

The Regents of the University of California

COMMITTEE ON EDUCATIONAL POLICY

January 17, 2007

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

Members present: Regents Coombs, Dynes, Gould, Johnson, Kozberg, Lansing, Ledesma, Lozano, Marcus, Núñez, O'Connell, Parsky, Ruiz, and Shreiner; Advisory members Allen, Brewer, and Brown, Staff Advisors Brewer and Miller

In attendance: Regents Blum, De La Peña, Hopkinson, Pattiz, Preuss, Schilling, and Varner, Regent-designate Bugay, Faculty Representative Oakley, Acting Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Provost Hume, Executive Vice President Darling, Vice Presidents Foley, Gomes, Hershman, and Sakaki, Chancellors Birgeneau, Bishop, Córdova, Drake, Fox, Vanderhoef, and Yang, Acting Chancellors Abrams, Blumenthal, and Park, Laboratory Director Chu, University Auditor Reed, and Recording Secretary Smith

The meeting convened at 9:25 a.m. with Committee Chair Marcus presiding.

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

Upon motion duly made and seconded, the minutes of the meeting of November 14, 2006 were approved.

2. **SUMMARY OF ACADEMIC PLANNING ACTIVITIES**

As a prelude to the establishment of the Long Range Planning Committee, and to inform The Regents as the initial charge to the Committee is formulated, Provost Hume provided a summary of present systemwide and campus-based academic planning activities.

Current systemwide activities, which are coordinated in collaboration with the Academic Senate by the Academic Planning Council, include:

- Planning for doctoral and professional education
- Planning for enrollment growth in the health sciences
- The information technology guidance committee
- The undergraduate education task force

Campus-based academic plans, as summarized by each campus provost, are being presented to chancellors and provosts across the system in January and February, will be presented to the systemwide Academic Senate and its divisions in March, and will be presented to The Regents in May 2007.

Open disclosure of campus-based plans, the encouragement of each campus to develop unique and complimentary profiles of academic strength, and the development where possible of administrative systems that are common across the system in support of academic goals are key elements of the report of the Long Range Guidance Team.

Provost Hume presented a summary of current academic planning activities across the University. He stated that academic planning, which guides budgetary, financial, and capital considerations, takes place at four levels:

- Individual scholar
- Academic program unit
- Campus
- System

While this report focused primarily on the system level, Provost Hume began with a summary of the other levels of planning. He stated that at the fundamental individual level, vision and planning are central to the success of the University, and the entrepreneurial drive of the individual scholars is key to that success. The academic program unit can act at several different levels, including academic divisions, research teams, academic departments, and interdisciplinary teams. Campus planning is a careful and complex stance between the Academic Senate and the administrators appointed by The Regents.

Provost Hume discussed the reasons systemwide planning is needed:

- Encourage distinctive campus strengths and increase academic power: President Dynes decided last year, in agreement with the chancellors, to make the dialogue with campus chancellors much more public. It was reasoned that the President, the campuses, and The Regents could make better decisions if campus planning was known to all. An environment can be created where it is safe to share ideas in order to ensure better decisions across the system. The goal is to help campuses evolve into a complementary group of stellar institutions, all excellent but each different in useful ways. This is what President Dynes calls “the power and the promise of ten.”
- Address intellectual and social challenges that exceed the capacity of any one campus to address effectively: For example, the Long Range Guidance Team believes that the challenges facing California’s K-12 education system may be the most serious threat to the State’s continued well being. It will be more effective to address this issue if UC acts as a

system. The University has unparalleled capabilities – the largest, the intellectually richest, and intellectually the most diverse.

- Develop opportunities to create support systems that will make the University more efficient and effective: Systems of infrastructure for shared support can be created that did not exist two or three years ago; the library system is one example. These systems can free up money for spending on the core missions of teaching and research. Strategic sourcing can also save money by combining UC's combined negotiating and purchasing power. This is another aspect of "the power and the promise of ten," to create shared infrastructure where it makes sense.
- Form clear ideas of desired and possible achievements, so as to broker effective arrangements for support from external groups: This is what is done in the budget process and other dealings with the Governor, Legislature, and the State.

Provost Hume explained that current systemwide planning includes three interrelated processes:

- *Campus level planning.* The Academic Planning Council, a joint administrative and Senate group chaired by the Provost with the chair of the Senate as the vice chair, gives advice for academic planning, the interrelationship of planning processes, suggested additions, and expected results. Campus level planning is proceeding well; detailed discussions with all ten campuses as well as the national laboratories will be completed soon. Beginning in February 2007, these discussions will be shared among the chancellors, executive vice chancellors, senate divisions, the Senate as a whole, and The Regents. Provost Hume then expects to work for several years to build upon and refresh the shared understanding of campus level plans and their implications for systemwide efforts.
- *Focused planning activities.* The Regents is familiar with two such planning activities: planning for enrollment growth in the health sciences, and planning for doctoral and professional education. Another activity is the Information Technology Guidance Committee. This is a broadly constituted group that considers the uses of information technology in support of teaching, research, and administrative functions. New information technology is being considered for the process of admissions. The Undergraduate Education Task Force is planning a comprehensive reexamination of the nature, goals, and best practices of undergraduate education. Also, in the field of long-range enrollment planning there needs to be a clear concept of the rates of growth at the different campuses and the evolving balance between undergraduate and graduate education across the system. There is also a team of people discussing K-12 education, and what UC can uniquely and best do to contribute to meeting the challenge.

