

**Berkeley Division of the Academic Senate
Committee on Academic Planning & Resource Allocation
2022-23 Annual Report
APPROVED**

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 2022-23 academic year. The committee was chaired by Professor Holly Doremus (Law). Due to ongoing construction in Stephens Hall, the committee held its fall meetings in the School of Information building in South Hall. CAPRA returned to Stephens Hall for the spring semester.

COMMITTEE HIGHLIGHTS

Based on its annual budget and policy recommendations for 2022-23 and developments over the summer, the committee's intention was to continue the three working groups formed last year. As the year progressed, only the finance reform working group was active. It communicated with EVCP Hermalin and VC Rae on both the Financial Sustainability Initiative (FSI, formerly Finance Reform) and the campus working group on "busting bureaucracy."

The first full committee meeting of the year featured a presentation and discussion regarding the academic program review process; this served as a good introduction to a year with more than the usual number of reviews as the campus caught up from pandemic-related delays. CAPRA is pleased that VPAP Alvarez-Cohen has initiated a new practice of inviting Senate committee representatives to meet with the Senate Liaison at the outset of the external review process.

CAPRA reviewed four UC systemwide policy proposals; all were revised proposals, coming well after previous Senate reviews resulted in the original drafts being rejected and significantly revised. The revised policies still raised concerns, some of them significant. CAPRA communicated its concerns to DIVCO.

The committee spent much of the year focused on issues related to the ongoing budget strains facing the campus. In addition to multiple presentations and discussions of the FSI, guests engaged the committee in discussions of indirect cost recovery, facilities and administrative (F&A) cost rates in grants and contracts, shortfalls in the library budget, the new cost model for IT services, and the campus' planning assumptions for the FY24 budget. Budget issues were also a major focus in discussions of current capital projects, deferred maintenance and the new campus gift tax, the capital project planning process, and the clean energy transition projects being undertaken by the campus. In addition, the last few academic program reviews of the year, particularly those for Chemistry and for Molecular and Cell Biology (MCB), highlighted the impacts of major budget shortfalls.

ANNUAL BUDGET AND POLICY RECOMMENDATIONS TO THE CHANCELLOR AND EVCP

The 2023-24 Budget and Policy Recommendations are attached to this report. Reflecting the committee's focus on budget challenges throughout the year, the document took a more targeted approach than in recent years. Instead of discussing a range of planning and budget issues, the document focused on the financial situation, describing it as "dire" and "bleak" and emphasizing its impact on faculty and staff morale, and the urgent need to address it. While recognizing the challenges of doing so, CAPRA noted the need to communicate more effectively to the legislature the bind that falling state support coupled with restrictions on the University's authority to raise tuition or enroll students from out of state have created. CAPRA endorsed the Administration's current efforts, including the Financial Sustainability Initiative and ongoing reviews of administrative units. The committee encouraged creative thinking along all dimensions of the budgeting challenge.

ACADEMIC PROGRAM REVIEW ACTIVITIES

Members participated in the following program reviews (APRs); because the pandemic delayed some reviews, the number was higher than typical:

- Department of Nuclear Engineering (Professor Horowitz)
- Department of French (Professor Constable)
- Department of Chemistry (Professor Saez)
- Department of Molecular and Cell Biology (Professor Romps)
- Department of Architecture (Professor Cheah)
- Department of Landscape Architecture (Professor Redmount)
- Department of Economics (Professor Paige)

The committee submitted written comments on the following program reviews:

- Department of Slavic Languages and Literature (Professor Gokturk)
- Department of East Asian Languages and Culture (Professor Cheah)
- Department of Earth and Planetary Science (Professor Doremus)
- Department of Nuclear Engineering (Professor Horowitz)
- Department of French (Professor Constable)
- Department of Chemistry (Professor Saez)
- Department of Molecular and Cell Biology (Professor Romps)

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

- Proposed Self-supporting Master's Degree in Climate Solutions (second review)
- Proposed Self-supporting Master's Degree in Biotechnology
- Self-supporting Master's Degree in Information and Cybersecurity (3-year review)

