

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

November 19, 2014

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

Members present: Regents Atkins, De La Peña, Engelhorn, Gould, Island, Kieffer, Lansing, Leong Clancy, Makarechian, Napolitano, Newsom, Ortiz Oakley, Pattiz, Pérez, Reiss, Ruiz, Saifuddin, Sherman, Torlakson, Varner, and Wachter

In attendance: Regents-designate Davis, Gorman, and Oved, Faculty Representatives Gilly and Hare, Secretary and Chief of Staff Shaw, General Counsel Robinson, Chief Compliance and Audit Officer Vacca, Chief Investment Officer Bachher, Provost Dorr, Executive Vice President and Chief Financial Officer Brostrom, Senior Vice Presidents Dooley and Stobo, Vice Presidents Andriola, Brown, Budil, Duckett, Lenz, and Sakaki, Chancellors Block, Blumenthal, Dirks, Gillman, Hawgood, Katehi, Khosla, Leland, Wilcox, and Yang, and Recording Secretary McCarthy

The meeting convened at 8:50 a.m. with Chairman Varner presiding.

1. PUBLIC COMMENT

Chairman Varner 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. UC Santa Cruz Chancellor Emeritus Karl Pister spoke on behalf of 17 former UC chancellors whose letter of unqualified support for President Napolitano's Long-Term Stability Plan for Tuition and Financial Aid (Plan) was based on the following facts. First, State funding for UC has fallen dramatically, both in absolute and per capita terms, while UC now enrolls many thousands more students for whom no State funding has been provided. Second, State funding with the Governor's proposed four percent annual increase would cover less than half of the expected cost of undergraduate and nonprofessional graduate education and the increase would be insufficient to cover even projected costs of inflation, not to mention unfunded students. Third, in spite of unprecedented State disinvestment, UC has remained strong, largely as a result of the UC administration's actions, with support of the Regents, to pursue policies focused on reducing costs and increasing revenues. There are limits to the possible effect of these policies if UC is to remain the leading public university in the world. Fourth, UC continues to be accessible to California residents because of its superb financial aid policies and added tuition revenue from nonresident students, with the result that more than half of UC undergraduates pay no tuition and many more pay less than full tuition. Chancellor Emeritus Pister noted that the editorial board

of the state's largest newspaper called on the Regents to support President's Plan, while the editorial board of the *Sacramento Bee* said the State's "disinvestment in public higher education has gone on long enough." Chancellor Emeritus Pister said that in his 62 years of work with the University, this was the first time he had been abused by protestors, who knocked him down.

- B. Mr. Guillermo Rogel, UC Santa Cruz student, UC Student Association (UCSA) campus organizing director, and UCSC Committee on Planning and Budget undergraduate representative, stated that students had not been consulted sufficiently in development of the Plan, which would be neither stable nor predictable. He urged transparency in UC finances.
- C. Ms. Rebecca Ora, UC Santa Cruz Ph.D. student and UC Student Association (UCSA) representative, expressed concern about the affordability of UC, particularly for students from middle-class families, and about high levels of student debt.
- D. Mr. Michael Hirshman, president of the UCLA Graduate Students Association, stated that UC should be more affordable and accessible than other public universities. He noted the concern of UCLA law students about the even higher debt they would have to incur if Professional Degree Supplemental Tuition were increased. He urged the Regents to keep a UC education affordable in spite of frustration with the inadequacy of State funding.
- E. Ms. Patricia Preston, UC Davis graduate and small business owner, said her daughter was not accepted at UC the prior year despite her outstanding qualifications. She expressed concern about high tuition levels.
- F. Ms. Shanta Driver, national chair of the Coalition to Defend Affirmative Action, Integration, and Immigrant Human Rights and Fight for Equality by Any Means Necessary (BAMN) and attorney for 20 UC Berkeley students suing the University over alleged police violence during a peaceful campus protest, stated that the public should control a public university, and that a public university must be accountable and accessible to the public. She said President Napolitano should resign and affirmative action should be restored.
- G. Ms. Yvette Felarca, UC Berkeley alumna, national organizer for BAMN, and lead plaintiff in a lawsuit regarding alleged police violence during a campus protest, spoke against tuition increases and in favor of public education and the future of UC.
- H. Mr. Ronald Cruz, attorney for BAMN, spoke against tuition increases and the possible closure of the Lick Observatory, and in favor of free tuition.
- I. Ms. Angela Dancev, UC Berkeley alumna and member of BAMN, spoke in favor of the resignation of President Napolitano and against tuition increases.

