



UNIVERSITY COMMITTEE ON PLANNING AND BUDGET (UCPB)

Minutes of Meeting

1 October, 2024

In attendance: Tim Groeling (Chair), Robert Brosnan (Vice Chair), Mark Stacey (Berkeley), Alyssa Brewer (Irvine), Monica Smith (Los Angeles), Kara McCloskey (Merced), Juliann Emmons Allison (Riverside), Terry Gaasterland (San Diego), Torsten Wittman (San Francisco), Francesco Bullo (Santa Barbara), Raphael Kudela (Santa Cruz), Luis Garcia Chavez (graduate student representative), Steven Cheung (Chair, Academic Council), Caín Diaz (Associate Vice President, Operating Budget), Seija Virtanen (Director, State Budget Relations), Stefani Leto (Analyst)

I. Consent Calendar

Action: UCPB approved the 1 October 2024 agenda

II. Introductions and Chair's Announcements

The committee members introduced themselves. Chair Groeling noted priority issues for UCPB, including:

- Comparison of graduate student funding between campuses; STEM/non-STEM differences,
- Effects of any reduction in graduate enrollment on the workforce of California,
- Systemwide "right-sizing" of graduate programs,
- Academic labor issues,
- State budget and impact of the economy on finances
- Graduate Student Health Insurance Plan (GSHIP) premium variation by divisions,
- Effects of national elections on the UC system,
- The idea of a "central UC bank" to fund campus priorities,
- Use of "orphan endowments,"
- The Mortgage Origination Program (MOP) liquidity and method of campus allocation,
- 2030 hospital seismic retrofitting requirements,
- Considering different providers because of increased healthcare costs for faculty and staff, as well as dental care coverage issues,
- Impact of recent events on the prestige of the UC brand (including downstream impact on recruitment and public/legislative support), and implications to the prestige of UC degrees from modality changes,
- Fully accounting for indirect costs of self-supporting degrees and their effects on state supported degrees. Have they crowded out innovation and replaced state supported programs,
- Changes in funding for athletics, risks and liabilities of athletic programs,
- Proposed conversion to semester calendars for all UC campuses.

III. Leadership Update

September Regents Retreat and Meeting:

Academic Council Chair Steven Cheung attends Board meetings as a faculty representative. During the Regents September retreat, two key topics were discussed: Access to UC Health-quality care, especially in the Central Valley and Inland Empire. EVP of UC Health David Rubin is very engaged in this effort. One proposal is to seek support from the state to address health care needs in this critically underserved area. The Senate will engage with UC Health on this topic. The second topic was AI and there was a panel discussion that noted many areas of impact to the UC, which will also be the subject of a new Workgroup chaired by Jim Steintrager.

The Regents meeting resulted in a subcommittee to address the method used to determine Senior Management compensation, and the approval—without discussion—under AB 481 of the purchase of military-grade equipment for UC police.

Academic Council:

Leadership will change over the next year as the President of the University and two chancellors will be stepping down. The previous presidential search did not include the Academic Council Chair in deliberations; it is hoped that it will not be so with the new search. Faculty discussed the degree to which academic credentials and familiarity with the UC system (or comparable university systems with large health care footprints) should be prioritized in the criteria.

The planned reorganization of the Academic Personnel and Programs Office: will place the Associate Vice Provost over the Academic Personnel Manual (APM), with the Vice Provost over Academic Programs. While the Senate has confidence in the current AVP, and the position reports directly to the Provost, it is concerned that this will be a staff position rather than staffed by a faculty member.

The Modalities workgroup report was sent to the Regents. The report included a set of recommendations for a successor implementation task force.

The charge for the Joint Senate-Administration AI Workgroup is nearing completion. It plans to explore academic integrity, on-demand tutoring, AI property rights, and opportunities to reduce faculty burden from compliance requirements.

The Campus Climate initiative will be managed by Yvette Gullatt, Vice President for Graduate and Undergraduate Affairs and Vice Provost for Equity, Diversity and Inclusion. All campuses must develop a climate plan. Two Senate representatives from each campus would liaise with the OP group which will then review plans and create comprehensive language for consistency across the entire UC.

The Workgroup on the Future of Doctoral Education is finalizing its report, which is not consensus-based, but contains interesting recommendations for sizing programs, managing time to degree, and funding.

The Provost discussed her plans for a workgroup on semester conversion across all campuses. Discussion was robust, and faculty objected to focusing on the process converting to a common calendar, rather than a studying whether establishing a common calendar was a reasonable course of action. Faculty noted that a value proposition for benefits to students and faculty needed to be articulated, as well as justifying a very expensive conversion during a time of growing budget deficits. The meeting included dialogue framing what faculty need to accept the proposal, and whether its focus would be on the numbers of instructional days or

the semester structure. The timeline was noted as aspirational rather than pressing. President Drake is supportive of the Senate and understands any conversion's significance for faculty life.

