

**PRESIDENT ROBERT C. DYNES  
DISCUSSION TOPICS FOR THE MEETING OF  
THE ASSEMBLY OF THE ACADEMIC SENATE  
WEDNESDAY, APRIL 12, 2006**

**BUDGET AND FUNDING**

My overview of the budget has been presented to both the Senate and Assembly budget subcommittees. Hearings on specific issues are scheduled to begin on April 17. The Governor's May Revision is usually released in mid-May, and subcommittee hearings are expected to wrap up soon afterward. The budget conference committee will begin its deliberations to develop a final budget in early June, and it is hoped that a final budget will be adopted in time for the July 1 start of the new fiscal year. The University continues to seek legislative support for the Compact as proposed in the Governor's Budget, and also continues its efforts to secure ongoing funding from the State for Student Academic Preparation Programs and labor research.

***Private Support***

Last year, private support to UC increased by 15.8 percent to \$1.2 billion. This growth trend for UC continues at the half-year mark for fiscal year 2005-06. The system total is \$681 million, which is 7.6 percent higher than the same period last year. Total private support to the UC system is \$681 million received to date. 49 percent of the gifts were designated for current expenditures, 27 percent were for endowment, 21 percent were for campus improvements, and the remaining 2 percent of the gifts were unrestricted.

**DEPARTMENT OF ENERGY LABORATORIES**

***Los Alamos National Laboratory (LANL)***

On December 21, 2005, the U.S. Department of Energy (DOE) awarded the contract to manage the Los Alamos National Laboratory (LANL) to Los Alamos National Security LLC (LANS), a team that includes the University of California (UC), Bechtel National, BWX Technologies, and Washington Group International. The new contract takes effect on June 1 and carries a seven-year term; an additional 13 years can be earned through successful performance under an award term provision. Michael Anastasio, President of LANS, is the designated Director for Los Alamos. He formerly served as Director of the Lawrence Livermore National Laboratory.

The new LANL contract requires LANS to provide total compensation packages for different groups of employees: 1) A total compensation package for transferring LANL employees that is substantially equivalent to the total compensation package provided to them by UC, and 2) a market-driven total compensation package for new employees and those LANL employees who, before transitioning to LANS, choose to either retire or elect inactive status under the University of California Retirement Plan (UCRP). On March 9, the National Nuclear Security Administration (NNSA), a semi-autonomous agency within the Department of Energy, approved the LANS total compensation packages, noting that the LANS package for transferring LANL employees had met the "substantially equivalent" requirement.

Shortly following the NNSA's announcement, both LANS and UC mailed decision guides to LANL employees, giving them 60 days to make choices concerning employment and benefits under LANS and the corresponding choice to retire or elect inactive membership under UCRP or to transfer their UC service to the LANS substantially equivalent plan. The employees must submit their decisions by May 15.

As required under the existing and new LANL management contracts, UCRP assets and liabilities for LANL employees who participate in the LANS substantially equivalent pension plan will need to be transferred. In close consultation with The Regents, faculty leadership, actuaries, and consultants, UC will begin the process of negotiating with the DOE on the appropriate methodologies to calculate the assets and liabilities attributable to these employees. The negotiations will also include a discussion of the options and ongoing obligations for LANL retirees and inactive members whose UCRP benefit entitlements remain with UC after the transition. The University's intent is to work with the DOE to clarify the DOE's long-term ongoing financial obligations to these retirees and inactive vested members from LANL so that neither the University nor the DOE experience any financial gain or loss. Both UC and LANS are working to ensure that the LANL transition results in minimal disruption to employee and retiree benefits.

Additional information on the LANL contract award and transitional procedures can be found at:

<http://transition.lanl.gov/>

<http://lansllc.com/index.html>

<http://www.doeal.gov/LASO/>

<http://www.doeal.gov/LASO/ContractTransition/default.html>

### ***Lawrence Livermore National Laboratory (LLNL)***

On March 15, the University of California (UC) announced the appointment of George H. Miller, an employee of the University for 34 years, a nuclear weapons and national security expert, and a leader in large facilities management, as Interim Director of Lawrence Livermore National Laboratory. Interim Director Miller will serve through September 30, 2007, the end of the current contract.

