



**UNIVERSITY COMMITTEE ON PLANNING AND BUDGET**

**Minutes of Meeting**  
4 February 2025

**In attendance:** Tim Groeling (Chair), Robert Brosnan (Vice Chair), Pheng Cheah (Berkeley), Mitchell Sutter (Davis), Alyssa Brewer (Irvine), Monica Smith (Los Angeles), Michael Beman (Merced), Juliann Emmon Allison (Riverside), Terry Gaasterland (San Diego), Oliver Schmidt (alternate, San Diego), Torsten Wittmann (San Francisco), Francesco Bullo (Santa Barbara), Rafael Kudela (Santa Cruz), Ahmet Palazgolu (Academic Senate Vice Chair), Philip Harman (Director of Research Federal Government Relations), Chris Harrington (Associate Vice President, Federal Governmental Relations), Seija Virtanen (Associate Director, State Governmental Relations), Cain Diaz (Associate Vice President, Budget Analysis and Planning), Nathan Brostrom (EVP and Chief Financial Officer), Stefani Leto (Analyst)

**1. Consent Calendar**

**Action:** UCPB approved the January 7, 2025 minutes and the February 4, 2025 agenda.

**2. Chair's Announcements**

Chair Groeling reminded the committee member that discussing the finance implications of division athletics programs had been identified as a priority for this year and that we would begin the discussions in this meeting.

Because of political uncertainty and natural disasters, the budget outlook is increasingly challenging. Executive orders disrupting federal funding, expensive firefighting in Los Angeles, state lawsuits against the federal government, and delayed tax receipts from Los Angeles and Ventura Counties make cuts to the UC budget a near-certainty.

Council:

- The UC is vulnerable to cuts to Medi-cal and Medicaid. Grant payments and agreements are so variably affected that researchers and the university cannot predict outcomes.
- The administration notes continuing concern about potential ICE raids on UC campuses.
- Supplemental funding for MOP loans has been allocated and should pay all planned use of the program through the end of the year. Discussions have taken place about making the program more attractive for securitization and increase liquidity. There has been pressure to extend the program to staff, and some interest in providing staff housing. The Cal-FHA Dream Program in which the lender retains some interest in the equity might be a path forward to increase housing assistance for staff.
- The next round of graduate student labor negotiations will move forward with greater faculty input.
- The joint Senate-Administration calendar alignment workgroup has solicited feedback from outside institutions. Most cited negative impacts and high costs. A budget estimate is

forthcoming and will be discussed at the next meeting. Some middle-ground reforms are being floated, including adding summer financial aid to the total pool by allocating existing funds. One persuasive argument remains the trouble of quarter system students finding internships and jobs based on their late end date in spring.

- A special Assembly meeting was postponed and rescheduled.
- The Regents are very interested in faculty discipline.
- The total remuneration study is going forward.
- Letters of recommendation clarification came out, and faculty can use letterhead if there is a disclaimer that they are not speaking on behalf of the UC.
- UCOPE is sunseting and will be absorbed functionally by UCEP.
- The UC plans to work with other institutions and the AAUW in response to federal actions. A strategy of loud defiance is not on the table in order not to provoke response.
- Provost Newman was happy about the Future of Graduate Programs report and wants it widely circulated. In addition, she promoted the Sacramento Center as a good place to get research in front of legislators. An upcoming Congress on Research will address current issues.
- A presentation on the Academic Senate budget noted that they are leanly staffed.
  - Why has the UC extended so far with acquisitions of medical centers, etc. We may find ourselves in a much much worse place. Leadership will have to continue to make decisions that will impact the viability of healthcare, research, etc., and their processes need to change. Obviously we needed more contingency planning.
  - Members opined that using OP staff time on the calendar conversion effort is a low priority given the whirlwind of problems the university is facing. Peer reviewed articles about calendar effects on education should be circulated.

### 3. Leadership Update

#### Regents:

Some Regents expressed dissatisfaction in November with the lack of discipline imposed on faculty after expressive activities on campuses. During the meeting, it was suggested that the Senate slows the process of imposing discipline, the process is unreasonably protracted, and the faculty is biased. Recommendations that P&T hearings be centralized, rather than held at the division where the issue happened, and a case tracking system be put into place were developed for the Regents. Recommendations are due in May for Regental action in July. Regents appear to hold misconceptions about the process for faculty misconduct hearings and the role of the Senate in them.

The UC faces \$271M cut in core budget, but the NRST buyout was not part of the governor's budget. Campuses may therefore admit greater numbers of out of state students.

#### Workgroup updates:

Academic Calendar – communication was sent to faculty asking for input. The group's focus is on evaluation of calendars and Senate leadership does not foresee quick implementation of any changes.

The Presidential search is going well and adhering to schedule.

