

UNIVERSITY OF CALIFORNIA

ACADEMIC SENATE

**UNIVERSITY COMMITTEE ON PLANNING AND BUDGET  
MINUTES OF MEETING  
TUESDAY, FEBRUARY 8, 2005  
UCOP ROOM 5320**

**I. Chair's Report**

- Michael Parrish, UCPB Chair

**REPORT:** UCPB Chair Parrish reported to the committee on items covered at the January 26, 2005 Council meeting. A large portion of the meeting concerned the nomination and selection of the 2005-06 Council Vice Chair, John Oakley, who must be approved by the Assembly in March. Council discussed and finalized its responses to the following programs and proposals: the 15-year review of the California Sea Grant Program, the Science Intersegmental General Education Transfer Curriculum (SciGETC), and the report on Systemwide Strategic Directions for Libraries and Scholarly Communication at the UC. Council also approved the March Assembly meeting agenda and heard reports from President Dynes, Vice President of Budget Hershman, and Senior Vice President of Business and Finance Mullinix.

**II. Consent Calendar**

- Minutes of the January 11, 2005 UCPB meeting

**ACTION:** UCPB unanimously approved the minutes of the January 11, 2005 meeting with one amendment.

**III. Consultation with UCOP – Budget Update**

- Larry Hershman, Vice President, Budget

**REPORT:** Vice President Hershman reported to the committee on the status of the UC budget and the federal budget as it affects the university:

Federal Budget: Under the current budget released by President Bush where inflation is said to remain at 2.5 percent, Medicaid should experience future savings through targeted plans to reduce fraud, waste and abuse in its programs for the economically disadvantaged. UC will be affected because of changes in the Medicaid reimbursement structure. There are no cuts to Medicare in the President's budget. The basic research budget will experience a one percent reduction, with no change in funding over the next five years for programs such as NSF and NIH. The federal education budget includes increased funding for Pell grants, but significant cuts elsewhere (details unavailable due to release of the federal budget yesterday, February 7, 2005).

State Budget: UC's long-term strategy is to remain active in its budget advocacy efforts. The state has funding sources available due to increased revenue, \$2 billion of available economic recovery bonds, and potential tax proposals. President Dynes will testify in the budget hearings before the State Senate on February 28, and before the State Assembly

on March 1, then the regular budget hearings will resume. The university's chief budget concern includes restoration of funding for student academic preparation programs. It is now unclear whether line items will be removed in the university's research budget. In addition, the Governor has called a special session of the legislature to work on his main proposals, including California state employee pension reform, which would require all new employees beginning in 2007 to have a defined contribution retirement plan, and could also require limits on employer contributions to retirement – including state, local, UC and CSU employers. The public appears to support the Governor's pension reforms.

**DISCUSSION:** Committee members inquired into the university's strategy concerning the protection and/or the possible restructuring of the UC Retirement Plan (UCRP), and how a defined contribution plan would affect future faculty and staff hires. Vice President Hershman clarified for the committee that although UC maintains constitutional autonomy and UCRP is an independent program, the state could ultimately be held liable for any shortfalls in UCRP. The committee agreed to question Sr. Vice President Mullinix on this issue during the afternoon meeting session. One member pointed out that faculty members have a strong desire to be part of strategy development and planning, and should be apprised of any developments affecting UCRP. Members also questioned the relationship between lagging faculty salaries compared to relatively generous health and retirement benefit plans offered by UC. In the current year, UC is approximately 9.5 percent behind the Comparison Eight universities in terms of faculty salaries, and 10 percent behind in staff salaries.

#### **IV. Proposed Excess Units Fee Policy**

- Linda Guerra, Interim Asst. Vice President, Planning & Analysis

**ISSUE:** The committee must decide whether to endorse the proposed Excess Units Fee Policy, which would apply to resident undergraduate students who entered as freshman or transfer students beginning in Fall 2005, and who earn more than 110 percent of the UC units required for graduation with a baccalaureate degree in their major field of study.

**REPORT:** Interim Asst. Vice President Guerra provided the committee with background information on the proposal, including the Compact's requirement that UC implement such a proposal. She reported on topics already brought to her attention, including unintended negative academic effects on the following students: those enrolled in the Education Abroad Program, UCDC and UC Sacramento, students involved in undergraduate research projects, and students from lower socioeconomic backgrounds.

