

**University of California Academic Senate
University Committee on Planning and Budget (UCPB)
Minutes of Meeting – January 6, 2009**

I. Announcements – Chair Patricia Conrad

Report: Chair Conrad summarized highlights of the December Academic Council meeting.

- Provost Grey and EVC Lapp reported that the state fiscal crisis has forced California to suspend funding to all projects supported by state bonds, which is affecting some UC campus construction and research projects. The state budget deficit is now projected to increase to \$41.6 billion in the 2009-10 fiscal year.
- The Regents will meet in January to discuss over-enrollment at UC and a plan that would curtail the proposed growth in the entering freshman class of California resident students and increase the CCC transfer class, with specific targets set for campuses.
- Several Council committees are concerned that the restructuring of the Department of Academic Affairs may have a negative impact on committees that rely heavily on UCOP analytical support and expertise.
- Council passed a motion calling for the establishment of a Joint Senate-Administrative Task Force to create a new UCEAP business plan. The motion asks for the Task Force to be chaired by a Senate representative and include members from UCIE and UCPB, campus EAP offices, study center directors, Director Cowan and up to two other administrators.
- UCPB Vice Chair Oppenheimer attended the December 10 meeting of the Academic Assembly. The Assembly received updates about many pressing issues facing UC and the Senate, including the status of the UC-managed Department of Energy National Laboratories and the next round of grant awards supported by UC's annual management fee.

Action: UCPB will recommend Bjorn Birnir as the committee representative to the EAP Business Plan Task Force.

II. Consent Calendar

1. Approval of the January 6, 2009 UCPB Agenda
2. Approval of the December 9, 2008 UCPB Minutes

Action: UCPB approved the consent calendar.

III. Budget Consultation with the Office of the President

–Vice President for Budget Operations Patrick Lenz

Report: Vice President Lenz updated UCPB on the status of the California state budget, UC budget issues, and other issues of concern related to budget.

- The state expects to run out of cash by March 1, but the Legislature and Governor have yet to reach an agreement about a plan to address the crisis. The Pooled Money Investment Board

(PMIB) recently suspended all state contracts financed by general obligation and lease revenue bonds, which affects UC projects worth \$1.1 billion. The PMIB is setting aside \$500 million to temporarily fund the most critical statewide projects. UCOP is working with campuses to identify critical projects that are close to completion, and is advising campuses not to enter into new contracts. Many projects could shut down for up to one year.

- UC has fared better than other sectors of the budget, but has been hit with significant and painful cuts. After several revisions, UC's 2008-09 state budget allocation was reduced by \$98.5 million. The 2009-2010 state budget establishes a new base for the Compact that permanently incorporates a \$65.5 m cut and includes student fee increases of 9.3%. The state has agreed to provide \$20 m to UC to help cover the employer portion of the re-start of contributions to the UC Retirement Plan, which he estimated is at 90% funding today, although UC had asked for \$225 m to implement a 9% employer contribution. UC is attempting to more aggressively communicate to the state its critical role in the state economic engine and the level of investment necessary to maintain quality.
- Higher student fees are likely to comprise part of the 2009-10 budget in order to make up for the gap in state funding. The Regents will discuss fee increases in March.
- UCOP is gathering data from campuses about the seismic safety condition of their facilities, and holding them accountable for claims about seismic improvements.
- UC is enrolled 10,000 students over its state-funded enrollment target. Even if UC enrolls the same number of students next year, total enrollment will still grow as a larger class of continuing students moves through the pipeline. The President's proposal to curtail California resident freshman enrollments will help align enrollment and resources over four years.
- The state Legislative Analyst has recommended an increase to the student-faculty ratio from 18.7:1 to 20.2:1 as a cost saving measure.
- A labor group is collecting signatures for a potential state ballot initiative that would transfer control of UCRP from the Regents to an employee-controlled outside board. UCRP has fared better than other public plans over the past two decades without any state contributions.
- The President and a small group of advisors are considering options for increasing revenue and UC's role in advocating for new policy options. There is hope that the economic stimulus bill being considered at the federal level will include some higher education component. UCOP is compiling a list of shovel-ready construction projects for possible funding.

Discussion:

- Mid-year fees increases are difficult to cope with for both students and parents. Any fee increase, but especially one of more than 10%, would be devastating to many students already struggling with financial hardships.
- There should be better auditing and monitoring mechanisms to prevent students who misrepresent their parental income and financial resources in their financial aid applications.
- Applying the enrollment curtailment plan only to California residents, could inject fiscal considerations into admissions decisions and limit California resident access to UC.

- The unwillingness of California taxpayers to fund public entities and services is the biggest long-term problem facing the University and the State. It should be noted that UC's Agricultural Extension programs are closely correlated to politically conservative districts in the state, where resistance to increasing State revenue via taxation is strongest.
- UCPB should consider the highest priorities for the budget and student fee revenue, and the trade-offs.
- PMIB's suspension of bond funding also impacts UC research projects whose contracts or grants funds were derived from bond measures. Such projects should be exempt from the suspension or at least included, along with capital construction projects, in UC's request to the PMIB for an exemptions on projects that are $\geq 75\%$ complete.

