

**UNIVERSITY OF CALIFORNIA                      ACADEMIC SENATE**  
**UNIVERSITY COMMITTEE ON PLANNING AND BUDGET**

**Minutes of Meeting**

**February 6, 2018**

**I.        Consent Calendar**

- Approval of UCPB February 6, 2018 agenda
- Approval of UCPB January 9, 2018 minutes

**ACTION: UCPB approved the consent calendar.**

**II.        Announcements**

- *Joshua Schimel, UCPB Chair*

Faculty Salaries: The Academic Council asked President Napolitano to advance a UCFW plan for closing the salary gap between UC faculty and faculty at UC's Comparison 8 group of institutions, in a [letter](#) that emphasized the need to provide all faculty with a raise, improve salary equity across the system, and bring the published UC salary scales closer to market reality. Council's letter included data indicating that actual UC faculty salaries at all levels lagged the Comparison 8 average by 8.4% and that faculty salaries had lost 12.4% of their CPI value since 2000. It proposed a 5% raise for faculty next year as a first step in closing the gap. The letter also noted that few faculty are paid "on scale" and that off-scale salary practices differ by campus. UCFW wanted to secure administrative support for a general salary plan before issuing specific recommendations for allocating the increases.

- One UCPB member suggested that UCPB issue a memo in support of UCFW's request for a plan to close the gap. Another questioned how UC would fund faculty salary raises in the current budgetary environment, and others cautioned against throwing the Senate's weight behind a single quality factor in the context of other critical and neglected priorities such as deferred maintenance and the student-faculty ratio.

ACSCOLI Meeting: Vice Chair Steintrager represents UCPB on the Academic Council Special Committee on Laboratory Issues (ACSCOLI). The committee is discussing the University's bid for the follow-on management contract for Los Alamos National Laboratory (LANL). The committee is also working with Vice President Kim Budil on a white paper intended to educate faculty about UC's long-standing relationship with the labs.

- A UCPB member observed that the UC-LANL relationship is critical to both UC's and LANL's ability to attract top scholars and scientists. Another member remarked that UC's [Laboratory Fees Research Program](#) in its current form is less effective at promoting research collaborations between UC faculty and lab scientists than the older model in which UC used the laboratory management fee to award seed money to one-on-one collaborations.

Institute for Transportation Studies (ITS) Five-Year Review: UCPB member Professor Kaufman met with UCORP to share UCPB's list of questions about the ITS budget generated at the January UCPB meeting. Professor Kaufman will also attend UCORP's upcoming meeting with

the four campus ITS directors about the five-year review of the ITS.

### **III. UCPB Member Reports/Campus Issues**

Berkeley is taking steps to eliminate a \$150 million budget deficit within four years through new cost reductions, revenue strategies, and staffing cuts. The campus projects the deficit will shrink to \$57 million by July 2018. UCPB members noted that several other campuses project structural deficits within five years if costs and revenues continue their imbalanced trajectories. Members noted that campuses are turning to alternative revenue sources, including self-supporting programs and philanthropy, to help close the state funding gap and correct long-term imbalances.

Irvine and other campuses have been discussing how private gifts with specific purpose restrictions can commit a campus to long-term costs not covered by the gift, and force the campus to fund faculty and staff FTEs, maintenance, and other associated costs from alternative sources. A more general concern is that too many gifts with hiring and research stipulations could influence the academic mission over the long term. UCPB members also noted that systemwide minimum of \$350,000 for endowed chairs is never sufficient to fund a faculty member at a competitive salary, and that even the much higher minimums set by campuses can fail to provide enough income.

UCPB discussed campuses' use of Academic Analytics, a service that collates quantitative data on faculty research productivity to help departments make academic decisions, identify new funding sources, and identify faculty achievements worthy of awards. Faculty emphasize that while the tool can provide some useful data, campuses should preserve a strong firewall between it and the academic personnel process.

It was noted that Senate and administrative leadership at Davis are reviewing a report commissioned by the incoming chancellor, on the campus's new Responsibility Center Management budget model. The chancellor has also agreed to gather benchmarking data concerning administrative growth on campus.

