

The Regents of the University of California

**COMMITTEE ON EDUCATIONAL POLICY**

July 18, 2012

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

Members present: Regents Gould, Island, Kieffer, Lozano, Newsom, Reiss, Rubenstein, and Stein; Ex officio members Lansing, Torlakson, and Yudof; Advisory member Powell; Staff Advisors Barton and Smith

In attendance: Regents Blum, De La Peña, Makarechian, Mendelson, Ruiz, Schilling, Varner, Wachter, and Zettel, Regents-designate Feingold and Flores, Faculty Representative Anderson, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Provost Dorr, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith, Lenz, Mara, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Katehi, Leland, White, and Yang, and Recording Secretary McCarthy

The meeting convened at 3:05 p.m. with Committee Chair Reiss presiding.

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

Upon motion duly made and seconded, the minutes of the meeting of May 16, 2012 were approved.

2. **AMENDMENT OF REGENTS POLICY 3103: POLICY ON PROFESSIONAL DEGREE SUPPLEMENTAL TUITION AND REGENTS POLICY 3104: PRINCIPLES UNDERLYING THE DETERMINATION OF FEES FOR STUDENTS OF PROFESSIONAL DEGREE PROGRAMS**

The President recommended that, effective immediately, the Regents amend Regents Policy 3103: *Policy on Professional Degree Supplemental Tuition*, as shown in Attachment 1, and Regents Policy 3104: *Principles Underlying the Determination of Fees for Students of Professional Degree Programs*, as shown in Attachment 2.

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Provost Dorr stated that this item requested amendments of two policies, adding that it is the judgment of her office that the entire policy regarding professional degree supplemental tuition should be reexamined during the upcoming year. The requested change would give the President, with the approval of the chancellor, the authority to

approve a program's request to reduce its professional degree supplemental tuition. Provost Dorr explained that this change was requested because it is possible that a mid-year tuition increase, when combined with a program's supplemental tuition, could push the program's total cost above market rates.

Provost Dorr stated that the other requested change would allow professional programs that have had their multi-year plans approved to not be required to submit another full plan each year if their requested fees are at or below the level of the approved plan.

Regent Stein expressed support for the proposed changes. He stated that, while the overall policy regarding professional degree supplemental tuition has excellent goals, it falls short in its execution and is inconsistent in its application. Regent Stein reported that students in professional programs across the system have expressed to him that they do not have a meaningful opportunity for consultation or input.

Regent Stein also noted that nothing in the current policy governs the creation of new professional programs, including when such program changes are permissible, and how much can be charged in supplemental tuition. He cited examples of former academic programs that have been turned into professional programs with substantial supplemental tuition. He added that the Committee currently has no way of judging the appropriateness of converting academic programs into professional programs, for instance by having information about how similar programs at other universities are categorized. Regent Stein recommended that the entire policy regarding professional degree supplemental tuition be reviewed in the upcoming year. He expressed appreciation for Provost Dorr's interest in establishing a working group that would include input from professional degree students.

Faculty Representative Anderson expressed his agreement that there have been inconsistencies in the implementation of the policy regarding the creation of professional degree programs with supplemental tuition and his support for efforts to improve the policy. He stated that it is particularly important to protect affordability and access to such programs by ensuring that student financial aid is distributed equitably to students from modest economic backgrounds, and by attempting to increase the participation of underrepresented minorities. Mr. Anderson stated that the campus funding and budget committees of the Academic Senate, while having only advisory authority, would be well-positioned to examine the interaction between professional degree supplemental tuition and accessibility.

Regent De La Peña asked whether these proposed changes to the policies were intended only as one-time changes because of current uncertainty about the tuition buyout. Provost Dorr responded that the changes would become a part of ongoing policy, so that any time a circumstance resulted in a program's decision to reduce its professional degree supplemental tuition, the President could authorize such a reduction with the approval of the chancellor, without the Regents' approval. Regent De La Peña expressed his view that the Regents should be informed of such reductions. Regent Lozano suggested that,

when the Provost conducts a full review of the policy, Regent De La Peña's concern should be part of that review.

