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PRESIDENT MARK G. YUDOF

Re: The State of Shared Governance

Dear Mark:

In August 2005, Academic Senate Chair George Blumenthal instituted a report to the president on the state of shared governance at the University of California. Highlights from that report were published in the [August 2005 issue](#) of *The Senate Source*. I am pleased to carry on Chair Blumenthal's tradition by offering my own assessment of the state of shared governance in 2008.

Chair Blumenthal described a "healthy" state of shared governance:

The Regents have delegated to the Senate primary responsibility over certain aspects of the academic enterprise, such as curricula, requirements for degrees, and admissions policy. The Senate must carry out these responsibilities effectively and professionally, making use of data and analysis from the administration, while also maintaining a two-way dialogue on how the Senate's agenda is moving forward. On other academic matters, such as those involving personnel, the library, or the budget, the Senate must be consulted by the administration and must respond in a timely fashion to such consultation. On such matters, the administration is obliged to consider the Senate's advice and to respond, providing reasons should they choose not to follow the Senate's advice. A healthy Senate is also one in which there is significant faculty engagement and one that can undertake initiatives both on matters within its purview and on matters in which its role is only advisory. In any case, a healthy shared governance environment has no surprises between the Senate and the administration.

In short, Chair Blumenthal observed, shared governance is not a perfunctory consultation or a sharing of information after the fact; rather, it is a vigorous, ongoing dialogue in which each side respects, learns from, adapts to, and, most of all, responds to the other.

Shared Governance at the Systemwide Level

This report focuses on the following systemwide shared governance areas in which key issues surfaced during the past academic year: the budget; the search for the new president; the role of The Regents vis-à-vis the president; the Office of the President restructuring; the UC Retirement Plan; the National Laboratories; the role of the Senate in senior management performance appraisals and in the academic review of the Division of Agriculture and Natural Resources; and the joint meeting between the president/chancellors and the Academic Council.

Budget

Since 2003, UC has relied on the [‘Higher Education Compact’](#), an agreement negotiated by then-President Dynes with Governor Schwarzenegger that was to guarantee the University a minimum of state financial support. For a brief period, the Compact stemmed the decline in state support, but it also shifted more of the burden of financing the University to private fundraising – which can not provide strong core funding – and student fee increases. Some criticize this shift as a ‘corporatization’ or ‘privatization’ of UC, and indeed, it has the potential to make the institution’s governance, mission, strategic direction, and accountability answerable to private interests more than to the public interests of California and its citizens. Also, what was supposed to have been a ‘floor’ in state support appears not to have been one after all: the Governor’s January 2008 budget proposed a 10% funding cut to what was promised in the Compact. And although the Governor’s May Revision restored \$98.5 million of that proposed cut, it still leaves UC’s 2008-09 state-funded budget at the 2007-08 level, without providing for enrollment growth, inflationary cost increases, or investment in high-priority needs, such as expanded student mental health services.

The Senate, relying on the [work](#) of its University Committee on Planning and Budget, has demonstrated clearly that UC continues to be under-funded by over \$1 billion annually, threatening an erosion of quality, student affordability, and access. The increasing student-to-faculty ratio is a particularly troubling consequence. At a March [presentation](#) by Provost Hume to The Regents, produced with input from Senate representatives, the steady climb of the ratio of students to faculty on UC campuses was described as a threat to both the breadth and depth of our academic programs, as well as to graduate student support. The administration and The Regents have accepted the Senate’s analysis of the University’s budget situation, but solutions are much harder to find. For the foreseeable future, reinvigorating public support for higher education in California will be a huge challenge for you, The Regents, and the Senate. It will take the concerted efforts of the entire UC community to successfully repair and strengthen the four pillars of the state’s higher education [Master Plan](#) – quality, access, affordability, and accountability.

From the Senate’s perspective, the budget situation threatens the trajectory of critical investments, including: UC Merced (with its crucial needs for ‘wet’ laboratory space and augmentations to its operating budget); the proposed medical school at UC Riverside; the California Institutes for Science and Innovation; and many other vital initiatives – some of which were begun with great fanfare and enthusiastic support, only later to be starved of the resources necessary to achieve the excellence and impact envisioned for them. The administration has signaled that it shares the Senate’s concerns about arresting this “launch and starve” phenomenon, and has begun to follow the Senate’s lead in requesting and generating fiscal impact statements for new initiatives.

