The Regents of the University of California

COMMITTEE ON FINANCE
July 19, 2006

The Committee on Finance met on the above date at UCSF–Mission Bay Community Center, San Francisco.

Members present: Regents Blum, Bustamante, Dynes, Gould, Hopkinson, Island, Kozberg, Moores, Parsky, and Wachter; Advisory member Oakley

In attendance: Regents Coombs, Johnson, Ledesma, Lozano, Marcus, Pattiz, Ruiz, Schilling, and Schreiner, Regents-designate Brewer and Bugay, Faculty Representative Brown, Acting Secretary Shaw, Acting General Counsel Blair, Chief Investment Officer Berggren, Provost Hume, Senior Vice President Darling, Vice Presidents Broome, Gomes, Gurtner, and Hershman, Chancellors Birgeneau, Córdova, Drake, Fox, Tomlinson-Keasey, Vanderhoef, and Yang, Acting Chancellor Blumenthal, and Recording Secretary Bryan

The meeting convened at 12:50 p.m. with Committee Chair Gould presiding.

1. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of May 18, 2006 were approved.

2. **RISK MANAGEMENT OVERVIEW**

Vice President Broome recalled that the Risk Services function identifies risk and develops strategies to minimize it, and implements financing programs to reduce the impact of risk as well as to facilitate business processes and best practices. The unit's core services include four self-insured programs: Worker's Compensation, Professional Liability, Property, and Employment. The largest program is Worker's Compensation, which is the second largest self-insured program in the state. She reported that the University implemented an initiative that has reduced its costs for this program substantially during the past year. The Risk Services function also purchases insurance and develops loss control programs. This year, the Environment, Health, and Safety function has been incorporated into the Risk Services Office.

Chief Risk Officer Crickette discussed initiatives that have been implemented by the Office of Risk Services during the past eighteen months. She reported that the goals of Risk Services include creating a risk-aware culture where every employee is a risk manager. There has been a renewed focus on communicating to key stakeholders the importance of reducing risk. Risk Services has published newsletters and has formed a leadership council made up of representatives from every campus and medical center which is building work teams of people who, while not risk managers, have expertise in various high-risk areas. An Enterprise Risk Management panel was formed at the Office of the President which is made up of key stakeholders in a wide variety of disciplines. The University has held two risk summits. At the first, the attendees were challenged to reduce the cost of risk by 15 percent, or $90 million, in 24 months, a goal that is close to being reached. In eighteen months the cost of risk has been reduced by 12 percent, with further reductions expected. The second summit resulted in the forming of partnerships among departments such as sports and recreational directors in order to focus on reducing employees' injuries through strengthening and on helping injured workers to recover more quickly.

The cost of risk is made up of insurance premiums and the retained losses as well as administration. The University buys a significant amount of insurance, but the amount it retains is also significant, resulting in high management costs and payments for losses that have already occurred. In December 2004, Worker's Compensation made up most of this cost. The program was $110 million in deficit because over time the University did not set aside enough money to keep up with the escalating cost. As of December 2005, the deficit has been reduced to $15 million. Based on recent actuarial reports, however, a $21 million surplus is projected for 2007. This was accomplished by restructuring claims management procedures. Focus was placed on closing many thousands of old open claims, made up mainly of people who no longer work for the University. Procedural changes were made also in loss control that have resulted in returning injured employees to work more rapidly and in increasing loss prevention safety. The amount of money needed to be set aside for the upcoming year has been lowered by 16 percent, but rather than lower the rates for all University locations by 16 percent, rates were lowered by 9 percent, and 7 percent was set aside for a program called Be Smart About Safety. Surveys have shown that improving safety is the best investment. The Office of the President's Environment, Health, and Safety function that is now part of the Office of Risk Services has been working closely with the directors at the campuses to roll out Be Smart About Safety and similar programs. The Risk Services Office has implemented instant reporting. This allows employees to report minor injuries quickly that they might not otherwise report, so that corrective action can be taken to improve safety and additional training can be provided. Also, the campuses are using a model called Integrated Safety and Environmental Management to integrate safety into all processes and procedures under which everyone at the campuses operates.

Ms. Crickette reported that focus is being placed also on loss prevention. At the medical centers, systemwide clinical policy reviews will be increased. UC physicians are being offered online education programs to increase their awareness about safety and the importance of training with respect to lowering the risk of compensable harm to patients, and patients are being offered additional education about the procedures that they are electing to undergo.

