

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

January 18, 2012

The Regents of the University of California met on the above date at Highlander Union Building, Riverside campus.

Members present: Regents Blum, De La Peña, Gould, Hallett, Kieffer, Lansing, Makarechian, Mireles, Pelliccioni, Reiss, Ruiz, Schilling, Varner, Wachter, Yudof, and Zettel

In attendance: Regents-designate Mendelson, Rubenstein, and Stein, Faculty Representatives Anderson and Powell, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Provost Pitts, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Allen-Diaz, Darling, Duckett, Lenz, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Katehi, Leland, White, and Yang, and Recording Secretary McCarthy

The meeting convened at 8:45 a.m. with Chairman Lansing presiding.

1. REMARKS OF THE CHAIRMAN OF THE BOARD

Chairman Lansing thanked the Riverside campus for welcoming the Regents. She stated that she was impressed with the growth of the campus and the diversity of its student body. She looked forward to meeting the following day with UCR's student leaders, along with Regents Varner, Reiss, Ruiz, and Mireles.

She recalled her promise to meet with students at every UC campus. That process had begun; in December, Chairman Lansing, Regent Lozano, and Regent Mireles met with a group of student leaders at UCLA. On the prior day, Regent Zettel, Regent Mireles, and Chairman Lansing met with students at UC San Diego. Students have been extremely engaged and informed at these meetings, which Chairman Lansing characterized as helpful, informative, and inspiring. The meetings had convinced her that students, parents, faculty, staff members, alumni, and Regents want the same high-quality, accessible academic programs, modern libraries and research facilities, safe and inviting campuses, good student services, and affordable tuition that have made UC a world-class system of higher education. She expressed her confidence that the University could continue to improve in ways that would benefit the entire UC community, especially its students.

Chairman Lansing stated that there were difficult obstacles to overcome, such as last month's additional \$100 million cut in State support for UC, resulting in a total 2011-12 budget reduction of \$750 million, a 25 percent cut from the prior year's funding. The

Board and the Office of the President were working diligently to find alternative funding strategies; new fundraising advocacy and communication efforts have begun and would be discussed at the following day's sessions. Experts in technology transfer would discuss how the University could better maximize revenue from UC's inventions.

At the same time, Chairman Lansing stated, the University had not given up its campaign for long-term adequate State support. UC was funded by and for the people of California; unless elected representatives funded UC at a realistic level, UC's ability to serve the State and its citizens would be at serious risk. In order to remind State leaders that UC was the best investment State officials could make in California's economic future, the Regents plan to hold their May Board meeting in Sacramento, and one day would be devoted to a rally at the State capitol. She urged students, faculty, staff, and alumni to stand with the Board at this rally to tell the Governor and Legislators that they must make funding the University of California a priority.

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

President Yudof thanked Chancellor White and the UC Riverside community for hosting the Regents. He reported with pleasure that Governor Brown had proposed an additional flexible \$90 million for UC in his 2012-13 State budget, expressly stating that the funding could be used to help UC meet its employee retirement costs. This statement reestablished the principle that California had a responsibility to contribute to UC's retirement costs, as it did for the California State University system and the community colleges. While noting that the University was still facing a \$750 million funding reduction, President Yudof applauded the Governor's step in the right direction. President Yudof affirmed his support for holding the May meeting in Sacramento, since that was where, for the past decade, budget decisions detrimental to UC were being made.

President Yudof noted his satisfaction with the current state of UC's labor relations, after some difficult times, expressing his opinion that this was one of the best periods of labor relations in the University's history. Since May, agreements with over 45,000 represented UC employees had been finalized. President Yudof noted that positive productive relationships with the unions would give greater hope for dealing with difficult political and financial issues.

President Yudof welcomed distinguished physicist Parney Albright, named the eleventh director of the Lawrence Livermore National Laboratory on October 27.

Regarding events of the past November, President Yudof noted that Chancellor Katehi had asked him to convene a task force to review policing efforts and peaceful protests at UC Davis. He appointed former California Supreme Court Justice Cruz Reynoso to chair the task force, which would consist largely of Davis faculty, staff, and students. President Yudof emphasized Justice Reynoso's independence in overseeing the fact-finding conducted by Kroll, Inc., the results of which would be reported to him and the task force. President Yudof stated that he looked forward to receiving the recommendations of the task force in the upcoming several weeks. A parallel systemwide examination of

police protocols and policies by General Counsel Robinson and UC Berkeley School of Law Dean Edley was moving at a good pace. President Yudof expressed his confidence in the University's efforts to review the campus events of November and enact appropriate recommendations. He was working closely with the chancellors to ensure that the rights of peaceful demonstrators were respected.

