

**PRESIDENT ROBERT C. DYNES
DISCUSSION TOPICS FOR THE MEETING OF
THE ASSEMBLY OF THE ACADEMIC SENATE
WEDNESDAY, FEBRUARY 8, 2006**

BUDGET AND FUNDING

2006-07 Operating Budget

The Governor released his proposed budget plan for 2006-07 on January 10. Under the Governor's proposal, UC's State-funded budget for the fiscal year beginning July 1 would total \$3.049 billion, an increase of \$207 million or 7.3 percent above the 2005-06 level. Key elements of the Governor's 2006-07 proposals for the University include:

Base budget adjustment: \$80.5 million as a 3 percent base budget adjustment to help fund the general salary program as well as benefit and other cost increases.

Student fees: \$75 million to buy out proposed student fee increases. The Governor's budget proposes to use \$75 million in State funding to "buy out" student fee increases at UC. The Regents adopted 2006-07 fee increases in November but, responding to an appeal from Assembly Speaker Fabian Nuñez, did so with the understanding that "student fees as proposed will be reduced or rescinded prior to implementation if the Governor and Legislature provide the funding to reduce or eliminate the fee increases and the remaining portions of the compact remain in place." The proposed funding eliminates the need for proposed increases in mandatory systemwide student fees of 8 percent for undergraduate students, 10 percent for graduate academic students, and 5 percent for professional school students. Proposed increases of 5-10 percent for most professional school students will also be bought out by State funds. Only a 5 percent nonresident tuition hike approved for undergraduates would not be affected by the Governor's plan. A decline in revenue related to an exemption from nonresident tuition for students who are advanced to candidacy is reflected in the UC General Fund income projection.

Student-Faculty Ratio: A second increment of funding will be implemented as part of a multi-year plan to help restore the student-faculty ratio. A first increment of funding was provided in the 2005-06 budget to restore funding that was cut from instructional budgets during the recent State budget crisis.

Enrollment growth: \$52.2 million in funding is included to support enrollment growth of 5,279 FTE at a revised marginal cost of instruction of \$10,100, an increase of 2.5 percent. This increase will allow UC to meet its commitments under the Master Plan for Higher Education to offer a place to all eligible undergraduates, and also will allow UC to continue increasing graduate enrollments, including those in the health sciences.

Science and math initiative: The budget includes \$375,000 in addition to the \$750,000 included in the 2005-06 budget for the "California Teach – One Thousand Teachers, One Million Minds" program. In this program, UC has begun working with corporate partners and the

California State University system to dramatically expand the training of high-quality science and mathematics teachers for California's schools in order to bolster the State's long-term economic and technological competitiveness. State funding will be matched by University funds. Eight campuses are launching their programs this year; the ninth will launch in 2006-07.

Faculty and Staff Compensation: State funds provided under the compact with the Governor will be used together with other UC funds to provide an average 4 percent compensation package in 2006-07, subject to collective bargaining requirements. This includes continuation costs for salaries and health benefits that were provided in the previous year but effective for only part of the year, merit salary increases for eligible employees, a cost-of-living adjustment effective October 1, equity increases, and health benefit cost increases. This funding is sufficient only to prevent further erosion in overall compensation – faculty salaries currently lag the average of comparison institutions by 10 percent and there is a similar lag with respect to staff, putting the University at a competitive disadvantage in preserving quality programs. This additional funding will prevent further erosion of UC's salary competitiveness.

Facilities and health initiatives: In addition to the operating budget, the Governor proposed \$340 million in capital funding for UC facilities in 2006-07 to help the University continue addressing enrollment growth, seismic and life safety needs. The Governor also proposed a major infrastructure program for the State of California that includes \$345 million per year for UC's facilities construction and renewal program over the next 10 years, along with an additional \$40 million per year for 10 years for UC initiatives to improve health care to underserved Californians, with a special focus on telemedicine.

UC Merced: The budget sustains \$14 million in one-time funding, in addition to \$10 million in base funding plus funding for enrollment growth, for UC Merced.

Academic preparation: The Governor's proposed budget removes \$17 million in State funding for UC's academic preparation programs, which help improve the academic performance of educationally disadvantaged students in K-12 schools across the state. This action would leave the \$12 million in internal resources that UC currently provides for these programs. The Governor sustained the State funding on a one-time basis in 2005-06, and UC has been working to quantify thoroughly the programs' effectiveness for the administration. A final report from that effort is expected this spring.

Labor research: The Governor's budget would not restore \$2.9 million in funding that was removed from the 2005-06 budget for labor research programs at UC. The University will seek restoration of this funding in 2006-07.

The University will work closely with the Legislature and the Governor through the budget process to restore State funds for both student academic preparation programs and labor research.

