Primary Focus Points for the Year:
- Clinical Sciences Building and UC Hall Retrofit and Remodel
- Gift and Endowment Assessment Proposal
- Faculty Workspace Evaluation – Mission Hall
- Indirect Cost Waiver Task Force Recommendations
- IT Infrastructure
- Long Range Development Plan
- Space Management System
- UCOP Assessment Update
- UCSF Financial Plans

Task Forces, Special Committees, and Sub-Committees:
- Administrative Initiatives/Operational Excellence Subcommittee
- Campus Finances Subcommittee
- Campus Planning Subcommittee
- Development Subcommittee
- IT Subcommittee

- Campus Planning
- Development Strategies
- Gift and Endowment Assessment Proposal
- IT Infrastructure
- Long Range Development Plan
- Mission Bay Hall Occupancy Study
- UCSF Space Committee
- UCSF Space Management System

2013-2014 Members

David Teitel, Chair
Sharmila Majumdar, Vice Chair
Michelle Arkin
Chad Christine
Barbara Drew
Stefan Habelitz
Oi Saeng Hong
Sally Marshall
Snehlata Oberoi
Norman Oppenheimer
Russell Pieper
Joseph Sullivan
Sandra Weiss

Ex-Officio Members
Joe Bengfort, Associate Vice Chancellor & Chief Information Officer
Ruth Greenblatt, Vice Chair, Academic Senate
John Plotts, Senior VC, Finance & Admin.
Lori Yamauchi, Asst. VC, Campus Planning

Permanent Guests
Shari L. Dworkin, Nursing Faculty Council
Thomas Ferrin, Pharmacy Faculty Council
Mehran Hossaini-Zadeh, Dentistry Faculty Council Chair
Ellen Weber, Medicine Faculty Council Chair
Number of Meetings: 6 Committee Meetings and Numerous Subcommittee Meetings

Senate Staff: Heather Alden and Artemio Cardenas
Systemwide Business

The Academic Senate Committee on Academic Planning and Budget took up the following Systemwide issues this year:

**University Committee on Planning and Budget (UCPB)**
Sharmila Majumdar served as the UCSF and APB representative on to the UC Committee on Planning and Budget. Topics engaged by UCPB and discussed in APB included the following:

- Status of the California State Budget
- University of California Budget Issues
- UC Funding Streams and Rebenching
- Multi-year Budget Plan
- UC Retirement Plan
- UC Care
- UCSF UCOP Tax

Agendas, minutes, and reports from UCPB are available [online](#) at the Systemwide Academic Senate Web site.

Divisional Business

This year, the Academic Senate Committee on Academic Planning and Budget took up the following issues related to the San Francisco Division:

**Clinical Sciences Building/University Hall (CSB/UCH) Retrofit and Remodel**
In September, Associate Vice Chancellor of Campus Planning Lori Yamauchi reviewed UCSF’s plans to renovate the Clinical Sciences Building and UC Hall. The first step will have the current occupants Clinical Sciences vacate, and then Campus Planning will proceed with renovating the buildings. Wet labs will move permanently into four floors in the HSIR towers. Offices will move first to UC Hall and then to other permanent locations. Three floors of Moffitt-Long will be available for adult care once the Mission Bay Hospital opens (space vacated by Pediatrics and OB/GYN). To provide feedback to campus planners on the retrofit and renovations, she requested that the Academic Senate appoint faculty to an advisory committee to assist on the review of these projects. Topics of discussion for these projects include productive work environment for faculty, co-location, ensuring privacy and supporting collaboration, future flexibility in the workspace environment. APB members supported the request.

Later in the year, a faculty member appointed to the CSB/UC Hall advisory committee, Matija Peterlin, updated the APB members on the space planning committee efforts to date. The current plan is to have both buildings separate from adjacent buildings. All seven floors of the Clinical Sciences Building are slated to have the same floor plan. Three floors of the UC Hall building will be student housing.

