

**Minutes of Videoconference Meeting  
March 2, 2021**

Present: Sean Malloy (Chair, Merced); Kathleen McGarry (Vice Chair, Los Angeles); Bruno Nachtergaele (Davis); Donald Senear (Irvine); Tim Groeling (Los Angeles); Patricia LiWang (Merced); Katherine Kinney (Riverside); Kwai Ng (San Diego); Doug Steigerwald (Santa Barbara), Dard Neuman (Santa Cruz); Jennifer Grandis (San Francisco); Jazz Kiang (Graduate Student, Los Angeles); Bailey Henderson (Undergraduate Student, Berkeley); David Brownstone (TFIR); Eleanor Kaufman (Chair, TF-ANR); Mary Gouvain (Chair, Academic Senate); Robert Horwitz (Vice Chair, Academic Senate); Nathan Brostrom (CFO); David Alcocer (AVP); Jason Murphy (Associate Director, SGR); Seija Virtanen (Associate Director, SGR); James Chalfant (Professor Emeritus); Stefani Leto (Analyst)

**I. Consent Calendar**

1. Approve the minutes of the February 2, 2021 UCPB meeting

**Action:** UCPB approved the consent calendar

**II. Update on SSGPDPs**

- o *Kathleen McGarry, Vice Chair*

Vice Chair McGarry reported on the SSGPDP subcommittee meeting with CCGA. A lack of guidelines for faculty assignment to SSGPDP courses creates potential conflicts as deans assign faculty to the courses, which in some cases carry substantial additional compensation.

The subcommittee wants to determine hidden costs of SSGPDPs (extra weekend security or parking, for instance). In addition, they want to calculate varying measures of success for SSGPDPs. If making money to support State programs is now the generally accepted role for SSGPDPs, UCPB will play a greater role in their evaluation.

The subcommittee plans to complete an interim report on their activities this year.

**III. SSGPDP Proposal Review**

- a) **UC Berkeley Master of Analytics**

**Action:** Professor Holly Doremus agreed to evaluate the proposed program.

**IV. Budget Consultation with UCOP**

- *Nathan Brostrom, Chief Financial Officer*
- *David Alcocer, Associate Vice President, Budget Analysis & Planning*
- *Seija Virtanen, Associate Director, State Budget Relations*

➤ *Jason Murphy, Associate Director for Legislation, State Governmental Relations*

CFO Brostrom reported that the Governor proposes to restore the \$300m cut imposed on the University last year, also adding an additional one-time \$225m, which includes \$175m for capital improvements, although the budget will not be finalized until the May revise. This restoration would bring the University to 2018-19 budget levels.

The University anticipates financial help from the American Rescue Plan Act of 2021, the Biden Administration stimulus bill. Additionally, projected tax revenues for the State are higher than anticipated, although their impact on University funding remains unknown.

State Governmental Relations staff will work with legislators to clarify that the restoration of base funds to the University does not cover unusual COVID-related costs.

UCLA and UCB will receive \$500m in general revenue taxable bonds issued by the University, and tax free bonds will amortize capital costs for services such as UC Path. Taxable bonds must be approved by the Regents, as the University pays the debt service. Campuses that have not yet used proceeds of bonds issued last summer are prevented by UCOP from requesting more.

SGR Associate Director Murphy noted that 107 bills submitted by the February 19, 2021 deadline have “significant impact” on the University. The University may take positions on some of these bills, and supportive letters from Academic Senate committees are best delayed until the bills are referred for hearings.

A proposed required increase in online courses appears to be losing support in the legislature.

- Discussion noted concerns regarding budget trailer bills that attach strings to UC funding, especially a proposal requiring guaranteed admission from community colleges for each UC campus. Possible solutions proposed by UCPB members were a budget bonus for community colleges with increased numbers of students transferring to the University, or launching the project as a pilot program.
- The representative from TFIR asked if fully funding the pension through bonds would be appropriate. CFO Brostrom responded that he would prefer moving monies from STIP, as those are flexible-obligation funds.

## **V. Consultation with Senate Leadership**

- *Mary Gauvain, Academic Senate Chair*
- *Robert Horwitz, Academic Senate Vice Chair*

Chair Gauvain and Vice Chair Horwitz reported that the Academic Senate remains concerned about legislative overreach into UC via budget line-items.

