



UNIVERSITY OF CALIFORNIA Academic Senate

UNIVERSITY COMMITTEE ON PLANNING AND BUDGET

Minutes of Meeting

1 July 2025

In attendance: Tim Groeling (Chair), Robert Brosnan (Vice Chair), Mitchell Sutter (Davis), Alyssa Brewer (Irvine), Monica Smith (UCLA), Michael Beman (Merced), Juliann Emmons Allison (Riverside), Terry Gaasterland (San Diego), Francesco Bullo (Santa Barbara), Raphael Kudela (Santa Cruz), Steven Cheung (Chair, Academic Council), Seija Virtanen (Director, State Governmental Relations), Caín Díaz (Associate Vice President, Budget Analysis and Planning), Nathan Brostrom (Executive Vice President and Chief Financial Officer), Nick Weston-Dawkes (Academic Labor and Employee Relations Director), Shawn Brick (Associate Vice Provost for Student Financial Support), Stefani Leto (Analyst)

I. Consent Calendar

UCPB approved the minutes of June 3, 2025 and the agenda of July 1, 2025

II. Chair's Announcements

Chair Groeling updated the committee on several key areas:

- State Budget developments have been favorable. Few trailer bills affecting the UC have moved forward. The LA and Ventura County tax payment deferrals may meet projections.
- The University Committee on Adapting to Disruptions (UCAD) is wrapping up their work.
- Report from Assembly: There will be a systemwide sustainability review in the fall; the efforts to pursue calendar alignment appear to be on hold; currently there are at least 40 investigations or lawsuits against the federal government the UC is involved in and the recent Supreme Court restriction on national injunctions may lead to more class-based lawsuits; there is a renewed push to establish a medical center at UC Riverside; F&A rates will likely stay at or below 15 percent in the future; more cuts to federal research funding will probably follow.
- Provost Newman discussed a government-sponsored fund for research, including industry donations in areas such as biomedicine.
- In several different meetings, systemwide remote or hybrid language networks for less frequently taught languages have been suggested. The modality successor task force plans to address metrics and tracking for UC quality. There appears to be top-down enthusiasm for an expansion of UC Online.
- The Provost discussed an effort to create a UCAD-like joint effort with division provosts, to find ways to protect junior faculty experiencing disruptions to research funding. In addition, she plans a program for junior faculty excellence, with two guaranteed awards per campus,

providing unrestricted funds. The program, modeled on the Hellman Fellowship, will favor awards to faculty who have had their research disrupted.

- The Provost suggested Degree Plus programs, bachelor's degrees with an extension certificate as an official part of a degree requirement, making extension courses eligible for federal financial aid. Chair Groeling noted that it is unclear how this would affect campus summer programs or how revenues might return to campuses.
- The Budget Office will brief the Regents on the Tuition Stability Plan in July, with proposed changes presented to the Board in the fall.
- Assembly voted in favor of a proposal to roll back the Trellix security software implementation.
- The state has serious structural deficits, including large ongoing ones from MediCal.
- UC enrollment numbers are better, but FTE increases are a result of summer enrollment and credit hours taken, not additional students.
- Federal Governmental Relations presented during the Provost's budget call; they oppose much of the proposed federal budget, including cuts to Pell grants and work-study.
- The Provost plans another congress on academic freedom.
- The new President is reportedly interested in articulation among the branches of higher education in California as well as among UC divisions.
- Health care premiums are likely to go up over 10 percent. For the UC to match the increase in employee costs it would require \$290M in additional funds. A key question is how much cross-subsidization is appropriate and how likely a scenario is where the wealthiest tier of the PPO pays less while people on the lowest cost plans have increased costs (which would obviously pose severe equity issues).
- International students continue to have visa renewal issues, with special difficulty for Chinese students. The UC has proposed online course completion as a fallback for students prevented from returning to the US, but the Senate raised concerns about whether it is feasible to provide such accommodation to only one class of students, as well as accreditation and regulatory concerns.
- The interim chancellor at UCSB will continue until the search for a new chancellor is successful.
- Federal efforts, some specifically targeted at the UC, appear to be influencing enrollment decisions which can lower financial aid from non-resident student tuition. The effect is especially disruptive to master's programs.
- The Academic Council Special Committee on Transfer Issues (ACSCOTI) completed its work and transferred its tasks to BOARS.

