

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

March 18, 2009

The Regents of the University of California met on the above date at the Commons, Riverside Campus.

Present: Regents Bass, Blum, Cole, De La Peña, Garamendi, Gould, Johnson, Kozberg, Lansing, Makarechian, Pattiz, Reiss, Ruiz, Schilling, Scorza, Shewmake, Varner, and Yudof

In attendance: Regents-designate Bernal, Nunn Gorman, and Stovitz, Faculty Representatives Croughan and Powell, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Interim Provost Pitts, Executive Vice Presidents Darling and Lapp, Senior Vice Presidents Dooley and Stobo, Vice President Sakaki, Chancellors Birgeneau, Bishop, Block, Blumenthal, Drake, Fox, Kang, Vanderhoef, White, and Yang, and Recording Secretary Johns

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

1. PUBLIC COMMENT

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

- A. Ms. Caroline DeVan, a lab assistant at UC Riverside, presented letters from over 200 faculty, several chancellors, including Chancellor White, and from Alberto Torrico, the Majority Leader in the California State Assembly, in support of the University Professional and Technical Employees (UPTE), of which she is a member. She decried the comparatively low salaries and retention rates of the University's research and technical staff, and asked that the wages of those positions be increased in order to maintain high standards at UC.

- B. Mr. Michael Yonezawa, a UCR librarian and a member of the University Council-American Federation of Teachers (UC-AFT), commented on the below-market-value salaries of UC librarians and the underfunding of the University's libraries. He asserted that poor investment in the libraries and library personnel has resulted in serious recruitment and retention problems. It also has weakened the quality of collections and services, which in turn has affected the quality of the research and the instructional mission of the University.

- C. Ms. Ruby Miller, a retired staff research associate, shared her experience regarding the changing conditions for UC retirees. Retirees now must pay part of their insurance premiums, and the UC Retirement Plan has been outsourced. She expressed concern about the redirection of employee contributions from the defined contribution plan to the defined benefit plan and future increases in these contributions. Ms. Miller asked the Board to establish joint governance of the UC Retirement Plan and to show their allegiance to retirees.
- D. Ms. Margaret Crowley, a laboratory assistant in the UCR Department of Botany and Plant Sciences, highlighted Chancellor White's inaugural theme of "Living the Promise." She maintained that "living the promise" should include making sure all UC employees are treated equally. She spoke of the 32 percent turnover of lab personnel and noted that their salaries can be 10 to 20 percent below market value. Ms Crowley believed that the laboratory staff's salaries should not be based on the State budget.
- E. Ms. Lorena Altamirano, a laboratory assistant in the UCR Department of Plant Pathology and Microbiology, indicated her disapproval of President Yudof's apology to Chancellor White for freezing his salary. Calling the assistants and researchers "the hands and brains that drive the engine of UC," she objected to the Regents offering them no salary increase. She urged the Regents to pay attention to the workers so that the quality of laboratory research work would not be compromised.
- F. Mr. Julian Posadas, the Executive Vice President of the American Federation of State, County, and Municipal Employees (AFSCME) Local 3299, asserted that the University had not kept its word regarding the salary step structure; while a contract has been agreed upon, implementation is not complete. He demanded that the Regents take action now and resolve the step increase problem.
- G. Mr. Allan Crosthwaite, an employee of UCR for 17 years, a member of the Chancellor's Committee on Campus Morale, and a representative of the Coalition of University Employees (CUE), expressed his offense at the manner with which negotiations are conducted.
- H. Sr. Justine Church, a Medical Missions Sister and a treasurer of the San Diego Interfaith Committee for Worker Justice, implored the Regents to implement the contract of the UC service workers. Sr. Church informed the Regents that the faith communities are dedicated to ensuring that UC implements the service workers' contract as it was agreed upon.
- I. Ms. Christine Benoit, a UCR clerical unit retiree and advocate for clerical employees, asked the Regents to think seriously about their charge and role in supporting higher education. She observed that the University needs not only professors and researchers, but also support staff. Ms. Benoit informed the Regents that they need to plan five years out, that they need to think creatively,

and that they should work with the University community to resolve budgetary issues.

