

**PRESIDENT RICHARD C. ATKINSON
LIST OF DISCUSSION TOPICS FOR THE MEETING OF
THE ASSEMBLY OF THE ACADEMIC SENATE
WEDNESDAY, MAY 28, 2003**

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1. BUDGET. In the May Revision, released May 14, Governor Davis proposed no additional budget cuts for the University of California beyond those proposed in his January budget. However, the Assembly and Senate both have adopted deeper cuts for the University into their respective versions of the budget, and Republicans in the Legislature are seeking even further cuts. Conference committee negotiations are expected to begin on or around June 2.

The State continues to face a budget crisis of unprecedented magnitude. The May Revision increases the governor's estimate of the State budget shortfall to \$38 billion from \$35 billion. The May Revision employs a multi-year approach to addressing this shortfall, relying more on borrowing and less on short-term spending reductions than did the January proposal. Among other things, it proposes a \$10.7 billion deficit reduction bond, which would be repaid over five years using the revenue from a new half-cent sales tax. The Legislative Analyst's Office reports that the May Revision would leave the State with a balanced budget in 2003-04 but also would leave California "with a still-formidable imbalance between ongoing revenues and expenditures, which would reemerge in 2004-05 and persist thereafter." This "imbalance" is estimated in the range of \$7-8 billion.

The Governor's Budget still includes \$300 million in base budget cuts for UC, offset somewhat by new funding for specific purposes—principally \$117 million for enrollment growth of 13,000 students. When cuts of the last two years are included and offsetting revenue from possible fee increases is accounted for, UC by next year will have taken \$360 million in base budget cuts. Over a three-year period, UC's enrollment will have grown 18 percent while its net State-funded budget will have fallen 6 percent, under the governor's plan. The University's Partnership Agreement with the Davis administration will be underfunded by approximately \$1 billion.

The governor's plan includes reductions in most non-instructional areas of the University's budget. Administration, libraries, research, student services, educational outreach, Cooperative Extension, and many other programs are facing significant cuts, many of them in the range of 20 percent to 50 percent. The Governor's Budget also includes a student fee increase of 35 percent over the two years 2002-03 and 2003-04. For resident undergraduates, the \$405 annualized increase that took effect in the Spring 2003 term would be augmented by a \$795 increase in 2003-04. These figures could be adjusted higher, however, if additional legislative cuts to the University's budget are implemented. The Regents will vote on a final fee level in June or July, when more information about the likely State budget outcome is available.

Whatever the final fee level, financial aid will increase to mitigate the impact. The University estimates that approximately 40 percent of UC undergraduates will not have to pay the increase. In general, financially needy students from families with annual incomes of \$60,000 or less would receive a grant covering the full increase, and financially needy students from families with annual incomes of up to \$90,000 would receive a grant covering a portion of the increase.

In addition to State budget cuts, UC is contending with more than \$100 million in cost increases for which it is receiving no new State funding—including double-digit inflation in health benefit costs, costs for faculty merit increases, significantly increased energy costs, and unfunded costs related to the maintenance of new space. The University remains committed to funding faculty merit increases, despite the lack of State funding for this purpose, given the expected 9-percent lag in UC faculty salaries relative to our comparison institutions.

Both houses of the Legislature have now incorporated additional cuts, beyond those in the governor's plan, into their respective versions of the budget. Republicans in the Legislature have proposed even deeper cuts—up to \$400 million beyond the governor's cuts. That amount is equivalent to total State funding provided for the Berkeley campus, or for the Irvine and Riverside campuses combined. While cuts of that magnitude have not been included in either house's budget at this point, Republican votes are needed to pass a final budget.

University representatives are aggressively opposing any additional cuts to the UC budget beyond those reflected in the governor's plan.

Currently, based on the actions taken by the budget subcommittees in the Assembly and Senate, the main UC issues to be addressed in the two-house conference committee are the following:

- \$80.5 million reduction. Both the Senate and Assembly have incorporated an additional \$80.5 million cut to the University's operating budget. The Senate specifies that \$48.7 million of the cut would be taken through an enrollment reduction of 5,500 students and leaves the rest of the cut unallocated. The Assembly specifies only that the \$80.5 million cut is not to be taken through reductions to instruction, outreach, or student services.
- Educational outreach. Both the Assembly and Senate have provided funding to restore all or part of the proposed reduction to outreach. The Assembly augmented the budget by \$38 million for outreach, including funding for AP Online, and also provided \$6.5 million for the California Subject Matter Projects. The Senate restored \$5 million for outreach.
- UC Merced. The Senate acted to delay the opening of UC Merced by one year and to reduce the 2003-04 operating budget of the campus by \$4 million. The Assembly did not reduce funding for UC Merced. The University will be seeking full restoration of the Merced funding in the conference committee, arguing that the savings for the State are minimal and that the need for the new campus is great—both for the San Joaquin Valley and for the University's systemwide enrollment capacity.

Both houses of the Legislature have adopted the University's capital budget in full.

2. CLASSIFICATION BY RACE, ETHNICITY, COLOR, OR NATIONAL ORIGIN INITIATIVE. The Classification by Race, Ethnicity, Color, or National Original (CRECNO) initiative (formerly known as the "Racial Privacy Initiative") would prohibit the State and other public entities—including the University of California—from classifying any individuals by race, ethnicity, color, or national original in the operation of any State program. The initiative

would permit action that must be taken to comply with federal law, or to establish or maintain eligibility for any federal program, where ineligibility would result in a loss of federal funds to the State, and for “medical research subjects and patients.” The initiative, a proposed amendment to the California Constitution, has qualified for the March 2004 primary election ballot.

