

University of California Academic Senate
University Committee on Planning and Budget (UCPB)
Minutes of Meeting
March 2, 2010

I. Announcements

- o *Peter Krapp, UCPB chair*

February Academic Council Meeting: Russell Gould, the chair of the Board of Regents and co-chair of the UC Commission on the Future, met with the Academic Council to answer questions and discuss the progress of the Commission. Regent Gould maintained that the Commission's first and second phase recommendations (written up in March and June, respectively) would go before the Regents in July, but he agreed to "sunshine" ideas as they emerge to help ensure adequate Senate consultation time. Council decided not to endorse or oppose changes to the professional degree fee policy, but asked Council Chair Powell to convey to the Regents the Senate's concern about the potential for rapidly rising fees. Council endorsed TFIR's updated recommendation to ensure adequate funding for UCRP, and nominated TFIR Chair Bob Anderson (UCB) for 2010-11 vice chair.

Other Announcements: The Commission's Funding Strategies working group is reviewing a set of draft recommendations, but some members are concerned that not all reflect a group consensus. The report is scheduled for release on March 5, and its next iteration will incorporate more explicit discussion of the downsides of some controversial proposals. Mary Croughan sent UCPB the final report of her Research Strategies working group and offered to attend a future UCPB meeting.

The UCPB/UCAP/UCFW salary scales work group has requested up-to-date "Comparison 8" salary data as well as projections about how different market adjustments to the UC salary scales would impact the percentage of faculty on-scale and the costs associated with those adjustments.

Senate Chair Powell noted that the three work teams of the Post-Employment Benefits Task Force have been meeting to discuss the future of UC health and pension benefits. The timeline for the final development, dissemination, and review of its recommendations includes an initial consultation about preliminary options with UCPB, UCFW, and UCFW's Task Force on Investment and Retirement, followed by a series of campus town hall meetings in April and May. The PEB TF will make a final recommendations to the president in June, and in July, the president will release his recommendations to the Regents and the public. The Senate will review between July and September, and final Regental action, if any, will come in September.

Interim Provost Pitts has invited members of UCPB and the Academic Council to a "budget summit" meeting in Oakland on March 31. The Provost noted that the intent of the retreat is to arrive at a shared governance consensus about the budget options on the table. He said he wants to continue the discussion in a series of regular conference calls and noted that too often, Council opines on what should not be cut in lieu of making difficult decisions.

Discussion: Most employees go through their UC career expecting full delivery of an excellent benefit plan. It is important to disseminate the evolving recommendations widely to ensure broad faculty discussion. It was suggested that the Provost invite one of the campus vice chancellors of budget and planning to the budget retreat.

II. Consent Calendar

1. Approval of the February 2, 2010 UCPB Minutes

Action: UCPB approved the February minutes.

III. Presentation from the Post Employment Benefits Task Force

- o *Randy Scott, Executive Director HR Strategic Planning and Work Force Development*
- o *Robert Anderson, Chair, UCFW Task Force on Investment and Retirement (TFIR)*
- o *James Chalfant, UCPB Member; at-large member, TFIR; and member, Post-employment Benefits Task Force*

UCPB met in executive session to review the preliminary recommendations of the PEB Task Force.

IV. Consultation with the Office of the President

- o *Dwaine Duckett, Vice President, Human Resources*
- o *Peter Taylor, Chief Financial Officer*
- o *Nathan Brostrom, Executive Vice President*

UCPB continued the discussion with UCOP leaders in executive session.

V. UCPB Discussion about the Future of Post-Employment Benefits

Issue/Report: Professor Chalfant led a discussion in executive session about the Post-Employment Benefits Task Force presentation and the choices before the university with regard to retiree health and pension benefits.

Action: UCPB will draft a document outlining initial reactions, principles, and questions.

VI. Choices Report

Members reviewed a new draft of the “Choices Report.” Chair Krapp said his goal is to make the report available to those attending the March 31 budget retreat. With that goal in mind, all members were asked to provide detailed feedback on the new draft, with two members each assigned to focus on one of the six sections in particular.

Discussion: The section of the report on indirect cost recovery might once again recommend tracking the use of ICR funds on each campus through the accounting system. While it is understood that UC’s actual indirect cost recovery does not cover the indirect costs incurred in support of research, it was also noted that on some campuses, too little ICR money is returned to PIs to cover their share of overhead costs. UC could lose grants if it raises ICR rates or restricts waivers.

Chair Krapp added that past Senate reports have recommended tracking ICR, but nobody has yet been able to figure out how to do it effectively and successfully, and some believe it could do more harm than good. The main goal of the ICR report is to provide updates and increase understanding.

