

**UNIVERSITY OF CALIFORNIA**  
**UNIVERSITY COMMITTEE ON PLANNING AND BUDGET**

**ACADEMIC SENATE**

**Minutes of Meeting**  
**Tuesday April 17, 2007**

**I. Chair's Announcements.** *Chris Newfield, UCPB Chair*

[Announcements were completed after item IX in actual order of meeting.]

Chair Newfield noted the action items that will be addressed in today's meeting. He also proposed that, barring objection, he would frame today's discussion with Berkeley Law School Dean Christopher Edley on professional school fees by with the Senate's and UCPB's relevant formal positions on the issue and bring up possible points of convergence between the Dean's goals for Boalt Hall and those of the Senate. As an item of new business, UCORP has forwarded to UCPB a set of questions regarding ICR, and asked that they be raised in UCPB's consultation period with Vice President Larry Hershman.

**Update on the March 28 Academic Council meeting:**

- Regarding the transmission of UC employee W-2 data to TALX, the Academic Council approved recommendations requesting that 1) the contract be terminated; 2) OP assume the responsibility of purging UC employee information from the data base; 3) OGC review the opinion it issued on this matter in view of the University Electronic Information policy.
- A proposed Senate resolution is being sent to the Assembly for ratification, which decries the stratification of campuses due to senior management job slotting.
- A proposed minimum salary for post-doctoral scholars was approved. This issue raised concerns about unfunded mandates in general, and a subgroup was formed to make recommendations on responding to and lessening or eliminating the impact of unfunded mandates.
- The requested presentation to the Regents on budget trends has been put on hold. It was suggested that the presentation first be made to the Regents Committee on Finance, but that may not be an acceptable alternative to giving a presentation to the full Board.

Labs Issues.

- A UCFW analysis of the pension assets transfer to LANS, LLC will be posted on the Senate web site.
- Nominations are being submitted for a new member on the LANS, LLC Board of Governors to replace Chancellor Fox.
- UCPB's memo on the communication of labs issues was discussed and will be revised for UCPB approval and re-submittal. UCPB recommended that ACSCONL communicate the details of the LLC contracts to faculty, and become more proactive in the development of governing regulations for UC as an LLC that would be in line with faculty sentiment (as recorded in faculty opinion polls on UC-lab relations).

**Action:** A memo will be drafted indicating UCPB's concerns about ACSCONL's role vis a vis the faculty at large.

## **II. Consent Calendar**

**Action:** Approved with minor changes to the minutes of the February 13, 2007 meeting.

## **III. Consultation with Provost Hume**

Systemwide Academic Planning: Provost Hume reported that the systemwide planning process was going forward according to the projected timeline, noting that he was originally recruited in part to mount such an effort. Open disclosure of campus planning and this sequence of planning activities done through academic agencies will potentially provide enormous benefits. In this first year of the plan, it is most important to make sure everyone agrees with the process. It is especially important to hear how the Senate has been engaged at the campus level, and OP is eager to hear divisional Senate feedback. We believe that input from the Senate and from Deans and academic departments will be of the greatest value in this process. A presentation is being prepared for The Regents for their May meeting on the progress of the academic planning initiative, which will focus on the process and the perceptible change in attitude among campuses with regard to sharing information and planning goals. This first step will provide the framework for other stages. What was previously done here at OP through the Academic Initiatives department was effective at that time; however, a 'bottom up' process and working collectively to identify major programs and academic planning will be better for realizing the full potential of UC.

### **Q and A**

**Q:** How do you know the process is going well?

**A:** Although at this point there are no real outcomes to speak of, the quality of the discussion and level of disclosure have been good. This is the first time that campuses have shared their plans and engaged in this kind of discussion, and there is general agreement on the part of the Senate and the Regents to have a process that allows academics to drive strategic planning.

**Q:** When UC makes the case for stronger state support, what can be said about what UC is doing to help the state on major state issues?

**A:** We aren't at that stage yet, but most likely K-12 and the "the educational imperative" UC would be a central topic.

**Q:** Initiatives often have funding at first then become a drain on the general fund. What is being considered to funnel permanent money into UC?

**A:** For consistent legislative support, UC needs to do more in the areas of health and K-12 education.

**Q:** How are campus LRDPs and environmental issues (connected with predictions of drought, etc.) being incorporated into planning?

**A:** Next year, enrollment growth will flow into the planning process, which can inform LRDPs. At this point, though, campus plans show great capabilities in environmental areas. The BP initiative is only a fraction of what is being done.

