

Committee on Academic Planning & Budget

Chad Christine, MD, Chair

DRAFT MINUTES

Tuesday, November 24, 2015

PRESENT: Chad Christine (Chair), Russ Pieper (Vice Chair), Michelle Arkin, Joe Bengfort, Janine Cataldo, Michael Clune, Howard Fields, Stefan Habelitz, Sally Marshall, Mike McMaster, Sean Mong, Norm Oppenheimer, Paul Volberding, Meg Wallhagen, Lori Yamauchi

ABSENT: Jennifer Arnett, Hannah Glass, Howard Pinderhughes, Elliot Seeley, Lydia Zablotska

GUESTS: Teresa Costantinidis, Senior Vice Chancellor of Administration and Finance; Olivia Herbert, Executive Director of Development

The Committee on Academic Planning and Budget (APB) was called to order by Chair Chad Christine on November 24, 2015 at 1:00 p.m. in room CL 211&213. A quorum was present.

Approval of the October Minutes

Committee members reviewed and approved of the October minutes.

Chair's Report

Chair Christine reported on the following item:

- **Mission Hall Task Force:** Chair Christine informed the committee that a new Task Force has been formed to address space issues at Mission Hall. Assistant Vice Chancellor for Capital Planning Lori Yamauchi added that Task Force had been assembled at the direction of EVCP Dan Lowenstein. The charge of the group is to develop a set of principles for the design of workspace in Mission Hall and in all new buildings. The principles would be developed by faculty and administrators with experience in Mission Hall and would be informed by all of the occupant feedback collected to date. UCSF Division Vice Chair David Teitel is the chair the Task Force. AVC Yamauchi informed the committee that so far the Task Force has met three times and two more meetings remain.

UCPB Report

UCPB representative Russ Pieper provided the following report:

- **New UCRP Tier:** Part of the 2015-2016 UC budget plan includes a \$436 million contribution from the State of California to the UC Retirement Plan. A couple conditions of receiving the additional funding include the implementation of a new pension cap and the develop a new UC retirement tier. The major concern for the Senate is whether a pension cap and new retirement tier will make it harder for the university to compete when recruiting top faculty. A task force has been assembled and charged with developing recommendations for the President. Once complete, they will be released in January for Academic Senate review and comment.
- **Enrollment Plan:** UC's plan is to increase undergraduate enrollment by 5000 students. The university has formally accepted the deal and we are moving forward with a plan. The state is going to contribute \$25 million. This is only half the estimated dollar amount that is needed to add the new students. As a result, the university will have to make adjustments in other areas to help compensate.

Campus Finance Report

Interim Senior Vice Chancellor Teresa Constantinidis attended the committee meeting to provide a report on UCSF's financial health. The presentation covered the following points:

- General Observations
 - UCSF is in Good Financial Shape
 - The University's 2015 Performance exceeded projections by \$234 million
 - The UCSF combined enterprise shows a positive net income in each of the next ten years
 - A strong balance sheet remains with critical capital expenditures built into our plan
 - Significant Vulnerabilities Remain
 - Small percentage of dependable income streams
 - Competitive and rapidly changing marketplace for the majority of our revenue
 - Cost of living and faculty recruitment/retention
- 2015 Financial Results
 - More than 80% of UCSF's sources come from competitive and rapidly changing markets
 - Approximately 63% of UCSF combined enterprise uses are driven by personnel-related costs
 - UCSF Health and the UCSF campus have a very integrated relationship. UCSF Health margins have a benefit/risk to the campus.
 - UCSF's consolidated forecast reflects an improved trend compared to the prior year projection
 - Philanthropy along with increased physician productivity are key elements in the forecast
 - UCSF's cash position is expected to grow through 2025. Most cash primarily restricted for designated uses. The campus must find creative ways to direct unrestricted capacity towards enterprise-wide strategies is a priority
 - Capital plan include renewal of certain Parnassus sites, including required seismic remediation; a new building at SFGH predicated upon seismic requirements; a Mission Bay expansion strategy; and partial solution for faculty investment needs
 - To achieve the capital plan, total debt will increase to \$3 billion during the ten-year projection period.
- UCSF Health Projections
 - A strong performance has prepared us for planned losses in 2016 and 2017.
 - There is a projected decline in earnings due to incremental operating costs associated with the opening of the Mission Bay hospitals in 2015 as well as increase interest expense and depreciation.
- Campus Core Financial Plan
 - Only 12% of UCSF's Total Revenue resides in UCSF's centrally-managed operating funds – also called core funds
 - UCSF is on a path where unrestricted funds will go from 472 million to 245 million over time. Actions need to be taken in order to ensure we do not reach a critical stage.
- Summary
 - We continue to make excellent progress and we are planning for the future
 - UCSF is a business operating in competitive, market-driven environment and must quickly seize new opportunities
 - Change is brisk, business cycles are short, and decision-making must accommodate that reality
 - UCSF is in an era of developing alternatives and making choices involving the allocation of resources
 - Lack of steady revenue streams will demand an increased focus on philanthropy as a key area of emphasis and investment