- *Long Range Guidance Team.* The President initiated this group to address how UC will continue to be strong and valuable in 20 years. The Long Range Guidance Team report is an excellent basis for some of the initial work of The Regents' Long Range Planning Committee. The report comes with added credibility because it involved a spectrum of participants from the University community, Regents, chancellors, vice presidents, faculty, and staff as well as government, industrial, and philanthropic partners.

Provost Hume concluded the report by summarizing how academic planning activities relate to the work of The Regents' Long Range Planning Committee as it is formed. Continual reports of the overall tapestry of planning activities throughout the system will be brought to The Regents in order to inform The Regents and allow suggestions for new focus areas.

Provost Hume asked The Regents what processes they can develop that uniquely add to the University's strength and value while at the same time protecting and supporting faculty to create new knowledge and to transmit that knowledge to the communities UC serves.

Committee Chair Marcus stated the importance of administrative leadership, organization, and resources in attracting talent to the University. He extended his thanks to all chancellors and to the Office of the President.

Chairman Parsky also extended his thanks for this work. He urged the importance of combining the analysis relating to academic planning with the financial resources available to the University in order to meet planning goals and objectives. State funding must be considered to avoid having to rethink the objectives.

Regent O'Connell appreciated the focus and attention given to the K-12 element. He stated that one of the biggest threats to California is the achievement gap. His focus during the next four years is to close that achievement gap in the state, and believes that UC is well positioned to help in this endeavor. The fastest growing subgroups continue to lag behind their peers. UC can greatly help with research on how to address the needs of minority students, including best practices and the cultural and educational needs of recent immigrants. Although most of these students will not attend UC, Regent O'Connell argued that these students are as important as the 12.5 percent of high school students who do attend the University. For example, a well-engaged workforce consisting of responsible, well-informed, and analytical people will be needed to build future UC facilities. UC can also help with teacher training and preparation in standards based education. The Early Assessment Program is an augmented portion of the standardized test that the Academic Senate for CSU has provided, including suggested questions and a writing requirement. This program also needs the active support of UC so deficiencies high school students are revealed early. The

lack of funding for key programs in the budget will also affect UC. In the past, UC has been heroic in providing online Advanced Placement courses for those who did not have access. Finally, he expressed gratitude that courses in career technical education are accepted by UC and CSU. Standards have been advanced in the area of career technical education that other states are using, and Governor Schwarzenegger also cares strongly about these programs.

Regent Johnson expressed interest in Provost Hume's discussion of a shared vision, and asked to hear more on how this vision is being shared throughout the campuses and the collaborations between campuses.

Regent-designate Brewer stated that she was pleased to hear about the planning framework and the idea of transparency among campuses. She agreed that coordination between planning and resources must exist, but that planning should not be driven by finances. In response to her question, Provost Hume stated that the Long Range Guidance Report was in draft, but that he was still consulting with others about the appropriate time for its release.

3. **PROPOSED REVISION TO THE POLICY ON FEES FOR SELECTED PROFESSIONAL SCHOOL STUDENTS**

Provost Hume recalled that the University of California's mission under the Master Plan for Higher Education includes a comprehensive array of teaching, research, and public service programs. Its professional schools, which complement the academic departments, are essential elements of the University of California's academic enterprise. UC's professional school graduates fill important positions in our knowledge-based economy. Their research and scholarly programs produce new knowledge that is valuable to the profession, their continuing education programs ensure that practicing professionals are able to stay current in rapidly changing fields, and their public service offerings enrich the quality of life for the citizens of California.

Fees for Selected Professional School Students

In January 1994, The Regents approved a Fee Policy for Selected Professional School Students, authorizing fees for students in selected professional degree programs that are required in addition to mandatory systemwide fees and miscellaneous campus based fees and, when appropriate, nonresident tuition. In approving the fee policy, the University reaffirmed its commitment to maintain academic quality and enrollment in the professional school programs and recognized that earning a degree in these programs benefits the individual financially as well as the state. Professional degree fees for 2006-07 are shown in Table 1, below.

Table 1
2006-07 Fees For Selected Professional Students,
California Residents

Discipline	Professional Fee	Average Total Charges
Law	\$15,013-16,334	\$25,101
Business/ Management	14,276-17,371	24,634
Medicine	13,440	22,753
Dentistry	15,798	25,396
Veterinary Medicine	10,882	22,233
Optometry	9,542	18,655
Pharmacy	11,098	20,234
Nursing	3,218	12,153
Theater, Film & TV (UCLA)	5,959	14,494
Public Health	4,000	12,766
Public Policy	4,000	12,579
International Relations and Pacific Studies	4,000	12,689

Since the initial implementation of professional school fees, professional schools have been largely supported by a combination of sources, including State general funds, Educational Fee revenue, and professional school fee revenue, among others. Because fee increases have been used to offset budget cuts and have generated little or no additional revenue for the schools, professional schools have fallen further behind in their ability to offer competitive salaries to their faculty and staff. The financial circumstances of the schools are severely strained and will require a sustained effort over time to recover. It is within this context that the University engaged in longer-term planning, including development of a new set of principles for setting fees and consideration of increases in the Educational Fee and the professional school fees.

