

The Regents of the University of California

PUBLIC ENGAGEMENT AND DEVELOPMENT COMMITTEE

September 14, 2016

The Public Engagement and Development Committee met on the above date at the Luskin Conference Center, Los Angeles campus.

Members present: Regents Gould, Island, Kieffer, Lansing, Pattiz, Ramirez, Reiss, and Schroeder; Ex officio members Lozano and Napolitano; Advisory members Lemus, Mancina, and White; Chancellor Leland and Acting Chancellor Hexter

In attendance: Regent Newsom, Secretary and Chief of Staff Shaw, Senior Vice Presidents Henderson and Peacock, Deputy General Counsel Friedlander, Chancellors Block, Hawgood, Khosla, and Wilcox, and Recording Secretary McCarthy

The meeting convened at 1:05 p.m. with Committee Chair Kieffer presiding.

1. **OVERVIEW OF COMMITTEE RESPONSIBILITIES AND REVIEW OF COMMITTEE CHARTER**

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

Committee Chair Kieffer noted the significance of the first meeting of this new Committee. He particularly welcomed Chancellor Leland and Acting Chancellor Hexter as members, and recognized Regent Lansing, Committee Vice Chair, who has engaged actively on this topic for many years. By establishing this Committee, the Regents have chosen to prioritize a renewed focus on the obligation of the Board, the Office of the President, and the ten UC campuses to engage thoughtfully and vigorously with their various communities, constituencies, and the public. The Committee would also focus attention on the role and need for philanthropy at this time in UC's history.

Committee Chair Kieffer observed that the obligation to engage beyond the classroom is not new, and is linked to UC's mission of public service, but the focus on that obligation by a Board committee would be new. This Committee might explore areas such as: the strength of the University's relations with its alumni, including whether alumni are connected to UC's career centers; UC's partnerships with California State University and the California Community Colleges; engagement with UC's future students while they are in high school; UC's communication with the press and the public; the status of UC's agricultural extension programs and whether the agricultural community is as engaged as it has historically been with UC; UC's fulfilment of its public health mission from the community's point of view; the particular needs of the various regions of California and whether UC is aligning itself with those needs; the degree to which UC is understood by

the leaders of State government, the Legislature, and the Governor; and how well the University understands and meets their expectations of UC. It would not be the Committee's responsibility to act in these areas, but it could set goals and ask important questions. In the area of philanthropy, 95 percent of which is conducted by the campuses, the Committee might explore how each of the campus foundations is faring, the role of the Office of the President, and how the Regents could help.

Committee Chair Kieffer noted the Committee's intention to engage actively, but thoughtfully, with sound advice from UC staff and each of the ten distinct UC campuses. The UC system is large and each campus has myriad engagement activities with its region and throughout the state. The Committee needs to understand more about these activities of the campuses individually, and how each of the campuses aligns its mission to the needs of the nation, state, and particular needs of its region. The Committee would lay out an agenda based on discussions at this meeting and through the coming months. He and Regent Lansing welcome Committee members' help in setting that agenda. This meeting's presentations would provide an overview of UC philanthropy and government relations.

Senior Vice President Henderson commented that her office could help identify ways in which UC campuses and the system engage with their communities to identify the needs and challenges of those communities, the state, and beyond to address challenges in areas as wide-ranging as health, climate change, the economic impact of innovation on California, and student access. Her office could advise the Committee on UC engagement, both through its campuses and as a system, with its alumni, faculty, staff, and UC's donors.

Senior Vice President Peacock stated that the UC Office of Government Relations strives to promote the goals set by the Board and President Napolitano for the University's relationships with the State and federal governments. By creating strong relationships with legislators and other policy makers, his office strives to convince them that money invested in UC is well spent. He looked forward to helping achieve the priorities set by the Committee.

Regent Lansing observed that this exciting new Committee would engage in areas that many Regents have wanted to explore. Presentations at this meeting would help the Committee understand the existing state of UC's philanthropy and government relations to help determine and prioritize possible areas for further focus.

2. **HISTORY AND OVERVIEW OF PHILANTHROPY AT THE UNIVERSITY OF CALIFORNIA**

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

Senior Vice President Henderson reported that President Napolitano had recently convened a systemwide Advancement Leadership Conference that brought together

senior leadership and staff in development, alumni relations, and communications to share best practices and to engage in strategic and operational discussions regarding alumni engagement and giving, and how the student experience affects later engagement. This productive conference focused on present giving as well as development of future philanthropists and advocates.