IV. Template of Planning Questions for the Compendium Review Committee

Issue: UCPB reviewed its list of possible questions and issues campuses should address in new program proposals. It will provide the list to Professor Joe Bristow, UCPB's designated representative to a subcommittee being assembled to review and revise the Compendium. UCPB hopes the notes will help spark discussion as the subcommittee conducts its work.

Discussion:

- Programs should fully define the concept of program "need" and "benefit." Who is articulating the need – is it the state or a private entity?
- Proposals should define why the campus is the best place to implement the program, how it will be implemented, and why the chosen entity, as a School/Department/College, is the best organizational model? Will the program be built around and based on an existing core program? Programs should be anchored to an intellectual discipline to preserve the academic integrity of the institution.
- Proposals should define a range of budget scenarios in the context of relative unknowns such as fundraising, state funding, and enrollment. How does the program plan to become self-supporting or sustainable, and what is the plan in the event funding disappears?
- Measurement and accountability: How will the impact of the program be measured and what are the success indicators to look for in five years? What standards will the program use to measure achievement and improvement?

V. UC Davis School of Nursing

UCPB reviewed a draft Committee response to the revised UC Davis School of Nursing proposal, along with a summary statement from the three UC nursing deans and a UCOP review of the proposed school, both recommending approval. UCPB's draft supported the establishment of the SON, but urged further consideration of a number of problems and potential difficulties with regard to long-term funding and fundraising, curriculum, faculty hiring, and the decision to begin the PhD program in advance of the BS. After further discussion, UCPB decided not to support the establishment of the school. Members made the following points:

- UCPB's report should emphasize the Committee's biggest concern, that the \$100 million start-up grant from the Gordon and Betty Moore Foundation will be insufficient to build and maintain the School over the long-term, and that the funding plan depends too heavily on faculty-generated income. The proposal as currently conceived does not provide a sustainable model for a financially feasible School of Nursing. It needs a long term commitment from the state. The budget concerns are particularly urgent in these uncertain financial times.
- Many clinical nursing programs are unable to expand because they lack faculty to teach and train new nurses. UC Davis' innovative approach to address the problem by training new faculty is appropriate for a research university.
- At the same time, the SON should be clear about the implications for its plan to establish a graduate program before the undergraduate degree program. To what extent will the presence of undergraduates be integral to the graduate program and how will this address the overarching goal to alleviate the state's shortfall in nursing FTEs?
- There was skepticism about the SON's ability to find qualified faculty, post docs, and graduate students, and a concern that the plan for student-faculty ratios does not provide adequate faculty support for training graduate students.

Action: Observations from the meeting will be incorporated into the draft and submitted to CCGA.

VI. Systemwide Senate Reviews

1. Regents Item J1 - Proposed revenue bond issue

Issue: The Regents are considering a proposed \$2 billion bond issue intended to finance seismic upgrades and other construction projects on UC campuses. The issue is out for Senate-wide review. Mary Gauvain and Susan Gilman drafted a UCPB response for consideration.

- There are growing concerns about the safety of Berkeley Memorial Stadium and other UC facilities and the University's liability for ensuring the seismic integrity of its facilities. UC is seeking new ways to fund vital projects in the absence of adequate state support.
- There were concerns that the plan does not spread the debt load equitably across UC campuses or address debt service some campuses have already incurred. It was also noted that early investments by legacy campuses helped pave the way for future campuses. Newer campuses with fewer seismic issues may be disadvantaged by the bond, but older campuses without room to expand are also disadvantaged when new space is funded this way. Legacy campuses will need more resources for seismic upgrades, while newer campuses will need more for new construction.
- Some members felt the three facets of the proposal – seismic upgrades, infrastructure renewal and deferred maintenance, and new space – should be considered separately, and the bond should address seismic upgrades only. The seismic safety improvements should be borne in common, but any non seismic enhancements should be borne by the campuses.
- There is a lack of transparency about how much support each campus receives per student. The formula for distribution of the bond debt to each campus should be clear and transparent.

Responsible campus stewardship of State funds should be tracked in one simple ratio: net State funds per enrollment in relation to campus achievement.

Action: Submit the final memo to Academic Council.

VII. Creative Solutions to the Budget Crisis

Issue: Provost Grey is assembling a subcommittee of EVCs and Senate leaders, including Chair Conrad, to discuss creative ideas for responding to the budget crisis. Chair Conrad asked UCPB members to contribute their thoughts and ideas.

Action: Chair Conrad will share UCPB's ideas with the subcommittee.

VIII. Upcoming Issues, Priorities, and Goals

- Invite representatives from Lab Management to discuss the LLC arrangements, the work of the labs, shared governance, and/or other topics. How do the labs benefit UC?
- The financial aid system: what is the overhead on return to aid money, how is it distributed, and how effective is the distribution?
- Stealth budget cuts, including Budgetary Savings Targets
- The effect on students and faculty of converting unfilled FTEs into flexible money including student-faculty ratios, classroom size, faculty workload, and educational quality.

The meeting adjourned at 4:00 pm

Minutes prepared by Michael LaBriola

Attest: Patricia Conrad