2006-07 State-Funded Capital Outlay Program

Consistent with the compact, the Governor is proposing \$340 million in GO bonds for the University's State capital outlay projects for 2006-07 to help the University continue addressing enrollment growth, seismic and life safety, and modernization needs.

Extramural Funding Report for FY 2004-05

The total funding systemwide from extramural awards to the University in fiscal year (FY) 2004-05 increased by 8.5 percent over FY 2003-04. (The funding increase between FY 2002-03 and FY 2003-04 was 4.8 percent.) The FY 2004-05 growth was due primarily to large increases in extramural awards from foundations, charities, and State of California agencies. The increases in funding from charities and foundations brought the University's total annual funding in these two categories back up to levels higher than the FY 2002-03 funding after large declines in FY 2003-04 funding from foundations and charities.

Specifically, federal awards grew 3.8 percent, increasing from \$2,653,378,245 in FY 2003-04 to \$2,754,457,611 in FY 2004-05. This growth reflects increases in Department of Defense, Department of Energy, and Department of Health and Human Services funding offset by a 2 percent decline in National Science Foundation funds, and a more than 52 percent decline in NASA funding to a level closer to previous years' NASA funding. The increase in total federal funding between the two previous fiscal years was 7.8 percent.

Each of the five UC campuses with a medical school has been developing programs to train more physicians who can help meet health care shortfalls in medically underserved areas of the state. For instance, UC Irvine has launched a program focusing on the special needs of the Latino community, and UC Davis is preparing to launch a program focusing on health care for rural underserved areas of Northern California. A key component of the UC Davis program is expansion of its telemedicine program, which uses electronic technology to allow residents of remote, medically underserved areas to consult with, and gain long-distance diagnoses from, medical experts in specific fields.

The funding of \$400 million over a 10-year period would provide for the additional UC instructional and research space needed to accommodate a roughly 10 percent increase in medical school enrollments associated with these programs, along with state-of-the-art equipment to help address the needs of medically underserved populations.

The growth in funding from State agencies was 25 percent, from \$253,473,406 (FY 2003-04) to \$316,768,313 (FY 2004-05). This growth reflects a 45 percent increase in funding from CalTrans and a 43 percent increase in Health and Welfare funding.

Growth in funding from foundations was 124 percent to \$158,643,652 after a decline of 45 percent between FY 2002-03 and 2003-04. Growth in funding from charities was 36 percent to \$150,716,828 after a decline of 13.7 percent between FY 2002-03 and 2003-04. Growth in funding from business and industry was 3.6 percent to \$225,017,123, compared to a 25.6 percent growth between FY 2002-03 and FY 2003-04.

The total of all extramural awards to the University system in FY 2004-05 was \$4,151,696,013.

Private Support

The University received a record \$1.19 billion in outright gifts and pledge payments from alumni, friends, foundations, and corporations in 2004-05. This record represents an increase of 16 percent over the previous year and is an encouraging development following several relatively slow years. Notwithstanding the economic slowdown in California, the University has received more than \$1 billion in each of the last five years.

The Chronicle of Philanthropy publishes annually a list of the top 400 recipients of charitable gifts to major charities and educational institutions. Its October 2005 issue shows that, for the 2004 fiscal year, if the aggregate for the UC system were included in the survey as a single entity, the University would be number three in the nation on the overall list of recipients, following the United Way (\$3.1 billion) and the Salvation Army (\$1.5 billion).

COMPENSATION ISSUES

Over the last several months, the *San Francisco Chronicle* has published a series of stories about pay and benefits at the University of California. These stories have questioned the compensation levels of faculty and senior administrators at the University; criticized the University for a lack of transparency in the process of setting these compensation levels; and highlighted housing, entertainment, and other expenditures that are tied to the work of the University, but that understandably are questioned by many who read about them.

I have been concerned about the lack of context in the articles, including the lack of recognition that salaries for faculty and staff across the University lag those of comparable institutions by a significant margin. Today's competition for the most talented faculty and staff means that preserving the quality of the institution costs money, and this phenomenon affects not only the University of California, but all of American higher education.

I also believe, however, that the articles raise some important issues about compensation at UC that we must address in a candid, straightforward way. The University must be accountable to the public and open to its scrutiny. We are a public institution, we are established as a public trust, and we have a responsibility to be open with the public that supports us. Therefore, I welcome the legislative hearings and State audit that are underway.

