

Minutes of Videoconference Meeting**May 3, 2022**

Present: Kathleen McGarry (Chair, Los Angeles); Don Senear (Vice Chair, Irvine); Heather Rose (Davis); Alyssa Brewer (Irvine); Evelyn Blumenberg (Los Angeles); Kevin Mitchell (Merced), Patricia LiWang (alternate Merced); Dana Simmons (Riverside); Gedeon Deák (San Diego); Marc Steurer (San Francisco); Rene Weber (Santa Barbara); Dard Neuman (Santa Cruz); David Brownstone (TFIR); Robert Horwitz (Chair, Academic Council); Susan Cochran (Vice Chair, Academic Council); Nathan Brostrom (EVP-CFO); David Alcocer (AVP – Budget Analysis and Planning); Kieran Flaherty (AVP and Director, SGR); Seija Virtanen (Associate Director, SGR); Stefani Leto (Analyst).

I. Consent Calendar

Action: UCPB approved the May 3, 2022 agenda and the March 1, 2022 and April 5, 2022 minutes.

II. Chair's Announcements

- Chair McGarry noted continued problems caused by the change to Navitus as the pharmacy benefits manager. The Health Care Task Force (HCTF) and Task Force on Investment and Retirement (TFIR) are monitoring the situation.
- The Self-Supporting Graduate Degree Program Working Group's report is being discussed at the Academic Planning Council meeting today. The WG concluded that systemwide review is still needed for these programs.
- All UC-managed funds are divested from companies holding carbon reserves. Beginning July 2, 2022, the same disinvestment will happen to 403B, 457, and 401A retirement funds. TFIR is monitoring communication from the University to retirees regarding this change.
- UCPB has received a number of SSGPDPs to review, and will need members to volunteer to review these and systemwide review items.

TFIR Chair Brownstone noted that Academic Council agreed that a TFIR-created tool for modeling the "retirement choice" option associated with the 2016 Tier pension plan should be widely distributed. The new interim head of Retirement Programs and Services in UC HR Administrative Service Center (RASC) has agreed to include the link to the online tool in some of their web pages.

III. Rebenching Working Group Update

Vice Chair Don Senear provided an update on the progress made by the Rebenching Working Group. The group has met seven times, and there have been additional meetings between WG leadership and UCOP budget personnel. The group has reviewed the current rebenching model as well as proposed models for revision.

The WG identified four core principles to guide rebenching, from the original June 2012 Rebenching Budget Committee, and added a fifth:

1. Student enrollment should be major determinant for base funding of the campuses with limited use of set-asides or off-the-tops to address systemwide priorities

2. The UC adheres to a common standard of excellence across all divisions There is the same per student general funds allocation to all campuses
3. Funding must recognize graduate education as integral to the research, teaching and service missions and excellence of the UC
4. Do no harm – adjust rebenching model using new funds.
 - a) Multi-year 5% compact plus steady cohort tuition increases to support this – might yield 5% in both major sources of general funds
 - b) Enrollment and programmatic decisions made by any campus should not affect funding allocations to other campuses
5. Recognize that equal treatment does not always generate equal opportunity
 - a) “Asymmetries” between campuses might require supplemental funds to address
 - b) If needed should be funded as time-limited set-asides for specific program needs
 - c) Use of such funds should be transparent

Enrollment-based funding has the benefit of simplicity, even though weights are broad-stroke attempts to react to real differences in student categories. Changing weights does not have appreciable impact on per-campus funding unless drastic measures, such as reducing Health Sciences students’ weights substantially, are imposed. Such measures would lead to unintended negative consequences and may not be practical.

Set-asides, allocations from general funds before enrollment-based allocations, play an outsized role in shaping the impact of rebenching. Proposed set-asides in the budget plans for health sciences at UC Riverside, UC Merced, and UCSF will create distortions for campus financing. As they stand currently, incorporating funding from set-asides in the calculation of per student allocations results in substantial reordering in the resource allocations of campuses, with otherwise under-resourced campuses often having greater per student funding than other campuses. Funding of medical education by health sciences provides challenges when attempting to design appropriate funding models. In addition, set-asides have generally not had their funding level evaluated, tend to proliferate, and function as independent campuses. Going forward, set-asides should be periodically reviewed.

The WG noted principles governing set-aside funding, as articulated by AVP Alcocer: Limit to or reserve for programs

1. that are systemwide or multi-campus in scope
2. that support aspects of the university mission unrelated to instruction
3. that cannot realistically be funded from other sources

If set-asides had expiration dates and shorter duration, it would prevent gaming the funding system by campuses. Should the University decide to investigate set-asides, including reviews intended to identify those ready for sunseting, the labor to do so might fall disproportionately on faculty. There has, to date, been little interest in reviewing them. UCPB acknowledged that campuses rely on set-asides in the current model. They cannot be reduced or time-limited without acknowledging the complex funding situation.