Regent Kieffer expressed his view that an additional report to the Regents would be unnecessary, since the professional degree supplemental fees would only be lowered under this proposed policy change. Regent De La Peña observed that fees are an important responsibility of the Regents, and expressed his desire that the Board be made aware of any fee changes.

President Yudof suggested that a report be made to the Board should he authorize any reduction to professional degree supplemental fees under the proposed policy, and agreed that that this procedure should be reviewed when the entire policy is reexamined.

Committee Chair Reiss moved that the recommendation be amended as reflected in the following additional language.

**Additions shown by underscoring; deletions shown by strikethrough**

The President recommended that, effective immediately, the Regents amend Regents Policy 3103: *Policy on Professional Degree Supplemental Tuition*, as shown in Attachment 1, and Regents Policy 3104: *Principles Underlying the Determination of Fees for Students of Professional Degree Programs*, as shown in Attachment 2, with any changes to professional degree supplemental tuition approved by the President under these policies reported to the Regents.

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

**3. ESTABLISHMENT OF A SCHOOL OF EDUCATION, IRVINE CAMPUS**

The President recommended that Section 15 (a) of the Academic Units and Functions, Affiliated Institutions, and Related Activities of the University, as provided for in Standing Order 110.1, be amended as follows:

**Additions shown by underscoring**

\* \* \*

15. Professional Schools

- (a) There are established the following schools, with curricula based on two or more years of undergraduate work as well as graduate curricula as listed:

\* \* \*

- School of Education, at Irvine, with curricula leading to the degrees of Master of Science, Master of Arts in Teaching, Doctor of Education, and Doctor of Philosophy.

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Chancellor Drake stated that this proposal to change the name of UC Irvine's Department of Education to the School of Education has very strong campus support and was positively reviewed by the systemwide Academic Council. The department already functions as a school in its organizational and administrative structure, and would require no additional resources or space from the campus or the system. The change is necessary to reflect the parity of the UC Irvine education program with peer institutions in the UC system and nationally.

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

4. **UPDATE ON THE FUTURE OF UCSF WORKING GROUP, SAN FRANCISCO CAMPUS**

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Chancellor Desmond-Hellmann thanked UCSF Police Chief Pamela Roskowski for her department's excellent work at the Regents meetings.

The Chancellor stated that her presentation would summarize the findings of the Future of UCSF working group and her proposed next steps. UCSF's ambitious vision is to become the world's preeminent health sciences innovator. In addition to challenges previously discussed with the Committee at its March meeting, the recent Supreme Court decision upholding most aspects of the Patient Protection and Affordable Care Act and the upcoming fall elections are also major forces influencing the health sciences industry, and requiring UCSF to be nimble and flexible to keep pace with these changes. UCSF also faces financial challenges because its revenue has been growing at only three percent annually, while its expenses are increasing at five percent. The Chancellor reported that her team has made great progress in addressing this revenue gap. Despite these challenges, UCSF is focused on maintaining its excellence, with the objective of confronting its financial situation to maintain the resources necessary to execute its public mission.

Chancellor Desmond-Hellmann stated that her internal team at UCSF worked to develop a long-term, enterprise-wide forecast supported by detailed business plans. Teams were created to examine four specific areas of opportunity for revenue generation. These analyses were almost complete.

The Chancellor recalled that, in January, President Yudof and Chairman Lansing had endorsed the creation of a working group to explore modifications to UCSF's current governance structure and financial relationship with the UC system to best enable UCSF to maintain and improve its excellence, and to continue to deliver on its critically important public mission. The working group used a formal process, the goal of which was to provide the Chancellor with a deeper understanding of possible modified governance structures and the related financial issues. Chancellor Desmond-Hellmann emphasized that she specifically instructed the working group not to evaluate a privatization or any other model in which UCSF would break away from the UC system. She also made it clear to the working group that abandoning UCSF's public mission was not an option the group should consider.