The deep cuts that have occurred to the professional school budgets and the University as a whole have led to significant increases in professional school fees, changes in the proportion of fee revenue dedicated to financial aid, and an expansion in the number of degree programs charging professional school fees. At the November 2005 meeting, in conjunction with the discussion of the proposed 2006-07 budget, issues related to planning for professional school fee increases for 2007-08 and 2008-09 also were discussed. Item 503, Planning for Professional School Fee Increases 2007-08 and 2008-09, prepared for discussion at the November 2005 meeting, was provided as background. It included a discussion of the need to replace the 1994 Regents' Policy on Fees for Selected Professional School Students, which is now outdated and inoperative. The Item

also included the guiding principles described above. The principles were also discussed at the January 2006 meeting.

Under the proposed policy, the following factors would be taken into account when setting professional school fees: the amount of resources required to sustain academic quality at, and enrollments in, the particular professional program; the ability of the University to remain competitive with other institutions; the cost of education for each specific program; the resident and non-resident tuition and fees charged by comparable public institutions for each specific program; the funding requirements for financial aid; overall State General Fund support for the University; and other market-based factors that permit University programs to compete successfully for students.

It is anticipated that any proposal to increase professional school fees for California residents will take into account the in-state rates charged at public peer institutions of comparable quality for similar professional programs. Similarly, it is anticipated that proposals to increase tuition and professional degree fees for nonresident students will take into account the nonresident tuition and fees charged by that professional school's public peer institutions.

The revised policy would acknowledge that professional school fees are not intended to be the sole source of support for the schools' academic programs and that revenue from future professional school fee increases should be used to maintain and enhance the quality of the schools and their programs and to provide additional financial aid to maintain the affordability and competitiveness of the programs. It is recognized that aid programs may include loan forgiveness programs for graduates who choose less lucrative careers in public interest professions, not-for-profit sectors, and underserved communities.

The revised policy also would be consistent with the Compact with the Governor, which calls for the University to develop a long-term plan for increasing professional school fees that considers a number of factors:

- average fees at other public comparison institutions;
- average cost of instruction;
- total cost of attendance;
- market factors;
- the need to preserve and enhance the quality of the professional programs;
- the State's need for more graduates in a particular discipline; and
- the financial aid requirements of professional school students.

Financial Aid for Students in Professional Degree Programs

The graduate financial aid policy adopted by The Regents in 1994 is guided by two principal objectives: to meet the nation and state's needs for a highly educated workforce of faculty, scholars, researchers, and professionals, and to

provide educational opportunities to students of all socioeconomic backgrounds. The policy states that in meeting these needs, the University must attract a diverse pool of highly qualified students who are willing and able to pursue graduate academic and professional degrees. The policy further recognizes that the University's graduate financial support should be tailored at the local level to individual program needs and circumstances.

Consistent with The Regents' financial aid policy, the proposed Policy on Fees for Selected Professional School Students provides that any professional school fee increase approved by The Regents must result in additional funding for financial aid so that programs can continue to enroll a diverse group of highly qualified students from a range of socioeconomic backgrounds. This aid can be delivered either as gift aid (i.e., scholarships, fellowships, or grants) to students while they are enrolled, or as loan repayment assistance to program graduates who have entered public interest careers that meet certain parameters. The first approach reflects a philosophy that a professional degree program should be financially accessible to any academically qualified student, regardless of his or her economic resources; it emphasizes equalizing access to the professional degree program. The second approach reflects a desire to ensure that low-paying public interest careers remain a viable option for its graduates; it emphasizes equalizing access to career paths. Both approaches are consistent with the role of financial aid in allowing programs to compete for a socioeconomically diverse set of students and to support the public service component of the University's mission.

The appropriate mix of gift aid and loan repayment assistance varies by program and is influenced by several factors, including:

- the level and mix of support provided by comparable institutions;
- the availability of gift aid or loan repayment assistance from other sources;
- the earnings differential between program graduates who choose public interest careers and those who do not; and
- the availability of full-time public service careers for program graduates.

At the January 2006 meeting, The Regents expressed concern about the impact of professional degree fee increases and the accompanying increase in student debt levels on the ability of students to pursue public service careers that are not well remunerated. A report was provided that describes in detail the breadth of strategies, including expanding the size and scope of their loan repayment assistance programs (LRAPs), that professional degree programs are employing in order to foster public interest work among their students and to ensure that public interest careers remain a viable option for program graduates.

Provost Hume stated that the discussion with The Regents will help to refine a policy consistent with the mission of a public university. The proposed new policy is a framework to ensure academic quality within the constraints of

competitiveness for faculty and the responsibility to remain affordable for all UC students. It provides structure but also gives flexibility in order to meet the diverse needs of the different professional programs.

It is within that context that Provost Hume introduced three presenters to discuss the implications of having differential fees across campuses for the same professional degree program: Dean Edley, Boalt Hall School of Law at Berkeley, Dean Perschbacher, School of Law at Davis, and Associate Dean Parker, School of Medicine at UCLA. Mr. Parker is also Chair of the Health Sciences Committee, and thus represents a common view among health sciences deans.