COMMENTS ON PROPOSALS, POLICIES, PROJECTS, REPORTS

In fulfilling its charge to advise the campus on matters pertaining to academic planning and resource allocation, CAPRA submitted these reports and comments:

- CAPRA comments on the proposal for a new Department of Neuroscience

- CAPRA resolution on the funding of the Library
- Annual report of the Chancellor's Joint Committee on Parking and Transportation

In addition, the committee submitted written comments on the following items from the Office of the President:

- Proposed revisions to the Presidential Policy on Sustainable Practices (additional review)
- Proposed Climate Protection section update to the Presidential Policy on Sustainable Practices
- Proposed revisions to APM Sections 025 and 671, Conflict of Commitment and Outside Activities (additional review)
- Proposed revisions to the Presidential Policy on the Purchase of Goods and Services (additional review)

CAPRA REPRESENTATIVES SERVED ON THE FOLLOWING COMMITTEES

- Systemwide UC Planning & Budget Committee – Division Vice Chair Auffhammer
- Campus Committee on Classroom Policy & Management – Professor Constable
- Chancellor's Joint Oversight Committee on Parking & Transportation - Professor Anderson (co-chair, fall), Professor Head-Gordon (co-chair, spring)
- Space Assignments and Capital Improvements Committee – Professor Paige
- Capital Renewal Committee – Professor Saez
- Capital Planning Committee (CPC) – Chair Doremus
- University Athletics Board – Professor Chhibber
- University Partnership Program Advisory Board – Professor Haeffner (fall only)
- Capital Projects Academic Planning Committees:
 - o Moffitt Library: Professor Chhibber
 - o Chemistry: Professor Horowitz
 - o Data Science: Professor Chhibber
 - o Evans Hall: Professor Romps
 - o People's Park: Professor Head-Gordon
 - o Bechtel Engineering: Professor Anderson
 - o Innovative Genomics Institute expansion (on hold): Professor Saez
 - o Bancroft Parking Structure: Professor Head-Gordon

CAPRA MEMBERS ON INTERNAL WORKING GROUPS

Working Group on Finance Reform

- Chair Doremus (working group chair), Professors Hallett (fall only), Paige, Doyle, Villas-Boas, and Bertozzi, and Division Chair Smart

GUESTS:

- Carol Christ, Chancellor
- Ben Hermalin, Executive Vice Chancellor & Provost
- Rosemarie Rae, Vice Chancellor-Finance/CFO
- Marc Fisher, Vice Chancellor-Administration
- Kathy Yelick, Vice Chancellor-Research

- Lisa Alvarez-Cohen, Vice Provost-Academic Planning
- Jenn Stringer, Assistant Vice Chancellor for IT and CIO
- Dave Browne, Executive Director of Infrastructure Services
- Sally McGarrahan, Associate Vice Chancellor-Facilities Services
- John Arvin, Associate Vice Chancellor, Real Estate & Capital Projects
- Chris Stanich, Associate Vice Chancellor, Financial Planning & Analysis
- Kevin Mack, Divisional Finance Leader
- David Castellanos, Chief Financial Officer, Office of VC-Research
- Verna Bowie, Director of Academic Program Reviews

CAPRA MEMBERS 2022-23:

Holly Doremus, Chair, Law
 J. Miguel Villas-Boas, Vice Chair, Business
 Michael Anderson, Agricultural and Resource Economics (fall only)
 Stefano Bertozzi, Public Health
 Pheng Cheah, Rhetoric
 Pradeep Chhibber, Political Science
 Catherine Ceniza Choy, Ethnic Studies
 Marianne Constable, Rhetoric
 Fiona Doyle, Material Science and Engineering
 Deniz Gokturk, German
 Hartmut Haeffner, Physics (fall only)
 Christopher Hallett, History of Art/Classics (fall only)
 Teresa Head-Gordon, Bioengineering/Chemistry
 Roberto Horowitz, Mechanical Engineering
 Dorian Liepmann, Bioengineering/Mechanical Engineering)
 Eva Nogales (Molecular and Cell Biology)
 Nicholas Paige (French)
 Carol Redmount (Middle Eastern Languages and Culture)
 David Romps, Earth and Planetary Science
 Emmanuel Saez, Economics