Dr. Peterlin also informed the committee that Associate Vice Chancellor and UCSF Architect Michael Bade presented three interior space plans: open-workspace, closed offices and a hybrid model. Approximately 80 people need to be accommodated per floor in the Clinical Sciences Building. The architects prefer the activity-based workspace design. AVC Bade claimed that this plan has been implemented at Beth Israel hospital in Boston successfully; however he has not visited the space or talked with anyone who works in the space. AVC Bade also informed the group that the current plan will sever the corridors that connect all of the buildings together. The reasoning is this is necessary to ensure security. APB members informed Dr. Peterlin that they were concerned about the severing of the corridors as it would create a lot of problems, including the isolation of the Nursing faculty and reduced access to an important loading dock.
In December, AVC Lori Yamauchi informed APB members that the CSB/UCH Faculty Advisory Committee had recommended that the CSB/UCH 2nd-7th floors should have a hybrid Activity-Based Workplace (ABW) (small private offices and workstations with focus/huddle rooms and conference rooms) format. They also recommended that the first floor be reserved for educational space, conference rooms and some academic workspace. Committee members asked whether the severing of the corridors was still being considered. AVC Yamauchi confirmed that the corridor pathways would be restricted. Public access between CSB and adjacent buildings will take place via the first floor. On the 2nd floor and above, there will be no through passage from CSB to Medical Sciences or Nursing Building unless you have card key access, although the CSB elevator lobby will be open at all floors to adjacent buildings to use to get to the 1st floor. We also want to create a passageway from the Parnassus Avenue sidewalk to Saunders Court.

In June, AVC Yamauchi followed up questions asked by the committee regarding safety concerns around the protection, through covered walkways, of faculty, students and staff walking outside the buildings during construction. Members were informed that the university had not allocated money for the funding. However, if at the time of construction, there is a possibility that safety is compromised, the university will take the necessary measures.

**Gift and Endowment Assessment**

In October, John Plotts, Senior Vice Chancellor for Finance & Administration; John Ford Vice Chancellor for University Development & Alumni Relations (UDAR); Steve Downs, Executive Director for Financial Services & Administration, UDAR; and Jennifer Arnett, Associate Vice Chancellor for University Development & Alumni Relations provided a presentation to the committee on proposed revisions to the current UCSF Model of Gift and Spending Fees - the Infrastructure and Operations Fund (Attachments 1 and 2).

VC Plotts and VC Ford informed the committee that campus leadership is proposing to increase gift and spending fees for UCSF to support infrastructure and operations at UCSF. The model is for the infrastructure and operations costs associated with gifts to be supported by 4% at the time of the gift and 6% at the time the spending occurs. Exceptions made for gifts specifically designated for student support. Other types of gifts that are spent for student support, among other expenses, will not be excepted.

Committee members discussed the following points with VC Plotts, VC Ford, Director Downs and AVC Arnett:

- How is UCSF doing at fundraising? Is it growing? We had our second best year to date last year. We are well positioned in a prosperous area. We need to connect more people to UCSF. We are trying to increase the impact of philanthropy on the institution. Fundraising for unrestricted support is a non-starter. That is why a proposal like this one makes sense to generate unrestricted funds for the institution.
- VC Plotts and others have developed a Core Financial Plan for the campus. Every other week the Budget & Investment Committee (J. Plotts, the four Deans, EVCP, MC CEO and Chair of the Senate) meet to discuss significant financial matters, including the use of UCSF Core funds.
- The additional spending fees might seem like a bait-and-switch for donors who have already contributed to UCSF. The extra revenue generated will go to Core Campus funds in support of campus infrastructure and operations costs. Perhaps sharing with donors about what those funds will do will help them better understand why it would be implemented. Selling seismic upgrades won’t work for fundraising. Selling the programs that will be housed in the upgraded buildings could work.
- Both faculty and students will lose if this proposal is implemented. For example, a faculty member with an endowed chair position to fund research will now have 5% less to allocate for projects, student researchers, etc. VC Plotts and VC Ford indicated, however, that the infrastructure and operations costs to support the activity are real costs that are incurred from the Core Financial plan.
- This model asks faculty to support the selling of a new plan that jumps from 4%+1% to 4%+6%.
- Has the decrease in federal funding for research been factored into this plan? VC Plotts indicated assumptions for a near term softening in federal research funding has been incorporated into the assumptions.
- Will the amount of return of indirect costs to the departments be changing? Return to the departments is already built into the formula.
- Most of the fundraising to date has been for buildings. How will fundraising for programs happen going forward? We have had success in selling stories about people and programs.
- How will funds raised be equitably distributed across faculty members and programs? There are few donors out there. It is more effective to have a big story. UCSF has been very entrepreneurial and decentralized, not something to change because it has been successful. How can we build another layer that creates a unifying story that compels big gifts?

