COMMITTEE ON ACADEMIC PLANNING & BUDGET  
Stanton Glantz, PhD, Chair

MINUTES  
Meeting of June 4, 2002


GUESTS: D. Greenspan, Chair, School of Dentistry Faculty Council, S. Rankin, Chair School of Nursing Faculty Council, B. Spaulding, Vice Chancellor University Planning, E. Vermillion, Assistant Vice Chancellor Administration and Finance

Chair Glantz called the meeting to order at 3:05 p.m. A quorum was present.

Chair’s Report/Announcements

• 5th School: Chair Glantz met with Vice Chancellor Bainton regarding the programs that might be alternatives to the 5th School proposal, programs that would have a PIBS-like structure. The Committee responded that a PIBS-like structure is far from the proposal for a 5th School but that it would help force consensus on what the PhD program should be.

Presentation on Issues before the Executive Budget Committee/E. Vermillion and S. Barclay

The Executive Budget Committee is comprised of the Vice Chancellors, the Deans, the Medical Center CEO, the Senate Chair and Vice Chair and the Senate APB Chair. The domain of the EBC covers issues that have significant academic impact, big-ticket items, and items that impact across schools. In the spring, the EBC goes through a series of items and discussions on these issues which culminate in budget recommendations to the Chancellor in June.

This spring, the EBC reviewed six issues:
1. Bioterrorism
2. Deferred Maintenance
3. Administrative Systems
4. Mission Bay Start-up Costs
5. Return of Indirect Costs to Faculty
6. Funding of the Development Office

S. Barclay and E. Vermillion distributed information and gave summary reports on each of these six issues.
• **Bioterrorism**: There are several components to the report on upgrading the campus relative to bioterrorism threats. One is to develop the dual roles of the campus – the need to protect ourselves as well as the need to be a responder. There is no state money to cover the costs of any of the recommended upgrades. The only federal money available related to bioterrorism is through the Centers for Disease Control, and that is likely to be allocated only toward prescriptions – nothing in the first round will go to academic medical centers. Consequently, UCSF and the Medical Center would share the cost of implementing some of the recommendations, such as integrating the currently separate emergency plans for the campus and the Medical Center, improving IT firewalls, and improving physical security by automating and synchronizing door locks around campus. There is a set of secondary recommendations that are currently unlikely to get funded.

• **Deferred Maintenance**: All universities appear to be having a similar problem with the mounting costs of deferred maintenance. UCSF has been relying on state bonds to fund these maintenance costs. However, starting next year, there will be no state funding, and bond funding will not be available because that is directed elsewhere (e.g., toward salaries). There will likely be no state funds for at least 2-3 years, and if there is any state money available in 2004-05, that will likely get directed towards salaries. One of the projects UCSF just completed was a re-fenestration of HSW, but HSE still needs to be done, which is a $4 million dollar project for which there are currently no funds. In total, UCSF has about $25 million in deferred maintenance projects on which it is currently focused.

• **Administrative Systems**: After reviewing an initial five-year plan for IT and administrative services programs with a projected cost of $30-44 million, the Executive Budget Committee asked the Administrative Services Advisory Committee to determine the best use of approximately $6 million over three years. The ASAC came back with a revised five-year plan that prioritized projects recommended in the first plan. Two primary high-priority projects are for asset management and research administration systems. Training was included in the funding projections, and people were surveyed to confirm that they would utilize the upgraded systems. The ASAC asked for additional funding and will issue a written report on readiness for such systems shortly. The Chancellor has an Information Technology steering committee website on which detailed information about the committee, its processes and current status can be found. Go to: [http://chancellor.ucsf.edu/](http://chancellor.ucsf.edu/) and click on “Standing Committees” and “IT Governance Committees.”

• **Mission Bay**: The Mission Bay Operations and Services (MBOS) Committee, established in 1999, is one of the many Mission Bay committees working on the planning and development of the new campus. Its charge is to facilitate the transition of operations and services to the new campus. The MBOS Committee plans propose service levels and staffing for the first phase only of the Mission Bay campus. The Committee has proposed twenty-one services grouped in three types: research support, administrative support and auxiliary services. A premise is that all costs for these proposed services should be based on marginal costs, with the exception of facilities management.

• **Indirect Cost Revenues**: The 1996-97 Indirect Cost Committee recommended an increase in the total of federal plus non-federal indirect cost funds returned to the departments for the purpose of research administration. Indirect cost returns have increased due to an increase in federal indirect cost rates and a higher return of indirect cost revenues from UC Office of the President. However, because of shrinking resources and growing needs, a method is needed to calculate achievable year-to-year increases in the A-21/CAS allocation of indirect cost revenues to the schools. The proposal is to tie the increase in indirect cost recovery returned to the schools to the rate of growth or research, i.e., recovery would be tied to direct research expenses that generate indirect costs (a/k/a, MTDC or modified total direct costs) and tied to the degree of recovery of indirect costs (a/k/a, effective rate of
recovery). In this model, the larger the growth in research expenditures that recover at the full indirect cost rate, the greater the growth in funds allocated to the schools. This recovery is based on the increments of increase rather than the base. It is not possible to redistribute the base because it is committed.

- **Funding of the Development Office:** PriceWaterhouseCoopers (PwC) was hired to analyze and develop a new funding model for the UCSF development office. They determined that the baseline funding model is not sufficient for future fundraising. They reported that UCSF has a high return on funded dollars spent for development, although the fundraising environment in the Bay Area is highly competitive. They also noted that the Chancellor’s discretionary funds have grown to be a critical source of support and, at the same time, are increasing constrained. In making recommendations, PwC differentiated between core expenses, or expenses required to support campus wide development priorities, and non-core expenses, departmental expenses for specific funding priorities. They recommended that UCSF retain a multiple-source funding model but adjust the model components – increase the STIP (short term investment pool) assessment, institute a ‘holdback’ period for gifts, increase or decrease the gift fee and initiate trust and investment management fees. Consequently, the Chancellor’s discretionary funds used to fund a portion of the core budget would be freed for other campus wide priorities.

The Committee briefly discussed the ramifications associated with various of these proposals, including the recommended increase in the STIP assessment. It was approximated that the Chancellor might have around $10 million in new discretionary funds this year, an increase that results from the increase in the return of indirect costs. The Committee decided that although this number is an approximation, they will use $10 million as the framework for their budget recommendations. A draft of recommendations will be circulated prior to the next APB meeting for review and discussion.

The meeting was adjourned at 5:15 p.m. The next meeting will be on June 10, 2002 from 3-5:00 p.m. in S-118.