At the request of Committee Chair Marcus, Dean Edley began by speaking about Boalt's mission of world class preparation of leaders for all communities, world class leadership in cutting edge research, and impact on difficult and important challenges facing the State, nation, and world. This mission is considered inviolate, regardless of how it is financed. The question is how to finance the mission in an era in which the State seems no longer willing or able to fund world class professional education and research at a law school. Boalt's answer is burden sharing; a combination of help from the campus and the UC system, major capital campaigns relying on alumni, and the student professional degree fee. A long-range financing plan has been devised based on burden sharing that will ensure success of the mission and move Boalt back into the top five. Currently Boalt has a ranking of eighth, but this position is precarious. Several factors contribute to why Boalt must move its fees toward market, including differential in-state tuition compared to its peers, the available resources per student, and the available endowment per student.

Dean Edley urged that what he needs from UCOP and specifically from The Regents is to embrace a multi-year strategy of allowing Boalt to move the total fees closer to market, with substantial reinvestment in financial aid to ensure the public mission of access and freedom of career choice. Moving tuition up to the market minus \$5,000, or Michigan, whichever is lower would give a significant discount as a public institution, but would provide the net resources for the policy described. If this policy had been adopted ten years ago, Boalt would have collected \$50 million in additional revenue net of financial aid. Currently Boalt has the most compelling, most forgiving loan forgiveness program in the country with the possible exception of Yale. In town hall meetings, Dean Edley has found that students are not interested in a cheap education, but rather a world class education and credential, provided there are scholarships and loan forgiveness programs to provide freedom of career choice. Dean Edley added that this is not a prescription for all law schools in the system or for all professional schools. The policy allows campus and program variation based upon the mission, strategic plan, and market.

Dean Perschbacher discussed the points of agreement with Dean Edley and a different vision for what public legal education in California should and hopefully

still can be. He agreed that with the diminishment of State funding, all UC law schools have become dependent on the professional fee for many expenses. Without at least a ten percent increase in fees there would be unacceptable risk associated with any new faculty hires, education programs, or loan repayment programs. On the other hand, he suggested that the policy pursued over the last five years by the Office of the President and The Regents will change the nature of the UC law schools forever, and he sees this as a loss. He stated that there have been many outstanding graduates from the law school at Berkeley, and suggested that these people may not have attended a UC law school had the costs of their education been equivalent to today's cost. At risk is the promise of a first rate legal education based solely on ability, provided by the people of the State of California, with an implicit agreement that the graduates owe a return to the people due to a concretely embodied low-fee policy that welcomed applicants with or without the means to attend private law schools.

Provost Hume reiterated that Dean Parker represents the well-considered views of the health sciences deans. Dean Parker noted that his presentation will be somewhat different than the others, in that physicians and all the health sciences face a significant challenge in the continued population growth within the State, the aging of the population, chronic disease, and other factors that physicians must directly address. He agreed that money is needed, but the challenge is ensuring that new physicians and nurses engage in primary care, take care of the under- and uninsured, and have an appropriate ethnic diversity both culturally and linguistically. For the Hispanic, Latino, and African-American, there is a current imbalance between the number of physicians in the State and the citizens. UCLA is proud to be one of the top ten schools that graduate physicians of color, yet the numbers are still very small. Every year UCLA continues to lose students to other states where students can get an outstanding education for less money. Another problem is that there are very few physicians in rural areas and inner cities. Health care workers are needed from these areas, but such individuals are not able, do not desire, or are afraid to spend large amounts of money on their education. Affordability and accessibility must be ensured so that more individuals will enter the fields of primary care and gerontology, and will serve inner cities and rural areas. With the current fees, a five-year program would cost a quarter of a million dollars. The idea of such a substantial debt strongly discourages high school students from considering a health care profession. Dean Parker reiterated that they do need a multi-year plan, and they do need the fees to be as low as possible.

Faculty Representative Oakley clarified the fact that this item is under discussion rather than proposed for action in part because the Academic Council has resolved not to endorse the principles as presently written due fundamental concerns of the Council. He explained that the Futures Report just released by the Academic Council raises powerful concerns about what will result from privatization through fee increases. The Council also presented to The Regents a resolution calling for renewed commitment to raise the public component of UC's funding to

the level necessary for world class education across a spectrum of programs at UC.

Regent Blum expressed his feeling that the position of UC in Sacramento is poor, and that UC must move beyond its reliance on budgets from year to year. He stated that, given the issue of accessibility, grants may provide an answer to these problems in that there are proposals to increase substantially the grant program at the federal level. Regent Blum stated that the Regents must take UC's future into their own hands, and he expressed his pleasure at the initiation of the Long Range Planning Committee at the Regental level.

Regent-designate Allen asked how excellence will be maintained within the UC medical health service programs while maintaining affordability, and how socioeconomic diversity will be maintained at Boalt. He also asked how market costs would be determined, and if this calculation would include cost-of-living expenses.

Regent Ruiz expressed his desire for a multi-year plan and urged that the goal should be to keep the fees as low as possible. He inquired about the impact of the rising fees on student enrollment, especially from a long-term perspective.

