

University of California Academic Senate
University Committee on Planning and Budget (UCPB)
Minutes of Meeting – November 4, 2008

I. Chair's Announcements – Patricia Conrad

Report: The October Academic Council meeting included a budget update and a discussion with President Yudof, who indicated that he has delayed the decision about outsourcing UC Benefits Administration. Employee contributions to the UC Retirement Plan will resume in July 2009 with some yet-to-be determined employer-employee mix. UCPB's concerns about the proposed policy on reemploying UC retired employees were consistent with other Senate reviewers, and the Academic Council is forwarding a number of proposed amendments to the President. The search for a new UC Provost continues.

Action: Professors Joseph Bristow (UCLA) and Warren Gold (UCSF) volunteered to serve as lead reviewers for the revised UC Davis School of Nursing proposal being released in late November. UCPB will review the proposal and recommendations at the December meeting.

Action: Peter Krapp (UCI) volunteered to serve as the UCPB representative to the Industry University Cooperative Research Program (IUCRP) Steering Committee.

II. Consent Calendar

1. Approval of the November 4, 2008 UCPB Agenda
2. Approval of the October 7, 2008 UCPB Minutes
3. UCPB draft memo re: [Request from the University Committee on Academic Freedom to change Senate bylaws, adding UCAF to Council](#)

Action: UCPB approved the consent calendar.

III. Budget Consultation with the Office of the President

– Associate Vice President for Budget Operations Debora Obley

Report: Associate Vice President Obley explained that the University's budget development process begins with the three major revenue components of the previous year's base budget – State General Funds, UC General Funds, and Student Fees – and then factors in new revenues (or cuts), and new funded or unfunded expenditures. The State funds UC according to the Compact and assumes the University will cover cost increases. UCOP sends money to the campuses, which are expected to assign budgetary savings targets to individual departments.

AD Obley distributed a copy of the 2008-09 Final Budget Plan approved by The Regents on October 21. It reflects a \$48.7m reduction in State funding and will require another \$148.7m in internal savings to cover unfunded expenditures and mandatory cost increases. The General Fund cut includes a mid-year reduction of \$33m mandated by the Department of Finance on October 10, and a \$5.4m line item veto of funding for the Labor Research Institute. California is asking UC and other state agencies to prepare for additional mid-year cuts. There are also new revenues – \$160m from student fees, \$24m from UC general funds, and \$28m in savings generated through the UCOP restructuring, and the State is funding \$87.6m to cover new expenditures for professional schools, student financial aid, student mental health, and the Cal ISIs. However, UC will have to absorb \$218m in new students costs, employee health benefit

cost increases, continuation costs for last year's salary increases, and maintenance of new space. Faculty academic merits will be funded, but year two of the faculty salary plan is being set aside due to lack of funds. All UC campuses are overenrolled this year, and systemwide, this amounts to 10,000 unfunded students. The State budget bill reduced the funding amount of several legislatively-mandated research priorities by 10%, giving UC extra flexibility for a one-time allocation to the Cal ISIs; however, UC still needs to identify a permanent funding source for the Cal ISIs.

The President believes it is important to make clear to the Regents and the Legislature UC's real total needs. Therefore, despite the budget crisis, the 2009-2010 budget asks the State to fully fund all UC's priorities – including the faculty salary plan, current enrollments, the student-faculty ratio, maintenance and capital improvements, health care and benefits, and 9% of the 11% funding for UCRP contributions. UCPB strongly supports the President's decision.

Discussion: UCPB members applauded UC for hearing the message in the Cuts and Futures reports about the need to communicate UC's chronic under-funding. UC should take a firm line with the State on enrollment funding so as to maintain the quality of undergraduate education, even if capping or cutting enrollment has the potential for negative political consequences. In an email, the graduate student representative asked whether it would be possible for UC to implement a fixed, multi-year fee schedule, so students could better predict fees over the course of a UC career. Associate Director Obley replied that such a plan would be difficult to implement because UC does not know what the State will provide from one year to the next.

