To the Irvine Divisional Senate Assembly:
The Council on Planning and Budget (CPB) respectfully submits its report of activities for the academic year 2008-09.

A. COUNCIL OPERATIONS
Peter Krapp (Film & Media Studies) chaired the Council on Planning and Budget in 2008-09. The Council met 18 times this year. Attending regular CPB meetings were ten appointed members, the Divisional Senate Chair Elect-Secretary (ex officio), the representative for the Librarians Association of the University of California, Irvine (LAUC-I), the Budget Office consultant, the Undergraduate student representative, and the Graduate student representative. The Council appointed several members to serve on various committees during the year:

University Committee on Planning and Budget (UCPB): Peter Krapp
Budget Work Group: Peter Krapp
Campus Physical and Environmental Committee (CPEC): Peter Krapp
Design Review Team: John Krolewski
Senate Committee on Diversity: Donald Hoffman
Senate Committee on Graduate Student Housing: Anthony Long (alternate: Michael Fuller)
Small Capital Improvement Program Advisory Committee: Kerry Vandell
Space Planning Team: Peter Krapp

B. ACADEMIC PLANNING GROUP (APG)
The APG is a joint Administrative/Senate committee chaired by Vice Provost for Academic Planning Michael Clark. Its membership includes all voting members of the CPB, the CPB Library Representative, and the following administrative members: the Executive Vice Chancellor and Provost, Assistant Executive Vice Chancellor, Vice Provost for Academic Personnel, Graduate Dean, Division of Undergraduate Education Dean, Vice Chancellor for Research, Director of the ADVANCE Program, Director of Academic Budget, Director of Institutional Research, and Vice Chancellor for Planning & Budget.

Although APG did not have new growth FTE to allocate to campus this academic year, due to the hiring freeze and budget situation, regular meetings (alternating in schedule with CPB meetings) discussed future FTE allocations, both for the short term without campus growth, and for the long term after campus has grown to target. The APG developed a recommendation to raise the percentage of vacated FTE that is returned to the Provost for reallocation, so as to maintain a number of centrally administered hiring programs, including but not limited to the career partner, endowed chair, distinguished professor, and ADVANCE programs. APG also developed recommendations for actively managing enrollment, and for efficiencies in instructional procedures and processes. In addition, the APG requested that all Deans revisit their strategic plans by fall 2009, to allow the APG to return to a discussion of the campus strategic plan under the auspices of new budget realities.

C. PROPOSALS FOR DEPARTMENTS/PROGRAMS/SCHOOLS/ORUS
1. Proposal to Establish a New ORU: Institute of Immunology. Not endorsed, 10/29/08
While the center proposing the ORU clearly has shown success, the ORU proposal in its current shape raised a number of substantive concerns regarding its budget, assigned space and FTE, specific near-term and long-term objectives, so that the Council voted against endorsing it.
2. **Proposal to Establish a New ORU: Center for Research in Immigration, Population and Public Policy (CRIPPP).** Endorsed, 2/18/09
The Council voted without dissent in favor of endorsing the proposed establishment of CRIPPP as an ORU, noting that the Office of Research has agreed to provide $50,000 to CRIPPP for the first year, and that a revised budget from CRIPPP was submitted along with other updates.

3. **Proposal to Establish a School of Education.** Not endorsed, 4/29/09
The Council voted against endorsing the proposal for a School of Education. A motion was made that the current situation is not sufficiently mature to move to a school status; the motion passed with a majority. Since the previous review was done in 2003, it was suggested the Department come back in another 6 years for review.

4. **Proposal to Establish a New ORU: Spinal Cord Injury/Neural Regeneration.** Endorsed, 4/15/09
In endorsing the proposal, the Council suggested that ORU reduce its planned outreach and science administration activities, and rather focus on garnering a training grant (T32) and possibly even a program project grant (PPG).

5. **Proposal to Establish a New ORU: Health Policy Research Institute.** Reviewed on 5/27/09
The Council found the established Institute to have a proven track record, with strong participating faculty and leadership, and worthy proposed goals. However, the proposal raised some questions, such as the relationship between the budget items and the proposed goals, the inter-departmental interactions, projected 5% budget increases for each year, and the lack of educational justification. The Council forwarded questions and comments to the Senate Cabinet.

