

**PRESIDENT ROBERT C. DYNES
DISCUSSION TOPICS FOR THE MEETING OF
THE ASSEMBLY OF THE ACADEMIC SENATE
WEDNESDAY, JANUARY 30, 2008**

ACADEMIC AFFAIRS

UC Applications

Detailed information about UC applications for Fall 2008 will be announced the week of January 28. A preliminary view follows:

- Application volume for Fall 2008 admission increased by 9.0 percent over last year (to a record 121,005), including a 9.2 percent increase (to 95,201) at the freshman level, and an 8.5 percent increase (to 25,804) at the transfer level.
- Among all freshmen, the data reflect an increase in the number of applicants from all racial/ethnic groups, with the largest increases among Chicano/Latino applicants (17.9 percent) and African-American applicants (16.1 percent).
- Among all transfer applicants, there are increases of 10.8 percent for Asian-Americans, 7.1 percent in the White/Other category, and 4.6 percent for Chicano/Latino applicants. African-American applicants decreased by 2.1 percent.
- The increase in freshman applications to the University from California public high school applicants (6.4 percent) substantially exceeds the Department of Finance's (DOF) projected increase for high school graduates (3.2 percent). Further, applications to the University increased faster than DOF projections for all ethnic groups.
- The overall number of transfer applicants from California Community Colleges (CCC) increased this year by 1,522 students, or 8.1 percent. All campuses experienced a solid increase.

Long-Range Enrollment Plan

The University of California conducts long-range enrollment planning activities every 7-10 years, updating them as necessary during the planning period as conditions change. Our last major planning effort, completed in 1999, extends through the 2010-11 academic year. The Office of the President and the campuses have spent the past several months working on our next series of enrollment plans, which will extend through 2020-21. These plans are closely tied to the academic planning efforts under way on each campus and reflect each campus's academic goals in terms of student population and disciplinary mix. The University's long-range enrollment projections are due to the legislature on March 25, and will be presented to The Regents at their March meeting.

UC's Education Imperative

Over the past 18 months UC has been exploring in its “Education Imperative” initiative – to work collaboratively with K-12, the other higher education segments, and the state’s business community to address issues of improvement in the public elementary and secondary schools. K-12 education is clearly a current focus of the State, despite the budget situation. The Governor has declared 2008 as the Year of Education, his administration is proposing new programs to increase the supply of K-12 teachers, and his Commission on Education Excellence is about to issue major K-12 reform recommendations.

In late December, Provost Hume and I hosted a meeting of the California Education Round Table at the UC Sacramento Center. This was the first fully attended Round Table meeting in a few years – Superintendent of Public Instruction Jack O’Connell, Chancellor Reed (CSU), Chancellor Woodruff (California Community Colleges), and President Jonathan Brown of the Association of Independent Colleges and Universities (AICCU) joined with the chief academic officers of each of the systems to discuss ways to address the Achievement Gap in K-12 education.

At the meeting, Superintendent O’Connell described the results of a summit he had convened to discuss the Achievement Gap and some of the actions he intends to take to address it. He specifically asked that California higher education join him and outside experts in examining whether California can better align its college admission and placement requirements with K-12 curricula standards and high school graduation requirements, and the Round Table agreed to this. Chancellor Reed described how CSU’s Early Assessment Program (EAP) is a key part of this alignment effort, and Provost Hume and I discussed aspects of our Education Imperative that will complement the good work CSU has already done with EAP. UC and the Community Colleges agreed to consider partnering with CSU and K-12 on the EAP.

Mark Twain Project Online

In November 2007, the University of California launched the Mark Twain Project Online (MTPO), accessible at www.marktwainproject.org, a digital critical edition of the writings of Mark Twain. A joint undertaking of the Mark Twain Project, the California Digital Library, and the University of California Press, the MTPO applies innovative technology to more than four decades of archival research by expert editors at the Mark Twain Project.

Initially, the MTPO Web site will include more than 2300 letters written between 1853 and 1880, including nearly 100 facsimiles of originals. Users will also be able to search for information about Mark Twain’s complete correspondence throughout his life, including letters to him and to his family. In the future, the site will release more of the nearly ten thousand known letters, including many never before published; electronic editions of many of Mark Twain’s most famous literary works; the most complete catalog of Mark Twain’s writings currently available; and, in 2010, Mark Twain’s autobiography, never before published in its complete form.

AGRICULTURE AND NATURAL RESOURCES

President's Advisory Commission

On October 11-12, I hosted the fall meeting of the UC President's Advisory Commission on Agriculture and Natural Resources (PAC) in Berkeley. Seventeen commissioners, Provost Wyatt R. Hume, and then-Acting Vice President Richard B. Standiford attended.

