

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

May 17, 2006

The Regents of the University of California met on the above date at UCSF–Laurel Heights, San Francisco.

Present: Regents Blum, Dynes, Gould, Hopkinson, Island, Juline, Kozberg, Lozano, Marcus, Moores, Parsky, Pattiz, Preuss, Rominger, Rosenthal, Schilling, and Wachter

In attendance: Regents-designate Coombs, Ledesma, and Schreiner, Faculty Representatives Brown and Oakley, Secretary Trivette, General Counsel Holst, Interim Treasurer Berggren, Acting Provost Hume, Senior Vice President Darling, Vice Presidents Broome, Foley, Gomes, Gurtner, and Hershman, Chancellors Birgeneau, Carnesale, Córdova, Denton, Drake, Fox, Tomlinson-Keasey, and Vanderhoef, Staff Advisor Miller, University Auditor Reed, and Recording Secretary Bryan

The meeting convened at 8:40 a.m. with Chairman Parsky presiding.

1. **REMARKS OF THE CHAIRMAN**

Chairman Parsky addressed the issue of the manner in which the Board considers the compensation of top University officials. The laws that define open meeting requirements for The Regents expressly allow discussion of employee compensation to be held in closed session. These discussions often involve delicate, ongoing negotiations that cannot be conducted effectively in public, and conversations about compensation inevitably involve discussion of the qualifications and performance of the employees or candidates under consideration and sometimes even involve discussion about the qualifications and performance of alternate candidates. Publication of those conversations would both invade the candidates' privacy and deter candid communication among Regents. Nevertheless, both the Board and the law recognize that the public has a strong interest in knowing about the compensation of top public officials; therefore, while the law permits discussions of executive compensation to be held in private, it requires the Board to take action on compensation of the University's highest officers and executives in public.

Based on the advice of General Counsel, it has been the Board's practice for many years to begin consideration of compensation of top officials with closed-session discussion in the appropriate committee. Based on those discussions, the committee makes a recommendation to the full Board for action. That recommendation is immediately made public and distributed to the media. The vote of the full Board is taken in open session. All decisions on the compensation of top executives are made by the Board of Regents in public session, and all proposals for top executive compensation are made public in advance of those votes.

Chairman Parsky reported that the *San Francisco Chronicle* had filed a request for a temporary restraining order in which it asked the court to require the University to hold all discussions regarding compensation actions for top officials in open session. The University opposed this request, both because the law does not require it and because, for the reasons cited, it would infringe upon the candidates' privacy rights, harm the University's ability to negotiate compensation arrangements, and therefore affect the public adversely. The court rejected the *Chronicle's* request without comment; therefore, The Regents will continue to consider compensation actions in compliance with the governing laws and past practice and will continue to make all decisions regarding top officials' compensation in public session.

2. PUBLIC COMMENT

Chairman Parsky explained that the Board had been convened as a Committee of the Whole in order to permit members of the public an opportunity to comment on University-related matters. The following persons addressed the Board concerning the subjects noted.

- A. Mr. Duane DeWitt, a UC alumnus, citing high student debt, asked that fee increases be halted and fees rolled back.
- B. Ms. Lisa Kermish, representing University Professional and Technical Employees, noted that the University is considering the resumption of retirement plan contributions despite the fact that staff have gone with little or no raises for several years and are being burdened with rising costs.
- C. Ms. Sue Cannon, representing the California Nurses Association, noted that nurses are concerned about the increased fees employees will pay for their benefits. She believed that the University should ensure that it retains its nursing staff by protecting their benefits.
- D. Ms. LaKesha Harrison, representing AFSCME Local 3299, commented that The Regents has the most financially secure pension plan in the country. She believed that employee contributions need not resume.
- E. Ms. Kathryn Klar, representing UCAFT, the systemwide lecturers' and librarians' union, expressed concerns about cuts to retirement benefits. She believed that recent actions by the Regents had squandered the public's good will toward the University.
- F. Ms. Katherine Brown, a UC Berkeley alumna, urged the Regents to adopt a policy of not accepting any research funding from the tobacco industry because the association with it damages the University's reputation.

- G. Ms. Laura Miller, a UC Berkeley student and member of Butt Out Coalition, believed the Regents should support a policy of rejecting research funding from tobacco companies in order to maintain the University's prestige.
- H. Ms. Maureen Cane, a UC Berkeley graduate representing Silicon Valley Toxics Coalition, recalled that The Regents had adopted a strong sustainability policy but noted that it was a first step that should be followed by policies directed at electronic purchasing and recycling.
- I. Mr. John DeLuca, President of the California Wine Institute, reported that without the University, California wine would be a cottage industry. He urged continued support of the University as the driving source that has allowed the industry to compete worldwide.
- J. Mr. Bill Shiebler, a UC Santa Barbara student, emphasized the importance of developing a comprehensive plan to address fee increases.
- K. Ms. Lluvia Rodriguez, a UC Riverside student, requested Regental support for a compact with students, proposed by Regent Johnson, which has been developed as a legislative bill to ensure affordability and accessibility.
- L. Mr. John Berry, a UC Berkeley employee, expressed concern about executive compensation issues and urged increases for underpaid employees.
- M. Ms. Norah Foster believed that the University could afford to allow its staff to retain a total compensation package, including benefits, and did not need to resume employee contributions to the retirement plan.
- N. Ms. Mary Higgins called for Chairman Parsky, Regent Hopkinson, and President Dynes to resign. She believed that there was no accountability among the Regents and that the President was their puppet.
- O. Senator Liz Figueroa believed that the Board should focus on the needs of students and consider their best interests. Students and their families have sacrificed to pay rising tuition because they value a UC diploma. She believed that their money had been spent on hidden, extravagant luxuries for executives and that, as a consequence, UC had lost the public trust.
- P. Senator Gloria Romero called for the resignation of President Dynes. She asked the Regents to adopt a policy to bring transparency to the compensation process. She believed that the President had been given sufficient opportunity to implement accounting reforms and clear up compensation abuses. She reported her difficulty in explaining to her constituents that they must pay higher student fees, while the compensation scandal continues to garner media attention.

- Q. Senator Abel Maldonado, Vice Chair of the Education Committee, recalled that he had asked President Dynes to step down, hoping the Board would replace him with someone with the necessary leadership skills. Despite promises, President Dynes has continued to make exceptions to policy in order to benefit senior managers. He stated that the people of California demand accountability and are expecting trust.
- R. Assemblymember Mervyn Dymally reported his intention to request the Subcommittee on Education Finance to augment the University's budget with sufficient funds to increase compensation for underpaid workers, academic preparation, the labor institutes, and the obesity and diabetes institute to be housed at Irvine. He asked for a report on how problems in the Office of the President are to be corrected. He noted that successive Governors had downsized the University, harming its competitive edge. He expressed his satisfaction at the appointment of Dr. Drake as Chancellor of the Irvine campus.

3. **REMARKS OF THE PRESIDENT**

President Dynes made no remarks.

The meeting adjourned at 9:45 a.m.

Attest:

Secretary