After the discussion, APB members resolved that the proposal should be reviewed by the four Faculty Councils and other Academic Senate committees. Once all faculty members have had a chance to respond, APB will draft a communication.

In February, the Development Subcommittee collected faculty responses and reported that the following concerns had been raised:
- Comparison institution data presented to faculty groups was drawn from mostly private institutions and combined initial taxes upon gift receipt with ongoing spending fees.
- Faculty have advocated that if the new fee structure is implemented, existing donors should be informed and participate in a discussion.
- Feeling that smaller endowments should not be taxed at the same level, if at all, as the larger ones. One option would be to have a progressive tax.
- Many endowments fund student stipends, student research, etc. All endowments for student scholarships have been exempted from the proposed new assessments so other support in endowments should be treated similarly.
- Expected that the increased assessment will yield $3-4 million years per year.
- Development Subcommittee recommendations:
  - progressive assessment to take into consideration amount of the gift
  - Phase-in the new assessment structure over time
  - Recommend that endowments that are used for student-related activities also be exempted.
  - A portion of the assessment should be designated for the academic mission rather than to support infrastructure and operations, i.e. faculty salaries, transition funds, etc.

The Development Subcommittee requested Academic Senate representation on Development Office planning committee/structure. They also requested that AVC Jennifer Arnett attend APB meetings to provide ongoing updates and interface. Neither had happened.

In April, Dr. Sandra Weiss updated the committee on the status of the Gift and Assessment Fee proposal. Since the last APB meeting, the Academic Senate and APB subcommittee provided their list of recommendations and alternative proposals to campus leadership (Attachment 3). After reviewing the recommendations, campus leadership tentatively agreed to allow for the increase to incrementally be phased-in, but rejected all other recommendations. EVCP Jeff Bluestone had attended the Coordinating Committee meeting to discuss the issue with the Senate and address the Senate’s recommendations. While EVCP Bluestone was unable to agree to any additional changes, he did concede that he had not consulted with the Academic Senate early enough the in the process and that he wanted to make more attempts in the future. He also stated that there needed to be more transparency on how core administration funds are spent, so that faculty can understand that the revenue gained from the gift assessment proposal will ultimately go back to the faculty. Going forward, Division Chair Farid Chehab will continue to negotiate with campus leadership to come to an agreement.
**Faculty Workspace Evaluation – Mission Hall**

In September, Chair Teitel reported that after numerous contacts, he had not received a response from campus leadership to the letter outlining faculty concerns (Attachment 4) about the activity-based workspace planned for the Mission Hall building. The hope is to establish a pre-occupancy study of faculty workspace use. Michael Bade, UCSF architect working to plan the study.

In October, Chair Teitel reported on his meetings with the Mission Hall planning group. All Mission Bay hospital groups will move in to the building on the first Friday in February. Details discussed during the meeting included the following topics:

- Individual workstation partitions will be 42 inches high
- Security on each floor will be addressed by proximity badges
- Although the IT and phone systems look good, there will be a significant issue for storing paper materials. However, there is not enough space for occupant paper storage

In December, Chair Teitel updated APB members on status of the pre-occupancy study. While the Request for Proposals (RFP) for the study was supposed to be released by October, the RFP remained in draft format until December. When the RFP was finally released in early 2014, UCSF received eight proposals from external research groups.

