

**Minutes of Meeting
October 22, 2014**

I. Consent Calendar

1. Approve today's agenda items and their priority
2. Approve draft Council minutes of September 24, 2014

Action: Council approved the consent calendar.

II. Senate Officers' Announcements

- o *Mary Gilly, Academic Council Chair*
- o *Dan Hare, Academic Council Vice Chair*

Presidential Web Chat: On October 14, President Napolitano hosted a one-hour "Google Hangout" for faculty, moderated by Senate Chair Gilly and led by five Senate faculty panelists. Discussion topics included compensation and benefits, access and affordability, and the research enterprise. A link to the [archive](#) of the Hangout is posted on the Senate website.

Next Steps for Total Remuneration Study: Senate Chair Gilly has asked UCPB, UCFW, UCAP, and UCAAD to discuss options for addressing the 10% gap in UC faculty total remuneration outlined in a just-completed [study](#) to help Council reach consensus about a plan of action to recommend to the Regents. Each committee should develop a formal position. The committees should address, among other issues, the proportion of the lag to fix through salary as opposed to benefits adjustments, and the proportion of the salary portion of the lag to fix through across-the-board adjustments to the salary scales as opposed to targeted merit adjustments. It was noted that the pool of funds available to address the lag is likely to be small and that it will be difficult to implement changes to the new 2013 benefits tier. It was noted that the systemwide study covers general campus ladder-rank faculty only, but administrators hope to retrieve the detailed data for additional campus-specific analyses.

Pre-proposal for UCLA School of Music: UCPB, UCEP, and CCGA have reviewed UCLA's pre-proposal for reconstitution to establish the Herb Alpert School of Music and to redefine the School of the Arts and Architecture. The three "Compendium Committees" committees were unanimous in their view that UCLA's pre-proposal is worthy of continued development.

Meaning of a UC Degree: Regent Kieffer recently asked the Senate Chair and UC Provost for presentations at Regents meetings detailing the "meaning of a UC undergraduate degree," how the meaning compares to other universities, and how it has changed over time. President Napolitano asked that we discontinue work on this topic, and she will be meeting with Regent Kieffer and UCB Chancellor Dirks to discuss the request. It was noted that UCEP intends to produce a document on the "meaning of an undergraduate degree" for its own use, whether or not a presentation is made to the Regents.

Senate Appointments to Administrative Groups: The Senate has appointed faculty representatives to two of the President's Innovation Council working groups – "Enhancing the

Entrepreneurial Culture” and “Rewards and Recognition for Innovation” – as well as to the President’s Council on LGBT Issues.

Student Representatives: Chair Gilly asked systemwide committee chairs to ensure that student representatives feel welcomed and encouraged to participate in committee discussions and that they understand and respect confidential committee deliberations and documents.

Health Care Benefits Changes: UCFW Chair Dimsdale briefed Council on [rate changes](#) for UC employee medical plans taking effect next year. Health insurance premiums for retirees will not change significantly in 2015, with the exception of Blue Shield plan premiums, which are increasing 100%. Premiums for most active employee plans will increase by about 3-4%, although rates for UC Care, UC’s new self-funded PPO, will rise between 13% and 30%. UCFW is concerned about the long-term sustainability of UC Care due to its inability, so far, to attract a significant number of younger or healthier members, and about potential conflict of interest issues associated with a self-managed plan. UCFW also believes that regardless of the future of UC Care, it will be important for UC to retain a PPO plan option. It was noted that access to the least-expensive “UC Select” tier of providers within UC Care is variable across the system; the issue remains most acute at UCSB.

III. Proposed Amendment to [Senate Bylaw 128.D](#)

- *Edwina Barvosa, Chair, University Committee on Committees*

Issue: UCOC has proposed an amendment to Senate Bylaw 128.D to make all systemwide standing committee vice chairs at-large members of their committees. Currently, the at-large requirement applies only to committees represented on the Academic Council. The amendment would also regularize the requirement that all systemwide committee vice chairs have experience as members of the corresponding campus committee, but eliminate the requirement that the vice chair of systemwide committees not represented on Council be selected from among the divisional appointees of the campus committee.

Chair Barvosa stated that the changes will prevent possible conflicts of interest that may arise when the systemwide committee vice chair is called on substitute for the chair at a meeting while still representing his or her division. It will also allow UCOC to accelerate its appointment process and prevent logistical problems related to divisional committee appointments that occur very late; eliminate confusion about which committees are staffed at-large; and help the Senate foster diversity in committee leadership and develop and maintain effective faculty leaders.

Action: A motion was made and seconded to circulate the amendments for systemwide review. The motion passed unanimously.

IV. UCOC and UCOP Deliberation and Consultation Timelines

- *Edwina Barvosa, Chair, UCOC*

Issue: UCOC is concerned about UCOP’s increasingly accelerated requests for nominations of faculty to serve on administrative task forces and committees. The compressed timelines impair UCOC’s normal process of seeking and vetting a broad pool of divisional candidates, which may take several weeks. In April 2014, UCOC sent the Council chair a letter articulating its concerns

about compressing the deliberative process. UCOC is also reviewing its own procedures to see how it might increase speed and efficiency.