D. **PROPOSALS FOR DEGREE PROGRAMS**
1. **Proposal for a B.A. in Earth and Environmental Studies.** Endorsed, 2/18/09
The Council voted without dissent in favor of endorsing the proposal, but with the recommendation that FTE and other resource requests be revisited in the School of Physical Sciences if the predicted enrollment growth materializes; even then, they should be considered in the context of the priorities and available resources for the entire campus.

2. **Proposal for a B.A. in Urban Studies.** Endorsed, 2/4/09
The Council voted unanimously in favor of the proposed major, noting constrained access to Economics 20A as a required course, and also noting Dean Ron Huff’s concern about potential curricular changes that might impact the School of Social Ecology.

3. **Proposal for a Ph.D. in Public Health.** Not endorsed, 6/24/09
The Council believes that the College of Health Sciences must work harder to coordinate the Epidemiology and Public Health proposals. Additionally, the Council remains concerned about integrating Public Health with the new systemwide UC School of Global Health, funding for graduate students in Public Health, space needs and faculty expertise to be added, the role of the developing professional Master’s in Public Health, and about the absence of truly broad support in the College of Health Sciences for coordinated planning in the areas of Public Health, Occupational Health, Global Health, and Epidemiology.

4. **Proposal for a B.S. in Biomedical Computing.** Endorsed, 5/13/09
The Council endorsed the proposed major and opined that the School of Biological Sciences and School of Medicine/College of Health Sciences should clarify their roles in the major, that the proposed program seems to be light on biology, and that the School of Information and Computer Sciences should be able to launch this major without additional funding.
5. **Proposal for a Ph.D. in Epidemiology.** Not endorsed, 7/13/09
   As with the proposal for a Ph.D. in Public Health, the Council believes that the College of Health Sciences must work harder to coordinate the Epidemiology and Public Health proposals. Additionally, the Council remains concerned about the potential for integrating Public Health with the new systemwide UC School of Global Health, space needs and faculty expertise to be added, and about the absence of truly broad support in the College of Health Sciences for coordinated planning in the areas of Public Health, Occupational Health, Global Health, and Epidemiology.

E. **ENDOWED CHAIRS**
1. **Emulex Endowed Chair in Electrical Engineering.** Endorsed, 10/15/08
2. **Edwards Lifesciences Endowed Professor.** Endorsed, 10/15/08
3. **Endowed Chair for the Center for Diversity in Engineering Education.** Endorsed, 10/29/08
4. **Merage Chairs in Business (#2-5).** Endorsed, 2/4/09
5. **James L. McGaugh Chair in Neurobiology of Learning and Memory.** Endorsed, 2/18/09
6. **John D. and Catherine T. MacArthur Foundation Chair in Digital Media and Learning.** Endorsed, 4/15/09

F. **DIVISIONAL ISSUES/POLICIES**
1. **Proposal to Consolidate Administration of the Program in Arts Computation Engineering in the Donald Bren School of Information and Computer Sciences (ICS).**
   The Council endorsed Arts Computation as a formal Program in ICS. However, members noted that some questions remained, although they concern issues for Graduate Council, and for the Dean(s) wielding supervisory powers over the Program, to consider again in the near future.
2. **Academic Planning Group (APG) Membership**
   In response to Vice Provost Michael Clark’s suggestion to reduce the number of CPB members and add the chairs of Graduate Council and Council on Educational Policy to APG, the Council recommended against reducing the current number of CPB members participating in the regular meetings of APG. All CPB members expressed a keen interest in participating in discussions of how to plan for a return to the last growth period before build-out as the campus transitions from growth mode to a steady state. Members also emphasized the need for the campus to maintain a visible commitment to shared governance in academic planning.
3. **Resolution regarding Resource Allocation Principles**
   Discussions regarding the “campus tax” that was going be levied for debt-service on a $2 billion bond suggested that the fiscal impact would be shared across all campuses. The Council agreed that this issue should be raised at UCPB.
4. **Proposed Affiliation Between UCI and Children’s Hospital of Orange County**
   The Council endorsed the proposal in its broadest form, but had reservations about the financial issues, as it is not entirely clear how exactly that affiliation will impact the Department of Pediatrics and the residency program.
5. **WASC Accreditation Criteria**
   Council members raised the following points in reviewing the WASC accreditation criteria:
   1. Criteria 2.3 – 2.6 require the statement and measurement of learning outcomes. Many UCI
departments are now being asked to generate these, and the effort involved is often substantial. CPB observes that many departments may not have adequate resources to properly complete this task, given the current budget cuts.