The PAC brings together leaders from the agricultural, natural resources, environmental, nutrition, and community development sectors to share new information and ideas; highlight emerging issues and challenges facing California; identify priority areas and issues where the University can make a difference through research, instruction, and public service; and strengthen private sector support for UC.

The major discussion topic for the fall meeting was "*Responding to the Crisis in the Sacramento-San Joaquin Delta: Envisioning Futures, Finding Solutions.*" Rita Sudman, Commissioner and Executive Director of the Water Education Foundation, moderated the panel. Ms. Sudman gave an overview of Delta issues, citing its aging infrastructure and the various interests that rely on it for water. Other presenters included Jeffrey Mount, Professor of Geology and Director of the Center for Watershed Sciences at UC Davis; Tom Zuckerman, retired water attorney and co-counsel of the Central Delta Water Agency; and Grant Davis, Commissioner and Executive Director of The Bay Institute.

Professor Mount co-authored the recent Public Policy Institute of California (PPIC) report "*Envisioning Futures for the Sacramento-San Joaquin Delta*" with UC Davis colleagues Professor Jay Lund, Research Engineer William Fleenor, Professor Richard Howitt, and Professor Peter Moyle, and PPIC Program Director Ellen Hanak. The landmark economic, environmental, and public policy study provides nine alternative approaches for sustaining the Delta and emphasizes the need for better science to inform public policy. Mr. Zuckerman spoke of the importance of the waterway to in-Delta users and offered several alternatives for restoring natural habitats while still meeting the state's water needs. Mr. Davis stated that recent legal rulings mean that fish kills at pumping stations and the continued destruction of fish and wildlife habitat will reduce water for agriculture and urban users. He stressed the need for science-based information from UC and other universities to help elected officials, water users, and the public make critical decisions that will influence future water availability and environmental quality.

Roger Bales, UC Merced Professor of Engineering and Acting Director of the Sierra Nevada Research Institute, and Scott Stephens, UC Berkeley Associate Professor of Fire Sciences and Co-Director of the Center for Fire Research and Outreach, described their collaboration on the Sierra Nevada Adaptive Management Project, a U.S. Forest Service-funded study to test the efficacy of adaptive forest and land management methods on federal lands in the Sierra Nevada Range. Professor Bales concluded with an update on other watershed-related research underway at UC Merced.

Karen Klonsky, UC Davis Cooperative Extension agricultural economics specialist, briefed the commissioners on commodity cost and return studies published by the Department of Agricultural and Resource Economics (ARE). The reports, used by growers, bankers, rural appraisers, insurance adjusters, risk managers, researchers, lawyers, and public agencies, are compiled by UC Cooperative Extension advisors based on interviews with growers, knowledge of local growing conditions, and a set of economic assumptions.

Then-Acting Vice President Standiford gave updates on new Cooperative Extension advisor positions approved for recruitment and the recently authorized salary scale adjustments for Cooperative Extension specialists and advisors, which were effective Oct 1. He reported on the UC Cooperative Extension oral history project and on the appointments of Commissioner and Selma grower Carol Chandler and Senior Advisor to the President on Agricultural and Business Initiatives John De Luca, as campaign committee co-chairs for the project. Nearly \$50,000 in private donations has been raised.

The meeting was the first for Bank of America Senior Vice President and agribusiness executive Corny Gallagher and the last for three graduating commissioners: Winters farmer and former Regent Richard Rominger, Fallbrook agricultural consultant and former Farm Bureau President Bob Vice, and Commissioner and Executive Director Sudman.

The next meeting of the President's Advisory Commission will be in April in Berkeley.

BUDGET

The UC Board of Regents approved a 2008-09 budget proposal at their November meeting that includes new funding for student enrollment growth at both the undergraduate and graduate levels, new research and public service initiatives that are most critical in helping to help address issues in K-12 education, new money for student mental health, and salary increases for faculty and staff. The budget plan is based on the University's Compact with the Governor, an agreement that outlines State funding expectations and UC accountability expectations over a multi-year period.

Since the budget plan was adopted, the Governor released his spending proposal for 2008-09. His proposal first fully funded the University's budget as called for under the Compact, but then included a 10 percent reduction, similar to the cut level proposed for most other State agencies. The cut totals \$332 million and is not specified, with one exception: the Governor asks that 10 percent of the cut be taken in administrative programs. The reduction is significant and will require that the University reevaluate its spending plan. Wide consultation about options is underway.

