

University of California Academic Senate
University Committee on Planning and Budget (UCPB)
Minutes of Meeting
March 3, 2009

I. Consent Calendar

1. Approval of the March 3, 2009 UCPB Agenda
2. Approval of the February 6, 2008 UCPB Minutes

Action: UCPB approved the consent calendar.

II. Announcements and Updates – Chair Patricia Conrad

Report: Chair Conrad summarized highlights of the February Academic Council meeting and other University business of interest to the Senate.

- On February 5, the Board of Regents voted to endorse the Senate's Admissions Reform Proposal, the President's [Blue and Gold Opportunity Plan](#), and the restart of employee and employer contributions to UCRP in the last quarter of 2009-10.
- The state budget approved on February 19 removes a previously budgeted \$20m contribution to UCRP. President Yudof has said it is irresponsible for the state to refuse to contribute to UCRP while contributing to CalPERS and CalSTRS, especially as the state has benefited from an 18-year contribution holiday. The President wants faculty and staff to communicate to the legislature about this critical issue. The outcome of the May 19 Special Election with its six ballot measures designed to complete the budget will be critical to UC.
- Council approved the UCD School of Nursing with an added stipulation that Davis do more to address the concerns raised by UCPB and others about financial sustainability and student-faculty ratios.

III. Budget Consultation with the Office of the President

–Vice President for Budget Operations Patrick Lenz, Associate Vice President Debora Obley and Assistant Budget Director Michael Clune

Report: Vice President Lenz said the 18-month California state budget compromise approved in the February 19 Special Session clears a major hurdle, but leaves much work to be done. The budget contains an additional \$50 million cut to UC, on top of the \$65 mid-year cut proposed by the governor in January. This permanent \$115 million reduction in base program funding is in addition to the one time reduction of \$33 million UC took in the fall, which is restored. The new \$50 million cut could be rescinded on a one-time basis in April if the state receives enough unrestricted money from the federal economic stimulus package. UC also faces a state funding shortfall of \$121.8m for unfunded enrollment and \$213m for other mandatory continuing expenditures such as merit increases, benefits, and utilities.

The initiatives on the May Special Election ballot will have serious implications for the UC budget. Without new revenues, it will be difficult for the Legislature to fund UC's top priorities – including UCRP, competitive faculty and staff salaries, enrollment increases in the PRIME and nursing programs, and capital facility projects. UCOP is analyzing the potential impact of the federal economic stimulus bill, which may have a positive impact on UC's research and health

sciences enterprises by increasing funding to the NIH and NSF. Although the bill includes no provision to allow universities to start new capital construction, it may include funding for deferred maintenance and capital renewal.

Vice President Lenz thanked UCPB for sending him a list of campus research projects affected by the Pooled Money Investment Board's December 17 stop-order on state contracts financed by general obligation and lease revenue bonds. The UCOP budget office contacted various state agencies, but so far has had difficulty getting definite information about the projects. The PMIB meets March 6 and may take action on the stop-order based on the new budget.

UC has no specific plan to implement either furloughs or pay cuts, but those potential solutions are two of many being considered for 2009-10. The President has requested information about his options to ensure that he is on good standing if a decision is made to pursue them, only as options of last resort. He prefers campuses to target reductions strategically, rather than implement across the board reductions.

There is concern that the Legislature is giving inadequate attention to the impact of over-enrollment and other mandatory unfunded costs on UC. UCOP welcomes faculty input into how UC can better sell itself to the public as well as strategies for maintaining quality and access if the state decides that enrollment funding is no longer a possibility or a priority.

