

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

September 16, 2009

The Regents of the University of California met on the above date at UCSF – Mission Bay Community Center, San Francisco.

Members present: Regents Bernal, Blum, De La Peña, Garamendi, Gould, Island, Johnson, Kieffer, Kozberg, Lansing, Lozano, Makarechian, Marcus, Nunn Gorman, Pattiz, Reiss, Ruiz, Schilling, Stovitz, Varner, Wachter, Yudof, and Zettel

In attendance: Regents-designate Cheng, DeFreece, and Hime, Faculty Representatives Powell and Simmons, 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 President Taylor, Interim Executive Vice President Brostrom, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith, Duckett, Lenz, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellman, Drake, Fox, Kang, Katehi, White, and Yang, and Recording Secretary Harms

The meeting convened at 8:35 a.m. with Chairman Gould presiding.

1. PUBLIC COMMENT

Chairman Gould welcomed Daniel Simmons, incoming Vice Chair of the Academic Senate, who had previously served as Faculty Representative in 1993-95.

Chairman Gould 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 Committee:

- A. Ms. Mary Higgins, with the Coalition of University Employees (CUE), spoke in solidarity with the University community, many of whom had recently supported a vote of no confidence in the President. She noted that 63 percent of CUE members make less than \$40,000, a year and expressed her belief that those employees should be immune from salary reductions.
- B. Mr. Nino Maida, the chief steward for the Union of Professional and Technical Employees and Communications Workers of America (UPTE/CWA) spoke on behalf of the 2,200 members who work at UCSF. He expressed his belief that perquisites given to UC executives are protected from cuts, despite statements by the University to the contrary.

- C. Mr. Tim Thrush, an employee at UCSF, expressed his anger that the Board voted to provide executive bonuses and pay increases on the same day that it approved cuts in student services, patient care, and in the quality of life of thousands of employees. He noted the vote of no confidence as a response to these actions.
- D. Mr. David Partida, a student at UC Santa Cruz, expressed his disappointment regarding the proposed 32 percent fee increase. He stated that the University was closing the door to many Californians and to the youth of the state. He said he would have to take a semester off from college to earn money to afford the difference in fees.
- E. Mr. Jonathan Sapan, a second-year graduate student at UCSD, read a prepared statement expressing his concern about the University's long-term ability to thrive and excel. He stated that rising fees are destroying the promise of an affordable world-class education for Californians. He emphasized that the Board must insist that the State meet its commitments, and that UC should accelerate strong fundraising efforts.
- F. Mr. Ernesto Encinas stated that he symbolically threw his shoes at the Regents as a gesture of solidarity with union members and members of the public attending the meeting.
- G. Ms. Teresa Avendano, a four-year employee at UCLA Ronald Reagan Medical Center, was recently laid off. As a member of the American Federation of State, County, and Municipal Employees (AFSCME), Ms. Avendano expressed her lack of confidence in the President and said that he should stop the layoffs and tuition increases.
- H. Mr. Nicholas Gutierrez, a custodian at UC Santa Cruz, stated that the University prides itself on providing one of the best educations in the world. He said that many students would not be able to attend UC because of the 32 percent fee increase. He expressed his belief that UC has over \$5 billion in unrestricted funds, and that there are alternative ways to address the \$810 million deficit.
- I. Mr. John Avalos, District 11 Supervisor for the City and County of San Francisco, expressed gratitude to the University for the care that his daughter, who had been born prematurely, received at UCSF. He stated that the Regents are unaccountable in their decision making. He noted that San Francisco has worked hard to minimize layoffs and that the Regents are not doing likewise.
- J. Mr. Austin Thompson, a resident of Bay View/Hunters Point who indicated he was also a former Assistant Vice Chancellor at UC Berkeley, explained that some UC students have come from the streets of San Francisco. He said that he understands the trials and conflicts of leadership, and the need for effective communication. He voiced his appreciation for the Regent's ability to listen, for their dedication, and for their service.

