May 16, 2019

CHANCELLOR CAROL CHRIST
EXECUTIVE VICE CHANCELLOR AND PROVOST PAUL ALIVISATOS

Subject: Committee on Academic Planning and Resource Allocation 2019-20 budget and policy recommendations

Dear Carol and Paul,

I am forwarding for your consideration the budget and policy recommendations formulated by the Committee on Academic Planning and Resource Allocation (CAPRA) based on its discussions with key campus administrators and faculty experts. Divisional Council (DIVCO) has reviewed and endorsed CAPRA's recommendations. The discussion in DIVCO underscored the need for timely attention to CAPRA's recommendations.

In particular, we note that the controversy surrounding the Upper Hearst project is indicative of the need for a new capital planning process that ensures that "every site is assigned its highest and best use, aligned with our shared priorities; that financial projections are credible; and that space needs for instruction, research, housing, parking, and support services are properly balanced."

DIVCO also strongly endorsed CAPRA's recommendation regarding the review of administrative units, which is described in detail in Appendix B of the CAPRA report.

As is customary, we would appreciate receiving a written response concerning these recommendations no later than September 15, 2019.

Sincerely,

Barbara Spackman
Chair, Berkeley Division of the Academic Senate
Cecchetti Professor of Italian Studies and Professor of Comparative Literature

Encl.

Cc: Jennifer Johnson-Hanks, Chair, Committee on Academic Planning and Resource Allocation
Deborah Dobin, Senate Analyst, Committee on Academic Planning and Resource Allocation
Khira Griscavage, Associate Chancellor and Chief of Staff
Phyllis Hoffman, Associate Executive Vice Chancellor
Chris Yetter, Special Advisor to the Executive Vice Chancellor
Andrea Lambert, Chief of Staff to the Executive Vice Chancellor and Provost

May 9, 2019

PROFESSOR BARBARA SPACKMAN
Chair, Berkeley Division of the Academic Senate

Re: CAPRA 2019-20 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. UC Berkeley is currently in a period of considerable change, with finance reform, FTE floor-setting, the Signature Initiatives process, the Long-Range Development Plan and campus Master Plan, re-regionalization of Campus Shared Services, expansion of student housing, renewal of the student experience, planning for the next capital campaign, launch of a new data science unit, and a variety of other major campus initiatives all at various stages of development. Most of these topics relate to CAPRA's mandate in some way; we are therefore very aware of the bandwidth challenge that California Hall currently faces. Our annual budget and policy recommendations build on our work over the course of the year, and they are intended to provide useful direction to the administration and information to our colleagues across the campus.

The committee asks that DIVCO endorse these recommendations and forward them, along with DIVCO's endorsement, to Chancellor Christ and EVCP Alivisatos. We also request that Chancellor Christ provide a written response to the Senate no later than September 15th, 2019, detailing the extent to which our recommendations will be adopted. Lastly, we ask DIVCO to send a copy of this report to all members of the Berkeley Division of the Academic Senate.

Summary of Recommendations:
On the basis of our work this year, we encourage the administration and Senate to collaborate in order to:
1. *Develop an effective and trustworthy process for capital planning***.** This is an urgent need, for which CAPRA has called repeatedly. The new process must ensure that every site is assigned its highest and best use, aligned with our shared priorities; that financial projections are credible; and that space needs for instruction, research, housing, parking, and support services are properly balanced.
2. *Proceed with finance reform, in order to make budgets more transparent, metrics-informed, and explicitly aligned with our priorities*. Our current budget process is opaque and often ill-aligned with our contemporary priorities. We must ensure that academic units are funded efficiently to support scholarly excellence and meet student demand. We must also ensure that common goods are appropriately funded and governed to contain costs and sustain quality.

3. *Implement comprehensive and regularly scheduled review of administrative units*, as outlined in our statement attached to these recommendations. High quality and efficient campus support services are essential to our ability to do excellent research, teaching, and service. In complement to the regularly scheduled reviews, we recommend increasing investment in campus audit services, bringing their staff up to full force and disseminating their reports more extensively.

Background
The Committee on Academic Planning and Resource Allocation is charged by the Academic Senate with the following duties:
1. Confers with and advises the Chancellor on policy regarding academic and physical planning, budget, and resource allocation, both annual and long range.
2. Initiates studies in planning and budget matters, and if necessary to accomplish the study, authorizes establishment of ad hoc committees.
3. Maintains liaison with other Committees of the Division on matters relating to budget and planning.
4. Reports regularly to the Divisional Council and to the Division.

