

**University of California Academic Senate  
University Committee on Planning and Budget (UCPB)**

**Minutes of Meeting  
October 5, 2010**

**I. Chair's Announcements and Updates**

○ *James Chalfant, UCPB chair*

The systemwide Senate committee chairs and vice chairs held their annual retreat the day before the September Academic Council meeting. The retreat gave faculty leaders an opportunity to identify goals for the Senate's work in 2010-2011. It was followed by a joint Senate-Administration retreat hosted by Provost Pitts that included UCOP presentations on the 2010-11 budget, post-employment benefits, and UCOP's "funding streams" project. The latter project is in its first phase, a proposed new funding model for UCOP being testing this year alongside the current system. Campuses will retain revenue they generate from most sources, and UCOP will assess a 1.7% flat tax to fund itself and systemwide programs. The second phase is to "re-bench" the current formulas that determine the proportion of state general funds UCOP distributes to each campus, to align per student funding more equally across campuses. UCPB members David Lopez and Brent Haddad have agreed to work as a subcommittee to study re-benching.

Council's first meeting of the year was focused almost entirely on post-employment benefits and faculty salaries. Council changed its Web posting policy to allow committees to post committee-approved documents that have not been endorsed or approved by Council, as long as they include a disclaimer that the document does not represent a position of the Senate.

UCPB has been asked to name a committee representative to the Systemwide Library and Scholarly Information Advisory Committee (SLASIAC), and invited to participate with UCORP on a group considering Compendium language to govern the review of multi-campus research units. Vice Chair Minster will represent UCPB on the Academic Council Special Committee on Laboratory Issues (ACSCOLI). Donald Senear has agreed to continue representing UCPB on a joint Senate-Administration Task Force discussing alternative compensation plans for general campus faculty. The administration is looking for a second UCPB member to join David Lopez on the Education Abroad Program Governing Committee for a two year term.

**II. Consent Calendar**

1. Approval of the September 8, 2010 UCPB Minutes
2. Change to the UCPB Agenda: New Business – faculty salaries

**Action:** UCPB approved the September minutes and the addition to the agenda.

**III. Identifying Topics and Priorities for 2010-11**

○ *James Chalfant, UCPB chair*

**Issue:** Chair Chalfant invited members to discuss local topics of interest and concern (in addition to post-employment benefits) for further UCPB discussion in 2010-11.

**Discussion:** UCPB should discuss the extent to which UCOP's new funding model and "rebenching" plan will provide a greater incentive to campuses to raise revenue through

increased non-resident enrollment; what these new models could mean for the relationship between medical center and general campus; and their implications for program growth.

UCPB should invite Vice President for Research Steven Beckwith and/or Research Grants Program Director Mary Croughan to discuss research issues—e.g., MRUs, graduate student support, Discovery Grants, Industry/University partnerships, and plans for a successor group to IUCRP that includes Senate representation. There was also interest in UC's use of the fees it receives for management of the DOE National Laboratories.

Both Riverside and Merced are concerned about calls for downsizing. UCSB is also concerned, given that it has achieved major quality improvements in many programs with limited faculty and enrollment growth due to restrictions associated with its coastal location, and thus has departments whose size is already minimal for a nationally ranked program. UCR's enrollment now exceeds 20k students, and its strategic plan includes more growth and a medical school. Merced is also in growth mode, and both campuses aspire to AAU status. How can UCPB reconcile Council's downsizing recommendation with these aspirations? More generally, what should the Senate's role be in recommending a plan to reduce the number of faculty or abolish/merge departments? It was noted that campuses have resisted suggestions for more systemwide coordination of major and course offering planning.

Other topics of interest include faculty access to campus budget data, and working with budget administrators to obtain data; undergraduate student fees; graduate student support; the use of indirect cost recovery money; controls on systemwide non-resident enrollment; concern about off-scale salaries and the continued relevance of the UC salary scales; and trends toward privatization, with one example being the UCLA Anderson School of Management's proposal for self-supporting status.

