

UNIVERSITY OF CALIFORNIA

ACADEMIC SENATE

UNIVERSITY COMMITTEE ON PLANNING AND BUDGET

Minutes of Meeting

April 7, 2020

I. Consent Calendar

- Approval of UCPB April 7, 2020 agenda
- Approval of UCPB March 3, 2020 minutes

ACTION: UCPB approved the consent calendar.

II. Announcements

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

COVID-19: The University is grappling with the public health and economic impacts of the COVID-19 emergency. Many expect a substantial economic downturn, but it is unclear how deep or long-lasting it will be.

University Responses: The Regents postponed most scheduled action items on their March agenda, including a vote on moving to a cohort tuition model and several capital project approvals. In addition, the University will not reduce tuition for spring term or extend the withdrawal deadline for refunds, and is unlikely to implement range adjustments to the faculty salary scales, although the faculty merit program will continue. The Senate has arranged for regular UCOP budget updates for the Senate chair and vice chair and the chairs of UCPB and TFIR to help the Senate stay informed about developments. Chair Malloy also plans to schedule additional UCPB Zoom meetings over the summer.

Council Responses: In response to the emergency and the University's decision to move to remote instruction, Council endorsed a UCEP letter in support of divisional flexibility for grading options during winter quarter and spring quarter/semester 2020; a BOARS letter recommending flexibility in freshman and transfer admissions requirements; and a statement emphasizing that emergency remote teaching measures are strictly temporary and that copyright of course materials developed for remote teaching inheres in the faculty member or instructor.

Working Group on Climate Change: Vice Chair Schumm sits on a Senate working group that is creating a charge for a long-term task force to lead the Senate response to climate change, guided by Academic Council's November 2019 [Principles and Recommendations](#). The working group is discussing the array of available UC faculty expertise, from both STEM and non-STEM fields, and available resources to support its work.

TFIR: TFIR Chair Brownstone noted that UC expects to receive approximately \$265 million from the coronavirus relief bill passed by Congress, roughly half of which will be distributed to UC campuses for undergraduates based on a formula connected to Pell Grants. UC contingency planning includes scenarios involving a 30% decline in state funding and a 75% decline in nonresident enrollment. The EVP of UC Health estimates that the UC health systems will lose \$300 million per month starting in March. The Chief Investment Officer is considering a \$1 billion payout from TRIP to help campuses.

III. Consultation with Senate Leadership

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

COVID-19: The Academic Council endorsed UCPB's recent letter on graduate student funding. The Council strongly supports full funding of graduate students, but also recognizes that the COVID-19 crisis is not the most opportune time to request additional funding for any priority or initiative. She noted that Council is concerned about the monetary and conceptual impact of ramping down research activities during the crisis, as well as logistical issues associated with restarting activities following the end of the crisis. She noted that UCEP is developing a faculty survey about the shift to remote instruction, and that UCOP is adding additional questions about remote instruction to its annual undergraduate experience survey (UCUES).

Presidential Search: The Academic Advisory Committee for the UC Presidential Search has reviewed more than 600 names. The University still expects to make an announcement about the new President before the July Regents meeting.

Admissions Issues: In March, the Regents hosted a discussion about the current and historical use of standardized tests and their efficacy in admissions eligibility and selection. On April 1, Council endorsed three BOARS letters recommending additional flexibility in freshman and transfer admissions requirements due to COVID-19. Council also passed a motion to endorse the report of the Standardized Testing Task Force, and to recommend that in five years the University revisit whether the added value of the SAT/ACT still holds, employing the methods used in the report. The Assembly will discuss the report on April 15.

Extending Faculty Diversity Task Force: Chair Bhavnani has empaneled a Task Force to develop best practices and creative solutions for extending faculty diversity through hiring and retention and offer ideas for improving campus climate. UCPB Chair Sean Malloy is a member. The Task Force is focusing on three general areas related to retention: campus climate; research, intellectual engagement and belonging; and Senate/administrative leadership.

- A UCPB member expressed concern that state leaders do not fully understand UC's role as a research university. He also encouraged the Senate to review current research about online education showing that its benefits do not adhere to underrepresented minority students.

IV. Consultation with UCOP

- **Paul Jenny, Interim Chief Financial Officer**
- **David Alcocer, Associate Vice President, Budget Analysis and Planning**
- **Seija Virtanen, Associate Director, State Budget Relations**

Sacramento Report: Under normal circumstances, the Legislature's policy committees meet in April and up to May 8 to debate proposed bills, and can pass bills up to May 29. However, the Legislature is on recess until May 3. It may use a mechanism for some bills that allows the Rules Committee of each house to pass bills to the floor of the Legislature, where they can be passed to the Governor. The Legislature has until August 31 to pass bills.