- J. Mr. Mike Lawrence, an employee of the UC Irvine Medical Center, voiced his dissatisfaction with the step increase impasse. He informed Regent Blum and President Yudof that UC workers would be contacting them by phone and at their offices until the step increase situation is settled.
- K. Ms. Roxanna Sanchez, the undergraduate student body president at UC Riverside, expressed dismay at the characterization of UCR as an “alternative campus.” She remarked that the opportunities, networking, growth, and independence she has experienced at UC Riverside have been fulfilling, and she encouraged the Regents and other officials to refer to UCR as a “campus of choice” instead of an “alternative campus.”
- L. Ms. Gracelynn West, a third-year UC San Diego student and UC Student Association (UCSA) Board member, informed the Regents about a piece of student-written legislation entitled the College Affordability Act, which would increase by one percent the taxes of the top ten percent of California’s residents. It would also freeze student fees for five years. After the five years, fee increases would be held at the same rate as the Consumer Price Index. She entreated the Regents to endeavor to think of fundraising solutions other than raising student fees.
- M. Ms. Lisa Chen, a fourth-year UC San Diego student and UCSA Board member, thanked the Regents for prioritizing low-income students with the Blue and Gold Opportunity Plan and the freshman eligibility reform. She then expressed her concerns regarding a recent \$200 charge levied against AB 540 students, which they are expected to pay in fewer than three weeks. She requested that the Regents investigate the matter and – if the fee could not be avoided – that the students be allowed more time to make the payment.
- N. Ms. Rosa Tapia, a custodian at UCSD for seven years, informed the Regents that she has to work two jobs to feed her family and that she would like to see higher wages and steps.
- O. Mr. Dennis Lopez spoke as a representative of the Chicano/Latino Coalition for Educational Equity and English Learners of the Inland Empire. He expressed his view that the University is late in responding to the curricular needs of English teachers and learners. He asked the Regents to establish a center for educational opportunity for English learners in the Inland Empire.
- P. Ms. Manuela Sosa, a UCR alumna, shared with the Regents that she had supported the Riverside campus for 35 years. However, she believed that UCR has been unresponsive to the growing population of Spanish-speaking students.

Ms. Sosa stressed that the University could not continue to ignore the needs of its Spanish-speaking youth.

- Q. Ms. Librada Murillo addressed the Board in Spanish. She informed the Regents that 11,000 students in the Moreno Valley Unified School District, five miles from the Riverside campus, are English language learners. She stated that UCR has not supported or shown interest in District needs related to this student population. She expressed concern about existing educational inequity and asked the University to direct specific funds for the creation of a research and study center on educational and academic equity, for curricular programs, and for academic support for English learners.
- R. Mr. Francisco Sanchez, a parent of school-aged children in Moreno Valley, urged the Regents to promote projects that will help with the education of the community's Hispanic children. He informed the Regents that in the Moreno Valley Unified School District, Hispanics make up 62 percent of the total student population. Out of those, more than half will drop out of high school, and perhaps two percent will ever gain access to higher education.
- S. Ms. Teresa Marquez-Lopez, former UC Riverside research series faculty member, expressed her concern about three issues: the Graduate School of Education's outdated curriculum, student sexual harassment, and institutional racism. Ms. Marquez-Lopez previously obtained a grant for a two-way immersion biliteracy specialist institute; the grant served seven teachers, Ph.D. students, and two Master's students. She claimed that with one exception, all of the students left after two years of doctoral study because of an outdated curriculum and sexual harassment.
- T. Mr. Ghanem Hussein addressed the Regents regarding his concern about the humanitarian crisis in Palestine. Mr. Hussein indicated that the University heavily invests in companies that sustain the occupation of Palestine by the Israeli army. As an undergraduate student, he urged the Regents to ensure that the University is not involved in the occupation of Palestine and that they promote justice, education, and the well-being of all Palestinians.