#### **IV. Faculty Salaries**

- *James Chalfant, UCPB chair*

**Report:** In September, Council endorsed the first two recommendations of the report of the Joint UCAP-UCFW- UCPB Subcommittee on Faculty Salaries, which call for an across-the-board 2% range adjustment to faculty salaries to compensate for the 2% restart of UCRP contributions under the "redirect". Council tabled the third recommendation that proposes an additional 5% range adjustment as soon as possible after that. Some Council members felt that directing the entire 5% as a range adjustment would not do enough to address the problem that the published salary scales are not aligned with the market. There is concern that the salary scales, and by extension the merit review system, are becoming increasingly irrelevant as the scales move further from market. Chair Chalfant and the UCAP and UCFW chairs believe that Council would be more likely to approve a recommendation to split the 5%, perhaps into a 3% range adjustment and a 2% market adjustment to the scales. The salary supplements are hypothetical, and are intended to apply to new money for faculty salaries.

The subcommittee did not advocate restarting the four-year faculty salary plan approved by the Regents in 2007, which stalled after one year due to the financial crisis. For that year UCOP convinced all campuses to apply the market adjustment to total salary, including off scale. However, some faculty with large on off-scale increments were upset that the market adjustments caused their off-scale differential to decline dollar for dollar as their base salary rose.

In this plan, the initial 2% and second 3% range adjustment would apply to both base salary and off-scale, and benefit all faculty. For Health Sciences Compensation Plan faculty, the range adjustments would presumably apply to the 'x' and 'x prime' salary components. The subcommittee letter also asks UCOP to include specific provisions for faculty salary increases in UC budget requests. Council will host a joint meeting with the campus EVCs on October 27, and faculty salaries will be a topic. The EVCs are likely to request discretionary control over any new salary money to use for recruitment, retention, and off-scale.

**Discussion:** The partitioning of the 5% pool should be done in a way that promotes a return to a viable scale. In the long term, fixing the scales will require the continued good will of faculty who are off-scale and will not benefit from market adjustments. It was noted that about half of UC campuses apply range adjustments to both the base salary and the off-scale salary. There is concern that if the range adjustment is not prescribed to apply to the off-scale increment, EVCs will apply the range adjustment only to the base salary. Members were skeptical that new salary money is likely in the current budget environment; nonetheless, the Senate needs to draw attention to the problem to keep the issue alive.

**Motion:** A motion was made and seconded that "UCPB supports the proposed 2% range adjustment in total salaries (base plus off-scale) for 2010-11, and as soon as possible thereafter a subsequent 5% increase in the form of a 3% range adjustment plus 2% market adjustment. This partition is intended to continue the process toward a return to a viable salary scale."

**Action:** The motion passed unanimously. UCPB will communicate its views to UCAP and UCFW.

## **V. UCAF's Proposed Amendments to APM 010 and 015**

**Issue:** The University Committee on Academic Freedom has proposed new language for APM 010 (Academic Freedom) and APM 015 (the Faculty Code of Conduct) in response to recent court decisions narrowing the freedom of faculty to express opinions on institutional policy.

**Discussion:** The amendments state that academic freedom includes the right to "address" university policy and issues, but "address" may be too vague. UCPB should endorse but note that the committee understands "address" to mean having broad freedom to comment on University policy in multiple fora.

The language does not give every faculty member the right to demand an audience with the President; it says that faculty should not be disciplined for commenting on University policy. Academic freedom also pertains to the activities of the Academic Senate.

**Action:** UCPB will draft a brief letter of support.

## **VI. Proposal to Rename Fees as Tuition**

**Issue:** Provost Pitts has asked the Senate to review a proposal to rename the "educational fee" as "tuition" and "fees for professional school students" as "professional supplemental tuition." The UC Commission on the Future discussed this idea last year, and UCPB agreed in principle in its response to the Working Group recommendations.

**Discussion:** UCPB supported the intent of the recommendations, noting that it makes sense to recognize reality and describe it honestly. There was some concern that the change could leave UC open to criticism if the public perceives it as violating the Master Plan’s vision of tuition free higher education in California. However, UC made the decision years ago to not follow this ideal due to the erosion of state support. The state’s unwillingness to fund UC has forced the University to charge tuition-level fees and to use those fees to fund instruction.

