

The Regents of the University of California

COMMITTEE ON FINANCE

July 17, 1997

The Committee on Finance met on the above date at UCSF-Laurel Heights, San Francisco.

Members present: Regents Atkinson, Bagley, Brophy, Connerly, del Junco, Johnson, Lee, Levin, and McClymond; Regents-designate Miura and Willmon

In attendance: Regents Davies, Gonzales, Khachigian, Leach, Montoya, Nakashima, Parsky, and Soderquist, Faculty Representatives Mellichamp and Weiss, Secretary Trivette, General Counsel Holst, Treasurer Small, Provost King, Senior Vice President Kennedy, Vice Presidents Darling, Gomes, and Hopper, Chancellors Berdahl, Carnesale, Debas, Dynes, Greenwood, Orbach, Vanderhoef, Wilkening, and Yang, Laboratory Director Tarter, and Recording Secretary Nietfeld

The meeting convened at 3:35 p.m. with Committee Chair Brophy presiding.

1. **CONSENT AGENDA**

A. *Amendment of the Budget for Capital Improvements and the Capital Improvement Program*

The President recommended that the Committee concur with the recommendation of the Committee on Grounds and Buildings that the appropriate Budgets for Capital Improvements and Capital Improvement Programs be amended to include the following project:

From: Berkeley: K. Hearst Memorial Mining Building Seismic and Program Improvements -- study, preliminary plans, working drawings, construction, and equipment -- \$54,832,000 total project cost to be funded from State funds (\$34,442,000) and gifts (\$20,390,000).

To: Berkeley: A. Hearst Memorial Mining Building Seismic and Program Improvements -- study, preliminary plans, working drawings, construction, and equipment -- \$67,600,000 total project cost to be funded from State funds (\$34,442,000) and gifts (\$33,158,000).

B. *Increase in Graduate Students Association Fee, San Francisco Campus*

The President recommended that, effective with the fall quarter 1997, the membership fee of the Graduate Students Association at the San Francisco campus be increased from \$6 per graduate student per quarter to \$11 per graduate student per quarter.

C. *Increase in Child Care Program Fee, Santa Cruz Campus*

The President recommended that, effective with the fall quarter 1997, the Child Care Program Fee at the Santa Cruz campus be increased from \$3 per student per quarter to \$8 per student per quarter.

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

2. **AUTHORIZATION FOR AGREEMENT WITH CORPORATION FOR EDUCATION NETWORK INITIATIVES IN CALIFORNIA (CENIC)**

The President recommended that the University join with other postsecondary educational institutions in California to form the Corporation for Education Network Initiatives in California (CENIC) as a California public benefit corporation.

The Committee was informed that the purpose of CENIC will be to advance the common interests of California's institutions of higher education to implement the nation's most advanced network for education and research. The activities of CENIC will support the expanding needs of faculty and students in the face of growing congestion on the Internet. With the support of technology partners from the private sector, CENIC will design, manage the deployment of, and supervise the operation of CalREN-2, a new type of high-speed multifunction network connecting all CENIC member institutions with each other and with the Internet. CalREN-2 also will be the foundation of California's participation in Internet2, a national initiative to advance the Internet to meet the next generation of research and educational requirements.

Representatives of the University of California, the California Institute of Technology, Stanford University, the University of Southern California, and the California State University system have been working as an informal consortium since fall 1996 under the leadership of UC's Office of the President. This consortium has been successful in competing for a National Science Foundation award to help fund Phase 1 of CalREN-2. This \$3.8 million grant will be administered through the Office of the President.

Incorporation of the consortium as CENIC is necessary to create a management entity equally responsive to all institutional members, to use their combined strengths to maximum

advantage to form closer affiliations with the private sector, and to maximize their competitiveness for government and other grants.