Together, these duties are the means through which CAPRA pursues its mission of ensuring 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 to think about the campus holistically and systematically, for example by attending to interrelationships between academic and space planning or considering the downstream effects of budgetary changes on departmental outcomes.

Under the leadership of Chancellor Christ and EVCP Alivisatos, the campus is recovering from a difficult period, both financially and administratively. CAPRA is heartened by the clear improvements in decision-making and priority setting that we have seen over the last two years, and we are optimistic that the campus is on a better path. At the same time, many of our challenges are not individual, but structural. Resolving our problems will require not only the good will of able senior leaders, but also changes to our administrative structures, policies, and practices. Major challenges remain, and we have a considerable amount of work to do. Some of that work is already underway: as a campus, we are currently undertaking at least a half-dozen major reforms, planning processes, and initiatives, in domains from the Strategic Initiatives to the re-regionalization of CSS to the Long-Range Development Plan to finance reform to planning for the next capital campaign. CAPRA acknowledges that these processes are difficult, and that it is a lot to keep track simultaneously. At the same time, we cannot allow the scope of our challenges to overwhelm us or lead us to accept mediocre solutions. Following our recommendations will help address our significant challenges.

Updates on recommendations from last year
For FY 2018-2019, CAPRA made five primary recommendations:
- The steps made by the administration, and in particular by the Vice Chancellor for Finance, toward improving **data quality and transparency** are admirable and important. These steps should continue, with an eye to which kinds of data are most useful.
- The Vice Provost for Academic and Space Planning has made valuable improvements to

the process of **Academic Program Review** at the department level. These improvements should continue. In addition, the VP-ASP, in coordination with others in the administration and the Academic Senate, should develop a **process through which to evaluate scholarship and teaching at other scales and in other organizational structures**, whether that is decanal units or cross-disciplinary groupings of faculty around themes.

- The campus needs to develop a process through which the mission and effectiveness of **administrative units are evaluated** as rigorously as are our academic programs. The Academic Senate must have a role in that process.

- We urgently need to increase net revenue using a mix of new and old strategies. As we try to do that, we need to remember that different units can contribute to this overall effort in different ways. **We should not proliferate Self-Supporting Professional Graduate Degree Programs (SSGPDPs)**, for example, without a clear, campus-wide vision for how they fit together, what other revenue generation opportunities might be available, and clear policies about how revenue will be shared.

- The campus has made progress in making the annual **budget process more metrics-informed and transparent.** There also remains considerable room to improve the budget process, especially in terms of continuing with simplification, moving to multi-year budgeting, and continually asking whether we are putting our money where our values are.

Two of these—regarding administrative review and finance reform—are central to this year's recommendations and are therefore discussed below. A third—regarding data quality and transparency—is incorporated into all three of this year's recommendations, in what we intend to be more concrete ways. In this section, we discuss what steps have taken place in relation to the other two of CAPRA's recommendations from last year, and therefore why they are not at the top of CAPRA's agenda in the same way as before.

Academic Program Review: CAPRA continues to believe that it will be advantageous to the campus for the Vice Provost for Academic Planning to develop a process through which to evaluate scholarship and teaching at other scales and in other organizational structures, whether that is decanal units or cross-disciplinary groupings of faculty around themes. Academic program review is a critical part of sustaining our scholarly excellence. Given the scale and complexity of our campus, many of our important intellectual projects do not correspond to departments, but are larger and more diffuse; therefore, we need ways of conducting academic planning beyond and across departments. That said, given the number and complexity of campus initiatives currently underway, CAPRA recognizes that this may not be a top-drawer priority at this time, and accepts that this aspiration may need to happen over a longer time frame. In addition, CAPRA supports the ongoing efforts of DECC, in particular, to ensure that academic programs being reviewed indicate which resources are being allocated to address issues of inclusion and diversity as well as attempts to monitor climate issues (e.g. wellness and mental health of students, issues pertaining to SVSH).

Self-Supporting Professional Degree Programs (SSGPDPs): In FY 2017-18, CAPRA saw multiple proposals for new SSGPDPs, with varying levels of financial viability and pedagogical justification. We expressed deep concern that we lacked a campus-wide plan for how many

SSGPDPs campus should develop, in which academic units, and on what timeline. This year, the irrational exuberance seems to have waned, and we have not seen the same scale of proposals. We believe this to be an excellent development, and as a result are less concerned about the SSGPDPs specifically. In addition, we understand that the newly appointed Vice Provost and Dean of the Graduate Division has been asked to develop a comprehensive vision for different types of graduate training; we anticipate that this vision will include a proposal regarding the numbers, types, and timeline for SSGPDPs for which we called in our recommendations last year. We look forward to discussions about SSGPDPs and related topics with the new Vice Provost and Dean, and will return to the issue of a broad vision for SSGPDPs at that time.

