

**Minutes of Videoconference Meeting
December 7, 2021**

Present: Kathleen McGarry (Chair, Los Angeles); Don Senear (Vice Chair, Irvine); Robert Powell (Berkeley); Heather Rose (Davis); Alyssa Brewer (Irvine); Evelyn Blumenberg (Los Angeles); Kevin Mitchell (Merced); Dana Simmons (Riverside); Gedeon Deak (San Diego); Marc Steurer (San Francisco); Douglas Steigerwald (Santa Barbara); Dard Neuman (Santa Cruz); David Brownstone (TFIR); Eleanor Kaufman (TF-ANR); Robert Horwitz (Chair, Academic Senate); Susan Cochran (Vice Chair, Academic Senate); David Alcocer (AVP – Budget Analysis and Planning); Kieran Flaherty (AVP and Director, SGR); Seija Virtanen (Associate Director, SGR); Jagdeep Bachher (VP Investments, CIO); Stefani Leto, Analyst.

I. Consent Calendar and Announcements

Action: UCPB approved the agenda of the December 7, 2021 meeting and the minutes of the November 2, 2021 meeting. The committee voted to approve the simple name change of the UC Berkeley College of Optometry via email.

II. Chair’s Announcements

Chair McGarry noted that the University had reached an agreement with the union regarding a new contract with Unit 18 lecturers. That agreement includes additional job protections, family leave and bonding paid time off, and salary increases. The contract does not provide for Academic Senate membership for lecturers, and that issue is likely to recur after the contract expires in 2026.

She noted that state revenues continue to be above expectations. Furthermore legislators and the governor have expressed interest in proposals to react to the climate crisis which is in alignment with the Academic Senate’s priorities and the new working group on the topic.

The Regents are also interested in streamlining transfer policy and providing additional funding for student mental health. Regents Chair Estolano has demonstrated an encouraging focus on, and understanding of, the importance of research and graduate education in our mission.

The President intends to ask for an increase of four percent in faculty on-scale salaries in the upcoming budget proposal.

Some graduate students have asked to extend pandemic exceptions allowing for remote work, some because they are in another country, others because they moved to more affordable areas during the crisis. There are both campus and system concerns regarding the need for teaching assistants to be on campus. CCGA is reviewing the issue.

III. Off-Scale Salary Adjustments

- *Heather Rose, UC Davis*

Professor Rose showed how salary adjustments affect compensation for faculty. Campuses apply salary increases in varying ways; indeed, campuses assign off-scale salaries in differing manners. Professor Rose showed that even modest gaps applying salary increases to off-scale salaries (for example, applying them every third year only) resulted in costs to faculty with both on- and off-scale salaries.

- UCPB members noted that the President's authority to set salary levels extends only to salary scales.
- Members were urged to ask how their campus uses off-scale compensation.
- At least one campus uses off-scale money to reward extraordinary service, for which multiple step increases would be inappropriate.
- In the past, OP was urged to bring all faculty salaries on-scale, through scale adjustments.
- UCPB may want to urge that systemwide attention is paid to equitable application of salary increases.

IV. Budget Consultation with UCOP

- *David Alcocer, Associate Vice President – Budget Analysis and Planning*
- *Kieran Flaherty, Associate Vice President and Director, State Government Relations*
- *Seija Virtanen, Director, State Budget Relations*

The state has projected an additional \$31B in revenues for next year. The University's budget request will focus on three key areas: core operations, the 2030 framework, and other high priority investments. Salary requests include a four percent faculty salary scale increase, with an additional one and a half percent equity increase, and a four and a half percent merit increase for staff salaries. The state's desire to position California as a leader in climate resiliency and climate crisis response makes the UC enviably placed to request funding. The University can leverage already-existing expertise and research ability to match the state's priorities in this area.

The University plans to address the legislature's request for enrollment growth by a partnership model, meeting the goal set for the University of admitting over 6000 new California resident students by asking for support for enrollment growth which has already occurred outside of state support. The additional students previously enrolled above the targeted caps have not been funded by the state, but UC is arguing that such students deserve to be supported equally. The University believes it can meet the legislators' intent with an additional 2500 students.

- UCPB requested clarity about the plan for the University to suspend employer contributions to the retirement plan. The expectation is that the contribution will resume at the current 15 percent.

- A committee member expressed concern that the state would be an unreliable partner in paying for required enrollment growth, as happened after the 2008-09 recession and negative audits of the UC. AVP Alcocer agreed that prior growth had not been fully funded and the University is working to restore a mutually reliable relationship with the legislature.
- Additional concern was expressed that the state may intend to make up for the loss in tuition from the cap on non-resident enrollments, yet ongoing funding may not materialize in the event of another budget crisis.
- To help build a cooperative partnership with legislators, the University can focus on equity, as both the University and the state share an obligation to address harms to the most vulnerable UC students from unbridled, unfunded growth. This can be addressed by funding current and future students at an appropriate level.

