

**COMMITTEE ON ACADEMIC PLANNING AND RESOURCE ALLOCATION
ANNUAL REPORT
2011-2012**

TO THE MERCED DIVISION OF THE ACADEMIC SENATE:

The Committee on Academic Planning and Resource Allocation (CAPRA) met 17 times in person and conducted some business via email with respect to its duties as outlined in UCM Senate Bylaw II.IV.1.B. The issues that CAPRA considered this year are described briefly as follows:

Systemwide Budget:

The University of California's total 2011-12 budget was \$22.5 billion. About 27% of this comprised unrestricted core funds that supported classroom instruction, financial aid, and other operating costs. Historically, the state has contributed the majority of the University's core funds. Under the 2011-12 budget adopted by the Legislature and signed by the Governor, student tuition and fees contributed for the first time in UC history more to core operating funds than the state General Fund (nearly \$3 billion versus \$2.37 billion).

In submitting its 2012-13 Budget Request, the UC's primary focus was to maintain its role in educating the state's workforce and in fostering research discoveries. Consistent with this goal, the University's budget proposal aimed to protect access, maintain quality and affordability, and stabilize fiscal health. The key features of the proposal were enrollment and instructional program expansion, retirement plan stabilization, maintenance of quality, restoration of excellence, cost reductions and alternative revenue sources, and other revenues.

Funding Streams Model

This year the UC Office of the President realigned its financial relationship with the campuses through the UC Funding Streams Initiative. The initiative is particularly significant in light of the considerable reductions in state support to the University and the University's subsequent increased reliance on non-state fund sources. Campuses now retain the revenues they generate, though a 1.6% tax is assessed on their operating expenditures in order to support the Office of the President's central functions. Funding streams did not change the manner in which state General Funds are distributed across the campuses, which is instead addressed by the Rebenching Proposal (see below).

Funding streams likely prompted a number of campuses to discuss local budget models, as the initiative enables campuses to direct revenues such as tuition and indirect costs to the units where they were generated. As UC Merced is not yet financially mature, it was not included in the funding streams rollout. As the campus is eventually integrated into the system, it may benefit from considering a campus funding model based on revenues.

Rebenching

In conjunction with the Funding Streams Initiative, the University discussed the need to address the distribution of state General Funds among campuses. The resulting Rebenching Proposal aims to implement an equitable and transparent readjustment of the campuses' base funding formulas. While a number of considerations still need to be deliberated, e.g., off-the-top items, enrollment management, and weighting of students, the University will begin the rebenching process on July 1 with new enrollments. Over the next six years, it plans to complete and conclude the process. UC Merced will not fully participate until it has appropriate enrollment numbers and financial strength.

Post-Employment Benefits

This year the University and its employees began contributing to the system's retiree health and pension programs, 7% and 3.5% respectively. These figures will increase to 10% and 5% beginning on July 1, 2012. The University faces a significant challenge in meeting its pension obligations in the coming years.

Campus Budget:

Campus Budget

Toward the end of the academic year, CAPRA invited the Chancellor to one of its meetings to discuss the current and future campus budget processes. The following is a summary of that discussion:

This year most of the campus' budget decisions were made without consulting the Chancellor. What remained under her purview was only a small portion of the new revenue dollars. Historically, these funds have been distributed incrementally across the campus based on unit growth. Due to budget constraints, the Chancellor thought the incremental process was no longer effective and decided to distribute the funds using a method that recognized growth, rewarded strategy, and measured success. In alignment with this approach, she created strategic priorities, which were listed on the Budget Call and which reflected a first attempt to move from a strictly operational-oriented budget to a more strategic budget – one that addressed operations and research simultaneously.

For the next academic year, the Chancellor intends to begin the budget process during the summer with a discussion on the principles that should guide the process. The purpose of starting with this step is for the campus to build confidence that decisions are being made in a principled way. The Chancellor plans to distribute all budget calls concurrently at the beginning of the fall semester. After the campus Budget Committee prioritizes requests and the Chancellor decides which of those will be funded, she will hold a forum, open to the campus community, so that she can explain her decisions and answer questions.

