

**Minutes of Videoconference Meeting  
May 4, 2021**

Present: Sean Malloy (Chair, Merced); Kathleen McGarry (Vice Chair, Los Angeles); Holly Doremus (Berkeley); Bruno Nachtergaele (Davis); Alyssa Brewer (Alternate, 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 Gauvain (Chair, Academic Senate); Robert Horwitz (Vice Chair, Academic Senate); David Alcocer (AVP); Seija Virtanen (Associate Director, SGR); Jagdeep Bachher (CIO; Vice President of Investments); Marco Merz (Managing Director, Investments); Arthur Guimares (COO Investment Services); Stefani Leto (Analyst)

**I. Consent Calendar and Announcements**

1. Approve the May 4, 2021 agenda and the minutes of the April 6, 2021 UCPB meeting

**Action:** UCPB approved the consent calendar

The Regents plan to discuss cohort tuition at the May meeting.

**II. Proposed Self-Supporting Graduate Professional Degree Program**

- o *Patricia Li Wang*

Professor Li Wang reviewed UCSF's proposed Master of Science in Health Data Science (MiHDaS). The program is heavily computational and quantitative. There appears to be no similar program nationwide. The program accepted applications last February, prior to approval, in hopes of beginning instruction this summer.

The program hopes to attract underrepresented students, and will have a student admissions panel trained in unconscious bias. Faculty have been identified, and will be paid on a 10-20% appointment. No budget for data and computing costs is provided.

The return-to-aid (RTA) calculations are based on net revenue. No income is identified for RTA until the third year, and the identified amount for that year is under the 25% identified.

Overall, the program appears to meet a need and be well-designed. It leverages new programs in data science at UCSF to create training in this area for health sciences.

- Discussion noted varied amounts of RTA for self-supporting programs system-wide. Additionally, since programs have no revenue by design the first three years as they work to achieve self-supporting status, they have no aid to return from revenue. In order to attract truly diverse student bodies, programs need to budget for aid for the first three years.

- A UCPB member noted that the proposed tuition level is lower than other self-supporting programs, which should help attract a diverse student body, yet it also diminishes RTA availability. One suggestion is to require programs to calculate RTA as a portion of gross revenue.

**Action:** UCPB will write a memo supporting the program and noting concerns with RTA.

**Action:** Professor Tim Groeling agreed to review the proposed UCLA Master of Applied Chemical Sciences for the next UCPB meeting.

### **III. Budget Consultation with UCOP**

- *David Alcocer, Associate Vice President, Budget Analysis & Planning*
- *Seija Virtanen, Associate Director, State Budget Relations*

Associate Vice President Alcocer reported that President Drake and Board of Regents Chair Pérez will present a supplemental budget request to the legislature in response to higher than projected state revenues. The University is asking for additional one-time funding for infrastructure projects that will aid local economic development through construction jobs.

Associate Director Virtanen stated that Governor Newsom intends to present his final May Budget Revision by May 14<sup>th</sup>. The higher than expected revenues are assumed to be one-time increases. The Senate and the Assembly have released competing budget statements. The Governor and legislature have agreed to restore the University's base budget.

Assembly Speaker Teng has withdrawn a proposed restriction on non-resident enrollment, but he and other legislators continue to pressure UC to increase California resident enrollment. UC State Governmental Relations staff are preparing for a state Senate hearing regarding restricting non-resident enrollment at the University.

Legislators are interested in "debt-free college," and AB 1456, the Student Financial Aid: Cal Grant Reform Act, will increase the number of low-income students eligible for Cal Grants, while decreasing the number of middle-class students eligible.

Governor Newsom has dropped language from his budget about the University aligning curriculum with workforce needs, and President Drake has agreed that the University will provide 10% more online courses next year compared to 2018. A proposed dual admissions program from community colleges to the University may persist in the May Budget Revision.

- Chair Malloy noted that the University already provides enough online courses to meet Governor Newsom's proposal, and the University's acquiescence to online education mandates may set a precedent whereby the legislature exercises authority over course design that more properly sits with the Academic Senate.

### **IV. Consultation with Senate Leadership**

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

Chair Gauvain announced that the Senate office will soon circulate a set of guidelines and recommendations for fall 2021 campus reopening to division chairs for review.

Senate leadership are preparing a systemwide survey to UC instructors about their experiences with remote instruction. Chair Gauvain encouraged all UCPB members to urge their faculty colleagues to respond, so that current experiences can inform future discussions about modes of instruction.

Vice Chair Horwitz reported that the most recent Academic Council meeting included a productive discussion about CourseHero, Chegg and other websites that present academic integrity and intellectual property challenges. Senate leadership met with Chegg representatives at a UCEP meeting to discuss faculty concerns, and were not encouraged. Leadership and the UC Office of General Counsel continue to discuss legal options.