Development Report

Executive Director of Development Olivia Herbert attended the committee meeting to respond to the APB committee's request to learn more about a potential UCSF Campaign:

- **Goals for a Potential Campaign**
 - Forces strategic thinking and set priorities
 - Raises visibility
 - Inspires next generation of philanthropists to invest in UCSF for the future
- **Shift Framework from Needs to Vision**
 - What value comes from meeting our needs?
 - Focus on future goals, not present needs
- **What are the Key Opportunities?**
 - Allow new projects that can't happen at all
 - New collaborations in research
 - Ability to recruit best talent for faculty– we have trouble due to cost of living; this could fill the gap
 - Collect that seed data to enable the next huge thing
- **Engaging IT**
 - How we can work together to change medicine?
 - Create UCSF community with networking and social media?
 - Prevention and disease management?
 - Natural language processing, making patient care more effective
 - Also an appetite for merging people's new technologies looking for a problem to solve
- **Coordinating/Joint campaign with UCB**
 - Collaboration around bioengineering and computer science
 - How can we be seen as partners instead of competitors?
 - Shared opportunities with other local UCs
 - The proposed Richmond campus can be an opportunity
 - Joint DOD/foundation funds given to UCSF thanks to bioengineering collaboration
- **Questions for Faculty**
 - How would UCSF be different if we achieved these goals?
 - Building our endowment
 - Increasing stability
 - Healthy longevity and diseases of aging
 - Health disparity
 - Merging health disparity with technology
 - How Can There Be Better Communicate with Faculty?
 - Committee members responded that if the campaign focuses on stabilizing and supporting a creative faculty, it would galvanize the faculty community
 - How to we Attract New Philanthropists?
 - How to capitalize on the Discovery Fellows?
 - How to communicate value we have created?
 - Tag lines:
 - The Bay Area wouldn't be the same without UCSF
 - The world wouldn't be the same without UCSF
 - People are really interested in what we do, want to be close to the science
 - Hence the endowments and buildings (really what happens inside the buildings)

IT Report

Chief Information Officer Joe Bengfort reported on IT Security Initiatives. CIO Bengfort informed members that with several security breaches across the UC system, the President and campus leaders are working hard to implement and enforce new protocols, systems and trainings for faculty, staff and students. Since

the most recent breach at UCLA, President Napolitano has charged the campuses and medical centers to come up with new action plans. UCSF is almost done with our action plan. This includes aggressive roll out of the encryption in an intense way. Next, the campus will implement network access control that will ensure that all computers that log onto the network meet the security standards of the campus. When this is implemented, you will not be able to log into the UCSF network until your device has met all of the necessary security requirements. A lot of communication on this process will come out before full restrictions are placed on the campus.

Finally, CIO Bengfort noted that there will be changes to password requirements. Currently the password policy does not meet industry standards. There will need to be improvements. The IT security department is working to develop a password policy that will ensure security while not being too burdensome on the UCSF community.

Old Business

None

New Business

None

Chair Chad Christine adjourned the meeting at 3:00 p.m.

Academic Senate Staff:
Artemio Cardenas, Senate Analyst
Artemio.Cardenas@ucsf.edu (415) 476-4245