

**COUNCIL ON PLANNING AND BUDGET
ANNUAL REPORT
2010-2011**

To the Irvine Divisional Senate Assembly:

The Council on Planning and Budget (CPB) respectfully submits its report of activities for the academic year 2010-11.

A. COUNCIL OPERATIONS

The Council confers with and advises the Chancellor, the Executive Vice Chancellor & Provost (EVC/Provost), and campus administrative units on matters of planning, budget, and resource allocation on both short and long-term bases. The Council also initiates studies in planning and budget matters and, if necessary to accomplish such studies, authorizes establishment of ad hoc committees to carry out investigations and make reports. Its duties and membership are described in Irvine Bylaw 115.

William Molzon (Physics & Astronomy) chaired the Council in 2010-11. The Council met 16 times this year. Attending regular CPB meetings were nine 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:

Budget Work Group: William Molzon, Lyman Porter, Donald Senear

Campus Physical and Environmental Committee: Julia Gelfand

Design Review Team: John Krolewski

Enrollment Council: Jutta Heckhausen

Space Planning Team: Kenneth Pomeranz

University Committee on Planning and Budget (UCPB): Donald Senear

B. ACADEMIC PLANNING GROUP (APG)

As part of the Council's charge to consult with and advise the Chancellor and the EVC/Provost on issues of planning and budget, the Council has been participating in the APG, a joint Administration/Senate committee chaired by Vice Provost for Academic Planning Michael Clark, up until Winter 2011 quarter. APG's past membership included all voting members of the CPB, the CPB Library Representative, and selected administrative members.

The APG was reconstituted by EVC/Provost Gottfredson in March 2011 to be co-chaired by Vice Provost Clark and Senate Chair-Elect Craig Martens. Its revised membership does not include CPB members. The chairs of the Council on Student Experience and the Council on Undergraduate Admissions and Relations with Schools, and other selected faculty and administrative members now constitute the APG. Chair Molzon declined an appointment on APG as he may not be able to share the APG discussions with CPB and hence not have the benefit of the Council's informed advice in his role on APG.

The Council finds that the newly constituted APG does not serve as an instrument of shared governance since the faculty representatives on the APG are no longer chosen by the Senate and therefore cannot represent the Senate's views. CPB unanimously passed several resolutions that were presented to the Senate Cabinet urging the Senate to determine the faculty membership on APG, to not have faculty members on the APG listed as representing the Senate, to communicate to its faculty members that the APG as currently constituted does not represent an instrument of shared

governance, and to reaffirm that the required consultation on budgetary matter shall take place with CPB per the Standing Order of the Regents 105.2.d.

CPB continues working with the Senate leadership to resolve issues associated with this change in order to ensure that CPB can effectively satisfy its responsibility to consult with and advise the campus Administration.

C. PROPOSALS FOR DEPARTMENTS/PROGRAMS/SCHOOLS/ORUS

Establishment of a Department of French, German & European Studies

(Meeting date: 5/25/11 – Memo date: 6/21/11)

The proposed reorganization of departments to create a Program in European Studies in the School of Humanities has both budgetary and programmatic planning issues. From a narrowly budgetary perspective, this action is likely to have little impact. The Council has more substantive concerns about broader planning issues, such as the future of literary studies, the place of national literatures in the university, and the balance of resource commitments across disciplines and global regions. The Council has specific concerns about the proposal itself:

- The proposal delays facing the problems of how to sustain French and German amidst declining enrolments and resources, rather than addressing them head-on.
- The proposed new unit is likely to be a weak one, for a number of reasons.
- There is not enough discussion of other possible configurations to tell whether their pros and cons have been fully considered.
- The proposal does not say enough about what future resources this unit is likely to need, and how those needs fit into the larger context of the school's priorities (e.g. a shrinking faculty in History.)

CPB is not necessarily opposed to the proposal and wishes to see a fuller discussion of the limitations of the proposal and alternatives before approving.