Discussion: It was noted that democracy is a slow process by design, but Senate divisions would be more likely to meet accelerated deadlines if they received advance notice about upcoming appointment requests. It was also suggested that UCOC compile a list of pre-vetted faculty from which it could select names as needed.

Action: Senate Chair Gilly and Vice Chair Hare will share the concerns of UCOC with the President's chief of staff and regularly ask about upcoming groups that might need Senate representation.

V. Consultation with Senior Managers

- o *Aimée Dorr, Provost and Executive Vice President, Academic Affairs*

The search for a new vice president to lead the Office of Research and Graduate Studies (ORGS) has been suspended pending the outcome of a strategic organizational review of UCOP. The review of the Office of Academic Affairs within this larger effort will focus on areas that are currently in the Provost's purview, including ORGS, which may overlap with other Academic Affairs or UCOP units. For example, several units within Academic Affairs, including the Department of Institutional Research and Academic Planning (IRAP) and the Office of Student Affairs, as well as other UCOP units, such as the Offices of Health Sciences and Services, Budget and Capital Resources, Academic Personnel, and Human Resources, work with issues that relate to graduate and professional education.

At a recent Council meeting, President Napolitano mentioned the possibility of adding an "innovation and entrepreneurship" function to the Vice President for Research and Graduate Studies position or creating a new Vice President for Innovation and Entrepreneurship that would be independent from the Vice President for Research and Graduate Studies and report directly to the President, while maintaining research and graduate studies under the Provost. In the meantime, the President plans to appoint a one-year interim Special Advisor on Innovation and Entrepreneurship.

After the organizational review ends in December, Provost Dorr will create a job description for a Vice President for Research and Graduate Studies. It is not yet known what the final systemwide research budget will be. Provost Dorr noted that the current organizational structure of Academic Affairs works well, and the existing link between academic graduate student and research issues should be maintained. The Vice Chancellors for Research and Executive Vice Chancellors have opined that innovation is closely connected to research, and should remain inside Academic Affairs. Provost Dorr noted that input from the Senate about the potential changes would be helpful.

Discussion: Council members agreed that the Senate should opine on the organizational review, the potential vice president for innovation, and the extent to which the vice president for research and graduate studies should be distinct from a vice president for innovation. It was agreed that all leadership positions should be filled by individuals with strong academic backgrounds. Several members opined that "innovation" should not be separated from research.

VI. Consultation with UCOP – Budget Update

- *Debora Obley, Associate Vice President, Budget and Capital Resources*

At the November Regents meeting, UCOP will present a 2015-16 budget plan outlining the revenue UC needs to fund its mandatory cost increases; high priority needs such as deferred maintenance; and new investments in quality such as reducing the student-faculty ratio, closing the faculty salary gap, and improving graduate student stipends. UCOP is also finalizing a financial sustainability plan mandated by the state that asks UC to assume 4% state funding increases and no tuition increases over the next three years. UCOP estimates that 4% will address only about 1/3 of the budget gap and that another 1/3 can be addressed through additional efficiencies, philanthropy, and asset management strategies (which would come in addition to \$1 billion of efficiency UCOP has already implemented). This leaves 1/3 to be filled with either additional state funding or a stable, predictable tuition plan.

UCOP also estimates that UC will need to increase resident undergraduate enrollment by about 1% annually to meet its Master Plan obligation. The university continues to enroll all eligible California resident undergraduates, but it also enrolls 6,400 residents for whom it has never received state funding. This year, 30% of entering freshmen are nonresidents, although nonresidents comprise 13% of UC's total undergraduate enrollment, a modest figure compared to other public universities. Nonresident enrollment revenue allows UC to enroll more residents. UC is considering a cap on nonresident enrollment, but any cap would allow for growth at campuses with relatively low nonresident enrollment. The sustainability plan will take a tough stand against enrolling additional unfunded students.

Discussion: Council members noted that the faculty total remuneration gap must be a high priority funding need for the university.

VII. Executive Session

Notes were not taken for this portion of the meeting.

VIII. UCOP Operational Review of Research and Graduate Studies

Issue: Council discussed a potential letter to the President expressing views about the future structure of Academic Affairs and the Office of Research and Graduate Studies (ORGS). CCGA and UCORP submitted views on the topic in advance of the meeting.

Discussion: Members expressed support for maintaining the current organizational structure of the research and graduate studies functions in the Office of Academic Affairs under the purview and leadership of the Provost. It was noted that ORGS should have a stable, protected budget dedicated to systemwide research to support its mission. Establishing a clear commitment to this mission in the budget will help attract high quality candidates with strong academic backgrounds to the vice president position. It was noted that Council should reiterate its July 2014 recommendation that UCOP make an ongoing commitment to faculty-led systemwide research programs by establishing a target funding level at 3% of the overall systemwide research budget.