The faculty salary plan is the highest budget priority of the University. As then-Senate Chair Oakley noted in his August 2007 [Senate Source Chair’s Notes](#), we continue to work closely and effectively with the administration on the implementation of a plan to provide substantial “catch-up” faculty pay increases. These increases are designed to restore competitiveness and vitality to the faculty salary scales that underlie UC’s unique and essential post-tenure review system. Last year was the first of a four-year faculty salary restoration plan. Analysis of the effect of the plan’s first year revealed a marked positive effect on scale utility and relevance, decreasing the percentage of faculty with off-scale salaries at all campuses. However, present shortfalls to the state and the University’s budgets threaten implementation of the second year of the administration-recommended and Regents-approved plan. Consultation with the administration has gone well in terms of process, but you face a crucial decision in the fall concerning your commitment to competitive salary scales and an

appropriately funded post-tenure merit review system. It has been 14 years since UC faculty salaries were at parity with our “Comparison Eight” institutions.

Shared governance evaluation: Shared governance fared reasonably well with respect to interactions with the administration and The Regents in budget matters, but effective and strategic solutions are needed that put primacy on academic priorities such as faculty salaries and graduate student support. Early and active engagement through the administration’s consultants with the University Planning and Budget Committee prior to considering budget decisions would improve matters: it is important that this committee obtain answers from UCOP officials to most of our technical budget questions. It will be important to the academic community to learn of your plans for continuing the repair of the faculty salary and post-tenure reward system and your plans for bolstering the support of graduate students

Presidential Search

The outcome of the presidential search process was good, but the process, itself, was undesirable in terms of the degree of interaction between the Academic Advisory Committee and The Regents’ Special Committee to Select the President. It required hard work to maximize the input of the faculty this year and to communicate the appropriate role of the Senate in the search. Thanks to the openness of The Regents and the patience of the Academic Advisory Committee (and others), I believe we will have a documented and agreed-upon process for future searches before the end of 2008.

Shared governance evaluation: Process difficulties were experienced and interaction between The Regents Selection Committee and the Academic Advisory Committee was not characteristic of past presidential searches. Yet, The Regents and the Senate, through their representatives, have remained positively and productively engaged in working through those difficulties.

Role of The Regents vis-à-vis the President

In recent years, The Regents and the Office of the Secretary and Chief of Staff to The Regents felt it necessary to increase their involvement in executive functions traditionally vested with the President. Last year this annexation went further than was comfortable for all parties. The Senate, through its agents, worked with representatives of The Regents and the administration to produce a [report](#) intended to clarify the roles and responsibilities of The Regents, the Office of the President, and the campuses. The Academic Council also endorsed the recommendations of a [report of a Special Visit Team](#) led by the Western Association for Schools and Colleges (WASC), our accrediting association. That report identified a number of governance and management practices that needed improvement. The Regents have taken important steps to establish a more appropriate role for themselves and the President and, given the confidence you currently enjoy from all quarters, more progress is expected in the future.

Shared governance evaluation: The events of the last few years show how troubling it is when The Regents and others lack confidence in the Office of the President. But they also show the stabilizing power of the Senate in working closely with both The Regents and the administration. Over the past two to three years, the relationships between the Senate, The Regents, and the administration have strengthened – making it possible for all parties to engage in sensitive dialogue about governance, executive compensation, restructuring, and the like. I am thankful for those strong relationships and believe they form the foundation upon which the hard and necessary work that lies ahead can be conducted in a climate of openness and mutual respect.

Restructuring the Office of the President

UCOP restructuring efforts have focused on reorganizing operational units and business practices to increase efficiency, effectiveness, and transparency in administrative functions. The Senate supports many aspects of the reorganization. Over the past year, UCOP provided Senate leaders with regular, detailed updates about the plans and progress of the restructuring, and the Senate, in turn, hosted two meetings to update interested Senate Committee and Division chairs about the effort. However, the Senate continues to be concerned about the impact of the restructuring on institutional memory and the continued ability of the Senate to access data and carry out its shared governance functions and responsibilities, especially as the restructuring moves to Academic Affairs – an area no operational review to date has shown to be ineffective.