The Budget Committee has postponed hearings until after the release of the Governor's May Budget revision, which he announced will be a "workload budget," with no new investments unrelated to COVID-19, wildfires, or homelessness. The Legislature is expected to pass a flat budget by the June 15 deadline, and then a complete second budget in late August, following the

revised July 15 state income tax deadline. The second budget is also expected to be flat, given expectations for a significant decline in tax revenues.

Before it adjourned, the Legislature passed SB 89, giving the Governor \$1 billion in emergency funding to fight COVID-19, \$500 million of which was spent on Personal Protective Equipment (PPE) for healthcare workers. The Legislature also passed SB 117, which provided \$100 million for K-12 schools to purchase cleaning supplies. So far UC has not received any direct appropriation of emergency state funding.

UC Legislative Priorities: The University is working with the Department of Finance and the Legislature to communicate the cost pressures on the UC system due to COVID-19. UC has dramatically downscaled its budget request to focus on 1) the 5% provided in the Governor's January budget, and 2) \$25 million for the UCR School of Medicine. UC is also advocating for regulatory changes that will help medical centers provide care more expediently—for example, allowing fourth year nursing students to move more quickly into the workforce, and waiving restrictions on telehealth temporarily.

CARES Funding: The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides \$14 billion to address higher education challenges created by the pandemic. Of this amount, \$12.6 billion is allocated directly to colleges and universities through an enrollment-based formula that favors institutions with higher numbers of Pell Grant recipients. At least 50% of the amount received by each school must be used to provide direct emergency financial aid grants to students. The remainder can be spent on other COVID-related costs, including lost revenues. UC estimates that it will receive about \$265 million, but the exact dollar amount and timing are unknown. CARES will also reimburse hospitals for expenses, and while UC medical centers are well positioned to receive some funding, CARES does not cover lost revenues from the cancellation of elective surgeries, nor does it cover costs related to empty dorms and dining halls and cancelled sports events. Some deferred hospital revenues will return, other stimulus packages are in the works, and UC will be looking for new funding opportunities.

The crisis puts at least four areas of UC core funds revenue at risk:

1. State funding: the new best-case scenario is for UC is to maintain the 5% increase proposed in the Governor's January budget.
2. Undergraduate tuition: the planned tuition increase has been pulled from Regents consideration.
3. Nonresident enrollment: nonresidents contribute \$800 million to the UC budget; two-thirds of UC's nonresident students are international; and many are from COVID-19-impacted countries. It is unclear how many nonresidents can or will (re)enroll at UC in the fall.
4. Working Capital: campuses are seeing reduced STIP and TRIP earnings from the market downturn.

Interim CFO Jenny has agreed to consult a small Senate group regularly on revenue projections and options. UC is preparing for different revenue scenarios, with the biggest wildcard being enrollment. UCOP has instituted a hiring freeze and is encouraging campuses to slow hiring, but it is too early to know what staff reductions or furloughs might be required. The Regents have asked campuses to perform stress test exercises prior to seeking approval of capital projects.

- UCPB members noted that UC is in a more precarious financial situation than it was prior to the 2008 recession, but that the crisis is an opportunity to reframe UC's position with the state as a problem-solver whose research can help bring it through the crisis, and also be part

of its recovery. They encouraged UC leaders to emphasize this point when discussing the crisis with state officials.

V. Graduate Student Funding

○ Michael Brown, Provost and Executive Vice President

UCPB invited Provost Brown to discuss common goals around graduate education funding and strategies for changing UC's dynamic with the Legislature to inspire greater support for graduate students and the graduate education mission.

Provost Brown expressed concern that UC's historical role in providing academic doctoral education has been dwarfed by an impetus to increase undergraduate enrollment; and he noted that his top priority is to advance UC's leadership in doctoral education. He noted that the 2030 Framework provides a continuous tool to advance support for graduate education with the Legislature, the Regents, and UCOP. The Framework has three elements, each of which emphasizes graduate education: 1) increase degree production; 2) improve graduation rates and time-to-degree, especially for low-income and URM students; and 3) reinvest in faculty, the faculty pipeline, and research. He said that in his estimation, the graduate student wildcat strikes have hurt UC's advocacy efforts.

Provost Brown noted that academic doctoral education is funded mainly through research grants and internal funding. As discretionary state general fund support has declined, money intended for graduate education and research has been redirected to deferred maintenance and other needs, limiting UC's ability to recruit the best academic doctoral students. The added financial constraints associated with COVID-19 threaten more of those dollars. Provost Brown said he is also concerned about what it will mean for the University, its faculty, and their research programs if graduate students choose not to come back to UC at the end of the crisis.

