

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

**Minutes of Meeting**

**May 8, 2018**

**I.      Consent Calendar**

- Approval of UCPB May 8, 2018 agenda
- Approval of UCPB April 3, 2018 minutes

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

**II.     Announcements**

- *Joshua Schimel, UCPB Chair*

ANR Task Force: In their meeting last week, UCPB's Task Force on Agriculture and Natural Resources and UCOP's Division of Agriculture and Natural Resources (ANR) agreed on many issues, including the fact of ANR's broadening interdisciplinary mission around environmental, food, and resource issues. The Task Force shared a paper discussing ANR's mission and its relationship to UC campuses that encouraged ANR to build a more inclusive relationship with all campuses, particularly non-AES locations where agricultural issues are expanding into more research areas. ANR leaders emphasized that ANR has a broad mission beyond agriculture. They also noted that ANR has a small but growing presence at non-AES campuses, but the Division has limited resources and wants to avoid diluting its current mission.

ITS Five Year Review: The Academic Council [endorsed](#) the Joint Senate Review Committee's five-year review of the Institutes for Transportation Studies (ITS) Multi-campus Research Unit. The Review Committee recommended continuing the ITS for another five years and suggested ways to strengthen collaboration and coordination across its campus branches. The final report incorporated comments and suggestions from UCPB members in April.

TFIR Meeting (Steven Gross): The UCFW Task Force on Investment and Retirement is pushing for more transparency in the labeling of index funds in the UCRP portfolio, such that employees can elect on the content of the funds, rather than on the marketing of the funds. TFIR is also discussing whether 7.5% is a realistic assumed rate of return for UCRP (per current policy) and how a lower rate could affect UC's funding ratio and overall credit rating.

ACSCOLI Meeting (James Steintrager): The Academic Council Special Committee on Laboratory Issues received briefings on a research and education collaboration between the Los Alamos National Laboratory (LANL) and the UCSD School of Engineering, and the status of UC's rebid for continued management of LANL. ACSCOLI also discussed the need for a more formal process for approving joint/split faculty appointments between labs and campuses.

**III.    Consultation with Academic Senate Leadership**

- *Shane White, Academic Senate Chair*
- *Robert May, Academic Senate Vice Chair*

Faculty Salaries: The President has announced a three-year plan to reduce the faculty salary gap between UC and the Comparison 8, currently estimated to be 8.4%. The plan will increase the published UC salary scales by 4% each year, for both general campus faculty and faculty in the Health Sciences Compensation Plan. The plan does not mandate adjustments to off-scale salaries, although campuses retain the flexibility to raise off-scales. A 4% increase to the scales is equivalent to a 3.1% overall salary spending increase. The Senate will request 2019-20 salary models now to enable committees to define the parameters of year two of the plan before November, when the 2019-20 budget development cycle wraps up.

State Budget: The California State Auditor released a [one-year progress report](#) on UCOP's implementation of the 2017 audit of UCOP budget practices and expenditures, which found that UC had fully implemented six of the ten CSA recommendations that were due by April 30, 2018. A separate [report](#) from the independent consultant Sjoberg Evashenk determined that UCOP had met all ten recommendations.

Retiree Health Working Group: The [Working Group](#) has met five times and is concluding the basic information gathering phase. It will need more time to develop recommendations on actions to ensure the long-term financial viability of the retiree health benefits program beyond next year. The Senate representatives on the Working Group are guided by an October 2017 Academic Council [statement](#), which argues that retiree healthcare costs are manageable and urges UC to maintain the 70% employer contribution floor. The President announced that UC will not breach the 70% floor in 2019. The Working Group is modeling plans that limit annual retiree health spending increases to 4%. The models use different assumptions that affect costs for non-Medicare retirees, as well as dental and vision benefits for active employees.

AB 2836: The University is assessing [Assembly Bill 2836](#), which would require UC to establish a review committee to facilitate the disclosure and return of human remains and cultural items to Native American tribes. Faculty have expressed academic freedom concerns about the bill given that it mandates the specific composition of the review committee and would impede the use of the artifacts in research and academic programs.

UCOP Restructuring: The President has charged two small advisory committees with considering the Huron Consulting Group's recommendations concerning UC Health and UC DANR. Provost Brown will join UCPB later today to discuss the President's plan to move the UC Education Abroad Program (UCEAP) and its budget to UC Santa Barbara.

#### **IV. Compendium Reviews**

##### *1. Pre-proposal for a School of Public Health at UC San Diego*

UCPB was invited to provide comments on the pre-proposal per the [Compendium](#) (p. 20).

**ACTION: Cathryn Carson will lead the review of the pre-proposal and report to UCPB in June.**

##### *2. Pre-proposal for a Seventh Undergraduate College at UC San Diego*

UCPB was invited to provide comments on the pre-proposal per the [Compendium](#) (p. 20).

