



UNIVERSITY OF CALIFORNIA Academic Senate

UNIVERSITY COMMITTEE ON PLANNING AND BUDGET

Minutes of Meeting

6 May 2025

In attendance: Tim Groeling (Chair), Robert Brosnan (Vice Chair), Pheng Cheah (Berkeley), Mitchell 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), Amy Lee (Vice Provost), Caín Diaz (Associate Vice President, Budget Analysis and Planning), David Rubin (Executive Vice President, UC Health), Todd Hjorth (Finance Director, UC Health), Zoanne Nelson (Associate Vice President, Finance and Administration, UC Health), Stefani Leto (Analyst)

I. Consent Calendar

Action: UCPB approved the minutes of April 1, 2025 and the May 6, 2025 agenda.

II. Chair's Announcements

Chair Groeling briefed the committee on many developments, including:

- **Leadership budget call:** the governor's May budget revise is unlikely to have changes for the UC. State revenues are above the original projected deficit but much lower than hoped for. If the projected deficit is due to a delay in collecting deferred taxes after the Los Angeles fires, revenue will increase. If due to other factors, it is unlikely. The UC is likely to retain the eight percent cut to the base budget proposed by the governor.
- The UC has asked the legislature to exclude debt service from the proposed cut, as is done for the CSU. Should the budget include debt service in the total amount receiving cuts, the effective cut will be greater than eight percent.
- Should the full UC budget fall under the proposed cuts, administrators may communicate to the legislature that the cuts will reduce the UC's ability to meet previous earmark spending.
- The federal government fired staff at the Education Department administering the Pell Grant program and has not named a managing agency. The UC has no ability to backfill \$500M in Pell funding.
- The Federal government has threatened to cut \$880B in funding for Medicaid and Medicare. This would create a massive shortfall in state funds, especially since a recent Medicare expansion has been more costly than hoped.
- The budget trailer bill has \$11B indicated for additional MediCal spending and has hopes for \$8B from the federal government to do so. The state is unlikely to continue coverage for undocumented residents.

- The Provost testified before the legislature and noted that many members were unaware of the scope of UC dependence on federal funding.
- The Tuition Stability Plan is up for renewal by the Regents. The CFOs Office hopes to change the inflation cap from five to six percent and decrease the marginal RTA to 35 percent, still making progress toward a planned RTA of one-third. Campuses would like to pool RTA from resident and non-resident tuition, rather than limiting RTA to source type of student.
- Campus real estate strategies face changes as some buildings relied on F&A recovery to service debt. Divisions and units within divisions treat F&A differently.
- The Regents have given no indication that they are considering an early retirement or furlough approach to the fiscal crisis. OP may offer voluntary reduction in time.
- The legislature has indicated interest in placing the Office of the President's budget as a state budget line item again, although this change seems unlikely to occur. OP's budget faces cuts consistent with campuses.
- There is ongoing confusion about the NIH directive to certify campuses are not engaging in prohibited activities related to diversity, equity, and inclusion.
- The legislature has expressed concern that the UC is not consulting with K-12 representatives enough when setting admissions guidelines for the UC.

Council meetings:

- Council elected Susannah Scott as the incoming Vice Chair of the Academic Council.
- Council received the results of the faculty experience survey, along with a data briefing on the ethnic studies proposal and a draft of a statement defending the university.
- Librarians' contract negotiations have raised an issue with their job description. The parties involved are negotiating the job description.
- Chair Cheung will present an item about faculty discipline at the next Regents.
- Systemwide review came back strongly in favor of a senate committee dealing with the crisis of preparatory education, therefore Council agreed to shelve plans to eliminate the University Committee on Preparatory Education.
- Faculty continue to express concern about endpoint security measures across campuses, although IT has offered no resolution.
- The Provost reported that she informed the legislature that fall enrolment cannot fulfill the terms of the compact without funding for enrollment.
- The budget office has reported efforts to increase liquidity and may propose raising the discount rate and a temporary reduction to the employer contribution to the pension fund, delaying progress toward full funding due to the budget crisis.
- There is a proposed system-wide Academic Council, Special Committee on Clinical Affairs, which would integrate with the Council and provide administrative structure through which clinical faculty can participate in shared governance.

Assembly meeting

- Discussion included whether and how campuses might backfill funding for affected graduate students and workers. Assembly noted legal challenges facing or being taken up by the UC. Assembly confirmed Susannah Scott's election, and measures resolving that divisions could vote on the Academic calendar, proposed ethnic studies overlay for a-g requirements, and that senior administrators' compensation adjust on the same timeline as faculty did not pass on vote.