CAPRA Recommendations for 2019-20

This year we are making three recommendations:

1. **Develop an effective and trustworthy process for capital planning.**
2. **Proceed with finance reform, in order to make budgets more transparent, metrics-informed, and explicitly aligned with our priorities.**
3. **Implement comprehensive and regularly scheduled review of administrative units.**

Note that data transparency and access are central elements of all three of these recommendations. We are heartened to see that steps toward advancing data transparency and access continue, particularly through the continued build-out of information in CalAnswers and the creation of the "Our Berkeley" portal. For faculty looking for access to campus data, the website of the Office of Planning and Analysis is a good place to start (https://opa.berkeley.edu/home). At the same time, considerable challenges around transparency remain. Some of these are technical—the public release of CalAnswers does not distinguish between SCH & degrees in SSGPDPs, PDSTs, and PhD programs, for example, with important implications for both academic planning and resource allocation. Other challenges in transparency are legal or contractual—especially those around P3 construction and philanthropy. In any case, we must continue to improve data access and transparency in order to build trust and increase efficiency.

This section discusses each of our three recommendations in more detail, including a statement of what has been achieved thus far, what processes are ongoing, and how CAPRA envisions supporting the administration in moving forward.

Develop an effective and trustworthy process for capital planning: The financial challenges we have faced as a campus have many causes, but poor decision making in relation to capital projects has been especially problematic. We have borrowed too much, on poorly-conceived terms, and made poor decisions about priorities. Today, we continue to have very significant needs for major capital investment. But without support for capital projects from the state and with essentially no debt capacity, we must rely on philanthropy or P3 arrangements to build or refurbish our buildings. As a result, we have been caught back on our heels, responding to opportunities as they arise rather than putting forward a comprehensive capital vision. By only responding as opportunities arise, we risk both building things we should not build and failing to

build things that we need. A good example of this is the current debate about the Upper Hearst/GSPP project, which CAPRA commented on earlier this month (Appendix A). We must develop a more effective process for capital planning, one that both gets the answers right and also is inclusive enough to ensure that the range of campus communities trust that the answers are right.

CAPRA is eager to see how the role of Associate Vice Chancellor for Capital Strategies evolves. When the role of Vice Chancellor for Real Estate was eliminated, CAPRA was concerned that campus would not have an effective and forceful advocate for efficiency and careful planning in relation to capital. We hope that the AVCCS can fill that role.

CAPRA was very heartened when, about 18 months ago, EVCP Alivisatos proposed restructuring the Capital Planning Committee in order to encourage the committee to think at a higher level about what we should build. We have been very encouraged by the work that Vice Chancellor for Finance Rae has led in her office, determining the locations of potential building sites and what kinds of uses would be most appropriate for each. These changes seem to CAPRA to be in the right spirit. However, we need to go much further, making substantive changes to the capital planning process. We urge the Chancellor and EVCP to work with the Senate, Cabinet, Deans, and other campus communities to develop an effective, forward-looking, and trustworthy process, that includes multiple campus constituencies.

Proceed with finance reform, in order to make budgets more transparent, metrics-informed, and explicitly aligned with our priorities: Comprehensive budget reform is urgently needed. While most budgets are the material remains of past practices and priorities, the stratigraphy of Berkeley's budget is more complex than most. Money moves in many directions, according to a large number of different principles and even more exceptions. Decision rights are unclear, incentives muddy, and some money comes in different colors while even "green" money is often treated as if it had multiple tints. Given this state of affairs, CAPRA is pleased that the Chancellor has made finance reform a priority. Overall, the committee concurred with most of the conclusions of the Financial Strategies working group during FY 2018, and we are pleased to see that the implementation planning process has continued throughout this academic year. CAPRA had hoped to see concrete plans this spring, and we look forward to engaging with them as soon as they are available in early fall.

We are particularly eager to see plans move forward that will reduce the complexity and opacity of our budgeting system. As budgets become more metrics-informed, not only are they more predictable but it also becomes possible to establish sensible incentives and reduce the proportion of special pleadings, individually negotiated deals, and exceptions. For example, this spring CAPRA was asked to comment on an appeal for special funding to support the wifi infrastructure on campus. We strongly agree that wifi infrastructure is an essential common good; but for that very reason it must be part of the standard budget allocation process. The benefits of standardized, metrics-informed budgeting apply to both academic and administrative units. CAPRA is optimistic that we can make real progress in simplifying and rationalizing the budget, increasing transparency and therefore building confidence among stakeholders in the fairness of the system, at the same time as we reduce transaction costs by reducing the number and complexity of categories of transfers.