**ACTION: Carl Walsh will lead the review of the pre-proposal and report to UCPB in June.**

### *3. UCR School of Business Administration Simple Name Change*

The UCR School of Business Administration has requested a name change to School of Business. CCGA, UCPB and UCEP are to make this determination per the [Compendium](#).

**ACTION: UCPB endorsed the name change.**

## **V. Consultation with UCOP**

- *David Alcocer, Associate Vice President and Director, Operating Budget*
- *Kieran Flaherty, Associate Vice President & Director, State Governmental Relations*
- *Seija Virtanen, Associate Director for State Budget Relations*

State and UC Budget: UCOP officials met with the Department of Finance last week to discuss the University's progress meeting state requirements for the release of \$50 million withheld from the 2017-18 UC budget. The recent MOU related to a transfer guarantee for CCC students helped demonstrate UC's commitment to meeting a 2:1 freshman-to-transfer ratio, one of the key DOF requirements. UC received positive feedback from the DOF and expects to receive the sequestered funds.

The independent consultant Sjoberg Evashenk concluded that the University had satisfied the progress requirements for ten California State Auditor recommendations related to UCOP budget practices and expenditures due April 30, 2018. The CSA concluded that UC had not completed four of the recommendations, but appears to be holding UC to expectations associated with its April 2019 benchmarks, not the April 2018 benchmarks.

The University announced that it will not seek an in-state tuition increase at the May Regents meeting, although UC is leaving the door open for a tuition vote in July based on the outcome of budget negotiations and its request for a \$70 million tuition buy-out. The University is hopeful about the request, given the State Senate's support for UC, the State's \$6 billion budget surplus, and April tax revenues that exceeded January estimates by \$4 billion. The University is working to increase support in the State Assembly, particularly around its graduate education and research missions. The Office of State Governmental Relations is also monitoring numerous individual budgetary requests from campuses to ensure they do not compete or interfere with other requests.

Health Issues: Proposition 56 increased tobacco taxes and directed revenue to several entities, including \$40 million for UC medical education. However, the Governor responded by removing an equivalent amount of permanent general fund revenue from UC, which forced the University to shift funds to fill the gap and limited its ability to expand medical training. UC has asked the state to undo the swap, noting that voters expect the tax to fund specific purposes.

UC is also opposing Budget Trailer Bill 340B, which would restrict hospitals' ability to offer discounts on prescription drugs for Medi-Cal patients, and could cost UC Health \$100 million.

Labor Dispute: AFSCME asked the Legislature to intervene in its dispute with the University. UC is emphasizing that it believes in the collective bargaining process, that political interference in the process is inappropriate, and that UC's requested \$140 million budget augmentation will help staff, faculty, and students on the campuses.

Advocacy: Associate Vice President Flaherty thanked faculty members for working with their campus Government Relations Directors to develop budget advocacy letters sent under the signature of Senate Division chairs to each campus' legislative delegation. The letters helped convey faculty perspectives on the budget, particularly the message that additional funding will benefit campuses and the students who faculty instruct, advise, and mentor.

## **VI. Consultation with UCOP**

- *Michael Brown, Provost and Executive Vice President*

UCEAP: President Napolitano recently announced her decision to implement several restructuring options in the Huron Report, including the relocation of the UC Education Abroad Program (UCEAP) and its budget to UCSB effective July 1, 2018. Provost Brown invited the Senate to opine on a draft Charter and MOU for UCEAP's operation by UCSB.

A faculty subcommittee that includes the UCPB, UCEP, and UCIE chairs recently met to discuss the changes proposed to UCEAP's governance structure, including a proposal to replace the existing "Governing Committee" that reports to the UC Provost, with an "Advisory Committee" that advises the Provost and UCSB Chancellor. The subcommittee is concerned that the change would decrease Senate representation (from six to three members), and reduce faculty authority over an academic program.

Provost Brown said he wants to maintain representation from the three committees on the Advisory Committee, but he also wants broad campus representation and a Committee that is nimble and not too large. The name "Advisory Committee" better aligns with its intended function as an administrative unit that provides scaffolding for the academic activity but does not make curricular decisions. He said he wants UCEAP to continue and grow as a systemwide program that is more closely connected to the campus curriculum and to UC's broader internationalization strategy. He invited UCPB to propose alternatives for the governance structure along with supporting principles.

Budget and Quality: Provost Brown and UCPB discussed the need to increase public appreciation for UC's full academic mission, including graduate education and research, and to better articulate "metrics" of academic quality and the meaning of a UC education. He noted that UCOP is working to increase budget transparency and to clarify how systemwide programs support the institution's academic priorities. Administrators believe that shifting some UCOP-managed systemwide programs to the campuses will help simplify the UCOP budget and address perceptions about UCOP's size.

- UCPB members observed that moving UCEAP has little in the way of academic or financial value. There seems only a potential political benefit associated with reducing the visible UCOP headcount and budget. There is a risk that moving UCEAP could actually increase overall costs. UCPB members also observed that if UCOP decides to implement the relocation plan, it should ensure there is appropriate Senate engagement in the proposed governance structure.