V. Consultation with CIO Bachher

CIO Bachher presented the investment strategy his office has followed while growing the University’s portfolio. The University intends to primarily invest in stocks, for a long-term horizon. The University now has 55 percent of all holdings in equities. Currently, bonds are equivalent of cash holdings, as their expected returns will stay at near zero percent. They are held by the CIOs office for liquidity.

The University’s portfolio has grown \$73B in the last seven years, \$150B in the last 30. While the recent short-term gains are unlikely to repeat, the 25-year history shows steady increases. The endowment has grown over that time period as well because more campuses are using the CIOs office to manage their endowments. UC can manage funds at approximately one-tenth the cost of an outside fund manager. In the past, CIO-managed funds have outperformed outside managed funds. The University holds a mix of active and passive investments, with a threefold increase in passive investment.

The Investments Office has a diverse staff and believes that diversity helps to drive better returns.

Climate change concerns are culturally embedded in the CIO’s office. Even when carbon stocks’ prices increased recently, none were bought. In fact, some carbon company holdings that the University could not previously sell were then sold. Other investment concerns include technology sector outlook, and US/China tensions.

- UCPB asked how private equities were selected for investment. The Investment Office looks for information technology, healthcare, and financial services options.
- In response to a question regarding why the University’s 403b funds are not internally managed, CIO Bachher noted that the University might open itself to legal action by dissatisfied investors. However, he hopes to investigate in-house management in the future.

VI. Consultation with Senate Leadership

Chair Horwitz informed UCPB that the University and Unit 18 lecturers had reached agreement on a contract that union leadership referred to as “revolutionary,” so ratification by union membership will likely follow. Negotiations with graduate student researchers are still underway; the President

intends to maintain a distinction between students receiving funding to do their own research versus those who perform a service for the University through research.

The new Unit 18 contract does not address academic appointees wishing to join the Academic Senate, but the issue is likely to recur. Additionally, UC clinicians express dissatisfaction with their current status, and some parties suggest that Academic Senate membership would address those concerns. Senate leadership believes that misalignment between their classification series and their work is the source of dissatisfaction. The Senate will create a task force investigating the issue.

The Regents considered a number of issues at their meeting:

- Four percent salary increases applied to scale, plus a one percent equity gap increase;
- The proposal to lower employer contribution to UCRP from 15 percent to 14 with the difference made up by funds from the Short Term Investment Pool (STIP) was mitigated by a proposal originating in UCPB to apply a sunset date, at which time the contribution would return to the 15 percent level, and then increase yearly;
- A productive discussion of transfer student issues ensued, with Regent Park open to the idea that UC Online (formerly ILTI) could facilitate the critical courses for transfer to specific UC majors;
- Ethics, Compliance, and Audit Services (ECAS) will most likely install a whistleblower system so that UC medical staff at affiliated hospitals can register complaints without endangering their careers.

Additional issues addressed:

- The preliminary report from the Mitigating the Effects of COVID-19 on Faculty Working Group has been sent to campuses through Provost Brown;
- The Climate Crisis Task Force is voting on a possible Memorial to the Regents, which will be discussed at the December Academic Council meeting, then referred to the Assembly, then campuses;
- Provost Brown has created a UC Online task force, including three Senate members;
- The UCAF recommendations for academic departments making political statements are out for review;
- The language of the charge for the joint Administrative/Senate Master's Degree review committee has been finalized.
- Many Regents believe the University could increase revenue through patents and other innovations. An effort to devolve authority over patents and other entrepreneurial activities from OP to the campuses includes language suggesting that a change to the culture of merit and promotion is needed to reward faculty who perform entrepreneurial activity. However, this would require changes in the APM, and Chair Horwitz intends to push back on it at the next Regents meeting.

Topics considered during discussion included:

- A UCPB member noted that electrification of campuses is an expensive undertaking, and that now may be an opportune moment for the UC to ask the state for funds to do so, considering the positive budget climate.

- In response to a question about the salary increase, Chair Horwitz noted that the President intends to apply the four percent only to scale salaries. He noted additionally that the Provost remains committed to reestablishing the primacy of the scales. Vice Chair Seneer noted that campuses can allocate rebenching money, leading to continued differences among campuses.

VII. Review of UC Berkeley's Master of Nutritional Sciences and Dietetics (MNSD)

Professor Brewer presented a review of UC Berkeley's proposal to change a state supported undergraduate program to a self-supporting master's program. The Accreditation Council for Education in Nutrition and Dietetics is changing the licensure requirements for becoming a Registered Dietician Nutritionist (RDN) starting in 2024, so that students will now need a master's rather than a bachelor's degree in dietetics to become an RDN.

UCPB noted that the proposal was generally sound but expressed concern that the cost was high relative to expected salaries, and requested that careful attention be paid in subsequent program reviews to statistics around financial aid.