The University of California has not made a formal decision regarding participation in the competition for the future management of LLNL. The decision to compete will be made by the Board of Regents at the appropriate time in the acquisition cycle. The Regents have authorized the University to prepare for the competition, and, in late January, UC submitted an expression of interest (EOI) to the Department of Energy regarding the competition.

## GOVERNMENT RELATIONS

### *Federal Governmental Relations*

**American Competitiveness Initiative:** A letter from the Office of the Senior Vice President for University Affairs, delivered on March 22 to the California Congressional delegation, urges support for President Bush's FY 2007 budget proposal known as the American Competitiveness Initiative (ACI). The ACI would provide significant new funds for the National Science Foundation and the Department of Energy's Office of Science. It would also commit new federal resources to improving K-12 math and science education.

**Budget Resolution:** On March 16, the Senate approved its FY 2007 Budget Resolution, which sets targets for federal appropriations. Senators Boxer and Feinstein supported the "Specter-Harkin" amendment, which added \$7 billion to the domestic discretionary spending total. This Budget Resolution will give the Senate Appropriations Committee more flexibility in funding important health, research and education priorities that had previously been slated for cuts. The House will consider its budget resolution later this spring.

### *State Governmental Relations*

**State Infrastructure Bond, including Educational Facilities:** The legislature and Governor were unable to come to agreement on an infrastructure bond proposal in time to make the June ballot deadline. While the Assembly was willing to place an education bond on the June ballot, the Senate prefers to place transportation, resources, and education proposals into one comprehensive bond rather than separating the issues.

The education portion of the infrastructure package includes the following:

- \$19.5 billion for kindergarten through university (\$10.4 billion on the 2006 ballot; \$9.1 billion on the 2008 ballot);
- \$1.38 billion for UC's basic capital needs (\$345 million per year); and
- \$200 million to expand UC's medical education facilities.

Negotiations will now focus on reaching agreement on an infrastructure bond before June 29, the deadline for placing a measure on the November ballot. Should legislators and the Governor not reach agreement by that time, they have until early August to place the bond on a supplemental November ballot.

**Deadline for Introducing State Legislation:** February 24 was the deadline for introducing new State legislation this year, and 2,160 measures were introduced by lawmakers. Those bills of greatest concern to the University have been identified and further information about

them will be presented in subsequent reports. Bills likely to provide the greatest challenges to the University include:

- AB 2168 (Liu) – UC, CSU, CCC to Develop and Maintain Integrated Single Core Curriculum for Transfer Purposes;
- AB 2666 (Goldberg) – Residency for Native Americans;
- AB 2721 (Mullin) – Establishes State Intellectual Property Policies;
- AB 2951 (Goldberg) – Capital Facilities Fees;
- SB 1117 (Denham) – UC Senior Management Compensation (discussed below);
- SB 1181 (Maldonado) – CPEC: Academic and Executive Salaries Supplemental Report (discussed below); and
- SB 1571 (Maldonado) – UC, CSU, CCC Post on Web Sites Employee Compensation Information (discussed below).

### ***2006 UC Sponsored Legislation***

**SB 1520 (Ducheny):** The University is sponsoring this urgency measure to address UC-specific issues with the implementation of the Medi-Cal hospital finance waiver. SB 1520 addresses an ambiguity in last year's legislation (SB 1100; Chapter 560, Statutes of 2005) by clarifying that the five UC academic medical centers are a system for the purposes of the Medi-Cal hospital financing waiver.

**SB 667 (Migden):** The University will be continuing the efforts begun last year on this sponsored legislation related to competitive bidding. This measure would allow UC to select the lowest responsible bidder for a construction project on the basis of the best combination of price, qualifications, relevant experience, and demonstrated management competency. The University continues to meet with contractor and union organizations to work out their concerns about allowing some subjective judgment in the awarding of construction contracts.