Regent Ledesma reiterated the importance of a long-term fee policy, and the principle that fee increases should never compromise UC's mission of teaching, research, and public service. She expressed her concern that the work burden during students' education compromises the quality of their experience at UC. Also, the item as it is written does not sufficiently address the total cost of attendance. She wants to ensure that the proposed policy continues to support the long-standing commitment of at least 33 percent return to aid on fee revenue.

Chairman Parsky urged that on the subject of student fees The Regents should not delegate authority to the President and the chancellors, and that The Regents has a direct responsibility for deciding such fees. He also stated the need to be cautious about use of the word privatization. Chairman Parsky asked that at the next presentation Dean Edley outline the risk to the ranking if nothing were done, and to focus on the other two elements of burden sharing. He stated that there should be a linkage between the Office of the President, private support, and the student fee.

Regent Marcus observed that there needs to be creative thinking about these issues. He asked the campuses to think about the appropriate role of principles that would allow chancellors to work with campuses and with the Office of the President to propose rational fee planning.

Dean Edley stated that, if this fee policy is not adopted, there may be a hemorrhaging of talent from Berkeley, beginning with the Dean and extending down to the students and staff. There is no risk of this fee strategy to their mission, because Boalt defines its mission as being great, but with access. The

median income of Boalt graduates in their first year out of law school is three and a half times that of the median income of San Francisco taxpayers, which stands at \$38,000. Dean Edley stated that the commitment to socioeconomic diversity is a critical part of Boalt's mission, and that it is possible, with the right financial aid strategy, to have fees that move toward market but are still open with respect to socioeconomic standing and career choice. Finally, he stated that there will be no enrollment impact at Boalt, given that the accepted proportion of Boalt's applicant pool is smaller than all but two law schools in America.

Dean Perschbacher stated that there is no easy solution to these financial issues, and that the socioeconomic diversity of the student body has declined at both the professional school and undergraduate levels. He stressed the importance of long-term stability in policy to the ability of campuses to plan and address these issues.

Regent Lansing expressed her understanding in the need for stability in policy and an increase in fees in order to maintain excellence. She stated, though, that the Regents are also equally committed to a diverse student body and asked how diverse the student body is now and how that mission can continue.

Dean Packer responded that the student body at UCLA is the most diverse among medical schools, but it is far short of what is desired. UCLA's enrollment will not decrease, but the type of student attending will change and their diversity and careers will suffer. He commented that after graduation from medical school, students do several years of residency at \$45,000 a year. Also, 95 percent of his students are on financial aid, and as this number increases students will not want to come.

Dean Perschbacher explained that the law schools have done a tremendous job with racial and ethnic diversity. He cannot guarantee that the socioeconomic diversity of those minority groups is as great as desired, but there is exceptional diversity. Dean Edley added that in terms of the representation of African-American and Latinos, Boalt stands at three-quarters of where it was prior to Proposition 209. The situation regarding socioeconomic diversity is unclear, but approximately 80 percent of Boalt's students are on financial aid. He has plans to alter Boalt's financial aid model to become deeper and more targeted financially.

In response to Committee Chair Marcus' question, Provost Hume responded that government relations colleagues must be consulted about the timing of this issue. President Dynes commented that he does not have simple answers other than the need for careful thinking. Committee Chair Marcus urged that a deadline is needed for guidelines and approaches. He requested that a policy proposal come to the Chairman of the Committee as soon as possible, so the issue can be resolved within six months to a year.

President Dynes stated the importance of having student input on fee issues, and called upon the President of the UC Student Association, Mr. Shiebler, to express a student view.

Mr. Shiebler stated that since 2002 student fees have skyrocketed 79 percent for undergraduates, 84 percent for graduate students, and 69 to 131 percent for professional students. The UCSA urges The Regents not to increase professional fees. Mr. Shiebler argued that financial aid does not reflect the increasing costs of college, and that comprehensive costs must be considered in order to understand the total cost. Mr. Shiebler noted that Registration Fees provide many programs and services that directly benefit students' everyday life on campus, but that this fee has not been increased in any great amount for years despite great cuts to budgets on campus. The UCSA is asking that The Regents work to stop the proposed Education Fee increases in the Governor's budget and to ensure that any increased funding to the registration fee remain controlled by the student fee advisory committee on each campus. He noted that the budget for academic preparation programs was eliminated entirely from the Governor's budget, and that UCSA will be working aggressively to increase that funding. He enjoined others to assist UCSA in its work to not only restore the \$19.3 million that was removed, but to work toward increasing funding to \$33 million. Mr. Shiebler then discussed how financial aid needs serious improvement due to the problems of a high-fee high-aid model. The education finance model for 2007-08 requires that every undergraduate student contribute at least \$10,000 toward his or her education each year through work and loans. This is a \$1000 increase from 2005. Students need stronger financial support to meet UC's high academic standards, yet student loans are set on the assumption that a graduate will make \$45,000 per year while the average salary of a UC Berkeley graduate is only \$35,000. UCSA is working to introduce legislation that would increase the Cal Grant B award amount so that more students can receive higher levels of financial assistance. Finally Mr. Shiebler addressed the issue of worker salaries, stating that the employees of the University of California deserve a fair and just wage for the services and value they provide. He stated that it is appropriate for the Regents to work with the Legislature to fund these salary increases. The State must be convinced that UC and CSU students are priorities and increase funding, and the Regents must question State budget proposals that do not signify a commitment to fund public institutions. Mr. Shiebler urged the Regents to help, arguing that these issues cannot be solved by asking students to take on another fee increase.