Eventually, the Chancellor hopes that a similar process will be implemented at local levels, e.g., within schools and administrative units. This would increase transparency, create a broader understanding of the critical funding needs across the campus, and facilitate a fair process of shared governance. The Chancellor intends to emphasize the importance of shared governance in the next budget process, particularly through the new EVC. The Chancellor would like to see the Deans have more control over their budgets and for that control to be largely influenced by faculty consultation.

Physical Plant/Capital Planning

UC Merced's current "golf course footprint" is only able to support four additional buildings; construction for two of these began this year. Because development beyond this footprint is constrained by the scarcity of available resources, the campus is looking toward development alternatives. One such that was considered and implemented in AY 2011-12 was the movement of some administrative units to off-campus sites. To further these efforts, Urban Land Institute, a nonprofit land-use and planning organization, will assist UC Merced in identifying and evaluating various development scenarios.

During the year, CAPRA expressed its concern to the EVC that physical planning and academic planning are generally not coordinated. The EVC indicated that this largely results from physical planning's close tie to and large dependency on funding from a number of external entities and their financing contingencies, including the state, UCOP, and private donors. However, he agreed that faculty should be consulted on academic building design to ensure that building plans are consistent with long term academic program growth needs.

Enrollment/MOU Support

Due to space constraints, UC Merced aimed to decrease enrollment growth for AY 2012-13 by 300 students so that aggregate enrollment would reach approximately 5,600 students. This reduction wholly affected the undergraduate population, as graduate enrollments saw a positive rate of growth. The campus strategically approached enrollment targets by increasing its selectivity for undergraduate students and allocating substantial resources to graduate recruitment. The EVC informed CAPRA that the reduction in enrollment growth did not have a negative financial impact on the campus, as UCOP continued to honor the terms stated in its MOU with UC Merced.

School Support for Sabbatical, Family, and Medical Leaves

UC Merced has reached a point where a significant number of faculty are requesting sabbatical leaves each year, which means schools are faced with actual or implied temporary shortages of instructors. At mature campuses the Deans or other administrators normally have funds reserved for covering the teaching loads of faculty members on leave. Such is not the case at UC Merced, and a number of faculty have been informed that they are unable to take sabbatical leave at this point or that they must assume heavier-than-normal teaching loads in their semester on campus. These consequences not only threaten faculty retention, but they also undermine the University's interest in ensuring its faculty is productive in its research. CAPRA

recommended to the EVC a formalized structure or process for directing adequate resources toward covering the instructional costs associated with faculty leaves.

General Education

During the year, CAPRA and the EVC discussed the role of General Education as it pertains to UC Merced. A topic of concern was how the campus should allocate FTE lines in order to appropriately develop General Education. One idea that garnered attention was to provide FTE lines to College One, which would then distribute fractions of the lines to individual programs. These programs would supply the FTE portions needed to create full lines for their use. Fractional lines would be allocated with the understanding that the programs receiving them would be committed to teaching a determined amount of General Education credit hours over a specified period.

Another suggestion was to concentrate on building strong research programs by allocating FTE for senior faculty positions and dedicating resources to space, and that General Education would develop indirectly from resulting synergies. In other words, General Education should be addressed within a global context, one where directing resources at prioritized goals could indirectly facilitate the realization of other important goals. Student-faculty ratios could possibly be used as an indicator of where the campus stands with regard to addressing these problems globally.

School Academic Plans:

Strategic planning is an annual process that begins with faculty in all units, including schools, graduate groups, and research institutes. The faculty creates plans for the development and growth of research and academic programs. The plans are then used as the basis for formal resource requests (i.e., Senate faculty FTE requests), which are developed in the Deans' offices in collaboration with the faculty. The resource requests and strategic plans are sent to the EVC who passes them to CAPRA for formal review. CAPRA then develops recommendations based on its own Guiding Criteria for the EVC, who makes the final resource decisions. This year CAPRA refined its Guiding Criteria, emphasizing the requirement that school plans are appended with individual unit plans and requesting specific detail around the indirect resource implications for prioritized FTE. CAPRA chose not to stress General Education as a criterion.