- K. Ms. Patricia Olivares, a custodian for 18 years at UCSF, expressed her anger at the way she and her coworkers are being treated by the University. She and her colleagues had gone on strike for five days for a wage increase, and that increase would be erased by the four percent salary cuts. She asked that the executives surrender their bonuses and raises from the previous year in lieu of layoffs and salary cuts for lower-level employees.
- L. Ms. Yesenia Ramos, a student at UC Santa Cruz, informed the Regents that she is the first member of her family to go to college and has had to work three jobs to sustain herself at the University. She expressed her concern that the fee increase will prevent her from graduating and will make it impossible for her younger brother and sister to consider a college education.
- M. Mr. Joshua Clover, a professor at UC Davis, stated that UC does have a fiscal crisis, but that it also has a crisis of priorities. He expressed his belief that UC's budgetary changes disproportionately harm lower-paid workers and students. He said that the choices made by the Regents have led the University away from the Master Plan and from its mission of education.
- N. Ms. Juanita Cannon, a UC custodian, told the Regents that they should be ashamed of themselves and that the workers are the heart of the University. She said that the University workers do all of the labor and that the Regents get all of the glory.
- O. Mr. Joe Jackson, from the UC Davis School of Medicine, told the Regents to stop the furloughs, pay cuts, layoffs, and injury to the University.
- P. Ms. Dawn Batiste, with the Alliance for Equal Opportunity in Education, noted that some of the budget decisions being made would disproportionately affect African American students. She asked that the Regents delay any decisions that will negatively affect African American students, particularly in admissions, campus climate, and Student Academic Preparation and Educational Partnerships (SAPEP) funding.
- Q. Mr. Calvin Sung, chair of the UC Student Association's Council on Student Fees, remarked that the budget cuts, furloughs, and fee increases are a temporary solution to a decade-long budget problem. He stated his opposition to differential fees, and expressed concern about how student fees are spent.
- R. Ms. Gracelynn West, a fourth-year student at UC San Diego, asked the Regents to consider the effect the fee increases will have on low-income students who are currently having difficulty affording their education. She stated that there will not be enough Cal Grant funding for all of them, and many will have to work more hours and take out additional loans to finish their educations.

2. REMARKS OF THE CHAIRMAN OF THE BOARD

Chairman Gould welcomed Chancellor Desmond-Hellman of UCSF, and Chancellor Katehi of UC Davis, to the University community.

The Chairman gave special recognition to the outstanding work of two Berkeley campus employees instrumental in the apprehension of individuals charged in the kidnapping of an El Dorado County girl nearly twenty years ago. Police Specialist Lisa Campbell and Officer Allison Jacobs detained the offender for suspicious behavior and rescued the victim, who was with him at the time. Chairman Gould noted that policing a University campus requires a special kind of law enforcement officer and that Ms. Campbell and Ms. Jacobs had been invited to the meeting of the Committee on Finance later that day for recognition. He said that Ms. Campbell and Ms. Jacobs are extraordinary examples of the professionalism and talent that keep the University's students, faculty, and staff safe. Similarly, said the Chairman, last week at UC Irvine, Officer Jamie Park arrested an armed man accused of shooting his ex-wife. Chairman Gould remarked that UC parents should know that the law enforcement teams at the campuses are on guard for their children, and stated that the University is indebted to the police departments for their service.

Chairman Gould reminded the Regents about the Task Force on UC Compensation, Accountability, and Transparency, which was originally convened in 2006. At that time, it made 22 recommendations, one of which was to reconvene in 2009 for a progress report. On August 13, seven of the nine original Task Force members met at UCLA. They commended the Board and President Yudof on their successful efforts in implementing transparency and accountability standards. The Task Force found that the majority of the recommendations from 2006 had been enacted, with three still in progress and two still outstanding. The Chairman thanked Regent Kozberg, who co-chaired the Task Force, and who will present the formal report in November. He also expressed the gratitude of the entire Board to all of the Task Force members for the time they devoted to the project.

The Chairman stated that the UC Commission on the Future is off to a strong and productive start, and noted that the engagement of students, staff, and faculty is essential to repositioning the University for the future. He explained that the Commission currently has five working groups; anyone who would like more information or who would like to contribute suggestions is invited to consult the Commission's website. Chairman Gould underscored that the Commission intends to provide a very open perspective of what is being considered and of the recommendations that result.

Chairman Gould noted that the national recession is easing; however, the State's financial position remains very dire. He cited Mike Genest, Director of the Department of Finance for California, who remarked at the Board retreat that the State is expecting a deficit of \$7 to \$8 billion in the coming year and that it is not anticipating a lessening of financial problems in the years following. The Chairman stated that the challenges UC faces are part of a structural problem at the State level, and that all of the Regents are committed to

maintaining quality, preserving opportunity, and bridging the gap between University expenditures on the one hand, and State funds and other revenues on the other. He said that the Regents understand the concerns of the UC community, and that the circumstances are far from what anyone in the community would desire. However, because the Regents are committed to sustaining the University, they have no alternative but to discuss mid-year fee increases. The Chairman requested that the Regents pay careful attention to the financial aid component of the upcoming presentation on fee increases.