4. **UC RESEARCH ON ALTERNATIVE ENERGY SOURCES**

Lawrence Berkeley Laboratory Director and Nobel Laureate Steven Chu led a discussion of UC research on alternative energy sources, including biofuels. Provost Hume stated that Director Chu also agreed to present the Annual Report of the Lawrence Berkeley National Laboratory, which had been scheduled to be presented later in the day.

Director Chu reported that 11 of the Laboratory's employees were awarded the Nobel Prize, and more importantly 9 of them did their work at the Laboratory. Currently three percent of the National Academy of Sciences is Laboratory employees. The Laboratory is heavily integrated within the teaching and research mission of the University of California system, involving a large number of University employees and students. One quarter of the Laboratory's research is biology, indicating its status as a general purpose laboratory.

Some of the facilities at the Laboratory are exceptional. The Advanced Light Source is used heavily by scientists all over the country. The National Center for Electron Microscopy is developing a new generation of microscope that will revolutionize the field. One of the largest supercomputer facilities for unclassified work at the Department of Energy is also part of the Laboratory. However, not all facilities are high quality; 70 percent of the buildings are over 40 years old. Thus the Laboratory will be bringing proposals for a set of new buildings before The Regents.

Director Chu turned to a discussion of the Helios program. He stated that it is a measurement, not a conjecture, that the temperature of Earth has been warming over the last 150 years, and there is compelling evidence that this temperature increase was caused by humans. It is predicted that, under a model of aggressive control of greenhouse gases, in this century the Sierra snow pack will decrease from 30 to 70 percent. If nothing were done, it would decrease by 73 to 90 percent. It is an understatement to say that this would fundamentally disrupt California's water system.

Director Chu asserted that global warming can be tackled. In the last two and a half years, the Lawrence Berkeley Laboratory, in partnership with UC Berkeley, UC Davis, Stanford, Cal Tech, MIT, and other institutions, is conducting research on converting solar energy into more useable forms of energy, particularly transportation fuel. Currently photovoltaics are too costly by a factor of about ten, so this gap needs to be bridged. The scientists at the molecular foundry at the Laboratory are heavily engaged in producing a new set of nanotechnology solar cells. Another cause of great excitement is the idea of raising plants for energy. The Joint Genome Institute, mainly run out of the Laboratory, in partnership with other laboratories has found that the gene regulation of a Poplar tree can be altered so that under the same growing conditions the tree would produce twice as much wood. The Laboratory is also looking at how termites digest wood and turn it into chemical fuel as a way to learn how to develop better microbes to digest cellulose.

Director Chu also discussed Professor Jay Keasling's work to combat malaria; there is anticipation that within two years this drug will be made available to developing countries at roughly 20 cents a cure. The technique for developing the drug is similar to the technique of the bacteria generating biofuels. There is growing funding for this type of work; for example, British Petroleum has put a

call for \$500 million over a ten-year period, and UC should be very proud that two of the five institutions asked to bid on this were UC Berkeley and UC San Diego. He also discussed the funding available for the Helios project.

Director Chu concluded that the key is not the buildings or the facilities, but the people. He stated that in the quest for renewable energy, the Laboratory wants to deliver significant advances in ten years.

Regent Blum stated that in the last two years he has gotten to know Director Chu, Professor Keasling, and School of Engineering Dean Richard Newton, finding them an extraordinary a group of people. Regent Blum expressed enthusiasm for the work of Mr. Keasling, and hoped that Mr. Keasling would come before The Regents. He noted that the University has a large unused debt capacity, and that funding these types of projects needs to become a major priority. Finally, he expressed his interest in honoring Dean Newton, following his untimely death earlier this month.

Chairman Parsky added that these subjects were intentionally put on The Regents' agenda first to start off the year on a very positive note; the public should have a greater appreciation of the important contributions of this university.

5. **UPDATE ON STUDY GROUP ON UNIVERSITY DIVERSITY**

Chairman Parsky recalled that at the July 2006 meeting, based on a recommendation from Regents Ledesma and Ruiz, the Regents discussed the need for a study of actions the University can take to increase diversity in undergraduate and graduate enrollment and faculty hiring and to foster a climate on every UC campus that is welcoming and inclusive. To address this need, President Dynes and Chairman Parsky appointed a Study Group on University Diversity, and charged the group with the following tasks:

- Review and report on recent trends with respect to diversity within the University's undergraduate, graduate, and faculty populations;
- Examine campus climate with respect to diversity and inclusion;
- Study the interactions among undergraduate, graduate, and faculty diversity and campus climate;
- Identify "best practices" in student preparation, recruitment, and admissions;
- Recommend actions that the University and its individual campuses can take, respecting federal and State laws, to increase diversity and inclusiveness at UC.

Chairman Parsky and Provost Hume serve as Co-Chairs of the Study Group, and Regent Kozberg is its Vice Chair.

The Study Group on University Diversity met in October 2006 and again in November and is scheduled to hold its third full meeting on January 25, 2007.