Implement comprehensive and regularly scheduled review of administrative units. UC Berkeley is internationally renowned for the quality of our research. This sustained excellence has a variety of sources, including our processes of review—at the individual level through the merit review system, and at the level of the department or school through Academic Program Review. UC Berkeley is, by contrast, not internationally renowned for the effectiveness or efficiency of its administration. CAPRA has repeatedly called for greater individual-level accountability of senior administrators (parallel to BIR review), and here we call for the parallel to academic program review: administrative program review. Comprehensive and collaborative reviews can advance how a unit understands its mission and how effectively it works to achieve that mission. Conducted on a regular schedule—to start, we propose every unit get reviewed every ten years—program reviews can serve as a map for systematic improvement. The specifics of our proposal are outlined in the memo of May 8, included here as Appendix B.

Administrative program review will result in greater and more standardized data availability and transparency and can thus serve an important function in the governance of common goods funding. Efficient allocation decisions require a systematic view of what is happening across the different units and how those units relate. Through administrative program review, this systematic view will emerge over time, allowing for better decision-making and greater confidence.

In complement to the new process we advocate here, CAPRA also wishes to underscore the important work already being done by Audit and Advisory Services and its director, Jaime Jue. His team has assembled an impressive body of work, auditing cross-unit processes, specific practices within units, and potential problems of a variety of kinds. That work makes valuable contributions to transparency and efficiency, and is thus important to the campus. We encourage the Chancellor to both fully staff that office and to disseminate their work more widely.

Changes to the capital planning process, finance reform, and administrative program reviews will all contribute to the effectiveness and efficiency of resource allocation in support of high-quality academic planning. As ever, CAPRA stands ready to work with DIVCO and the administration in these efforts.

Sincerely,

Jennifer Johnson-Hanks, Chair
Committee on Academic Planning and Resource Allocation

Attachments:
Appendix A: CAPRA comments on the proposed Upper Hearst project, April 29, 2019
Appendix B: CAPRA statement on Administrative Review, May 8, 2019

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April 29, 2019

PROFESSOR BARBARA SPACKMAN
Chair, Berkeley Division of the Academic Senate

Re: CAPRA comments on the proposed Upper Hearst project

On Thursday, April 11, Chancellor Christ sent a message to the UC Berkeley community acknowledging that, as the campus community has learned more about the proposed development of the Upper Hearst parking lot, "legitimate concerns and questions" about the project have arisen. Responding to a petition, you have called a special meeting of the Academic Senate for May 1st, to discuss this project. In that context, the Committee on Academic Planning and Resource Allocation (CAPRA) felt that we could provide some useful framing and background to the faculty discussion. We discussed this issue at meetings on April 3 and April 17, and this memo outlines our collective views. I request that, contingent on the approval of DIVCO, you please make it available to members of the Senate in advance of the special meeting.

Problems in capital planning are longstanding

Although capital projects do not normally come before CAPRA (they are reviewed by the Capital Planning Committee, or CPC), over a number of years CAPRA has sought to give advice on capital planning strategy more broadly. We have welcomed the current Chancellor and EVCP's commitment to a collaborative and strategic planning process, and appreciate their demonstrated willingness to work with the Senate. At the same time, campus practices around capital planning are broken, and have been broken for so long that it may take more than the good intentions of our able senior leaders to solve the problem. Our recommendations for FY 2019, for example, offer this bracing reminder: "For several years, the campus faced considerable budgetary challenges made worse by poor leadership decisions. CAPRA has repeatedly called for substantive changes in financial decision-making and academic planning, but to little effect." The previous year's report went into greater detail:

> 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.

It also makes specific recommendations. Recall that these are general recommendations from a document written two years ago, not in relation to this specific project:

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.

CAPRA has also repeatedly called for more consultation with the Academic Senate in the capital planning process, and for greater transparency about the decision-making process:

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.

We believe that the growing unhappiness with the Upper Hearst Project can be attributed in part to a failure to implement CAPRA's recommendations. And CAPRA has not been alone its concerns about the campus' ability to do effective capital planning. The last campus-wide strategic plan, called the "New Century Plan ", was released in 2003, and includes the following:

A strategic plan is only as effective as its means of implementation. The UC Berkeley campus has been the subject of many outstanding analyses over the years, **yet capital investment decisions tend to be ad hoc:** not because the campus lacks sound decision-making principles, but because there has been no clear linkage of those principles to a practical decision sequence [emphasis added].

