

**UNIVERSITY COMMITTEE ON PLANNING AND BUDGET  
MINUTES OF MEETING  
Tuesday, November 9, 2004  
UCOP Room 5320**

**I. Chair's Report**

- Michael Parrish, UCPB Chair

**REPORT:** UCPB Chair Michael Parrish reported to the committee on the following items:

Academic Council: Chair Parrish reported on actions taken at Council's October 20, 2004 meeting, including adoption of the budget priorities espoused by UCPB (graduate student support and faculty and staff salaries) and UCFW (faculty salaries). Council resolved to send to the President a proposal for budget priorities, in non-ranking order, faculty and staff salaries and graduate student financial support. Council voted to send the July 2004 Council Resolution on Research Funding Sources back for Systemwide review because of various complaints by faculty members that UCORP had not provided sufficient opportunity for faculty and divisional comment and consultation on the Resolution. Council endorsed the ACSCONL Statement of Principles on Competing for NNSA Laboratories, and approved revisions of APMs 240 and 245. Council also voted to join UC student representatives in a letter to the Governor urging him to comply with a provision in the State Constitution that requires the creation of a Regents Selection Advisory Committee prior to the nomination of a Regent, on which a student and faculty representative are to serve. Council began the nomination process for the 2005-06 Academic Council Vice Chair.

Provost Greenwood reported to Council on UCPB's letter of concern regarding the funding and review of the California Institutes for Science and Innovation (Cal ISIs) and assured Council that a response will be coming very soon.

Council on Research: Chair Parrish reported on federal export controls, an issue that dominated the October 21, 2004 COR meeting. UCPB members discussed the implications of tightening export controls with respect to monitoring of foreign graduate students engaged in university research, and expressed concerns regarding the control of knowledge acquisition, potential discrimination against foreign graduate students, added barriers to graduate student recruitment, and the overall declining research environment.

**ACTION:** Analyst Michelle Ruskofsky will distribute to UCPB members additional information on export controls and compliance.

**ACTION:** At the next Council meeting, Chair Parrish will raise UCPB's strong concerns regarding export control and compliance issues, and its impact on foreign graduate students and research.

Academic Planning Council: Chair Parrish reported on long-range planning issues raised at the October 25, 2004 meeting, including the "SWOT" exercises – Strengths, Weaknesses, Opportunities and Threats – performed by the Regents, Council, the Office

of the President, the Provost's office, and others. A consensus was built around the following: (1) Strengths: quality of UC faculty, shared governance, independence of the ten UC campuses, and quality of research; (2) Weaknesses: lack of a strategic plan, diversity of faculty and student body, stable funding base and support for grad students; (3) Opportunities: more partnerships with international institutions, and a role for UC in shaping state and federal policy; and (4) Threats: public perception of UC, K-12 preparatory education, the regulatory environment, and the decline in funding from NSF, NIH and other federal granting agencies.

## **II. Consent Calendar**

- Minutes of the October 5, 2004 meeting
- Amendment to Senate Bylaw 336.B.4 – Statute of Limitations for Disciplinary Cases

**ACTION:** UCPB unanimously approved the Consent Calendar.

**ACTION:** UCPB decided to remove from the Consent Calendar the Draft Proposal to Streamline the Course Major Articulation Process Between UC Campuses and the California Community Colleges, and revisit the issue at the January 12, 2005 UCPB meeting.

Members requested additional time to review the details of the proposal, and raised concerns regarding streamlining an articulation process that is intrinsically complicated, protecting the diversity of major requirements across the campuses, and recognition that UC's complex transfer processes have legitimacy.

## **III. Consultation with UCOP – 2004 Enrollment Issues Handbook**

- Linda Guerra, Acting Asst. Vice President, Planning and Analysis

**REPORT:** Linda Guerra announced the completion of the 2004 Enrollment Issues Handbook and requested that questions concerning its content be directed to her office.