Ms. Henderson observed that private support has become increasingly important to UC, both as a source of revenue and as a way to engage the University's constituencies, including alumni, foundations, corporations, and campus groups that support the University. Philanthropy takes place on each of UC's campuses; nearly all gifts and donations are received at the campus level. UC also receives private support for a number of valuable systemwide programs such as Agriculture and Natural Resources, UC Press, and the California State Summer School for Mathematics and Science, as well as programs administered by the Research Grants Program Office. The primary role of the Office of Institutional Advancement in the Office of the President is to support the campuses by giving counsel about systemwide policies, and State and federal laws that affect charitable giving. The Office also assists with complex gift transactions, helps prepare reports for senior leadership and external communities, provides oversight of endowment matters, and supports certain functions at the systemwide level such as the Regents' planned giving program. The Office of Institutional Advancement also helps convene events like the recent Advancement Leadership Conference referred to earlier.

Ms. Henderson introduced Assistant Vice President Geoff O'Neill, to present a brief history of the importance and growth of philanthropy across all UC campuses, including who UC's donors are, uses and restrictions on use of donor funds, and factors that determine fundraising at each campus. One important factor is the maturity of the campus and its development program, which would be demonstrated by subsequent items regarding fundraising programs at UC Riverside and UCLA.

Mr. O'Neill observed that philanthropy has been an essential part of the University from its inception to the present, a period of roughly 150 years. For the first 50 years, UC consisted of UC Berkeley and UCSF; UCLA was added during the University's second 50 years; since then UC's other campuses have been developed. The history of UC's philanthropy mirrors those 50-year periods.

Most of the early buildings on the UC Berkeley campus were the result of gifts. The Toland Medical College, which consisted of land, buildings, and medical equipment worth approximately \$100,000, was donated to UC and became the medical department of the University of California in 1873. The Lick Observatory was the result of a gift from philanthropist James Lick in 1888. Not long after the University was established, the first endowment at UC was set up, a gift from Regent Edward Tompkins of 47 acres of land, sold shortly thereafter for \$50,000, or \$1 million in current dollars. Through effective investment, that one endowment has a current value in excess of \$9 million, even though its payout since its inception has supported an endowed chair in Oriental Languages.

During UC's second 50 years, philanthropic support grew, but not nearly at the rate that State support grew. Although philanthropic gifts during that time were only about one-tenth the amount of State support, those gifts had a critical role in UC's becoming a world-class university. For example, a gift of \$500 helped a young UC Berkeley Professor of Physics, Ernest Lawrence, purchase an electromagnet, which later became part of the cyclotron that led to UC Berkeley's first Nobel Prize. By 1958, for the first time, total support exceeded \$10 million and included 5,000 gifts per year. As a result, the Board of Regents established a committee that issued a report on the University's gift and endowment program, and agreed in principle to embark on a program for encouraging private support, which until that time had been a passive activity of simply receiving gifts. However, a number of private schools expressed concern that UC fundraising might result in their donors' switching allegiance to UC, which led to a policy that acknowledged private institutions' dependence on gifts and endowments for support. The policy stipulated that every effort would be made not to interfere with their sources of support and provided that UC would limit its fundraising efforts to its immediate family and would not embark on widespread public solicitations. In exchange, private schools agreed to support UC in Sacramento. The policy also acknowledged the use of gift endowment funds for enrichment and emphasized that endowment funds should be used for areas for which the State was not providing support.

During the 1960s and 1970s UC received increasing State support and was generally passive in its fundraising operations. Around 1980, total annual fundraising reached \$100 million and UC began expanding its fundraising efforts, primarily at UC Berkeley and UCLA, which engaged in a number of successful campaigns and a slowly expanding definition of what fit within the family of UC, which had come to include alumni, parents, and community members near UC campuses.