In June, the proposal review committee met and narrowed down the candidates to one outstanding research group. Chair Teitel explained that this group had put together a great timeline that will allow for prompt data collection and results reporting. Committee members asked for Chair Teitel to come back next year and report on the implementation of the study.

**Indirect Cost Waiver Task Force Report**

In December, Vice Chair Sharmila Majumdar and Professor Matt Springer presented the proposed Indirect Cost Waiver Task Force recommendations. The recommendations were developed because UCSF currently has waiver policies, but they are not unified or transparent. To address concerns, a Task Force was formed and charged to develop a UCSF-specific waiver policy, implementation, guidelines and procedures; develop methods for determining the level and source of institutional support for all large grants ensuring alignment of policy for grants and gifts. Without a unifying policy, these decisions are already being made at UCSF in an ad hoc manner.

**Information Technology (IT)**

In September, UCSF Chief Information Officer Joe Bengfort presented an update on the integration of UCSF Medical Center and Campus Information Technology infrastructures (Attachment 5).

In February, Mark Day, Deputy Director of Systems, UCSF IT Service, presented on UCSF Email system reforms (Attachment 6). As part of recent IT Governance recommendations, UCSF will attempt to make all email addresses to end in @ucsf.edu. He explained the challenge is that UCSF Exchange service has ~35,000 users. Additional services exist, comprising 140 distinct domains. Still 73 active UCSF email domains. Rules for assigning email addresses are inconsistent, which prevents the process from being automated, resulting in delays in assigning UCSF email addresses for new users. Multiple domains create extra work when users move between units within UCSF. The IT Office will work on the effort throughout the remainder of the year.

**Long Range Development Plan**

In April, AVC Lori Yamauchi provided the committee with an overview of the updated Long Range Development Plan for the campus. The presentation was broken out by campus location:

- **Parnassus:**
  - The university is making an effort to ensure that the campus stays under the space cap
Part of that effort includes the demolishment of several buildings on campus.

To add more student housing on campus, the university will be requesting an amendment of the space agreement. The revision will exempt student housing from being included in campus census.

When the Mission Bay Hospital opens, there will be a reduction in the number of beds at Parnassus.

Langley Porter will be demolished and a new hospital will be built at that footprint. The Moffitt building will be converted to office space.

Mission Bay

- UCSF is planning to build out more space on the northern part of campus. This space would be used for new programs and additional student housing.
- South campus will remain as planned
- UCSF is currently in the process of acquiring land across the street from the hospital which would be designated as the East Campus. UCSF does not have plans for this site, but the plan is reduce the lease space portfolio and bring staff and faculty to the new site.
- The new Warriors arena will be built across the street from the hospital. UCSF has not heard what the Warriors organization is planning for the site.

Mt. Zion

- There are plans to demolish three buildings that are seismically compromised.
- UCSF will focus on the development of out-patient services at Mt. Zion.

Laurel Heights

- UCSF has received bids from developers who seek to purchase the property. The plan is to have these the selected developer lease back the space to UCSF for the next several years while the firm gains the necessary permits to develop the land. After the term is over, staff members will be moved around the current locations.

SFGH

- UCSF is considering a proposal to build a new research building on one of the San Francisco General Hospital parking lots. UCSF is working to secure site control of the parking lot owned by the city for the project, for which a 170,000 gross square foot building has been proposed. Building space design has not yet started.

After the presentation, the committee was informed that the Capital Planning department will now move the LRDP forward through the approval process. There will be an environmental review and collaboration with the neighborhood organizations.

Space Management System

In June, AVC Yamauchi informed the group that she was working on the development of a new space management system. Before beginning with the development of the system, she would like to work with APB, or a subcommittee to determine how data can be collected and analyzed so that deans and department chairs track and use space. The hope is that this new project will make space management and use more transparent and fair. This is a technology and business process initiative. APB members supported her idea and informed her they would be willing to assist.

