

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

**Minutes of Meeting
June 1, 2010**

I. Announcements and Updates

- *Peter Krapp, UCPB chair*

May 26 Academic Council Meeting:

Council discussed the first round recommendations of the UC Commission on the Future and is preparing a memo to the President outlining its views on each recommendation. Council also approved UCPB's recommendations for professional school fees and its March statement on Post-Employment Benefits.

EVP Brostrom and President Yudof updated Council about an emerging plan to change the way UCOP and the campuses are funded to provide greater transparency and simplicity. Under the new funding streams model, campuses would retain all revenues they generate, and UCOP would tax those revenues at 1.6% to fund itself and systemwide programs. The second phase of the project will be to "re-bench" the current formulas that determine the proportion of general funds each campus receives. The system will be implemented gradually over the next two years to allow for adjustments.

Other Announcements:

UCPB's *Choices Report* has been sent to the Commission on the Future, each of the Commission's Working Groups, and the Regents. James Chalfant and Jean-Bernard Minster have been approved to lead UCPB in 2010-11 as chair and vice chair. Vice Chair Heit will leave UCPB to serve as 2010-11 Merced division chair. Michael Colvin will serve as UCPB's representative on the Oversight Board for the new UC Shared Research Computing Service Pilot through the end of the summer. UCPB is still looking for a member to represent the committee on the Systemwide Library and Scholarly Information Advisory Committee. UCPB will also be represented on a new group replacing the Provost's Advisory Group on Budget Strategies. In addition, it is expected that UCPB will have continued representation on the successor body to the IUCRP advisory body as the reorganization of Research and Graduate Studies is completed. UCPB will hold its final meeting of the year on July 27.

II. Consent Calendar

1. Approval of the May 4, 2010 UCPB Minutes

Action: UCPB approved the May minutes.

III. Faculty Salaries

Issue: James Chalfant reported that a UCPB/UCAP/UCFW subcommittee has been discussing UC faculty salaries. At a recent meeting, it reviewed data prepared by the Office of Academic Personnel detailing the extent to which UC faculty salaries and the UC salary scales lag "Comparison 8" institutions. Those data highlight two problems. First, all the UC scales lag the market considerably; second, actual UC faculty salaries lag the Comparison 8—for 2009-10, the average lag is 13.3% for Full Professors, 15.2% for Associate Professors, and 9.2% for Assistant Professors.

There is no money to fix the problem fully, but some funding for salary increases may be available under the Governor's proposed budget. The subcommittee considered whether a

hypothetical 2.5% supplement to the faculty salary budget should be used for a market adjustments to the scales or for an across the board range adjustment (COLA) benefiting all faculty. A third option would be to allow campus administrators to target specific retention and recruitment actions. Among subcommittee members, support for each option relates to how each campus views off-scale increments. Some campuses treat off-scales as temporary, while others regularize them into a faculty member's base salary. Some campuses award off-scales to counter competing offers; others base them on merit. Some CAPs are involved in salary decisions; others are not.

Discussion: The current scales do not serve UC's merit- or market-based goals to compensate faculty appropriately. It is bad practice to force faculty to use outside offers to secure raises. Putting money into the salary scales adds meaning to the merit review process.

All UC campuses follow a single academic personnel manual and salary scale. A systemwide approach to the lag is more likely to succeed than ten separate approaches. Decentralized policies could undermine systemwide cohesion and the systemwide Senate.

It was noted that the 2007-08 market adjustments to the scales moved some faculty on half-steps back on scale. Some of those faculty perceived the market adjustment as a salary cut, because they saw their off-scale differentials disappear or shrink, even as their pay rose.

UCPB members did not support giving the chancellors discretionary power over the use of a new salary supplement. UCPB will reiterate the long-term need to fix the scales and recommend that any new short-term funds for faculty salaries should be distributed across the board equally through a range adjustment so as to generally benefit the faculty. This is fair considering that the Defined Contribution Plan redirection is proportional to one's salary.