In the meantime, the following are brief highlights of the 2008-09 budget plan as approved by The Regents in November, provided with the understanding that the plan will change as priorities are identified over the next several months.

Enrollment Growth

The budget proposes funding for a 2.5 percent enrollment increase, or 5,408 full-time-equivalent students. This funding would allow the University to keep up with undergraduate enrollment growth driven by continued growth in California's college-age population, as well as continue increasing graduate and health sciences enrollments that historically have not kept pace with the state's needs.

Faculty and Staff Compensation

A 5 percent increase is included for employee compensation, including merit-based and equity-based salary increases, health and welfare benefit cost increases, and related cost increases. Distribution of salary funding is subject to collective bargaining requirements where applicable. A portion of this State money will help fund a \$263 million program recently launched to close the faculty salary gap by 2010.

Student Instruction

The budget proposes \$10 million to help restore instructional budget cuts made in the first part of the decade. This is the fourth increment of funding over a multi-year period directed toward improving the student-faculty ratio at UC.

Graduate Student Support

Over the last four decades, graduate enrollment at UC has not kept pace with industry demands. To address the problem, UC is proposing \$10 million to provide financial support to attract the best graduate students. This will continue a multi-year effort by The Regents that has already increased graduate student support programs by \$30 million from Compact and other funds.

Student Mental Health Services

Amid a growing nationwide crisis of students in distress and at risk, The Regents have made adequate funding of student mental health programs a top priority. The University proposes to increase funding for student mental health services by an additional \$8 million in 2008-09, for an increase over two years of \$12 million.

Academic Preparation

The budget continues current State and UC funding levels for student academic preparation and educational partnership programs, which work to improve the academic performance and college preparation of K-12 students.

UC Merced

The budget provides \$10 million in one-time funding needed for continuing startup costs for UC's newest campus at Merced. One-time funding for faculty hiring and other startup costs have been

provided in the last seven budgets, including \$14 million in 2007-08. By agreement with the Department of Finance, the amount requested for 2008-09 will phase down to \$5 million in 2009-10 and will be eliminated in 2010-11.

K-12 “Educational Imperative”

The budget includes \$5 million to launch a new initiative, the Educational Imperative. Working in collaboration with public and private sector organizations, UC proposes a new research-based, technology-focused, policy-informing approach to meet California’s educational attainment challenge.

Research Initiative

The budget proposes \$10 million to fund a coordinated response to the challenge of climate change to agriculture and the coastal and marine environment.

Efficiencies

The budget anticipates redirecting \$28.1 million of initial savings from University efficiencies to other needs.

Under the University’s budget plan, UC’s State-funded budget for the fiscal year beginning July 1, 2008, would total \$3.46 billion, an increase of \$378.2 million or 7.2 percent above the 2007-08 level. While State funding and student fees pay for the core educational program at UC, the University’s total budget from all sources for all activities, excluding the UC-managed national laboratories, is roughly \$18 billion. The Regents’ operating budget request can be accessed at:
www.universityofcalifornia.edu/regents/regmeet/nov07/f4attach.pdf

Fees and Financial Aid

The budget did not include a proposal for undergraduate or graduate student fees. The Regents instead decided to await the Governor’s January State budget proposal before taking action on student fees; the budget as adopted by The Regents assumes \$70.5 million in funding from either State revenue or student fee income. Now that the Governor’s Budget has been released, it is anticipated the Board will be asked to approve a fee increase at their March meeting. However, the budget does include \$16.6 million in professional school fees already approved by The Regents.

Capital Budget

The Regents also approved a 2007-08 budget for State capital improvements, including projects to improve the earthquake safety of UC buildings, construct new facilities to accommodate student enrollment growth, and renew outdated infrastructure.

The capital budget also includes funding for projects to expand UC medical school efforts to address statewide shortages of health-care providers in several major health professions, including

through the PRograms in Medical Education (PRIME) being developed on several campuses to improve the delivery of health care to underserved Californians.

The total capital budget is \$488.8 million. That total includes \$359 million for general capital outlay and \$129 million for projects associated with expansion of the medical school programs, both from general obligation bonds approved by the voters in Proposition 1D.

Next Steps

The Legislative Analyst's analysis of the Governor's proposal will be released in mid-February, legislative hearings will begin in March, and a revision to the Governor's proposals is expected in May.

