

ACADEMIC COUNCIL

**Minutes of Meeting
Wednesday, October 24, 2012****I. Senate Officers' Announcements****▪ Robert Powell, Academic Council Chair**

1. Chair Powell reported that the deadline for submitting campus plans for salary equity studies has been extended by the Vice Provost from November 15 to January 15. The vice provost proposed extending the deadline for all campuses after receiving extension requests from two, and he asked UCAAD for advice. UCAAD made a recommendation, but Vice Provost Carlson had already informed all of the campuses that the deadline has been extended. He discussed this misunderstanding with UCAAD's chair and the vice provost.
2. Chair Powell noted that the first of a series of quarterly meetings with the Division Chairs will take place later this week.
3. Chair Powell stated that he and the chairs of the CSU and CCC Senates drafted several op-eds on Proposition 30. He encouraged Council members to get involved in advocating for Proposition 30 in their capacity as citizens and to encourage people to vote. Please keep in mind the limits on advocacy that were presented during the retreats.
4. The Academic Planning Council, a joint Senate-administrative body, is being reactivated by Provost Dorr and will meet in November. Among the topics it will consider are the policy on self-supporting programs, reviews of research units, and changes to the Compendium.

II. Approval of the Agenda

ACTION: The agenda was unanimously approved.

III. Consent Calendar

1. **Approve draft minutes of the October 3 Council meeting.**
2. **Approve revision of ACSCANR charge.** The ACSCANR charge was revised to align with ACSCOLI's structure, making the chair of the special committee be either the Council chair or the vice chair.

ACTION: The consent calendar was unanimously approved.

IV. BOARS' Report on Comprehensive Review

ISSUE: BOARS' chair George Johnson briefed Council on BOARS' report to the Regents on comprehensive review from 2010-12, a period which encompassed changes in eligibility and the implementation of single score holistic review at six campuses.

DISCUSSION: Chair Johnson noted that the previous report covered 2003 – 2009, and the report submitted to the Regents in September covered 2010-12. Most of the report focuses on outcomes after the changes to eligibility in the 2011-12 admissions cycle. The changes include the following:

the statewide eligibility pool was reduced from the top 12.5% of high school graduates as defined by the Index to the top 9%; the eligibility in the local context pool was increased from 4% to 9%; a new category called “entitled to review” was added for high-performing students who were not included in the other two eligibility pools. Finally, students no longer are required to take the SAT subject tests, although they still must take the SAT reasoning test.

The implementation of the new policy went smoothly. Freshman applications increased by 10% over last year, which was anticipated. Roughly 20% of public high school graduates applied to at least one UC campus. Only 42% of applicants took two or more subject exams, which suggests that the change in requirements was understood.

In addition to the changes in eligibility policy, last year the Regents passed a resolution making holistic review the preferred approach to comprehensive review. Four campuses adopted holistic review for the first time, following Berkeley and UCLA, which have been using holistic review for some time. There was no decrease in the academic credentials of applicants or those who were admitted. Although selectivity increased at all campuses, over 13% of high school graduates were admitted to one of the campuses to which they applied and almost half of the students in the entitled to review pool also received an offer of admission to a campus to which they applied. More students received a guarantee on the basis of the statewide index than expected (12% rather than 9%), and the overlap between the statewide and local eligible pools was not as great as expected. Chicano/Latino admits increased by 20%; African-Americans increased by 10.5%; Asian-Americans increased by 4%; and whites decreased by about 5%. There was a 3.1% increase in students who submitted Student Intent to Register forms. Chicano/Latinos became the second largest ethnic group in the University. 45% of enrollees are first-generation college attendees, and 25% come from the lowest quartile API schools.

