I. Chair’s Announcements, Chris Newfield, UPCB Chair
Chair Newfield briefly outlined some of today’s agenda items. He will include information from the Task Force on the Faculty Salary Scale and the Budget Options group later during the discussion of UCPB issues. Chair Newfield noted the recently announced budget initiatives of the Governor, which indicate the context in which higher education is competing for state funding, and suggested that UCPB consider collaborating with UCORP to look at budget trends in campus research funding.

II. Consent Calendar
- Minutes of the December 12, 2006 meeting
Action: The consent calendar was approved.

III. Universitywide Committee on Academic Personnel (UCAP) “Synopsis of the Present Status of the UC Merit and Promotion System and Principles of and Policy Recommendations for UC Faculty Compensation”
Issue: UCAP’s report was drafted in response to the growing concern that most UC faculty are not being compensated according to the published salary scale system, and the original intent of off-scale salary increments is not being met. UCAP recommends a return to a more regulated, rational, and transparent salary structure, and offers principles and policy recommendations, along with implementation steps for so doing. UCPB discussed this report and related issues in November and December. Members are considering a draft committee response today for submission to Council this month.

Discussion: Chair Newfield pointed out the general agreement that the current use of off-scale is against policy, (off-scale should, in accordance with the APM, be short-term and used only for unusual circumstances); and that included in the idea of a return to scale, there will also need to be an allowance for separate scales in selected disciplines – e.g., business and perhaps economics. Key to UCPB’s position should be the idea “don’t fix it, fund it” and the belief that salaries should reflect UC as a unified entity in some way.

Other UCPB members made these points:
- The proposal was approved by all campus Committees on Academic Personnel, and suggested that the proposed language responding to the recommendation to partition faculty into cohorts be tempered to reflect the fact that partitions among disciplines would not go away with an across the board salary increase.
- The notion of a return to the salary scale seems to be a public relations concern. Off scale has, though, been the practice for many years and is the standard in some departments – e.g., economics.
• The principle of a salary scale, which is directly related to a peer review merit system, should be supported as an ideal.
• Perpetual off-scale salary cannot be guaranteed. Terms of those agreements will have to be changed if the scales go up to market level.
• Changing the terms of off-scale salary agreements may lead to class action law suits.
• The merit review system is excellent in terms of steps, but is problematic when linked closely with salaries. A return to scale is unrealistic. What is needed are separate scales by discipline that build in a range to accommodate differences.
• The medical schools are on scale because of how the so-called Y factor is used for negotiation and accommodation of differences. Off scale has a number of problems and if it is institutionalized instead of a scale, the medical centers will object.
• Berkeley is the one campus where the local CAP reviews off-scale salaries. UCPB could add to its response a recommendation that this practice by uniform among campuses.

**Action:** The draft response will be revised to reflect today’s discussion. Members are requested to submit their suggested revisions of the draft response in writing by Thursday, so Chair Newfield may finalize a response by Friday.

**IV. Consultation with Provost Hume Rory**

Provost Hume offered updates on these issues:

*Graduate student financial support.* The work of the Graduate Support Advisory Committee (GSAC) came to a temporary halt with the completion of its 2006 report. The Regents are very aware of this issue. NRT is now frozen and campuses are putting more money into graduate funding, so we have gone as far as possible for now -- without more resources -- on the recommendations of the GSAC report. It may be useful to have a joint standing committee to advise on graduate support, and that idea will be brought to the Academic Planning Council.

*DANR review.* A group was empanelled to look at previous reviews and reports on DANR and advise on whether or not to replace the DANR Vice President. The panel has recommended that a DANR VP is needed to administer and coordinate Cooperative Extension, agriculture research stations, and to ensure the transfer of knowledge to Cooperative Extension and to the research community. It is agreed that research funds are to go to campuses as much as is possible. The VP will report to the Provost to coordinate with other academic programs. An interim appointment will be needed while the recruitment process is underway.

*Review of Cal IT2.* The review went well in administrative terms, and the review panel report is now in the hands of the two Cal IT2 host chancellors. They are to consult with their division Senate on a coordinated response, which will be submitted to the President and then, perhaps by March, to the systemwide Senate for review. The review of QB3 is starting up and will follow the same protocol. The Senate will be consulted both about the process and the review team.