COMPLIANCE AND AUDIT SERVICES

Compliance and Ethics Briefing Rollout and Related Conflict of Interest Training

All three Compliance- and Ethics-related briefing modules are now fully deployed. They are:

- the Compliance and Ethics Briefing, with over 152,000 employees registered;
- the Conflict of Interest (COI) briefing, with 1,500 Designated Officials; and
- the Conflict of Interest for Researchers briefing, with over 14,000 participating.

Well over 100,000 people have now taken the Compliance and Ethics Briefing, and in-person courses for those without computers and those with language problems or other special needs are now being completed. The summer months were slower than expected for completion of the COI for researchers program, and reminder notices are being sent to boost completion rates.

There continue to be objections expressed to the mandatory characterization of the training, and questions raised about the consequences for non-compliance. As a result, current compliance efforts are focused on working through supervisors at all levels to encourage completion.

Completion statistics for all three programs by location were reported to the Board of Regents at their November meeting.

FACILITIES ADMINISTRATION

Sustainability

The fourth Annual Report on the Policy on Sustainable Practices was presented to The Regents'

Committee on Grounds and Buildings earlier this month. The report highlights progress in implementing each of the seven areas in the policy and lists some of the press attention, awards, and favorable rankings for the University that have resulted from the sustainability initiative.

GOVERNMENT RELATIONS

State Legislative Updates

The State legislature reconvened in early January. In the near term, legislators must address many unresolved issues related to health-care reform legislation passed by the Assembly in December, and continue work on a water bond. Both were the subjects of special sessions convened by the Governor in the fall. Over the next six months, the Governor and the legislature will work on the 2008-09 State budget that has a projected deficit of \$14 billion while also considering mid-year cuts in 2007-08. All of this work will take place while voters go to the polls in February for the state's Presidential Primary and consider many initiatives, including proposals to alter legislative term limits and California Community College funding and governance.

The University's highest priorities in Sacramento are to secure the level of funding necessary to maintain access and quality, and a capital facilities bond for higher education.

Health-Care Reform

The health-care reform legislation passed by the Assembly in December could have a major effect on funding for the University's academic medical centers. It is unclear whether the Senate will also pass the legislation and whether the voters will approve a ballot initiative to provide the necessary funding.

Major elements of the legislation include an expansion of the Medi-Cal Program and the Healthy Families Program (HFP), creation of a Statewide purchasing pool (the California Cooperative Health Insurance Purchasing Pool or Cal-CHIPP), creation of an individual mandate to purchase health insurance, modification of the individual and group insurance markets, expansion of preventive health programs, and imposition of a medical loss ratio (MLR), which requires insurers to spend a specified proportion of premiums collected on medical care. Most major aspects of coverage expansion commence July 1, 2010, subject to a finding of funding availability by the Director of Finance.

Higher Education Capital Facilities Bond

The University has identified State-supportable capital needs of between \$800 million to \$1 billion annually. The agreement with the Governor provides the University with \$345 million annually in State funding.

The University plans to partner with the California State University and the California Community Colleges to seek a capital facilities bond in 2008 that would allow the University to continue efforts to address the University's State-supportable capital needs, including:

- seismic and life-safety needs;
- facilities to accommodate enrollment growth; and
- infrastructure and facility renewal and modernization.

The University has experienced unprecedented enrollment growth since 1998. As a result, facilities to accommodate enrollment growth from Tidal Wave II continue to be a pressing and immediate need. Because enrollments have grown faster than the University's ability to construct facilities, we also will need bond funding in future years to catch up from the current growth as well as address the future enrollment growth we expect, primarily from transfer students and graduate and professional students.

Health Sciences Expansion

The University is proposing that future bond measures include an additional \$100 million per year in general obligation bond funding for facilities to help support a sustained expansion of health sciences enrollments.

Proposition 92 (Community College Funding)

In November 2007, The Regents voted to oppose Proposition 92 primarily due to concerns that the initiative could leave less State General Fund money available for discretionary purposes, including the University of California.

Proposition 92 would establish a separate Proposition 98 funding guarantee for California's community colleges apart from K-12 education funding, as well as a separate enrollment growth formula. Proposition 92 also contains constitutional and statutory provisions to reduce student fees and alter the governance of the community colleges. It would reduce student fees from \$20 to \$15 per unit, and restrict future increases to no more than 10 percent annually or to the increase in per capita personal income, whichever is lower.

According to the State Legislative Analyst's Office, Proposition 92 would require the State to spend more for K-14 education than under current law – nearly \$1 billion over the next three years.

Proposition 92 opponents include the California State University Board of Trustees, the California Chamber of Commerce, the California Teachers Association, the League of Women Voters of California, the Small Business Action Committee, the California Business Roundtable, the California Taxpayers Association, and the California Faculty Association.