Discussion:

- UC must do more to demonstrate the real consequences – on student fees, enrollment, and programs – of de-funding the University. Making hard choices about these and other priorities could help communicate this message and may also be an opportunity to put UC on a better long-term footing.
- Education and the pursuit of research discoveries are UC's two most important missions.
- Increasing student fees and cutting faculty and staff salaries are counterproductive solutions. UC cannot balance its budget on the backs of students and faculty.
- Implementing furlough or pay cuts are easier choices for administrators to make than other more painful, but potentially more productive choices to eliminate programs and focus on building a new University.
- UC's marketing and communications strategy should emphasize what the University does and does well, and what it will no longer be able to do without resources.
- The University's enrollment policy must state clearly that it is no longer willing to sacrifice quality and will admit only as many students as can be ensured a quality UC education.
- UC's business model is unsustainable in its pursuit of growth. Slowing down is not enough. UC should approve no new programs or buildings in this economic climate. UC should also reduce the number of oversubscribed classes or raise the minimum enrollment requirements.

IV. Responding to the Budget Crisis – *With Interim Provost Lawrence Pitts*

Report: UCPB invited Interim Provost Pitts to discuss possible solutions to the budget crisis. He said the Advisory Group for Budget Strategies is collecting campus best practices for cutting costs and generating new revenues and looking at “out of the box” solutions – not only to the

immediate budget shortfalls, but also to address long-term contingencies UC will be forced to consider if state support does not improve. He said there are no immediate plans for furloughs or pay cuts, but asked UCPB to consider if, in the event a furlough policy were proposed, whether it would be better to have a universal policy or one that campuses would have the freedom to implement flexibly. The Provost asked for opinion on whether any decisions on furloughs/cuts should be made systemwide or at the discretion of the campuses.

Discussion: UCPB members said they expected their campus colleagues to express general and strong opposition to furloughs or pay cuts except as a last resort. Across-the-board furloughs and salary cuts would do nothing to solve UC's budget shortfall. Instead, they would erode educational quality, widen the faculty pay gap, and harm hiring, retention, recruitment, and morale. They would take pressure off administrators to make more difficult decisions about cutting programs or administration that would have a greater impact on the problem.

Some members spoke in favor of a policy that would allow campuses to implement furloughs as a last resort, while others thought such a policy should be universal. It was noted that some campuses are facing larger budget deficits than others. Some have already cut back heavily, and do not have many other options. A universal furlough would also impact growth campuses disproportionately. A furlough should not be administered quietly but should be a political statement and UC should make every possible attempt to communicate this action to the public. It was noted that campuses are already changing the structure of some programs by slowing down or suspending new hires.

Campuses must do a better job of providing the most current budget information to faculty, staff, and students – through regular Town Hall meetings or other vehicles. It is also useful to compare what other institutions are doing and not doing to respond to the economic crisis to help dispel rumors.

Other suggestions for new revenue and efficiency: Make better use of summer session by regularizing it as a 4th quarter or developing it into a more self-sustaining system, perhaps with the help of less expensive remote and online instruction instruments. Expand continuing education programs. Apply the medical school funding model to other disciplines - e.g., biology, computing, engineering, business. Relax requirements and restrictions related to the full-time status of faculty and endowments. Build more relationships with industry – e.g., adjunct teaching appointments for business and community leaders.

V. Following up the Cuts Report

Issue: UCPB considered the possibility of updating its 2008 [“Cuts” Report](#) to reflect the new budget reality. It was suggested that UCPB might revisit and update old analyses, address gaps in previous data, and conduct new analyses, including potential options for cuts and their impact, essential for making budget decisions.

Discussion: Some members agreed that a new “Choices Report” could help highlight and clarify the choices before UC and the State and their consequences for UC quality and UC's educational and research mission. The most critical question facing UC today is where various choices and principles ultimately lead and how they impact quality. Making hard choices about core priorities

is now unavoidable and critical to our strategy of communicating a strong message to the State and the public. It is also an opportunity to put UC on a better long-term footing.