**Other legislation:** The University will also be pursuing efforts to reauthorize the California Subject Matter projects (CSMP) and to expand the Assumption Program of Loans for Education (APLE) to assist students who plan to become math, science, and special education teachers.

### ***Legislative Consideration of UC Compensation Policies and Practices***

**Senate Education Committee Hearings:** On February 8, the Senate Education Committee, chaired by Senator Jack Scott, held an informational hearing on the University's compensation policies and practices. I reiterated the University's commitment to public accountability and transparency, summarized actions taken to reform compensation policies and practices, offered my personal commitment to solving the problems, and expressed the need for UC to continue to compete for the best talent. Regent Joanne Kozberg also testified at the hearing, describing the goals and objectives of the Task Force on UC Compensation, Accountability,

and Transparency, which she co-chairs with Assembly Speaker Emeritus Robert Hertzberg. Senior Vice President for University Affairs Bruce D. Darling and Associate Vice President for Human Resources and Benefits Judith W. Boyette joined me at the witness table. Also addressing the committee were Steve Boilard of the Legislative Analyst's Office, who provided an overview of the issue; David Longanecker, Executive Director of the Western Interstate Commission for Higher Education, who discussed common compensation practices at colleges and universities nationally; and Murray J. Haberman, the Executive Director of the California Postsecondary Education Commission, who covered CPEC compensation studies and current recommendations. Then-Academic Council Chair Clifford Brunk; LaKesha Harrison, President of the American Federation of State, County, and Municipal Employees; and Anu Joshi, President of the UC Student Association, also testified.

On February 22, the Senate Education Committee held a second hearing on UC compensation practices. In addition to my testimony, those testifying at the hearing included: Chairman of the Board of Regents Gerald L. Parsky; Regent Judith L. Hopkinson, Chair of the Regents' new Special Committee on Compensation; and Speaker Emeritus Robert Hertzberg and Regent Joanne Kozberg, co-chairs of the Task Force on UC Compensation, Accountability and Transparency. Regent Parsky's testimony focused on the role of The Regents, why UC compensation practices went awry, and what The Regents are doing to ensure compliance with University policy, including transparency to the public.

While no other hearings are scheduled on UC compensation, it is likely the issue will continue to be raised during consideration of compensation related legislation and UC's budget hearings. In addition, the Assembly has indicated it will consider the University's compensation issues following release of the State Auditor's report on that subject sometime in May.

### ***Compensation Related Legislation***

**SB 1117 (Denham):** This bill expresses the legislature's intent to "propose that the people of the state amend the California Constitution to eliminate the independence of the University of California if the University refuses to voluntarily disclose the system of compensating University of California management executives." The bill also requests the University to disclose annually to the legislature all compensation provided to its management executives. SB 1117 is not yet scheduled for a hearing.

**SB 1181 (Maldonado):** This bill would require the California Postsecondary Education Commission (CPEC) to biennially produce a Supplemental Report on Academic and Executive Salaries at UC, CSU, and the California Community Colleges, including the total amount of remuneration and other benefits each senior level higher education executive/manager receives. SB 1181 is scheduled to be heard by the Senate Education Committee on April 19.

**SB 1571 (Maldonado):** This bill would require the California State University and the California Community Colleges, and request the University, to 1) post on the Internet their policies for setting and adjusting compensation, as well as their policies for approving transfer agreements, separation agreements, and settlement agreements for all employees, including information on the total value of settlements reached between the institution and its employees, and 2) report on

the total compensation provided to executive and senior-level administrators at both the system-wide and campus levels. SB 1571 is scheduled to be heard by the Senate Education Committee on April 19.

## **GREEN BUILDING DESIGN AND CLEAN ENERGY STANDARDS**

The UC Sustainability Steering Committee met in February to continue its effort in providing direction for the University's sustainability policies. The Committee asked that working groups be formed in the following areas:

- sustainable purchasing
- climate change
- sustainable operations, and
- sustainable transportation.