UC currently collects socioeconomic data, including racial and ethnic data, in order to fulfill its mission. Research, admissions, employment, and contracting practices all rely on this data. In preparation for The Regents’ discussion, the Office of the President and the Office of the General Counsel conducted analyses on the impact and applicability of CRECNO, should it pass, on the University’s research and other operations. Based on these analyses, I concluded that the significant potential impact, as well as the lack of certainty about other possible impacts of the initiative—particularly in the area of academic research—would adversely affect the University’s ability to carry out its core mission. Therefore, I recommended that The Regents oppose the initiative. In January, the Academic Council voted unanimously to oppose the initiative and to call upon The Regents to oppose it.

At their May meeting, The Regents discussed my recommendation to oppose the initiative based on its actual and potential significant impacts on UC research, admissions and enrollment, outreach, and financial aid. After a full discussion, The Regents voted 15-3 (with one abstention) to oppose the initiative.

3. SARS. On May 9, the University issued systemwide guidelines related to Severe Acute Respiratory Syndrome (SARS). These guidelines address individuals traveling to or from SARS affected areas and are based upon Centers of Disease Control (CDC) travel recommendations, advisories and alerts, which are updated regularly and available at www.cdc.gov/ncidod/sars/travel_advice.htm.

The UC guidelines strongly advise students, faculty, and staff to postpone non-essential travel to SARS affected regions until CDC travel advisories are lifted for those areas. The guidelines also instruct campus officials to take steps to help ensure that individuals arriving at their campuses from SARS affected areas adhere to CDC recommendations regarding self-monitoring of their health and notification of a local health care provider at the first sign of illness, fever, or respiratory symptoms. The systemwide guidelines authorize each campus to develop local plans and policies that are consistent with CDC guidelines and based upon an assessment of local resources available for diagnosis, evaluation, and management of symptomatic individuals.

On May 14, the CDC issued related guidelines for institutions hosting individuals entitled from SARS affected areas and for institutions with employees returning to the U.S. from such areas. The UC guidelines are consistent with these guidelines.

The University’s guidelines were developed by the UC Office of Health Affairs and reflect consultation and input from the California Department of Health Services, UC chancellors, and a systemwide advisory group including campus student health directors, environmental health and safety directors, and UC faculty experts in public health and infectious disease. The Office of Health Affairs will update these guidelines as necessary.

4. UC-MANAGED NATIONAL LABORATORIES.

Los Alamos National Laboratory

On April 30, the Secretary of Energy announced that the University would continue to operate the Los Alamos National Laboratory through the current term of its contract—September 30, 2005—at which time there would be a competition to determine the contractor thereafter. The Secretary, members of Congress, and the Administrator of the National Nuclear Security Administration (NNSA) have encouraged the University to participate in that competition, valuing as they do the scientific leadership that the University brings to Los Alamos. The Regents will determine whether or not the University will compete. My recommendation to the Board will be formed over the next few months as we learn more about the nature of that competition and whether it will permit the University to adhere to the principles of public service that have guided our association with Los Alamos and the other Department of Energy (DOE) laboratories.

Notwithstanding the Secretary's decision, the University continues to address the problems in the business practices of the Los Alamos National Laboratory. Since the last report, two independent reviews have been concluded: one focused on procurement, the other involved additional key business practices. Also, there continue to be leadership changes to strengthen overall management of the laboratory.

In the meantime, I announced at the May Regents' meeting my intention to name Interim Los Alamos Director George P. (Pete) Nanos as permanent director of the Laboratory. While I had intended to conduct a national search for a new director, Interim Director Nanos' superb performance over the last several months under the most trying circumstances makes such a process unnecessary. The appointment requires approval by The Regents, which will be sought at the earliest possible date.

Procurement

An External Review Team, chaired by former Department of Energy Inspector General John Layton and assisted by forensic accountants from PricewaterhouseCoopers LLP, identified several internal control weaknesses and deficiencies in procurement at Los Alamos. In the report, the team recommended a number of corrective actions in addition to those already implemented by UC and the laboratory. These combined actions, wrote Layton, "should provide an enhanced control environment for the Procurement Program." Interim Director Nanos has taken steps to address the identified deficiencies as part of the laboratory's overall business improvement plan. These findings and the University's actions to address them will increase the Laboratory's ability to prevent fraud, waste, and abuse.

Other Key Business Practices

A two-month independent review of key business practices by the accounting firm Ernst & Young LLP has resulted in seven reports containing 92 observations and recommendations for improved performance. The Ernst & Young review examined business practices and created a road map for improved performance. A team of more than 30 Ernst & Young analysts delved into the accounts payable processes and controls, banking (including DOE funding), budget execution, cash receipts, information technologies, payroll, and property management and accounting.

Personnel Changes

- Interim Director Nanos has appointed Carolyn Mangeng as the acting deputy director. Mangeng most recently served as Associate Deputy Director for National Security and as Director of the Laboratory's Office of National Security Planning and Analysis.
- Three new communications professionals are in leadership positions at the Laboratory—David McCumber as the Communications and External Relations Division leader, James Fallin as Public Affairs Director, and Patrick D. Woehrle as Governmental Relations Director. McCumber most recently was the chief of staff and general counsel to former New Mexico Governor Gary Johnson. Fallin, a New Mexico native, spent most of his career in the U.S. Navy, including as the press secretary and spokesman for both the White House and Pentagon. Woehrle was the legislative director for Texas Congressman Gene Green; he managed key policy issues for various legislative committees and served as a liaison with federal agencies, including the Department of Energy. Both Fallin and Woehrle report to McCumber.
- Judy Ackerhalt, the University's Deputy to the Associate Vice President for Human Resources, has accepted an interim appointment to head human resources at Los Alamos. (The previous Human Resources Director has retired and her deputy has been reassigned to other duties at the laboratory.) Ackerhalt worked at Los Alamos earlier in her career and will provide key leadership in better integrating Los Alamos human resources practices with current University policy.

