

**UNIVERSITY COMMITTEE ON PLANNING AND BUDGET
MEETING MINUTES – FEBRUARY 12, 2008**

I. Chair's Announcements

ISSUE/REPORT: Chair Newfield/Vice Chair Conrad briefed members on the Academic Council and Assembly meetings. Academic Council Chair Brown commented on the search process, noting that a 'process' has been agreed to. UCOP is also undergoing restructuring; any incoming President will certainly face a new UCOP environment. Also, if the search is not concluded quickly, a new President will be inheriting the changes at UCOP. As President Dynes will depart his office on July 1, 2008, and if the search is not concluded by then, Provost and Hume would presumably take over on a temporary basis. Chair Newfield has also requested anything in writing to be sent out to UCPB on the search.

It was also noted that a committee/work group had been formed to study student-faculty ratios, headed by Dan Greenstein. Members would include Chair Newfield and Senate Chair Brown. The WASC report on the UC system has been released, which comments on the state of UC-Regental relations. The WASC report, President Dyne's response, and Academic Council's response to the report can be found at

<http://www.universityofcalifornia.edu/senate/committees/council/ac.wasc.report.0108.pdf>.

II. Consent Calendar**A. Approval of the Agenda****B. Approval of the Draft Minutes from the January 22, 2008 Meeting**

ACTION: Members approved the draft minutes from the January 22nd meeting; the agenda was amended to allow for Nina Robinson, Director of Policy and External Affairs for the Department of Student Affairs, to make a presentation on UC enrollment projections.

III. Cuts Report— Chair Newfield/Vice Chair Conrad

ISSUE/REPORT: Chair Newfield has modified the recommendations in two ways: 1) aligned them with the format of the Future's Report; and 2) reworded the enrollment recommendation so that it does not call for the threat of an immediate enrollment freeze. Regarding the latter, Chair Brown commented that UCOP has stated that there will be no tolerance for over-enrollment, but UC will not freeze enrollments this year. Enrollment can further be managed through admissions, which will result in a larger referral pool. Linked to this will be a warning that unless properly funded, UC may freeze enrollments next year. Chair Newfield will also pull the recommendations out of the report and put them in the cover letter to Chair Brown. Members were invited to comment on the current draft over the next 48 hours.

DISCUSSION: Members briefly discussed over-enrollment; there still may be an incentive to over-enroll in that the Compact, although cut, still provides additional marginal cost funding for each additional student FTE. It was noted that there is not a high likelihood that the Legislature will pass the Governor's proposed budget; members speculated on whether UC will actually be forced to cut by the full 10%. It was suggested that UCOP is certainly going to engage in a

‘push-back’ campaign, aligning itself with the CSU and the community colleges; towards that end, a set of talking points has been distributed. Members asked Chair Newfield to put the recommendation that UC should oppose the cuts back into the list of recommendations. The committee also engaged in a short discussion regarding ‘forward’ funding for the UC budget. In the current system, the State forces the University to make cuts when it does not know what the final budget will be. At the federal level everything is forward-funded; all agencies have 12 months to plan for cuts.

The suggestion was made to include a statement on the importance of the Senate’s priorities. Chair Brown commented that at the end of the day decisions will be made on the real priorities for this institution. The Senate is on record as saying that faculty salaries are the number one priority and graduate student support is the second priority. However, when the real costs of faculty salaries are considered and realized, there will be some resistance; the Senate needs to bolster the Administration on this. Chair Newfield remarked the Cuts Report is more focused on resisting cuts and less about the things that the University needs to continue to have funded. However, none of The Regents’ priorities can be funded if these cuts go forward. He added that the recommendation regarding a possible enrollment freeze has been modified to reflect the Administration’s decision not to freeze enrollments. He clarified that this recommendation had been more directed at clarity of strategy than anything else.

ACTION: Chair Newfield will 1) include a recommendation that UC oppose the proposed cuts; 2) Pull the recommendations from the Report and insert them into the cover letter; and 3) Send out the Cuts Report for final revisions to the committee.

