

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

**Minutes of Meeting**  
**December 3, 2019**

**I.      Consent Calendar**

- Approval of UCPB December 3, 2019 agenda
- Approval of UCPB November 5, 2019 minutes

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

**II.     Announcements**

- *Sean Malloy, UCPB Chair*
- *Bruce Schumm, UCPB Vice Chair*

November Regents Meeting: The Regents delayed consideration of a UCRP employee contribution increase, while they consider possible alternative funding sources. Meanwhile, the Regents will maintain the current 4- to 5-year schedule for UCRP experience studies. The Finance and Capital Strategies Committee discussed the \$25 billion in campus deferred maintenance needs that have no identifiable funding source, and concerns about the sustainability of the retiree healthcare benefit. Consideration may be given to shifting the retiree healthcare financial model from a “pay-as-you-go” system to a pre-funded system. The Regents discussed but did not act on a cohort tuition proposal, which student organizations generally oppose.

- UCPB members noted that the State’s disinvestment from the University has gradually eroded the quality of the student experience. The State has not restored prior cuts to UC, even as the California economy has recovered. The University will be unable to maintain all of its dearly held principles of quality, access, and affordability without sufficient state support. The difficult choices will need to be approached consciously.
- Members raised the possibility of updating UCPB’s [Futures Report](#), [Cuts Report](#), and/or [Choices Report](#), with a fresh look at the current trajectory of funding and quality. It was also suggested that UCPB work the administration and students to produce a joint report.

Academic Council Meeting: President Napolitano and Regent Pérez both joined the November Council meeting. The President noted that the University is planning for a variety of outcomes related to the Supreme Court’s DACA decision, and in any case will continue to provide free legal services to undocumented students.

**III.    Consultation with Academic Senate Leadership**

- *Kum-Kum Bhavnani, Academic Senate Chair*
- *Mary Gauvain, Academic Senate Vice Chair*

Leadership Searches: The Senate’s Academic Advisory Committee will be working with Storbeck/Pimentel & Associates, the firm the Regents retained to assist in the UC President search. UCPB Chair Malloy is Merced’s representative to the AAC. The joint Advisory Committee for the UC Merced chancellor search is screening potential candidates.

WGCA: The Working Group on Comprehensive Access is discussing principles to guide future

affiliations between UC health systems and non-UC health systems. The President has asked the Working Group to send her recommendations by the end of December.

Regents Meeting: The Regents Committee on Academic and Student Affairs discussed options for expanding undergraduate financial aid. The Committee on Public Engagement and Development heard from a former foster care student and a formally incarcerated student about experiences and challenges specific to those students, which inspired the Regents to approve an additional request for \$20 million in State funding to support those populations. The Regents approved a policy that generally prohibits contracting out for services and functions that full-time UC staff can perform. The policy promises to in-source contracted work required on a long-term, continuous basis, and provides wage parity for contractors.

Open Access: Carnegie Mellon has reached a “read and publish” open access agreement with Elsevier, the first of its kind for the publisher.

Faculty Salaries: Chair Bhavnani encourages UCFW, UCPB, and other committees to collaborate on a recommendation for an updated model to close the remaining UC faculty pay gap.

Task Forces: At a recent academic conference, University officials aired views about standardized testing that were picked up in the media, which prompted the Academic Council issued a statement emphasizing that the Senate’s Standardized Testing Task Force has been carrying out the delicate work of developing policy recommendations on this complex issue. The Senate also has an Online Undergraduate Degree Task Force, led by the chair of UCEP, which will consider the implications of creating full-time online UC undergraduate degree programs.

Union Negotiations: The University’s non-Senate Unit 18 Lecturers are bargaining a new contract. While the demands include better wages, working conditions, and job security, they also request fundamental organizational changes that could affect Senate faculty.

#### **IV. Consultation with UCOP**

- *David Alcocer, Associate Vice President, Budget Analysis and Planning*
- *Paul Jenny, Interim Chief Financial Officer*

UC Budget: In November, the Board of Regents approved a 2020-21 UC budget plan. It includes a request for State funding sufficient to avoid a tuition increase. The \$404 million request includes a \$264 million (7.1%) base budget increase, \$60 million to support the multi-year framework goals of increasing degree attainment and eliminating achievement gaps; \$50 million for enrollment growth; and \$25 million for the UCR School of Medicine. The Regents added to the request \$23 million to support SAPEP programs and \$20 million to support undocumented students, foster youth, and formerly incarcerated students. UC will make additional one-time funding requests of \$450 million to support deferred maintenance, including \$300M for capital renewal projects addressing energy efficiency; and \$25 million to support innovation and entrepreneurship programs. In addition to core operations support, the budget funds the faculty compensation gap and recognizes the cost of increased UCRP employer contributions.

Liabilities: UC believes the state will support a request for funding to avoid UCRP employee contribution increases, given the state’s larger goal of reducing debt. The Regents have charged a

Working Group on Long-Term Liabilities to explore strategies and funding options for addressing campus budget and infrastructure challenges.