A reform is said to be forthcoming (namely, the formation of the "Executive Committee on Capital Planning"), and assurances are made: "we must strive to ensure each new investment …represents the optimal long-term use of land and capital for the campus as a whole." Sixteen years later, we as a campus have not fulfilled that call. As state funding for capital projects has been withdrawn, we have been forced to rely more on philanthropy and P3 funding, adding complexity to the capital planning process, and reducing our ability to plan strategically.

Some history on this specific project

As with many domains at UC Berkeley, our formal policies regarding capital planning are complex, touching many different offices and committees. Partly as a result of this complexity, those formal policies are not always enshrined in common practice. For example, existing policy calls for the Space Assignment and Capital Improvements Committee (SACI) to appoint Academic Effect Study subcommittees (also known as Program subcommittees) from faculty nominated by the Senate to examine and advise on all major capital project proposals "at an early stage in their development". In the case of the Upper Hearst proposal, no such subcommittee was appointed. But further, to the knowledge of anyone currently serving on CAPRA, no such subcommittee has been formed for a number of years, over many projects.

Consistent with policy and practice, the Upper Hearst development project was presented and discussed at the Capital Planning Committee on January 22, 2018, and was approved by that committee to move forward to seek bids. Overall, the project aimed to add academic space for GSPP and increase the supply of affordable housing close to campus. The project presented at that meeting differed considerably from the plan now being pursued. In early 2018, the plan was to leave most of the existing parking structure in place, to offer below-market-rate apartments, and for the developer to pay upfront an in-lieu fee for the parking spaces that would be lost.

When the project went out for bid, costs were considerably higher than anticipated. In response, a number of changes were made to the project, including: taking down the existing parking structure completely and replacing a smaller number of spots; increasing the number of housing units and their anticipated rents p to market rate; and postponing the payment of the in-lieu fee for a number of years. In January 2019, the CPC was asked to approve substantial changes to the scope and financing of the project via email, in order to make a deadline to get on the Regents' agenda. In response to concerns raised by a faculty representative some members of the CPC participated in a phone-in meeting on January 23, 2019, when the changes were approved.

Concerns with this specific project

Academic space and housing are both important priorities, and the net benefit of those may in fact warrant this project. At the same time, CAPRA has four specific concerns.

Academic Planning. The GSPP is exceptionally distinguished, and its programs are valuable contributors both to campus and to the state. And indeed most of our schools and colleges are distinguished and make important contributions. Our current capital planning process is not set up to make decisions about which programs should be authorized to grow and which should remain at their current size: the composition of the committee, shown in the appendix, is primarily administrative campus leaders, not members of the Senate. And yet, when physical space is one of the important constraints on some programs' differential growth, the CPC is effectively making academic planning decisions.

Housing. Given the current housing crisis—the lack of affordable housing for students, faculty and staff in and around Berkeley—we agree with the Chancellor that we need to use our land efficiently and build aggressively. We know how committed the Chancellor is to mitigating the housing crisis, and applaud her efforts. However, there are real questions about whether the envisioned project can meet the needs of its intended beneficiaries—faculty, postdoctoral fellows, and graduate students— particularly as regards affordability. EVCP Alivisatos writes that "the University will have final approval on the rental rates charged" by the private developer—but he anticipates that those rates will be "at the middle of the current market range"—that is, at the same market range that most find unaffordable. Faculty who can afford high rents may well prefer to buy. Faculty with families may find the largest units to be too small for their needs. EVCP Alivisatos suggests that the campus might offer rent subsidies to make the market-rate units more affordable and more attractive. CAPRA is very pleased that the Chancellor and EVCP are working to increase access and affordability, but we wonder whether this method is the most efficient.

Parking. Parking is one of a variety of needs for campus. Many students, faculty and staff are forced by housing costs to live farther from campus and from public transit options than in the past, and according to data kept by Parking and Transportation, the university has lost a net of 449 parking spaces over the last ten years. The initial RFQ was for a project that did not entail a further loss of access to campus for those who are car-dependent: "The Project needs to provide a replacement for the current parking stalls, designed per University specifications and made available at no cost to the University so the University can continue to operate the parking lot as it currently does". Later, it partly walked back that commitment:

> Parking at the University of California has been reduced in the last few years because of other building projects, so the University's goal is to replace all of the existing 346 marked parking in the Upper Hearst Lot on-site. However, if full on-site parking replacement is demonstrated to be financially infeasible, then we

will consider alternative proposals, such as, partial on-site replacement and an in lieu payment so the University can replace the spaces elsewhere.