In the mid-1990s the Regents took actions that created UC's current structure for philanthropy, adopting the Policy on Fundraising Campaigns, so that UC became fully engaged in raising funds from the broad public. Endowment funds are to be used for enrichment, but the areas the University considers to be unsupported by the State have grown significantly. In 1995, the Regents adopted the Policy on Support Groups, Campus Foundations, and Alumni Associations, the most significant factor in the growth of UC fundraising during the past two decades, engaging networks of people committed to UC who devote their time and talent to help increase fundraising on all UC campuses. The Policy on Fundraising Campaigns enables the Regents to show their support for campus campaigns. The Academic Personnel Manual-191: Policy on Endowed Chairs and Professorships was revised to eliminate the prohibition against using any chair payout for faculty salaries, to increase the flexibility for use of endowed chair funds, which Mr. O'Neill said were a growing part of the budget of the University.

Chair Lozano encouraged Committee members to review existing Regents policies in light of current circumstances and the modern environment of needing to maximize the University's ability to drive philanthropy and private fundraising, since the policies were being reviewed for updating in alignment with the new Bylaws. The policies should be

made most relevant to campuses' needs and requirements for flexibility. Committee Chair Kieffer agreed, noting that the chancellors would also be consulted in that effort.

Mr. O'Neill reported that for the second consecutive year philanthropic cash giving to UC exceeded \$2 billion from well over 300,000 donors, with 2015 results exceeding the prior year by \$100 million and \$250 million if pledges were included. Fundraising results are not spread equally among UC's ten campuses; the campuses with more mature academic and development programs raised more money. The role of the campus foundations is critical in generating broad community and alumni support for fundraising efforts.

Committee Chair Kieffer commented that the campus foundations have key roles, yet the Regents have little interaction with them. A topic for future Committee consideration might be how the Regents and the Office of the President could help the campus foundations.

Mr. O'Neill displayed a chart of philanthropic gifts by source, which indicated that UC receives its most significant support from private foundations and individuals including alumni. The University has begun tracking gifts from foundations established by alumni, which had not always been counted as alumni gifts. UC alumni contribute more than \$300 million annually. Regent Lansing pointed out that UC alumni giving remains an area for potential growth.

Mr. O'Neill displayed another chart showing gifts by purpose. More than \$180 million was donated in the 2014-15 year for student support. Unrestricted giving is less than two percent of total giving each year for the past decade, a portion similar to that reported by UC's peer institutions.

Regent Gould asked about giving to UC's medical centers. Mr. O'Neill responded that, when considered by academic discipline, about half of all giving supports health sciences and medicine.

Regent Reiss asked if any gifts for support of departments were unrestricted. Mr. O'Neill said such donations would not be considered unrestricted. Regent Reiss said it would be helpful to have a breakdown of giving by campus. She asked if there were any systemwide campaigns and suggested that the Committee might explore this possibility. Committee Chair Kieffer agreed that a broad effort might also include the Office of the President.

Regent Reiss asked if the chancellors coordinate fundraising efforts among campuses. Chancellor Leland answered in the negative. Chancellor Leland said she would like information regarding donors of gifts to the health sciences. She suspected that a higher proportion of donors to the health sciences would not be alumni, but rather individuals who had been helped by a UC medical center. Mr. O'Neill stated that further detail is available in the Annual Report on University Private Support.

Mr. O'Neill discussed UC endowments, currently totaling \$15 billion including the General Endowment Pool and the ten campus foundations, consisting of 15,000 different funds that donors have created for various purposes. According to the American Council on Education, roughly 55 percent of private institutions' donations are restricted, compared with 80 percent of public institutions; 90 percent of UC's donations are restricted. Donors had been generally more amenable to creating unrestricted endowments during the 1950s and 1960s, but UC did not receive many endowment gifts during that period.

Committee Chair Kieffer pointed out that the GEP has assets of roughly \$9 billion, with the balance of the \$15 billion in the campus foundations in different amounts. The GEP is not growing from new contributions; the campus foundations receive new philanthropy. The GEP is managed by the Office of the Chief Investment Officer.

Mr. O'Neill commented that more than 50 percent of the GEP and campus foundations' 15,000 funds are restricted for scholarships and fellowships for student support, representing about 25 percent of all dollars. UC currently has 2,000 endowed chairs, with over half having been created in the past 15 years. In the past year, a record 146 new endowed chairs were created systemwide, with President Napolitano's Presidential Match for Endowed Chairs serving as an impetus. Committee Chair Kieffer asked about the minimum contribution needed to establish an endowed chair. Mr. O'Neill said that amount varies, but was about \$500,000 at many UC campuses, with more required for certain academic disciplines at some campuses. The Presidential Match for Endowed Chairs provided matching funds of \$500,000 that would be used to match a donor's gift of \$500,000 or more. Some campuses established higher amounts to qualify for the \$500,000 in matching funds. A certain amount of the endowed chair payout each year is used to support the research and activities of the chair holder. A portion would also be dedicated to faculty salaries and graduate student support. This structure provides a broader benefit than chairs created in the past.

