

**PRESIDENT ROBERT C. DYNES  
DISCUSSION TOPICS FOR THE MEETING OF  
THE ASSEMBLY OF THE ACADEMIC SENATE  
WEDNESDAY, MAY 9, 2007**

**ACADEMIC PLANNING**

The most recent and notable academic planning activities center around systemwide planning at the end of Provost Hume's first year in office. He has completed campus visits with Executive Vice Chancellors to hear from them their campus plans. The conversations, which, in most cases, included Academic Senate leadership, deans, and other members of the campus administration, focused on campus planning processes, strategies, and academic direction. The Executive Vice Chancellors discussed their planning with each other to facilitate sharing of priorities and discovering areas of complementary interest. The Academic Council and Council of Chancellors also had the opportunity to review and discuss the summaries of the campus visit conversations.

Planning themes common to all campuses include deep commitments to providing service to society, increasing graduate enrollments, expanding interdisciplinary programs, improving diversity, and furthering the integration of undergraduate education into the research university experience. Of concern across campuses were faculty salaries, graduate student support, and the need for improvements to the physical and virtual infrastructure. All campuses have planning processes in place, some of them occurring on regular cycles, with others planning more on an ad hoc basis.

Provost Hume will summarize these planning themes in his presentations to The Regents in May, in the context of challenges facing California and the University. Chief among the challenges are declining public financial support and the serious problems of underachievement in California K-14 schools, with ramifications for the economy, for political support of the University, and for full inclusion of all segments of California's diverse population. The University will be best served, and will best carry out its multiple missions, by working more as a system, leveraging the individual and collective strengths of campuses.

Planning for the next year will explore further ways in which collaborative approaches might benefit the whole, freeing up resources for campuses to build on their academic strengths. A new long-range enrollment plan for the system and each campus is also scheduled to be completed by March 2008.

**AGRICULTURE AND NATURAL RESOURCES**

*President's Advisory Commission*

The President's Advisory Commission on Agriculture and Natural Resources (PAC) met in Berkeley last month. The Commission brings together leaders from throughout the state to share information on emerging issues facing California's agricultural, natural resources, environmental, nutrition, and youth communities and where UC research, development, and delivery is making a difference. Twenty commissioners joined Acting Vice President--Agriculture and Natural Resources Rick Standiford, Deans Paul Ludden (College of Natural Resources, Berkeley),

Bennie Osburn (School of Veterinary Medicine, Davis) and Neal Van Alfen (College of Agricultural and Environmental Sciences, Davis), Acting Dean Don Cooksey (College of Natural and Agricultural Sciences, Riverside), and me for the meeting.

The major discussion topic was *Farm Bill 2007: Why Does It Matter to California?* The presenters included UC Davis Professor of Agriculture and Resource Economics Julian Alston, California water attorney and former Commissioner Dan Dooley, Yolo County farmer and Commissioner Richard Rominger, and California Secretary for Food and Agriculture A.G. Kawamura. John Hamilton, UC Federal Governmental Relations deputy director, served as moderator. Mr. Rominger is a former UC Regent.

The panel reviewed the genesis of the Farm Bill and took a closer look at research, specialty crops, energy, food security, and commodity payments, all of which have a significant impact on California. Farm Bill 2007, with its focus on authorizing substantial increases in competitive research funds available to land-grant universities, establishing new research and extension activities related to specialty crops, funding development of on-farm renewable and alternative energy sources, and addressing food safety and food security concerns, holds considerable promise for UC, consumers, and the state's farming, natural resources and conservation communities. Congress is expected to send a legislative package and recommendations on the Farm Bill to the White House by fall 2007.

The commissioners received an update by Dean Ludden on the recent BP Renewable Energy award to UC Berkeley, the Lawrence Berkeley National Laboratory, and the University of Illinois and the establishment of the Energy Bioscience Institute; a briefing by Deans Osborn and Van Alfen and Commissioner Jim Lugg of Fresh Express on research and outreach activities underway through the Western Institute for Food Safety and Security (WIFSS) and Division of Agriculture and Natural Resources to address *E. coli* contamination in leafy greens and other fresh produce; and a presentation by Commissioner Rodney Taylor of the Riverside Unified School District on K-12 farm to school salad bar programs and the role of the UC Sustainable Agriculture Research and Education Program (SAREP) and UC Cooperative Extension in providing public schools with science-based information on nutrition and links to local growers.

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

## **AUDIT UPDATE**

### ***Ethics Briefing Rollout and Related Conflict of Interest Training***

The Web-based Ethics Briefing has now been rolled out to all UC locations. Almost 139,000 employees have been registered for online training, and in-person training programs for those without access to a computer are about to begin.

At some locations, employees have inquired whether the training is mandatory. Responses may not have always been consistent. The correct response is that The Regents have made this training mandatory for all employees, and that I have committed to it as a feature of the rollout strategy. Accordingly, the University is tracking completion by individuals and will continue to send follow-up reminders and eventually accelerate the enforcement efforts.

The Conflict of Interest modules, one for Designated Officials and one for Principal Investigators, are nearly finalized and rollout will commence in mid-May.

## **BUDGET**

Legislative hearings on the 2007-08 budget are proceeding. Presenting an overview of the University's budget and priorities for consideration, I testified before both the Senate and Assembly budget subcommittees (*see attachment*). Senate and Assembly hearings on the University's operating budget were held in March; the capital budget was heard last week. The Senate voted to restore \$19.3 million in funding for student academic preparation programs, and approved the entire capital budget with the exception of the four Santa Cruz projects. All other issues remain open in both the Senate and the Assembly. The Governor is expected to release his May Revision to the budget around May 14, and budget hearings will conclude soon thereafter. A legislative conference committee will be formed to resolve differences between the Senate and Assembly versions of the budget, with the hope that the budget process will be concluded in time for the July 1 start of the new fiscal year. Issues raised by the Legislative Analyst are as follows:

### ***Enrollment Growth***

The Legislative Analyst's Office (LAO) proposes to reduce funding for enrollment growth to 2 percent, compared to 2.4 percent proposed by the Governor. The legislature rejected a similar proposal by the LAO last year, believing as UC does that ensuring student access historically has been one of the State's highest priorities in funding higher education. Student interest in the University remains very strong, as evidenced by the record number of applications received this year, and UC is already enrolling more students this year in excess of the number for which the University receives State funding. We are confident in our enrollment estimates.

### ***Research Initiative***

The LAO proposes no funding for the Governor's research initiative, which we believe is a critical investment in California's competitiveness. The initiative includes funding for the BP Energy Biosciences Institute at UC Berkeley, the Helios Project at the Lawrence Berkeley National Laboratory, operating funding for the California Institutes for Science and Innovation, and State matching funds for a UC effort to win a federal grant to build the most powerful supercomputer in the world. These are projects that will benefit the entire state, and we believe a State investment in them is reasonable.

### ***Student Academic Preparation Programs***

The LAO proposes an external evaluation of academic preparation programs. These programs have been evaluated extensively and their value has been demonstrated repeatedly. We are happy to work with the Governor and the legislature to determine what kind of additional evaluation, if any, would be helpful in achieving resolution.

### ***Salary COLA/Inflation Increase***

The LAO proposes only a 2.4 percent general cost increase rather than the 4 percent in the Governor's budget. The LAO report does not recognize that UC faculty and staff are roughly 10 percent behind the competition in terms of salaries, and The Regents have stated that closing that gap is essential. The level of funding proposed in the Governor's budget helps us begin to close that gap, and this funding is critical to maintaining the quality of the University's teaching, research, and public service programs.

### ***Student Fees***

The LAO proposes a 2.4 percent fee increase, to keep the students' share of the cost of instruction constant, rather than the 7 percent in the Governor's budget. While we appreciate the LAO's noting that our fees are reasonable on a national scale, we disagree with their approach to fee levels for next year. Cal Grants and UC grants reduce the amount of fee increase many students have to pay; in fact, more than 40 percent of UC students would not pay the fee increase at all next year, thanks to financial aid. The Governor's budget reflects the combined amount of State funding and contributions from students needed to preserve access and high-quality instructional and research programs at UC; a lower fee increase would mean that some needs would not be met. The proposed fee increase also is consistent with our efforts to keep fee increases moderate and predictable. The LAO approach of tying fees to a particular percentage of the total cost of instruction is problematic; as an example, if the State cut funding to the University, lowering the amount spent on instruction, then student fees would have to be cut as well, calling into question how the University could sustain necessary funding for access and quality.

## **FACILITIES MANAGEMENT**

### ***Sustainability***

In March, following the October 2006 recommendations of the UC Steering Committee on Sustainability, I issued a revised *Policy on Green Building Design, Clean Energy Standards, and Sustainable Transportation Practices* under the new name of *Policy on Sustainable Practices*. The guidelines for the updated policy include new sections in the areas of climate change, building renovations, operations and maintenance, recycling and waste management, and environmentally preferable purchasing.

## **GOVERNMENT RELATIONS**

### ***State Legislature***

In addition to our sponsored legislation concerning reauthorization of the California Subject Matter Project, other legislative issues are challenging UC this year. These include executive compensation, higher education accountability, cost of instruction, student financial aid, intellectual property, the hospital finance waiver, stem cell research licensure revenues, and health care reform.

### ***Sponsored Legislation***

With a full plate of legislative challenges this year, UC has limited its sponsored legislation menu. The University is sponsoring and strongly supporting SB 232 (Ducheny and Florez) to reauthorize the California Subject Matter Projects through 2014. The Senate Education Committee heard the bill in March, placing it on the Committee Suspense File because of the potential cost associated with enactment. However, it is anticipated that the bill will advance without challenge through the legislative process.

### ***Executive Compensation***

In March, at the request of Senate leadership, the Senate Education Committee and the Senate Budget and Fiscal Review Subcommittee #1 on Education held a joint informational meeting on UC and CSU compensation. The purpose of the hearing was twofold: (1) to discuss recent revelations about CSU's previously undisclosed post-employment programs for former CSU campus presidents; and (2) to receive an update on the actions undertaken by UC to reform its executive compensation policies and practices.

I testified on behalf of the University, highlighting the major reforms The Regents and the University administration have implemented for executive compensation policies and practices. I distributed samples of the compensation template now used by the University to disclose all elements of the total compensation package for new executive hires. My testimony concluded with identifying those areas that the University must continue to focus on in order to improve further its executive compensation policies and practices, including the development of a comprehensive human resources information system and a systematic review of University compensation policies.

Following my testimony, Senator Jack Scott, who chaired the hearing, began by complimenting the University on the reforms it has enacted in its compensation practices. He commended me for the very effective response to the issues the Committee raised last year. Senator Scott said he appreciated the difficulty of the effort and complimented the University for the work that had been accomplished. He then asked several questions, including a few about the University's policy regarding outside board service and its plans for enforcement of that policy, as well as questions about which employees are eligible to participate in the University's mortgage assistance programs. The Senator cited an example in which a UC faculty member had been permitted to refinance his home mortgage through the University's mortgage assistance program after separating from his spouse. I indicated my belief that the campus in question likely extended this offer in order to retain the faculty member, and that I have full confidence that the Chancellor exercised sound judgment in doing so. Senator Scott expressed concern about favoritism potentially being involved in determining those eligible to participate in the University's mortgage assistance programs.

### ***Executive Compensation***

- ***SB 190 (Yee)*** would require The Regents to discuss in open public session the compensation provided to the University's top executives. Last year UC opposed a nearly identical bill by then-Assembly Member Yee. This year's bill was essentially the same, but

now applies to both UC and CSU. After numerous discussions with Senator Yee and his staff, most of the issues of greatest concern to UC have been removed. However, discussions continue with Senator Yee about one outstanding issue related to the bill's requirement that UC advisory committees that include one or more non ex officio Regents meet in open public sessions. SB 190 has passed the Senate Education, Judiciary, and Appropriations Committees, and is headed to the Senate floor for action.

### ***Health care reform update***

Governor Schwarzenegger, Senate pro Tem Don Perata, Assembly Speaker Fabian Núñez, and Senate and Assembly Republicans each released their health-care reform proposals. Joining these proposals is Senator Sheila Kuehl's reintroduced SB 840, which is identical to the single payer proposal the Governor vetoed last year. Proposals from the Governor, the Senate pro Tem, and the Speaker shore up current, employer-based health care system with varying levels of new mandates, taxes, and subsidies to cover more people. Republican proposals push for incentives to bolster private choice and responsibility. Talks continue in the Capitol to develop a workable plan.