**DISCUSSION:** The committee inquired about the proposal's punitive effects on students who proceed with a double major, and who later declare a single major. Interim Asst. Vice President Guerra replied that campuses are encouraged to conduct impact studies concerning this issue. In general, the committee expressed deep concern regarding the proposal's effective punishment of students who seek greater intellectual challenges and advanced educational pursuits through course completion beyond the minimum required to graduate. The committee was also wary of the proposal's effects on the student groups mentioned earlier in Interim Asst. Vice President Guerra's report. Interim Asst. Vice President Guerra requested that in the committee's response, UCPB should include alternative ideas for UC to graduate students in a timely and efficient manner. In addition, the committee expressed concern for the costs required to implement and monitor the proposed policy. One member mentioned that the proposal is overly punitive, and

that the university should instead offer positive incentives for students to graduate in a timely manner. Lastly, some members were concerned with the proposal's negative impact on students who experience difficulty enrolling in required courses due to over-enrollment, and the proposal's potential incentive for UC to narrow its diversity of course offerings.

**ACTION: Chair Parrish will draft a letter reflecting the views of the committee regarding the proposed Excess Units Fee Policy, for the committee's review and submission to Council.**

**V. Academic Council Proposed Amendment to Senate Bylaw 128 – Membership of Standing Committees of the Assembly**

**ISSUE:** The committee must decide whether to endorse the proposed Senate bylaw amendment, which states, "(128.I) A standing committee of the Assembly may appoint one or more subcommittees, which must always report back to the main committee, but the University Committee on Committees must appoint all subcommittee members who are not already members of a standing committee of the Assembly."

**DISCUSSION:** The committee agreed that the proposed amendment would grant to the UCOB needed oversight and control powers over the composition of all Senate agencies.

**ACTION: UCPB unanimously endorsed the proposed amendment to Senate bylaw 128.**

**VI. Proposed Policy on the Use of Recordings of Course Presentations**

**ISSUE:** The committee must decide whether to endorse the proposed policy, which seeks to address the unauthorized distribution of course lectures, particularly by commercial enterprises that employ students to prepare lecture notes for sale via Internet without authorization from the institution or course instructor.

**DISCUSSION:** The committee held a brief exchange regarding faculty experience with this issue, and other matters involving protection of a faculty member's intellectual property. Chair Parrish explained that California case law currently affords faculty similar rights as addressed by the proposal.

**ACTION: UCPB unanimously endorsed the Proposed Policy on the Use of Recordings of Course Presentations.**

**VII. Consultation with UCOP – Division of Business and Finance**

- Joseph P. Mullinix, Senior Vice President

**A. UC Retirement Plan Update**

**ISSUE:** The committee requested a consultation with Sr. Vice President Mullinix regarding proposed changes to state employee pension plans, including: (1) ACA 5 (Richman), which would establish the California Public Employee Defined Contribution Plan and provides that on and after July 1, 2007, any person hired by a public agency may enroll only in a defined contribution plan of a public pension or retirement system, and is prohibited from enrolling in a defined benefit plan; (2) ACA XI (Richman), a constitutional amendment that slightly revises ACA 5 by expressly including the University of California; and (3) a measure sponsored by the

Howard Jarvis Taxpayers Association that is similar to ACA XI, and which the Association plans to put on the statewide ballot if ACA XI does not pass in the Legislature.

**DISCUSSION:** Sr. Vice President Mullinix explained the university's position on the proposed changes to the state pension plans, and what strategies the university will pursue in the event that one or more of the initiatives moves forward. Currently it does not appear politically advantageous for the university to seek an exclusion from the proposed pension plans, therefore the university will most likely emphasize a negotiation and compromise strategy based on its constitutional autonomy, unique institutional structure, and the fact that UCRP is historically well-funded and not a liability to the State. The committee expressed concern regarding the potential impact of the proposed pension plan's impact on UC's ability to attract future employees and retain current employees. Sr. Vice President Mullinix concurred, and added his reservations about potential employer contribution caps under a defined contribution plan, which are anticipated at six percent. He emphasized that the outcome of the pension debate in Sacramento depends heavily on timing, and numerous political calculations that are difficult to predict at the moment. There is still a debate over the benefits and drawbacks of a defined contribution plan, and its differential effects on staff employees and faculty. One member reported on a UCSB economist's projections, which show significant detriment to those who remain in the defined benefit portion of a retirement plan (usually older retirees) as contributions increase under the defined contribution portion of the plan. In response to the committee's concerns regarding protection of future retiree benefits, Sr. Vice President Mullinix made assurances that despite any changes in the university's pension plans that may occur, adjustments could be made to ensure that retirees continue to enjoy their expected level of overall retirement benefits.