IV. Announcements from Katherine Lapp, Executive Vice President of Business Operations – EVP Lapp and VP for Budget Patrick Lenz

ISSUE/REPORT: EVP Lapp said that she will compile some of the data in the Cuts Report with UCOP data for her presentations to The Regents. In late February, EVP Lapp and Provost Hume will meet with CSU Chancellor Reed to coordinate a push back campaign against these proposed cuts. She also reported that legislators are receptive to her message(s); they have told her that the University needs to help them in making a case for UC, but some cuts will be necessary. She also announced that the University will be rolling out a number of UC advertisements at the beginning of March to coincide with UC Day. Regarding enrollment, EVP Lapp said that consensus is emerging among the Chancellors that we will take the enrollment for this year, but UC will not the following year. The Regents will be working on a fee increase in March and May. She also noted that the “administrative savings of \$68 million” refers to savings from both UCOP and the campuses.

DISCUSSION: Members suggested putting together some kind of study on the effects of the University’s research mission on job creation in California. Examining the debt-load on UC’s graduates would also be useful. Developing a study centered on the four pillars of the Master Plan was also mentioned: quality, access, affordability, and accountability. The faculty can speak directly to the quality dimension, which by its nature is hard to define in terms that the public and legislators can understand. The campus intellectual property offices would be a good source for economic-related data that could be used in such advocacy as well.

The problem of addressing UC's long-term budget problems (e.g., the shrinking state revenue base of the University) was also discussed. EVP Lapp commented that UCOP is concerned about this; VP Lenz added that it is unusual for governing boards to take specific positions on increasing the revenue base. The Governor's proposed budget may be an initial ploy, but it is likely that the budget situation will get worse. One member suggested that the University not make any permanent cuts; these may be premature. Chair Newfield added that history informs us that such cuts are rarely recovered. The issue of 'forward-funding' was raised; VP Lenz responded that this is impractical given the realities of the legislative budget cycle. There was speculation that UC may be 'cut loose' from General Funds; EVP Lapp remarked that this is not her sense. Both EVP Lapp and VP Lenz stressed that UC and CSU are joint partners in their budget advocacy. Concern was also expressed that The Regents may overestimate the amount of cuts that can be had at the campuses. It is important to realize that tasks should be eliminated at UCOP rather than simply be 'passed-down' to the campuses; this only increases the workload of the faculty as more and more secretarial and administrative support is cut. Members also asked about fee increases; EVP Lapp remarked that the floor is 7%. She is not sure of the comfort level of The Regents in terms of how high fees might be increased.

V. Announcements from Dan Greenstein, Vice Provost for Academic Information & Strategic Services – *Vice Provost Greenstein*

ISSUE/REPORT: Vice Provost Greenstein updated on the status of the Monitor Report, which went to The Regents in January. It outlined four roles for UCOP: academic leader, chief executive, public advocate, and guardian of the public trust. UCOP collected detailed operational UCOP data at a functional and a FTE level. These data reveal that the majority of functions that UCOP performs do not support the President. These functions include Education Abroad, Continuing Education of the Bar, and the Digital Library. Another finding is that responsibility for these four roles is extensively distributed throughout UCOP. For example, coordination of advocacy is difficult because so many of the members of the senior management have a hand in it. Consolidation of these responsibilities will be stressed going forward. The next update to The Regents will take place at their March meeting.

DISCUSSION: Members asked about the functions that do not directly support the President, but do support the campuses. Vice Provost Greenstein articulated that UCOP is developing strategies for better managing these functions. One strategy is for each of these functions to one point-person at UCOP; it is not the location, but proper governance, oversight, and accountability. They should be governed by boards of their stakeholders. Some funding models will change; some will remain the same. For example, Benefits is funded out of administrative funds and it will remain funded from this source. There are some interesting proposals on how some of these things should be implemented. One suggestion is the creation of a sort of 'ombudsman' who would coordinate requests from the campuses to UCOP. Another suggestion is having senior faculty sit in on meetings/conversations of academic planning and budget.