With these issues in mind, I want to tell you about the following actions the University has taken and is taking:

- The Chairman of the Board of Regents (Gerald Parsky) has engaged PricewaterhouseCoopers to conduct an independent audit of current compensation arrangements and departure packages for all positions that now require compensation approval by The Regents under Regents' Resolution 61. In addition, I am asking the University Auditor to conduct regular, random audits of the administrative funds, travel expenses, housing expenses, and entertainment reimbursements of senior University leaders in order to ensure compliance with University policy.
- In December, the University announced the formation of a task force, made up of individuals independent of the UC administration, that will review both the University's

compensation policies and the transparency of our compensation practices. This group, co-chaired by former California State Assembly Speaker Robert Hertzberg and Regent Joanne Kozberg, has been asked to review current Regents' compensation policies and practices for faculty and senior managers and recommend appropriate changes, and to review current disclosure policies and practices and recommend appropriate changes to achieve the University's responsibilities as a public institution while also protecting the personal privacy rights of University employees as required by law. In doing so, the group will review the compensation policies and practices, as well as disclosure policies and practices, for faculty and senior managers at other universities. The task force is to make its final recommendations to The Regents by March 1, at which time those recommendations will be made public.

- In addition, with my full support, Chairman Parsky has established and The Regents have approved a new standing Regents' Committee on Compensation, with my full support. Chaired by Regent Judith Hopkinson, the committee will provide ongoing oversight of faculty and administrative employee compensation, as well as oversight of transparency in compensation practices. In addition, the new committee will monitor the University's progress in bringing salaries for all employee groups to market comparability; conduct regular studies to examine the competitiveness of UC compensation for faculty and all categories of administrative employees; review annual reports on senior management compensation and outside professional activities; and review the salaries of individual senior managers, whose compensation requires Regental approval, before the review of and approval by the full Board.
- At its January meeting, the Board of Regents adopted a new base salary structure establishing salary grades and ranges for administering base compensation for senior leaders. The new structure establishes a compensation plan that is clear, equitable, transparent, and accountable to The Regents and the public. In addition, it will better enable the University to recruit and retain the quality of academic, management, and staff personnel that is essential to maintaining the excellence of the University of California and of its contributions to the health and vitality of the state.
- I am implementing new policies governing expenses in support of the President and Chancellors in an effort to increase systemwide consistency and public accountability. These new policies seek to provide greater clarity and consistency regarding administrative and housing expenditures by the President and Chancellors.

You can read more about these issues on a new Web site dedicated to providing information related to UC compensation matters. It is available at:

<http://www.universityofcalifornia.edu/news/compensation/>.

CONSENSUAL RELATIONSHIPS AND SEXUAL HARASSMENT POLICIES

The new systemwide Policy on Consensual Relationships, which deals with consensual relationships other than faculty-student relationships under the Faculty Code of Conduct, has been drafted. This version is an extensive revision, made at the request of The Regents, of an

earlier proposed policy. The revised draft will be coordinated with the pertinent OP offices for review and comment.

DEPARTMENT OF ENERGY LABORATORIES

Los Alamos National Laboratory (LANL)

On December 21, 2005, the U.S. Department of Energy (DOE) awarded the contract to manage the Los Alamos National Laboratory (LANL) to Los Alamos National Security LLC (LANS), a team that includes the University of California (UC), Bechtel National, BWX Technologies and Washington Group International.

The new contract takes effect June 1, 2006, and carries a seven-year term; an additional 13 years can be earned through successful performance under an award term provision. Michael Anastasio, president of LANS, is the designated Director for Los Alamos. He currently serves as Director of the UC-managed Lawrence Livermore National Laboratory. Both UC and the new team are working to ensure a smooth transfer to the new contractor.

For additional information on the Los Alamos contract award, please visit <http://www.universityofcalifornia.edu/news/labcontract/lanlcontract.html>

Lawrence Livermore National Laboratory (LLNL)

On January 13, 2006, the U.S. Department of Energy announced that it was initiating the process to compete the management and operating contract for Lawrence Livermore National Laboratory (LLNL). DOE has established a Web site for the LLNL competition, and it is located at <http://www.doeal.gov/llnlCompetition>. NNSA is preparing a Request for Proposal (RFP) that is tentatively scheduled for release this summer. The University of California welcomes the Department of Energy's commencement of the competition for the Lawrence Livermore National Laboratory management contract. The final decision as to whether or not the University will compete will be made by the Board of Regents at the appropriate time in the acquisition cycle. The Regents have authorized the University to begin preparations for the competition, and we are doing so in earnest. Should we compete, we will do so vigorously and with the firm belief that excellence in science and technology is critical to the mission of the laboratory.

In addition, UC is expected to name an interim director of LLNL to replace Michael Anastasio, when he assumes the directorship of LANL.

