

**UNIVERSITY OF CALIFORNIA ACADEMIC SENATE
UNIVERSITY COMMITTEE ON PLANNING AND BUDGET (UCPB)**

April 2, 2024

MINUTES

Don Senear (Chair), Tim Groeling (Vice Chair), Robert Brosnan (Davis), Georges Van Den Abbeele (Irvine), Michael Emmerich (UCLA), Kara McCloskey (Merced), Juliann Allison (Riverside), Terry Gaasterland (San Diego), Jill Hollenbach (San Francisco), France Winddance Twine (Santa Barbara), Raphael Kudela (Santa Cruz), Steven Cheung (Vice Chair, Academic Council), Cain Diaz (Interim Associate Vice President, Budget Analysis & Planning), Nathan Brostrom (Executive Vice President and Chief Financial Officer), Seija Virtanen (Associate Director, Budget, State Governmental Relations), Amy Lee (Associate Vice Provost, Academic Personnel and Programs), James DiCaprio (Associate Director, Academic Labor and Employee Relations), Stefani Leto (Analyst)

I. Consent Calendar

Action: UCPB approved the April agenda and the March 5 meeting minutes.

II. Chair's Announcements

Chair Senear announced the consultations for the meeting and asked that members move through review items swiftly.

III. Self-Supporting Degree and other Proposals for Review

UCPB discussed four self-supporting degree program proposals:

UC Davis Master of Engineering in Medical Device Development

The committee reviewed a revised proposal for this program for which a previous proposal was reviewed in March 2023. The revised proposal added more budget detail as had been requested and largely addressed the concerns that were expressed and suggestions offered. Admissions requirements were added to ensure that students will have the background to benefit from the program. Tuition was increased to be in line with other UC biomedical engineering programs consistent with suggestions from other levels of review. Members expressed concern that the program cost is high compared to the education value but conceded the findings of a market analysis suggests that students' future incomes will be sufficient to pay costs incurred.

The committee continues to feel strongly that the planned five percent RTA should be increased to ten to fifteen percent, in line with most self-supporting programs. It also noted that the budget does not explicitly account for repayment of startup and course development costs. Given high revenue projections sufficient to address both issues, these were not considered serious enough to delay an otherwise desirable program.

UC Davis Doctor of Nursing Practice – Nurse Anesthesia

UCPB reviewed the proposal for a three year professional doctoral program to fill a critical healthcare need for the state while offering nurses an opportunity to advance their careers. The program trains RN's and leads to certification as a registered nurse anesthetist (CRNA). California allows CRNA's to practice without direct supervision from an MD, increasing provider availability for underserved rural areas. CRNA's provide 80 percent of anesthesia care in rural hospitals.

The program builds from an already successful UC Davis DNP-Family Nurse Practitioner program, sharing the first year coursework, which it offers via distance learning to avoid the need for practicing nurses to advance their careers without relocating away from their employment. The program will offer a loan payback program by which clinical rotation partners can hire students after certification in exchange for paying off two of the three years' tuition. Although students are not required to participate in the loan offset program it may make the program financially accessible to more students.

The market analysis indicates both very high demand, and that this is the highest paid nursing specialization with an average annual salary of \$233,000 in California so that paying off the \$50,620 yearly tuition should present no impediment to prospective students. In addition, the program posits a 10 percent RTA to provide equal financial support within each cohort.

UCPB concluded that this proposal is a creative way to address workforce issues without unduly burdening students with loans. However, the committee did note that this proposal does not clearly account for the source of startup funding nor provide a clear schedule for repayment. The high IDC recovery is enough to satisfy startup costs, but the proposal should clearly identify source and payback plans.

UC Irvine Master of Science in Business Analytics

This proposal would add a part-time program to an existing full-time equivalent. Both the part-time option and delivery in a largely online format are designed allow its target audience of early to mid-career working professionals to remain fully employed. The program appears to be well-justified by the level of interest in the in-person, full-time program and a dearth of similar programs targeting working professionals across the country, and particularly in the Southern California region from which the program will draw.

The tuition (\$74,000) is set to be the same as for the existing full-time, in-person program. UCPB noted that this is relatively high compared to other online business masters programs. Despite data forecasting growing employment, committee members expressed some concern about the value of the program given projected salaries of \$90,000 for graduates. In addition, this was not compared to salaries in same field bachelor's degree holders. The committee notes generous return to aid (17%) that might be used to diversify the student body but found the recruitment plan to be a bit weak and was disappointed by the lack of statistics provided on the makeup of the current full-time program's student body, which would provide useful insights into the one proposed.

Salaries and benefits for the necessary teaching effort and staff support are fully accounted in the budget, which projects substantial net revenue. This will be used to hire additional staff and two additional ladder rank faculty, though not necessarily in areas directly relevant to the

program. Presumably this will contribute to the state-supported programs. The proposal does indicate that startup costs will be paid from non-state resources and does not account explicitly for repayment.