Even as actions are being taken to address business problems at Los Alamos, the UC-operated laboratories' contributions to our nation are particularly important at this critical moment in international affairs. Some recent examples include:

National Security

- Los Alamos has completed construction of the second stage of the world's most powerful X-ray machine, the Dual Axis Radiographic Hydrodynamic Test Facility (DARHT). DARHT is a key experimental tool to study how aging nuclear weapons behave in the absence of underground testing.
- Scientists and engineers at the Lawrence Livermore National Laboratory have successfully tested the National Ignition Facility (NIF)—the world's largest laser—at a new level of power, 10 kilojoules. NIF is the only NNSA facility designed to achieve fusion ignition with energy gain, which is vital for understanding the performance of nuclear weapons as well as for inertial fusion energy production. Other NIF experiments will advance basic understanding in areas such as materials science and astrophysics.

Homeland Security

- Lawrence Livermore dedicated a Radiation Detection Center for developing advanced technologies to help detect and identify clandestine nuclear materials and nuclear devices that might be used by terrorists. The laboratory is developing a system called RadNet that combines the features of a cellular phone, radiation sensor, personal digital assistant, Internet access, and a Global Positioning System (GPS) locator. The system can be deployed in a network of customs agents, police, firefighters, and others to create a large-area detector that picks up and transmits the locations of medical isotopes, industrial radiation sources—or “dirty bomb”—materials.
- Los Alamos scientists are studying the use of tiny subatomic particles that shower the

Earth from the sky to detect nuclear weapons hidden inside shipping containers or trucks. The high-energy particles, called muons, scatter in a highly predictable pattern when they strike dense materials like uranium or the lead used in heavy shielding. Scientists hope to develop passive muon-based detectors that will permit screening of shipping containers at coastal ports or trucks traveling through border checkpoints without using large X-ray units.

Life Sciences

- Lawrence Berkeley Laboratory researchers have developed a way to shape high-resolution microscopy into three-dimensional renditions of tissue, such as mammary ducts, that may enable cancer to be tracked as it spreads through the body. The system could ultimately portray how cancer spreads from a few anomalous cells to millions of cancerous cells radiating throughout a gland. It could also map the cellular degeneration of diseases such as Alzheimer's and Parkinson's.
- Researchers at the Livermore lab and other institutions have significantly aided containment of Newcastle poultry disease by developing rapid diagnostic assays to identify the deadly virus within four hours of receiving a sample, instead of the current six to twelve days.
- The Joint Genome Institute in Walnut Creek, a consortium of Lawrence Livermore, Lawrence Berkeley, and Los Alamos Laboratories, collaborating with other laboratories, joined the Department of Energy and the National Institutes of Health in announcing completion of the Human Genome Project on the 50th anniversary of the momentous revelation of the now-famous double helix structure of DNA. Among other contributions, the Joint Genome Institute sequenced human chromosomes 5, 16, and 19. It has grown from a single-purpose DNA sequencing facility to a full-fledged genomic research center, and is now gearing up to sequence and study a wide variety of additional organisms. The work promises to provide insights into a wide variety of activities, including environmental cleanup, energy production, and global climate change.

Nanotechnology

- Berkeley Laboratory scientists have created insulated electrical wires that are about 100,000 times smaller in diameter than a human hair. These insulated carbon nanotubes could serve as the basis of coaxial cables or a system for wiring electronic devices such as transistors.

UC will continue working with Congress, the Department of Energy, and other interested parties to resolve the issues that have been raised and to maximize the effectiveness of UC management of the laboratories.

5. CONSENSUAL RELATIONSHIPS AND UNIVERSITY SEXUAL HARASSMENT POLICIES. The revisions developed by the Academic Senate to modify the Faculty Code of Conduct with regard to faculty-student consensual relationships have been distributed to the campuses for formal review in accordance with procedures for modifying the Academic Personnel Manual. Comments from the campuses are due by June 6, 2003. The revisions will require approval by the Assembly of the Academic Senate and The Regents before becoming policy. A workgroup has been formed with representation from Human Resources, Academic Affairs, Student Affairs, and the Academic Council to draft a systemwide policy dealing with

consensual relationships among all other types of individuals in the University community where such a relationship may create a conflict of interest harmful to the University's mission. A draft policy will be circulated for informal review shortly. This workgroup also is reviewing the systemwide policy on sexual harassment and the procedures for responding to sexual harassment, and will make recommendations for revisions to those policies.

6. UNDERGRADUATE ADMISSIONS – FALL 2003. The University of California admitted a record number of freshman students for Fall 2003. Admissions grew by 4 percent, but the proportion of those being admitted to UC's most selective campuses declined slightly as admission has become more competitive at nearly all UC campuses. A total of 60,439 California freshman students were offered Fall, Winter, or Spring admission this year to one or more of UC's eight undergraduate campuses. This fall, 50,291 California freshman students were offered admission, compared to 48,369 in Fall 2002. An additional 3,676 students were offered Winter or Spring admission and another 6,472 were offered admission to a campus they had not selected on their application.

Although more students were offered admission this year than last, continuing growth in the college-age population and in the number of UC applicants has forced UC campuses to become increasingly selective. While admissions rates at selective campuses have declined, students from most areas of the State and from all ethnic groups, except American Indian, have been admitted in greater numbers systemwide. The proportion of underrepresented students increased modestly systemwide and at most campuses. Underrepresented students, i.e., American Indians, Chicanos/Latinos, and African Americans, comprised 19.8 percent of the systemwide admitted class, as compared to 19.1 percent in Fall 2002.