III. Campus Updates Part One

Santa Barbara – while the search for a new chancellor has been unsuccessful so far, the campus is pleased with the current Vice Chancellor as interim. The Executive Vice Chancellor plans to take actions in response to the financial crisis. The CFO also retired, necessitating another search committee. To prevent loss of institutional memory, Senate committees are extending leadership terms. The Senate pressed for prudent budget cuts despite the current chancellor's reluctance. A joint committee produced cut suggestions. Vice Chancellors submitted plans to the joint committee, and they proposed temporary permanent cuts to the Office of Research, Academic Affairs, and all administrative units, at varying levels. The subcommittee is also preparing for the worst financial outcomes of the federal attacks. There

will be additional rounds of cuts in the future. Two housing projects are underway, one under construction and a second that is going through California Coastal Commission approval. The campus is considering revising the long-range development plan that agreed to high restrictions on development. Recent changes to CEQA restrictions on housing construction may allow the campus to increase enrollment numbers.

IV. Consultation with Senate Leadership

Academic Chair Steven Cheung updated UCPB on various matters.

News from Assembly: A new search firm is continuing the UCSB Chancellor search. Monica Varsanyi, the new Vice Provost, will co-chair the successor task force for instructional modalities. Assembly voted to approve a motion demanding the suspension of implementation of Trellex or similar monitoring software. Chair Cheung notes that he will discuss increased faculty input for future security software choices with President Drake.

At the Council meeting, Rick Kronick, the Senate representative to the Executive Advisory Steering Committee, announced that UC Health plan offerings estimate a 10.5 percent cost increase next year. The steering committee briefed Council, and they believe that UC Care is in danger of entering a death spiral, in which healthier enrollees leave, and comparatively unhealthy enrollees remain. Council endorsed a letter from the Healthcare Task Force requesting the university match the average premium increase in their contribution to health insurance, does not move forward with a pricing strategy that significantly reduces the differential between PPO and HMO plans (particularly Kaiser), and pushes for UC Health to offers a larger “friends and family” discount.

The Council Special Committee on Transfer Issues (ACSCOTI) consolidated four existing pathways in the biological sciences into a single UC transfer pathway and allowed transfer students to complete either a one-year sequence in organic chemistry, with lab, or calculus-based physics with lab depending on their intended major. ACSCOTI will also disband and transfer their responsibilities to BOARS. Council widely supported the Librarian Series proposal, revisions to APM 360. The Faculty Discipline Policies and Procedures Workgroup forwarded their report to the Board of Regents. Feedback followed that report, and the proposed revisions will go out for 90-day systemwide review in Fall, with the proposed policies implemented on an interim basis in the meantime.

The University Committee on Adaptation to Disruptions (UCAD) is drafting its interim report.

Discussion included:

- Does UC have a sense of the impact of proposed Medicare cuts on UC Health. All campuses report their scenarios, with a range from bad to extremely bad, so there is scenario planning at divisions as well at OP. The midterm elections will have a large impact.
- The incoming UC president has not indicated if he plans to play a more active role resisting federal actions. The fall orientations for the Senate may reveal more.
- The new president is interested in course articulation across the system. The degree to which faculty autonomy and academic freedom will work against cookie-cutter class standardization is yet to be seen.

- It is imperative that Senate budget chairs engage with campus administrators as preparations are made to prepare for the worst outcomes.
- UC Health will be insolvent if all the cuts that have been suggested go through. Health insurance companies are not reimbursing as well or as quickly. Layoffs of medical staff have already begun at UCSF and UCSD.