Student Members:

Javier Leyva, as alternate for Krish Desai, Graduate Assembly (spring only)
 Prisha Bhadra, as alternate for Chaka Tellem, ASUC

Division Chair Mary Ann Smart and Vice Chair Max Auffhammer participated as ex-officio members, as did Library Committee Chair Daniel Melia. Vice Provost for Academic Planning Lisa Alvarez-Cohen and College of Engineering Assistant Dean for Finance and Administration Dat Le attended by invitation.



May 5, 2023

PROFESSOR MARY ANN SMART
Chair, Berkeley Division of the Academic Senate

Re: CAPRA 2023-24 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 offices 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. We ask that DIVCO endorse these recommendations and forward them, along with DIVCO's endorsement, to Chancellor Christ and EVCP Hermalin. We also request that DIVCO ask Chancellor Christ to provide a written response to the Senate no later than September 15, 2023.

CAPRA has struggled to develop its recommendations this year. We feel the need to express strongly our concern and frustration, which we believe many colleagues share. At the same time, we do not simply want to complain; we want to offer constructive, practical suggestions.

We have therefore broken our recommendations into two parts. The first expresses the need for creative approaches to a dire fiscal situation. The second offers some concrete suggestions that we acknowledge will not solve our financial problems but should help us move forward.

Confronting the bleak overall picture. The campus budget situation is undeniably dire, and has been for some time. Budgetary shortfalls combined with rapid enrollment increases have taken a toll on teaching and research facilities, staffing, class sizes and more, pushing faculty and staff to the brink. Morale is very low, recruitment and retention are challenging, and we fear that UC Berkeley is in grave danger of losing its position as the premier public university in the world. Despite heroic efforts on the part of faculty and staff, students are not getting the quality of education that established the stellar reputation of the University of California. These problems are steadily worsening, as costs continue to rise faster than revenues.

Simply put, Berkeley's budget is inadequate to fund what we do. We see an urgent need to address this problem on two parallel paths.

First, we badly need to increase revenues. While self-supporting degree programs, entrepreneurial efforts, and philanthropy all have roles to play, they show no sign of matching the scale of the problem and are unevenly accessible by campus units. Our budget shortfall is rooted in the state's disinvestment from the University over the past thirty years, as state funding has gone from providing 50% to 14% of the University's revenue. At the same time, the Regents, appointed by the state, limit tuition, fees and out-of-state enrollment, compounding the difficulties of raising revenue elsewhere.

We understand that it is difficult to get legislative attention, especially in times of constrained budgets, and that the campus and Office of the President staff have been working to get the needs of the University met. However, we believe those efforts must be both redoubled and extended to include the voices of faculty and students. CAPRA and the Academic Senate more broadly would like to partner with you and the Office of Government Relations to develop enhanced strategies that could successfully make the case for the true excellence offered by a Berkeley education and for the value to the state, and to undergraduate education, of maintaining top-tier graduate education. We understand that much of the advocacy in Sacramento is organized centrally and on behalf of the entire UC system, and we see the value (and relative success) of those efforts. However, we believe there must be ways to persuade key representatives that the particular educational experiences offered at Berkeley are of unique value to the state and deserve to be maintained. Perhaps we should seek to revisit the 1960 Master Plan for Higher Education.

If the state will not provide minimally sufficient resources, it should acknowledge that it is, in effect, forcing a kind of hobbled privatization that gives the University the worst of both worlds. The consensus on CAPRA, and we believe among the faculty generally, is that faculty and staff have for years been holding the campus together through extraordinary efforts, but that we cannot continue to do more (or even the same amount) with less. Academic program reviews discussed this year support CAPRA's sense that faculty and staff are close to the breaking point, facing the potential of mass faculty exodus and / or inability to provide a high-quality education to our students.

