

PRESIDENT ROBERT C. DYNES
DISCUSSION TOPICS FOR THE MEETING OF
THE ASSEMBLY OF THE ACADEMIC SENATE
WEDNESDAY, MARCH 9, 2005

BUDGET

The Governor released his proposed budget for 2005-06 on January 10. It proposes an increase of \$97.5 million in State General Funds for the University—the first increase in State funding after four years of substantial cuts. This constitutes a 3.6 percent increase over the previous year's budget and would bring UC's State-funded budget to a total of \$2.806 billion in 2005-06. The proposal is consistent with the Compact between Governor Schwarzenegger and UC, a multi-year agreement that establishes funding and performance principles intended to guide the University's budget planning through 2010-11.

The University is pleased with the Governor's 2005-06 budget proposal with the exception of one issue. The budget proposes to eliminate \$17 million in one-time funding provided to UC at the end of the 2004-05 budget process for K-12 academic preparation programs, formerly known as "outreach." While it is clear the State continues to experience severe fiscal constraints, the University is working with the Governor and Legislature over the course of the budget process to demonstrate the importance and effectiveness of these programs and to seek restoration of this funding.

The 2005-06 budget proposal includes the following elements:

- *Faculty and staff compensation.* A 3 percent increase in UC's base budget. This funding will support a 1.5 percent general salary increase for all eligible employees, funding for faculty and other academic merit programs, 1.5 percent for merit-based increases for eligible staff employees, and additional funds to help cover the cost of increasing employee health benefits and to address market-based and equity issues where newly hired faculty and staff are paid significantly more than current employees with similar experience and skills. These increases are needed because UC faculty salaries are now estimated to be 10 percent behind those of comparable institutions, with a similar problem affecting UC staff. (Specific compensation levels are subject to collective bargaining where applicable.)
- *Enrollments.* Funding for enrollment growth of 5,000 full-time-equivalent students in 2005-06, a 2.5 percent increase, consistent with the Compact.
- *UC Merced.* Continuation of \$10 million in ongoing operating funds plus \$14 million in one-time money for the new campus opening in fall 2005, along with enrollment funding (part of the above-noted 5,000 student allocation) to enroll 1,000 students in 2005-06.
- *K-12 Student Academic Preparation Programs.* Withdrawal of \$17 million in State support that was provided to UC at the end of last year's budget process for K-12 academic preparation programs. As noted above, UC is working with the Governor and Legislature to seek restoration of this funding.

- *Labor research.* Elimination of State support (\$3.8 million) provided as one-time funds at the end of last year's budget process to the UC Institute for Labor and Employment. We will work with the Governor and Legislature to seek restoration of funding for this research institute.
- *Capital improvements.* Funding of \$305.2 million from a voter-approved general obligation bond measure to expand and upgrade academic facilities to support enrollment growth and to maintain progress on seismic and other life-safety improvements while also addressing essential infrastructure and building renewal needs.

The Governor's budget also assumes student fee revenue consistent with the University's own budget plan approved by The Regents last November, which included student fee levels of 8 percent (\$457) for resident undergraduates and 10 percent (\$628) for resident graduate academic students for 2005-06. The University intends to return 25 percent of the revenue from the undergraduate fee increase to help mitigate the impact of fee increases on needy students; 50 percent of the revenue from the graduate student fee increase will be dedicated to financial aid.

The Legislative Analyst's Office has issued its annual analysis of the Governor's budget proposal and has taken issue with a number of items; it also suggests that the Legislature not uphold the Compact. Instead, it recommends that the Legislature pursue an agenda that includes reduced enrollment growth, higher fee increases, less financial aid for UC students, and fewer resources with which to preserve the quality of UC's educational programs. These proposals, along with the Governor's budget, will now be reviewed by the Legislature, which holds hearings and makes alternate proposals over the course of the spring budget process. UC's advocacy efforts are concentrating on achieving legislative support for the Compact funding proposed in the Governor's budget and restoration of the funds eliminated from our budget.

In addition to its expenditure proposals, the Governor's budget emphasizes the importance of efforts by California public universities to help bolster the development of high-quality science and mathematics teachers for California's K-12 schools. Efforts within UC are already well underway (see related information under "California Science and Mathematics Initiative") to develop, in coordination with the CSU system, a plan to increase the number of college students who receive science, mathematics, and engineering bachelor's degrees and to increase the number of these students who become K-12 science and math teachers.