GOVERNMENT RELATIONS

State Governmental Relations

Governor's State of the State Address

On January 4, the State Legislature reconvened for the 2006 legislative year, and on January 5, the Governor delivered his 2006 State of the State address, which included a proposal for a long-term Strategic Growth Plan for California's Future. According to the Governor, the Growth Plan leverages \$68 billion in bonds over the next 10 years to invest more than \$222 billion in the state's infrastructure without raising taxes.

In terms of higher education, the Governor's plan includes an \$11.7 billion total investment over the next decade. His plan calls for \$5.2 billion in new bonds for higher education over the next five years, \$6.1 billion in bonds from 2011 to 2016, and \$400 million over the next ten years for the University's telemedicine programs. This later \$400 million would provide facilities and state of the art equipment to expand UC's medical education programs, so that more physicians are trained and better qualified to meet health care needs in underserved areas, including rural and inner-city communities. Also, in the State of the State address, the Governor announced his proposal to eliminate the student fee increases scheduled for Fall 2006 at the University and State University.

2006 Sponsored State Legislation

This year the University will sponsor a bill to address University-specific issues related to the implementation of the Medi-Cal hospital financing waiver (SB 1100; Chapter 560, Statutes of 2005). Senator Denise Ducheny has agreed to author the legislation. The University will also be pursuing efforts to reauthorize the California Subject Matter projects (CSMP) and to expand the Assumption Program of Loans for Education (APLE) for students planning to become math, science, and special education teachers.

In addition, the University will be continuing its efforts begun last year on sponsored legislation related to competitive bidding. The University's sponsored bill, SB 667 by Senator Carole Migden, would allow UC to select the lowest responsible bidder for a construction project on the basis of the best combination of price, qualifications, relevant experience, and demonstrated management competency. The University continues to meet with contractor and union organizations to address their concerns about allowing some subjectivity in the awarding of construction contracts.

Federal Government Relations

There continues to be much talk in Washington, D.C., about global competitiveness and the state of U.S. science and innovation. The National Academy of Sciences report, "The Gathering Storm" is the latest report to conclude that the U.S. is losing ground internationally by not investing enough in the physical sciences or in K-12 math and

science preparedness. Several bills will be introduced in the coming weeks aimed at addressing these issues.

The White House is also taking note of "The Gathering Storm," and the proliferation of other reports, news articles, and legislation on this topic. The President has responded with a 10-year, \$136 billion initiative that would double federal support for basic research and train up to 70,000 new math and science teachers. For the coming federal fiscal year, the President's budget plan includes proposals to begin a 10 year campaign to double the budgets for the NSF, the DOE's Office of Science and the Commerce Department's National Institutes of Standards and Technology. While this attention to basic science funding is obviously welcome news, it is important to keep in mind that the President's overall budget proposal is still aimed at reducing a federal deficit that is expected to rise to \$360 billion this year. For this reason, several other federal budget areas important to UC, namely the NIH and student aid, are proposed to be cut below last year's levels. With the President's proposals now in the hands of Congress, the hard work on the budget begins this spring.

GREEN BUILDING DESIGN AND CLEAN ENERGY STANDARDS

In 2003, the University of California adopted a Green Building Design and Clean Energy Standards policy that established the University as a leader in promoting environmental stewardship among institutions of higher education.

Moving to meet policy goals, the University reported the following accomplishments in 2005:

- Twenty-five UC projects currently fall under the requirement that all UC buildings meet specified green building standards.
- The University also opted to extend the green building standards to 53 other University projects that were approved before the implementation date.
- Committed to having new buildings outperform Title 24 energy standards by 20 percent, the University has registered 98 projects, totaling nearly 12 million square feet of building space, with the Savings by Design Program. \$4.1 million in incentive payments are anticipated for these projects, allowing the University to reduce annual energy costs by \$5 million.
- The University's goal is to reduce energy consumption in existing facilities by 10 percent over the next decade. Through a partnership program with the investor-owned utilities and the California State University, the University received \$6 million for energy retrofit and commissioning projects in existing buildings.
- UC also split \$3 million from the California Energy Commission for Public Interest Energy Research (PIER) grant to bring new technologies to the marketplace.
- UC required its energy service provider, Arizona Public Service Energy Services, to include 16 percent renewable energy in its current contract, including 85 percent

wind and 15 percent landfill gas. The UC/CSU joint purchase for renewable energy was the eighth largest in the country and the largest purchase by a university.

The University recently approved guidelines for sustainable transportation practices to:

- develop guidelines for sustainable transportation that can be implemented across the UC system;
- increase the use of low and zero-emission fleet vehicles, and work with industry to provide a greater range of vehicles and fuel choices;
- increase alternative mode use, with the goal of improving quality of life by reducing impacts of traffic and parking congestion; and
- provide annual reports to The Regents on progress made regarding sustainable transportation efforts.

