

UNIVERSITY COMMITTEE ON PLANNING AND BUDGET (UCPB)

MINUTES OF MEETING - JULY 11, 2023

Donald Senear (Chair), Marc Steurer (Vice Chair), Max Auffhammer (Berkeley), Heather Rose (Davis), Alyssa Brewer (Irvine), Andrew Leuchter (Los Angeles), Kevin Mitchell (Merced), Peter Atkinson (Riverside), Michael Provence (San Diego), Jill Hollenbach (San Francisco), James Rawlins (Santa Barbara), Dard Neuman (Santa Cruz), David Brownstone (Chair, TFIR), Susan Cochran (Chair, Academic Council), James Steintrager (Vice Chair, Academic Council), Pamela Brown (Vice President, Institutional Research and Planning), Todd Greenspan (Executive Advisor for Academic Planning and Policy Development), Seija Virtanen (Associate Director, State Budget Relations), Cain Diaz (Interim Associate Vice President and Director, Operating Budget), Tu Tran (Associate Vice President for Business Operations, Agriculture and Natural Resources), Stefani Leto (Analyst)

I. Consent Calendar

UCPB approved the agenda for July 11, 2023, and the minutes from June 6, 2023

II. Chair's Announcements

Chair Senear thanked the members of the committee for their service during the year. UCPB had a productive and busy year.

The Provost announced the hiring of 300 ladder-rank faculty across the system in the past year. However, the net change in ladder-rank faculty across the system is minus 30. The number of lecturers has increased by 40, or 1.6 percent, and enrollment has been flat in terms of FTE while headcount has increased very slightly. Staff increases of almost 10% have far exceeded enrollment though it may be that the greatest staff increases are in the medical centers. Historically, units have responded to budget cuts by returning FTE to the center, further exacerbating falling faculty numbers.

III. Consultation with OP

Pamela Brown, Vice President, Institutional Research and Planning, and Todd Greenspan, Executive Advisor for Academic Planning and Policy Development, discussed enrollment planning both based on agreements with the legislature and the Governor's compact with the University, and the 2030 plan.

Two-year undergraduate enrollment growth over 2021-22, funded in the budget act of 2022 and the Governor's January Proposed Budget Act of 2023, is 4,730 to be realized by the 2023-24, academic year. In addition, the budget acts called for compact growth of 2,000, plus a swap of 902 residents for non-residents in both 2022-23 and 2023-24 budget years. The University had hoped to spread out the required enrollment growth over a longer period, but the legislature was not in favor of that plan. Consequently, a revised plan was made in consultation with the Chancellors.

The revised plan for California resident enrollment is close to 8,000 FTE growth: 46 percent through increasing 2023-24 freshmen, 25 percent through increased unit taking behavior, 17 percent through increasing transfers, and 11 percent through summer FTEs, for a total of

7,900. The legislature realized the University faces challenges because of falling enrollment at community colleges and relaxed the 2:1 freshman:transfer ratio.

The University was not on track to meet the required growth for the Governor's Compact growth by 2027 so revised growth numbers were presented to the legislature. This growth requires campuses to add FTE each year to meet growth targets.

A 2,500-student increase in graduate enrollment was mandated by the Compact through 2026-27. The 2030 Building Capacity Plan proposes increasing in state-supported graduate students by 6,000, including health sciences students. The aspirational plan hopes for 10,000 increased graduate students.

These numbers were agreed to prior to the doctoral student labor agreements. Subsequent to the agreements future enrollment plans have been revised to meet the Compact agreement growth requirement of 2,500 graduate students by relying on greater growth in academic masters and graduate professional programs than in doctoral programs. Multi-year enrollment plans will be revisited in spring of 2023-24. Large undergraduate growth without commensurate growth in graduate enrollment will cause issues in the future.