The developer decided that it was neither financially feasible to develop the site without demolishing the Upper Hearst parking structure, nor to pay the University's in-lieu fee up front. Instead, the in-lieu fee is to be gradually paid back out of the revenues from the housing rentals—revenues that may, if the university proceeds to subsidize those rents, ultimately come from central campus.

Moreover, it is unclear how the amount of the in lieu fee, since postponed, was set at the current level of $30,000 per space. As far back as the 2020 Long Range Development Plan (LRDP), written in 2005, what was then called the "parking replacement fee," required to be factored into costs of all developments on parking sites, was set at $37,700. So, even in 2005 dollars, the University would already be shortchanging itself considerably. In 2019, it costs an estimated $45,000 to replace each parking space (given land scarcity, almost all parking is now excavated or built). Even if central campus were to receive the projected $5.1 million in lieu fees up front, it would not be possible to construct a new parking lot for this amount.

Financial planning. As we know, over the last several decades, the campus' financial reserves have been severely depleted, the depletion a consequence of (a) declining state investment; (b) the financial crisis of 2008-9; and (c) a number of questionable planning decisions of previous administrations. The campus has a large debt burden and limited borrowing capacity, and so has turned, in recent years, to donor development projects and public/private partnerships. The RFQ for the Upper Hearst project sought a private developer partner who would assume the financial risk: "The developer will design, finance, build, operate and maintain the building on University land under a long-term ground lease." Indeed, the off-loading of debt onto the developer was described as "an important objective":

> An important objective for the University is for the Developer to structure the Project to have minimal or no impact on the University's credit rating or the campus's debt capacity. The University expects the developer to attract its own investors through the potential revenue coming from GSPP entering into a long term lease for its space combined with the revenue coming directly to the developer from the apartment rentals.

The ground lease does affect the revenue-generating capacity of the university. In addition, we are concerned about the financial model for the academic building. We are told that, "The new GSPP academic space will be financed by GSPP fundraising and GSPP operating revenues," and that GSPP "will be responsible for the operations and maintenance of the academic building" [Alivisatos memo]. But CAPRA knows all too well from the experience of other units that such financial plans have almost always proved overly optimistic. The example of Berkeley Law is especially informative, as it is—like GSPP—a highly distinguished professional school with large PDST and SSGPDP programs. With partial philanthropic support, the previous dean took on considerable capital debt for expansion, which has contributed to the law school's

current financial struggles. Of course, we are all one campus, and the debt of a single unit is ultimately the debt of all.

Although the details are not yet available, the estimates that have seen are for the new 37,000 sq ft GSPP building to cost between $30 and $35 million, of which $10 million is already in hand. This projection is consistent with standard cost estimates for new construction of around $800-$1000 per sq ft. Raising enough money to pay the debt service on something north of $23 million is not trivial, even for a professional school that is not currently running a deficit.

We appreciate the opportunity to comment, and look forward to continued conversations about this important issue.

With best regards,

Jennifer Johnson-Hanks, Chair
Committee on Academic Planning and Resource Allocation

Appendix: 2019 Membership of the Capital Planning Committee

Chair: Paul Alivisatos, EVCP
Lisa Alvarez-Cohen Vice Provost, Academic Planning
John Arvin, Associate Vice Chancellor, Capital Strategies
Marc Fisher, Vice Chancellor, Administration
Jennifer Johnson-Hanks, Chair, Committee on Academic Planning and Resource
        Allocation Committee (CAPRA)
Julie Hooper, Vice Chancellor, University Development and Alumni Relations
Randy Katz, Vice Chancellor, Research
Rosemarie Rae, Vice Chancellor, Finance and Chief Financial Officer
Barbara Spackman, Chair, Berkeley Division of the Academic Senate
Steve Sutton, Vice Chancellor, Student Affairs
Jennifer Wolch, Chair, Design Review Committee

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UNIVERSITY OF CALIFORNIA

May 8, 2019

PROFESSOR BARBARA SPACKMAN
Chair, Berkeley Division of the Academic Senate

Re: CAPRA Statement on Administrative Review

The Committee on Academic Planning and Resource Allocation (CAPRA) has the mission of ensuring that the UC Berkeley community collectively shepherds our resources of money, space, and time as effectively as possible in service of our mission. In recent years, we have been concerned about the efficiency of campus administration. To be frank, Berkeley's scholarship is internationally renowned, while our central support services are average at best. There is an asymmetry between the administrative and academic units: academic units perform most of the core mission of the university of teaching, research, and service; yet, they simply could not do their work without central campus support. Administrative units do not depend on the academic units to perform their day-to-day work, but without academic units they would lack any reason to exist. Thus, both parts are essential, but in different ways. High quality and efficient central campus support matters to being the best university we can be.

