Berkeley
UNIVERSITY OF CALIFORNIA

Benjamin E. Hermalin
Executive Vice Chancellor
& Provost

200 California Hall
Berkeley, CA 94720-1500
510-642-1961
hermalin@berkeley.edu
evcp.berkeley.edu

September 19, 2023

Jeffrey MacKie-Mason, *University Library* (Co-Chair)
Molly Van Houweling, *Law* (Co-Chair)
Marianne Constable, *Rhetoric*
Charles Faulhaber, *Bancroft Library and Spanish & Portuguese*
Andrew Garrett, *Linguistics*
Mark Haiman, *Mathematics*
Jo Anne Newyear-Ramirez, *University Library*
Panayiotis Papadopoulos, *Mechanical Engineering*
Mary Ann Smart, *Music*

Re: Response to June 30, 2023 report of the Joint Academic and Administrative Working Group on the University Library

Dear Colleagues on the Working Group,

I wish to thank you for producing a thorough and thoughtful report on the current state and needs of the University Library. The breadth and depth of analysis you provided, in the brief timeframe you were afforded, is commendable. We would indeed be fortunate if future working groups proved able to emulate your example.

There can be no doubt of the critical importance of the Library to the University's research, teaching and public service missions. The academic excellence for which Berkeley is known and that it seeks to maintain depends on its having a strong library, one that facilitates research and fosters discovery; the Library is a vital organ—the heart of the University—and its health is thus critical to the overall health of the University.

The fact that the Library currently ranks highly among North American university research libraries in terms of volumes (8th), titles (9th), professional staff (7th), and total materials expenditures (11th) should not cause us to lose sight of concerning trends;[1] trends that you report clearly lays out. For instance, relative to 2012–13, our standing in a number of metrics has slipped: while our ranking in terms of volumes has remained the same and our rankings in support staff and total materials expenditures have actually improved (the former from 31st to 28th, the latter from 14th to 11th), we have slipped in terms of titles (from 7th to 9th) and professional staff (from 4th to 7th).[2] Notably, as is true across the campus (*e.g.*, size of the Senate faculty, number of student advisors, or classroom space), the library has failed to grow in proportion to the expansion of the student body. All in all, your report is compelling advocacy for the proposition that the Library is not on a trajectory that will

[1] Source: *ARL Statistics 2021* by A. Mian & H. Gross, Association of Research Libraries, Washington, 2023, specifically Rank Order Table 1: Volumes (p. 37), Rank Order Table 2: Titles (p. 38), Rank Order Table 3: Total Library Materials Expenditure (p. 39), Rank Order Table 9: Professional Staff (p. 45). Additionally, that same source reports that UC Berkeley ranks 10th on the Library Investment Index (p. 48).
[2] Source: *ARL Statistics 2012–13* by M. Kyrillidou, S. Morris, & G. Roebuck, Association of Research Libraries, Washington, 2014, specifically Rank Order Table 1: Volumes (p. 51), Rank Order Table 2: Titles (p. 52), Rank Order Table 3: Total Library Materials Expenditure (p. 53), Rank Order Table 9: Professional Staff (p. 59), and Rank Order Table 10: Support Staff (p. 60).

maintain its preeminence and allow it to fulfill fully its vital role in supporting Berkeley's research and educational excellence.

As your report makes clear, the Library's funding struggles to keep pace with its growing expenses. This is not a problem unique to the Library: it is, unfortunately, a serious problem in nearly every corner of the University.[3] Nevertheless, the administration agrees that it is one that especially requires attention given the Library's importance to the University.

The recommendations itemized in your report's executive summary and subsequently discussed in detail within the report are certainly not unreasonable. In less precarious financial times than the ones in which we currently find ourselves, many would be actionable on either short- and longer-term timelines. Unfortunately, the reality of the current campus budget situation is such that it is not feasible to increase the Library's funding by $32.5 million starting in fiscal year 2023–24 (FY24), as you recommend. I presume that the Work Group, given its collective expertise, likely understood that such an ask was unrealistic in our current circumstances; indeed, even in a much more financially sound year, such a large "delta" would be a huge and likely impossible-to-meet request.