2. **REMARKS OF THE PRESIDENT OF THE UNIVERSITY**

President Yudof thanked UC Riverside for hosting the Regents and commented that he had experienced a great deal of positive interaction with the students and the faculty on campus. He congratulated Chancellor White on his inauguration and on his strong relationships with both the campus community and with the larger community around UC Riverside. The President also welcomed Regent Bass and thanked her for her advocacy for higher education and her efforts in working with the Governor and the Speaker Pro Tempore to finalize the budget.

President Yudof pointed out that since the Regents had last met, the State had adopted a budget. He commented that the Governor and the Legislature recognized the positive role higher education plays in the California economy, and that the adopted budget could have been much worse for the University. That notwithstanding, the University has a \$450 million shortfall over two years, 2008-09 and 2009-10. Counting the actual cuts, approximately \$100 million this year and \$115 million next year, settlements with labor groups, merit increases for faculty, increased energy costs, and increased costs for equipment and library books, UC has slightly more than \$200 million in real cuts, and a similar amount to be reallocated based upon increased enrollment, utility costs, and health benefits. The President reminded the Board that these cuts are in addition to the 40 percent decline in State per-student spending that UC has experienced since 1990, based on adjustments for inflation and enrollment, and that part of the difference had regrettably been offset by increases in student fees.

President Yudof expressed concern about the recent Legislative Analyst's report predicting that the revenue coming into the State will fall short of assumptions by \$8 billion, and that the shortfall could climb into the \$20 billion range in the next five years. He pointed out that the campuses are working to identify savings through program consolidation and elimination, improved business practices, reduced travel, diminished faculty recruitment and hiring, and that there has been continued downsizing and restructuring in the Office of the President. He informed the Regents that he would be presenting a budget for the Office of the President that would contain another \$12 million in reductions, bringing the total expenditures down \$67 million and the total number of FTEs down by 628 since the beginning of the restructuring in 2007-08. The new budget would reduce charges to unrestricted funds by \$25 million, expenses that can properly be charged to restricted accounts, thus enabling more dollars to be redirected to campus teaching and research purposes. But in spite of these measures, the University still faces significant fiscal challenges.

President Yudof informed the Regents that the University will be working with the Speaker, the President Pro Tempore, the Governor, and other members of the Legislature to set the employee and employer contribution rates to the UC retirement plan. UC will also be working with the legislative budget committees to pursue facility funding, which is currently insufficient. He emphasized that the University will continue to administer a strong financial aid program to mitigate the effects of the fee increases. Some very important aspects of President Obama's stimulus package will help students, and the Blue and Gold Opportunity Plan, which the Board approved earlier this year, would soften the effect of any fee increases for families with incomes under \$60,000 a year.

The President elaborated that the budget deal reached by the Governor and the legislative leaders also depends upon proposals that have been placed on California's May 19 ballot; accordingly, he proposed that the Regents formally endorse Proposition 1A. Proposition 1A would create a "rainy day" fund reserve, would extend the tax increases that were part of the budget stabilization package, and would place future caps on government spending. President Yudof commented that the proposition is a complex measure, and that no one completely favors it – even those who voted for it. However, he felt it was

important to support the State's leaders, and to establish some stability for the University. He expressed grave concern about the possibility that the voters would not approve Proposition 1A and that higher education would once again be on the chopping block.

The President acknowledged that the University's greatest asset is its human capital, but cautioned that it is also its costliest asset. Employee furloughs, already put in place by the State, also might need to be implemented by UC along with temporary and permanent salary reductions. He emphasized that no plan for implementing such strategies currently exists, but that policies need to be in place in the event that furloughs and salary reductions become necessary. The President informed the Board that he had asked Executive Vice President Lapp and Interim Provost Pitts to work with Human Resources, the General Counsel, and the Academic Senate to develop such a contingency plan, and that he would report on their progress at the May meeting. Care would be taken to ensure that the plan would be applied equitably, that it would not interfere with the performance of essential activities, such as medical care and other emergency services, and that it would not violate any binding contracts or governmental regulations. He also stipulated that the University will have to look very carefully at its multiple funding sources, including federal research dollars and clinical dollars generated from insurers, to minimize adverse effects on the University's very industrious workforce. President Yudof reiterated that he wanted policies and procedures prepared in advance so that the University would not be forced to act in a hurried manner over the summer should the State's fiscal situation worsen.