President Yudof turned to the University's efforts to explore new revenue streams, including the Working Smarter initiative, the enterprise risk management program, progress toward a unified payroll system, and savings through sustainability. The current meeting would include presentations about capturing revenue through technology transfer and philanthropy. In October, President Yudof joined some of UC's most successful advocates at a Central Coast fundraising event inaugurating a new corporate partnership campaign, the focus of which was to generate direct scholarship aid for UC students. Attendee Peter Ueberroth stated, "We have to start thinking in new ways about generating support." Senior Vice President Dooley would present details of the campaign.

President Yudof noted that the dialogue about UC finances had grown to include UC students. He thanked UC Riverside student members of Fix UC for their impressive proposed tuition plan. He and Dean Edley had brought a tuition proposal that shared some characteristics with the students' proposal to Washington, D.C. He expressed his respect for the student members of Fix UC and their constructive suggestions, which he had directed Executive Vice President Brostrom to explore.

President Yudof stated he would provide information about an innovative plan from UCLA's Anderson School of Management in the near future. The plan had been studied for more than a year, and modified in scope after extensive consultation with the UCLA Division of the Academic Senate and others. Anderson faculty were finalizing the proposal, which they believed would improve financial stability of the Anderson School and increase State revenues available to meet campus needs. Review of the plan would be in consultation with the Academic Council and the UCLA Division of the Academic Senate.

UC San Diego was currently in negotiation with California Western School of Law concerning a partnership that would broaden curricular cooperation between the two schools. President Yudof affirmed his support for the consultation in concept and looked forward to review of the proposal by the UC San Diego Division of the Academic Senate.

3. **PUBLIC COMMENT**

Chairman Lansing 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. She noted that the public comment period had been extended to at least one hour. The following persons addressed the Board concerning the items noted:

- A. Riverside Mayor Ron Loveridge welcomed the Regents, noting with pride the relationship between the City of Riverside and UCR. He encouraged the University to consider UC Riverside as the site for a new UC office for human resources and payroll, promising cooperation from the city. Despite difficult fiscal circumstances, Mr. Loveridge urged funding of the UC Riverside School of Medicine, given the large population of the Inland Empire and its need for medical facilities. He noted the strong local support for the School of Medicine.
- B. Mr. Wally Rice, chair of the Citizens University Committee (CUC), stated that the CUC was founded more than 60 years ago by community leaders to advocate for the Riverside campus, which forever changed the region. The CUC currently supported development of the UCR School of Medicine, in spite of current financial challenges. He noted that the Riverside County Board of Supervisors had committed \$10 million to the School of Medicine, recognizing its importance to the region's health, economy, education, and quality of life. He urged UC to provide the support necessary for accreditation and opening of the School of Medicine, and submitted a letter in this regard signed by 400 members of the CUC.
- C. Ms. Connie Ransom, realtor and past chair of the CUC, urged the Regents to visit the award-winning UC Riverside School of Medicine facilities, and meet Dean G. Richard Olds and the medical students in the UCR/UCLA Thomas Haider Program in Biomedical Sciences. She asked the Board to help obtain State financial support for accreditation of the School of Medicine, noting broad local support.
- D. Ms. Andrea DeLeon, UC Riverside alumna and member of the CUC, expressed her support for the UC Riverside School of Medicine, noting the Inland Empire's severe shortage of physicians, with some areas having fewer physicians per capita than some third-world countries. She remarked that local residents often had to travel great distances to see a physician and that some physicians from other areas made long commutes to hold office hours in Riverside County. She noted existing pipeline programs that provided local students to the UCR School of Medicine and would ensure their later affiliation with the network of local physicians.
- E. Ms. Cindy Roth, chief executive officer of the Greater Riverside Chamber of Commerce, thanked the Board for its continued support of the UC Riverside School of Medicine, which she characterized as the region's highest priority. She noted the dramatic need for doctors in the community, quoting a study showing that over 20 percent of eastern Riverside County residents had not seen a doctor in more than a year. She stated that Riverside County was the only California county of more than one million people to have fewer than one physician per 10,000 residents, while the U.S. Department of Health and Human Services recommended one physician per 2,000 people. The explosive growth in the area had only made the problem worse. She stated that the community needed the UC Riverside School of Medicine and pledged the support of her organization.