UCOP Assessment

In April, Associate Vice Chancellor of Budget and Resource Management Teresa Costantinidis reported on the UCSF’s new obligation for its UCOP Assessment (Attachment 7):

- Assessment Overview - UCOP has announced that the 2014-15 Assessment will total $294 million, equal to the total amount assessed in 2015-16. Also effective July 1, 2014, UCOP plans to change the methodology it uses to distribute the assessment from a 100% expenditure-basis to a 33%/33%/33% Expenditure/Students/Employee-basis. With the change in methodology, UCSF’s share of the assessment drops from 17.4% of total costs ($51.2 million) to 11.2% of total costs ($32.9 million). However, this change will not affect UCSF’s bottom line. The net savings
of $18.3 million will be redistributed from UCSF to those campuses whose assessment will be increasing due to the new methodology

- Methodology: The original methodology assumed that total expenses were a good approximation of costs. During 2012-13, UCSF developed and proposed an alternate model that showed that basing the assessment on drivers where possible resulted in a much lower assessment to UCSF and better incentives for management. UCSF’s model was complex, and UCOP determined that a “one-thirds model” was simpler and resulted in a similar redistribution. An important facet of the UCSF model was that the new assessment should be net-neutral at inception. UCSF proposed that all campuses that had net savings contribute recurring funds into a pool that could be distributed to those campuses whose assessments were rising. There was considerable forceful push-back from several “winner” campuses, and the decision was made in late 2012-13 to implement the change in methodology in 2014-15, to distribute UCSF’s savings solely to the “loser” campuses, giving them one year to prepare for what was in effect, a budget reduction.

- Points of Contention: There are two points of active contention with the model, though UCOP has expressed that there will be no change to the model at this point. Though the time for debate has passed, there continue to be rumblings.
  - The change should be net neutral - Berkeley and Santa Cruz have both expressed that Davis, Los Angeles, and San Diego should receive budget reductions like UCSF, and that their funds should be distributed to the remaining campuses with tax increases.
  - All campuses should share the funds from UCSF - Los Angeles and Davis have expressed that the UCSF $18 million should be distributed to all campuses, not just to those whose assessments are increasing.

**UCSF Financial Plans**

In December, Associate Vice Chancellor for Budget and Resource Management Teresa Costantinidis presented the UCSF Ten-Year financial plan (Attachment 8). The primary audiences for this information include the Chancellor’s Executive Cabinet and the UCSF Foundation Board. She reported on the following items:

- Strategic and Business Planning at UCSF
- 2013 Actual Financial Results
- Operating Statement Projections
  - Combined Enterprise
  - Campus Segment
  - Medical Center Segment
- Balance Sheet Projections
  - Cash
  - Capital
  - Debt
- Core Financial Plan
  - Fall 2013 Summary

In June, AVC Costantinidis provided three financial plan presentations. AVC Costantinidis provided a review of the Core Financial Plan (Attachment 9), UCSF Ten-Year Comprehensive Capital Plan (Attachment 10) and Composite Benefit Rate (Attachment 11). Details covered included:

- **UCSF Core Financial Plan**
  - Description of how the Core Funds relate to the entire UCSF Financial Plan
  - Composition of Core Fund Revenues
  - Composition of Core Fund Expenditures
    - A common perception is that core funds are spent on administration. In actuality, only 36% goes to administrative operations. Other obligations include debt service, compensation to the Office of the President, IT projects, strategic initiatives and facilities investments.
  - Core Financial Plan Update:
• The projected Core Financial Plan ending balance is up $100 million compared to the Fall Plan, primarily due to additional new infrastructure and operations fund revenue, reduced outflow for future fixed cost increases, and offsetting reductions in ICR revenue projections.
• The overall additional revenue from the new Infrastructure and Operations Fund has allowed UCSF to make some new investments for facilities, IT, and strategic initiatives. Still, additional support for these needs, particularly for facilities renewal, remains a strategic priority.
• Operational cost increases continue to be a major driver of outflow from the Core Financial over time, so we must maintain pressure to control cost increases.
• Though not yet reflected in the new base case, over the long term the Mission Bay Block 33/34 land purchase and development will be effectively offset by the Laurel Heights sale, generating Core Financial Plan cost savings over the next decade.