Action: UCPB voted to approve the UC Berkeley MNSD

VIII. Proposed Presidential Policy on Integrated Pest Management

TF-ANR Chair Eleanor Kaufman commented on the proposed changes to the Presidential Integrated Pest Management Policy, noting that UC faculty or ANR Specialists with relevant expertise could be directly consulted. In the spirit of shared governance, it might be stipulated more strongly that faculty consultation take place where possible, including consultation with relevant Specialists.

Action: UCPB voted to approve the statement in response to the proposed IPM policy

IX. Campus Updates

UCB: no new updates.

UCD: Thanks to information about other campuses' experience with Oracle products for updating financial management software, CPB was able to ask effective questions of the controller and make good design decisions prior to finalizing plans to upgrade their financial management system. CPB is planning a winter retreat with the provost, other financial administrators, and faculty executive committee chairs, to think about budget analyses and how to get the best input for plans. The campus continues to face structural deficits.

UCI: The campus is discussing standards for naming endowed chairs and how to deal with changing perceptions of existing names. Irvine has plans to grow the number of PhD programs. CPB has created new guidelines for SSP reviews. The campus has a pre-proposal for a School of Public Health. Senate representation has been secured on the Administrative Budget Review Group. The provost is considering off-scale salary issues.

UC Merced: The campus is revising academic planning, implementing a new procedure for budget plans from units. CAPRA has been tasked to help with setting goals for use of \$1M given to the Academic Senate from the \$20M gift to UC Merced from MacKenzie Scott.

UCR: The SSGPDP Working Group Report was valuable in discussions on campus regarding self-supporting program proposals. The campus has been discussing the use of third-party online program management company for a specific self-supporting program. The campus is planning to rebench funding across programs based on costs of instruction. The interplay between costs of undergraduate instruction and graduate instruction has been challenging to articulate. The campus has made good use of the Joint Working Group on Graduate Education Final Report from UCSC has been a useful guide to this effort.

UCSD: The campus has an enrollment task force to help achieve balance in enrollment among over- and under-subscribed majors, as planning and hiring between divisions is impacted by this situation. A task force on gender inequity in health sciences has found ongoing disparities. Problems continue with the new Oracle financial software. A regular user group now provides feedback to the information technology staff. A different contract process will be pursued for updating the sunseting student information systems software.

UCSF: The campus has changed some criteria expanding access to bridge funding for faculty disproportionately impacted by caregiving or other COVID-related challenges to promote research recovery post-COVID. The Chancellor presented a campus update to the Regents, noting the San Joaquin Valley PRIME Program, which is a collaboration between UCSF-Fresno and UC Merced. The first class will enter fall of 2023, and graduate with medical degrees in 2031. The campus is expanding efforts to diversify the basic science faculty. Since 2019, 83 percent of hires have been URM or women. A ten-year capital plan is underway, focusing primarily on patient care facilities.

UCSB's budget committee will meet with the first time with all deans and others in a retreat to consider how strategic planning and investment might be improved on campus. Vice Chair Seneor came to a meeting to present information about rebenching which was extremely informative for the campus.

UCSC is investigating the possibility of an all-online undergraduate degree program. The SSGPDP Working Group Report was valuable in discussions to campus CPB regarding self-supporting programs on campus and tracking the actual cost implications of proposals.

Chair Kaufman provided a brief history of ANR at the UC and recounted the task force's work. She invited interested members of UCPB to join the task force in their planned quarterly meetings.

TFIR Chair Brownstone noted concerns that a key player in the Retirement Administration Services Center overhaul had been hired as a contract employee, and her contract expires soon. TFIR hopes that she is retained as she has had a positive impact on the Center. A concern was raised by TFIR regarding revenue sharing with Fidelity in the management of the University's Savings Choice programs. The revenue sharing can result in higher fees for users. Marco Merz of the Investments Office has been a key player in addressing this problem by changing the fee structure from one based on saved amount to a fixed record keeping fee for the Savings Choice Retirement Plan programs. The pension is not fully indexed to inflation, with only a two percent increase in response to inflation until inflation exceeds four percent. Ad-hoc increases to those whose pensions' real value has dropped below 75 percent were the norm in prior years, and current inflation levels suggest that more retirees will fall below this threshold. Ad-hoc adjustments will be needed, and TFIR and faculty welfare may work to bring the issue to the Regents.

Professor Mitchell reported on the Academic Council Special Committee on Lab Issues (ASCOLI) meeting. There is a plan for upgrading Hertz Hall at the Livermore Lab for future campus-Laboratory collaborations. Initiatives are planned between labs and there was discussion of expanding the number of national laboratories managed by the University. Possible expansions to management may include the U.S. Naval Research laboratory and the Frederick National Laboratory for Cancer Research are in exploratory discussion stages.

The student representative indicated that UCSA will continue to work to defund police departments on campuses and redirect resources to non-police resources.

The meeting adjourned at 4:03 p.m.
Prepared by Stefani Leto, Analyst
Attest, Kathleen McGarry, Chair