In addition, it asked that a study group be formed to refine existing policy, in regards to policy scope related to building renovation projects. The Committee is tentatively scheduled to meet again in July.

## **HEALTH AFFAIRS**

### ***Advisory Council on Future Growth in the Health Professions***

As follow up to the June 2005 report from the Universitywide Health Sciences Committee on health workforce needs, I appointed an Advisory Council on Future Growth in the Health Professions. The Council held its first meeting in March. Co-chaired by Acting Provost Rory Hume and Regent Sherry Lansing and composed of senior campus administrators, Regents, and faculty, the Council is charged with providing guidance on the development and implementation of an enrollment plan for UC health sciences schools through the year 2020. Recommendations from the Council, and the proposed enrollment plan, will be submitted to me by September 30.

### ***New Joint Audiology Degree Programs with California State University Campuses***

In October 2005, the UC and CSU systems held a joint meeting to review and discuss national changes in standards for entry-level degree education for practicing audiologists. These changes are such that the Council on Academic Accreditation in Audiology and Speech-Language Pathology (CAA) will accredit only doctoral level AuD programs and will no longer accredit entry-level master's programs after December 31, 2006. The Doctor of Audiology (Au.D.) will become the required degree for entry to practice. To address these changes, the UC Office of the President and CSU Office of the Chancellor agreed to work together to identify UC and CSU campuses interested in partnering to develop joint doctoral degree programs.

In March 2006, three new partnerships, each including a UC medical school and a CSU campus, were jointly selected by UC and CSU to begin planning new or expanded programs, with a goal of admitting new students in fall 2007. Selected sites include: UCSF/San Francisco State University, UCLA/CSU-Northridge, and an expansion of the existing joint Au.D. program at UCSD/San Diego State University.

### ***Governor's Nursing Task Force***

I continue to participate in the Governor's Nursing Education Task Force and to work with leaders from the California State University and California Community Colleges to increase enrollments in California's nursing schools. UC plans to increase enrollments in its existing nursing programs at UC Los Angeles and UC San Francisco, and to begin new programs at UC Irvine. This growth will include re-establishment of an undergraduate nursing program at UCLA, the creation of a new undergraduate nursing program at UCI, and growth in graduate programs on all campuses. These changes will increase UC enrollments in nursing by approximately 70 percent over the next four years. UC will continue to explore opportunities for developing and expanding programs that will respond to the state's significant shortage of nurses, with particular attention to preparing future nursing school faculty.

## **INFORMATION TECHNOLOGY INITIATIVES**

### ***UC IT Strategic Sourcing Program***

Since 2002, UC campuses, medical centers, and the national laboratories have collaborated to reduce the costs of information technology and telecommunications products and services through negotiated agreements that consolidate UC transactions and expenditures with major hardware, software, and services vendors. In addition to saving money, these efforts have improved the efficiency of our procurement processes and the quality of products and services received. There are over fifty systemwide IT agreements in place. One example is the UC Microsoft Agreement which was signed in 2003, consolidating eighty different UC Microsoft campus agreements, most or all of which had been signed at list price. This single UC agreement with Microsoft has produced savings to the University of \$2,866,000 over the three-year contract period (representing an average savings of 43 percent).

- The IT Strategic Sourcing program, led by Information Resources and Communications at UCOP, has analyzed systemwide opportunities for additional savings and will focus efforts in the next year on the following opportunities:
  - local and long distance telephone services
  - wireless services
  - IT distributors
  - IT contract labor, and
  - network hardware.

Savings targets in these areas range from \$9 to \$18 million.

