



320 STEPHENS HALL
UNIVERSITY OF CALIFORNIA

May 16, 2018

CHANCELLOR CAROL CHRIST
EXECUTIVE VICE CHANCELLOR AND PROVOST PAUL ALIVISATOS

Subject: Committee on Academic Planning and Resource Allocation 2018-19 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. The Divisional Council (DIVCO) has reviewed and endorsed CAPRA's recommendations.

Like CAPRA, DIVCO applauds efforts by campus administration to improve the quality and transparency of budget and other data. We too encourage the administration to continue to improve in this regard. We are also pleased that the campus has undertaken a strategic planning process, and that the Senate is an active partner in the effort.

The discussion in DIVCO underscored the following CAPRA recommendations.

Academic program review process

DIVCO acknowledged the strengths and value of the current process, especially its significant contribution to a successful accreditation review. We agree with CAPRA that "[e]ffective planning must go beyond the individual unit to consider broader portfolios of research and teaching that cross departments, schools, ORUs and centers." We encourage the Vice Provost for Academic and Space Planning, working with campus administration and the Senate, to develop a process of review and collaboration on a broader scale, as CAPRA noted "whether that is decanal units or cross-disciplinary groupings of faculty around themes."

Self-supporting graduate professional degree programs (SSGPDPs)

While the recent Task Force on Self-supporting Graduate Professional Degree Programs brought much needed clarity to these burgeoning campus offerings, DIVCO agrees with CAPRA that our campus needs "a clear, campus-wide vision for how they fit together, what other revenue generation opportunities might be available, and clear

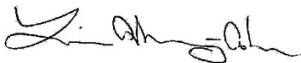
policies about how revenue will be shared.”

Review of administrative units

DIVCO strongly supports CAPRA’s recommendation: “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.”

As is customary, we would appreciate receiving a written response from you concerning these recommendations no later than September 24, 2018.

Sincerely,



Lisa Alvarez-Cohen
Chair, Berkeley Division of the Academic Senate
Fred and Claire Sauer Professor
Department of Civil and Environmental Engineering

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 and Chief of Staff



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May 3, 2018

TO: LISA ALVAREZ-COHEN, CHAIR
BERKELEY DIVISION OF THE ACADEMIC SENATE

FROM: JENNIFER JOHNSON-HANKS, CAPRA CHAIR

RE: CAPRA 2018-19 BUDGET & POLICY RECOMMENDATIONS

CAPRA seeks to provide useful advice to the Chancellor and the campus on issues related to academic planning and resource allocation. This year, our recommendations are informed by discussions with a wide range of campus administrators and participation in many campus committees, including the Strategic Planning Working Groups.

The committee asks that DIVCO endorse these recommendations and forward them, along with DIVCO's endorsement, to Chancellor Christ and Provost Alivisatos. We also request that Chancellor Christ provide a written response to the Senate no later than September 24, 2018, 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.

Executive Summary of Recommendations:

Based on our work this year, we have the following central 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.

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 (especially money, space, and faculty 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.

For several years, the campus faced considerable budgetary challenges made worse by poor leadership decisions. CAPRA repeatedly called for substantive changes in financial decision-making and academic planning, but to little effect. Our annual report of 2017 described that situation plainly. However, we are now in a different campus situation, with a new leadership that promises greater responsiveness. The appointment of a new Chancellor, new Executive Vice Chancellor & Provost, and two new Vice Chancellors, among other positions, over the past 15 months has made it possible for campus to make a renewed effort to address its financial challenges through a collaboration of the Academic Senate and the administration.

CAPRA has responded to this new leadership situation by redoubling our efforts in advising the Chancellor and her designates on policy regarding academic and physical planning, budget, and resource allocation. In particular, this year we have focused on providing research and/or advice on:

1. The academic strategic planning process
2. Non-academic staffing review

3. Academic planning and departmental program reviews
4. Prospective Self-Supporting Graduate Professional Degree Programs (SSGPDPs)
5. The annual budget process

The details of CAPRA's feedback are included in specific actions and memos, as noted in the committee's annual report. This report addresses our higher-level and more integrative thoughts and recommendations on these issues, as part of our duty to advise and report.