**Q:** What exactly is being considered with regard to UC education initiatives?

**A:** UC can offer a research platform on which to base informed changes in education, and web-based capabilities. It is hoped that we can tap into scholarship outside the

discipline of education to work on this, to add dimension and elicit new ideas for solutions. Also, we can work together with CSU to cover more of the state and promote teacher training more effectively. These efforts should be funded through external support. Programs that already exist may be innovative, but need expansion and higher profiles.

Faculty Salary Scales Work Group Update: The work group has, over the last several months, been looking at ways to reduce the number of off-scale salaries. Recently, the work group's charge was revised to work toward achieving these goals:

- Increase faculty salaries to a competitive level;
- Reduce the proportion of faculty who are paid off scale;
- Adjust current ranges to address equity and market issues; and
- Consider creating new scales to meet disciplinary needs.

At its meeting last week, the group developed recommendations that would:

- Amend the language in APM 620 that currently allows off-scale salaries only as exceptions.
- Change the faculty salary scale to a system of ranges that will overlap with the next step above. With this newly defined scale, about 20% of faculty currently "off-scale" will be brought back onto the scale.
- Provide a modest COLA adjustment this year to all faculty.
- Develop for review and analysis an adjusted scale that would shift the salary scales upwards. The ranges in the proposed new scale would be based on current averages for each rank and step and would address the current salary lag (either 10% or 14.5% adjusted for increases in Comp 8 salaries).

Also recommended is applying a separate scale for Economics and Business. The big questions remaining are how much is needed to fund these changes, how they will be funded, how exactly to implement them, and what the impacts will be on the campus budgets and on health sciences faculty. All of those questions will be addressed through close inquiry and analysis as the next steps of the plan. Costs will vary by campus according to the amount of faculty currently off-scale. A developed proposal will soon be out for review.

[For UCPB's discussion of the proposed changes to APM 620 and the faculty salary scale, see item XI - New Business.]

Report of the ad hoc Committee on International Education: The report makes some substantive recommendations that will move toward eliminating competition between UO EAP and campus study abroad programs and establish UO EAP in a service capacity to the campus based programs. Future helpful information and advice is expected to come of the continued work of the committee in its expanded form.

IUCRP leadership. A search is being launched to find a new director for the Industry-University Cooperative Research Program.

#### **IV. Consultation with UCOP – Vice President-Budget, Larry Hershman**

**Budget Process:** Hearings on the capital budget will be held in May, and after the May revision of the budget, another round of full budget hearings will take place. April is the key month in terms of revenue, and currently revenues are falling significantly short of projections, the reasons for which are not clear at present, although, one element is changes in income from capital gains and stock options. In general, though, the economy is not doing poorly. The DOF is adopting a wait and see attitude. UC does not have a constitutional guarantee of support from the state, so in order to be less vulnerable to cuts we have crafted multi-year compacts or other funding agreements.

**UC Budget:** The chance of the state covering UCRP contributions is very slim. UC wants language guaranteeing state contributions equivalent to those of PERS as part of the May revision process. The language of the Governor's Budget includes proposed changes to the CPEC methodology for calculating faculty salaries. It asks CPEC to give more weight to salary comparisons with public institutions (among the UC Comp 8), and include benefits in averaging compensation. UC is trying to get this language amended or eliminated, or reach an agreement to study the proposed changes. It will be helpful to have a UC Senate representative participate in the CPEC discussions.

**Indirect Cost Recovery (ICR):**

**Issue:** UCORP has submitted a set of questions on net ICR, and ICR allocation and rates to the Budget Office, and has also requested that UCPB raise these questions with VP Hershman.

**Discussion:** VP Hershman reported that, according to the policy adopted six years ago, 94% of ICR from new grants is returned to the campuses based on the way the money is generated. The amount varies from campus to campus and of course is linked to growth in federal funding. The negotiated ICR rate is, however, lower than the actual overhead costs for conducting research. UCPB members expressed an interest in optimizing ICR for support of the research function, and in determining the true cost of doing research.

**Action:** VP Hershman agreed to meet with representatives from UCORP and UCPB to address questions on ICR in more depth.

**V. Professional School Fees: Presentation and Discussion with Christopher Edley, Dean of Boalt Hall, UC Berkeley**

Chair Newfield welcomed Dean Edley and made these introductory remarks.

Dean Edley has been the catalyst for a statewide discussion on the inadequacy of state funding for professional schools, and been instrumental in putting that issue on the state's agenda and in the press. The Regents have also addressed it at a number of meetings and recently approved a set of Guiding Principles on Professional School Fees, the Academic Council's comments on which urged the development of a long-term funding strategy appropriate to UC's status as a public institution.