The General Liability program includes everything except Worker's Compensation and Professional Liability. Property claims management, which was previously decentralized on each campus, is now centralized and managed by an outside firm. Previously the

Office of Risk Services saw only those employment practices claims that were litigated. Now all nonlitigated employment practices claims are entered into the claim system so that the experiences of the campuses and medical centers are easier to track. The Office of the General Counsel is now tracking matters under its purview which were outside of the self-insured program, enhancing the ability to examine those risks and develop risk management strategies for them.

Finally, Ms. Crickette reported that, as a means to look at risks and controls to assess effectiveness, the University is moving toward Enterprise Risk Management by implementing the Enterprise Risk Management framework advocated by COSO (Committee of Sponsoring Organizations of the Treadway Commission). The overall strategy is to develop a data warehouse that can manage information collected from various groups, existing programs, and initiatives throughout the University. The data can be used to analyze processes, risks, and controls systemwide, allowing an organization to identify and manage risk, including financial, business, operation, and governance, in order to reduce costs and improve efficiencies. The ERM program will produce greater visibility and transparency, allowing the development of strategic plans for managing the risk identified.

Regent Bustamante commented that the educational program for the medical centers that was outlined by Ms. Crickette is promising. He asked whether she believed that patients are being given the same high level of care they used to receive. Ms. Crickette responded that the University's medical centers offer occupational health clinics that employees choose overwhelmingly to use. She reported that she knew of no complaints about the level of care they provide.

3. **ENDORSEMENT OF KINDERGARTEN-UNIVERSITY PUBLIC EDUCATION FACILITIES BOND ACT OF 2006**

The President recommended that The Regents endorse the Kindergarten-University Public Education Facilities Bond Act of 2006, to be included on the November 2006 statewide general election ballot as Proposition 1D. It was further recommended that the President and other University officials be authorized to organize an information program to explain the important nature of the bond measure in ensuring that projected enrollment growth can be accommodated, buildings are seismically safe, essential infrastructure is repaired or replaced, and critical fire and life-safety improvements are made at the ten University of California campuses.

Senior Vice President Darling recalled that the Public Education Facilities Bond Act of 2006, which is slated to go before the voters on the November 2006 general election ballot as Proposition 1D, would provide needed funds for facilities and infrastructure improvements at California's public K-12 schools and the California Community Colleges, California State University, and the University of California. Funding from general obligation bonds for the University's State-funded capital outlay budget for 2006-07 and 2007-08 is contingent upon voter approval of the Bond Act. Since the mid-1960s, the State has provided funding for the University's capital outlay needs using general obligation bond funds. The most recent general obligation Bond Acts approved by the voters in 2002 and 2004, Propositions 47 and 55, provided the University with approximately $345 million each year for four years. The last year in which funding from the 2004 Bond Act supported the University's State-funded capital program was 2005-06.

AB 127 (Núñez), which was passed by the Legislature and signed by the Governor, proposes a two-year bond measure authorizing a total of $10.4 billion in general obligation bond funds for 2006-07 and 2007-08 to help fund K-12 and higher education facility needs. The University's share of this funding is approximately $345 million per year for the basic State-funded capital program. The legislation calls for an additional $200 million over the two-year period to be used to expand UC medical schools as well as develop and enhance the teaching and delivery of telemedicine throughout the state. Voter support for this measure is critical to the University's ability to accommodate enrollment growth consistent with the Master Plan, address seismic and life-safety needs, modernize obsolete facilities, and maintain essential infrastructure as the University continues to grow through the rest of this decade.

Chairman Parsky emphasized the importance of supporting this bipartisan effort that will provide direct, concrete benefits to the University. He reported his intention to help organize efforts around the UC system to support it.

In response to a question asked by Regent Hopkinson, Senior Vice President Darling reported that the $200 million for medical education is intended to fund facilities to expand medical education programs. The University's focus will be on extending telemedicine and other high tech efforts that will expand medical provision to remote and under-served communities.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

Senior Vice President Darling noted that there is an upcoming initiative, Proposition 90, that would change the California Constitution as it pertains to the way in which governmental entities could exert their eminent domain authority. Based on a preliminary analysis by the Office of the General Counsel, it appears that, if passed, the change could increase the University's acquisition costs in the event of its use of eminent domain, narrow the definition of public uses that is the basis on which the University uses eminent domain, and impose certain liabilities on the University for any University activities that would result in the diminishment of private property values. A more detailed report will be provided at the September meeting, with a recommendation as to whether The Regents should take a position on this measure or any others that might be on the ballot.

