The Regents of the University of California

COMMITTEE ON FINANCE
November 18, 2009

The Committee on Finance met on the above date at Covel Commons, Los Angeles campus.

Members present: Regents Bernal, Island, Kozberg, Lozano, Makarechian, Schilling, and Varner; Ex officio members Blum, Gould, and Yudof; Advisory members DeFreece and Simmons; Staff Advisors Abeyta and Martinez

In attendance: Regents De La Peña, Kieffer, Lansing, Marcus, Nunn Gorman, Pattiz, Reiss, Ruiz, Stovitz, and Zettel, Regents-designate Cheng and Hime, Faculty Representative 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 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-Hellmann, Drake, Fox, Kang, Katehi, White, and Yang, Interim Director Alivisatos, and Recording Secretary Johns

The meeting convened at 10:40 a.m. with Committee Chair Lozano presiding.

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

Upon motion duly made and seconded, the minutes of the meeting of September 16 and the joint meeting of the Committees on Finance and Educational Policy of September 16, 2009 were approved.

2. **APPROVAL OF THE 2009-10 MID-YEAR AND 2010-11 STUDENT FEE INCREASES AND EXPANSION OF THE BLUE AND GOLD OPPORTUNITY PLAN**

The President recommended the following actions on student fees for mid-year 2009-10 and for 2010-11:

A. Effective winter quarter/spring semester 2010, approve the mandatory systemwide fees shown in Display 1. Of the revenue generated from the increases in mandatory systemwide fees from undergraduates, an amount equivalent to 33 percent will be set aside to mitigate the impact of the fee increases on financially needy undergraduate students. Of the revenue generated from the increases from graduate academic students, 50 percent will be set aside to provide additional funds for student financial support; and 33 percent of the revenue generated from the increases from students subjected to professional fees will be set aside for financial aid.

B. For 2010-11, effective summer 2010, approve the mandatory systemwide fees shown in Display 2. Of the revenue generated from the increases in mandatory systemwide fees from undergraduates, an amount equivalent to 33 percent will be set aside to mitigate the impact of the fee increases on financially needy undergraduate students. Of the revenue generated from the increases from graduate academic students, 50 percent will be set aside to provide additional funds for student financial support; and 33 percent of the revenue generated from the increases from students subjected to professional fees will be set aside for financial aid.

C. Effective fall 2010, approve expansion of the Blue and Gold Opportunity Plan to provide that financially needy California undergraduates with total family income under $70,000 and enrolled in their first four years (two years for transfer students) will have systemwide fees covered, up to the students' need, by scholarship or grant awards.

DISPLAY 1: Proposed 2009-10 Mid-Year Increases

	Current 2009-10 Fee Levels		Proposed Increase[1]		Proposed 2009-10 Fee Levels	
	Educational Fee[2]	Registration Fee	$	%	Educational Fee[2]	Registration Fee
Mandatory Systemwide Fees						
Undergraduate						
Resident	$6,888	$900	$585	15.0%	$7,473	$900
Nonresident	$7,536	$900	$633	15.0%	$8,169	$900
Graduate Academic						
Resident	$7,836	$900	$111	2.6%	$7,947	$900
Nonresident	$8,178	$900	$117	2.6%	$8,295	$900
Graduate Professional[3]						
Group 1						
Resident/Nonresident	$6,822	$900	$579	15.0%	$7,401	$900
Group 2						
Resident	$7,836	$900	$654	15.0%	$8,490	$900
Nonresident	$8,178	$900	$681	15.0%	$8,859	$900

[1] Dollar amount represents the actual increase in fees students would experience during 2009-10. Percentage amount represents the annualized percentage increase in the fee level.

[2] Includes $60 surcharge to cover costs associated with the injunction and judgment of the *Kashmiri* lawsuit.

