



May 9, 2022

PROFESSOR RONALD COHEN
Chair, Berkeley Division of the Academic Senate

Re: CAPRA 2022-23 Budget and Policy Recommendations

The mission of the Committee on Academic Planning and Resource Allocation (CAPRA) is to advise the Chancellor and inform the campus on issues related to finance, space management, and academic planning. CAPRA works closely with the office of the Vice Chancellor for Administration, Chief Financial Officer, and Vice Provost for Academic Planning. We are grateful for their engagement and cooperation with our work.

Each year, CAPRA offers year-end recommendations on the issues within its jurisdiction. This year, we established working groups on Finance Reform, Modeling the Costs of Education, and Capital Projects. Our recommendations are in part the product of those working groups, but have been considered and adopted by the full committee.

We ask that DIVCO endorse these recommendations and forward them, along with DIVCO's endorsement, to Chancellor Christ and EVCP Koshland. We also request that DIVCO ask Chancellor Christ to provide a written response to the Senate no later than September 16, 2022.

Summary of Recommendations:

On the basis of our work this year, we make the following recommendations:

1. We support the ongoing work on the Financial Sustainability Initiative, commend the Administration for engaging the Senate in that work through CAPRA, and urge continued joint attention to a broad vision of budgeting reform.
2. While the process of capital projects planning has improved, challenges remain. We are particularly concerned about the need to protect life safety by planning for the decanting or improvement of the many seismically unsafe buildings on campus. We also ask that the administration help us understand the measures it is taking, as we become more financially dependent on philanthropy, to ensure that donor interests do not overwhelm or compete with campus capital development priorities.

3. We reiterate our call from last year for development of credible models of the cost of a Berkeley education, and stand ready to help. The models should reflect the range of costs to educate students in different disciplines working toward different degrees.
4. We commend the recent improvements in the Academic Program Review process. We recommend more work to ensure that process provides a clearer picture of academic units not just in isolation but in the full campus context.
5. Two years ago, we recommended development of a systematic process for periodic review of administrative units, in collaboration with the Senate. We continue to believe such a process is needed. As a step in that direction, as well as an independently needed measure, we ask that the administration work with us next year on an in-depth review of Berkeley IT operations.

Background

The Committee on Academic Planning and Resource Allocation serves as the Academic Senate's primary voice with respect to academic and physical planning and budget matters. We report regularly to the Divisional Council and the Division. Our mission is to ensure that the UC Berkeley community collectively shepherds our resources—money, space, and time—as effectively as possible in order to advance research, teaching, and service. CAPRA seeks a holistic and systematic view of resource issues by, for example, attending to interrelationships between academic and space planning or considering the downstream effects of budgetary changes on departmental outcomes.

Updates on Recommendations from Last Year

Last year, CAPRA offered four recommendations:

1. Consider the potential for creation of an internal “reserve bank” to help campus units weather short-term financial crunches;
2. Develop detailed information about the potential impacts of budget cuts, and ways to respond to them, through extension of “Project Align” or something like it to additional units;
3. Develop credible models of and data supporting the true cost of a Berkeley education.
4. Ensure that long-term, large scale plans like those for Mills College and Moffett Field get realistic early review, to maximize the probability of positive academic and financial outcomes.

The administration agreed that an internal reserve bank would be helpful. It presented a proposal to the Council of Deans for a structure to facilitate lending from one unit to another, but the deans did not support it. The administration has created an internal bank with central funds, but depletion of the central ledger makes the future of that bank uncertain. The linked problems of funds that sit unused for years, especially during difficult budget times, while other funds or units experience severe short-term budget crunches remain unresolved.

The administration agreed that strategic planning for budget impacts is important, and that Project Align provided a positive model. They have offered to support other schools and colleges wishing to undertake that sort of planning.

With respect to modeling the costs of education, the administration shared with us the UC system's prescribed methodology. As explained below, we believe a more nuanced look at the costs of education would be highly desirable.

Several lessons have been learned from work on potential expansion proposals. Pressure to increase enrollment at Berkeley is likely to continue for the foreseeable future, but our campus park cannot support indefinite growth. Satellite campus expansion is likely to be necessary. The administration has created a process for early identification and evaluation of possible expansion scenarios, so that campus is not perpetually in a reactive position.

Recommendations of CAPRA for 2022-23

This year we offer six recommendations, several of which build on or return to past recommendations.

1. We support the ongoing work on the Financial Sustainability Initiative, commend the administration for engaging the Senate in that work through CAPRA, and urge continued joint attention to a broad vision of budgeting reform. Rationalizing the budgeting process is the most critical resource allocation challenge the campus currently faces. Efforts over the past several years to reform portions of the system have not succeeded, in part because they focused on such a small part of the budget and in part because support was not built among the faculty and other campus constituencies.

Our byzantine, opaque budget system has developed over the years through a process of accretion and ad hoc decision making. It allowed us to muddle through when the state was providing most of our support, but it does not fit our current fiscal reality. We are, and will be for the foreseeable future, in an era of limited state support, in which we are expected to generate much of the revenue needed to support our programs through philanthropy and self-supporting programs. Of course, our efforts to persuade the state to more fully support the UC must continue. At the same time, however, our fiscal planning and budgeting process must reflect our current fiscal reality. Difficult trade-offs are likely to be increasingly necessary. Those trade-offs should be transparent and driven by campus values, including recognition that support of common goods must be shared.

Building support for any type of budgeting reform will be challenging in an era of limited budget growth. It will require building a level of trust among the faculty that has not been present in past efforts, and assuring units in fear for their future that the campus recognizes their value. We are encouraged that the administration is now taking a "whole budget" approach to reform and explicitly incorporating campus values. We look forward to working together to make progress on this daunting but critical issue.

