

**Berkeley Division of the Academic Senate
Committee on Academic Planning & Resource Allocation
2016-17 Annual Report**

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 during the 2016-17 academic year. The committee was chaired by Professor Sanjay Govindjee (Civil and Environmental Engineering).

ANNUAL BUDGET AND POLICY RECOMMENDATIONS TO THE CHANCELLOR AND EVCP:

The campus remains under significant financial strain, and this issue once again dominated CAPRA's energies. Although there is real progress on the structural deficit, budget targets are being met using relatively blunt instruments; while the processes are significantly improved over prior years, further improvements are still necessary and possible. CAPRA has noted that a significant threat to achieving these improvements is that the campus is experiencing an accountability crisis coupled with an eroding institutional memory, and an incumbent skill set that is ill-matched to our present needs. In its recommendations for 2017-18, CAPRA recommends that the Chancellor, Provost, and Vice Chancellors pay careful attention to the development of a culture of accountability and professionalism that strives at all times to support the core campus activities of *teaching and research*.

More specifically, CAPRA makes recommendations regarding the new budget process, benchmarking with other universities, financial scrutiny of new initiatives, transparency of operations, and improving the quality of financial reports and systems. The report also includes recommendations that all auxiliary units be financially self-sufficient, and that realignment of research administration and reform of the academic review process both move forward.

The 2017-18 budget and policy recommendations are attached to this report.

ACADEMIC AND STRATEGIC PLANNING

Members participated in the following program reviews (APRs):

- Department of Psychology (Professor Hallett)
- School of Information (Professor Anderson)
- Department of Bioengineering (Professor Wallace)
- Department of Scandinavian (Professor Choksombatchai)
- Department of Geography (Professor Johnson-Hanks)

The committee submitted written comments on the following program reviews:

- Department of Statistics (Professor Merges)
- Department of Philosophy (Professor Carson)
- Graduate School of Journalism (Professor Yurchak)
- School of Public Health (Professor Calendar)
- Department of Industrial Engineering and Operations Research (IEOR) (Professor Anderson)
- Department of Psychology (Professor Hallett)
- School of Information (Professor Anderson)
- Department of Bioengineering (Professor Wallace)

The committee submitted written comments on programs as requested by Graduate Council:

- Proposed Self-supporting Master's Degree in Information and Cybersecurity (MICS)
- Proposed Self-supporting Master's Degree in Real Estate Development and Design (MRED+D)
- Proposed Self-supporting Master's Degree in Molecular Science and Software Engineering (MSSE)
- On-campus/online Masters in Public Health (OOMPH)

COMMENTS ON PROPOSALS, POLICIES, PROJECTS, REPORTS

Systemwide

- Policy on Professional Degree Supplemental Tuition (PDST)
-

Berkeley Campus

- Endowment Minimas Straw Proposal
- Request to suspend two provisions of the 2010 self-supporting degree programs (SSGPDP) policy
- Faculty Advisory Board (FAB) report of the Data Science Planning Initiative (oral comments to contribute to discussion and comments by Senate leadership)
- Report of the Visioning Team for Journalism, Communications, and Media

CAPRA REPRESENTATIVES SERVED ON THE FOLLOWING COMMITTEES

- Professor Choksombatchai – Systemwide UC Planning & Budget Committee (Professor Cohen acted as alternate)
- Campus Committee on Classroom Policy & Management – Professor Carson

- Chancellor's Joint Oversight Committee on Parking & Transportation - Professor Macdonald served as co-chair
- Space Assignments and Capital Improvements Committee – Professor Milnes
- Faculty Budget Working Group (GIMLET) – Chair Govindjee
- University Athletics Board – Chair Govindjee
- IT Strategy Committee – Professor Carson
- Naming of Buildings Task Force – Professors Doremus and Guilbault
- Task Force on Self-Supporting Professional Graduate Programs (SSGPDPs) – Professor Doremus
- CAPRA Subcommittee on Intercollegiate Athletics – Professors Wallace, Stanton, and Milnes
- University Partnership Program Advisory Board – Professor Wallace
- Research Administration Service Improvement Initiative – Professors Cohen and Johnson-Hanks
- Chancellor's Senate/Administration Committee on Sexual Violence and Sexual Harassment – Professor Johnson-Hanks
- Enrollment Management Working Group – Professor Cohen
- Housing Master Planning Task Force – Professor Stanton