V. Campus Updates Continued

Davis – Ongoing review of the Academic Affairs unit is leading to greater tracking of activities. The Provost intends to accept unit's proposed ten percent cuts. CPB plans to analyze the budget model impacts/unintended consequences.

Los Angeles – Student newspaper announced in May that the Community Youth Program, a long-term program in partnership with University High school, had ended due to budget cuts. A month later an announcement went out reporting the hiring of an inaugural advisor to the provost for community engaged scholarship, indicating an inconsistency in pursuing community engagement. There is a continued lack of engagement with CPB by the CFO. The committee met with the provost and reported the lack of engagement with the committee.

Irvine – The campus has made progress implementing best practices. Deans at the 15 schools will create executive summaries of their yearly budgets that CPB can access. CPB plans to invite deans to align those summaries with school reviews and are working to create a set of questions to frame the review work. The reviews of Arts and Humanities schools have revealed they cannot continue to function as they had been if cuts move forward. Some campus services will be consolidated. Deans will update their budgets with new cuts, on top of annual cuts over past years. The campus has instituted a hiring freeze, including no replacing departing employees. Some department or programs are down to a single faculty member. Senate representation, including CPB members on the long-range development plan has increased.

San Diego – Leadership of the division Academic Senate, CPB. Chair and Vice Chair sit in on the Chancellor's cabinet meeting, each giving their budget and forecasts for the next year. Participants discussed the reality of the state cuts and are still budgeting for eight percent cuts due to federal grant reductions. The core budget has a \$200M shortfall budgeting an eight percent cut, with a structural deficit of \$60m. The cut includes the structural deficit and mandatory compensation increases are going up. New awards are down 26 percent, and dollar amounts are down 56 percent over last year. The campus anticipates a total \$432M loss. The campus plans mitigation strategies of delaying capital projects, and no faculty or staff hiring. Temporary layoffs of grant-paid staff and permanent layoffs have been identified to reduce the structural deficit, along with efforts at cost containment (e.g. travel bans) and process review (e.g. greater efficiencies). The chancellor is encouraging an outlook of saving the institution so when the money comes back it will be there, but 25 percent shrinkage of research is a significant blow to UC's research institution identity.

Santa Cruz – The EVC was fired by the Chancellor; budget reduction plans are moving forward. The campus is down to an \$80M structural deficit, from over \$100, only three faculty hires were authorized although twelve were recommended, and the campus no longer offers German instruction. There has been a sweep of administrative positions; two deans have stepped down and been replaced by interim positions, the VP for Academic Affairs stepped down and was replaced through an internal search, the chief librarian stepped down, the Vice Provost for Undergraduate

Education is being forced out, so there will be executive searches going forward next year. The campus had planned to begin a capital campaign, but the Chancellor fired the officers in charge of fundraising.

Riverside – Core budget is mostly funded by state funds. The campus imposed a large cut last year. This year savings from last year's cuts made up for this year's shortfall. The campus committed to moving forward with a hospital. The first step is to disengage clinical activity from the medical school. The campus is imposing cuts on a child development center, athletics, and ceasing use of and leasing out the Palm Desert Center. The campus is identifying large cuts rather than across the board cuts. The new AVP has not prioritized sustainability. The campus has not been putting money out before federal funding came in, so grant cancellations have been less devastating, but no F&A will go to core budget, whereas they had been using up to five percent of F&A funds for the core budget.

VI. Consultation with OP

Seija Virtanen, Associate Director, State Budget Relations, told UCPB that the legislature and the Governor reached an overall favorable to the university deal on the 2025- 26 budget. The original budget proposal started the year proposing an eight percent cut to the UC base budget, and the new agreement is technically a zero percent cut, although some aspects of the budget rely on credits that are deferred to subsequent years. The legislature has imposed a three percent but with a promise that in July 2026, the three percent would be returned as a back payment and the budget also increased at that time. Compact provisions including replacement funding for the replaced non-resident students are also being deferred. The odds of a future governor adhering to the compact are unfortunately cloudy. The state credited campuses for excess nonresident replacement in prior years, saving the three affected campuses around \$10m and ensuring we continue to meet the compact goals. Several one-time funding requests were granted, including the dental PRIME program, and various programs that have individual backers in the legislature.