The academic quality of the incoming freshman class continues to be outstanding. Admitted students are taking more college-preparatory courses and earning higher grades.

7. GREEN BUILDING POLICY/CLEAN ENERGY. The Green Building Policy and Clean Energy Standard Steering Committee was formed in December 2002 in response to Regent Dexter Ligot-Gordon's request for a feasibility study and policy recommendations regarding green building design and clean energy. The Regents adopted a resolution for the study and policy recommendations in January 2003.

The Steering Committee is chaired by Senior Vice President Joseph Mullinix and is comprised of faculty members, key state government officials, and campus and Office of the President representatives from facilities operations, design and construction, budget, and administration.

In April, Senior Vice President Mullinix presented to The Regents' Grounds and Buildings Committee a status report on the Steering Committee's activities. A feasibility study has been completed by the Office of the President, with review by the Green Building/Clean Energy Steering Committee, and distributed for review by campuses. A Regental policy will be presented for approval at the June meeting of the Grounds and Buildings Committee, along with a proposed presidential implementation policy and the feasibility study. The proposed Regental policy will recommend that the University adopt the principles of energy efficiency and sustainability for all aspects of the University's built environment, along with goals for reducing the use of non-renewable energy in current and future University facilities. The policy will also

propose that regular reporting occur to The Regents to track progress against the principles and goals of this policy.

8. LIBRARY INITIATIVES. In partnership with the 10 UC campuses, the California Digital Library (CDL, at www.cdlib.org), continues to provide infrastructure for and leadership to the campus libraries. Recent accomplishments include:

- Expansion of digital collections, including electronic journals, monographs (including UC Press titles), digitized cultural heritage materials, and social science data sets.
- Expansion of services, including a new version of Melvyl, the online catalog of the University of California libraries (melvyl.cdlib.org, made available in April 2003), linking services from citations to full content, and a website of UC-owned digital content available for unrestricted access by the public (at www.californiadigitallibrary.org).
- Rapid expansion of the eScholarship repository for UC-produced working papers, technical reports, and peer-reviewed series. Now serving more than 100 departments, Organized Research Units (ORUs), and Multicampus Research Units (MRUs), the repository is experiencing exponential growth in volume of content and in use.
- Establishment of a digital preservation program that has already received grants to support the harvest of at-risk Web-based content, as well as for preservation technology and practices for UC-owned digital assets. Through this program the UC libraries also participate in national efforts to ensure preservation of journal content in digital form.

In the face of anticipated budget cuts that will affect campus library collections and services, the University libraries, under the leadership of the Systemwide Library and Scholarly Information Advisory Committee (SLASIAC), are accelerating their efforts to develop new collaborative strategies that leverage the capabilities of the UC system in order to provide cost-effective library services to the UC community.

These strategies are being formulated in close consultation with the University librarians, the Academic Planning Council, and a variety of Senate committees, and with support from the Office of Systemwide Library Planning. Together, they constitute a new planning framework that will guide UC's library and scholarly communication initiatives in the coming years. They address the difficulties involved for universities generally in maintaining great research and teaching collections in an era of dramatic inflation in both the number and cost of scholarly publications. The strategies being considered for adoption include:

- Deep resource sharing: Extend principles underlying recent successes in establishing shared digital collections to the development, ownership, and management of selected print collections that are currently developed independently and redundantly by each of the campuses.
- Influencing publisher economics: Adopt negotiation principles for renewals of collaboratively purchased journals that confront commercial publishers' high profits and aggressive business models.
- Leveraging technology: Continue deploying technology (e.g., scan on demand services) to make better use of campus libraries' existing print holdings.
- Identifying and supporting new modes of scholarly communications: Encourage faculty use of new kinds of scholarly publications, concentrating on those that do not saddle the University (through its libraries) with the same debilitating subscription and purchase costs that are entailed in current commercial publishing models.

An important aspect of this effort is communication, particularly with the University's faculty. In addition to the existing consultative structure, a new communication effort will include a series of faculty seminars on new methods of scholarly communication that will be held in the fall, an informal faculty advisory group with representation from the Committees on Planning and Budget, Research Policy, and Library, and a UC libraries website to highlight issues and planning activities.

Gathering evidence and data to formulate and support these and similar strategies is an ongoing goal of research and academic libraries nationwide. UC is leading that effort on several fronts. A notable example is a two-year study funded by the Andrew W. Mellon Foundation that explores how libraries can best manage scholarly journals in both print and digital formats. The quantitative and qualitative data from this study are allowing us to assess the effects of removing from library shelves print journals for which digital access is also available. More information on the study can be found on the Web at www.ucop.edu/cmi.

9. UC MERCED. UC Merced is working towards a target opening date of Fall 2004 and has the following activities underway: recruitment and induction of faculty, curriculum planning, student recruitment, development of core student services, and construction of the campus facilities that will house these activities. Concurrently, the UC Merced educational centers located in Fresno and Bakersfield are delivering summer instruction and continuing outreach efforts for the first students UC Merced will serve, as well as other programs to advance the campus' far-reaching effects throughout the San Joaquin Valley.

Academic Planning

Former Stanford Professor Kenji Hakuta has been named founding Dean of Social Sciences, Humanities, and Arts for UC Merced. Professor Hakuta is an experimental psychologist by training and a teacher and researcher by profession. He is best known for his research on the psychology of bilingualism and second-language learning, as well as for his work in education policy and equal educational access for minority students. Professor Hakuta brings with him considerable national policy experience from Washington, D.C. He has spearheaded committees and task forces for the federal government and the National Academy of Sciences, especially in the areas of improving education of language minority students. He is a member of the National Academy of Education and the Board of Trustees for the Educational Testing Service. Professor Hakuta's immediate charge is to recruit the founding faculty for the Division of Social Sciences, Humanities, and Arts before the campus opens in August 2004.