There was concern that the new wording for professional school fees does not make clear that “professional supplemental tuition” should apply only to select professional school degree programs. It could have the unintended consequence of softening oversight of professional school fees, thereby opening the door to the expanded use of supplemental “professional” fees and further privatization without Senate deliberations. UCPB does not want to rule out the possibility that a program could charge professional fees, but the name change should not imply changes to other policies, and expand fee policy without appropriate review.

Discussion will continue over email. UCPB may recommend renaming “Fees for Professional School Students” as “Professional Program Supplemental Tuition” instead of the proposed “Professional Supplemental Tuition.” In addition, the committee will ask UCOP to work to ensure that this change becomes an opportunity to highlight the lack of state support for UC.

**Action:** Committee analyst will follow up with draft motion and memo over email.

## **VII. Consultation with the Academic Senate Leadership**

○ *Daniel Simmons and Robert Anderson*

***Transfer Legislation:*** SB 1440 is new legislation that directs the California Community Colleges to design Associates Degrees for transfer to CSU, and compels CSU to accept them with some priority, although the degree would not guarantee a place in a specific campus or major. UC is not mentioned in SB 1440, but the companion bill AB 2302 asks UC to collaborate with CCC faculty to develop transfer degrees to UC that would provide eligibility for designated majors at designated campuses.

Chair Simmons said UC is under pressure to streamline the transfer admission path, but the legislature has provided a solution without identifying a problem. UC is at or above capacity for transfer students, who are as successful as four year students in terms of GPA, completion, and retention rates. He added that there are cases of students preparing to transfer to a specific major at a UC campus who do not get in, but are unable to meet the preparation requirements at another campus.

The Provost is organizing a series of meetings of faculty from five disciplines—history, psychology, biological science, math, and computer science—on all campuses to explore the degree to which they might create more consistent lower division major prerequisites. These majors were chosen because they are among the most popular for transfer and represent a range of disciplines and complexity.

***Council’s Downsizing Recommendation:*** Chair Simmons asked UCPB to quantify, to the greatest extent possible, the financial impact of Council’s recommendation for reducing undergraduate enrollment and the number of ladder-rank faculty. He suggested that UCPB

explore ways to focus the program approval process more closely on the budget and ensuring the availability of resources for new programs.

***Post-Employment Benefits:*** The chair and vice chair are engaged in intense discussions with the administration about the options for post-employment benefits design. During Council's consultation with Senior Management in September, the President mentioned that a fourth option may be released for consideration. This would, however, be a "tweak" to what has already been discussed and not a major departure from the three options on the table. Each option represents a range. The final recommendation may be some hybrid of one or more of the options, but will adhere to the broad parameters of those on the table. The possibility that there might be a recommendation that isn't currently on the table should not anger the faculty. There should still be ample time for comment. From the outset, the PEB process has been an exemplar of shared governance, given the degree to which the Senate has been involved and influential throughout the process. It has been a fluid negotiation, and will end with the President's recommendation. He is being influenced by many views, and is set on a Regents decision in December.

Council voted to circulate a UCFW resolution reacting to the proposed PEB options to systemwide Senate committees and divisions to help inform their consideration of the issues. In it, UCFW opposes Option A; it recommends Option C over B for its simplicity and because it provides more pension to lower and middle income employees; it opposes an employee contribution over 7% for those who choose to remain under the current UCRP terms; and it says it will not support Options B or C without a plan to raise faculty and staff salaries. UCFW felt the administration and faculty should not be the ones to choose Option B or C for non-represented staff.

The chair asked UCPB to take a position on the integrated plan concept, Option A, the question of Option B vs. C, and the importance of crafting a plan with competitive remuneration in mind. The Senate will be more effective by focusing on big topics.