CALIFORNIA SCIENCE AND MATHEMATICS INITIATIVE

The May 2004 Compact between California higher education and Governor Schwarzenegger provided agreement that UC, working with the California State University system, would develop programs to increase the production of science and mathematics teachers to meet California's workforce educational needs. Executive Faculty Associate to the Provost and Professor Lynda Goff and Vice President Winston Doby have worked, along with a steering committee of UC faculty and staff, to develop a plan to accomplish this goal. Since the beginning of the project in September 2004, the following has been accomplished:

- *Consensus building among UC faculty at all 10 campuses.* Professor Goff has met with more than 700 faculty from sciences, mathematics, engineering, and education, and with UC Senate leadership, undergraduate, graduate and education deans' councils to learn what each campus is doing with respect to science and math education and to obtain ideas for what UC might do in the future.
- *Intersegmental discussion.* UC has initiated discussions with the systemwide leadership of CSU as well as its faculty and senate leadership, and with California's independent universities to determine how programs that might emerge at UC could interact with other programs. We have also met several times with the Intersegmental Coordinating Council of California's Education Roundtable and with staff of both the State Superintendent of Education and the Governor.
- *Scientific societies and foundations.* UC has met with the leadership of several major scientific groups including the American Chemical Society, AAAS, the National Academies of Sciences, and with the leadership of several private foundations and federal agencies including the Carnegie Foundation, Ford Foundation, NSF, and NIH.
- *Business and Industry.* We have initiated discussion with several business and industry leaders to hear their ideas of what we might do and how they might be able to help.
- *Governor's Reports.* We provided two reports to the Governor. The first, delivered in November, was an idea piece that included budget information. In response, the Governor included the Science and Mathematics Initiative in his Budget Summary, stating that it "...is among the Governor's highest priorities." The second, delivered in February, was an oral progress report.
- *Intersegmental delegation to the University of Texas, Austin.* A 16-member California delegation visited the University of Texas in February to learn more about its U Teach Program in science and mathematics. In a recent report, this program was cited by the National Teaching Commission as one of the "best practices" nationally.

UC has determined that it will provide California with 1,000 highly qualified science and mathematics secondary teachers annually by the 2010, and we are asking CSU to consider increasing its teacher education to provide an additional 1,000 science and mathematics teachers annually. We are calling this campaign "One Thousand Teachers–One Million Minds" since the one thousand teachers we will be producing by 2010 will easily touch one million minds over the course of their teaching careers. This goal is ambitious, as it means quadrupling our current output of about 250 teachers per year to 1,000 per year in the next five years. Currently, CSU is producing about 400 science and math teachers annually and would need to more than double its production.

One reason for Governor Schwarzenegger's singling out increasing the number of science and mathematics teachers is that California is facing a real shortage in the scientists, mathematicians, and engineers who contribute to keeping the state economically competitive in an ever more competitive global marketplace. That global marketplace is being built on knowledge-based industries such as the high-tech sector. We realize that any program directing students away from pursuing a research career as a scientist or engineer and into teaching, for example, may exacerbate this other need. Thus, we have been developing a program designed to 1) increase the overall size of the pool of undergraduate students in science and math programs; 2) help retain more of our

undergraduates in these disciplines (currently more than 50 percent of UC students enrolled as freshmen in these areas never graduate in these fields; at CSU, attrition is nearly 70 percent); 3) provide programs for the nearly 75 percent of our undergraduates, who graduate each year and who do not go to graduate or professional schools, to obtain the skills and knowledge they might need to enter teaching or other fields.

The objective of this new effort, named the *California Teach* program, is to provide all Science, Technology, Engineering, and Mathematics (STEM) students the opportunity to complete a STEM major and the coursework required for a single-subject teaching credential within four years, with an additional summer quarter at the end of the junior year. We are not proposing that any existing STEM credentialing program be eliminated, but rather that the *California Teach* program provide another avenue to credentialing. A major element of *California Teach* is that students would complete their student teaching experience with a University internship as a paid teacher, hired by a school district and supervised by a UC campus. They would serve in both elementary classrooms (as freshmen) and middle schools classrooms (as sophomores) and would be placed in pairs in classrooms and supervised by paid teacher mentors. In coordination with these field experiences would be freshmen and sophomore seminars where students would learn from UC faculty and master teachers--teachers who are on sabbatical leave from their schools and are in residence as scholars on our campuses--about standard-based curricula, assessment, inquiry-based learning, cognitive development in students, and issues of classroom management, for example.

