



**President Robert C. Dynes**  
**Video Letter Transcript, January 10, 2006**

Happy New Year! As we go into the new year, 2006, we have some good news and we have some challenges in front of us – and I'd like to talk a little bit about both of them.

Good news first. It's always fun to talk about good news. In so far as our represented employees, we have accomplished [contract] agreement with four unions recently, so that all the represented employees of the University now are in agreement, and, they can all receive the raises that they have earned.

The second good news is that the Department of Energy has recently announced that the team led by the University of California and Bechtel will be awarded the Los Alamos contract.

That's terrific news from my perspective because, I think, it vindicates our view that science and technology should lead the national labs in the interest of national security. And, I think, the nation has said, "That's the right answer."

The third piece of good news is that the governor has announced his budget. And, in that budget, he is following the compact as we've described to you earlier. It maintains all the aspects of the compact, and, it allows us to continue to go forward in a growth mode with increasing budgets. And that's really good news.

In addition, he has added substantial funds to "buy out" student fees, both undergraduate fees, so that we can meet the pressures that middle-income students are feeling, but also – with my enthusiastic support – graduate and professional school fees increases. So, this is really good news from the State.

We still have to work on the academic preparation – that's not in the governor's budget at this point – but I vow to you that I will continue to work vigorously on academic preparation programs.

The challenges that we face are probably ones that you've read in articles in the press, and that has to do with our compensation practices here at the University of California.

I delivered an open letter in December to describe our practices and principles and responses to the newspaper articles.

Let me summarize those and tell you – and bring you up to date on the things that we are putting in place – we, the University of California and the Regents are putting in place.

Let me, first, say, that I take seriously two issues. The first is that we must be competitive in meeting compensation goals for our staff, for our faculty and for the administration. But, as we are a public institution, we must be open and accountable to meet the public trust.

We don't always achieve all these goals and I think that's been illustrated in the newspapers, but, we must strive to meet those goals. In order to get there, I and the Regents have put in place, or are putting in place, several issues.

The first is the task force, which is made up of regents and outsiders, to report to me and the Board of Regents our compensation packages, practices and policies, and, how we can possibly improve.

The second is I put an audit in place to look at senior management compensation, and they will report back to me on what our practices are. And that will give us the database to improve.

The third is that the Board of Regents will form a new committee, a compensation committee that will focus exclusively on compensation – again, policies and practice.

We will be in touch. We've built a web site that you can look at and keep in touch. We will be in touched as these things develop. But, for the moment, let's celebrate the new year, the positive things about the University, and, let's go after the challenges.

Thank you.

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