UCPB members expressed confidence in the UCI Merage School's ability to manage the program and its ultimate success.

UC Irvine Master in Management

This program is a one-year master's degree intended to help recent bachelor's degree recipients with non-business backgrounds develop basic business skills. The Merage School proposes to begin with an in-person curriculum and if expected demand is realized add an online version later. Based on tuition of \$58,000, the program expects to be revenue-generating in the second year and to realize a moderate net profit from the initial in-person program alone. Addition of the online version is projected to generate substantial net profit. Detailed cost estimates for development of the online program were not provided. The committee believes that a high-quality matching online program would require substantial resources.

UCPB members were supportive of the program but noted that the proposal provides minimal differentiation from similar programs it cites at UCD, UCM and USC, which are offered at lower cost. UCPB wonders about the educational value of one-year programs for students with neither a business, nor prescribed educational background. Members speculated that students might see the program as a route to employment through connections developed in the program or by holding the degree. Because of this perception, and given the cost, UCPB noted the lack of debt-to-income projections for graduates many of whom are likely to also carry debt from their undergraduate degrees. The committee did note the relatively high 18 percent RTA and hoped that this would be used to target recruitment and retention of underrepresented students.

Action: UCPB recommended the approved of all proposals.

IV. Senate Leadership Consultation

Academic Council Vice Chair Cheung informed UCPB of a call for faculty member participation in pre-negotiation preparation to help the Labor Relations unit be better informed about the impact of the UAW contracts. In addition, the Provost has asked divisions to think about appointing faculty to be available to the labor team during upcoming negotiations, expected to commence in summer or fall of 2025. The Provost has indicated that she is waiting on the President for permission to release all or part of the outside consultant's report of faculty responses to the current labor agreement.

He reported that at the March Regents' meeting:

- Nancy Lee and John Pérez have been reappointed to twelve-year terms.
- President Drake highlighted ongoing campus climate challenges.
- Experiential learning opportunities for undocumented students were announced.
- Chair Steintrager shared remarks to the Regents in which he expressed concern about the lack of discussion before the Regents' vote on SR 630E as well as the ongoing degradation of shared governance.

- The proposed policy on public and discretionary statements on departmental websites was vigorously discussed and is now out for expedited systemwide review.
- There was discussion about the Area C workgroup phase 1 report, relating to data science courses and their validation of algebra. Students can be disadvantaged without understanding concepts taught in valid algebra courses.

Following up the Regental disapproval of Senate Regulation 630E Senate leadership sent a letter asking the Regents to clarify if they wanted to extend the devolution of authority to campuses. Regents Leib and Park responded and affirmed joint processes as laid out in compendium will be followed.

Vice Chair Cheung spoke about ongoing activity in the legislature such as calls for constitutional amendments to the rights of the UC, bills holding the UC to state labor standards which do not align with academic and clinical training, as well as others.

At the March Academic Council:

- Ahmet Paglazoglu was recommended to the Assembly for Vice Chair next year.
- Council endorsed the proposal to APM 285 to change titles to Professor of Teaching from Lecturer with Security of Employment.
- Mary Gilley and KumKum Bhavnani were recognized for their service contributions with Oliver Johnson awards.
- There was a discussion of extending Senate membership to clinical faculty.

The Presidential Task Force on Instructional Modalities and UC Quality discussed conditions for pilot fully online programs and outlined five foundational principles for them. The Task Force has faced challenges as they attempt to progress beyond the articulation of principles.

V. Campus Reports

UC Davis – The administration has begun taxing carry forward funds from faculty, beginning at two percent, with some colleges increasing the tax to five percent. In addition, there has been discussion about removing carry forward funds from faculty, which would negatively impact lab administration. The campus justifies this effort noting that schools have budget shortfalls which cannot be made up by the center thus carry forward funds are seen as untapped resources. CPB has suggested creating a central bank where carry forward funds are held as credits and central campus can use it for faculty startups or revenue generation and faculty can draw on these credits for research and other qualifying activities. Such an effort would protect and preserve funds faculty have earned through teaching, service activities, or research grants. Would allow more effective investment of funds.

UC Riverside – Campus decisions have been made without faculty input. The division Senate is identifying key lapses, primarily budget. The Senate notes that decisions about construction and funding for construction have been made by the administration without informing the Senate. CPB has been working to leverage and empower FECs. They seem interested in connecting with each other and widening institutional memory by working together. This was the biggest theme coming out in the best practices report. Strong FECs are key and they must understand their role as Senate committees rather than having primary responsibility to report to the administration.

Humanities Research Institute MRU Report – the Institute cannot access the 2017 Mellon Foundation \$10M endowment without raising \$20M in matching funds. HRI is negotiating the with the Foundation about which gifts can be counted toward that amount, but also note that much more robust fundraising efforts from OP are needed. A decade long digital media learning initiative that had been funded by the Macarthur Foundation has ended. The overall decline in extramural funding now may indicate broad trends or internal development problems.

