

**MINUTES
COMMITTEE ON PLANNING AND BUDGET
Meeting of December 2, 2004**

Present: Paul Koch, Don Rothman, Margaret Fitzsimmons, Onuttom Narayan, Wentai Liu, Margaret Morse, John Lynch, Ray Gibbs, Faye Crosby, Alison Galloway, Mary-Beth Harhen, Beth Daniels, and Marina Sarra

Guests: Interim CPEVC Peggy Delaney and Assistant Provost Charlotte Moreno

Members' Items/Committee Business

CPB gave a warm thank you to Karen Ottemann who served Fall quarter as the Senate Service Scholar. GSA representative Beth Daniels was also thanked for her service and the new representative Marina Sarra was introduced. Approval of 11/4/04 and 11/18/04 minutes were deferred.

Member Margaret Fitzsimmons reported on the meeting of the Executive Steering Committee of the UC Monterey Bay Education, Science and Technology Center (MBEST). MBEST is a science and technology incubator for the campus located on the Fort Ord property. The profit-sharing arrangement with the US Military, in which the army receives revenues (rent) from UC will only last another 5 years, at which time UC will become sole owner of the property. The business incubator at MBEST has a positive cash flow and funds in reserve. CPB discussed the potential for activities at MBEST to provide graduate and research support but noted that the overall lack of clarity of campus commitment was identified as one of MBEST's challenges. CPB also noted that while the Directorship of MBEST has been stable, the reporting line has shifted several times in as many years. CPB raised concern about a possible lack of coordination in the many UCSC off-site endeavors – MBEST, LML, SVC and 2300 Delaware. The Committee will raise this issue with the CPEVC during Winter quarter.

Member Onuttom Narayan reported on the meeting of the Advisory Committee on Facilities (ACF). The Science Hill Area plan was folded into the current version of the LRDP. However, the plan projects twice as much ASF than shown in the capacity study done a few years ago. The LRDP indicates more intensive development because currently existing low-rise buildings will be replaced by high-rise structures.

Sub committee Assignments

In Fall quarter CPB completed major agenda items in responding to the administrative processes of the LRDP and WASC. CPB will use Winter term to focus on its proactive agenda (detailed below) with the following subcommittees.

- Writing Program: Is funding under the Tanner Model adequate for current delivery model (which generates course demand per given levels of enrollment)?

Does being housed in the Humanities disadvantage either the Writing Program or the Division from a financial standpoint?

- University Relations: Using previous CPB work as a basis, and in collaboration with UR, develop a regular reporting mechanism. At a minimum, the report should break out the flow to different units (academic divisions, colleges, grad vs. undergrad student support) and funds generated entirely by UR efforts vs. those generated in collaboration with faculty.
- Divisional Budget Reporting: Since budgetary authority was delegated to the Deans, a more transparent, consistent reporting mechanism is needed. Using previous CPB work as a basis and in coordination with VC Michaels and the Deans, develop a template (with accommodations for operational differences in divisions) for annual reporting of budget and expenditures.
- Student Affairs: CPB has focused on understanding other campus units (UR, UNEX) in the past. Student Affairs has the largest single chunk of UCSC budget (albeit from various sources) but is the part about which CPB knows least. VC Hernandez has offered to do a training for CPB members on the SA budget. CPB will use this opportunity begin learning about the SA budget and, more generally, the important intersections between SA and academic affairs.

In discussion, it was noted that there are two reasons for engaging in proactive studies and developing reporting mechanisms. First, CPB undertakes such studies to determine if cross cutting campus priorities are being addressed. Sometimes these studies point to operational problems, about which we then make recommendations. As important, when the studies note the many things that are functioning well, they help build confidence in the unit in the Senate and other diverse campus communities. Second, these studies deepen the committee's knowledge, allowing it offer informed advice to the administration. In a sense, CPB sees the role of these studies as very similar to that of reviews of departments or research units.

Consultation with Interim CPEVC Peggy Delaney

CPEVC Delaney reported on short and long range campus planning. For the short term, she will be using the ranges of faculty FTE set forth in John Simpson's 2002 update on campus planning document (<http://planning.ucsc.edu/plans2001/JBSupdate-020301.pdf>) in this year's call for resource requests. There will be a three-year allocation window, understanding that the justification for the "in" years will be more clearly articulated than the "out" years. Divisions will have a rolling estimate of FTE allocations so they can work within a baseline expectation. Some resources will be held centrally for big initiatives, like a professional school, or to create an incentive pool.

For the long range, we need to determine what an academic plan would be and what benchmarks would show progress toward goals and enable control over timing of implementation. UCSC will develop an academic plan for enrollment of ~17,000 enrollment by 2010. CPEVC Delaney indicated that major parts of this planning structure can be developed this academic year.

CPEVC Delaney described the current state of the business transformation process. Units have been clustered into two categories: units with combined functions that will be drawn to the center (Financial Services, Staff Human Resources (SHR) and Purchasing) and units that will stay within the division (Academic Human Resources (AHR) and Contracts and Grants (C&G)). Several different counts were done to determine expenditures for the decentralized units and to assess their appropriate contribution to the new central units. The decision on what got centralized was based on function and fiduciary responsibility. For example, C&G administration was kept in the divisions, site of the legal liability for those operations. With respect to new FTE allocated after this centralization, central funding will be assessed by changing the formula for allocating I & R support for each FTE. CPB and CPEVC Delaney recognize that this transfer will further limit the budgetary flexibility of the Deans, a situation that will have to be monitored closely.

CPEVC Delaney explained that the IT reorganization would follow a similar format, though it has been more difficult to assess the decentralized funding structure. The management structure for IT has been established first; next a budgetary envelope for centralized vs. decentralized resources will be created.

CPEVC Delaney offered an update on the Regents budget, and then planning assumptions for 2005-06.

- Use of the 1999 enrollment plan, which for UCSC assumes 400 new enrollments (includes state funded summer session)
- New student fee levels and how those funds transfer to campuses
- Cost of Living (COLA) and merit money for faculty and staff at 3% overall
- Offset increase in health care costs
- Buyout of summer session at UCSC and other campuses not currently funded.

CPB and the CPEVC identified several issues that need to be addressed in Winter quarter: financial model for UNEX, ISTM, and coordination of off-site activities.