Capital Issues: The Regents approved a 2019-25 capital financial plan for new construction, renovation, and other capital investment, and endorsed the March 2020 General Obligation bond. UCOP asked campuses to identify their top priority capital project for the bond (\$150 million minimum). It is finalizing a list of projects to recommend to President Napolitano and developing an advocacy plan.

Revisiting Rebenching: The University is planning a comprehensive evaluation of rebenching, including what it has accomplished, its strengths and shortcomings, how the current formula affects campus resources and per student funding, and a potential new allocation model for new money.

Cohort Tuition: Individual Regents realize that UC cannot hold tuition flat indefinitely without revenue from other sources. They see the appeal of cohort-based tuition, pegged to regular inflationary-based increases, which at least spares students the anxiety of wondering if costs will rise during their time at UC. UCOP emphasizes that financial aid will cover increases for low-income students and that keeping tuition flat also affects affordability because no additional aid is generated to help students offset other cost increases.

- UCPB members noted that it is important for the Working Group on Long-Term Liabilities to include Senate representation, and for students and faculty to work together on coordinated advocacy in Sacramento. Members noted that it is important for UC's advocacy strategy around maintaining quality to address what is unique about being an undergraduate at a research university and how research experiences and graduate education change the trajectory of students' lives.
- Members noted that historically, a shared vision or goal has driven support for higher education. For example, the post-WWII boom in support was due in part to the Cold War technology push. Today, climate change could be the defining "moonshot" issue UC is uniquely positioned to lead through education, basic research, and technical innovations. Such a vision could resonate with politicians and the general public, and would illustrate that UC faculty conduct research but also solve problems.

## **V. Campus Reports**

Several campus CPBs are seeking a more substantial shared governance role in budget discussions, and working to improve transparency around internal campus budget distribution mechanisms and formulas. One successful example occurred when the UCSC CPB solicited ideas from campus units about how to improve campus financial management practices. The administration responded by creating a formal engagement process for campus financial managers, and charging a committee to update the distribution formulas. In addition, Davis has a particularly robust and transparent budget consultation process between the administration and Senate. The UCLA CPB and UCLA budget administrators also have a positive relationship. The UCM CPB is working with the provost on budget and academic planning strategies that will help the campus meet its goal to become a Research 1 university.

UCPB members also noted that faculty are not universally well-informed about systemwide budget mechanisms like funding streams and rebenching, including notably, how rebenching interacts with enrollment management and FTE funding.

Several campuses are considering new budget models or evaluating the impact of recently implemented models. The Davis administration engaged EY Consulting on an analysis of the Responsibility Center Management (RCM) budget model, adopted in 2012, in response to faculty concerns that the RCM incentivizes undergraduate enrollment and disincentivizes graduate enrollment. The results of the EY review and the CPB's evaluation of the report are informing changes. It was noted that UCLA is considering an RCM-like model, and that Riverside's experience with the RCM has not been positive.

Several CPBs are considering problems related to staff workload, morale, and compensation and a lack of staffing in critical support areas. The Irvine CPB is considering a proposal from its administration to move to a semester calendar, billed in part as a way to help transfers and at-risk students. Faculty have noted that semesters may provide fewer overall instruction days than quarters, and that a conversion would be costly and disruptive.

The UCSF CPB is considering how to increase the proportion of indirect cost recovery dollars returned to departments, and the potential for a new "rent" model for space to increase accountability and equity. Last year, UCSF raised \$1 billion for health initiatives and new buildings; however, the philanthropy is often directed to specific initiatives and does not always benefit the general campus.

The graduate student representative expressed appreciation for the faculty's concerns about staff, noting that students are particularly concerned about inadequate funding and staff support in student services areas, which affects student communities most at-risk academically. Services often are funded temporarily, when the need is more permanent.

## **VI. Academic Personnel Issues**

- **Susan Carlson, Vice Provost for Academic Personnel**
- **Pamela Peterson, Executive Director and Deputy to the Vice Provost**
- **Gregory Sykes, Academic Policy and Compensation Data Analyst**

Union Negotiations: The Unit 18 Lecturers' contract expires at the end of January. The Lecturers' union is seeking significant revisions to the contract, which include making Lecturers' work terms and conditions similar to ladder-rank faculty. The University has been bargaining with the union since April. The University recognizes that the Lecturers are important to the UC teaching mission, but that they also have a different set of responsibilities from ladder rank faculty and a different relationship with the University.

Faculty Salaries: UCPB reviewed data on salary scale increases in the professional ranks, which noted that 7 of 20 years between 1999-20 and 2018-19 included no increase. However, 2018-19 and 2019-20 each included 4% adjustments to the scales, as the first two years of President Napolitano's plan to close the UC faculty pay gap with the Comparison 8 institutions. UCOP also provided data about general campus ladder-rank faculty off-scale salaries, which showed that the overwhelming majority of faculty across all ranks and disciplines have some off-scale component to their salary, and that about 26% of total average faculty salaries are off-scale. UCOP has also updated its Comparison 8 analysis to show that the pay gap, which was as high

as 12%, is now about 7.4%, as a systemwide average across all ranks and disciplines. The most recent study of faculty total remuneration was in 2014.