IV. Consultation with the Office of the President

– *Dan Greenstein Vice Provost, Academic Information and Strategic Services*

Vice Provost Greenstein joined the meeting to discuss the progress of the UCOP restructuring effort and the draft UC Accountability Framework.

Restructuring: UCOP has established or is in the process of establishing several new units designed to provide more effective and efficient services. In the end, UCOP will be smaller and fundamentally transformed. In addition to the recently established UCOP budget office, a new Business Resource Center centralizes UCOP payroll and reimbursement functions; an Institutional Research unit will manage the collection of data for reporting, policy analysis, and planning; a newly constituted Communications unit combines external and internal relations; and the Issues Management Policy Analysis Coordination (IMPAC) unit will coordinate state and federal legislative analysis. The next phase will be the reorganization of the Department of Academic Affairs, starting with the establishment of a Strategic Programs Planning and Analysis unit. Plans are also underway for reconstituting the Departments of Student Affairs and Academic Advancement. The Continuing Education of the Bar is moving to UCLA in January, and a number of other individual research programs may be moved out of UCOP to an appropriate campus.

Discussion: UCPB members noted that most academic programs are better located on a campus, but they warned against shifting responsibilities to campuses without appropriate accompanying funding. They said it will be important to monitor how well the Senate and the campuses are able to work with the restructured UCOP units.

Draft Accountability Framework: The intent of the Framework is to establish an annual report that looks broadly at key aspects of the UC enterprise and tracks the University's progress in

meeting key goals. The notion of accountability appears in the 2006 report of the Long Range Guidance Team, [The Power and Promise of Ten](#), and the new President is also very keen on establishing accountability indicators. The effort is also part of a national trend in higher education. UCOP hopes to publish the first final published version of the Framework in May 2009 and on an annual basis thereafter. It will evolve from year to year, with a series of sub-reports accompanying each rendition. He said the audience for the Framework is both the general public and UC itself, and noted that it is appropriate to make data about a public university available to the public. The Framework brings together in one place existing data from other sources. Having baseline comparative data will help UC assess the effect of its policy decisions. Vice Provost Greenstein made the point that UC needs to adapt to some of the widely used accountability metrics in higher education, even if we object to some of those measures, so we can demonstrate where we are nationally.

V. Consultation with UCEAP Acting Executive Director Michael Cowan

Report: EAP Director and Former Senate Chair Michael Cowan joined the meeting to discuss the proposed Business Model for the Education Abroad Program. He said the model is a work in progress and he hopes to use comments and suggestions from the Senate review to craft a more fully developed plan. UCPB's response to last year's Ad Hoc Committee Report on International Education was consulted during its development.

Director Cowan said his goal is to reduce EAP's operating expenses without reducing quality by carefully analyzing its funding model, and FTE allocations at UCOP, EAP headquarters at UCSB, and the international study centers. The plan would gradually shift EAP funding from general fund support to student fee support. It would also cut administrative expenses at the international Study Centers by replacing many of the in-residence UC faculty study center directors with local faculty "liaison officers" to provide academic oversight and support (about half of the study centers already use local faculty or staff) or assign UC faculty to provide students with distance support and expertise over email. The question is whether EAP can do this without reducing quality or academic oversight.

He said one advantage of the model is its transparency. Sending funds directly to campuses will force EVCs to make more transparent decisions about allocating money to EAP. It also gives campuses more negotiating power with the central office in Santa Barbara and forces the central office to operate more efficiently and cost effectively with fewer FTEs.

He said EAP believes it can increase efficiencies and maintain excellence with \$4m in general funds, but more cuts would likely force EAP to eliminate some programs, raise fees, or eliminate certain services available to students that require significant staff FTE – for example, UC's reciprocal exchange agreements and immersion programs, or EAP's service that provides students with UC course credit and grades for specific courses through a dual registration system with the host institution. The plan gives EAP the option to charge additional fees to help subsidize specific, unusually expensive programs. He also said students studying abroad experience excellent student-faculty ratios compared to UC classrooms, but they are not paying more for it, so adding more lecture courses, for example, could also save money.

