

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

January 20, 2010

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

Members present: Regents Bernal, Blum, De La Peña, Gould, Island, Kozberg, Lansing, Lozano, Makarechian, Nunn Gorman, O’Connell, Pattiz, Ruiz, Stovitz, Varner, Wachter, Yudof, and Zettel

In attendance: Regents-designate Cheng, DeFreece, and Hime, Faculty Representatives Powell and Simmons, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Interim Provost Pitts, Executive Vice President Taylor, Interim Executive Vice President Brostrom, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith, Lenz, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Kang, Katehi, White, and Yang, and Recording Secretary Harms

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

1. PUBLIC COMMENT

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 Committee:

- A. Mr. JoJo Mends, with the American Federation of State, County, and Municipal Employees (AFSCME), stated that times of crisis are when the public needs leaders with vision. He stated that the Regents and the union need to sit down and find solutions to the University’s problems together.
- B. Ms. Kat Bedford, an employee of the Lawrence Berkeley National Laboratory for 13 years, stated that the Regents are privatizing the jobs of the workers. She said that she has two children, and that the raised tuition at UC would cause financial hardship when they were of college age.
- C. Mr. Ruben Santos, a custodian at UC Davis and a member of AFSCME 3299, stated that the union is committed to fighting for its workers. He said that the unions and the Regents can work together, and that they should sit down and evaluate the current serious situation together.

- D. Mr. Tim Thrush, a diagnostic stenographer for 12 years at UCSF, said he is not proud of how UC treats its employees or the way it treats its financial matters. He said the Regents should be ashamed of approving \$3.1 million in bonuses to top executives while cutting employee salaries and jobs.
- E. Mr. Nicolas Gutierrez, a senior custodian for 15 years at UC Santa Cruz, stated that the Regents' plan to reduce the number of service workers is wrong. He said that workers who earn \$3,000 per month had to borrow money when the salary reductions were put in place.
- F. Mr. Robert Meister, president of the Council of UC Faculty Associations (CUCFA), stated that it would cost approximately \$4 billion to restore the entire Master Plan for all three segments of higher education. He said that the State could raise those funds by increasing taxes slightly on a sliding scale weighted to the advantage of low and middle-income households.
- G. Ms. LaKesha Harrison, president of AFSCME 3299 and a licensed vocational nurse at UCLA, re-extended the union's invitation to meet with the Regents. She encouraged the Regents to hear the union's suggestions on raising revenue for the University.
- H. Mr. Nino Maida, a retired scientist and the chief steward for the University Professional and Technical Employees (UPTE), said that he and his wife depend on their savings, their retirement, and UC's medical benefits. During his employment with the University, he was told that the medical benefits would be the same for retirees and employees; however UC recently imposed unequal premiums for retirees. He stated that the change was a violation of State law in that it should have been bargained.
- I. Ms. Agnes Suarez, an employee at UCSF, said she chose to work at UC because it provides quality health and pension benefits. However, the Regents are putting these benefits on the line. She said that the Regents should work with the employees in setting priorities.
- J. Ms. Mary Higgins, with the Coalition of University Employees (CUE), addressed the issue of bonuses for executives and said that they should be held in abeyance until the collections employees at the Harrison Street location in San Francisco are relieved of their inappropriate working conditions.

2. **REMARKS OF THE CHAIRMAN OF THE BOARD**

Chairman Gould began by noting that the University started out 2010 with the encouraging news of Governor Schwarzenegger's proposed Constitutional amendment. The amendment would guarantee funding for higher education at no less than ten percent of the State budget, and would cap funds for corrections at no more than seven percent. He stated that this amendment calls for a substantial shift in priorities and raises

important questions for the people of California. The Chairman reminded the Regents that in 1967, higher education was allocated approximately 13 percent of the State budget, while corrections had about four percent; over the past 40 years, that distribution has reversed dramatically. In 2009, corrections received approximately ten percent and higher education about four percent.