GUESTS:

- Interim EVCP and Chancellor-designate Carol Christ
- VP Academic & Facilities Planning Tsu-Jae Liu
- VP Faculty Ben Hermalin
- Interim VC Finance and Administration Scott Bidy
- VC Real Estate Bob Lalanne
- AVC Finance and CFO Rosemarie Rae
- AVC Technology and CIO Larry Conrad
- VC Student Affairs Harry LeGrande
- AVC Student Affairs Joseph Greenwell
- Executive Director of ASUC Student Union Daryl Ansel
- Interim VC Student Affairs Steve Sutton
- Director of Intercollegiate Athletics Mike Williams
- Senior Associate Athletic Director and CFO David Secor
- Associate Athletic Director and Senior Woman Administrator
Jenny Simon O'Neill

CAPRA MEMBERS 2016-17

Sanjay Govindjee, CEE, Chair
 Richard Stanton, Business, Vice Chair
 Asad Ahmed, Middle Eastern Studies (fall only)
 Robert Anderson, Economics
 Richard Calendar, Molecular and Cell Biology
 Cathryn Carson, History

Ron Cohen, Chemistry
Raveevan Choksombatchi, Architecture
Holly Doremus, Law
Michael Frenklach, Mechanical Engineering
Jocelyn Guilbault, Music (fall only)
Chris Hallett, Art History
Jennifer Johnson-Hanks, Demography
Elizabeth Macdonald, City and Regional Planning
David Milnes, Music
Nancy Wallace, Business
Alexei Yurchak, Anthropology (fall only)

Student Members:

Dav Vivid Kangas, Graduate Assembly
Frances McGinley, ASUC

Division Chair Robert Powell and Vice Chair Lisa Alvarez-Cohen participated as ex-officio members, as did Library Committee Chair George Starr. Vice Provost for Academic and Facilities Planning Tsu-Jae Liu attended by invitation.

May 4, 2017

TO: ROBERT POWELL, CHAIR
BERKELEY DIVISION OF THE ACADEMIC SENATE

FROM: SANJAY GOVINDJEE, CAPRA CHAIR

RE: CAPRA 2017-18 BUDGET & POLICY RECOMMENDATIONS

The Committee on Academic Planning and Resource Allocation (CAPRA) offers the following recommendations for campus budget and policy priorities for the coming fiscal year. Our recommendations are informed by discussions with a wide range of campus administrators as well as committee-membership on a host of standing and ad hoc administrative committees.

The committee asks that DIVCO endorse these recommendations and forward them, along with DIVCO's endorsement, to Chancellor Dirks and Chancellor-Designate and Provost Christ. We further request that Chancellor Christ provide a written response to the Senate no later than September 23, 2017, detailing the extent to which our recommendations will be adopted. Lastly, the committee asks DIVCO to send a copy of our recommendations to all members of the Berkeley Division of the Academic Senate.

Executive Overview

The campus remains under significant financial strain, and this issue has once again dominated CAPRA's energies. We see real progress on our structural deficit, the meeting of our AY16-17 target for a roughly \$110MM structural deficit, and an apparent plan to meet our AY17-18 target of a \$55MM structural deficit. This is good and welcome news. These targets, however, are being met using relatively blunt instruments and while the processes are significantly improved over prior years, further improvements are still necessary and possible. A significant threat to achieving these improvements, however, is the observation that the campus is experiencing an accountability crisis coupled with an eroding institutional memory, and an incumbent skill set that is ill-matched to our present needs. A troubling refrain we often heard this year was, *I was not here when those decisions were made*. In this we hear, (1) *I am not accountable*, (2) *I have not made an effort to research past decisions*, and (3) *I do not have a vision to fix the problems*. While clearly not all units are subject to all these criticisms, they are sufficiently endemic to our institution that they present a cultural issue that undergirds (and not in a good way) our present troubles. CAPRA recommends that the Chancellor, Provost, and Vice Chancellors pay careful attention to the development of a culture of accountability and professionalism that strives at all times to support the core campus activities of *teaching and research*.