III. Self-Supporting Professional Graduate Degree Program

Master of Applied Artificial Intelligence for Science, UC Irvine

Action: Professor Gaasterland volunteered to review.

IV. Campus Updates

Berkeley: CAPRA discussed athletics with the Chancellor, and cuts will not address a revenue shortfall. CAPRA proposed a hard budget for athletics such that if overages happen after a certain amount of time, funding would be cut. They also encouraged the athletics department to increase revenues. CAPRA does not know if the Chancellor or athletics department will accede to their suggestions. The library received a commitment from central campus to stabilize the budget. The campus has not felt the federal cuts as sharply as those with medical schools.

Davis: The campus has nearly completed the budget analysis project for strategic cuts. Deans had to work with FECs to set proposed cuts and amounts. Three administrative staffing reviews have been delayed. The representative assembly discussed the Trellix software. The Provost set up a number of committees under the umbrella of Sustainable Teaching and Research Taskforce (START). One START committee is reevaluating the university's functioning, and AI and other computing solutions offered by the workforce as possible solutions CPB suggests investigating approaches such as pooled high performance computing centers and other ways to share resources. The same task force is working on proposals to optimize space use on campus. CPB pushed back on a proposal to modify the Partner Opportunity Program (POP) for spousal hires, as the current process appears to work well.

Irvine: CPB met with VC of Research, who is working to expand information sharing across campus about grants with a website. Federal actions are impacting grants, and the campus has lost 25 grants to date. The administration is canceling some seed funding to create bridge funding for denied/canceled grants. The Trellix security software has caused consternation among faculty.

Los Angeles: CPB interactions with the administration have improved. In meetings with the Chancellor and Provost, information from UCPB's 2023 Best Practices Report empowered CPB as a useful interface for campus budgetary matters, with various administrators asking the committee for information. The committee plans to propose regular meetings with both the Chancellor and Provost.

Merced: The divisional Senate has scheduled a town hall with the Chancellor and Provost. Faculty are concerned at a lack of communication from administration about the threats facing the campus from the federal government. Budget recommendations have included removing open positions from budget lines, but approximately 18 of 300 faculty positions are open. The administration's recommendations for cuts are not strategic and might not address unit-specific variation in circumstances (such as clusters of retirements). CPB has been meeting with the Provost to air their concerns about how to move forward in a high budget cut environment. Communication between the administration and CPB is positive.

Riverside: Faculty feels as though there is a critical lack of communication and information sharing, and the upcoming faculty forum is a place for concerted foregrounding of faculty concerns to the administration. Faculty are expending energy to determine what information is public. The campus faces an irony in that its deficit is low and could be covered with salary freezes if necessary, but that low deficit is based on a campus with fewer amenities than others.

San Diego: The new EVC has made some decisions without adequate faculty consultation, such as establishing a new writing institute to bring students up to speed, when those efforts could satisfactorily be addressed in an existing Teaching and Learning Commons. The faculty agrees that the campus faces a crisis of preparedness in both writing and math, and an ad hoc group has formed to address these challenges. The administration has not been as responsive to recent invitations from CPB to meet with them.

San Francisco: The campus continues to deal with outcomes of federal funding worries, and the administration is trying to provide copious communication. The administration announced that faculty could submit NIH applications again. The capital plan is ambitious, and administration hopes that after a short deficit period, revenue will rebound after the new hospital opens. CPB plans to determine what the administration has planned for future capital outlays, and how faculty input can be given before plans are made. An upcoming CPB meeting will discuss F&A costs and their use on campus. Faculty have expressed concern about endpoint protection for IT and the security program. The campus has a new timekeeping system, MyTime, and hourly employees will have to clock in and out for each break which is less practical for non-desk-bound positions.

Santa Barbara: The administration will present budget reduction plans to the campus soon. A group of seven administrators will decide where budget cuts will be implemented, based on a plan from the Vice Chancellors. The Chancellor's Coordinating Committee on Budget Strategy will make the first recommendations to the chancellor, who retires June 30.

Santa Cruz: After the CPB pointed out that many campuses have an annual budget meeting, the Chancellor agreed to follow up a regular presentation with a budget discussion with principal officers and CPB. Santa Cruz has already cut costs and a model, controlled by the Deans, whereby current cuts can save on interest costs next year. The campus uses a carry-forward model, so central money cannot be held over, which provides both an incentive to cut and pools of money needing spending. The campus continues to plan for deep upcoming cuts.