Last year, in response to concerns expressed by Senate colleagues, we investigated non-academic staffing, and came to the conclusion that we do *not* have a large-scale, general problem of too many staff. What we may well have, however, is a problem of too many weakly organized administrative units, with policies and practices poorly aligned to their current tasks. With that idea, our annual recommendations to the Chancellor last year included the following:

> The campus needs to develop a process through which the mission and effectiveness of administrative units are evaluated as rigorously as are our academic programs. The Academic Senate must have a role in that process.

In her response, the Chancellor wrote:

> The campus has initiated a variety of non-academic program reviews…
> That said, I agree that there is an opportunity to better engage CAPRA in these efforts. I believe that there are already plans underway for EVCP Paul Alivisatos and EVA Marc Fisher to meet with CAPRA over the coming months to develop a plan for sharing and responding to the learning developed through these review processes.

With the support of DIVCO, we did indeed meet with Marc Fisher repeatedly over the course of 2018-19, as well as with the Chancellor and the EVCP. Through those interactions, as well as meeting with Director of Audit and Advisory Services Jaime Jue, reading the Facilities Services external review and touring the Facilities workspace, and meeting with other campus leaders, we have developed a proposal for how Administrative Program Review should proceed. We present our proposal here, in hopes that DIVCO will endorse it and send it to the Chancellor for consideration.

Why should we have administrative program reviews?

Review is an important part of ensuring quality. Currently, academic programs are reviewed every eight to ten years in a process that is coordinated by the Vice Provost for Academic Planning, with considerable Senate input. Along with review of individual faculty members through the Committee on Budget and Interdepartmental Relations, Academic Program Review is the process through which we ensure that Berkeley remains one of the world's most intellectually exceptional universities. The self-study aspect of the review, in particular, is essential to departments' sustained and evolving sense of who they are, what they are trying to achieve, and what challenges require their attention.

By contrast, our administrative units are reviewed only when there is a specific problem requiring attention or at times of major transition. The reviews that are currently done by the administration are usually of very high quality, and they effectively respond to the urgencies at hand. However, in CAPRA's view they have three limitations. First, they are not disseminated, so their use is limited to the immediate reporting chain in which the unit sits, whereas many of the opportunities for greater efficiency would come from greater integration across the organization. Second, many reviews do not incorporate input from a wide enough group of people, and especially from the Academic Senate. And third, since reviews only happen when there is a specific major problem, many units go decades without ever being reviewed. Policies and practices come and go; increasing enrollments or changing technologies generate new work; reporting lines change; new programs are started. But through it all, an administrative unit may go decades without the opportunity to reflect on its mission and efficacy, or to get broad feedback about its work. Even in the absence of crises, there are many opportunities for improving how we do our work. If we are to have administrative support that is as excellent as our scholarship, we need to put in place a systematic process of review. Administrative program review will provide feedback to the units themselves, to the campus leadership, and to the campus more broadly.

How should administrative program review proceed?

We have in our academic program review process an excellent model for administrative program review. The process is both *comprehensive* (that is, it reviews all aspects of the unit's mission and effectiveness) and *collaborative* (with the program, the external reviewers, the Senate, and the administration all sharing a common goal of increasing excellence). We propose that these goals should also govern administrative review, and suggest a comparable process, as follows:

1. The centerpiece of the process is a self-study, in which the unit describes what they see as their mission, how well they are accomplishing it, what barriers prevent them from achieving greater success, and what opportunities they see for improvements. Central questions here would include:

   a. What are the core aims of your unit?

   b. With whom do you collaborate on those aims?

   c. In what ways are you effective, and ineffective, in accomplishing those aims?

   d. What are the key challenges that prevent you from being more effective in accomplishing your central aims?

   e. What secondary projects do you also do? Which of those are most essential? Are there any you could discontinue?

   f. What are you not able to do now that you aspire to do? What stands in your way?

   g. What space do you currently occupy? Does it meet your needs?

   h. What resources are you devoting to ensuring equity and inclusion in your unit? Are they sufficient?

2. The unit and external reviewers would also be provided a corpus of materials useful for understanding the effectiveness, finances, and staffing of the unit. Part of this would likely come from a standard dataset prepared by the Office of Planning and Analysis, and part from surveys of service recipients. These data should include for example:

   a. Metrics related to the **scope of work**. For Facilities, for example, we could consider square footage by different types and calls for service of different types.

   b. Metrics related to the **quality of service** provided. For Facilities, we might look at wait times for service, satisfaction surveys, and objective measures of maintenance status.

   c. Metrics related to the size of **workforce and salaries**, with special attention to the highest salaries. Time series data would be especially important.

   d. Metrics related to the **budget**, beginning with the SRECNA and drilling down when necessary. Again, time series data would be important.