The guidelines advance sustainable transportation practices on several fronts: to identify benchmarks and develop a process to collect, monitor and certify energy use and greenhouse gas (GHG) emissions across the system while increasing accessibility for students; to pursue affiliate membership with the California Climate Action Registry (CCAR); to evaluate economic and environmental costs of transportation fuels with the goal of establishing a least-cost economic and environmental strategy for campus fleets; and to set goals for increasing low-emission or zero-emission vehicles (LEV, ZEV) in UC fleets.

The Sustainable Transportation Initiative builds on the University's strong commitment to institutionalize sustainable practices in all domains of University life.

HEALTH AFFAIRS

Advisory Council on Future Growth in the Health Professions

As a follow up to the June 2005 report from the Universitywide Health Sciences Committee on health sciences education needs, I have appointed an Advisory Council on Future Growth in the Health Professions, co-chaired by Acting Provost Rory Hume and Regent Sherry Lansing. Composed of senior campus administrators, Regents, and faculty, the Council is charged with providing guidance on the development and implementation of an enrollment plan for UC health sciences schools through the year 2020. A report from the Council, and the proposed enrollment plan, will be presented to The Regents at their September 2006 meeting.

Joint Audiology Degree Programs

UC Schools of Medicine are developing plans with CSU campuses to offer joint doctoral programs in Audiology. The national accrediting body in Audiology will no longer accredit master's degree programs starting in 2007, and the Doctor of Audiology (Au.D.) will then become the required degree for entry to practice. Four partnerships (consisting of

one UC and one CSU campus each), have submitted Letters of Intent to establish joint Au.D. programs. It is expected that three campus partnerships will be selected by early February, and that they will plan programs over spring 2006 and begin admitting up to 40 new students in fall 2007.

Governor's Nursing Task Force

President Dynes and senior UCOP staff are continuing to participate in the Governor's Nursing Task Force, where they are working with colleagues from the other segments of the public educational system to increase enrollments in nursing schools. UC plans to increase enrollments in its existing nursing programs, and to begin new programs, all of which will lead to a 70 percent increase in enrollments over the next four years.

INFORMATION TECHNOLOGY INITIATIVES

Formation of a UC IT Guidance Committee

The University information technology leadership has proposed the formation of the UC IT Guidance Committee to be sponsored by Acting Provost Hume and Senior Vice President Mullinix. Comprising academic and administrative leaders across UC's diverse communities, the Committee will ensure proper alignment of information technology with UC's mission and vision for the future. The Committee will lead strategic information technology planning in support of the research, instruction, patient care, outreach, and business services activities of the University. It will address the following issues:

- strategies to develop and maintain a critical information technology infrastructure and services;
- IT renewal and reinvestment strategies;
- development of a dynamic, flexible information environment;
- IT solutions beyond the capability of a single campus;
- mechanisms to facilitate sharing of resources across campuses; and
- IT cost management strategies.

The proposal to form the Committee has been endorsed by both academic and administrative leadership groups. UCOP Information Resources and Communications Associate Vice President Kris Hafner and Associate Vice Provost and University Librarian Daniel Greenstein will coordinate Committee activities. The UC Information Technology Leadership Council (ITLC), which is composed of campus, national lab, and medical center Chief Information Officers and IT Directors, will work in close collaboration with the Committee to articulate IT strategic directions and priorities.

Collaboration among Research and IT Communities

On February 15, 2005, UC's Information Technology Leadership Council (ITLC) and Vice Chancellors for Research held a joint meeting to discuss UC's "cyberinfrastructure" requirements for future research competitiveness. Cyberinfrastructure (CI) includes computing cycles and broadband networking, massive storage and managed information, as well as

leadership on shared standards, middleware, and basic applications for scientific computation. CI is focused on sharing, efficiency, making greater capabilities available across the science and engineering research communities. It facilitates new applications and collaboration and interoperability across institutions and disciplines. (Source: NSF.) Notes from the February 15 meeting are also available online at <http://www.ucop.edu/irc/itlc/meetings/feb2005.html>. A follow up meeting with faculty colleagues was held <http://www.calit2.net> in October. Goals for the meeting included the following:

- motivate federal (e.g., NSF, DOE) cyberinfrastructure funding opportunities and position UC to benefit from such opportunities;
- identify current UC research computing infrastructure capabilities and best practices throughout UC;
- understand strategic directions in UC research (and related requirements for cyberinfrastructure) in the major disciplines and identify the drivers for Universitywide collaboration;
- develop an architecture or blueprint for UC research cyberinfrastructure; and
- forge the internal and external UC partnerships required for success.