VI. Budget Consultation with UCOP

Nathan Brostrom, Chief Financial Officer, Cain Diaz, Interim Associate Vice President, Budget Analysis & Planning, and Seija Virtanen, Associate Director, State Budget Relations met with UCPB to provide budget and legislative updates.

There are multiple bills potentially affecting the UC in the legislature now. These include bills to require the UC to hire undocumented workers, to add antisemitism explicitly to student conduct codes, to restrict retreat rights (right of a faculty administrator to return to faculty role upon expiration of administrative appointment, changes in documentation for some labor practices, allowing sympathy strikes, and others. State governmental relations will provide a summary of proposed legislation to UCPB.

In addition, some budget trailer bills would enact the budget earlier than usual. The governor had promised a 10 percent increase in 2025 and one-time backfill for 2024; the senate version provides the five percent deferral and no backfill. State revenue for 2025-26 is promising for the five percent deferral. April 15 will show state revenues for next year. Even though LAO had said the state deficit would worsen, February and March revenues have been up. The UC hopes to retain the money allocated thus far rather than hoping for an increase in the revised mid-May budget. New legislative budget chairs seem focused on violent and hate incidents, specifically antisemitic incidents; they want the UC to adopt language around antisemitism in our campus policies on student conduct.

Once state budget reserves are filled from Proposition 2 funding, unfunded liabilities are addressed. The legislature has listed UCRP among those along with CALPERS and CALSTRS, and such funding would ease some pressure on the operating budget. The Department of Finance admits that money is available but wants to prioritize less-funded pensions rather than UCRP. Legislators are positive about student housing work the University has done and are discussing creative funding for more. One idea discussed is to borrow from state PIMA fund at ca. 3.5% interest.

There are two general obligation bond measures coming up, and if they are not approved by voters, the UC has suggested that state issued lease revenue bonds would be a good second option. The University avoided the loss of subsidies and protected returns through Build America Bond refinancing.

Investment returns are strong year to date, with yields of up to 14 percent. This provides the University with a cushion in the approach to a flat budget and deferral. Our investment management fees are three basis points, lower than the campus funds.

The Earmark Committee is presenting options to Chancellors, after conversations about implementing new weights, and the reduction of weights for non-medicine, non-vet grad students, primarily impacting campuses with nursing, pharmacy, etc. Other options are the

recommendations from the earmark review committee and creating the new Systemwide Presidential Priority Fund. These projects can be timed out, not ongoing like state earmarks. Truing up graduate enrollment was suggested to the group, since graduate enrollment has changed since the original weighting was done. For example, at UCLA the Andersen school changed from state to self-supporting, so 400 FTE were funded as part of the allocation model. The committee will show the Chancellors how varying the weights will affect their campuses and propose methods for smoothing changes such as supplemental allocations. Buy-downs of nonresident tuition would likely not continue, however.

VII. Doctoral Student Funding

UCPB tabled this topic until next month.

VIII. Academic Personnel and Programs Executive Session (faculty only)

Amy Lee, Associate Vice Provost, Academic Personnel and Programs, and James DiCaprio, Associate Director, Academic Labor and Employee Relations, met with UCPB.

IX. Consultation with UC Risk

Kevin Confetti, Associate Vice President and Chief Risk Officer provided an insurance overview. UC risk covers many areas across the system, from captive programs to student health, to environment, health and safety. Different layers of insurance are referred to as the “insurance quilt” for the UC. Different kinds and amounts are purchased. Examples are pollution liability or drone and airport policies. Those “towers” of insurance are underwritten by different providers.

Campuses and medical centers pay for their coverage, and risk taxes it under the BSAS (Be Smart About Safety) program.

Fiat Lux is the captive insurance company owned by the University, established in 2012 and in 2016 it was changed to a portfolio beyond the self-insured retentions. It was launched from a loan from the self-insured program. For example, life insurance is profitable; while using Prudential as the front manager for it, Fiat Lux provides the life insurance part.

Fiat Lux is also used to cover gaps in insurance from what another company will provide. Within a single layer (or tranche) of coverage there may be different providers. There is a complete exclusion on sexual misconduct policy, so that is fully Fiat Lux. It can smooth premiums, provide alternative funding mechanisms, insure uninsurable risks. Returns provide funding for other purposes.

When the university was self-insured, risk ran a banking program. Programs were siloed and could not be used to offset or affect another. Now the University can stabilize risk holistically.

Since last year, the casualty market has stabilized with a potential increase to limits; property increases are slowing non-modeled losses and cyber has softened with decreasing prices and increased limits. For casualty insurance the deductible has increased, and UC still has an absolute exclusion for sexual harassment and sexual violence claims.

Prepared by Stefani Leto, Analyst
Attest, Donald Senear, Chair
Meeting ended at 4:08pm