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

- *Shane White, Academic Senate Chair*
- *Robert May, Academic Senate Vice Chair*

Salaries: President Napolitano's response to Academic Council's [December 22 letter](#) about the faculty salary gap indicated that the President discussed the matter with the chancellors, who are similarly concerned about faculty salary competitiveness, but who also believe that any plan must be flexible enough to account for salary gap variations by campus, discipline, and department. The President has asked the Senate to provide additional campus-specific information about the gap that might be relevant to an effective systemwide plan.

Retiree Health: The Retiree Health Working Group is meeting to develop recommendations for ensuring the long-term financial viability of the retiree health benefits program. The administration granted the Senate leadership's request for additional expertise-based faculty representation in the form of a UCFW-HCTF member.

State Budget: The Regents delayed action on a 2018-19 UC budget, following pressure from students and legislators to vote against a proposed 2.5% tuition increase, and after noting that Governor Brown's 2018-19 state budget included only a 2.7% base budget increase for UC rather than the 4% increase agreed to in 2015. UC will be asking the state to fund a \$70 million tuition buy-out, \$35 million for deferred maintenance, and \$26 million to address overcrowding.

Huron Report: In 2017, the University hired Huron Consulting to review the UCOP organizational structure and make recommendations about its size, scope, and portfolio of services. Huron's report observed that UCOP is at the forefront of higher education system offices, offers many uniquely necessary and "world class" services, and is, in general, an appropriate size given UC's size and scope. It also presented several options for refocusing, realigning, and reducing UCOP operations, including moving some systemwide functions to one or more UC campuses, creating new UC "locations" for large functions, and reorganizing and streamlining specific UCOP offices and functions. The report also recommended transitioning the UC Health enterprise into an independent entity.

Council is developing an initial response based on the principles of 1) avoiding harm to the system, 2) strengthening accountability and reporting, and 3) better aligning the division of academic affairs with the core UC mission. Council members noted that UCOP manages many functions that help maintain UC as a single university, and that simply moving functions will not necessarily increase efficiency or produce overall savings. Senate leaders have emphasized that the potential spin-off of UC Health is a major decision that would require a separate examination independent of the other recommendations. They also suggested renaming UCOP as a way to rebrand the organization and emphasize its broad system operations and governance mission beyond the President's immediate office.

## **V. Consultation with UCOP**

- *David Alcocer, Associate Vice President and Director, Operating Budget*

State Budget: The Regents delayed action on the 2018-19 University budget and a 2.5% tuition increase after the Governor asked them to reject the increase and it became clear that a vote would fail. In the view of several Regents, the University had not exhausted every option to avoid a tuition hike or done enough to reduce its cost structure. The University agrees that it should do everything it can to secure appropriate state funding before turning to tuition increases. UC students have offered to help make a case for a tuition "buy-out" by the state. UCOP is preparing briefing papers illustrating how each campus used revenue from the 2017 tuition increase to benefit students, their plans for using that revenue next year, and how a shortfall would impact students. UCOP is also preparing briefings on UC's efforts to reduce expenses and increase efficiencies over the past decade. UCOP would base its distribution of revenue from a tuition buy-out on campus enrollment. UC also emphasizes that it places one-third of revenue from any in-state tuition increase into the systemwide return-to-aid pool, so raising tuition increases the amount of aid available for low-income students. Financial aid would cover the proposed tuition increase for over 50% of CA residents.

- UCPB members suggested that UCOP document how the University's cost savings choices in reaction to state cuts have affected the quality of instruction and the student educational experience. These effects have included higher student-faculty ratios, particularly at the

upper division level; reduced opportunities for personal interaction with faculty; reduced opportunities for undergraduate student engagement in research; and fewer staff on the ground to support students and faculty.

- AVP Alcocer noted that he will be visiting campuses to gather data about the effect of budget cuts, deferred maintenance, and overcrowding. UCPB members invited Mr. Alcocer to attend local CPB meetings during those visits.

Enrollment Planning: UCOP will ask campuses to submit their plans for enrollment growth over the next three years (assuming adequate funding). UCOP is also discussing a Public Policy Institute of California (PPIC) report projecting that California will need one million additional bachelor's degrees by 2030 to meet workforce demand. The report assigned UC a 250,000 share of that growth and attracted the attention of policymakers interested in what resources would be needed to meet it. The State asked UC for scenarios that would produce the additional degrees. A March 2017 [UCOP report](#) included estimates about the operating budget increases and capital outlay funding that would be needed to support the growth.

