

**Committee on Academic Planning and Resource Allocation (CAPRA)****Minutes of Meeting****February 8, 2021**

Pursuant to call, the Committee on Academic Planning and Resource Allocation met at 1:30 pm on February 8, 2021, via Zoom. Chair Patricia LiWang presiding.

I. Consultation with EVC/Provost Camfield and APAPB & Interim CFO Schnier

A. Academic planning phase III

EVC/Provost Camfield acknowledged that at his consultation with CAPRA at the last meeting, the committee gave him valuable feedback on the academic planning measures. CAPRA had requested that he abide by the academic planning indices and criteria. After meeting with the deans, EVC/Provost Camfield has decided to keep the measures broadly focused but with careful attention to enrollment goals, research, and diversity. He will not highlight any one particular measure that Schools must accomplish right now. He just wants Schools to be aware of the immediate pressures the campus is facing. He plans to issue a communication to the Schools about academic planning. Schools have until the end of spring semester to submit their final academic plans under phase III of academic planning. APAPB/Interim CFO Schnier stressed the need for alignment with strategic planning.

EVC/Provost Camfield informed CAPRA members that moving forward, the campus needs to institute a budget call in order to mature our planning processes. Across the board cuts are not strategic; the campus needs to have a budget call regardless of whether we have met our revenue targets. He added that APAPB/Interim CFO Schnier has created an interim model that includes integrated planning and a timeline. CAPRA will be asked to review the model once it is completed. APAPB/Interim CFO Schnier stated that CAPRA's feedback is needed on the budget call process itself in addition to what is being requested. The campus began planning for the implementation of a budget call a few years ago but the COVID-19 pandemic interrupted the process. EVC/Provost Camfield emphasized that he wants CAPRA's advice on determining whether budget requests align with the university's academic mission and the resources necessary to support it. APAPB/Interim CFO Schnier pointed out that School budget requests would roll up to EVC/Provost Camfield.

A CAPRA member asked whether the budget call will entail the normal operations budget or new initiatives and proposed changes. EVC/Provost Camfield replied that the campus is currently operating on an incremental budget whereby divisions use their base budget from the previous year and propose incremental changes. As the budget process matures, the campus could move to a new model of budgeting or a blended model to move the campus forward. EVC/Provost

Camfield emphasized that it is important for divisions to be aware of each other's budget requests; one division's requests could have consequences for another division. The goal is to determine such interdependencies. APAPB/Interim CFO Schnier pointed out that the campus has developed driver-based budgets for academics but not for other areas.

A CAPRA member asked about the need to cut spending by 5%. EVC/Provost Camfield clarified that the campus needs to discuss cuts on core funds, not research or grant funds. Another CAPRA member asked about the potential to game the system. For example, if a dean puts forth a budget request to hire a number of FTE in a particular area and is ultimately granted the request, could he/she move those new hires to another area that was not part of the original budget request? EVC/Provost Camfield responded that he is developing metrics to prevent such a scenario. Divisions will be asked to demonstrate how they are using the funding they receive. Also, divisions will be asked to focus on articulating their needs, not FTE. After divisions spend the money, they will measure their success in fulfilling their needs. APAPB/Interim CFO Schnier added that this approach is designed to align needs with the strategic planning process so the campus can determine the resources needed to support divisions' needs.

EVC/Provost Camfield stated that APAPB/Interim CFO Schnier has compiled much of the work done thus far and identified items that campus needs to accomplish in the short term. He suggested that Schnier share this document with CAPRA.

**Action:** APAPB/Interim CFO Schnier will share the document with CAPRA at the next meeting.

A CAPRA member stated that in order for the committee to provide feedback on a budget call, the committee needs to understand what each division does. In addition to CAPRA reviewing all the budget requests that are submitted by the divisions, the committee should also be involved early in the budget call process. APAPB/Interim CFO Schnier agreed and added that the campus needs transparency about all the budget requests. CAPRA will be asked to advise him and EVC/Provost Camfield on whether the budget requests are aligned to campus goals.

## II. Chair's Report – *Patti LiWang*

### A. February 2 UCPB meeting

- i. While curtailment/pay cuts will not be instituted by any of the UC campuses this year, they are on the table in the future for some campuses.
- ii. A discussion was held on the authority to implement furloughs in the future.
- iii. A new legislative initiative would implement a "cradle to career" database of student outcomes.

### B. February 5 Divisional Council meeting

- i. A Divisional Council member mentioned a discussion about rebenching at a systemwide committee meeting. If the rebenching formula is changed, UCM will be negatively impacted. UCM has thus far benefited from an MOU with UCOP but the MOU is expiring. APAPB/Interim CFO Schnier has proposed a new MOU that would be based on the

amount of debt per student rather than the amount of tuition per student. It is hoped that with a new MOU, UCOP's financial assistance would help UCM pay off the significant amount of debt accumulated from the 2020 project.

- ii. EVC/Provost Camfield announced there will be no tuition increase this fall but there will likely be an increase the following year using a cohort-based model. A CAPRA member pointed out that locking in a commitment to provide a service (in this case, tuition) at a fixed cost is untenable with inflation.