- J. Ms. Gabriela Padilla, UC Berkeley student and member of BAMN, expressed concern about tuition increases and high levels of student debt. She demanded public funding of public higher education.
- K. Ms. Shelley Alingas, UC Santa Cruz alumna, expressed gratitude for her UC Santa Cruz education, which has proven invaluable. She spoke in favor of the Plan because it would ensure the quality of a UC education. She urged the Governor and the Legislature to support public higher education.
- L. Professor Stan Glantz, UCSF professor, past chair of the UC Academic Senate Committee on Planning and Budget, and vice president of the Council of UC Faculty Associations, stated that tuition increases had to be considered because of Governor Brown's reduction in State funding for public higher education. He urged mobilization of public support for restoration of the California Master Plan for Higher Education (Master Plan).
- M. Ms. Jackie Shay, UC Merced alumna, California State University graduate student, and vice president of UC Merced's Alumni Association Board, expressed support for predictable tuition levels.
- N. Ms. Laurel Brodzinsky, speaking on behalf of Assemblymember Lorena Gonzalez, stated that Ms. Gonzalez is opposed to tuition increases because of their effect on middle-class families and the affordability of UC, to large executive salaries for UC administrators, and to outsourcing of campus services.
- O. Ms. Elizabeth Ortega, political director of American Federation of State, County and Municipal Employees (AFSCME) Local 3299, expressed support for students and against further tuition increases. She urged an examination of spending, a cap of executive salaries, and reform to UC's pension plan.
- P. Ms. Claudia Preparata, research director of AFSCME 3299, stated that UC executive compensation practices are appalling, directing money away from the University's mission to pay executive salaries more fit for a Fortune 500 company than for a public institution. She noted that two years prior, UC changed the approval process for senior executive salaries, requiring that salaries for roughly only its 27 highest-paid executives be approved by the Regents, with the rest requiring only local approval.
- Q. Ms. Judy McKeever, UCSF respiratory care practitioner and vice president of the Respiratory Care Board of California, expressed concern about her department's use of registry workers with little experience. This practice is more expensive than using permanent workers. She spoke against high levels of executive compensation and tuition increases for students.
- R. Mr. Kin Kwong, contract custodian with Impec Group, said he had attended the meeting with UCSF workers from Impec Group and A & E Maintenance at UC

Davis Medical Center. He stated that over the past three years UC had paid these companies \$4 million to do the same work as UC career custodians. A recent *Sacramento Bee* article said that UC could have saved \$1 million by hiring the outside employees as UC employees. He urged the University to stop outsourcing work to a private company that exploits its workers. He also spoke against tuition increases.

- S. Ms. Maricruz Manzanarez, UC Berkeley custodian for more than 15 years, expressed opposition to expensive outsourcing of custodial work. Workers for these companies have no job security, livable wages, benefits, or pension, and no voice at the workplace; students' and patients' safety are being jeopardized by contracting out jobs that were held by UC employees. UC workers have an interest in providing good service to UC students and patients; contract workers have no such interest.
- T. Mr. Abraham Galvan, UC Riverside student and vice president of external affairs for the Associated Students of UCR, expressed concern about tuition increases and urged seeking alternative sources of revenue such as an oil severance tax, reform of Proposition 13 to close property tax loopholes for big businesses, or reduced spending on prisons. He stated that the Plan would not be sustainable since it did not involve finding a real funding solution.
- U. Mr. Destiny Iwuoma, UC Berkeley student, stated that students want to work with the Regents to advocate for more State funding. He expressed concern about student debt and the affordability of a UC education. Even students who pay no tuition often have difficulty paying their living expenses so they can attend UC.
- V. Ms. Kitty Lui, UC Santa Cruz alumna and member of Fossil Free UC, expressed support for divesting from the fossil fuel industry and against tuition increases. UC's goal of climate neutrality by 2025 would be undermined by its continued investment in fossil fuels. Ms. Lui also spoke against the practice of hydraulic fracturing known as fracking.
- W. Ms. Allyson Osorio, UC San Diego Associated Students external vice president, said a UCSA petition asks the Regents to not increase tuition. Students know that the State has disinvested in UC, but believe that the Plan would use students as pawns in the funding struggle between UC and the State Legislature. UC affordability and accessibility are cornerstones of the University and are in danger of being eroded.
- X. Ms. Ali Guthy, president of the Associated Students of UC Santa Barbara, stated that UC students do not support the Plan for increased tuition. The Plan does not maintain the Master Plan's promise of accessible and affordable education. The State has broken its promise to UC students. She urged the Regents to work with students and faculty in advocacy for State reinvestment in public higher education.

