I. Chair’s Announcements [The actual order of agenda items was: V, IV, II, I, II, VII, IX, New Business, X, VI.]

Updates
November 29 Academic Council – Chair Newfield presented the draft UPCB Budget recommendations, which met with general support. Council also discussed at length a proposal to grant retroactive pension fund benefits to UC faculty who hold appointments at affiliate research institutes, and found that the proposed changes were not adequately justified, especially in light the potential impact they would have on UCRS.
The PDPE (Planning for Doctoral and Professional Education) group held a meeting on November 20 to discuss education programs and the question of how UC can help improve P-12 education. Harold Levine, the new Associate Provost for Education Initiatives will lead the effort on those issues.
The Council on Research, comprised of the Vice Chancellors of Research, the Chairs of UCPB, CCGA, UCORP, and the Faculty Humanities Representative, met on December 5. Of interest was a presentation on indirect cost recovery (ICR) and an update from the IT Guidance Team that is working to further integrate IT systems across the campuses.
Joint Workgroup on Faculty Salary Scales. At present 2/3 or more of faculty salaries are “off scale”. This group was formed to look at ways to normalize faculty salaries bringing them back in alignment with the rank and step system. At the workgroup’s November 21 meeting, there was general agreement that campuses should not be stratified through differing pay structures, and that peer review is an asset of the UC compensation process. Remedies discussed included a general COLA to raise scales; defining steps by a salary range in a way that would bring current off scale pay back on to a new scale; and differential scales for selected fields, e.g., medicine, business, engineering. UCPB will be discussing this issue at today’s meeting and can provide feedback for the group’s meeting next week.

II. Consent Calendar
1. Minutes of the November 14, 2006 meeting
2. Cancellation of the January 9, 2007 meeting
Action: The minutes of the November 14, 2006 meeting were approved as written.
Action: The January 9, 2007 meeting will be held as scheduled.

III. Update on the DOE Labs- John Oakley, Chair of the Academic Council Special Committee on the National Labs (ACSCONL) and Council Chair
ACSCONL members recently made a visit to the Los Alamos National Lab (LANL), during which they met with some of the Technical and Scientific Staff Members (TSMs). Because of a significant budget decrease, the Lab managers must now exercise economies while preserving overall quality. ACSCONL members were encouraged by
the interest shown in preserving a strong relationship with UC and maintaining ongoing research collaborations. The DOE has decided to concentrate the nation’s plutonium stores, and it is likely that LANL will be chosen as the central storage facility. This is a discouraging development since the added function would detract from LANL’s operation as a basic science lab, or may lead to LANL being split into two facilities. The Academic Senate’s central concern, as long as UC is involved with the DOE labs, is to try to ensure that the fundamental science and technology mission of the labs be fulfilled. The current contract defining Los Alamos National Security LLC is for seven years, after which UC can reevaluate its involvement.

IV. Consultation with UCOP —, Larry Hershman, Vice President-Budget

Budget Update. Recent meetings with the State Director of Finance and DOF staff as well as the Governor’s chief of staff, included consideration of all aspects of the UC budget. The budget situation has worsened; many of the easier options for addressing the structural gap in the state budget (now estimated at $5.5 billion) have already been employed, and now more drastic measures are being considered. Nonetheless, honoring the Higher Education Compact is still a high priority with the Governor. Topics covered in the meetings included enrollment growth funding for 2000 students, faculty salaries, a student fee increase or a fee buy out, and paying for UCRS. A table in the 07-08 UC Budget that shows a $500 million shortfall in the instructional and other budgets was reviewed. Possible additional research funding was also discussed. An agreement is being sought on the breakdown of state and employee contributions to the UCRS modeled on the PERS 11-5 split.

Discussion: UCPB members were strongly of the opinion that from the start the cost of paying for UCRS should be a two-to-one split, which would both get the contributions process re-started and make clear what the State’s obligation is. Also discussed was a gradual increase in the retirement age from 60 to 65 or 67, which, over time, would work to re-fund the program.

Responding to a request to explain the figures in UC’s published budget that indicate a $500 million shortfall, Vice President Hershman clarified that state cuts were done on an inflation adjusted per student basis. The figures in the table in question relate only to the instructional budget – i.e., they do not include research or public service – and represent what is needed to restore it to the level of a couple of years ago. There hasn’t been much reaction from Regents or legislators to this information when it has been presented, but it will be kept in front of them and will be the basis for requesting a budget augmentation when the fiscal situation has improved. The numbers are easily defensible. The $290 million figure for restoring salaries is based on 10% of the general funds that go to faculty and staff salaries. Chair Newfield pointed out that UCPB’s estimate for returning to 2001 funding levels is not far from OP’s number, with some differences due to how student fees, and funding for public service and academic preparation are figured into the formula. The UCPB projection also differs because it was based on a projection of future revenues as a share of state personal income. UCPB members discussed what would be the best approach to seeking the funds needed to return to an earlier level. Vice President
Hershman indicated that a request would be most realistic after the structural gap is closed, but that seeking a restored budget in the 08-09 budget could be considered. He noted that the main concern should not be State revenues but rather how state funding is committed.

**Action:** Chair Newfield will contact UCFW Chair French about the possibility of writing a joint memo to the Academic Council urging that UCRS contributions resume with a 2-to-1 split between the state and employees.

**V. Consultation with UCOP – Rory Hume, Provost**
In the interest of time, the consultation with Provost Hume was held as a question and answer session.