Vigorous discussion followed the presentation:

- A member asked if increased unit taking was likely to persist. Unit taking activity dropped during the pandemic and appears to be rebounding. While increases mean students will graduate more quickly, new students are expected to take loads approximating pre-pandemic averages.
- Faculty numbers have not increased, so hoped-for graduate student growth seems difficult to achieve. Health sciences professional programs are more likely to grow than academic masters or PhDs. Merced's hopes for R1 status require growth in doctoral students. Spring data on graduate enrollment will increase planning accurately.
- The impact of the UAW agreement will likely take a year to show in doctoral enrollment, so basing plans on 2023 fall enrollment may be problematic in the future. VP Brown noted that the University is working to show their commitment to the Compact while articulating the challenges it faces to meet agreed-on numbers.
- A member noted that after the increased costs of the new labor contracts, campuses will have to make up the shortfall. Growth is more likely to come from master's students than doctoral students. Should the UC become master's-heavy, perhaps masters funding can be used to somehow fund doctoral students. Changing professional master's students' fees to support doctoral education might work. Some growth in terminal master's programs is likely. Self-supporting programs are meant to support the state-supported programs, but perhaps PDST can be repurposed although there may be restrictions on the use of that tuition.
- Faculty hiring has been trending down over the last decade, while all non-student staff has increased 9.6 percent over the past 18 months. That staff growth might be concentrated in the medical centers. UCPB asked if staff numbers can be disaggregated by job function (student or faculty supporting versus regulatory or other purposes). There does not appear to be increased staff in student services or research services. The committee expressed a wish for more granular staff data.
- UC Davis has joined the HeliosCampus consortium to track disaggregated staff numbers. Perhaps UCPB can discuss best practices for staff data tracking next year and look at various staffing ratios.

IV. Budget Consultation with UCOP

Seija Virtanen, Associate Director, State Budget Relations noted that yesterday the Governor signed the budget bill, concluding the major items of the UC budget. Some language less acceptable to the University has been removed from the bill. The state removed the capital funding for student housing but added funds to service the debt while the University borrows to fund the housing.

The Governor did not include the additional funding offered by the legislature in his budget, but the legislature did provide five percent increases to student basic needs, rapid rehousing and student mental health. In a trailer bill, \$200M shareable between UC and CSU was added for a 0% interest revolving loan fund for student, faculty, and staff housing. The University will apply for those funds in the spring.

\$33.3M was allocated for debt service for classroom projects at UC Merced and UC Riverside as well as UC Berkeley's Clean Energy Campus Project. The 5% increase in student basic needs funding includes \$1.5m earmarked for additional staff in student disability services. \$5M was allocated for the Ralph Bunche center at UCLA; these will be ongoing funding. Matching funds of \$5M for the UC Davis Equine Health center were allocated to secure a private donation. ANR has received \$2M for fire prevention activities, as well as \$1.3M for nutritional programs. The one-time funds tend to be specific interest, project, or UC Campus center connected. Most UCOP activities were moved back to an assessment portion of the budget, but ANR remains a separate line item.

Interim AVP Diaz agreed that a five percent increase in state allocation is insufficient to meet a five percent increase in all costs. The state attitude toward tuition increases has changed; legislators support the cohort tuition model. However, the rate of increase is both capped and tied to the inflation rate so is expected to decline as inflation subsides.

The Department of Finance predicts a larger shortfall than it had initially though estimates remain uncertain because of the delay in collection of personal income tax, on which 41 percent of the State budget is based. Sixty percent of general fund state revenue comes from personal income tax (PIT), and 45 percent of that tax is paid by one percent of Californians most of whom have not yet filed. The budget the Governor signed spends \$225B and the state has collected \$148B. The gap between the two numbers must be made up in collections by October, or either budget cuts or use of state reserves will be necessary. If revenues fall short, January budget cuts are likely. Other state agencies have already received budget decreases. If further cuts are necessary, the University is a likely target since it received an increase.