The President explained that he is recommending this action because the advanced Internet network (CalREN-2) and support services to be provided by CENIC are critical to the educational and research programs of the University. CENIC will:

- ensure the most cost-effective advanced Internet services for the University;
- strengthen the University's ability to work closely and effectively with the private sector;
- provide a unified and strong California voice in national advanced network initiatives such as Internet2 and the Next Generation Internet (NGI);
- enable the University to take advantage of state-of-the-art technologies to advance California's educational communications infrastructure; and
- enhance the University's competitiveness for research grants. The success of the San Diego campus and the University with the recent NPACI supercomputer proposal is attributable in part to the University's commitment to an advanced networking infrastructure.

CENIC operating costs will be covered from annual membership dues and from fees for services provided to members. Annual dues for the UC system are estimated to be \$100,000 per year and will be paid from earmarked funds. The fee structure for services, which has yet to be established, will be cost effective. Costs will be proportional to services delivered to each member campus and will be funded by a combination of earmarked Office of the President funds and existing campus operating funds.

Total costs for Phase 1 of the CalREN-2 network beyond the above NSF grant amount and beyond current expenditures for UC's intercampus network are expected to be \$1.28 million, of which \$1 million will be funded by the University from a combination of Office of the President funds and campus reserves. After CENIC is established, assets acquired under the above-referenced NSF grant may be transferred to CENIC, subject to NSF approval.

CENIC will be responsive to the interests of the University. The Board of Directors will be proportioned as follows: the President of UC will designate three directors, and the private institutions will designate one each. If it becomes a permanent member of CENIC, California State University also will designate three directors. There may be a small number of additional non-affiliated directors selected by the Board for their expertise and leadership. CSU has been a full participant in the work of the consortium. It is still exploring, however,

the conditions under which it can become a permanent member. It must take into account related prior commitments and would be required to seek approval from the Legislature.

Subject to Regental approval, the General Counsel will undertake the necessary steps for incorporation of CENIC. Letters of commitment have been received from Cal Tech, Stanford, CSU, and USC to become additional Founding Members, subject to review of the final legal documents, and in addition for CSU, subject to the above contingencies.

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

3. **AMENDMENT OF UNIVERSITY OF CALIFORNIA TAX-DEFERRED 403(b) PLAN--CHANGES IN LOAN PROVISIONS**

The President recommended that the University of California Tax-Deferred 403(b) Plan (403(b) Plan or Plan) be amended as set forth in the Attachment to alter procedures relative to the administration of the 403(b) Plan Loan Program, as follows:

- A. Deduct the 403(b) Plan loan processing fee directly from loan proceeds.
- B. Reduce the loan incremental amount from \$100 to \$50.
- C. Add clarifying language to the Plan document which will state that loan repayments may not be continued if an Active Participant separates from the University and elects a Lump Sum Cashout from the University of California Retirement Plan, as this is not considered a retirement option.
- D. Change the name of the "non-refundable application fee" to "processing fee," and change the name of the "administrative fee" to "servicing fee."

It was recalled that the Tax-Deferred 403(b) Plan Loan Program was established in April 1987 to provide Plan Participants with access to their 403(b) Plan money before retirement. Currently the loan program has 8,811 outstanding loans totaling \$59.2 million. Since its inception, the loan program has grown approximately nine percent each year.

As this money is borrowed, rather than withdrawn, it is not subject to income taxes or early distribution penalties. The loan is funded by reducing the participant's tax-deferred 403(b) Plan balance by the amount borrowed and is secured by a promissory note between the participant and the University. The monthly repayment, including principal and interest, is then credited back to the participant's account. These provisions are administered in accordance with Internal Revenue Code §72(p).

Beginning early last year, the loan program underwent systems reengineering with a goal of improving efficiencies of loan processing. In the course of this project, the Benefits Administration Loan Office identified areas for improvement and proposed changes to certain existing processes in order to implement those improvements. As an example, the Loan Office has identified a way to change the method in which the application fee is collected for a 403(b) Plan loan. A non-refundable loan application fee is required for the processing of a new loan application; it is paid by the participant by personal check. Instead of requiring the participant to submit a check, which involves many sub-processes to receive, deposit, and account for the check, the Loan Office plans to redesign the process so that the loan fee is deducted from the loan proceeds. Current loan program rules require that loans shall be granted in even dollar amounts, in increments of \$100. To permit the deduction of the \$50 processing fee from the loan proceeds, it is necessary to decrease the loan incremental amount from \$100 to \$50.