2. While the process of capital project planning has improved, challenges remain. We are particularly concerned about the need to protect life safety by planning for the decanting or improvement of the many seismically unsafe buildings on campus. We also ask that the administration help us understand the measures it is taking, as we become more financially dependent on philanthropy, to ensure that donor interests do not overwhelm or compete with campus capital development priorities. CAPRA has been concerned for several years that the capital project planning process does not accurately forecast costs or revenues, particularly with respect to donor-driven projects and complex public-private partnerships. We are pleased that progress has been made in some respects. The costs of maintenance and operation are now explicitly considered in the planning process, and comparisons are made with the costs of constructing similar buildings at other universities and campuses.

We emphasize two major concerns, however. The first relates to the seismic vulnerability of many buildings on campus. UCOP has mandated that the most vulnerable buildings be emptied or retrofitted by 2030. There is as yet, however, no plan for undertaking that process, either on our campus or systemwide. We understand that this is a daunting problem given the number of vulnerable buildings and the costs of replacing them or making them safe. At the same time, we know that it is just a matter of time before a major earthquake impacts our campus. Many faculty, students, and staff, including those with civil engineering expertise, are deeply concerned about working and studying under that constant threat. We urge the administration to prioritize more detailed study of building vulnerability and planning for life safety protection.

The seismic risk issue is linked with our other major concern, which is that we are uncertain how strongly donor desires, rather than campus priorities, drive capital planning decisions in the modern world of limited state capital funding. We note, for example, that replacement of Davis Hall, a building at severe seismic risk, was dropped down the priority list in favor of donor-driven projects. We ask that the administration assist us in a deep dive into how our development and planning offices ensure that the donor community understands our capital needs and accommodate the potential tension between donor desires and campus priorities.

Finally, while we concede that it is a matter of lower priority, we know that some occupants of buildings affected by new construction (temporarily and long term) are concerned that their interests are not given sufficient consideration during the planning process. We are sensitive to the need for densification on our limited campus park space. Occupants of existing buildings cannot be given a veto over new construction. However, it is often possible and desirable to tweak designs to reduce adverse impacts on surrounding buildings. We believe the lines of communication could be more open and that input could be more proactively solicited. Rather than rely on deans to convey information to their departments and share any concerns, we urge the administration to directly share information and solicit input early in the design process through open houses or other tools. We understand these efforts will take time and energy, but believe they can save headaches later in the process.

3. We reiterate our call from last year for development of credible models of the cost of a Berkeley education, and we stand ready to help. Those models should reflect not just an average but the range of costs for students seeking different degrees in different disciplines. We understand that UCOP mandates use of a particular model for costs of instruction to support

arguments for increased state support. We believe that development of more nuanced models would be helpful to our campus both in the context of pressures from other campuses for rebenching (reconsideration of allocation of state funds by UCOP among the campuses) and to support internal decision-making about where it is feasible to expand our programs and what the consequences of expansion will be. We ask that the administration work with us to help us understand the available data, how they are used, and how the models might be refined.

4. We commend the administration for recent improvements in the Academic Program Review process. We urge continued work to refine that process so that it provides a clearer picture of academic units not just in isolation but in the campus context. This recommendation dovetails with our recommendation on budgeting reform; an accurate understanding of how individual academic units fit into the larger campus setting is essential to understanding budgeting trade-offs. We appreciate the efforts of Vice Provost Alvarez-Cohen to incorporate more questions about inter-departmental connections and synergies into the self-study process and her willingness to work with us on other potential procedural changes. For example, at our suggestion, she has expressed openness to re-imagining the role of the Academic Senate liaison as a point person for the concerns of the Senate committees that participate in reviews.

Nonetheless, the current process remains heavily focused on *external* review, emphasizing the place of the department in its field, nationally and internationally. While that aspect of these reviews is necessary and important, it is not sufficient to serve the campus's *internal* planning and resource allocation needs. Departments should be made aware that these reviews are intended to evaluate their place both in the field as a whole and on the Berkeley campus. We look forward to continuing to work with the VPAP's office to make progress in that direction.

5. Two years ago, we urged the administration to consider systematizing a process for periodic outside review of administrative units, in collaboration with the Senate. We continue to believe such a process is needed. When we initially made this recommendation, the administration supported it in concept but felt that a new systematic process was not needed. They pointed to ad hoc reviews that had been conducted of several units. We continue to believe that this ad hoc, reactive process, which does not systematically engage the Academic Senate, is not sufficient. Particularly in the context of budget reform, a review process that explicitly takes into account fiscal efficiency and effectiveness in serving the campus's mission is critical. There is currently considerable skepticism among Senate faculty that funding devoted to administrative functions is well spent. Strengthening trust between the faculty and administration is crucial to the success of budget reform and cannot be done unless faculty are persuaded that administrative units, like academic ones, are accountable for their effectiveness and efficiency.

We understand, however, that resources are limited and the administration is reluctant to launch a new comprehensive review process. We suggest that a joint Administration-Senate examination of Berkeley IT would be a timely measure on its own as well as a step in the direction of more systematic joint reviews. Severe and ongoing disruptions in wireless networking this year brought home to the campus community how fundamental IT is to our research, teaching, and service work, and how vulnerable our present system is. We appreciate

CIO Jenn Stringer's willingness to come talk with CAPRA about those disruptions this spring. We ask the administration to support and collaborate on a deeper dive this coming year.

CAPRA appreciates the administration's thoughtful attention to our recommendations. We look forward to working closely with campus leadership as we move into 2022-23.

With best regards,

A handwritten signature in black ink, appearing to read 'Holly Doremus', with a long, sweeping horizontal line extending to the right.

Holly Doremus, Chair
Committee on Academic Planning and Resource Allocation