

Minutes of Meeting

June 6, 2017

I. Announcements

Bernard Sadoulet, UCPB Chair

Update: Chair Sadoulet updated the committee on several items of interest: 1) Many in the Senate and at UCOP have concerns about the state budget language regarding transfer enrollments. A memo is being prepared for transmittal to the legislature. 2) Whether funding for UCOP remains a line-item is still pending. Most believe this is a political decision, not a business one. 3) Little progress has been made on how to rename LSOEs.

II. Consent Calendar

Note: Item deferred.

III. Consultation with the Office of the President – Academic Affairs

Pamela Brown, Associate Vice President, Institutional Research and Academic Planning

1. Academic Quality Metrics

Issue: AVP Brown reminded members of current metrics, which include UC Undergraduate Experience Survey (UCUES) results, Student-Faculty ratios, degrees per faculty person, time to degree, and the like. Other factors analyzed include demographic match with the high school pipeline, net cost to family, and high school GPAs. Faculty honors and research outcomes are also reported. AVP Brown then welcomed suggestions for additional metrics.

Discussion: Members asked how the recent rapid increase's impacts could be conveyed given the time-lag of experiential data and outcomes. AVP Brown indicated that several issues could be assessed in the short-term, but requested guidance as to which would be most salient. Members wondered whether professional schools and self-supporting programs would further skew experience data. Some noted that long-term differences in alumni attitudes between public and private institutions is often tied to life-long relationships, such as free email. It is not known whether alumni giving and endowments are correlated with academic quality. AVP Brown noted that deriving consistent, longitudinal practices are the goal.

Members noted that elevation of Activity-Based Costing (ABC) posits cost per student as the final arbiter of spending, not academic quality or workforce outcomes. AVP Brown noted that most campuses do have some degree of alumni employment data, but there is often a considerable time-lag. An alternate frame for discussing this topic, one not based solely on widget-type analysis, is required. UCEP should be invited to participate in subsequent discussions.

IV. Review Items

1. Self-Supporting Programs

- a. UCI Doctor of Nursing Practice
Robert Powell, UC Davis Representative and Lead Reviewer
Issue: This SSP would offer two degrees- one with certification in the terminal degree and a Masters without certification, and would be housed in the School of Nursing. The market analysis suggested the program is affordable. 3% annual cost increases are assumed, and return to aid is listed at 9.3%. The faculty workload analysis is clear. Concerns center on allocating too much responsibility to staff in the admission and review process and whether enough students will enroll.
Action: Analyst Feer will draft a memo summarizing the committee's findings for electronic approval.
- b. UCB Master of Molecular Science and Software Engineering
Russ Pieper, UC San Francisco Representative and Lead Reviewer
Note: Item deferred.
- c. UCB Master of Information and Cyber Security
Mukesh Singhal, UC Merced Representative and Lead Reviewer
Issue: This program will be housed in the School of Information, with support from the School of Electrical Engineering and Computer Science, and will be offered online. The fees increase rapidly, and the assumptions underlying them are unclear. The return to aid line on the budget section is left empty. Faculty workload is expected to be paid by the School of Information, but inclusion of an external, for-profit vendor complicates funds flow.
Discussion: Members echoed concerns about the funds flow. Concerns were also raised about the campus review process: a similar proposal by EECS had been abandoned previously, and the faculty letters do not reference departmental support.
Action: Discussion will continue in July.
- d. UCLA Doctor of Nursing Practice
Action: UC Santa Barbara Representative Adams will serve as lead reviewer.
Note: This review will occur in 2017-18.
2. Proposed Revisions to APM 285, 210-3, 133 and 740 (LSOEs)
Christian Shelton, UC Riverside Representative and Lead Reviewer
Issue: The proposal would rename the LSOE series, offer individuals in that series sabbatical, and "right-size" the impacted salary scales. No one is enthusiastic about any of the proposed new names, and most resist language that suggests these individuals *must* conduct pedagogy-based research.
Discussion: Members acknowledge that more professors of this nature are needed to meet the short-term needs of the current enrollment bolus, but they raise concerns about the long-term composition of departments not hired according to a strategic vision of academic strength.
Action: Analyst Feer will draft a memo for electronic approval.
3. Proposed Revised Presidential Policy on Electronic Information Security
Action: UC San Diego Representative Kahng will serve as lead reviewer.

V. Consultation with Academic Senate Leadership

Jim Chalfant, Academic Council Chair

Discussion: The committee discussed strategies to argue against the transfer guarantee restrictions being imposed by the legislature via the budget. Impacts on student diversity and local academic quality must be stressed.

Action: Chair Sadoulet will work with leadership off-line to draft this message.

VI. Consultation with the Office of the President – Budget

David Alcocer, Director, Operating Budget

1. UCOP Audit Next Steps

Zoanne Nelson, Associate Vice President, Strategy and Program Management, Chief Operating Officer

Issue: President Napolitano named an executive task force to implement the recommendations in the audit; COO Nava is chairing the task force. To date, the group is fully populated and has begun meeting weekly. The group is communicating regularly with the auditor. A 60-day report is due later this month, and a 6-month report will follow. The 33 recommendations have been grouped into 10 buckets, and progress will be reported online regularly. An external reviewer has been contracted to assess the interference allocations. The executive budget committee may be reconstituted as a further step toward transparency and implementing best practices.