Academic Affairs is inherently central to the mission of the Academic Senate, and the launch of restructuring efforts does not serve as a shared governance highlight. Indeed, Senate members were surprised by announced plans to reconfigure Academic Affairs and are also concerned about plans for a new institutional research unit that supposedly will bring all systemwide data collection, analysis, and reporting under a single division. Because such restructuring can affect the academic support services to the campuses and the policy development and vetting work of the Academic Senate and its systemwide committees, it will be important for restructuring plans to address their possible effects on these enterprises.

The Senate, through the Academic Council and the work of the [University Committee on Faculty Welfare](#), is also carefully weighing the possibility of outsourcing UC's Benefits Administration. Our goals are: 1) to make sure that any outsourcing decision is fully and appropriately rationalized; 2) to ensure that priority consideration is given to quality of services and security of administration; and 3) to avoid any outsourcing of the design and management of the UC Retirement Plan (UCRP), thereby limiting any outsourcing to solely the administration of the program (e.g., parallel to Fidelity's management of UC's other retirement programs (e.g., DCP, 403(b), and 457(b))).

Shared governance evaluation: With respect to administrative restructuring, shared governance has largely proceeded positively, with some notable "misses." On the positive side, Senate representation was sought early and often with respect to working with consultants hired by The Regents to evaluate the administrative effectiveness of the Office of the President (see [Monitor Report](#)) and to advise on reorganization possibilities. Also, there has been strong and active bi-directional consultation in weighing the possibility of outsourcing Benefits Administration, despite the surprise to the Senate that such outsourcing was being contemplated. However, plans for the development of the institutional research unit initially involved no Senate consultation, though the matter was rectified once the administration was made aware of such a unit's possible impact on the work of Senate committees. On the negative side, plans to restructure Academic Affairs were a total surprise to the Senate, contrary to initial restructuring objectives, and are proceeding without an organizational assessment of the quality of administrative services received. Plans to radically change or "downsize" Academic Affairs units should be reviewed and commented upon by the Senate before being undertaken by the administration as such downsizing or restructuring could adversely affect the activities and effectiveness of the Academic Senate.

UC Retirement Plan

The health of UC's Retirement Plan has been an issue requiring much vigilance on the part of the Senate, the administration, and The Regents. Critical to the continued health of the plan are the needs to restart employer-employee contributions to the pension plan – without diminishing compensation – to ensure full funding of retirement benefits and to maintain the plenary authority of

The Regents in governing the plan. We regret that last year, the [Senate's recommendations](#) to increase the effectiveness of, and broaden employee representation on, the retirement plans advisory board in response to [SCR 52](#) were not followed. Now, UC is faced with ACA 5, a proposed state Assembly constitutional amendment that would transfer responsibility for the plan and a broader array of benefits (including health benefits) from The Regents to the Legislature and interpose a new Board of Trustees to govern these benefits. The administration and The Regents are now proposing options consistent with the Senate's recommendations. ACA 5 would result in a substantial erosion of the University's autonomy under the California Constitution and invite additional erosions in the future.

Shared governance evaluation: The Administration and The Regents actively solicited and listened to Senate perspectives with respect to SCR 52 and ACA 5. That advice is now being followed and hopefully, it will lead to the defeat of ACA 5. I reiterate the [Academic Council's recommendation](#) "... that the University should respond to the calls for joint governance by asking the Legislature to amend HEERA to exempt the UCRS Board from the HEERA 'direct dealing' provisions, to restore the ability of the UCRS Board to function effectively in providing employee input into the management of UCRP."