Action: Chair Conrad and Bjorn Birnir will review the plan and draft recommendations to be discussed at the December meeting. All members will gather comments from campuses, including EAP Directors, about the Budget Model and submit before December meeting.

VI. Compendium Reviews

1. 5-Year Academic Review of the California Institute for Quantitative Biosciences (QB3)

Peter Krapp and Bjorn Birnir submitted a preliminary analysis for UCPB review. The QB3 review materials include a report from an academic review panel and responses from the three chancellors who have oversight over QB3. The UCPB draft praises QB3's significant role in recruitment and retention of excellent faculty, but recommends a more stable operating budget for QB3, a larger commitment to operating and administrative costs for the central coordination, which makes cross-campus collaborative efforts possible, and a more clarified and simplified governance structure. It was noted that the QB3 matching funds report (Appendix IVB4, page 146) indicates that the matching funds disappear after 2002-03.

Action: The report will be submitted to Council after final touches are applied.

2. (Revised) Proposal to Reconstitute the UCR Graduate School of Management

Issue: James Chalfant and Susan Gillman drafted a preliminary analysis of the revised proposal, recommending UCPB's endorsement pending clarification of several points. The reconstitution plan rests on the goal of an overall faculty-student ratio of 1:25 that will be met by plans for hiring at least ten ladder faculty members for fall 2008, but there is no indication as to how the FTEs for this ratio are measured and more important, no information about the outcome of the recruitments – how many are filled and how many are still under recruitment? There was also a question about whether combining an MBA and undergraduate business program alone is sufficiently large to be renamed a College.

One member noted that the Senate and the University should begin looking at proposals not only for their individual merits, but also in the context of long-term systemwide planning, particularly their impact on FTE and other programs within the campus and across the system, and their ability to address state need and demand. Senate Vice Chair Powell added that there are currently 11 proposals in the review pipeline. He encouraged UCPB to consider them in strategic terms and in a long range, 20-25 year framework, during which all could be accommodated depending upon local conditions, state funding, need and demand, and other factors. It was suggested that UCPB assemble a template of questions for schools to answer and address when putting together a new program proposal.

Action: The memo will be submitted to CCGA after final touches are applied.

Action: Chair Conrad, Norman Oppenheimer, and John Ellwood will draft a template of possible questions campuses should address as they propose any new entity.

VII. Consultation with UCOP

- Katie Lapp, Executive Vice President for Business Operations
- Michael Clune, Assistant Budget Director

Report: EVP Lapp reviewed the long-term budget planning model presented to The Regents in September. It projects the University's fiscal situation over the next 20 years, focusing on core spending and income, and factoring in different assumptions about state funding and major cost drivers such as enrollment, compensation, and employee and retiree health benefits. It forecasts future University budgets three ways: by using the current base budget, by adding in mandatory costs such as those related to retirement and capital renewal, and by adding in the cost of implementing all previously articulated Regental priorities, as well as other projections using different state funding, enrollment, and student fee scenarios. The model shows a steady erosion

of state general fund support, when adjusted for inflation, since the mid 1970s. Most future scenarios forecast a large and growing gap between costs and income.

She added that after June 30, the UCRP pension fund is projected to dip below 100%, which is why employee contributions to UCRP must start again after an 18 year holiday. The actuary will update The Regents about the health of UCRP at their November meeting.

Discussion: Members noted that the model raises a number of questions about whether UC can meet its basic mission and obligations without an infusion of State budgetary support. UC will not be able to afford its current retiree health benefits structure going forward. There was also a comment that Indicator 10.1 in the Accountability Framework sends a different message about state general fund support from the one in the model. Meeting previously articulated Regental priorities may require huge sacrifices – higher student fees, a higher student-faculty ratio.