Students will also have to complete two to three other courses to meet the requirements of the California Commission on Teacher Credentialing. Most of the necessary courses are currently offered in UC curricula, and we will encourage campuses to examine whether any of these courses might fulfill general education requirements, thereby providing additional capacity to accommodate this dual track curriculum. We will also develop a number of summer science and mathematics institutes that will be required for students in the *California Teach* program. Workshops will be organized to bring UC faculty together to develop and design the summer institutes, for which they will be compensated. The summer institutes will be models for the best methods of teaching mathematics, physics, life sciences, earth sciences, chemistry, etc. The goal is to develop the signature pedagogies for each field to prepare students to be the most effective educators in their subject areas.

Since these institutes will bring students together from all UC campuses, the curriculum must be acceptable to all campuses. We plan to have systemwide groups of faculty develop each of the curricula this summer and have these courses vetted throughout UC's senate structure during the 2005-06 academic year, with the goal of beginning the *California Teach* program on all campuses in the fall of 2006.

It is worth noting that some of these ideas come from current UC programs and from practices recommended by the National Science Foundation, based on extensive educational research. Some are at the heart of the University of Texas' U Teach program that has had a tremendous effect in increasing the retention of students in science and mathematics (retention doubled) and the number of students who become teachers are retained in teaching.

We are working with both the Governor's office and California's business and industry partners to obtain the funds required for this program. We will seek additional funding from the Governor to significantly increase the APLE (Assumption Programs for Loans for Education) program, which provides up to \$19,000 of loan forgiveness for students who teach math or science in low API schools for up to four years. We will also seek support from business and industry for student scholarships, support for mentor and master teachers, and resource centers for UC campuses.

CONSENSUAL RELATIONSHIPS AND SEXUAL HARASSMENT POLICIES

The new systemwide *Policy on Conflicts of Interest Created by Consensual Relationships*, which deals with consensual relationships other than faculty-student relationships under the Faculty Code of Conduct, is being revised at the request of The Regents and will be circulated for review and comment. The systemwide policy on sexual harassment and the procedures for responding to reports of sexual harassment have been updated to conform to changes in State and federal law, to clarify existing policy, and to create more consistent procedures on each campus for responding to sexual harassment. The new policy was issued in December.

CONTRACT AND GRANT ACTIVITIES/RESEARCH ADMINISTRATION

Export Control Regulation Training

Staff from the Office of the President Research Administration Office are continuing to work with campuses on export control contractual terms, implementation of required regulations, and licensing issues, providing training to campus Contract and Grant Officers, Environmental Health and Safety Officers, and Principal Investigators about acceptable contract terms regarding export control, establishing campus procedures for properly shipping export-controlled items, and other topics and procedures required in meeting federal export control regulations.

Anti-Terrorism Clauses

Foundations and federal agencies continue to increase the incorporation of "anti-terrorism" clauses in their awards to educational institutions. The OP offices of Research Administration and the Vice Provost for Research have been negotiating acceptable anti-terrorism clauses with over a dozen private foundations and federal agencies. In addition, Research Administration is advising campus Sponsored Projects Offices on the requirements of the federal USA Patriot Act, Executive Order 13224, and the Office of Foreign Asset Controls' *Specially Designated Nationals and Blocked Persons*, especially if projects will be providing funding to any organizations or persons outside of the United States.

DIVISION OF AGRICULTURE AND NATURAL RESOURCES

Core Issue Grants Program

Agriculture and Natural Resources (ANR) established the Core Issue Grants Program in fall 2004 to encourage greater collaboration among ANR campus- and county-based academics. Over \$800,000 was reallocated to fund competitive grants in eight high-priority ANR core issue areas: food safety; invasive species; obesity; pest management; sustainability and viability of agriculture; sustainability of natural resources; youth development; and water quality. Nearly 30 projects have been approved for funding. Additional information about this program is available at http://ucanr.org/internal/miscshow.cfm?unit=5728&misctype=Main_page.

Statewide Listening Sessions

As a result of comments received during a series of listening sessions held with stakeholders throughout the state, ANR has taken a number of actions to maximize its use of resources, build a more efficient and effective organization, and ensure continued delivery of important ANR research and extension programs to the citizens of California. The Division of Agriculture and Natural Resources is committed to focusing its resources on high-priority core issues, maintaining Cooperative Extension as a county-based statewide unit, and strengthening the effectiveness of the research-information-outreach continuum. The generation and delivery of unbiased scientific information that addresses critical issues continue to be high priorities, and ANR is making its administrative services more responsive and efficient to meet those goals.