The Chancellor thanked members of the working group, which met as a full team five times; two sub-teams on governance and finance met weekly, more than 12 times. The main objective of the finance sub-team was to ensure a fair and transparent financial methodology. This sub-team has finalized a recommendation for new assessment methodologies for funds to support central services and for determining UCSF's share of increases or decreases in State appropriations to the UC system. UCSF will work directly with the Office of the President on those proposals.

Chancellor Desmond-Hellmann stated that the sub-team on governance undertook an extremely thorough review of the governance structures of 11 organizations similar in structure and mission to UCSF, and some additional institutions which have undergone governance changes. A faculty sub-team, which included present and past UCSF Academic Senate Division leadership, contacted peers at these institutions to discuss the effect of governance changes. An expert in non-profit governance was formally engaged.

The Chancellor summarized the findings of the governance sub-team. As the only UC campus focused solely on health sciences, UCSF is uniquely challenged among the ten UC campuses. In the health sciences marketplace, the crisis in health care, along with diminishing State support, rising student debt, escalating employee benefit costs, and downward pressure on research funding have combined to create unique pressures requiring urgent action. Among its fellow UC campuses, UCSF uniquely does not have a large undergraduate population and cannot rely on tuition increases to fill its financial gaps. Chancellor Desmond-Hellmann acknowledged the commitment of the Board in managing the complex ten-campus UC system, but added that it would be impossible for the Board to be engrossed in the unique management details specific to UCSF. A compelling case exists to modify the existing governance structure to maximize UCSF's decision-making capabilities and to position it for the future.

The working group proposed the appointment of a group of dedicated directors with operational and strategic expertise to guide UCSF through these challenging times. Such a local board would be valuable to the campus by working as a strategic partner with the Chancellor and her leadership team, helping to reconcile the interests of the internal management team with the local board's external opinions. A local board could also provide UCSF with access to extraordinary volunteer expertise in health sciences

research, graduate education, policy, technology, the local community, and many other areas. The UCSF board could ensure that management of this \$4 billion enterprise focuses its time and attention on identifying and solving its most critical problems. For example, a local board could hold UCSF accountable for progress against the campus' three-year strategic plan. In the area of strategic planning, a local board could participate with the UCSF management team in determining an appropriate strategy for dealing with the current trend toward rapid consolidation with increasingly popular accountable care organizations. The Regents would benefit from the UCSF board by knowing that UCSF's initiatives had been thoroughly reviewed by a local board whose members have particular expertise in these areas. The Chancellor added that, most importantly, a local board could challenge UCSF with important questions such as how UCSF can achieve its vision of being an excellent public institution despite its fiscal challenges, and how UCSF can better serve the UC system and the people of California.

Chancellor Desmond-Hellmann stated that the working group had presented her with two options, along with an analysis of the pros and cons of each. She emphasized that both options would be within the current structure of the UC Regents and the Office of the President, and would not change the UC Regents' fiduciary responsibilities. The first option is a UCSF board that is advisory to the Chancellor and the UC Regents; the second option is a UCSF board that has governing authority with a limited scope of additional delegated authorities from the UC Regents.

The Chancellor stated that, after much consultation, she has decided to create a UCSF board to serve in an advisory capacity to her and, through her, to the President and the Regents. She proposed to return to the Regents in approximately six months to share the advisory board's charter and membership. Chancellor Desmond-Hellmann said that she views this advisory board as a pilot that would continue to evolve. She added that there was intense interest in this process from fellow UC campuses among others. It would be important to define the relationship among the UCSF board, the Regents, and the Office of the President to ensure that this local board would be of value to UCSF and the UC system, and a valuable asset to the Regents in their service to the people of California.