4. UNIVERSITY OF CALIFORNIA 2006-07 FINAL BUDGET

The President recommended changes to the University of California 2006-07 budget plan for State General Funds consistent with the final budget act adopted by the Legislature and the Governor, as described below, be approved.

The President's recommendation to approve an amended State Capital Improvements Budget consistent with the final budget act was submitted to the Committee on Grounds and Buildings.

Vice President Hershman recalled that the Board approved a total budget plan for the University for 2006-07 at the November 2005 meeting. The Governor and the Legislature have now acted on the State budget, and, as a result, the Board is being asked to approve a final budget plan consistent with changes included in the final budget act. The few changes to The Regents' original plan as it was adopted last November are all related to State General Funds; there are no proposed changes to other fund sources.

At the November 2005 meeting, the Board adopted the following resolution related to student fees:

". . . the expenditure plan included in the document, 2006-07 Budget for Current Operations, be approved, provided, however, that student fees as proposed will be reduced or rescinded prior to implementation if the Governor and the Legislature provide the funding to reduce or eliminate the fee increases and the remaining portions of the Compact with the Governor remain in place."

Given the adoption of this resolution, there is no further action necessary on student fees; the resolution adopted in November constitutes the action on student fees.

The final State budget act provides a total of $3.077 billion in State General Funds for the University's budget and includes funds to avoid planned student fee increases. This is an 8.2 percent increase over the previous year. Display 1 shows the changes that have occurred to the State-funded budget. Display 2 shows The Regents' budget plan for 2006-07 for State and UC General Funds and student fee revenue, as approved in November 2005, and compares it to the revised plan, which reflects the actions of the Governor and the Legislature. In Display 2, the column showing The Regents' budget request has been revised to recognize that the proposed increase in student fee increases were bought out and to reflect additional funding for lease revenue bond payments. The budget plan previously approved by the Board recognized that this adjustment would be made by the State based on estimated costs, as has been done in previous years. Described below are changes to the budget plan approved by The Regents in November 2005.

Enrollment Growth and the Marginal Cost of Instruction

The budget plan approved by The Regents in November 2005 included enrollment growth of 5,000 FTE students and an assumption about revisions to the marginal cost formula, which is used to calculate the level of funding provided from the State for each additional student. At the time the November document was developed, revisions to the marginal cost formula were still under discussion among the Department of Finance, the Legislative Analyst's Office, the California State University, and the University. The University's plan reflected an estimated marginal cost of $9,500 per student.

The Governor's Budget proposed an increase of 5,279 FTE students, which is equivalent to 2.5 percent growth in enrollments and includes enrollment growth in the health sciences (medicine and nursing). The level of enrollment growth proposed by the Governor was approved by the Legislature and is included in the final budget act.

With regard to the funding level per additional student, or the marginal cost calculation, the Governor's Budget had proposed raising the marginal cost to $10,100 per student (including an adjustment for inflation). This was a major issue during budget negotiations that reflected a wide range of opinions on the part of those involved in the discussions. In the end, a compromise formula developed by legislative staff that provides $9,900 per student was agreed upon and is included in the final budget act. The new methodology more appropriately recognizes the actual cost of hiring faculty and includes a component for maintenance of new space, which has not been adequately funded by the State in recent years.

Student Academic Preparation Programs

The Regents' Budget included a proposal to make permanent $17.3 million in one-time State General Funds that had been appropriated for student academic preparation programs in the prior year. The Governor's January budget had proposed elimination of these funds. The Legislature augmented the University's budget to restore the funds, and the final budget sustains the augmentation. The budget also includes an additional $2 million for expanded community college transfer programs. The funds will be used to hire additional counselors and upgrade on-line services to students seeking transfer. The total funding for student academic preparation programs for 2006-07 will consist of $19.3 million in State General Funds and $12 million in University resources, for a total of $31.3 million.

The University worked in concert with the Department of Finance and legislative staff to develop a new accountability framework, the results of which were reported for the first time in April 2006. The framework requires specific, quantifiable outcomes in order for programs to continue to receive funds. If programs are not able to comply, funds will be re-distributed to other programs within the Student Academic Preparation and Education Programs framework. The University has developed new technology that can be used to evaluate academic transcripts, providing access to additional data points on every participant in the program. Thus, comparisons can be made much more precisely between students who participate and similarly-situated students who do not participate. It is anticipated that the new framework will permit the University to provide information for many years to come that can be used to assess the effectiveness of these programs.