D. PROPOSALS FOR DEGREE PROGRAMS

1. M.S. and Ph.D. in Software Engineering

(Meeting date: 10/13/10 – Memo date: 10/20/10)

The Council determined that no resources were required for the two new degrees and that the proposal was consistent with prior planning by the Donald Bren School of Information and Computer Sciences. Furthermore, it determined that the new degrees were sufficiently distinct from those offered in the Department of Electrical Engineering and Computer Science in the Henry Samueli School of Engineering. Based on the conclusions of its analysis, CPB voted unanimously to endorse the proposal.

2. M.S. with a Concentration in Engineering Management

(Meeting date: 10/27/10 – Memo date: 11/8/10)

The Council cautions that co-mingling MSEM students with students in other degree programs may result in a decrease in the quality of these other degree programs, and this effect could be substantially exacerbated if lecturers are hired to teach graduate Engineering courses. However, the Council believes that overall, the proposed degree program is likely to provide a net benefit to the University's teaching mission. It targets the unmet market need for a degree program that focuses on both the technical and business sides of innovation and it will use existing resources from both the Henry Samueli School of Engineering and the Paul Merage School of Business. CPB voted unanimously to endorse the proposed professional joint degree program.

3. Ph.D. in Nursing Science

(Meeting dates: 12/8/10 & 4/27/11 – Memo dates: 12/21/10 & 5/4/11)

The Council first reviewed the proposal on December 8, 2010. It was concerned with the intellectual focus and growth, the budgetary issues, and the composition and size of the program.

The Council requested additional information through the Graduate Council to continue its review. At its April 27, 2011 meeting, CPB reviewed the updated proposal and comments provided by Nursing Science. The Council opined that on the one hand, the ability to grant Ph.D.s is critical to growing the UCI Program in Nursing Science into a highly ranked University program and there is a demonstrated need for Ph.D.s in Nursing. On the other hand, in CPB's view there remains a substantial risk that the Ph.D. program in Nursing will not succeed. This risk derives primarily from the current budget situation, the potential shortfall in funding for Ph.D. student support, and the lack of a commitment for the program to grow to the size needed for a quality program. The Council recommends that the Nursing Program obtain a commitment for the resources, people and funding, necessary to make the UCI Nursing Program a high quality Ph.D. granting one before proceeding with the Ph.D. program. If this support from the Administration is forthcoming, the Council still recommends that the Nursing Program consider reducing the initial size of the program to match the available mentoring and financial support resources.

4. B.S. in Biology/Education

(Meeting date: 1/12/11 – Memo date: 1/18/11)

The School of Biological Sciences, in partnership with the Department of Education, proposes to establish a degree program focusing on science education in areas related to the biological sciences. The anticipated size of the program is relatively small, with 30 students expected in the first year and 70 after five years. The proposal indicates that no new faculty, instructional equipment, library acquisitions, or space resources will be required to implement the program. Also, initially, it will be supported by a grant of \$2.4 million from the National Math and Science Initiative. According to the School of Biological Sciences, this program was included in the School's most recent five-year plan. It has the endorsement of the Dean of Biological Sciences, the Dean of Physical Sciences, and the Chair of the Department of Education. Based on the information in the proposal, the Council voted unanimously (with 1 abstention) to endorse the proposed degree program.

5. Professional Degree Fee for the M.S. in Genetic Counseling

(Meeting date: 3/9/11 – Memo date: 3/14/11)

In order to complete its review, the Council requested additional planning and budgetary information from the Graduate Program in Genetic Counseling. The information requested include the program's budget for 2010-11 and the expected budget for 2011-12, the funding allocation from the EVC/Provost, the increase of students, the role of the Program Director and other staff, the salary support for faculty and staff, and the Multi-Year Plan for Professional Degree Fee Levels questionnaire.

6. M.S. in Biotechnology Management

(Meeting date: 3/9/11 – Memo dates: 3/16/11 & 4/8/11)

The Council began reviewing the proposal on March 9, 2011. The proposed M.S. is an example of a professional master's program that addresses the need for training in a recently emerged field of employment. The program is designed to be self-sustaining, not generating revenue. Its instructional components in molecular biology and biochemistry are ambitious, whereas those in management are more basic. The calculation for the program suggests that self-sustainability is likely going to be achieved. The program will also free up some instructional workload of existing faculty. CPB requested additional budgetary information regarding non-resident fees and marketing/recruiting fees. Based on the information provided, the Council found the revised proposal to be satisfactory in addressing its previous concerns and voted unanimously (with 1 abstention) to endorse the proposed degree program.