The report recommends that campuses continue to share scores, but that this practice should not be used to homogenize UC selection or primarily as a cost-saving measure. BOARS plans to recalibrate the statewide index so that it yields 9%. The report notes that UC is continuing to meet its Master Plan obligation to admit the top 12% of California high school students, despite the increase in non-residents. Finally, BOARS brought to the attention of the Regents that UC may not be able to continue to guarantee a referral to a UC campus for all eligible students much longer. While few students take advantage of referral admission, eliminating it is a sensitive issue. Merced Divisional Chair Peggy O’Day stated that UCM plans to increase its selectivity for undergraduates and to increase its graduate student population vis-à-vis its undergraduates. She agreed that Merced soon may not be able to accommodate the referral guarantee and that a systemwide discussion of enrollment management is needed.

V. Briefing on Total Remuneration

ISSUE: UCFW Chair Daniel Hare briefed Council on total remuneration for faculty.

DISCUSSION: Chair Hare presented the history of total remuneration studies, noting that UCFW is considering calling for a new total remuneration study to be conducted. A comprehensive study was done in 2007 by Mercer and Hewitt and was partly updated in 2009 to take into account the effect of furloughs and the introduction of employee contributions to UCRP. Health sciences faculty were not included in the 2009 study; their salaries are complicated by the Y and Z components and consultants are needed to understand it and find appropriate comparators. He

stated that total remuneration is salary plus the value of benefits, including lifetime benefits. Actuaries make these determinations and methods vary among consultants. The 2007 study was criticized for basing its estimates on the benefit cost of an “average” employee, instead of taking the average of all employees. A competitive salary or benefit is defined as being within 5% of our competitors. Faculty are indexed to the Comparison 8, but other employee categories are indexed to different comparators, appropriate to their particular market.

In 2009, cash compensation for faculty was 10% below competitors. The retirement benefit was 29% better than UC’s competitors, but once a 5% employee contribution was introduced, UC’s benefit was only 2% better than the comparators. Under the new UCRP tier, total compensation is 26% below market. For most groups, the UC retirement benefit is competitive, even with an 8% employee contribution; an exception is the ladder rank faculty, which is 29% below market. The changes to UCRP will result in a 7 to 10% drop in competitiveness in total remuneration. Clearly, the value of our benefits no longer compensates for lower salaries. Furthermore, as salary falls further behind the market, so will retirement benefits, since they are pegged to salary. None of the data is scaled to the cost of living in California; several of UC’s comparators are located in lower-cost regions.

Chair Hare stated that UCFW believes it is time for a new total remuneration study. If the administration is making a commitment to a multi-year salary plan, it should begin with accurate baseline information. The cost of a good study is \$2 to \$2.5 M. He noted that while this is expensive, it is equivalent to a handful of start-up packages for faculty in the health sciences. UCFW may return to Council with a request to recommend undertaking such a study.

VI. Preparation for Regent Varner

DISCUSSION: Council raised topics to discuss with Regent Varner.

VII. Consultation with Senior Mangers – Provost and Executive Vice President Dorr

Provost Dorr provided updates on the following issues:

Quality investments. The 2013-14 budget plan addresses not only how to fill budget holes, but also how to improve quality. A set of indicators has been identified, and the budget has been drafted assuming incremental investments in these areas. They include: increasing graduate student support, reducing the student-faculty ratio, funding start-up packages for new faculty, eliminating the faculty salary gap, reducing the staff salary gap by half, enhancing undergraduate instructional support (including library resources, laboratories, and possibly teaching assistantships), and addressing deferred maintenance. All of these are associated with metrics by which progress can be evaluated.

Graduate student support. In consultation with Chair Powell and former Chair Anderson, we have decided to delay taking the Senate and joint Senate-administrative reports on graduate student support to the Regents in order to reconcile the recommendations of the two reports. If Proposition 30 passes, the University will be able to make investments in quality, including funding for graduate students. We plan to discuss graduate student support with the Regents at their January meeting.

Academic Planning Council. The APC will be convened in November and will discuss updating the President's Policy on Self-supporting Programs to reflect the types of proposals that are being received, and revising the Compendium to resolve some discrepancies between it and the APM regarding the appointment of directors of MRUs.

Professional Degree Supplemental Tuition. Provost Dorr has convened a work group to revise the PDST policy and develop implementation guidelines. The group has significant student representation. One issue, which is in the Senate's purview, is to decide how to define a professional degree. We will also address what are appropriate comparators and what constitutes adequate consultation. We hope to make the document a policy document and develop separate implementation guidelines.