Regent Island asked if the Presidential Match for Endowed Chairs applies equally across all campuses. Mr. O'Neill said that 80 of the 100 matching chairs were allocated on an equitable basis among all the campuses; the balance may be allocated differently. Regent Island asked why the distribution would be equal, when it would seem that the larger campuses already had an advantage over the smaller campuses. President Napolitano commented that the purpose of the Presidential Match for Endowed Chairs was to stimulate private giving to the University at the endowed chair level. Campuses can vary the amount from donors that would trigger the matching funds. Younger campuses tend to require lower amounts than the more mature campuses. About 25 of the Presidential matches were for endowed chairs in academic disciplines that were aligned with major University initiatives in areas such as the Carbon Neutrality Initiative and the Global Food Initiative.

Chair Lozano commented that, ideally, chairs would be endowed completely with funds from philanthropic donations. President Napolitano said the program was used to stimulate philanthropy and the campuses had indicated that it was successful in that. She

noted that of UC's 2,000 endowed chairs, only 125 received matching funds from the Office of the President. The Presidential Match was intended to draw attention to the importance of endowed chairs to the campuses.

Regent Island asked if the current 2,000 endowed chairs were sufficient and how that number compared with the number of endowed chairs at comparable institutions. Mr. O'Neill expressed his view that the campuses were eager for more endowed chairs to help recruit and retain stellar faculty. This area was identified as a development priority some years prior. President Napolitano commented that endowed chairs are important in retaining faculty who are recruited by other universities. Acting Chancellor Hexter confirmed that UC Davis would like to have many more endowed chairs. The Presidential Match program helped increase potential donors' awareness of the value of endowed chairs in recruitment and retention of top research faculty.

Mr. O'Neill displayed a graph showing the increase in UC fundraising over the past 20 years. He anticipated continued growth. Chair Lozano said it would be helpful to have information about benchmarks for UC's fundraising and its development programs compared with other institutions', including information about giving from various constituent groups.

Regent Reiss asked the chancellors about the cultures around fundraising on their campuses. Chancellor Leland commented that the fundraising culture is very different at UC's younger campuses compared with its more mature campuses. More mature campuses have more alumni with more mature careers. While the younger campuses are increasing fundraising efforts, they also have to focus on building the reputations of their campuses. Acting Chancellor Hexter said that fundraising is a key responsibility of deans. Regent Lansing noted that UC's fundraising culture is continuing to change. Older alumni often think the State still supports UC as it did in the past. She noted that engaging young alumni who could currently contribute only a small amount was wise, as their earning power would increase. She complimented Chancellor Leland and UC Merced on the high percentage of alumni who donate to the campus. Each campus has to be viewed differently, as campuses with medical centers have the advantage of grateful former patients as donors. Regent Ramirez agreed on the importance of encouraging young alumni and current students to contribute small amounts.

Regent Schroeder commented that it would be important to know how UC's investment in alumni relations compares with other institutions'. Increasing outreach to alumni to increase their connections to their campuses would increase opportunities for various types of philanthropy. Regent-designate Lemus observed that many peer institutions have made major investments in alumni relations.

3. **ENDORSEMENT OF COMPREHENSIVE CAMPAIGN, RIVERSIDE CAMPUS**

The President of the University recommended that the Public Engagement and Development Committee recommend to the Regents the endorsement of the public phase

of the Riverside campus fundraising campaign, *Living the Promise: The Campaign for UC Riverside*, with a total dollar goal of \$300 million.

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

Chancellor Wilcox presented *Living the Promise: the Campaign for UC Riverside*, the campus' first comprehensive campaign, which would build upon its 2020 Strategic Plan, and is intended to inspire pride and investment in the campus, enhance diversity of the campus' revenue sources, and meet critical support needs for students, faculty, programs, and infrastructure. UC Riverside currently has more than 100,000 living alumni and has prepared campaign infrastructure by increasing the efficiency of programming, upgrading its database, building on its development team, and increasing its brand equity nationally. During the past ten years, UC Riverside averaged \$25 million annually in private support, a 25 percent increase over the prior decade's average. The 20 most generous donors to UCR have combined contributions of more than \$130 million.