Chancellor Desmond-Hellmann turned to factors crucial for the success of the UCSF board. Board members must be selected with not only the required expertise, but also with the ability to work well together as a team, an understanding of the University and its values, and a strong commitment to UCSF's public mission. In the absence of specific delegated powers to the advisory board, it is important that the members feel empowered to influence UCSF's future by having meaningful work and a focus on matters of consequence. The value of the advisory board must be continuously assessed and its structure adapted if necessary. The Chancellor emphasized that the support and advice of the Regents and the President are crucial to the success of UCSF's efforts going forward. She expressed her personal commitment to the growth of the campus in support of its public mission, and her hope that a UCSF board would be seen by the President and the Regents as an asset.

Committee Chair Reiss thanked Regent De La Peña and Regent Schilling for serving on the working group.

Regent Island expressed appreciation for the Chancellor's foresight in recognizing the value to UCSF, the Regents, and the UC system of a UCSF advisory board, particularly given that the Chancellor is inviting oversight. He emphasized that the Chancellor would remain ultimately responsible for the leadership and stewardship of UCSF.

Regent Kieffer congratulated Chancellor Desmond-Hellmann and the working group, and noted that the group's processes of deliberation could be used by any board, including the Regents. The Chancellor responded that the working group went into great depth in its investigations, and that she would be happy to make the details of its study available.

Committee Chair Reiss echoed Regent Island's prior comments and complimented Chancellor Desmond-Hellmann on her willingness to take advantage of intellectual resources outside of the UCSF community in order to help the campus achieve its mission. Committee Chair Reiss agreed that the support of the President and the Regents is crucial for the success of the UCSF advisory board, in attracting the highest quality members.

Regent Newsom expressed his support for the process described by the Chancellor and the creation of the UCSF advisory board. He added that he had anticipated the proposal to be controversial, and inquired about the public reaction to the recommendations of the working group. Chancellor Desmond-Hellmann acknowledged that the proposal was controversial. The majority of the comments she received, both from within and outside of UCSF, conveyed a strong commitment to its public mission, reflecting the deep commitment on the UCSF campus for public service. Respect for this mission, as well as UCSF's commitment to diversity and inclusiveness, was strongly reinforced to her at every stage of the process.

Chairman Lansing agreed that this proposal was controversial, and expressed her view that the steps the Chancellor is recommending in beginning this process are judicious.

President Yudof commended Chancellor Desmond-Hellmann for her work on this proposal and thanked the members of the working group. He stated that, given the demands of the environment in which UCSF must operate, it is important that UC maximizes the expertise available to the Chancellor.

Regent Mendelson asked that the Committee be updated on discussions at any other campuses, such as UC Berkeley, which might be considering governance arrangements that would involve having their own advisory boards. Chancellor Desmond-Hellmann commented that it may be difficult for a volunteer board to be sufficiently engaged, in a way that would balance the accountability of the Regents with UCSF's desire to have a board that is more familiar with its particular environment.

Regent Lozano expressed her view that it would be incumbent upon Chancellor Desmond-Hellmann to ensure that directions suggested by her advisory board at UCSF would be within the framework of the larger institutional UC goals established by the Regents. Regent Lozano asked that the Chancellor report back to the Committee as she clarifies the framework for decision-making of the advisory board at UCSF, so that the guiding principles will be consistent. Chancellor Desmond-Hellmann agreed that she is ultimately responsible for anchoring any decisions in the values of the University.

Regent De La Peña suggested that the UCSF working group, of which he and Regent Schilling were members, continue in some form through the next six months, so that the Office of the President and the Regents could continue to be involved. Chancellor Desmond-Hellmann stated that the input from the Regents and participants from the Office of the President was very valuable to the UCSF working group.

The meeting adjourned at 3:50 p.m.