### III. Senate Vice Chair's Report – *LeRoy Westerling*

#### A. February 8 PROC meeting

- i. PROC discussed the closure of the Chemistry & Chemical Biology review.
- ii. PROC is trying to improve its tracking of the thoughtful resource recommendations that are provided by external reviewers of UCM programs. These reviewers are experts in their fields and their recommendations should be taken into consideration. The annual assessments do not address how programs are acting on those recommendations until the next periodic review. A CAPRA member suggested that departments should be empowered to mention that certain resource recommendations were provided in their programs' last periodic reviews so that departments can use those recommendations as leverage in their resource/budget requests to their deans. Vice Chair Westerling stated that according to Interim VPDGE Kello, the campus maintains a report that includes the amount of support for all graduate students in the graduate programs. Vice Chair Westerling suggested that the report should include support for post docs. Given that the campus is moving to a new budget model with new expectations about GSR funding, it is critical for the campus to be able to monitor resource needs. Vice Chair Westerling also mentioned the need to formulate an exit strategy for failing programs. The campus needs to track their progress rather than wait to address it in the programs' periodic reviews.

### IV. Consent Calendar

- A. Today's agenda
- B. Draft January 25 meeting minutes

**Action:** the Consent Calendar was approved as presented.

### V. Systemwide Review Item

- A. Proposed revisions to Presidential Policy UC-PS-20-0489-BUS-43 Purchases of Goods and Services; Supply Chain Management

CAPRA discussed the lead reviewer's comments which were distributed prior to this meeting. The major concerns about the policy include:

- The implementation of the proposed plan may be hindered by the other existing UC regulations. For example, the liability insurance requirement for certain purchases is so high that cannot be met by small business owners and only large companies can offer that limit of liability insurance.
- The program requires new training and additional guidelines that can add to the complexity of purchasing and delay the progress of research projects. CAPRA members agreed that there should be some consideration and priority given to the urgent cases when the timeliness of providing a service or product is important for conducting a research project. This case should be included as an example for cases that waiver is justified.
- The main purpose of purchasing is to support the students and faculty needs and requirements, especially when there is urgent need to purchase an item to meet certain deadlines or to avoid losing research money. The needs of faculty and students should get priority in urgent cases.
- Under “program exemptions”, the “emergency” and “grant” are listed as a program exemption, but what will be considered as an emergency or grant is not defined.
- The program covers all purchases valued annually at \$10,000-\$250,000. It is not clear why and how this limit has been selected.

**Action:** the committee analyst will revise the draft memo and distribute to CAPRA members for review and approval. CAPRA’s comments are due to the Senate Chair by 5:00 pm on Tuesday, February 16.

VI. Discussion about LAUC-M Representative

LAUC-M representative Donald Barclay attended the January 25 CAPRA meeting to discuss with CAPRA members the possibility of attending meetings this semester.

CAPRA members are asked to consider whether the LAUC-M representative should have a standing invitation to all CAPRA meetings or be invited periodically.

**Action:** Due to time constraints, this item will be moved to an email conversation after this meeting.

VII. Consultation with APAPB/Interim CFO Schnier

A. Campus financial update

APAPB/Interim CFO Schnier presented a series of slides that he will also share with Joint Council and at a future campus town hall.

With regard to payroll forecast, the 20-21 forecasted spend is \$215M versus budget of \$198M. The central deficit in 19900 (General Fund) is \$33MM of which \$23MM included as salary/benefit related. All funds exclude contracts and grants, gifts, endowments, and auxiliary.

APAPB/Interim CFO Schnier then discussed with CAPRA the December financials by organization including the three Schools, Provost's office, and divisions lead by Vice Chancellors. He demonstrated that overall spending is up compared to last year by \$1.5M. The majority of increase in spending is due to salaries and benefits across the organization partially offset by decrease in non-salary spending. A CAPRA member asked how one school spent \$2.4M extra in salaries in one year when there was no new hiring or raises. APAPB/Interim CFO Schnier answered that the data is based on last year's salaries and hiring and the campus is paying for those decisions now. Another CAPRA member asked who is responsible to fix such things and what should CAPRA do with this information moving forward. APAPB/Interim CFO Schnier replied that he and the EVC/Provost are responsible for fixing such spending issues. The campus utilized a 2020 funding model that depended on several funding streams. The campus also had a separate hiring model. There was no mechanism to reconcile the two models. Now, the campus is in a position to reconcile the differences. A CAPRA member asked how the campus will pay down its considerable debt. APAPB/Interim CFO Schnier responded that auxiliary services will need to ramp up.

APAPB/Interim CFO Schnier also presented additional considerations including money from the Higher Education Emergency Relief Fund (\$20.217M), potential additional economic stimulus funding from the Biden administration, sources of cost savings (travel, vacancies, procurement), current fiscal pressures (growing pressure to expand hiring, growing pressure to provide stipends, and the growing pressure to reclassify employees), the need to reduce costs by 7% for fiscal year 2022, and a time/salary savings program. APAPB/Interim CFO Schnier then shared with CAPRA the annual targets by organization and the year-to-date actuals versus year-to-date targets.

With regard to the current financial status:

- Non-auxiliary
  - Expected revenues \$300.563M
  - Expected expenditures \$305.471M
  - Debt \$42.696M
  - Net (\$47.604M)
  
- Auxiliary
  - Expected revenues \$7.862M
  - Expected expenditures \$18.185

- Debt \$51.503M
- Net (\$61.826M)
  
- Total
  - \$109.430M

**Action:** APAPB/Interim CFO Schnier will keep CAPRA updated periodically on financials.

There being no further business, the meeting was adjourned at 3:00 pm.

Attest: Patti LiWang, CAPRA chair