

**UNIVERSITY OF CALIFORNIA ACADEMIC SENATE  
UNIVERSITY COMMITTEE ON PLANNING AND BUDGET (UCPB)**

Minutes of Meeting

May 7, 2024

**In attendance:** Donald Senear (Chair), Tim Groeling (Vice Chair), Stefano Bertozzi (alternate, Berkeley), Robert Brosnan (Davis), Georges Van Den Abbeelle (Irvine), Michael Emmerich (Los Angeles), Kara McClosky (Merced), Juliann Emmons (Riverside), Terry Gaasterland (San Diego), Graham Elliott (alternate, San Diego), France Winddance Twine (Santa Barbara), Raphe Kudela (Santa Cruz), David Brownstone (past chair, TFIR), James Steintrager (Chair, Academic Council), Steven Cheung (Vice Chair, Academic Council), Nathan Brostrom (Chief Financial Officer), Cain Diaz (Interim Associate Vice President, Budget Analysis & Planning), Seija Virtanen (Associate Director, State Budget Relations), David Rubin (Executive Vice President), Zoanne Nelson (Associate Vice President of Finance & Administration), Todd Hjorth (Chief Financial Officer, UC Health), Stefani Leto (Analyst)

**I. Consent Calendar**

**Action:** UCPB Approved the May 7 agenda and April 7, 2024 minutes

**II. Chair's Announcements**

Chair Senear updated the committee about a letter from the APC workgroup offering advice about summer employment and non-graded academic effort expected of doctoral students making normal progress. The UC has worked to establish the difference between work for hire and academic only effort. This letter defines clearly what it means to be a doctoral student and what academic effort it requires. Academic effort is as needed to complete the degree; nearly all work a doctoral student does is effort towards the degree.

Members noted the approach taken at some institutions to only pay students for jobs completely unrelated to their degrees, whether research or teaching jobs. This avoids the confusion exploited by the union, but may increase time to degree.

Graduate students must be charged tuition because the political cost of not doing so while undergraduates are charged is high. However, tuition could be returned to PIs to ease the pressure on grant funding of the higher labor costs.

Former TFIR Chair David Brownstone provided a report to the committee:

- Pension/Savings choice work: The task force calculated that newly hired faculty who choose Pension Choice lose three months of service credit/UC contributions. If Savings choice is the default, then it would start on the first day of hiring for nearly all employees. TFIR's analysis shows that Savings Choice produces a better economic outcome for most employees. TFIR asked UCOP for employment length data a year and a half ago, and this data strongly supports the savings choice model. The administration has been unresponsive to TFIR's request that the default retirement choice change to Savings Choice for all.
- The last total remuneration study, an attempt to compare the total value of UC compensation with that of eight comparison institutions, was in 2014 for faculty and in

2009 for staff. RFPs have gone out for a new study. Dan Hare and Vickie Mayes will provide Senate representation in vendor selection. In addition, the Senate has asked for a benefits survey, like the US Health and Retirement study. The UC has deep faculty experience in this area. Three years ago, Council put forth this request. Systemwide HR merged these surveys, an experience study and an exit survey within the single total REM RFP. Professor Brownstone noted that it is unlikely to find one firm that can do all. In April, HR announced the need to release a new RFP (because the original release did not comply with UC policy) which will cause another delay in the studies.

- For the studies, the Senate insists that the same methodology is used to create real comparison. This requirement was in the RFP, but the initial responses from the firms ignored that demand in favor of their proprietary approaches. As a result, any study may not provide direct comparisons to earlier ones. One option is to claim the total remuneration RFP has yielded a failed purchase and move forward with the benefits survey.
  - A member asked if UC had enough experienced faculty who could do the survey. Yes, we have the expertise. However, if faculty were to do the total remuneration study the faculty would need to get the data from the Comp 8. The results would not be considered as objective by the Regents (this was confirmed later in the meeting by James Steintrager and Nathan Brostrom).
  - Members were urged to recommend savings choice to new faculty hires, as they can switch to pension choice upon tenure.

### **III. Senate Leadership Consultation**

Chair Steintrager noted areas of concern for UCPB and the wider Senate:

- The Provost's Office has released continuity plans in the event of a UAW call for a strike next week in reaction to the campus responses to protests. There is yet no clear position on faculty sympathy strikes and partial strikes.
- Encampments on campuses have varied in size and intensity, with UCLA being the most active and contentious campus. The Regents are concerned about campus safety and student experience during this time.
  - A member asked about progress of negotiations in the lawsuits regarding back pay for athletes; faculty has not been involved in preparation for negotiations.
  - It was noted that Santa Barbara has been positively engaged with protesting groups and the Chancellor is actively involving community involvement, while faculty have been offering teach-ins. The campus remains peaceful.

