

UNIVERSITY OF CALIFORNIA ACADEMIC SENATE
UNIVERSITY COMMITTEE ON PLANNING AND BUDGET

Minutes of Meeting
February 5, 2019

I. Consent Calendar

- Approval of UCPB February 5, 2019 agenda
- Approval of UCPB January 8, 2019 minutes

ACTION: UCPB approved the consent calendar.

II. Announcements

- *Jim Steintrager, UCPB Chair*
- *Eleanor Kaufman, UCPB Vice Chair*

Academic Planning Council: The APC discussed the need for better accounting about how self-supporting programs benefit state-supported programs financially, and also reviewed preliminary campus plans for meeting the Multi-year Planning Framework goal to close the degree attainment gap. Faculty representatives asked administrators to involve campus Senates in more discussions about the Framework, particularly plans to grow and diversify the professoriate and maintain UC's research mission.

ACSCOLI: At its February 4 meeting, the Academic Council Special Committee on Lab Issues discussed a proposed checklist of items and updates identified as critical to its continuing oversight of UC-affiliated National Labs, as well as how the pending review and potential restructuring of the UCOP Research Grants Program Office may affect the Laboratory Fees Research Program.

MRU Reviews: UCPB's representative to the UCORP-led review subcommittee for the UC Humanities Research Institute has left UCPB, but his contributions have been forwarded to the subcommittee. UCPB's representative to the UCORP-led review subcommittee for the Institute for Nuclear & Particle Astrophysics & Cosmology participated in a videoconference meeting with other members of that subcommittee.

SSGPDP Review: CCGA will discuss UCPB's preliminary set of data requests concerning SSGPDPs at its February meeting.

TF-ANR: The UCPB Task Force on Agriculture and Natural Resources (TF-ANR) met by videoconference on January 25, to discuss the Senate chair's charge to consider the integration of non-AES campuses into ANR's research and service missions, and metrics for assessing ANR's budget and expenditure priorities and their alignment with the current UC mission. EVC Brostrom joined the meeting to explain the hybrid funding model proposed for ANR. Former Senate Chair Dan Hare also joined TF-ANR to discuss potential ways that TF-ANR might focus its work, including a suggestion that TF-ANR meet with the AES deans for their perspectives about funding and mission issues.

III. Consultation with Academic Senate Leadership

- *Robert May, Academic Senate Chair*
- *Kum-Kum Bhavnani, Academic Senate Vice Chair*

State Budget: The Governor introduced his proposed 2019-20 budget on January 10. It provides UC with a \$240 million (6.9%) increase in ongoing funding over 2018-19; however, it does not continue the one-time funding provided last year to support a tuition increase buy-out. The proposed budget bill is also more prescriptive than usual about the expected uses of the \$240 million, and it contains language mandating a reduction in UC's general fund appropriation if the Regents increase tuition. The budget also maintains the separate line-item funding of UCOP and provides no funding to support UCOP's mandatory cost increases. In contrast, the budget for CSU proposes an 8% increase and funds new enrollments and CSU retirement costs.

Academic Senate leaders will participate in budget advocacy efforts. They plan to work with UC State Governmental Relations to craft messages in support of full UC funding and specific priorities like the extension of Cal Grant funding to summer session. Senate leaders will emphasize that supporting students requires funding for the UC academic infrastructure, particularly the hiring of more ladder-rank faculty, and funding to support capital growth. Senate leaders are concerned that the current political discourse does not allow for a rational discussion of tuition.

- UCPB members noted that by agreeing to educate more students with insufficient funding, the University sends a message that it can get by with less. More should be done to demonstrate the negative effects of underfunding and over-enrollment on educational quality and the student experience in terms of increased waiting lists, higher student-faculty ratios, and fewer opportunities for one-on-one interactions with faculty for advising and mentoring.

Elsevier Negotiations: The University continues its negotiations with Elsevier for subscription contracts that expired on December 31. Although UC and Elsevier have not reached an agreement and still remain far apart on some significant issues, they have agreed to continue good-faith discussions. For now, access is expected to continue. President Napolitano has expressed public support for Open Access and the University's negotiating position.