Despite your likely understanding, it might nevertheless be worth rehearsing some of our financial circumstances (in this regard, please also see footnote #3 *supra*). For a considerable period, the campus has struggled to maintain a balanced budget and has, correspondingly, often had fairly austere budgets and/or ones in which operating deficits were covered by reserves. This state of affairs reflects diminished and slow-to-rebound state funding following economic downturns (the dot.com bust and the Great Recession, notably), revenue losses due to COVID, tuition being frozen for many years, and, especially of late, rapidly rising personnel costs (both salaries and benefits). Even when we maintain balanced budgets in an accounting sense, we are running real deficits insofar as many non-monetized or yet-to-be monetized costs, such as deferred maintenance, do not appear on the books. Over the past five or so years, our costs have been growing at a far faster rate than our revenues, which further exacerbates our financial difficulties.[4] Looking specifically at FY 24, the campus (center) faced some significant financial challenges; the budget is, thus, correspondingly austere. Because the center pays for nearly all Senate faculty salary and benefits, it had to absorb the 4.6% salary increase mandated this year for those faculty. Additionally, due to the new contract with academic student employees (ASEs), we had to significantly increase funding for instruction ($11.4 million over the previous year, a 19% increase). Moreover, the campus paid for 65.2% of the mandated increases to staff salary and benefits for campus-funded staff, which includes a considerable percentage of Library staff. After those and other allocations, the center had $30 million left for its, now allocated, critical priorities fund ($10 million—over a twelfth of which went to the Library) and for its in-year exigencies fund ($20 million).[5] Although our budget for FY 24 is balanced, it is so only via a $96 million infusion of funds mostly from realized returns, including realized capital gains, on the campus's short- and medium-term investments. While a similar infusion of funds

---

[3] As you are aware, while state funding has recently improved—we are certainly appreciative of the new compact between the state and UC—the fact is that state funding in fiscal year 2022 (the last year of complete data) is, in inflation-adjusted dollars, only 78% of what it was in fiscal year 2006 (i.e., 22% less). For much of that period, tuition was frozen. In that same period, operating expenses, in inflation-adjusted dollars, increased 43%. While growth in philanthropy and other sources have helped, responding to this mismatch has severely depleted the campus's central reserves.

[4] As an illustration of this challenge: for FY 24, we can expect roughly an additional $25 million from the state and roughly another $25 million from cohort tuition increase, yet our expenses for staff and faculty salaries and benefits will grow by about $100 million.

[5] Various units submitted $55 million in requests against the $10 million in the critical priorities fund; among them was the Library, which sought $846,600 to fund one-time expenses for NRLF deposits and moves associated with some library consolidations. Unlike most units making requests, which either received nothing or a small fraction of what they sought, the Library received its request in full.

may be possible in FY 25 and beyond, the magnitude of such a future infusion is likely to be far less;[6] hence, our FY 25 budget is very likely to be even tighter than FY 24's, especially if costs continue to rise faster than income.

I recognize that what the Working Group may be seeking is not (only) the allocation of "spare" funds—which the campus doesn't have—to the Library, but (additionally) a reallocation of campus spending, a reprioritization of funding from other campus units/uses to the Library. While that is certainly a question that warrants attention, any reprioritization of campus spending can only affect budgeting beyond FY 24—such an exercise, given the timing of the request, cannot yield an additional $32.5 million for the Library in FY 24.

Moreover, in our highly consultative culture, one in which the principles of shared governance are taken very seriously, any significant reprioritization is necessarily an involved process and, thus, unlikely to be a quick one. The administration has already begun to engage with the Academic Senate, among other entities, on issues of how we set priorities and think about the tradeoffs that inevitably confront any organization with a limited budget.[7]

It may be worth noting that, among the goals of the ongoing Financial Sustainability Initiative (FSI), is putting in place mechanisms to facilitate the allocation of funds to those areas of greatest priority; to rationalize the funding of common goods, of which the Library is an important example; and to promote greater efficiency in our operations, which should free up more funds for areas of greatest need.