### **IV. Self-Supporting Degree Program Proposal Reviewer Assignment**

#### **1. UC Irvine Master of Education Sciences Learning Analytics**

Professor Brosnan volunteered to provide a review of this program next month. There was discussion in which committee members noted that as these programs multiply, a systemwide approach may be required in order to not dilute any campus' offerings and ensure that the UC is offering the best in class versions of these programs.

## **V. Consultation with Systemwide HR/Academic Personnel and Programs**

The committee discussed GSR employment.

Vice Provost Haynes provided a status update on the Total Remuneration Study. The deadline for vendors to submit proposals was extended. In response to questions, he shared that the use of Comp 8 data as part of compensation and benefits analysis is expected but the source will be from a public facing AAU source (AAUDE Data Warehouse), reflecting the reluctance of several Comp 8 member institutions to share compensation in the wake of the anti-trust regulation. Whether this source is sufficient to fully understand the impact of benefit costs at comparator institutions depends on the selection and planned analysis of the vendor. Different tiers and wide pay bands at various universities will complicate this effort. So, too, will awareness about the methodology that will be adopted. There will be opportunities to meet with the vendor as part of the selection and adoption process. Committee members noted that the methodology in 2009 was vendor selected and then opposed by the Senate, leading to a compromise approach. Secrecy around RFP processes has increased; participants cannot share what they know. Any revision may trigger a newly open RFP.

## **VI. Budget Consultation with UCOP**

The May revise of the state budget will be provided early on May 10; full documents released on May 14. State agency budgets' will decrease. UC's 5% increased funding will be deferred for a year, technically adhering to the five year funding compact. Revenues are down from sales and corporate taxes, but individual taxes are up. Language specifies that the University's deferred funding will be received in 2025-26, but this can still be reversed. The Director of Finance has broad authority to freeze unspent funds from prior year budgets and did so for the past three years. Most of the UC funds were unfrozen but not the \$20m for CA Institutes for Science and Innovation, and UC Merced and UC Berkeley for climate mitigation. The University is expected to adhere to the terms of the compact, including enrollment increases and hitting graduation targets, without receiving additional funding in 2024-25.

In May, bills will be taken up from the "suspense file," where bills that have fiscal impact are sequestered and lobbied over. UC hopes the labor issues constitutional amendments do not move from the suspense file.

The labor bills will have a large financial impact on UC Health if it cannot employ contract nurses to handle patient surges. SB1116 provides unemployment insurance benefits for those who strike (either sympathy or labor strikes), ACA 6, would require the UC to adhere to current state labor, so individuals working for the UC would need "prevailing wage," including overtime provisions for medical residents. Faculty would have to track graduate students and ensure they take meal and rest breaks. ACA 14 and SBA 8 use the same language.

When full budget numbers are ready, UCOP will produce new models. Since this is likely to be a flat budget, the University will not pursue earmark committee recommendations for redistribution of earmarks, nor will it allocate funding for graduate enrollment true up in the face of no new state money. The nonresident tuition replacement funding is included in the deferral. The campuses involved are continuing with the replacement, funding from reserves on faith that the funding promised will be provided in the future.

The Regents have shown interest in discussing nonresident tuition in comparison to other comparable institutions. One possibility is a larger increase than that provided by the tuition

stabilization plan. Of concern is the varying desirability of campuses to out of state students and market comparisons to other public universities.

The middle-class scholarship pool will decrease in the budget because in 2023-24 it was funded through a \$260m one time allocation. Another budget casualty is the zero percent housing fund, which the UC had hoped to use to construct additional below market rate student housing. The UC is discussing possible loans from the state to construct housing.

CFO Brostrom noted that campus accounts vary but TRIP and STIP earnings have been robust. He would like campuses to practice sweep in budgeting, where earnings are returned to the center and budgeted to campus departments based on demonstrated budget needs.

There will be a number of financial items on the agenda for the Regents meeting next week: the Thirty Meter Telescope needs some bridge funding: the payment planned from UCLA to Berkeley was planned before the Pac10 went up in value and Berkeley joined the ACC at a lower amount (\$35m to \$12m) so there will be an item recommending a \$10m payment to Berkeley for the length of the Pac12, despite the changed circumstances. The UC plans to serve as the construction lender for a planned development at Santa Cruz, with much pre-planning to lower the inherent risks of a construction project. By lowering construction financing costs, it should keep the development affordable for students. If it works well perhaps it will be a model for future faculty and staff housing projects.