2. Criterion 3.1 states that “The institution employs personnel sufficient in number and professional qualifications to maintain its operations and to support its academic programs, consistent with its institutional and educational objectives.” One relevant measure of sufficient personnel is the ratio of students to faculty. Data on this ratio are provided in Section 7.6 of the UC Accountability Framework. CPB observes that, over the last five years, UCI has had a ratio of about 23, the second worst of the UC system, and well above the UCLA ratio of about 16 or the UC Berkeley ratio of about 17.5. With UCI’s large number of unfunded students in the 2008–2009 academic year, it is likely that UCI now has the worst ratio in the UC system. Given these facts, it may be difficult to make a persuasive argument that UCI employs personnel sufficient in number to support its academic programs.

3. Criterion 3.5 explores whether “The institution has a history of financial stability, unqualified independent financial audits and has resources sufficient to ensure long-term viability.” CPB observes that UCI has substantial financial uncertainties, including substantial midyear declines in revenue, due to deficits in the California state budget.

4. Criterion 1.4 concerns whether “The institution publicly states its commitment to academic freedom for faculty, staff, and students, and acts accordingly. This commitment affirms that those in the academy are free to share their convictions and responsible conclusions with their colleagues and students in their teaching and in their writing.” CPB observes that the recent legal case involving Professor Juan Hong has been widely interpreted, correctly or not, as an important stance by UCI lawyers against academic freedom for faculty members.

6. CFW’s Campus-wide Analysis of Median Faculty Salaries for 1998-2008
The Council reviewed the data, but had no specific comments at the time of review.

G. SYSTEMWIDE ISSUES/POLICIES

The Council endorsed the Report noting it will still need to review, on a case by case basis, any specific proposals for professional doctorates in order to consider their budgetary and planning implications.

2. Accountability Framework
The Council reviewed the framework and expressed general comments as well as specific recommendations for improving each section. CPB felt strongly that ongoing Academic Senate oversight is needed to monitor the development of the framework, drawing on the expertise present on each campus and system-wide in standing committees that devote a significant amount of time to precisely the issues the framework tries to address. Furthermore, if the framework is to serve as a template for annual reviews, it will need to incorporate a number of issues not currently addressed; for instance, the framework might well include a section on university hospitals, and a section on compliance.

3. Systemwide Retiree Rehire Policy
The Council observed that no analysis or data are provided with the documentation, and very little explanation of the justification is given. It appears unusual that the University should make a general policy to address a specific incidence (at Berkeley earlier this year); certainly the policy’s anticipation of further exceptions does not effectively address the publicity issue. Furthermore, it is unclear why the new UC policy should be stricter than standard IRS rules, and why multi-year recalls should be treated so inflexibly.
CPB also registered its concern that the policy was adopted before any Academic Senate review. As the policy withdraws discretion from the divisions and shifts it to UCOP, we encourage the Office of the President to initiate an analysis that examines the issue broadly, including evaluation of policy elements that remain unchanged and of alternative policy options. In particular, we encourage examining the benefits and costs to the University of creating a formal phased retirement.

4. **Education Abroad Program (EAP) Business Plan**
The Council largely supports the plan for changing the funding for UCEAP but has several concerns regarding its business plan. The Council noted that an advantage of the proposed model is transparency: sending funds directly to campuses may mean more transparency in decisions about allocating money to EAP on each campus. It also forces the central office to operate more efficiently and cost-effectively with fewer FTEs. Members noted that where the central office used to consume about a third of the total budget, the latest distribution shows a quarter of the UCEAP budget being used in the central office. UCI director for EAP Levine added that further staffing reductions at the central office are anticipated.

CPB generally agreed that the shift in funding model made sense; however, members also expressed the hope that the Office of the President realizes the need for continued funding from OP to support UCEAP. Therefore CPB raises four specific points about the proposal:

a. Support for the EAP offices on the campuses and for student scholarships will disappear.

b. The unique feature of EAP programs in contradistinction to third-party programs is that EAP courses receive UC credit.

c. The proposal will bring about a number of changes in the program, and CPB feels strongly that these changes need to be assessed.

d. Overall, the changes imply a different logic for the program.

