

**THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
MEETING AS A COMMITTEE OF THE WHOLE**

February 4, 2009

The Regents of the University of California met on the above date at UCSF–Mission Bay Community Center, San Francisco.

Members present: Regents De La Peña, Garamendi, Gould, Hopkinson, Island, Johnson, Kozberg, Lansing, Lozano, Makarechian, Marcus, Pattiz, Reiss, Ruiz, Schilling, Scorza, Shewmake, Varner, and Yudof

In attendance: Regents-designate Bernal and Stovitz, Faculty Representatives Croughan and Powell, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Executive Vice President Lapp, Senior Vice President Stobo, Vice Presidents Beckwith, Dooley, Foley, Lenz, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Drake, Fox, Kang, Vanderhoef, White, and Yang, and Recording Secretary Johns

The meeting convened at 8:35 a.m. with Vice Chairman Gould presiding.

1. PUBLIC COMMENT

Vice Chairman Gould explained that the Board had been convened as a Committee of the Whole in order to permit members of the public an opportunity to address University-related matters. The following persons addressed the Board concerning the items noted.

- A. Professor Emeritus Charles Schwartz advocated following President Obama's example for those in service, in this case to the State, by reducing all UC salaries over \$100,000 by one percent, which would result in a savings of \$29 million, enough to cover the cost of the 2,300 students who will not be admitted to UC next year.
- B. Mr. Roger Logan, representing University Professional and Technical Employees (UPTE), stated that the UC Retirement Plan has been misled in giving the private, for-profit Lawrence Livermore National Security, LLC a \$372 million bailout. Through an accounting irregularity in the pension split, the UC Retirement Plan (UCRP) started out underfunded, and the Lawrence Livermore National Laboratory pension fund started out overfunded. Market value and actuarial value were mixed inappropriately in the calculation. He urged reevaluation of the transfer in order to make UCRP whole.
- C. Mr. Matthew Blair, representing the Associated Students of UC Davis (ASUCD), noted that the Governor has cut \$87.5 million from the Cal Grant program, affecting many low-income students. The Blue and Gold Opportunity Plan will

help offset this budget cut and also the coming 9.3 percent fee increase, which affects many middle-class students. He asked that future Regents meetings not be scheduled during final exams.

- D. Mr. Kevin Pascual, representing ASUCD, suggested that administrators' salaries be cut by 9.3 percent to match next year's student fee increase and lessen the need to admit 2,300 fewer students.
- E. Ms. Michelle Hammond, an UPTE member, believed that the University's 30 percent rate in turnovers of research and technical staff negatively affects faculty and compromises research by wasting time and money. She described the renewal of pension contributions as a de facto pay cut.
- F. Ms. Eleanor Corley, a member of the Coalition of University Employees, reported that she will be laid off from a low-paid campus job at age 72, after having worked for UC for over 33 years. She believed upper management should accept pay cuts to prevent layoffs of low-paid employees.
- G. Ms. Rebecca Green, a student at the Blum Center for Developing Economies at Berkeley, believed that the UC governance system is not fighting poverty effectively. She suggested changing the structure to take into account the voices of students.
- H. Ms. Elaine Sedlack, a 24-year UC Berkeley employee and UPTE member, believed that UC does not bargain its union contracts in good faith. She warned that the University's tactics will unite angry workers and asked that workers' labor be honored and respected.
- I. Mr. Paul Brooks, a 34-year UC Berkeley employee and UPTE member, reported that faculty and staff believe the Regents are not fulfilling their fiduciary responsibilities with respect to the pension plan. He advocated shared governance of the retirement system.
- J. Mr. Kevin Rooney, a UC San Francisco employee and UPTE chapter president, also speaking on behalf of Ms. Wendi Selson and Mr. Nino Maida, believed that research support staff turnover comes at a high cost. He asked that grant funding be passed on to the employees doing the research. He noted that millions have been paid to outside firms to manage the retirement system, yet the health of the fund has been compromised. He advocated sharing governance of the retirement system with employees. He commented that the University and the Regents could show that they value the excellent, dedicated staff by settling all outstanding union contract negotiations.
- K. Reverend Jeffrey Branner, a UC employee and American Federation of State, County and Municipal Employees (AFSCME) member, also speaking on behalf of Ms. Charon Flucker and Ms. Teresa Cortes, commented that the University

must make sure that employees besides service workers will not be required to restart pension contributions. He believed that employees should share in the governance of the retirement system and that the University should contribute \$5 for every \$1 paid by employees.