The Mortgage Origination Program (MOP) is under pressure from higher mortgage interest rates. The loans are up to roughly \$2M in value and the unusually high number of loans has depleted available funds quickly. Higher rates on the open market have meant that the proportion of faculty accepting MOP funding has risen, and the program's lower interest rate has meant that mortgages cannot be resold to refresh the fund, as was done in the past to restore liquidity. The Senate is interested in the methodology of the program, reporting of loan amounts, and reporting on which faculty benefit from this program. The Senate will work with CFO Brostrom to see if UCOP has resources to fund the program in the future. He has been working with Chancellors to increase access to division-funded supplemental housing loans to help faculty.

Discussion included:

- Members asked what benefits the semester conversion would bring. Chair Cheung noted alignment with other segments of higher education in the state, lowered stress for students absorbing material over a longer time, students would be advantaged for internships on a semester calendar, and some potential benefits for faculty research. A downside is that students would take fewer courses, learn at a slower pace, have less flexibility in their course of study, and would reduce the time available for faculty research. For the administration, semesters eliminate one calendar cycle (e.g. enrollment, fees, etc.) per year.
- Some faculty objected based on budgetary realities: a single campus conversion was estimated at \$14M ten years ago, and converting every course, major, and system at a university would involve a huge amount of effort. Faculty noted that administration-provided cost estimates have been overly optimistic for other large projects, such as UCPath or campus Oracle conversions.
- A member asked about the timeline for the workgroup. A charge will be developed with faculty consultation, and questions it would pose are 1. Does conversion make sense, 2. What are the key components. 3. How would it help students and faculty. The timeline would be based on charge and scope of work. Faculty would have to vote to approve the charge, then it goes to Regents for their approval. A transition would take several years and be very expensive.
- One option might be to ask the governor for funding since a conversion would integrate the three segments more tightly, and possibly benefit transfers.

IV. Self-Supporting Graduate Degree Proposals

- a. Master of Advanced Studies in Precision Medicine Therapeutics in Oncology, (MAS-PMT), UC San Diego
- b. Two-year part-time Master of Science in Global Health Science (MS-GHS), UC San Francisco

Action: UCPB assigned reviewers for both proposals.

V. Consultation with UCOP

State Governmental Relations (SGR), based in Sacramento, liaises between the UC and state government. The legislative arm of SGR dealt with over 3000 proposed bills last year. Of those, about 260 would significantly affect the UC, including multiple attempts to amend the state Constitution. The proposed legislation would have affected the University's ability to contract out for services as well as internal UC labor practices, such as one requiring faculty to track timesheets of graduate students and ensure that they are taking lunch breaks.

The legislature has experienced an influx of new members, so that over half of the legislature has two or fewer years of experience. SGR educates the legislature about the UC and its mission and effects on the state. The most recent budget had \$25M withheld by the budget committee chairs until all campuses have notified all students of rules concerning speech and protests on campus and provided a report to the Department of Finance that this notification has taken place. The funds remain in limbo despite all campuses complying with this requirement.

State revenues in 2023-24 were below expectations. The state cut the overall budget by \$30M, but still gave the UC the five percent base budget increase agreed to in the compact with the governor. The state will cut another \$47B out of state agency budgets. The UC will both receive a five percent base budget increase and a \$125M cut, ending as a 2.9 percent base budget increase. For 2025-26, the legislature has indicated that the UC will receive an eight percent cut. Even without these cuts, campuses would face structural deficits, and are currently planning cuts. There is some hope that state revenues will rebound, and the May budget revision will reflect that.

Both the University of California Advocacy Network (UCAN), enabling grassroots advocacy to the legislature, and the legislature roundtable, at which the President meets with the legislators from districts with a UC campus have helped improve relationships with legislators. In addition, the Fiat Lux network connects supporters of the UC who have great wealth or influence to legislators. Demonstrating the impact of UC research and education for legislators and the public will help.

Associate Vice President, Operating Budget Diaz will discuss campus responses to cuts with Chancellors. The most realistic budget outlook is a \$250M shortfall across the system, although the UC will ask the legislature to increase funding. Even with the best funding package available from the legislature, costs continue to outstrip funding. Campuses must plan for cuts to be strategic about shortfalls. The upcoming reduction in state support will outstrip increases from the tuition stability plan. The Regents will likely discuss increasing non-resident cohort tuition at a rate higher than the increases for California students.