Second, because we understand that the state is not likely to solve our financial problems quickly or completely, there is an urgent need for the campus to confront difficult decisions. Of course, we should prioritize any efficiencies that do not impact our research and teaching missions. We welcome the current close look the administration is taking at some key administrative units and hope it will be broadened. There are other possibilities we believe can be practically implemented within a relatively short time frame, as explained below. But we are skeptical that sufficient savings can be found outside the core research and teaching missions to solve our budgetary challenges. In our view, at this point we must confront the possibility of consolidating, reducing, or even eliminating programs. In order to begin that process rationally, we badly need to understand in more detail the granular costs (and benefits) of different educational programs. And we need a process that will allow the faculty, who are ultimately responsible for our academic programs, a key voice in their future. We do not pretend this will be easy, but fear that continuing to avoid this explicit conversation may leave us on a downward trajectory we cannot control.

Zooming in on the details. While we must have a realistic vision of the problem as a whole, we also must do the detailed work of looking for creative, implementable solutions. As you well know, there is no silver bullet. But it seems to us there are some measures that could help us make progress. Our overall message is that in these dire circumstances creative thinking is vital, and ideas deserve consideration even if they go beyond the boundaries of what has been considered feasible or acceptable in the past.

We offer some ideas here, falling into three categories: clarity and transparency, revenue, and costs. We welcome the opportunity to work with you to evaluate and implement these thoughts and others. We know that efforts are already underway with respect to some of these ideas, through the Financial Sustainability and Reducing Bureaucratic Burden initiatives, and perhaps other programs. We have no desire to duplicate efforts, but we do want to be sure that the Senate is fully engaged in any way it can be helpful.

Clarity and transparency: CAPRA gratefully acknowledges the efforts of the administration over the past several years to demystify the budget process. We do not believe anything is being deliberately hidden. Nonetheless, we are convinced that a clearer understanding of budget trade-offs is necessary, and that broader understanding of budget realities would be very helpful. Some, but not all, of our suggestions would require generation of new information. We know that takes time and effort, but we are convinced it would be worthwhile.

- We recommend making available (to CAPRA and the campus) budget information not just about central resources, but about revenues and costs at the decanal or department level. There is currently little shared understanding of what happens to dollars once they leave the center, or about the paths by which dollars come directly into units. Rational decisions about how to organize the budget require attention to who has the responsibility and authority for what decisions.
- CAPRA has asked in its last two annual recommendation letters for more disaggregated information about the costs of education. We repeat that request here, and add that we believe a deep dive into the finances of research and auxiliaries would also be desirable.
- With respect to the costs of education, CAPRA would like to partner with the administration to better understand the relative costs of undergraduate and graduate education in different units. We believe that information is essential to informed decisions about where the campus should grow, and about whether we should be advocating for differential tuition or fees. Such a study should include whether there are redundancies in teaching across units or even across campuses; that is, whether there are opportunities to consolidate teaching to reduce overall costs, perhaps with the help of remote learning. It should also ask whether new technologies can reduce costs of instruction without significant adverse impacts on pedagogical effectiveness or the student experience. In this context and others, we emphasize that we do not favor a one-size-fits-all approach to budgeting. Units across campus vary in the type of pedagogy and research they do, in their ability to generate external funds, and in other critical respects. Rather than deny or ignore these differences, we should think carefully about how to take them into account.

- With respect to research, we note that the costs of research vary widely across units, as does the ability to generate outside funding and indirect cost recovery. A fuller understanding of the costs and benefits (broadly construed, including not just monetary costs or benefits) of research across campus is essential to deciding where to put campus resources.
- With respect to auxiliaries, we note (as you are certainly aware) that there is currently much concern among the faculty about the costs of supporting intercollegiate athletics, as well as about the value of athletics to the University's academic mission. There are concerns as well about other auxiliary operations, and whether they are robustly self-supporting. Some of the concerns may not be well informed, but it may be worthwhile engaging the Senate in a discussion of auxiliaries both to dispel myths and to highlight any potential for improvement. Taking intercollegiate athletics as an example, we understand that the central campus is currently spending up to \$30 million per year to subsidize their operations. There are also less obvious subsidies in the form of giving over campus space to facilities that are not generally open to the campus community. CAPRA would welcome a conversation with IA and other auxiliaries to help us understand their costs and benefits (again broadly construed) to the campus, and the constraints under which they operate.