More specifically, we offer the following summary recommendations, with additional recommendations and a detailed discussion given in the text that follows:

1. The practice of consulting with members of the Academic Senate, and CAPRA members in particular, behind conditions of confidentiality need to be abandoned. CAPRA members called to serve on special review committees need to be free to communicate with the full committee.
2. The new iterative and increasingly transparent budget allocation process should be continued and strengthened.
3. FY2018-19 budget reductions need to be focused on those parts of the campus that have grown disproportionately to the academic enterprises of classroom teaching and research.
4. The campus should engage in its own benchmarking studies to ascertain where it can be more efficient. This should involve the use of publicly available data, as well as its membership in various data-sharing consortia. These studies need to be performed transparently and used to guide improvements to the campus.
5. New initiatives, especially those intended to generate revenue, need to be scrutinized carefully from the perspective of academic fit as well as financial viability. Recognizing that not every action taken will be financially positive in isolation, we must budget in aggregate for all expenditures.
6. The quality and professionalism of all financial reports and financial systems needs to be substantially improved with the goal of enhancing our ability to understand our spending and to allow us to make rational, well informed decisions. This means that reports need not only to be accurate in terms of actuals, but they must also be forward looking with multiple accurate forecast scenarios.
7. All auxiliary units should be self-sufficient and run independent of campus subsidies. Campus resources must be devoted to our core activities of teaching and research, within our overarching ethos of public access.
8. The realignment of research administration into the regional model, modeled after ERSO but appropriately customized, should move forward expeditiously and with deliberate data collection to ensure a positive outcome.
9. The campus should move forward with the Vice Provost's efforts for reforming the academic program review process and making it more consequential, as well as with her efforts on a campus wide strategic planning effort.

Senate Consultation:

- CAPRA is concerned that shared governance is being undermined by a recent trend whereby senior administrators share information with a small number of Academic Senate members (e.g., the Chair of the Academic Senate, the Chair of CAPRA, or select members of CAPRA), but then insist that the information is confidential and cannot be shared with CAPRA as a whole, despite CAPRA's policies of strict confidentiality. This

practice makes it difficult to impossible for CAPRA to meet its charge to initiate and advise on annual and long-range academic and physical planning. Two recent examples are, (a) the Chair of the Academic Senate has been unable to share financial information on IA with CAPRA that was made available to the IA task force and (b) members of CAPRA have been unable to share information on proposed construction projects that have serious financial implications. The practice is in some ways a continuance of the 'magic white binder' methods of the prior year. These unnecessary secrecy practices serve no useful purposes and hinder the effective working of the Academic Senate. They should cease.

Budget and Reform Process:

- CAPRA is pleased with the new more transparent, iterative budgeting process that is currently underway. The new system of permitting units and the Senate to see the allocations to all units and to discuss impacts before final decisions are made is a positive improvement to past practices. We recommend continuing with this iterative and more transparent process.
- Moving forward into FY18-19 and beyond, CAPRA wishes to emphasize the importance of focusing resources upon the core functions of the campus: *instruction and research*. These activities need to be supported in full. If and only if further resources are available, should we support other activities. The quality of these core functions is what sets Berkeley apart and we must protect them from additional erosion. The setting of budget targets needs to understand that the academic departments can not absorb further cuts. In that regard, the management of budget targets at the level of the deans may be insufficiently granular for the Provost's office to appreciate the full impact upon academic units.
- The devotion of the faculty to the academic enterprise needs to be fully appreciated, in that they will work to exhausting levels to make do with the resources they are provided. However, our currently good retention rate on external offers is under strain. We note that budgetary pressures on our sister UC campuses are anecdotally impacting their ability to recruit and retain faculty. We need to ensure that this does not occur at Berkeley. The fact that our wage growth has exploded in central administration -- wages are up 38% from 2010 to 2015 versus a 13% increase in academic units over the same period -- adds further pressure on this point. Over this same period, we have experienced only a 3.8% growth in students together with a 29% growth in net state appropriations plus tuition. The growth levels in central administration costs are out of balance with where our priorities should be. CAPRA recommends that the academic departments be fully insulated from FY18-19 cuts, with reduction targets being strictly aimed at the parts of the campus which have grown disproportionately over the past 7 to 10 years.