## **IV. Consultation with UCOP – Budget Update**

- Larry Hershman, Vice President, Budget
- Jerry Kissler, Asst. Vice President, Planning, Budget and Fiscal Analysis

**REPORT:** Vice President of Budget, Larry Hershman, reported to the committee on the budget:

UC Budget: Vice President Hershman will present the 2005-2006 UC budget to the Regents at their November 18 meeting, where an action on the budget plan and student fees (including professional fees) will be requested. Included in the budget are: 3 percent funding for faculty and staff salaries including merit increases and COLAs, funding for enrollment growth for 5,000 students under the Compact, a proposal for tuition fees including no increases for non-resident graduate students and a 5 percent increase for undergraduate students, and a 3 percent basic increase in the professional school fee.

State Budget: The key to implementing the UC budget is sufficient funding of the Compact. Discussions with the Department of Finance and the Governor's office have occurred, and concerns are raised regarding the State's enormous debt capacity problem. UCOP expects the Governor to fund the Compact completely; however the State's budget situation guarantees huge budget cuts to occur elsewhere.

Federal Budget: UC is concerned about the future of federal research funding. Although UC has received a substantial amount of research funding over the years, a resolution is on the horizon to freeze federal funds at the current level for at least one year.

Capital Outlay: In the Compact, a commitment exists for geo bonds or lease-revenue bonds of \$345 million per year. Funding of this commitment is also tied to the State's debt capacity problems and unknown public support of a geo bond, which would likely need to be packaged with K-12 funding support in order to pass. Capital outlay cuts are still inevitable due to the current high bidding climate, high construction costs, inflation, and UC's obligation to pay interest and administrative costs during construction. Regarding the seismic upgrading law, UC has met the 2008 requirements, but the 2030 requirements are in question due to the State's debt capacity and ability to pay.

Future State Plans: A MediCal reform package is forthcoming, with a presumed effort to control state MediCal costs by freezing current spending. Such a plan will impact UC through its five medical schools and numerous UC hospitals. Proposition 71 and the stem cell research program will now impact any new UC research initiatives. UC will also need to advocate fundraising methods to pay for graduate student fellowships.

Enrollment: Campus enrollment reports show that undergraduate enrollment numbers are well matched with the 2004-05 revised budget: with 1600 fewer new freshmen, a few hundred additional transfer students, and a decrease in continuing undergraduates. New graduate student enrollment was down significantly across all campuses except UCSC, with 900 fewer students systemwide, and 250 fewer at UCLA and UCB (a 10 percent decrease). Health sciences students were over the enrollment estimates. UC is concerned about the decrease in new graduate student enrollment and its likely causes, including increased student fees, international security problems and pressures, and campus departments' inability to afford foreign graduate students.

Graduate Student Return to Aid: The 2005-06 budget funds a 50 percent return to aid for graduate students. Chair Parrish questioned the strategy of placing TA fees in the financial aid budget, and not in the instructional budget as UCPB has advocated. Vice President Hershman explained why TA fees must be paid from the financial aid budget so not to unnecessarily over-inflate the current instructional budget compared to past UC budgets. A committee member noted that under this budget structure, 50 percent of faculty research grants that pay for graduate student research fees are being returned to financial aid for TAs, amounting to an indirect charge on research grants for TAs. Vice President Hershman responded that instead, TA fees are funded not only by higher systemwide student fee revenue, but also by not increasing TA fees for 2005-06.

## **V. Student Aid Loan Programs**

- Cal Moore, UCPB member and subcommittee chair

**ISSUE:** UCPB has established a subcommittee, led by Cal Moore, to evaluate the costs and benefits of student aid loan programs and borrowing options for all UC students.

**REPORT:** Cal Moore provided the committee with background information on the two financial aid loan programs currently available to students: the Federal Family Education Loan (FFEL) and Direct Loans. FFEL profits the banks and the program is insured on a state-by-state basis,

including the California Student Aid Commission (CSAC) as California's insurer, with substantial insurance profits (a \$300 billion balance) going to the California Education Fund (Ed Fund). Alternatively, Direct Loans bypass the banks and students borrow directly from the federal government and the Department of Education.