In order to reflect more accurately operational procedures and to make Plan language more precise, an amendment is proposed to include clarifying language which will state that loan repayments may not be continued upon separation from University service if one chooses the Lump Sum Cashout. If a participant retires under UCRP, he/she has the option to either repay the outstanding loan principal or arrange to make monthly cash payments. Election of the Lump Sum Cashout has often been confused as a retirement option under UCRP, and these participants mistakenly believe that they can make monthly cash payments on their 403(b) loan after separation from service. However, election of the Lump Sum Cashout is a termination rather than a retirement option; thus the outstanding loan principal must be repaid within ninety days of separation.

Included in the list of administrative changes initiated by the Loan Program reengineering project is the proposal to deduct the loan repayment directly from an annuitant's monthly retirement check. To set the stage for this process, Plan language has been amended to state that repayment by an annuitant may continue monthly in accordance with Plan Regulations. This process will not be implemented until mid-1998 when the required systems changes can be administered. These changes, in conjunction with technological improvements, are intended to make the loan program more efficient and streamlined.

Pending Regental approval, changes will be implemented as administratively feasible. These amendments were endorsed by the University of California Retirement System Advisory Board at its June 12, 1997 meeting.

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

4. **APPROVAL OF JOINT POWERS AGREEMENT, INSTITUTE FOR DESERT AGRICULTURE COUNTY SERVICE AREA, RIVERSIDE CAMPUS**

The President recommended that the Committee concur with the recommendation of the Committee on Educational Policy that The Regents authorize the execution by the Secretary of a Joint Powers Agreement between The Regents of the University of California and the Institute for Desert Agriculture County Service Area, the purpose of which is to delineate the respective responsibilities of the Institute for Desert Agriculture County Service Area and the University pertaining to the funding and implementation of the Institute for Desert Agriculture.

General Counsel Holst recalled that a question had been raised by Regent Connerly during the meeting of the Committee on Educational Policy concerning the Joint Powers Agreement. In particular, he referred to Article 6.1, which states that “[T]he institute is not and shall not be construed as a separate agency or entity created pursuant to Government Code §6503.5.” Mr. Holst explained that this provision requires the filing of certain reports with the Secretary of State in situations where the Joint Powers Agreement provides for the creation of an agency or entity separate from the parties to the agreement, which is not the case in this instance. That section is therefore inoperative, as stated in the agreement.

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

5. **REPORT ON DOMESTIC PARTNERS BENEFITS**

President Atkinson noted that the aim of the discussion was to inform the Regents about the key issues involved, to answer questions, and to seek the Regents’ views about what direction the University might take in addressing domestic partner benefits. The University has a continuum of choices for dealing with the issue, from the option of continuing the current benefit policies, which rests on the assumption that, as a public institution, the University follows the State’s lead in providing employee benefits. The State of California offers benefits only to legally recognized spouses of employees. At the other end of the continuum would be a decision to provide a full range of benefits, including full retirement benefits, to both same-sex and opposite-sex domestic partners. This is the recommendation of the 1994 report of the Academic Council, which urged symmetry between the benefits extended to the spouses of employees and to those offered to domestic partners. A decision to offer the full range of benefits would require Regental action because only The Regents, as trustees of the University of California Retirement Plan, can authorize changes to that Plan. Between these two extremes are several options that do not require Regental action. For example, the University might offer health care benefits to same-sex domestic partners. This intermediate approach would level the playing field between UC and its competitor institutions in terms of the benefits that are offered to faculty and staff. The President pointed out that the retirement plan already allows a member to designate anyone he or she chooses to receive

retirement benefits. The benefits paid under this arrangement are somewhat less than those paid to a surviving spouse.