Campus allocations have many moving parts. A reset in undergraduate funding based on actual instead of budgeted enrollments was paid for with the increased 2022-23 funding. Graduate enrollment did not receive the same treatment, but for both UG and Grad, the goal is to fund campuses based on targeted enrollment growth, with regular reviews of actual numbers including "true-ups." This is the first year for new weights for LCFF+ high schools, which will be fully in place by 2026-27. Graduate weights will go down to 2.5 from 5.0 for non-medical student health sciences (except for veterinary medicine students).

- A member noted that the five percent increase and tuition dollars are not enough to cover staff salary increases. Does the legislature understand that core funds are not enough to cover the University's costs? AD Virtanen noted that most legislators are surprised by the University's structural deficits but respond by pointing out that most other state departments received either no increase or cuts, so the University should be grateful to receive the budget increase.
- A member wondered if the UC could sustain the kind of salary increases it promises. The legislature believes the University is responsible to meet the salary increases it promises, including the negotiated salary increase in the UAW contract and if the University had not been able to meet that increase, they should not have negotiated it.
- Might the new attitude in the legislature allow the University to raise tuition over the five percent cap? The Regents could remove the cap, but there would likely be pushback from the legislature. The Department of Finance can reduce the University allocation if tuition increases the cost to them of CalGrants. Every time there has been a drastic reduction in State support, tuition has risen.
- UCPB discussed the faculty compensation structure, in which merit increases are applied without regard to available salary dollars. Previous downturns led to a court case preventing the University from suspending merit increases for only one segment of faculty, but across-the-board cuts followed. The University faces difficult choices between maintaining competitiveness with high faculty retention, and structural budget deficits.

V. Consultation with Senate Leadership

Chair Cochran updated UCPB on AB 1749, which mandates a single transfer pathway from CCC to UC and CSU. The Governor's office wants UCLA's admission process to include an Associate Degree for Transfer (ADT) specific to UCLA. The campus agreed to a small pilot of a TAG program similar to one already in place at UC San Diego, reaching out to community colleges that send small numbers of transfer students to the campus to increase their transfers. ADTs guaranteeing admission to both CSUs and UCs is the goal of AB 1749, even though the single pathway will require all students to prepare to go to a UC and take unnecessary courses for those heading to the CSU. The Senate is working with State Governmental Relations to explain the unintended consequences such as lengthened time to degree after transfer.

The UC and CSU are discussing increased effort to allow CSUs to offer PhDs. The CSUs use doctoral degrees, such as the PsyDoc, to raise money in the way the self-supporting degrees function at the UC.

The Academic Council took an active stance regarding increases to salary scales vs. total salaries (on-scale plus off-scale and above-scale), sending a letter to President Drake. Divisional Chairs involved their Chancellors in discussions about equity between campuses; now some are applying the salary increase to total salaries.

The APC Workgroup on the Future of Doctoral Programs at the UC is operational and a systemwide meeting will discuss how to make distinctions between academic work and work for pay. Pressure is increasing from Sacramento for the University to deal with labor issues.

Some Regents and members of the administration are eager for fully-online degrees to be offered at the UC. The Senate has been asked to define "UC quality" for education. It will continue to be an issue into the fall.

- A member asked for increased communication from the Academic Senate to campuses and the systemwide Senate is discussing ways to address this need.
- It was noted that faculty cannot simply reduce graduate student workers' hours without justifying the need for fewer hours of labor. The next round of negotiation will likely include demands that all appointments are at least 50 percent time. The labor team has been working with the Senate to address all concerns.