Government studies show that it costs the government \$10 for every \$100 loaned under FFEL, and it costs less than one dollar under Direct Loans. When the Direct Loan program began, six of the nine UC campuses subscribed to the program, and UCLA, UCSD and UCSF remained with FFEL.

Last year, the Cal Grant program ran short of funds and \$146 million from the Ed Fund's \$300 billion balance was used as a one-time supplement. Since this is not a stable funding source, the issue is which program is better for the students and how UC could get involved in the lending process.

**DISCUSSION:** Committee members concurred that an open discussion on the UC student aid loan program proposal must occur, and fully include the Academic Senate, the financial aid officers, and the entire university in general.

**ACTION:** Cal Moore will continue to monitor these issues and update UCPB on new developments.

## **VI. Reconsideration of the Resolution on Restrictions on Research Funding Sources**

**ISSUE:** In July 2004, Council adopted the UCORP Resolution on Restrictions on Research Funding Sources. Thereafter, some faculty objected to the Resolution and the UCORP Report, "Problematic Restrictive Clauses in Contracts, Grants and Gifts for Research," as inadequate in its analysis and conclusion, and because of an absence of a systemwide hearing and due process concerns. At its October 2004 meeting, Council voted to send the Resolution back for systemwide review. Since the formal request for systemwide review of the Resolution has not been distributed yet, UCPB wishes to decide how to proceed with the issue.

**DISCUSSION:** Vice Chair Glantz offered some background on the origin of the tobacco funding issue at UC, which began at UCSD with Professor Burns accepting a research grant, with strings attached, from the American Legacy Foundation. A systemwide principle emerged that no granting agency should impose strings on research grants. Then Council Chair Binion charged UCORP to write a report on a range of issues involving restrictions on research funding sources. Meanwhile UC faculty units, including the Department of Family Medicine at UCSD, the Cancer Center at UCSF, the School of Nursing at UCLA and the School of Public Health at Berkeley, all voted on and adopted policies against accepting tobacco industry funding based on the tobacco industries' history of funding academic research and using it to inhibit the development of knowledge.

Vice Chair Glantz and other concerned faculty members contend that such a departmental or academic unit vote is acceptable and does not violate any UC policy; that material issues surrounding alleged fraudulent tobacco industry research funding practices, including California state and federal government evidence of fraud and racketeering in the ongoing RICO investigation under *United States v. Philip Morris, USA, Inc.*, were not considered in the UCORP Report; that it is unfair to frame the issue as a referendum on academic freedom versus tobacco

funding; that members of the UC departments who voted against acceptance of tobacco industry funding were neither made aware of, nor invited to participate in the development of the UCORP Report; and that 57 years of manipulation of university research largely by tobacco industry lawyers, a fact that has the potential to interfere with UC's fundamental mission of promoting truth, education, public health, etc., is not reflected in the Resolution's statement against "restrictions on accepting research funding ... on the basis of moral or political judgments." Furthermore, these issues must be considered in light of a recent report from the University of Geneva's equivalent to UC's Privilege and Tenure Committee, concerning egregious misbehavior of an individual faculty member, Professor Rylander, and the fundamental need to protect UC's integrity and reputation. And finally, the UCORP Report did not address the UC Energy Institute, an MRU at UCB, and its decision to protect the MRU's integrity and reputation by voting not to seek funds from a specified source – a decision that has been in existence for years without controversy. Vice Chair Glantz would prefer the UCORP Report to be rewritten by UCORP or an appropriate Council task force in consideration of these concerns, and sent out for full systemwide review; and for the UCORP Resolution to be discounted. The committee discussed UCORP's "Preliminary Response to Concerns Regarding UCORP's Report on Problematic Restrictive Clauses in Contracts, Grants and Gifts for Research," distributed to members at the meeting, and a majority concluded that it did not adequately address myriad problems UCPB recognizes with the UCORP report.