## **VII. Consultation with UC Health**

UCPB has for some years investigated the funds flows from UC medical centers to the wider university. In discussion with Dr. David Rubin, EVP of UC Health, Zoanne Nelson, AVP of UC Health, and Todd Hjorth, Director of Finance, the committee discussed the challenges of identifying what kinds of funds go to what parts of the enterprise. Medical schools are increasingly reliant on revenue from clinical activities to pay for a wider range of costs, like research and recruitment packages. This has led to tension between Deans and CEOs about purpose of the enterprise. There is a need to expand financially but also mission expansion happens when a public hospital takes over a private, as has happened with recent hospital acquisitions. In addition, what was traditionally only educational and specialty care can no longer produce enough revenue for the enterprise to survive so the clinical enterprise expands to support the small top part of the enterprise. Where the line will be drawn between only clinical faculty and academic faculty is a continuing struggle.

The affiliations policy, which limited partnerships available to UC Health, led to an acquisitions strategy. As federal payments become flatter, the revenue increase must come from volume. For clinical faculty, the Relative Value Unit (RVU) model is increasing because grants do not support their salaries. Faculty who hoped to do research and teach are asked to see increasing numbers of patients, so they are at risk of moving towards becoming pure healthcare providers in which role they do not have teaching responsibilities or research opportunity.

Dr. Rubin reports that he has been tracking funds as they flow from medical centers to SOMs but that each one reports costs differently. The bulk of the money leaving medical centers appears to be clinical backstops, that is, making up shortfalls in clinical faculty practice. However, there appear to be no solid records indicating what amount leaves medical schools to go to the wider UC. Some campuses may have a negotiated "tax" that goes to campus. UC San Francisco reports their clinician salaries as flows to the SOM, which no other health centers do.

Riverside's SOM is still heavily funded by state support. Without clinical income they rely on professional (non-hospital) billing. In order to build a hospital to support their SOM, they would need a large enough patient base to service the loan. There is currently no regional hospital available to buy that would serve their needs. Merced will face similar constraints. For both campuses, state support is key, and currently threatened.

A newly implemented California Office of Healthcare Affordability regulation limiting expenditure increases to 3% from payers means decreased payments to UC hospitals and clinicians.

## VIII. Campus Reports

**Berkeley** Estimated cost to athletics was \$12m and instead it's \$40m. Faculty hiring has not been cut, but the campus is using reserves as increasing ladder rank faculty is a key goal. Because the campus has tried to follow a practice of never cutting departments, never cutting sports, the outcome is financial pain. The campus has a deferred maintenance burden of approximately \$120B. Funding for TAs, GSIs, will be cut. Salary increases were covered if they were centrally funded, but that leaves units paying for salary increases for both graduate students and staff. Donation tax is going up to at least 7.5% but it will only relieve \$5m of the structural deficit.

**Davis** The campus faces a \$60m structural deficit. The administration has ceased contributions from the center to faculty set-ups. CPB has asked the administration to identify and prioritize core mission impacts and focus cuts on the least impactful. One possible approach is consolidating programs and eliminating undersubscribed programs, allowing for sharing of support structures. Budget approaches would vary depending on short term vs. long term thinking –strong units can survive cuts over the short term because they will survive; if a budget crisis is long term, the weakest programs would need to be cut. The campus would prefer to have a strategically planned approach to cuts, rather than repeated small percentages leading to haphazard approaches. Staff have been negatively impacted by changes to the financial system, for which tasks take much longer to complete.

**Los Angeles** changes appear to be looming for next year. Outside fundraising may be complicated by the varying factions on all sides becoming unhappy with the campus' responses to encampments, and reactions to the campus leaving the Pac12. Now UCLA has to pay Berkeley yearly (although less than expected), which is another financial blow.

**Merced** UC Merced will allow no new hires unless they are associated with launching a new degree program with high enrollment expectations. The campus is not filling current FTEs. The cost for TAs will exceed the budget next year. Faculty are frustrated.

**Riverside** All graduate program budgets have been cut from the center by providing fewer lines for students. Departments are not hiring without external funds. The staff deficit continues and has caused fewer events previously planned by staff such as planning end of year events for students, or departments newsletters.

**San Diego** Also has a structural deficit and the administration has provided no announcement of what approach they plan. An unofficial plan to leave unfilled faculty positions unfunded temporarily has been broached. The center will examine other unspent funds. The EVC has increased pressure on departments running structural deficits. There are no discretionary funds at the departmental level, so available approaches include cutting graduate students. Departments are facing limits on how many students they can sustain.

**Santa Cruz** A budget advisory committee investigating staffing has determined that MSP is the fastest-growing number of new FTE as well as the largest percentage of costs. The budget advisory committee has been looking at cuts without discussing the pattern of staff growth. The campus faces a \$120m deficit, and expects roughly 25-30 separations per year and only four authorized hires are approved for next year. The revenue committee has noted that increasing enrollment is a reliable way to increase revenue but the campus does not have room. The only other possibility is increasing the amount of NRST students. There remain no obvious solutions.

Prepared by Stefani Leto, Analyst  
Attest, Donald Senear, Chair  
Committee adjourned at 3:38 pm