In fulfilling its charge as established in the bylaws of the Berkeley Division of the Academic Senate, the Committee on Academic Planning & Resource Allocation (CAPRA) carried out the following activities.

**CAMPUS BUDGET RECOMMENDATIONS:**
A key responsibility of CAPRA is to advise the Chancellor and EVCP on budgetary matters. To accomplish this, the committee meets with senior administrators in the spring semester to discuss their program goals, challenges, and projected budget for the next fiscal year. Based on these exchanges, the committee formulates a set of recommendations to provide a faculty perspective on resource allocations.

The cumulative budget reductions over the past several years have resulted in the University receiving less than 15% of its support from the State of California. Given the pressures facing the University, the committee this year focused more broadly on the investments that the campus should undertake to ensure Berkeley’s continued excellence. The recommendations include the need for expeditious action to improve campus systems ranging from the financial model to the specific systems that support research, teaching, and service activities. While delivering these system improvements is an immediate priority, CAPRA emphasized the importance of having faculty and staff be included in their design and implementation to assure that the results meet the needs of the ultimate users of the systems. Involvement in the academic program review process led the committee to conclude that departments should formulate comprehensive strategic plans that not only consider retirements and replacements, but the trajectory of the disciplinary field, emerging opportunities, and changes to undergraduate and graduate training that would accord with those shifts. More broadly, the committee endorsed the development of a long-range strategic plan for securing the campus’ future in an era of limited state support, to be developed with broad participation of the entire community.

A plan to maintain access and diversity with financial and student support services as key components, strategies for improving indirect cost recovery, and a review of Organized Research Units were included among the recommendations.

- The report is appended in its entirety below.

**ACADEMIC PLANNING**
The committee participated in the following department program reviews: Chemistry; East Asian Languages & Culture; Goldman School of Public Policy; Linguistics; and, Nuclear Engineering.

**REVIEWED AND Commented ON THE FOLLOWING PROPOSALS, POLICIES, REPORTS, AND OTHER ISSUES:**

- **Systemwide**
  - Proposal to rename fees as tuition
  - Future of the University: Academic Council and UCLA statements
  - Post Employment Benefits Task Force recommendations
  - Policy on Self-Supporting Part-time Graduate Professional Degree Programs
  - Funding streams proposal
  - Working Smarter: Administrative Efficiency at the University of California”
Campus
• Shared Services Design Team Report

CAPRA HAD REPRESENTATIVES ON THE FOLLOWING COMMITTEES:
Operational Excellence (High Performance Culture and Financial Management initiatives)
Chancellor’s Budget Working group
UC Planning & Budget systemwide committee
Senate Task Force on UC Extension degree programs
BAM/PFA program committee
Business Resumption Coordinating Group
Space Allocation and Capital Improvements Committee
Classroom Policy & Management
Undergraduate Enrollment Task Force
Intercollegiate Athletics
• As a result of the November 2009 Senate Resolution in regard to Intercollegiate Athletics (IA), and the recommendations resulting from the Senate Task Force on Intercollegiate Athletics Final Report (August 2010) the Divisional Council tasked CAPRA with monitoring IA financial activities and budget. The University Athletics Board (UAB) was reconstituted this year and two CAPRA members sit on the UAB-Budget subcommittee. The UAB met once in the fall, and at that meeting, and subsequently, a request was made for a detailed report from IA on its plans and progress for reducing its debt to the campus.

GUESTS
• EVP Business Operations-Office of the President Nathan Brostrom
• EVCP Breslauer and AVC Teresa Costantinidis
• (by invitation member) VP Teaching, Learning, Academic Planning and Facilities Cathy Koshland
• AVC-Budget & Resource Planning Erin Gore
• CIO Shel Waggener
• AVC-Research Administration and Compliance Patrick Schlesinger and Associate Director Jyl Baldwin
• AVC Human Resources Jeannine Raymond
• AVC Business Services Ron Coley and OE Procurement initiative faculty head Mark Schlissel
• OE Faculty Director Andrew Szeri and OE Organizational Simplification faculty lead Dean Keith Gilless
• AVC Facilities Services-Physical and Environmental Planning Emily Marthinsen
• VC-Research Graham Fleming and RES AVC Diane Leite
• VC Facilities Services Ed Denton, AVC Chris Christofferson, and Financial Planning & Budget Director Grace Crvarich
• VC Student Affairs Harry Le Grande and Budget & Financial Director Jodie Rouse
• University Librarian Tom Leonard and CFO Elise Woods
• Jennifer McDougall, Capital Projects-Facilities Services and AVC-Real Estate Services Bob Hatheway
**PRIORITIES FOR 2011-12**

Operational Excellence, information technology, the role of ORUs, and indirect cost recovery (ICR) are issues that overlap both CAPRA and the Committee on Research. The two committees plan to engage these topics jointly.

Conduct a faculty survey to assess attitudes toward essential services to support teaching and research, solicit suggestions for improvements, and baseline data/performance outcomes.

