

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

FEBRUARY 6, 2024

Minutes

Present: Don Senear (Chair), Tim Groeling (Vice Chair), Amani Allen (Berkeley), Robert Brosnan (Davis), Georges Van Den Abbeele Z (Irvine), Michael Emmerich Z (Los Angeles), Z, Michael Findlater Z (Merced), Juliann Emmons Z (Riverside), Reza Abbaschian Z (alternate, Riverside), Terry Gaasterland Z (San Diego), Jill Hollenbach (San Francisco), Raphael Kudela (Santa Cruz), Nathan Brostrom (Executive Vice President and CFO), Cain Diaz (Interim Associate Vice President, Budget analysis and Planning), Seija Virtanen (Associate Director for Strategy, Planning and Operations, State Governmental Relations), Stefani Leto (Analyst).

I. Consent Calendar

Action: UCPB approved the minutes from the January 9, 2024 meeting and the February 6, 2024 agenda.

II. Chair's Announcements

Chair Senear announced that UC doctoral student enrollment decreased over the past year, overall and at almost all campuses. However, STEM applications appear to be increasing in number, which may change enrollment trajectories.

Following up on the UCBP Hiring Report (Nov 2022), which documented staff growth at UC over the decade, 2011-2021 far exceeding growth in faculty, new information indicates that a disproportionate fraction of this growth is at UC Health. Staff growth on the campuses over this period lags faculty growth slightly and enrollment growth substantially.

III. Discuss Work Group on Future of Doctoral Education Interim Report

UCPB responded to a call for feedback on the interim report provided by the APC Work Group on the Future of Doctoral Education at the UC. The interim report addressed the distinction between paid and academic work; cost and budget, and enrollment management, aspiring to provide actionable guidance to campuses in addition to future visions. Three additional areas will be addressed in ongoing efforts of the workgroup: mentoring, career preparation, and possible redesigns of doctoral curricula and pedagogy.

- Members of UCPB were concerned by the report's lack of actionable proposals and need for data to support its conclusions. Making recommendations without the how-to portion will result in a report that cannot be implemented. In addition, the report was taken to be a snapshot of current issues, rather than a guide to future changes to solve current problems.
- It was noted that reducing time to degree does not reduce costs per year but makes each degree less expensive. Shortening the time to degree may negatively impact quality, both to the student's education and to the research enterprise of the university. Departments that rely on TAs are admitting far fewer students. Money to pay increased

student costs must be found as departments are facing true crisis levels of cuts to meet 50 percent employment demands from graduate students.

- Departments are increasing the teaching burden on both TAs and professors. The report does not examine likely outcomes should graduate student numbers greatly decrease. However, PIs and professors who need teaching assistants will not have enough graduate students for work. The report hopes to decouple teaching undergraduates from graduate student funding but indicates no financial means to do so. Nor does any uncoupling process examine the effect on quality of instruction for those undergraduates it is provided through new means. Effects of this higher teaching burden on professors and student-teacher ratio increases are also not examined. All action ideas in the report add demands on faculty time.
- The report notes that costs between GSRs and TAs differ. This disparity may negatively affect morale and exacerbate financial inequality. In addition, current disparity in pay between graduate students, Unit 18s, and post-docs will inevitably lead to higher salaries.
- The report has put all graduate students under one scenario without considering differences between GSRs and TAs. Reducing time to degree for STEM GSRs decreases productive years of lab work, even though currently some campuses work very hard to prevent a lack of progress toward degree or advantage being taken of productive students.
- Calibrating graduate enrollment to career openings might make some sense. A survey of job openings by discipline would be instructive. It was noted that ramping a doctoral program up or down based on employment options would take much longer than it does for the job market to change.
- Cost of graduate education is in large part the cost of living; students would likely have reacted better if they had cost effective housing options. The report notes that increasing housing would help but does not call for a systemwide effort to increase graduate housing as rapidly as possible. If the problem of housing is not solved, and solved at all campuses, doctoral education costs will continue to rise in concert with housing costs.
- Post-docs may end up being so cost-effective that they reduce interest in hiring GSRs. However, increased opportunities in industry may reduce the number of post-docs available.
- The call for increasing public support for graduate education can be undermined by reports that more graduate students are leaving California after their degrees. In addition, enrollment management discussions must consider the almost 30 percent of students who do not finish their degrees. Perhaps earlier identification of those students unlikely to complete doctoral degrees would result in shortening time to degree.
- Increasing private support, either philanthropical or some partnership with employers would be a welcome source of revenue, although this avenue can be difficult to develop. Doctoral funding is, like many areas of campus funding, a matter of prioritizing scarce resources.
- Non-California and Non-US student numbers will decrease based on costs, diminishing quality. Instead of admitting the brightest and best, the UC may find itself admitting the most cost-effective, which could diminish research and teaching quality and the reputation of UC.
- Some campuses allow students to work outside of their UC studies. Systemwide policy should consider allowing students to self-fund, as appropriate. In the local job market, this may look like employed students also working on doctoral degrees.