Labor Research

The budget plan approved by The Regents in November 2005 included a proposal to restore $2.9 million for labor research. This funding was not included in the Governor's January budget proposal; however, the Legislature augmented the University's budget by $6 million to restore funding for labor research to its original level when the program was initiated in 2000-01. Budget language accompanying the appropriation calls for 40 percent to be used for labor education programs and 60 percent for research on labor and employment.

Other Research

In addition to restoring funds for Labor and Employment Research, the Legislature augmented the University's budget by $4 million for the Gallo Substance Abuse Program at the San Francisco campus, and the Governor sustained this augmentation in his final actions on the budget.

Nursing

In 2005-06, subsequent to the adoption of the budget, through legislation (SB 73) the State provided the University with $1.72 million in additional funds for nursing. The bill authorized the use of funds in 2005-06 for one-time start-up costs with the expectation that the funds would be used beginning in 2006-07 and beyond to support at least an additional 130 graduate students in nursing. The Legislature reduced the allocation from the $1.72 million appropriated in legislation to $963,000, a reduction of $757,000. In doing so, it was the Legislature's view that these funds should not be used to support undergraduate nursing students. While the University's plan for increasing nursing enrollments in 2006-07 exceeded the level of 130 FTE specified in the bill by 43 students, only 85 of them were graduate students, with the remainder undergraduate students. It is the Legislature's view that increases in undergraduate nursing enrollments should be funded through the University's normal workload increase each year.

Budget Bill and Supplemental Report Language

The final budget package includes two pieces of language. The first, Display 3, is budget bill language already shared with the Board at the May meeting relating to reporting on UC compensation, accountability, and transparency. The second, Display 4, is new supplemental report language requesting a report on the comprehensive review and analysis of the Office of the President and its functions that the University is already undertaking. This review is being undertaken with the intention of enhancing the performance of the University's management and oversight mechanisms such that they complement and advance the University's overall academic excellence.

Capital Outlay

The 2006-07 State-funded capital improvements budget approved by The Regents in November 2005 was amended in the final 2006 State Budget Act approved by the Governor and the Legislature. It is proposed that The Regents amend the 2006-07 State-funded Capital Improvements Budget to reflect these changes. The 2006-07 Capital Improvements Budget included $24,616,000 in State bond funds for working drawings and construction for the Seismic Safety Corrections Giannini Hall project at the Berkeley campus to improve the seismic resistance of the historic building and provide mandatory accessibility and fire and life safety corrections. The campus had intended to use campus funds to address other necessary building renewal work to be undertaken in conjunction with the project; however, costs for the additional renewal work were significantly higher than originally projected. As a result, the campus requested that the project be deferred, although it remains a priority for the campus and will be included in the future when sufficient funds are available.

State funding of $49,706,000 for construction for the Education and Social Sciences Building project at the Santa Barbara campus was included in the 2004 Budget Act. Recognizing the volatility of current market conditions, the campus maintained a vigorous value engineering effort during design to attempt to deliver the project within available funds. The initial bids received were significantly higher than the pre-bid estimate. The project was re-bid in an effort to reduce the overage. The bid results received in February 2006 were over by approximately $25 million. The campus evaluated several options for responding to the bid overages, including reducing space in each of the new buildings, which was determined to be infeasible as it would significantly reduce the functionality of the new facilities. The campus also considered deferring construction of the building intended to house the Gevitz Graduate School of Education; however, growth pressures in the programs of humanities, social sciences, and education would remain unaddressed. After careful consideration, the campus proposed to proceed with the project in its entirety and to request an augmentation of $24,616,000 to the budget. The additional funding is dependent upon passage of the 2006 Kindergarten-University Public Education Facilities Bond measure in November.

Regent Ruiz noted that, every year, the question of funding student academic preparation programs becomes contentious. He asked whether the Governor had suggested any criteria the University could meet in order to secure such funding. Mr. Hershman recalled that all parties had agreed that the University would begin to provide an annual study on the effectiveness of these programs. He was hopeful that submission of the first study and the discussion that has resulted will increase future State support for the programs.