Fetal Tissue Research: The Academic Council released a statement expressing strong concerns about new threats to federal funding for legally-acquired fetal tissue in biomedical research and in support of UCSF researchers engaged in that research. Council is also concerned about the broader politicization of research and attacks on academic freedom.

Senate Task Forces: The Academic Council's Standardized Testing Task Force will meet later this week to begin its examination of UC's use of standardized testing for admission. In addition, a joint Working Group has been meeting to develop a policy covering non-faculty academic personnel privileges and responsibilities.

IV. Consultation with UCOP

- **David Alcocer, Associate Vice President, Budget Analysis and Planning**
- **Kieran Flaherty, Associate Vice President & Director, State Governmental Relations**

State Budget: The Governor's 2019-20 budget proposes a \$240 million increase in ongoing funds for UC, short of the \$423 million outlined in UC's budget plan, which included a request

to make permanent the \$145 million in one-time funds provided in the 2018-19 budget. Of that \$145 million, the proposed budget provides only \$10 million in permanent monies for existing enrollment and \$40 million to permanently reverse the graduate medical education fund swap. UC will be seeking to close the \$95 million gap in these one-time funds, to support a continued tuition buy-out and enrollment growth. It will also seek \$90 million in additional support for other investments outlined in UC's budget plan.

The budget bill also requires UC to direct State funding toward specific elements of the UC budget plan, including \$120 million to fund a portion of the mandatory cost increases identified in the plan (e.g., employee health care, UCRP contributions, union contracts); \$50 million of the \$60 million proposed to support degree attainment and student success; and other amounts for specific priorities like basic needs financial aid and student mental health services.

The University appreciates the allocation, and notes that the Governor's emphasis on student access, success, and equity align closely with the University's own degree attainment goals outlined in the multi-year framework; however, UC emphasizes that its ambitious degree attainment vision will not be possible under the proposed budget. It needs ongoing investments to avoid a tuition increase, to support current and new enrollments, and to maintain competitive compensation.

Currently the State is in a strong economic position, with both a large budget surplus and a "rainy day" reserve fund that may help protect UC from cuts in the next downturn. However, UC would be even better prepared for a downturn with a multi-year funding agreement. An agreement that combines predictable funding increases with a moderate and predictable tuition policy would help avoid the double-digit tuition increases that occurred during past recessions.

UC-SGR will be coordinating advocacy efforts, including a Graduate Research Day and other events. In addition, each UC campus will host its own UC Day focused on engaging legislators. AVP Flaherty encouraged faculty engagement and suggested that faculty who wish to meet with a local assembly member on the topic of UC funding should first contact SGR. Faculty may want to emphasize that 1) UC cannot support students, faculty, and TAs on an ongoing basis with one-time funds; that 2) UC needs full enrollment growth funding to ensure students have access to a quality education and the opportunity to graduate on time; and 3) competitive compensation is critical to UC's ability to retain the personnel who give students that quality experience.

Nonresident Enrollment: The 2018-19 Budget Act includes supplemental reporting language requiring UC to provide a theoretical plan for reducing nonresident enrollment to no more than 10% of each incoming freshmen class by 2029; this plan will inform discussions about the resources needed to increase space for resident undergraduates. UCOP has completed the initial financial modeling for the report, which projects a cumulative net revenue loss of at least \$3 billion. It is working with campuses to gather information about the demographic and educational consequences.

V. Campus Reports

Several UCM Senate committees, including CPB, were asked to contribute ideas for SMART goals and initiatives (Specific, Measurable, Achievable, Relevant and Time-bound) related to

investing in and developing the next generation of faculty and research at Merced, to help inform the multi-year framework being developed by UCOP.

UCPB members noted that several committees are discussing the roll-out of UC Path on their campuses, including concerns about instances of payroll discrepancies concentrated among students, as well as more general concerns about the significant cost of UC Path's implementation.

VI. Systemwide Senate Review Items for Optional Comment

Proposed UC Transfer Admission Guarantee: Professor Schumm will take the lead in examining the policy's potential planning and budget implications, and UCPB will revisit policy at its next meeting.