- CAPRA recommends that the Senate work jointly with the administration to fully understand the scope of our central administration and, where appropriate, to bring it into closer alignment with our core mission. While in the past consultants would be the natural sources for such a study, at this moment a closer partnership between the faculty and the administration is needed to ensure that the results of such a study are widely accepted.
- The current organizational structure at Berkeley does not lend itself to good financial decision-making, a problem that has existed for many years. Too many senior administrators have the authority to make major decisions without proper central oversight and review. The split of the Vice Chancellor for Administration and Finance into two separate positions runs a serious risk of making this situation even worse. Major financial decisions need to pass through a central authority; the new organization needs to be thought through carefully to ensure proper coordinated oversight.
- All major projects that the campus chooses to undertake (reform projects, building projects, etc.) need to have clearly designated senior managers (at the Vice Chancellor level) who will be responsible for successes or failures. To ensure that this can occur, at the outset of all major projects, we must implement tracking systems that allow for complete and transparent institutional memory of all projections and actuals over time.
- The campus has limited staff with the type of financial and real estate skills we presently need, including at the most senior levels, so reports and projections both before and during a major investment are almost always woefully lacking, if not absent entirely. The campus needs a dedicated group of financial analysts to help with forecasting and valuation prior to any major project. Best practice templates for forecasts and reports are needed (likely the same group of analysts could do this, aided by CAPRA). It is imperative that we perform our own financial projections for projects that involve external partners and that we have our own experts negotiating on our behalf in all such situations.
- Further, CAPRA remains concerned that half of our budget target for FY16-17 was met by an unsustainable cut to the facilities budget. Facilities are required for instruction and thus the upkeep of our physical plant needs to receive priority attention.

Planning for the Size of the Faculty:

- There is currently some emphasis on growing the number of faculty positions on campus. For a number of years, the size of the faculty has remained largely constant despite a steady growth in the number of students on campus. To accommodate this increase,

CAPRA endorses the notion of growing the faculty in a manner that is consistent with the teaching and research needs of the campus, as well as being consistent with the campus's values. We caution, however, that such an effort demands that we first right our financial house.

- As funding for the campus is under constant pressure, CAPRA endorses the notion of a realistic multi-faceted approach to supporting faculty positions. First and foremost, the campus needs to articulate a compelling vision for continued and increasing state support. Second, CAPRA supports the concept of using philanthropy to fully endow faculty positions. However, CAPRA emphasizes the need for a transparent, realistic financial model to ensure that campus and the academic units understand how much money needs to be raised in order to fully support such positions in perpetuity.

Revenue Generation:

- CAPRA agrees that growing revenues must be part of the strategy for closing the campus budget gap. Creative and entrepreneurial efforts to increase revenue should be encouraged, but must be guided by the campus's overall educational mission and not interfere with it.
- Revenue increases can potentially come from: tuition and fee increases; expansion of state-supported programs; increases in philanthropy; increases in grant and project funding; or new or expanded revenue-generating programs. CAPRA urges the campus administration and individual units to develop and maintain long-term plans for revenue management that *realistically* evaluate the prospects, potential benefits, and potential negative impacts of each of these revenue sources in light of the individual capabilities and contexts of each unit.
- There are several specific issues important to revenue generation to which we wish to call attention.
 - The first is the role of self-supporting graduate professional degree programs (SSGPDPs). As units come under increased pressure to grow revenues, SSGPDPs are a natural place to look. Indeed, several successful programs are key to the fiscal health of their units, notably the programs at Haas and Berkeley Law. CAPRA cautions, however, that SSGPDPs are not a magic bullet, and should be approached with awareness of their true costs as well as their benefits. They should only be pursued when their academic goals mesh with the goals of the unit(s) developing them, as demonstrated by robust support from unit faculty, proper market studies of employer demand and student interest, and when their benefits to the unit and campus outweigh their costs. CAPRA emphasizes that careful, *realistic fiscal analysis* and analysis of the potential for SSGPDPs to