The Strategic Planning Process

CAPRA met with Chancellor Christ in September and discussed, among other things, the then-incipient strategic planning process. At her request, CAPRA later held a discussion and prepared a memo regarding the scope and aims of the strategic planning process. CAPRA again provided informal feedback after the fall strategic planning retreat, and five CAPRA members were appointed to Strategic Planning Working Groups. During the spring semester, CAPRA engaged with all four Working Groups, providing feedback on the ideas that would become the core of their reports.

CAPRA is delighted that campus is undertaking a strategic planning process, as we have repeatedly called for multiyear, higher-level planning as an essential instrument in consciously charting our collective future. The short time line is unusual for Berkeley. We note that the Academic Senate has participated both representationally (through co-chairships and COMS' appointment of active Senate members to all four of the Working Groups) and institutionally (through engagement between Working Groups and Standing Committees during the planning and report-writing process). Since Senate representation on administrative committees is not a substitute for Senate review, it will still be essential that the Senate review the reports fully, in the fall.

In that review, CAPRA hopes to be able to support many of the recommendations. For example, the Financial Strategies Working Group explicitly advocates many of the principles that CAPRA has long advocated, such as simplifying our financial system, increasing the accountability of administrators to meet financial benchmarks, and increasing the use of metrics-informed decision-making. However, while the reports articulate principles, there are very few concrete details; the Senate must be directly and intensively involved as those details are worked out and ultimate decisions are made. This expectation applies not only to the recommendations directly detailed under Financial Strategies, but also the many academic planning and resource allocation aspects of the other Working Groups.

We expect that the Chancellor will forward the final report from the Strategic Planning Initiative to the Senate for review in August. As the campus begins to work on the assessment, refinement, and implementation of the Strategic Plan, we expect that the Senate will be closely involved, both as members of assessment and implementation working groups and reviewers of draft implementation plans.

Non-academic Staffing Levels and Costs

For the last 18 months, CAPRA has collaborated with the Central Budget Office to understand the levels, trends, and costs of non-academic staff. This began with an analysis of headcount by control unit, which was presented at the fall 2017 Academic Senate Division

meeting. This spring, we gained access to data on payroll actual expenses from the financial ledger and HR BAIRS. The complete analysis and report have already been shared with the VCF and will be forwarded to DIVCO for approval.

We will not reiterate the empirical findings of the report, except to note that the truth about staffing, as we now understand it, is complicated. Our current staffing levels are broadly consistent with those in the 12 universities that campus usually uses as standard peer comparators,¹ although many faculty experience the levels of administrative support that we receive as inferior to that at other institutions. While not as dire as implied by the campus' sharpest critics, there has indeed been growth in both non-academic staff counts² and payroll costs since 2011; that growth is primarily in Campus Support units (e.g. non-academic units), and it has occurred in every pay bracket, with the largest proportional increase in the top pay bracket (defined as over \$125K in 2011 or \$150K in 2017). As a result, the rate of growth in non-academic staff costs (5%) has exceeded the rate of growth in academic staff costs (3%) during a period that has been characterized by leadership as one of austerity and administrative efficiency.

Some of this growth is due to campus decisions that CAPRA regards as unjustified or counterproductive, such as the dramatic staff growth associated with the CSS implementation. Some has been explicitly mandated by UCOP, including insourcing of custodial and parking staff. Some was good—such as the increase in advisors in some academic units, and some necessary, although not without some negative impacts - such as the new Student Information System (SIS), which replaced an antiquated array of systems. And finally, we have been unable to identify the cause of some of the growth.