3. An external review committee then conducts a systematic review. Whereas in academic program review, these are all very similar—faculty from comparable departments at peer institutions—for administrative units there will be some necessary variation in the composition and function of the committees. We are convinced, however, that it is vital that this review be external, certainly to the unit and preferably to the Berkeley campus, in order to avoid insularity.

4. Stakeholders on campus comment on the review. In academic program review, these include the Senate committees who comprise most of the PRC. In this case, the Senate still has a role—especially DECC & CAPRA—but other campus units will also be important. For example, one of the challenges that Facilities Services faces is a lack of parking for their trucks on campus. Parking and Transportation should be part of the group commenting on the review.

5. The unit responds to the reviews, including what steps they plan to take to build on the learning from them.

6. The administrative lead—ideally in the office of the Chancellor or the EVCP—concludes with a discussion including campus reviewers and develops final recommendations and an expected timeline.

Which administrative units should be reviewed? How often?

One of the most important challenges to campus administrative efficiency is the fact that many functions are widely distributed across different administrative units, suggesting that reviews by function rather than reporting lines night be promising. Indeed, the campus auditor frequently audits functions or processes, rather than units, to very good effect. However, one of the most important parts of academic program review is the self-study; without a coherent "self" in the form of a program, this critical element would be lost. For that reason, CAPRA recommends that administrative review follow the campus organizational chart, addressing connections across units as a topic in the review, rather than as an organizing principle.

Overall, about half of the campus budget is in administrative or common goods units. These units are of widely varying sizes and levels of complexity. One of the challenges of following the organizational chart is that units at a comparable level of administrative hierarchy may be radically different in effective scale. The Vice Chancellor for Administration alone accounts for about half of the common goods budget. For that reason, CAPRA proposes that we sometimes take whole VC units and other times take units within a VC portfolio, seeking to make the scale of reviewed units more comparable. Of course, similar issues arise in reviewing academic departments, and we are certainly capable of managing such differences. A first draft, shown below, has ten "clusters", which could balance out to one per year. We would propose in a first draft that every unit be reviewed at least once per decade, to balance timeliness of information with not overburdening people with additional work.

Potential clusters for review

1. Shared Services, a few years after the transition to the Regions

2. VC Administration minus Shared Services (note that Facilities was reviewed this year and Parking and Transportation is planning a self-study for next year)

3. Student Affairs (note: a review was done when the current VCSA took office)

4. VCUE and VCEI

5. VC Research

6. Graduate Division

7. VC Finance

8. UDAR (note: several reviews have been done recently)

9. "Other Academic" including the offices of the Vice Provosts, the library, etc., excepting Graduate Division

10. Athletics

How much additional work is implied by this proposal?

To estimate the scale of additional work, we rely on the comparison with academic program review, which has one full-time senior staff person in the office of the Vice Provost for Academic Planning, plus a considerable fraction of the time of an OPA analyst. The work involved in program review is partly a function of the number of units being reviewed, and partly a function of the overall scale of operations. By the first measure, administrative program review is a far smaller undertaking than academic program review: about 10 entities, rather than 91; about 1 review a year, rather than 6 or 7 on average[1]. By the second measure, however, it is more comparable: the annual expenditures, for example, are about equal, and the number of employees is larger. Together, this comparison leads us to conclude that the organizational work would not be more than one additional staff person in the office of the Chancellor or the EVCP.

Additional work will also have to be performed by the units themselves and by the other campus units that participate in the review, including Senate committees. This is hard to estimate, as it means a small number of hours by a very large number of people; therefore, it is a question of adding some additional work onto the agendas of existing university employees, perhaps displacing other work.

It is CAPRA's conviction that by conducting regular comprehensive and collaborative reviews, we can reduce the amount of time we spend dealing with administrative problems and faculty anger about them. For the administrative units, we believe that reviews will enable them to be more effective in their roles, both as a result of their internal self-study and as a result of a deeper and broader engagement with the faculty and other partners in their work.

We look forward to participating in the implementation of this review process.

With best regards,

Jennifer Johnson-Hanks, Chair
Committee on Academic Planning and Resource Allocation

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[1] Note that to complete all the academic units on a ten-year cycle we would need to complete more than 7 APRs per year, but this has been the average in recent years.