Enhance impact on the administration regarding issues within the committee’s purview through more frequent consultation with the EVCP, chairs and deans during the year. Chancellor Birgeneau is set to attend the September 21 CAPRA meeting.
April 26, 2011

TO:       FIONA DOYLE, CHAIR  
BERKELEY DIVISION OF THE ACADEMIC SENATE

RE:       CAPRA BUDGET RECOMMENDATIONS: 2011-12

The Committee on Academic Planning and Resource Allocation (CAPRA) offers the following recommendations for campus budget priorities for the coming fiscal year. The Committee hopes that DIVCO will endorse these recommendations and that you will forward this letter, along with the endorsement of DIVCO, to Chancellor Birgeneau and to Executive Vice Chancellor Breslauer. The deadline for including materials in the budget packets for the Chancellor's Cabinet meeting is May 4 this year, and so we have sped up our review process accordingly and hope that DIVCO is able to do the same, so that our recommendations may be part of that packet.

We request that you ask that the Chancellor and EVC&P Breslauer provide a written response no later than September 21 to the Senate detailing the outcomes of the budget process, and the extent to which our recommendations were followed.

Our recommendations below are based on detailed interviews of 1 to 1-1/2 hours with EVC&P Breslauer, Vice Chancellor Denton, Vice Chancellor Fleming, Vice Provost Kosland, Graduate Dean Szeri, Vice Chancellor for Student Affairs Le Grande, and Associate Vice Chancellor & Chief Information Officer Waggener. During the year we also met with representatives of the Operational Excellence team and the Campus Planning Office.

In the past two years, UC Berkeley had to absorb very large budget reductions. The budgetary shortfall was closed by a combination of large increases in student fees and tuition, a reduction in the number of ladder-rank faculty, and reductions in non-tenure track faculty and staff, both by attrition and by layoffs. The prospect of equally large, or even larger, budget cuts now looms over us. The campus has been vigorously pursuing policies designed to result in significant increases in administrative efficiency through the initiative dubbed Operational Excellence. The campus also has significantly increased the number of out-of-state and international students, who will pay higher levels of tuition. Plans are underway to address the next round of budget cuts through additional tuition increases, staff reductions and consolidations into "shared services" units, and other economies. Efforts are also underway to improve the support systems necessary to deliver administrative services to faculty and students in a more effective and efficient manner.

In past years CAPRA's budget reviews have been based on budget presentations by individual units and our assessment of their missions, priorities, and expenditure needs. This year, it was clear that in most cases prior budget reductions have eliminated most if not all of the budgetary "slack" and that future budget reductions will be workable only if there is a rethinking of how the university operates. A university that receives 10 percent of less of its budget from state sources cannot operate in the same fashion as one funded at 50-60%, and this is the dramatic change that Berkeley is experiencing. Recognizing the need for fundamental rethinking of our way of doing business has meant that this year CAPRA focused less on immediate budget needs and more on strategies for the longer run. The key question was what we need to do to assure Berkeley's excellence in the future.

Our recommendations for budget priorities accordingly focus on the investments that we believe the campus needs to make to secure our continued excellence. The recommendations address the need for expeditious action in improving campus systems ranging from the overall financial model for the campus to the specific systems that support research, teaching, and service activities. While delivering these system improvements must be an urgent priority, we also urge that faculty and staff be included in their design and implementation to assure that the results truly meet the needs of the ultimate users of the systems. More broadly, we call for the development of a strategic plan for securing the campus' future in an era of limited state support, to be developed with broad participation of the entire community.

Specific recommendations are as follows:
1) IMPROVED SYSTEMS: The campus must move expeditiously to develop improved systems to support faculty and students and to make it feasible to function effectively with a smaller staff. System improvements for HR, timekeeping, accounting, extramural project management, and student services must be given high priority for funding. Reductions in staff have occurred before these systems are in place and so the need for action is especially urgent. Nevertheless, system improvements must be made with the participation of users at every step—design, testing, and implementation. Research has shown that a model of continual improvement with user engagement is crucial, rather than a closeted development phase followed by rollout. The latter strategy has failed the campus in the past. While participation may require more time and add to initial costs, it will save money rather quickly, by helping to make sure that systems actually are meeting user needs and have a high functionality.

2) SHARED SERVICES: Operational Excellence has identified many ways to save money through efficiencies primarily at the middle management level. Improved efficiencies through shared services for some functions and devolution of responsibilities for some costs are also being implemented. These proposals need to be refined through a more transparent and participatory process than has occurred so far. We applaud recent statements by Dean Szeri indicating willingness to increase participation of deans and faculty in the design and implementation of new organizational concepts and recognize that such efforts will require funding.

3) FINANCIAL MANAGEMENT AND BUDGETING TOOLS: The arrangement by which revenues will return to source and UCOP will be supported by a tax (a modest one, we hope) is in CAPRA's view a major step forward. However, the campus still lacks a number of basic budget tools for handling its finances. The campus is in urgent need of a financial model that is at once reflective of current fiscal realities, transparent to those it is intended to serve, and easy to use. Investments in the data and systems needed to implement this model are urgently needed. At the same time, we recognize that UCOP has plans to create certain system-wide functions and we will need to coordinate better on how these are being developed and shared among campuses.