[3] Professional students in these programs also pay a Professional Degree Fee that varies by campus and program. In 2009-10, these fees range from $4,000 to $25,675. Proposed fee increases for 2010-11 range from $280 to $5,696 and are presented in the November 2009 Regents' item *Approval of 2010-11 Professional Degree Fee Increases.* Different Educational Fee rates for professional degree students exist due to differences in the point in time at which programs began charging the Professional Degree Fees. For 2011-12, the Office of the President will work with the campuses to develop a strategy to adjust Educational Fee and Professional Degree Fee levels so that Educational Fee levels are consistent for all students also charged Professional Degree Fees. Implementation of such a strategy will be completed in a way that is cost-neutral for both the University and individual students.

- Group 1 includes students in Business; Dentistry; Law; Medicine; Nursing; Optometry; Pharmacy; Theater, Film and Television; and Veterinary Medicine professional degree programs.
- Group 2 includes students in International Relations and Pacific Studies, Preventive Veterinary Medicine, Public Health, and Public Policy professional degree programs.

DISPLAY 2: Proposed 2010-11 Increases

	2009-10 Fee Levels[1]		Proposed Increase		Proposed 2010-11 Fee Levels	
	Educational Fee[2]	Registration Fee	$	%	Educational Fee[2]	Registration Fee
Mandatory Systemwide Fees						
Undergraduate						
Resident	$8,058	$900	$1,344	15.0%	$9,402	$900
Nonresident	$8,802	$900	$1,458	15.0%	$10,260	$900
Graduate Academic						
Resident	$8,058	$900	$1,344	15.0%	$9,402	$900
Nonresident	$8,412	$900	$1,398	15.0%	$9,810	$900
Graduate Professional[3]						
Group 1						
Resident/Nonresident	$7,980	$900	$1,332	15.0%	$9,312	$900
Group 2						
Resident	$9,144	$900	$1,506	15.0%	$10,650	$900
Nonresident	$9,540	$900	$1,566	15.0%	$11,106	$900
Group 3						
Resident	$8,058	$900	$1,344	15.0%	$9,402	$900
Nonresident	$8,412	$900	$1,398	15.0%	$9,810	$900

1 2009-10 fee levels assume approval of mid-year fee increases and represent the annualized fee amount.
2 Includes $60 surcharge to cover costs associated with the injunction and judgment of the *Kashmiri* lawsuit.
3 Professional students in these programs also pay a Professional Degree Fee that varies by campus and program. In 2009-10, these fees range from $4,000 to $25,675. Proposed fee increases for 2010-11 range from $280 to $5,696 and are presented in the November 2009 Regents' item *Approval of 2010-11 Professional Degree Fee Increases.* Different Educational Fee rates for professional degree students exist due to differences in the point in time at which programs began charging the Professional Degree Fees. For 2011-12, the Office of the President will work with the campuses to develop a strategy to adjust Educational Fee and Professional Degree Fee levels so that Educational Fee levels are consistent for all students also charged Professional Degree Fees. Implementation of such a strategy will be completed in a way that is cost-neutral for both the University and individual students.

- Group 1 includes students in Business; Dentistry; Law; Medicine; Nursing; Optometry; Pharmacy; Theater, Film and Television; and Veterinary Medicine professional degree programs.
- Group 2 includes students in International Relations and Pacific Studies, Preventive Veterinary Medicine, Public Health, and Public Policy professional degree programs.
- Group 3 includes students in Architecture, Environmental Design, Information Management, Physical Therapy, Social Welfare, and Urban Planning professional degree programs.

Displays 1 and 2 above reflect increases in mandatory systemwide fees only.

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

[Regents were provided with a packet of correspondence received regarding this item, and copies are on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Lozano referred to the public comment period earlier that day, noting that she was most affected by the comment that the future of California is in jeopardy if the role of higher education does not receive appropriate recognition. She applauded the willingness of students to work with the University on outreach and fundraising and acknowledged the effect of the current budget environment on families, students, faculty, and staff. Committee Chair Lozano called attention to President Yudof's role in developing an expansion of the Blue and Gold Opportunity Plan. She noted that the Regents were being asked to approve a budget that requests that the State fund the University at an appropriate level. In fiscal year 2008-09, the University experienced a decline of about $1 billion in operating funds. The current budget includes a request for restoration of those funds.