### 4. Consultation with Federal Governmental Relations

Federal Government Relations has focused on analyzing executive orders to guide the university's response to the flurry of changes handed down from the White House. Federal agencies have not yet developed guidance for order implementation. In addition, court orders suspending executive orders have added confusion. A temporary order finding funding freezes illegal has raised hope that agencies will return to reviewing grants and distributing funds. The UC is working with other institutions to share information and craft responses, including the AAU, APLU, and AAMC.

SGR will exercise care with public statements. Much activity is taking place, misinformation is plentiful, and the office plans to increase communication to campuses. UCPB members were encouraged to reach out to the governmental relations offices on their campuses.

Lively discussion ensued.

- Faculty members want communication, even if it reports no new events. SGR has started a daily update with Chancellors for Research and others and will share it with UCPB members.
- The UC has been through attacks on specific kinds of research before.
- In response to concern about unified action from a single-party majority government, AVP Harrington noted the majority edge in the House of Representatives is very small. The reconciliation package will be difficult to move forward, and the continuing resolution expires in March. The House and Senate can hold many of hearings and investigations, but SGR suggests a wait and see attitude.
- The UC receives \$17B from the federal government overall: \$500M for Pell Grants, \$26.9M undergraduate support, \$1.1M in student loans. These numbers do not account for funds freed up for the state such as medical payments through federal dollars. In addition, Cal Grants are built out with federal dollars.
- The area with the greatest impact for the UC is the \$7-8B in UC Health. Reimbursements come in but there are some additional cost savings federal policies cover, so the \$17B is not the a full picture.
- We do not have the funds to offset the federal dollars. We have had experience through government shutdowns, but this differs from that in that it involves program elimination, for which there is no cost recovery. FGR is working with UC Legal, which is also talking to the Attorney General's Office. The UC is also talking to segment partners, hoping to work with other higher education institutions.
- As the UC (and California) seem to have huge targets on our backs, providing other states with data can be an effective role if direct messaging would not be effective. A lack of clarity and disruption pose large challenges.
- The UC touches 91 percent of the counties in the state, increasing the possibility of wider pushback against punitive policies.
- The National Institutes of Health is in better shape than other agencies since their research has personal reach for lawmakers and the public. Congress' patience will run out if the pauses take long enough to worry lawmakers about research they care about.
- There may be areas where we can find common cause with some on the other side politically such as compliance relief.
- Taxing endowments is reportedly still under discussion so far affecting only privates of a certain size and a certain number of students. If this push were expanded to include public institutions, most UC campuses would be affected.

## 5. Consultation with OP

The governor's budget included a 7.95 percent ongoing budget reduction to the UC equating to a \$396M cut, and in addition, deferring compact funding from 2025-26 to 26-27, and considering the 2026-27 funds to be one-time funding, with ongoing funding to be decided on by the next governor.

The Department of Finance (DoF) has informed the UC that if it does not adhere to the terms of the five year funding compact in 2025-26, such as admitting more students, the legislature will not release deferred monies in 2026-27. The DoF specifically called out the plan for the UC to replace out of state students with California students as a key component. If the UC does not make this exchange it would lose \$30M of future funding but make more money in the present. In addition, the DoF has encouraged the UC to borrow funding in expectation of future funding by the next governor. They also issued a budget letter stating that the governor is not considering new program or capital outlay monies for the May revision. The legislature can amend the budget, but despite an expected \$16.5B dollars in new revenue expected, but half of that goes to Prop 98 recipients and the fires in Los Angeles will quite likely absorb any excess. The governor has added \$1.5B from reserves to the \$1B fire agency money. As well, LA and Ventura Counties tax due date has been delayed until October. These issues will have multi-year ripple effects. The governor's balanced budget depended on \$10B from reserves, \$16B in additional resources, and cutting funds to the UC

Legislators have indicated that they would like to mitigate the cuts to the UC, so if sufficient funds were available they would be restored, although that hope is increasingly fading. The house begins budget hearings on February 18, the senate on March 6. UC officials have been meeting with legislators.

UC administrators have been discussing two possible General Obligation bond plans including one for housing and the UC hopes it will provide for staff and faculty housing.

The \$700M gap between incremental expenditures and incremental revenues is the estimate through 2027-28 if the State moves forward with its funding plan, inclusive of the reductions in 2025-26. A flat budget in the current year would reduce that gap by the \$270M cut proposed by the State. Nevertheless, the University will likely be unable to meet all goals under the compact without that funding.

Multi-year budget strictures have led many campuses to defer maintenance and the effects are multiplying. UC Davis estimates an \$800M maintenance deficit. To the degree that the legislature is moved to answer crisis situations, perhaps foregrounding the decaying infrastructure would lead to increased funding. Campuses should use the one-time revenues from moving money from cash to STIP to address the most critical maintenance needs.

There is a public perception of the UC as a wealthy institution. Any discussion of investment returns will need to move from communication of capital needs to discussing programmatic consequences of budget cuts. Being open about challenges may create reputational danger, while admitting fewer students due to budget constraints creates the public perception that the UC is an elitist institution without room for qualified in-state students. The UC has shown the legislature the effects of enrolling – longer times to graduation, students unable to get the classes they need to graduate, students not knowing professors for letters of recommendation, but the response is that the UC needs to take more students.