Committee members inquired about current UC policy on the acceptance of extramural research funds, and it was said that the university may accept external funds when it is convinced it is a good proposal. Members expressed general support for an academic unit's decision to limit acceptance of certain extramural funds after completing a deliberative and considerate process, since UC policy does not appear to prohibit such an action. One member was concerned about forming policy based wholly on the evils of tobacco, a notion that is not broad enough to establish an entire research policy. Another member asked under what conditions should university policy prohibit the acceptance of certain research funding sources, and whether it would be sufficient for university policy to include a prohibition on accepting research grants that have a high probability of contributing to the perpetuation of a fraud, or for the purpose of financial gain for the funding agency. Some members agreed that this could be a viable solution to the need to broaden the inquiry beyond tobacco industry funding, while simultaneously avoiding the "slippery slope" problem. One member expressed a concern that a creation of a task force borders on paternalism, and that it would be better to send both the UCORP Report and Resolution back to the divisions for their full consideration. Another member said it would be advantageous for a "minority report" to be included with the systemwide review materials that have yet to be distributed.

**ACTION:** Chair Parrish will draft a letter to Council Chair Blumenthal incorporating the committee's concerns, with a recommendation that UCORP receive a new charge from Council to report on (1) existing university policies governing the ability of a faculty unit to voluntarily refuse a particular funding source, and (2) under what criteria should such a faculty unit's decision be based.

## **VII. Strategic Directions for Libraries**

- Chris Newfield, Lead Reviewer

**ISSUE:** Provost Greenwood has requested comments on the Systemwide Library and Scholarly Information Advisory Committee (SLASIAC) report, *Systemwide Strategic Directions for Libraries and Scholarly Information at the University of California*.

**REPORT:** Chris Newfield, lead UCPB reviewer, provided the committee with information about the SLASIAC report. The report was written in consultation with the University Librarians, and includes the history of the UC libraries, budgetary concerns, and the expansion of digital media and digital demands, and changes in the copyright environment in the 1990's. The report elaborates on current budgetary problems, including overall budget cuts, and the proportion of campus versus systemwide inputs into maintaining digital materials that are serving all UC campuses.

Chris Newfield expanded on five main points: (1) the report is of good quality and comprehensive in its description of the serious issues facing the UC library system; (2) the report tends to overstate the digitality portion of the overall library mission, and overlooks its traditional collection mission in books, journals, and especially the stacks, for scholarly research; (3) the report does not sufficiently emphasize the need to sustain library funding; (4) concerns about addressing the asymmetry of costs across academic fields; and (5) a suggestion to coordinate copyright and publishing efforts with the academic press and technology licensing areas.

**DISCUSSION:** Committee members discussed the report's modest coverage of publishing of printed material by Reed Elsevier, and online publishing, and the possibilities of changing the academic culture's perception of online publishing as low quality. One member said this must occur from within by faculty, since printed journals are motivated by financial concerns. Another member said libraries could support raising the prestige of online publishing by archiving and other activities.

**ACTION:** Chris Newfield will draft a letter for submission to Council incorporating UCPB's recommendations and concerns regarding the SLASIAC report.

## **VIII. Update on Multicampus Research Units (MRUs)**

- Michael Parrish, Chair, UCPB
- Michelle Ruskofsky, Analyst, UCPB

**ISSUE:** UCPB has been waiting for a response from the administration regarding the adoption of the processes outlined in UCPB's May 2004 MRU Report, endorsed by Council in June 2004, and forwarded to the administration thereafter.

**REPORT:** Analyst Michelle Ruskofsky reported on an update from Cathie Magowan on this issue: upon the completion of two more 15-year reviews, the Office of Research will implement a 5-year review plan called "A Proposal for Continuation." The plan will reflect the organizing principles contained in UCPB's MRU Report including facilities, in-house research, and grants, contracts and workshop MRUs. This plan is currently being refined and upon completion, the Office of Research will present it to UCPB and the Academic Senate for review.

