

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

**Minutes of Meeting**

**July 10, 2012**

**I. Consent Calendar**

- May 2012 UCPB Minutes
- June 2012 UCPB Minutes

**ACTION:** UCPB approved the May and June minutes.

**II. Announcements – *Jim Chalfant, UCPB Chair***

The 2012-13 State budget signed by the Governor funds a \$125.4 million tuition buy-out for 2012-13, but delays payment on the buy-out until 2013-14, and makes it contingent on passage of the Governor's November tax increase ballot measure. Failure of that measure could trigger a \$375 million total cut to the University.

The Academic Council [approved](#) the proposal to reconstitute the UCI Department of Education as a School of Education and issued a [response](#) to the National Association of Scholars report "A Crisis of Confidence." Council also approved a resolution thanking Provost Lawrence Pitts for his service to the University and willingness to engage with the Academic Senate.

On Wednesday, Council will discuss concerns about a UC Online Education Project (UCOE) marketing plan identifying students at affluent public and private high schools as the primary target audience for UCOE courses, and whether to recommend granting UCOE a one- to two-year moratorium on its loan repayment obligation to allow it to focus on quality and serving UC students. A small Council subcommittee is also drafting a set of enrollment management principles to guide next steps in the rebenching project.

The Academic Assembly responded to a recommendation from Council to disband the University Committee on Computing and Communications (UCCC) and distribute its charge to other committees, by asking Council to instead consider the formation of an information technology committee as an alternative to UCCC.

A letter from the UCLA, UCB, and UCSF Senate division chairs to Chair Anderson urges prompt CCGA action on the UCLA Anderson School MBA self-supporting conversion proposal. CCGA is responding to UCLA directly with a list of concerns and questions. CCGA will offer UCLA the option of responding to CCGA before the end of July, to give CCGA time to take up the matter again before the end of the year.

Chair Chalfant expressed appreciation and thanks to the committee's analyst, Michael LaBriola; to the chair and vice-chair of the Senate; and to committee members for their hard work and engagement on a number of difficult issues during the year.

### **III. Consultation with UCOP**

- *Patrick Lenz, Vice President, Budget and Capital Resources*
- *Debora Obley, Associate Vice President, Budget and Capital Resources*

UC advocates helped create several positive outcomes in the State budget agreement, including nearly \$90 million for employer contributions to UCRP, \$5.2 million for annuitant health benefits, and \$11.6 million for lease revenue bond debt service. The budget also releases \$32 million in bond payments for several major UC capital projects already approved by the state, and maintains Cal Grant funding for public institutions. UC was unable to secure support for a debt service restructuring proposal that would have generated \$80 million for UC next year, but the Governor vetoed several earmarks and removed language about enrollment targets UC felt was inconsistent with the level of State funding provided.

Vice President Lenz said UC and the state have a negotiated formula for determining the per-student marginal cost of education, which is used to calculate the number of “funded” or “unfunded” students. The formula incorporates several components into the marginal cost figure, including actual faculty salaries, and expenditures on libraries, administration, and maintenance. The enrollment target language UC asked the Governor to remove from the budget bill would have labeled 36,000 previously unfunded students as funded. UC wants the state to recognize that the marginal cost formula and the real number of unfunded students should be reassessed in the context of the \$1 billion in State funding cuts UC has taken since 2007-08. UC’s commitment to enrolling undergraduates and transfers has exceeded that of CSU, despite a similar level of cuts.

**Discussion:** One UCPB member said the committee needs to be able to understand and explain the formula for determining the number of State-funded students. Moreover, the ability to communicate the real cost of educating a student at a UC-quality level, compared to what UC receives from the State, will help the University explain the increase in non-resident enrollment to the public.

Associate Vice President Obley offered to prepare a presentation on marginal cost for the committee in the fall. She noted that campuses do not intend to reduce enrollment to budgeted levels, because they do not want to give up the tuition revenue. She expressed the view that, if the November tax initiative fails, UC will have no choice but to raise tuition or sacrifice excellence.

UCPB thanked Vice President Lenz and Associate Vice President Obley for their efforts on behalf of the University and their willingness to engage with UCPB.