Attest:

Secretary and Chief of Staff



**\*\*\*Additions shown by underscoring; deletions shown by strikethrough\*\*\***

REGENTS POLICY 3103

POLICY ON PROFESSIONAL DEGREE SUPPLEMENTAL TUITION \*

*Approved January 21, 1994*

*Amended July 2007, September 2007, March 25, 2010, and November 18, 2010*

(1) Professional Degree Supplemental Tuition shall be assessed to students enrolled in graduate professional degree programs, as determined by The Regents, to sustain and enhance the quality of the professional schools' academic programs and services.

(2) Revenue from Professional Degree Supplemental Tuition will remain with the campuses and will not be used to offset reductions in State support.

(3) The President, in consultation with the Provost, shall submit for the Regents' approval Professional Degree Supplemental Tuition levels from the campuses~~levels will be approved by The Regents,~~ within the context of such a multi-year plans as the Provost requires for each program~~that is subject to annual reconsideration.~~

(4) The Provost is responsible for ensuring that the leadership of each campus engages in appropriate designs a multi-year planning of Professional Degree Supplemental Tuition increases for each professional degree program in a manner that effectively advances the program's mission and strategic academic plan.

(5) Each professional degree program shall submit a Professional Degree Supplemental Tuition plan to the Provost, pursuant to a submission schedule communicated to the program by the Provost. At a minimum, the Provost will require a multi-year plan (i) for each program for which Professional Degree Supplemental Tuition is proposed to be newly assessed; (ii) for each program that proposes Professional Degree Supplemental Tuition that exceeds the amount proposed in its most recent multi-year plan; and (iii) for each program, at least every three years. In developing a program's multi-year plan, the following factors are among those to be taken into consideration: the amount of resources required to sustain academic quality at, and enrollments in, the particular professional degree program; the ability of the program to remain competitive with other institutions of similar quality; the cost of education for each specific degree program; the resident and nonresident tuition and fees charged by comparable public and private institutions for each specific program; and other market-based factors (such as scholarship and grant support) that permit the degree program to compete successfully for students. Within this context, different Professional Degree Supplemental Tuition levels may be set for professional programs in the same discipline at different campuses.

(6) Financial aid targeted for students enrolled in professional degree programs is necessary to ensure access to the degree program, and to minimize financial barriers to the pursuit of careers in public service. The Provost is responsible for ensuring that each campus complements its proposed multi-year plans for professional degree programs with financial aid measures, including scholarships, grants and loan repayment assistance programs, to adequately meet these goals. Financial aid sources should be supplemented by an amount equivalent to at least 33 percent of new Professional Degree Supplemental Tuition revenue or by an amount necessary to ensure that financial aid sources are equivalent to at least 33 percent of all Professional Degree Supplemental Tuition revenue. Campuses will regularly evaluate and report on the effectiveness of these financial aid measures.

(7) The following conditions are adopted for future Professional Degree Supplemental Tuition increases:

(A) Access and inclusion are among the University's core commitments, and student affordability is a vitally important component to a public education system. Any increases in Professional Degree Supplemental Tuition must be justified by programmatic and financial needs, but also must not adversely affect the University's commitment to access, inclusion, and keeping the door open for students interested in pursuing low-paying public interest careers.

(B) With this sentiment in mind, if a professional school unit wishes to propose a Professional Degree Supplemental Tuition increase greater than 6 percent or in excess of the percentage increase in Tuition for a given year, it must submit a plan, endorsed by its chancellor, describing academic and/or programmatic reasons for the requested increase and describing policies to ensure or enhance access and inclusion in the face of the rising charges.

(C) Each plan should consider the following (including expenditure projections, design parameters, and performance metrics) components:

- i. Front-end financial aid such that needy students are able to pursue their academic and summer interests without regard to financial considerations.
- ii. Loan forgiveness programs (or some equivalent alternative program) for, among others, students interested in pursuing low-paying public service jobs such that their debt from professional school does not unduly restrict their career decision.
- iii. A strategy for inclusion of underrepresented groups.
- iv. A detailed marketing and outreach plan to explain financial aid and loan forgiveness.