Action: The subcommittee's policy position paper will be circulated to UCPB.

IV. Response to Compendium Task Force Report

Issue: A draft UCPB response to the final report of the Senate Task Force on the Compendium.

Discussion: UCPB discussed the Compendium's treatment of the "five-year perspectives" campuses submit to UCOP each year. The perspectives list new undergraduate and graduate programs and schools in various stages of planning and development. The lists are sent to CPEC and are supposed to inform systemwide planning. It was noted that the Compendium assumes the five-year perspectives are reviewed closely, but they are not well-known to faculty on campuses or in the systemwide Senate. The 2009 perspectives list dozens of new programs, which seems at odds with the current budget reality.

Increased scrutiny and vetting of the perspectives at the systemwide level could promote smart planning on the campus level and also at the systemwide level by helping Compendium committees identify redundancies. To ensure that planning is informed by available resources, the Compendium should require campuses to include an analysis of the proposed program's budgetary viability and impact on existing programs.

The Compendium calls for close scrutiny of proposed graduate programs, but there is little in the document regarding undergraduate programs. Members raised the possibility of requesting a systemwide review of proposed undergraduate majors and also of including UCPB in the protocol for graduate program reviews. It was noted that faculty proposers want to focus on academic viability of a program, not its budgetary impact, but it is essential for a neutral party to consider a new program's impact on existing programs. These issues are not taken seriously enough. It was suggested that UCPB recommend principles for campus-level review—for example, proposals should include a multi-year budget framework that ensures self-supporting

status within five years. Finally, members noted that the Compendium should be more specific and explicit regarding the review of new professional schools.

Action: The subcommittee will circulate an updated version of the memo over email for comment and approval.

V. UCPB/UCFW Statement and Academic Council Commission Review Item

Issue: After UCPB discussed UCFW's fiscal crisis mitigation resolution in May, the committee responded in writing to UCFW, and a UCPB-UCFW subcommittee crafted a joint memo that attempted to synthesize the committees' points of agreement. That memo failed a UCPB vote.

On May 26, the Academic Council narrowly endorsed a similar recommendation to the Commission on the Future authored by the Council chair and vice chair. The Council resolution states that maintaining competitive total remuneration for faculty should be UC's highest priority. It recommends downsizing the university by reducing the number of employees, including faculty, through attrition; instituting a moratorium on non-essential construction projects; and requiring Chancellors to identify specific offsetting FTE cuts in other programs when they propose a new academic program.

Discussion: UCFW and UCPB share similar concerns about a lack of leadership on the budget, and a sense that campuses have been unwilling to recognize the seriousness of the crisis and make tough decisions. Some argued that UC cannot stop building, hiring, and expanding now, as undergraduate demand continues to go up. At the same time, even if one does not agree fully with the Council resolution, it could be useful to alert those who do not fully understand the extent and seriousness of UC's budget problems.

VI. Post-Employment Benefits Task Force Update

- *Senate Chair Harry Powell, Vice Chair Daniel Simmons, and Vice Chair Elect Robert Anderson*

Issue: Senate Chair Powell reported that he and Vice Chair Simmons recently completed a tour of the campuses to brief faculty audiences on the work of the Post Employment Benefits Task Force and its three subcommittees – finance, pension, and retiree health care – which are studying the viability of current retirement programs. The TF aims to finish its work by the end of June and provide a report to President Yudof in early July. The president wants the Regents to act in September on proposals to increase the employee contribution rate and amortize UCRP's current unfunded liability over a longer time than currently required by policy. The chair and vice chair asked President Yudof to schedule a briefing session for the Regents about the options on the table for changing PEB design in September, which may result in a formal review of a plan in November and final action in January on a redesign proposal affecting current employees and employee hired after a yet to be determined future date. There is a sense of urgency, as the unfunded liability of UCRP continues to grow. The Senate office wants to ensure that the Senate is as deeply engaged and informed as possible over the summer and into the fall. A new total remuneration study will be released in mid-June.