Breaking the compact with the governor would have political implications. However, the University's continued compliance with it, including limiting non-California students while increasing undergraduate numbers has financial implications. The legislature appears to not be complying with their part of the compact.

The UC plans to ask for funding to address capital needs. Such a request falls under the compact, and it demonstrates the ongoing needs of the UC. There continues to be little appetite at the state level for a General Obligation (GO) Bond that includes the UC. The large amount of deferred maintenance on campuses continues to pose problems, so if a GO Bond is not on the horizon, it might be worth exploring other types of funding, since the state no longer seems to be interested in funding capital projects beyond student housing.

To raise the opinion of the UC among legislators, increased explanations of why qualified students are not admitted to the campuses of their choice must happen. Many complaints to Regents and legislators concern non-admitted students. The belief persists that non-resident students somehow replace California students. SGR is working with UC Health to demonstrate how much health care is provided to low-income Californians, and with other segments to outline the many positive impacts the UC has on the state.

- In response to concern that the UC gives away leverage by upholding the compact while the legislature does not, Director Virtanen noted the cautionary tale of the University doing more with less during the

- great recession. Both the UC and Cal State systems said they could not enroll more students without funding, but only the CSU cut enrollment. Instead of expressing gratitude, the legislature said the UC was lying about the impact of cuts. CSU got sympathy even though they cut students and opportunity.
- The UC is bad at hurting students. When we start hurting it is a harbinger of many years of worsening student outcomes, even if doing so would ensure greater legislative funding.

VI. Campus Updates

Berkeley: The new Chancellor plans to move financial discussions from austerity to improved financial health through revenue-generating approaches like licensing agreements, monetizing intellectual property, equity stakes in start-ups rather than just relying on tuition/funding/philanthropy. CAPRA has formed a revenue generation subcommittee to find fundraising opportunities on the academic side. CAPRA will have a working group to consult with administration as well as athletics so any upcoming disruptions can be handled proactively. Student housing continues to be an issue, with large unmet housing demand and continuous opposition to building new dorms. Increased costs have made supporting graduate students challenging. The campus is exploring using more post-docs for research and lecturers for teaching.

Davis: The CPB performed the first administrative reviews of the DEI, alumni relations and development office and reported findings to the Provost. The committee hopes to communicate specific outcome (not just activity) metrics needed for future evaluations of administrative units to streamline the process. This practice is new and several units were wary of the review. The committee is focused on understanding how graduate funding will work. As full-time instructors take on more of the teaching load, sources of funding will still have to be identified to support graduate students, especially in the non-STEM fields. A strategic approach to budget cuts to address the structural deficit is planned, rather than across-the-board cuts; cuts will focus on programs affecting the fewest numbers of students or users. CPB is trying to establish cuts criteria such as duplicative efforts or staff and will focus on maintaining areas of excellence.

Irvine: After a similar surprise budget crisis a few years ago, facing a large (\$60-90 million) deficit, with 3% across-the-board cuts yielding \$55 million. However, rising costs have worsened the situation. Efficiencies and planning transparency have improved, with the goal of understanding where funds have been spent and make better predictions regarding the future. The campus is developing a new budget model, transitioning from incremental budgets to a hybrid RCM (Responsibility Center Management) model. Faculty would like to understand how the new model applies to staff and administrators. Continuing concerns include oversight of self-supporting programs, CPB membership turnover, and enhancing transparency regarding budget/planning information.

Merced: The campus still lacks a centralized policy for pre-award spending on grants from the Office of Sponsored Projects and has not been able to elicit a response from the Vice Chancellor for Research. Graduate pay systems continue to function poorly, leading to some students working without pay for up to two months. Faculty are concerned about the proportion of the budget that goes to administration instead of teaching. Departments have been asked to pay 100 percent of increased graduate student costs, as well as tuition and fees.

Los Angeles: Last year UCLA bought three significant properties: a research park, a Rancho Palos Verdes college campus, and a downtown building. CPB was not able to provide input to purchase

decisions before they were made. Changes to athletics funding and costs are in transition on the campus. Moving to the Big 10 has impacted teaching due to athletes' travel to East Coast time zones. The total cost of security to the campus from last year's encampment and protests are still not fully known. Ongoing security costs remain high, as the campus has retained the services of private security firms as well as campus police and security officers. The campus hopes to proactively deal with new protests, although the campus climate feels negative. A new CFO and new incoming Chancellor mean the campus is using an interim Chancellor to oversee current issues. Challenges facing the campus include questions of graduate education costs, increasing undergraduate student numbers without enough room, housing or dining halls or classrooms. Procurement is an ongoing challenge and a new Oracle-based processing system, Ascend, has been put on hold. The healthcare system continues to grow but finances are opaque to CPB, and there have been no updates regarding the 2030 seismic retrofit. Faculty is concerned about proliferating self-supporting degree programs and the absence of clear mechanisms for disestablishing programs that are failing. Three non-budget concerns concern faculty: the logistics of the paperwork burden on faculty arising from compliance requirements and low staff numbers; increasing time spent on the emotional labor of teaching, especially grad students; and the administration has not provided clear guidance on modalities and expectations for in person vs. remote instruction. Faculty feel unsupported financially and otherwise.