  o Description of what money is coming out of the core financial plan for projects
  o Review of the Infrastructure and Operation (I&O) funds
    ▪ Increase in the funding for strategic initiatives
    ▪ Increase in funding for technology initiatives
  
  ▪ UCSF Ten-Year Comprehensive Capital Plan
    o AVC Constantinidis provided the presentation that was previously given to the Budget and Investment Committee.
      ▪ UCSF needs to approve 10-year comprehensive capital plan for 2014-2015 through 2023-24
      ▪ The three-year facilities investment project plan has been approved
      ▪ The university has started the development of a new facilities investment and renewal strategy
    o The Scheduled Renewal and Facilities Investment Strategy – FIN list approach – was shared
      ▪ FIN list is a prioritization method for assessing how poor facilities are impacting the core financial functions and how is it costing the university.
      ▪ A list of items was shared highlights
      ▪ A list of challenges was reviewed
  
  ▪ Composite Benefit Rate Update
    o President Napolitano recently made a decision on which composite benefit rate schedule will be used for the system. The process to make this decision started at the beginning of the academic year, with a proposal that wasn’t going to work for UCSF. As a result, UCSF worked with the Huron Consulting Group to develop a new system as it would be more affordable for UCSF to do so than lose money on an unworkable systemwide set of rates. After extensive consultation with the Academic Senate, Napolitano decided to go with a new alternative model. Fortunately, this alternative model did work for UCSF, so our campus leadership decided to remain on board with the other campuses. However, the main draw back is that the new model includes X and X-prime in one band.

Task Forces and Other Committee Service

This year, no members of the Academic Senate Committee on Academic Planning and Budget served on the following Academic Senate task forces or other campus committees as representatives of APB or the Academic Senate.

Going Forward

Ongoing issues under review or actions which the Committee will continue into 2014-2015:
Appendices

This Annual Report is posted online and accessible via the APB Web page on the Academic Senate Web site.

Appendix 1: Private Support for Infrastructure and Central Services
Appendix 2: UDAR Peer Assessment
Appendix 3: APB’s Presentation to Administration on Gift and Endowment Proposal
Appendix 4: APB Letter Outlining Faculty Concerns with Mission Hall
Appendix 5: IT Presentation by CIO Bengfort
Appendix 6: UCSF Email Presentation
Appendix 7: UCOP Assessment Update
Appendix 8: Fall 2013 Ten-year Financial Plan
Appendix 9: Core Financial Plan
Appendix 10: Ten-year Comprehensive Capital Plan
Appendix 11: Composite Benefit Rate

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Artemio Cardenas, Senate Analyst
artemio.cardenas@ucsf.edu; 415/476-4245
## Private Gift Assessment Survey

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**Note:** This data reflects information for institutions considered peers, i.e., research-oriented institutions. Undergraduate institutions typically impose lower fees. The CASE median is 5%.
Committee on Academic Planning and Budget
Development Subcommittee
Sandra Weiss, RN, PhD, FAAN, Chair

February 27, 2014

UCSF Development Office Infrastructure and Operations Fund
A Proposed Increase in Spending Fees for Gifts and Endowments

Background
Senior Vice Chancellor Plotts and Vice Chancellor Ford presented a proposal to the Academic Senate and other campus groups to increase the monthly fees that would be placed on all expenditures of funds from gifts and endowments. They described the need to generate money that would pay for impending infrastructure and operations costs on campus, including seismic investments, technology upgrades, deferred maintenance and central administrative functions such as accounting, development office activities, and security. They emphasized that these are real costs that must be subsidized. Because the largest source of projected income to the campus in the future is from donor gifts, these have become a focus for funding of infrastructure costs.

Administrative Proposal
The current taxes on gifts and endowments include 1) an initial tax of 4% of the value of the gift when it is received, and 2) a 1% fee that is taken every time funds are expended from the gift/endowment. There also appears to be a .40% foundation endowment management fee that is based on a 36-month average of the endowment’s market value. The new proposal would increase the 1% spending fee to 6%. The initial gift tax and management fee would remain the same. All gifts specifically designated for students would be excluded from the tax, as is currently the case. There was some indication that the increase could be the beginning of more increases to come, with an eventual goal of a 15% spending fee. However, this issue was not addressed in the Vice Chancellors’ formal presentation.