All meeting materials, including the agenda and presentations, are posted online at <http://www.ucop.edu/irc/itlc/cyber.htm>. Under the auspices of the ITLC, the UC Research Computing Group was formed in fall 2005 to pursue strategies developed during the joint IT and research meetings. Its mission is to promote information exchange, discussion, and substantive collaboration among its members leading to an enhanced research computing (RC) and cyberinfrastructure for UC, its campuses, and its national laboratories. It seeks to leverage synergies that lead to a more efficient utilization of RC and CI resources systemwide, evaluate potential RC and CI funding opportunities and collaborations of interest between campuses, develop/recommend best practices for assembling, administering, and enhancing RC and CI resources. The group is composed of one to two representatives from each UC campus and participating laboratories who are nominated by members of the ITLC.

Information Security

In light of growing concerns about the protection of personal information, Senior Vice President Mullinix convened a systemwide group to review information security practices at the University and to make recommendations. The group prepared a report, available at <http://www.ucop.edu/irc/initiatives/ucinfosecwg.html>, which was reviewed and endorsed at the September 2005 Council of Chancellors meeting. The report makes a series of recommendations, including:

- leadership actions to establish roles and responsibilities for information security and to enforce standards of accountability for security breaches;
- Universitywide and campus-based security education and awareness activities,
- guidelines for effective handling of security incidents;
- stronger information security policies to address minimum connectivity standards and guidelines for allowable use of restricted data;

- campus security programs to ensure required risk assessments and mitigation strategies at the academic and administrative unit level; and,
- promotion of campus-based data encryption programs.

Various initiatives are being launched to implement the recommendations of the Information Security Work Group. A Universitywide group has been formed under the oversight of the UC IT Leadership Council, which is composed of the campus, lab, and medical center Chief Information Officers, to develop systemwide guidelines for encryption of sensitive information during transmission and in storage. The guidelines are expected to be completed in March 2006. The group will also document the various tools for encryption that campuses use to offer encryption services and will recommend new tools that need to be identified. In addition, an RFP will soon be completed to identify encryption tools for data in storage, particularly on mobile devices. Contracts with vendors are expected to be signed this month. The encryption guidelines and tools will enable UC to greatly reduce the risk of security breaches of sensitive data. They also will enable faculty to demonstrate their data protection measures to State and other agencies that provide sensitive data for research. Guidelines and best practices for encryption will be incorporated into a restructured IT policy framework which will also include recommendations for minimum requirements, identity and access management, incident response, and business continuity planning.

Implementation of Effort Reporting System

The Office of the President and five UC campuses (Berkeley, Davis, Los Angeles, San Diego, and San Francisco) have funded development of an Effort Reporting System to certify effort devoted to sponsored projects, as required by regulations concerning the use of federal funds. The University currently uses the Personnel Activity Report (PAR) system to satisfy effort reporting requirements. The PAR system is technologically outdated and lacks the functionality to meet changing regulations and conditions. The Effort Reporting System will be Web-based, use a simpler effort calculation algorithm, capture certifications electronically, facilitate compliance monitoring, maintain historical information, and facilitate audits. Development of the Web-based Effort Reporting System is being undertaken by Office of the President with primary oversight and specification of functionality coming from sponsoring campus representatives in the areas of research administration, budget, finance, and research departments.

The first release of the system was made on February 6, and small pilots of the system are taking place at Davis and Los Angeles. Both campuses are planning to implement the system fully in summer 2006. The schedule for implementing the system at the other sponsoring campuses will vary by campus. Subsequent releases of the system will incorporate features proposed as a result of the pilots and quality assurance testing. Companion issues related to the NIH salary cap have been addressed with modifications to the University's Payroll/Personnel System in 2005. UCOP has offered to host the ERS for all interested campuses to reduce IT operations costs associated with ERS across the university. The San Diego and Berkeley campuses have expressed a desire for UCOP to host ERS in its data center; discussions about such arrangements are underway.

INTERNATIONAL

California House, London

California House, London, recently moved to a new location at 17 Bedford Square. The new facility will be less costly and is closer to the students participating in the Bloomsbury program. The facility includes offices of the two UC faculty members who direct the UC Education Abroad Program (EAP) programs in the United Kingdom and Ireland. Over 600 students from the University of California studied at 29 British and Irish universities through the EAP program and a total of 239 reciprocity students from British universities studied at UC campuses last year through that program. An internship program for EAP students in the UK was initiated in 2002 and will be continued this year.

California House will continue to be a venue for UC alumni events held in the United Kingdom. The staff assists the campuses in planning for events held in the UK and elsewhere in London. There are approximately 6,000 UC alumni in the UK, with most living in the Greater London area. The University also continues to use California House as a base for exploring collaborative research efforts involving UC faculty and faculty at British universities. UC campuses received over \$2 million in private gifts and grants from the UK last year and almost \$3 million in private contracts.

