

February 24, 2004

**ANNUAL REPORT  
COMMITTEE ON PLANNING AND BUDGET  
2002-2003**

The Committee on Planning and Budget met five times during the academic year, with most of its attention focused on the continuing drama of the state's budget crisis and its impact on university operations. The chairman periodically updated the committee on discussions at UCPB, where the budget crisis remained the major issue.

At its initial meeting on October 15, 2002, the Committee reviewed the terms of the state budget signed a month earlier by Governor Davis. That plan permitted the Governor to make additional cuts up to \$750 million, some of which would again translate into reductions for UC, especially in areas of research and student services.

The chairman alerted the committee to the State Bureau of Audit's report on UC's Partnership Agreement. Several findings are likely to cause the university difficulty with the legislature. According to the audit, 13% of the primary courses taught by ladder-rank faculty had enrollments of one or two students and 15% had enrollments of only three to five students.

Professor Surko, chair of the subcommittee on the campus budget, reviewed the committee's initial charge and work to date, drawing special attention to the use of ICR (indirect cost recovery) funds on the campus. He invited the committee to offer suggestions for further studies by the subcommittee.

AVC Margie Pryatel gave the committee a long and detailed accounting of the State budget's impact on UC, with special attention to UCSD. The budget included a permanent reduction of \$32 million in state funded research programs. Cut also were made in instructional equipment, instructional technology, libraries and building maintenance. AVC Pryatel noted that energy costs continue to rise; as do health care costs.

The chairman introduced a discussion of the report of the task force on state-supported summer school. UCSD cannot expect state support for several years, but the report lays out the critical problems that must be addressed in any transition, especially how new enrollment dollars will be spent.

The committee endorsed the continuation of the Cancer Center ORU.

Members discussed the long-term future of Cal(IT)<sup>2</sup> once its \$5 million state operating subsidy has been exhausted. The committee agreed that the director of the institute, Larry Smarr, should be invited to a later meeting, and that Senate review of its operations needs to be put in place as soon as possible.

At its meeting December 12, AVC Pryatel again reported on the continuing difficulties of the state budget. She noted that the educational fee would be raised for all students to \$135 per student beginning in the Spring, and that selected professional fees would also increase. Due to the continuing budget problems, UC faculty salaries have fallen 7 to 8% behind the comparison institutions.

After review of proposed APM 390 involving post-doctoral scholars, the committee recommended further study and clarification of several issues, especially the proposed mandated salary scale.

The vice chairman reported that Professor Sobel would serve on the subcommittee for the coming year and that the Chancellor's Budget Committee would begin its regular meetings in January. It was agreed that the Senate members on the Chancellor's Budget Committee should meet on a regular basis to coordinate their efforts and more effectively represent the viewpoint of the faculty in those discussions.

At its January 23, 2003 meeting, SVCAA Marsha Chandler and her staff reported to the committee on the Governor's proposed 2003-04 budget and its potential impact on UC. The Governor had proposed nearly \$3 million in additional cuts, which will under fund the Partnership Agreement by nearly \$1 billion. SVCAA Chandler explained how the campus had handled the mid-year cuts, which were one time; however, the proposed 03-04 reductions may be permanent and much larger.

SVCAA Chandler reported that each division had been asked to postpone a percentage of its faculty searches for one year, with the financial savings helping to meeting UCSD's share of the budget reductions. She remarked that the cuts would not impact the new School of Pharmacy and Pharmaceutical Sciences. SVCAA Chandler noted that a targeted early retirement program had been discussed state wide but that legal and financial issues make that option seem unlikely. She indicated that even in the face of state funding cuts, no radical changes were planned with respect to the distribution of ICR funds on the campus.

At the February Representative Assembly meeting, the chair gave a report to the faculty on the impact of state budget cuts on UC and UCSD. He also outlined possible impacts based on the Governor's proposed 2003-04 budget. Professor Rudnick, chair of the Committee on Research, had previously presented the Assembly with a similar report on how the cuts had affected UCSD's research activities, especially at SIO and other ORUs.

At its April 10, 2003 meeting, the chair reported from UCPB on the worsening condition of the state budget. The Governor and the legislature continue to disagree over proposed reductions. It is now likely that the opening of the new Merced campus will be delayed at least one year. Capital spending for UC remains the only bright spot.

The committee heard a report from Professors Smarr and Rao on the progress of Cal (IT)<sup>2</sup>, one of the four science institutes created by the state. Professor Smarr explained that the Governing Board consists of high level administrators from UCSD and Irvine. He envisions building "living laboratories" on campus to investigate how the Internet will accelerate advances in environmental science, biomedical research, and the new media arts. Professor Smarr reported that each institute received \$100 million from the state for facilities, with UCSD receiving roughly 70% and Irvine 30%. Both buildings are currently under construction. Professor Rao stated that more than 50 companies had become partners with Cal(IT)<sup>2</sup>. He noted that more than 200 faculty from a broad range of departments at UCSD and UCI are now conducting Cal(IT)<sup>2</sup> research activities. Professor Rao assured the committee that he is working closely with the UCSD Technology Transfer Office to ensure that the institute's regulations in this area are consistent with UC policies and regulations.

Professor Surko reported on the initial meeting of the Chancellor's Budget Committee and that Senate representatives would be meeting prior to future sessions to identify items of particular importance to the faculty.

At its final meeting, May 15, 2003, the chairman reported on recent discussion in the Program Review Committee chaired by SVCAA Chandler. It now appeared likely that the legislature would cut UC's budget by an additional \$80 to \$400 million above what the Governor had proposed. PRC has endorsed a series of areas in which cuts might be made should the reductions reach that size.

The committee heard a report from Dr. Alan Paau, assistant vice chancellor, Technology Transfer and Intellectual Property Services. Dr. Paau stated that his office acts as a resource center to provide services on IP-related matters and also manages intellectual property owned or controlled by UC, including inventions, patents, copyrights and trademarks. His office also provides educational seminars, workshops and conflict-of-interest management for the campus. He cited Cal(IT)<sup>2</sup> as a successful example of collaborative research between UCSD and local industries.

The committee reviewed the updated campus five-year perspective on new academic programs, academic units and research units. Members agreed that the report did not always provide up-to-date information on the actual status of many programs.

Professor Surko, reporting for the subcommittee, noted that some discussion had taken place concerning the future of the subcommittee. Should it continue on a permanent basis? What issues should it address in the future? Would it be more effective for the Senate to create ad-hoc committees to address particular problems? These questions should be on the committee's agenda in 2003-04.

Respectfully submitted,

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