President Yudof noted that he has asked Office of the President staff to review the financial consequences of the proposed fee increases. He expressed confidence that the University has reliable data on how the fee increases will affect different groups of students, based on their economic circumstances, taking into consideration all sources of student support, such as tax credits and financial aid.

Vice President Lenz recalled that, at the September meeting, the Regents were informed that the UC budget shortfall was over $1 billion in the current year. This consisted of a $637 million reduction in State General Funds and $368 million in mandatory costs. The Regents took action on student fees in May which would generate almost $211 million, net of financial aid. The increases approved in 2008-09 and 2009-10 combined realize this $211 million total. In July, the Regents approved a salary reduction plan which will save $184 million, and a restructuring of capital debt service which will save an additional $75 million. In spite of these efforts, the campuses will be forced to manage a $535 million budget reduction in 2009-10. The recommendation for a mid-year fee increase is a result of these budget cuts.

Mr. Lenz presented the recommended mid-year fee increases. The undergraduate fees would increase by 15 percent or $585, from $7,788 to $8,373. Graduate academic fees would increase by 2.6 percent or $111, from $8,736 to $8,847. Graduate professional school fees would increase by 15 percent, in a range from $579 to $654. These increases would be applicable to non-resident as well as resident students. Mr. Lenz recalled that there was concern at the September meeting about raising graduate academic fees to the point where departments would be challenged to secure the funding to cover the increases for their graduate students. The Office of the President has modified its recommendation to a 2.6 percent increase for that group of students. The mid-year 15 percent increase in student fees will generate slightly over $100 million in total revenue. With one-third set aside for financial aid, the University will net about $66.6 million in new Educational Fee revenue which would help campuses manage the budget gap.

The total fee revenue, including the approved $210.8 million fee revenue and the proposed $66.6 million, would amount to $277.4 million in 2009-10 to address a budget gap which would be reduced from $535 million to $468.6 million, still a sizeable gap to absorb. In 2010-11, the State General Fund reduction will remain at $637 million, unless additional revenue is received from the State, and barring any additional reduction. The University will have $368 million in mandatory costs carried over from the prior year, as well as $218.3 million in additional mandatory costs, including funding to restart contributions to the UC Retirement Plan (UCRP), unfunded enrollment, collective bargaining costs, faculty merit increases, and rising utility and health benefit costs. To address its $1.2 billion gap, the University will implement a second and final year of the $75 million savings through debt restructuring and apply total 2009-10 fee revenue, now annualized, of $356.1 million, which includes about $210 million of approved fee revenue and $145 million in mid-year fee increases. If no new State funding is provided during the 2010-11 fiscal year, and there is no additional fee increase, the campuses will face a $792 million funding gap.

The University is presenting a $913 million funding request to the State for 2010-11. This includes the restoration of a $305 million reduction in the 2009-10 budget which was intended to be a one-time reduction. It requests full funding of the State's obligation to the UCRP and a contribution for retiree health plans, about $110 million, and $155.8 million in funding for unfunded enrollment growth. There are currently about 14,000 students at UC for whom the State provides no funding. In addition, UC is requesting $332 million as a reinvestment in the University's academic excellence. Mr. Lenz pointed out that this $332 million and the $305 million restoration together equal the $637 million total reduction the University experienced in 2009-10. The University is also requesting $10.4 million in funding for health sciences initiatives at the Riverside and Davis campuses.

Mr. Lenz recalled the two 2009-10 State budget actions which resulted in the one-time cut mentioned earlier. The University would like this restored as a baseline. If this $305 million restoration is added to the $210 million approved fee revenue and the $145 million from mid-year fee increases, it leaves a funding gap of $487.3 million, an extraordinary gap for the campuses to absorb. As a result, the Office of the President is proposing fee increases for 2010-11 for resident and non-resident students above an annualized fee amount based on the proposed 2009-10 mid-year fee. Mandatory fees for undergraduate, graduate academic, and graduate professional students would all rise by 15 percent. Undergraduate and graduate academic fees would be set at $10,302; graduate professional school fees would be between $10,212 and $11,550. These proposed fees would generate $286.4 million in total fee revenue, of which $101.7 million would be set aside for financial aid, leaving net revenue of $184.7 million. This revenue, together with a State restoration of the $305 million mentioned earlier, would reduce the budget gap to $302.5 million.