- L. Ms. Patricia Olivares, a UC employee and AFSCME member, also speaking on behalf of Ms. Marleanne Legaspi and Ms. Ginger Jones, expressed concerns about the University pension fund's health and stated that employees should share in its governance in order to prevent the establishment of policies that benefit only highly-paid executives. She noted that, since 2000, the pension plan's performance has fallen from top to average, in her view because of Regents' conflicts of interest, lax rules, and secrecy, which have caused employees to lose faith in the Regents' ability to represent their interests. She called for greater oversight and accountability through joint governance.
- M. Ms. Melanie Curry, a UC employee and UPTE member, stated that, during the previous meeting's public comment period, Regents had failed to pay attention while employees spoke, adding to employees' frustration. She asked why the workers have been refused small salary increases when the grants that pay for their salaries already include raises. She asked for a dialogue with Regents and greater transparency and accountability.
- N. Mr. Nicholas Nakamura, a senior at UC Merced, expressed his concern about the fact that 2,300 students will not be able to attend UC next year because of budget cuts. He thanked the Regents for their support of the Merced campus and stated that he looked forward to its inaugural commencement.
- O. Mr. Isaac Miranda, a UC Merced senior, invited the Regents to attend the inaugural commencement ceremony and see first-hand the possibilities for expanding and improving the campus. He asked that UC Merced be made a priority in the budget.
- P. Ms. Georgina Tosco, UC Merced campus organization director, spoke against next year's student fee increase. She noted the potential of students at the Merced campus and asked that their potential not be limited by dwindling financial support.
- Q. Ms. Danielle Traphagen, a UC Merced student, asked that the campus remain a priority in the budget. She expressed pride in being a founding class member, noting that, in a recent survey, Merced students outperformed the average in many categories, among them assisting faculty with research, and are aspiring to the goals set by the Regents, even with limited resources.
- R. Ms. Mayra Chavez, a UC Merced senior, emphasized the need for continuing the financial support for the campus that will aid its growth and development. She noted that the campus offers many opportunities not offered elsewhere.

- S. Ms. Amelia Herrera, a first-generation student at UC Merced, requested continued support for the campus. She encouraged Regents to visit the campus to see its quality first-hand. She voiced support for the Blue and Gold Opportunity Plan.
- T. Ms. Kendra Levine, a UC Berkeley librarian representing the American Federation of Teachers, noted that librarians, the lowest paid in the state, are in contract negotiations. She observed that most UC librarians are over 55. Recruitment and retention of new librarians will be limited by continuing to pay such low salaries.
- U. Mr. David Malinowski, speaking in support of the UC Berkeley Language Center, expressed concern about the effect budget cuts have had on UC's foreign language programs, particularly in Asian languages. He was hopeful that the Regents would give more attention to languages and diversity on the campuses.
- V. Ms. Elena Stanitsas, a UC Santa Barbara student, believed that many students are concerned about ties with nuclear weapons laboratories. She suggested the Regents find ways in which the University can better serve humanity by using the knowledge it generates to address global change.
- W. Mr. Ronald Cruz, representing the Coalition to Defend Affirmative Action, Integration and Immigrant Rights and By Any Means Necessary (BAMN), asked that the Regents approve elimination of the SAT II subject test requirement. He reported that BAMN supports the elimination of the entire SAT requirement and the continuation of admitting the top 12.5 percent of qualified applicants.
- X. Mr. Dan Lieberman, a staff member in the office of State Senator Leland Yee who was representing UPTE, recalled the Senator's interest in the UC system. The Senator believes that more transparency is necessary with respect to the pension plan and that more control should be given to the workers.

2. **REMARKS OF THE PRESIDENT OF THE UNIVERSITY**

President Yudof first recognized Mr. Robert Gray, who is stepping down as Interim Provost of the University, and expressed gratitude for his service in that role. He announced that Dr. Lawrence Pitts, Professor Emeritus at UCSF and former Chair of the Academic Senate, will take over the role of Interim Provost while the search for a permanent Provost continues.

President Yudof reported that the University and the American Federation of State, County and Municipal Employees (AFSCME) have reached a tentative agreement on a five-year contract for service employees. This was a challenging set of negotiations in which the University, while operating under significant financial constraints, has attempted to address the needs of UC employees. The University has reached a tentative

agreement also with the California Nurses Association on a contract for more than 10,000 nurses in the UC system.

Mr. Yudof commented on planning for a medical school at UC Merced. He recalled that UC Merced has worked to develop the foundation for a medical school and has engaged the Washington Advisory Group to provide recommendations on the planning process. The Advisory Group's report, known as the WAG report, is a thoughtful and constructive document that acknowledges the complexities of establishing any medical school and also the special complexities of doing so in the current fiscal environment in which State funding for the general Merced campus is inadequate relative to the needs of its academic programs. The report recommends a phased approach in which the timeline for developing a medical school is extended so that the campus can build the necessary academic foundation. He concurred with this concept. A stepwise approach to the development of a medical education and a research program will provide the best chance to establish programs of the level of quality required to address the health needs of the Central Valley in a meaningful way.

