



**UNIVERSITY COMMITTEE ON PLANNING AND BUDGET**

**Minutes of Meeting**

4 March 2025

**In attendance:** Tim Groeling (Chair), Robert Brosnan (Vice Chair), Pheng Cheah (Berkeley), Michael Sutter (Davis), Alyssa Brewer (Irvine), Monica Smith (Los Angeles), Michael Beaman (Merced), Juliann Emmons Allison (Riverside), Terry Gaasterland (San Diego), Torston Wittmann (San Francisco), Francesco Bullo (Santa Barbara), Raphael Kudela (Santa Cruz), Steven Cheung (Chair, Academic Council), Ahmet Palazgolu (Vice Chair, Academic Senate), Seija Virtanen (Associate Director, State Governmental Relations), Caín Diaz (Associate Vice President, Budget Analysis and Planning), Stefani Leto (Analyst)

**I. Consent Calendar**

**Action:** UCPB approved the minutes of February 4, 2025 and the March 4, 2025 agenda.

**II. Chair's Announcements**

Chair Groeling recommended that members review the "Cuts Report" of 2008 and consider whether creating a new version would be a timely action for the committee.

The joint consideration of health care costs in partnership with HCTF is moving forward. The Special Assembly Meeting was useful to address some of the issues and underlying data regarding health care costs.

**The Systemwide Academic Calendar Group** has met twice since the last meeting, once to discuss the budget for a common calendar conversion and once to process faculty feedback on the proposal. President Drake appeared to suggest that any calendar alignment would not be pursued in the near term, so the team's work remains informational.

**A Special Assembly meeting** in February had three issues on its agenda: "invasive" end-point security software, the fairness of faculty compensation start dates (compared to staff), and health plan costs. The section addressing new requirements for end-point security software covered widespread faculty concern over a perceived lack of shared governance in the implementation, lack of exceptions allowed locally, and concern that the software can detect the content of data. The administration pointed to increased costs associated insurance premiums, settlements, and other payouts related to hacking and attacks to justify the necessity of the software. Regarding compensation, the administration argued that no financial harm is being caused by faculty compensation adjusting at a different time than staff and administration. A motion to shift administrators to the same

pay cycle as faculty will be addressed in a later meeting. In the third section of the meeting, HR presented on healthcare costs. Premium cost trends appear to indicate that the premiums negotiated by UC are roughly comparable with CalPers and others peer institutions. The issue of providers moving out of network was raised, but Systemwide HR indicated that they cannot control that (although they agreed that more advanced warning should be provided in such cases). They noted guardrails to prevent self-dealing with UC Health. Chair Groeling and Vice Chair Brosnan will meet with HCTF about next steps. A motion to have a campus by campus vote on calendar conversion did not carry and will be discussed in the future.

Federal Governmental Relations announced that they cannot meet with individual Senate committees now because of their increased workload and directed faculty to their email updates. During the systemwide budget call, they provided an update including expectations that Congress is likely to proceed with a continuing resolution on the budget, which will fund the government through the end of FY 2025. The CR is expected to provide flat funding until a funding resolution (or another continuing resolution) is passed later in the year. The FGR team is working with the state delegation to garner support for UC at the federal level, specifically on NIH funding and facilities and administrative costs rates. A concerted effort to demonstrate the likely effects of cuts across all universities has included engaging with institutions of higher education in Republican-represented state.

Some faculty expressed concern about the UC's muted response to the latest Department of Education Dear Colleague letter (DCL), in contrast with the robust response to proposed funding cuts to NIH or other granting agencies. The administration argued for a careful communication strategy with regard to vulnerable populations, in part because of the severity of the federal threat: The UC or state of California cannot possibly backfill lost funds should federal aid be withdrawn. The very vulnerable position with federal funding means that noncompliance with the DCL poses great threats to the university. The upcoming Research Congress will include updates regarding federal research funding.

State Governmental Relations and President Drake noted that the state legislature are aware of the devastating result proposed federal cuts would have on the UC and by extension the wider state. The legislature appears motivated to try to help the UC despite a strained state budget outlook, if funds or strategies can be found to do so. What support may look like from the state remains to be determined.

