I. Announcements

Academic Council Update:
- UCPB’s letter regarding the proper shift of assets to the newly formed Los Alamos National Security, LLC has been forwarded to the President.
- Council voted to forward the UC Davis proposed Memorial on Non-Resident Tuition to the Assembly with the recommendation that a full Senate vote on the memorial be initiated.
- The proposed recommended Compensation Principles, which UCPB reviewed in their draft form in January, were approved without inclusion of the specific recommendations. An amended version with a revised section of specific recommendations will be proposed from the floor at this week’s Assembly meeting.

Graduate Support Advisory Committee Update. The group appears to be currently deadlocked on the various funding options under consideration. As he mentioned at the last UCPB meeting, Vice President Hershman is advocating a focus on raising more state support through development of a large research initiative that would channel most of its funds to graduate aid. This plan would, however, not have an effect before 3 or 4 years, while the problem needs an immediate solution. There is some agreement among GSAC members not to treat TA fee remission as financial aid.

The Davis Proposed Memorial on Non-Resident Tuition. Chair Glantz suggested that UCPB take a formal position on the proposed Memorial, which is going to the Assembly this week. He noted that the administration may be looking for a strong statement from the faculty on this issue.

Action: UCPB concurred with the nominee already under consideration to serve as a representative of the Senate on the Systemwide Information Technology Guidance Committee. Council Vice Chair Oakley noted UCPB’s concurrence and will forward the nomination to Acting Provost Hume.

Action: The Davis Proposed Memorial on Non-Resident Tuition was added to the end of today’s agenda as new business for discussion and possible action.

II. Consent Calendar

Action: Minutes of the January 10, 2006 UCPB will be approved at the March 7, 2006 UCPB meeting.

Action: Approval of proposed changes to APM 220-18 was taken off of the consent calendar for discussion.

New Business: Proposed Changes to APM 220-18
**Issue:** As part of a preliminary review conducted last year UCPB, reviewed and approved proposed changes to APM 220, criteria for advancement to Professor Step VI and to Above Scale.

**Action:** In a majority vote, UCPB endorsed the proposed revisions to APM 220-18.b(4).

**III. Consultation with UCOP, Senior Vice President, Business and Finance, Joe Mullinix.**

**Resumption of UCRS contributions**

**Discussion:** UCPB has raised concerns about the effect contributions will have on grants budgets; what can OP do to absorb the extra 3% -5% of costs. SVP Mullinix reported that there is no reserve fund for covering those costs.

In response to a request for background to issue, SVP Mullinix provided this context:

Several years ago it became apparent that this would be necessary. Retirement plan funds are used continually to cover the cost of the plan – about 15 % or 16% of payroll. Contributions will be phased in, but there is still some discussion as to what the split between employer and employee portions (of the 16%) should be. UCFW has recommended that the eventual split be 10-6, with the employee contributing 6%.

Contributions are scheduled to start in 07-08, with the next adjustment coming in 09-10.

UCPB members stressed the importance of conveying the short term and long term plans concerning contributions to faculty and other employees. It was suggested that systemwide administration send out guidelines to the campus contract and grants offices. AVP Mullinix responded that he would discuss that need with the chancellors and EVCs.

**LANS, LLC Transition Issues**

The planned spin-off of assets and liabilities is associated with LANL employees who transfer as active employees who will have a separate retirement account: UCRP-LANL. (Inactive employees and retirees will still be managed by UC.) The concern has been expressed by LANL employees that this will make them more vulnerable in the long term. Reasons for creating a separate account are: 1) to start with a clear accounting of assets and liabilities; and 2) in case problems arise years from now, to have clarity as to what DOE’s obligations would be. From March 31, LANL employees will have 60 days to decide on their status – i.e., to opt for continuous employment or re-start employment with LANS.

**Discussion:** Members mentioned the letter sent by UCPB to the President listing a number of questions on the LANS transitions, including intellectual property issues, retirement funds, the impact of the change on other UC employees’ retirement benefits, and other topics. It was suggested that the letter could be used to draft a fact sheet that would help inform UC employees and others on the transition. The letter was sent to the Council Chair with a request that it be forwarded to President Dynes; that the request has not yet been carried out, though, so a follow up request should be made to Council Chair Brunk.
Action: Chair Glantz and Analyst Foust will check on the status of the LANS letter, and make a second request that it be forwarded to President Dynes if that has not already been done.

IV. Compensation for Senior Management Group (SMG)

Issue: A draft letter stating UCPB’s recommendations on SMG compensation has been circulated to members for discussion and finalization. UCPB advises that implementation of salary changes based on the Mercer study be postponed until review is conducted examining possible flaws in the Mercer methodology, and a salary structure can be developed that is more consistent with UC’s status as a public institution.

Discussion: There was a general consensus not to use the Governor’s salary as a reference point for UC SMG salaries in order to avoid undue identification with the state. Members expressed support for the principles. Some suggested keeping just the main points and not including technical points or discussion, but others supported their inclusion (without mention of state salaries), with some re-ordering, added substance to back up statements about the Mercer report, and added emphasis on the need for transparency in SMG compensation of any kind.

Action: Chair Glantz will draft a further iteration of the letter based on today’s comments. Once finalized, the letter will go to UCFW for concurrence/comment, and to the Academic Council for its endorsement for sending to President Dynes for presentation to the Regents.