Between the FSI, which is one of the administration's highest priorities, and directly considering how we wish to move funding across areas, I am confident that we can put the Library on a more secure and stable footing. We will work with the Senate, others, and directly with the Library on these matters.

Let me turn from the fairly general to addressing some of the specific recommendations you make. To a large extent, recommendations #1–#7 can be subsumed into #8, as all touch on the provision of resources to the Library. That said, it may be worth breaking out #3 (new degree programs) and #6 (space).

Response to recommendation #3 (new degree programs): It is understood that new degree programs, as well as any expansion in the student body, creates added pressures on the Library. Going forward, as part of the FSI, the administration will give thought about how to ensure degree programs, especially those that are supposed to be self-supporting, better cover the costs they generate, including those they impose on other entities (registrar's office, the Library, etc.). To the extent that the FSI utilizes enrollments as a metric that influences

---

[6] The $96 million figure is an estimate and may be adjusted once FY 23 closes. The concern about the replicability of this strategy reflects, first, that many of the capital gains are *long*-term gains, which cannot be replicated on an annual (*short*-term) basis, and, second, that there are no guarantees that the investment vehicles into which funds are placed will perform as well as they have recently.

[7] In this regard, especially as the Working Group's report makes much of a comparison of the University of Michigan Library with ours, one may ask to what extent do comparators make different tradeoffs than we do? For example, while Michigan spends $14.6 million more annually than Berkeley does on its Library (source: page 42 of *ARL Statistics 2021* by A. Mian & H. Gross, Association of Research Libraries, Washington, 2023), we pay higher faculty salaries: including benefits, were Berkeley to pay its full Professors at the same average rate as Michigan, we would reduce our annual expenditures by nearly $46.2 million (source: *The Chronicle of Higher Education* 2023–24 Almanac, August 18, 2023, p. 60; using a CBR of 34.4%). I mention these facts *not* to suggest, in any way, that we should see the Library as pitted against faculty compensation nor to suggest, in any way, that faculty salaries at Berkeley are, somehow, too high (indeed, given some of the financial challenges faced by our early-career faculty, there is a strong argument to be had that we should be paying more, at least to those in the lower ranks). Rather I offer these statistics to illustrate that different universities operate differently and it is surely infeasible, given our limited means, to expect Berkeley to rank at the top in all metrics, even just among *public* research universities.

allocations, growth in the student body should result in relatively greater funding for those units whose operations scale with enrollments. Ongoing, it may be worth considering how the size of academic programs affects the utilization of Library resources. This is an issue that may be worth incorporating into the review of new and existing programs. By way of copy, I kindly ask Vice Provosts Alvarez-Cohen and García Bedolla to consider these issues, consulting, as need be, with the relevant committees of the Academic Senate and the Library staff, and to report back to me.

Response to recommendation #6 (space): Much of the public space in our libraries is used by students for studying, either individually or in groups. To a large extent, that activity does not necessarily need to occur in a library or be overseen by trained librarians. It is worth, therefore, exploring the extent to which the provision of library services can be decoupled from the provision of study space, especially as this holds potential for reducing the Library's costs. Consequently, also by copy on this letter, I kindly request that University Librarian MacKie-Mason and Vice Provost Alvarez-Cohen partner on outlining the elements that would go into the reconceiving of Library space as dedicated study space. To the extent that entails the transferring or joint hosting of space with other units, those units should be brought into the discussions. It is conceivable that the Division of Student Affairs has a role to play in administering study space; if so, Vice Chancellor Sutton should be involved. Although experience suggests that the devil is in the details when it comes to space on this campus, I nonetheless believe that much of this should prove relatively straightforward; hence, I'm hopeful that progress can be made before University Librarian MacKie-Mason departs campus.