## **VIII. Systemwide Review of Post-Employment Benefits**

*Member reports about local PEB reviews:* Santa Cruz's recent faculty-only PEB town hall meeting focused on principles. The UCSC Senate adopted a resolution opposing the integration of Social Security with UCRP due to the risks of uncertainty about Social Security Covered Compensation over time. UCSC also said that the downside of Option A is the lower age factor for lower income employees, and noted that it could be difficult to enforce a 7% cap on employee contributions in the "choice" provision. (Raising the age factor and the employer contribution rate to 9%, as in Option B, would remove some of UCSC's objections to Option A.) The UCSD P&B endorsed the UCFW resolution, noting that placing new employees on a less generous plan would be unfair and bad for morale. UCLA wants to ensure that the format of its upcoming PEB town hall meets the campus' own need to educate faculty, many of whom are completely new to the issues.

*Option A and the Integrated Plans:* Members discussed Option A and the integrated plan concept. It was noted that an analysis by the UCSB division chair shows that an integrated plan is highly unpredictable for both the employee and employer, and could lead to large variations in cost to either, based on inflation and other factors, including how the Social Security Wage Base 35-year average changes over time, relative to wages. A UCSC faculty member conducted a similar

analysis. One UCPB member noted that the goal of reducing employer cost is reasonable, and the integrated plan is a reasonable method of calculating income replacement. There was also skepticism about claims that an integrated plan would be difficult to administer.

The benefits of Option A include its low cost for lower paid employees in real time, and more money in UC's budget in 2030. Also, the view was expressed that it is a mistake to equate faculty pensions with pensions for staff who may not be as essential to UC's excellence. Hiring and retention of outstanding faculty should be UC's highest priority. On the other hand, any savings from Option A will likely need to be directed into cash compensation, just to remain no less competitive, and there are no additional costs for adopting Option C until 2030, when the employer cost begins to decline under Option A.

It was suggested that UCPB endorse the UCFW position opposing Option A on the grounds that it is uncompetitive. It was also suggested that UCPB oppose the integrated plan concept as difficult to understand and unpredictable in terms of future cost.

**Motion:** A motion was made and seconded that UCPB adopt the UCFW resolution opposing Option A on the grounds that it is uncompetitive for all employee groups.

**Action:** The motion carried unanimously.

**Motion:** A motion was made and seconded that UCPB oppose any integrated plan.

**Action:** UCPB took a straw vote and tabled the motion.

*Modifications to Retiree Health Benefits:* The proposals for retiree health benefits are less controversial than the pension options. For all current and future retirees, the maximum UC contribution of 89% would drop gradually to 70%. For employees not grandfathered under the current rules (age + service years = 50 as of 2013 and service years greater than 5), the retirement age eligibility for the full health-plan subsidy would increase to 65 with 20 years of service. The proposal is designed to encourage later retirement, targeting age 65 or beyond. UCPB agreed, reluctantly, that UC can no longer afford such a generous retiree health plan. Some expressed concern that these changes would be difficult for retirees to absorb, although it was noted that for non-Medicare retirees, they represent only about \$200 more per month for a couple at full phase in.

*Employee Choice Concept:* Under the "choice" provision, UCOP is proposing that the cost to remain under the current UCRP plan will be 7% (or more) of covered compensation. It was suggested that UCPB support UCFW's resolution that it should be no higher than 7%. Some members were uncomfortable about arguing for a specific figure, but all agreed that regardless of one's benefits, and the percentage increase, there should be offsetting competitive salary increases. On the question of equity, it was noted that some intergenerational transfers benefit the older generation and others benefit the younger one. Another noted that this would entail a very substantial transfer of benefits away from future generations.

*Option B vs. Option C:* It was noted that Option B allows UC to tell young faculty that they will contribute less early in their career, as a percentage of salary, and more later. Under Option B, increases in income still bring increases in the employee contribution percentage past the 2.5% age factor cap. Option C is the most generous plan, based on the Total Remuneration Study results. Employees would also contribute more in exchange for a better benefit. Some prefer C because it is less complex, easier to understand, and more equitable than B. Most faculty would

receive the same benefit under Options B or C; the choice between the two matters more for employees with lower salaries. Both cost the employer the same. It is possible that the age factor or the employer/employee split for Option C could be altered.