There was general agreement that providing campuses with extra funding for students from the lowest tercile was not a favored plan.

Addressing additional costs through targeted set-asides, based on specific proposals to meet campus needs, with goals and metrics for success, might be a more appropriate use for set-aside funding.

Vice Chair Senear noted that he would like to see better proposals for increasing the number of doctoral students than the current aspirational funding some campuses receive.

IV. Consultation with Senate Leadership

Memorial to the Regents: The Assembly voted to approve a temporally staged amended Climate Memorial asking for a 60% reduction in carbon emissions by 2030, and 95% by 2035. Chair Horwitz will announce the Assembly endorsement of the Memorial and the upcoming faculty vote at the May Regents' meeting. The CIOs office announced that it would remove carbon-holding funds from the retirement portfolio, and the SEC is now requiring companies to indicate their climate impacts, allowing the University to use those statements for vendor choice.

Council: At the most recent Council meeting, both the proposed policy on academic departments posting political statements on their websites and the proposal to add an ethnic studies requirement to the A-G admission requirements were vigorously discussed and sent back to their committees for further refinement. The Senate provided feedback on a policy regarding data storage. Academic Personnel requested clarification about LSOEs serving on divisional CAPs. Council voted to endorse a statement by UCAADE in consultation with UCAF, UCFW and UCAP on the use of DEI statements in the faculty hiring process. Council endorsed a tool created by TFIR to enable newly hired faculty and staff to model impacts of savings choice versus pension choice, and requested that divisions share this information widely.

Other Issues: ICAS met and voted to recommend a new IGETSE, providing a singular general education transfer pathway for California State University and UC campuses.

The Executive Steering Committee on Health Benefits will be changed from a policy-making body to an advisory one. This should center HR in decisions regarding providers for health benefits.

HR's budget has been increased to cover the costs of hiring 16 retirement counselors. They will be OP-based and deployed to campuses to speak with employees considering retirement.

The Joint Senate-Administration Working Group on Self-Supporting Graduate Programs has finished its work, with a recommendation that systemwide review continues.

Regents: At the March Regents' meeting, UC Legal noted that suing websites such as Chegg and CourseHero which facilitate academic dishonesty and theft of intellectual property was unlikely to prove effective alone, but Senate leadership from all three segments of California higher education will meet with intellectual property consultants to evaluate options for a joint response.

Faculty were urged to share the Mitigating the Impact of COVID-19 on Faculty report widely, and to urge broad response to a faculty survey.

Hiring efforts to replace Provost Brown and Vice Provost Susan Carlson are ongoing. Monica Lin is the new Executive Director for the Academic Senate, and Jim Steintrager is the incoming Council Vice Chair.

V. Budget Consultation with UCOP

- *Nathan Brostrom, Executive Vice President, Chief Financial Officer*
- *David Alcocer, Associate Vice President, Budget Analysis & Planning*
- *Kieran Flaherty, Associate Vice President, Director, State Governmental Relations*
- *Seija Virtanen, Associate Director, State Budget Relations*

The May revise of the governor's budget is forthcoming. Instead of prior years' open discussion of budget questions, leadership of the two houses in the legislature meet to discuss budget issues confidentially, lessening the University's opportunity to comment on proposals. SGR staff continue to advocate for University interests, and encourage members of the UC Advocacy Network (UCAN) to support efforts to influence legislators positively toward the UC.

CIO Brostrom noted that the University has a generally positive relationship with the legislature. The May revise may include funds for climate-related projects and innovations, and workforce development. In addition, there is a \$5B, zero-percent revolving loan fund for student housing construction. The UC is interested in accessing these funds, if some problematic conditions can be changed. A planned \$3B bond issue for medical centers would be helpful, as well as a general revenue bond planned for the fall.

AVP Alcocer noted that enrollment trends indicated a very high uptake of admission offers. Campuses have used wait lists to not exceed planned enrollment. Transfer applications were also up, but not to the extent of freshman applicants.

Vice Chair Senear shared the WG's thoughts about set-asides, noting that they would like to recommend auto-sunsetting for campus projects. No reviews would be necessary, and campuses could decide to continue to fund wanted programs.