Chairman Gould expressed surprise at the press coverage generated by a recent vote of no confidence in President Yudof by some members of the University community. He noted that the vote represented five percent of UC employees, and that he, Chairman Gould, feels that President Yudof is a very committed and visionary advocate for the University. He acknowledged that the current situation, in which the University has had to assume a \$1 billion cut to its budget, has forced the Regents to make difficult decisions that have upset many people, and that President Yudof has been asked to make some of the decisions on the Regents' behalf. He remarked that many UC employees who support President Yudof need to be more vocal. He stressed that the President has done an extraordinary job of steering UC through an extremely difficult and unenviable period. Chairman Gould noted that President Yudof has acted with great fairness, inclusion, and professionalism, and that he has the gratitude and respect of the entire Board.

Regent Lansing remarked that the current difficulties have resulted in consequences that the Regents do not take lightly. She noted that the University needs a strong leader, and that President Yudof has filled that role well. Regent Lansing stressed that every decision President Yudof has made had the Regents' full support, and had included all of the segments of the UC system. The President's process was thoughtful, taking into account faculty and student needs, and the mission of the University. Regent Lansing said that President Yudof has been an extraordinary leader, and that the Regents will continue to turn to him with gratitude and complete support.

Chancellor White spoke on behalf of the chancellors, and said that they understand the frustration and anger caused by the sudden \$1 billion cut to the University. He observed that the chancellors and President stand as one in finding solutions for the future. Chancellor White said that he had been impressed and engaged by President Yudof's effective, honest, and timely interactions. He asserted that the University would find solutions that would ensure world-class quality, access for qualified Californians, and continued support of research that drives the global economy. Chancellor White asked the Regents to support the chancellors in this effort, and thanked them for their volunteer efforts on behalf of UC. He expressed regret that the Yudof family had been personally and unfairly vilified in the debate regarding the budget cuts.

Staff Advisor Abeyta thanked Chairman Gould for quantifying the relatively small number of those who submitted the vote of no confidence compared to the entire UC community. He remarked that President Yudof's leadership through the consultative process has been overlooked by the media. Mr. Abeyta endorsed the President's

leadership and said he will continue to support President Yudof as he works with the UC community to strengthen the University.

Regent Reiss wished that the public had seen the budget presentation from the State Finance Director at the Board retreat. She also wished that the State Legislature and their budget and appropriation committees had a public forum so they could hear directly from those affected by the cuts. Lastly, she wished that the public could experience how caring and compassionate President Yudof is, and how difficult these budget decisions have been for him. She stressed that the President does not want to raise fees, does not want to lay off employees, and does not want to take cuts. She noted that this is a very challenging time for the nation, the State, and UC, and that the University is losing chancellors and vice chancellors to the private sector. Regent Reiss said that the Regents understand the challenge of President Yudof's job, and that they have great respect for him.

Regent Blum remarked that during his chairmanship of the Board, the hiring of President Yudof was the single most important thing that happened, and was something about which he would always be proud. He rebuked critics who had attributed the budget deficit to actions of President Yudof and the Regents. Regent Blum noted that UC's percentage of the State budget has gone steadily downward, and that the University should consider lobbying for a set percentage of funding. He recalled an earlier presentation that demonstrated that prison guards in California are paid more than the national average, whereas California professors are paid less than the national average. He stressed that the State government is responsible for the current budget difficulties, not the President or the Regents.

Regent Johnson reminded the Regents that she has served on the Board for ten years, and during her tenure, she has not witnessed a president as adept as President Yudof at stabilizing the University. She expressed her regret that President Yudof was hired during this dire period, but acknowledged that under his leadership, the Regents have seen much progress that would not have been made otherwise. Regent Johnson noted that while she does not support student fee increases, she does feel that the President's leadership has made a significant positive difference and that it should be acknowledged.

Chairman Gould agreed that he could not imagine a better person than President Yudof to shepherd the University through its current crisis.

3. **REMARKS OF THE PRESIDENT OF THE UNIVERSITY**

President Yudof thanked the Regents for their kindness and support. He expressed disappointment that many of the students from the public comment session were no longer present, as most of his remarks about the budget were addressed to them. He noted that his remarks were being videotaped, and expressed a desire to have the video viewed by the larger UC student population.