In previous years, CAPRA has noted the insufficiencies of our campus data systems. This project has reinforced that view. It should not require dozens of hours of faculty time to ascertain the distribution of non-academic staff salaries. There should not be uncertainty about whether and how much staffing has increased across different units. As an organization, we should have the ability to explain and reconcile the data in our campus systems (e.g. HR Census, actual payroll expense, HCM) in order to monitor our workforce. We believe that actual FTE trend data should be readily available, and ad hoc reporting, by the same data parameters as are available in the HR census (e.g. unit, job family) as well as fund type, should be possible. We are concerned both about the usefulness of our existing information systems and about whether we as a campus have effectively leveraged the data that do exist.

Overall, CAPRA's analysis of non-academic staffing leads us to conclude that the campus needs to improve its ability to gather and analyze the data needed to answer the critical questions facing us. At the same time, we believe that not enough attention has been paid to evaluating administrative units with other criteria, specifically mission, effectiveness, and efficiency. We propose that CAPRA work with the VC Administration next year to compile and consider recent reviews of administrative units, such as Student Services and Campus Shared Services, and to develop a process for regular and joint campus reviews of these units.

¹ That is the “Comp 12”: Harvard, MIT, Princeton, Stanford, Yale, UCLA, UC San Diego, Michigan, Wisconsin, Texas, Illinois, and Virginia.

² By ~500 headcount according to HR Census and 595 FTE according to HR BAIRS analysis.

Academic Planning and Departmental Program Reviews

Along with the Budget Committee, Undergraduate Council, Graduate Council, and Committee on Diversity, Equity, and Campus Climate, CAPRA reads and comments on every academic program review. As in previous years, we note that this process has considerable merit but also some important limitations. CAPRA applauds the work of the Vice Provost for Academic and Space Planning in clarifying and simplifying the program review process, and we look forward to further improvements. As in previous years, most of the external review committee reports we reviewed this year said, more or less, “This unit is excellent but needs more faculty lines.” While excellent for our re-accreditation reviews, such reports are not well-calibrated for overall academic planning, both because they are non-differential and because they focus on individual units in isolation, whereas many of the important academic planning issues actually lie between and across departments.

CAPRA encourages the Vice Provost for Academic and Space Planning to continue her effort to rethink the program review process, focusing on how to make the review process more useful. Resources are, and no doubt will remain for the foreseeable future, limited. Many of our departments are smaller than their peers, and at the same time we often have important disciplinary strength spread across multiple departments. Closer collaborations across departments could often be beneficial. Academic planning must help the campus decide how to prioritize investments and where to target growth. For more differential reviews, we need our departments to engage in thoughtful self-assessment and strategic planning, and for External Review Committees, Senate committees, and academic administrators to provide an honest assessment of each department’s strengths and weaknesses. Based on these reviews, we need a principled, legitimate process for making differential campus-level strategic resource investments.

Effective planning must go beyond the individual unit to consider broader portfolios of research and teaching that cross departments, schools, ORUs and centers. As the campus considers the long-range evolution and overall distribution of our investment in faculty across fields, we should expect to develop larger-scale processes and instruments to address emerging high-level priorities and balance. These efforts will help fill gaps in our historically incremental academic planning processes and set us up (for instance) to address possible implications of the Strategic Plan. Insofar as there are shifts in the relative weighting of different parts of our overall portfolio, CAPRA believes that higher-level academic planning processes must be intentional, thoughtful, and collectively developed with strong participation of the Senate, in order to make strategically justified choices and generate trust. As part of its responsibility for academic and physical planning, budget, and resource allocation, both annual and long range, CAPRA will need to be integrally involved in developing and assessing such processes and instruments.

CAPRA recommends that the Academic Program Review process be further modified to require that departmental self-studies specifically address 1) how the unit is integrated with units doing related work on campus, 2) where there are further opportunities to collaborate, and 3) financial viability and risk. CAPRA asks that the Senate and the administration work together to explore how higher-level strategy and practices for prioritizing investments and targeting growth can be developed.

SSGPDP Evaluation

CAPRA does not have a formal role in the evaluation of new Self-Supporting Graduate Professional Degree Programs (SSGPDPs). The Graduate Council has been forwarding SSGPDP proposals to CAPRA, in order to get feedback regarding the financials of the proposed programs. CAPRA notes that some established SSGPDPs are extraordinarily successful, both intellectually and financially. However, CAPRA is concerned that pressure to increase revenues could lead to the launch or continuation of financially marginal or otherwise less successful programs.