Provost Brown added that budget rebenching helped increase equity across campuses in terms of per student funding, but also disincentivized graduate student growth on some campuses. Provost Brown noted that some State leaders are concerned that UC is not training graduate students for the broad array of jobs that currently exist.

- A UCPB member noted that the combined pressures of state underfunding, a renewed interest in online education, and the general invisibility of research and graduate education, are converging as existential threats to the graduate/research mission. Moreover, years of austerity have forced the University into a new academic labor model that replaced tenure track jobs with adjuncts and lecturers. The current crisis is an opportunity to reframe the University as a solution to the state's problems and to write a new narrative emphasizing the role of graduate students.
- Provost Brown noted that he is working hard to communicate how UC graduate education and research provide value to California, emphasizing statistics about how students use their degrees, and contribute to the state and local communities. He agreed that UC has an opportunity to craft a new vision and get buy-in from the state for that vision. He hopes the next UC president can receive and integrate diverse perspectives and rally all key constituents to this message.

VI. Campus Reports

UCPB representatives reported that all undergraduate campuses expect revenue shortfalls associated with the COVID-19 shutdown, related to student housing, food service, nonresident tuition, added student educational support costs, and other sources, and that all five UC medical centers anticipate additional losses. It was noted that UCSD is considering a one-year hiring freeze, across-the-board budget reductions, and the elimination of non-essential travel. Prior to the crisis, UCD approved a five-year plan to reduce its structural deficit, which may help soften the impact there. It was noted that UCI, UCSB, UCLA, UCSC, and UCR do not currently plan to pause open searches or freeze hiring. UCR projects less of a tuition revenue shortfall compared to other campuses, given its 2% nonresident enrollment. UCLA is concerned about the loss of international students, and has rolled out a new fundraising campaign to support low-income students and other vulnerable campus communities. UCB has instituted a staff hiring freeze, and is routing all faculty hires through the EVC. UCM anticipates modest losses and a stable short term financial outlook; however, it was counting on the failed GO Bond to fund one of its academic buildings, and the longer term outlook is unclear. UCSF has implemented a total hiring freeze until June 30 as it assesses the economic impact of the shutdown. UCSF received \$684 million in NIH grants last year, the second most in the nation. Some campuses are calling for state reinvestment in UC based on the University as a strategic asset and UC employees as essential. The Graduate Student Representative noted that the President's announcement about keeping all career employees until June 30 did not address the status of contract positions that extend beyond June 30. He also noted that graduate students face multiple financial and academic uncertainties as a result of COVID-19 changes that can have significant consequences going forward. The UCBP ANR Task Force will meet with ANR Vice President at its April 20 meeting.

VII. Review of Proposed Self Supporting Degree Programs

UCLA Master of Healthcare Administration (MHA): Lead reviewer Professor Senear noted that the UCLA School of Public Health's proposed MHA is geared toward working professionals in healthcare administration. The program will be offered primarily online, with the exception of two three-day on-campus "Immersion." The School is partnering with two external vendors—an instructional design vendor who will design and produce the online courses on a fee for service basis, and an online program manager who will provide marketing, recruitment, and administrative support, in exchange for 33% of gross revenue.

Students move through the program at their own pace at a maximum duration of 19 quarters. Total tuition will be \$60,000. The program projects a surplus by year three after a ramp up in course development (\$1.5 million in the first three years), and an annual profit of \$2 million by year six. An IDC rate of 12.5% will be assessed on gross revenues less student aid, and faculty effort required for both teaching and administration of the program will be provided on an overload basis. The program anticipates interest from diverse communities including non-urban and non-English speaking populations. The program will devote 5% of net earnings to financial aid. Funds will be used to support the School of Public Health.

Prof. Senear noted that the program does not provide specific information about how the School will use net revenues, nor about its benefits to state-funded program and the larger UCLA campus. However, the program is well-funded and addresses a societal need for professionals in a rapidly expanding field, given the Bureau of Labor Statistics projection of 18% annual growth in healthcare administration. It will appeal to working professionals and a broad demographic and geographic clientele. Its unique reliance on external vendors for program management and

online course design provides an experiment that might be broadly applicable to the rest of UC. However, UCLA should monitor the larger deficit projected in the initial years.