It was noted that innovation is intimately connected to research and is at the heart of what all UC faculty researchers do on a daily basis. However, entrepreneurialism should not drive research,

nor should it be separated from research or elevated to an equal status with it organizationally. The technology innovation mission is a subset of the overall research mission, and ideally should remain subsumed within the research and graduate studies unit inside Academic Affairs. It was noted that in the event the Special Advisor becomes a permanent vice president-level position, it should remain in Academic Affairs and report to the Provost; short of that, the position should be co-located in Academic Affairs with Research and Graduate Studies staff, to ensure that these groups communicate and cohere around the interconnected issues of research, graduate education, and entrepreneurialism.

One Council member noted that maintaining separate vice presidents for research and graduate studies could help avoid the risk of deemphasizing professional school and medical school research. Another noted that whether the offices of research and graduate studies are combined or separate, they should be led by strong academic leaders who recognize that the graduate education and research missions are at the core of the UC mission.

Action: A letter will be drafted for Council's review.

IX. Doctoral Student Support Recommendations

Issue: At the All-UC Doctoral Student Support Conference held last spring at UC Irvine, participants developed a set of proposals and best practices related to non-resident supplemental tuition (NRST), competitiveness in net stipends, professional development, and diversity. Subsequently, the Doctoral Student Support Steering Committee has developed these proposals into specific goals and recommendations, which will be presented at the January meeting of the Board of Regents.

Chair Gilly noted that options for NRST include changing Regents policy to eliminate the NRST charge for academic graduate students after the first year; changing UC policy to reimburse faculty grants for NRST or eliminate the practice of charging NRST to faculty grants; or encouraging campuses to engage in financial NRST work-arounds.

Action: Council agreed to circulate the materials for a 30-day Senate review to further refine the Regents' item. Preliminary feedback is requested by the November 24 Council meeting.

X. President's Challenge Grant Program

○ *Kathleen Erwin, Director of UC Research Initiatives*

Issue: Director Erwin discussed a new Challenge Grant Initiative that President Napolitano will introduce at the November Regents meeting.

The Initiative will award a total of \$10 million over three years to faculty research proposals in a competitive peer review process administered by the Office of Research, with final award decisions made by the President. It will be funded from the President's discretionary Initiative Fund. Its goals are to strengthen the UC research enterprise, promote research and collaboration across campuses, communicate the value of UC research to the public, and fund areas that improve human lives, the environment, and the economy in California and the world. The President is particularly interested in issues related to the environment and sustainability; food; poverty and social justice; educational innovation; and health and health care. She also wants to

encourage interdisciplinary and multi-campus projects and junior faculty involvement, and is interested in funding a small number of “breakthrough” awards that could lead to larger impacts.

XI. Consultation with Senior Managers

- *Jagdeep Bachher, Chief Investment Officer*

Issue: CIO Bachher joined Council to discuss the Senate’s involvement in “UC Ventures” and in the establishment of an Environmental, Social, and Governance (ESG) framework for a sustainable investment policy.

Sustainable Investing: The CIO is tasked with managing, protecting, and growing UC’s pension plan, endowment, and working capital investments to meet the current and future needs of the university. The Regents convened the Task Force on Sustainable Investing in response to concerns from students who were pressuring UC to divest from fossil fuels. The Task Force recognized that fossil fuels impact the global climate, but concluded that divestment would not have a major economic impact on fossil fuel companies and would harm UC’s investment performance significantly. In addition, it would be difficult to establish a bright line for divestment, as some fossil fuel firms are heavily invested in renewable energy, and fossil fuels are instrumental in the production of a broad range of products. The Task Force concluded that a more productive alternative would be to take a holistic view of sustainable investing. It recommended the development of a framework that embeds Environmental, Social, and Governance (ESG) factors into UC’s investment decision-making, recognizing that there are a variety of ways to meet ESG principles, including, over time, divesting from specific companies. The CIO is still determining the magnitude of resources and expertise that will be required to implement the policy, and he intends to seek broad input as the policy develops. He stated that he wants to embed sustainability into the “DNA” of UC’s investment decision-making culture. He noted that ESG issues are similar for the pension plan and the endowment, and that “Green” values are becoming part and parcel of product design. He noted that Stanford’s recent decision to divest from its investments in coal mining companies was symbolically powerful and produced headlines, but is not a sustainable long-term approach.

UC Ventures: UC invests \$2 billion of its \$91 billion portfolio with venture capital firms that occasionally invest in UC-created companies. UC sees an opportunity to invest directly in new UC companies as well as companies it already holds equity in. UC Ventures will evaluate and finance faculty start-up proposals that commercialize university research. It will make more efficient use of up to \$250 million the Office of the CIO already dedicates to VC investments, position UC to deploy capital to new opportunities, and complement university activities with new revenue. The CIO is developing a business plan and considering the composition of a review team who will evaluate opportunities, investment criteria, and other issues. It will be important to maintain the integrity of the system. There are valid concerns about conflicts of interest and academic freedom, and the faculty’s help is needed to understand and monitor these and other issues.

Meeting adjourned at 4:00 pm

Attest: Mary Gilly, Academic Council Chair

Minutes prepared by Michael LaBriola, Principal Committee Analyst