AB 97 Requirements: The state continues to withhold \$50 million from the UC budget pending UC's demonstration of a "good faith effort" using "all possible actions" to make progress in five areas by May 1: 1) eliminate a supplemental retirement benefit for members of the Senior Management Group; 2) complete Activity-Based Costing pilot projects on three campuses; 3) follow through on CA State Auditor recommendations regarding UCOP; 4) implement new reporting requirements for the UC budget; and 5) expand transfer enrollments to meet a 2:1 freshman-to-transfer ratio target on all campuses. UC is on course to meet the requirements. The two campuses not at the 2:1 ratio have submitted ambitious plans for meeting it.

## **VI. Self-Supporting Programs**

UCPB discussed the review process and guidelines for Self-Supporting Graduate and Professional Degree Program (SSGPDP) proposals in the context of UCOP's July 2016 [SSGPDP policy](#) and UCOP's more recent updates to the SSGPDP cost analysis template. It was suggested that UCPB consider how it might modify its review process to help ensure strong and clear justifications for costs and expenses in SSGPDP proposals and ensure an ongoing assessment of the financial performance of approved programs.

- UCPB members noted that campuses are turning to SSGPDPs more and more as a strategy to prevent emerging deficits, but that the University is not collecting data about the effectiveness of that strategy.
- Members observed that the negotiated indirect cost rates for SSGPDPs are between 22% and 28% at most campuses. They speculated that a more realistic overhead rate, consistent with the rate applied to external contracts and grants, would be at least 50%.
- It was noted that a best practice for faculty involvement in the budgetary analysis of proposed SSGPDPs occurs at UCLA, where CPB interviews proposing programs.

## **VII. Education Financing Model and Total Cost of Attendance**

- *Chris Carter, Director, Student Financial Support*

Education Financing Model (EFM): The EFM is UC's strategy for implementing the Regents Policy on Undergraduate Financial Aid, which is to ensure that all admitted UC students can afford to pay for their education regardless of family income. In response to a growing number of affordability concerns, the President established the Total Cost of Attendance Working Group to examine whether the EFM, as currently designed is achieving the goal of the policy or needs to be modified. Some important facts about UC's financial aid programs and the EFM include:

- The combination of state and institutional support makes UC accessible to low income students. UC's financial aid program is funded from a 33% return-to-aid on tuition and the student services fee, and from direct state appropriations in the form of Cal Grants. UC puts return-to-aid funds into a systemwide pool and distributes them across the campuses as UC Grants.
- The EFM is a formula that establishes expectations for meeting the total cost of attendance (including tuition, fees, and expenses for housing, food, educational materials, and transportation) through a partnership involving a parental contribution (based on ability to pay), and a manageable level of student part-time work and borrowing (self-help). UC fills in the remaining need gap with aid from UC Grants, after federal Pell Grants and Cal Grants have been applied.
- Under the EFM, the expected parental contribution for the lowest income group is zero, but that expectation rises steeply with income levels. UC's self-help expectation is based on 6-20 hours of part time work per week with a midpoint goal of 13 hours per week, and a loan repayment schedule that does not exceed between 5% and 9% of post-graduation income over a ten-year period.
- Only California residents can qualify for Cal Grants, which are tied to UC and CSU tuition and fee levels. The Middle Class Scholarship Program is another new state-based aid program for students who otherwise do not qualify for a need-based grant program, but have a family income less than \$165,000.
- In 2017-18, UC calculated the average total cost of attendance of a student living on campus as \$34,700.
- The University monitors student outcome measures to evaluate the effectiveness of its financial aid program. UC students who borrow have an average debt at graduation of about \$21k; the national average is about \$30k. UC is concerned that 9% of students report working more than 20 hours per week, given evidence that exceeding 20 hours of work per week can affect academic performance.