California House, Mexico City

A California House in Mexico City (Casa de California) has been acquired and, upon completion of renovations, will be occupied by EAP, the UC Institute for Mexico and the United States (UC MEXUS), and other UC offices. The facilities will include classrooms, conference rooms, and offices, which can be made available for a variety of UC activities and functions by other UC units. Academic partners in Mexico, including CONACYT (Mexico's equivalent of the National Science Foundation), the National Academy of Sciences, and leading Mexican universities will use the facility to further the collaboration of American and Mexican academic communities.

International Strategy Development

Considerable progress has been made in recent months in our effort to create the first comprehensive and coordinated international strategic plan for the 10-campus UC system. This is very much a work in progress, but several pilot projects are in development under the leadership of Professor Gretchen Kalonji, Director of International Strategy Development. In my last report, I described my China trip and the 10+10 Alliance, which is a new model for strengthening and more strategically focusing UC research and educational collaborations in China. Recently, several other projects in high priority regions have been initiated, each of which is designed to build on the scope and scale of the UC system, which is one of our key strategic advantages. I will describe our emerging projects with Canada and with India.

In partnership with the Canadian government, and spearheaded by the Canadian Consuls General in California, we are in the process of creating a Canada-California Strategic Innovation Partnership. This initiative is intended to focus research interactions between Canada and

California and develop new approaches to working together to transfer knowledge and skills to the private sector more effectively. I hosted a Summit at UCLA in January that brought together 125 Canadians and Californians from the academic, governmental, industrial, and venture capital sectors to discuss research areas and models of partnership. The Summit was successful in attracting high-level participation, including representatives from all the major Canadian research universities and national science funding organizations, as well as provincial and national level leaders. Canada's National Science Advisor, Arthur Carty, who is one of our key collaborators in the conceptualization of this new partnership, was also a participant. Break-out groups focused on such topics as emerging infectious diseases, natural and man-made disaster prevention and mitigation, intelligent transportation and advanced energy technologies, innovation in the life sciences, stem cell research, nanotechnology, and IT. We made an excellent start in outlining potential research collaborations and in discussing models for structuring the partnership so as to meet the needs of both sides. A follow-up Summit will be held in Vancouver in June 2006. We have laid the groundwork for a powerful bi-national partnership, with strong potential benefits for the health, vitality, and economic development of Canada and California.

In another of our new major international strategic initiatives, we have launched the Indo-US University Network for Higher Education and Research, in partnership with the Government of India, with support from several industrial sponsors and in collaboration with several other US universities. Our program was officially inaugurated in New Delhi in December 2005 by the President of India, A.P.J. Abdul Kalam, who gave the first lecture via satellite to a dozen far-flung Indian campuses. Core UC leadership in this effort comes from CalIT2, UCSD, and UCOP, although UCLA, UC Berkeley, CITRIS, and UCSC are also founding members. The initial focus of this effort is on an ambitious collaboration in engineering education and research, led on the Indian side by a newly emerging private partner institution called Amrita University. As a result of recent high-level discussions in India, including discussions with President Kalam, the leaders of various national agencies, and the Indian high technology community, we expect the scope of collaboration to be expanded further, so as to have a character similar to that of the 10+10 Alliance, i.e., a partnership between the UC system and the Indian government on a focused research, education, and economic development agenda. I will keep you informed of this work as it evolves.

LABOR RELATIONS

The University has concluded negotiations with CUE for clerical employees, UPTE for research and technical employees, CNA for Registered Nurses, and AFT for Librarians. We have successfully included no sympathy strike language in each contract that did not previously have such a provision. With the exception of the Nurses' unit, these agreements expire at various times in calendar year 2008. The Nurse contract expires June 30, 2007. UPTE, CNA, and AFT have ratified their contracts. CUE will be voting on ratification in late January or early February 2006. In 2006, the University will be in negotiations for successor contracts with the UAW for Academic Student Employees and UPTE for Health Care Professionals. The CNA and the University will be bargaining wages and health and welfare benefits for Registered Nurses.

LONG-RANGE GUIDANCE TEAM

The Long-Range Guidance Team, co-chaired by Acting Provost Rory Hume and Senior Vice President Bruce Darling, has been asked to consider what challenges the next 20 years may pose for California and to discuss ways in which UC can prepare to address those challenges. Rather than produce a detailed academic or business plan, the Team will provide input on what broad issues and overarching strategies we need to be thinking about in order to position UC to make its maximum contribution to California and the world in the year 2025. Specifically, they will help think through the following:

In an ever-changing global economy, how can UC preserve and enhance its contribution to California? More specifically, what will the University of California need to look like to serve the needs of the people of California 20 years from now?

