

July 2, 2024

**Meeting Minutes**

In attendance: Donald Senear (Chair), Tim Groeling (Vice Chair), Amani Nuru-Jeter (Berkeley), Robert Brosnan (Davis), Alyssa Brewer (alternate, Irvine), Kara McCloskey (Merced), Juliann Emmons Allison (Riverside), Terry Gaasterland (San Diego), David Kleinfeld (alternate, San Diego), Jill Hollenbach (San Francisco), France Winddance Twine (Santa Barbara), Jeremy Hourigan (alternate, Santa Cruz), James Steintrager (Chair, Academic Council), Steven Cheung (Vice Chair, Academic Council), Peggy O'Day (Chair, ASCOLI), Nathan Brostrom (Vice President, CFO), Cain Diaz (Interim Associate Vice President and Director, Operating Budget), Seija Virtanen (Associate Director, State Budget Relations), Stefani Leto (Analyst)

**I. Consent Calendar**

**Action:** UCPB approved the July 2 agenda and June 7 minutes.

**II. Chair's Announcements**

Chair Senear announced the reorganization of the Academic Personnel and Programs Office into one part dealing with represented academic labor and the Academic Personnel Manual while the other part oversees academic programs.

**UCLA Medical Physiology MS proposal**

UCPB discussed UCLA's response to the committee's previous review. The revision seeks to address the committee's concern that the proposal appears to be a relatively costly bridge program to increase students' chances of admission to medical school. However, the program lists advantages accruing to students, many of which relate directly to medical school admission, such as test preparation, application guidance, and pre-health advising. In addition, projected debt to income ratios appear to include additional educational debt, presumably from future schooling, in the calculations. All evidence points to students interested in this program subsequently pursuing additional professional schooling to train for careers as health providers. Members discussed the updates to the proposal and found their earlier concerns still valid.

Chair Senear will relay the committee's continued concerns to CCGA.

**III. Reports from Task Forces and Subcommittees**

**UC Education Abroad Program (UCEAP)** This program has returned to a self-supporting basis and has paid back a pandemic-related loan from UCOP. The number

of students studying abroad has rebounded from lows set during the pandemic and is on track for a record-setting number of participants. It is administered well and has reduced overhead due to a move to on-campus offices at UC Santa Barbara.

Additional cost reductions have been achieved through staff reorganization and attrition. Some country placements have high additional fees for specific programs and institutions abroad. However, the standard UC financial aid formula applies. One committee member noted that some overseas programs do not have faculty directors, limiting the “UCness” of the programs. Another noted that these programs help expand the capacity of the UC campuses by enabling students to enroll and meet requirements while abroad.

**Academic Council Special Committee on Transfer Issues (ACSCOTI):** VC

Groeling summarized ASCOTI's work to create and update existing UC Transfer Pathways (UCTP), which are a set of courses that prepare transfer students to apply for any UC program in a particular major. The committee has also been trying to align UCTPs with applicable Transfer Model Curriculums (the templates for Associate Degrees for Transfer (ADTS)), which are existing transfer agreements between community colleges and the CSU system as part of the Transfer Alignment Program (TAP). TAP is intended to provide (where feasible) a “single pathway in each of the majors with an Associate Degree for Transfer to ensure that students will be prepared to transfer into either the California State University or the University of California systems.” This alignment is sometimes difficult due to unit caps, which limit the major preparation and GE requirements students can achieve before applying to a UC. The committee is proposing students be allowed to take courses that would finish the Cal-GETC after transfer rather than taking UC breadth GEs. Additionally, ACSCOTI is coordinating UC representation on new Faculty Discipline Review Groups (FDRG), which will bring together faculty from across the UC, CSU, and CC systems to advise on the creation of new TMCs.

**Task Force on Investment and Retirement (TFIR):** Professor Hollenbach, Chair of TFIR, provided a history and overview of the task force. Major topics addressed in the past year were: UCRP valuations and employer contributions, pushing UCOP to switch the default UCRP enrollment option for new hires from Pension Choice to Savings Choice, Retirement Administration Service Center (RASC) implementation of retirement counselors, addressing delays by RASC to deliver survivorship benefits, Participating in the total remuneration and benefits survey RFP and vendor selection, and the California home insurance market/UC Partnership program with Farmers Insurance.