At its April meeting, the Academic Council voted to re-endorse the Senate's July 2019 report on nondiscrimination in health care and oppose affiliations with healthcare providers that use Ethical and Religious Directives (ERDs) to shape treatment decisions. The Academic Council is drafting a letter to President Drake outlining its opposition these affiliations. The Council is also drafting a letter to President Drake expressing strong opposition to the proposed changes in the Universitywide Police Policies and Administrative Procedures (the "Gold Book").

The data breach involving file transfer software Accellion continues to impact University employees, and all affected should be receiving a letter regarding next steps.

- UCPB discussion noted academic freedom concerns regarding the University's agreement to increase the number of online courses as a condition of increasing the UC budget. There is some indication that this is a method to backfill expenses incurred by faculty throughout the pandemic. Defining "online courses" is challenging, given the variety of course mode options employing online technology. In addition, the fate of the Innovative Learning Technology Initiative (ILTI) remains unclear.
- Chair Gauvain indicated that the proposed salary adjustment in UC's additional budget request is designed as a cost of living increase. She said the Senate office is working with UCOP to discuss COVID impacts on faculty, including research productivity, and with the Vice Provost for Academic Personnel and Programs on a possible sabbatical credit to support faculty for extra work during the pandemic.
- A UCPB member asked if faculty would be free to choose the mode of instruction for fall 2021 course delivery if it were to vary from the default in person mode. Leadership reiterated that the administration cannot dictate format to the faculty, and approval of course format would be at the campus level. It was noted that courses with up to 29% online components are considered face to face.

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

The following actions were taken:

1. Professor Dard Neuman will review the Proposed SARS-CoV-2 (COVID-19) Vaccination Program Policy to determine if there are budget implications.
2. Professor Neuman reported on the Proposed Presidential Policy on Classification of Gifts and Sponsored Awards. The proposed changes clarify the distinction between gifts and sponsored awards, and make it more difficult to mischaracterize them to avoid indirect costs. The proposed changes may also make communication with funders simpler.

**Action:** Chair Malloy will write a memo noting some concerns regarding exceptions to the policy to circulate to UCPB for comment.

3. Professor Ng reported that the Proposed Revision to Senate Regulation 610 (Defining Residency) decouples residency for continued enrollment from a student's physical presence on campus. The policy may make it possible for students to be "in residence," by enrolling in programs fully online, thus opening the door to fully online UC degrees.

**Action:** UCPB will write a short memo in response, noting the implications of the change in policy although there is no concrete budget implication.

## VI. Current Graduate Student Issues

Professor Neuman presented findings from the Working Group on Graduate Education at UC Santa Cruz.

Santa Cruz' 2012 enrollment target for graduate students was designed to achieve a 12% ratio of doctoral/undergraduate students. This number has not changed, and UC Santa Cruz enrolls fewer than the funded number of doctoral/MFA students.

Seventy-eight percent of revenue generated by graduate students is spent on them, unless one identifies money spent on Academic Student Employment (ASE) as supporting undergraduates. If so, only 28% of graduate student revenue is spent on graduate students. Of all expenditures supporting graduate students, 68% comes from core funds; the remaining coming from extramural funding.

Funding source varies among discipline, with STEM fields having access to much more extramural funding; arts and sciences depend almost fully on core funds. Across all disciplines, 65% of core funds are spent through ASEs. Twelve percent of total extramural funds are spent on graduate student education, and this presents an area for funding growth.

The true cost of attendance for graduate students will increasingly include housing supplements. In order to meet demands for additional housing funding, either more money must be allocated or doctoral student numbers need to decrease.

Currently, 25% of master's students at UC Santa Cruz receive full funding. The campus' five-year funding guarantee for doctoral/MFA students will perforce decrease the amount available for master's students. Underrepresented minority students (URMs) entering graduate study are more

likely to enter as master's students, before committing to doctoral study. Concentrating support on doctoral students at the expense of master's level may work against diversifying doctoral studies.

Santa Cruz faculty agreed in a survey that students would proceed to degree more quickly with an "ideal" level of support, while a significant percentage noted that graduate students retain some responsibility for self-funding. There are discipline and demographic differences in faculty's belief that their work advising graduate students is adequately recognized and rewarded.

- UCPB discussion noted concerns that money coming to campuses is difficult to separate by intended spending area. While a formula may include certain percentages for graduate student education, tracking dollars can be difficult. A systemwide discussion about funding for graduate education is needed to analyze spending uses and trends.
- UCPB members agreed to share this information with their individual campuses and continue the conversation at a later meeting.