In September the EVC transmitted his Call for School Academic Plans to the Deans. In prior years, plans were to cover a three-year period and work under the assumption of a constant annual FTE allocation. This year, schools were asked to develop three-year plans, but each school was allocated one additional FTE line for 2012-13 and promised two additional lines for 2013-14 and three for 2014-15. As has become routine, each plan was to include four tables delineating the nature of its FTE requests: (1) prioritized FTE requests for the 2012-2013 academic year; (2) prioritized FTE requests for the following two academic years; (3) instructional obligations of the School's faculty, by majors and/or graduate groups; and (4) a

table documenting proposed space needs. The CAPRA Guiding Criteria was disseminated to the Schools in October 2011.

School plans were submitted to the EVC in February and March and then forwarded to CAPRA. The CAPRA analyst collected or requested data on undergraduate and graduate enrollments by major or program, credit hours taught by each program, faculty numbers, and the status of open FTE searches. These data aided CAPRA in considering the plans in the context of its guiding criteria, as well as to ensure that programs were not too ambitious with regard to hiring expectations.

In June CAPRA conducted its final review of the School Academic Plans and FTE requests. The committee was generally satisfied with the first-year (2012-13) requests made by SSHA and Eng., but made some suggestions for future planning (see below, *Comments*). Regarding the NS Plan, CAPRA was largely dissatisfied with the Dean's lack of consultation with the faculty. Though CAPRA was supportive of five of the six FTE lines requested by the Dean, it recommended that one of the two 2012-13 Applied Mathematics lines instead be allocated to the Biology program. Because the NS plan did not provide an overall strategic direction for the School, and because both biology groups within the School seemed worthy of the additional line, CAPRA did not specify which group should receive the line, but left the decision to the EVC.

CAPRA chose to make specific recommendations on the 2012-13 FTE requests, only, as the committee felt planning processes may change significantly with a new EVC, which would likely impact FTE requests.

Comments

In general, CAPRA was concerned about the lack of discussion and consultation that occurred as the plans were developed. The committee encourages schools to begin strategic planning earlier in the year, perhaps by October or November, and to incorporate fuller discussions between faculty representatives from units and programs and the Deans. Faculty planning groups, perhaps the school Executive Committees, and their Deans should work together to determine school priorities after individual program plans are put forward and before the Deans submit a final plan to their faculty for a vote. Regarding plan content, CAPRA encourages the Schools to provide more detail with regard to research foci, graduate programs, and consultation processes.

Strategic Investment Faculty Hires:

Per the request of the EVC, CAPRA reviewed the twelve Strategic Initiative Hire proposals that were not funded in AY 2010-11 and, for funding purposes, created a ranked list of the top four. The committee did not focus on identifying one top proposal from each of UCM's strategic research themes, but instead evaluated proposals without regard for strategic research theme. An effort was made to have disciplinary and topical diversity represented among the top

proposals. The committee judged the proposals based on how well they met at least two of following three criteria:

1. Did the proposal involve hiring someone interdisciplinary, who would connect a variety of fields, programs, etc.?
2. Did the proposal clearly move graduate education or research forward in a significant way, filling some gap or making useful connections between areas?
3. Did the proposal do something that is unique in the UC system that would help establish a distinctive identity for the campus?

Listed below in ranked order are CAPRA's final recommendations. The committee provisionally recommended funding two of the proposals, *Prevention Sciences* and the *Fabrication of Electronic Materials*, with the request that the searches and search committees be interdisciplinary. Finally, CAPRA recognized that these senior hires would likely have on-going searches that could take several years to conclude. The committee therefore urged commencing all four searches immediately, in hopes that at least one or two could be filled by AY 2013-14, but also indicated that a process for initiating the searches be detailed before any were given approval to move forward.