President Yudof reported that he had authorized Senior Vice President Stobo and his colleagues to work with the campus on the first phase, which focuses on baccalaureate-level health sciences education, and to begin planning for the second phase, which will involve the development of medical education and research programs in conjunction with an existing UC medical school. Work in the health sciences at Merced will also help continue building a base that will support the positive growth that is critical to the campus as a whole. At each stage in the process, the progress and quality of the emerging program will be evaluated and reported to the Board.

President Yudof commented on efforts to stimulate increased community college transfers to the University. He stated that expanding the opportunity for a four-year degree is a critical need for the state. The University must be actively involved, working with the community colleges and in partnership with other institutions of higher education, in encouraging students to pursue the transfer option. He announced that UC, California State University, and the California community college system are establishing an intersegmental task force to make recommendations for how the three institutions together can address this challenge. The task force will have equal representation from each segment. Christopher Edley, Dean of Boalt Hall, who is working as a special advisor in the Office of the President, will head the development of the transfer initiative in conjunction with the task force.

Mr. Yudof observed that the economic situation in the country and in California is a predominant concern. He reported having completed intensive meetings with each chancellor and his or her senior leadership team for the purpose of reviewing campus budget plans and strategies for the coming two years. He expressed confidence in the efforts of the campuses to identify savings and achieve efficiencies. Campus reductions must be thoughtful and deliberate, reflect campus priorities, and preserve academic programs and student services to the greatest extent possible. The campuses are also looking for reductions in redundant activities and services. Although across-the-board

cuts and one-time savings are simple and appealing, they will not suffice in the long term. He indicated his intention to report on the issues in more detail at the March meeting. Campus-based efforts build on the efforts taken to downsize the Office of the President, freeze executive salaries, and control student enrollments in the coming fiscal year.

President Yudof concluded his remarks by recalling that he had been working with other leaders in higher education for the inclusion of higher education in Congress' and President Obama's economic stimulus package. He believed that the country must invest in long-term human capital development even as it seeks short-term solutions to the dire economic conditions. An investment in higher education facilities has both short-term and long-term positive effects. Current House legislation includes \$6 billion for higher education infrastructure. Senate legislation includes \$3.5 billion. He expressed the hope that Congress will decide to include additional funds.

3. **REMARKS OF THE CHAIR OF THE ACADEMIC SENATE**

Faculty Representative Croughan observed that the University is experiencing one of the worst fiscal crises in its history which follows a significant and sustained reduction in State support that already required remedy. Principles and priorities for the University must be identified, and ways to maintain them and the University's excellence must be found. The priorities of the Academic Senate have been articulated clearly: 1) to implement the faculty salary plan to improve faculty salaries, which has received Regental approval; 2) to increase graduate student support, which has been maintained in the approved budget; and 3) to maintain the health of the retirement program.

Ms. Croughan commented that the crisis has brought opportunities for change. The first is the Blue and Gold Opportunity Plan, which clarifies that the University will charge neither an Educational Fee nor a Registration Fee for families with financial need who are below California's median family income. In combination with UC's other financial aid programs, it will provide an encouraging and clear message to students from families of modest means that the University will help with the cost of their education.

The second opportunity is the restart of contributions to the University of California Retirement Plan in order to begin to restore its health. The Senate supports the resumption of contributions and has changed its stance, given the current crisis, to support the restart, regardless of the immediate effect on total remuneration. The first Senate priority – faculty salary competitiveness – must be kept in mind, however. Faculty salaries and the health of the retirement system must be considered together, with strategies to lessen the adverse effects on total remuneration for faculty and staff.

Ms. Croughan noted that the third opportunity for change was not born out of the financial crisis but rather out of the long-term inequities in access to higher education in the United States. The University has a proud tradition of providing access, which it strives constantly to expand. The Regents would be presented at this meeting with a proposal that only modestly changes the University's freshman admissions policy, but does remove a significant barrier for many students in the state. The Senate's eligibility

reform proposal will broaden access to a larger group of students so that they can undergo a fair and comprehensive review for admission. The proposal advances both excellence and fairness and is good for California and the University.

Regent Garamendi expressed appreciation for settlement of the union contracts and support for the community college transfer effort, and he urged continued work at the federal level to gain more funding for higher education. He was pleased with the work to establish a medical school at UC Merced using a phased approach. He believed that the Merced campus could become the best in the nation at educating health service workers and would conduct clinical research that is badly needed in the Central Valley. He advocated keeping the planning on a fast track.

The meeting adjourned at 9:30 a.m.

Attest:

Secretary and Chief of Staff