Senior Vice President Kennedy stated that he and Assistant Vice President Galligani would present information regarding health and pension benefits and student family housing, the current practices at the University's comparison eight institutions, and some cost estimates of various domestic partner benefit options. He recalled that the catalyst for this discussion was the 1994 recommendation of the Academic Council that health, pension, and other benefits be extended to the domestic partners of UC faculty and staff. Since then, the Office of the President has consulted extensively throughout the University community and learned of the widespread support for offering such benefits. This support comes from the ranks of the faculty, staff, students, senior management, chancellors, Academic Senate, Council of UC Staff Assemblies, and the UC Student Association.

For a number of years, certain amenities and services now in place for faculty and staff members and their families have also been available to any individual designated by a faculty or staff member. Examples include services at campus libraries and access to recreational facilities. Additionally, current personnel policies regarding sick leave, bereavement, and catastrophic leave sharing benefits have provisions for household members other than a spouse or dependent child. Comparable academic institutions are offering various benefits to the domestic partners of their employees. Of UC's comparison eight universities, four private institutions--Stanford, MIT, Yale, and Harvard--and two of the four public institutions--the University of Michigan and SUNY Buffalo--provide access to health benefits if proper affidavits are produced. Nationally, the list of universities granting such benefits is growing. The reasons cited for that growth are to maintain competitiveness, increase employee morale, provide more equitable employee benefits, and to acknowledge and promote workforce diversity.

It is estimated that the annual cost of providing domestic partner health benefits to same-sex partners at UC would range from \$1.9 million to approximately \$5.6 million. Estimates for offering the same benefits to both same-sex and opposite-sex partners range from \$10.5 million to \$20.4 million. These estimates for health care benefits include both active employees and annuitants. These are estimates based on the experience of others because there is no way to determine accurately the number of individuals who might sign up if such benefits were offered.

Regarding the provision of retirement and survivor benefits, the Academic Council's report advocated symmetry, to the extent possible, between the benefits extended to spouses of employees and benefits offered to domestic partners. Under the University of California Retirement Plan, a member can choose an eligible spouse or anyone else, including a domestic partner, to receive a retirement benefit after the member's death. If the eligible spouse is chosen, the benefit is higher because there is a special subsidized plan benefit for an eligible spouse. The annual costs of providing the same retirement and survivor benefits to same-sex

domestic partners of UCRP active members as are currently provided to a legal spouse could range from an additional \$1.9 million to \$3.8 million annually. There would be a one-time increase in the retirement plan liabilities ranging from \$37 million to \$74 million. The costs of providing those retirement benefits to both same-sex and opposite-sex domestic partners of active UCRP members could range from an additional \$3.8 million to \$6.6 million annually. There would be a one-time increase in plan liabilities ranging from \$74 million to \$123 million.

Vice President Kennedy described the methodology used for funding University of California benefits which would also be used if benefits were extended to domestic partners. In general, the University's portion of a benefit expense is borne by the fund source that pays the employee's salary. In the case of State-supported faculty members, the general fund budget pays the employer's benefit expense. In the case of a hospital worker at one of the medical centers, the medical center's revenue pays the employer's benefit expense. Health benefit expenses are funded on an annual basis for both active employees and annuitants. Annual retirement expenses, the so-called normal costs of the retirement plan, are currently being absorbed by the University of California Retirement Plan assets because the Plan has a surplus of assets over liabilities. Contributions to the defined benefit retirement plan were suspended in the early 1990s. Since that time, neither the employees nor the University have contributed to the Plan. However, at some point in the future, contributions to UCRP will be required. The various fund sources that pay faculty and staff salaries will be required to assume the expense of contributions to the retirement system. Likewise, in the future faculty and staff will also have to make a contribution. Additional liabilities assumed by the University of California Retirement Plan for the inclusion of domestic partners would be offset by Plan assets and ultimately reflected in required contributions on the part of the University and of the faculty and staff.