divert faculty and administrative resources from other goals must be carefully evaluated. CAPRA recommends the development of a standard processes for gauging the depth of faculty support for a proposed SSGPDP. CAPRA urges the adoption of uniform, realistic measures of market demand, not only in terms of number of potential students but in terms of price point. CAPRA further urges use of a uniform, transparent financial template for initial and ongoing review. That template must fully account for transfers from or to campus, transfers between participating units, transfers to outside entities (such as 2U), and the ability to recoup any debt incurred in the course of program launch. CAPRA also urges the development of standard template MOUs for use by units participating in multi-unit SSGPDPs. CAPRA supports the work of the SSGPDP Task Force convened by the EVCP and Academic Senate to recommend review and evaluation standards for SSGPDPs, and looks forward to reviewing the report and recommendations of that Task Force.

- The second is the structure of support for philanthropic giving on campus. CAPRA agrees with the administration that some level of centralization is necessary and desirable; no one wants large donors to be approached simultaneously by multiple units with different requests, and central campus should be in the best position to prioritize among campus needs. However, CAPRA also notes that individual units are in the best position to carry out some tasks essential to cultivating potential donors, such as maintaining continuing contact with alumni and articulating specific disciplinary opportunities. Centralization efforts must not come at the expense of the ability of the units to carry out these tasks, which ultimately redound to the benefit of the campus as a whole. Ideally, the staffing and administrative structures supporting philanthropy should recognize and take full advantage of the different and complementary capacities of central campus and the units. Deliberate coordination should be our watchword.

Financial Reports:

- CAPRA recommends that very significant improvements be made in the quality and professionalism of the financial reports that are generated by all units on campus for existing activities. Overall, the professionalism and accuracy of the financial reports that have been provided to CAPRA over recent years have been extremely poor. The worst of these reports included: 1) those of Intercollegiate Athletics; 2) those of the ASUC facilities and retail space in Lower Sproul Plaza; 3) opaque and confusing data availability on the outstanding balances, principal and interest payouts for all of the short and long term debt positions of the campus and the project revenues that are assigned to these debt positions (e.g. assignments to projects such as the Lower Sproul redevelopment, the California Memorial Stadium, and Simpson Center for Student-

Athlete High Performance, among others); 4) chaotic financial reporting documents for the School of Public Health's financially troubled On-Campus/Online Master of Public Health Program; and 5) incomplete and opaque information concerning how and when the campus will fund its large overhang of deferred maintenance for campus real estate assets. The needed improvements include standardization of the reporting structures; increased transparency and accuracy; and reliable methods for units to vet their numbers with either finance professionals or accountants.

- CAPRA also recommends that very significant improvements be made in the financial analysis undertaken for all new campus capital projects. Proposed projects should transparently report on 1) the underlying assumptions of the project; 2) a complete pro forma financial analysis of the project including clear projections concerning the costs and benefits of the project, how debt service will be covered if debt issuance is required, and clearly identified sources and uses of funds; 3) clear projections concerning the sources of funding to cover future maintenance costs of the project; 4) clear risk analysis of all counterparties if the campus intends to undertake the project as part of a public private partnership; 5) a requirement of third party vetted financial statements (using an independent accounting review) for all revenue sharing arrangements with lessees (such as the Amazon Lease in the MLK facility) or other university partnership programs (under the University Partnership Program). Once completed, all projects should be monitored using standardized reporting structures as outlined above. Lessons learned from current and ongoing projects need to be fed back into the planning system -- automated institutional memory systems are needed, and all models and projects need to be documented and retained for future re-analysis.
- CAPRA recommends as part of the proposed reorganization of the office of the Vice Chancellor for Finance and Administration into two units--one under a Vice Chancellor for Finance/Chief Financial Officer (VCF/CFO) and the other under a Vice Chancellor for Administration (VCA)--that investments be made in the functionality of the VCF/CFO office to include a treasurer; reorienting the staffing to emphasize trained financial analysts and accountants; enhancing financial database management and monitoring systems, and having less reliance on (interdependent) spreadsheets. Given the urgency of the need to enhance the quality and professionalism of the financial reports that are generated by all units on campus, this newly organized office could also work with units to improve and potentially "loan out" VCF/CFO staff analysts to units as a means to provide needed expertise to campus more broadly. As part of this, we recommend making all financial systems as transparent as possible -- the more eyes the better; secrecy does us no good in the short or long-term.