The new budget also provides an option for a zero percent loan to the UC up to the amount of the cuts. So far, budget leadership believes the political uncertainty about the loan means it should not be treated as normal state funds. CFO Brostrom suggested that the UC could take the zero-interest loan and use it for arbitrage. If the state does not backfill the cut in 2026, the UC could return the IOU back. There were also concerns that not taking the loan could be interpreted as a lack of budget concerns by the UC. Every campus is planning for big structural cuts. AVP Diaz believes the UC should take and spend the money and be able to truthfully report to the legislature that it was spent to support students.

California is freezing all new non-citizen Medi-Cal enrollment. The legislature kept a higher level of per-household asset test, \$130000, rather than the \$2000 per household proposed by the governor. There will also be a new copay of \$30 per individual per month. UC will get \$75M from the managed care organization tax for medical residents' payment and will be eligible for a statewide \$50M pool for public hospitals.

Three bond measures, by Alvarez, Wicks, and Cabaldon, are still live in the legislature. The UC hopes to be included in a housing trailer bill. Housing remains a high priority for the legislature.

The approval of the federal budget will have a larger impact than hoped for on Medicaid. The California districts with the three highest Medicaid enrollment are Republican controlled. The budget will hurt the medical centers but will devastate rural hospitals. Between the impacts to UC medical centers and cuts to Pell grants, the UC may see as much as over a billion dollars of cuts. Added to that are the \$1.1 billion dollars of direct federal funding the UC had been getting for research, and the federal budget poses severe budget risks for the university.

The tuition stability plan will be brought to the July Regents meeting for discussion, with hopes that the Regents will both renew the program and change the cap to CPI plus at least an additional point or more, raise the inflation cap to six or seven percent, and reduce the return-to-aid on newly generated funds from 45% to 30%. The plan has been successful both in reducing costs to campuses, reducing student self-pay amount, and providing stability for students. Systemwide, 54 percent of CA residents received enough aid to offset increased tuition. Because of the federal cuts to Pell, bigger tuition raises may be needed to increase aid. Members suggested that averaging CA CPI and the UC's recent actual cost increases (which are higher due to wage pressures and other unique factors) might be a more palatable option instead of the higher yearly cap or lower marginal return-to-aid rate—both of which sound more threatening to student finances.

Discussion included:

- UC budget and enrollment growth cannot keep going without state funding towards operations.
- Concern that the Regents do not grasp the full impact of federal cuts.
- Concerns regarding DACA and other undocumented students targeted by the federal government. They pay in state tuition through AB140, do not fill out FAFSAs, and instead of Pell grants, for which they do not qualify for Pell, but receive Cal grants and UC funding.
- The difficulty inherent in asking for increased tuition when the legislature is claiming an increase in funding, even though in reality it is only a less severe reduction. The tension between real and nominal numbers where per-student funding has fallen in real terms by 40 percent since 2020.
- Hopes to repurpose orphan endowment funds through legislative action.

VII. Consultation with Systemwide Academic Personnel

Nick Weston-Dawkes, Academic Labor and Employee Relations Director, updated UCPB on payment for graduate students and canceled or reduced grant funding related to employment. Cain Diaz discussed the process of establishing the cost of instruction for a graduate student. It is a complex and challenging set of calculations. The UC does not have a current systemwide answer for per-graduate student direct and indirect costs. Costs for instruction are different from expenditures on instruction. A 2022 report to the legislature reported one effort to break out the costs as well as research costs. Shawn Brick joined to talk about graduate student tuition support in the current challenging financial circumstances.

The committee adjourned at 3:41

Minutes prepared by Stefani Leto, Analyst

Attest: Tim Groeling, UCPB Chair