EDUCATION FEE WAIVER

You will recall that in Spring 2004, I received a letter from the Academic Council, after consultation with UC's Faculty Welfare Committee, in support of a new proposal for a phased approach to grant education fee waivers over the next few years. The proposal would change the eligibility requirements (including beginning with partial benefits only for newly recruited faculty), add dependents of decedents and annuitants, and gradually increase the number of faculty and staff eligible for the fee waiver and the amount of the fee waiver. It is likely this proposal would not be considered further until there is greater stability in the State budget. Nevertheless, my staff conducted an analysis of the proposal for cost and tax implications, which determined that the ultimate cost of the proposal would be over \$12 million at current fee rates. In addition, initially offering the fee waiver to new and existing faculty only will likely result in the waiver being a taxable benefit to those faculty members receiving it; further guidance from the IRS would be needed before adopting the proposal.

EXECUTIVE SEARCHES

UC Irvine Chancellor

A national search is underway for the chancellor of UC Irvine to replace Ralph J. Cicerone, who was recently elected as President of the National Academies of Science. An appointment is expected by late spring.

UC Santa Cruz Chancellor

Since the last meeting of the Representative Assembly, Denice D. Denton was appointed seventh chancellor of UC Santa Cruz. Denton, who most recently served as dean of the College of Engineering at the University of Washington, holds four degrees, including a Ph.D., in electrical engineering from the Massachusetts Institute of Technology. She has received a number of teaching awards and was named a fellow of the American Association for the Advancement of Science in 2000 and the Institute of Electrical and Electronics Engineers in 2004. Also in 2004, she was among nine scholars honored by the White House with a Presidential Award for Excellence in Science, Mathematics and Engineering Mentoring.

GRADUATE EDUCATION

At the January meeting of The Regents' Committee on Education Policy, Provost Greenwood provided an overview of the importance of graduate education to the University's continuing quality and to the health and welfare of California. That discussion focused on the role of doctoral

education. In the coming months, we plan to discuss with The Regents a number of other issues regarding graduate and professional education, including health science planning, student financial support, and professional schools.

Among the points the Provost included in her overview to The Regents were:

- UC's graduate education and research have fueled California's innovation and economic development, but graduate enrollments now lag behind the state's projected workforce needs. California's future is at risk unless investment in UC's graduate programs and students increases.
- The quality of education and research rests on the quality of our faculty. This, in turn, depends on the quality of our graduate students, because faculty are attracted to UC by the opportunity to work with top graduate students.
- As the state's public research university, UC needs to expand graduate enrollments by at least 1,000 students a year to help maintain California's long-term prosperity.
- To attract the very best doctoral students, we must also increase student financial support, which now is on average \$2,000 below that offered by competing institutions, and we must improve the success of our students once they are here.

The Regents expressed strong support for expanding and enhancing graduate education. In cooperation with the Academic Senate and others in the University community, we now need to take further steps to meet this goal. Among others, the next steps will likely include assessing long-term state needs more fully; improving the balance between graduate and undergraduate enrollments; developing new strategies for increasing graduate student support; attracting a greater proportion of underrepresented students; strengthening the national and international competitiveness of our graduate programs; and examining best practices in graduate preparation.

GREEN BUILDING/CLEAN ENERGY POLICY

The Regents' Green Building/Clean Energy Policy authorizes the President to incorporate the principles of energy efficiency and sustainability in the planning, design, and operation of UC facilities within budgetary, regulatory, and programmatic constraints. Further, the President is responsible for implementing programs to reduce consumption of non-renewable energy through energy efficiency, use of local renewable power, and green power purchases, with the intent of minimizing increased use of non-renewable energy in the University's built environment. An annual report will be made to The Regents that examines the impacts on energy utilization and building design, as well as the effects of the policy on capital and operating costs. Office of the President staff is working with the campuses on implementing and reporting procedures for this policy.