**Q:** How can we meet the Regents’ stated goals and UC’s growth needs?
**A:** We have to make a compelling case to the state and seek a reasonable amount of funding to go towards increasing faculty and staff salaries and support for graduate education. Soon, UC will not have the same growth imperative as before. Three possible budget approaches are: 1) to try to forge an agreement with the governor that would restore UC’s funding in one move (similar to the restoration of cuts made in the 1980s; 2) to rely on the Compact and push for incremental increases, coupled with improved system planning and spending especially in areas such as human resources reporting, accounting, and grants reporting; and 3) to move away from public funding and allow campuses to stratify (which is not seen as an acceptable strategy).

**Q:** Are the savings from centralized systems significant?
**A:** There is significant value to be gained with common systems. For example the system-wide library costs little, but offers a great benefit. Having nine or ten systems in certain administrative areas (e.g., human resources, grants reporting) is inefficient and centralizing those will not affect the uniqueness of each campus.

**Q:** What would be the disadvantage of asking for the full amount needed versus aggressively going after incremental increases within the bounds of the Compact? Could the case be made now of the full spectrum of UC’s benefits to the state?
**A:** UC would immediately become a $1 billion problem for the state, so that approach probably would not succeed. We are more likely to succeed with increments.

**Q:** UCPB wrote a memo advising that in the context of OP’s reorganization and the new senior manager positions being recruited, the academic budget function should remain within the purview of Academic Affairs. How is the reorganization of OP progressing in terms of Academic Affairs?
**A:** We are down to a short list on the new hires. One person will be reporting back to the Provost’s office on integrating health affairs and clinical services, and general budgets of the hospitals. At the same time, pending the final report of a joint advisory group, we are looking at how to integrate the office of research, research administration, and the office of technology transfer.

**VI. Academic Senate Analysis of Inclusiveness at UC**
**Issue:** Academic Council Chair Oakley and Academic Council Vice Chair Brown have requested the participation of UCPB in a study of aspects of UC diversity / inclusiveness and the impact of Proposition 209.

**Action:** UCPB Chair Newfield will consult with Council Vice Chair Brown on planning for this effort and report back to UPCB at the next meeting.

**VII. UCAP Report: “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 only a minority of UC faculty are actually 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 held a preliminary discussion of this issue in November and today will discuss a final response, due to Council by January 10th. Chair Newfield will also report the committee’s comments to the Joint Workgroup on Faculty Salaries.

**Discussion:** Chair Newfield summarized the committee’s previous discussion of this issue, noting the lack of consensus on several points. In today’s discussion, members expressed differing opinions on the merits of restructuring the salary scale and UCAP’s proposed principles. Some felt that without additional funding for salaries, the effort would be ineffective and potentially divisive and demoralizing. One member saw the notion of a standard scale itself as outmoded, suggesting that decisions be made selectively as opposed to across the board. Others offered general support of the effort, noting that a flat scale would make newer campuses more competitive more quickly, that the salary process should be transparent, but also that initiative and work of an exceptional quality should be recognized. It was also noted that last year the report was sent to all campus CAPs and received their endorsement.

**Action:** A draft committee response will be circulated to members for approval before being submitted to Council.

**VIII. California Post-Secondary Education Commission (CPEC) Draft Reports**

Due to lack of time, this item was not addressed.

**IX. UC Merced Budget Challenges -- Executive Session**

**Action:** UCPB will consider this issue further at a future meeting.

**X. UCPB Budget Recommendations**

**Issue:** UCPB’s set of four draft budget recommendations based on the analysis of the Futures Report were presented for comment at the November 29 Academic Council meeting. Council members expressed general support for seeking restoration of funding at the 2001 level, although the objection was raised that asking for this amount of funding may be impolitic. The draft recommendations are to: 1) request acknowledgment of the
findings of the Futures Report and the 07-08 budget shortfall estimate, and of the fact that regental goals are not achievable under the current funding pathway; 2) seek OP endorsement of the Futures Report findings and communicate them to the Regents; 3) seek endorsement of regaining the 2001 pathway by 2010; 4) request that measures of student and state impact and effects be devised (beyond percentage of personal income etc.). UCPB will finalize the recommendations for submission to Council for further discussion and endorsement at its December meeting.

Discussion: Members comments focused mainly on presentation of the funding projections. It was generally agreed that the articulation of how student fees will figure in the process should be kept simple, and that rather than providing a breakdown of possible scenarios involving fees, the proposal should state that a return to the 2001 funding level can be achieved through a combination of state general fund increases and student fees.

Action: A revised version of the draft recommendations, eliminating #4, and revising the language of #3, will be circulated to members before being submitted to Council this month.

XI. New Business – Proposed Guiding Principles for Professional School Fees
Issue: The Senate is conducting a review of the proposed Principles for Professional School Fees and will submit comments to the President for consideration by the Regents when this issue is discussed at their January meeting. UCPB’s response is due to Council for its December 20th meeting.

Discussion: Chair Newfield noted that the six bullet points in the proposal offer address three main areas: the source of support, allocation of fees on campuses, and how fees may be increased. There was general support for the intent of such principles, but many members expressed concern that the proposal as written presents a high fee model as a solution to budget cuts. Doubts were also expressed about how campus administrations may allocate funds from fee increases but opinions differed on to what extent professional school fees should be singled out in the campus budget process. There was general agreement that academic needs should determine fee increases, more than ‘market’ comparisons.

Action: A committee response reflecting today’s discussion will be drafted and circulated for member approval before being forwarded to the Academic Council.

Attest: Chris Newfield, UCPB Chair

Minutes prepared by: Brenda Foust, Policy Analyst