- Labor negotiations need to take faculty perspectives into consideration for future negotiations. Perhaps continuing to articulate the ways previous negotiations have impacted faculty would be wise. A written plan of how labor relations expects to involve faculty perspectives would be helpful. Every labor agreement needs a specific plan for funding to avoid consequences similar to those experienced as the result of the last negotiation.
- It was noted that solutions that currently work may lose their utility as other segments of the University either unionize or grieve employment decisions.

IV. Campus Reports

Members reported on the major topics facing their divisional committees.

V. Reports from UCPB reps to outside committees

Task Force on Investment and Retirement (TFIR) – Professor Hollenbach reported ongoing interest in the RFP process for the total remuneration study and for surveys on benefits, university engagement and upon separation from the university. The intent of a new remuneration study is to generate a holistic view of faculty and staff remuneration. Faculty are not to be included in the Total Benefits Survey. A longitudinal panel study of benefits usage and utility has also been proposed by TFIR but has not been implemented. The next area of interest is changing the default retirement option from pension choice to savings choice for new employees. TFIR has received data on length of service for employees, confirming that savings choice is a better financial choice for most new employees.

Health Care Task Force (HCTF) – Health care premiums and large cost increases experienced during the latest benefit choice period may continue. The UC paid a larger share of the increased cost to mitigate the cost to employees. UC Health is discussing a “benefits redesign,” which may include different drug formularies. Anthem/Blue Cross administers the UC underwritten plans (UC Care, Core, and health savings plans). In addition, renewal of Anthem’s in-network plan for their HMO with the UC Medical centers was under threat of being allowed to expire. Ongoing negotiations led to an agreement in the past few days that is expected to be signed. UC plans to launch an RFP to secure a new vendor by January 2025. Delta Dental is being accepted in-network by fewer and fewer dentists (including UCLA and UCSF practices) because of low reimbursement rates. Discussion regarding dental insurance is ongoing with systemwide HR.

Academic Council Special Committee on Transfer Issues (ACSCOTI) –The committee is concerned about Associate Degrees for Transfer (ADTs) because of misalignment with UC lower division course requirements. The Cal-GETC curriculum can result in students needing additional GE courses if they switch UC campuses, and an ADT does not complete preparation for some majors. One proposal is to allow students to take courses that would finish the Cal-GETC after transfer rather than taking UC breadth GEs. Another proposal is to consolidate some STEM majors and be more flexible about courses counting as preparation for the physical or biological sciences.

Academic Council Special Committee on Lab Issues (ACSCOLI) –The committee would like to write a new charter and request to be made a standing committee. The labs made more money last year (\$35m) than expected, and the excess is returned to UC Lab Fees for investigators to secure funding. UC is hoping to assume management of the National Cancer Institute’s Frederick, MD lab.

University of California Education Abroad Program (UCEAP) – Is completely self-sustained, funded by a flat participation fee. A portion of tuition is returned to campuses, less a third taken out as RTA. Revenues dropped during the pandemic when the previous 5600 student participation dropped to 70. The shortfall was covered by a loan from the university, and the program now supports over 6000 students and has paid back the loan. Their central administrative space is rented below cost at UCSB with advisors on different campuses.

VI. Consultation on Campus Allocations and Enrollment

The majority of the University's state appropriation, and specifically, the funding not otherwise committed to specific earmarks, is distributed using an enrollment-based methodology. The President issues targets to campuses in January, allocating their shares of overall budgeted enrollment. Budgeted undergraduate enrollments have been true up to account for the actual FTE numbers of students over the best few years. Ideally this would mean full funding for each student.

A new weight of 1.5 in the enrollment-based formula offers additional funding for students from LCFF+ high schools. The additional funding for LCFF+ students is intended to address the UC's plan to close graduation gaps. The new weight is intended to be phased in over the next few years. New weights for doctoral students in the health sciences are also being phased in. These reduce the weight for all but medical or veterinary students to 2.5 from a previous weight of 5. This can be expected to have significantly different impacts on campuses, with campuses that do not have health sciences faring better. A similar true up as for undergraduates to account for actual versus budgeted doctoral enrollment has not been initiated yet, because OP is waiting until the effect of the new weights is fully understood.

UC Merced is moving off its special corridor funding model and campus enrollment is now tracked for funding purposes.

- Discussion included how LCFF+ student funding will be tracked to ensure that campuses use the funds to benefit those undergraduates. Campuses are expected to close graduation gaps, which is the metric intended to address whether the extra support is being deployed successfully.