**The Council meeting** discussed the calendar alignment issue, Regental attention to faculty discipline—specifically perceptions of bias and the investigative timeline—and postponement of the Educational Modalities successor task group. In addition, the Regents are interested in how the incomplete grading policy and disabled students are managed at divisions, with some interest in a systemwide approach. There will be another Special Assembly on March 25, dealing with the common calendar and divisions voting on it, a motion for deans and above to shift to the same pay effectiveness date as faculty. There was discussion of APM 500, the disclosure of allegations of wrongdoing, but the APM exceeds the state requirement. In addition, the proposed changes provided no distinction between supported and unsupported allegations, so it has been recalled and will be rewritten. The president congratulated Merced on achieving R1 status and noted that there are now more pressing concerns than calendar conversion. The DCL and the University's

level of compliance with the law were discussed. Council discussed task forces vs. subcommittees to enable rapid response to emerging federal policy and funding changes as they occur, including two proposals: one that would be jointly composed of senior faculty and administrators, and another UCFW-initiated proposal for a faculty Rapid Response task force devoted specifically to faculty welfare-related policy implications.

### **III. Leadership Update**

Academic Council Chair Cheung noted the Regents' s highly-engaged interest in faculty discipline, and announced that the results of the working group will be reported at the May meeting. The ongoing barrage of executive orders from the White House, including the threat to dramatically cut indirect costs to research and the DCL have created great distress and uncertainty. The Senate, Academic Affairs, and the president will meet with the provost to create a Special Task Force on UC Adaptation to Disruptions.

The Special assembly meeting mid-February addressed the computing security plan, salary adjustment timing, and rises in health care plan premiums. OP IT appears to understand that communication can be improved and will address ambiguous messaging regarding end-point detection implementation. Systemwide HR recommitted to greater engagement through FW and HCTF to work through changes and to implementing better communication strategies.

Another Special Assembly meeting has been agendized in March. The agenda includes petitions on consultation with faculty and a vote on motions allowing each division to vote to adopt a semester calendar, and that all admin at dean and above receive salary adjustments at the same time as the faculty. Chair Cheung reaffirmed that divisions can set up ballots and vote on their own; the systemwide office does not have authority to compel divisions. Results of the no-confidence vote on President Drake, the MOP funds depletion and a salary increase for Chancellor May was positive on a simple majority vote.

Votes on two UCSF memorials are due. Both extend senate membership to adjunct and HS faculty with more than 50% effort. Four divisions have reported their votes. If three divisions are in favor, and account for more than 35 percent of the Senate membership, there will be a systemwide vote.

Senior administrator recruitments are moving forward.

Academic Council Vice Chair Palazgolu noted no decisional urgency to the calendar conversion task force. The faculty has opportunities to provide feedback. He requested that members read the report and provide feedback.

### **IV. Self-Supporting Graduate Professional Degree Program Proposal**

1. UC Davis Online Master's in Preventive Veterinary Medicine and One Health (eMPVM).

**Action:** UCPB will assign a reviewer via email.

### **V. Campus Updates Part 1**

Chair Groeling discussed a strategy brief regarding federal funding threats and the UC system that he had circulated to members and noted that an updated version could serve as an internal document helping frame discussion for the Senate and the administration. The document noted the precarious standing universities in general and the UC system in particular have with key segments of the public right now, and the seriousness of the federal threats to funding. He suggested that this crisis might be an opportunity to revisit prior decisions such as the Regents' decision to eliminate standardized testing in admissions as a way to appear to be cooperative with the federal government (particularly the DCL letter) while addresses some negative political, social, and educational externalities caused by the policy change. Reaching out to those overlooked in general UC communications such as ranchers and farmers in more remote areas of the state to highlight how the UC impacts them will help rebrand it as the institution of the people. Discussion included the impact of UC degrees on economic outcome and degree affordability.

**Berkeley** – The campus is facing enormous demands for deferred maintenance; funding would need to increase to \$50-60M per year just to meet the need. Because of state funding cuts, maintenance has relied on a capital renewal program and a new program funded by chancellor's discretionary funds. A campus disability strategic plan asked for increased funding that will negatively impact other units. There are no sources identified for the additional funding and requirements for mandated training will burden faculty. The athletics auxiliary shortfall exceeds \$80M just in 2023-24, with no expectation that the gap will close in subsequent years. The football team incurred \$1.6M in expenses from their bowl game appearance, with only three percent covered by the revenues because of a bonus to the coach if they go to a bowl game. The campus will spend \$10M more on athletics this year than last.

**San Diego** – There is an indefinite hiring freeze for faculty and staff, although staff can move within the campus. Terms and conditions of graduate hiring letters include language allowing for changes (i.e. explicitly eliminating funding guarantees). UCSD's requirement that graduate students be full time and fully employed are in conflict. The caliber of graduate applicants has increased, in part because of suspended admissions at other competing institutions. Departments have been instructed to assume higher acceptance rates (50% yield) in their admissions decision.