**ACTION: A motion was made and seconded to oppose moving UCEAP. The motion passed unanimously.**

## **VII. Indirect Cost Recovery**

- *Wendy Streitz, Executive Director, Research Policy Analysis and Coordination*

In 2009, Assembly Bill 20 required that the CA Department of General Services negotiate model contract terms with UC and CSU for the performance of research, training, or service, including indirect costs (IDC). At the time, UC's IDC recovery rate with state agencies averaged about 18%, lower than needed to address the real cost of research and the significant administrative burden associated with state awards. An analysis of state award costs against federal award costs was conducted to determine an IDC equivalency. The result was that an IDC of 35-40% on state awards would approximate what is recovered for federal awards. This resulted in a plan to increase IDC rates on state contracts gradually from 25% beginning in January 2016 to 40% in July 2019. After individual agencies expressed strenuous opposition to the plan, UC decided to maintain the 25% rate through June 2018. UC now plans to keep the rate at 25% through June 2019 and increase it gradually in 5% increments to 40% between now and July 2021.

UCPB members expressed concern about pricing UC out of the market and driving away state grant support from UC research programs. They noted that the public could also suffer if agencies take their money to a less capable institution or decide not to fund the research at all. If UC researchers have to fund the shortfall from the grant, that will reduce funding to support students. UC may want to consider a slower ramp-up (for example, 2%) per year. Executive Director Streitz noted that state agencies are required to do a competitive bidding process unless they use a public University (located in or out of California). She agreed there is a risk that a steep ramp-up could trigger a negative state reaction, and in fact some agencies have threatened to take their dollars elsewhere. On the other hand, the state has been disinvesting from the University, and UC needs a trajectory to full cost recovery, even if on a shallower slope.

APM 028: UCOP has released for systemwide review a proposed Presidential Policy on Disclosure of Financial Interests and Management of Conflicts of Interest in Private Sponsors of Research, and a revised APM 028. The new policy provides parameters for continued compliance with CA Fair Political Practices Commission regulations around the submission and review of the financial disclosure form required of PIs who apply for grants. Much of this was already addressed in APM 028, but the regulations do not apply to only academic personnel. Accordingly, the policy pulled from relevant portions of APM 028, and APM 028 was revised to remove the now redundant material, but retain the discussion of principles and guidance.

## **VIII. Declaration of Rights and Principles to Transform Scholarly Communication**

- *Rich Schneider, Chair, Univ. Committee on Library and Scholarly Communication*

UCOLAC Chair Schneider noted that UCOLASC and many other faculty have been working to transform scholarly communication from a subscription-based model to an open access model. The Academic Senate passed an [Open Access Policy](#) in 2013 and also supported the [UC Presidential Open Access Policy](#) in 2015. Through these "green" open access policies, authors make their work freely available in a public open access repository – in UC's case, the California Digital Library. Although the policies have been a success, they have not ended the expensive subscription model that extracts money from the university and provides large profit margins for publishers earned off of the unpaid labor of faculty authors.

UC pays subscription fees of between \$30 million and \$40 million to commercial academic publishers, five of whom control 50% of all published content. As a short-term strategy, UCOLASC wants the University to divest from subscriptions and instead use the library subscription budget to fund open access publications by UC authors. If such a strategy was implemented at scale, then potentially only \$4 billion of the \$8 billion dollars spent annually worldwide for subscriptions would be needed to cover the cost of open access publishing (based on the current average article processing charge of \$2,000 for 2 million articles).

UCOLASC is inviting UCPB and other Senate committees to endorse a set of 18 principles to guide the University's upcoming and future journal license negotiations with commercial publishers. The principles are not a policy, but a statement of intent to align the University with its larger goals of making scholarly communication more open, fair, transparent, and sustainable, as well as its public mission to make research and scholarship as freely and widely available as possible.

- UCPB members expressed general support for continuing the move toward open access and for most of the individual Principles. Some expressed strong support, noting that UC should back the inevitable move toward an open access publishing model. However, several members worried that the shift to an author-pays model could harm access and increase overall costs, at least in the short term. They felt they lacked information about how implementation of the Principles could influence costs or how the transition to an author-pays model might affect the ability of students, postdocs, and faculty to publish freely in their fields, and to access all relevant journals in their fields during the transition period. Chair Schneider noted that the Principles ask publishers to guarantee that faculty will continue to have access to journals.

**ACTION: A motion was made and seconded to endorse the principles. Five members voted in favor and five abstained. UCPB will send a letter to Chair White expressing general philosophical support but also noting that it is unable to formally endorse the Declaration.**

## **IX. Campus Issues and Reports**

The UCSC Senate is considering a School of Engineering proposal to disestablish five of the School's seven departments, establish three new departments, and transfer 80 faculty to departments outside the School.

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Meeting adjourned at 3:30 pm

Minutes Prepared by Michael LaBriola, Principal Committee Analyst

Attest: Joshua Schimel