7. B.S. in Software Engineering

(Meeting date: 5/25/11 – Memo date: 5/27/11)

The proposed major in Software Engineering in the Donald Bren School of Information and Computer Sciences (ICS) is part of the school's efforts to revamp its curriculum in a way that undergraduates find compelling. As such, the effort is to be commended. The review of the budgetary implications and resource requirements of the proposed new major appears straightforward. ICS has resources that can support an increase in the number of its majors after the declining enrollments of the past few years. The enrollment projections offered in the proposal may be a bit optimistic, but the school appears to have sufficient faculty, teaching assistant support, and classroom space to accommodate even these.

E. ENDOWED CHAIRS

1. Norman Rostoker Endowed Chair in Applied Physics

(Meeting date: 12/8/10 – Memo date: 12/14/10)

The endowment proposed will present the opportunity for the Department of Physics and Astronomy in the School of Physical Sciences to recruit a renowned expert in an area that is a focus of national and international physics research and that complements and strengthens an existing area of research emphasis in the department, consistent with its long-range academic plan. The gift pledged will establish the full endowment and should allow the campus to begin immediate efforts to fill the chair. As has been its policy in the past, the Council asks to be assured that it has been informed of all understandings on this issue between UC Irvine and the donors. With that assurance, it is prepared to endorse enthusiastically the creation of the Norman Rostoker Chair.

2. Dean's Leadership Circle (DLC) Endowed Professorship

(Meeting date: 2/9/11 – Memo date: 2/14/11)

The endowment proposed will be used to recruit an outstanding scholar and recognized expert in global leadership in the Paul Merage School of Business. The DLC Professorship would be supported by a quasi endowment of at least \$1M made up of gifts, pledge payments, and matching gifts from members of the DLC, as well as an initial transfer of \$300,000 from the dean's discretionary funding.

The Council was deeply troubled by the language in the invitation to join the DLC at the visionary level: *"This level of membership will be limited and those members receive special recognition and access with the professor who will hold this title as well as the dean and Paul Merage."* The Council unanimously passed (with 1 abstention) a motion expressing its concern that donors were promised access to the chair as quoted above, as this appears to violate academic freedom by obligating the recipient to perform specific duties. CPB cannot recommend approval of the proposed endowed professorship unless this issue has been addressed with the donors. There was also concern expressed about the management of the Endowed Professorship.

3. Thomas & Mary Cesario Endowed Chair in Medicine

(Meeting dates: 6/15/11 & 6/29/11 – Memo date: 7/11/11)

The proposed administrative chair will be used to support teaching, research, and service activities of the Department of Medicine and will be held by the Chair of the Department of Medicine, concurrent with his or her administrative appointment. This endowed Chair, in the name of the former long-time Dean of the School of Medicine, is seen as an appropriate and positive addition to the School and University. The Council noted that less than \$1M has been collected from donors. It is implied that funds from the School of Medicine (specific source not specified) will be used to close the gap between the outside contributions and the \$1,037,950 target.

The Council voted with strong majority to disapprove the proposed Thomas and Mary Cesario Endowed Chair in Medicine as submitted, since some unspecified school funds are being used to supplement donations in order to fund this Chair. In this time of fiscal exigencies, and particularly in the case of units that operate in deficit, CPB firmly believes that Schools should not supplement endowments with funds that could be used for operations. We recommend that the School do one of the following.

- Request and use an exception to the minimum required funding level in order to start the administrative Chair now, without using School funds to supplement donations.
- Wait to request approval of the Chair until donations sufficient to meet the minimum endowment amount are received.

4. Fong & Jean Tsai Endowed Chair in Women's Imaging

(Meeting date: 6/29/11 – Memo date: 7/11/11)

The proposed administrative endowed chair is named to honor Dr. Fong Tsai of the Department of Radiological Sciences, and will be used to support the teaching, research, and clinical service activities of the Division of Women's Imaging in the School of Medicine. The chair holder will be the division chief, concurrent with his or her appointment to that position. The summary of giving shows that less than \$800,000 has been raised and received for the proposed chair. In addition, there are outstanding pledges in the amount of \$213,500. CPB recommends that the endowed chair be fully funded before it can be established.