A key deficit is the campus’ limited ability to manage and track assets by class and unit item, estimate net present value of all assets by class and item, forecast the cost of good repair, the cost of deferred maintenance, and prioritize investments based on cost estimates and ongoing updated experience with costs. Such asset management systems are widely used elsewhere and should be part of the campus’ toolbox for management and budgeting.

Another urgent need is improved ability to forecast revenues and manage budgets at the decanal and departmental levels (including TAS and PDF revenues.) Improved systems are especially critical as devolution of benefits to deans and departments has already been initiated.

Finally, the inability to automatically and effortlessly link systems developed for particular functions, e.g. SPO contracts, EFA accounting, CPHS protocol approvals, student and post-doc appointments, is a serious deficit that unduly reduces the efficiency of the campus research programs, frequently requires extra work to be performed, and sometimes introduces errors that put projects and campus resources at risk. These limitations in the project management system must be overcome.

4) STUDENT SERVICES: As Berkeley's tuition increases, we need to provide improved education and services to students - as measured by faculty-student ratios, teaching performance, high quality student support services, state of the art classroom and research facilities, a well functioning physical plant, and more. Current levels of investment do not match those of our competitors. A strategic plan for the campus should assure that Berkeley is at the leading edge in education and research and is providing top value for money.

Improved systems for managing student records also are needed, allowing faculty and staff to do a better job tracking and advising students and helping them to complete their educational programs successfully and on time.

5) A PLAN FOR DIVERSITY: Maintaining Berkeley's ethical values means maintaining access to UC for the state's diverse population. A strategy to assure both undergraduate and graduate diversity system-wide and at Berkeley is needed, and must include both financial and student support service planning. Developing a strategy for diversity in light of the new budget realities will require attention, and funding, in the next year.
6) POLICIES ON INDIRECT COST RECOVERY: Both UCOP and campus officials report that current indirect cost recovery is substantially below actual costs, perhaps by 10-15 points. Despite the fact that it is through the effort of entrepreneurial faculty who generate this overhead, which is a substantial portion of the campus budget, CAPRA has observed that many faculty members do not have a strong understanding of either the cost items that determine the overhead rate or the impact of exemptions and exceptions to full cost recovery. Greater clarity in these matters is desirable.

Many faculty members are concerned that an increase in overhead must be accompanied by an increase in research services or we will shrink effective funding for research in the short term – many funders will NOT simply increase their grants to accommodate higher overhead.

In the longer term, CAPRA urges the development of a strategy to improve cost recovery from grants and contracts to more effectively justify the overhead rates so that they are not below costs and, possibly, to allocate costs to subgroups on campus. Changes in the way research is managed and overhead is recovered need to be considered with active faculty participation in the discussions. While negotiations to renew the overhead rate are already underway, CAPRA recommends that it is timely for the campus to reconsider its administrative policies on research and develop a longer run plan for research, and funding for this activity is recommended. The Committee on Research (COR) and CAPRA should be involved in such an undertaking.

7) REVIEW OF ORUs: Many ORUs have been substantially reorganized with the establishment of RES (shared services for HR, accounting, etc.). Some no longer have funding for faculty services ranging from proposal preparation and related research support services to publication of working papers. The change in the organization of ORUs has caused considerable stress in some quarters but also has created opportunities for new thinking about the ways research is organized on campus. The administrative reorganization should now be accompanied by a rethinking of the level of support that ORUs receive from campus funds (19900 funds, course relief for ORU directors, etc.), along with clear guidelines on expectations for ORU performance. The VCR has indicated that a review of ORUs will be undertaken, and CAPRA supports funding for this important activity. Senate participation, primarily through COR and secondarily CAPRA, should be requested since the ORUs play an important role for many of our faculty.

8) STRATEGIC PLANS: Departmental strategic plans should be mandated and should be designed to contribute to the shaping of the vision of Berkeley’s future. CAPRA has noted that not all departments even have such a plan, or have not kept it up to date. Plans that merely document anticipated retirements and request replacement faculty are neither strategic nor useful in an era in which the university needs to be planning for change and ready to lead in emerging fields. We recommend that future strategic plans discuss newly emerging opportunities and areas that are no longer as vibrant, and plan for resource allocation accordingly. Guidelines for effective departmental strategic plans should be a priority.

9) A LONG TERM VISION FOR BERKELEY’S FUTURE: The campus should develop a long-term strategic plan that creates a realistic and positive vision of the university - its size and shape and the activities it will carry out. This must be developed through collaborations involving senior administrators, deans, directors, department chairs, and faculty, all of whom have significant stakes in the outcomes. Funding for such an effort is a wise investment that will help to preserve and enhance Berkeley’s excellence.