**ACTION:** Senior Vice President Mullinix will return for a future consultation with UCPB when updates become available regarding proposed changes to the UC Retirement Plan.

#### B. Technology Transfer Issues

**ISSUE:** The committee requested a consultation with Sr. Vice President Mullinix regarding technology transfer issues at the university, including the decentralization of licensing offices and decision-making across the UC campuses.

**DISCUSSION:** Sr. Vice President Mullinix reported that his office is looking at ways for the technology transfer office to transition to a decentralized role, particularly concerning licensing activity, without dramatically altering the current funding model. In the past, certain campuses with a disproportionately high amount of technology transfer revenues bore a disproportionate funding burden for all technology transfer activities. This model was phased out in favor of locating certain functions at the Office of the President, including policy research and coordination, and back office functions (accounts payable/receivable), the details of which are still being managed. It is difficult to homogenize all technology transfer policy, for example, due to the diversity of approaches taken across the campuses. Furthermore, although only a few of the campus licensing offices experienced positive revenues last year, the university must maintain them due to its obligations under government grants to provide licenses. Some committee members expressed concern over OP's failure to realize cost savings through decentralization, and emphasized the need to achieve better balance between OP and campus technology transfer office functions.

### **VIII. Financial Aid Issues – Update**

- Cal Moore

**REPORT:** Cal Moore reported to the committee on the current structuring of financial aid programs for undergraduate and graduate students at UC. He explained that financial aid need is calculated after determining a student's family contribution and the student's self-help level (consisting of loans and/or work study to a total of \$9500). The combined amount is subtracted from the total cost of attendance at UC, and the amount remaining qualifies as the student's gift financial aid – making the student eligible for Pell Grants, Cal Grants and/or return-to-aid funding. All money received is later reallocated by the Office of the President to the campuses based on a formula involving actual costs, and the fundamental principle that the self-help component of the financial aid calculation is the same for all students across all UC campuses. Cal Moore explained that the reallocation formula used by OP ultimately leads to cross-subsidization of certain funding categories among the campuses.

Cal Moore reported that recent Regental scrutiny of campus-based fees, which vary widely across the campuses, has forced the university to reevaluate its reallocation formulas and whether its cross-subsidization feature is reasonable

In the upcoming months, the Regents will explore whether all future campus-based fees should have a return-to-aid component, essentially creating a new fee structure paid solely by that campus' students and which would not result in cross-subsidization of other campus' fees. However it remains unclear how to deal with the legacy fees – those fees assessed to current students that are allocated under the existing financial aid structure.

### **IX. California Space Institute – Review Subcommittee Report**

- Cathie Magowan, Director, Science & Technical Research
- John Edmond
- Cal Moore

**REPORT:** Director Magowan reported to the committee on a new Cal Space restructuring plan for UCPB to consider in its report on the 15-year review of Cal Space. Director Magowan explained that currently, Cal Space receives approximately one million dollars in funding, and \$350,000 or more is allocated to administration costs. To lower these costs, Director Magowan is proposing that Cal Space be managed out of the Office of Research for \$50,000 to \$70,000 per year, structured similar to its management of other UC research programs. Overall, Director Magowan's restructuring plan would involve more flexibility and oversight, would reduce costs, and she considers it a preferred option to disestablishing the entire program.

**DISCUSSION:** The committee questioned how the proposed savings under the restructuring plan would be allocated. Director Magowan replied that the savings would most likely go into additional space research funding because of the funding's origination from a specific state-sponsored initiative for space research. In general, the committee expressed dissatisfaction with the restructuring plan, and spoke of a desire to re-compete all Cal Space funding for an entirely new research program, possibly devoid of a space research component. One member mentioned the fact that the Cal Space program has experienced a lost opportunity in its failure to attract

private industry participation. Other members said that if UCPB decided not to disestablish Cal Space, the committee must require assurance that the program improve its management and also demonstrate marked value to its host campus.