Revenues:

- As described above, we believe it is vital that we do more to help the legislature understand the unique value of research universities as drivers of economic growth, and to remind them of the importance of Berkeley's top-tier status within that category. Doing so effectively requires that we understand more clearly the costs of research, as well as where indirect cost dollars are currently going. Perhaps those dollars could more effectively support and incentivize our research efforts. At the same time, research that, for example, uses vast amounts of electricity, should bear those costs.
- We also need a clearer understanding of the costs and benefits of revenue-generating degree programs. We do not believe the University should chase dollars to the exclusion of other values, but we understand that revenue-generating programs must be part of the mix for the foreseeable future. The Senate, at Berkeley and systemwide, is working to ensure that the impacts of these programs, on facilities, faculty, staff, and students, are fully transparent. We would welcome a renewed conversation on that evaluation, and on the appropriate "tax" to be imposed.

Costs:

- We welcome the efforts of the Financial Sustainability Initiative to evaluate the incentives of those making decisions and align them with the impacts of those decisions on the campus. One example we have heard discussed is the "hoarding" of space not needed for immediate uses. Creative thinking is needed around space and place, identifying underutilized spaces and providing incentives to encourage units to relinquish those spaces where feasible, perhaps with assurances that changing needs will be met in the future allocation of space or financial incentives. Space reviews should be ongoing, periodically updated to reflect changing conditions (such as remote work).

- Another example where incentives could perhaps be better aligned is in faculty retention decisions. We are not against retentions. Keeping its most distinguished faculty helps the University maintain its high quality and prestige. However, there are also real costs to retentions that go beyond the salary increases. Emphasis on retaining senior faculty can contribute to a kind of status quo bias, making it difficult for departments to respond nimbly to the evolution of their field. Faculty turnover, particularly if senior faculty are replaced by more junior faculty, also can help diversify departments. We are concerned that deans and department chairs currently have little or no incentive to factor those costs into their retention requests. One way this could be changed would be to guarantee that positions would be returned following a departure to a peer school. A more drastic approach would be to require that the unit fund some or all of the increased financial cost to campus of a retention. We do not here endorse any specific approach, but call for the incentive misalignment to be addressed.
- We also welcome the current efforts to benchmark the efficiency of administrative units. That process is underway for Student Services, Human Resources, and Information Technology. We look forward to seeing the results. We encourage an ongoing, systematic process, involving the Senate as well as the administration, to review all administrative units. We suggest the VCRO's office as another unit that could benefit from benchmarking. Our call for ongoing review is not intended as criticism of the many hard-working staff in these units, any more than the periodic review of academic units is intended as a veiled criticism of faculty or staff there. Rather, it is a call to recognize that as circumstances change, established approaches may no longer serve institutional needs.
- Creative thinking is also needed around faculty salaries. While many faculty members are underpaid relative to our peers and to the local cost of living, that may not be true for some faculty with large off-scale salary components at the highest steps. We might consider, for example, not automatically applying across-the-board cost-of-living increases to off-scale portions of the salary, or more closely scrutinizing merit increases at the top of the scale to ensure that our most senior faculty remain productive (understanding that the ways faculty contribute to the university and their fields may legitimately change over the course of a career). Increasing incentives for retirement should also be considered. It may also be worth evaluating a minimum teaching load, campus-wide, expected in return for 100% salary support, while making it more straightforward for faculty to buy out a portion of their teaching with grant funds or other revenue-producing efforts.

CAPRA appreciates the opportunity to submit these thoughts, and looks forward to your responses.

With best regards,



Holly Doremus, Chair
Committee on Academic Planning and Resource Allocation