## **Campus Updates**

Davis is reviewing academic units' budget proposals. The campus is proceeding with the five-year budget cut program.

UC Irvine is reviewing proposals for endowed chairs. Many of the SSGPDPs on campus are up for third year budget reviews, but a lack of standardized accounting is hampering evaluation of the programs. None of the programs reviewed thus far are actually self-supporting. The School of Public Health is changing to the School of Population and Public Health.

Los Angeles is considering a slow start to in-person enrollment in the sessions before fall. The campus is examining the role of SSGPDPs in campus budgets. The campus budget committee has finalized a dashboard to help the committee understand the implications and effects of the new budget model, and will circulate it. There was a town hall meeting on the continued difficulties created by the "hub and spoke" campus services centralization model. The idea of summer minors and using summer classes to speed time to degree is gaining traction at UCLA, but there are return-to-aid financial aid diminishment and equity concerns with that plan.

Merced's Committee on Academic Planning and Resource Allocation (CAPRA) is commenting on the campus Strategic Plan.

Riverside's budget committee is requesting information from the Chancellor and Vice President for Budget. Many colleges will find their budgets still severely constrained by prior cuts even with hoped-for restoration of campus funding.

Santa Cruz is evaluating FTE proposals and beginning planning for fall. The campus is watching progress of the Oracle financial management system changeover at other campuses.

San Diego is working to implement Oracle financial systems, with an improved user interface. The campus plans to update the student information system, and will use lessons learned in the

changeover of financial systems to inform implementation of that update, and will do a slower transition.

San Francisco is researching funding approaches to centralize research IT in order to create a model that combines accessibility and data security.

The Task Force on Investment and Retirement's (TFIR) representative to UCPB reported that systemwide HR moved the Retirement Administration Service Center (RASC) to a direct reporting relationship with the Vice President of Human Resources as part of a department reorganization. TFIR has requested the presence of RASC staff on each campus, hopefully funded by the new budget. Faculty in the 2016 Pension Tier have a one-time option to change retirement elections, either Pension Choice or Savings Choice (the 403b option), between five and ten years after hiring. This option is not widely publicized.

The undergraduate student representative noted that many students oppose cohort tuition because it will regularize tuition increases. Student ambassadors will continue to lobby the State legislature on UC budget issues.

The graduate student representative noted that UCOP data on student employment showed a 50% decrease in student employment from October 2019 to October 2020. The bulk of the decrease was non-academic student employment, auxiliaries as well as student support services. The impact of lost student employment opportunities on UC affordability needs to be taken into account.

## **VI. Investment Consultation with UCOP**

Jagdeep Bachher, Chief Investment Officer, provided an overview of the UC Investment landscape. He said all investments face risks, and climate change is a persistent risk and the reason for the University's move to a sustainable investment framework. The University moved fossil fuel investments out of the defined benefit plan.

The University has three kinds of investment funds: Public funds; fixed investments; and privately-managed funds, such as hedge funds. Of those, about 63% are in public equities. Of that percentage, about 76% are in passive index funds, with the balance actively managed. The University is working with fund managers to remove fossil fuel equities from UC's portfolio. The University is reducing holdings in funds that will not create fossil fuel-free indexes. There remains about \$100m of fossil fuel-related stocks that the University has not yet been able to sell. The University relies on index providers to define "fossil free" funds. This provides simplicity and consistency, and is dynamic and can evolve.

CIO Bachher recounted the history of investments during the pandemic. The University had positioned itself defensively before the pandemic. At the bottom of the market correction, the University had \$118b in assets. Today, the University has \$161b. An early focus on liquidity prompted by alerts from UC Health allowed the University to prepare for the pandemic. Eventually, due to high amounts of liquid assets, \$2b was offered to campuses through the Blue and Gold fund. By July 2020, the University was back in the market. The pension has grown by \$20b, so has a current funded ratio of 85%.

The University's long-term asset strategy has not changed. Key drivers are the private equity market and the near-zero federal interest rate. The University has enough liquidity to fund the pension and react to market events.

CIO Bachher said he is concerned about a fourth global wave of the pandemic. Stock markets are volatile, and react erratically to pandemics and other world events. The University's returns have been so high that it can absorb downturns without harm. Timing the market is very difficult; long-term investing is the only strategy that matters. The investment office has focused on climate for the past four years; now it may be time to look at inequality as a factor for investment.

- UCPB agreed to plan to have the CIO meet with the committee regularly.

The meeting adjourned at 3:58 pm  
Prepared by Stefani Leto, Analyst  
Attest, Sean Malloy, Chair