Response to recommendation #8 ($32.5 million in additional permanent funding beginning in FY 24): The reasons why we cannot increase the Library's allocation by $32.5 million in FY 24 or, in all likelihood, anything near that in FY 25 were given above and I won't repeat them here. While the Library currently is relatively healthy, at least by metrics reported by the Association of Research Libraries, it is understood that it faces financial challenges going forward; notably, there are reasonable questions about the Library's ability to continue to cover budget deficits from its reserves going forward. There can be little doubt that, going forward, the Library's revenues will need to increase.

The questions, though, are by how much and from what sources? Under the campus's current funding model, central campus funds would presumably be the main source of additional funding for the Library. Unfortunately, the financial health of the center is such that it cannot be seen, in the near term, as a significant source of increased funding. Consequently, increased funding may need to rely on a new campus funding model, as is to be developed as part of the FSI, that arrives at other means of funding our common goods. Additionally, as true across the campus, greater reliance on philanthropy may prove necessary (more on that below).

Recommendation #8 seeks $11.5 million more in funding for materials acquisition, $20.5 million more in funding for increased staffing, and $500,000 to continue the digitization of the Library's "analog" collection. Unless I've misunderstood the report, all of this increased funding would be spent as indicated. If every additional dollar is spent, it cannot add to the bottom line; hence, it is unclear how this proposed addition of $32.5 million in funding addresses the concern about running down the Library's reserves. Moreover, if the Library will increases its total spend by $32.5 million, then I note it would immediately jump to nearly the top of the pack with respect to overall library spending among university research libraries: Adding $32.5 million to the forecast expenditure of $60.5 million for FY 24 yields a total of $93 million, which exceeds the 2021 spending of all but one university.[8] Perhaps that's a status to which Berkeley should aspire. On the other hand, given our

[8] Based on *ARL Statistics 2021* (op. cit.). In 2021, Harvard (#1) spent $106.5 million and Yale (#2) spent $91.6 million. Inflating Yale's spending to 2023 using HEPI, its spending would exceed $93 million. However, at $93 million, Berkeley would still be well ahead of #3, Toronto, even adjusting for inflation.

many competing needs and limited resources, one does wonder if more modest aspirations might be more appropriate. In that regard, I note that adding $11.5 million to a $17.5 million acquisition budget (Working Group's report, footnote 3, page 9) represents a 66% increase; while I am sure that, *on the margin of our* current *expenditure*, the value of expanding our acquisitions exceeds the added expense, even accounting for the dearness of every dollar to us, I do wonder whether the same would hold so far from the margin. Working with University Librarian MacKie-Mason, his staff, and relevant personnel from the campus budget office, we will need to understand the Library's use of reserves, the deficits it might be facing, and how we best determine the optimal level of spending given both our aspirations and the reality of our budget. In this, I imagine that there would be important roles for the Academic Senate's Committee on Academic Planning & Resource Allocation (CAPRA) and its Library Committee to play.

Response to recommendation #9 (once the permanent budget has been increased by $32.5 million, raise the total Library budget annually by the Higher Education Price Index): Inflation erodes the purchasing power of any fixed allocation; hence, to avoid *de facto* budget cuts in "real" dollars, funding must increase with inflation. That reasoning is indisputable. As an inflation index, a rate of adjustment, the Work Group recommends using the Higher Education Price Index (HEPI), which is typically higher than the more widely known Consumer Price Index (CPI). The report explains the rationale for that recommendation. The challenge is that the campus's revenues don't grow at the HEPI rate—they grow more slowly. For instance, over the last two years, state funding, which is only a fraction of our revenues, grew by 5% whereas HEPI was 5.2%. In a similar vein, the increase to cohort tuition is tied to an inflation index closer to the CPI and, in any case, the increase is capped at 5%. While, undoubtedly, we must determine a means of providing annual increases to the Library's budget to offset inflation, we would be challenged to commit to a rate that greatly exceeds the rate at which our revenues increase.

In developing new budget and funding models under the FSI, consideration will need to be given to how sensitive funding proves to be to inflation. Until that analysis has been conducted, it is not possible to commit to a particular inflation adjustment for any campus unit, even one as crucial as the Library.