Action: Chair Krapp will circulate the Word version of document to the committee.

VII. Campus Reports

UC San Diego is assembling a transparency task force. **UC Merced** is working with UCOP on a three year compact for growth, but the Senate is concerned that the plan would add 2000 new students but only 50 new faculty to a campus that already has a high student to faculty ratio. Leaders are also discussing a plan to allow UCM to borrow against future indirect costs. The **UC San Francisco** budget committee heard a presentation from Professor Stan Glantz about how much additional taxation would be needed to restore funding to UC, and a presentation from Professor Jim Kahn about the impact of a single payer health care system in California on the UC budget. **UC Davis** considering plans to cap the payout of endowed chairs at \$25k and to raise the tax on Foundation gifts from 6% to 10%.

Discussion: It was noted that while UC's most recent budgeted student to faculty ratio is 18.6:1 (though some campuses were built with even smaller ratios), the actual current student to ladder-rank faculty ratio approaches 36:1. It is important to track such trends. UC should consider developing an in-house health care plan for employees using the UC medical centers.

VIII. Letter from UCORP Appealing COR Cuts

UCPB reviewed a letter forwarded by the Academic Council from the University Committee on Research Policy requesting the reversal of recent cuts to Senate-controlled committee on research (COR) budgets on each campus. Campus CORs are given small pools of discretionary money from which they award small grants to faculty to use for travel and conferences. Council has asked UCPB to consider UCORP's concern that the importance of research is being undermined by the cuts.

Members lamented the cuts to campus COR budgets, which like many other priorities, are being undermined by the state budget crisis. It was noted that the trade-offs in this area include cutting Senate staff versus Senate research support, among many constrained and undesirable options. It was noted that in evaluating budget priorities, UCPB continues to focus on maintaining quality in all areas, including research. CORs are a small corner of the budget that should be seen in the full budget context. Moreover, it is not appropriate for UCPB as a systemwide Senate committee to intervene or directly advise campuses about the details of their own budgets.

Action: UCPB will send a memo to Council respectfully acknowledging UCORP's concern, but noted that it is unable to endorse their request.

IX. UC Accountability Report

UCPB reviewed a new draft version of the 2010 UC Accountability Report. Vice Chair Evan Heit is UCPB's representative on a joint Senate-Administration Advisory Group that is deciding on the appropriate set of indicators to include in the report.

Discussion:

- The report no longer lists the public—students, parents, taxpayers, legislators—as an audience, but the report is clearly for external use.
- UCPB members welcomed the inclusion of data about faculty publications, as long as the data do not imply that one discipline is more productive than another.

- Members supported retention of an indicator detailing the number of employees in the SMG, MSP, and PSS categories, possibly with added detail, because these data address public interest in the size and nature of UC's administrative structure.
- UCPB members suggested inclusion of data on employment of UC graduates—e.g., the number who get jobs, starting salaries, and earnings, to show some outcomes deriving from a UC education. They also suggested that the report include indicators of UC students' civic engagement, such as the number of students or graduates who are registered voters.
- UCPB members suggested inclusion of measures of the economic impact of research—e.g., the number of startup companies, or some dollar measure of the impact of research.

It was noted that part of the impetus for the report was a concern that UC should take the initiative to develop its own measures before more draconian accountability measures were imposed on the University from the outside.

The report should be viewed as a marketing tool and judged on the basis of how well it sells the University.

X. Legislative Analyst's Office Reports

UCPB reviewed a draft committee memo responding to two recent LAO reports. There is now a third report—[The 2010-11 Budget: Higher Education](#)—describing the impact of the Governor's budget proposal on higher education.

Discussion: By choosing 2007-2008 as the base year starting point for its analysis, and ignoring the fact that state funding for California higher education has been in decline since at least 2002, the LAO misses at least 50% of the reduction in state aid to UC. In addition, the LAO counts increases in student fees as increases in state aid to higher education. This appears to be a traditional practice of the Legislature but it ignores that fact that student fees are private rather than public resources. They are not the same as revenues from general taxation. The LAO looks only at the undergraduate classroom and focuses on efficiency, not quality.

Action: UCPB will submit the first memo and write a separate memo responding to the third and most recent report.

XI. Institutional Research Data Request – Next Steps

A UCPB subgroup drafted a follow-up request to the Department of Institutional Research for data and analyses on academic and non-academic FTE and salary growth.

Action: UC approved the memo.

 The meeting adjourned at 4:00 pm
 Minutes prepared by Michael LaBriola
 Attest: Peter Krapp