National Laboratories

Under Vice Chair Croughan's superb leadership, the Academic Council's Special Committee on Laboratory Issues has been following up on last year's revelation that, under the new contracts, UC could be obligated to help manage the nuclear laboratories far beyond the seven years nominally indicated and that the Prime Contract for Los Alamos allows for the possibility of the federal government increasing the number of plutonium "pits" to as many as the government deems necessary, beyond any UC-imposed limits. As an important follow-up to passing the [Academic Assembly Resolution on Limiting UC's Role in Manufacturing Nuclear Weapons](#), I sent a letter to you requesting the Administration to provide the first annual report on the production of plutonium pits at the UC-managed National Laboratories, which will help the Senate track pit production and monitor UC's role in weapons production. The Senate office was told to expect this report to be sent to the Senate in October.

The Senate also has worked closely with the administration on designing and implementing the first-ever open competition for obtaining research funds from net fee income received for co-managing the DOE National Laboratories. The competition is currently underway. There is a commitment to evaluate the process and its outcomes, including the success of a key Senate objective – allocating funds to broader research areas that have not traditionally been thought of as having a direct connection to the National Laboratories and their rather narrowly-defined disciplines.

Shared governance evaluation: The process of bi-directional consultation was highly effective and positive with respect to lab fee allocation decision-making, a process recommended by the President and approved by The Regents. However, the process by which the University has become obligated to the limited liability companies involved in managing the nuclear laboratories remains a sore point in shared governance relations. If UC's involvement in plutonium "pit" production and other weapons production activities increases beyond historical levels, that sore could become an open wound. The president's monitoring of UC's involvement in those activities, with the aim that they are kept to historical levels, will be important as UC reflects upon its future role in the laboratories, particularly the Los Alamos lab.

Performance Appraisal for the Senior Management Group

A highlight for shared governance was the requested involvement of the Senate in the development of a performance appraisal and management system for members of the Senior Management Group (SMG). In July, The Regents approved a [policy](#) that will apply to all SMG members which establishes a performance review process similar to that currently in place for chancellors, deans and other faculty members. In addition, the new policy represents recognized best practices of performance management programs world wide. The disappointing aspect of the policy is that it currently excludes the direct reports to The Regents (e.g., the General Counsel, the Chief Compliance and Audit Officer, the Chief Investment Officer and the Secretary and Chief of Staff to the Regents), ostensibly because they already have a review and assessment process directed by key Regents. It is expected that one policy, founded on best practices, would govern the performance review of all senior managers in the future.

Shared governance evaluation: The Senate was pleased to be helpful in the crafting of the senior management performance management policy and yet will echo what was described in the policy at the time that it was approved: ideally, one performance management system should operate for all senior managers. But, at present, certain officers of The Regents (including the President, the Chief Investment Officer and Vice President for Investments, the General Counsel and Vice President for Legal Affairs, and the Senior Vice President - Chief Compliance and Audit Officer) are exempt from the type of “360 degree” review that those reporting to them will receive. Best practices in performance management would be expected to apply to the entirety of University personnel, particularly those who occupy its highest leadership rungs, as this sends signals throughout the organization concerning transparency, accountability, performance excellence, and compensation fairness.

In any case, in the advent of The Regents’ new senior management performance appraisal system, the Senate should use this opportunity to review its approach to chancellorial reviews and create, in partnership with the administration, review procedures for all systemwide senior managers, at least with respect to the 5-year “stewardship” reviews.

DANR Review

The Senate has requested an academic review of the Division of Agriculture and Natural Resources (DANR) each year, at least since 2003-04, to no avail, so another shared governance highlight from this past year was an agreement that this review would finally proceed. The review of the Agriculture and Natural Resources Division is currently taking place and is expected to be completed during the 2008-2009 academic year. The work of this review will be folded into the work of a long-range strategic planning committee, co-chaired by DANR Vice President Dan Dooley and Regent Frederick Ruiz, on which campus administration and divisional representatives will serve and which will also include Chair-Elect Mary Croughan as the systemwide Senate representative.

Shared governance evaluation: Persistence has its rewards, but obviously leadership matters as well. The leadership of then-Chief Operating Officer Rory Hume and new Vice President Dan Dooley is much appreciated and we look forward to reviewing the results of DANR’s review.

