

Meeting of the San Francisco Division **Farid Chehab, PhD, Chair**

Monday, June 1, 2015

2:00 – 4:00 p.m.

HSW 302

Video link: <http://lecture.ucsf.edu/ets/Play/5c3e887eedf8468ca4f9855244b7e2db1d>

The spring meeting of the San Francisco Division was called to order by Chair Farid Chehab on June 1, 2015 at 2:05 p.m. in room HSW-302. A quorum was not present. The meeting was also available via video simulcast.

Special Orders

Given the lack of a quorum, the following consent calendar items will be sent out for an electronic vote:

- Approval of the Minutes of the June 2, 2014 Division Meeting
- Approval of the Minutes of the January 26, 2015 Division Meeting
- Approval of Revisions to the Committee on Research Bylaws
- Approval of Revisions to Committee on Academic Personnel and Committee on Equal Opportunity
- Approval of an Addition of a Posthumous Degree Policy to the Regulations of Graduate Council, Appendix II of the Bylaws, Regulations, and Appendices of the San Francisco Division of the Academic Senate
- 2015-2016 Appointments to Academic Senate Standing Committees

Chair's Report

Chair Chehab announced that David Teitel has been selected as the 2015-16 San Francisco Division Vice Chair. Professor Teitel will serve a two-year term in this position. Chair Chehab updated Senate members on the Chancellor's Fund, which comprised \$500,000 from Chancellor Hawgood to improve faculty life:

- Senate committees elected to allocate these monies between pre-existing funding units (CTSI, Library, Campus Life Services, and the Schools) and specified Senate committees (Equal Opportunity, APB, Clinical Affairs, Faculty Welfare, Sustainability, and Educational Policy).
- \$289,900 was distributed through the pre-existing funding units, with the following funding priorities: child/elder care and supplemental bridge funding (Campus Life Services and the Schools); open access fund and the library special collections fund (Library); and the Mentoring Development Program and supplementing CTSI research awards for under-represented faculty and senior fellows.
- Academic Senate funding pathways included educational technology (defraying costs for using technology in the classroom), faculty enrichment (supporting work activities and services that enhance work-life), faculty learning and development (covering costs for faculty participating in development activities), and sustainability (defraying costs to attend sustainability-related conferences).
- Faculty Learning and Development Fund: The Senate allocated \$91,600, which was matched by the four Schools (\$22,900 per School).
- Faculty Enrichment Fund: The Senate allocated \$91,600.
- Sustainability: The Senate allocated \$15,300.
- Educational Technology: The Senate allocated \$11,450.
- For the Faculty Learning and Development and the Faculty Enrichment funds, requests outstripped the Senate's budget (SOM and SON). These funds received few SOD and SOP applications, so

these Schools are using their \$22,900 to create development funds of their own for use in future years.

- Overall, the Chancellor's Fund was distributed as follows in 2014-15: 2% for educational technology, 3% for sustainability, 3% for child/elder care, 3% for the Mentoring Project, 9% for library and special collections, 9% for open access, 15% for supplemental under-represented faculty research awards, 18% for faculty learning & development, 19% for supplemental bridge funding, and 19% for faculty enrichment.

Report from Chancellor Sam Hawgood

Chancellor Sam Hawgood reflected on the past 12 months of his tenure as Chancellor, commenting on the prestige of the University as a whole. First, he recognized a number of UCSF faculty who received prestigious awards and honors during the past year. Other highlights include the opening of the new hospital complex at Mission Bay, which came in \$40M under budget and ahead of schedule. The Schools are currently busy with their respective graduation ceremonies, which he is attending. He also noted that \$150M in scholarship monies have been raised over the past three years for UCSF students (the Education Initiative). The successful Discovery Fellows program, which supports basic science graduate students, now stands at \$17M as well.

Chancellor Hawgood also praised on the recent compromise between UC President Janet Napolitano and Governor Jerry Brown. He remarked the within the Governor's Budget, there is a one-time allocation of \$400M to supplement the UC pension plan. While this will not impact faculty or staff contribution to UCRP, it will cap the employer contribution at 14%, and may in the out years allow UC to bring down the employer contribution sooner than planned. The Legislature has not passed the Governor's Budget; it is hoped that the State Legislature will supplement this budget with new monies grow undergraduate enrollments, which might benefit UC system as a whole.