Total Cost of Attendance Working Group: The Working Group released a [report](#) recommending several changes and improvements:

1. The state should expand Cal Grant eligibility to include two additional summer semesters, and UC should promote summer enrollment as a way to help students finish sooner and to reduce degree cost. The mean time-to-degree for UC students is 4.2 years, and students who attend summer session are 10% more likely to graduate in fewer than six years.

- UCPB members cautioned that in implementing this recommendation, the University should not inadvertently incentivize behaviors that would extend time-to-degree and should carefully analyze the effect of such a change in the context of the EFM's summer earnings expectations.
- 2. Expand to other campuses the UCSB Promise Scholar Program pilot, which offers four- and two-year financial aid promises to select freshmen and transfers who come from very low income backgrounds and attend low-yield high schools.
- 3. Improve UC's measurement of the total cost of attendance through more accurate sources of financial data and more frequent and accurate survey instruments.
- 4. Increase the profile of cost of attendance and affordability issues at Regents meetings and flag Regents decisions that affect affordability, including those outside of the context of a tuition increase.
- 5. Study new strategies for controlling student housing and health care cost increases.
- 6. Create progressive models for the EFM's self-help expectation that lower the expectation for specific student subgroups, including lower income students, in acknowledgement of their different part-time work and loan repayment capacities.
- 7. Leverage more state support for middle-income students to address perceived unfairness in the federal need analysis formula.
- 8. Expand financial literacy training for students to encourage them to maximize the resources they do have, and give them tools for better managing college and post-college finances.

## **VIII. Advocacy for State Support and Tuition**

UCPB discussed the need for greater and improved budget advocacy that draws attention to the campuses' resource needs in the context of the state's decision to reduce funding and the Regents' decision to delay action on a proposed tuition increase.

UCPB members noted that one of the University's biggest challenges is how to make an effective case to the public and the legislature about the importance of funding UC's full mission as a Research I University. In general, the public views the main mission of the University and its faculty in the more limited context of undergraduate teaching. Convincing the public to recognize the University's research, graduate education, and Ph.D. training missions as central to their lives and to the state's economy can be a difficult message to communicate. Moreover, UC's mission is not to confer degrees to as many students as possible, but to ensure students have the opportunity to engage with faculty in deeper learning. Sometimes takes extraordinary or unusual circumstances, (e.g., a "Sputnik moment") to convince the public about the need to invest in their public research universities and to see the research mission as central to their self-interest.

## **IX. Systemwide Review: Proposed Revised APM Sections 285, 210-3, 133, 740, 135, 235**

UCPB discussed the second systemwide review of proposed APM revisions related to the Lecturer with Security of Employment (LSOE) faculty series. The revisions would change the

name of the series to “Security of Employment” (SOE), though campuses could use “Teaching Professor” as a working title. The series would include a rank-and-step system parallel to the Professor series (including the rank of Above Scale), sabbatical privileges equivalent to the Professor series, and enhanced expectations for teaching excellence and professional and/or scholarly achievement, including creative activities, relative to the LSOE series. The new revisions drop previously proposed language emphasizing pedagogical innovation as part of the assessment of teaching excellence.

- UCPB members noted that the changes could blur the distinction between the Professor series and the teaching-focused LSOE series. They expressed concern about requiring LSOEs to perform duties other than teaching and about establishing a step system for the series, noting that the rank of Step VI requires sustained excellence in teaching, research, and service, and that Above Scale requires international recognition. They suggested that LSOEs who perform Professor-level duties should be rewarded with salary augmentations or moved to the Professor series.
- UCPB also emphasized that the LSOE role goes beyond the Unit 18 role. LSOEs cover programmatic teaching needs that are either not appropriate for, or cannot be effectively managed by, regular faculty or Unit 18 lecturers. LSOEs have special and distinct missions; and they should not be seen as “Professor-Lite.”
- UCPB members also noted that the rapid growth of LSOEs is symptomatic of the University’s budgetary strains. Programs are increasingly hiring teaching faculty to cover curricular requirements for growing student populations that were once covered effectively by regular faculty and a moderate number of Unit-18 lecturers and teaching associates.

**ACTION: A draft memo summarizing the discussion will be circulated for UCPB review and approval.**

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Meeting adjourned at 3:30 pm

Minutes Prepared by Michael LaBriola, Principal Committee Analyst

Attest: Joshua Schimel