VI. Best Practices Report

The Best Practices subgroup plans to prepare a written report. Discussion included:

- Eliminating duties CPBs should not assume going forward. The best use of a CPB is focus on items having the largest impact on campus budgets, including faculty hiring, budgeting for growth, strategic directions, and budget process, thereby becoming as well informed as possible. Other items need to be pushed to other committees. CPBs must be selective about the issues addressed.
- Timing of budget process input is key to avoid rubber stamping decisions. Some CPBs start review processes much earlier and focus on a collaborative, iterative review process. By encouraging conceptual consultations, even before a firm plan is put together, the specificity and depth of feedback increases over the repeating engagement. Also scrutinizing budgets, even fixed ones, on campus allows focus on resource allocation.
- There is a need for increased communication with faculty at large from budget committees, as shown by the confusion throughout the labor negotiation process. Some CPBs hold quarterly meetings with their overall senate, and these can increase communication. End of year reports are important but not as beneficial as ongoing updates. It can be useful to include a firm confidentiality policy, and not speak publicly about issues or decisions until they are official.
- All members noted struggles with deciding what is confidential and what can be shared out. UCPB minutes help but the delay can hamper usefulness for discussions and decisions. The Academic Senate Chair can liaise between faculty and the center. A newsletter would be helpful. Helping the FECs to engage with their faculty without hierarchical barriers is important.
- Using publicly available data on resources can help inform faculty without breaking confidentiality of meetings. A member shared an example of asking faculty about their campus endowment. They did not know basic endowment numbers, even though that is public information. The more faculty feel informed the more included they feel, so directing them to sources of information is key.

VII. Consultation with Agriculture and Natural Resources

Tu Tran, Associate Vice President for Business Operations, ANR, presented the structure of ANR and campuses and the continuum between the AES mission and the cooperative extension mission. AES develops cutting edge knowledge and technologies to address agriculture, natural resources, and health issues, while the Cooperative Extension connects UC research with local communities across the state.

The AES campuses are Berkeley, Davis, Merced, Riverside, and Santa Cruz. The two newer campuses have specific areas of interest: Santa Cruz focuses on sustainable, regenerative agriculture, agricultural pests and disease, and practical knowledge-based food systems. UC

Merced focuses on agricultural technology, innovative farming technology, precision agriculture including robotics to improve the food-energy nexus, safe and equitable farm practices, and environmental sustainability.

ANR Cooperative Extension has four types of academics – CE specialists, CE advisors, academic coordinators, and academic administrators. Most academics are CE specialists and CE advisors. Many CE Specialists are delegated to a campus to work collaboratively to bring UC research to the field and local needs back to campus research.

ANR has a FY23-24 projected budget of \$277M– state funding is \$121M, or 44 percent, federal is \$20.8M or 7 percent with county funds, endowment and other sources making up \$22.4M, 8 percent, \$11.6M, 4 percent, and \$24.2M, 9 percent respectively. Competitive grants and others provide \$77.2M, 28 percent. Campus-based extramural funds obtained by the specialists (contracts, grants) stay on the campus where they are. This practice has been controversial.

ANR responds to startup cost requests and reviews proposals. Based on engaging in conversations with requestors, ANR does not always provide all startup costs. Startup costs can occasionally be as high as \$500K, and as low as \$20k depending on the discipline and the science. Generally, any startup cost over \$200K would require consultation between ANR leaders, and the campus. Startup costs generally do not include any type of expenditures that involve facilities.

Faculty, department chairs and Provost on AES campus collaborate with ANR to identify Specialists to be recruited. Specialists are tenured, and ANR does not directly prescribe how the specialist does their work so long as the work serves the overarching mission of research and extension; the specialists' merit and promotion are handled by the campus. This process generally requires consultation and collaboration between the campus Deans or Provost and the VP of ANR.

There is high demand on campuses for science topics needed across the state, like fire science. ANR reaches out to campuses to find where the topic is covered. Ideally, a specialist is put in a place they can grow and bring the science from the campus to the state. Cooperative Extension (CE) is trusted, connected, and has the science-based UC reputation, so campuses use the CE specialists as an opportunity to extend their knowledge. This is typically a mutually beneficial arrangement.

ANR has not considered funding internal grants but does respond to scientists reaching out and ANR would provide funding support to a scientist who works and collaborates with ANR on the emerging and/or priority issues.

Attest, Donald Senear, Chair
Prepared by Stefani Leto, Analyst
Meeting adjourned at 3:26