VII. Budget Consultation with UCOP

The Governor's January 10 budget proposal assumed an almost \$38b deficit, but which has now increased to an estimate of \$59b. This amount is still less than the LAO's \$68b assumption. In response, some agencies are having their budget cut, some delayed, including the UC. Language has been included in the budget plan for the UC, guaranteeing that the one-year delay of the five percent base budget increase under the compact is a deferral, which has legal implications. This deferral would be followed by a 10 percent increase to the UC in 2025-26, combining two years of five percent base budget increase, should it be approved by the Legislature. In addition, a one-time allocation of five percent would make the UC whole for the deferral year. The Governor suggests the UC borrow to address the deferral in this year's operating budget. However, if funds are borrowed and the UC subsequently does not receive the double increase from state funds, it will create a permanent decrease. The governor is showing confidence in the University as he's promising to pay back the UC before other state agencies. There has been pushback on this proposal in the legislature.

Borrowing to make up for a lack of State funding would likely come from STIP to avoid the higher cost of outside borrowing in commercial markets. If borrowing is to take place, only one year of borrowing should be considered. Next year's budget should provide information about any possible cuts in the future. Should the ten percent projected be received, a balloon payment would return to STIP. The total cost under this circumstance would be approximately six months interest at the STIP rate on the borrowed funds.

University administrators are concerned that the University will not receive the full five percent for 2023-24 as well as 2024-25 plus the backfill, and are preparing contingency plans accordingly. The administration will delay decisions until at least the May budget revise, but caution in expenditures would be prudent. Campuses are invited to model budgets ranging from a flat budget expectation to a full state payment expectation. The UC will continue to enroll additional students, to uphold our part of the compact. The May revise may indicate that the UC should cut spending, but admissions offers go out to students before May, which may cause unfunded student growth.

Any future legislature can overturn the compact. Should the compact be broken in 2024-25, all sources of revenue would be considered, including NRS enrollment increases (up to 18 percent, per Regental policy which could be changed) and NRST. Cohort tuition for residents currently has a five percent cap and a 45 percent RTA, but the Regents could change this.

The University has also lost access to the zero-percent loans for funding housing projects. Some of the housing projects would have been for graduate student housing.

Several bills, including three preventing the UC from using contracted workers or imposing onerous conditions for using non-UC employee vendors, are moving through the legislature. Not only would they prevent the UC from using small vendors, but greatly increase tracking and reporting responsibilities.

The UC has AA or AA- bond ratings and did \$1.6b in funding – with an all-in interest cost just over three percent. The two approved hospital acquisitions have a \$750m financing level. The UC Health expansion is intended to fulfill the UC's goal to bring UC quality health care to the state to meet our public service mission. Even though the UC hospitals near the expansion are not serving healthcare desert areas, the UC medical centers nearby are greatly over capacity.

VIII. Self-Supporting Degree and other Proposals for Review

UCLA Medical Physiology Reconsidered

Action: The committee voted unanimously not to endorse the degree program. A letter to that effect will be sent to CCGA.

UCSD PA SSGPDP

The program responded seriously to UCPB's previous concerns and requests in this stage of the review. The campus did not realize that the program was required to go through systemwide review and are currently incurring costly delays, including having already hired faculty for the program.

The new proposal indicates that the program will not be self-supporting in three years, although eventually it is assumed that it will reach self-sufficiency. The committee agreed that they would not hold up an otherwise quality program for a slower rate of self-sufficiency, and that no state funds were shown as the source of loan payoff for the program.

Subsidized housing will be directed to the neediest students. RTA of 10 percent is the minimum, and the committee urges more need-based RTA as the program generates more revenue.

Despite the confusion on the part of the campus and some disorganization in the proposal, UCPB feels that this is an important and useful program and voted recommending approval.

Action: UCPB voted unanimously to recommend approval of the program.

X. Senate Leadership Consultation

Chair Steintrager noted that Area H, the proposed ethnic studies admissions requirement is additional but not additive. Area H was proposed because a new state law requires ethnic studies as a high school graduation requirement. The UC hoped that defining the criteria for ethnic studies classes would impact the high school classes. Criteria were created by a workgroup, sent to BOARS, then went to Council and systemwide review. Concerns were raised about the level of accessibility for high schools and clarity of criteria. Subsequently, BOARS redid the criteria. However, BOARS voted not to transmit the criteria to Council. Council asked BOARS to consider some areas more deeply.

The Regents will take up Senate Regulation 630E. the campus experience regulation that would bar fully online degrees unless a division sought and obtained a variance. This was not considered at the January Regents meeting as expected. Without this Senate regulation, there is nothing barring a division from launching a fully-online degree, although there are accreditation issues.

The issue of faculty opinion statements on websites resulted in a policy going out for systemwide review in time for the March Regents meeting.

X. New/Continued Business

There was no new business.

Prepared by Stefani Leto, Analyst
Attest, Donald Senear, Chair
The meeting ended at 4:00