After discussing overall objectives and concerns, the Study Group concluded that the most efficient way to complete its work was to form four Work Teams focusing in depth on different aspects of the charge. These teams, which are meeting independently in December and January, are:

- Work Team on Undergraduate Diversity, chaired by Academic Council Vice Chair Michael Brown (members include Regents Island, Kozberg, and Ruiz, former alumni Regent Taylor, Chancellors Birgeneau and Yang, Executive Vice President Darling, Vice President Sakaki, UCSA President Shiebler, UCLA student Lucero Chavez, and UCB student Van Nguyen);
- Work Team on Graduate and Professional School Student Diversity, chaired by Acting Chancellor George Blumenthal (members include Regent Preuss, Regent-Designate Brewer, Academic Council Chair Oakley, former Academic Council Chair Pitts, and UCLA student Na'Shaun Neal);
- Work Team on Faculty Diversity, chaired by Berkeley Astronomy Professor and Academic Senate Committee on Affirmative Action and Diversity Chair Gibor Basri (members include Regents Island, Ledesma, and Ruiz, Academic Council Chair Oakley, and former Academic Council Chair Pitts);
- Work Team on Campus Climate, chaired by Regent Maria Ledesma (members include Regent Kozberg, Chancellor Córdova, Vice Chancellor Gomez, State Representative Miller, UCSA President Shiebler, and UCSD student Christopher Sweeten).

Additionally, The Regents and the Study Group have identified UC staff members as a critical element in the University's overall creation of a diverse and welcoming environment. Based on the recommendation of Staff Representative Miller, the issue of staff diversity will be addressed initially by a separate UC staff group currently being charged; this group's findings will be incorporated into those of the Study Group.

At the same time that the Study Group members elected to focus their efforts in specific areas, they also affirmed the importance – expressed in the group's charge – of understanding how different aspects of the University's diversity challenge (for example, faculty diversity and campus climate) affect one another. Both the individual work teams and the Study Group as a whole will also consider cross-cutting themes and topics – including legal constraints and opportunities and the need for strong leadership and accountability – that affect all of the identified areas.

At its January meeting, the Study Group will hear progress reports from each of the work teams as well as presentations on specific topics. The Study Group expects to meet two or three additional times in the spring of 2007 and to provide a preliminary report to The Regents in May 2007.

6. **QUARTERLY REPORT ON PRIVATE SUPPORT, FIRST QUARTER JULY 1 – SEPTEMBER 30, 2006**

The Quarterly Report on Private Support providing year-to-date figures for the period of July 1 through September 30, 2006, was submitted for information.

[The Report was mailed to all Regents in advance of the meeting, and a copy is on file in the Office of the Secretary.]

Executive Vice President Darling noted that private giving totaled \$220 million, a decrease of \$53 million from the first quarter of last year representing approximately a 19 percent decrease. In the second quarter through December, there were four gifts alone that tripled that deficit in the first quarter, so things are improving in the second quarter.

7 **NAMING OF UC LABOR PROGRAM AFTER MIGUEL CONTRERAS**

The President recommended that the labor and employment research and education program, funded by the 2006 Budget Act, be named the Miguel Contreras Labor Program.

It was recalled that due in great measure to the leadership of Regent and California Assembly Speaker Fabian Núñez, the final 2006 Budget Act agreed upon by the Governor and the Legislature included a permanent \$6 million appropriation to fund the University's labor and employment program. The Budget Act required that this funding be used to carry out research, education, and service on issues of labor and employment throughout the UC system. It is recommended that the labor and employment program supported by this funding be named the Miguel Contreras Labor Program.

The Contreras Program will support the systemwide Labor and Employment Research Fund and the Labor Studies Development Fund. The Contreras Program will also provide funding for research programs through the Institutes of Industrial Relations at the Berkeley and Los Angeles campuses, and also support the educational programs conducted in the Centers for Labor Research and Education located within each of the Institutes of Industrial Relations.

The proposed naming is in recognition of Miguel Contreras, the late head of the Los Angeles County Federation of Labor from 1996 until his untimely death at age 52 in May 2005. He was one of the nation's most respected Latino leaders. Born into a family of immigrant farm workers, Contreras labored in the fields as a small child and joined Cesar Chavez's union at age 17. Contreras worked on the staff of the United Farm Workers union and later became an organizer with the hotel workers union. In 1994, he became political director of the Los Angeles County Federation of Labor. The first Latino to head the Federation, Contreras

cared deeply about working people and fought to ensure that their voices would be heard in civic life.

President Dynes explained that this item was championed by fellow Regent and California Assembly Speaker Núñez, and thanked Regent Núñez for all he has done for the University.

Ms. Maria Elena Durazo, the widow of Miguel Contreras, stated that she was honored that Regent Núñez is proposing to name the UC Labor Institute in honor of her late husband. She described how her late husband and his parents joined the Farm Workers movement because of their living conditions. Although they were extremely poor, they knew that the only hope they had of improving their working and living conditions was to join with Cesar Chavez. They sacrificed a lot, but in the end felt that they achieved success for the dignity of work and of people that contribute to the agriculture industry. Mr. Contreras worked closely with the UCLA Labor Center in Berkeley and Los Angeles, and played an important role in the labor movement all over the State, providing new opportunities for rank and file employees. Ms. Durazo explained that the University is a public university supported by tax dollars of hard working men and women in the State, and she is proud that for the first time that a statewide institution within the University of California is being named in honor of a rank and file labor leader.