Riverside: The campus CPB has raised questions, following a budget update, about clarifying graduate student numbers, oversight of graduate student funding after it was moved from grad division to colleges/schools in the winter/spring, effects of making colleges and schools more directly responsible for funding incoming graduate students, oversight of funding for research centers, and the financing governing the construction of the first of two multidisciplinary buildings. CPB will meet with the Vice Chancellor of Planning and Budget.

San Diego: Faculty continue to be concerned about administrative growth. Staff retention is problematic, especially at the graduate coordinator for programs level. UCPath payroll processing for graduate students requires a laborious manual switch from summer to the academic year among other problems, and staffing is inadequate to fulfil that need. Campus CPB plans to focus on these two issues this year. The MOP was suspended for lack of funds during the year, which will negatively impact faculty recruitment. Funding for graduate programs will be divided at the Deans Department level, and this block funding pays approximately 80 percent of the stipend and tuition costs for the last three year's average.

San Francisco: The faculty was most concerned with graduate student funding, including campus resources to address gaps. Ongoing construction has affected the campus. The faculty is considered too deliberative to consult with on fast-moving projects. An effort is underway by Advancement and Promotion to establish metrics for engagement of students, postdocs, fellows and trainees. A policy for employees to return to the office in Fall 2025 is in process, so methods of ensuring compliance have not yet been clearly communicated.

Santa Barbara: Railroad tracks on the bluff on campus are threatened by coastal erosion, with campus buildings facing threats in coming years, but lack of funding and opposition from the Coastal Commission make addressing these threats challenging. Graduate student health insurance plan costs increased by 25 percent. The campus faces an incoming wave of retirements - Chancellor, Vice Chancellor for Research, deans. Next year will be interesting for search committees. The campus is moving forward with two new student housing buildings - between

3000-5000 beds and facing lawsuits over those. The faculty was not consulted for those projects. Recently established committees will take up housing and building maintenance for which there is great need including the seismic mandates, and bluff erosion. There are now revised faculty evaluation criteria. CPB priorities for the year include oversight of the development office, guidelines for teaching vs. research professors, search waivers, staff welfare and hopefully the implementation of the UCPB best practices. The committee will also create a strategic plan for budget cuts.

Santa Cruz: The campus budget deficit was revealed this fall to be much larger than expected (\$125 million at present). A new VC of Planning and Budget will try to find how it grew so large and the CPB will focus on where cuts should be made. Cuts have already happened, including staff layoffs, and a second round is expected. The campus does not have adequate reserves or cash flow. Only three FTE were authorized for faculty last year, and will repeat this year, but with retirements and separations the campus has negative faculty growth. CPB attempted to review administrative programs last year, an effort that faced heavy pushback from the administration. Campus staff levels are at higher ratios than other campuses.

VII. Graduate Student Funding/Labor Contracts

UCPB discussed funding issues for graduate students on their campuses. Issues include:

- Lack of funding to cover gaps between grant awards and graduate student pay scales.
- Growing interest in using professors of teaching to provide undergraduate education, as these faculty can work full time and have more experience than graduate students. However, this might deprive graduate students of a training opportunity and does not free teaching funds to pay graduate student support.
- Some campuses use block grants to departments, with varying methods of allocating numbers of students. Shortfalls are addressed in varying ways, but often fall on the department to fill.
- Graduate student admissions are falling at several campuses, raising questions about sustainability of shrinking programs.
- Some professors are no longer hiring GSRs due to costs. It was generally acknowledged that the loss of this important mentorship relationship undermines one of the strongest motivations to be in the professorate.

VIII. Items for Systemwide Review

UCPB discussed two items under review, deciding to provide limited feedback. These items included management review of technical revisions to APM 260, University Professor, codifying the Office of the President ceasing paying for the program since 2009. Committee members expressed dissatisfaction about being asked to provide post hoc approval of an earlier unilateral decision by the Office of the President, rather than being consulted in advance of that decision.

Chair Groeling will draft responses and circulate for committee approval.

The committee adjourned at 4:02 pm.

Minutes prepared by Stefani Leto, Analyst

Attest: Tim Groeling, Chair