UCPB's position on the issue has been informed by the findings of the committee's "Futures Report," which show that while the University is heavily dependent on state support for its core operations, that source had decreased from 60% to 45% of UC's funding in just the past few years. The report also indicates that private fundraising is not a feasible option to restore funding levels for UC, because the approximate \$1 billion gap

in core funding would require a \$25 billion unrestricted endowment. UCPB recommended that in setting professional school fees: 1) the market act as a ceiling rather than a target; 2) academic planning be the prominent driver; 3) public as well as private institutions be used for comparison; 4) professional schools endorse augmentations of state funds and help send a clear message to the legislature and the public about the need for state funding. A January 2007 Academic Council resolution that was forwarded to the Regents urges immediate augmentation of UC's budget and a multi-year funding plan for ongoing adequate support.

UC has been sending a mixed message to the state legislature asking for funding on the one hand, and on the other hand, indicating that UC can get along by increasing student fees (and going to other outside sources). This is a confusing message for the taxpayer as well.

Dean Edley offered a detailed presentation – “Strategic Planning & Professional Degree Fees at Boalt Hall” -- covering these main points:

*Competitiveness:* Berkeley's law school tied with Michigan and UVA for 8<sup>th</sup> place in recent rankings. The rankings are highly influential, but volatile and resource driven.

*Quality:* Out of 185 AAU law schools, Boalt Hall rated 128th in student-faculty ratio. This low placement is a function of the fact that in the previous 15 years our competitors have focused on private fund raising and built their faculty, while Boalt's size remained constant. It also coincides with a shift in delivery of instruction towards more attention to electives and smaller classes. The level of our direct expenditures for students is also comparatively low, because of the combined effect of low in-state tuition plus a low endowment fund.

*Strategic plan for Boalt Hall.* A strategic planning process was begun over three years ago that recognizes the public mission of the school and seeks to finance it with a new politically realistic financial model. The plan envisions that the burden and responsibility for meeting key needs will be shared among stakeholders – students, alumni and private donors, and the state. We cannot give up on public support, but as a business planning matter we cannot expect heroic gestures of support on the part of the public. State funding is being sought to help build up the faculty and return some of the disproportionate funding cuts the professional schools took in recent years. This plan will work in concert with a capital campaign targeting alumni and friends, and establishing expectations from current and future students.

*Fees.* In the past, increases in pdf have been neutralized by decreases in state funding. New increases will at first go to fund financial aid and academic programs. Overall priority uses for pdf will be for financial aid, recruiting new faculty, research, offsetting inflation, and construction and renovations.

*Financial aid.* Integral to the plan is to ensure access at the front end and freedom of career choice at the back end. Toward that goal, we revamped the financial aid strategy and updated the loan forgiveness program to reflect increased fees and student debt. The program covers all loans for those graduates who make \$58K/yr. or less, and a declining share of loans is paid until the recipient's income reaches \$100K/yr. Students are very supportive of the overall plan. They want to be at a great law school, not a declining law school. They view their degree as a capital asset.

**Discussion:**

UCPB members' concerns revolved around the impact and message of raising fees. One effect of significantly increased fees is that the fund source shifts from being a broad-based tax to a user fee, and as such then also contributes to the perception that UC neither needs nor should receive broad public support. It was pointed out that there should be a back-up plan other than raising fees, and that by not assuming ongoing public support, privatization becomes a self-fulfilling prophecy. Members expressed interest in working together to bring Dean Edley's plans in alignment with Senate views through added flexibility and continued emphasis on the central role of public funds for UC.

Dean Edley agreed that the funding message UC is sending should be coherent and clearly integrated with the UC mission. He also noted that as a matter of social policy, the undergraduate distinction is important and will be the basis of continued public support. At the graduate level it is easier to extract more fees and still be in balance with public interest and in the long run put more money back into undergraduate education.

**VI. University Committee on Latino Research (UCCLR) – Follow up to 15-Year Review and Proposal to Change Status to MRU.** *Dante Noto, Director of Arts, Humanities, and Social Science Research Initiatives and Programs.*

**Issue:** In response to recommendations from the three Senate Compendium committees on its 15-year review, UCCLR submitted to the Academic Council a revised Director's Statement in spring 2006. That statement was then superseded by UCCLR's February 6, 2007 "Transition Plan to MRU", which also proposes renaming the program the "University of California Chicano/Latino Research Institute." As one of the Compendium committees, UCPB, along with CCGA and UCORP, has been asked to take the lead for the Academic Council in reviewing this proposal.