5. **Blue and Gold Opportunity Plan (BGOP) Review - Proposal to Modify Financial Aid Program**
The Council understands that the purpose of BGOP is to better market the value of UC’s current financial aid programs. The complexity of the financial aid offered by UC at present may obscure the extent of the aid available, and lead prospective students and their families to inflated estimates of the cost of a UC education. The BGOP intends to simplify the aid process, and make clearer the extent of aid available.

The Council raised two main concerns in its review. First, the request for comments gives insufficient time and information to make a carefully reasoned evaluation of the proposal. Second, the proposed BGOP increases costs by about $3 million at a time when faculty and staff are being subjected to mission-impairing cost-cutting measures. If the purpose of the BGOP is better marketing by simplification of the financial aid process, then why not simplify the current financial aid process without adding another $3 million in costs?

The Council recommends that UCOP (1) give the faculty more time to carefully consider the proposal and (2) provide the faculty all the hard data in UCOP’s possession that are relevant to our deliberations on this important matter.

6. **Revised UC Accountability Framework**
The Council was disappointed that the vast majority of its suggestions appear not to have been incorporated into the revision. One of CPB’s core concerns about the first draft was that the Framework should provide a context for the purpose and goals of the document, clarify its intended audience, and offer more guidance about how readers should interpret the data. The Council again requested that its previous recommendations be incorporated.

The Council agreed that the technical changes are in line with normal updating. However, an item that appears on the sample Principal Investigator’s Addendum to Statement of Economic Interest form, disclosure of stock options, is not mentioned in the policy. While the form states “Describe the nature of your financial interest in the sponsor...including actual or promised options...”, the policy is silent on this. There are important possible conflicts of interest resulting from the issuance of stock options to faculty members, and the policy should clearly indicate that they must be disclosed. Since stock options are attractive based on their potential value and not their initial value, options of any amount should be reported. CPB recommended that the policy be amended.

8. **Furlough – Standing Orders of the Regents Amendment and Guidelines**

The Council agreed on two main points.

A. The UC system of shared governance recognizes that consultation with faculty is a source of invaluable information and feedback on administrative matters. Such consultation would be particularly helpful and important regarding budgetary matters during times of emergency. The proposed new Standing Order of the Regents allows the President to unilaterally impose furloughs and salary cuts without prior consultation and approval of the faculty. Therefore the CPB opposes adopting the proposed Standing Order as drafted.

B. The proposed new Standing Order has several other flaws. These are listed below:

   a. The policy as drafted is too broad in its expansion of the President’s discretion over various UC policies.

   b. If the consultation with a division or the system-wide Senate does not lead to faculty endorsement of the plan, would the President be able to act unilaterally, citing emergency powers? The proposed Standing Order is ambiguous on this point.

   c. The policy leaves the duration of the emergency as indefinite. There should be explicit language that addresses the issue of duration of cuts and restoration.

   d. A statement about how to declare an end to the crisis ought to indicate what happens at that time. The question is whether or not full restoration is expected to occur, with the prior salary structure serving as the basis for future COLAs or salary increases.

   e. Numerous questions remain unclear (e.g., whether faculty may “moonlight” or consult during a furlough, or substitute grant income for base salary); these issues are not mentioned in the draft policy. Similarly, implications for UCRP service credit, and for post-emergency salaries and benefits are left unstated.

   f. Turning to the one-campus nature of some emergencies, if one campus experiences a natural disaster that requires indefinite closure, it is not obvious that this is a time that UC should seek to cut anyone’s pay, or cut only the pay of people at that campus. Such true emergencies suggest that employees will also be facing personal crises, and the last thing they need to do then is worry (more than usual) about paying their bills.

9. **Senate Review of the Principles for Non-Resident Enrollment**

The Council found itself in disagreement with BOARS’ concerns about the potential impact of a significant increase of non-resident undergraduate enrollment in the years to come. Increasing student diversity by including students from beyond our state lines is necessary to help train California students to live and work in a world characterized by rapid global changes.