Anticipated issues for the upcoming year include ongoing and continuing efforts: UCRP valuations, savings choice default for new hires, pending Regents' approval, RASC implementation of retirement counselors, etc.

**ASCOLI Report** – Peggy O'Day, Chair of the Academic Council Special Committee on Laboratory Issues, provided UCPB with an overview of the past year's work. The committee provides Senate oversight of the UC management of Lawrence Berkeley, Lawrence Livermore and Los Alamos National Labs. It advises the president on use of net management fees, promotes intellectual exchange between the labs and the UC, identifies opportunities to address unmet educational needs via joint collaboration, shares UC faculty expertise to assist the labs in research and programmatic review, stimulates research collaboration between UC faculty and the labs, consults with

relevant senate committees, and evaluates the benefits to UC from its management of the labs. In these roles it consults regularly with the UC VP's for the National Labs and for Research and Innovation, plus one Regent who provides primary board oversight. The committee provides feedback to the Research Grants Program Office (RPGO) on changes being implemented for multicampus-lab Collaborative Research and Training (CRT) awards.

The Lab Fees Research Program, run out of the Office of Research and Innovation at UCOP is the main area of interest to ASCOLI. A portion of the fees the UC receives for management of Lawrence Livermore National Lab and Los Alamos National Lab returns to the program and pays for multi campus collaborative research and training awards and graduate student fellowships. These fees have been reduced in recent years by the Department of Energy. The National Labs Office started an early career UC Faculty initiative with Lawrence Livermore Lab, identifying artificial intelligence and machine learning as a target area. The program is funded by LLNL funds from the Dept of Energy (DoE) and National Nuclear Security Agency (NNSA) rather than by management fees paid to the UC. The initiative has made its first competitive award to a faculty member.

The committee is considering the bid submitted by the UC National Labs Office at UCOP to manage the Frederick National Cancer Lab, in Bethesda, MD. An interim proposal has been accepted with an award decision due in December. UC management of this lab will offer research capacity in biomedical sciences and biotechnology on a national level. This will complement a strength of the UC but also offer challenges due to its physical distance from an UC campus.

#### **IV. Senate Leadership Consultation**

Chair Steinrager and Vice Chair Cheung noted that the reorganization of APP raises concerns due to a non-academic staff Associate Vice Provost for Academic Personnel overseeing the APM, along with the organized academic labor portfolio...a plan that did not include Senate consultation. The current Vice Provost for Academic Programs faculty position will be separated and will retain only academic programs in its portfolio. and classed at a lower staff level (faculty administrator; no longer SMG). The Senate has an advisory position. The Senate will recommend joint stewardship of the APM.

The Senate is receiving requests for post-event analysis and review of the responses to encampments and protests on campuses, based on the Robinson-Edley Report. UCLA has started an investigation of events on their campus, and the Senate needs to be involved in these kinds of investigations on other campuses. The Regents are interested that the past UAW and protest actions not be repeated this fall. Contracts with the UAW expire on May 31 of next year, and the University will prepare for anticipated academic labor strikes that will disrupt the end of the academic year. Leadership hopes to have leave to distribute the report produced by the outside consultant regarding the organization of OP for administration of student academic labor by next week.

- Committee members raised concerns about previous labor negotiations without faculty input. Campuses are having trouble connecting with systemwide efforts to add faculty input to negotiations. Two groups will be empaneled for next Feb's

negotiations. The first faculty group was activated prior to the spring strikes. Faculty will be involved as “expert advisors” to the negotiating team, maintaining the division between management and faculty as educators. The first group has not addressed contract negotiations but has focused on unfair labor practices allegations. Members have much experience in the intersection of paid academic labor and STEM labs. The second group will serve on the negotiating team.

Senate leadership has raised the question of changing the default retirement election for incoming hires from Pension Choice to Savings Choice to COO Rachael Nava. TFIR’s models indicate Savings Choice is better for nearly all new hires. In addition, a one-time change option allows faculty and staff to change to UCRP if length of employment supports that. The COOs office is examining the models. Separately, the office will attempt to address a 90-day period during which faculty who do not make a choice receive no University contributions to the defined benefit plan. Any change to the retirement plan would need approval from the Regents.