In several cases, CAPRA has raised questions about resource-related aspects of the proposals, which Graduate Council has then forwarded to the proposing unit for response, hopefully leading to improvements. The financial projections for these proposed SSGPDPs vary in their level of detail and in their level of realism. CAPRA has been heartened that many units are making sincere efforts, and that some are succeeding in fulfilling the spirit of the suggestions from last year's SSGPDP Working Group, which called for more rigorous, consistent, and realistic financial projections. CAPRA is pleased to observe improvements in the quality of the proposals as a response to the Working Group's efforts and hopes that the plausibility of the financial projections will continue to improve. However, CAPRA notes that many departments lack the relevant expertise to develop and evaluate financial plans. NAV-B likely does have this expertise, but we are concerned that they are not actively involved with the financial planning of some of these programs, and that they may not have the right incentives to evaluate proposals critically. In addition, CAPRA remains concerned about the broader picture of SSGPDPs, and particularly about tax rates, institutional complexity, and robustness.

Tax rates: SSGPDPs are required to be self-supporting (that is, to not impose additional costs on or decrease the quality of state-assisted programs). A key part of ensuring self-support is the campus tax, which goes to support common campus services and infrastructure, from janitorial services to the Registrar to the library. If this tax is too low, then central services on which the SSGPDPs are drawing are not being fully reimbursed for the added work, meaning that state-assisted programs are indirectly subsidizing them. At present, most SSGPDPs pay 15% on gross revenues.³ This rate compares, for example, with the average implicit tax rate on regular tuition and state support of about 43%.⁴ CAPRA does not have sufficient data to judge whether this gross difference is justified. We must determine what a fair and appropriate tax rate should be going forward, especially in light of the strong pressure from the central administration to rapidly increase the number of SSGPDPs, including in departments where the demand for these high-fee programs is far from clear.

Institutional Complexity: Complexity is costly, and a significant increase in the number of new programs--including SSGPDPs--could have negative consequences for the campus as a whole. Is a proliferation of smaller SSGPDPs part of thoughtful academic planning to serve small but important niches, or is it a distraction from our core academic mission? This question is especially important because the faculty has not grown in over thirty years, but the number of

³ ...although the form we report to UCOP says that the tax is 25%. We are still trying to understand this discrepancy.

⁴ Thumbnail version: the explicit tax rate on these sources is 100%, but a fraction of it is returned through general and special allocations from the central ledger. The difference between what is collected and what is returned we are calling the implicit tax. Spreadsheet available on request.

majors, centers, and programs has grown considerably over that time. We now have 85 academic departments, over 110 undergraduate majors, over 130 terminal graduate degrees (Masters and Doctoral), and at least 185 research centers/museums/ORUs. All told, that is more than one academic entity for every 3 faculty members on campus. SSGPDPs are not driving this complexity, but they are contributing to it right now in a visible and growing way. None of the SSGPDP proposals that we have seen this year propose to hire additional ladder-rank faculty, and the faculty-to-entity ratio continues to deteriorate. Although most of the proposals seek to bring in only a small number of students—or actually, *because* each proposes to create a new entity for only a small number of students—the SSGPDPs as a group contribute to a considerable increase in our institutional complexity.

Robustness: In contrast to some of our established programs, most of the proposed SSGPDPs we have reviewed this year are small in scale, relying on a combination of lecturers, purported excess capacity in existing classes, and course buy-outs for ladder faculty, whose current level of enthusiasm may wane over time. They are often priced as high as feasible given the market study, and even under optimistic assumptions many require their full projected enrollment to succeed financially. Altogether, this means that many of the SSGPDPs have a lot of different ways that they could fail, and only a relatively narrow path to success. If we are truly willing to close things that are not succeeding, that might be fine: we could be a little Darwinian about our SSGPDP portfolio. But that has not been one of our strengths as a campus. CAPRA is concerned that we should not create a large number of potentially risky programs without a clear plan for how to deal with failure.