He also announced some recent changes and recruitment in UCSF's leadership. Daniel Lowenstein is now the Executive Vice Chancellor and Provost; Talmadge King is the new Dean of the School of Medicine; Alan Ashworth is the new President of the Helen Diller Cancer Center; Atul Butte is the inaugural Director of the Institute for Computational Health Sciences; and Theresa O'Lonergan has been appointed as the new Vice Chancellor for Ethics and Compliance. Current searches include the Vice Chancellor for Finance and Administrative Services (John Plotts will retire in July), as well as one for a new position – a Vice Chancellor for Innovation and Partnerships, which highlights the growing importance of external partnerships with UCSF.

The UCSF 2.0 Initiative has been distilled to certain pillars of a vision for UCSF over the next 10 to 15 years. This is not a strategic plan per se, but is more of a living vision for the campus as a whole. "UCSF Health" is the new nomenclature, replacing the old name of the "UCSF Medical Center." UCSF Health has two new partners – the Children's Hospital in Oakland and John Muir Health in the East Bay. There are currently five pillars in this vision – transformative partnerships, a precision medicine platform (building a series of core competencies in this area), continuous learning and innovation (for students, faculty, and staff), inclusion and equity, and promoting innovation in everything that UCSF does.

Looking ahead, the opening of San Francisco General Hospital will take place in December 2015. Governance, and especially UCSF's Regental relationship, is another concern of Chancellor Hawgood. He is consulting with UC President Napolitano on this issue, and the Rand Corporation is producing a report on the governance of the UC health system. Chancellor Hawgood remains concerned about the relatively high cost of living in San Francisco, and how that impacts UCSF students, staff, and faculty. UCSF is examining options of building new housing, which would improve the outlook for students. The new Warriors stadium will most likely move to Mission Bay; Chancellor Hawgood is in discussions with the relevant stake holders to ensure that the new stadium will work with UCSF's facilities in the area and local neighborhoods.

UCSF Budget and Financial Health Presentation – Teresa Costantinidis, Associate Vice Chancellor – Budget and Resource Management

Financial Model. AVC Costantinidis began her presentation with a short primer on finance. She remarked that ‘finance’ is about money flow within an organization, relating the general financial model to that of a bakery. In this scenario, ‘financing’ would consist of both the owners’ stake in the bakery, as well as any borrowing to establish the bakery. Investments would include any cash, inventory, machines, building, and land. Finally, operations concern the revenue minus the expenses, which would equal the profit or ‘income’ generated by the bakery. At UCSF (and higher education institutions in general), somewhat different labels are used – under financing, ‘fund balance’ (owners’ stake) and ‘debt’ (borrowing); under investments, ‘property, plant, and equipment’ are the common terminology; and under operations, ‘sources’ (revenue) minus ‘uses’ (expenses) are used to get the ‘year-end balance’, which is income. There are three standard financial reports help the University manage and understand these buckets – the balance sheet (concerning the financing and investments), the income statement (concerning the revenue, expenses, and changes in the institution’s net position), and the statement of cash flows (which shows where the cash is coming from).

Revenues and Expenses. Over half of UCSF’s combined enterprise revenue comes from the clinical enterprise and over 25% from the research enterprise. In 2014, these revenues totaled \$4.45B. Strategies to preserve and enhance revenue include expanding UCSF’s research and clinical revenues, as well as sharpening its focus on building endowment for faculty and student support. On the business side of the equation, UCSF supports business development efforts by expanding and managing high-level relationships with corporate partners, and continues to secure philanthropy for critical capital projects and programmatic philanthropic priorities. Finally, UCSF seeks to expand its Infrastructure and Operations Fund – by increasing its gift assessment to 10%, which generated ~\$10 million per year (completed in 2014-15). With respect to expenses, 64% of UCSF’s expenses are driven by personnel-related costs, which totaled \$4.26B in 2014.