Most public universities in the U.S. have a significantly higher non-resident student rate than the UC, including top-rated public universities such as the University of Michigan (33% as compared to 6% for UC). CPB found no evidence that this might lead to a decrease in the educational
quality, as BOARS suggests. Quite on the contrary, increased admission of students from other states of the union and from abroad should enhance the educational experience of California undergraduates and expose them to dimensions of diversity from outside California. Given the low proportion of international students (most recently, 1.5% of UC freshmen, compared to 5% of University of Michigan freshmen), surely it could be a priority to increase the proportion of international students on diversity grounds alone. Attracting non-resident students will also provide a stimulus for the Californian economy, and is likely to add many well-educated graduates to the Californian workforce, as many of these non-residents will want to remain in the state.

In the face of stagnant or even decreasing Californian enrollment predictions and a decade-long erosion of state funding it seems even unwise for UC to pass on non-resident enrollment as a support for future growth. The UC system will need to grow in the future as well, to be able to continuously renew itself, to quickly adjust to new educational challenges, and to thereby maintain the high level of educational quality that Californian students deserve.

10. Senate Endorsement of UCORP Concept Paper “UC Seminar Network”
   The Council found that each campus would need to have more than one set-up point consisting of a virtual meeting room (through Adobe Connect) and equipment (camcorder, tripod, mixer and microphone) at a cost of $728 per set-up point. The network could provide a good enhancement for education and research purposes if UC could provide the infrastructure. However, its impact must not be overestimated, as it cannot replace seminars, lectures and colloquiums, where interaction with students and/or colleagues is crucial. One disadvantage noted is that speakers will need to restrict their movements to the podium area, which will result in poor delivery; speakers will lack interaction with the audience.

11. Senate Review of Furlough/Salary Reduction Plan Options
   The Council does not favor either salary cuts or furloughs in lieu of strategic cuts and new revenues. While no doubt painful, the elimination of programs, services, classes, and enrollments need not threaten the core of the UC: but furloughing or, even worse, cutting the pay of staff and faculty surely does. A smaller UC that maintains academic quality is better than a watered-down version that keeps numbers up. The university has been very responsive to the legislature, but given the long-term erosion of state support, Council does not see any reason for the UC to adhere unilaterally to the Master Plan if the state of California no longer honors the agreement. Of the three options presented, CPB favors furloughs (Option II) over pay cuts, which may offset losses in pay with additional time, at least for some staff. Council believes it would be easier to reinstate full salaries after a furlough period has ended. Council also feels that furloughs should be visibly taken on current work days, with a corresponding reduction in work, and above all in services offered. This situation presents a potentially critical morale issue: employees cannot be expected to perform the same workload and at the same caliber while receiving less pay. Council holds that clarification is needed on what UCOP proposed as three 8% options. The UCOP proposal claims the action is on all salaries: yet $195 million is not 8% of payroll. Also, salaries and benefits are not “70% of the UC budget,” as claimed here, but 19% of close to $19 billion. Moreover, if UC payroll is in fact 59% of core UC funds, as the Regents’ November ‘08 budget request states, an 8% reduction should yield closer to $300 million. Either way, the numbers given in the proposal seem unreliable. In addition, the document gives the impression that “Option I” is already favored by UCOP. Regents may be influenced to believe that a simple cut is the best option, because UCOP notes that the other two options raise Fair Labor Standard Act issues and implementation challenges.
Council is surprised that the proposed salary reductions are not compared to a more progressive model, beyond different rates for employees earning below and above $46,000. There could well be several levels of graded cuts, not just two as now proposed. CPB notes that a temporary $1,000 surcharge on 220,000 students would make up the same budget gap. A $500 surcharge and 4% pay cut would have a similar effect. At the very least, UCOP must model these or other alternative scenarios for consideration by the Regents.

Above all, Council encourages further exploration and discussion of additional sources for generating revenue and budgetary savings. Since the last student fee increase was approved during a time when the budget situation appeared less grave, additional student fee increases absolutely must be considered at this time. The Regents cannot be asked to consider this proposal outside the full budgetary and planning context, from administrative efficiencies and academic quality benchmarks to revenue strategies, including, but not limited to, raising fees now. CPB again encourages UC to increase the enrollment of out-of-state students as a way of, among other things, increasing revenues, and increasing diversity. Finally, Council notes that the current plans under consideration are not the only measures being implemented that will have a detrimental effect on faculty/staff compensation packages. The University must communicate clearly and openly the cumulative total impact of all proposed cuts to faculty and staff compensation, including benefits.