Federal Government Relations

Before leaving for the winter holiday, Congress completed action on a number of legislative fronts including an omnibus appropriations bill for FY 2008. Details on the bill are given below. In

addition, Congress passed a massive energy bill and the “Medicare, Medicaid and SCHIP Extenders Act of 2007” which extends the State Children’s Health Insurance Program (SCHIP) until March 31, 2009, and stops a 10 percent decrease in payments to physicians which was scheduled to go into effect Jan. 1, 2008. The legislation also extends a provision that provides a five percent bonus payment to physicians practicing in physician shortage areas through June 30, 2008.

Congress is expected to return to a busy legislative agenda front-loaded due to the upcoming 2008 elections. Key legislative efforts are expected to include reauthorizing the Higher Education Act, the Farm Bill and the “No Child Left Behind Act”. Congress will attempt to complete action on the FY 2009 appropriations bills in early Fall so that members can head out to the campaign trail.

Appropriations: FY 2008 Omnibus Appropriations Bill

Before the winter holiday, both the House and Senate passed an omnibus appropriations bill for FY 2008, which rolled the remaining eleven appropriations bills into a single bill and provides \$70 billion for the wars in Iraq and Afghanistan. The President signed the legislation on December 26. Congress and the President had reached agreement on FY 2008 funding for the Department of Defense in November.

To reach agreement for the FY 2008 budget, Congressional appropriations committees were forced to reduce the total budget by more than \$20 billion. It was up to the jurisdiction of each subcommittee to determine how funding was cut within their accounts.

Key items in the legislation include:

Education

The Omnibus Appropriations Bill provides an overall increase of \$1.9 billion for education with most of the increases for elementary and secondary school programs. The news for higher education is disappointing.

- The discretionary funding for Pell Grants would support a maximum award of \$4,241 for award year 2008-09. This is \$69 less than the FY 2007 award of \$4,310. Fortunately, the mandatory funds from the reconciliation bill passed earlier this year would add \$490 to the maximum award, so the total maximum Pell Grant in 2008-09 will be \$4,731.
- As a result of an across-the-board cut of more than 1.7 percent, the bill provides less than inflation level funding for most other student aid programs including Supplemental Grants, funding for Hispanic Serving Institutions, and Graduate Assistance in Areas of National Need (GAAN) and Javits. The TRIO programs and Gaining Early Awareness and Readiness for Graduate Programs (GEAR UP) were not cut.
- The bill does include a number of language riders UC supports, which would prohibit the Department from moving forward with accreditation regulations and block the use of funds to develop a unit record data system.

National Institutes of Health (NIH)

After adjustments to the initial conference agreement and a 1.7 percent across-the-board rescission, the omnibus bill provides \$29.2 billion for NIH, an increase of \$329 million, or 1.3 percent over FY 2007 funding. However, these aggregate numbers are somewhat inflated due to a transfer of \$300 million from NIH to support global AIDS activities. As a result, the NIH increase over FY 2007 is \$129 million (0.5 percent), well short of the projected 3.7 percent increase in the Biomedical Research and Development Price Index (BRDPI) for FY 2008.

Competitiveness Agenda

The FY 2008 Omnibus Appropriations Bill has disappointing news for the competitiveness agenda, with accounts receiving smaller increases than those in the President's proposal or in the House- and Senate-passed bills.

- ***DOE Office of Science***: After a 1.6 percent across the board rescission, the DOE Office of Science will receive a 2.6 percent or \$97 million increase in its programs, excluding Congressional earmarks, rather than the nearly 19 percent (around \$700 million) included in the House- and Senate-passed appropriations bills.
- ***National Science Foundation (NSF)***: NSF will receive an increase of 2.5 percent (\$149 million), rather than the nearly 10 percent (around \$600 million) included in the House- and Senate-passed appropriations bills.

Higher Education Act

During the next session of Congress, the House is likely to consider H.R. 4137, the "College Opportunity and Affordability Act of 2007," which would renew and extend the federal Higher Education Act.

The University of California is pleased with a number of improvements in the legislation that will provide benefits to students, including year-round Pell Grants and continuation of Perkins loans, increased assistance to improve college readiness, new graduate fellowship programs, eased implementation of the Academic Competitiveness Grant (ACG) and the Science and Mathematics Achievement to Retain Talent (SMART) Grant programs, and student loan borrower protections.