- Chair Malloy noted that while some faculty are disappointed about the extension of the President's original three-year plan to four or more years, the key is having a clear and solid commitment to closing the pay gap fully over a reasonable timeframe.
- Members noted that UC's peer review merit and promotion system is ideal in that it ties the salary scale system to merit, and rewards excellent faculty with higher salaries. However, while the salary scales reside with faculty, off-scales on most campuses are under the purview of the administration and do not necessarily reflect a faculty assessment of excellence.

## **VII. Faculty Housing**

### **○ Ruth Assily, Director, Office of Home Loan Programs**

Director Assily discussed the current status of the Mortgage Origination Program (MOP), which supports the recruitment and retention of faculty. The MOP is a first deed of trust available to faculty and senior managers. 97% of loans go to faculty; about 80% are made for recruitment purposes, and 20% for retention. The program is funded centrally through an allocation to campuses from the Short Term Investment Pool (STIP). Adjustable rate MOP loans include competitive financing terms, have a maximum repayment term of 30 years, and require only 10% down payments for loans up to \$1.7 million. The average MOP loan is about \$792k. The minimum interest rate for a standard adjustable rate loan is currently 3.25%. The maximum rate adjustment is 1% per year with a total interest rate cap of 10%. The annual interest rate is based on a quarterly average of STIP returns. There are no points or application fees, and it is easy for faculty to qualify. The University collects MOP payments through payroll deduction, so there is low delinquency rate (and none in the last six years). Since the program's founding in 1984, UC has funded \$3.7 billion in loans; \$800 million of the \$1.6 billion in outstanding loans are held by outside investors. Loan volume is rising. UC made 396 loans per year. 60% of new faculty use the program. Faculty can also use the Supplemental Home Loan (SHLP) program for below-market-rate secondary financing, at a fixed rate of 2.75%, to reduce the down payment to 5%. SHLP is funded primarily at the campus level.

## **VIII. National Laboratories**

### **○ June Yu, Executive Director – National Laboratories Programs**

UC has sole governance authority over the Lawrence Berkeley National Laboratory (LBNL), one of ten "Office of Science" national laboratories that conducts basic research for the Department of Energy. UC is a member of an LLC with Bechtel and other corporate partners that holds the contract for management of Lawrence Livermore National Laboratory (LLNL); and is in the Triad LLC with Battelle, Texas A&M, and others for management of Los Alamos National Laboratory (LANL). LANL and LLNL are two of the labs administered by the National Nuclear Security Administration (NNSA) that engage in national security work related to weapons, biosecurity, and other classified activities. The NNSA labs transitioned from sole UC governance to LLC governance in 2006-07. However, the University has retained the right to select the director of the three labs.

The University founded all three labs, which were born of necessity to address crucial scientific and societal challenges: energy (materials for advanced fuel cells, low carbon biofuels), national

security (nuclear stockpile stewardship), and health and environment (epidemics, climate change). In general, UC is responsible for the science and technology missions at LANL and LLNL, while the partners focus on the operations and business functions. UC's engagement in the labs is critical to their health, vitality, and intellectual integrity. The UC missions of public service, research, and education, and the UC tradition of team science are deeply embedded in the culture of the labs, which bring together unique expertise, facilities, and capabilities.

The labs have a combined total workforce of about 26,000 and combined annual funding exceeding \$6 billion. LBNL competes for most of the research funding it receives, while LANL and LLNL receive some block grants and compete for other strategic partnership funding. 66% of LANL's funding and 63% of LLNL's funding supports the NNSA's weapons programs, while the rest supports other DOE and DOD projects. LBNL employees are UC employees, while LANL and LLNL management are employees of their respective LLC.

The UC Office of National Laboratories (UCNL) has several fiduciary roles, including facilitating the relationship between the University and the national labs, and protecting and promoting a high quality intellectual environment. UCNL also manages the [Laboratory Fees Research Program](#), which uses a portion of the University's DOE management fee to fund academic research collaborations between lab scientists and faculty and graduate students on UC campuses. The Program has funded \$150M in research awards since 2008. UCNL operations are funded by a portion of the fee.

The labs enjoy bipartisan support for their missions. Their budgets are stable with slight growth anticipated. Many graduate students from UC and other universities work at the labs. Last year, 1,800 students went through LANL, 1,000 through LLNL, and 331 through LBNL. Students come from all over, and there are efforts to increase the number of UC students. When UC retained sole oversight of all three labs, employees were more likely to move among the labs, a benefit that was lost with the transition to the LLC model.

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Meeting adjourned at 4:00 pm

Minutes Prepared by Michael LaBriola, Principal Committee Analyst

Attest: Sean Malloy, UCPB Chair