Chairman Gould remarked that the Governor also presented a budget that would add resources for UC. The University requested \$913 million, of which it was granted approximately 40 percent. The Chairman observed that the allotment was significant, given the state of the economy, but that it would not be enough to sustain UC. Chairman Gould expressed particular frustration with the exclusion of the \$100 million in funding that the University had requested for its retirement system, but recognized that the Legislature and Governor had made very difficult choices in proposing allocation of depleted State resources.

The Chairman observed that if California is to lift itself out of the recession, it must support UC and the work UC does in creating jobs for Californians. He noted that the Governor's funding proposal was not guaranteed; the University must do a significant amount of legislative advocacy to protect even this proposed level of funding. He stated that it is encouraging to see higher education in the forefront of public policy discussion in Sacramento, but that the University must work to keep it there, and keep fighting for its resources.

Chairman Gould gave a short update on the UC Commission on the Future, noting that its working groups are developing recommendations that will be presented to the Commission in March. The proposals will identify some major business plan changes that UC can consider for implementation. He extended his appreciation for all of the participants' hard work and the input from faculty and staff throughout the system. The Commission is looking forward to presenting its conclusions to the Regents this summer.

3. **REMARKS OF THE PRESIDENT OF THE UNIVERSITY**

President Yudof stated that the budget news out of Sacramento is promising, and that it offers some evidence that UC's advocacy is making a difference. He said that the University had earned the credibility of the Governor, and that it now has a major ally in the effort to safeguard its quality. The President referred to a quotation from Winston Churchill stating that this news from Sacramento does not signal the end of the crisis, nor even the beginning of the end, but perhaps the end of the beginning.

President Yudof recalled one of the public speakers who remarked that the State would need \$4 billion to restore all of the segments of higher education to good health; the President agreed that figure is probably accurate. He stated that the Governor's proposed Constitutional amendment is a bold idea that signals to California that it must reorder its priorities and return to its core values. The amendment also highlights the University's need for financial stability. The President reminded the Regents that the State regularly finalizes its appropriations late, giving the University no baseline against which it can

plan. He emphasized that the University also must have dedicated funding. While he expressed a lack of enthusiasm for the concept of dedicated streams of income, the President acknowledged that the situation left the University with few other routes to stable funding. He stated that the Governor's proposal is a good starting point in determining the source of that funding. President Yudof said that the proposal recognizes the role of higher education as the driver of California's economic growth and well-being, and emphasizes that higher education must be a major legislative priority for the State. UC has helped to create over two million California jobs, and generates \$14 billion a year in economic activity. In the past five years, said President Yudof, almost 200 companies, in fields from biotech to environmental science, got their start on UC campuses.

The President pointed out that one-third of UC students are low income, and that the University is a source of opportunity for them. He said that it is critical that UC keep its doors open to those students, as well as perform world-class research and provide health care to the needy. Referring back to Chairman Gould's comments on the disparity between educational and correctional funding, he stated that the most expensive prison system in the world is not going to lead California to a prosperous future. Conversely, he argued, universities create the conditions for vibrant growth and economic and social advancement. One significant example he highlighted is an effort led by Senior Vice President Stobo to reduce prison health care costs while improving its quality. The President stressed that UC can help the State solve some of its problems, saving money and producing better outcomes.

President Yudof called attention to the University's ongoing advocacy campaign. Shortly after the Governor released his budget, UC alerted its advocates to contact their legislators and ask them to support the full \$913 million request. The President has been meeting with the Governor, legislative leaders, President pro Tempore Steinberg, and Speaker-designate Pérez about the University's situation. He said that they all fully understood the critical need to preserve UC. He is also in the process of meeting with gubernatorial candidates to stress the importance of higher education and the need to have a firm pro-funding position in their campaigns. President Yudof said that he has asked the chancellors to form local advocacy teams on their campuses, and that the University will need all stakeholders – alumni, students, represented groups, faculty, staff, and parents – to amplify the University's message.