Discussion: Members asked about the UCOP line-item, and Director Alcocer noted that that step was not part of the audit's recommendations. UCOP views the step as an inappropriate level of interference in the operations of UCOP and UC. How such involvement will impact progress made under funding streams and rebenching is unknown. AVP Nelson added that recent operational changes are not reflected in the data reviewed by the state due to time lag factors. Director Alcocer reminded members that budget presentations to the Regents would also be redesigned.

2. Non-resident Policy Impacts

Issue: The current proposal would take effect in 2018-19, and set a systemwide cap of 18% while grandfathering in campuses already in excess of that amount. Review would occur at least every four years, but more frequent assessment could provide useful insights.

Discussion: Many are concerned that the cap will tier the campuses: A systemwide 18% cap with grandfathering means that a campus at 8% may never reach the cap; alternatively, campuses under the cap may race to maximize non-resident enrollment (and their associated funds) while there is still time. Members speculated what outcomes would satisfy external critics, suggesting that more student voices might prove more persuasive.

3. Transfer Ratio Requirements

Issue: The legislature has issued language that each campus must meet a 2:1 freshman to transfer enrollment rate, regardless of the systemwide ratio. Greater outreach to select community colleges could help, and a transfer yield analysis is forthcoming.

VII. Campus Updates

Note: Item deferred.

VIII. Consultation with the Office of the President – Finance

Nathan Brostrom, Executive Vice President and Chief Financial Officer

1. UCRP Borrowing

Issue: CFO Brostrom reported that UCOP intends to continue borrowing from STIP to meet ARC, but new concerns regarding liquidity are starting to emerge. The borrowing practice has been successful, and this year, the state will emulate it. STIP targets a minimum balance of \$5B; together with TRIP, UCOP has access to \$13-14B. The current employer contribution to UCRP is 14%, plus interest payments on previous STIP borrowing. Current projections show how UCRP can grow from 80% to 90% funded over the same time frame with just a single additional percentage point of employer contributions.

Discussion: Members asked how campus budgets would be impacted if the employer contribution grew to 15% or 16%. CFO Brostrom noted that contracts and grants and the medical centers lessen the direct impact to budgets; at 15%, the campuses would be asked to contribute only an additional \$36M over the next 4 years. Members asked how much the campuses are contributing to repayment of STIP borrowing. CFO Brostrom noted the 20-year amortization, and if a graduated plan (15% then 16%) is enacted, about 1.5% of the payment will be on the loans. Members asked if the new tiers would be impacted by this increase, and CFO Brostrom noted that all UCRS participants will contribute, but that the generational nature of pensions means that generally speaking, participants pay for themselves and their cohorts.

2. Retiree Health Liability

Issue: CFO Brostrom reminded members of changes to the Government Accounting Standards Board (GASB) regulations which now require UC to list its retiree health liability in the main ledger. UC funds retiree health on a pay-as-you-go basis, which means the total liability for all current retirees and expected future retirees, is \$21B – a significant one-time increase to UC obligations. Yearly costs are only \$300M. GASB further requires UC to use the national medical trend rate in its inflation assumptions; this rate exceeds the rate UC has been using and further increases the projected and reported liability. In order to reduce the liability, a cap on per capita growth and changes to the maximum level of employer contributions toward retiree premiums are being considered. A 3% per capita cap would trim \$6B off the liability.

Discussion: Members asked if plan design changes would also be made in efforts to further cost reduction. CFO Brostrom indicated those decisions would be made on an annual basis, and suggested that design changes are not necessarily benefits cuts. Members asked what obligations were made to retirees in this area, and CFO Brostrom noted that retiree health benefits are technically a vested right. He added that many employers do not offer any retiree health benefit, and that the state, with a retiree health benefit to UC's, is also being asked to contribute more to its program.

IX. Further Discussion and New Business

1. Education Abroad Program

James Steintrager, UC Irvine Representative and 17-18 UCPB Vice Chair Designate

Issue: The EAP governing committee met and discussed a new EAP building to be shared with UCSB, which is in the planning stages. The new building would save rent costs in the long run. EAP has lowered its fee per student, and so its reserves are being depleted rapidly. The program is expected to go into the red in about four years, but that projection was made before the new building costs were known. The program is considering a 'high fee/high aid' model, and it is exploring insurance savings options with Fiat Lux. Disposition of funds to students' host campuses remains unclear.

2. Agriculture and Natural Resources Task Force

Josh Schimel, UCPB Vice Chair

Issue: Professor Schimel reported that the group will meet by videoconference on June 19 with representatives from ANR for their first meeting. Additional members are being recruited.

Adjournment at 3:35 p.m.

Minutes prepared by Kenneth Feer, Principal Analyst

Attest: Bernard Sadoulet, UCPB Chair

Attendance:

Bernard Sadoulet, UCPB Chair
Josh Schimel, UCPB Vice Chair
Cathryn Carson, UCB Alternate
Bob Powell, UCD
Jim Steintrager, UCI
Tim Lane, UCLA (phone)
Mukesh Singhal, UCM
Christian Shelton, UCR
Ann Jensen Adams, UCSB
Abel Rodriguez, UCSC
Andrew Kahng, UCSD
Aaron Dolor, Graduate Student Representative