Faculty recruitment in all areas of the campus' academic programs continues. A detailed update on the faculty recruited in the 2002-03 cycle will be included in the next report.

Campus Physical Development

Campus construction began last October with major grading nearly complete. Also near completion is the campus utility infrastructure tunnel. Construction of the central plant will begin shortly. Among the first buildings to be constructed are the Classroom and Office building, the Library and Information Technology Center, and the Science and Engineering building. The design-build process for the first student housing complex and dining commons is underway.

Budget

The governor has shown strong support for UC Merced in his May Revision to the 2003-04 budget, which is especially significant in light of the State's difficult fiscal situation. The governor's May budget includes \$38 million for UC Merced, with \$21 million for operations and almost \$17 million for physical development. Included in the operations support is funding for 35 faculty, who are necessary to ensuring the campus' continued development of its academic programs in preparation for its Fall 2004 opening.

10. CALIFORNIA HOUSE, LONDON, AND MEXICO CITY. California House, London, continues to serve as the venue for a number of recent UC alumni events in the United Kingdom and to assist the campuses in planning for events that are held elsewhere in London. California House staff is also in the process of implementing internship programs for the UC Education Abroad Program (EAP) students in the UK. The University is exploring the possibility of securing funding from British public and private sources for collaborative research efforts involving faculty at British universities and at UC.

UC campuses received more than \$5 million in private gifts and grants from the UK last year and another \$1.7 million in private contracts.

Plans continue for the establishment of a California House in Mexico City ("Casa de California"). A site has been selected and, pending completion of financing arrangements, will be available for occupancy by EAP, UC Institute for Mexico and the United States (UC MEXUS), and other UC offices. California House, Mexico City, will also be used by the Governor's Office and the California Trade, Technology, and Commerce Agency.

11. CALIFORNIA-MEXICO INITIATIVES. Under the guidance of UC MEXUS, the University has an Agreement of Cooperation in Higher Education and Research with Mexico's National Council for Science and Technology (CONACYT). UC and Mexico have established a joint Commission on Education, Science, and Technology co-chaired by UC President Richard Atkinson and CONACYT Director General Jaime Parada. The Commission includes research and education leaders from both California and Mexico, and it has begun an ambitious agenda to strengthen collaborative ties between institutions in California and Mexico and to create ways in which the University can assist CONACYT in succeeding in its mandate to build collaborations between Mexican researchers and Mexican industry.

In June, CONACYT will co-host—along with several U.S. and Mexican federal agencies—the Partnership for Prosperity Entrepreneurial Workshop in San Francisco. Launched by President George W. Bush and Mexican President Vicente Fox in September 2001, the Partnership for Prosperity reflects the shared ideals and aspirations of good friends and neighbors. It is nourished by the commitment of the two presidents and by the extensive network of commercial, investment, civic, and educational activities that unite the two countries. The Partnership seeks to "unfetter the economic potential of every citizen, so each may contribute fully to narrowing the economic gaps between and within our societies." It also seeks to leverage private sector experience, resources and commitment to foster economic growth and create jobs in the least developed regions of Mexico. The purpose of the Entrepreneurial Workshop in San Francisco is to expand and deepen private sector involvement in the pursuit of this goal.

12. CLERY ACT. The Clery Act requires colleges and universities receiving Title IV funds through the federal Department of Education to report annually on crime statistics and prevention programs and procedures. Last year the University took a number of actions to meet its obligations under the Clery Act. These steps included the formation of the Clery Act Task Force and the hiring of an external consultant to help us better understand the requirements of the Act. This process resulted in recommendations to establish clear accountability and direction for Clery Act compliance, a standard set of guidelines for compliance activities, and an Office of the President central clearinghouse for processing, timely resolution, support, and monitoring of Clery Act compliance questions. In addition, the Task Force recommended the designation by each chancellor, of a single, high-level executive officer (such as the executive vice chancellor) as the person responsible for assuring that all Clery Act compliance activities take place in an accurate and timely way at each campus.

During the past year, the focus has been on responding to a series of complaints of non-compliance by news media in Sacramento and Los Angeles. In their complaints, the media alleged that the University of California was under-reporting its crime statistics, misreporting certain statistics, and creating a misleading portrayal of campus safety. The University responded to these complaints and also participated in an audit review of its practices by the federal Department of Education. The investigation determined that in the past, UC campuses have interpreted compliance requirements differently, which has resulted in variations in compliance procedures throughout the UC system. There was no evidence that campuses deliberately under-reported or misreported any crime information.

In its final report to the University, the Department of Education wrote, “The U.S. Department of Education has determined that the University of California’s current system has policies and procedures that will help to ensure the safety and security of the University’s students and employees as required under the Clery Act. We commend the University of California system for the processes and procedures that the University has currently implemented. Based on the findings of this report, all the issues of complaint addressed in this Final Program Review Determination Letter have been resolved and/or corrected and we consider this review closed. Therefore no further response is required by the University.”

The University will continue to ensure that its policies and procedures are in accordance with the Clery Act.

13. DUAL ADMISSIONS PROGRAM. The University is continuing with its implementation of the Dual Admissions Program (DAP). Under DAP, students who fall between the top 4 percent and 12.5 percent of their high school graduating class, and who are not eligible to attend UC directly from high school, will receive a guaranteed offer of admission from a specific UC campus, with the understanding that they first complete a transfer program at a California community college. DAP will take effect for the class applying to college for Fall 2004 entrance, meaning the first students transferring to UC through the DAP program would do so in Fall 2006.