President Yudof stressed that his role as a leader compels him to be truthful and direct. He noted that the worst aspects of the economic downturn are not yet over; the State Finance Department has indicated that the State will have a deficit in the billions of dollars next year, and that the federal stimulus money for higher education will not be available. Californians are losing their jobs, their houses are being foreclosed upon, and it will take years for California's economy to rebound. President Yudof further remarked that the University's situation was even more perilous because the State government is dysfunctional and will impede UC's ability to meet its obligations even as the economy recovers.

The President pointed out that UC is currently enduring a devastating \$800 million reduction in funding while facing an additional \$300 million in expenses such as union contracts and retiree health benefits. He felt that the University needs a two-year budget in order to stabilize its situation and position for recovery. President Yudof agreed that the students ought to be angry about the fee increase proposal, and that he shared their anger and frustration. However, he countered, the University does not have a choice because the State is an unreliable partner in the funding process.

President Yudof expressed his belief that Governor Schwarzenegger, Speaker Bass, Senate President pro Tempore Steinberg, and Lieutenant Governor Garamendi understand the role of higher education in employment, culture, and democracy. He underscored that it is the system of government that is at fault, not these specific officeholders.

The President characterized himself as a person of faith, but stressed that the University cannot continue the "faith-based" budgeting that has endured for a decade. Despite speculations and hopes to the contrary, the situation for higher education has not improved in the past 25 years. The State has been an unreliable partner and the students are paying the price. In the 1980s, said President Yudof, seventeen percent of the State budget went to higher education and three percent went to prisons; today, approximately seven percent goes to the two university systems, and nine to ten percent to prisons. California workers currently have more of a future in prisons than universities in terms of employment. The President stated that the State has stopped building freeways to higher education and is instead building toll roads. Despite the many valuable assets the University provides the State – medical care, the arts, scientific breakthroughs, and the strength of an educated population – the students are being charged as if education is only a personal benefit and not a public benefit.

President Yudof noted that UC has overcome struggles in the past: the Great Depression, the Red Scare of the 1950s, the campus unrest of the 1960s, and previous recessions. Though this is a difficult time for the University, the President expressed his belief that UC will survive, will be stronger, will provide more access, and will preserve its quality. He emphasized that the University cannot surrender to mediocrity, despite its allure. He stated that it would be easier to not raise fees even though it would force many professors to leave; it would be easier to say UC cannot afford greatness anymore; though imprudent

and sometimes illegal, it would be easier to seize the coffers of the medical centers and to re-appropriate federal research dollars. However, he said, mediocrity is not an option.

President Yudof explained that the University does not have substantial reserves. It does have funds that the University's accountants are required to label "unrestricted" or "unallocated," but they are committed for construction or other projects. He explained that over the past 14 months, the so-called reserves have dropped by one-third, and the unencumbered reserves have been spent. The Regents need to be alert to ensure that UC does not expend its remaining reserves in the year ahead. The President urged the Regents to pay close attention to Chief Financial Officer Taylor's presentation on the budget, and cautioned that if the economic downturn continues another few years, there will be no reserves whatsoever.

The President asserted that, despite reports to the contrary, no administrators in the Office of the President had been given raises. In fact, most are currently paid ten percent less than they were a year ago, even in situations where they have had to accept additional duties. He invited the media and the public to file open records requests, and the Office would share that information. With regard to campus personnel and faculty, President Yudof maintained that the University could not ignore competitive market salaries, or the best personnel would go elsewhere.

President Yudof expressed frustration with the unions' refusal to negotiate one furlough day a month to prevent the layoff of some of their members. He reminded the Regents that State of California employees have three furlough days a month, and their resulting pay cuts are not income-adjusted. Conversely, UC's stratified plan calls for a ten percent cut for the highest-paid employees, and a four percent cut for employees making \$40,000 or less. The President explained that the University had asked to engage with the unions over proposed furloughs for represented employees, and union leaders refused, particularly Lakesha Harrison with the Association of Federal, State, County, and Municipal Employees (AFSCME). He encouraged employees to question their leaders' irresponsible treatment of their own union members.

The President stressed that the University needs to emerge from the crisis as an institution that better serves the students. He acknowledged that the University had asked a great deal from them, but that sacrifices also had been made by administrators, faculty, and staff. President Yudof remarked that next year will not be better than this one, and that the year following may also be challenging. He and the Regents must address the situation by continuing to reduce costs and by promoting advocacy in Sacramento. He offered his opinion that UC has an effective government relations office, and he invited UC employees to join him in going to Sacramento to express their frustration to the Legislature.