- Lastly, CAPRA recommends that senior administration be provided with continually updated and strategically designed analyses of all major financial drivers. We are concerned, for example, that senior administrators, as recently as the May 2017 Division meeting, cited Rebenching as a significant source of our financial problems. Analysis prepared by the CFO's office indicates that the direct impact was \$6 million per year, plus an additional \$6 million per year arising from the decline in Berkeley's share of statewide resident undergraduate enrollment. This analysis, however, does not examine Berkeley's change in student mix -- resident versus non-resident. CAPRA analysis shows that campus was able to entirely mitigate this effect. In fact, state appropriations plus tuition and fees on a per student inflation adjusted basis have grown about 7.5% from 2007 to 2015. Measured from the start of Rebenching in 2011-12, the increase is approximately 23.5% per student (inflation adjusted) -- in raw (inflation adjusted) dollars this is an over \$200MM tranche.

Intercollegiate Athletics:

- CAPRA remains deeply concerned about the long-running IA deficit, which shows no sign of decreasing. At the end of FY17-18, IA's structural deficit will be nearly 50% of the campus's structural deficit, while other units absorb layoffs and drastic cuts to meet their targets. In the meantime, CAPRA's discussions with IA leadership have been very unsatisfactory. While IA leadership readily provides us with standard financial statements, they nonetheless provide little to no transparency on trade-offs and potential avenues to solving their structural deficit problem. We no longer have confidence that IA leadership is capable of meeting its budget target. In past years, when IA has missed its budget target, the campus has absorbed and forgiven the unauthorized additional deficit. This appears to have created a situation in which IA spends freely, knowing that there will be no consequences if it does not meet its target. If all units behaved in this manner, the campus's fiscal situation would be several orders of magnitude worse than it is. We note too that while it is true that many universities subsidize their IA departments, other major peer public universities do not. It should also be remembered that the Regents of the University of California do not provide funds for IA activities, and thus IA must be run as a self-funded auxiliary activity -- it is emphatically not part of the core teaching and research mission of the University.
- CAPRA is further concerned about the long-term viability of IA's debt servicing scheme. The plan to pay off the Stadium/Simpson Center debt depends critically on depositing the seat license revenue in a Fund Functioning as an Endowment (FFE), and earning a higher rate of return on the FFE than the interest rate on the debt. This plan is already in serious trouble because of the shortfall in seat license revenue. Further, we were recently appalled to learn of the campus practice of allowing IA to use the FFE principal and/or earnings to pay ongoing operating costs. This is dangerous as best, and very likely to lead

to much worse problems for the campus when principal payments start. This practice should be halted. We additionally comment that campus hid from CAPRA this particular provision of the FFE model when CAPRA was initially asked to vet it. It is imperative that campus be transparent with the Senate at all times.

Research Administration:

- The climate for research at Berkeley remains troubled. Our systems are overly complex, difficult to access, and non-intuitive. We are encouraged that the VCR and VCAF have made improvements to administrative support a high priority. The identification of three major work streams: processes, regional service delivery, and culture was an important step forward. Simplification and standardization will be crucial to improving the experience of research administration services to faculty. We hope that continued attention to this area will lead to faculty experience with administrative services that is more positive, and we look forward to the rollout of regional support units, which should once again foster a closer connection between the faculty and the research administration staff.
- CAPRA further encourages the development of standard practices for the full costing of direct costs in the budgets submitted to non-full-overhead paying funding sources. It is important to develop models concerning the cost of research and to build such costs into proposal budgets to the extent possible. Additional non-covered costs need to be understood and budgeted for within the campus's overall research budget. This latter point is complex and involves a landscape replete with political minefields, but is one that the campus badly needs given our new *all-dollars-are-green* environment.