The University will notify the first cohort of DAP-eligible students this September after reviewing their high school transcripts over the summer (using an expansion of the evaluation

process developed for UC's Eligibility in the Local Context Program). If students are designated as DAP-eligible and are interested in participating in the program, they must submit the University's undergraduate application during the November filing period. DAP students will be notified no later than May 1 regarding the UC campus to which they have been admitted and will be asked to identify a community college they plan to enter in the fall. California community colleges will be notified of DAP students who plan to attend their campus following students' submission of the Statement of Intent to Register. An academic contract will be developed by the student's UC campus, which will describe the courses and grades that must be completed to successfully transfer from the community college to UC.

Students may choose to attend any community college (or multiple colleges) to complete their DAP contract, and will have up to four years to fulfill their contract. After satisfying their lower-division requirements at the community college, DAP students will complete their upper-division studies at the UC campus and receive a University degree.

14. HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996.

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) is federal law that mandates significant changes in the legal and regulatory environment governing the privacy and security of an individual's health information in written, electronic, or oral formats. HIPAA also affects the payment for healthcare services and the provision of health benefits. The compliance date of April 14, 2003, for the HIPAA privacy rule applied to all University covered entities, including health care providers, self-funded health plans, and those business and finance units that provide services to the covered entities. The security standards provide for the security of an individual's health information that is transmitted electronically, and the compliance date is April 2005. The administrative simplification standards provide for the standardization of transactions and formats used for electronic communication of health care data; the University must be in compliance by October 2003.

The University's HIPAA Task Force has worked for more than two years in order for the University to achieve compliance with the HIPAA privacy rule by April 14, 2003. At the May 2003 meeting of the Board of Regents, Dr. Maria Faer, University HIPAA Privacy Officer, and Senior Vice President Joseph Mullinix assured The Regents that the University had met the April 14th requirements of the HIPAA privacy rule, but that sustaining compliance with the rule was an ongoing responsibility of all members of the workforce. The University's HIPAA Task Force, with over 100 members from throughout the University system, will now focus its efforts on the HIPAA security rule and, in developing its work plan, will build upon the policies and procedures developed to achieve compliance with the privacy rule.

15. LABOR RELATIONS. The University is currently formalizing a recently reached tentative agreement with the Coalition of University Employee (CUE), the union representing clerical employees. Bargaining continues without contracts in three other bargaining units, the lecturers' unit represented by the American Federation of Teachers (AFT), the research professional unit, and the technical unit; the University Professional and Technical Employees (UPTE) represent the latter two units.

The University and the AFT have been in mediation for several months in an effort to reach agreement on a contract for lecturers. Only a few issues remain: The University has guaranteed

that lecturers who have worked at the University for at least six years and who have received an "excellent" rating on their performance reviews are eligible for the equivalent of career status for staff employees. Lecturers who have worked for less than six years will continue to be employed at will. The University and the AFT hope to reach a three-year agreement in the next few weeks.

The University and UPTE have resolved virtually all matters—including compensation—related to contracts for research support professionals and technical employees. The only issue that remains is layoffs. The University remains hopeful that the layoff issue will be resolved and negotiations will be completed soon.

Negotiations with the Academic Student Employees (ASEs) began on a system-wide basis in March. In April, the United Auto Workers (UAW), the union representing ASEs, sought to bargain these contracts locally. Local bargaining sessions began at the eight campuses employing ASEs in late April. The labor relations office at the Office of the President is coordinating the local bargaining effort.

Negotiations began in late March with the AFT over a successor bargaining agreement for 400 librarians at the nine campus libraries. In addition to a proposal for salary increases, the AFT has submitted proposals that would expand librarians' eligibility for 1) housing programs (such as the Mortgage Origination Program); 2) principal investigator status; and 3) emeritus status.

Negotiations for the health care professionals unit began in mid-March. The contract was due to expire on April 30, 2003; however, the University and UPTE agreed to extend the contract during these negotiations. UPTE and the University have exchanged initial proposals.

Negotiations on wages with the American Federation of State, County, and Municipal Employees (AFSCME), the union that represents the service and patient care technical employees, will begin sometime this month.

UPTE is preparing to file a petition with the Public Employment Relations Board (PERB) to represent approximately 12,000 administrative and professional employees at the University. Employees in this group include analysts, student affairs officers, programmers, accountants, buyers, and auditors. The process will likely lead to elections on the campuses in which UPTE would seek to represent this group of employees.

In July 2002, the UC San Diego House Staff Association was certified by PERB as the exclusive representative of all employees in the unit at the UCSD Medical Center. This is a local unit and does not include house staff at the other four UC medical centers. The UCSD House Staff Association is not affiliated with any national union. Negotiations began in October 2002 and conceptual agreement on the first contract has been reached. The parties are now finalizing the contract and hope to have a ratified final agreement in the next few weeks.

16. MASTER PLAN REVIEW. A number of recommendations from the report of the Joint Committee to Develop a Master Plan are now moving through the legislative process in nine implementing bills, authored by various members of the Master Plan Joint Committee. The key bills with significant issues for the University are SB 6 (Alpert) on governance, AB 242 (Liu) on

faculty issues, and SB 550 (Vasconcellos) on student learning. The bills' authors have indicated that these will be two-year bills and that none of the provisions is cast in concrete. Legislative hearings on the bills and the Master Plan issues contained in the bills will occur in the interim between the two years of the legislative session, but may occur sooner, after the adoption of the budget this summer. The Master Plan Joint Committee has raised private money from various foundations and is using this funding for a public relations campaign to adopt the new proposed Master Plan.