As long as capacity exists at UC Merced and UC Riverside, help promoting them as viable choices must be made.

The current chaos in federal funding affects the \$17.3B of our revenue coming from the federal government. Most of this is to UC Health, first medicare/Medicaid, then federaly funded research. The largest effects on the UC would come from changes to Medicaid. Proposed taxes on endowments poses a threat and would strongly affect the bigger campuses. The administration is focusing on approved awards and hoping that the courts will continue to roll back federal orders.

Discussions of broadening the MOP loan programs to staff would make funding difficult but the UC is investigating shared benefit plans funded by CalHFA. These programs are based on shared appreciation on the down payment attached to the real estate index base so users would receive their down payment plus the percent increase in value. Costs of capital are so high that ground lease agreements with developers are too expensive for the UC to use. Models like those used in Merced where the UC funds and developers design and build might work.

## 6. **Items for Systemwide Review**

UCPB discussed the Proposed Presidential Policy on the Use of Animals in Research, Teaching, and Testing. Overall, committee members found that the proposal duplicated federal regulations and would impose additional burdens on campuses performing animal research not funded by the federal government or on animals not owned by the UC. There is no current requirement for oversight for animals not UC-owned, and this would impose that. An example was that faculty monitoring bird flu on a non-UC farm would have to arrange for the Institutional Animal Care and Use Committee (IAUC) to review the veterinary oversight of the animal enclosures, etc. The policy makes no room for exceptions and needs the same exceptions built into federal policy which makes the proposed policy redundant.

**Action:** UCPB will write a letter reflecting the above decision and assigned a reviewer to the Proposed Revisions to APM-675, Veterinary Medicine Salary Administration.

## 7. **Self-Supporting Graduate Degree Proposals**

The committee received a review of the Master of Public Administration proposed self-supporting degree at UC Irvine. The proposed MPA program is entirely online and will prepare practitioners for management and leadership. The campus has a state-supported Master of Public Policy degree, which they assert is a more technical degree focusing on policy development. Proposed tuition starts at \$15,729 and will increase by 1.03 percent annually. Enrollment would grow from 15 to 95 over three years and the program will net \$236,000 the first year, increasing to over \$1M in the third year. Indirect cost returns are lower than other programs cited, but higher than program costs appear to justify. The degree aligns with the UCI strategic plan. It would present the only online MPA in the UC system. MPP courses would be available for MPA students and vice versa. The campus is considering sunsetting the state-supported MPP if the MPA grows sufficiently to do so. Faculty will be compensated on standard overload. The committee expressed concern that faculty might teach overload in the new program while being replaced by lecturers teaching in their home department. The program will cover salaries of faculty and will compensate for their teaching as well as paying for student seats. Should demand require it, the program will hire lecturers.

The cost and accessibility should broaden the pool of targeted students. The proposal did not provide demographic projections. Financial aid awards will be made to diverse students who will contribute to the field and are interested in the program, reducing their tuition to \$10k year. Recruitment will be over a wider range of students. It will focus is on climate change and environmental sustainability which is popular. Surveys show that the program is interesting to prospective students and employment should increase.

**Action:** UCPB agreed to recommend approval of this program to CCGA

## 8. **Campus Athletics and Budget Concerns**

UCPB members discussed costs of athletic programs present ongoing concerns and shared areas for future inquiry. Programs are not reviewed by campus CPBs at UCLA, and two separate news articles revealed budget information not otherwise publicized.

Campus arguments that donor dollars and other revenues suffice to support athletics are not supported by transparent data. Campuses increasingly pay into ostensibly self-supporting programs. Faculty report that revenue agreements are complicated and incremental. UCLA has given \$200M to athletics over multiple years, Berkeley more. Berkeley's CAPRA working group has been told not to share information discussed. Faculty appear to not support athletics at Berkeley. No evidence has been presented that philanthropy follows athletics enough to fund all Olympic sports.

Budget committees face complex formulae of numbers, gender, scholarships, money spent for men's compared to women's sports, all of which complicate planning for any cuts. High levels of scholarships for football creates gender parity problems. Lower numbers of players would suggest basketball is a better value for campuses.

Committee members want to trace funding to make up athletics budget deficits and determine the approving party in the administration. Members noted that money spent on "self-supporting" athletics programs is money not spent on other crucial enterprises. UCPB can make a statement that its inappropriate to use central funds for athletics or note the opportunity costs to use them while cutting academic programs. Reversing the framing to note concerns that campus athletics will face large cuts unless additional funding is found to address campus core needs. Funding for athletics is not transparent and should be public knowledge. UCPB agreed to invite key players to future discussions.

The committee adjourned at 3:22.

Minutes prepared by Stefani Leto, Analyst  
Attest: Tim Groeling, UCPB Chair