The question of centralization was also raised, especially in regard to EAP. Vice Provost Greenstein responded that while EAP has severe budget challenges, it needs to be righted budgetarily and spun off in an appropriate way. One member opined that the main discontent with EAP is not its budget problems, but the fact that it does not adequately respond to the needs of its students, nor enroll a diverse set of students or graduate students. 'Spinning it off' to

survive on its own would not solve any of these problems. Vice Provost Greenstein argued that EAP should be forced to compete with other providers where it would have to be more responsive to student needs. Another member opined that EAP should be funded as other academic functions—a combination of fee and general fund revenues should go to the campuses.

Chair Newfield remarked that Monitor's more relevant criticisms of UCOP were 1) that UCOP needs to act less as a 'gate-keeper'; and 2) that its decision-making processes were not transparent. UCOP needs to be service-oriented and have a 'vision.' The current market-place thinking may not serve UC well ultimately; the logical extension of this is to privatize UC. He does not think that this model is responsive to the partnership model in which there are negotiations with entities that have needs and perspectives that should be taken into account along with a real openness to the decision-making process. EAP is an example of this. One possibility is just a radical decentralization in which the centralized research and education administrative offices are eliminated. Is that the best way to leverage the current capacity? Are there alternatives that include a 'responsive' centralized office? If so, what are the appropriate planning processes? Vice Provost Greenstein responded that the challenge is learning to do things differently very quickly. There was also an exhaustive two-year review that has produced two reports. There are budget constraints with a Board of Regents that is expecting results. EAP's funding should be based on its ability to attract students. Members expressed the view that the process produced the report was flawed; a number of members of the Ad-Hoc review committee were dissatisfied with this process and the timeline for producing the final report. Also, very few Ad Hoc members wanted to address budget issues; the budget that is in the report is Jerry Kissler's viewpoint. Chair Newfield observed that most Senate agencies still do not have access to the "Kissler Budget Model" that is currently being deployed in OP. The data contained in the report needs to go to a higher level—it may be appropriate for a leadership team but it should not be a 'Vice President' of some kind.

It was also asked if there has been any consideration of moving UCOP back to a campus. Vice Provost Greenfield responded that this option is not really being considered, but UCOP is trying to develop the mechanisms that would make UCOP more responsive, and be more reflective of the activities on the campuses. Undoubtedly, UCOP will be much smaller in the future. Chair Newfield commented that he is concerned with the current message coming out of UCOP that reads, "Do more with less." This will undermine the 'Power of Ten.' UCOP can either do the 'Power of Ten' with real partnerships with the campuses, or it can focus on its own restructuring, thereby pushing functions onto the campuses. However, it cannot do both.

VI. Enrollment Planning—*Nina Robinson*

ISSUE/REPORT: The goals articulated for the UC long range enrollment planning are to identify enrollment levels campuses need to achieve their academic goals; increase both number and proportion of graduate enrollments; increase proportion of undergraduates who enter as transfer students; move forward on planned health sciences enrollment growth; enhance diversity at all levels; ensure compliance with the LRDPs. By 2020-21, UC's projected enrollment will be 265,000 total students, 195,700 undergraduates, 52,500 graduate students (20% of total enrollment), and 16,600 Health Science professional students and residents. The overall total growth from 2007-08 to 2020-21 is projected to be 21%. It is projected that the University will increase its undergraduate population by 16% during this same time period. This increase will

come from a small increase in the transfer proportion with 1/3rd of UC's graduating seniors coming from community colleges; the highest growth will take place at those campuses that have not yet achieved their optimum size (UCM, UCR, and UCSC). While several campuses will stop growing during this period (UCB, UCI, UCLA, and UCSD), UCD and UCSB will continue to grow, but more slowly. Graduate enrollment projections are indeed ambitious with projected growth at 45% (+16,300 students). In this area, all campuses will grow, and some substantially, but the greatest percent growth will be in the professional schools, while the greatest numerical growth will be in the STEM fields. In the Health Sciences, the projected enrollments are generally consistent with Health Sciences planning (54% or 5,900). There are proposals for medical schools at both UCR and UCM, as well as substantial growth at several campuses in public health. It is important to note that campus plans will continue to evolve; the base numbers in early years will be affected by current budget challenges.