Academic Council – Chancellors Joint Meeting

In April, the Academic Council hosted its joint bi-annual meeting with then-President Dynes, the chancellors, and Chief Operating Officer and Provost Hume. We discussed a few of the more critical issues facing the University, including: 1) the importance of and need for proper UC governance alignment; 2) building and maintaining strong and mutually supportive relationships

among the academic governance entities; 3) changing UC's graduate student profile; and 4) developing a stronger shared recognition that greater numbers and international graduate students are highly dependent upon faculty quantity (lower student-to-faculty ratios) and quality (linked to competitive salaries), and academic program quality. Meeting participants also debated the future greatness of the University – in particular, the need to arrest the “launch and starve” phenomenon associated with unfunded mandates from the central administration and the state, as well as the erosion of academic quality. As important future steps, we discussed the importance of closer contact between the chancellors/President and the Academic Council, as well as increasing our focus on understanding and developing an immediate-term and long-term plan to solve the critical graduate student support issues facing the University.

Shared governance evaluation: Given how consequential your first year is likely to be in all of the matters reviewed above, it may be important to meet again with you and the chancellors next year to build on the positive momentum from the joint meeting for collective action on the critical issues facing UC. I'd also suggest that future joint meetings be planned in the manner that this last one was: with the two groups recommending possible meeting topics to each other and a final decision on topics occurring by mid-to-late fall, along with the selection of lead presenter-pairs (a chancellor and a Council member) to develop the presentations over the winter break of 20 minutes duration (per topic) with another 20-40 minutes for group discussion.

Status of Various Policies Considered This Year

Overall, the Academic Senate was very responsive to a number of policy proposals, revisions to the APMs, and other issues (see [correspondence received](#)). The Senate was also able to fast-track responses to some minor policy revisions, including amendments relating to the on-campus marketing of credit cards to students, section 102.05 of the UC Policy on Student Conduct and Discipline, and a proposed amendment to state law regarding Welfare and Institutions Code section 5150 psychiatric holds. The Senate effectively responded to a number of new school proposals, which included the proposed School of Medicine at Riverside, the proposed Schools of Public Health and Nursing at Davis, and the proposed School of Public Policy at Riverside. Council approved the proposal for the School of Public Policy; encouraged Davis to revise the proposal for the School of Public Health; and did not approve the School of Nursing at Davis, but looks forward to a revised proposal next year.

Shared governance evaluation: There has been significant turnover in the systemwide Senate staff in the last two years: the retirement of a long-serving executive director, departures of three senior analysts, and the hiring of three new analysts. Yet, the operations of the Senate office continued unabated. In the midst of office transitions, the Senate has been forced to operate below the policy development and vetting levels at which it normally operates. For example, because of the governance challenges the Office of the President has faced in the past years and the speed with which organizational and policy changes are being attempted by the Office of the President, the Senate has attempted “real-time” participation in major operational decisions (e.g., the outsourcing of benefits administration, the restructuring of institutional research and other administrative operations in the Office of the President, the restructuring of Academic Affairs). In the present context, therefore, it is stunning the amount of significant policy work accomplished by the Senate – and how quickly it was accomplished.

As I believe you know, the purpose of review and consultation in the development and vetting of a policy is not just to protect interests of particular groups, such as members of the Academic Senate. It is also to sharpen understanding of a policy and its impact, intended and not intended. We pledge

to work with you to make Senate review as efficient and effective as possible, but we hope that those review processes are not by-passed.

Overall Evaluation

These have been challenging times for shared governance, but, overall, the processes of engagement have been effectively mobilized and there have been relatively few ‘surprises.’ Indeed, the number of issues in which the systemwide Senate has engaged this year was almost overwhelming, particularly given both the speed with which the Senate has been asked to respond and the operational level at which it has been sometimes asked (or requested) to participate. The Assembly and the Council have been efficient in their use of time-limited discussions of a broad range and number of issues, but this has challenged the Senate’s ability to plan fully and strategically in recent years. As Chair Blumenthal reported in his initial shared governance report, Council members sense an increasing need “to engage in forward-thinking discussions of large issues affecting the University.” Next year’s Council will need to consider how it carves out time to engage in such discussions. As one approach that could be followed next year, Council scheduled a two-day meeting in May which was quite useful for such purposes but occurred late in the academic year; an earlier two-day meeting, perhaps in the winter quarter, would permit sufficient time to follow up on suggestions generated by the two-day meeting.