**ACTION:** The Sea Grant review subcommittee will submit its report at UCPB's January 11, 2005 meeting.

**IX. Update on the California Institutes for Science and Innovation (Cal ISIs)**

- Michael Parrish, Chair, UCPB

**ISSUE:** Over the past couple years, UCPB has worked to establish a process for Senate review of the Cal ISIs, and last year, Council sent UCPB's review plan to Larry Coleman, Vice Provost of Research, and recommended its adoption. Thereafter, UCPB has been waiting for a response from the administration indicating consideration of the Senate's recommendations.

**REPORT:** Chair Parrish reported on Provost Greenwood's sincere apology to the Council for not responding to UCPB's and Council's concerns and recommendations regarding Senate review of the Cal ISIs. Provost Greenwood assured that an appropriate response letter can be expected sometime in November.

**X. UCPB Member Reports on Divisional Senate Budgets**

**ISSUE:** In October, Chair Parrish requested committee members to report on their respective divisional Senate budgets, including data on: (1) 2004-05 Academic Senate total budget; (2) dollar amount reduction from 2003-04 budget; (3) Impact on Senate staffing, FTE for 2003-04 and 2004-05; and (4) how reductions for 2004-05 will be covered on your campus, if at all.

**DISCUSSION:** Chair Parrish opened the discussion with a statement of concern about the adequacy of divisional Senate budgets and their ability to carry out local responsibilities, in relation to the importance of successful shared governance among the divisional and systemwide Senates. Chair Parrish also noted the wide diversity of functions and responsibilities performed by each Senate office, which is reflected in the broad spectrum of divisional budgets. Committee members expressed concern about UCR's divisional Senate budget and the future of UCM's divisional Senate office. Council Vice Chair Brunk emphasized the systemwide Senate's continuing involvement in discussions with the administration concerning the need for adequate funding of all the Senate offices as a recognition that a strong Senate is tremendously beneficial to the administration.

**ACTION:** Committee members suggested that UCPB submit a draft policy to Council, with proposals including: (1) the adequate funding of Senate offices to ensure an effective system of shared governance; (2) divisional Senate budgets should include sufficient staff and adequate costs associated with program reviews performed by Senate offices; and (3) divisional Senate budgets should be funded out of a line item at the Chancellorial level, and not funded out of research budgets in particular.

**ACTION:** Chair Parrish will draft a letter of proposal to Council Chair Blumenthal, in anticipation of Council submitting UCPB's draft policy on divisional Senate budgets for systemwide comment and review.

**XI. Update on the Technology Transfer Advisory Committee (TTAC)**

- Chris Newfield, Lead Reviewer

**REPORT:** Chris Newfield provided the committee with an update on the issues that TTAC will face this year. A critical and disheartening message from TTAC meeting concerns the decentralization of licensing offices, and the uneven amassing of licensing authority among the nine campuses. A proposal to separate and vote on the budget plan included in the OTT report, and leave the implementation issues for later, was rejected.

**DISCUSSION:** Committee members discussed the expenses involved in running campus licensing offices, which tend to exceed the benefits on most campuses. One member saw the decentralization issue as an unfunded mandate on the campuses.

**ACTION:** Committee members request that Joe Mullinix, Senior Vice President, Business and Finance, be invited to a future UCPB meeting to discuss with the committee technology transfer issues and concerns regarding the nature of scientific research and the public role of the UC, including what role licensing should have, what is happening to sponsored research, the relationship between gifts and overhead, and what kinds of research should be actively solicited onto campus (the “push versus pull” model).

**Meeting adjourned at 4:00 p.m.**

Attest: Michael Parrish, UCPB Chair

Prepared by: Michelle Ruskofsky, Committee Analyst