Throughout this process, the Guidance Team members and I will be soliciting advice, feedback, and input from various constituencies, both internal and external to the University. Since May 2005 the Team has had presentations by experts in demography and economics. They have heard from California business leaders and have had discussions with legislators. Assembly Member Carol Liu and Senator Jack Scott have both had conversations with the Team about the importance of the University to California. At our most recent meeting in January, Academic Senate Chair Clifford Brunk presented the Academic Council resolution on maintaining the public status of the University to the team for their consideration.

We welcome your ideas and suggestions. There are a number of ways for you to share your comments -- through Web chats, e-mail submissions, and a variety of other mechanisms. The purpose of the Web chats is to provide updates on the Team's progress and also to seek input from critical UC stakeholders about the issues they see facing the University in the year 2025. The first session was held with UC faculty on November 2; the second was held with alumni on December 7. A chat with students is scheduled for February 22, and a session with staff will be scheduled soon.

To learn more about the issues the Team is considering, or to share your ideas about shaping the future of the University, please go to <http://www.universityofcalifornia.edu/news/uc2025/>.

TASK FORCE ON PLANNING FOR DOCTORAL AND PROFESSIONAL EDUCATION

Over the past several decades, the University experienced significant erosion in its ability to meet its graduate education mission under the Master Plan for Higher Education. For more than 30 years, graduate enrollments barely grew, even though undergraduate enrollments soared,

leading to a serious imbalance in UC's undergraduate-to-graduate enrolment ratio. In addition, today's technological and knowledge-drive economy, aging and changing populations, and global interdependence have transformed the needs of California and the U.S. for individuals with advanced training. Recognizing the threat to both UC and the state, the University has made strengthening UC's role in graduate education one of its highest priorities. Last spring, the Office of the President, in collaboration with the Academic Senate, appointed a Task Force on Planning Doctoral and Professional Education as part of our response to this challenge. The Task force, co-chaired by Acting Provost Rory Hume and former Academic Council Chair George Blumenthal, includes administrators and Senate members from across the UC system.

The Task Force is charged with:

- identifying existing fields in which workforce studies are needed to assess authentic state needs for graduates with doctoral or professional training;
- identifying emerging fields in which UC will be expected to play a leading role in either doctoral or professional training; and
- examining the broader question of what graduate education at UC should be.

The Task Force has established three subcommittees, one looking at UC's potential role in allied health fields in which new professional doctoral programs are emerging (such as audiology and physical therapy); a second subcommittee on legal education, which is examining questions regarding expanding and strengthening UC law school enrollments and programs, as well as UC's public-mission role in law; and a working group on interdisciplinary graduate programs. In fall 2005, Task Force members participated in discussions on doctoral and professional education at each UC campus. Members were impressed with the extent of interdisciplinary education that is occurring at UC and campus interest in expanding such interdisciplinary programs. A report from the Task Force, including recommendations from the three subcommittees is expected by the end of the academic year.

UCRS

RFP for Financial and Investment Education Services

As part of the University of California's desire to offer an aligned array of benefits-related tools to aid its faculty, staff, and retirees in planning effectively for their future, the University is reviewing proposals from qualified organizations to provide financial and investment education services. The goal is to create an integrated, sustainable financial and investment education program for participants in the University of California Retirement Plan and UC Retirement Savings Program, which includes the Defined Contribution Plan, the Tax-Deferred 403(b) Plan and the 457(b) Deferred Compensation Plan.

Advertisement for the RFP ran in *Pensions & Investments* in early October 2005. In response to the advertisement, more than a half-dozen firms who met the University's pre-qualification criteria submitted proposals in advance of the November 7, 2005 deadline. The University is in the process of reviewing the firms' responses, getting in touch with references, and interviewing

those firms that appear to best meet the goals and objectives identified in the RFP. The target for completion of the selection process is early 2006.

Long-Term Funding of UCRP and Potential Alternative Plan Designs

Recently, I formed an advisory group to review strategies for ensuring the sustainability of our retirement benefits. This group is being assisted by UC Human Resources/Benefits (HR/Benefits) and Mercer Human Resource Consulting. In light of the decline in the funded status of UCRP and an annual cost of 15.34 percent of covered pay or \$1.25 billion, it is likely that contributions will need to be reinstated soon and that alternative plans designs may need to be considered for new hires. As part of an extensive and ongoing consultation and review process, HR/Benefits has been consulting with the UC Faculty Welfare Committee and several of its sub-committees regarding the various strategies being considered.