HEALTH SCIENCES COMMITTEE REPORT

A comprehensive, two-year study initiated by the Office of Health Affairs and undertaken by the University's Health Sciences Committee will help guide the University's health sciences enrollment planning efforts in the coming decade. The Committee, composed of health sciences deans, faculty, and senior staff in Office of the President, reviewed current and projected health workforce needs in each of the seven major professions in which UC offers comprehensive education and training: dentistry, medicine, nursing, pharmacy, public health, optometry, and veterinary medicine. Under the direction of the Office of Health Affairs, the Committee produced

seven profession-specific white papers containing its findings and recommendations; provided an analysis of current nursing educational costs; and completed a comprehensive study (conducted by the Center for Health Workforce Studies, State University of New York at Albany, one of the nation's leading health workforce centers) of California's supply and projected demand for physicians, by region, through the year 2015. The Health Sciences Committee's work represents the most comprehensive health sciences review and planning effort undertaken by the University in nearly two decades. The project was funded, in part, by a generous grant from The California Endowment, a private statewide foundation whose mission is to expand access to affordable, quality health care for underserved individuals and communities, and to promote fundamental improvements in the health status of all Californians.

HIPAA (HOSPITAL INSURANCE PORTABILITY AND ACCOUNTABILITY ACT) UPDATE

Under provisions of HIPAA, the 1996 federal law that ensures privacy of individuals' medical information, the compliance date for the security of health information (the HIPAA Security Rule) is April 2005. The Security Rule applies to all workforce members and entities covered under HIPAA's Privacy Rule, including units within UC Office of the President, the academic medical centers, all student health centers, certain athletic departments, the national laboratories, and the University's self-insured plans. Under the Security Rule, the transmittal of identifiable health information to researchers by one of these covered entities is also a covered function. All campuses and medical centers have developed the mandated risk mitigation policies and procedures and are carrying out the required training to achieve compliance by April.

IMPLEMENTATION OF THE 457(b) DEFERRED COMPENSATION PLAN

The new voluntary 457(b) Deferred Compensation Plan represents a major improvement to the UC benefits package. As a result of changes in federal law, the 457(b) Plan enables faculty and staff to double their voluntary pre-tax retirement savings contributions for 2005, up to an additional \$14,000 for those under age 50 or \$18,000 for those ages 50 and older. The new plan also makes UC more competitive with other universities and public employers and will enhance recruitment and retention efforts.

As of the beginning of 2005, approximately 6,800 faculty and staff, across a broad spectrum of personnel categories and salaries, have enrolled in the 457(b) Plan and contributed over \$57 million in the first four months of operation under the Plan. Current investment choices available in the Plan are initially limited to the six UC-managed funds, which participants may select by enrolling directly through the master record keeper, Fidelity Investments. Enhancements to the 457(b) Plan are expected to be made that include expanding investment options and education/advice components, moving from monthly to daily valuation of the six UC-managed funds, making Plan loans available, and expanding rollover options. These enhancements are part of a larger project to review and update the University's defined contribution retirement plans, collectively the 403(b) Plan, the 457(b) Plan, and the Defined Contribution (DC) Plan.

INFORMATION TECHNOLOGY INITIATIVES

Policy Revisions

Information technology policies are being revised to ensure they accurately reflect current circumstances, new legal requirements, and provisions in other recently updated UC policies. Two

policies under review are Business and Finance Bulletin IS-3, “Electronic Information Security,” and the Electronic Communications Policy. Proposed revisions will be reviewed with officers of the Academic Council.

Revision of IS-3. Modifications to IS-3 will parallel requirements imposed on the University by the Health Insurance Portability and Accountability Act (see above) and will address increased vulnerabilities within and threats to networked resources. The revisions include a requirement for campus incident response procedures, guidelines for encryption, and security requirements for device and media controls and for portable equipment. Also proposed is expanding the scope of the bulletin to include all electronic information resources used to conduct activities in support of the University’s mission (changed from “in support of University business administration”).

Revision of the Electronic Communications Policy. The landmark UC Electronic Communications Policy was published in 2000. Since that time, campus and Office of the President personnel have had significant experience implementing its provisions and have agreed on the need for some minimal revision. Proposed revisions present more explicit guidelines for obtaining nonconsensual access to electronic communications, refer to IS-3 for encryption guidance, and state clearly that the University *does* monitor networks routinely for operations purposes, although it does not monitor content.