### ***Other Potential Legislative Challenges***

Finally, among the other bills the University is following closely are the following:

- ***AB 503 (Swanson):*** This bill, which is pending in the Assembly Appropriations Committee, would prohibit public agencies, including UC, to require overtime of an employee unless eight hours written notice is provided. UC opposes this bill.
- ***AB 520 (Brownley):*** AB 520, which pertains to hospital staff ratios for non-nurse employees, is pending on Assembly Appropriations Committee suspense. UC's position on this bill is pending.
- ***AB 752 (Dymally):*** AB 752 extends to 2009-10 the law that provides public hospital waiver financing. Agreement between the DSH Task Force, the Administration, and the legislature on how to proceed remains outstanding. The bill was heard last week in the Assembly Appropriations Committee and was sent to the suspense file. UC supports this bill.
- ***AB 1038 (Feuer and Portantino):*** This bill would establish systemwide undergraduate student fee policies for UC and the California State University, limiting future fee increases to no more than seven percent annually without a commitment of adequate State support for the University or financial aid for low-income students. The bill failed passage in the Assembly Higher Education Committee, but passed on reconsideration. It is now pending in the Assembly Appropriations Committee. UC is unlikely to adopt the proposed policy.
- ***AB 1333 (Hancock):*** This bill would require the UC Board of Regents to complete and provide independent actuarial studies for public review at least 120 days before a change in employer or employee contribution rates affecting UCRS. AB 1333 was passed last

week by the Assembly Appropriations Committee; it is headed to the Assembly Floor. UC's position on this bill is pending.

- **AB 1393 (Leno):** AB 1393 would require public agencies with Web sites to include a Public Records Center to provide online requests for public records. AB 1393 would authorize requestors to file lawsuits against State and local agencies to seek and receive financial awards of \$100 per day, not to exceed \$10,000, for violations of the California Public Records Act. The Assembly Judiciary Committee passed the bill. UC opposes it.
- **AB 1413 (Portantino):** AB 1413 would require the California Postsecondary Education Commission to provide information on the cost of instruction at UC, CSU, and the California Community Colleges, and to report annually on the compensation policies for faculty, administrators, and executives at UC, CSU, and CCC. The bill is pending in the Assembly Appropriations Committee. UC's position on this bill is pending.
- **AB 1456 (Mullin):** This bill would establish a State Office of Intellectual Property. UC has concerns about the bill's impact on the University's State-funded research. AB 1456 is pending in the Assembly Appropriations Committee. UC is developing a "concern" position.
- **SB 160 (Cedillo):** SB 160 would create the California Dream Act concerning eligibility for student financial aid. The measure would allow undocumented students who qualify for a nonresident tuition exemption under AB 540 (Cedillo--'01) to apply for institutional aid at UC, CSU and CCC. The bill has passed from Senate Education Committee suspense; it is now headed to the Senate Appropriations Committee. UC supports SB 160.
- **SB 771 (Kuehl):** SB 771 concerns stem cell research licensure revenues and codifies intellectual property provisions related to Proposition 71. This bill is a reprise of SB 401 (Ortiz) of last year. UC believes intellectual property policy of the California Institute for Regenerative Medicine should be given the chance to work and to be tested before either codifying it or making significant changes. The Senate Judiciary Committee passed the bill, and it is heading to the Senate Appropriations Committee. UC's position on this bill is one of concern.

## FEDERAL GOVERNMENTAL RELATIONS UPDATE

### *UC Leaders on Capitol Hill*

UC Office of Federal Governmental Relations (FGR) has recently hosted a number of visitors from around the system. In March, I testified before the House Science and Technology Committee, highlighting the development and initial success of UC's pioneering Science and Mathematics Initiative (SMI), also known as California Teach. Later that month, UC Irvine Chancellor Michael Drake testified before the House Financial Services Committee about the importance of the federal investment in university research and education in promoting economic growth. Representatives from UCLA and UC Berkeley testified before Congressional committees on the issues of data security and peer-to-peer file sharing. A number of other UC visitors traveled to Washington for various advocacy days during March, including National

Humanities Day, Agriculture Advocacy Day, and American Society for Engineering Education Day.

### ***Advocating for the NIH***

Achieving annual growth in the National Institutes of Health (NIH) budget continues to be a high priority on UC's federal agenda. UC, in partnership with eight other universities, released a report in March entitled, *Within Our Grasp--Or Slipping Away? Assuring a New Era of Scientific and Medical Progress*. The report warns that multiple years of stagnant budgets for the NIH have hindered scientific progress and could thwart advances in treatments for such devastating diseases as cancer and Alzheimer's disease. Three UC researchers contributed to the report: Amparo Villablanca, M.D. from UC Davis; Lee Riley, M.D. from UC Berkeley; and the late Leon J. Thal, M.D. from UC San Diego. The report was released in coordination with a Congressional hearing before the Senate Appropriations Labor--Health and Human Services--Education Subcommittee.

For the past several months, UC Federal Government Relations has been working with our state's other research universities and the NIH to generate political awareness of the NIH's importance. In April, Representative Zoe Lofgren and Representative David Dreier hosted a bipartisan delegation event to address innovation and California's national prominence in biomedical research. NIH Director Elias Zerhouni participated with members of the California Congressional delegation in a roundtable discussion. Also participating were leaders from the biomedical research community, including UC Chancellors Michael Bishop and Michael Drake.

### ***National Innovation Agenda***

The House of Representatives recently passed two bills that are a part of the "Innovation Agenda" announced by Speaker Nancy Pelosi earlier this year. H.R. 362, the "10,000 Teachers, 10 Million Minds--Science and Math Scholarship Act," would support bold new efforts by universities to provide rigorous math and science training to talented students who choose teaching as a career, and support financial incentives for students who might not otherwise be able to pursue these careers. This bill would provide competitive funding opportunities to replicate the Science and Mathematics Initiative UC is implementing in California. H.R. 363, the "Sowing the Seeds through Science and Engineering Research Act," authorizes funds to support early-career researchers and research traineeship programs and would strengthen long-term basic research in the physical sciences, mathematical sciences, and engineering. I testified in support of these bills before the House Committee on Science and Technology in March.

## **HUMAN RESOURCES AND BENEFITS**

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

The terms of UC's former LANL management contract require that the UC Retirement Program (UCRP) liabilities and corresponding assets attributable to LANL employees who transferred their accrued UCRP service credit to the Los Alamos National Security, LLC defined benefit plan (the LANS Plan) be transferred to that plan. At the request of the Department of Energy/National Nuclear Security Administration (DOE/NNSA) and upon approval of The Regents, benefits



accrued under UCRP by a few participants retiring, or otherwise entering benefit status under the LANS Plan, were paid directly from UCRP until the final transfer of UCRP assets and liabilities to the LANS Plan could be accomplished.

Following full consultation with the appropriate representatives of the UC Academic Senate, an action item on the final transfer of assets was presented to The Regents in March, with a proposal that the final transfer of assets occur in early April 2007. The Regents approved the action item, and UC and the appropriate authorities at the DOE/NNSA subsequently signed transfer agreements to implement the proposal as approved. The agreements will not affect the need or timing to resume UCRP contributions. The final transfer of approximately \$1.4 billion occurred as occurred, and included the necessary adjustments for service credit buybacks, payments from UCRP to retired LANS Plan participants, allocable expenses, and the return earned by UCRP since the transition on June 1, 2006.

The amount of assets to be retained in UCRP is equal to the liabilities of the retained LANL segment within UCRP, which is beneficial to the retirement plan. In addition to documenting the amounts of UCRP assets to be transferred to the LANS Plan, the transfer agreements also included a funding arrangement that clarifies DOE/NNSA's ongoing responsibility to fund any future shortfall in UCRP attributable to LANL retirees and inactive members whose retirement benefits have been retained in UCRP. The DOE/NNSA has agreed to a targeted funded ratio for the retained LANL segment within UCRP of 100 percent, which is beneficial to UCRP, the retained LANL retired and inactive members, and all the remaining members of UCRP.

### ***Reinstatement of UCRP Contributions***

In March 2006, The Regents adopted a policy to begin employee and employer contributions to UCRP, effective July 1, 2007. The restart of employee contributions to UCRP is subject to available funding, the completion of the budget process, and collective bargaining requirements, as applicable. The actual effective date of the restart of employee contributions to UCRP is not known. It is anticipated that mandatory DC Plan contributions by UCRP members will stop when employee contributions to UCRP resume. The Governor's proposed budget did not include the \$60 million that UC requested for the first phase of reinstating employer contributions to UCRP, but UC will continue to petition for inclusion of such funding in the final State budget.

### ***Labor Relations***

The University and the University Professional and Technical Employees union (UPTE) reached an agreement with the Health Care Professional Unit (HX) in February. The University is currently negotiating with the International Association of Firefighters (IAFF) for firefighters at the Davis and Santa Cruz campuses and the California Nurses Association (CNA) for registered nurses. Reopener negotiations for American Federation of Teachers (AFT) lecturers just began on salary and workload issues. Also, bargaining is underway with United Auto Workers (UAW) for graduate students. Later this year we will be negotiating with American Federation of State County and Municipal Employees (AFSCME) for patient care technical employees and service employees.

The University continues to bargain with the three major systemwide units, AFSCME, UPTE, and the Coalition of University Employees (CUE), over the restart of contributions to the UCRP.

Finally, Labor Relations is working to obtain agreements to provide additional salary increases, retroactive to April 1, 2007, to unionized employees earning less than \$40,000 per year. To date we have entered into an agreement with CUE, and we are seeking agreements from other unions representing employees in this category.

## **INFORMATION TECHNOLOGY INITIATIVES**

### ***IT Guidance Committee***

The UC IT Guidance Committee (ITGC) continues its work to identify and prioritize strategic, systemwide IT investments. The Committee is reviewing the reports submitted by a variety of work groups focused on specific opportunity areas and preparing for a second round of campus consultation to gather feedback about these recommendations. The Information Technology and Telecommunication Policy Committee (ITTP) of the Academic Senate has been consulted throughout the planning process. The next step is to prioritize the recommendations and begin to formulate the major report messages regarding UC's mission-critical reliance on information technology. Complete work group reports and a timeline for the ITGC initiative can be found at: <http://www.universityofcalifornia.edu/itgc/meetings/welcome.html>

The workgroup on advanced networking is addressing the concern that UC is falling behind with respect to competitiveness in cyberinfrastructure-supported and IT-enabled research. In particular, research networks, nationally and internationally, are implementing higher bandwidth capacities that surpass UC's current capabilities. In addition, these networks are deploying application-driven, "lightpath" services that can reconfigure worldwide research networks based on the needs of specific research projects, such as the Large Hadron Collider at CERN (European Council for Nuclear Research). In addition, the networking requirements of UC's research communities continue to grow rapidly. As part of its efforts, the Information Technology Guidance Committee (ITGC) is completing plans to address these issues. In particular, the following have been identified as significant actions the University must take to ensure its continued leadership:

- complete the build-out of the intercampus fiber network to all campuses by extending fiber to the Santa Cruz campus;
- upgrade all intercampus connections to 10 Gbps;
- implement "lightpath" services to satisfy short-term needs and explore future needs for such services; and
- provide tools and services to end-user support personnel to ensure successful implementation of applications that utilize these new network services.

### ***Electronic Accessibility Policy Initiative***

Associate Vice President for Information Resources and Communications Kris Hafner is convening an Electronic Accessibility Policy Review Group to shape and promote systemwide

policy on accessibility in the electronic environment. The group represents a cross section of the University community, including information technology, student services, disability services, human resources, faculty, and legal counsel, in order to reflect those areas' interests and to serve as effective advocates for the initiative throughout the University community. An initial meeting of the group took place in March. The meeting agenda, list of participants, and notes, as well as draft policy language, can be found online at:

<http://www.ucop.edu/irc/itaccessibility/welcome.html>

In a parallel effort, a small work group of campus IT managers, Web developers, and ADA compliance officers has developed a systemwide Web site that will support the policy initiative by providing guidance and information to campus Web developers about creating accessible Web sites, which can be viewed at:

<http://www.ucop.edu/irc/itaccessibility/resources/>

### ***Human Resources Information System Initiative***

To address compensation audit findings that the University needs to re-engineer and standardize its human resources and payroll-related policy and practices, a Senior Leadership Information System was launched in October 2006 to capture, track, and report on all forms of compensation related to members of the senior leadership group, approximately 350 individuals. Further, a Deloitte Consulting study was commissioned by Information Resources and Communications at UCOP to develop an inventory of current and planned HR applications or initiatives, as well as to assess options for UC to improve its human resources information systems. The study findings, issued in October 2006, contributed to the development of a proposal for a larger initiative to enhance the collection and management of information related to all University employees and to provide additional human resources applications to UC locations. The strategy involves clarifying and standardizing data entry into the existing Payroll/Personnel System and adding new personnel/HR applications to address systemwide and campus needs. An administrative Web portal will be developed to provide HR offices, payroll offices, and departmental users with access to new payroll and human resources applications, including time reporting, grievance tracking, performance management, training and development, and salary and merit history. This strategy has been presented to and approved by University administrative leadership, and a proposal is under review to launch and fund a systemwide initiative to implement the strategy.