(D) Each unit's Professional Degree Supplemental Tuition plan shall also include:

- i. Assurances that in any program directly supported by State 19900 funds, the total in-state tuition and fees charged will be at or below the total tuition and/or fees charged by comparable degree programs at other comparable public institutions.
- ii. Information as to the views of the unit's student body and faculty on the proposed

increase. This information may be obtained in a variety of ways ranging from consultations with elected student leaders and faculty executive committees to referenda. The information would be treated as advisory, but The Regents would view more favorably Professional Degree Supplemental Tuition proposals that enjoy the support of a unit's faculty and student body.

(E) The Provost ~~and Executive Vice President~~ will provide further guidance and coordination as needed to the campuses and to elements of the Office of the President, and coordinate submission of the Professional Degree Supplemental Tuition proposals to The Regents for annual action. Chancellors will carefully review Professional Degree Supplemental Tuition proposals and the supporting plans concerning financial aid, loan forgiveness, outreach, evaluation, and implementation of corrective measures if needed (such as a Professional Degree Supplemental Tuition rollback, freeze, limit on future increases, or other financial and/or non-financial measures), and forward the Professional Degree Supplemental Tuition proposals as revised to the Office of the President. ~~Professional Degree Supplemental Tuition proposals from the campuses and as submitted to The Regents should cover a rolling period of not less than three years.~~

(F) Upon request of a professional program, with the concurrence of the Chancellor, the President, in consultation with the Provost, may consider and is authorized to reduce Professional Degree Supplemental Tuition for specific programs as the President deems appropriate and shall report those actions to the Regents.

*\* Nothing in this policy constitutes a contract, an offer of a contract, or a promise that any tuition or fees ultimately authorized by The Regents will be limited by any term or provision of this policy. The Regents expressly reserve the right and option, in its absolute discretion, to establish tuition or fees at any level it deems appropriate based on a full consideration of the circumstances, and nothing in this policy shall be a basis for any party to rely on tuition or fees of a specified level or based on a specified formula.*

**\*\*\*Additions shown by underscoring; deletions shown by strikethrough\*\*\***

REGENTS POLICY 3104

PRINCIPLES UNDERLYING THE DETERMINATION OF FEES FOR STUDENTS  
OF PROFESSIONAL DEGREE PROGRAMS \*

*Adopted March 15, 2007*

*Amended March 25, 2010*

1. The Regents approve professional school fees according to asuch multi-year plans as the Provost requires for each program, ~~subject to annual reconsideration.~~
2. The Regents adopt the principle that different professional programs in the same discipline at different campuses may have fees set at different levels; and that in doing so, The Regents confirm the commitment to maintaining a single fee level for in-state undergraduate students for all campuses across the system, a single fee level for out-of-state undergraduate students for all campuses across the system, a single fee level for in-state graduate academic students for all campuses across the system, and a single fee level for out-of-state graduate academic students for all campuses across the system.
3. It is the policy of The Regents that State support for professional schools should not decline, in the event that professional differential fees increase.
4. The Regents endorse the critical importance of campus plans for targeted financial aid for students in professional degree programs to assure access and to minimize financial barriers to the pursuit of careers in public service; The Regents charge the Provost ~~and Executive Vice President~~ with ensuring that each campus complements its proposed professional degree fee policies with such financial aid measures, including scholarships and loan forgiveness; and that the effectiveness of such programs be evaluated regularly.
5. The Regents charge the Provost ~~and Executive Vice President~~ with ensuring that the leadership of each campus designs its proposed professional degree fees in a manner that effectively advances the mission and strategic academic plan of each program.

*\*Nothing in this policy constitutes a contract, an offer of a contract, or a promise that any fees ultimately authorized by The Regents will be limited by any term or provision of this policy. The Regents expressly reserves the right and option, in its absolute discretion, to establish fees at any level it deems appropriate based on a full consideration of the circumstances, and nothing in this policy shall be a basis for any party to rely on fees of a specified level or based on a specified formula.*