The committee then discussed the draft review report submitted by Cal Moore and John Edmond. Members generally agreed with the draft review report's recommendation that the Cal Space program be disestablished, and that the Office of Research re-compete the one million dollars allocated to the program to a new research initiative, which could include a space research component, and that will contribute valuable and exciting research to the state.

**ACTION: Chair Parrish will draft a letter reflecting UCPB's review of the 15-year Review of the Cal Space Institute, for the committee's consideration and submission to Council.**

## **X. Divisional Senate Budgets**

**ISSUES:** (1) Whether the committee should develop "general principles" for divisional Senate budgets and support, in light of previous letters submitted by Council to the President addressing similar concerns; and (2) Status of the UCM Senate budget and planning development.

**DISCUSSION:** The committee contemplated whether to submit a letter to Council concerning funding of the divisional Senates, or to retire the issue to a future meeting. One member pointed out that the Council's letters to the President in 2003 and 2004 are sufficient, and that another letter from UCPB would be superfluous. Vice Chair Brunk expressed the view that it might be helpful for the committee to re-endorse the previous Council letters, perhaps with an addendum concerning appropriate compensation for the divisional chairs, and other demanding committee chair assignments.

Vice Chair Brunk announced that negotiations are underway between the Senate leadership and the UCM administration regarding sufficient funding and support of the UCM divisional Senate office. He reported that the Senate leadership is committed to ensuring that the UCM Senate is appropriately funded before UCM's status as a division will be approved.

**ACTION: Chair Parrish will draft a letter for the committee's review encompassing the views reflected in today's discussion regarding divisional Senate operations. Upon review of the draft letter, the committee will decide whether to proceed with the issue.**

## **XI. Graduate Student TA Fee Remissions**

**ISSUE:** The committee continued its discussion of graduate and professional school student return-to-aid levels, TA fee remissions, and UCPB's possible plan of action.

**DISCUSSION:** The committee reviewed the distribution "2004-05 Comparison of USAP Return to Aid Across All Campuses" and noted some problems, including certain figures not included in the spreadsheet. Some members discussed what the committee's next step should be in addressing graduate student fees in general, and inquired into how related issues are currently managed by the Office of the President. Cal Moore reported on the Steering Committee on Undergraduate Financial Aid, and its charge and membership. Committee members agreed that a parallel steering committee should be established and charged with studying graduate and professional school students' financial aid, for the purpose of creating a deliberative and transparent body to form systemwide policy involving input from campus and OP administrators, the Senate, and student representatives.

**ACTION:** Chair Parrish will draft a letter proposing the formation of a Graduate and Professional School Financial Aid Steering Committee, for the committee's review and submission to Council.

**XII. UCPB Draft Resolution on Maintaining the Public Status of the University of California**

- Chris Newfield

**ISSUE:** The committee is concerned about remarks made by UC Berkeley Law School Dean, Christopher Edley, reported in the press regarding the launch of a multiyear capital campaign to raise \$100 million for the law school independent of state funding and support. In response, Chair Parrish requested that Chris Newfield draft a resolution on behalf of UCPB in support of maintaining UC as a public institution, and to reaffirm UC's dedication to public funding and serving the entire population of the State of California.

**DISCUSSION:** One member clarified that Edley is not supporting privatization of the Berkeley Law School, and that Edley is simply encouraging greater fundraising support from its alumni base. Chris Newfield expressed concern regarding the income substitution effect – private money tends to replace, rather than compliment public funding because the institution has proven it no longer needs public support. One member mentioned that the draft resolution should be part of the Regents' current effort to reevaluate the Master Plan. Some members asked for additional evidence to support a few of the clauses contained in the draft resolution.

**ACTION:** Chris Newfield will edit the draft Resolution on Maintaining the Public Status of the University of California, and distribute it to the committee for further comment at the March 8, 2005 UCPB meeting.

**Meeting adjourned at 4:00p.m.**

Attest: Michael Parrish, UCPB Chair

Prepared by: Michelle Ruskofsky, Committee Analyst