### ***Disaster Recovery Collaboration between UCOP and UCSD***

The Office of the President (UCOP) and UCSD have developed a cooperative arrangement to provide shared, real-time disaster recovery services for their Data Center operations. The initiative will ensure that in the event of a disaster at one location, the other can recover and run key systems with assistance from its own personnel. UCOP capability is already in place; UCSD capability is being brought up through June. At UCSD, the recovery strategy includes financial, human resources/payroll, and student systems; contracts and grants systems; the international student tracking system; and campus, student, and business portals. At UCOP, the recovery strategy includes payroll for nine locations as well as the retirement system, At Your Service

Online, the Effort Reporting System, and the Endowment and Investment Accounting System. Other systems will be added to the disaster recovery portfolio in later phases. The cooperative arrangement reduces disaster recovery costs for both locations and greatly increases capability. For example, in the past, UCOP had contracted with IBM for disaster recovery services at \$100K per year; the services would have cost \$200-600K per month had they ever needed to be used. Now, through the shared internal arrangement, recovery services can be provided through UCSD for the first 90 days of a disaster with no incremental cost. Other UC campuses are considering joining the initiative, which was promoted through the UC IT Leadership Council.

## **RESEARCH ADMINISTRATION OFFICE**

### ***Extramural Funding Report for FY 2005-06***

The total funding systemwide from extramural awards to the University in fiscal year (FY) 2005-06 decreased by 1.3 percent from FY 2004-05. Funding increased between FY 2003-04 and FY 04-05 by 8.5 percent. The FY 05-06 reduction was due primarily to decreases in extramural awards from federal agencies, foundations, and charities. Total extramural award funding to the University system in FY 2005-06 was \$4,096,048,102, as compared to \$4,151,696,013 in FY 2004-05.

Specifically, federal awards decreased 3.9 percent, from \$2,754,457,611 in FY 04-05 to \$2,646,208,454 in FY 05-06. This decline was due primarily to decreases in funding from the Department of Defense (DOD) of \$54 million, the DOE (\$4 million), the Department of State (\$7.5 million), the National Science Foundation (NSF) (\$24.87 million), and \$25 million from various other agencies. Federal funding had increased between the two previous fiscal years by 3.8 percent.

The growth in funding from State agencies was 17.6 percent, from \$316,768,313 (FY 04-05) to \$372,514,234. This growth reflects a significant increase in funding from the Department of Corrections from \$3.9 million to \$42.4 million and in various other agencies from \$28.4 million to \$60.5 million. Health and Welfare funding, however, declined by \$34.8 million or 21 percent.

Funding from charities and foundations declined by 10 percent after an almost 80 percent increase between FY 03-04 and FY 04-05. Growth in funding from business and industry was 6.2 percent. FY 2004-05's growth was 3.6 percent.

### ***Clinical Trial Master Agreements***

The Research Administration Office (RAO) has negotiated clinical trial master agreements with twenty-six pharmaceutical companies to date. These master agreements provide all campuses with an approved contract that they can accept without further negotiation of the terms and conditions, thus eliminating and streamlining delays in implementation based on individual contract negotiations. RAO is continuing to negotiate these master agreements with pharmaceutical companies, training campuses in clinical trial negotiations and issues, and providing campuses with guidance on individual contract terms and conditions proposed by companies to campuses. RAO maintains a Web site and listserv for campus clinical trial negotiators.

### ***California Institute for Regenerative Medicine (CIRM)***

RAO is continuing to work with the Office of the President Office of Research, the Budget and Accounting Offices and campuses to implement requirements of Requests for Proposals (RFP) and awards from CIRM. CIRM has now awarded both training and research grants and has issued an RFP for “Shared Research Laboratories and Stem Cell Techniques Courses” grants. In view of the public funding for this program, CIRM is developing appropriate requirements to govern the use of its funds. UCOP offices are working together with campuses to assist in interpreting and implement CIRM requirements.

### ***Citizenship Background Checks/Badging***

Federal agencies are starting to implement requirements for “Personal Identity Verification of Contractor” issued by the Office of Management and Budget (OMB), as well as a new Federal Acquisition Regulation (FAR). Under the FAR clause and the OMB Directive, contractor employees who need access to federal facilities or information systems for six consecutive months or more require screening (background checks) and badging by the specific federal site involved. To date, the National Aeronautics and Space Administration (NASA), NASA Ames, the Santa Cruz campus NASA Ames University Affiliated Research Center (UARC), and the Jet Propulsion Laboratory (JPL) have all sent lists of University employees on NASA funded agreements along with badging requirements to campus Contract and Grant Officers. OP RAO has been advising campuses on their responses to these lists and requests for information for badging, as well as working with NASA and JPL to clarify when and how these requirements should be implemented.

The University has not received badging requirements from other federal agencies to date.

### ***NIH Grants.Gov Implementations***

All campus Research Administration Offices have been working since last fall to set up new systems to meet the new National Institutes of Health (NIH) deadline to submit proposals electronically via the federal Grants.gov system. Campus Research Administration Offices have been providing training to faculty, researchers, and departmental staff on how to use the Grants.gov system. All campuses have created Web-based training and have added forms and information to assist departments in their proposal development under this system. In addition, campus departments and Research Administration Offices have had to upgrade computers and add programs to meet the Grants.gov system requirements.

The new NIH Grants.gov process requires that campus proposals be ready for campus review for one to two weeks before the submission deadline. This requirement was distributed on each campus from the Vice Chancellor for Research. At the February 5 NIH submission deadline, campuses reported submitting half the number of proposals they would normally submit through a paper process. Campus Research Administration Offices have conjectured that the reduced submissions this first round could be attributed to the requirement to have a proposal ready days in advance of the NIH submission date, anticipation of submission problems with a new system

so that some researchers are waiting until the next deadline, and knowledge of the NIH budget reductions. The number of proposals submitted for subsequent deadlines has increased.

As all federal agencies are now creating their own versions of the Grants.gov requirements, campus Research Administration Offices are burdened with learning each system themselves, training departmental staff, and upgrading computer systems. Several federal agencies' Grants.gov implementations, such as the Health Resources and Services Administration (HRSA) have been particularly difficult. As a member of the Federal Demonstration Partnership (FDP), the University has a representative on the FDP committees who provides feedback to government agencies on this system. The Council on Governmental Relations (COGR) has also conducted a survey of the issues and burdens these implementations are creating.

**President Robert C. Dynes  
University of California  
Testimony before the  
Assembly Budget Committee  
Subcommittee on Education  
March 6, 2007**

Chairwoman Brownley and members of the subcommittee, thank you for the opportunity to speak to you today. I realize you have many issues to address as you work through the budget process, and I appreciate the chance to review the University of California's issues and priorities for the coming year.

While our focus today is on the University's budget for 2007-08, I think it is important to place this discussion within the context of the critical role the University plays in the welfare of the state. As a public institution of higher learning, the University:

- promotes educational opportunities for California's citizens so they may achieve their individual goals;
- generates new discoveries on the cutting edge of research that lead to economic growth and improve our standard of living;
- through an unparalleled health care system, provides medical care for patients who suffer from the most complicated illnesses,
- assists K-12 schools in improving academic performance; and
- provides social, cultural, and economic benefits to the communities in which its campuses reside.

UC, in many respects, is a transformational institution — an institution that transforms lives and helps the people it touches achieve new potential.

At the same time, the University is in the midst of its own transformation as it confronts the needs of the 21<sup>st</sup> century. Demography, technology, and global competitiveness are changing our state and the context within which we all live. We have looked carefully this past year at our own priorities in the context of our role in this state and the changing

dynamics of a global economy and believe we must be prepared to respond as one system, drawing on the strengths of the individual campuses, but drawing them together in an interconnected manner that brings the total strength of the UC system to bear on the public's needs — what I like to call “the promise and power of 10.”

We have long been committed to maintaining quality as we provide accessibility for qualified students — honoring those traditions must be our primary goal. At the same time, we are committed to expanding the diversity of the student body, the faculty, and the staff. These principles represent the foundation of the contribution the University is able to make to California.

We also believe we must strengthen our commitment to research, development, and delivery (R D & D) as our model of problem-solving. We have an obligation to translate knowledge into societal benefit. And we must continue to find new and even more effective means of doing so for California, the nation, and the world.

Our academic planning has directed us to focus on targeted areas of need and strategic opportunity. State workforce shortages in various fields, including in the health sciences, must be addressed — and we have work underway to do so. Over the next decade, the University must re-balance its undergraduate and graduate/professional enrollments, even as we preserve undergraduate access to fulfill our obligations under the Master Plan. Increasing graduate enrollments in high quality programs is critical to the state's continuing economic vitality, as well as its social and cultural development.

We are also working with K-12 schools on joint efforts to improve elementary and secondary education in the ways that draw on UC's expertise, including through continued implementation of our initiative to train more math and science teachers for California schools.

And in an increasingly global marketplace, we must expand our international presence, working with scholars across the globe to address common problems and also working ourselves to better link our education and research activities abroad.



Finally, we must sustain the public trust as an institution. We are, first and foremost, a public institution accountable to the State of California and its citizens. We have taken a wide range of actions to ensure public transparency and accountability, and we are in the process of re-organizing the Office of the President to improve business operations. I am committed to seeing through the necessary reforms to ensure that the public always has full confidence in UC.

To achieve these goals for the people of California, we must receive adequate resources. State funds provide the core support needed for the basic operations of the University. With that core support, we are able to leverage funds from a variety of other sources.

During the recent fiscal crisis, we experienced several tough years in which financially we lost considerable ground. As a result, our salaries for faculty and staff are significantly behind the market (by about 10%), we made major budget cuts to core academic programs, and student fees were raised to partially address the loss of state subsidies for educational costs (although financial aid was provided to ease the burden of fee increases for needy students). While I believe we also became more efficient and developed new strategies for accomplishing more with less, the loss in momentum was dramatic in terms of our ability to compete for the best faculty and students. Our ability to recruit the necessary faculty, maintain our facilities, and keep up with equipment purchases and instructional technology advances was of grave concern, as these are inevitably tied to the quality of our institution.

With the improvement in the State's fiscal situation, we have begun to make some progress on a number of fronts. The Governor has maintained his commitment to core funding for the University, based on the Compact, and the Legislature has supported that funding. We are very grateful for that support and hope you will continue to support our budget in the coming year. We have been able to grant normal cost-of-living and merit salary increases for the past two years, halting the deep erosion that occurred in terms of our competitiveness in the market. Our budget plan for 2007-08 includes a

5% compensation package that will actually allow us to begin to close the gap (increases in the market are averaging about 4% per year); our longer term plan is to close the salary gap at a rate of about 1% -1.5% per year over the next several years. We are making headway in other key areas related to quality, such as restoring our student-faculty ratio and providing more support for graduate students. Ensuring adequate support for graduate students is a critical component to recruiting highly qualified students. This is a high priority for UC, but it is also a state workforce issue — business leaders have urged us to enhance our production of students with advanced degrees and adequate training in state-of-the-art programs important to their own industries.

While we are very grateful for the commitment to higher education evident in the Governor's Budget, there are a couple of issues we hope to address during this process. The budget eliminates State funding for our student academic preparation programs and for labor research and education. With regard to academic preparation, we have made considerable progress in responding to concerns that have been raised by the Administration and others about them. We now have in place a rigorous framework for accountability that we believe shows these programs are effective and on track to meet specified goals. I ask that we work together through the budget process to develop a long-term solution to the funding for these critical programs — not only because it is in our best interest, but also because it is most assuredly in the best interest of the state to do so.

The other issue we wish to raise relates to the need to once again begin contributions to the University's retirement system. In the early 1990s, contributions from employers and employees were halted because of the outstanding performance of the retirement system's investment portfolio. That prosperity continued through nearly a decade-and-a-half. Now, however, our actuarial projections indicate contributions must be restarted very soon or we will end up with a major shortfall — similar to what has happened to PERS — that could take years to dig our way out of. The Governor's Budget does not include the funding needed to restart the State's share of these contributions. We believe delaying the start will make it far more difficult to resume in the following year. Our

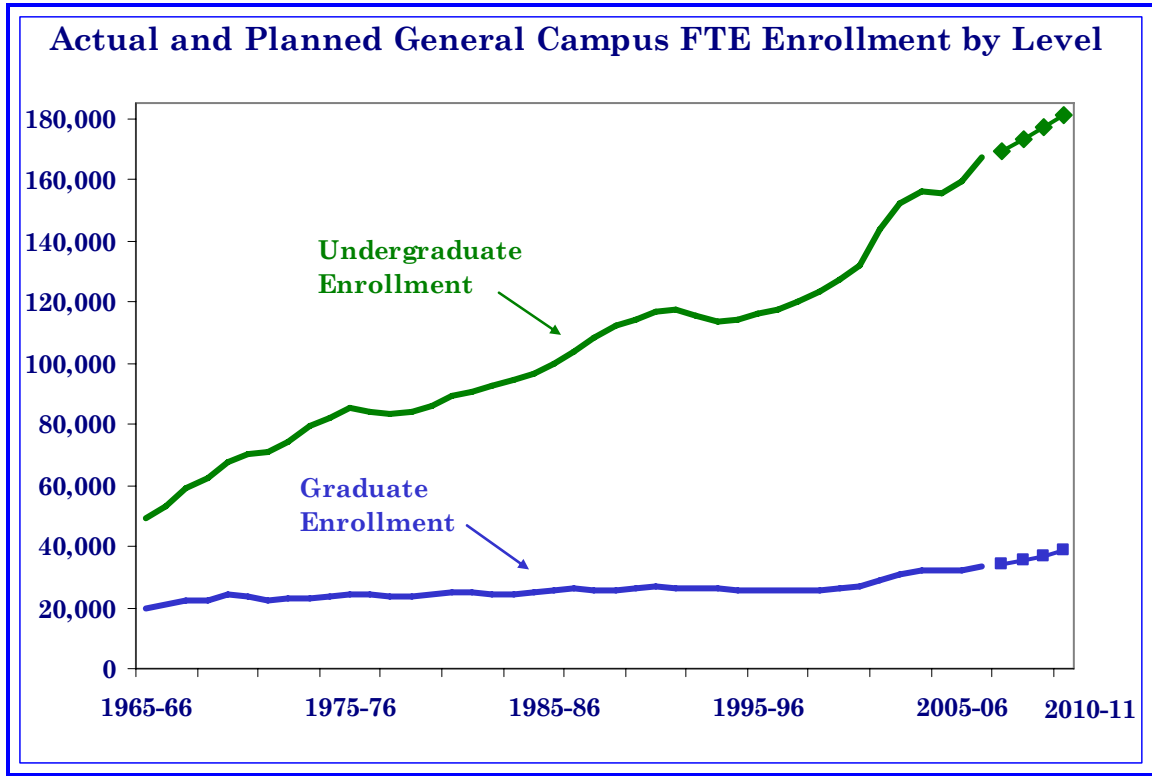
proposal for starting in 2007-08 was intended to create a “soft landing” for both employees and the University. Remember, we have various non-State fund sources that also must begin to budget for these contributions. Whenever we start, it will be a significant draw on those resources. Delaying the start makes that considerably more difficult.