President Yudof indicated that if his proposed budget is approved, the University would be able to arrest the slide in the quality of academic programs. At this time, class sizes are getting bigger, and availability of courses is getting worse. Calling the furloughs a morale buster, he stated that the proposed budget would eliminate the furloughs in the summer of

2010, and would restart employer contributions to the retirement plan starting in April 2010. The President said that these contributions are essential if the University is to be fair to individuals who have been with UC for decades, and if it is to attract and retain new faculty and staff.

The President reminded the Regents that the University of California is the only university in the world that brings together first-class, powerful research and an enormous commitment to low-income students. UC enrollment includes over 30 percent Pell Grant recipients – more than twice as many as any Ivy League school. Other institutions that enroll more low-income students are not research engines. The University currently sets aside one-third of fee increases for scholarships. In addition, the Blue and Gold Opportunity Plan – which ensures that no family with an annual income under \$60,000 pays Education or Registration Fees – is in effect this year and will be so next year. Under a new bill from President Obama, students coming from families with incomes between \$115,000 and \$180,000 will be eligible for a federal tax credit that will cover virtually all of the fee increases for two years.

President Yudof stressed that he did not want to privatize UC, and that 84 percent of Californians pursuing higher education in the state are enrolled in a public university, a statement that is not true of many other states, such as Massachusetts or New York. He acknowledged the frustration of the students, and noted that he brought the budget proposal to the Board for discussion so that the Regents and the students would have two months to consider it before it was brought for action. He asked for the support of the Regents and invited the public to present alternative proposals, provided they did not compromise the University's quality and access.

4. **REMARKS OF THE CHAIR OF THE ACADEMIC SENATE**

Faculty Representative Powell reminded the Regents that every September the Academic Senate turns over its leadership, and this action – with few exceptions – completely repopulates the Senate committees' memberships. He acknowledged the new Vice Chair of the Systemwide Academic Senate, Dan Simmons, as one of the Senate's most practiced and experienced leaders. He noted that Mr. Simmons' service as an officer, committee member, and task force leader has been generous and constant; in the mid-1990s, Mr. Simmons served as the Senate Chair during a time of budget cuts and tumult. Dr. Powell stated that he and his Senate colleagues welcome Mr. Simmons' return; it is believed that he will be the first individual to serve a second term as Systemwide Chair.

Dr. Powell mentioned that on its first day in office, the University's Senate took its turn as chair of the Intersegmental Committee of the Academic Senates (ICAS); the meeting was held at the UC Office of the President. The ICAS is formed by Academic Senate representatives from the California Community Colleges, UC, and California State University (CSU). Because it is such a significant year for public higher education statewide, observed Dr. Powell, collaboration between the three segments is particularly important. All three have been severely affected by the funding crisis, and the senates agreed that one of their highest priorities would be to promote faculty and staff advocacy

for public higher education. The ICAS has created a task force to review current efforts in each of the segments and to share information.

Dr. Powell reported that the ICAS is conscious that this is the fiftieth anniversary of the Master Plan for Higher Education; the Plan defines the relationship between the segments, and will remain a point of discussion for the ICAS in the year to come.

Dr. Powell noted that the Academic Senate expects that one of its most significant tasks in the coming year will be faculty participation on the UC Commission on the Future and its working groups. Faculty have expressed keen interest in the composition and charge of the Commission. Earlier in the year, the Academic Council asked the President to expand faculty membership on the Commission, which he and Chairman Gould did with appropriate input from the Senate. Dr. Powell also reported that the Senate's newly formed University Committee on Committees is working to identify faculty with the appropriate background and expertise to serve in 2009-10. Dr. Powell explained that this process reaches to the very grassroots of the University, and that the Senate seeks the most expert faculty on each of the ten campuses to fulfill the Senate's charge as a representative body.

Dr. Powell informed the Regents that the faculty, along with other employees, are deeply concerned about furloughs and expect them to be limited to the current academic year. Throughout the ten campuses, there is great fear that the academic ranks will be depleted by outside institutions recruiting energetically from the University. Conversely, Dr. Powell was pleased to note that after 19 years without contributions from the State or UC, University contributions to the UC Retirement Plan will be reinstated.

Dr. Powell remarked that the Academic Senate looks forward to working with the President and the Regents during the 2009-10 year to preserve the excellence of the finest public higher education system in the nation and in the world.

The meeting adjourned at 10:15 a.m.

Attest:

Secretary and Chief of Staff