Vaccine rollout continues to evolve. Planned in-person instruction on open campuses in fall 2021 depends on vaccine procurement more than administration. In addition, legal issues surrounding in-person instruction continue to occupy UC administration and Senate leadership, including a possible vaccine mandate and faculty unwillingness to teach in-person if students are not vaccinated.

Academic Senate leadership are involved in discussions with the systemwide Office of Human Resources about retirement services and the restructuring of Systemwide HR.

President Drake recently hosted a systemwide symposium on campus safety, policing, and social justice. A follow-up session will discuss best practices for campus policing.

Council discussed affiliations between UC Health and hospitals that have policy-based restrictions on health care. The Regents may address the issue in May.

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

1. Professor LiWang reviewed the Presidential Policy on UC Research Data and Tangible Research Materials and found no budget impacts. Chair Malloy invited members to read the policy and note its claims about UC ownership of all faculty research data.
2. Chair Malloy noted that the Proposed Revisions to Universitywide Police Policies and Administrative Procedures (the "Gold Book") include no direct budget impacts. He is reviewing this policy and offered to share his responses with UCPB.

## **VII. Update on UC Health Affiliations Issue**

Professor Grandis (UCSF) discussed the history of UC affiliations, especially those between UCSF and Dignity Healthcare. Some affiliations came about as competition for market share between UC and Stanford. UCSF's hospitals are overfull; St. Mary's provided off-flow to them; and UCSF elevated the care provided by St. Mary's. In the beginning, care was concentrated in areas less affected by religious-based directives. However, complications ensued after obstetrics and gynecology were invited into the affiliation. Other affiliations were scrutinized, and a sense grew among UC faculty and healthcare providers that full transparency was lacking and needed.

Many complications surround the issue of affiliations: some campuses only have access to Catholic hospitals; training hospitals' openings are limited; and capacity continues to be strained at UC Health locations. Catholic hospitals providing care as part of UC's health care network raises concerns, as faculty and staff so covered may not wish to receive care through a system imposing religious-based directives on medical decisions

Discussion noted that concerns regarding affiliation are part of a much larger problem, the shortage of hospital beds. Increasing access is a much bigger issue than affiliations.

Without additional funding, UC Health cannot make more beds available.

- UCPB's role in this question must be budgetary. Is there a way to achieve the aims of increased capacity without compromising UC standards of care? It is the committee's choice whether or not to address value questions beyond the budget concerns.

*UCPB agreed to wait until after the Regents address the issue before taking a public stance.*

## VIII. Rebenching Discussion

- *Nathan Brostrom, Chief Financial Officer*
- *David Alcocer, Associate Vice President, Budget Analysis & Planning*
- *James Chalfant, Professor Emeritus, UC Davis*

AVP Alcocer provided an overview of rebenching and campus allocations.

In 2011, UC adopted a new campus resource allocation methodology (“Funding Streams”) whereby each campus retained the revenue it generated, primarily from tuition, private gifts, auxiliaries, and grants. The exception is some undergraduate tuition, allocated across campuses based on student need. Funding Streams allow campuses to control their financial resources, and align revenue with their workload.

That year UCOP also introduced budget “Rebenching” to gradually rebalance the proportion of state general funds distributed to each campus. Rebenching weights allocation of State funds based on enrollment. One key principle is that the State subsidy per student should not depend on the campus the student attends. Per-student enrollment is weighted by student category, with undergraduates and other graduate students as 1.0, Ph.D. students, 2.5, and Health Sciences, at 5.0. Non-resident undergraduate students are not factored into this equation. Some State monies are set aside from the enrollment calculations and allocated separately.

Rebenching’s priority is equity for campuses based on weighted enrollment. Rebenching only affects 9% of the University’s core funds, from State general funds. Campuses manage some revenues, with others managed more centrally.

The “guardrail” proposal acknowledges that weighted student allocation creates absolute differences between campuses. In Spring 2020, the President and Chancellors decided that if a campus falls more than 5% below the systemwide average, the difference would be made up with unallocated funds. This plan has not yet been implemented.

President Drake is currently interested in learning more about possible changes to rebenching. Many different models of varying scenarios will be used to further evaluate the process beginning this spring and into 2022.