### **IV. Consultation with UCOP**

- *Aimée Dorr, Provost and Executive Vice President*
- *Nathan Brostrom, Executive Vice President for Business Operations*
- *Debora Obley, Associate Vice President, Budget and Capital Resources*
- *Todd Greenspan, Interim Chief of Staff, Office of the Provost*

**Rebenching:** UC senior leaders and the President met recently to discuss the rebenching project. The President agreed that the rebenching plan should be simple, transparent, and easy to understand. He asked UCOP to model a few additional scenarios for rebenching with a fixed

dollar amount per year compared to a percentage of state funding, and for increasing the funding of all campuses funded below the UCLA level simultaneously, compared to a plan that first increases funding allocated to campuses below the median.

EVP Brostrom said that if the November ballot initiative fails, at least a portion of the \$375 million trigger cut would be allocated according to the rebenching formula, in order to shield less well funded campuses and not worsen existing disparities. He said the public will view rebenching and its goal of equalizing state funding per student across campuses positively.

**Discussion:** It was noted that the median changes as the funding of under-funded campuses increases. (However, the target—the level of per-student funding allocated to the campus receiving the highest amount—does not change.) Members agreed that it would be difficult to justify not allocating state funding increases or cuts disproportionately to benefit the least well funded campuses first.

**Enrollment Management and the Proposed AGSM Conversion:** EVP Brostrom said enrollment management is critical to rebenching, and both he and AVP Obley expressed the view that UC should not create disincentives for campuses that wish to move programs off state funding. They said they support allowing a campus that converts a program to a self-supporting model to retain the state funding for the “converted” students for other purposes.

**Discussion:** Chair Chalfant responded that the recent memo from UCOP to UCLA regarding the proposed conversion of the Anderson School’s “daytime” MBA program indicates that UCOP expects UCLA to continue enrolling the same number of undergraduate residents currently funded with state money provided for that purpose. The letter implies that UCLA would have to increase its resident target by the amount of money freed up by the conversion to align with state support and enrollment targets. In contrast, the position just stated implies that campuses converting programs to a self-supporting model will be able to shed funded students and still keep the state funding they had been receiving for the students enrolled in that program without increasing resident enrollment targets.

A UCPB member noted that UC campuses have differing abilities to build self-supporting programs; allowing campuses to convert programs and retain state money for priorities other than educating resident undergraduates is contrary to the goals and principles of rebenching.

AVP Obley noted that UCLA and the Anderson School have deep donor bases that will allow them to raise private money to make up the lost state funding. She predicted that not more than 3 to 4 additional conversions would occur in the UC system. According to UCLA, Anderson is expected to be a net contributor to the campus after the conversion. Provost Dorr added that the self-supporting model would give the Anderson School additional budget flexibility in terms of generating new revenue, attracting and hiring faculty, and redistributing overhead.

**Funding Streams and the UCOP Budget:** The recent review of the UCOP budget has produced the clearest, most understandable, and most precise UCOP budget ever. UCOP is proposing a \$34 million reduction to its budget over the next two years, which should reduce the campus Funding Streams assessment from 1.6% to 1.45%. UCOP is also reviewing proposals to base the

Funding Streams assessment model more closely on services provided, and to treat the UCOP assessment as an off the top item in the rebenching model.

#### **V. Consultation with the UC Provost – *Aimée Dorr, Provost and Executive Vice President***

Provost Dorr said the immediate issues before her include the Anderson School MBA conversion proposal, the UC Online Education Project, and the President's Advisory Council on Campus Climate, Culture and Inclusion. She wants to collaborate with the Senate to examine what should be preserved and created academically at the campuses and at the center, and to clarify UC's vision of itself as a system. She said she will work to ensure that the academic perspective is included in budget discussions, and noted that the Office of Institutional Research and the UC Online Education Project now report directly to the provost.

**Discussion:** Chair Chalfant said it benefits the University to have a provost who comes from the UC faculty and understands the faculty perspective and their full range of teaching, research, and service work. One member added that an effective Institutional Research unit could help UC develop a coherent vision for moving the University beyond the budget crisis. Another said it would be helpful to collect UC's compliance policies in a single location on the Web. One member said a more transparent funding model is needed for the Division of Agriculture and Natural Resources and the Agricultural Experiment Station; the Senate has not been able to determine precisely how much UC spends on the AES. Members also remarked upon the importance of the Academic Planning Council and the Compendium in shared governance. The Compendium should provide specific guidance on review procedures for self-supporting program conversions.

Provost Dorr responded that UC's agriculture research and service activities are critical components of the University's mission. She noted that she helped develop the [Compendium](#) during her tenure as 1998-99 Academic Council chair; she said she is open to revisions, but would want to discuss the purpose of any change to avoid adding unnecessary work or ignoring necessary work.