It was suggested that UCPB issue a blanket endorsement of all four UCFW resolutions. It was also suggested that UCPB endorse the UCFW resolution preferring Option C over Option B, on the grounds that Option C is simpler for employees to understand and for UC to administer, and has the same employer normal cost. UCPB members generally agreed to prefer C, but there was diversity of opinion about why. There was broad support for UCFW's fourth statement, which recognizes that B or C could be adopted and hinges support for either on a competitive salary plan. It was noted that no Senate entity has taken a position on the finance work team's recommendation to fund employer cost by borrowing from the Short Term Investments Pool.

**Motion:** A motion was made and seconded: "UCPB supports the UCFW recommendation preferring new tier Option C over Option B."

**Action:** the motion passed 9-2 with one abstention.

**Motion:** A motion was made and seconded: "UCPB's support for any new tier plan is contingent on the implementation of a plan for competitive faculty and staff salaries."

**Action:** The motion passed unanimously.

**Motion:** A motion was made and seconded: "UCPB opposes requiring an employee contribution in excess of 7% for those who choose to remain under the current plan terms."

**Action:** The motion passed 11-0 with one abstention.

**Motion:** A motion was made and seconded: "UCPB supports the recommendations of the Finance Work Team to fund employer cost and urges the administration to work with the Senate to ensure the continued viability of the strategy as circumstances evolve."

**Action:** The motion passed 11-0 with one abstention.

*Other comments:* One member noted that these plans represent a significant tax on UC Merced, which has many junior employees who have not enjoyed the benefit of the contribution holiday for the full two decades. UCPB feels that UC should continue to except Merced from cuts and advocate for a plan to fund the campus appropriately. There was also concern that if an Option D is really in the works, the discussion has already moved ahead of the documents under review. The administration's claims that Options A and B will have no effect on the benefits of current employees ignores the fact that they will have to pay 7% or more to stay under the current UCRP terms.

## **IX. Academic Council Recommendation and UCLA Alternative Statement**

**Issue:** Council's recommendation calls for downsizing UC by reducing the number of employees through attrition; instituting a moratorium on construction; and requiring Chancellors to identify a stable source of funding for any new program and specify its impact on existing programs. UCPB has been asked to quantify the financial impact of shrinking the number of undergraduates and ladder-rank faculty, and pausing construction. Chair Simmons suggested that UCPB explore ways to focus the program approval process more closely on the budget and ensuring the availability of resources for new programs.

**Discussion:** It is difficult to estimate the impact of shrinking UC without reviewing projections for campus growth and campus aspirations for growth over the next 10-20 years, as well as data on educational demand, population growth, and demographics. The committee should request these data from UCOP. It was noted that all campuses plan to grow, and it is clear that Merced needs to grow, but it is not clear that UC can afford to increase the size of the other campuses. UCPB should comment on whether growth plans are realistic.

UCPB should consider the effect of downsizing in terms of both student and faculty numbers. It was noted that for the first time, the size of the ladder rank faculty at UC has declined, by 1%, while the number of lecturers has increased, by 3%. Are lecturers equivalent to ladder rank faculty as teachers? Does tenure add value to the larger society in economic terms as well as in terms of academic freedom and secured employment? UCPB has always favored campus autonomy. Should UCPB recommend specific areas to cut, or leave it up to the campuses? Shrinking will have a different effect on departments that are impacted and departments that have better than average student-faculty ratios. UC is already downsizing, and is not clear how to downsize more when classrooms are already overcrowded and faculty are overworked. UCPB's [budget principles document](#) from 2009 and its memo to UCFW about fiscal crisis mitigation options earlier this year are both good references that can inform the current review. Chair Simmons suggested that if UCPB develops new or updated principles, they also include an implementation path to the principles. He said his goal is to arrive at a strategic plan for the University. If the faculty do not take a position on the direction of the University, nobody will.

**Action:** Chair Simmons will request data from UCOP on UCPB's behalf on the following:

1. What is the anticipated demand for enrollment at UC over the next five or so years, e.g. what do we anticipate regarding the growth in UC eligible students?
2. What are the expansion plans at each of the undergraduate campuses as reflected in campus LRDP's or strategic plans?
3. What is the revenue per student that is available to the core educational programs from fees net of financial aid and the student services fee?

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The meeting adjourned at 4:00 pm  
Minutes prepared by Michael LaBriola  
Attest: James Chalfant