VII. UCOP Budget Topics

- **Zoanne Nelson, Chief Strategy Officer & AVP, Strategy and Program Management**

Audit and Legislative Requirements: An April 2017 California State Auditor (CSA) report made 33 recommendations for simplifying and clarifying UCOP budget and accounting practices. In response, the Regents approved a new budget process and presentation protocol to ensure presentations clearly reflect proposed and actual revenues and expenditures, distinguish systemwide from UCOP budget transactions, and detail budget sources and uses for all funds. The CSA also recommended that UCOP increase campus input into its annual budget by reconvening the Executive Budget Committee, which includes leaders from each campus and the current and immediate past chairs of the Academic Senate. UCOP also responded to mandates that included keeping the 2018-19 UCOP budget flat, absorbing cost increases, and redirecting \$8.5 million from the budget to enrollment growth.

2018-19 UCOP Budget: The three main sources of UCOP funds are State general funds, program-designated funds, and restricted funds. The majority of the UCOP budget, or approximately 58%, are funds that either pass through UCOP (e.g., tobacco research, ANR, SAPEP), or are considered fee-for-service (e.g. Office of General Counsel, Retirement Center, Apply UC, and Chief Investment Officer). 43% of UCOP budget funds support central and administrative services, and 45% support systemwide, campus, and state/federal programs and initiatives. In addition, the President's Strategic Priorities Fund represents 3% of the total UCOP budget, and UC Path about 8%. UCOP's budget for 2018-19 was \$876 million, a \$33 million reduction compared to 2017-18, including a 38% decrease in the Strategic Priorities Fund.

UC Path: The \$71.2 million operating budget for the UC Path Center is expected to grow as six new locations come on-line in 2018-19. The cost is high, but the University must replace its outdated payroll and HR system, and UC expects that over time, UC Path will achieve efficiencies by requiring fewer payroll, benefits, human resources and academic personnel resources activities on the campuses.

Restructuring: The Executive Budget Committee continues to evaluate and advise the President about how campuses value existing UCOP activities and services and their views about potential new initiatives. President Napolitano has been placing significant downward pressure on the

UCOP budget, although mandatory cost increases exert an opposite pressure. The President has also been reviewing options for restructuring UCOP programs and offices and/or moving systemwide programs off the UCOP budget.

VIII. Online Education

o Ellen Osmundson, Coordinator, Innovative Learning Technology Initiative

The Innovation Learning Technology Initiative (ILTI) is the University's program for using the \$10 million in funds the Governor asked UC to set aside from its annual budget allocation for online learning technologies, starting in 2013. The program is designed to help enhance student access to high demand undergraduate courses; improve undergraduate learning and timely graduation; and support faculty innovations in online pedagogy.

Over five years, ILTI has funded the development of more than 350 new and existing online and hybrid courses, 80% of which are fully online. Courses are offered on all campuses, across a broad spectrum of disciplines. As systemwide courses, they are available to students at any UC campus through a cross-campus enrollment system, and are easily searchable through an online database. UC students pay no extra fees to take a course offered on another UC campus, but the student's host campus determines how the course will count (e.g., unit credit, GE, major credit).

ILTI awards funding in an annual competitive RFP process. Faculty reviewers evaluate course proposals based on their quality and potential to target high need areas and provide systemwide benefits. ILTI seeks support from faculty and administrators in the department of the host campus as part of the RFP process.

ILTI also funds faculty release time for course development; additional TAs to support cross-campus students, improvements to campus infrastructure, and other resources to support faculty. It also facilitates the sharing of digitized course components to faculty systemwide and manages a course evaluation process to support program improvements.

Between 2013 and 2018, ILTI spent 64% of its budget on courses and course components and department and campus instruction and support; 32% on the cross-campus enrollment system; 2% on program evaluation and reporting; and 3% on administrative expenses. 65% of total funding was transferred to campuses; 61% of which directly supported courses and course components.

ILTI is part of the larger University strategy to increase online courses and is also a component of individual campus strategic plans. Some faculty and departments see online education as a way to bring their educational message and content to more students and improve education in ways that help students learn and finish degrees. Faculty who teach ILTI courses report an increased amount of interaction with students and TAs. ILTI is engaged in an ongoing effort to evaluate the effectiveness of online courses. So far UC has found little or no difference between student performance in ILTI courses and face-to-face versions of the courses.