UC Riverside has three essential priorities at the core of its strategic plan. First, its goal to be a place where all succeed is demonstrated by its achieving graduation rate parity across socioeconomic, racial, ethnic, and first-generation groups. UCR would seek funds not only for scholarships and fellowships, but also for study abroad, undergraduate research, and other high-impact educational practices. Second, the goal of fostering creativity, discovery, and innovation would be supported by raising money for endowed faculty chairs and leading-edge research programs. Third, the goal of building the future means developing UCR's infrastructure to accommodate its three-fold increase in student enrollment over the past 25 years and the strategic expansion of its faculty by almost 45 percent by the year 2020. Two areas of focus that permeate all of UC Riverside would be integrated into the campaign: leadership in student access, diversity, and success, and shaping the world by promoting a culture of engagement.

UC Riverside would announce this first comprehensive campaign publicly in October, with the overall goal of raising \$300 million. The quiet phase of the campaign began in July 2011 and its public phase would continue until 2020. The campus seeks to generate \$50 million to support its goal for scholarships and fellowships, \$100 million for endowed chairs and research, and \$120 million for infrastructure and faculty growth. Chancellor Wilcox noted that the Presidential Match for Endowed Chairs had been significant in helping to generate philanthropy for endowed chairs. The campus started the campaign with 36 endowed chairs; currently it has 55 and a goal of 75 by 2020. The campus hopes to triple its endowment from \$100 million to \$300 million by 2020. By September 2016, UC Riverside had raised \$152 million.

Committee Chair Kieffer asked if news media were covering this announcement of the campaign. Vice Chancellor Peter Hayashida responded that media would attend the public launch in October. Chancellor Wilcox said a gala is planned for the public launch on October 15. Committee Chair Kieffer commented that it might have been helpful to have invited UC Riverside's local State legislators to this presentation.

Regent Island congratulated the campus on its campaign plans and asked how the campus arrived at its \$300 million goal. Mr. Hayashida said the campaign was predicated on a May 2012 capacity analysis by an external consultant, who examined UCR'S internal resources and its donor population. The consultants recommended a campaign of \$300 million to \$400 million, depending on a variety of factors, including UCR's investment in the campaign and the status of the economy. In addition, a feasibility study was conducted in 2013.

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

4. **PHILANTHROPY AT UCLA – CENTENNIAL CAMPAIGN UPDATE, LOS ANGELES CAMPUS**

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

Chancellor Block introduced this update on UCLA's *Centennial Campaign*, which had been transformational for UCLA, physically by rebuilding and creating new facilities, and educationally by creating new endowed chairs and scholarships. At the end of the campaign, UCLA's overall level of fundraising would be at a much higher level. The campaign had also changed UCLA's relationship with its alumni and friends, who are helping the campus in many other ways.

Vice Chancellor Rhea Turteltaub reported that the campaign's goal was \$4.2 billion, the largest ever undertaken by a public university. The campaign's quiet phase was launched in July 2012; its public phase began in May 2014 and would end in December 2019, during UCLA's centennial year. She displayed a graph showing increases in UCLA philanthropy during the past 20 years. UCLA has enjoyed consecutive record-breaking years of philanthropy for the past three years.

The campaign has raised \$2.75 billion of its \$4.2 billion goal in these areas: \$494 million of its \$1.5 billion goal for student and faculty support; \$1.26 billion of its \$1.65 billion goal for program and research support; \$491 million of its \$800 million goal for capital projects; and \$505 million, more than double its \$250 million goal, for designated discretionary funds, which would be unrestricted dollars allocated to specific parts of the campus. Of total giving, 40 percent is in health sciences; 63 percent of that amount from individuals, including 14 percent from individual alumni and 49 percent from individual non-alumni, largely grateful recipients of UCLA medical care.

The remaining portion of the campaign would focus largely on giving for student and faculty support. The campaign reached its goal of eight new endowed chairs in three months, with \$500,000 from each donor and \$500,000 each from the Presidential Match for Endowed Chairs. Campus deans were consulted to find chairs that would be interdisciplinary and would address the Chancellor's priorities. Out of 17 proposals, eight

were identified as the strongest. The matching program was also effective in stimulating other donors to create matching funds for other chairs.