Campus discussion of the proposal has resulted in two modifications to the initial proposal. First, administration agreed to ‘grandfather’ all existing non-endowed gifts so that the new spending fee would be applied only to new non-endowed gifts. Non-endowed funds are typically distributed in the same year that the gift is received, with no permanent principal balance. For endowments, however, administration will tax both existing and new endowments at the new spending fee level of 6%. Endowments are a specific gift category whereby funds have a principal balance from which a specified amount of interest is distributed to the recipient each year. These include distinguished professorships, endowed chairs, lectureships, research funds, and others. The second modification agreed to by administration is a one year phased increase whereby the spending fee would be 3% in 2014 and then go to 6% in 2015.

Concerns Expressed by Faculty Councils and Committees
- The proposed spending increase was based on a survey performed by the development office to determine practices at other Universities. The survey indicated a median 5% tax on gifts across ‘peer comparison institutions’. However, the survey was based almost entirely on private institutions (many of which did not have health science missions) and it confused initial taxes on new gifts with ongoing, monthly spending fees. A more accurate survey of spending fees at true comparison institutions would help to better inform decisions.
Faculty expressed the view that existing endowments should not be included in the spending increase. Any increase should apply only to new endowments that are received by UCSF. When Donors gave their gifts, they were not informed about the extent of taxation that this increase would entail and its potential impact on how their monies would be spent. Administration has indicated that the UCSF Foundation Board and key donors support the new assessment. However, if a fee increase on existing endowments does take place, faculty recommended that donors who are still living should be personally informed of the increase by development office staff. Staff should discuss with donors the rationale for the increase and how it will affect distribution of their funds.

Faculty suggested that smaller endowments/ gifts should have no spending fee increase or a lower fee than larger endowments. A 6% spending fee can have a major impact on the ability of smaller endowments to accomplish their academic goals.

If existing endowments do incur the tax increase, it was recommended that there be a phased increase involving no more than 1-2% increase each year until the 6% maximum is achieved. Administration has proposed a phased increase to a spending fee of 3% in 2014 and 6% thereafter.

The academic mission of the campus will lose funding as a result of this proposal at the expense of investments in capital and administrative operations. Endowments provide student research support and training, reimbursement of student fees, student teaching residencies, student presentations at scientific and professional conferences, support for research staff, support for faculty salaries, and the critical development of new knowledge or practices underlying better patient care. If the tax increase occurs, there will be 5% fewer funds each month that will contribute to these important academic activities. Faculty expressed the view that some of the increase in spending fees should be used to support unfunded needs related to the campus academic mission rather than solely for infrastructure and operations.

Recommendations of the Committee on Academic Planning and Budget

The 10% tax being proposed (including initial tax and spending fees) appears to be higher than comparison public institutions and higher than other UC campuses. Other UC campuses have initial taxes ranging from 5% - 6.5% but no ongoing spending fees. Consideration of a lower spending fee seems warranted.

Progressive taxation should be employed so that smaller gift amounts are assessed lower spending fees. For instance, the first $50,000 of any gift would incur a 2% fee. The next $50,000 to $200,000 would incur a 4% fee and funds above $200,000 would be assessed at 6%.

Any increase in spending fees should be phased in over a 3-year period, with a maximum of 2% increase each year.

Monies that are used for student support (e.g. student research assistant positions, student tuition reimbursement) but are provided from endowments such as chairs, distinguished professorships, and research funds should be excluded from assessment of any spending fee. This recommendation is congruent with the current exclusion of student support from spending fees.