Regent Hopkinson recalled that The Regents had adopted some new policies with respect to compensation and the budget that included involving the Regents in determining funding priorities among the campuses and with respect to the increases in compensation allocations. She believed there was a need to view the total budget with that in mind.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

5. **PRELIMINARY DISCUSSION OF UNIVERSITY'S 2007-08 BUDGET**

Vice President Hershman reported that planning for the University's 2007-08 budget is occurring in the context of priorities identified by The Regents, including honoring the University's commitment to access, improving the University's academic competitiveness, and maintaining its affordability to students. While State funding provides essential core support, the University's budget is funded from a variety of sources. Consistent with past practice, the University's budget plan for 2007-08 will incorporate projections for funds from all sources, including federal funds, student fee revenue, UC general funds, and State funds. It is expected that the budget document presented to the Board in November for approval will reflect continuing constraints on federal funding brought on by the federal deficit. It will also reflect continuing constraints on revenue and reimbursements for academic medical centers.

Similar to the budgets for 2005-06 and 2006-07, the University will base its budget plan for State and student fee funds for 2007-08 on the Compact with the Governor. In order meet The Regents' highest priorities, as endorsed at the January 2004 meeting, it is the University's plan to achieve sufficient increases in revenue from State funds, student fee revenue, and non-State revenue, to fund the following:

- A compensation package of 5 percent that will be used to fund cost-of-living increases, merit salary increases, and cost increases in health benefits and non-salary budgets. This would begin to close the salary gap of approximately 10 percent.

- Enrollment increase of 2.5 percent, or approximately 5,300 FTE, at the revised marginal cost level agreed upon with the Department of Finance and the Legislature.

- Additional funding for graduate academic student support, including new funding provided under the Compact and redirection of funds from additional savings achieved through strategic sourcing. This is necessary to begin to regain UC's competitive position to attract the best academic graduate students.

- A research initiative that will both partially restore recent budget cuts to core research programs such as agricultural research, Scripps Institute, and others, and provide new funding for research initiatives important to the state's economic growth and job creation, including support for the California Institutes for Science and Innovation. Campuses will be asked to use at least 50 percent to 60 percent of the funds for new research initiatives to help support graduate students as research assistants.

- Continuation of one-time funding for the Merced campus needed for start-up costs as the campus continues to increase enrollments.

- Funding to continue UC's multi-year plan to restore funds cut from the budget related to the student-faculty ratio. Support for this purpose in 2007-08 would constitute the third increment of funding over a three-year period directed toward improving the student-faculty ratio.

The University also intends to request one-time funding for deferred maintenance. The Compact states that as the State's fiscal situation permits and one-time funds become available, the University may request one-time funds to address high-priority infrastructure needs, including deferred maintenance. No funding has been provided for deferred maintenance since the State's recent fiscal crisis began. Deferred maintenance backlogs for high-priority projects exceed $800 million. This is a critical unmet need. If one-time funds are available from the State, the University can begin to address the highest-priority projects and help protect its capital assets.

As noted previously, funding for the University's 2007-08 budget plan will come from a variety of sources. The Compact includes the following funding provisions from State General Funds for 2007-08:

- Base budget adjustment of 4 percent to be used to fund increases for salaries, employee health benefits, and other cost increases.

- Enrollment funding growth of 2.5 percent, or about 5,300 FTE students, at the agreed-upon marginal cost of instruction. This rate of growth is consistent with the Master Plan goal of accommodating eligible students and is sufficient to allow for planned increases of general campus and health sciences students.

With regard to student fees, the Compact states the Governor's intent that increases in student fees should be based on the rise in California per capita personal income; however, in years in which UC determines that fiscal circumstances require increases that exceed that rate of growth, UC may, in consultation with the Governor, decide that fee increases of up to 10 percent are necessary to provide sufficient funding for programs and to preserve quality.

With regard to professional school fees, the Compact provides that UC is to develop plans for professional school fees while considering several factors, including average fees at other public comparison institutions, total cost of attendance, market factors, the need to preserve and enhance the quality of graduate academic programs, the State's need for more graduates in a particular discipline, and financial aid requirements of graduate academic students.

For 2006-07, planned fee increases were avoided with the provision of sufficient State funds to "buy out" the proposed student fee increases. This was welcome relief for students and their parents, given the significant fee increases that have occurred in recent years. In fact, following the State's fiscal crisis in the early 1990s, when fees also went up dramatically, the State provided funds to avoid student fee increases for seven consecutive years.