- F. Mr. Kevin Dawson, UCR graduate, stated that he and his wife, also a UCR graduate, lived very close to campus. On behalf of the University Neighborhood Association, he expressed its opposition to the planned relocation of the Environmental Health and Safety Building, the campus' storage facility for biological, chemical, and radiological waste, to the residential side of campus. The proposed location was surrounded by single-family homes, high-density dormitories, and the campus' two child development centers. He suggested that the appropriate location would be on the west, nonresidential side of campus by the freeway. He stated that the site study considered only cost, rather than compatibility of the location with uses of the adjacent land.
- G. Ms. Michelle Greenwood, chair of the University of California Student Association's (UCSA) Council on Student Fees, thanked the Board for their efforts to improve accountability of the student counseling centers. She urged tabling of the item to be considered by the Committee on Health Services regarding governance of student health clinical services and programs until the Board had conferred with students, since the student health centers are supported through student fees. Ms. Greenwood pointed out that students have unique health care issues and should be included in the decision-making process regarding the centers.
- H. Mr. Jonathan Lee, UCSA University Affairs vice chair, spoke in favor of adding two more voting student Regents, so the Board would include an undergraduate, graduate, and professional student. With the recent increases in student fees, more student representation was appropriate so that students could contribute constructively.
- I. Mr. Olivier Bouan, vice chair of the UCSA Council on Student Fees, stated that, while he appreciated the efforts of the Office of the President to address issues at the student health centers, the review process had been too swift with too little student input. Given that student fees fund the health centers, Mr. Bouan urged tabling of the item to be considered by the Committee on Health Services regarding governance of student health clinical services and programs to allow time for transparency and collaboration with students.
- J. Mr. David Castillo, UC student, expressed concern about the financial pressures on students, particularly undocumented students and students of color.
- K. Mr. Chris LoCascio, editor in chief of UCR's *Highlander* newspaper, chair of Fix UC, and primary author of the UC student investment proposal, thanked the Board for exploring his organization's proposed new funding model for UC, which addressed rapidly rising tuition and lack of State funding. UC could be a pioneer in new ways to fund higher education, as it had been in academia and research. Mr. LoCascio stated that Fix UC's proposal of a new way for students to pay for their education and provide a stable, predictable revenue stream to the University, had gained national attention. He stated that the cost to students and

the University of depending on fluctuating levels of State support was too great. UC would have control of its financial future under the Fix UC proposal, which would provide for growth of the University and would allow all qualified students to attend UC, regardless of their financial situations. Since the Fix UC proposal offered such potential benefits, Mr. LoCascio urged the Board to consider the plan seriously.

- L. Mr. Jared Voskuhl, external vice president of the Law Students Association at UC Davis, stated that the Higher Education Compact relied on federal methodology for determining students' need for financial aid. He noted that President Yudof would deliver an address on a new Higher Education Compact to the Association of Governing Boards of Universities and Colleges. Mr. Voskuhl requested that the Office of the President include in the new Compact its own supplemental loan program for housing and health care needs of students with dependents. Mr. Voskuhl stated that he currently paid \$7,000 a year out of pocket to enroll his spouse and two children in the University's insurance program. He urged the University to develop its own lending program, so that students with families could have the same degree of affordability as other students.

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

Faculty Representative Anderson expressed his support for making the case for UC's needs to Sacramento.

Mr. Anderson stated that the budget problems made it even more critical to address the allocation of funding among UC's ten campuses. For decades the allocation had been accomplished through a non-transparent process, with the support provided each student being dependent upon when the campus added that student. In effect, campuses that had grown relatively recently received less funding per student than did campuses that had grown earlier. At the same time, some other transfers such as indirect cost recovery benefitted the newer campuses more than the mature campuses. As a result, Mr. Anderson stated, every campus felt that it was treated unfairly by part of the system.

Mr. Anderson observed that the situation had been improved by implementation in July 2011 of the Funding Streams Initiative, under which each campus kept all the non-State funds it generated, including resident and nonresident tuition, philanthropic support, and indirect cost recovery. This incentive to campuses to maximize the non-State revenue they generated was crucial to sustaining the effort to raise additional money and to preserving UC's excellence.

Mr. Anderson expressed his view that it was crucial to complete the budget reform by adopting a rational policy for allocating State funds among the campuses. Mr. Anderson remarked that the Academic Senate had adopted by an overwhelming margin a detailed proposal for the reallocation of State funds. The proposal was based on several broad principles. State funding provided to a student should depend on the type of student, for example a medical student as compared to an undergraduate, but should not depend on

the campus at which the student was enrolled. The allocation mechanism should ensure that all eligible California resident undergraduates had a place at a UC campus, and that every UC campus should receive sufficient funding to provide a UC-quality education to the student.

Mr. Anderson stated that another principle underlying the Academic Senate's proposal was that Ph.D. students were essential to maintaining UC as a research university. He noted that the proportion of Ph.D. students varied significantly across campuses, largely correlated to a campus' age. As resources became available in the future and the newer campuses matured, they should gradually add Ph.D. students, but the University should not cut Ph.D. programs at the more mature campuses. Finally, the reallocation proposal was based on the fact that UC provided an essential service to California and the nation by training doctors, nurses, and other health science professionals; these programs were expensive and need to be funded.