- Y. Ms. Priscilla Ibrahim, UC Berkeley student and AFSCME intern, spoke against tuition increases, executive salary increases, and outsourcing of campus jobs.
- Z. Mr. Matt Haney, UC Berkeley graduate and member of the San Francisco Board of Education, spoke against proposed increases in tuition. Many recent alumni struggle with student loans from tuition increases in recent years. Another tuition increase would attempt to balance the budget on the backs of students.
- AA. Ms. Tiffany Loftin, UC Santa Cruz alumna, former president of the United States Student Association, and former chair of the UCSC Student Union Assembly, urged the Regents not to increase tuition. She also advocated increasing the number of student Regents and increased communication with students about solutions to funding problems.
- BB. Mr. Neftali Galarza, a UC Riverside student, expressed concern about the lack of diversity at the Regents meeting and about high levels of student debt.
- CC. Mr. Ryan Fluence, UC Santa Barbara fourth-year student, campaign coordinator for UCSA's Invest in Graduation Not Incarceration, Transform Education (IGNITE) campaign, and member of the People of Color Coalition at the United States Student Association, spoke against tuition increases and their effect on diversity on UC campuses. He said the State allocates more funding to prisons than to public higher education.
- DD. Ms. Akshaya Natarajan, first-year student at UC Santa Barbara, said the proposed tuition increases would make UC inaccessible to many students in the future. High undergraduate tuition would limit students' ability to attend graduate school at a time when California needs an educated workforce.
- EE. A woman stated that spending for education decreased by 13 percent since 1980, while prison spending increased 436 percent. She spoke against a tuition increase.
- FF. Mr. Melvin Singh, UC Santa Barbara student and Associated Students of UC Santa Barbara external vice president for statewide affairs, spoke of a decline in quality of a UC education. He said he had to sit on the floor of an overcrowded classroom to take a midterm and reported that it is difficult to find time for personal interaction with teaching assistants. He said that the quality of all UC campuses must be considered, not just UC Berkeley and UCLA.
- GG. Mr. Mohamed Hussein, UC Riverside third-year student, said that his younger brother could not attend UC Riverside because it was not affordable. He advocated free public higher education.
- HH. Mr. Carlos Lopez, UC Santa Barbara student, said that public education should be free and urged cooperation with students to lobby the Governor and the State Legislature to increase funding for public education without the threat of tuition

increases. Students should be included in discussions about funding before plans to increase tuition are announced.

- II. Mr. Mohsin Mirza, a UCSB student, spoke against tuition increases and said that every other option should be exhausted.

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

Chairman Varner welcomed Regent Pérez and Regent Ortiz Oakley. He said the Regents would consider a slate of budget-related items, including a Long-Term Stability Plan for Tuition and Financial Aid. While no one wants a tuition increase, Chairman Varner expressed his view that the plan is fair and necessary given State funding, if UC is to remain a world-class university. UC tuition has not increased over the past three years, while State investment reached an all-time low on a per-student and real dollar basis. At the same time, demand for admission to UC has skyrocketed. The Regents appreciate the increased allocations from the State, but the UC budget from the State is not adequate to fund the University's top priorities, which include increased enrollment of California high school students and California Community College transfer students, decreased student-faculty ratios, increased course offerings, and improved graduation rates. The University would maintain its strong financial aid programs.