- One UCPB member expressed concern that the program relies on an online education model in which UC pays significant fees to outside vendors for marketing. Such relationships could dilute the UC brand and also raise concerns about UC faculty ownership over course materials, given that UC faculty are creating course modules administered by the vendor. There was also concern that the program budget includes only minimal production costs related to updating course materials. These unforeseen costs could delay the positive cash flow, especially if actual net revenues do not match projections.

ACTION: UCPB will send the report and comments to CCGA.

UCB Master in Development Engineering (MDevEng): Lead reviewer Professor Singh reported that Development Engineering is a new interdisciplinary field that develops and evaluates technologies addressing the needs of low-income communities around the world. The proposed MDevEng program builds on existing expertise at Berkeley. It include 3 semesters and a summer internship, at \$75,000 total tuition. The program projects an annual steady state cohort of 45 students within three years, positive net revenues by year two, and revenues exceeding \$500,000 by year 4. IDC is set at the standard campus rate of 15%. An internal market analysis projects strong demand, particularly given the program's uniqueness in the UC system. The program anticipates a 50-50 split of Senate faculty and lecturers. Departments will receive \$19,473 per unit for their teaching of MDevEng courses. The program will attract a diverse cohort of students and 10% is set aside for financial aid. Overall the proposal is strong. However, the proposal does not provide details from the analysis or a sensitivity analysis based on enrollments falling short of projections. The main issue to track is whether the program is able to attract its projected enrollment and meet its revenue goals.

ACTION: UCPB will send the report and comments to CCGA.

UCLA Master of Engineering (MEng): Lead reviewer Professor Palazoglu noted that the UCLA School of Engineering is proposing to replace its defunct state-supported Master of Engineering with the MEng, a one-year self-supporting program focused on technology management skills. The MEng targets mid-career professionals and international students. The School asserts that state funding is insufficient to expand and accommodate demand in existing state-supported programs, and the MEng will serve additional students beyond those already supported by state resources. Tuition will be set at \$50,000 with 10% set aside for financial aid to support diversity goals. UCLA projects an initial cohort of 50 students, increasing to a steady-state of 200 students in 4 years, with net revenues of \$1.5 million by year three. 30% of net revenues will be returned to participating departments. IDC is 25% of gross revenue net of aid. The market analysis relies on existing demand for existing UCLA graduate engineering programs, a survey of industry executives, and an expectation that students will be drawn to the unique cross disciplinary nature of the program. In his review, Prof Palazoglu also generated some questions that require clarification concerning revenue sharing with participating departments, faculty compensation, the use of net revenue retained by the dean, and the origin of start-up funding for the program.

ACTION: UCPB will send the report and comments to CCGA.

VIII. New Proposed Self-Supporting Degree Programss

UCR Proposed Master of Science in Business Analytics (MSiBA):

ACTION: Professor Richard Stanton will lead the review and report in May.

IX. Review of the UCI School of Pharmacy and Pharmaceutical Sciences

The Senate has agreed to Irvine's request for an accelerated review of its proposed School of Pharmacy and Pharmaceutical Sciences. UCPB reviewed a pre-proposal for the School in November 2019, and UCI has included responses to questions about the pre-proposal raised then by UCPB and other reviewers.

ACTION: Professor Jennifer Grandis will lead the review and report in May.

X. Budget and Planning and COVID-19

Chair Malloy invited UCPB members to help develop a list of questions or issues that UCPB should monitor with respect to the budgetary impacts of COVID 19. These include:

1. The overall impact on campus budgets and deficits, including enrollment and NRST, medical and health operations, cash holdings, the status of campus stress tests, and program formation including the market for SSGDPs.
 2. The impact on faculty, including research and grants, faculty hiring, faculty salaries
 3. The impact on students, including graduate admissions and support, work/study and other work arrangements for undergraduates.
 4. The impact on pension and benefits, including implications for UCRP funding, health benefits and costs for employees, and retiree health (paid out of current budget)
 5. The impact on staff, including furloughs and pay cuts, and the status of contract workers
 6. Messaging with the state with respect to the budget
 7. Attending to existing issues of inequality as we struggle with COVID-19.
- UCPB members emphasized the need to move UC into a more assertive relationship with the state and to emphasize that UC is a research and healthcare engine for California, the guardian of agriculture, and the trainer of technology workers who can bring back the economy. Members noted that it would be useful to collect data cataloging the return on the state's investment in UC scientific and social sciences education and research, medical training, nursing, and other fields. It was proposed that a UCPB subgroup consider a strategy for how to communicate, document and promote the University and the need to properly fund it.

Meeting adjourned at 3:30 pm

Minutes Prepared by Michael LaBriola, Principal Committee Analyst

Attest: Sean Malloy, UCPB Chair