Regent Núñez stated that Mr. Contreras was not only well known in Los Angeles for the great work he did there, but that he was also very connected to key politicians and business leaders. Regent Núñez called him a compassionate pragmatist, prioritizing the need to get things done. He stated that Mr. Contreras will arguably go down in history as one of the most important labor leaders that America has had.

Regent O'Connell explained that Mr. Contreras was not only a great leader in the labor movement but also a strong believer in public education. Mr. Contreras was in part responsible for the reduction of the high school exit exam from three days to two, eliminating the Golden State Exam, and reducing many of the national norm tests. He was also a great believer in career technical education.

Regent Lozano stated that it was a proud moment to recognize the life of Mr. Contreras by this institution. As the head of the county Federation of Labor, Mr. Contreras used that institution to advance the cause of social justice and dignity for working people. His life stands as a symbol, and the naming of the labor programs at UC is fitting and will ensure that his legacy is honored and that he will continue to inspire people to reach higher in the quest for a better society.

Executive Vice President Darling stated that the funding for the Contreras Labor Institute was provided by Speaker Núñez in the Legislature and the Governor based on the Budget Act of 2006. Due to those actions the Contreras program

would support the systemwide labor and employment research fund, the labor studies development fund, and the research programs at the Institute for Industrial Relations at UCLA and Berkeley. In addition, it would encompass the educational programs of the Centers for Industrial Relations at Berkeley and UCLA.

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

8. **STATE FUNDING OF CAPITAL PROJECTS: UC ENDORSEMENT OF EDUCATIONAL FACILITIES BOND MEASURE CAMPAIGNS**

The President recommended that:

- A. The University's Administrative Guidelines for UC Campus Foundations relating to the expenditure of Campus Foundation funds in support of educational facilities bond measures be adopted as a Regental policy, and that the Regental policy shall state:

Campus Foundations may only make financial expenditures for campaign purposes that are legally appropriate to support measures clearly beneficial to the University, such as educational facilities bond measures that include funding for the University of California, when such measures have been endorsed by The Regents.

- B. Until the Office of the President returns to The Regents with a plan to implement this policy, including options for future educational facilities bond measures, and the plan is approved by The Regents, Campus Foundations will not expend any funds for educational facilities bond measures. This plan will include a process for determining compliance with this Regental policy.

Regent Gould recalled that in the first few decades of its existence, the University of California relied on the generosity of donors, most notably Phoebe Apperson Hearst, to fund capital projects. This period was followed by several decades of legislatively appropriated funding for facilities needs, supported by State tidelands oil and gas royalties.

Up until 1986, UC as well as the California State University and the California Community Colleges relied on this source of funding for capital projects. However, support from this source of funding began to decline in the early 1980s due to competing interests for the State's discretionary funding, combined with serious State budget problems. The University worked with the Legislature to develop additional funding sources. Since 1986, most State capital-project funding has been derived from bonds that must first be authorized by the

Legislature and the Governor for placement on the ballot, and then approved by California's voters. It is crucial to the future of the University that it continue to receive appropriate levels of state funding for capital facilities construction and modernization in order to fulfill its educational, research, teaching, public service, and patient care missions.

The University (as all public agencies) is legally prohibited from expending any public funds to support a bond measure campaign. The University is authorized, however, to endorse a bond measure. Private funding of campaign efforts, including by Campus Foundations, is permissible, and University employees and/or individual Regents are allowed to campaign on behalf of bond measures as volunteers, in their individual capacities and without making use of University resources.

In 1986, a non-profit corporation, Californians for Higher Education (CHE), was established by friends of the California systems of higher education including friends of UC, the California State University, and the California Community Colleges. The CHE board includes two volunteer representatives from each of the three segments of public higher education in the State. Since CHE was established, there have been eleven bond campaigns, nine of which were passed by the voters providing a total of \$12.8 billion for California higher education, approximately one-third for UC. In recent years, CHE, representing the interests of public higher education, has joined with the K-12 community in support of combined K-12 and higher educational facilities bond measures.

The purpose of this item is to codify current University guidelines as Regental policy so that, before any Campus Foundation funds may be used to support educational facilities bond measures on a ballot, The Regents must have endorsed that bond measure. It also signals the intent of The Regents to provide an appropriate level of Regental, legal, and other oversight to ensure that the University and Campus Foundations comply with this policy.

Regent Gould explained that this policy would introduce a more formal structure for Regental review regarding the legal aspects, benefit to the University, and endorsement on the issue. Executive Vice President Darling added that it directs the Office of the President to develop an implementation plan, and that he will be back to The Regents in a matter of months with this implementation plan.

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

9. **PLAN TO ELIMINATE THE NON-RESIDENT GRADUATE TUITION**

Faculty-Representative Brown inquired about the status of the plan to eliminate the non-resident graduate tuition. Committee Chair Marcus responded that the issue has been discussed, but due to the complexity of the matter it is not ready to

come forth. Committee Chair Marcus stated that he would consult with Provost Hume to determine when the Committee would hear the recommendation.

The meeting adjourned at 12:15 p.m.

Attest:

Acting Secretary