V. Consultation with Senate Leadership

Chair Cheung updated UCPB on new and ongoing matters.

- The UC has a new president, James ("JB") Miliken who is a lawyer by training and an experienced leader in higher education. His term begins July 1.
- An offer has been extended to a candidate for chancellor at Riverside. The Santa Barbara chancellor search appears to be ending. Monica Varsanyi is the new Vice Provost for Academic Affairs and Academic Programs.

Assembly and Council Meetings:

- Susannah Scott was voted the new incoming Council Vice Chair.
- Council approved a change to Bylaw 145, regarding BOARS consultation with K-12
- The proposed revisions to SR 424 (ethnic studies) failed to carry.
- A statement by Academic Council on the defense of the university from direct and sustained attack was amended on the floor by Assembly and passed.
- Council also considered a proposal to create a system-wide Academic Council special Committee on Clinicians to address the clear need for clinicians to engage with local health enterprise administrators to shape priorities, operations, policies, and other important matters through shared governance. Setting this committee up would need financial assistance from the health centers.
- The faculty discipline report was delivered to Regents for the May meeting. The committee worked to create calibration guidelines around expressive activities to enhance consistency across the system. The report will go out for systemwide review if the Regents approve it at their May meeting. Chair Cheung encouraged members to join the Regents meeting if they are concerned about the issue.
- In April, the Trump administration cancelled 159 UC international student, and a week later, 157 were restored. The Senate developed guidance for academic support for students unable to complete their degree on campus in the future. There is no regulation preventing them from completing their degree remotely.
- A new task force, University Committee on Adapting to Disruptions (UCAD) grew out of remarks Chair Cheung made to the Regents, and it focuses on developing guiding principles should the University need to consider resizing and restructuring programs, as well as examining revenue streams for alignment with the UC mission, and recalibration of growth objectives. A set of recommendations should be finished by the committee and ready by July.
- Faculty working in research areas unlikely to find funding in the future will need assistance to pivot their research. Committee members noted that pivoting might not work as well at different career stages.
- UCEP and BOARS – systemwide review revealed that the demand for shaping preparatory education has increased. UCOPE may be part of an expanded role for and revitalization of preparatory education.

VI. Consultation with Systemwide Academic Personnel

Deputy Provost Amy K. Lee met with UCPB to discuss faculty consultation and engagement in academic labor matters.

VII. Consultation with OP

Caín Diaz, Associate Vice President, Budget Analysis and Planning, updated UCOP on the state of the California budget process and its impacts on UC. The state budget will likely stay with what the governor proposed for the UC, with the possible exclusion of debt service from cuts to the base budget. Should debt service not be excluded, the UC will experience an effective \$270M cut; \$200M if debt service is excluded from the calculation.

The Systemwide Budget Management Workgroup planned to help campuses address proposed state funding cuts and other budget challenges and promote transparency and shared governance. The group has added a subgroup to manage responses to federal actions and plan contingencies for various impacts to the UC. The group is creating a detailed inventory of current budget and financial management practices and strategies, for a comprehensive overview of existing approaches. They will identify existing decision-making processes with significant implications and model them for campuses. They have surveyed all campuses in six areas: financial systems/tools, asset management/utilization, payroll HR decisions, budget model type, revenue diversification, and budget communications. The group's brief is to provide information and support for decisions rather than mandate approaches for campuses to take. The final report from the workgroup will be a summary matrix of the division's answers to questions. The group hopes to present a final report to the Regents at the July meeting.

The budget office is also considering making recommendations about earmarks. Some are state-mandated and can possibly be negotiated as part of the budget deal; some are internal university commitments. One suggestion would be to apply the same budget cut percentage to earmarks as the central budget received. Rethinking set asides can increase flexibility during this time of extreme budget stress.

Return to aid (RTA) was not always part of the university fee model. When the Regents approved the Tuition Stability Model they mandated a 45 percent of incremental revenue go to RTA to approach a one-third of gross tuition go to aid. Currently, 29 percent of incremental funds are marked for RTA. The amount of gross tuition used for aid can reduce to 35 percent and the UC can still make progress toward a one-third RTA. Tuition support the UC has received has not kept up with inflation at all, nor has core fund investment from the state.