Q: Do you support the idea of doing a total remuneration study?

A: As a former Dean, I recognize the importance of total remuneration for faculty recruitment, but I also recognize that it is very costly to commission one of these studies. I will discuss it with Human Resources and the UCOP leadership.

Comment: If the administration is developing a long-term budget plan, there should be a systemwide discussion of capital funding. We know that the state is no longer going to fund new buildings, so we need to discuss how to build in the future.

VIII. Negotiated Salary Trial Program

ISSUE: Council discussed the proposed Negotiated Salary Trial Program with Vice Provost for Academic Personnel Susan Carlson.

DISCUSSION: Chair Powell provided background on APM 668, a previous attempt to provide a negotiated salary plan for faculty on the general campuses similar in structure to the Health Sciences Compensation Plan. The proposal was reviewed systemwide and was rejected as written. Subsequently, a joint Senate-administrative work group met and developed a new proposal that addressed many of the Senate's concerns. It is an attempt to create a retention device using external funding for a portion of the faculty on a term basis. It is truly a trial and is a way to collect data that would answer many of the questions asked by the Senate, such as would it affect productivity or support for graduate students? Would it create inequities in departments or on campuses? The program is being offered to only three campuses: UCLA, UCSD, and UCI. If approved, each participating campus must develop an implementation plan in consultation with the divisional Senate. UCSD has already developed a plan.

Comment: What does it mean to say "a campus approves it?" The issue is very contentious among faculty on our campus. Many faculty are dubious about the trial because of the history of the issue.

Q: How will the trial be halted if it is not considered successful?

A: Vice Provost Carlson responded that the proposal clearly states that it is a four-year trial with annual reviews of the data and a major review of its effectiveness in the third year. It can be halted at the end of any year by the provost or by the campus. This is not a policy being written into the APM. If it is deemed successful, it still would go through a process to be included in the APM.

Q: What constitutes success? One can not define the conditions for success or failure after one gathers the data. Two people examine the same data and come to a different conclusion about the project's success. Who will define "success" and at what point in the process? Will it differ by campus? If the trial is deemed a success and then the Senate is highly critical of the proposal to revise the APM to include a negotiated salary plan, then what will the outcome be?

A: Vice Provost Carlson responded that the task force discussed the conditions of success and failure, but did not have time to define them. She would welcome help in determining the goals and metrics for success or failure.

Comment: How can a trial be an effective retention device? It diverts money from the faculty's grants; it is not a reward. It will be difficult to measure its impact on retention. If it benefits ten faculty in a department, but destroys the morale of ninety, is it a success?

A: Vice Provost Carlson acknowledged that many faculty think that it does a disservice, but she disagreed that this view should stop the plan from going forward if it serves some faculty well. UC is searching for tools to compensate faculty appropriately in a time of budgetary stress.

Comment: The three-year trial period is too short to reveal any effect on graduate student and postdoctoral salaries because grants that are already in progress will not be altered.

IX. Consultation with Regent Varner

Minutes were not taken for this portion of the agenda.

X. Proposed 2013-14 University Budget

ISSUE: Council was briefed on the proposed 2013-14 University budget by Patrick Lenz, Vice President for Budget and Capital Resources.

DISCUSSION: Vice President Lenz stated that the budget is based on the assumption that Proposition 30 will pass. The budget identifies quality initiatives as priorities whether or not Proposition 30 passes. We are at a crossroads—with or without Proposition 30, we must figure out a way to reinvest in quality. If Proposition 30 passes, then we will not be facing a \$250M cut, we will receive \$125M from the deferral of a tuition increase last year, and it gives us hope that we can establish a multi-year budget framework with the state that will provide us with stability. If it does not pass, we will experience a \$525M "swing" in the other direction. In addition to being subject to an immediate \$250M cut, we would forego the \$125M associated with the tuition deferral, we would not have any new funds for investment, foregoing another \$150M, and there would be no hope for a multi-year funding agreement.