Employee Systems Initiative (ESI)

The ESI was initiated in 1998 to improve the University’s payroll/personnel, benefits, and retirement systems by increasing efficiency, adding new functions, reducing cost and complexity, and implementing employee self-service capabilities. Despite insecure funding, significant achievements were made over the last few years, most notably development of the *UC For Yourself* self-service Web site (<http://www.ucop.edu/irc/ucforyourself/>). It enables employees to review and update some personal information in UC benefits and retirement systems. Secure funding for ESI is now assured for the next four years. A project plan is being developed, a major component of which will be to integrate and standardize the *UC For Yourself* applications and another group of Web self-service applications called Your Benefits Online. As these applications are migrated to a single technology platform, their functionality, design, and ease of use will be improved. A small, Universitywide advisory group is being formed to provide oversight and guidance to the effort and will validate requirements for new Web-based employee self-service applications; identify development priorities; involve campus and OP resources; ensure a professionally designed and integrated Web environment; and identify further opportunities to apply new technologies (i.e., Web portal, identity management) into the self-service application environment.

IT Funding Initiative

The UC Information Technology Leadership Council (ITLC), composed of information technology directors and chief information officers from the campuses, national laboratories, and Office of the President, hosted a workshop last fall on IT funding and alignment issues. Participants included a cross section of OP and campus leadership, including several vice chancellors for administration, controllers, campus planning and budget officers, the University Librarian, and ITLC members. A summary of the meeting and presentation materials are posted on the ITLC Web site at <http://www.ucop.edu/irc/itlc/meetings/sept2004.html>.

LEGISLATION SEEKING AUTHORITY FOR CSU TO AWARD INDEPENDENT DOCTORATES

Legislation (SB 724) has been introduced that would authorize the California State University to independently award professional/clinical doctoral degrees. The bill defines such degrees as those awarded as part of a post-master's degree program that prepares students for entry to professional practice other than university faculty research and teaching. CSU cites unhappiness with the progress on Joint Ed.D. programs with UC and needs for doctoral degrees in audiology and physical therapy as reasons for pursuing this alteration of a key provision of the state's Master Plan for Higher Education. In the areas of audiology and physical therapy, accreditation and licensure standards are changing so that current masters programs may no longer be sufficient or desirable for licensure.

UC opposes this legislation. We believe that significant progress has been made in establishing the new Joint CSU/UC Ed.D. programs in Educational Leadership, with six new programs and two more in the planning stages. We estimate that total Ed.D. enrollment in all the CSU/UC joint programs will be 400-500 students once all cohorts are enrolled. With respect to audiology, UC implemented a joint doctoral program with CSU in 2003, and a team is assessing additional needs. Similarly, a task force has been established to examine existing and emerging disciplines and to look at state workforce needs for doctoral education, including needs in the allied health sciences. Before altering the Master Plan, UC wants to explore all options, including better use of the joint doctoral program and examining alternative methods for delivering particular degrees. Also, UC does not accept the distinction CSU is proposing between types of doctorates. A number of UC doctoral degrees are clinical/professional (e.g., UCLA's Ph.D. in Social Welfare), and many Ph.D. programs are dual purpose—training future academics as well as future practitioners.

PRIVATE SUPPORT

For the fiscal year ended June 30, 2004, the total for private gifts, grants, and pledges was \$1.122 billion, an increase of 8.2 percent from the previous year.

SAFETY, SECURITY, AND ANTI-TERRORISM TASK FORCE

This Universitywide task force was convened to recommend a risk and vulnerability assessment strategy for UC. Among the benefits of such a process will be to build and broaden awareness among the campuses; identify vulnerabilities and develop responses; develop internal knowledge and expertise among the campuses; promote action among the campuses and Office of the President; and establish an ongoing security and emergency preparedness effort. A risk assessment tool has been developed for use at the campuses that includes naturally occurring events, technologic events, human related events, and events involving terrorism. The task force will issue a safeguards and emergency management policy requiring programs, designated officials, and reporting at the campus level.

SCHOLARLY COMMUNICATION

The University and its faculty are making significant ongoing commitments to address the crisis in scholarly communication and seize opportunities for positive change. Key economic indicators of the crisis (e.g., the 215 percent rise in journal prices over the last 17 years compared to a 68 percent rise in consumer prices; the rapid expansion in the amount of scholarship published during a period

of flat library and University budgets; increasingly difficult economics for monograph publishing) only begin to suggest the true crisis of limited access to scholarship and lost impact. Unless costs are reduced or redistributed, researchers will not have access to the full range of scholarly and scientific information they require. Similarly, unless modes and mechanisms for communicating research results are analyzed and updated, the dissemination of research--including UC's substantial research output--is in danger of becoming ineffective and inefficient, with resulting delays or lost opportunities to contribute to subsequent scholarship and societal progress.