**Santa Barbara** – The outgoing Chancellor is more optimistic about the budget than some other divisions and does not want to enact forward looking budget cuts. The division senate is providing cover to enact some prudent cuts. The bluffs around campus continue to erode.

**Santa Cruz** – The campus has saved \$30M with one-time cuts, but going forward a three-year plan will impose a permanent \$170M cut. Cuts include an eight percent cut to academic divisions, 19 percent to chancellors and others. A new carry-forward policy prevents carrying more than five percent of the budget year over year. Monies received near the end of the year sometimes cannot be spent quickly enough to prevent their loss. There is a possibility that graduate admissions will overcommit and not have funding for the students, especially if yield is unexpectedly high.

## **VI. Consultation with OP**

The January 10 budget indicated a 7.9 percent cut to the UC's base budget, and deferred compact funding to 2026-27, with ongoing permanent funding promised in 2027-28 under the new governor. The Legislative Analyst's Office has stated that the UC should not be held to the compact, including enrollment growth, but should also not receive any future compact funding because of state budget shortfall futures. Despite state revenues trending up, the potential to realize enough revenue to avoid cuts is low because of the impact of the fires and fire-related tax due date extensions until October.

Representative Fong circulated a letter signed by more than half of the legislators demanding that the UC not have a budget cut in 2025-26. President Drake testified in front of the Assembly February 19. Each member expressed public support. The Governor is proposing a cut to the Middle-Class Scholarship, which would directly impact UC students.

The UC is the largest provider of MediCal care in the state. Threatened cuts to federal funding would have devastating impacts to the UC, through UC Health, loss of grant funding, PELL grants, and other avenues. Legislators are becoming aware of the growing threat and are noting that cuts to state funding for the university would be particularly ill-timed considering the federal assault.

The calculation of the proposed 7.9 percent cut to the university's base budget without exempting non-discretionary costs increases the actual cut to campuses to 11 percent on discretionary funds. The university has paid about \$637M debt service on bonds as well as \$480M payment for ongoing legislative and other earmarks, neither of which can be reduced. This represents the largest cut to any state agency; larger than the CSU received, because their bond payments were exempted. In addition, many state agencies were allowed to exempt direct service items from the portion of their budgets subject to the statewide budget cut. The UC, which arguably spends nearly all its budget on direct services to students, was not allowed a similar exemption. The Legislature can change the university's obligation to fund earmarks, or provide directed funding for them, because the obligation remains without funding for its support. There was a systemwide work group focused on earmarks, including chancellors from each campus, to rank them by importance. No cuts were proposed by that group.

- Discussion included the Westfield Pavillion purchase, bought on a \$500M promise from the state to build a center for immunology and a research park. Once the provided \$200M was spent to purchase the pavilion, the state declined to offer more, in part premised on lower costs associated with modifying an existing property versus new construction.
- A link was provided showing state funding to the UC system over several years: <https://www.ucop.edu/operating-budget/budgets-and-reports/other-resources/index.html>

## **VII. Report on the Systemwide Budget Management Workgroup**

Before the current budget issues caused by the federal executive orders, because of the impending budget cuts from the state, CFO Brostrom suggested that campus experts and administration join together to share best practices as a Systemwide Budget Management

Workgroup. The group agreed to some guiding principles: transparency and shared governance, including people from different areas and a range of stakeholders; emphasizing sustainable budget practices and multi-year planning; and ensuring alignment with UC values and strategic goals.

The workgroup has five goals: to ensure accurate and consistent data collection and reporting that aligns with systemwide expectations to enable informed decision making, create a detailed matrix showing an inventory of current budget and financial management practices, identify existing strategies within the inventory that serve as best practices, identify challenges, and develop common communication points.

The group understands that many questions do not have a single best answer. For example, campuses use different strategies to fund faculty startups. Narrative documentation of approaches used for sharing information can start conversations about improvements individual campuses may want to choose.

After the information is collected, the third step for the group will be to recommend best practices to campuses. Identifying barriers and obstacles faced by campuses as they strive to move toward budgeting best practices will be part of this action. Information discovered by the working group can then be used to better inform Regents about the campus budget processes and negotiate budget agreements with the state that are perhaps better informed than past ones. The final goal is to communicate consistently with all stakeholders. The Budget Office plans a website with a budget dashboard-type set of information.