In addition to the same-sex and opposite-sex domestic partners, there are other alternatives being offered across the country. One such alternative would be "blood relative" benefit recipients. This variant would extend benefits beyond couples in a spouse-like relationship, the common definition of domestic partnership, to include an adult "blood relative" who lives with and is financially dependent upon a UC employee. For analysis, a "blood relative" could be defined as a relative whom California law prohibits the employee from marrying. Additionally, the state of Hawaii recently enacted a new law dealing with "reciprocal benefits." The new law gives any two adults who cannot legally marry the right to share medical insurance and state pensions.

Assistant Vice President Galligani informed the Committee that student family housing at UC campuses historically has been limited to married couples and students with children. There is no formal Regental or Presidential policy in place to this effect, but this has been the shared understanding among campuses and within the Office of the President since the inception of these programs. In recent years, however, two factors increasingly have come into play in raising demand from other categories of students for this type of housing: the changing nature

of the student community and fluctuations in local housing markets. These categories of students include, among others, students (especially graduate and professional students) living with domestic partners and students (primarily graduate students) living with blood relatives. This latter situation is most commonly encountered with international students with cultural backgrounds in which living arrangements with family members are common. At the same time, demand for student family housing on the part of married students without children and students with children has diminished at some campuses.

As an outcome of these factors, the possibility of broadening the categories of eligibility for student family housing to include new groups of students has been widely discussed at the University. The accommodation of the domestic partners of students has widespread support among both students and administrators at all levels throughout the system. This support exists for economic as well as campus community reasons. Campuses need to be concerned about the morale and well-being of all of their students.

Many comparable institutions already have extended student family housing benefits to the domestic partners of students. These institutions include Harvard, Stanford, Yale, MIT, and the Universities of Michigan and Washington. For UC also to offer this benefit could aid in the recruitment and retention of the best graduate and professional school students nationally.

Authority over the administrative aspects of campus student family housing programs is currently vested with the chancellors under Standing Order 100.6, which charges them with responsibility for the organization and operation of the campus, its internal administration, and its discipline. In the absence of any Regental or Presidential policy to the contrary, this authority also extends to establishing categories of eligibility and other criteria for occupancy of student family housing program units.

To date, the lack of a marriage license has kept domestic partners, blood relatives, and others from being accommodated into student family housing. To address this issue, one option would be to reaffirm that the chancellors under their existing authority may broaden the eligibility pool to include others than only those with marriage licenses. This would be done with the understanding, however, that first priority would continue to be assigned to students with children. This possibility would leave the chancellors with maximum flexibility to adjust the housing eligibility pool to meet local market conditions and the specific needs of their individual campuses.

Mr. Galligani noted that no significant additional cost would be incurred by either the individual campuses or the University as a whole as a result of this option. Broadening of the pool of students who are eligible to be housed would help insure against the potential loss of revenue resulting from underoccupancy because campus housing programs are self-supporting from rental income.

In completing the presentation, Senior Vice President Kennedy explained that, should UC decide in the future to offer domestic partner benefits, those employees and domestic partners who wish to receive them would need to file affidavits with the University certifying their relationship and confirming their joint financial responsibility. The background material mailed to the Regents included a definition of the term "domestic partner," an example of the information UC might require in domestic partnership affidavits, and examples of affidavits required by other universities. In addition, they received under separate cover a letter from the General Counsel concerning certain legal aspects of the domestic partners issue. The consideration of whether to offer domestic partner benefits will include many other questions regarding eligibility, the scope of benefits, and potential legal exposure. Mr. Kennedy was hopeful that the information reported today and earlier by mail regarding domestic partners' health and retirement benefits and student family housing would be helpful in better understanding this complex issue. He then introduced Ms. Debbie Davis, the Chair of UCSA, for her comments.