We have compiled several graphics and remarks that are intended to illustrate those issues we believe are among our highest priorities during budget discussions. I’ll go through these quickly. In addition to the graphs from which I’ll be speaking, we have included an Appendix with displays that provide additional perspective on the budgetary problems we are facing, and you can review them at your convenience.

Let’s start with the first display on page 6.

## UC Enrollment Continues to Increase at a Significant Rate

Display 1



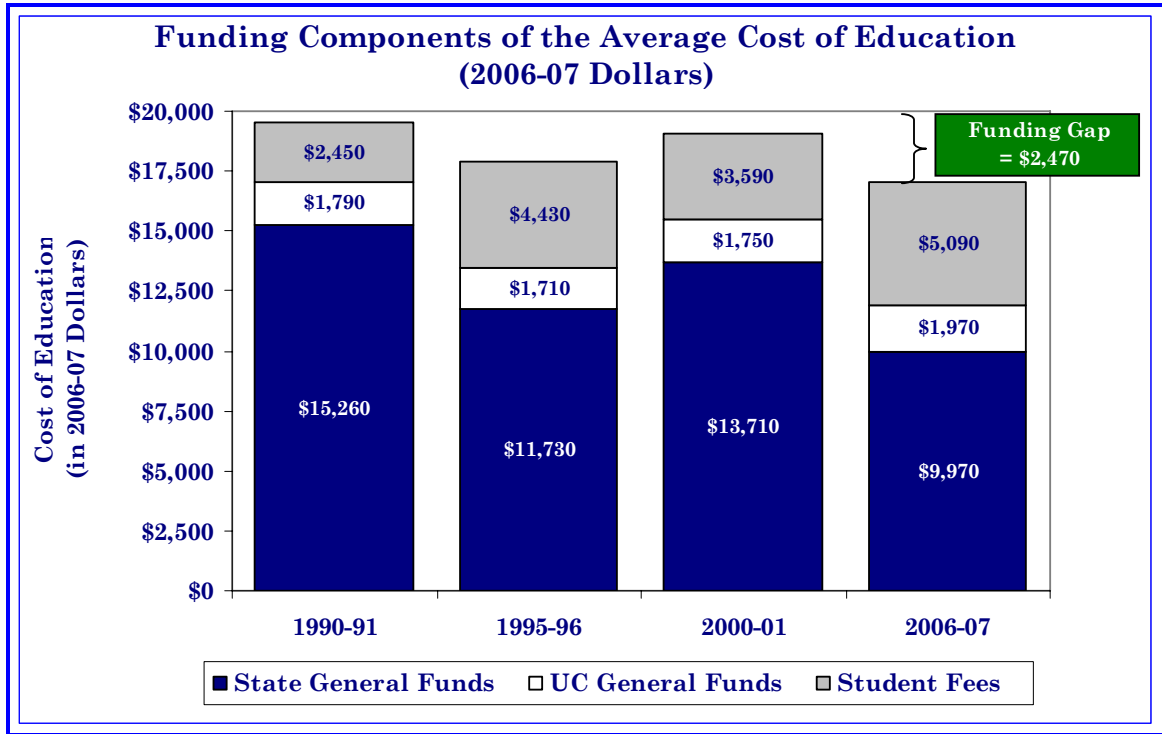
- The University of California’s most recent enrollment plan assumed growth of about 5,000 per year during this decade.
- We grew at an even faster rate for several years, but we have now returned to the plan.
- Most of the growth over the last two decades has occurred at the undergraduate level; there were many years when we had virtually no growth at the graduate level.
- As we look to the future, we must expand the University of California’s graduate and professional programs throughout the system to meet the need for employees with Master’s and doctoral degrees.
- Graduate students and faculty create the innovations that lead to new jobs and businesses throughout California — in fact, many new companies and whole industries have been started by UC alumni trained in our graduate programs. We have programs already underway to expand our medical school enrollments (through PRIME programs training new doctors to be better prepared to practice in medically underserved communities) and nursing programs to both increase the number of

students graduating with BA degrees in nursing as well as increase the number of students graduating with MS and Ph.D. degrees to help meet the need for more faculty in our nursing programs.

- While the University has met and currently exceeds the Master Plan goal of 60% upper division to 40% lower division for its undergraduates, we believe continuing to increase the number of community college students who transfer to UC is important and therefore we are working with the California Community Colleges to improve the ease of transfer and increase the number of CCC students who prepare for and come to the University.
- To facilitate this, significant progress has been made in terms of articulation of courses with the Community Colleges:
  - All UC campuses have established articulation agreements with each of the 109 CCC campuses;
  - Each UC campus has articulated more than 65 high-demand majors on average with all 109 CCC's.
- And, we are very grateful for the \$2 million augmentation included in our budget this year for enhancing community college transfer programs, sponsored by Speaker Nunez. We'll use these funds to increase the number of counselors and enhance the on-line information available to ease the transfer process.

## Funding for Educational Costs has Declined and Student Fees are Paying a Larger Share of the Total

Display 2



- This display shows the funding components of the average cost of a UC education from 1990-91 through 2006-07 (in 2006-07 dollars) and the funding gap that has developed between the cost of a UC education in 1990-91 and the resources available in 2006-07. Display 2 makes several points.

  - The average expenditure per student for a UC education has declined. In 1990-91, the cost to educate a UC student was approximately \$19,500 in 2006-07 dollars. Over 16 years, funding per student in inflation adjusted dollars declined by 12.7%, from \$19,500 in 1990-91 to \$17,030 in 2006-07, resulting in a funding gap of \$2,470 per student.
  - The State subsidy per student for the cost of a UC education has declined significantly — by 35% over a 16-year period. In 1990-91, the State contributed \$15,260 per student — 78% of the total cost. By 2006-07, the State share declined to \$9,970, just 59%.
  - As the State subsidy has declined, the share students pay has tended to rise. This happened in the early 1990s and is happening again now. While in 1990-91 students contributed 13% toward their education, they currently pay 30% of the cost of their education.

- Just looking at basic instructional costs (including overhead), the funding gap that has developed since 1990-91 is \$2,500 per student. With over 200,000 students, that represents lost support totaling \$500 million.
- The reality is that most of that loss occurred during the recent fiscal crisis.
- Student fees now support more of the total cost of education, but through 2000-01, there was little change in the total funding per student; the biggest change in the total has occurred between 2000-01 and 2006-07.
- While we've struggled to maintain quality through efficiencies, other sources of revenue, etc., the magnitude of this loss of State funding has hurt the University. When the State's financial situation permits, the University will seek funds to reduce this funding gap, as I'll discuss in the next slide.
- Student fee increases have helped maintain quality during times of fiscal crisis, but have not fully compensated for the loss of State funds.
- Under better circumstances, if the State subsidy had not declined, student fees would have remained low.
- While fees have increased, the University has provided significant increases in financial aid to help ensure access for low-income students. UC has maintained affordability for lower-income students by maintaining a strong financial aid program.

## Funding Gap of \$500 Million Has an Impact on Several Areas

Display 3

<i>Priorities for Restoring Cuts Critical to UC Academic Quality</i>	<i>Funding Needed to Close Shortfall</i>
<b>Support to Close \$2,470 Gap in Education Funding Per Student</b>	(\$ in millions)
Restoring competitive salaries (General Fund and student fee-funded portion)	\$290
Restoring unfunded price increases for non-salary budgets	40
Restoring the student-faculty ratio	50
Restoring funding for core academic support (instructional technology, instructional equipment replacement, building maintenance, and library resources)	100
Restoring student service reductions	<u>20</u>
<b>Total Support Needed to Close Gap in Education Funding Per Student</b>	<b>\$500</b>

- This display shows the break down for the \$500 million funding gap identified in the previous slide.
- We absolutely must return to paying competitive salaries. We lag the market by 10% in terms of faculty salaries based on the CPEC methodology, and we have a similar problem with respect to staff salaries. We must be able to pay competitive salaries to recruit the high quality faculty and staff we need.
- The increase in the base budget adjustment under the Compact from 3% the last couple of years to 4% beginning next year will help to begin to address our need to return to paying competitive salaries.
- And we need to adequately fund our non-salary portion of the budget. Recent cuts came at the same time as utility costs were soaring. These are unavoidable costs that we must fund and yet we do not have adequate funding to address them.
- Restoring the student-faculty ratio has been among the highest priorities of the Regents. A total of \$70 million was cut from our budget related to proposals to

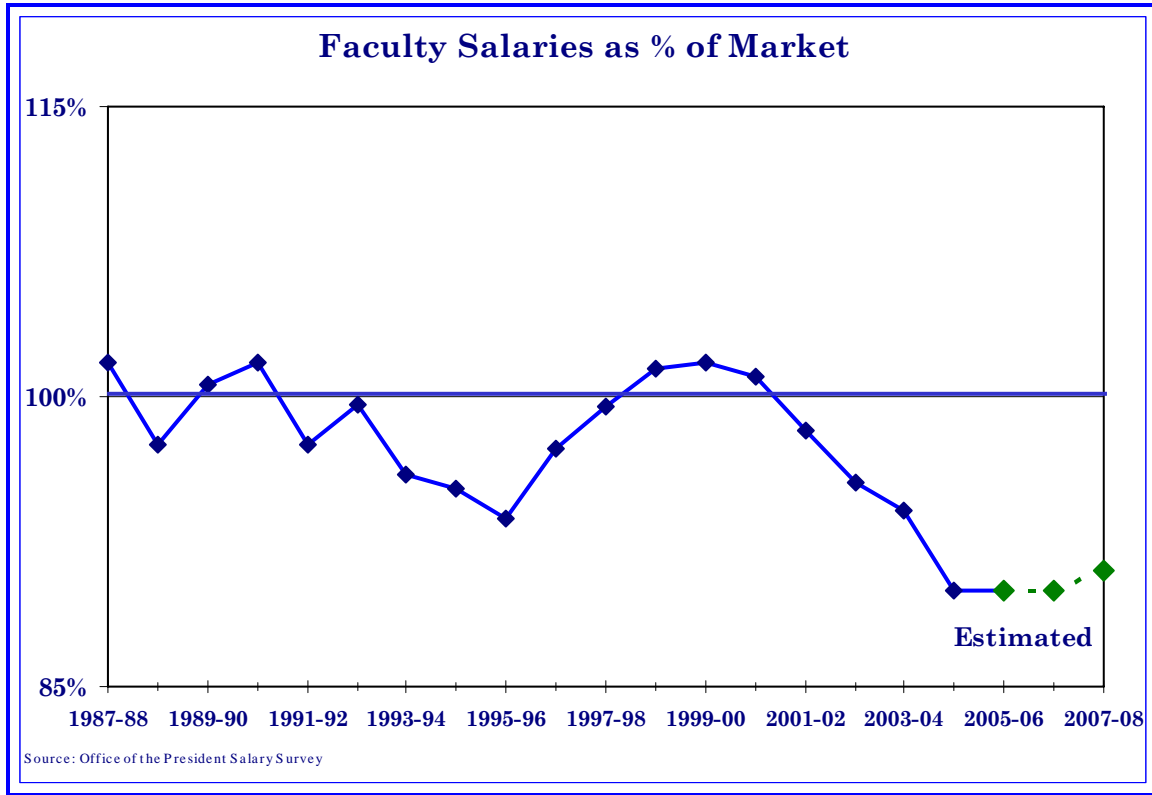


increase the ratio. We restored \$10 million of the total in the current year and will continue to do so as part of the Compact funding each year until this shortfall is made up.