V. UCPB Sub-group on Privatization

Issue: A UCPB subgroup is in the process of developing a report assessing trends in UC funding, and offering projections based on four “pathways.” UC administration has expressed interest in the study, which will be particularly relevant to the efforts of the Long-Range Guidance Team.

Report: Members of the subgroup presented the 2/7/06 draft of the report. Analyses of public and private funding, student fees, salaries, and student-faculty ratio were discussed according to the following scenarios: 1) continuation of the terms of the Compact; 2) return to 2001 pathway; and 3) the “Michigan Model” – virtual privatization of the university. (See Distribution #2 for details.)

- The report is still in progress, and will be refined to better narrate what the projected effects will be at the departmental level and taking into consideration differences among disciplines.
- The quality of low fee schools may be included as a comparative.
- There is a question of how to include direct costs associated with research grants in the analysis, to what extent monies that are fungible but not in the budget can be included.

Action: A further draft will be prepared for circulation, perhaps as early as next month, to the LRGT and the Senate for comment. In the meantime, UCPB members and consultants are asked to forward comments to the subgroup.
VI. Endowment Pay-out Rate, Consultation with Assistant Vice President – Institutional Advancement, Brad Barber

Issue: Three Chancellors have requested an increase in the amount of cost recovery related to the endowment pool from 15 basis points to 30 basis points. This increase of 15 basis points would then be made available for fund-raising. UPCB has been asked to opine on this proposal. OP will make a recommendation on this issue to the Regents in March.

Report: The endowment payout is based on a 60-month moving average. Increases in the rate are done conservatively in order to avoid any harm to the beneficiaries; however UC’s rate is lower than the common rate for higher education institutions, which is 5% of a 3 year moving average. A cross-campus study shows that costs of managing endowments are equal to about 50 basis points. OP is considering setting this (50 basis points) as a goal, but one that should be arrived at in steps. For now, it may be advised to raise the pay out to 4.75%, which would be an increase of 10 basis points (2/3 of what the Chancellors are requesting).

Action: UCPB will make a recommendation on the requested increase in the payout rate at its March 7 meeting, pending receipt of more background information from AVP Barber. UCPB will, in the interim, send AVP Barber a letter reflecting the committee’s opinion that no changes should be considered that would affect pay out to the beneficiaries.

VII. Private Fund-Raising and UC Senior Management Salaries - Paul Koch, Norman Oppenheimer, sub-committee

Issue: UCPB is discussing and finalizing a draft letter outlining Proposed Principles on Private Funding for Salaries that was developed in response to a request from the Senate Assembly at its November 2005 meeting.

Discussion: Members expressed support for the letter in general. They opted for language recommending that donor support, if offered for administrative salaries, be declined; suggested broadening the letter to refer to SMG Deans and higher; and adding the words “and service” to principle #1.

Action: Analyst Foust will revise the letter based on today’s discussion and circulate to members for final approval. The letter will be forwarded to the Academic Council for consideration at its February meeting.

VIII. Special Committee on Scholarly Communication (SCSC) Draft White Papers and Proposal

Action: This item was deferred to the next committee meeting.

IX. New Business

1) Proposed Memorial on Non-Resident Tuition
Issue: At its meeting tomorrow, the Assembly will be considering the initiation of a faculty vote on the Proposed Memorial, which call for elimination of non-resident tuition for academic graduate students. Chair Glantz asked for the sense of the committee as to whether to support initiating the vote.

Discussion: Acting Provost Hume noted that while a waiver would mean a budgetary trade-off in some other area, UC needs to strongly indicate to the state Legislature how important this issue is. One member opined that if in fact a waiver after one year is the goal, then the Memorial should make that point and not overstate what is desired.

Action: By a vote of the majority, with three opposed, UCPB supported the initiation of a faculty vote on the Proposed Memorial to the Regents on Non-Resident Tuition.

2) Academic Council Compensation Principles

Issue: At its January meeting, UCPB discussed a set of draft Compensation Principles under consideration by the Academic Council. The substance of UCPB’s discussion was communicated to the authors of the Principles. In January, Council endorsed a version to forward to the Assembly that comprised only the principles and not the specific recommendations. At tomorrow’s Assemble meeting, a motion will be made from the floor to approve the principles and retain specific recommendations as reflected in the revised proposed draft version (Distribution #4).

Discussion: A straw poll of UCPB members’ opinions on the bullet points included in the revised proposal, had the following results:

- Bullet 1 – language should be added to say compensation levels and components should be transparent and specifically identified
- Bullets 2 and 6 should be deleted.
- Bullets 3, 5, 7 and 8 supported
- Bullet 4 should not use the term “off-scale”, which usually refers to faculty salaries.

Action: Chair Glantz will represent these recommendations in the Assembly’s deliberations tomorrow and communicate them to the authors of the amended version of the Principles.

Attest: Stanton Glantz, UCPB Chair

Minutes prepared by Brenda Foust, Policy Analyst

Distributions:

1. Revised draft recommendation re: SMG Salary Slotting Proposal (2/6/06)
2. UCPB Draft Report on Current UC Budget Trends (2/7/06, version 1.0)
3. Proposed Memorial to the Regents on Non-Resident Tuition, initiated by the UC Davis Division.