In total, the proposed 2009-10 mid-year and 2010-11 student fee increases would generate $330 million, net of financial aid. This revenue would help to increase financial aid, to restore some class offerings, to restore services to students and library hours, to return to faculty hiring, although it may not be as aggressive as in the past, to address faculty retention issues, and to end the furlough program in August 2010. Mr. Lenz emphasized that the University has never used Educational Fee revenue for construction or debt service on capital facilities projects.

Associate Vice President Kelman discussed the financial aid resources available to students in conjunction with the proposed fee increases. She noted that, in 2008-09, UC undergraduate families received over $1.7 billion in financial aid and tax credits. More than half of UC undergraduates receive scholarships and grants, totaling over $1 billion in aggregate and averaging over $11,000 per recipient. These resources have allowed UC to enroll a higher percentage of low-income students than any other comparable research university. Over one-third of UC undergraduates are Pell Grant recipients.

In 2009-10, undergraduate students and their families have had access to additional financial aid. Both the Cal Grant and the UC grant programs have been augmented to cover fee increases for low-income students, and will address the proposed mid-year fee increase as well. The American Recovery and Reinvestment Act (ARRA) has expanded the federal Pell Grant program, an action which also assists low-income students by raising the maximum award to over $5,300 annually. ARRA has also more than doubled the amount of tax credits UC undergraduate students' families can claim by raising the maximum credit from $1,800 to $2,500 per year, and by raising the program's income ceiling from a maximum family income of $116,000 to $180,000. This raising of the income ceiling has extended tax credit eligibility to about 26,000 additional undergraduate families this year. Finally, UC introduced the Blue and Gold Opportunity Plan, which ensures that systemwide fees will be covered by scholarship or grant awards for California resident undergraduates with financial need and annual family income below $60,000.

In 2010-11, UC will continue to return 33 percent of undergraduate and 50 percent of graduate fee revenue to student financial aid. The University anticipates that the State will provide additional funding in Cal Grants to cover the fee increase. The Pell Grant program will increase the maximum award level to over $5,500. The Office of the President recommends raising the Blue and Gold Opportunity Plan income ceiling from $60,000 to $70,000. With the complexity and confusion that surrounds the application and award process for federal financial aid, the Blue and Gold Opportunity Plan conveys a clear and simple message to high school students and their families that fees are not a barrier to receiving a UC education. Ms. Kelman also noted the proposed Project You Can, to be discussed the following day, in which the campuses have pledged to raise $1 billion in private funds for scholarships and fellowships for undergraduate and graduate students.

Ms. Kelman then presented a chart displaying the impact of the proposed fee increases on undergraduate student families, by income level, from 2008-09 to 2010-11. Under existing financial aid programs and the Blue and Gold Opportunity Plan, students with need and annual family income below $60,000 will continue to have the entirety of their UC fees covered by grants and scholarships. For students in the $60,000-$90,000 income group, grants, scholarships, and tuition tax credits will cover about 80 percent of the fee cost in 2010-11. The percentage of fees covered by financial aid declines as income rises. The University estimates that 81 percent of undergraduates had their full fee increase covered by expanded financial aid this fall semester. Under the proposed mid-year increase, that figure will drop to 74 percent, but this is still a high proportion of undergraduates. In 2010-11, with further increases, 53 percent of undergraduates will have their fee increases covered by financial aid.

Ms. Kelman discussed a chart showing the changes in net fee or out-of-pocket costs for undergraduates in 2009-10 and 2010-11, relative to 2008-09. Students with need and annual family income below $60,000 will continue to have all fees covered by grants and scholarships; their net fee costs will continue to be zero.