The campaign seeks to increase the UCLA endowment through additional gifts and investment performance from its \$2.5 billion in 2012 to its goal of \$5 billion. The endowment currently stands at \$3.8 billion.

The campaign has received more than 317,000 gifts from 148,000 donors, more than half from UCLA alumni. There have been 356 gifts of more than \$1 million, only one-one-thousandth of all gifts received, but accounting for 62 percent of the money raised. Of all gifts received, 95 percent are gifts of under \$10,000; 60 percent of those donors are alumni. Among alumni, 98 percent of their gifts are less than \$10,000. Over the course of the campaign, 20 percent of UCLA alumni have donated.

Regarding volunteer engagement, the campaign has 291 members of 31 volunteer leadership committees. All these volunteers at a leadership level have been engaged with the University over many years and their giving rate is 89 percent.

Ms. Turteltaub recalled that Regent Lansing had helped UCLA's fundraising efforts, when she was contacted by the Chuck Lorre Family Foundation, which was interested in making a contribution. An initial donation from that Foundation followed by others from more than 50 people associated with The Big Bang Theory television series resulted in the establishment of the Big Bang Theory Scholarship Endowment of more than \$4 million, which would be used to provide financial aid for four years to undergraduate students pursuing degrees in the fields of science, technology, engineering, and mathematics. One of the stars of The Big Bang Theory holds dual UCLA degrees and the show's scientific advisor is a UCLA physics professor.

5. OVERVIEW OF GOVERNMENTAL RELATIONS

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

Senior Vice President Peacock provided an overview of UC's Office of Government Relations. Mr. Peacock coordinates his efforts with the offices of Associate Vice President for Federal Governmental Relations (FGR) Gary Falle in Washington, D.C., Associate Vice President for State Governmental Relations (SGR) Steve Juarez in Sacramento, and dedicated government relations staff at each UC campus. Mr. Peacock emphasized the importance of establishing relationships with federal and State policy makers, and the involvement of the Regents would be most helpful. The priorities of UC's Office of Government Relations are set by the University's budget, which is the focus of most efforts.

Mr. Juarez shared information about the activities of SGR in Sacramento. His office assists Regents appointed by the Governor in preparation for their confirmation hearings. SGR is the conduit for the University in its relations with State policy makers, including

the administration, regulatory agencies, and the Legislature. SGR provides these policy makers with information relative to the University's position and in turn takes their inquiries and requests back to the University, either through the Office of the President or the UC campuses. SGR also serves as the University's representative in the State legislative process.

Mr. Juarez described SGR's legislative review process. SGR reviews every bill introduced to determine whether it would have any effect on UC's academic or research missions or its business operations. In any given two-year legislative session SGR reviews more than 5,000 bills to determine which bills SGR will track. In the most recent 2015-16 two-year session, SGR tracked 538 bills and was actively involved with 126 bills, at least to have the University's concerns and position reflected in those bills in some manner. SGR's goal was to have the bills in a position such that, if they were passed, their implementation would be favorable to the University as well as to the bills' sponsors and authors. In the past two years, SGR supported 37 bills and opposed eight bills.

Regent Reiss asked about the process of determining to oppose a bill. Mr. Juarez responded that his office works closely with the Office of the President's Issues Management, Policy Analysis and Coordination (IMPAC), which conducts research by reaching out to subject-matter experts. SGR depends greatly on IMPAC to make a determination as to whether or not a bill could be improved. Ultimately, the University's position is determined by the President, after SGR has presented all relevant information. Mr. Peacock added that during this process proposed amendments could be offered to a bill's author. Mr. Juarez reported that only twice during the past two-year session did SGR write to Governor Brown to request that he veto a bill.

Mr. Juarez discussed the process for UC-sponsored legislation. SGR seeks ideas by distributing a Request for Legislation to all UC campuses through their chancellors and to various divisions within the Office of the President. His office usually receives eight to ten proposals per year. The proposals are then filtered to arrive at a portfolio for the University that is manageable and that has a good chance of success. Upon approval by the President, SGR seeks bill sponsors who are knowledgeable, have an interest in the issue, and are likely to be successful.