The Council voted with majority to approve the proposed Fong and Jean Tsai Endowed Chair in Women's Imaging with the proviso that the endowed chair not be filled until the minimum required funding for the position is in hand. Dissenting members were of the opinion that the Chair should be approved without condition.

F. DIVISIONAL ISSUES/POLICIES

Army Reserve Officer Training Corps (ROTC) Proposal

(Meeting date: 5/11/11 – Memo date: 5/31/11)

The current plan is to start an Army ROTC program at UCI with rather limited scope. Courses will be offered only for workload credit; they will not count towards units required for a degree and they will not be included in calculating a grade point average. The program will be administered in the Division of Undergraduate Education (DUE). The Army will provide instructors subject to DUE approval. Instructors will serve as voluntary employees who have no faculty status. CEP will review and approve courses. Dean Bennett will provide space in Biological Sciences.

The Council recommends the following:

- The offer of space be formalized in a memo that specifies a commitment for a minimum period (e.g. two years) and that the MOU with the Army be modified to reflect this.
- The program should be reviewed in two years to see if an ROTC program more along the lines of those at other campuses should be started. At that time, issues such as the appropriate unit in which to house the program, long-term space needs, faculty status of instructors, required library resources, full course credit, etc. should be clarified and the program should come back to the Senate for review and approval.

G. SYSTEMWIDE ISSUES/POLICIES

1. Post-Employment Benefits Task Force Recommendations

(Meeting date: 10/13/10 – Memo date: 10/18/10)

The following motions, which largely follow the recommendation of UCFW, were adopted:

- CPB strongly opposes Option A. (unanimous)
- CPB endorses Option C over Option B unless the staff prefer Option B. (4 in favor, 3 opposed and 1 abstained)

- CPB strongly endorses the need for a plan to restore competitive total remuneration. (unanimous)
- CPB supports bullet c of the UCFW motion, which opposes employee contributions above 7% for those electing to remain under the current plan terms. (unanimous)

It should be noted that the response of CPB to this very complex issue was very much shaped by a deadline imposed by the Senate, in order to send a response to the President prior to the next meeting of the UC Regents. This timeline is unfortunate because the analysis in the report appears to be incomplete and there was limited opportunity for CPB to carry out its own thorough analysis and to make detailed recommendations beyond the A, B, and C Options.

2. Commission on the Future – Academic Council and UCLA Statement Proposals

(Meeting date: 10/27/10 – Memo date: 11/1/10)

The Council supports the general goals of both statements and believes that one or the other should be adopted as the Academic Senate Assembly position. A motion to recommend forwarding the Academic Council statement rather than the UCLA statement was passed by a large majority. Some members felt that the UCLA Senate recommended actions that were more beneficial to established campuses at the expense of smaller and growing campuses. Others felt that specifics of some UCLA recommendations were better. The Academic Council might consider incorporating some of the language from the UCLA statement into its final version. We note that some of the recommendations are likely to receive support (both Academic and Administrative) when applied to the University as a whole, less so when applied to the local campus. This is likely to be particularly true in recommendations regarding growth.

Finally, CPB notes that at least the campus Administration may already be at odds with some of these recommendations. For example, both statements emphasize the need for returning to competitive total remuneration. The UCI Administration is addressing that in a limited way by reinstating the *Irvine scale*. As welcome as that is, it will not solve the problem in the long run, and the EVC/Provost has also indicated his belief that our current remuneration package is not, at least in the short term, putting us at significant risk of losing quality in our Faculty. CPB also notes that growth in programs and in physical plant is going forward and that the Faculty is likely to grow in the next two years with the resumption of limited hiring.

3. Policy on Self-Supporting Part-Time Graduate Professional Degree Programs

(Meeting date: 12/8/10 – Memo date: 12/16/10)

Self-supporting master's programs have become a significant focus of activity and a significant source of revenue for some units, and it seems likely that they will expand further in years to come. The Council raises two issues of the proposed changes that need attention.