1. Parks & Natural Resources Management
2. Prevention Sciences
3. Fabrication of Electronic Materials
4. Modern Latin American Gender and/or Women's History

Additional Review Items:

Revised Summer 2012 Schedule (10.11.2011)

CAPRA reviewed the revised Summer 2012 Schedule, which proposed extending weeks of summer instruction. The committee informed the Division Council that while the additional weeks would have accompanying costs, the new schedule had the potential to substantially increase summer revenue to the point where it would far exceed additional costs. CAPRA was supportive of the revision.

Systemwide Review of the ShaRCS Program (10.24.2011)

CAPRA agreed that while the proposal justified having a shared research computing service for faculty members on some UC campuses, it was not necessarily a program that every campus would utilize. This consideration, combined with the difficult budget climate, led CAPRA to recommend that the UC Merced administration not support central financing of the program. Rather, the costs of the program should be shared only by those campuses that opt in.

Systemwide Review of APM 668 (11.18.2011): CAPRA reviewed the materials regarding APM 668, which proposed a Negotiated Salary Program (NSP) as a means of maintaining the University's competitiveness in general campus faculty compensation. The committee's correspondence to

the Division Council highlighted several negative consequences that could result from implementing the policy. Listed below are general summaries of these.

- The program would likely create salary disparities across and intra disciplines.
- Reducing market pressures in the most market-sensitive areas lessens pressures to create systemwide salary scale increases.
- The program may incentivize certain types of research, whose objectives might not parallel the mission of the University.
- The administrative process that would determine the NSP component of a faculty's salary lacks a unit-level peer review and would thus give too much authority to the AP Chairs and the Deans.

A majority of CAPRA was not supportive of implementing APM 668. However, a minority of the committee felt the long-term interests of the University were served by adopting the policy:

- Salary disparities across and intra disciplines could be mitigated.
- In terms of recruiting and retaining faculty, NSP would enable campuses to be more competitive in disciplines that are very market-sensitive. A similar policy is commonly found at other universities.

Overall, CAPRA believed a broader, more equitable policy for increasing salaries was needed. Rather than adopting a program that could generate a number of negative consequences, the committee would prefer a proposal that wholly served the general campus community.

Health Science Research Institute Proposal (02.03.2012): CAPRA was generally supportive of the proposal. The committee strongly encouraged the administration to formulate an indirect cost return (ICR) sharing agreement during the first year of the ORU's operation. It also recommended that the agreement establish a precedent model for all ORUs on campus, one that may require future revisions. Until HSRI is firmly established, CAPRA indicated that it would like to conduct an annual review of the agreement and of all other terms under which the ORU is operated.

Interdisciplinary Humanities CCGA Proposal (02.03.2012): As the proposed program involved the organization of what were existing individualized graduate study programs, CAPRA supported the proposal and indicated that it did not appear to have significant financial implications.

Systemwide Review of the Report of the Faculty Salaries Task Force (03.31.2012)

CAPRA agreed with the overall goals and recommendations of the task force, the primary being that faculty salaries must remain competitive and that the University should maintain its commitment to merit raises. The committee also supported an increase in base salaries and was generally amenable to the task force's recommended process for doing so. CAPRA suggested that in some cases, e.g., to reward excellence or to retain faculty, the Merced administration should avoid reducing faculty members' off-scale salaries when the bases are adjusted.

Respectfully submitted,

Nella Van Dyke (SSHA), Chair, UCPB Representative

Matthew Meyer (NS), Vice Chair

Paul Brown (SSHA), UGC Vice Chair

David Kelley (NS), GRC Vice Chair

Peggy O'Day (NS), Senate Vice Chair

Marcelo Kallmann (Eng.)

Susan Amussen (SSHA), Senate Chair, *Ex-Officio, Non-Voting*

Beth Hernandez-Jason, Graduate Student Representative, *Non-Voting*

Keith Ellis, Undergraduate Student Representative, *Non-Voting*