SGR's most important work is in conjunction with Executive Vice President and Chief Financial Officer Brostrom and his staff on the enactment of the State budget and UC's portion of that budget. SGR begins in the fall to work actively with members of the State administration and Legislature to put UC's interests forward and answer any questions in an effort to do everything possible so that when the Governor's budget is introduced in January, it reflects the priorities of the University.

Chair Lozano thanked the Governmental Relations team for their excellent work. She noted that UC's research infrastructure could be used to help State legislators become better informed about issues of particular importance to them. She suggested that it could be valuable to monitor and enhance efforts to connect legislators with UC researchers

who could provide them with research in areas of their particular interest, such as climate change or transportation. It would also be constructive to encourage legislators to have UC students as interns. This Committee could serve as a venue to communicate to the Regents the positions the University is taking on legislative proposals so that Regents can remain informed and updated. The role of Regents' advocacy should be considered, along with the appropriate time and mechanism to use the Regents as a body or as individuals, perhaps in their home districts or through other personal relationships.

Regent Ortiz Oakley expressed his view that UC is too often on the defensive in its relations with the public and the government. California State University and the California Community Colleges have similar problems. He encouraged using this Committee to bring together the various aspects of public engagement to support UC's public relations. UC's alumni associations should be more effectively engaged regarding challenges UC faces in the Legislature. There is a clear nexus among marketing, communications, and government relations. The Office of Government Relations should work closely with UC's communications and marketing teams to develop and present a unified voice and to take every opportunity to influence future policy proactively. He asked if communication between SGR and the Office of the President was effective or if it could be improved. He also asked how California's congressional caucus could be better used to promote UC and public higher education in Washington, D.C. Mr. Peacock commented that his office works extensively with UC communications staff and has weekly meetings and daily conversations with SGR.

Mr. Falle stated that many of FGR's duties are similar to those of SGR, but on a federal level. UC receives roughly \$8.5 billion in federal funding annually, including \$3 billion in federal research funds, \$1.6 billion in federal student aid, and \$3.1 billion in healthcare payments through Medicare and Medicaid. Almost 50 percent of UC's research funding comes from the federal government, from the National Institutes of Health's Department of Health and Human Services, the National Science Foundation, the Departments of Energy and Defense, and other smaller federal sources. FGR's most important goal is to ensure that these agencies' funding levels are as high as possible, since UC receives eight to ten percent of all federal research funds.

Supporting student financial aid also represents a large portion of FGR activity. Since 42 percent of UC undergraduates receive Pell Grants, adequate funding of the Pell Grant program is a high priority. FGR is currently making the case that the largest share of Pell grant funding should go to institutions showing success, for instance in graduation rates. FGR is currently working on the summer Pell Grant issue and the Cancer Moonshot funding levels.

A significant portion of UC medical center revenue comes from Medicare and Medi-Cal, extremely important to UC. Since the passage of the Affordable Care Act, FGR has worked on rules to implement that act. FGR works with Congressional staff in developing and influencing policies, for example the Higher Education Act Reauthorization and federal legislation regarding prevention of campus sexual violence and sexual assault. President Napolitano had been actively engaged with sponsors of the

latter to develop legislation that would be workable for the campuses. Many bills are passed as part of larger appropriations, so FGR's continued work throughout the entire process is crucial. FGR works with the Office of the President and the National Laboratories each year to develop a budget priorities document sent to Congressional offices to show UC's priorities and requested level of funding in those areas.

FGR coordinates efforts with the Office of the President and the campuses to respond to proposed rules and regulations, such as Department of Labor overtime rules and numerous rules from the Department of Education. FGR also acts as a conduit to bring UC faculty expertise to Capitol Hill, thus demonstrating the value of federal investment in UC. FGR initiated a congressional briefing series, bringing in UC faculty and researchers to educate California's congressional delegation and others about UC research in areas as diverse as veterans' services, the humanities, clean energy, the human brain, and water management through droughts and floods. FGR partners on numerous issues with the Obama administration, coordinating UC participation in White House summits on a wide variety of topics.

Mr. Peacock added that federal legislative advocacy efforts include a UC legislative roundtable and the California Higher Education Caucus. His office would focus on legislative advocacy through social media in the coming year. The University prepares a map for all State and federal legislators showing the local influence of the University in their district.