AVP Diaz noted that one challenge to this work is that—while concrete examples of negative effects of budget cuts are needed to make the case for their damaging effect—campuses are often reluctant to expose their challenges. He shared a report from 1994 laying out specific effects, by campus, of proposed cuts. An updated version of this kind of report could strengthen the case for a more robust state funding of the UC. For example, listing the uses for indirect costs and then indicating how changes to that rate would damage campus operations would be helpful. He asked members of UCPB to consider what items need to be documented, and what questions do campuses need to answer to inform this kind of work. UCPB referred him to the 2024 Best Practices for Divisional CPBs Report.

- UCPB members expressed concern that administration, in wishing to project calm, may be underselling the coming financial crisis. A Contingency Planning Workgroup, headed by the UC Controller, will model worst case scenarios based on federal actions.

### **VIII. Items for Systemwide Review**

Professor Cheah reviewed proposed changes to APM 675, allowing veterinary medicine faculty to participate in the health sciences compensation plan and any salary program other than the HSC plan. This codifies current practice and will result in no substantive change in how vet professors can be compensated outside of hospital pay.

For the April UCPB meeting, Professor Cheah volunteered to review proposed changes to Bylaw 170 (University Committee on Educational Policy) and Rescission of Senate Bylaw 192 (University Committee on Preparatory Education).

Professor Sutter volunteered to review Revisions to Presidential Policy BFB-BUS-63 (Risk Transfer and Insurance Requirement).

**Action:** UCPB voted to accept Professor Cheah's review and write a letter.

## IX. **Campus Reports Part 2**

**Davis** – The CPB sent out requests to consider different ways of doing things across campus through the START committee. CPB created a document of principles for strategic budget cuts to provide guidance so FECs could work with Deans on strategic—rather than across the board—cuts. The executive committee talked about strategic budget cuts, including how to address Aggie Square. The vote of no-confidence in President Drake was passed.

**Irvine** – new budget model, from incremental to hybrid, which has been revised with the new Federal approach because it relied on money from grants (and the prior assumption that grant funding would continue to increase over time). Deficits have been brought down from \$75 to \$35 million but are now done with “easy” cuts (giving up leases because of remote work, centralizing some processes, some hiring slowdowns, reduction in graduate students decided by departments). If the federal cuts go on it will be a \$150M deficit. Budget office is modeling different return rates. Lots of good improvement in communication, good relationship with chancellor and provost, and the administration is responding well. Campus is relying on court cases to delay cuts in grants. No hiring freeze yet but one may yet be unavoidable. New long range development plan being worked on looking at land use issues. Difficult to be sure communication gets to faculty. Graduate student packages will also likely change.

**Los Angeles** – The budget process is quite obscure. The new chancellor was asked to address the shortfall of faculty, and he suggested hiring more teaching focused faculty, so a bifurcation of research and teaching faculty. The campus budget process will be finalized in the next few weeks. No faculty participation has been solicited. The CFO is clear that there is no money to backstop shortfalls. The offers to new graduate students includes language saying that the terms and conditions are subject to change (no longer firm guarantee). CPB has been unable to meet with the VC for research.

**Merced** – Units have been asked to plan for a campus wide five percent non-strategic cut. Significant budget increases are baked in because the cuts focus on the past year only, ignoring five prior years of increases in administrative roles. Faculty will not have their salaries cut, but there is a hiring freeze. CPB hopes to protect graduate and undergraduate education through strategic budget cuts. The hiring of a new enrollment staff member seems to have helped increase undergraduate applications significantly, although yield has yet to be determined.

**Riverside** – CPB has addressed the common calendar, IT security, and budget cuts. Now discussions about graduate student funding. Graduate student education uncoupled from a need for TAs is hard for arts and sciences and now campus supplemental funding for them is ending. Departments must now choose between more graduate students and less funding or fewer and funded. Because there is no additional funding for graduate students,

few useful responses have been found. Without a hospital, only 85 medical students can be graduated because of limits on clinical placements. The campus plans to increase the numbers of clinics that UCR operates and potentially fund a hospital, which will be difficult to fund. The campus is also struggling with enrollment numbers.

**San Francisco** – CPB trying to engage administration using UCPB’s best practices report. The parking situation is getting worse because people are returning to the office and parking that was open to everyone during COVID now being used by faculty and staff has led to patients not being able to park. Campus is trying to reinstate a parking permit system. Graduate funding presents new problems. In biomedical research labs campus will not pay for the second year of salary and tuition; faculty will be on the hook for \$80k per student per year, but without grants no funding exists. The latest crop of new graduate students cannot or will not be able to find labs. There is no faculty hiring freeze, in fact seven basic science searches moving forward. The campus has not shared plans in case the budget situation continues to worsen.

The committee adjourned at 3:38.

Minutes prepared by Stefani Leto, Analyst  
Attest: Tim Groeling, UCPBChair