Committee on Academic Planning & Budget  
Chad Christine, MD, Vice Chair

DRAFT MINUTES  
Tuesday, January 27, 2015

PRESENT: Chad Christine (Vice Chair), Michelle Arkin, Marcelle Cedars, Teresa Costantinidis, Patrick Finley, Ruth Greenblatt, Oi Saeng Hong, Sally Marshall, Sneha Oberoi, Maria Orellana, Russ Pieper, Catherine Waters, Lori Yamauchi

ABSENT: Sharmila Majumdar (Chair), Jennifer Arnett, Joe Bengfort, Stefan Habelitz, Norm Oppenheimer, John Plotts

GUESTS: None

The Committee on Academic Planning and Budget (APB) was called to order by Vice Chair Chad Christine on January 27, 2015 at 1:03 p.m. in room CL-221. A quorum was present.

Approval of the October Minutes  
Committee members reviewed and approved of the October minutes.

Chair’s Report  
Vice Chair Christine informed the committee that there was nothing to report at this time.

Analyst Report  
Academic Senate Analyst Artemio Cardenas updated the committee on the recent Sutter Health and Blue Shield contract negotiations. On January 1, 2015, all members covered by Blue Shield were informed that coverage for Sutter Health services had ended due to a contract impass. Blue Shield members were informed that a six-month grace period would be granted to allow for further negotiations. With Sutter Health providing care to an estimated 3,500 staff and faculty at UCSF, this contract dispute may have major implications. UCOP is currently working on alternatives should the negotiations continue into the spring.

UCPB Report  
UC Planning and Budget representative Russ Pieper reported on his attendance of the January UCPB meeting. He informed the committee that two major issues were discussed:

- 2015-2016 Budget and Faculty Salary Increases: The President is currently working on implementing a five-year budget plan. Part of this plan includes a proposal to increase faculty salaries by 3% for at least the next 3 years. The idea was put on the table as a result of the UC systemwide remuneration study that show ladder rank faculty salaries lagged compared to a comparable set of 8 research institutions. To investigate how this salary increase could be implemented, OP sent out a communication to the campuses to collect feedback. For UCSF, this salary increase would be problematic as the proposal only includes ladder rank faculty. Since most faculty at UCSF generate their own salary support from research or the clinical enterprise, many members would be left out of the OP proposal. Since this proposal is to include salary increases for all faculty, regardless of series, UCSF faculty members are concerned that the
institution might be left on the hook for millions, essentially making the proposal an unfunded mandate. Associate Vice Chancellor Teresa Costantinidis explained that with enrollment growth and a state funding cuts, the state’s funding allocation has fallen considerably. Since UC cannot ask for more funding for the students they are already educating, a proposal was made to ask for more funding to maintain and increase academic quality. The argument is that with higher enrollment numbers, the academic quality has declined. Currently, the President and the Governor are having meetings to negotiate funding. While UC may get more money, UCSF will most likely have an unfunded mandate of around 11 million if all faculty salaries are increase 3%.

- **UC Constitutional Autonomy Legislation**: UCPB was asked to opine on proposed legislation that would remove the constitutional autonomy from the University of California. This would give the state more authority over university decision-making. Currently, these responsibilities reside with the Regents. This would also be concerning to faculty because the state would have greater prevue over the degree offerings of the institution. This is currently a responsibility of the Academic Senate. UCPB opposed the measure.

**Ten-Year Financial Plan**

Associate Vice Chancellor Teresa Costantinidis presented the 10-year financial plan. Her report covered the following points:

- **Review of the Finance Principles**
  - Financing
  - Investments
  - Operations

- **10-Year Financial Plan Summary Points**
  - UCSF financial performance exceeds projection for 2014
  - 10-year operating projections show near term deficits and recovery in later years
  - Strong balance sheet, yet we must watch out future debt capacity
  - Pressure on Core Financial Plan resources partially mitigated by I&O funding plan

- **Review of the UCSF Enterprise Revenue**
  - State funds account for 1% of total revenues
  - Tuition accounts for 1% of total revenues
  - Most funds come from the clinical and research enterprise

- **Review of the UCSF Enterprise Expenses**
  - Salaries and Benefits account for 64% of expenses

- **Review of Core Revenues, Expenses and Income – Combined Enterprise**
  - AVC Costantinidis informed the group that while UCSF is doing fine right now, income will decline as the costs associated with the new hospital are incurred. Once UCSF increases its patient base, we will slowly pull out from deficit.

- **Review of Core Revenues, Expenses and Income – Campus**
  - AVC Costantinidis reviewed the 10-year campus outlook and pointed out that without strategic contributions from the Medical Center to the campus, the campus would be running at a loss. Main cost drivers for the campus include increased UCRP contributions, UC Path Costs and capital improvements.

- **Review of Campus Segment Capital Plan**
  - Planned capital allocations are less than projected depreciation. Campus leadership will need to make decisions to correct this problem.

- **Summary**
  - Overall, UCSF is managing things well. However, if corrections are not made, UCSF could be in trouble in the long-term.

**Development Subcommittee Presentation**

Member and Development Subcommittee Chair Michelle Arkin provided a report on the work of the Development Committee over the past two months.
• Overview of Development at UCSF
  o UCSF Private Support Allocations
    ▪ Most support is for departments, research and campus improvements
    ▪ Most support comes from foundations and individuals
  o Overview of Development Office Resources
    ▪ Planned Giving
    ▪ Corporate and Foundation Relations
    ▪ Annual Giving
    ▪ Donor Relations and Communications
    ▪ Major Gift Officers

• Development Vision
  o Donors want to hear about the faculty’s passion
  o What are donors missing?
  o How to maximize awareness in the community

• Subcommittee Discussion
  o Development representatives would like faculty feedback on what inspires faculty to think institutionally. This question has been a challenge for the subcommittee. In discussions, most members could not get over the issue of lagging salaries. However, issues like salary support are ongoing and don’t garner much interest from donors. To think bigger, subcommittee members have commented that there needs to be an alignment of research with the clinical enterprise. An idea is to present to the donors with an understanding of the continuum of innovation. For example, donors must understand the value of basic science and how smaller developments can lead to big changes in the clinic.

After the presentation, APB committee members commented that it is a challenge for faculty to think institutionally. UCSF is characteristically large and fragmented across the city. Faculty members feel allegiances to their unit or department and less of a connection with the campus as a whole. If future discussions with donors will not be about compensation, then UCSF will need to do a better job at creating and projecting a better sense of community.

Old Business
None

New Business
None

Vice Chair Chad Christine adjourned the meeting at 3:10 p.m.

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