Ms. Davis expressed her appreciation to the Regents for entertaining a discussion of the domestic partners issue and then introduced Ms. Felicia Perez, UCSA External Vice President, for a presentation on behalf of the UCSA. Ms. Perez observed that offering benefits to domestic partners has wide support throughout the University community. In the past year, over 4,000 postcards were collected from students in support for these benefits. She stated that her presentation would touch upon three reasons the Board of Regents should support the extension of benefits to domestic partners. First, in order to offer a high-quality education, the University needs to attract the finest faculty and staff. Extension of domestic partner benefits would further this goal. To address the second reason, Ms. Perez quoted from the letter to the Regents from President Atkinson which stated that there needs to be a "recognition of the changing face of society and a desire to be responsive to the corresponding change in the nature of the campus community." The City and County of San Francisco has been a leader in this area by implementing a domestic partnership ordinance which requires all companies and organizations doing business with the City to offer domestic partner benefits to same-sex partners. A third reason for supporting domestic partner benefits is to provide an atmosphere at the University of California that is safe and free from discrimination. Ms. Perez reported that the Catholic Church had sought an exemption from San Francisco's domestic partnership ordinance owing to its doctrine against homosexuality but had not been able to obtain one. She suggested that the University would also need to be in compliance. Ms. Perez referred to the presentation made by Assistant Vice President Galligani in which he stated that preference for student housing would continue to be given to students with children. She noted that historically couples of the same sex have had difficulty adopting children and that same-sex couples will continue to face discrimination. In concluding her remarks, Ms. Perez suggested that the extension of benefits to domestic partners will further diversify the University of California by attracting talented and qualified lesbian, gay, and bisexual faculty, students, and staff. In order for the Board to be consistent with its nondiscrimination policies, it should take action to make it clear that the University does not discriminate against any segment of society.

Regent Bagley noted that the suggestion was made that it might be beneficial from an economic standpoint to broaden access to student family housing and asked what the present demand is. Assistant Vice President Galligani stated that he would obtain the data for Regent Bagley. Senior Vice President Kennedy added that the availability of family housing will vary from year to year depending on a variety of factors. In all cases, the highest priority will be given to students with children.

In response to a question from Regent Leach, Vice President Kennedy reported that the State of California does not extend domestic partner benefits to its employees. Regent Leach observed that within every political jurisdiction the institution of marriage is controlled by the governmental entity. He suggested that while individuals have the right to choose lifestyles outside of marriage, he did not believe that such a choice gives them the right to the same benefits as those afforded to people who make the commitment of marriage. He believed that the State Legislature should be the body to decide whether the law should recognize domestic partners.

Regent Khachigian referred to Enclosure 4 in President Atkinson's report to the Regents entitled "1997 Domestic Partners Cost Estimates: Health Benefits," which states that "[T]he University contribution to health plan costs is based on annual State appropriations... ." She asked whether the State would cover these appropriations as it does not recognize domestic partnerships. Vice President Kennedy explained that the University, due to its autonomy, has the ability to use its funds for that purpose. The cost, however, would have to be absorbed by funds that are currently available.

Regent Connerly recalled that several years ago he was contacted by a faculty member regarding domestic partner benefits. When he examined his own thinking on the matter, he realized that the issue comes down to treating others the way in which you would wish to be treated. After listening to the public comment, he saw that the University treats some of its employees differently. The basic, fundamental values that the Regents have as individuals must be reflected in how the University is conducted as an institution. In the final analysis, he was persuaded by the remarks of Mr. Ron Kos, who stated "the realization that every human being thrives in a world of acceptance, encouragement, and nurturing love." Regent Connerly felt that all employees, regardless of their circumstances, should believe that the Regents will treat them in that fashion. He stated his intention to support the extension of domestic partner benefits to all employees, although he would support only same-sex benefits if that were the recommendation.