The President then referred to the freshman and transfer admissions targets and the unpredictability of enrollment predictions for the year ahead. He speculated that more students will be applying to UC because of its relative affordability. The University is trying its best to meet the admissions targets established by the Board, but the President felt it was very likely that the targets would be exceeded because of the rising yield. He also made brief mention of the success of the recent UC Day in Sacramento, which hundreds of alumni attended.

President Yudof addressed what he felt were material misrepresentations by the leadership of the American Federation of State, County, and Municipal Employees (AFSCME) union. After many months of intense negotiation, UC and AFSCME agreed on a contract that, among other things, includes raising minimum salaries and annual across-the-board increases for UC's very deserving service workers. The President characterized it as a fair and generous contract, and noted that the union called it "historic;" it provides for three and four percent raises over five years in spite of the daunting economic climate. The President explained that once the minimum salaries are raised significantly, they crowd the steps that are at the next level. He affirmed that both sides foresaw this at the time of the agreement and had agreed to work through the complicated implementation details together. President Yudof elaborated that, since these step structures are not effective until October, the two parties have ample time to work through the issues; however, after just one meeting to discuss the options, the union began accusing the University of violating the contract and threatened to hold public demonstrations. The President expressed his belief that the collective bargaining

representative agreed to the contract; both sides understood the ambiguities would require additional work and gave themselves until October to work out the details. The process is not stalled; one meeting has been held, and additional meetings are already scheduled. President Yudof maintained that the University is living up to the terms of the contract and is committed to respectfully working through the remaining issues together with the bargaining representative. He noted that he, in turn, expects respectful conduct from the AFSCME leaders and that they should be accurate in their communications regarding the bargaining situation. The President expressed disappointment in closing his remarks in this manner, but said that he felt it was critical to set the record straight promptly so as to avoid further confusion.

3. **REMARKS OF THE CHAIRMAN OF THE BOARD**

Chairman Blum called attention to the President's mention of the decline in per-student funding from the State, and the subsequent increases in student fees. Chairman Blum asserted that the Regents, many of whom attended the University of California when it was well funded, deeply regret raising student fees. He noted that two to three years ago, the University investigated chancellors' salaries and found that they were – by and large – 30 to 40 percent below market value, and that faculty and staff funding levels are likewise problematic.

Chairman Blum argued that it is critical to keep the University alive and well; Berkeley, UCLA, and the other campuses are the gold standard of public education at the highest level. The engineering school at UCB has almost as many students as the entire Stanford undergraduate population. He recounted a conversation he had with a former president of Harvard who expressed concern that UC would “start to slip” and that the private universities would not be able to absorb the students who would be looking for alternative educational options. The Chairman highlighted that China and India graduate two to three times as many engineers as the United States, and that the State would be remiss to continue to poorly fund the UC system. He thanked everyone who had been part of the transition at the Office of the President, and observed that the \$67 million in cuts was a laudable accomplishment. Chairman Blum closed by thanking Lieutenant Governor Garamendi for his continued support in Sacramento and then introduced Regent Bass.

Regent Bass expressed pleasure at attending the Regents' meeting, and observed that this was the first one she had been able to attend due to the ongoing budget negotiations in Sacramento. In response to the Chairman's remarks, the Regent discussed the economic crisis and the strategies developed to try to address it. She noted that additional cuts to education may unfortunately be needed, depending on the amount of relief the federal government sends to California. She expressed concern about the May 19 election, and remarked that if the propositions fail, a potential \$6 to \$7 billion could be added to the projected \$8 billion shortfall. Regent Bass opined that she doubted the State would be able to raise the needed funds, as was done during the last crisis, and strongly encouraged everyone to vote on May 19.