Discussion: UCPB should endorse nothing that will further erode compensation and benefits for UC faculty, whose total remuneration is already uncompetitive. UC needs a benefits package that works well for faculty over the next two decades at least, and it is less difficult to fix total remuneration than it is to redesign the pension plan again in a few years. A competitive Defined Benefit plan has several benefits over a Defined Contribution plan, including encouraging the

renewal of faculty and staff. Faculty are concerned about the impact of increased employer contributions on the operational budget of the University down to the department level.

VII. Update from Education and Curriculum Working Group

○ Professor Keith Williams

Professor Williams summarized the working group's first round recommendations and its draft second round recommendations due to be released later in June. First round recommendations include eliminating impediments that prevent campuses from decreasing time to degree; exploring the expanded use of online instruction; expanding the use of existing resources, including part time and self-supporting programs, to maximize access and capacity; and creating a new systemwide academic planning entity that can take a more expansive, global look at planning.

He said the recommendation for a three year degree pathway has been controversial, but students are interested, and it was meant to apply only to a small cohort of very prepared students in certain majors. The WG members are skeptical of online degrees, but still thought it should be explored through a pilot project that concentrates on pedagogy, academic viability, and quality assessment metrics.

There are two second round recommendations. The first is developing a framework to identify factors related to educational quality, which can help UC measure, assess, preserve, and enhance overall quality. An appendix offers a set of measures related to quality, many of which draw on existing data, including information from the UC Undergraduate Education Survey (UCUES). The second recommendation is to improve the ability of Community College students to transfer to UC successfully by asking campuses and departments to be more specific about the lower division requirements they expect transfers to take in preparation for specific majors.

Discussion: Regarding the first round recommendations, UCPB reiterated its concern that mechanisms for systemwide planning already exist, and it would be better to reinvigorate current mechanisms and groups than develop new ones. Members also noted concerns about online education and that expanding part time programs could drain resources and faculty FTE.

Regarding the recommendation about quality, there were concerns that quality is difficult to define and that education and curriculum are only two pieces of the multi-dimensional UC mission. There were also concerns about the validity of self-reported UCUES data and the ability of students to judge their own learning. It was also noted that student and alumni perspectives on the quality of their UC education change over time. As UC monitors quality within the Accountability Framework and the working group's proposed framework, and finds evidence that UC quality is declining, it should not shy away from documenting those declines.

There was some skepticism about the difficulties facing prospective transfers in figuring out UC's lower division requirements. The transfer preparation problem may have more to do with what transfer students take in the community colleges than with UC's rules. At the same time, UC needs to demonstrate a willingness to improve access. Anecdotes have fostered a popular misperception that UC is doing a poor job with transfer. Real data are needed on this issue.

VIII. Consultation with UCOP

○ Provost Lawrence Pitts

Report: The joint Senate-Administration budget advisory group held its first post Budget Retreat follow-up telephone meeting on Thursday. Provost Pitts hopes the group can reach a consensus about budget choices that have real economic impact.

The Provost does not support Council's call to cease all capital projects. He said it makes sense to slow down in some areas, but it is appropriate to continue seismic upgrades and other projects that can be funded by campus debt or private support. Smarter space planning and a full space review on each campus may help push some non-essential projects into the future. UCPB has addressed space metrics in the *Choices Report*.

He said he does not yet know how to translate the preferences outlined the *Choices Report* into a specific action plan to address the budget problem. He noted that the report recommends a stronger systemwide role in some campus-level decision making, but UCOP has been reluctant to embrace such a role. Campuses say they are slowing faculty hiring on their own and redirecting the savings into critical priorities, but they are unable to fund faculty salary increases. The administration has not reached a consensus that UC needs to increase faculty salaries as long as merit raises are being provided to faculty. Current data do not show evidence that UC has a recruitment or retention problem.

There is broad support in Sacramento for restoring the UC budget. The current budget proposal includes restoration of last year's \$305 million cut, funding for capital seismic projects and the UC Merced Science & Engineering II building, and \$50m for enrollment growth. Language prohibiting the use of general funds to support UCRP has been removed from statute.