Regent Montoya conveyed a question from Regent Clark to General Counsel Holst in which he observed that The Regents is one of four constitutional State agencies and asked whether the Board can proceed unilaterally on this issue. Mr. Holst believed that the matter is within the authority of The Regents. Regent Davies pointed out that it may be within the discretion of the President. General Counsel Holst agreed that, to the extent that The Regents has

delegated authority to the President on benefit issues, it would be within his authority to amend them.

Regent Davies stated that he was sympathetic with the fairness issue raised by Regent Connerly with respect to same-sex partners. He was reluctant, however, to extend any benefits to opposite-sex partners because to do so would send a message that undermines the institution of marriage, which is contrary to public policy. He believed that the issue should be decided by the President based upon what is best for the University. Regent Davies noted, in particular, that the Legislature could react negatively during the budget process. He urged the President to proceed cautiously and to assess how the Legislature might react.

Regent Nakashima observed that Catholic universities did not extend benefits to domestic partners. He believed that employees' lifestyles prevented them from obtaining benefits. The University is following the law and should not provide funding for these benefits.

Regent Levin agreed with Regent Davies' comment that the issue of domestic partner benefits was a decision for the President. She believed that the business of the University was to provide a welcome environment for all students. She urged the President to extend benefits to all domestic partner relationships.

Regent Gonzales stated that she would support benefits for domestic partners. She suggested that the President be authorized to take action and report that action to the Regents.

Faculty Representative Weiss observed that the Regents had received public comment regarding the effect of the current policy on people's lives and had reviewed the University's benefits as contrasted with those offered at the University's comparison institutions. She hoped that the University community would feel the support of the Regents on this matter in order for the President to move forward to establish domestic partner benefits in the near future. In doing so, he would establish clear policies which would define the scope of the benefits and determine the nature of the contracts required to achieve these benefits. For the past three years, this has been a goal of the Academic Senate; the faculty remain committed to working with the President to make it a reality.

Regent McClymond was concerned that the members of the Board not become involved in discussions of what will define a legitimate domestic partnership. In terms of the issue of waiting for the Legislature to act, she pointed out that the Board of Regents did not wait for a vote on Proposition 209 before acting to eliminate affirmative action. She believed that the Board's responsibility was to provide equal opportunity, and she seconded Regent Gonzales' proposal that the matter be determined by the President.

Regent Johnson observed that there is a large section of the public that may object to domestic partner benefits being extended by a public institution. However, she was deeply affected by those who spoke during the public comment as well as by the letters which have

been received. She saw commitment on the part of the letter writers to their jobs, to the University, and to their partners. She suggested that if the Regents ask the President to take some action that he consider the depth of this commitment. Regent Johnson pointed out that difficulties could arise when domestic partnerships are dissolved and asked that the Regents be given the opportunity to discuss fiduciary issues with General Counsel Holst prior to any decisions.

Regent Brophy proposed that, in line with the President's authority, he consider the views that have been expressed by the Regents and, following consultation with his colleagues, develop an appropriate plan and come back to the Board with that plan. The plan would show related costs for the program that was being proposed. The Committee concurred with this recommendation.

At the request of the President, the following statement was entered into the record on behalf of Regent Davis:

“With regard to domestic partner benefits, I think nothing less than the continued excellence of our UC system is at stake. Of eight national schools comparable to UC, six offer health benefits to domestic partners and four offer retirement benefits. Our goal is to provide an education that is absolutely on par with Harvard, Yale, Stanford, M.I.T., the University of Michigan and SUNY at Buffalo. We cannot hope to do so if our compensation, retirement and health benefit programs do not remain competitive.

We must continue to attract and retain the highest quality faculty and staff to maintain our status as one of the world's finest university systems.”

Secretary Trivette presented a sample of the letters that were received as of July 17, 1997 expressing support for the concept of domestic partner benefits being offered to UC employees.

(For speakers' comments, see the minutes of the July 17, 1997 meeting of the Committee of the Whole.)

The Committee went into Closed Session at 4:55 p.m.

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The meeting adjourned at 5:30 p.m.

Attest:

Secretary