Chairman Varner stated that this would be the last meeting for two valued colleagues, Vice President of Budget and Capital Resources Lenz and Senior Vice President of External Relations Dooley. He expressed appreciation for their contributions and service to the University.

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

President Napolitano stated that the Regents would vote on the Long-Term Stability Plan for Tuition and Financial Aid (Plan), integral to the stability and vitality of the University. The Plan would meet the goals of bringing clarity and reduced volatility to the tuition-setting process, while keeping tuition as low and predictable as possible. It would be important to discuss the current environment of State funding. During the last few years, the University had experienced massive State disinvestment; nearly \$1 billion in State funding was slashed from the University's budget. As the independent Public Policy Institute of California stated in its study released the prior week, "State funding per student has dropped more than 50 percent since 2007-08. State support for UC students remains near the lowest it has been in more than 30 years."

In the face of these reductions, the University has managed by making more than \$660 million in cuts to administration and by developing new sources of revenue, through consolidation of activities like procurement, and reductions in faculty and staff. While UC's commitment to cost-cutting continues, tuition increases must be considered. The proposed Plan, developed over the course of a year while engaging with a broad array of stakeholders including students, faculty, staff, and government leaders, is as predictable and affordable as possible. The Plan brings clarity to the tuition and financial aid process

for UC students and their families, eliminating the need for a massive tuition increase in the future. The Plan would allow campus leaders and faculty to know on a multi-year basis what their budgets are likely to be so they can better plan. President Napolitano emphasized that the proposed tuition increase is contingent and could, in fact, be zero; it will not exceed five percent per year. UC will work with students and others to persuade the State to reinvest in the University. When they apply, students will be able to know how much UC would cost, how much financial aid would be available, and what kind of education they would receive. The Plan depends on three funding sources: State funding, continuing efforts toward efficiency savings and alternative sources of revenue, and as a contingency and last resort, tuition increases.

The Plan ensures that UC can continue its robust return-to-aid policy. More than half of UC undergraduates currently pay no tuition and almost half graduate with no student loan debt. Students from middle-income families earning between \$80,000 and \$150,000 annually receive an annual average of \$8,000 in grants and scholarships. More than 42 percent of UC students come from low-income families and strengthening UC's vigorous financial aid program is paramount. Under the Plan, one-third of all tuition dollars will go to financial aid. The Plan would enable the University to enroll 5,000 additional California resident undergraduate students, with growth at every campus. This fall, applications to UC appear to be running at a record pace again. Critically, the Plan guarantees additional support for academic research and excellence, enabling investment in faculty, increases in course selection and course availability, reduced time to graduation, and better support of graduate as well as undergraduate education. The University cannot do these things without sufficient revenue.

The Plan anticipates continued maximization of the University's finances through streamlining spending and eliminating waste wherever possible. The University has already saved more than \$660 million through the Working Smarter initiative and the Plan depends on the University's doing its part through continued efficiencies, cost savings, and development of alternative revenue streams to cover at least one-third of the funding gap it faces. The University would also continue to make improvements to its academic delivery model by expanding access to high-demand entry level courses, encouraging students to enroll in summer coursework, and employing predictive analytics so advisors can intervene early with students who need extra help. All ten UC campuses have extended and are making innovations in online learning. UC is the premier public research university in the world. UC must continue to explore ways to better educate today's students and to ensure the future education of students not yet born.

President Napolitano stated that, in the development of this Plan, she considered alternatives such as differential tuition levels, increased enrollment of international and out-of-state students, a cap or decrease in enrollment of California students, reduction of UC's commitment to financial aid, and reductions in faculty and course offerings that would make it more difficult for students to graduate in four years. In the final analysis, all of these alternatives would be bad for students, for the University, and for California. Sound stewardship demands that necessary and difficult choices be made to keep the

University on a course true to its guiding stars of excellence, accessibility, and affordability.