UC is disappointed, however, that the bill does not address one of our key issues, the inequitable distribution of federal subsidies resulting from use of the current federal need-analysis system. Further, UC is concerned about the more than 125 new reporting requirements with regard to costs, transfer of credit, loans, textbooks, accreditation, safety, institutional gifts for international education programs, and other information.

While UC supports increased transparency in reporting on college costs, institutional programs and other student data, we do not believe the House bill will provide students and families with the kind of information they need to make informed decisions about their investments in higher education.

UC supports reforms in the House bill that require increased reporting on student loan policies and practices, and institute procedures to assure that lenders and institutions act in the best interests of students and their families to protect them from lenders' aggressive marketing.

UC staff will continue to work with the education staff of California members to resolve our concerns before the bill goes to the House floor. The Senate passed their version of a reauthorization bill in July.

HUMAN RESOURCES AND BENEFITS

Lawrence Livermore National Laboratory (LLNL)

On September 30, 2007, the University's contract to manage the Lawrence Livermore National Laboratory (LLNL) expired and management and operation of the Laboratory was transitioned to the Lawrence Livermore National Security, LLC (LLNS), effective October 1, 2007. Of those LLNL employees eligible for University of California Retirement Plan (UCRP) coverage, approximately 55 percent elected to transfer their accrued UCRP service credit and benefits to the substantially equivalent LLNS defined benefit pension plan (the LLNS Plan), thereby waiving their rights to UCRP benefits. All other transitioning LLNL employees will participate in the LLNS market-based defined contribution plan and, if vested, will retain rights to retirement benefits from UCRP.

The terms of UC's former LLNL management contract require that UCRP liabilities and corresponding assets attributable to LLNL employees who transferred their accrued UCRP service credit to the LLNS Plan be transferred to that plan. At their September 2007 meeting, The Regents authorized the Plan Administrator of UCRP, Associate Vice President--Human Resources and Benefits Judy Boyette, to begin discussions with the Department of Energy/ National Nuclear Security Administration (DOE/NNSA) regarding the transfer of assets and liabilities from UCRP to the LLNS Plan. The Regents were updated on the progress of the discussions at their November 2007 meeting.

Due to its similarity with the transaction at the Los Alamos National Laboratory (LANL), it is expected that the LANL transfer and funding agreements will serve as models for the agreements regarding LLNL. Under the agreements at LANL and according to the contract with the DOE, the amount of assets retained in UCRP was equal to the liabilities of the retained LANL segment within UCRP. In addition, the DOE/NNSA agreed to a target funded ratio of 100 percent for this segment, and to clarifications of their ongoing responsibility to fund any future shortfall in UCRP attributable to LANL retirees and inactive members whose retirement benefits have been retained in UCRP.

The transfer of assets and liabilities from UCRP to the LLNS Plan will not occur until after UC has reached transfer and funding agreements with the DOE/NNSA and has consulted with the appropriate Academic Senate committees and other stakeholders, until The Regents have approved the transfer, and until IRS approval has been obtained. An item for action was presented to The Regents at their January meeting, and the targeted date of the transfer will be in April of this year.

Reinstatement of UCRP Contributions

In March 2006, The Regents authorized the resumption of UCRP contributions effective July 2007, subject to funding, completion of the budget process, and collective bargaining requirements, as applicable. Although funding for UCRP contributions was not included in the California State budget for 2007/2008, thereby delaying the reinstatement of contributions, the University continues to discuss such funding with State officials for inclusion in future budgets. An annual actuarial valuation of UCRP, reflecting the strong investment performance of FY 2006/07, was presented to The Regents at their meeting in November 2007. The actual revised start date for the resumption of UCRP contributions remains subject to funding, completion of the budget process and collective bargaining, as applicable.

INFORMATION TECHNOLOGY INITIATIVES

IT Guidance Committee

The UC IT Guidance Committee (ITGC) has concluded an eighteen-month systemwide planning process to recommend strategic investments in information technology (IT) and the academic information environment. Over the course of the planning process, the Committee consulted broadly with campus and systemwide groups to understand and prioritize the field of opportunities. A final report, available on the following Web site, has been submitted to Provost Hume and is being submitted to the Academic Council for review:
www.universityofcalifornia.edu/itgc

UC Cyberinfrastructure

As a result of the IT Guidance Committee's planning efforts, the UC IT Leadership Council, composed of campus, medical center, and laboratory Chief Information Officers and IT Directors, is embarking on a set of efforts to build and enhance crucial elements of UC's cyberinfrastructure, including advanced network services and the UC research cyberinfrastructure, as described below:

- **Advanced Network Services:** Fiber optic network connections to the UC Santa Cruz campus are in development, concluding an initiative to connect all UC locations to the inter-campus network via fiber optics. In order to maintain its leadership in research and education, UC is working through its regional network partner, the Corporation for Educational Network Initiatives in California (CENIC), to upgrade the UC inter-campus backbone network. This upgrade will deliver a tenfold increase in capacity to accommodate UC's growing demand for enhanced network services. It will also support the implementation of a shared research computing infrastructure and of special-purpose networks dedicated to research projects with global high-performance network requirements. Each of the campuses is developing and implementing internal strategies to distribute these new capabilities where needed.
- **UC Research Cyberinfrastructure:** The IT Leadership Council is working closely with the Vice Chancellors for Research and faculty researchers to design a set of shared

research computing services for research faculty members who do not require dedicated computing equipment. Space and power constraints on campuses and increasing complexity and support requirements for research computing platforms point to a need for more effective models to deliver such services. A three-campus pilot referred to as “UC Grid” illustrates the opportunity to implement a secure, distributed computing and data storage platform for multiple services that support the University's academic mission. A shared research computing infrastructure will leverage the upgraded UC network and the University's authentication infrastructure, called UC Trust, to provide its members with tools and services to share their resources and collaborate with their partners, wherever they are located. All UC campuses are connecting to the UC Grid prototype now, and the working group led by the Vice Chancellors for Research and Chief Information Officers will develop recommendations for funding and implementation for Provost Hume and Executive Vice President Lapp.

Electronic Accessibility Policy Initiative

With the support of the IT Leadership Council, Associate Vice President Kristine Hafner introduced an informal initiative in June 2007 to consider and plan development of University policy on electronic accessibility. The purpose of the proposed policy is to make electronically-based information and programs accessible to people with disabilities, including students, faculty and staff, alumni, and the public. To stimulate discussion about the initiative, draft policy and guidelines documents were distributed in June to systemwide groups. These documents and general information about the initiative are available online at: <http://www.ucop.edu/irc/itaccessibility/welcome.html>. Comment was due on October 26. A policy strategy group, representing different functional areas from the campuses and UCOP, including Academic Affairs, disabled student services, libraries, Human Resources and Benefits, Information Technology, and legal counsel, met in November to review the feedback and develop a strategy for advancing the goals of the policy initiative. During the fall, Associate Vice President Hafner also presented the policy initiative to the Chair and Vice Chair of the Academic Council, as well as to the Academic Senate Committee on Information Technology and Telecommunications Policy.

Parallel activities are being conducted to support the policy initiative and advance awareness systemwide about electronic accessibility. A small work group of campus IT managers, Web developers, and ADA compliance officers has developed a systemwide Web site that provides guidance and information for University Web developers about how to create accessible Web sites. The site can be viewed at <http://www.ucop.edu/irc/itaccessibility/resources/>. Language has been developed for inclusion in RFPs for information technology products to help University purchasers make informed decisions about accessibility when investing in new systems and software. The sample language is available at: http://www.ucop.edu/irc/itaccessibility/procureprod_access.html. An RFI has been issued for tools that can be used to test and help correct Web sites for accessibility.

LABOR RELATIONS

In my previous report, I gave an overview of then-ongoing negotiations for additional increases

for low-wage workers with various unions. In May and June, we successfully reached agreements with the unions that had not previously settled. As a result, we were able to implement across the University, additional increases for workers earning at a rate of less than \$40,000 per FTE.

During the second half of 2007, the University reached agreement with the American Federation of Teachers (AFT) representing lecturers. Pursuant to the agreement, the lecturers received a salary package worth approximately 5 percent, including equity adjustments. Modifications were made to workload language for writing and foreign language programs. The University also reached agreement with the UAW for academic student employees. This group received a 5 percent pay increase, effective October 1, 2007. As a result of the negotiations, limited issue local bargaining was eliminated. The contract will expire in June 2009.

In November 2007, an impasse was declared in our bargaining with the California Nurses Association (CNA). Formal fact-finding hearings were held during four days this month, and two additional days of hearings are scheduled in February. Additional days will be scheduled if necessary. Recent history of this bargaining unit has been that settlement occurs during the fact-finding process.

During the summer and fall of 2007, the University began negotiations with the American Federation of State County and Municipal Workers (AFSCME) with respect to expiring contracts with Patient Care Technical Workers (PCT) and Service Workers (SX). We scheduled mediation with a State mediator and AFSCME on January 28 and 29, to try to resolve the impasse that has developed in PCT bargaining. The University is also beginning negotiations with the AFT for the librarian bargaining unit.