Action: EVP Lapp will forward an electronic version of the presentation to the committee.

VIII. Systemwide Senate Reviews

1. UC Task Force on Planning for Professional and Doctoral Education: Report of the Subcommittee on the Professional Doctorate

Issue: UCPB reviewed a draft committee memo addressing the Subcommittee recommendations.

Discussion: UCPB's biggest concern about the report was the recommendation (numbered 4 and 7) to use the CSU/UC Joint Graduate Board, a revitalized CPEC, or some other body to help determine authority for individual programs and mediate intersegmental issues and disagreements. It was noted that granting authority to a body outside UC to determine UC policy would change the nature of the bargaining between UC and CSU. In addition, granting CPEC the authority to settle disputes would allow CSU a means to, perhaps, strategically create disputes in order to get CPEC more involved in UC governance. It was suggested that UCPB oppose recommendations 4 and 7 and recommend that the CSU and UC Academic Senates handle bargaining when the administrative panels fail to reach a consensual agreement.

Action: UCPB endorsed the memo for submission to Council pending the stated addition.

2. Draft UC Accountability Framework

Issue: Committee members divided the review for UCPB-relevant sections, and brought preliminary analyses and comments to the meeting or sent them out over email before the meeting.

Discussion: Meaningful accountability depends upon the articulation of clear, actionable goals. There should be a better explanation of the purpose of the document, its intended audience, and what is meant by accountability. It is not clear what questions the authors want answered; how we model the process of answering the questions; or how to tell if the trends are good or bad. The Framework should take into consideration the Master Plan for Higher Education to help guide the development of those goals. The introduction states that the intention of the Framework is to not interpret the data, but data are not value neutral. If UC does not interpret the data, someone else will, perhaps to our detriment. Consideration should also be given to the

opportunity that the Framework affords for UC to more strategically demonstrate to the public the contributions it makes to the State, the impact of its students and faculty and overall value of UC.

The Senate should have been involved earlier, and there is a need for ongoing Senate oversight to monitor the development of the Framework, perhaps through a special joint administration-Senate task force or some combination of standing Senate committees to help ensure the Framework has academic, scholarly credibility.

The budget message should be stronger, the main message being that state support remains critical, and UC does not have enough funding to maintain excellence. Some of the indicators in the Framework send a message about general fund state support that is quite different from the one in EVP Lapp's long range budget forecast, which isolates this important message very effectively. For example, Indicator 10.1 covers only the period 2003-04 to 2006-07 and makes it appear that state funding for UC is holding steady. Indicator 10.3 Per-Student Average Expenditures for Education, makes it appear that student fees have not changed or are going down. Indicator 10.5, Average Hours per classroom use makes it clear that UC is legislatively mandated to have 35 weekly student contact hours per classroom and we are not meeting it. If quality of education is to be correlated with the amount of money spent per student, then quality is going down.

The purpose of breaking the data down by campus it is not clear and tends to reinforce the public impression that the system is not really unified and has unequal campuses. Showing only average salaries also obscures the problems with faculty salaries. The Framework should cite the faculty salary scale data on the UCOP website.

The Framework should include data on postgraduate outcomes highlighting the value of a UC degree, as well as UC's impact on the California economy and the workforce. This could take the form of data on lifetime earnings, but should also address the classical definition of the purpose of a liberal arts education, to make a better citizen. Measurable data; e.g., future earnings, and things that are more difficult to measure but equally important such as the public service contributions of alumni, and how well UC is fulfilling its mission to make better citizens. There was concern that the validity of the UCUES survey data considering its poor return rate and lack of representative-ness.

Action: The comments will be compiled and sent over the listserv for review before submission to Council.

The meeting adjourned at 4:00 pm
Minutes prepared by Michael LaBriola
Attest: Patricia Conrad

Distributions:

1. 2008-09 Final Budget Plan
2. Long-Term Budget Planning Model and University Funding Outlook
3. UC Long Term Budget Planning Model Assumptions