It was suggested that members gather budget data on administrative FTE growth and the proliferation of administrative titles, information technology, development, grounds and facilities, libraries, student services, athletics, budgetary savings targets, and the regulatory compliance bureaucracy – in order to identify sectors that might be candidates for possible cuts. Also cited were a UC Davis [study](#) comparing administrative FTE growth with faculty FTE growth and the [Delta Cost Project](#). Members agreed there should be increased transparency and faculty involvement in identifying cuts and efficiencies in areas other than faculty and staff salaries, but perhaps better for the campus committees to take on the specifics, as these are handled differently by different campuses.

The committee agreed to develop a statement of principles and guidelines proposed to underlie budget decisions. Comments included the following:

- Budget decisions should strive above all to protect the accessibility, affordability, and quality of UC's two core missions – education and research discovery – through which the University serves the state of California and the nation.
- Across-the-board furloughs and salary cuts will do nothing to solve UC's budget shortfall. These options should be implemented only as a true last resort, after inefficiency is thoroughly addressed and all other options exhausted.
- UC continues to grow without having sufficient resources. Until it can offer competitive salaries and benefits for faculty and staff, the University should not approve any new proposed programs, and should cut programs, departments, and majors that are not self-sustaining or in line with UC's future success.
- The preservation of shared governance is critical to the preservation and retention of UC faculty. There should be increased transparency and faculty involvement at the local and systemwide level to identify cuts and efficiencies in areas other than faculty and staff salaries.
- UC needs a uniform accounting standard that ensures transparent and fair program support and accountability.
- Although some members supported allowing differential fees for specific majors, disciplines, and campuses, others did not. There was some support for making use of course materials fees to pay salaries (Current systemwide policy prohibits the use of course materials fees to pay labor costs)

Action: A subcommittee of Norman Oppenheimer, Warren Gold, Jim Chalfant, and Pat Conrad, will meet by teleconference to discuss the project further.

VI. System-wide Senate Reviews

1. Proposed Revisions to APM 240 (deans)

Issue: The revised policy seeks to clarify eligibility for service as a dean, and provides detailed information on the terms of service, appointment and salary, conditions of appointment, benefits, and privileges for faculty who serve as deans. In particular, it removes non-Health Sciences

deans from the Senior Management Group (SMG). In doing so, the policy delegates authority for the review and approval of deans' salaries from the Regents to the chancellors.

UCPB reviewed a draft memo criticizing the proposal for a number of areas related to compensation and allocation of time. The stated intent of the policy is to bring deans more closely in line with policies governing faculty members, but it is much more generous with deans in terms of annual salary increases and opens the possibility that deans' salaries would be based on a broader set of comparison institutions. Although deans are compensated for full time administrative service, they can delegate those responsibilities to others. The policy includes overly generous provisions for allowable compensation for service on outside boards; other compensated professional activity; travel to conferences; and sabbatical and transition leave.

Action: UCPB approved the memo and will submit it to Council.

2. Discussion Paper: What is the appropriate vehicle for enforcing faculty compliance with externally mandated administrative measures?

Issue: UCPB reviewed a discussion paper written by the Senate executive director proposing different options to clarify policy around faculty compliance with externally mandated administrative measures. Incorporating sanctions into APM 015 would make failure to comply a violation of the faculty code of conduct, while amendments to APM 016 would make faculty subject to administrative actions imposed as a result of violations of general UC policies, applicable to all members of the University.

Action: Members will send comments over email.

VII. Graduate Student Funding – Penalties for “Doctoral 2A” status

Issue: Doctoral 2A status, or “Doc 2A”, refers to graduate students who exceed maximum time to degree, defined as being enrolled beyond nine quarters or six semesters after advancement to candidacy. UC no longer receives state funding for these students. Peter Krapp reported that Irvine has taken steps to reduce the number of “Doc2A” students by fining departments \$2,500 per student. The criticism is that the policy does nothing to encourage students to finish their degree and hurts departments.

Action: UCPB members will research how this issue is handled on the campuses and send comments over email.

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

Distributions:

1. UC 2009-10 Budget