NATIONAL LABORATORIES

UC Partnership with Sandia and Stanford Selected to Host DOE Bioscience Center

On June 26, DOE Secretary of Energy Bodman announced that a partnership of three national laboratories and three UC campuses in the San Francisco Bay Area will host one of three bioenergy research centers. This new center will be known as the DOE Joint BioEnergy Institute (JBEI) and is expected to receive \$125 million in DOE funding over five years.

DOE JBEI's six partners are the Lawrence Berkeley National Laboratory, Sandia National Laboratory, the Lawrence Livermore National Laboratory, UC Berkeley, UC Davis, and Stanford University. Research at the DOE JBEI will focus on biofuels.

Recently JBEI received its initial funding from DOE and the laboratory has entered into a lease for 65,000 square feet at Emery Station East, a new state-of-the-art laboratory building in Emeryville, California close to the laboratory. The space will be configured over the next several months with partial occupancy occurring in March.

National Science Foundation Selects UCB-LBNL Proposal for Deep Underground Science Facility

On July 10, the National Science Foundation (NSF) chose Homestake, a former gold mine in the Black Hills near Lead, South Dakota, as the site for a multipurpose deep underground science and engineering laboratory. The proposal to use Homestake came from a multi-institutional collaboration of researchers lead by UC Berkeley and LBNL. The proposal was made possible by a \$70 million gift from T. Denny Sanford, owner of the First Premier Bank and Premier Bankcard Inc., and through the support of Governor Mike Rounds of South Dakota and other leaders.

The Homestake proposal involves two major deep underground facility levels. One level will serve research operating from the surface on down to 4,850 feet. The other facility is planned for the 7,400 foot depth level. The facility will focus on the study of neutrinos and other astrophysical phenomena that can only be studied in a facility shielded from cosmic rays and other background radiation by thousands of feet of rock.

UC Eliminated from NBAF Competition

In July of 2007, the University was informed by the US Department of Homeland Security that UC did not make the “short list” of sites being considered for a proposed “National Bio and Agro-Defense Facility (NBAF).” A UC-led team, including a number of UC campuses and Lawrence Livermore National Laboratory, proposed that NBAF be sited near LLNL on land owned by the federal government (DOE). The reason given for not making the short list was that UC’s plan required additional agreements between Homeland Security and the Department of Energy while other proposals involved land over which the proposers had more immediate control.

Los Alamos Security Fine

On July 13, the US Department of Energy (DOE) announced its intent to impose a civil fine on the University of California in the amount of \$3,000,000 and on LANS LLC in the amount of \$300,000. The fines are associated with the security incident at Los Alamos that was discovered in October 2006. The fine to the University is the largest in DOE history.

Although the events occurred after the University ceased its operation of the Laboratory on May 31, 2006, the government has concluded that there were violations under the University’s management prior to that date that are the basis for this fine. This is the first fine ever assessed by DOE under a provision of law that was passed just a few years ago, and the agency rules were adopted in 2005.

On December 17, UC agreed to pay DOE/ NNSA \$2.8 million. The fine is being paid from fees earned under the University’s contract. No California State funds were used for this purpose. This payment will not have an adverse impact on the educational opportunities that the University provides students or its campus research enterprise.

UC-DOE Laboratories Awarded 10 R&D 100 Awards for Innovation Inventions

The three UC-affiliated DOE laboratories were awarded a total of 10 R&D 100 awards in 2007. The awards have been called "The Oscars of Invention". There are 100 inventions judged by *R&D Magazine* annually to exemplify the most innovative ideas of the year. LLNL received five awards, LBNL received three awards, and two awards went to LANL.

Executive Committee Appointments to the Board of Governors of LLNS, LLC

During the July meeting of the Board of Regents, Executive Vice President Bruce Darling and Senior Vice President Emeritus William Frazer were appointed as permanent Governors of the Executive Committee of the Board of Governors of Lawrence Livermore National Security LLC. Both also serve on the Los Alamos National Security LLC (LANS) Board.

Dr. Frazer replaced Chancellor Marye Anne Fox, who resigned from both Boards earlier this year. Dr. Frazer will also assume Chancellor Fox's position as the Chair of the LLNS Science and Technology Committee, a Committee he also chairs for the LANS Board.

Lawrence Livermore National Laboratory Transition

On October 1, the University concluded a successful transition of contract operations to the new management team, Lawrence Livermore National Security LLC. The University has commenced contract closeout activities for the expired UC contract. The transition was extremely successful and the new management team is fully in place.