



**Memorandum**

**From:** Paul Alivisatos, Executive Vice Chancellor for Academic Affairs and Provost

**To:** Lisa Alvarez-Cohen, Vice Provost for Academic Planning  
Doug Clark, Dean, College of Chemistry  
Ben Hermalin, Vice Provost for the Faculty  
Carla Hesse, Executive Dean, College of Letters & Science; Dean, Social Sciences Division  
Oliver O'Reilly, Professor of Mechanical Engineering  
Monica Porter, Assistant Dean of Operations, School of Optometry  
Amy Robinson, Assistant Dean for Finance and Administration, College of Letters & Science  
Lisa Wymore, Chair, Theater, Dance & Performance Studies

**Date:** October 4, 2018

**Re:** Charge to Finance Reform Academic Funding Working Group

Thank you for agreeing to serve on the Finance Reform Academic Funding Working Group, which will develop a proposal for a metrics-informed model to allocate resources to the university's academic divisions. Through this memorandum I am writing to communicate the specific charge to the working group and other important information about the process you are about to undertake.

**Working Group Charge**

Below are a set of assumptions and key questions to guide your work. As the process moves forward, please keep in mind the overarching principles that have been established for the Finance Reform Initiative since the beginning: Your proposal should ultimately yield a campus budget model that is improved in terms of its simplicity, predictability, transparency, and alignment of funding to workload, cost, productivity and goals. The proposal should also be developed with an eye toward achieving the outcomes identified by other groups on campus that have worked on finance reform issues (e.g., Financial Strategies Working Group, Incentives Working Group, Working Group on Public and Common Goods).

Assumptions:

1. UC Berkeley will move, in part, to a metrics-informed model for allocating resources to its academic divisions.

2. The model will be informed by instructional workload (e.g., SCH, student majors) and other areas critical to institutional mission (e.g., research), weighted as appropriate to account for differences in program activities, needs, and costs.
3. To facilitate transparency and simplicity in execution, the model should deploy a limited number of metrics utilizing readily available data.
4. Campus support (including the share of resources the center receives from revenue sharing agreements) will be the source of funding allocated through the model, taking into consideration other sources of revenue that the academic divisions possess to fund their operations. (Campus support allocated to the colleges and schools in FY 2017 was \$558M.)
5. The model must be structured and implemented in ways that maintain and enhance academic quality at the university.

#### Key Questions:

1. Campus support is allocated in two ways: the general allocation and commitments (e.g., TAS, start-up, retention). How should funding for commitments be treated in relation to a metrics-informed allocation model, recognizing that the university should move toward reducing the number of ways resources are allocated?
2. In what ways will student enrollment (e.g., SCH, student majors) serve as the basis for the new allocation model? And how will cost drivers such as academic level, instructional delivery modalities, and discipline be reflected in the model? Different approaches may be needed for undergraduate and graduate education.
3. To what extent and how should performance metrics such as degrees awarded be utilized in the allocation model?
4. How will the implementation of a new resource allocation model take into consideration Budget Committee decisions about faculty FTE?
5. Some divisions have greater capacity to generate revenue than others, which are more reliant on campus support for their operations. How should this dynamic be factored into a new allocation model?
6. In order to preserve academic excellence, what should be the balance between base versus model-determined allocations? Should resources increasingly be allocated through the model over time? If so, what's the plan for doing so?

#### **Proposal**

The proposal you develop should be consistent with the assumptions and responsive to the questions identified above. With respect to the model itself, the proposal should be clear in terms of a description/rationale, methodologies, definitions (e.g., metrics, weights, calculations, reporting

periods), and impact on affected units. Measures recommended to preserve the quality of programs and services (e.g., phased implementation plans) should be discussed, as well.

### **Workflow and Timeline**

To stay on track with the Finance Reform Work Plan, review of your proposal by campus leadership and the broader university community will take place in the spring 2019 semester. The proposal should therefore be completed by February 1. To that end, you must proceed expeditiously for the remainder of the fall semester and the early part of the spring semester. Your working group should plan to meet every other week, though the chair will have the discretion to adjust the schedule based on the flow of work. On a monthly basis, the chairs of all three working groups will meet with me to provide an update on your progress and discuss any issues that may arise during the course of your work. I have asked Ben Hermalin, Vice Provost of the Faculty, to serve as chair of the Academic Funding Working Group.

Development of your proposal will require a significant amount of staff support, analysis, and modeling. This work will be provided by the Office of Financial Planning & Analysis augmented by subject matter experts from the Office of Planning & Analysis and the Chief Administrative Officer/Divisional Finance Leader community. They will join you in your meetings.

### **Resource Materials**

To assist in your work – and to bring those of you who are new to the process up to speed as quickly as possible – we have created a Finance Reform Google Drive to share resource materials for the project. You will find on the drive [Finance Reform Initiative foundational documents](#), which include a high-level work plan, scope of work, organizational structure, etc. for the entire Finance Reform Initiative. In addition, we have created a folder for [Academic Funding Working Group reference materials](#), which includes thought papers and other documents related to your specific charge. The resources available on the Google Drive will be expanded as the project continues.