The funding streams project has two components. The first is to change the way UCOP is funded by administering a flat tax on all revenue streams to a campus calculated as UCOP's current funding. The second is to "re-bench" the campus funding formulas, which were developed incrementally, with the oldest campuses receiving a disproportionate amount (whether the adjustments allocated were for the proportion of graduate students, for large research projects, or for other purposes). To do so in a transparent and equitable manner may take several years. UCOP will assemble a group to discuss "re-benching", and invite the Senate to contribute ideas for principles.

The Provost will bring a detailed UCOP budget to UCPB's July meeting, and encouraged UCPB to consider the fundamental principles that should guide "re-benching". Specific points of discussion may include the funding that normally supports the Cal ISIs, and the use of Department of Energy laboratory management fees.

Discussion: UCPB role is to advise, not implement. The Senate is the only body that has proposed a plan to address UCRP's unfunded liability (through pension obligation bonds). The *Choices Report* points out irregularities in CPEC's space planning metrics and notes that campuses have incentives to game the system. The Senate has been clear that preserving total remuneration and benefits for faculty should be UC's top priority. Faculty are UC's most important employee group. They have been very accommodating thus far, in placing the institution's overall welfare above the needs faculty as a group, but the competitive salary gap is increasing. Other employee groups have strong and regular representation on salary and benefit issues, while senate faculty have fallen far behind.

There might be room for an increased UCOP role in systemwide decision-making and planning; particularly to address UCRP's unfunded liability and highlight the urgency of the issue to campuses.

UCPB members asked Provost Pitts if he would consider a proposal to downsize campus administration in view of data detailing the disproportional growth in non-academic personnel relative to ladder rank faculty. He said UCOP will look closely at the Bain Report's finding that the ratio of managers to reports at UCB is lower than industry standards, but campuses are hitting their administrative side hard and the administration has been cut at a greater rate than

faculty. Transparency is important. Campuses will support the taxation model as long as they can see clearly what they are receiving in return. Most campuses will support more budget autonomy.

Action: UCPB will discuss a statement of principles on re-benching in July.

IX. New Data on Academic vs. Non-Academic Staffing Growth

UCPB reviewed new data prepared by the Office of Institutional Research showing growth in staffing between 1997-1998 and 2008-2009 in response to UCPB's follow-up request. One file breaks out academic employees by broad employment category and fund source. The second provides further detail on academic employment categories. UCPB continues to investigate the expansion of management and executive positions, and particularly of their proportion, over time, to enrollments and to faculty FTE, respectively.

Discussion: It was noted that the UCSC Planning and Budget committee is calling for an external review of UCSC's academic support divisions, similar to the Bain review at UC Berkeley, to determine whether the growth of non academic staffing there is justified. It was suggested that UCPB ask that such a review be replicated across the system. Members agreed to request local data about staffing over time. It was noted that understaffing on the campuses will be a reality; the choice is whether UC will be understaffed administratively or in its faculty ranks.

Action: UCPB will send a response to Institutional Research thanking them and reiterating its request for data by campus for the review of next year's UCPB. Divisional CPB requests for external review, following UCSC's lead, are something to explore.

X. DOE Laboratory Management Fees

Issue: The Academic Council Special Committee on Laboratory Issues raised the possibility of adding flexibility to the use of the fees that are awarded to UC for the management of the DOE laboratories, which the Regents currently require be directed to research related to the missions of the laboratories.

Discussion: Lab management fee income should continue to support research done jointly between faculty at the labs and on the campuses, and UC should maintain the current level of fee income used to support these collaborations. These relationships improve the lives of researchers at both the labs and the campuses. The fee income has a positive impact on morale at the labs by fostering a sense of connection with UC. Even if the fee income is fungible, UC should preserve these national resources by continuing to provide these opportunities.

Action: Michael Colvin and Bernard Minster will draft a memo.

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