- UCPB members encouraged ILTI to gather more data about the effectiveness of online courses, and their effect on access for different populations. They also encouraged ILTI to consider additional investments that reduce the need to spend money on external online education vendors.

IX. Self-Supporting Graduate Professional Degree Program Reviews

1. UC Davis Online MBA

A report from lead UCPB reviewer Newfield on UC Davis's proposal for a fully-online MBA notes that the proposed program would supplement the existing "brick and mortar" MBA program in the Graduate School of Management, using identical courses, faculty, credit hour requirements, and admission criteria. UC Davis has signed a contract with 2U, a private vendor, to act as the "Online Program Manager." Under the agreement, 2U will provide \$1.4 million in start-up funds to cover course development, and also handle student demand analysis, recruitment, and marketing. In exchange, 2U receives 60-65% of revenues. Based on the 2U analysis, UC Davis projects a gradual ramp-up to 400 enrollments by year five, with an expected \$41 million in revenues. The proposal notes that the 2U analysis uses proprietary data sources that cannot be shared.

The report recommends that UCPB seek better and more complete information about costs; 2U's intellectual property ownership of course materials; and the Davis GSM's plan to support degree completion, particularly for URM students.

UCPB members were alarmed by the plan to outsource UC education to a private company that would realize a \$24 million profit based on a small investment. It seemed like a bad deal to some members. UCPB members agreed that the committee should request the 2U contract in order to better judge the strength of the budget proposal and to learn more about the scope of the course materials ownership provision.

ACTION: UCPB will forward the report and a summary of comments to CCGA.

2. UC Berkeley Master of Design (MDes)

Lead UCPB reviewer Palazoglu reported that the UCB Colleges of Engineering (CoE) and Environmental Design (CED) are jointly proposing a three-semester MDes program targeted to professionals interested in graduate work in design and technology. Total tuition will be \$71,000, and the program projects a steady-state enrollment of 45 by year three. Core courses will be taught by a mix of lecturers and adjuncts drawn from industry, as well as Senate faculty. 15% of tuition is set aside for return-to-aid. A Berkeley market study found strong demand for the program. The budget spreadsheet projects a profit by year two. An MOU between the two colleges outlines an agreement about governance of the program and revenue and financial risk-sharing.

UCPB members considered whether the program's revenue and enrollment projections were overly optimistic, and whether the 15% indirect cost (IDC) assessment was sufficient to cover costs to the campus. It was agreed that UCPB should request greater clarity about contingency plans in the event enrollment fails to meet the market projection, as well as a clearer explanation of the 15% IDC rate, particularly given its distance from the 24.1% IDC rate set by UCOP for the campus. There were also concerns that the program would employ external adjuncts and lecturers to teach a significant proportion of courses in the program. It seemed to some members that a UC education should be provided by UC faculty. Finally, there were concerns about whether the 15% return-to-aid would be sufficient to ensure diversity in the program.

ACTION: UCPB will forward the report and a summary of comments to CCGA.

3. UC Los Angeles Master of Legal Studies

Lead UCPB reviewer Steintrager reported on UCLA's proposal to establish a Master of Legal Studies (M.L.S.) SSGPDP. The program is designed for non-lawyers seeking graduate-level understanding of the law. M.L.S. students will take some classes alongside UCLA JD and LLM students. The program projects a gradual ramp-up to 50 students by year five, with the initial operating deficit eliminated by year two, and projected revenues stabilizing at \$240,000 by year four. Professor Steintrager noted that most aspects of the program appear to be sound, although minor queries will be forwarded to CCGA for consideration.

ACTION: A motion to endorse the proposal was made, seconded, and passed unanimously.

4. UCSF Master of Science Degree Program in Genetic Counseling

ACTION: Richard Stanton will act as the lead UCPB reviewer and report back to the committee in March.

Meeting adjourned at 4:00 pm
Minutes Prepared by Michael LaBriola, Principal Committee Analyst
Attest: James Steintrager, UCPB Chair