- Core academic support areas of the budget (instructional technology, instructional equipment, building maintenance, and libraries) have also been hard hit by cuts at a magnitude that directly bears on the quality of our education. The Compact will provide an additional 1% adjustment to the base beginning in 2008-09 to help address shortfalls in these critical areas which will help over the long term.
- Student services have also been identified by the campuses and students as a high priority for restoration of cuts. Students are paying more fees, but because of \$20 million in cuts to these budgets, they're getting fewer services. And, we have a near crisis situation with respect to student mental health services — an issue of concern all across the country in the nation's colleges and universities. Because we believe we need to address this immediately, we are using a portion of the revenue generated from the Reg Fee increase proposed for 2007-08 to enhance mental health services for our students. This will be the first phase of a multi-year plan to dramatically increase the mental health services we provide.
- As indicated, some of the priorities identified above are being addressed to some degree in the Compact. But progress would be very slow and other high priority areas, for example restoration of cuts to student services, are not addressed in the Compact. Consequently, when the State's fiscal situation improves, the University will be submitting budget requests to restore lost funds over time and help close the funding gap resulting from years of underfunding and devastating budget cuts. This is critical to restoring and maintaining academic quality, which is in the best interest of all of California.

## Faculty Salaries Continue to Lag the Market — Staff Salaries Show Similar Lags in Many Employee Categories

Display 4



- One of the areas of greatest concern resulting from years of underfunding of the University’s budget is the growing lag in faculty and staff salaries compared to the market. As already noted, we estimate faculty and staff salaries continue to be nearly 10% below market.
- The University’s goal has been to maintain market-based competitive salaries for its employees. This means providing sufficient funds — through a combination of merit increases, COLAs, and market and equity adjustments — to keep UC faculty salaries at the average of the salaries provided at the eight comparison institutions, and to provide salary increases for other employees that, on average, at least keep pace with inflation and the marketplace.
- The display above shows how faculty salaries over time have compared to the average salaries at the University’s faculty salary comparison institutions, and illustrates the gap that has occurred in recent years.
- Given constraints on funding, it is our strategy to ensure we lose no further ground this year and begin to address the salary gap, moving back to parity over a multi-year period — at a rate of about 1% to 1-1/2% per year.

- It is impossible to overstate the critical nature of the problems created by salary lags. Paying competitive salaries is a key component in the University's ability to recruit and retain the best faculty and staff.
- The University is in the midst of recruiting 7,000 faculty over this decade to accommodate increases in enrollment and replace faculty who retire or leave for other reasons. Additional staff is also needed.
- It is difficult to recruit significant numbers faculty and staff even if there are no fiscal challenges. However, with a persistent inability to pay competitive salaries, the impact on the University's recruitment and retention efforts has been severe. In addition, the lag in competitive salaries is exacerbated by the high cost of housing in many of the University's campus communities.
- A lag in faculty salaries sends a negative message about the University across the nation. Nothing is more certain to undermine quality than a persistent inability to offer competitive salaries. The University must be able to compete for and retain the best faculty if its quality is to be maintained.
- It is important to note that while our salaries are behind, our benefits are much better (we continue to offer good employee health benefits and have maintained a solid retirement system).
- As employees begin to contribute to the retirement system, which will need to begin soon, it will be critical to make progress on salary lags over time. With the funding provided for our base budget and a combination of other fund sources, including student fees, we can do that.

## **The University's Budget Principles Under the Compact**

Recognizing the cumulative impact of four years of budget cuts, the University has established a set of budget principles and priorities for the next several years. We are committed to these principles, depending on the availability of resources. They include restoring competitive salaries, maintaining access, keeping student fee increases moderate and predictable, expanding our graduate programs to meet state workforce needs, improving our student-faculty ratio, working with K-12 and others to help close the educational opportunity gap that exists in our state, and maintaining and enhancing our research programs that help fuel the state's economy.

Summarized below are the principles adopted by The Regents:

- Our faculty salaries are approximately 10% behind the average for our eight comparison universities and our staff salaries are similarly below market. We will strive to pay competitive salaries to attract quality personnel needed to maintain the effectiveness of the University and accomplish our mission.
- The University is committed to providing opportunities to bright, motivated students who meet our eligibility requirements, regardless of their financial circumstances. We will maintain access during this period of exceptional growth in high school graduates. The University will admit all qualified students in accordance with the Master Plan.
- Student fee increases will be moderate and predictable. Financial aid will be provided for needy students to mitigate the impact of fee increases.
- Consistent with the findings of the UC Commission on the Growth and Support of Graduate Education, the University must expand graduate programs to meet California's workforce needs and bring our graduate student support levels to those of other leading universities.
- Our student-faculty ratio was well above those of our competitors before the recent budget cuts. Further erosion has taken place during California's fiscal crisis. The student-faculty ratio must be restored so that the University can fulfill its research and teaching mission and attract high quality students.
- The UC Board of Regents has affirmed its policy that engagement in preschool through postsecondary education through academic preparation and educational partnerships is fundamental to the University's mission. Closing the educational opportunity gap in California is a responsibility we all share; therefore, as mentioned earlier, the University will continue to seek adequate and stable funding for its student academic preparation programs.
- The State-supported research budget was cut by 10% four years ago, another 10% in 2003-04, and another 5% in 2004-05. These recent budget cuts come on top of large cuts in research budgets during the early 1990s. Adequate support is essential if the University is to continue to be a quality research institution and contribute to the economic vitality of the state.

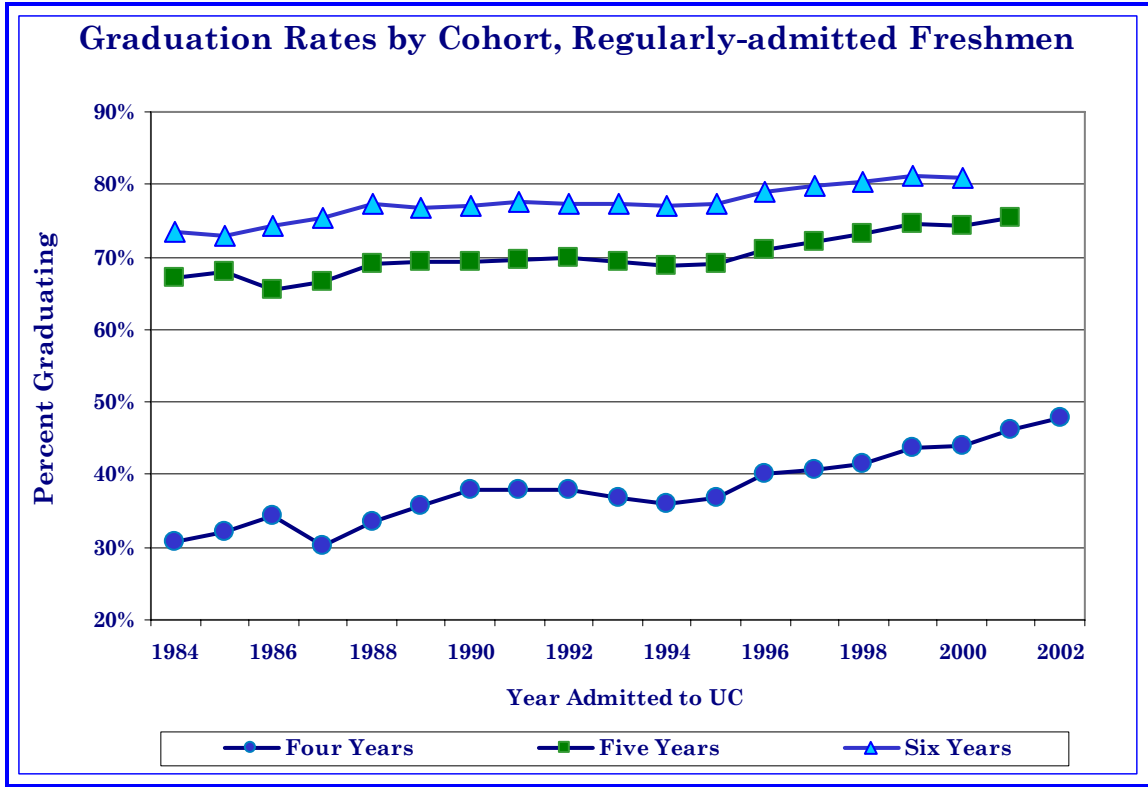
## UC is Achieving Positive Outcomes

UC recently reported on performance measures that have traditionally been high priorities for the state. We are very proud of our accomplishments. We've listed some of the highlights from the report on this page, including information on degrees conferred, transfer, summer enrollment, etc. Among the highlights from that report are the following:

- **Degrees Conferred:** In 2005-06, the University awarded more than 55,000 bachelor's, master's, doctoral, and professional degrees.
- **Growth in Bachelor's Degrees:** The number of bachelor's degrees has grown 12% in four years to over 41,000 degrees awarded.
- **Math, Science and Engineering Degrees:** Nearly one-third of bachelor's degrees and more than 60% of doctoral degrees were awarded in math, science and engineering.
- **Graduation Rates Continue to Rise:** Four-year graduation rates for freshmen have improved every year since 1994, rising from 36.1% to 46.3% for students who entered in 2001 (this information has been updated since we transmitted our annual Outcomes report as required by the Compact with the Governor). Transfer students have shown similar improvement.
- **UC Exceeds the National Average:** 81% of UC's entering freshmen earn degrees within six years, compared to a national average of 58% among freshmen at four-year institutions.
- **Time-to-Degree Shortening:** UC students are completing their degrees at a faster pace. Average time to degree at UC is has dropped from 13.4 for students who entered in 1984 to 12.8 quarters for 1998 freshmen, where a four-year degree equals 12 quarters (this information has been updated since we transmitted our annual Outcomes report as required by the Compact with the Governor).
- **Facilitating Transfer:** To help students navigate the transition from community college, all UC general campuses have established articulation agreements with each of the 109 California community colleges.
- **Summer Enrollment:** Enrollment in summer instructional programs has more than doubled since 2000, when UC began converting summer to a State-supported operation. UC students are using summer to speed time-to-degree.
- **Faculty Honors:** Currently, 54 faculty and researchers affiliated with UC have won Nobel Prizes, including 20 since 1995; 57 UC faculty and researchers have won the National Medal of Science; and UC has 244 members of the National Academy of Sciences, more than any other university in the nation.
- **Patents and Licensing:** UC research contributes to the economic prosperity of California. In 2004-05, over 1,300 inventions were reported by faculty and researchers at UC campuses, or an average of more than 3.5 each day. UC has received more patents than any university in the world, and earned \$93 million in royalty income in 2004-05.

## UC is Achieving Positive Outcomes — Graduation Rates Have Been Increasing Steadily

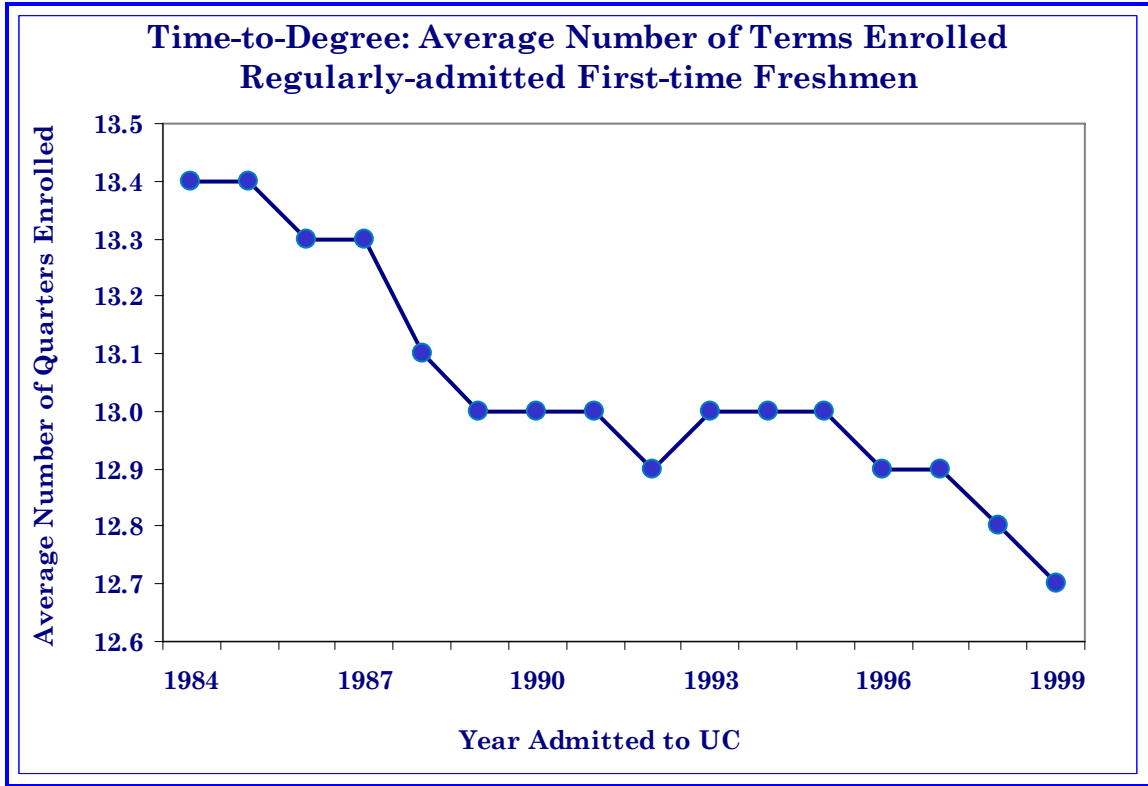
Display 5



- The University is very proud of its excellent record of improving graduation and persistence rates and reducing time to degree among all students.
- In the 1950s, only half of the University’s new freshmen graduated within six calendar years. Thirty years later, among freshmen regularly admitted in 1984, 31% graduated in 4 years, 67% in five years, and 73% in six years.
- Graduation rates continue to rise among more recent cohorts, as shown in the display above. Among freshmen who were regularly admitted in 1999, 44% graduated in 4 years; for the entering class of 2002, this rate has risen to 47.7%.
- Increasing numbers of students are graduating during the summer after their senior year, rather than returning for a fifth year. Of the 1999 entering freshman cohort, 75% received a BA degree by the end of their fifth year and 81% by the end of their sixth year.
- Persistence rates — the proportion of an entering class of students who return to enroll in their second and subsequent years — also have shown gains over the past decade. The proportion of freshmen who returned to enroll in their second year increased from 88% of the 1984 cohort to 92% of the 2004 cohort. Two-year persistence increased from 76% of those entering in Fall 1984 to 84% of those entering in Fall 2004 (the most recent data available).