Accountability Framework for Higher Education

One recommendation in the final report of the Joint Committee called for creating a new postsecondary accountability framework that would build on the higher education partnership agreements with the governor. The Joint Committee and the Senate Office of Research commissioned a paper from Nancy Shulock, who heads a higher education institute at CSU Sacramento, on how to create such a framework. The University supports key aspects of the approach outlined in Professor Shulock's paper—that accountability for higher education (1) will not be successful if it is built on a K-12 model of standards and assessment, (2) should inform the budget process without serving as a system of “performance budgeting,” and (3) begins with identification of overarching state goals. UC Davis Chancellor Vanderhoef, Vice Provost Zelmanowitz, and Academic Council Chair Binion attended a symposium based on the paper in late January. There was general agreement at the symposium that there needs to be a *small* number of goals and measures that can be readily understood by decision-makers and the general public. Subsequently, the Senate Office of Research has set a goal of presenting a proposal to the Legislature later this year. A series of meetings to establish accountability goals and accompanying accountability measures is planned. Chancellor Vanderhoef will serve as UC's representative to these meetings.

California Postsecondary Education Commission/Higher Education Coordinating Function

The Master Plan review process also reopened discussion of the higher education coordinating function within the State. Early proposals to eliminate the California Postsecondary Education Commission (CPEC) and vest its postsecondary responsibilities with K-12 oversight in a single commission were removed from the Joint Committee's final report. However, those suggestions, coupled with the State budget crisis and a loss of fiscal support for CPEC, have prompted consideration of other organizational models for statewide coordination of higher education. Specifically, Assembly Member Carol Liu has introduced a bill, AB 655, which would consolidate CPEC, the California Student Aid Commission, and the Bureau for Private Postsecondary and Vocational Education into a single entity. This new entity would be called the California Higher Education Policy and Finance Commission. The University has concerns with this proposal, fearing that it would place large operational and programmatic responsibilities in a planning and coordination agency that would result in a loss of independence, objectivity, and focus in conducting higher education studies and carrying out traditional Master Plan coordination functions. The operational aspects of a consolidated agency (e.g., the \$700 million Cal Grant student financial aid program and regulation of proprietary schools) have great potential to drive out important policy and planning functions.

17. OUTREACH AND K-12 INITIATIVES. The University's Educational Outreach (EO) programs sustained significant budget cuts in FY 2002-03, and face additional proposed cuts in FY 2003-04. Both as a result of and in spite of these changes, EO is moving forward to create

new ways to engage with the K-12 and community college systems. In areas where programs were particularly hard hit, such as school/university partnerships and professional development, outreach leaders are exploring ways to diversify funding sources to stabilize programs and maintain service delivery to students and teachers.

Strategic Review Panel on UC Educational Outreach

In the fall of 2002, a blue ribbon committee of education and business leaders from throughout California was convened to assist the University in conducting a comprehensive assessment of its outreach strategies and methodology. Chaired by Les Biller, former Chief Operating Officer of Wells Fargo Bank, the panel's charge was to:

- Assess the effectiveness of the University's outreach programs;
- Define desirable changes to the University's overall outreach plan;
- Set reasonable short- and long-term goals for the University in pursuing its outreach agenda, given the dimensions of the educational disparities in California and the University's resources and expertise; and
- Recommend a new working alliance with the State's K-12 educational bodies and the California Community Colleges.

The panel has finalized its report, which recommends optimal directions, goals, and implementing structures for UC outreach. "Forging California's Future through Educational Partnerships: Redefining Educational Outreach" was presented by Chair Biller to the Board of Regents at its May meeting. The full text of the report is available at www.ucop.edu/sas/publish/edu_partnerships.pdf.

UC Student Programs

The wide disparity in educational opportunity and achievement among the various racial and income groups continues to exist in California. As such, it is still necessary to ensure a pool of eligible and competitive applicants to the University that is broadly reflective of all segments of our diverse population. As recommended by the Strategic Review Panel, and in collaboration with UC's K-12 colleagues and other stakeholders, the University has begun the process of establishing new long-term objectives for key student outreach programs through 2010 and for increasing coherence and coordination among the various outreach efforts both within the University and across the public education segments.

The University is exploring a new avenue opportunity through regional collaboration. An intersegmental workgroup, that includes UC Vice President for Educational Outreach Winston Doby, has developed a proposal to strengthen and expand statewide educational partnerships. The plan, which will be presented the California Education Roundtable in June, proposes to bring together business, education, and community organizations to reenergize California's commitment to educational equity and access. This plan will encourage regional collaboration, building on existing regional partnerships, between the Intersegmental Coordinating Committee (the implementing arm of the Roundtable) and the alliance between UC and the California County Superintendents Educational Services Association.

In part based on the recommendations of the Strategic Review Panel, the Department of Educational Outreach is increasing its focus on the current and future role of faculty in outreach initiatives. Along with the Academic Assembly, the Department of Educational Outreach will

co-sponsor an all-campus faculty summit. Goals for the summit include:

- Making visible the enormous faculty contributions to outreach and disseminating the most effective strategies employed in these programs;
- Discussing the current and future role of UC faculty in outreach, with an emphasis on new opportunities for faculty to be involved in outreach;
- Showcasing exemplary outreach initiatives led by UC faculty;
- Building wider faculty understanding and support for outreach as a facet of the University's mission;
- Affirming the faculty's central role in outreach initiatives recommended in the Strategic Review Panel's report; and
- Communicating publicly about the central role of faculty in outreach to appropriate internal and external audiences.

Initial planning for the faculty summit has begun, and includes many of the University's key Senate committees. Leadership for the summit is being provided by UC Santa Barbara faculty and the Faculty Associate to the Vice President for Educational Outreach.

18. PRIVATE SUPPORT. Private support exceeded \$1 billion for the third year in a row for the fiscal year ending June 30, 2002, although it showed a modest (0.6%) decline from the prior year. Gifts and grants for capital improvements totaled \$241 million (20.6%) while gifts and grants for endowments totaled \$407.7 million (34.8%). The balance (44.6%) was for current operations or was unrestricted as to purpose. The health sciences once again received the largest dollar amount of private support at \$566.6 million.