## **INTERNATIONAL STRATEGY DEVELOPMENT**

We have made rapid and significant progress recently in creating a new strategic initiative with India. Officially launched with a memorandum of understanding signed in New Delhi on March 16, the UC-India Initiative will leverage the unique strengths of the UC system with those of a consortium of leading science and technology organizations in India, from both government and academia. Indian governmental partners include the Department of Science and Technology (DST), the Department of Biotechnology (DBT), the Science and Engineering Research Council (SERC), and the Technology Information Forecasting and Assessment Council (TIFAC). The Indo-U.S. Science and Technology Forum, a non-profit organization created to strengthen ties between our two nations, will assist in the logistics of coordinating this new initiative. Initial partner universities in this initiative include Amrita University, the Indian Institute of Technology Delhi, the Jawaharlal Nehru Center for Advanced Scientific Research, and the Society for Electronic Transactions and Security. Additional Indian partner universities are expected to join this initiative shortly. The initiative will bring a new, collaborative focus to a wide range of research topics aimed at providing solutions to common pressing challenges in science, technology, and economic development.

The initiative is structured to provide multiple opportunities for the intellectual and professional development of students, and to encourage active participation from the U.S. and Indian governments, industry, non-profit organizations, and venture capital entities. Research fields within the UC-India Initiative portfolio will include engineering, environmental quality, health care biotechnologies, food security, cyber-security, information technology systems, software and services, biodiversity, and alternative energies.

While the UC-India Initiative will be open to participation by all interested researchers within the UC system, initial lead UC participants include three of the California Institutes for Science and Technology (Cal ISIs): the California Institute for Telecommunications and Information Technology Research (CAL IT<sup>2</sup>); the Center for Information Technology Research in the Interest of Society (CITRIS); and the California Institute for Quantitative Biomedical Research (QB3). The Cal ISIs are multi-disciplinary, public-private collaborative research models aimed at forging solutions for large-scale societal problems in healthcare, energy, the environment, transportation, civil infrastructure and homeland security. Another initial lead UC participant in the initiative is the Global Health Sciences Initiative (GHS). The GHS works to reduce the burden of disease in the world's most vulnerable populations by integrating UC strengths in the health, social, and biological sciences and applying that expertise to addressing health challenges in partner nations.

India is an important strategic partner for the UC, and the creation of this new UC-India initiative offers an excellent platform for dramatically strengthening our research and educational interactions.



## **LABOR RELATIONS**

In 2005, the University concluded negotiations with CUE for clerical employees, UPTE for research and technical employees, CNA for Registered Nurses, and AFT for Librarians. All contracts have been ratified by the respective unions. This is the first time in approximately 20 years that we have all of our contracts closed. We have successfully included specific “no sympathy strike” language in each contract that did not previously have a clearly stated reference to sympathy strikes. With the exceptions of the Nurses’ unit and the Graduate Students’ units, these agreements expire at various times in calendar year 2008. The Nurse and UAW contracts expire June 30, 2007 and September 30, 2007, respectively. In 2006, the University obtained a one year extension for the UAW Graduate Student contract. The University will be in negotiations for successor contracts with UPTE for Health Care Professionals and IAFF Firefighters at the Davis and Santa Cruz campuses and reopener negotiations for AFT Lecturers. Also, CNA and the University will be bargaining wages and health and welfare benefits for Registered Nurses.

## **LONG-RANGE GUIDANCE TEAM**

The Long-Range Guidance Team, co-chaired by Acting Provost Rory Hume and Senior Vice President Bruce Darling, has been asked to consider what challenges the next 20 years may pose for California and to discuss ways in which UC can begin preparing itself to address those challenges. Rather than produce a detailed academic or business plan, the Team will give me input on what broad issues and overarching strategies we need to be thinking about today in order to position UC to make its maximum contribution to California and the world in the year 2025. Specifically, they will help think through the following: In an ever-changing global economy, how can UC preserve and enhance its contribution to California? More specifically, what will the University of California need to look like to serve the needs of the people of California 20 years from now?