*Cal ISI budget information.* The Institute directors were asked to respond to UCPB’s questions. It is a complex request, and OP is working getting the information in as useful a form as possible. State support for the Cal ISIs is now at better level.
EAP review. The ad hoc committee membership was expanded, as requested. The group will be contacted to see what the status of their undertaking is, which information will be reported back to UCPB.

V. Consultation with UCOP: Larry Hershman, Vice President-Budget

State budget. UC has not yet been officially briefed on the budget. The Governor’s comprehensive health plan, if passed, may be of concern because of the proposed tax; but on the whole would be good for UC because of the added coverage for services UC offers but now doesn’t get paid for. There will be proposed cuts to, e.g., social services. UC Budget. We remain hopeful that the compact will be funded along with some additional items. A fee buy-out is not likely, and a fee proposal will be prepared for the March Regents for action. Talks will be held with students to explain financial aid and other options to cover fees for lower and middle income families. It also seems unlikely that the state will agree to cover its portion of UCRP costs this year. The Governor is planning to fund research initiatives and programs, including: the expansion of telemedicine; the issue of revenue bonds for the Helios Project at Lawrence Berkeley National Laboratory matching funds for a major research initiative sponsored by British Petroleum; and funds for Cal ISI operating costs.

Comments and Questions

• Chair Newfield noted polls showing that the public thinks UC is adequately funded, and wondered whether UC needs to take a different approach in explaining its needs to the public. He noted the far greater success of the prison system in making itself a state priority.

• Responding to a question on funding for campus upkeep, VP Hershman explained that maintenance is now incorporated in marginal cost, but there are still serious inadequacies in the base. The Governor has made a 10 year commitment to infrastructure. Since UC will have minimal growth after 2010, it can then use capital funds for deferred maintenance or infrastructure.

• There is concern that overhead is being used to pay off debt, and research funding is in trouble in general. UC needs a solid financial plan to address the present under-funding and future needs and trends in the economy.

VI. UCPB Issues – Status Update and Winter Plans

Chair Newfield presented this overview of the status of UCPB issues for 2006-07

1. Research issues

MRU report. The review was generally positive toward the report’s recommendations to recycle research funds, make judicious cuts, and re-classify / re-categorize MRUs by function. There doesn’t seem, though, to be much hope for significant change. UCPB’s comment on needing a rapid response to seed high quality initiatives was not highlighted in the Council memo, though.

UCCLR. the Senate is still awaiting a revised statement from the UCCLR Director to complete this 15-year review.

Cal ISI budget information. See Provost Hume’s update above.

IUCRP. UCORP and UCPB have submitted a joint request for review of this program.
None of the issues raised by UCPB last year has been resolved. It is unclear how UC gets connected up with lab research. Members of ACSCONL visited LANL last month, and it seems UC interaction with lab employees may not be as relevant as before.

**Action:** Member Norm Oppenheimer’s draft response to the CCGA/UCEP proposal on the Role of Graduate Students in Instruction will be circulated by email for members’ input. Based on that input, a final version will be drafted for submission to Council by Friday.

**Action:** Chair Newfield will invite Bill Eklund to UCPB’s meeting in February for a discussion of the fiscal impact on UCRS of LANL employees’ separation from the plan. In addition, possible information coming out of UCFW’s consultations with UCOP on the pension funds transfer will be sought. UCPB will also discuss this matter with Provost Hume at next month’s meeting and will ask as well about research funds from LANL.

**Action:** The Regents’ Item regarding the transfer of pension funds to LANS will be sent out to UCPB members.

2. **Education funding**

_Graduate Support Advisory Committee._ This group was set up at the recommendation of UCPB two years ago. Members agreed that it is important to have a joint admin/senate body to regularly advise on these issues.

_UOEAP budget._ There is no indication that the ad hoc committee has made progress since, on the advice of UCPB, its membership was expanded and its charge redrawn to include review of the UOEAP budget situation. Pat Conrad is the UCPB representative in the group’s new configuration.

**Action:** Chair Newfield will follow up with the Provost and the APC regarding the establishment of a joint standing committee to oversee graduate education funding.

**Action:** Pat Conrad will check on: 1) the status of the ad hoc Committee on International Education and 2) the campus EAP directors’ level of knowledge or input, and will report back to UCPB next month.

3. **Budget planning policy**

See Item VII below.

**Action:** Chair Newfield will distribute to members the graphs on salary scales that the task force on faculty salaries has reviewed.