Student Affairs:

- CAPRA continues to be concerned about the status of Student Affairs (SA) and its fiscal health. As articulated in the external SA review, there are many burdens placed on student affairs that are only tangentially related to its core mission. This creates odd incentives and leads to a complex financial picture. CAPRA recommends the streamlining of the activities undertaken by Student Affairs with a focus on our students - their ability to obtain a Berkeley education by attending to their basic needs -- together with an emphasis on good fiscal planning. If funds are not available, activities need to be curtailed.
- Properly so, students are widely consulted when it comes to the activities of Student Affairs. One serious problem with this system, however, is that students come and go, and often go before they can properly appreciate the long-term financial implications of the decisions they make and/or influence. CAPRA recommends that all students sitting on committees that are charged with making or advising on financial decisions be trained

on the basics of finances and the history of the projects or related projects about which they are making decisions. The office of the Chief Financial Officer of the campus should provide this training, as we do not have confidence that the financial team within Student Affairs is well equipped to handle this duty.

- Student Affairs largely focuses on our undergraduate population -- naturally so -- as they are our largest identifiable group of students. However, CAPRA recognizes the importance of our graduate student population, and that their needs are unique and deserving of equal attention. In particular, graduate student housing is in very short supply and needs to be urgently addressed. CAPRA further recommends that RSSP work towards lease agreements that are more flexibly suited to the particular needs of a long-term graduate population that may be engaged in field work or other short-term research engagements off-campus.
- Housing for undergraduates also needs to be a continued focus of SA. The present availability of housing for our undergraduates is very poor and negatively impacts the student experience. This results in unnecessary short-term stress, as well as negative long-term feelings toward the institution -- neither are good.

Academic Review Process:

- Academic Review is important for a range of reasons. CAPRA proposes that we think about three distinct sets of goals to which the academic program review process partially responds:
 - *External Goals:* Program review is important for maintaining our Western Association of Schools and Colleges (WASC) accreditation and the high regard of our colleagues at other institutions. We benefit from having outside distinguished professors see for themselves that our faculty continue to break new intellectual ground, and that our undergraduate and graduate students are of the finest caliber.
 - *Within-Department Goals:* The second set of goals focuses on the assessment and improvement of specific departments. We need our departments to engage in thoughtful self-assessment and strategic planning; we need External Review Committees, Senate Committees, Undergraduate and Graduate Students, and Administrators to provide honest assessment and feedback regarding the department's strengths and weaknesses. We need departments to continually improve as they respond to that feedback, and to be held accountable by their Deans, the Senate, and the Vice Provosts and Provost.
 - *Cross-Campus Goals:* We need a process for conducting campus-level strategic planning of broader portfolios of research and teaching that cross departments, schools, ORUs and centers. For example, we currently have economists in at least

11 academic units: a review of the Economics department is insufficient for understanding the wealth of research and teaching in economics across campus. In addition, we need an accepted, legitimate process for making differential campus-level strategic resource investments: many of our current departments are smaller than their comparison departments, and many are also excellent. Resources are limited. What should grow and what should shrink? Academic program review should contribute to making wise decisions.

- Our current process succeeds at reminding WASC and our external peers of the merits of Berkeley. Nearly every External Review Committee (ERC) report that has come to CAPRA over the last three years states that the department is excellent (but needs more resources). The current process is less successful at achieving the Within-Department goals, as relatively few self-studies are honest explorations of strengths and weaknesses, and we lack effective processes for ensuring that departments make the improvements asked of them. The Cross-Campus goals are not addressed at all by our current Academic Program Review process. Finally, the entire process is too costly, especially in terms of staff and faculty time.