Throughout this process, the Guidance Team members will be soliciting advice, feedback, and input from various constituencies – both internal and external to the University. Since May 2005, the Team has had presentations by experts in demography and economics. They have heard from California business leaders and have had discussions with legislators. Assembly Member Carol Liu and Senator Jack Scott have both had conversations with the team about the importance of the University to California. At its most recent meeting in January, then-Academic Senate Chair Clifford Brunk presented the Academic Council Resolution on Maintaining the Public Status of the University to the Guidance Team for their consideration.

We welcome your ideas and suggestions. There are a number of ways to share your comments – through Web chats, e-mail submissions, and a variety of other mechanisms. The purpose of the Web chats is to provide updates on the Team’s progress and also to seek input from critical UC stakeholders about the issues they see facing the University in the year 2025. The first session was held with UC faculty on November 2; the second was held with alumni on December 7, 2005. A session with students was held on April 10, and a session with staff is scheduled for

April 18. To learn more about the issues the Team is considering, or to share your ideas about shaping the future of the University, please visit its Web site at:

<http://www.universityofcalifornia.edu/news/uc2025/>

## **TASK FORCE ON FACULTY DIVERSITY**

In May 2005, I appointed an 11-member systemwide President's Task Force on Faculty Diversity, chaired by UCLA Associate Vice Chancellor Rosina Becerra, to review faculty diversity at the University of California. A complete description of the Task Force can be found on the Web at:

<http://www.universityofcalifornia.edu/facultydiversity/>

In the fall of 2005, the Task Force collected data and conducted site visits to nine campuses to assess the status of faculty diversity efforts. Each site visit was conducted over two days by a subcommittee of three to four members of the Task Force, and included meetings with senior academic administrators, including Chancellors, Executive Vice Chancellors, Provosts, Vice Provosts, Deans, and department chairs. Site visits also included meetings with Academic Senate committees, campus diversity committees and town hall gatherings of interested faculty, students, staff, and community members.

In the spring, the Task Force will discuss its findings and recommendations with the University Committee on Affirmative Action and Diversity (systemwide Academic Senate committee), the Council of Graduate Deans, the Council of Vice Chancellors (Executive Vice Chancellors and Provosts), the Council of Chancellors, the Academic Council, and the Letters and Sciences Deans. On May 23, I will host the President's Summit on Faculty Diversity to engage campus teams in the implementation of the Task Force recommendations.

## **UCRP**

### ***Long-Term Funding of UCRP and Potential Alternative Plan Designs***

Because of the decline in the funded status of the University of California Retirement Plan (UCRP) and its annual cost of 15.34 percent of covered pay (approximately \$1.25 billion), an advisory group has been formed to review strategies for ensuring the sustainability of UC's retirement benefits. This group is being assisted by UC Human Resources/Benefits (HR/Benefits) and Mercer Human Resource Consulting and has been working in close consultation with the UC Faculty Welfare Committee (UCFW) and several of its subcommittees.

The initial strategies presented by the advisory group to the UCFW indicated the likelihood that by July 2007, UCRP contributions may need to be reinstated and that alternative plans designs may need to be considered for new hires. Based in part on the UCFW's questions

and concerns, the issue of alternative plan designs for new employees will be studied further and it is doubtful that any changes will be implemented by July 2007. However, the Faculty Welfare Committee responded that it strongly favors phasing in UCRP contributions soon to keep the plan fully funded.

Consequently, at the March Regents' meeting, an item for action was presented to and approved by The Regents to:

- (1) update the funding policy for UCRP to incorporate a long-term targeted funding level of 100 percent;
- (2) authorize the reinstatement of UCRP contributions effective July 2007, subject to funding and completion of the budget process; and
- (3) provide for a multi-year contribution strategy under which contribution rates will increase gradually over time to 16 percent of covered earnings, based on UCRP's current normal cost.

It is anticipated that in May, specific recommendations for action by The Regents will be made on the reinstatement of UCRP contributions, which will include a year-by-year schedule of the contributions through 2013 and the specific cost sharing of these contributions between UC and employees through 2010. Implementation is subject to collective bargaining, as applicable, and the availability of funding.