DISCUSSION: Director Robinson noted there is a projected slow-down in high school graduates, and explained that UC-eligible students are mathematically tied to the number of high school graduates in any give year. There is an artificial contraction of the base, on which the percentages are calculated, of eligible students due to those students who have not passed the California High School Exit Exam (CAHSEE).

VII. Systemwide Review of the Report of the University of California Joint Ad Hoc Committee on International Education—*Bjorn Birnir and Susan Gillman*

ISSUE/REPORT: Chair Newfield noted that there are not enough budgetary materials in the report; academic quality is also not reviewed by this report. The review itself was delayed; and there were two reports. Therefore, the Senate is not reviewing the budget model that is currently under discussion (e.g., the Kissler report). Chair Newfield also mentioned that his request to invite UCEAP Director Michael O'Connell to meet with this committee was denied by Chair Brown.

DISCUSSION: Members discussed both the report and the conflict of interest issue over Chair Newfield's appointment to an EAP study center directorship next year, with Chair Newfield specifically asking Chair Brown to comment on this issue. VP Pat Conrad moderated the discussion. Chair Brown said that he was aware of Chair Newfield's appointment to a study center directorship, and he had asked him to declare his interest in these matters. Regarding Senate Chair Brown's denial of Chair Newfield's request to invite UCEAP Director O'Connell, Vice Chair Conrad suggested that we strike out the sentence in the second paragraph of the draft response that makes reference to Director O'Connell.

There was a general consensus that budgetary information was missing from the report. That said, Jerry Kissler was able to gather significant budget data, which had not been known previously. Chair Newfield noted that in terms of budgetary matters, UCEAP did not enjoy much oversight for many years. The paradigm in which budget cuts come before structural and academic analysis is unhealthy for the University as a whole because it is essentially using cost drivers to control other parts of the institution. It was observed that Kissler views General Fund monies as a subsidy. For the most part, Kissler believes that much of what would be cut is simple waste. Chair Newfield estimates that perhaps 10 or 15% could be consider 'simple waste'; Kissler is proposing a 26% cut, which would come on top of the 15% cut being proposed

this year. It is hard to see how cuts of this magnitude are compatible with the recommendations both to double enrollments and to maintain quality.

VP Conrad asked if UCPB was willing to propose a couple of budget models; this was something that the Ad-Hoc review committee was not able to do. One issue is that UCPB is missing all of the relevant financial data. Members agreed that at least one element of any budget model is the principle that UCEAP should be funded at a fixed amount per student. One alternative is simply to provide ‘principles’ on which models could be developed given the short-time frame; proposed budget models could be offered in a separate response. It was suggested that these principles might be that EAP should have a fixed budget (there is disagreement on the size of the fixed budget though). Another issue is how the incentives that this fixed budget will establish should be divided between UCEAP and campus EAP offices; the budget model may also want to acknowledge that a 20% participation rate for UC is not bad given the unique challenges that the University faces in sending its students abroad (low income backgrounds, community college transfers, science majors, etc.). VP Conrad noted that expanding the University’s participation rate beyond 20% was originally given to the Ad-Hoc committee by Provost Hume as part of its charge.