Most campuses are anticipating a difficult year ahead due to the economic downturn, the stock market's decline, and altered patterns of private giving following the events of September 11, 2001. For the first nine months of the current fiscal year, through March 31, 2003, private support totals have shown an estimated 4.2-percent decrease, with considerable variation from campus to campus. Nevertheless, the totals for the first three quarters of the fiscal year were an impressive \$761.4 million.

19. REGENTS' COMMITTEE ON AUDIT REVIEW. On behalf of The Regents' Committee on Audit, a study was conducted by Protiviti, an independent consulting firm. The Protiviti report was issued in March to the Audit Committee. The report findings and recommendations fall into two categories: (1) issues relating to Committee (e.g. charter, structure, meeting frequency, etc.) and the implications of the Sarbanes-Oxley Act; and (2) the reporting structure and other aspects of the internal audit program. The report recommends a new charter for The Regents' Audit Committee in order to more clearly define its role in the current environment, engagement of additional financial expertise, and continuing education to enhance the Committee's knowledge and continuity of leadership. The report also recommends that The Regents continue to focus attention on Audit Committee affairs and on additional audit services provided by independent auditors, and that an executive closed session be held annually with the University Auditor and UC management (in addition to the current practice of meeting with the independent auditors).

With respect to the internal audit function, the report concludes that the current structure provides for independence on the part of campus auditors but recommends enhancements to

strengthen the dual reporting relationship to shift some oversight responsibilities from the campus level to the University Auditor. The report also recommends consideration of sensitive investigations performed either at the Office of the President level or by outside consultants, and stronger Office of the President monitoring of campus investigation activities.

At the May Regents' Committee on Audit meeting, Protiviti discussed in greater detail the Sarbanes-Oxley recommendations contained in the report. The Committee asked UC management to provide the Committee with a set of recommendations related to Sarbanes-Oxley and the Protiviti observations in June.

20. RETIREMENT ASSET LIABILITY PLAN. At the May Regents' meeting, an updated asset/liability study of the University of California Retirement Plan (UCRP) was presented to the Board. The study illustrates the effect on the Plan's assets and liabilities of recent asset losses through 2002, lower capital market expectations recommended by The Regents' investment consultants, and previously approved and implemented improvements to the Plan. The UC Human Resources and Benefits Office will continue to evaluate the funding status of the UCRP's assets and liabilities and will make future recommendations to The Regents based on those evaluations.

21. UC CONSORTIUM FOR LANGUAGE LEARNING AND TEACHING. The Consortium continues to fulfill its mission with respect to foreign language planning, professional development, promotion of second language research, and outreach. Examples of this year's activities include:

- In Fall 2002, the Consortium produced and distributed a statement on "Teaching Languages at a Distance in the UC System." It provides the Academic Policy Committee and other curriculum committees with background information to assist them in evaluating proposals for distance-taught language courses.
- The Consortium published a statement dealing with "University of California Guidelines on Heritage Language Instruction," which asserts that heritage language education presents a challenge that the University of California should be the first to address with a formal, unified approach that would include well-planned and coordinated curriculum design, training, research, and outreach.
- With the support of a grant received from the UC Davis Office of Outreach and International Programs, the Consortium sponsored a two-day workshop in April for high school teachers of Advanced Placement Spanish Literature and will sponsor a week-long summer institute in June that will also include a workshop on using technology to assist classroom instruction.
- The Consortium held two funding competitions in AY 2002-2003 and awarded grants—both to individual campuses and for multicampus collaborative proposals—in Chinese, German, and Heritage Languages. The next call for proposals will be posted in Fall 2003.
- The Consortium will offer its third annual summer professional development workshop in June 2003 entitled "Discourse and Culture in Language Study."

For a full description of projects, see <http://ucellt.ucdavis.edu>.

22. UC CENTER IN SACRAMENTO. Professor Gary Dymski, an economist from the

Riverside campus, has been appointed Director of the UC Center in Sacramento's (UCCS) pilot academic program. The pilot program, which will be launched in January 2004, will bring 24 to 30 undergraduate students to Sacramento for a combined internship, research, and instructional experience. The pilot will also create opportunities for individual and organized research activities to have a presence in Sacramento, and will facilitate the development of public service activities designed to enhance the relationship between the University and the State.

23. UC TEACHING, LEARNING AND TECHNOLOGY CENTER (TLtC). The University of California Teaching, Learning and technology Center (TLtC), which supports and provides visibility for educational technology efforts throughout the UC system, completed its third year of operation in FY2003. Since the program's inception, it has awarded 33 intercampus collaborative grants for a total of \$834,000 and published 14 editions of its online monthly publication.

The UC TLtC Intercampus Collaborative Grants Program funds projects that address significant instructional problems that are of sufficient scope and scale to have a substantial impact on teaching and learning across the University. The TLtC earmarked approximately \$600,000 for 2003-04 to support these endeavors through two types of grants: feasibility/planning grants and full-scale expansion and implementation grants.

In addition to the grants program, the Center publishes the UC TLtC Web-zine and Online Forum (<http://www.uctltc.org>), an Internet publication that posts monthly features articles about innovative uses of technology for teaching and learning. The Web-zine also provides links to UC campus and national stories about how technology is being integrated into instruction and collects resources organized by topic and academic area. The Web-zine also hosts the Who's Doing What database, a growing repository of UC faculty uses of instructional technology. The database, which is expected to have several hundred records by Fall 2003, was designed to enable faculty to connect with one another to share and learn more about strategies and tools as well as to collaborate on projects.