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

Faculty Representative Gilly quoted the editorial board of the *Sacramento Bee* regarding the importance of UC to California: “The University of California may be the Golden State’s greatest public institution. It offers a pathway for talented people of modest means to vastly improve their circumstances, fosters innovation and in many ways drives the economy.” UC students are provided a pathway to improve their circumstances by having access to some of the world’s best faculty. The budget cuts of the past two decades, culminating in the drastic budget cuts since the 2008 financial crisis, are a long way from being restored by the last two years’ improvements, and have battered that pathway when it is more critical than ever for California. When Ms. Gilly arrived at UC Irvine as an assistant professor in the early 1980s, UC’s 96,000 students were 87 percent white and Asian and they tended to come from middle-class homes. Tuition was zero and fees totaled less than \$1,000 per year, giving little need to focus on financial aid or student loans. Last year, the UC system received 150,000 applications and admitted 87,000 California residents, clear evidence that the citizens of California want to experience the quality of a UC education. Of the undergraduate students admitted in 2014, 35 percent are from underrepresented minority groups; three UC campuses are designated as Hispanic-serving institutions; 37 percent of admitted students are from low-income families. While tuition has increased for California students, so has financial aid; half of UC students pay no tuition and nearly half leave with no student debt.

Despite receiving no funds for enrollment growth in recent years, UC has met its obligations under the California Master Plan for Higher Education to offer admission to those students among the top 12.5 percent of California’s public high school graduates who apply, but its promise of a world-class education is less secure than it was in the past. UC’s student-faculty ratio has crept up, faculty remuneration has fallen farther behind its comparators, and deferred maintenance has eroded its infrastructure. A cynic might ask whether these threats to UC quality mean that California is less committed to its more diverse student body than it was to the middle-class students of past years.

The State’s funding of UC is an investment with an excellent return in social mobility, innovation, and economic growth. UC leverages taxpayer contributions with revenues from other sources to generate \$46.3 billion in annual economic activity for the state. California is currently at a point where it must decide whether to continue underfunding UC and risk losing the value of its years of investment or, now that State revenues are rising, to resume investing at the level needed to ensure future payoffs in access, innovation, and economic drivers. UC faculty welcome Sacramento’s new emphasis on affordability, but are strong advocates for educational quality when it is compromised by inadequate funding. Just at the time when UC is encouraging a more diverse population to prepare for and apply to UC, it faces a situation where the quality of the education they will receive is threatened. It would be wrong if UC quality were to erode just as these

students arrive. The Academic Senate supports efforts to obtain the funding needed to meet UC's obligation to the state and its students.

The meeting recessed at 10:05 a.m.

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The meeting reconvened at 2:40 p.m.

Members Present: Regents Atkins, Blum, De La Peña, Engelhorn, Gould, Island, Kieffer, Leong Clancy, Makarechian, Napolitano, Newsom, Ortiz Oakley, Pattiz, Pérez, Reiss, Ruiz, Saifuddin, Sherman, Torlakson, Varner, and Wachter

In attendance: Regents-designate Davis, Gorman and Oved, Faculty Representatives Gilly and Hare, Secretary and Chief of Staff Shaw, General Counsel Robinson, Chief Compliance and Audit Officer Vacca, Provost Dorr, Executive Vice President and Chief Financial Officer Brostrom, Senior Vice President Dooley, Vice Presidents Duckett, Lenz, and Sakaki, Chancellors Block, Blumenthal, Gillman, Hawgood, Katehi, Khosla, Wilcox, and Yang, and Recording Secretary Johns

President Napolitano introduced UC Student Association President Jefferson Kuoch-Seng, fourth-year UC Merced student.

Mr. Kuoch-Seng said that students were disappointed by tuition increases in the Long-Term Stability Plan for Tuition and Financial Aid (Plan). More than 16,000 students have signed a petition in opposition to the Plan. He asked how students and the Regents could work together to ensure that the four percent increase in State funding would be forthcoming. He stated that the Plan would not provide predictability, when students planned funding for their education with no tuition increases following passage of Proposition 30. Mr. Kuoch-Seng advocated for student involvement in the Governor's proposed select committee. State disinvestment has resulted in a failed model to fund California's public higher education. He urged working with students to urge the State Legislature to reinvest in public higher education.

The meeting adjourned at 2:45 p.m.

Attest:

Secretary and Chief of Staff