First, a number of the new programs that UC campuses seem to be contemplating are in areas where UC has traditionally done very little, and CSU a lot: e.g. audiology, where 9 of the 17 programs available in Californians that turned up in a recent search are at CSUs. Any major push in this direction raises important questions about division of labor between the UC and the CSU system in California's public higher education. These issues need to be addressed.

Second, these guidelines are not clear about potentially important issues relating to who teaches in Self-Supporting Programs (SSP). On the one hand, the guidelines say (C2): "Under no circumstances shall anyone teach in part time self-supporting programs whose appointment has not been subject to the appropriate academic review." But the meaning of "appropriate academic review" is not specified here, and it varies in different contexts. Since these SSPs are graduate programs, one would think that we would want a higher level of scrutiny. Moreover, the new guidelines state "Certain practice-oriented degree programs may warrant a higher proportion of

non-regular faculty (e.g., clinical/adjunct faculty, lecturers, visitors)," subject to approval of a given campus' Graduate Council. Graduate Council supervision is indeed appropriate here, but we wonder if it is enough to have them set a ceiling on the number of courses to be taught by non-regular faculty.

A number of the most important questions relate to the calculation and allocation of costs and revenues from these programs. The term "self-supporting programs" implies that they have no impact on the rest of the sponsoring campuses, but the truth is more complicated, and requires better-defined policies.

4. Funding Streams Proposal

(Meeting dates: 1/26/11 & 2/9/11 – Memo date: 2/14/11)

The Council is generally supportive of the first phase of new funding allocation strategies, because it is more transparent, generates incentives for campuses to expand revenue-producing growth, and helps to keep costs low for the systemwide administration. However, there are a few issues that deserve careful attention:

- The new proposal adds complexity both in implementation and in policy in the handling of undergraduate financial aid. In this area the proposal preserves the current cross-campus subsidies in a circuitous manner using increments and decrements to the state general funds to achieve the cross-subsidies and acknowledges this fact.
- CPB discussed the issue of the role of a history of UC capital commitments in shaping the funding streams to individual campuses. In some cases, it generates returns in patent revenues greatly benefitting some campuses. This is a possible concern since all 10 campuses are supposedly equal players in this revenue neutral proposal.
- The more pressing question was raised of what would happen in the event of a major catastrophe (e.g., earthquake) that affects one or two campuses but not others.

The question of a system-wide or campus-wide cap on non-resident enrollments was raised as the proposal does not address the issue. One reason for imposing a cap is that some campuses are in a much better position to recruit out-of-state students than other campuses are at this point. A system-wide cap, if usurped by the most visible campuses, would prevent "up-and-coming" campuses from establishing their own recruitment in other states and abroad.

5. UC Online Education Pilot Program

(Meeting date: 5/11/11 – Memo date: 5/17/11)

The program now seems less focused than it was when endorsed by the Senate. Without an ensured external funding source, the program has borrowed money for development costs. With the purpose of developing a funding stream to repay the loan, the proponents have now introduced a new, targeted customer: fee-paying, non-UC students who might later become UC students. However, the initial suite of courses does not target this audience. They are not a coherent set of entry-level courses that would facilitate transfer to the UC. These varied goals result in an incoherent program, targeted in the first year at UC students (hence no income stream) and in subsequent years at fee-paying, non-UC students.

CPB cannot comment on the financial soundness of the loan-repayment scheme since no financial information is provided. The Council has several concerns about and suggestions for the pilot program:

- The proponents should address competition with community colleges, CSU, other UC programs, and other educational providers (either online or classroom-based) in assessing whether the income-producing model is feasible.
- The proponents should address the issue of whether the program will in fact contribute to recruiting suitable-quality non-resident UC students and whether accomplishing that with