Members remarked that much of the divisional discussions centered on quality (e.g., how to judge a good program from a bad program), as well as the rationale behind the high proposed participation rates in the report. One member opined that there has largely been a disconnect between the campuses and UCEAP. Another issue is better recruitment of students, which has traditionally been the role of the campuses; UCEAP simply needs to do more in this area. If the UCEAP central office could be made leaner, it could responsibly disburse funds to the campuses for this purpose. Under the Kissler model, all UCEAP funding comes from student fees. Another model could be one in which each campus gave UCEAP 10% of its total funding to UCEAP, if a ‘UCEAP’ is necessary at all.

ACTION: Bjorn Birnir, Pat Conrad, Bruno Nachtergaele, and Susan Gillman will work on another draft of the response letter to submit to Council.

VIII. Review of the Proposal for a School of Public Policy at UC Riverside– *Evan Heit and Robert Frank*

ACTION: A draft response will be circulated a week before the March meeting.

IX. Review Protocol for Division of Agriculture and Natural Resources (DANR)– *Chair Newfield*

ISSUE/REPORT: The committee was asked to consider the protocol for the DANR review should take place, which has been requested since 2004. Chair Brown remarked that a new VP for Natural Resources has been appointed, which adds to the importance of doing this review now. Although Provost Hume has suggested a review loosely based on the Cal ISI2 model, but the review should not be patterned exactly after that review. The Senate should take the lessons learned from that review and apply them to the DANR review.

DISCUSSION: A Senate-empanelled committee in 1998 that recommended strongly for a full and proper Senate review. Members expressed the need to have one or more budget-minded

people on the review committee who can address the budget. DANR is also much more diverse than the Cal ISI. An appropriate recommendation would be that this budget person should be an integral part of the review committee and be able to see a draft of the self-review with the power to make suggestions on budget-related materials. Members made the following recommendation:

UCPB accepts the review protocol with the following additions: 1) three members of the review team should be appointed primarily with budget expertise and some subject expertise in this area; 2) these team members should view the draft self-review before it is finalized; and 3) these members should be empowered to request additional budget information in the review and the site visit.

ACTION: Chair Newfield will send UCPB's recommendation to Chair Brown.

X. Preliminary Proposals for a new School of Nursing at UC Irvine a new School of Medicine at UC Merced, and a new School of Global Health at UC San Francisco—Chair Newfield

ISSUE/REPORT: These preliminary proposals were sent to Chair Brown by Provost Hume for informal Senate comments.

DISCUSSION: There was a general concern about funding sources and the appropriate faculty student ratios. At Irvine, a formal proposal for a School of Nursing has not been proposed at the divisional level. At Merced, the Senate review of the proposal for a School of Medicine was halted by UCOP. It was also noted that there is really nothing in the way of policies or procedures to guide campuses on appropriate student-faculty ratios for new programs. A structure to review student-faculty ratios for new proposals needs to be established. At Riverside, a proposal for a School of Medicine is about to be submitted, which will come to UCPB as part of the review process. UCR's proposal states that the School will begin with 168 FTE devoted to the School; a viable budget has also been worked out on paper. Some members opined that for graduate programs, appropriate student-faculty ratios are relatively clear; however, for the medical and nursing fields, there is less clarity. Chair Newfield noted that there is a workgroup of faculty-student ratios; he will report back to UCPB at the March next meeting.

ACTION: Chair Brown received UCPB's informal comments orally.

XI. CCGA/UCPB Follow-up to the GSAC Committee—Chair Newfield

DISCUSSION: Members remarked that the issue of raising graduate student fees is missing from the letter. They suggested adding "Consideration of the impact of graduate student fee increases," as one of the bullet points. It was also noted that the follow-up GSAC committee should also address the projected growth in graduate programs that is envisioned in the long-range enrollment plans.

ACTION: Members approved the draft letter, with the noted revisions, to send to CCGA Chair Schumm.

XII. New Business

ACTION: There was not any new business.

XIII. Executive Session

REPORT: Members did not hold an executive session.

The meeting was adjourned at 4:00 p.m

Attest: Christopher Newfield, UCPB Chair
Prepared by: Todd Giedt, Committee Analyst

Distributions:

1. Draft Cuts Report