It is urgent that the UC community work together to examine, document, and recommend action on these issues. Fortunately, a number of University activities, including those undertaken by the Academic Council, are underway to address the crisis and use the opportunity for positive change. To support, coordinate, and otherwise facilitate these efforts and, where appropriate, foster partnerships with entities outside UC, an Office of Scholarly Communication (OSC) has been established within the Office of the Provost and Senior Vice President for Academic Affairs. The OSC has responsibilities in two broad areas: coordinating scholarly communication policy, planning and outreach; and assembling strategic and publishing initiatives, including the eScholarship program. More about this office, as well as extensive information about the issues, is available at <http://osc.universityofcalifornia.edu>.

STAFF ADVISOR TO THE REGENTS

The Regents have approved a two-year pilot program to appoint two staff members as non-voting advisors to two Regents' committees. For 2005-06, the staff advisors will be the most recent past chairs of the Council of UC Staff Assemblies due to the ease of implementation and their experience with Regents' procedures and protocols. During the first year, the administration will develop the process by which the President, with the concurrence of the Chairman of the Board of Regents, will select staff advisors from among all staff and non-Senate academic employees for the second year. The advisors will participate at meetings of the Committee on Grounds and Buildings and the Committee on Educational Policy. Following the two-year pilot program, The Regents will evaluate its usefulness and effectiveness and determine whether to continue, modify, or cease the program.

STATE PENSION REFORM PROPOSALS

In his 2005 State of the State address, Governor Schwarzenegger indicated his intention to reform State pension plans by only offering defined contribution retirement plans to State employees hired on or after July 1, 2007. Enrollment in a defined benefit plan, like UCRP, would be prohibited. A constitutional amendment to this effect has been introduced in a special legislative session called by the Governor. In addition, the Jarvis Taxpayers Association has introduced a ballot initiative that would do essentially the same thing, with the addition of specific limits on the employer contribution levels to the defined contribution plan.

These measures expressly include the University of California. However, even if the proposals become applicable the new defined contribution plan would pertain only to UC employees hired on or after July 1, 2007; current faculty and staff would not be affected.

UC representatives have been discussing these proposals in detail with the Governor's office, legislative leaders, and the Jarvis Association in attempts to preserve the University's flexibility to design a plan that best meets the diverse needs of its faculty and staff. The imposition of a defined contribution plan as proposed could make it difficult for UC to respond to recruitment and retention issues for its varied population across its ten campuses, five medical centers, and three national laboratories.

STUDENT ACADEMIC FREEDOM SYSTEMWIDE POLICY WORK GROUP

As a result of discussions last spring between former Regent Matthew Murray and the University Committee on Academic Freedom, and at the request of the chair of the Academic Council, a work group has been formed to develop a draft policy on Student Academic Freedom in the same vein as a similar policy statement adopted recently by the California State University system. The work group is composed of faculty, staff from OP student affairs, and students. Any draft policy statement will be circulated broadly for review and comment before it is issued formally.

STUDENT ACADEMIC PREPARATION AND EDUCATIONAL PARTNERSHIPS

As mentioned in my November report, Student Academic Preparation and Educational Partnerships (SAP&EP) is developing a new performance-based accountability framework to help educators, State policymakers, families, and others understand more clearly the aims of academic development programs and how they operate. The new framework will describe SAP&EP programs' target audiences, objectives, delivery strategies, progress indicators, and intended outcomes. An Accountability Planning and Oversight Committee, composed of State policymakers, education evaluators, and faculty, has been formed to develop the new framework and will consult with campus program staff on the project. Governor Schwarzenegger has proposed reducing the SAP&EP budget by \$17 million. The new accountability framework is critical to ensuring that the legislature and the Department of Finance understand the value of these activities.

UC-MANAGED NATIONAL LABORATORIES

In January, The Regents authorized UC to participate in the competition to manage Lawrence Berkeley National Laboratory (LBNL) on behalf of the Department of Energy (DOE), and in early February UC submitted a bid. That bid was followed by an oral presentation before the DOE's LBNL site selection board made by University representatives in partnership with the LBNL director and his new senior management team.