VI. Items for Review: Systemwide Policy Proposals and Self-Supporting Graduate Degree Programs

1. Proposed Presidential Policy on Affiliations with Certain Healthcare Organizations

Professor Neuman reviewed the proposed policy and noted that it addresses the needs of UC physicians and trainees as they provide evidence-based care. In addition to stating the University's position on noninterference with medical decisions, the policy lays out an easily-accessed framework to address any infringement on those decisions.

2. UC Davis Doctorate of Nursing Practice-Family Nurse Practitioner Degree (DNP-FNP) Proposed Conversion to Self-Supporting Degree Program

Professor Brewer and Professor Candace Yano, lead reviewer for CCGA presented their reviews. She presented the reasoning behind the change from a state-supported professional degree program to a self-

supporting program and UCPB is amenable to the change. However, serious questions about the proposal remained, including confusion about the RTA percentage; implications of a planned decrease in RTA and concomitant increased tuition on student diversity; questions regarding staffing, as the proposal notes a decrease in faculty numbers; budgeting for course refresh and startup costs, as well as other cost-related questions.

3. UC Berkeley Master of Climate Solutions

Professor Simmons reviewed the Berkeley SSGPDP, a collaboration between three departments within the Rauser College of Natural Resources. Enrollment is projected to grow from an initial 34 students, to an eventual steady-state of 60 by year six. The curriculum consists of eight half-semester (seven week) core courses and a capstone project. UCPB noted serious concerns with the program: its high cost may not be justified by the jobs predicted for graduates; ladder-rank faculty teaching the course will be removed from state-supported courses and replaced with lecturers; and finally the course design of seven half-semester courses and a capstone project seemed rushed for the proposed level of learning. UCPB hoped that graduates' job placement, career progression, and program satisfaction would be actively monitored.

4. UC San Diego Master of Science in Precision Medicine Degree Program

Professor Blumenberg reviewed the Master of Science proposal, and found that it was well-developed. The online, asynchronous format is not supported by pedagogical reasoning. Rather, the program indicates that online instruction will widen the student pool. UCPB expressed concerns that online, asynchronous delivery may not prove an effective path to mastery of this kind of material and would like more of an explanation of how the online platform enhances the educational experience / learning of the students. In addition, the breadth of the backgrounds of the target population raises questions about the program's ability to meet appropriately the needs of all incoming students. Both the outside reviewers and UCPB wondered why this program was presented as a stand-alone degree, rather than the subject matter being addressed in existing degrees. The RTA seemed low compared to the positive projected revenue.

Actions: UCPB returned the UC Davis Nursing program conversion to the campus for further clarification; approved the UC Berkeley Master of Climate SSGPDP with reservations; approved the UC San Diego Master of Science in Precision Medicine program with reservations; and voted to approve the Proposed Policy on Affiliations with Certain Healthcare Organizations.

Professor Mitchell will review the Report of the Negotiated Salary Trial Program Phase 2 Taskforce, and Professor Weber volunteered to review the Master of Science in Data Science in Biomedicine at UCLA next month.

VIII. Faculty Home Loan Program

Jennifer Mays, Director of the Office of Loan Programs, informed UCPB of programs in the UC Employee Housing Assistance Program that support recruitment and retention for faculty and senior managers. Two main loans are offered: Mortgage Origination Program (MOP) initial loans, and a Supplemental Home Loan Program (SHLP). Various refinements allow participants to adjust payment plans, use lower down payments, and choose adjustable rate loans. There are both centrally-offered and campus-offered supplemental loans.

The new Zero Interest Program (ZIP) Loan, approved at the January 2022 Regents' meeting, uses campus discretionary funds to provide a supplemental mortgage with no monthly payment, and no interest, with ten percent of the loan forgivable each year, so that at the end of the term there is a zero balance due on this loan. Loans can be stacked, according to campus funds, to enhance purchasing options. The ZIP Loans are not yet available, but staff is working diligently to begin the program. Campuses will need to identify allowable funding sources and prepare to administer and evaluate loan performance.

- Discussion included noting that these products can be added to a private first loan. While the products are targeted to first purchases in an area and early-hires, the campus-funded SHLPs can apply to items outside of those constraints, such as a HELOC or refinance.
- All program loans are "condition of employment," so departing faculty would have to pay them off within six months, which would be difficult in the event of a housing downturn. Loan staff noted that loans are likely to be from lump-sum recruitment funds, so campuses would not expect their return.
- Some faculty struggle to qualify for mortgages because their campus-provided housing does not qualify for other financing. Staff suggested that campus home loan coordinators as well as the central Loan Programs Office can help.

Prepared by Stefani Leto, Analyst
Attest, Kathleen McGarry, Chair
The meeting ended at 4:02 p.m.