Q: What are the prospects for getting the lease-revenue bonds transferred to UC?

A: VP Lenz said it is imperative that the state develop an infrastructure plan. Their focus is on high-speed rail; I think it should be diversified. I have advocated to the Department of Finance that UC has projects that we could begin immediately if funded, which would be facilitated by the transfer of lease-revenue bond debt to UC. This would generate jobs and would be prudent public policy. In November we will present a capital improvement plan to the Regents that requests \$789M for capital priorities. Clearly, the legislature is not going to allocate \$800M to UC, but the University is statutorily required to provide the legislature with an infrastructure plan. Historically,

the legislature begins discussing capital bond issues two years before placing them on the ballot. This document establishes UC's capital priorities should they decide to put a bond measure on the ballot.

Q: How would the passage of Proposition 30 affect funding streams?

A: Proposition 30's passage would not affect funding streams, but if it fails, cuts will be proportionally distributed. We have tried to establish a method of implementation that will not disproportionately harm any campus. We will have to discuss how to go forward if it does not pass.

Comment: Legislators have suggested that non-resident tuition should go into a special fund that the legislature could allocate or that it should all be allocated to financial aid for low-income residents. We need to educate them about how non-resident tuition helps the University.

A: One of our biggest challenges is that with term limits, legislators do not accumulate experience. Lack of resources has never kept the legislature from wanting to micromanage particular allocations. Redirecting the University's current resources that we have utilized to address the state's failure to fund enrollment of California residents makes no sense. We do need to educate legislators that we are already providing tuition and financial aid for low-income students; it is middle-income students' needs that we need to better address. The Accountability Report provides a vast amount of data in a way that is easy to understand and is a good resource for explaining University outcomes.

XI. Executive Session

Minutes were not taken for this portion of the meeting.

XII. Composite Benefit Rate Proposal

ISSUE: Council discussed the systemwide initiative to establish a composite fringe benefit rate for each campus.

DISCUSSION: As a result of the UC Path project, the University wants to establish composite benefit rates for charging participation of all classes of employees to research grants. A certain category of employee will be billed at a flat benefit rate, not based on their particular personal circumstances (e.g., regardless of whether benefits are provided only for the employee or for the employee's family). The intent is to want to establish the rates by mid-November in order to implement them on July 1. Divisional chairs and even some members of campus administrations were unaware of the project. This has already been implemented in one form at Davis with multiple rates. Chair Powell has scheduled a teleconference with divisional chairs to discuss this issue and Vice Chair Jacob has compiled a list of questions for the proponents. There are a number of issues which the Senate may want to try to influence. The number of rates is an evolving question and will be applied systemwide because it is negotiated with the federal government. A major issue for faculty is that the composite rates will apply to employees on contracts and grants. Because it will socialize benefits, there will be transfers across grants. There must be a bridging strategy to cover the benefits through the end of the grant. Another issue is whether the "Y" component of salary or summer salary will be included in the salary for which benefits are charged. A member expressed concern about the classification of tuition remission as a benefit. Chair Powell said that the latest proposal excludes tuition remission from the benefit calculation.

XIII. Update on Portfolio Review Group

ISSUE: UCORP Chair Michael Kleeman briefed Council on the establishment of the Portfolio Review Group, which will advise the Vice President of Research and Graduate Studies on systemwide research investments, and make recommendations for new priorities.

DISCUSSION: Chair Kleeman said that a group of ten Senate faculty and ten administrators will review the allocation of central research funding. The goal is to examine expenditures critically and decide whether the University is spending its resources on projects that make the whole greater than the sum of its parts. He solicited suggestions for Senate members who could serve on the group, noting that they are aiming for balance in terms of fields of study and campus representation, as well as committee expertise. UCOC will be appointing members soon, so please forward any suggestions to Chair Powell.

XIV. New Business

Council did not have any new business to discuss.

Meeting adjourned at 4:30 pm

Attest: Robert Powell, Academic Council Chair

Minutes prepared by Clare Sheridan, Principal Committee Analyst