Vice Chair Cheung noted that drafts have been received from four interrelated but separate work groups of the Task Force on Instructional Modality. In addition, consultations with librarians and separately with student leaders have investigated whether it is possible to create effective and equivalent services to students studying remotely. The report should be released in September.

- The committee asked about the granularity of the Task Force’s recommendations. The task force will touch on the larger issues of whether online degrees make good sense, what would be required, what the regulatory landscape would be, and how the pilots would be monitored.

## **V. Consultation with UC Investments – Canceled**

The committee discussed the recent Investments presentation to the Board of Regents. Discussion included the need to have an investments manager passive investing consistently produces the highest returns. The CIO has previously stated that index investing is the best strategy for the market, and that low management costs are the best reason to have in-house investment managers rather than more costly ones.

The Investment Office can prioritize fiduciary responsibility over Regental and other demands for investment strategy changes. This protects the University from short-term or political investment desires.

The discussion noted that some campuses have hoped to use STIP and TRIP revenue to ease financial crises. There is a possibility that this will provide a challenge to future investment returns and generate less revenues as balances in those funds drop. The committee will consult with CFO Brostrom about this possibility.

## **VI. Discuss Report/Ideas for APC Work Group on the Future of Doctoral Programs Cost and Budget Subgroup**

Chair Senear solicited feedback from the committee about the use of fellowships to support graduate students. Without additional funding, graduate student numbers will shrink. Most grants do not have enough to pay for higher GSR wages, and the

centrality of grants to funding graduate education in the UC system could be under threat if PIs are no longer incentivized to support GSRs with grants. Classifying the same work as eligible for fellowship funding and GSR wages is problematic. The UAW contends that the work students are doing in furtherance of dissertations is also work furthering the business of the University or execution of grant funded work. Members also questioned whether aiming for shorter time-to-degree made economic sense if students were typically supported by fellowships early in their programs.

If the University loses the argument that there is academic work distinct from work for hire to earn a PhD, the model for supporting graduate education is no longer viable.

## VII. Budget Consultation with UCOP

**State Budget Update:** Seija Virtanen, Associate Director, SGR provided an overview of the budget process thus far, from the Governor's initial proposal through interactions with the legislature and the final budget agreement.

The budget process was positively impacted by good relationships with the legislature, and along with the work done by President Drake and the Chancellors, State Budget Relations (SGR) is part of this improved relationship. The legislature had expressed concerns over conditions around the protests and encampments and student safety, so the budget process began while those concerns were ongoing. A state deficit further challenged the University's share of the budget. However, despite the governor's intent to cut the UC budget, the final budget represented an increase for 2024-25. Most state agencies were held flat or cut.

The five percent base budget increase is accompanied by \$31M to fill lost NRST. Elsewhere in the budget, a \$125M reduction offsets much of the five percent increase (the increase net of those reductions was 2.9%). UC Merced's Medical Education Building debt service received \$14.5M. In addition, the UC will not receive top-up funding from the state beyond Proposition 56 funds for Medical Residency positions as it has in past budgets. Prop 56 revenue has been in decline as tobacco use has declined over time. In addition, the University will not get the \$75M Managed Care Organization Tax nor a share of the \$150M subsidy for public hospitals.

Reimbursement for Medi-Cal patients will increase but is offset by the reduction in residency funding. The newly acquired UC hospitals have been placed into the list of public hospitals so that they can receive reimbursements and subsidies from the state. Faculty equal opportunity employment funding, first appropriated in 2021, will also be withdrawn.

The budget contains language that the 25-26 budget will have a 7.9 percent cut, but it also promises restoration of the \$125M cut from 2024-25. There is hope that if the financial situation improves, the cuts will become unnecessary. The bill also plans for the five percent compact payment from 25-26 will be backfilled in 26-27 (so a 5% base increase, plus a one-time repayment of the deferred 5% from the prior year). The University has already made enrollment decisions for 2024-25, so is maintaining the agreement with the governor. Future enrollment planning decisions will need to take into account planned reductions in the budget. However, the state revenue situation can change. The UC is unlikely to choose to break the compact first.