#### **VI. UCPB Enrollment Management Resolution**

**Issue:** UCPB reviewed a resolution regarding enrollment management under rebenching. It states that UCOP should play a central coordinating role in negotiating enrollment targets, enforcing the rebenching model provisions, and deciding how State funds released by programs converting to "self-supporting" status will be reallocated. It says that systemwide goals should guide these efforts; that students in self-supporting programs will no longer count toward enrollment targets; and that the Compendium should be updated to outline a process for reviewing the conversion of state-supported programs to self-supporting status.

**Motion:** A motion was made and seconded that UCPB adopt the resolution and transmit it to the Academic Council.

**Discussion:** Members agreed that the resolution helps memorialize UCPB's recent discussions about enrollment management and rebenching and provides a set of principles the committee can

refer to in the future. It was noted that while the proposed Anderson School MBA program conversion did not inspire the resolution, it has raised questions about how such conversions will be treated under rebenching. In addition, the Funding Streams reform has removed UCOP from control over enrollment management, and increased the financial incentive campuses have to displace resident undergraduates. It is critical for the budget and planning process to have a clear mechanism for setting enrollment targets. UC needs to adjust policy to account for the lack of penalties for displacing residents.

Members made a number of suggestions for improving and clarifying the resolution.

**ACTION:** UCPB passed the motion unanimously with the understanding that the committee will have the opportunity to make additional clarifying edits to the document based on off line discussion over the next week.

## **VII. UC Online Education Project Update**

- *Keith Williams, Interim Director, UCOE*
- *Jose Wudka, UCEP Chair (phone)*

To date, UCOE has offered six courses to UC students on their home campuses, with total enrollments of between 20 and 180. A new website administered by Blackboard, Inc. offering courses to non-matriculated students will go live in two weeks. UCOE plans to offer at least three courses, and as many as five, in fall 2012, with additional courses available in winter and spring.

UCOE has been working with UCEP and BOARS to resolve a number of policy issues regarding processes for approving systemwide courses and the type of student who can enroll in a UCOE course. UCOE has also been working with departments to set enrollment goals and limits. Most UCOE course instructors have indicated that they prefer to have matriculated and non-matriculated students mixed in course sections rather than enrolled in separate sections.

UCOE is working with the Chief Financial Officer and the Provost to review and revisit the UCOE business model, particularly the revenue assumptions in the pro forma and UCOE's ability to meet its existing loan repayment milestones. UCOE and the CFO are modeling various scenarios for business aspects of the program. UCOE thinks its courses will be higher quality and offer a higher level of access to instructors and TAs than other providers, giving it a market edge. Some programs have expressed interest in using the UCOE platform to design and host their own online courses.

UC Merced is administering UCOE's registration and transcript functions, with the help of UC Santa Cruz Extension. Future goals include implementing cross-campus enrollment and transcript data transfer.

**Discussion:** Members agreed that UCPB should monitor the results of the non-matriculated student recruitment effort and participate in summertime conversations about the business model and loan repayment schedule.

### **VIII. Academic Review of the Center for Information Technology Research in the Interest of Society (CITRIS) Academic Review of CITRIS**

**ACTION:** Chair Chalfant and Vice Chair Minster will draft a brief response to the review.

### **IX. Proposed Revisions to the Compendium**

UCORP is seeking feedback from UCPB about proposed revisions to the Compendium concerning the categorization and governance of multi-campus research entities, based on UCORP's 2011 recommendations.

**ACTION:** UCPB decided to defer its review of the revisions to a future meeting.

It was also noted that a UCEP, CCGA and UCPB ad-hoc committee is proposing several clarifying revisions to the Compendium regarding procedures for systemwide Senate review of discontinuances of undergraduate programs or program titles that are the last of their kind.

### **X. Proposal to Convert Anderson School MBA program to Self-Supporting Status**

**ACTION:** UCPB decided not to submit comments to CCGA about the financial aspects of the proposed conversion at this time, as CCGA will be responding directly to UCLA, rather than asking for advice at this time from UCPB concerning financial/budgetary aspects of the proposal. It was reported that CCGA will be asking Anderson to clarify claims that the conversion will improve their finances and the finances of UCLA.

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Meeting adjourned at 4:00 p.m.  
Minutes prepared by Michael LaBriola  
Attest: Jim Chalfant