the Smarter Balanced Assessment. The Working Group will ultimately report to a Steering Committee co-chaired by Provost Brown and Council Chair Gauvain. The Steering Committee hopes to make a recommendation to President Drake in December in order to present at the January Regents meeting.

Vice Chair Horwitz noted that rather than approaching climate issues through a lens of a task force that encourages participants and their audiences to consider items "finished," the report of the UC San Diego Academic Senate Task Force on the Climate Crisis provides the Senate with a template for ongoing action. Vice Chair Horwitz proposed that UCPB help parlay the report's ideas into systemwide action items. Senate leaders hope the Senate will be proactive around climate change issues, and encouraged other campuses to use San Diego's experience and planning as a template. The Chair and Vice Chair are asking systemwide committees to think about discrete ways each can bring their expertise to bear on the issue.

In addition, the University's Chief Investment Officer continues to frame decisions to disinvest from carbon stocks and funds as a business decision; however, many faculty want the University to frame the debate on holdings in moral and ethical terms. In addition, some faculty are urging UC to decarbonize the pension fund. However, it has also been noted that because the pension affects both faculty and staff, a recommendation to decarbonize those funds should include discussion with a wide range of employee stakeholders. Faculty also want to focus efforts on "decarbonization," rather than "carbon neutrality," as the latter can be achieved technically without carbon reductions. Each Senate committee can bring a different focus on the issue and

leverage the strength of the faculty and the campuses and work together to make progress. Senate leadership anticipates an ongoing discussion on the topic.

**Discussion:** A UCPB member observed that the Office of the Chief Investment Officer has, according to its standards, divested the pension funds under its control from fossil fuel holdings. However, some funds are externally-managed. There is also approximately \$25b in various retirement funds such as 401B, and the 457 plans. These funds are owned by the holders. A UCPB member suggested that the Regents vote formally on divestment as they did with divestment from South Africa.

UCPB members also discussed San Diego's climate action plan and the idea of encouraging faculty to address climate issues in their courses. Discouraging travel as a matter of course is part of the plan, based on principles, rather than our current COVID-related approach.

It was noted that the Division of Agriculture and Natural Resources is another part of the University whose mission interacts directly with climate topics.

Chair Gauvain suggested that UCPB circulate the UCSD climate Task Force report for comment, and suggested that new housing development proposals have a climate cost component. Both Chair Gauvain and Vice-Chair Horowitz noted the ways in which rethinking instruction delivery could be used to approach climate impact, as the move to remote learning has been perceived as successful. They both stressed the importance of preventing COVID-19 impacts from moving the UC to a too-great reliance on online instruction, while also using remote instruction as a lens to think about reimagining undergraduate teaching in ways that support the vision of the University, while contributing to decarbonization. Chair Horowitz emphasized that this is an ongoing and delicate conversation.

#### **IV. Consultation with UCOP**

- *Nathan Brostrom, Chief Financial Officer*
- *David Alcocer, Associate Vice President, Budget Analysis and Planning*
- *Kieran Flaherty, Director, State Governmental Relations*

Role of the Budget Office: The Office of Budget Analysis and Planning is responsible for developing the University's annual systemwide operating budget and its policies and methodologies for allocating budgets across campuses, particularly core funds, as well as debt and capital management strategies. In addition, the Office of the CFO manages risk services such as Fiat Lux, the captive insurance operation. The Budget Office is the University's primary interface with state agencies on budget issues; it crafts the University's annual budget request to the State and the annual UC budget plan approved by the Regents. It also manages policies around tuition, fees, and financial aid; and conducts longer term financial planning, forecasting, and analysis.

Budget Update: President Drake is previewing the Strategic Planning Task Force report with the Chancellors before releasing the report for systemwide review.

The COVID-19 crisis has affected the University budget in three ways. First, the near-term, "V-shaped" losses include \$2.2 billion in losses and expenses at the UC medical centers, which

deferred medical procedures to focus efforts on Coronavirus management, and approximately \$600 million in lost auxiliary income, such as dining services and student housing. The University received \$900 million from the CARES Act to help offset these losses. Hospital revenues are stabilizing as the medical centers address deferred procedures, and there is no expectation of a long-term drop in demand for on-campus student housing.

However, a second set of longer-term and more structural losses reflects reduced state general fund support and a possible loss of enrollment, including politically-motivated losses of international students. Finally, the University faces long-term structural issues including deferred capital maintenance and limits on bond measures as funding sources.

#### Discussion:

The discussion touched on UC tuition history, questions about proposed pension contribution changes, and the outlook for State appropriations. The CFO noted that the University's financial fundamentals are strong and the current downturn is not insurmountable. Differences between campuses complicate discussions of approaches like curtailment and furloughs on a systemwide level.

#### Governmental Relations Update:

The Associate Vice President expressed the University's delight at the new Nobel prize-winners among UC faculty. He said the California Legislature looks to the Legislative Analyst's Office (LAO) for information and analysis to help them set UC's budget appropriation. The LAO believes a deep recession will continue for the state. Although a growing share of the UC budget does not depend on State appropriations, following years of declining state appropriations, the University will be impacted by a recession in California.

The University's legislative operations have been made challenging in the context of the pandemic, climate change, social unrest, and the political landscape nationally. These factors all work together to create an "expect the unexpected" situation. The UC Office of State Government Relations has analyzed 2,700 bills for their potential impact on the University since the COVID crisis, and provided feedback to legislators regarding various bills' impact on the University and its work.

President Drake is reviewing the California State Auditor's recent report on UC admissions practices. While one inappropriate admission is too many, 64 problems out of 1.1 million applications, may not represent a critical problem.