The proposed increase in spending fees will take from 3 to 4 million dollars each year from academically focused endowments for use in operations and infrastructure. Yet UCSF is facing significant challenges in meeting its obligations for teaching and research because of shrinking resources. A portion of any increase in spending fees should be allocated to unmet academic needs such as support for salaries of faculty who have no ongoing funding. If a 6% increase in
spending fees is mandated, 1% of that amount should be used to support campus academic needs.
September 27, 2013

To: Heather Alden
   Executive Director, Academic Senate

From: Lori Yamauchi
   Assistant Vice Chancellor, Campus Planning

CC: Matija Peterlin
    Michael Aminoff
    Steve Pantilat

RE: CSB/UCH Faculty Advisory Committee meeting – September 26, 2013

I offer for the Academic Senate’s review these additional notes to supplement Drs. Peterlin and Aminoff’s minutes of the CSB/UCH Faculty Advisory Committee meeting of September 26, 2013.

Prior to the September 26th meeting, the FAC met twice. The Regents space ceiling policy (which limits space at Parnassus), the workspace needs which the CSB and UCH buildings need to accommodate and principles for designing the CSB and UCH renovations were discussed. CSB will be completely vacated, with wet labs moving to the HSE/HSW/MSB buildings, and the dry/office space moving to UCH (temporarily) and MSB/MU buildings permanently. CSB will be gutted, seismically retrofitted and renovated, and reoccupied by current occupants of CSB, UCH and other small buildings at Parnassus, as well as new faculty (and staff) hires who will work in the backfilled clinical space in Moffitt/Long hospitals vacated by the clinical programs moving to Mission Bay. At least 416 seats/desks are needed to accommodate the 370 current occupants of CSB, UCH and small buildings, as well as 48 faculty without offices, but more workspaces will be needed for new faculty, as the operations in the backfilled clinical space ramps up.

The preliminary plans for CSB would locate classrooms, conference rooms and offices for units with significant public interface, on the basement and first floor levels. The other six floors of the building would consist of desktop workspaces for faculty and staff.

The “hybrid” workplace design concept, one of the three space concepts discussed at the meeting, would replace enclosed suites of offices/workstations with modules/clusters of small private offices, workstations, “hotel” stations (unassigned spaces for use by visitors), focus rooms (1 – 2 person enclosed spaces), huddle rooms (4 – 6 person enclosed spaces) and breakout spaces.
COMPOSITE BENEFITS RATE
UPDATE

JUNE 26, 2014

ACADEMIC SENATE COMMITTEE ON ACADEMIC PLANNING AND BUDGET

OVERVIEW

On May 20th, UCOP announced that the Chancellors approved the systemwide model for Composite Benefits Rates (CBRs) following principals of consistency and simplicity. According to the announcement, CBRs will be adopted by each campus as they “go live” on UC Path, and the implementation of CBRs will not change the overall cost of employee benefits paid by each campus and medical center.

BACKGROUND

The University is moving to composite benefits rates as part of the UCPath Human Resources and Payroll initiative. Composite benefits rates are intended to simplify and improve the planning process, eliminate variation in department costs due to employee benefit selections, and reduce workload when transferring compensation expenses across fund sources.

IMPLICATIONS OF THE DECISION FOR UCSF

Prior to the announcement, UCSF had developed six alternative models that had smaller cost shifts by fund source and control unit than the original version that we deemed unacceptable. UCSF had been prepared to reprogram the system to allow us to operate independently. Fortunately, UCOP’s May 20th model appears to be compatible with five of our six alternate models as it allows for up to four campus-based groups. So, we may be able to use the UCOP model without reprogramming and we may be able to “free-ride” on the collective UC negotiation with the Division of Cost Accounting, the Federal agency that approves application of composite benefits rates to Federal fund salary expenditures.

NEXT STEPS

We continue to analyze benefits data to make sure that the new UCOP model will work well for us. We await further guidance from Office of the President regarding what specific job codes are reflected in each group, so we can apply the new model to our latest set of data and determine optimal campus-specific groups. In addition, we continue to work with internal stakeholders to review the assignment of employee job codes to groups, and to create meaningful campus-based group labels.

Once we go live with UC Path and composite benefits, we expect we will need to do budget adjustments across control units to address fund shifts, particularly in the State Educational Appropriation.