Response to recommendation #10 (The campus should adopt the funding structure outlined in the 2017 "Report of the Working Group on Public and Common Goods Funding," which would adjust Library funding to match changing academic activity levels): Common-good funding will be part of the new budget and financing models set forth as part of the FSI. While the 2017 report will undoubtedly play a role in shaping those models, it is too early in the FSI process to know how much of the 2017 report will be adopted.

Response to recommendation #11 (The Chancellor should instruct the Office of University Development and Alumni Relations to make fundraising for the Library a higher priority, and to report annually on progress as part of the annual review of the Vice Chancellor for University Development and Alumni Relations): In assessing this recommendation, it may be worth taking a step back to consider how philanthropy works. By and large, there are not philanthropists out there simply willing to give to whatever cause the campus asks them to give. Most donors—and nearly all donors with significant capacity—give to what they wish to give: a donor interested in, say, biomedical research or a particular athletic team is not going to be steered to donate to the Library. It must be understood, therefore, that there are limits to how much one area of fundraising might be prioritized over others.[9]

It may also be worth remembering that, in the ongoing capital campaign, the Library's Center for Connected Learning (CCL) was chosen from among all the campus's capital needs to be one of only four campus capital

[9] Moreover, to the extent that areas can be prioritized, one must, as true of all matters involving limited resources, ask to what extent one area should be a priority over other worthwhile causes.

priorities. As our campus has, in today's dollars, over $12 billion in capital needs, this emphasis on the CCL thus represents a significant philanthropic effort on behalf of the Library. I would add, too, that both Vice Chancellor Hooper and Chancellor Christ have devoted considerable time to fundraising for CCL.

While University Development and Alumni Relations (UDAR) no doubt has a role to play in identifying potential donors who may wish to support the Library, to a large extent the cultivation and identification of new donors for the Library are activities that are principally the responsibility of the Library's own development office, which I believe currently has four individuals. I would add that this team appears to be very successful, exceeding its target for the soon-to-end capital campaign and, in recent years, has been bringing in over $10 million annually in current-use gifts.

Despite the evident success of the Library's development office and the current emphasis on CCL, I will nevertheless follow up with Vice Chancellor Hooper to get her sense of whether and, if so, how the Library might improve its fundraising. I will relay her advice to University Librarian MacKie-Mason.

To conclude, as your report makes clear, the University Library faces financial challenges going forward. While, sadly, it is hardly unique on the campus in that regard, the centrality of the Library to Berkeley's excellence requires that the administration be especially attentive to its challenges and that, therefore, it work closely with University Librarian MacKie-Mason and his successor to ensure that the Library can continue to support Berkeley's research and educational excellence. Although the reality of the campus's budget makes it impossible to increase the Library's funding by $32.5 million this year or next, we can begin, as part of the broader FSI, to put in place sensible budget/financing models that will help the Library, as well as benefiting the campus overall.

Regards,

Benjamin E. Hermalin
Executive Vice Chancellor and Provost

cc: Amani Allen, Vice Chair, Berkeley Division of the Academic Senate
Lisa Alvarez-Cohen, Vice Provost for Academic Planning
Maximilian Auffhammer, Chair, Berkeley Division of the Academic Senate
Carol T. Christ, Chancellor
Daniel M. Feitelberg, interim Vice Chancellor for Finance
Lisa García Bedolla, Vice Provost for Graduate Studies & Dean of the Graduate Division
Louise Gregory, University Library, Executive Director of Development
Julie Hooper, Vice Chancellor for University Development & Alumni Relations
Andrea Lambert-Tan, Assistant Executive Vice Chancellor & Chief of Staff
Victoria C. Plaut, Vice Provost for the Faculty
Chris Stanich, Associate Vice Chancellor, Financial Planning & Analysis
Stephen C. Sutton, Vice Chancellor for Student Affairs
Sumali Tuchrello, Project Policy Analyst, Provost's Office
Christopher Yetter, Senior Advisor to the Provost