## UC is Achieving Positive Outcomes — Time to Degree is at an All-Time Low

Display 6



- The University has decreased the amount of time it takes a student to complete an undergraduate program—the number of terms enrolled during the regular academic year has dropped from 13.4 enrolled quarters for the 1984 regularly-admitted freshman class to 12.7 for the 1998 cohort (the most recent data available).
- About half of the regularly-admitted UC freshmen graduate in 12 or fewer registered quarters; they are able to do this by taking full academic loads each year and by not exceeding the 180 units required for graduation.

## UC Resident Student Fees Remain Below the Average of Public Comparison Institutions

Display 7

<b>University of California and Public Salary Comparison Institutions Total Student Fees *</b>				
<b>Public Salary Comparison Institutions 2006-07 Fees</b>	<u>Undergraduate</u>		<u>Graduate</u>	
	Resident	Nonresident	Resident	Nonresident
University of Illinois	\$ 9,522	\$ 23,608	\$ 10,152	\$ 22,992
University at Buffalo (SUNY)	\$ 6,129	\$ 12,389	\$ 9,448	\$ 13,468
University of Virginia	\$ 8,043	\$ 26,143	\$ 10,560	\$ 20,560
University of Michigan	\$ 9,723	\$ 29,131	\$ 14,991	\$ 30,137
2006-07 Average Fees of Comparison Institutions	\$ 8,354	\$ 22,818	\$ 11,288	\$ 21,789
<b><i>2006-07 Average UC Fees</i></b>	<b><i>\$ 6,852</i></b>	<b><i>\$ 25,536</i></b>	<b><i>\$ 8,938</i></b>	<b><i>\$ 23,899</i></b>

\* Includes mandatory systemwide fees and campus-based fees, and nonresident tuition for nonresident students

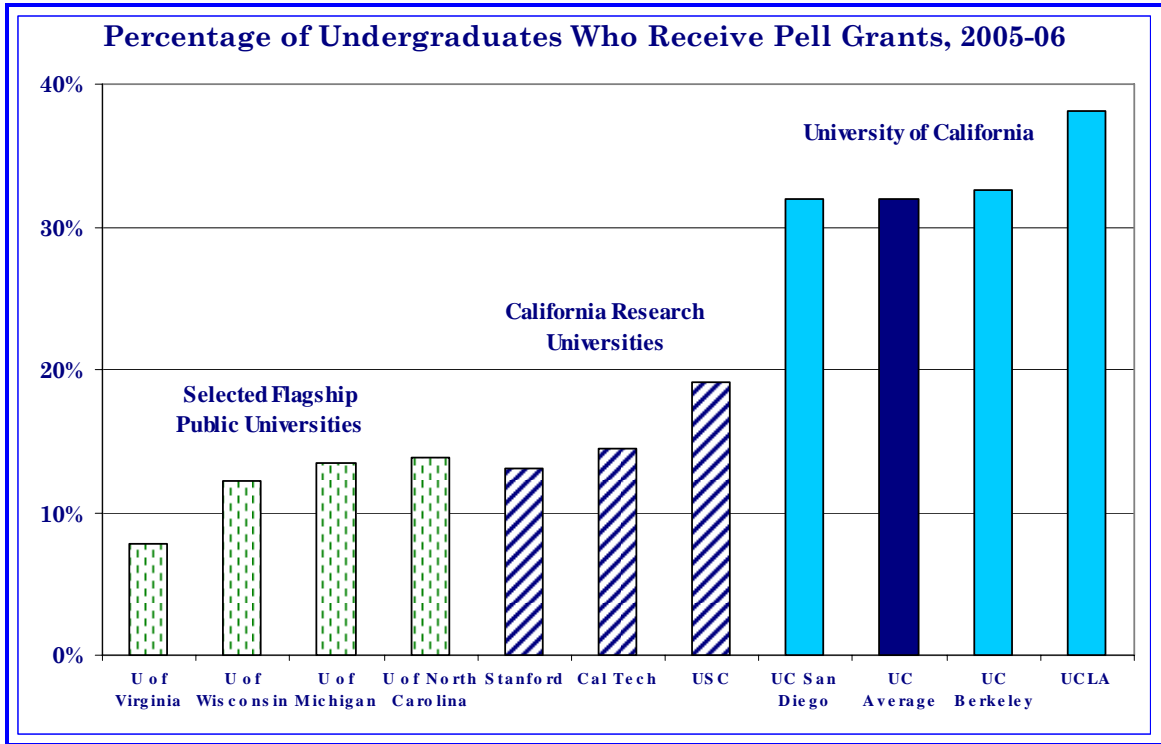
- This display compares UC student fees for both resident and nonresident undergraduate and graduate students with the average fees of our public comparison institutions.
- Average fees for resident undergraduate students are currently about \$1,500 less than the average of fees charged at the University's four public comparison institutions.
- In addition, University fees for resident graduate academic students continue to be well below the average (by \$2,350).
- We are proposing a 7% increase in all mandatory systemwide student fees, including professional school fees, with the exception of business and law. For those schools, we are proposing a 10% increase for 2007-08.
- These increases are needed to help fund the overall budget plan for the University.
- Historically, UC fees have been very low because of the high State support we used to receive. Now, as the State subsidy has gone down, UC has gone from being a low-fee institution to charging fees more like the norm.



- For nonresident students it's a different story.
- Nonresident undergraduates are paying about \$2,700 more than the average in 2006-07 and graduates \$2,100 more, and they already are paying more than the average cost of instruction.
- We are very concerned about future increases for nonresident students.
- We are proposing no increase in nonresident tuition for graduate nonresident students for 2007-08, given the already serious problems we have providing competitive support packages needed to attract the best graduate students. A 5% increase in nonresident tuition is proposed for undergraduates.

## UC Enrolls More Low-Income Students than Other Major Research Universities in the Nation

Display 8



- The success of the University's financial aid program is illustrated in Display 8, which shows that UC campuses have a much higher proportion of low-income students than other major research institutions.
- One of the University's great success stories is that we have continued to be accessible to low-income students.

## **The Governor's 2007-08 Budget Proposals**

- The Governor's proposed 2007-08 budget honors his commitment to the UC/CSU Compact:
  - provides a 4% increase in the base budget for salary and benefit adjustments and non-salary price increases;
  - funds 5,000 additional students in accord with the University's enrollment plan;
  - continues \$14 million in one-time funds needed for faculty recruitment and start-up expenses at UC Merced;
  - continues bond funding for the University's capital program.
  
- We are pleased with the Governor's support of the Compact and seek the Legislature's approval of the Governor's proposed budget for the University of California.
  
- In addition, the Governor includes a research and innovation initiative to keep California economically competitive. It includes:
  - lease revenue bonds in the amount of \$30 million for the Helios Project at the Lawrence Berkeley National Laboratory and \$40 million for Berkeley's new Energy Biosciences Institute. Both projects will house programs on the cutting edge of "green" science developing alternative approaches to energy use;
  - \$20 million for support of the California Institutes for Science and Innovation;
  - \$5 million in State matching funds in the event that UC wins a National Science Foundation competition to build a "petascale" computer, which will be the fastest computer in the world, giving California an enormous edge in this industry.
  
- As mentioned earlier, there are several issues related to funding *not* included in the Governor's proposal that are high priorities for the University as well as the Legislature — that is, \$19.3 million in funding for Student Academic Preparation Programs, and \$6 million in funding for labor research.
  
- As I said, we intend to work with the Legislature and the Governor throughout the budget process to try to restore these funds.

## **Student Academic Preparation Programs are Proving Effective**

- In 2005, the University worked with the Administration and legislative staff to develop a new framework for accountability to measure the effectiveness of each program within our Student Academic Preparation and Education Programs (SAPEP).
- We provided our first annual report under this new framework last April. Senator Scott recently held a hearing to review the findings of this report.
- We believe these programs are very effective.
- While we are currently preparing our latest data for you in our April 2007 report, here are some highlights from our last report:
  - Research on and evaluation of SAPEP programs exceeds the assessment of even large federal programs, and the evaluation findings for SAPEP programs are empirically based and statistically significant.
  - In one such evaluation conducted on the EAOP program, participants were found to be twice as likely to complete the college preparatory ('a-g') courses compared with non-participants. (Quigley, 2002)
  - Our own data show that program participants are enrolling into college at high rates. In 2005 for example, 59% of EAOP-MESA-Puente students enrolled in a California public 2- or 4-year college compared with 46% of high school graduates statewide.
  - And at the Preuss School, 100% of 2005 graduates enrolled in a 2- or 4-year college. (The Preuss School only admits students who are from low-income, educationally disadvantaged backgrounds.)
  - In terms of college entrance exams, a higher proportion of our participants complete the SAT or ACT than non-participants. In the lowest performing schools (API 1 and 2), EAOP-MESA-Puente students take these exams at twice the rate of non-participants in those same schools (61% to 29%).
  - And at the elementary and middle schools, 66% of UC Links participants scored at or above grade level in English/language arts and mathematics on standardized tests, compared to 44% for the schools as a whole.
  - The cost per participant of most of the SAPEP programs is substantially less than the cost per participant of comparable federally funded programs.

## Capital Outlay

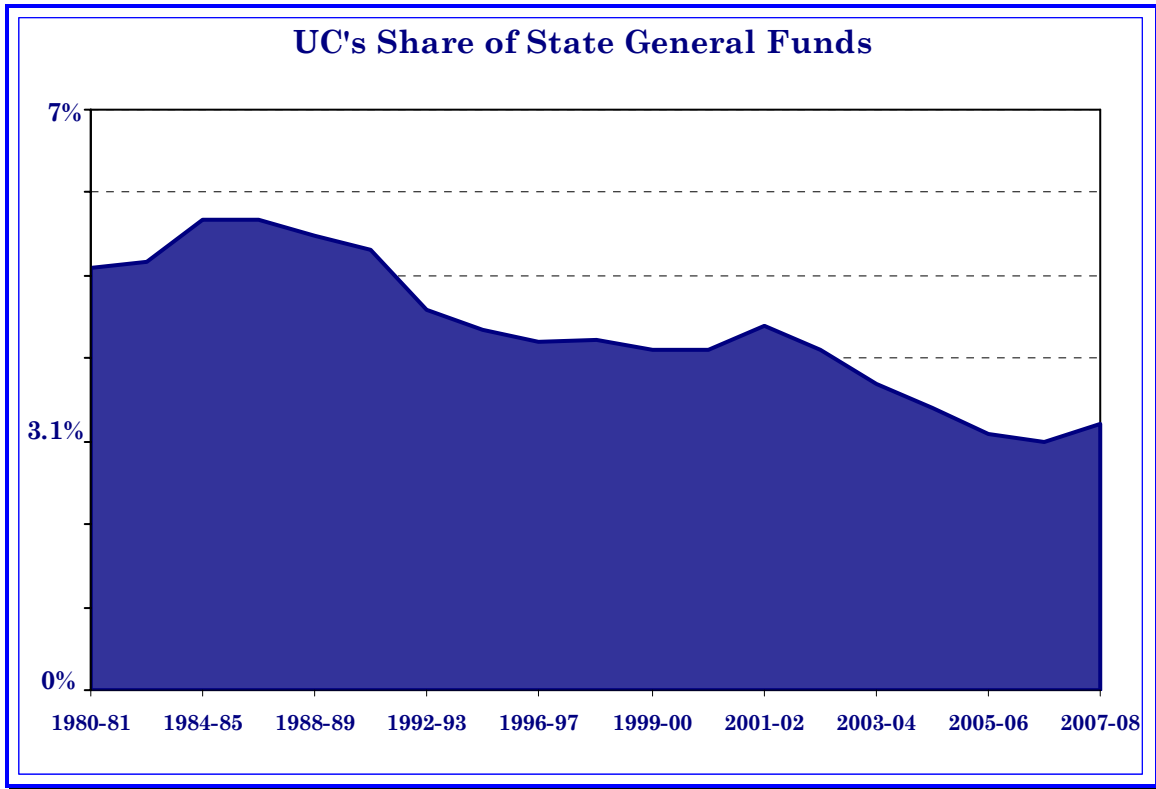
- Adequate facilities are a critical factor in the University's ability to accommodate the rapid growth of students occurring during this decade and maintain the quality of the academic program.
- The Governor's Budget includes the following:
  - \$305 million in General Obligation bond funds (consistent with Proposition 1D approved by the voters on the November ballot) to be used for accommodating enrollment growth, addressing seismic and life-safety needs, modernize aging and obsolete facilities that can no longer support the academic programs they house, and providing adequate infrastructure for the University's facilities;
  - \$199 million in General Obligation Bond funds (also approved in Proposition 1D) for facilities and equipment related to expansion of UC's medical school enrollments and improvement of health care delivery to medically underserved populations in the state through broader use of telemedicine;
  - \$40 million in State lease revenue bonds to provide State matching funds for the British Petroleum Energy Biosciences Institute, recently awarded to the Berkeley campus through a global competition. The Institute will focus on the development of alternative fuels; and
  - \$30 million in State lease revenue bonds to support the Helios Project, an initiative by the Lawrence Berkeley National Laboratory to create sustainable, carbon neutral sources of energy;
- The capital outlay funds provided by the State each year meet only half of the University's identified State-supportable capital needs. We are doing our best to use other resources to help meet our needs. But, State funds are critical and we urge you to support the Governor's Budget for our capital projects.