VII. **Futures Report II**

**Issue:** Follow up to the Futures Report will concentrate on expenditures. Information on costs to improve faculty salaries can be gleaned from the data on faculty salary levels – current and projected – that has been circulated to the joint task force on the Faculty Salary Scale (on which Chair Newfield sits). Information on the cost of bringing the student-faculty ratio in line with Regents’ goals has been received from the budget office. A credible estimate has to be formulated of the funds needed to fund the Regents’ official
priorities ($500M, $700M, and UCPB’s working estimate of over $1B have all been quoted).

**Discussion:** Members discussed the need for a strategic financial plan for UC as a foundation for budget negotiations, and more effective relations with the Legislature. UCPB’s report could serve that function to a great extent, by including: the costs of Regents stated priorities; estimates of costs to retain quality with a permanently reduced general fund, relative to 2001 and 1990 levels; and recommendations for major cost shifts from the faculty perspective. One member cautioned against indicating that money can be saved. Chair Newfield will seek the support, in principle, of Council for UCPB’s undertaking.

**Action:** Members Cal Moore, Henning Bohn, and Chris Newfield, who drafted the Futures Report last year, agreed to work on a follow up report focusing on expenditures (“Futures Report II”). Chair Newfield will expand the outline for the report, and the subgroup will develop material for discussion at the February meeting.

**VIII. Proposal on Relations Between Vendors and Clinicians**

**Issue:** A Draft Proposal on the Relationships Between (Pharmaceutical) Vendors and Clinicians has been sent out for committee review. UCPB will appoint two members, preferably one of whom is from a medical school, as lead reviewers who will draft a committee response.

**Action:** UCPB agreed that members Cal Moore and Stan Mendoza will act as lead reviewers of the proposal to prepare a draft committee response for the February 13 meeting. Analyst Foust will confirm with Member Mendoza that he can serve.

**IX. Research Issues**

1. **Industry-University Cooperative Research Program (IUCRP) Steering Committee Update - Calvin Moore, UCPB representative on the Steering Committee**

   **Report:** This program is richly funded with an annual budget of $17 million. Susanne Huttner was the founding director and has been successful in stimulating university-industry research. The program recently underwent a regular internal audit review, the report from which was given to steering committee and included about 10 recommendations. There is a question of the range of authority that the director has. Rules do need to be drafted and clarified as befits an established mature program. An external consultant will be hired to help prepare a response and action plan, and the steering committee will also be involved in that process.

2. **Technology Transfer Advisory Committee (TTAC): Update, Norm Oppenheimer, UCPB TTAC representative**

   **Report:** A main issue discussed by the committee revolves around releasing rights to inventors if there is no patent on the invention through UC. According to policy, faculty can ask for release of the invention, but no further research can be done using UC facilities. Some campuses, though, do not give releases, and there is often a fine line between basic and commercial research. A policy is being worked on that will allow patenting but will mandate that UC is kept involved. Additional TTAC issues include:
monitoring Assembly Bill 1629, which would allow states to make contracts with national labs; and the development of a data base of state-funded research.

3. **Indirect Cost Recovery (ICR)**

**Issue:** Agenda enclosure #7 offers a good explanation of ICR rates and the distribution of ICR at the systemwide level. UCORP is conducting a study of how recovered indirect costs are allocated at the campus level.

**Discussion:** Members suggested that the scope of the study should include: 1) a comparison of ICR rates and how ICR is distributed at other institutions; and 2) the ICR stream into the education fund (ICR from private sources). Also, UCORP may want to know that on the San Diego campus, the Garemendi ICR funds have been overcommitted. On a different research topic, the possibility was raised of collaborating with UCORP to look at budget trends in campus research funding.

**Action:** Chair Newfield will contact UCORP Chair Max to discuss a possible coordinated effort to look at budget trends in funding research grants (COR administered) on campuses

**Action:** Chair Newfield will communicate comments from today’s discussion on ICR to UCORP Chair Max for consideration in UCORP’s current inquiry. UCPB members should send any additional input for UCORP to Chair Newfield.

X. **UC Merced Budget Challenges – Executive Session**

**Action:** Chair Newfield and Members Susan Gillman and Roger Bales will confer to determine how to proceed in getting more information on the funding model for the UC Merced start up, and possible drafting a memo outlining UCPB’s concerns about the UCM funding model, and the need for analytical support to develop a feasible business plan.

Attest: Chris Newfield, Chair UCPB

Minutes prepared by: Brenda Foust, Policy Analyst