

June 27, 2023

Darnell Hunt
Executive Vice Chancellor and Provost (EVCP)

Re: Bruin Budget Model Treatment of SSGPDP Revenue and Accounting for Indirect Costs

Dear EVCP Hunt,

At its meeting on June 8, 2023, the Executive Board (EB) reviewed the Council on Planning and Budget's (CPB) letter regarding the Bruin Budget Model (BBM) treatment of Self-Supporting Graduate Professional Degree Programs (SSGPDP) revenue and accounting for indirect costs.

EB members voted to approve a motion to endorse the CPB report, recommend it to you, and advocate for the reexamination of the indirect cost accounting of the SSGPDPs under the BBM.

Members expressed appreciation for CPB's work on this important issue. They joined CPB in questioning why the campus is essentially subsidizing SSGPDPs, especially relative to state-supported programs, in ways that undermine the very idea that these programs are fully self-supporting. Moreover, members expressed concern about the perverse incentives that threaten to further sideline PhD programs and shift master's education from state-supported to self-supporting: this seems to undermine a key goal of the UC system, which is to provide accessible, research-oriented graduate and professional education. Members ask the Administration to demonstrate that the campus is accounting for all costs to maintain these as fully *self-supporting* programs. Members posited that when UCLA does not account for actual costs and taxes these programs at low rates, it can appear as though they generate more revenue than fuller accounting would reflect.

In sum, the Academic Senate advises Administration to closely consider the issues raised in the attached report. We also request a response by Friday, October 27, 2023, to the following questions from the report in order for the Council on Planning and Budget and the Graduate Council to collaborate in developing answers to the policy concerns raised in the CPB report:

1. How much have SSGPDPs been paying for recharges, and how do these compare to (a) recharges paid by state-supported programs and (b) costs included in standard indirect cost accounting?
2. If the UCOP annual student charge application 26% indirect cost rate had been used internally in recent years, what percentage of total SSGPDP revenue above direct costs would have gone to indirect costs versus to net revenue above total costs?
3. What is the basis for UCOP's 26% UCLA SSGPDP indirect cost rate? If indirect costs were to be charged, would standard indirect cost accounting principles justify a different internal rate?

Sincerely,



Jessica Cattelino
Chair
UCLA Academic Senate

Encl.

Cc: Allison Baird-James, Interim Vice Chancellor and Chief Financial Officer
James Bisley, Chair, Graduate Council, UCLA Academic Senate
April de Stefano, Executive Director, UCLA Academic Senate
Michael Emmerich, 2023-24 Chair, Council on Planning and Budget
Elizabeth Feller, Associate Director, UCLA Academic Senate
Andrea Kasko, Vice Chair/Chair Elect, UCLA Academic Senate
Emily Le, Principal Policy Analyst, UCLA Academic Senate
Andrew Leuchter, Chair, Council on Planning and Budget, UCLA Academic Senate
Emily Rose, Assistant Provost & Chief of Staff to the EVCP
Brooke Scelza, 2023-24 Chair, Graduate Council, UCLA Academic Senate
Shane White, Immediate Past Chair, UCLA Academic Senate