Regent Reiss noted the importance of the University's building relationships with legislators. She asked about the status of students' using federal Pell Grant or State Cal Grant funds for summer courses. Mr. Peacock responded that students' ability to use Pell Grant funds for summer courses was eliminated four or five years prior. FGR is advocating that summer Pell Grants be reinstated and a legislative process is underway, but the outcome is uncertain. President Napolitano has been very active with California legislators on this issue. Mr. Juarez confirmed that Cal Grant funds can be used for summer courses.

Regent Ramirez spoke in favor of advocating for increased funding for graduate student support, particularly the ability of graduate students to apply for federal research funding.

Regent Gould commented that this Committee should consider the best way to encourage advocacy of the whole UC community in a coordinated manner that is shaped and directed.

Regent Pattiz asked about cooperation among UC's Office of Government Relations and the National Laboratories. Mr. Falle responded that FGR works a great deal with the National Laboratories and with the Office of the President with regard to their priorities and works closely with the National Laboratories' congressional liaisons in Washington, D.C. Mr. Juarez added that SGR also works on behalf of the National Laboratories at the State level.

Regarding Regent Ortiz Oakley's earlier question about engaging California's congressional caucus on behalf of UC, Mr. Falle stated that California's representatives hold a wide variety of political viewpoints and unifying them is difficult, but identifying individual champions for particular issues can be effective.

Committee Chair Kieffer asked President Napolitano and Mr. Peacock to provide the Committee with a plan for engagement of the Regents in these efforts.

6. **2016 BALLOT PROPOSITIONS OVERVIEW**

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

Senior Vice President Peacock stated that the purpose of this discussion was to inform the Committee of certain ballot measures and their effect on the University, not to seek the Regents' support. Mr. Peacock displayed a list of six ballot initiatives that the Board of Regents had supported over the past 30 years and four it opposed. Most the measures supported by the Board related to the State's financial condition. All four measures opposed by the Board were rejected by voters.

Regarding current ballot initiatives, Proposition 55 would extend Proposition 30's income tax increases on high-income tax payers through 2030, but would not specifically direct any funding to UC. Regent Ortiz Oakley commented that, although no money would be directly allocated to UC, Proposition 55 funds directed to other parts of public education would result in more money being available for UC. Mr. Peacock agreed, noting that the Legislative Analyst's Office (LAO) predicted that the measure could raise between \$4 billion and \$9 billion annually. Regent Gould commented that Proposition 55 funding would go to community colleges and K-12, then to budget reserves and debt payment, and then to Medi-Cal.

Mr. Peacock discussed Proposition 56, which would increase the cigarette tax by \$2 per pack. The LAO estimates increased tax revenues of \$1.1 billion to \$1.6 billion, and potentially up to \$1 billion for Medi-Cal reimbursement for the State. This would be helpful to UC medical centers. The measure would also provide \$40 million per year to the University to increase the number of primary care and emergency physicians trained in California.

Proposition 53 would require voter approval of revenue bonds exceeding \$2 billion. Mr. Peacock said this would be unlikely to apply to UC either because it excludes cities, counties, school districts, community college districts, and other special districts or because UC has had only two projects in the past decade that exceeded even \$1 billion. For example, the Merced 2020 Project is budgeted for \$1.1 billion, and is expected to include only up to \$600 million in revenue bonds.

Proposition 64 would legalize marijuana for individuals 21 years of age and older. UC could still regulate marijuana use on its campuses through existing policies. Marijuana

would still be considered a Schedule 1 drug by the Drug Enforcement Administration and the University would still be subject to federal rules and regulations related to marijuana research.

Regent Newsom added that there is \$135 million available to UC under Proposition 64: \$20 million would be set aside for UC San Diego for its Center for Medical Cannabis research; money would also be prescribed to the California Highway Patrol for research that should go to the UC system; and \$100 million of general research grants would be available over the first ten years. Regent Newsom said the proposition was drafted with UC in mind and encouraged the University to be very aggressive in seeking those funds. Mr. Peacock commented that the University has been working with other research universities in states that have legalized marijuana and have experience in dealing with the differences between State and federal law.

In response to a question from Regent Reiss, Regent Newsom commented that the gun safety initiative Proposition 63's most significant component would require ammunition to be treated in a similar way to guns.

The meeting adjourned at 3:40 p.m.

Attest:

Secretary and Chief of Staff