**Discussion:** Director Noto reported that UCORP has expressed support for the proposed transition to MRU status, but is concerned about potential loss of funds over the course of 3 years unless funds are committed upfront. He also noted that this extended systemwide dialogue on UCCLR's status has been helpful in focusing on the implementation of newly adopted funding expectations for MRUs. A member noted that the program needs to be refined and should involve more people in order to have a true statewide impact. The question was raised about what would happen if this MRU does not successfully compete for funding, since it is state-mandated. Director Noto clarified that the new advisory board will have to address the matter of changes in funding for state-mandated MRUs, and suggested that in this case the funding would likely still go to fund Latino studies. Members agreed generally to recommend that UCCLR be given a year to re-group and develop a full proposal for review within the context new MRU funding review process.

**Action:** A committee position will be drafted recommending that UCCLR receive a year of funding with the expectation that a full proposal will be developed within that time that is in alignment with new requirements of initiating a new MRU and competing for funding.

**VII. Technology Transfer Advisory Committee (TTAC), Norm Oppenheimer, Representative to TTAC**

**Report:** A primary discussion topic at TTAC has been S 3818: Patent Reform Act of 2006, a section of which would change US patent law from a “first to invent” to a “first to file” system. UC has submitted its preliminary analysis of the legislation and its impact, if enacted. Arguments in favor of the change are that it would bring UC practice in line with that of Japan and Europe, and reduce the amount of patent litigation. But it also advantages large companies that have the resources (time and money) to file large numbers of patents quickly. In the US, most patents are filed by individuals and small companies. This change would disadvantage those parties, thereby potentially stifling innovation and also creating ‘patent thickets’ that obstruct legal challenges of patent infringement.

**Discussion:** A number of members expressed strong opposition to a first to file system. The first to invent system was seen as preferable because of how it encourages scientific and technological breakthroughs in universities and small businesses. One member suggested that Europe and Japan should be lobbied to become compatible with the US system. On the other hand, it was noted that the AAU saw protections in the change, and that it may in the end be helpful to make changes that cut down on litigation.

**Action:** Professor Oppenheimer will draft committee comments on this issue for UCPB to consider for submission as a supplement to the OP analysis.

**VIII. Open Access Policy**

**Action:** Members Susan Gillman and Cal Moore will draft a response for consideration at the May 8<sup>th</sup> UCPB meeting.

**IX. Senate Effectiveness**

**Issue:** UCPB’s draft scorecard on Senate effectiveness was distributed at the March 28<sup>th</sup> Council meeting and generated interest in a continued discussion of the matter of OP consultation and intra-Senate communication. Chair Newfield would like input from members on how best to proceed, and on what should be identified as the top 2 or 3 issues.

**Discussion:** A brief discussion raised questions about OP’s hiring of management consultants, in particular what the Mercer group is under contract to do, and the need for more information on the new management consultant hired to look at UC organization systemwide. Members felt that among the concerns itemized in the scorecard, priority should be given to faculty salaries, NRT, and PDF. Administrative growth was also mentioned.

**Action:** UCPB identified faculty salaries, graduate student non-resident tuition, professional school fees, and administrative growth as areas to focus on for improved Senate effectiveness.

**Action:** UCPB will investigate what is being paid to the Mercer consulting firm, the terms of its contract, and the scope and nature of the work it is doing for OP.

**X. Cal ISI Budget Information**

**Action:** This issue is deferred pending receipt of budget information from the Budget Office.

**XI. Report of the Ad Hoc Committee on UC International Education**

**Action:** This issue is deferred pending a report from the UCPB representative on the ad hoc committee.

**XII. New Business: Proposed Amendments to APM 620**

**Issue:** The Joint Work Group on Faculty Salary Scales has proposed amendments to APM 620 that would remove the language defining the granting of off-scale salaries as exceptions to policy. This is, according to Provost Hume, the first step in a series of recommended measures to reform the faculty salary scales (see Item III).

**Discussion:** Some members opposed the review of amendments to APM 620 separately from other salary scale related policy changes, feeling that everything should be considered as a package in order to be effective, and that changes made to the APM without the proper context could lead to confusion or possible abuse. Others thought that the APM should be changed in any case, in order to conform to practice and allow the salary scale reform to move forward.

**Action:** Chair Newfield will report to the Academic Council that UCPB has been briefed on the timeframe for policy changes that will effect a reformed faculty salary scale, but is nonetheless reluctant to send the proposed amendments to APM 620 as the initial but separate piece of the changes as a whole.

Attest: Chris Newfield, Chair UCPB

Minutes prepared by: Brenda Foust, Policy Analyst

Distributions:

1. "Strategic Planning and Professional Degrees at Boalt Hall," Christopher Edley Jr., April 17, 2007.
2. "Why UC Professional Students are not like Undergrads", Christopher Edley Jr., April 11, 2007.
3. UCPB draft scorecard on current and pending Senate issues.