The President recalled that at the last meeting, the Regents had asked to hear more about the University's efforts to publicize the Blue and Gold Opportunity Program. He stated that the Office of the President had been working with the financial aid offices and the campuses to develop a two-part plan: activity driven by the Office of the President and activities managed directly by the campuses. The University has launched a new financial aid website, including a series of "Paying for UC" videos and a Facebook advertising campaign. Furthermore, each campus has submitted a campaign targeting both current and prospective students, with activities that include campus-based advertising, events, and letters to students. The President pointed out that these efforts are critical in light of the record-size applicant pool for the upcoming year. Over 130,000 students applied to

UC, with a 17.5 percent increase in transfer students. He noted that this year, the transfer students are somewhat more diverse than the freshman pool, and that overall, the incoming students have tremendous academic credentials.

4. **REMARKS OF THE STATE SUPERINTENDENT OF PUBLIC INSTRUCTION**

Superintendent O'Connell provided the Regents with a brief update on California's federal grant application for Race to the Top funding. The program has a total of \$4.35 billion; the most California is eligible for is \$700 million. The Superintendent said that a couple of months ago, it seemed as if California would not meet eligibility requirements. However, many of the impediments were removed – some administratively and some legislatively – and necessary statutory changes were put in place.

Superintendent O'Connell stated that an important part of the State's application was the demonstrated support of higher education for Race to the Top goals. He had asked President Yudof for a letter of support on behalf of the University, and 48 hours later, the President had submitted a strong letter of support. The Superintendent said that the State would hear preliminary results in March, with a disposition likely in June. He extended his thanks to the President and the Chairman for their quick response. He added that the many research components that President Yudof submitted will help the application be more competitive than those of the other 49 states.

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

Faculty Representative Powell noted that during the recent holiday season, local and national media focused significantly on higher education. This attention, he said, was in response to public anxiety about access to education, as well as its price and quality. Dr. Powell observed that the State's recent attention to higher education is a positive reflection of the advocacy efforts that demonstrate the importance of UC, and all public higher education, to California's economy and future prosperity.

Dr. Powell noted that UC students are reeling from the sharp increase in fees, and that faculty are struggling with diminishing resources and stalled recruitment. The Governor's budget, combined with the discussion of a Constitutional amendment for education, will force the public to consider a necessary investment in higher education, which has been sacrificed for many years to the high costs of incarceration.

Dr. Powell provided the Regents with an update on faculty advocacy efforts for the University. He noted that UC faculty have joined with their colleagues at the California State University (CSU) and the California Community Colleges in a coordinated effort to advocate for public higher education. Their meetings for the rest of the year will be held in Sacramento; when possible, said Dr. Powell, they will go a day ahead of the meeting to meet legislators and their staff. He observed that student leaders from the three segments also have joined the faculty, and that each segment will have a message in support of their common goal of access to affordable, high-quality education.

Dr. Powell informed the Regents that a recent report by the Public Policy Institute of California stated that California's present course in education will leave the state short a million college graduates by 2025. If California does not educate a workforce of adequate size, only 35 percent of its population will have the education necessary for available jobs. California will have to look outside its borders for a talented workforce, while its own citizens become less eligible for better-paying jobs and will be increasingly condemned to a low-wage future. Dr. Powell stressed that the State needs to know that California's higher education institutions, when adequately funded, can prepare its workforce, and that job growth and economic recovery are driven by education and research.

Dr. Powell reminded the Regents that this academic year marked the fiftieth anniversary of the Master Plan for Higher Education. At the beginning of the year, Faculty Representative Simmons chaired a task force on the Master Plan for UC, CSU, and the California Community Colleges. He and Dr. Powell attended a joint legislative hearing in Sacramento to review the Master Plan, and have been invited back to the next meeting in early February, which will focus on access.

Dr. Powell closed by informing the Regents about a letter he recently received from Conrad Rudolph, a professor in the History of Art Department at UC Riverside. In this letter, Mr. Rudolph recalled that UC has been responsible for an array of discoveries during the last 60 years, ranging from the Manhattan Project to today's drive for clean energy. It discovered the flu vaccine and gave the scientific community an understanding of photosynthesis. Dr. Powell stated that the University could make a solid argument about the integral role it plays in transforming lives through education and transforming society through research.

The meeting adjourned at 9:20 a.m.

Attest:

Secretary and Chief of Staff