- Campus budget websites vary widely in terms of communication, audience (faculty vs. finance), clarity, and transparency.
- Budget realities mean that proactive choices will make campuses able to make challenging decisions with information, rather than reacting to crises.
- Flexibility and revisiting allocations and budget decisions will be key in this ecosystem.
- Currently, there is a range in how campuses assess their SSPGPs. Greater transparency will help divisions make decisions about these programs.
- The workgroup seems less crisis focused and more getting financial ship in order. The Federal contingency workgroup focused on the federal research actions and the draft report of the workgroup is planned as a set of immediate/short term/long term recommendations.
- Discussion included various approaches campuses may take to encourage retirement, although a systemwide early retirement package is unlikely to be implemented by the administration.

VIII. Consultation with UC Health

David Rubin, Executive Vice President, UC Health, Todd Hjorth, Finance Director, UC Health, and Zoanne Nelson, Associate Vice President, Finance and Administration, UC Health joined

UCPB to discuss issues facing the health enterprise. UC Health leadership is monitoring the incoming threats to UC Health. The UC is facing a surgical dismantling of the research enterprise in that targets can be tailored to harm one university and leave others alone.

The budget reconciliation bill before Congress will greatly impact UC health. Health center revenue is over 50 percent of all UC revenue. The UC currently receives \$17B in federal funds, \$10B in Medicare/Medicaid. So far, the Senate seems unwilling to entertain huge cuts to Medicaid but will focus on increasing friction through work requirements and eligibility redetermination processes to disenroll people. Reductions in the Federal Medical Assistance Percentage (FMAP) floor would also greatly impact California, and by extension, UC Health. States that have expanded Medicare coverage to undocumented populations, as California has, for \$6B in costs, are targets for the administration.

The UCs participate in a discounting program, 340B, that allows hospitals to receive prescription drug discounts that help to subsidize uncompensated care provisions. Currently, UC hospitals have reported over \$1B in savings. This program is threatened by the current administration. Reductions in site neutrality options would impact payment for outpatient procedures.

Dr. Rubin noted concerns about executive orders and gender affirming care and limitations on grants including DEI elements and requirements for PIs to provide attestations of compliance on grant applications. The health enterprise is feeling the impact of NIH grant cancellations. UC Health, along with the wider UC, faces extreme uncertainty about federal actions.

- The UC Health acquisition strategy includes compartmentalization of research and clinical enterprises made up of three different parts, medical center, faculty group of physicians, and medical school. Medical centers are evaluated on their cash reserves and all five have diminishing reserves. Some centers appear to be stabilizing after acquisitions. Chancellors are making contingency plans for various scenarios.
- There are no proposals thus far that would preserve the bulk of the workforce should grant cancellations continue. Every campus is investigating how many employees are on NIH funding and attempting to plan. No campus has found clear answers.
- Campuses are delaying capital projects to save money. Part of the value proposition of acquisitions was that the required retrofitting of existing facilities made them too expensive for their operators; however, the UC had access to good credit and could afford to acquire and retrofit the sites. Now that the UC is focusing on preserving liquidity and low interest capital is more difficult to find and the governor has refused to extend the retrofitting deadline, this situation presents concerns for the UC. UC Health is part of the advocacy for help from the state, but focusing on non-financial ways the state can help may be the only way forward, since the legislature seems well-disposed toward the UC but the state budget crisis precludes state funding for retrofitting.
- UC Health has communicated to California Republican members of Congress that all five public hospitals in the central or eastern parts of the state will close if large cuts are made. Even if cuts are only extended to beneficiaries, these hospitals will face great numbers of uninsured patients.
- One positive outcome is the opportunity to reset the relationship between UC Health and the state by aligning with state goals, clinical care reaching under-resourced areas of the state and developing work on the eastern side of the state.

IX. Systemwide Review Items

1. Simple name change – Santa Barbara College of Engineering name change to the Robert Mehrabian College of Engineering
2. Proposed revisions to APM 500 (Recruitment - General)

UCPB discussed the latest version to this revision, noting that it specifies final disciplinary actions, closing a loophole whereby applicants need to disclose accusations even if no substantiation was found. UCPB approved this version.

3. Community Input on Academic Planning Council's Systemwide Academic Calendar Workgroup Draft Report

UCPB discussed the draft report and noted costs associated with calendar conversions make changing infeasible while budget constraints remain in place. Members discussed various funding options, impacts on research time for faculty moving from quarter to semester calendars, alignment with other segments, and accounting for faculty time and effort should all UCs move to semester calendars.

Action: UCPB approved proposed changes and will write letters reporting their discussions for all three items.

The committee adjourned at 3:30.

Minutes prepared by Stefani Leto, Analyst
Attest: Tim Groeling, UCPB Chair