Recognizing the variety of factors that must be considered and the uncertainty about the availability of State funds once again to buy out proposed student fee increases either partially or totally, it is proposed that a budget plan be adopted in November based on an assumption of revenue that would reflect either student fee increases or an equivalent amount of funding provided by the State, the source of which is to remain open until the January meeting, when the Governor's Budget is released and more is known about the potential for another State buy-out of student fee increases. Thus, under this proposal, no action would be taken to approve student fee increases until at least the January 2007 meeting. It should be noted that any consideration of student fee increases would also need to include provision of adequate financial aid to ensure continued access for all students regardless of financial circumstances.

A major issue undergoing continuing discussion is the need to ensure the long-term viability of the retirement program for the benefit of all UC employees. The issues of phasing in employer and employee contributions (when they begin, at what rate of increase they occur, and over what period of time), as well as the availability of funding to support the employer-paid contributions, are the subject of collective bargaining negotiations and continuing discussion among The Regents, administration, faculty, and staff. While these issues have yet to be resolved, it is clear they will need to be addressed in budget negotiations, and any reinstatement of contributions will be subject to funding and completion of the budget process.

The Compact specifies that the Governor will support $345 million annually for UC's capital outlay program, to be financed either through a new General Obligation bond or lease-revenue bonds. The Governor and the Legislature agreed to a series of bond issues for the November ballot, including funding for education, transportation, housing, and levees. The Education bond is a two-year bond that totals over $10 billion, most of which will go to K-12. UC's share is about $900 million, which includes the University's $345 million per year under the Compact for capital outlay, as well as $200 million for expansion of medical education programs and development of telemedicine. In developing the 2007-08 capital budget, the University will continue to include projects that address high-priority needs for seismic and life-safety improvements, enrollment growth, modernization of out-dated facilities, and infrastructure.

Vice President Hershman asked the Regents to inform him of any large problems with the budget plans for 2007-08. Chairman Parsky suggested that the Chairs of the Committees on Finance and Compensation meet with him to go over the plan.

6. **REPORT OF NEW LITIGATION**

Acting General Counsel Blair presented his **Report of New Litigation**. By this reference, the report is made a part of the official record of the meeting.

The Committee recessed at 1:15 p.m.

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The Committee reconvened at 2:30 p.m. with Committee Chair Gould presiding.

Members present: Regents Blum, Dynes, Gould, Hopkinson, Island, Kozberg, Moores, Parsky, and Wachter; Advisory member Oakley

In attendance: Regents Coombs, Johnson, Ledesma, Lozano, Marcus, Pattiz, Ruiz, Schilling, and Schreiner, Regents-designate Brewer and Bugay, Faculty Representative Brown, Acting Secretary Shaw, Acting General Counsel Blair, Chief Investment Officer Berggren, Provost Hume, Senior Vice President Darling, Vice President Broome, Chancellors Córdova, Fox, and Vanderhoef, and Recording Secretary Bryan

7. **REPORT OF THE UNIVERSITY OF CALIFORNIA STUDENT ASSOCIATION**

At the invitation of President Dynes, Ms. Anu Joshi, President of the University of California Student Association, presented her remarks. She listed UCSA's accomplishments over the past year, including the establishment of the Student Compact, which as an Assembly Resolution is making its way through the State Legislature. UCSA will use the Student Compact to ensure that students are not left out of the decision-making process and that affordability and access are made a priority. The Compact is a tool that can foster a dialogue in Sacramento regarding the detrimental effects of budget cuts to higher education. She believed that UCSA's work with the Governor's Office securing funding in the January budget proposal to halt any student fee increases for the 2006-07 school year should be a model for the future. She thanked President Dynes for his recommendation to postpone the discussion on possible student fee increases for next year until after the Governor has released his January proposal. UCSA is confident that it can lobby successfully for the necessary additional funding to be included.

Ms. Joshi introduced the incoming UCSA President, Mr. Bill Shiebler, a fourth-year undergraduate at the Santa Barbara campus, who reported that in the coming year, UCSA will be asking the new Governor to honor four specific budgetary priorities: provide the University with funding sufficient to make raising student fees unnecessary; raise Cal Grant B funding; reduce barriers for international students; and restore funding for academic preparation programs.

The meeting adjourned at 2:45 p.m.

Attest:

Acting Secretary