I want to thank you for the opportunity to review our priorities with you. I know you have many challenges ahead as you negotiate the budget for the State of California. We are very anxious to work with you through this process and hope you will support our budget request. We believe we have much to offer the citizens of California and are grateful for the support you provide so we can continue to serve this great state.

# **APPENDIX**

**President Robert C. Dynes  
University of California  
Testimony before the  
Assembly Budget Committee  
Subcommittee on Education  
March 6, 2007**

*Display A*



- This display shows how UC's budget as a share of the State's General Fund has changed over time.
- Our share has declined dramatically from 7% in 1970-71 to 3.1% in the current year.
- This is particularly problematic in an era when the University's enrollment growth is expected to increase significantly and the University will be attempting to regain its competitive position in terms of faculty and staff salaries and other core areas of the budget.
- This trend is inconsistent with the State's ever increasing need for a more highly skilled, highly educated workforce. Rather than continuing this trend of disinvestment, the State should be investing a greater share of its funds in the University if we are to provide the high-quality educational opportunity that our students and their parents expect from UC, and thus make a greater contribution to California's economy and way of life.

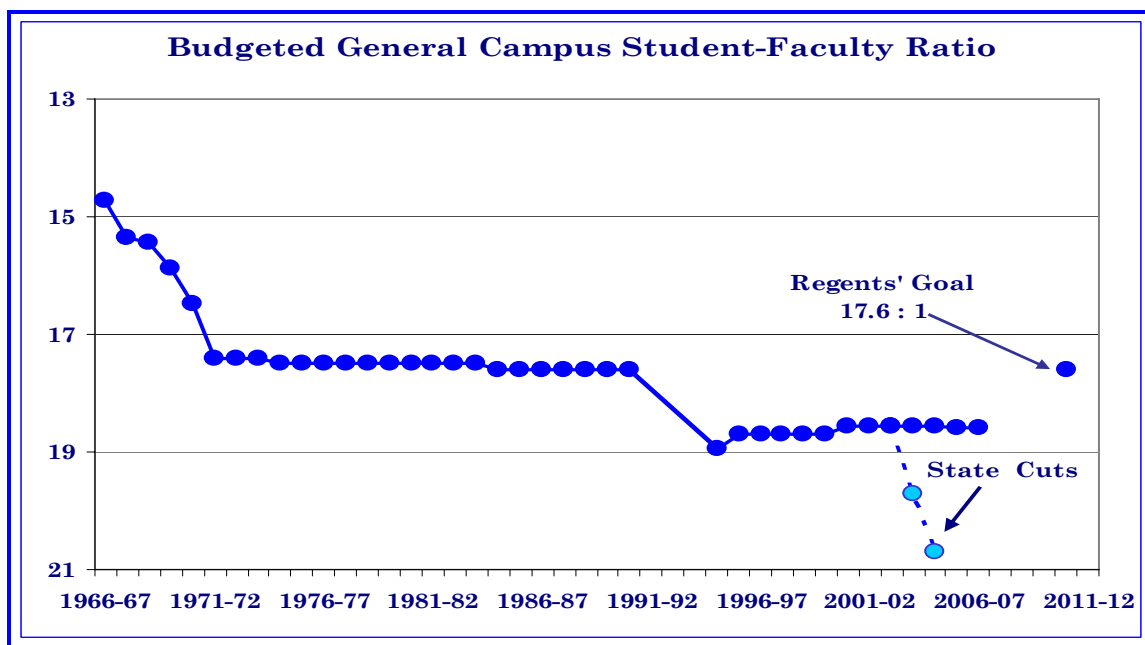


*Display B*

<b>University of California 2007-08 Governor's Budget Proposal (\$ in millions)</b>	
<b>Operating Budget -- State and UC General Funds and Student Fees</b>	<b>Proposed Governor's Budget</b>
2006-07 Operating Budget -- State General Funds	\$ 3,078.0
2006-07 Operating Budget -- State General Funds, UC General Funds and student fee revenue	5,076.0
<b>2007-08 Increase</b>	
<i>State General Funds</i>	
4% base budget adjustment	116.7
Enrollment growth funding	55.7
Employer retirement contributions	-
Annuitant health benefits	10.5
Lease purchase revenue bonds	14.5
Eliminate funding for Student Academic Preparation Programs	(19.3)
Eliminate funding for labor research	(6.0)
Research initiative (above the Compact)	20.0
<b><i>Subtotal, State General Funds</i></b>	<b>\$ 192.1</b>
<i>Student Fees</i>	
Fee increase, net of financial aid (7% for all fees except 10% for Law at UCB, UCD, and UCLA and for Business at UCB and UCLA)	\$ 68.0
Student financial aid	36.7
Increase in student fees related to enrollment growth	32.1
UC General Funds	20.0
<b><i>Total</i></b>	<b>\$ 348.9</b>
Note: Governor's Budget includes continuation of \$14 million in one-time funding for Merced campus.	
<b>Capital Outlay -- State Funds</b>	
Basic GO bond program	\$ 304.2
Medical school/telemedicine GO bonds	199.0
Helios -- State lease revenue bonds	30.0
BP initiative matching funds -- State lease revenue bonds	40.0
<b><i>Total State Funds</i></b>	<b>\$ 573.2</b>

- This display shows the changes in State and UC General Funds and student fee revenue proposed by the Governor for the University's 2007-08 budget.

### Display C



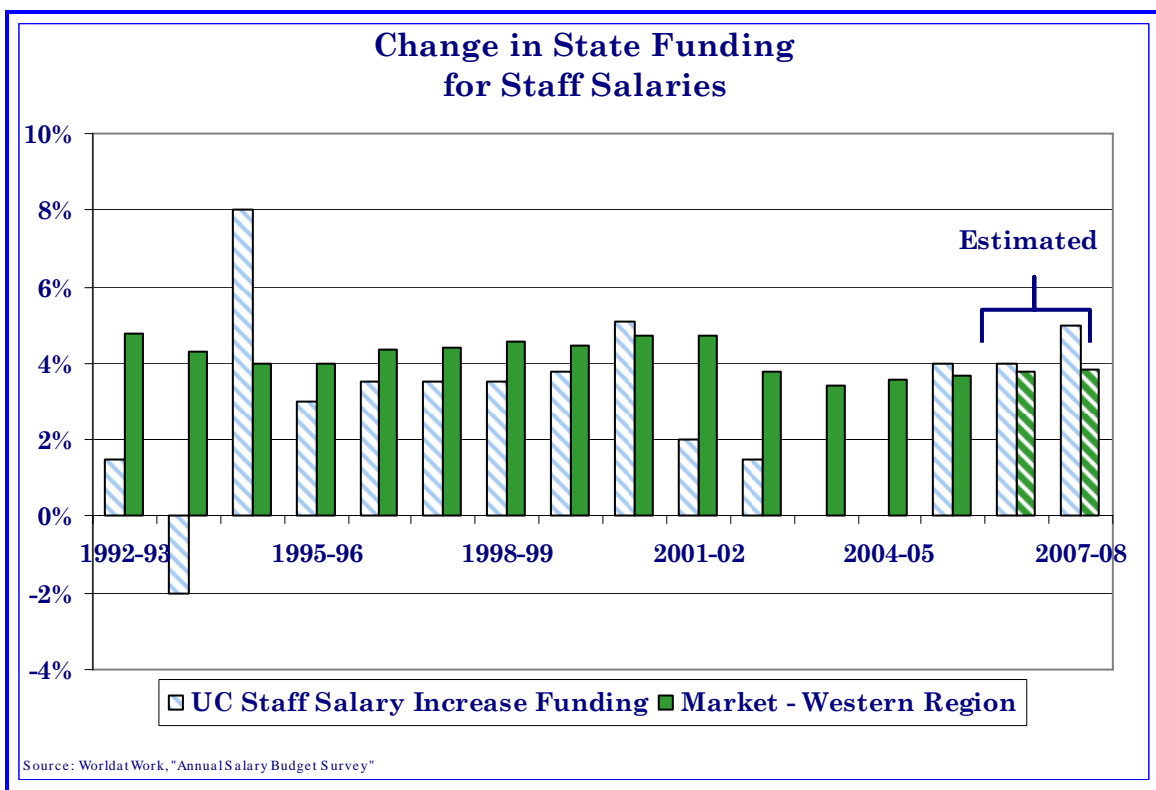
- Beginning in the mid-1960s, the University's budgeted student-faculty ratio was 14.5:1. In the early 1970s, it increased to 17.6:1, where it stayed for nearly 20 years. During the budget cuts of the early 1990s, it rose to 18.6:1.
- In 2003-04, the Governor's Budget included a \$34.8 million reduction in State funds targeted at increasing the University's student-faculty ratio; however, because of the high priority The Regents have placed on preventing further deterioration to the student-faculty ratio in order to preserve quality, this cut was instead taken by the University as an unallocated reduction. In 2004-05, the Governor proposed a further 5% increase in the student-faculty ratio accompanied by a budget cut of \$35.3 million. Again, this cut was taken as an unallocated reduction. While these cuts were not targeted as proposed, the reality is the unallocated reductions have been so steep that student-faculty ratios have increased and the educational program has been affected.
- Such budget reductions make it difficult for campuses to maintain levels of instructional support necessary to provide a high quality education. It is the long-term goal of the University to restore funds cut from the instruction budget and return to a student-faculty ratio of 17.6:1.
- At 18.6:1, the University's budgeted ratio compares unfavorably with our eight comparison institutions, where ratios average 17.0:1 at the four public comparison schools and 10.4:1 at the four private comparison schools. Further deterioration of this ratio places us in an even poorer competitive position.
- With funding provided in 2005-06 and 2006-07 as part of the Compact, the University has committed \$10 million each year toward restoring instructional resources. These funds will be used to bolster the student-faculty ratio, improve instructional support, and acquire instructional technology. Further progress is anticipated in 2007-08 and beyond.
- Improvement in the student-faculty ratio would permit the University to offer both smaller class sizes and a wider range of courses, allowing students to complete requirements and graduate more quickly. Having a sufficient number of faculty per student also increases opportunities for contact outside the classroom, through improved advising and undergraduate participation in research.

*Display D*

<b>Domestic Undergraduate Headcount</b>				
Fall 1980 - 2006				
	1980	2006	Change	Percent Change
African American	3,474	4,959	1,485	43%
American Indian	483	864	381	79%
Chicano	3,816	17,555	13,739	360%
Latino	<u>1,539</u>	<u>5,917</u>	<u>4,378</u>	<u>284%</u>
Subtotal	9,312	29,295	19,983	215%
Asian American	10,700	49,146	38,446	359%
Filipino American	1,304	7,491	6,187	474%
White/Other	68,200	64,412	(3,788)	-6%
Decline to State	<u>5,362</u>	<u>9,087</u>	<u>3,725</u>	<u>69%</u>
Subtotal	85,566	130,136	44,570	52%
<b>TOTAL</b>	<b>94,878</b>	<b>159,431</b>	<b>64,553</b>	<b>68%</b>

- We have made progress over the last 20 years in terms of the diversity of our student body, increasing the number of undergraduates from underrepresented backgrounds attending the University by 215%.
- Nevertheless, we understand this isn't enough. We share the commitment felt by many legislators and others in the University community toward improving educational opportunities for those from disadvantaged backgrounds.