- CAPRA applauds the work that the current and former Vice Provost have already done in thinking through the challenges and opportunities related to departmental reviews. We appreciate the recently announced new methodical and analytic approach and propose that three areas offer particular opportunity for further advancement.
 - For departments to do more sincere internal strategic planning, the Senate and Administration need to collaborate to reduce the distrust and cynicism widespread among the faculty, and to address the centrifugal -- and sometimes explicitly anti-planning -- tendencies in many of our departments. This kind of cultural change may build on the new tone of collaboration and transparency coming from the Chancellor-Designate, but will require support and attention.
 - Reviews must have real consequences. The Senate and Administration must reward departments that develop and enact forward-looking and effective strategic plans, and hold departments accountable for poor performance, and particularly for the failure to respond to instructions that emerge out of program review.
 - The campus is overdue for a campus-wide, joint Administration and Senate strategic planning process. CAPRA strongly endorses the Vice Provost's intention to co-lead such a process in AY 2017-18. As part of the new strategic plan, we should develop ongoing processes to support the campus-wide goals of assessing broad intellectual domains (rather than only departments) and of prioritizing both domains and departments for resource investments.

Real Estate:

- CAPRA continues to be concerned about the campus' lack of skills to handle complex real estate transactions. The use of public private partnerships (P3s), our current source for external capital, needs to be carefully monitored. It needs to be acknowledged that P3 projects are not free to us--as evidenced, for example, by the Bowles Hall project wherein the P3 debt actually appears on our balance sheet (at least for some period of time). Development professionals need to be engaged for all such projects, and properly performed and well-reviewed financial projections are mandatory.
- CAPRA is very concerned that the loss of the VCRE position may well now send the campus back to the days when major real estate decisions were made by multiple VCs, few if any of whom knew about or were ever held accountable for the financial outcomes of their decisions. These are the largest financial decisions we make, and they need to be made, and buildings designed, in an informed and responsible manner. They also need to be run responsibly after completion in order to maximize their financial value to the campus.
- Real estate investments, no matter how financed and for what purpose the buildings are intended, should all include:
 - Detailed financial projections made by analysts on campus. You do not ask a used-car dealer to tell you what a good price for a car would be, and likewise you do not ask your partners in (say) a P3 transaction to tell you the returns you should be willing to accept on a real estate deal.
 - Fundraising that covers the entire cost of the building, including the present value of all future maintenance and operating expenses, to avoid problems like those with the new swimming complex, where although construction was financed by a donor, the campus will end up spending large amounts of additional money each year to operate and maintain the facility.
 - Consideration of the opportunity cost of each project. Even if an external donor is willing to fund 100% of a new building, it is not a good idea for the campus if its construction removes a valued common good or precludes construction of something else in the same location that would have been more valuable to the campus. The new swimming pool complex is, again, a prime example.
 - Commercial leases for new space must be negotiated and signed on behalf of the campus by people with expertise in this area.
- CAPRA is concerned about the slow progress in leasing out the remaining space in the stadium, and the apparent lock that Cal Dining has on all food provision, which makes the space much less attractive than it ought to be for external events and for potential tenants.

- CAPRA remains concerned about the performance of the new Lower Sproul facilities, and Student Affairs' inability to explain how things are going relative to the projections made at the time the project was approved by campus and the student body. We are also concerned about the likely financial implications of current problems with the Chartwell lease. The manner in which the project has been run, and is being run, is simply distressing to the committee given our long-standing warnings to the administration.
- CAPRA remains very concerned about the deferred maintenance of campus buildings and infrastructure, which is getting even worse as maintenance is reduced below prior low levels to "solve" the campus's budget problems. We are concerned that the recent loss of the Vice Chancellor for Real Estate (VCRE) will make it even harder than it was to track deferred maintenance of all campus buildings. We are also concerned that we will lose innovations the VCRE created like the new Asset Management unit to oversee campus custodial work, grounds keeping, and building maintenance and repair; as well as the hiring of a new construction manager to streamline design and construction processes, and the reorganization of departments that reported to the VCRE to make them more efficient. It is imperative that a clear management structure be put in place to shepherd these initiatives.

In closing, CAPRA stands ready to work actively with the administration on all matters discussed in our recommendations. We look forward to an open and transparent collaboration to lead our great institution forward in a fiscally responsible way while maintaining our campus principles.