CAPRA also notes that SSGPDPs are just one aspect of a complex and increasingly important revenue generation picture which should be evaluated as a whole. Some units may be well positioned to raise revenue through SSGPDPs. Others may not but may be able to increase revenues through Summer Sessions or other forms of non-traditional enrollment. CAPRA recommends joint review of revenue generation campus-wide, with attention to the need for guidance and capacity-building with respect to marketing strategies, and the need for sensitivity to potential conflicts or competition over revenue "turf."

In sum, regarding the SSGPDPs, CAPRA recommends that the campus clarify the tax rate applied to these programs, as well as the difference between the tax rate on SSGPDPs and regular state-funded programs. In addition, the committee encourages the administration to add to the individual 4-year SSGPDP review a periodic (5-year) campus-wide review of all SSGPDPs as a group, to review successes and failures, lessons learned, and how they contribute to the campus' overall revenue generation strategy. Lastly, CAPRA recommends that a process be put in place to discontinue SSGPDPs that are not self-supporting after an agreed-upon number of years, as required by UCOP. CAPRA also recommends that the administration and Senate together develop a process for evaluating revenue generation opportunities and challenges campus-wide.

The Annual Budget Process

CAPRA commends the Chancellor, EVCP, and Vice Chancellor for Finance for continuing to improve the annual budget process. We were heartened to see that, as we had encouraged, an effort was made to protect the academic units from deep cuts, and administrative units are taking deeper cuts than are the colleges and schools. We are also heartened that the

Vice Chancellor for Finance made the metrics used to generate the first-round proposed cuts available on her website. One of the advantages of metrics-informed decision-making is this kind of transparency. That said, the recent example of the cuts to the natural history museums and field stations reminds us that ongoing, cumulative budget improvement targets have serious consequences for our scholarly mission. More than ever before, we are also concerned with the potential financial fragility of some core academic programs. Even with cuts or reimbursement changes made equally across campus, their impact on less-resourced departments will be far more severe than on others with more resources, and those impacts might create dire financial situations for some from which recovery will be extremely difficult.

CAPRA also remains concerned about the overall structure of the budget. Our budget is still a palimpsest of past priorities and solutions to bygone problems, put together like a Rube Goldberg machine and incremented over time as circumstances allowed. Not only the special allocations but also the general allocations, and even the money that doesn't ever move through the central ledger, come in those amounts for a mix of rational and charismatic/historical reasons. CAPRA is heartened to see the Financial Strategies Working Group calling for simpler, more metrics-informed budget decisions, and is pleased with some of the steps that the Chancellor, EVCP, and VCF have already taken in that direction. But we need to be much bolder. We currently have a system in which some forms of revenue are taxed to the central ledger at 5% and others at 100%, in which allocations from the central ledger are not systematically updated when the scale of operations are increased, and in which many financial consequences fall on units that had no say in the decisions that led to them. All of these produce a needlessly complex and inefficient budget that is experienced by many as unfair.

CAPRA encourages the Chancellor and EVCP to continue to communicate regularly with deans, department chairs, and the Senate to understand the true impact of budget decisions and cuts on the academic enterprise, and to incorporate this information into its planning. We also suggest that bolder steps be taken to replace budget allocations that are the vestiges of historical, idiosyncratic decision-making with allocations driven by our priorities and informed by metrics.

Conclusion

In its roles of conferring with and advising the Chancellor, and of initiating and carrying out studies on planning and budget matters, CAPRA has been very involved in the past year on multiple fronts, from the strategic planning and budget processes, to reviews of academic departments and SSGPDPs, to analyzing the numbers and cost of administrative staff. We see many areas of improvement in the first year of new leadership on campus but some areas remain cause for concern, and we have made specific recommendations in those areas.

We look forward to working with the Chancellor and senior administration over the coming year to continue to improve the campus' processes and outcomes in academic planning and resource allocation.