Also in January, the National Nuclear Security Administration (NNSA) Source Evaluation Board (SEB) for the Los Alamos National Laboratory (LANL) announced an extension of the comment period for the draft LANL contract request for proposals, and UC submitted comments. In mid-February, the NNSA SEB announced a set of new proposed actions designed, according to SEB, to stimulate competition. It also announced it would be holding one-on-one meetings with potential competitors and UC is scheduled to meet with the SEB in early March.

Overall competition preparations for continued management of LANL continue. UC is in discussions with potential partners, but no final agreements have been reached. While the DOE has not issued the final request for proposals, it is expected to do so in the near future. UC will then have 90 days to make a decision regarding participation in the competition. If The Regents

decide to compete, the University must submit a proposal for continued management of the LANL within the 90-day period.

The contract to manage the Lawrence Livermore National Laboratory (LLNL) expires on September 30, 2005, and the DOE has said it expects to request a contract extension for management of LLNL beyond the contract expiration date. Competition for continued management of LLNL has not yet begun.

UC MERCED

The new campus will open in fall 2005, welcoming 1,000 undergraduate and graduate students. The first application period has resulted in approximately 8,000 applications for freshman admission, 900 applications for transfer admission, and 170 applications for graduate study for the 2005-06 academic year. Within these numbers, applications from San Joaquin Valley students totaled about 1,100. Of the freshman applicants, most applied to one of nine undergraduate degree programs, with interest spread among programs offered through the Schools of Engineering; Natural Sciences; and Social Sciences, Humanities and Arts. Other prospective freshmen applied to one of the three schools or to the campus at large with an undeclared major.

The campus will have a total of 75 teaching staff in the first year; 35 full-time faculty have been hired and another 25 faculty and 15 lecturers are being recruited, to arrive in July 2005. Recruitment efforts for full-time faculty and lecturers will continue in 2005-06, as 45-50 new faculty and lecturers will need to be hired by July 2006 to accommodate the 800 new enrollments expected in the fall of 2006.

Building construction continues at an energetic pace. Core facilities to be in place during the first year include student housing, the dining commons, the Library/Information Technology Center, the Classroom and Office Building, the Science and Engineering Building, and central plant facilities. Three new projects will be under construction during 2005-06: the Recreation and Wellness facility, phase two of student housing (400 bed spaces), and a logistical services building to house facilities operations and emergency services.

UNDERGRADUATE APPLICATIONS FOR FALL 2005

Within the last couple of weeks, admissions officers on all nine of our undergraduate campuses have been making the final decisions on freshman admissions for Fall 2005. We had a record-high number of applications this year—just over 100,000, including approximately 76,000 freshman and 23,000 transfer applications. The inclusion in the Governor's budget of funding for enrollment growth and the opening of UC Merced is good news for students. Not only will we have room for every eligible applicant, but we expect that more students will be admitted to their first-choice campuses than in the last several years.

UPDATE ON UNIVERSITY OF CALIFORNIA DEFINED CONTRIBUTION PLAN

HR/Benefits and the Office of the Treasurer, in consultation with the University Committee on Faculty Welfare's Task Force on Investments and Retirement, are collaborating to review and update the University's retirement savings plans. Elements of this multi-phased project include defining a revised core funds menu for the three defined-contribution plans; conducting a search

and selection process for the externally managed investment options within the core funds menu; recommending Plan amendments that will be necessary to support appropriate fiduciary oversight, a new core funds menu, and the external master record keeping platform; and making the transition of administrative services for the 403(b) Plan and the Defined Contribution (DC) Plan to the master record keeper. The goals of this project are to create a sustainable infrastructure that supports the current and future needs of the University and Plan participants, provide suitable investment options that are easy to communicate and understand, and enhance Plan services, including more frequent fund valuation and the ability for participants to view and manage investments on a single platform.

WILLED BODY PROGRAMS

Former Governor Deukmejian, along with a working group from Health Affairs, Clinical Services Development, Office of the General Counsel, and Office of University Auditor, has completed the assessment of the University's five Willed Body Programs. This working group, assisted by representatives of the campus programs and outside consultant Navigant Consulting, Inc., produced a report on the program's current status and developed a series of recommendations for instituting a systemwide policy for the management and oversight of these programs. One of the key recommendations was to institute centralized oversight and monitoring of the programs. A search is underway for a systemwide director whose function will be to ensure compliance with the new policies. Concurrently with this search, systemwide policies are being developed with the expectation they will be presented to The Regents for consideration this summer. While this process continues, basic management, inventory control, and security measures are already being implemented at the campuses in anticipation of the formalization of new policies.