12. Furlough Plan Implementation
The Council opined on the impact of furlough days during instructional time and reviewed the implementation plan the UC Santa Cruz Senate proposed. It found that the plan minimizes the negative impact on instruction while making the consequences of the drastic budget cuts and furloughs visible to the public. CPB voted to endorse the plan of taking some common furlough days (near the minimum days for the lowest pay band) as closure days for the entire campus.

H. OTHER ISSUES
1. E-mail Voting Policy
A provision was made to allow for discussion and voting to take place over e-mail for urgent issues that have a quick turnaround, or issues that have been assigned to the Council but have a deadline that takes place before the group can meet; however, if a council member has a substantial objection, a special meeting may be called. Members will reply via email, either directly to the Council Analyst or use reply-to-all. After voting is completed, the analyst will send an email to all members with the results (member’s name along with their recorded vote). If more discussion is needed on an issue, the discussion will take place at the next regular meeting.

2. Discussion of Budget and Planning Criteria for Establishing and Disestablishing Academic Entities on Campus
The Council refined the criteria for establishing and disestablishing academic entities, noting that a master request to cover all of the Senate Councils’ review criteria would be too complicated. Conversations about institutional research and quality control initiated between a CPB sub-committee and consultant AVC Rich Lynch also eventually led to the adoption, by the Budget Work Group at UCI, of certain institutional metrics, including but not limited to student credit hours, student-faculty ratios, degrees awarded, revenues generated in research, self-supporting programs, and staffing ratios.

3. Accounting for the Cost of Higher Education
Consultant firms and journalists covering higher education have been prodding academic to rethink its cost structure. Several sister campuses, including the UCLA and UCD faculty associations, are focusing on issues of administrative bloat at UC, both on the campuses and at
UCOP, over the past decade. The Council reviewed data compiled and provided by Associate Vice Chancellor Rich Lynch, including financial statements, expenditures, information relating to trends and patterns, etc. Some administrative hiring outpaced faculty hiring and student enrollment numbers due to federal regulations; other patterns have yet to be discussed. It was agreed that the Council will need to follow up and track administrative, enrollment, faculty, and staffing statistics regularly.

4. Review of Hiring Patterns for Faculty and Administration
The Council reviewed data on hiring and recalls on campus since the hiring freeze in March 2008, including overall information on salaries and startup packages committed. Information on faculty and administrative recalls was also requested, but not received in time for discussion.

I. CARRY-FORWARD ITEMS FOR 2009-10
1. Proposal to Establish a School of Nursing
The Council first reviewed the proposal at its meeting on February 18, 2009. Questions generated from the meeting were forwarded to Vice Chancellor David Bailey and Associate Vice Chancellor Frank Meykens. Discussion has been deferred until information requested is obtained. In an email dated May 29, 2009, Director Ellen Olshansky notified CPB that CoHS is holding off response until fall 2009 due to the budgetary circumstances. Once the state resumes funding for nursing programs, this issue can be revisited by CPB.

J. GUESTS
CPB had six guests to discuss various topics at CPB meetings; some attended several times:
Wendell Brase, Vice Chancellor for Administrative and Business Services
Roy Dormaier, Vice Chancellor for Planning and Budget
Michael Gottfredson, Executive Vice Chancellor and Provost
Ronald King, Chief Financial Officer, UCIMC
Janet Mason, Director for Capital Planning
Thomas Mitchell, Vice Chancellor for University Advancement

K. COUNCIL ON PLANNING AND BUDGET MEMBERSHIP
Members:
Peter Krapp,
  Chair and UCPB Representative
Martha Feldman
Michael Fuller
Donald Hoffman
Alfred Kobsa
John Krolewski
Anthony Long
Kenneth Mease
William Sirignano
Kerry Vandell
Ex-Officio:
Judith Stepan-Norris,
  Divisional Senate Chair Elect-Secretary
Consultant:
Richard Lynch,
  Associate Vice Chancellor for Budget
Library Representative:
Julia Gelfand, LAUC-I
Student Representatives:
Francesca Hopkins,
  Graduate Student Representative
Bryan Sloane,
  Undergraduate Student Representative
Council Analysts:
Twyla Forcadela
  (September 08 – January 09)
Thao Nguyen
  (March 09 – August 09)