Financial Plan. AVC Costantinidis compared the actuals to the projected financial plan. She noted that UCSF actually out-performed the Plan in fall 2014, but it projects a loss of income from 2015 to 2018 due to the impact of employer contributions to UCRP. That said, the UCSF “Health” revenue growth rate will outpace the “Campus” over the next three years. Philanthropy remains a major source of revenue growth for the campus, but research revenue growth will be tempered in the near-term, as UCSF rotates from federal research funding to private research funding. UCSF Health income will also drop over the next three years, as the institution recovers from UCRP contributions and the opening of the Mission Bay Hospital. As of one year ago – in June 2014 – UCSF’s net position stood at \$2.1B in cash, with its assets at \$7.7B, and \$5.6B in liabilities. Over the next ten years, UCSF’s borrowing will rise to \$3.27 billion by 2019-20 (partially for seismic retrofits), followed by a modest decline. Subsequently, UCSF’s debt service will rise to more than \$240 million annually during the next decade. Despite the increased borrowing, UCSF has the necessary flexibility in its debt capacity in order to manage these strategic investments. On the other hand, UCSF’s cash balances are rising through 2024. Given this increase, UCSF will continue to look at ways to invest its cash – such as the Total Return Investment Pool and General Endowment, as well as utilizing Century Bonds to finance a revolving fund to accelerate deferred maintenance investments. UCSF’s ‘capital’ is principally its facilities, and its 2014 Capital Spending Plan totals \$3.87 billion from 2015 through 2024. The priority investments are those associated with mandatory renovations – UCH, CSB and SFGH. However, strategic investments to consolidate locations are included in this plan. Finally, investments into UCSF Health will be undertaken, which will complete the Mission Bay facilities, and facilitate upgrades in the BCH Oakland and Parnassus facilities. There is also a strategy to reduce UCSF’s ~\$450m deferred maintenance backlog over the next ten years.

Core Funds and Overall Outlook. The management of core funds, which consists of 12% of all funds (on total revenue of \$5.1B), or \$635M, is a key part of UCSF’s business and financial planning efforts. Over half of these funds are found within the Schools’ base budgets, 15% goes to debt service, 7% to the Office of the President, 5% for facilities investments, 2% for strategic investments, and 1% for enterprise-

wide technology. However, the key metric used to monitor the core financial plan over time is the annual ending fund balance, which will go from \$368M in 2013-14 to about \$290M in 2024-25. While UCSF has made excellent progress and is assertively planning for the future, the competitive landscape is changing rapidly. Therefore, the University will need to capitalize on its ability to continue to make strategic capital and programmatic investments; make required cultural and organizational changes to support effective decisions; and adapt to a dynamic and uncertain marketplace. Subsequently, financial solutions will need to continue 1) to require a comprehensive focus on revenue growth; 2) expense control – aggressively remove structural costs; and 3) implement enterprise-wide solutions that leverage talent, capital, and space.

Presentation of *The Conversation* by Bruce Wilson

The Conversation is an independent news source or outlet, which produces news articles that are collected from the academic and research community, and delivered direct to the public via its website at <https://theconversation.com/us>. As a knowledge-based news source, only academic experts can contribute to *The Conversation*. All articles are checked and peer-reviewed. *The Conversation*, which initially launched in Australia four years ago, was founded due to concerns over the dearth of knowledge-based journalism in the mass news media. At the heart of *The Conversation's* mission is engagement with the public on academic research. In addition to the US edition, there are sites/editions in Africa, Australia, and the United Kingdom. *The Conversation* is a non-profit organization, and it is funded by the Gates Foundation, Alfred P. Sloan Foundation, Howard Hughes Medical Institute, the Gordon and Betty Moore Foundation, the Robert Wood Johnson Foundation, and the William and Flora Hewlett Foundation. Since the launch of the US edition in October 2014, there have been 18M reads of its articles through both republications and direct views on the US site. Much of the reads come from republishing on other sites. Indeed, the New York Times, San Francisco Chronicle, and the Washington Post are just a few journalism outlets that regularly pick up *The Conversation's* articles. Principally, AAU institution authors' contribute to *The Conversation*, with four UCSF faculty members having written for *The Conversation* to date. As such, *The Conversation* is careful in choosing its contributors, and carefully vettes individual faculty before accepting articles from them.

Old Business

None.

New Business

None.

Chair Chehab adjourned the meeting at 4:00 p.m.