- online education is economically or intellectually preferable to matriculating more non-resident students in their first year.
- The proponents should refine their strategy following the market survey, which the program intends to complete in summer 2011.
 - The program should maintain focus on the goal of studying whether or not online education provides either additional intellectual benefit to students or a more efficient delivery of a UC-quality residential educational experience.
 - The program should develop specific milestones for continuing the program *before the data used to assess success are collected and analyzed*.
 - The timing of the decision points in the fee-paying scenario is worrisome. Early decision points are based on rather limited data. Even by the third decision point, few, if any, non-UC students will have participated in the program. In our judgment, there will be significant financial risk remaining. Every effort should be made to defer costs until more information on the potential success is in hand.
6. Academic Council Special Committee on a Plan for the University of California Final Report and Recommendations (“The Powell Report”)
(Meeting date: 6/15/11 – Memo date: 6/21/11)
Principles: CPB endorses each of the principles.
- Recommendation 1 – Maintain UC’s Educational and Research Stature**
- 1a, the size of the University: CPB endorses all of this recommendation, except for items (iii) and (iv).
 - 1b, new programs and available resources: CPB endorses this recommendation.
 - 1c, curtailment of capital projects: CPB endorses this recommendation.
 - 1d, Senate participation in fiscal decisions: CPB endorses this recommendation.
 - 1e, resisting underfunded mandates: CPB endorses this recommendation.
 - 1f, effectively advocating for state support of UC: CPB endorses this recommendation.
 - 1g, faculty compensation: CPB endorses this recommendation.
 - 1h, providing sufficient support for academic graduate students: CPB supports this recommendation with some modifications.
- Recommendation 2 – Establish a Realistic Funding Model.**
- 2a, assess state support for Master Plan commitments: CPB endorses this recommendation.
 - 2b, sharing revenues from non-resident tuition: CPB largely endorses the goal of this recommendation.
 - 2c, raise tuition only as a last resort: CPB does not endorse this recommendation, and believes that the alternatives are neither clearly specified nor necessarily better.
 - 2d, assess impact on fees of revising or reducing return-to-aid: CPB endorses this recommendation.
 - 2e, shield UC Merced: CPB has no recommendation. Opinion among the members of Council varied on the desirability of continuing support for UC Merced in the light of substantial cuts to other campuses.
- Implementation:**
- 1, establishing a process to evaluate ideas for generating revenue: CPB generally endorses this recommendation.
 - 2a, administrative efficiencies: CPB endorses this recommendation.
 - 2b, educational efficiencies: CPB endorses this recommendation.
 - 2c, online instruction: CPB does not endorse this recommendation.
 - 2d, facilitate cross-registration: CPB endorses this recommendation.

H. OTHER ISSUES

With the current budget climate and the prospect of increased future costs of funding UCRP, CPB remains concerned about the budgetary impact of new programs on the campus, about its ability to

retain and strengthen the faculty, and about its ability to maintain our research and teaching strengths. Partly in response to these concerns, CPB is initiating a study of campus expenditures and funding sources, how they have changed over the past 10 years, and how the long-term campus strategic plan may be affected by the current budget climate.

Additionally, CPB has begun studies to inform potential recommendations to the Administration on the campus's reaction to the anticipated budget cut in 2011-12. Following discussions in CPB and a brief report to the Senate Cabinet, Chair Molzon asked EVC/Provost Gottfredson that his staff provide information on the budgetary impact of a list of possible actions to increase revenue, reduce costs, or redirect funds. CPB's action in this regard has brought the issue of CPB's continued participation in the APG into question.

I. CARRY-FORWARD ITEMS FOR 2011-12 – None

J. GUESTS

CPB invited two guests to provide updates on the libraries and the budget respectively:

- Gerry Lowell, Interim University Librarian – 12/8/10
- Meredith Michaels, Vice Chancellor for Planning and Budget – 10/27/10, 1/12/11, 4/27/11, 5/25/11

K. COUNCIL ON PLANNING AND BUDGET MEMBERSHIP

Members:

William Molzon, Chair
Michael Fuller
Jutta Heckhausen
Scott Jordan
John Krolewski
Anthony Long
Kenneth Pomeranz
Lyman Porter
Donald Senear, Vice Chair and UCPB rep.
William Sirignano

Ex-Officio:

Craig Martens,
Divisional Senate Chair Elect-Secretary

Consultant:

Richard Lynch,
Associate Vice Chancellor for Budget

Library Representative:

Julia Gelfand, LAUC-I

Student Representatives:

Leona Bessonova,
Graduate Student Representative
George Karatorosyan,
Undergraduate Student Representative

Council Analyst:

Thao Nguyen