Mr. Anderson stated that Provost Pitts and Executive Vice President Brostrom currently co-chaired the Rebenching Task Force, which was composed of executive vice chancellors, vice chancellors for planning and budget, Office of the President budget staff, and a small number of representatives from the Academic Senate. Mr. Anderson expressed his opinion that this group was within reach of a very good recommendation. He thanked Dr. Pitts and Mr. Brostrom for a particularly useful suggestion for funding systemwide earmark programs like agriculture.

Mr. Anderson cautioned that a key unresolved question involved the pace of rebenching. Some argued that rebenching should be done with incremental State funding as State support resumed; however, such an approach could take many years, possibly decades, to reach a fair and transparent allocation. Others have suggested that rebenching should occur over a fixed time horizon, but disagreement existed about the length of time, with some recommending eight years. Mr. Anderson expressed his view that the critical principles of rebenching should be adopted at the current time and phased in over a relatively short period, ideally no longer than four years.

The Regents recessed at 9:35 a.m.

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The Regents reconvened at 10:35 a.m. with Chairman Lansing presiding.

Members present: Regents Blum, De La Peña, Gould, Hallett, Kieffer, Lansing, Makarechian, Mireles, Pelliccioni, Reiss, Ruiz, Schilling, Varner, Wachter, Yudof, and Zettel

In attendance: Regents-designate Mendelson, Rubenstein, and Stein, Faculty Representatives Anderson and Powell, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Provost Pitts, Executive Vice President Brostrom, Chief Financial Officer

Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Allen-Diaz, Darling, Duckett, Lenz, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Katehi, Leland, White, and Yang, and Recording Secretary McCarthy

President Yudof introduced UC Student Association second-term President Claudia Magaña, a fourth-year UC Santa Cruz student. Ms. Magaña stated that UCSA's long advocacy for securing alternative revenues for UC through taxation had gained a focus. Years of Draconian cuts, fee increases, lobbying by students and the Regents, and particularly recent student demonstrations had created a climate in which Californians could reaffirm their commitment to education through the ballot initiative process. Demonstrating students would urge the Regents to use their political and social capital to bring critical new revenue into the UC system. She noted that Chairman Lansing met with her and some other ReFund California partners in December to begin what Ms. Magaña hoped would be a series of constructive meetings. She encouraged other Regents to meet with UCSA, as Regents Lansing, Kieffer and Reiss have.

While many potential ballot initiatives could benefit UC, Ms. Magaña stated that UCSA supports the Millionaires Tax of 2012, which would increase State income taxes on households earning more than \$1 million a year, does not have a sunset clause, would specifically allocate money to UC, and has the best polling results of all the proposed tax initiatives.

Ms. Magaña addressed UCSA's long campaign to reform Proposition 13, especially its corporate tax loophole and its requirement of a two-thirds threshold to raise taxes. She asked the Board and the Regents as individuals to support UCSA's efforts to establish the groundwork where a reform measure could be successful.

Ms. Magaña expressed UCSA's view that students are underrepresented on the Board, especially given UC's current financing model. UCSA supports having one Student Regent for each segment of the student population: undergraduate, graduate, and professional.

Ms. Magaña stated that, while UCSA appreciates the review of the student health centers, it is concerned about the proposed shift in administration, financial management, and decision-making over the Student Health Insurance Plans away from the Department of Student Affairs at the Office of the President. She asked the Regents to consider a student oversight role, particularly since the student health centers are funded by student service fees, and students' health needs are different from those of the general population. She stated that the proposal and the report by Marsh U.S.A., Inc. should receive a full review.

Turning to the Sub-Report on Diversity, Ms. Magaña stated that UCSA was concerned about the lack of diversity among graduate students and faculty at UC, particularly given the mentoring role these groups play for undergraduates. She noted that graduate degrees were increasingly important in the current workforce, yet the graduate programs were severely lacking in representation from marginalized communities. Ms. Magaña urged the Board to continue to work on improving diversity in all sectors of the UC system, through implementation of concrete plans.

Noting UCSA's support of the Millionaires Tax, Regent-designate Stein asked whether UCSA would be open to working with UC's administration and the Board to support a different tax initiative jointly. Ms. Magaña responded that she would be open to bringing such a proposal to UCSA's board, although UCSA currently believes the Millionaires Tax to be the best proposal for UC.

The meeting adjourned at 10:40 a.m.

Attest:

Secretary and Chief of Staff