4. REMARKS OF THE CHAIR OF THE ACADEMIC SENATE

Faculty Representative Croughan addressed the State's dire budget situation and remarked that it is falling on the heels of significant long-term shortfalls in State funding. Because of the continued underfunding of the University, the faculty, staff and students have been faced with a decreased quality of life within the University of California. Ms. Croughan elaborated that she and Interim Provost Pitts would give a presentation on this topic later that morning, but that she wanted to address some issues that would not be discussed at that time. One item of concern for Ms. Croughan was the current freeze on faculty and staff hiring. Prior to the freeze, she noted, the University had experienced significant delays in faculty replacement hires, which led to serious understaffing in some departments. Cutbacks in teaching assistants, paired with increased class sizes, have made it extremely difficult for faculty to keep up with grading and office hours for students; in response, the faculty are in support of enrollment cuts for this year.

Ms. Croughan also remarked upon the lack of research space on several of the campuses, as well as a dearth of general office space for both current and anticipated faculty. This situation is exacerbated by a decade of deferred facility maintenance on the campuses. Ms. Croughan explained to the Regents that the campuses have been losing faculty to other institutions before the recruitment costs have been recouped. Staff positions have been eliminated over several years, resulting in reduced faculty support and harder, longer work hours for staff. Laboratory equipment costs that were formerly incorporated into budgets for new buildings are now often borne by grants that faculty receive, thus cutting into the faculty and staff support available. The lack of fellowships in the humanities for recruiting graduate students and postdoctoral fellows has reached a crisis level, as has the lack of funding available for international students. She reiterated that these issues have been ongoing, but that they have been made more onerous by the specter of potential faculty salary cuts and furloughs. She informed the Regents that it will be critical to have clear and open communication with all UC employees as strategies for addressing the budget concerns are developed.

The second item Ms. Croughan raised was the recent attack on a UC faculty member by animal rights extremists. This incident, in which an automobile parked in front of the home of a UCLA faculty member was firebombed, and personal death threats were posted on a website, is causing considerable fear and anxiety among UC faculty and staff. Similar attacks have taken place at UCLA, UC Santa Cruz, UCSF, and other campuses in the past. She observed that relevant law enforcement agencies should be left to investigate the incidents, but that the President and Regents should resolutely protect the faculty and staff. She further noted that in addition to the concerns for the personal welfare of faculty and staff, the attack on academic freedom was of grave concern. Ms. Croughan closed by affirming that shared governance, open and clear communication, and thoughtful discussion will be essential to maintaining the excellence of the University and the State of California.

The meeting recessed at 10:20 a.m.

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The meeting reconvened at 2:50 p.m.

Chairman Blum asked that the Committee briefly reconvene to give Regent Bass an opportunity to address the Martin Luther King facility proposal which was to be discussed in the Committee on Health Services the following day; Regent Bass would not be able to attend that meeting.

Regent Bass referred to plans for the Martin Luther King facility as not merely a reopening, but as a new hospital that would be private, non-profit, and have an independent governing board. She commented that it would provide an opportunity to take maximum advantage of existing funding with no financial exposure to the University. She highlighted the importance of health care in the community, which is a section of Los Angeles County with approximately 600,000 people. Regent Bass informed the Regents that there are no hospitals for this community because of closures that have occurred over the past five to ten years. When the Martin Luther King facility closed, it produced a terrible concern within the community. She voiced her strong support for the framework to re-open the new hospital and her eager anticipation of working with the new Los Angeles County Supervisor, Mark Ridley-Thomas. As a public-private partnership, the new hospital is generating a tremendous amount of excitement and hope in the community. Both Regent Bass and Supervisor Ridley-Thomas envision the Martin Luther King facility as an economic development opportunity.

The meeting adjourned at 2:55 p.m.

Attest:

Secretary and Chief of Staff