*Display E*



- Display E compares the annual salary increase funding for UC staff employees to market data from more than 800 employers of all sizes and industries, including the public sector, in the western United States.
- As the chart shows, market salaries have been increasing at approximately 4% per year, but funding for UC staff salary increases has not kept pace, both in the early 1990s and more recently, as the State’s fiscal crisis prevented full funding of a normal workload budget for several years. As a result, UC staff had no COLA or merit salary increases for 2 years. The increases provided last year and in the current year were sufficient to prevent us from losing further ground.
- For 2007-08, State funds will be combined with student fee revenue and UC General Funds to provide a 5% compensation package to fund normal COLAs, merit salary adjustments, and increases in employee health benefits. This will allow us to begin to make progress in closing the salary gap.
- Because closing the salary gap for faculty and staff are among The Regents’ highest priorities, the Board adopted a policy to work toward closing the gap on all staff and faculty salaries over the next 10 years at a rate of about 1% – 1.5% per year.

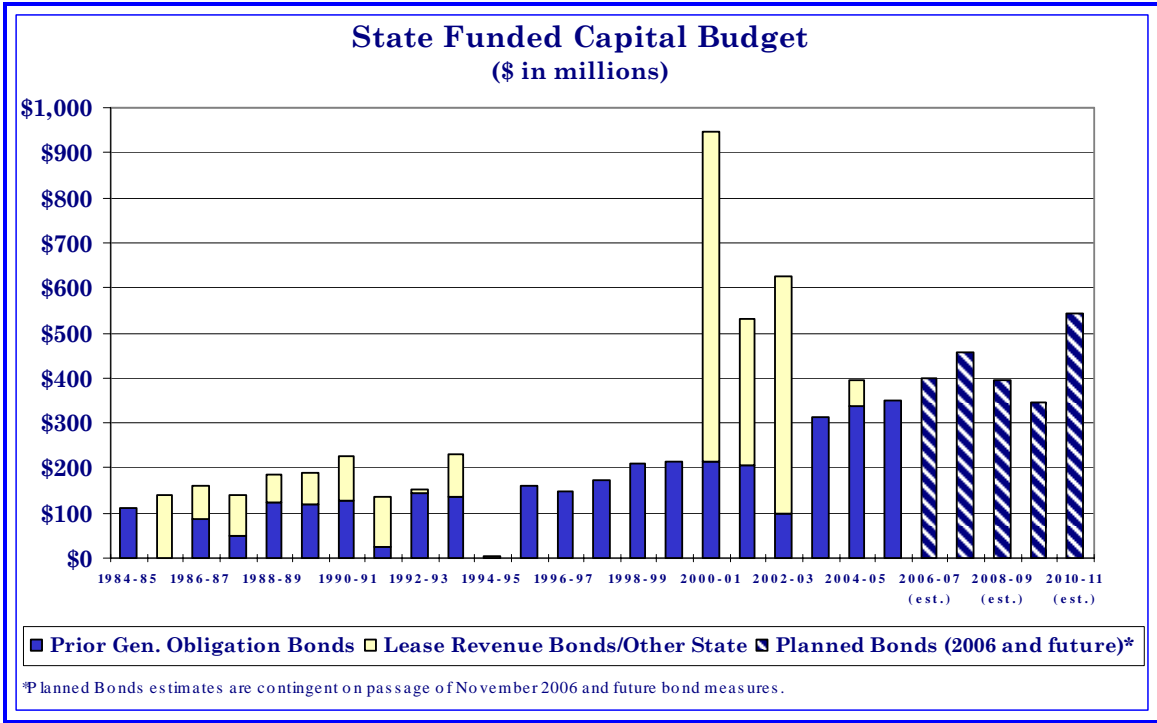
*Display F*

<b>Scholarships, Grants, and Fellowships by Fund Source, 2002-03 to 2006-07 (\$ in millions)</b>					
	2002-03	2003-04	2004-05	2005-06	2006-07
<b><u>UC Funds</u></b>					
Student Fees and State					
General Funds	\$ 262.7	\$ 330.8	\$ 357.8	\$ 421.8	\$ 443.0
Other University Funds	<u>125.4</u>	<u>159.1</u>	<u>164.3</u>	<u>168.1</u>	<u>172.0</u>
Subtotal	\$ 388.1	\$ 489.9	\$ 522.0	\$ 589.9	\$ 615.0
<b><u>Other Funds</u></b>					
Student Aid Commission	\$ 148.7	\$ 219.3	\$ 259.6	\$ 280.7	\$ 287.7
Federal	203.2	214.5	223.4	214.8	231.9
Private Agency Funds	<u>49.6</u>	<u>52.4</u>	<u>51.0</u>	<u>49.7</u>	<u>50.9</u>
<b>Total</b>	<b>\$ 789.7</b>	<b>\$ 976.0</b>	<b>\$ 1,056.0</b>	<b>\$ 1,135.1</b>	<b>\$ 1,185.4</b>
<small>Note: Numbers for 2005-06 and 2006-07 are estimates. Student Fees and State General Funds are based on budgeted amounts.</small>					

- Financial aid is a major component in the University's ability to maintain access for needy students. We are very proud of our financial aid programs.
- By providing assistance through grants, loans, and work-study experiences, funded from UC, State, Federal, and private resources, the University can help ensure that the cost of attending UC is not a barrier for needy students.
- For 2007-08, the University plans to return 33% of revenues generated by any undergraduate fee increase to financial aid. In addition, recognizing the need to provide competitive graduate student support and to cover collective bargaining agreements for teaching assistants, the University plans to set aside 45% of new revenue generated by graduate fee increases for financial aid. Finally, a 33 % return-to-aid will be implemented for professional school students.
- Over half of UC undergraduates receive grant/scholarship aid averaging approximately \$9,100 per student; about 60% of graduate academic students receive such aid averaging about \$12,700 per student.
- To mitigate the impact of fee increases as well as increases in other educational expenses in recent years, the University has used a portion of the revenue generated by fee increases for financial aid. As shown in Display F, these funds, in combination with Cal Grant funds awarded to UC undergraduates and other scholarship, fellowship and grant funds, raised the total estimated amount of gift aid for UC students over a four-year period by \$395.7 million, from \$789.7 million in 2002-03 to an estimated \$1,185.4 billion in 2006-07.

- The proportion of new fee revenue directed to financial aid has varied in recent years. In 2002-03 and 2003-04, the University used approximately one-third of new fee revenue for financial aid purposes. In the 2004-05 budget, the proportion of new fee revenue returned to aid was limited to 20%, in accordance with the Governor's proposal for financial aid. In 2005-06, 25% of new fee revenue was returned to aid for undergraduates and 50% for graduate students. For 2006-07, The Regents had proposed using one-third of new fee revenue for financial aid; however, the State bought out proposed increases in student fees, eliminating the need for additional return-to-aid.
- The University will continue to monitor the effectiveness of its financial support both at the undergraduate and graduate level to evaluate its success in adhering to the principles, articulated by the Regents, of affordability at the undergraduate level and competitiveness at the graduate level.

*Display G*



- This display shows what has happened to the University's capital outlay budget over time. Historically, funding has fluctuated significantly.
- The State provided funding for capital outlay within the range of \$100 million to \$250 million per year for more than a decade from the mid-1980s to the late 1990s. The display also shows what happened in 1991-92 and 1994-95, when the voters defeated bond measures.
- Funding increased significantly in 2000-01 as lease revenue bonds were provided for a variety of projects, including \$600 million for hospital seismic safety and over \$300 million for the Science Institutes.
- Propositions 47 and 55, passed by the voters in 2002 and 2004 in combination with additional lease revenue bonds, provided UC with an average of about \$345 million per year through 2005-06.
- A new bond measure approved by the voters in November, Proposition 1D, continues the average of about \$345 million per year for 2006-07 and 2007-08.
- Proposition 1D also included \$199 million for capital needs related to planned expansion of our medical schools and telemedicine capability. The Governor's Budget proposes to appropriate these funds as one package.
- Each of the campuses with medical schools have been planning PPrograms In Medical Education (PRIME) programs that are designed to create more physicians who can meet identified health care shortfalls in medically underserved areas of the state, including rural and inner city areas.
- As this expansion occurs, a major focus will be on developing high tech approaches to health care.

- The bond funds approved for this purpose in November will be distributed evenly to each of the campuses with medical schools.
- In addition to funds approved by the voters in Proposition 1D, the Governor proposed funding for two projects associated with his science initiative:
  - \$40 million in State lease revenue bonds is committed for the BP Initiative, a project recently awarded to the Berkeley campus by British Petroleum for the Energy Biosciences Institute, which will conduct research on how to make more efficient the extraction, conversion, and storage of fuel sources;
  - \$30 million in State lease revenue bonds for the Helios project at the Lawrence Berkeley Lab. State funds will be combined with approximately \$90 in other fund sources to construct a major facility for conducting research on alternative fuels, particularly focused on ways to convert solar energy into transportation fuel.
- The State funds only a portion of the University's capital needs. The University estimates it will need at least \$800 million per year in capital funding for core academic space, about half or more of which would be used for projects related to enrollment growth, with the other half being used for projects related to seismic and life-safety needs, infrastructure, and renovation of space that can no longer support the academic program.
- The University is making every effort to maximize other fund sources, such as private giving and Garamendi financing, to help meet capital needs.
- With planned levels of funding each year, the University estimates it will construct sufficient space to achieve 92% of the standards for instruction and research space set by the California Postsecondary Education Commission (CPEC space standards) by 2011-12. This level of support needs to continue throughout this decade and beyond to help accommodate enrollment growth and provide adequate facilities for the University's world-class academic programs.



### *Display H*

- The display on the following page shows the capital projects included in the Governor's Budget for 2007-08.
- The University's request for \$503 million from general obligation bonds for the 2007-08 State capital budget includes funding to support construction or complete design and undertake construction for 18 projects, including projects for telemedicine/medical education facilities, and to begin or continue design on 8 projects. Funds are also needed to equip 5 buildings previously approved for construction
- Of the 26 major capital projects, 4 address serious seismic and other life-safety hazards; 14 projects construct new buildings, renovate existing space, or expand instruction, research, and support facilities to accommodate enrollment growth; and facility infrastructure renewal or modernization is the focus of 8 projects.
- These are all high priority needs. Campuses work very hard to balance their capital needs among competing priorities, working within available resources. This involves a significant planning effort on the campuses and we do our best to honor their priorities within the dollars we can expect to receive.

*Display H*

<b>UNIVERSITY OF CALIFORNIA</b>		
<b>2007-08 CAPITAL OUTLAY BUDGET AS PROPOSED IN THE GOVERNOR'S BUDGET</b>		
	<b>Governor's Budget</b>	
	<b>Funding</b>	<b>Phase</b>
<b>Universitywide</b>		
Telemedicine/PRIME Medical Education Facilities (D, I, LA, SD, SF)	199,000	PWCE
Energy Biosciences Institute Project (BP Grant)	40,000 <i>(LRB)</i>	PWCE
<b>Berkeley</b>		
* Durant Hall Renovation	9,970	PWC
Campbell Hall Seismic Replacement Building	6,400	PW
Helios Research Facility	30,000 <i>(LRB)</i>	PWCE
<b>Davis</b>		
Veterinary Medicine 3B	4,751	W
Electrical Improvements Phase 4	4,335	PWC
<b>Irvine</b>		
Engineering Unit 3	3,292	E
* Humanities Building	23,977	C
* Arts Building	39,855	PWC
* Steinhaus Hall Seismic Improvements	9,681	PWC
<b>Merced</b>		
Social Sciences and Management Building	37,255	C
<b>Riverside</b>		
College of Humanities and Social Sciences Instruction and Research Facility	940	E
Psychology Building	1,612	E
Boyce Hall and Webber Hall Renovations	31,776	WC
* East Campus Infrastructure Improvements Phase 2	8,893	PWC
Batchelor Hall Building System Renewal	402	P
<b>San Diego</b>		
Music Building	2,204	E
Management School Facility Phase 2	1,000	P
<b>San Francisco</b>		
Electrical Distribution Improvements Phase 2	892	W
<b>Santa Barbara</b>		
Engineering II Life Safety Improvements and Addition	5,000	WC
Infrastructure Renewal Phase 1	252	W
Davidson Library Addition and Renewal	1,055	W
<b>Santa Cruz</b>		
Digital Arts Facility	1,044	E
McHenry Addition and Renovation Project	38,184	CE
Biomedical Sciences Facility	69,370	C
Infrastructure Improvements Phase 2	317	W
<b>ANR</b>		
* Hopland REC Field Laboratory and Multipurpose Facility	1,708	PWC
<b>TOTALS</b>	<b>573,165</b>	
<i>General Obligation Bonds</i>	\$ 503,165	
<i>General Funds (GF)</i>	\$ -	
<i>State Lease Revenue Bonds (LRB)</i>	\$ 70,000	
* Streamlined projects		