The state is providing debt service to bonds for the UC Merced medical education building, Riverside expansion, and Berkeley Clean Energy projects. In the future, UC will be proposing to take on more lease revenue bonds for deferred maintenance and seismic retrofits and other smaller projects, ideally in a manner that treats them the way AB94 bonds were treated (i.e. debt service becomes part of the university's permanent base allocation). One limitation of these bonds is that they require a pledge to the states for the buildings as a leasehold interest, which is complicated. Arguably, the UC is able to get better rates on our own bonds than the state does.

**General Obligation (GO) Bond** – The UC was not included in this year's \$10B state bond on the ballot. The argument for excluding the UC was that it has its own fundraising capability and endowment. Politically, the K-12 construction lobby is powerful and pushed to exclude the UC. Part of their effort involved showing poll results to the legislature that allegedly indicated that the bond would have a lower chance of being passed if the UC was included. Although the poll might have been biased, it was noted that this might be a worrisome signal for the value of the UC brand, which should be monitored.

**Allocation Planning Update:** Cain Diaz, Interim Associate Vice President and Director, Operating Budget, noted that the UC will proceed with changed weights for LCFF+ students and graduate non-MD and non-Vet medical students. This is the second year of this implementation. The true-up of budgeted versus actual graduate students was less certain, but will probably move forward over five years. The earmark review committee recommendations will not apply next year, given the anticipated 2025-26 budget cuts.

The signals that the University will receive at best a flat budget for the next few years are strong, and budget planning needs to reflect that. Considered choices will have to be made for a very different budget landscape. The largest component of the UC budget is labor, a fixed cost. CFO Brostrom opined that the UC needs to produce a long-term compensation model that supports UC hiring competitiveness. The state covers less than ten percent of overall funding. Such a model might be more closely tied to the CPI.

High yields on investments have helped campuses fill gaps in funding, even though expenditures are higher than state funding amounts. However, those yields tend to be volatile so planning will continue for longer-term stability. Medical center employees have continued to grow (especially through acquisitions) and are approaching 60 percent of all UC employees.

The mortgage origination program (MOP) made many more loans and supplemental down payment assistance last year than ever before (700 loans in a single year). The gap in interest rates between loans originating through this program and commercial lenders has grown, making it an attractive benefit. However, this and hospital/property acquisitions have lessened the liquidity in STIP (down 25% in a single year), increasing the risk of a crunch, and reducing what campuses can budget from investment income. The Blue and Gold portfolio has approached six billion dollars. It was again noted the campuses have large amounts of unspent endowment payouts, which should be investigated for potential repurposing within their restrictions (or potentially pursue release of those funds if the original donor intent no longer applies).

**Legislative Bills Update:** A bill providing unemployment insurance benefits to striking workers was not approved in the legislature. Many in the Senate Insurance Committee did not agree that the UAW strike (since withdrawn) alleging unfair labor practices based on treatment of demonstrating union members was based on employment conditions.

## VIII. UCPB Priorities for 2024-25

Vice Chair Groeling outlined salient upcoming issues for next year's committee:

- Academic labor issues
- The state budget
- Housing, subsidies and insurance
- The current status of the UC brand, challenges to its continued positive image, and implications for student/faculty recruitment and state support.
- Relatedly, understanding the fallout from the Spring protests, including costs of law enforcement, resulting lawsuits, etc.
- Potential changes to the national political context
- Proposals for more niche academic units – Jewish studies, Palestinian studies, and an increased need to educate students about the Middle East
- Concern that self-supported degree programs may proliferate enough to endanger state supported graduate programs. Potentially examine the claimed versus actual impact of these programs on costs of administration, classroom, labs, parking, transportation, and other infrastructure.
- Athletics over the next few years will have huge budgetary implications (retrospective and prospective payments for student athletes).

Attest: Donald Senear, Chair

Minutes prepared by Stefani Leto, Analyst

Meeting ended at 3:23pm