Two innovations to improve the functioning of the Senate Office were instituted this year under the leadership of former Executive Director and Chief of Staff, María Bertero-Barceló, and appear to be working effectively. Council members liked the regular reports of the Executive Director given during Council meetings that highlighted critical operational issues in the Senate Office and that apprised them of the status of requests and responses going to and from the Senate Office. In addition, the position of Associate Director was instituted to provide greater continuity and promotional possibility in the office, and to support the Chief of Staff function of the Executive Director.

Shared Governance at the Campus Level

The Divisions of the Academic Senate report that shared governance is working effectively. Divisional leaders meet regularly with their respective campus chancellors and executive vice chancellors, and information-sharing appears to be active and bi-directional. There were, however, a number of campus-based shared governance issues that came to my attention this year. In some cases, they garnered national attention, had broader implications for faculty, or were noteworthy for other reasons.

Some of our divisions reported concerns over the manner in which campus administrative leaders were recruited and hired. The Davis Divisional Assembly, under the leadership of Chair Linda Bisson, responded to an aborted search for the EVC and Provost and the subsequent interim appointment of a campus administrator, with a resolution reaffirming the proper role of the Senate in the recruitment and selection process. The Davis Division communicated their concerns over the process in leadership searches to the President in a [letter](#), and those concerns are currently being resolved. You have an opportunity to put in place leadership at UC Davis which will signal your commitment to systemwide excellence and shared governance, and the Senate looks forward to working with you in the search for the next chancellor of UC Davis – the first chancellorial appointment of your presidency.

The Divisional Senate at UC Irvine, under the leadership of Chair Timothy Bradley, confronted a number of shared governance issues this year in which academic freedom was implicated: the hiring

of the Law School Dean, the handling of the *Hong v. Grant, et al.* case by legal counsel, and the conduct of dean searches. With respect to all these matters, the Divisional Senate and the administration have engaged in numerous discussions to study the state of shared governance on the campus and propose ways of improving it. In regards to issues around the rescinding of an offer of appointment to Professor Erwin Chemerinsky as Dean of the Bren School of Law, the details of the process are well documented in the Division's fall [newsletter](#). Concerning the handling of the *Hong* case, the Divisional Assembly felt compelled to express its objections to the argument that faculty speech conducted in the context of shared governance at UC is not protected by law, but only by University policy, seeing in it a potential to undermine contributions of faculty to Senate and departmental work. With respect to the conduct of searches for deans, the Irvine Divisional Assembly endorsed a number of [recommendations](#) made by an ad hoc committee charged to look into the issues.

The Riverside Division was intimately involved with the administration in two important initiatives, crafting the long-range strategic plan for the campus, and developing the campus' School of Medicine proposal. Both the administration and the Riverside Division reported a high degree of satisfaction with the working relations, leading to excellent outcomes. It should also be noted that administrative and Senate representatives worked together effectively to select the UC Riverside Chancellor.

Shared governance evaluation: Shared governance seems robust at the campuses but we note that campus leadership decisions can significantly affect shared governance.

Concluding Remarks

In long-term relationships, there are times of joy and inspiration, as well as of challenge, difficulty, and even offense. Such occasions happened in the past year in terms of the Senate's relations with the administration and The Regents. But the occurrence of 'offense' does not define the totality of a relationship – how offenses are dealt with, and whether they are addressed, do define the quality of a relationship. Thus, overall, the state of shared governance in these tumultuous times remains quite robust, despite some offenses. It is clear that the Academic Senate is carrying out its responsibilities effectively, while being respectful of the responsibilities of The Regents and the administration. It is promising to see positive working dynamics in this shared governance relationship under a new presidency, particularly with how the Senate's eligibility reform recommendations are being handled. I am glad that we are proceeding in a manner that is generating your support. We have made progress over the past year in coming together as a University community. This unity will be even more necessary as we meet the political and budgetary challenges before us. The Senate's "no surprises" pledge remains, as does our dedication to the excellence with which UC fulfills its mission as the world's premier research public university system. Shared governance continues to be a source of the excellence of UC.

Fiat Lux,



Michael T. Brown
Chair, UC Academic Senate