Professor Emeritus Chalfant noted that non-resident tuition (NRST) is the one source of funds not tied to workload. Tuition paid over the in-state level does not correlate with greater teaching responsibilities, and this overage would be a logical place to look to for the 95% guardrail funds.

- Discussion included noting that NRST pays for financial aid for in-state students.
- It was noted that rebenching may not work to reduce inequities among campuses, but that “socializing” a portion of NRST may enable greater equity.
- UCOP currently has no discretion regarding set-asides. The monies are fixed, and unresponsive to changing research priorities. Revisiting these allocations may be a useful exercise.
- State funding is approved before enrollment is set each year, and enrollment routinely exceeds the number funded. CFO Brostrom noted that if the State would pre-pay for fixed enrollment growth, it would help address this issue. Absorbing more students without increased State funding dilutes the educational experience for those students.

- Discussion included a discussion about possible ways to equitably distribute NRST.

*The committee agreed to continue discussing rebenching, the possible socialization of NRST, and set-asides, via email, and to decide later if they wish to provide a written response.*

## **IX. Campus Updates**

UCB is hopeful that cohort tuition will help the campus deal with increasing costs. Reforming the rebenching system is not viewed positively on campus. A possible merger with Mills College is under discussion, although details are not available.

UC Davis is preparing for a return to in-person instruction in the fall, depending on county COVID levels and social distancing guidelines. While the campus still has a projected structural deficit, the planned restoration of budget cuts coupled with careful budgeting on campus has led to a brighter financial outlook.

UCI had budgeted as though no NRST was available and now faces a better financial outlook. Fall instruction is expected to be largely in-person, except for large lecture classes which may be offered in a hybrid format.

UCLA plans a mix of in-person and hybrid instruction for the fall, increasing to 100% in winter and spring. The campus proposed increasing undergraduate enrollment over the next three years, initially without a concomitant increase in graduate students to help manage the increase, but added graduate students to the proposal in response to feedback.

UCM is transitioning to an Oracle financial management system and its implementation has been challenging. Supply ordering on campus ceased for weeks and problems are still not resolved. The campus had been working on an academic plan, when the Chancellor requested a strategic plan focused on the campus and local area.

UCR has a structural deficit of \$20-25m. Discussions continue on campus about cutting Division I athletics as part of a solution.

UCSF is working to launch a cybersecurity approach that creates partnerships between local users and IT professionals and centralizes IT security efforts.

The UCSB budget committee provided input to the campus academic plan, and the CFO shared an income statement with the committee. UCSB has been hiring many scholars from the President's Post-Doctoral Fellowship Program. The campus faces a \$21m structural deficit, primarily due to tuition stagnation and static numbers of international students in the face of rising costs for salaries.

UCSC is surveying faculty about returning to in-person instruction and will prioritize safety. Currently, all classes are expected to be 100% remote, while still allowing students to progress through their degree programs.

UCSD is transitioning its financial management system to Oracle. The transition has not been smooth, and the budget committee surveyed users and received many complaints. Faculty have been asked to increase remote course offerings by making permanently online courses available.

TFIR spoke with Cheryl Lloyd, head of Systemwide HR, who noted the Retirement Administration Services Center (RASC) plans to hire additional staff to address some challenges to RASC's functioning. The university plans to offer a deferred annuity for purchase to employees of a certain age, and offer a choice between joining the defined-benefit retirement option to employees hired after July 1, 2016. Both the annuity and retirement choice are irrevocable.

TF-ANR is discussing the future and structure of the task force and the efficacy of Senate functioning on the ANR Governance Council.

The undergraduate student representative spoke in favor of the Double the Pell advocacy program.

The graduate student representative noted that even though graduate students do not benefit from Pell Grants, they are aligned with undergraduates in supporting an increase in them. Graduate students have also been working to advance graduate student eligibility for CalFresh, the State version of Federal Supplemental Nutrition Access Program (SNAP) to. He asked committee members to keep him informed of any efforts regarding this on their campuses. He reported that data on student employment year over year is forthcoming from UCOP, and may be a future discussion item for UCPB.

The meeting adjourned at 4:06 pm  
Prepared by Stefani Leto, Analyst  
Attest, Sean Malloy, Chair