The State Legislature appears to have a balanced view of the audit. Because the Legislature cannot control the University directly, it can use the budget as one response to things like the admissions audit.

## **V. TFIR Report**

- *David Brownstone, Chair of the University Committee on Faculty Welfare Task Force on Investments and Retirement (UCFW-TFIR)*

The University has released a RFP to replace Anthem, the administrator of UC's self-funded health programs, and TFIR would like to participate in an employee survey of health care experiences. The business of the Regents Investment Committee is of great interest to TFIR. Proposals for pension asset allocations were discussed at the most recent meeting of the Committee, including strategies for addressing the \$3 billion of unfunded liabilities which the Regents would like to pay off within 30 years.

## **VI. Strategic Planning Task Force Report**

The President asked the task force to consider workforce-related options for addressing the financial challenges created by COVID-19, and principles to guide decisions about options. Lessons learned from the 2009 downturn will help lay the groundwork for potential actions, and the issue will be taken up at the November Regents meeting. Considerations include the extent to which there should be shared sacrifice v. campus-specific plans, making any plan is implemented progressively, and holding employees harmless for impacts on service credits and highest years of income, and how the plan will be implemented at the medical centers. Represented and non-represented staff and faculty may also experience different effects of a furlough plan. The Senate will be encouraged not only comment on the document, but also to make active recommendations for addressing the budget crisis.

- UCPB members discussed various approaches to cost-cutting, including different forms of furloughs, and their effects on faculty compensation and teaching and research activities. UCPB members also discussed the idea of borrowing from campus endowments and short term investment pools, but emphasized that such borrowing would need Regents approval.

## **VII. Self-Supporting Graduate Professional Degree (SSGPDP) Proposal Reviews:**

Overview: The [Compendium](#) and [CCGA Handbook Appendix K](#) outline the role of the Senate and UCPB in the review of SSGPDP proposals in the context of the University's 2016 [SSGPDP policy](#). UCPB's role is to assess the proposed SSGPDP's financial plan and report to CCGA. UCPB identifies a committee member to lead the assessment who is provided a review template as a guide and encouraged to focus on the cost analysis template completed by the program and campus Budget Office. UCPB considers various issues regarding SSGPDPs, including their long-term budgetary impact and effects on staffing, faculty time, and other undergraduate programs.

UCPB has had an ongoing concerns about its ability to effectively evaluate proposed budgets for SSGPDPs and has no way to assess their financial performance after they are established. UCPB reviews tend to focus on short-term impacts, the lack of process for terminating a program, lack of true accounting of "hidden" costs, SSGPDP students enrolling in state-supported classes, and how revenue generated by programs is used to benefit the general campus.

CCGA and UCPB have been tasked to review the overarching SSGPDP program and develop recommendations for improving the review of new SSGPDPs and increasing the accountability of existing SSGPDPs. Committee members expressed a desire for granular data on SSGPDPs, noting that UCOP is the best source of such information.

#### UC San Diego Proposed Master of Science (MS) in Health Informatics

UCPB reviewed Professor Grandis' preliminary review of the program. Chair Molloy will add commentary to Professor Grandis' preliminary review, and solicit comments from committee members over email. The committee will generate a letter to CCGA regarding the program.

**ACTION:** Chair Molloy asked that any committee members interested in exploring the financial impact of these programs coordinate with Vice Chair McGarry. Eventually UCPB will liase with CCGA regarding SSGPDPs. Vice Chair McGarry suggested that the committee take the lead developing best practices for tracking SSGPDP revenues.

#### UC San Diego Proposed Master of Science in Computational Social Science (CSS M.S.)

**ACTION: Professor Senear volunteered to lead the review and report to UCPB for the November meeting.**

### **VII. Systemwide Senate Review Items for Optional Comment**

UCPB had no comment on the proposed revisions to Senate Regulation 544 or the proposed revisions to Senate Regulation 630.

UCPB members briefly discussed the Online Undergraduate Degree Task Force Report, including concerns about a movement toward setting up ongoing remote instruction and allowing courses to be taken at any campus, and about the effect on the students' "home" campuses of such a systemwide program.

The committee agreed to set aside discussion time next month for considerations of online instruction in general as well as the systemwide review items.

### **VIII. Campus Reports**

Members shared issues facing their campuses and agreed that the current financial crisis was having negative effects on campuses. Campus budget committees can feel shut out from budget planning and committee members proposed ongoing discussions about how various campuses approached participation.

### **IX. UCPB Task Force on Agriculture and Natural Resources (TF-ANR)**

- *Eleanor Kaufman, Chair TF-ANR*

Chair Kaufman noted that the Division of Agriculture and Natural Resources (ANR) is UC's largest centrally-funded academic program. It oversees an over \$2 million budget that includes funding for county-based Cooperative Extension activities, statewide programs and initiatives, and funding for the Agricultural Extension Station at UCB, UCD, and UCR. (The latter funding is not managed by ANR but passes through ANR directly to the AES deans.) TF-ANR was formed in 2016 after Council disbanded its Special Committee on ANR and asked UCPB to lead the Senate's engagement with the Division of ANR.

## **X. Future Priorities**

The committee agreed to discuss budget models of various campuses. Once a year the committee would like to meet with the CIO and members of his office to discuss investments and their impact on the University's budget. The committee would like to discuss UC Health and the various proposals surrounding health care delivery for the University community.

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Meeting adjourned at 3:34 pm

Minutes Prepared by Stefani Leto, Principal Committee Analyst

Attest: Sean Malloy, UCPB Chair