President Yudof emphasized that, due to the Blue and Gold Opportunity Plan and expansion of the Cal Grant and Pell Grant programs, three-quarters of students from families with annual income under $180,000 will not pay any additional cost in fees in 2009-10. He described this as remarkable coverage which would be the envy of most other states. The most significant increases in fees affect students with annual family income above $120,000 or above $180,000; the latter will absorb almost the entire fee increase. Students with family income below $70,000 and financial need do not absorb any of the increase. There is a progression through the higher income levels.

Ms. Kelman observed that students in the $60,000 to $180,000 income groups will pay about $200 to $300 less in 2009-10 than in 2008-09. In 2010-11, students in the $60,000-$90,000 income group will see an increase of $360 relative to 2008-09, a modest increase. Higher income levels will pay a greater percentage of the increase.

Ms. Kelman then turned to the effect of the proposed fee increases on the total cost of attendance, including fees, living expenses, books, transportation, and health insurance. Students in the income group below $60,000 are experiencing a decrease in net costs this year, even with the mid-year increase, due to the significant influx of financial aid and tax credits. In 2010-11, they will experience a $300 increase in net costs relative to 2008-09. Over this two-year period they will experience a decrease and then a modest increase. Students in the $60,000 to $180,000 income groups will experience a modest increase in net costs in the current year, and larger increases in 2010-11.

Mr. Lenz outlined reasons for the proposed fee increases. The University clearly faces a significant State funding gap and increasing mandatory costs which jeopardize the quality of the education it can offer its students. In the past, the Regents have been reluctant to approve fee increases before the Governor submits January budget recommendations. However, approving fee increases at a later point would prevent students from being able to choose which college or higher education option is best for them.

Committee Chair Lozano emphasized the importance of the financial aid and tax credit augmentations for students in various income groups. It is important for students and their families to understand all the nuances of the financial aid programs and to take advantage of them. While the Regents will be making difficult decisions, she expressed their commitment to low-income students, first-generation students, and students who are children of immigrants.

Chairman Gould also stressed the importance of the financial aid component of the proposed item. He asked the members of the press who were present to assist the University in publicizing the facts of the proposal. He warned of the bad effects misinformation can have, and emphasized the importance of publicizing correct information so that students can make informed decisions about their future.

Mr. Lenz returned to the reasons for approving fee increases at this meeting. Doing so would provide students and their families with time to consider the cost impact on an annualized basis in 2010-11, to plan accordingly, and to address their financial aid needs. It would provide campus leaders, faculty, and students with resources to plan and manage their budgets in 2010-11. In protecting educational quality at UC, the University is determined to stop the fiscal freefall of its budget, independent of any State budget decisions.

President Yudof introduced UC Student Association (UCSA) president Victor Sanchez and UCSA Council on Student Fees Chair Calvin Sung.

Mr. Sung observed that the University is now in uncharted territory, an unprecedented situation especially with regard to its liabilities. Nevertheless, the institution is resorting to old solutions by passing fees on to students. This item, if passed, will provide an additional $100 million in revenue; after return to financial aid, it will total about $67.17 million. This additional revenue will be provided to the campuses. Mr. Sung asked which programs the increased fees would protect, and which classes and major programs they would keep intact. He expressed concern about the proper distribution of these funds to the various campuses and programs. While the motivation for this action is the desire to maintain the stability of UC, the full consequences must be considered. There are quick benefits from fee increases, but also negative consequences. Mr. Sung compared the proposed fee increases to a tax on the future of California. UC students will remember these fee increases when they graduate, and remember that they received no benefit from this additional tax. It will be difficult to ask these students, when they are alumni, to donate to the University. This action will harm the trademark of the University. It will cover only seven percent of the University's deficit and reduce the confidence of future alumni. Mr. Sung concluded by noting that the University must still secure a source of revenue to cover its growing liabilities; increasing student fees now will address perhaps less than one percent of the University's total budget challenge.

Mr. Sanchez referred to student actions taking place at all the campuses. He stated that there is no soft way to approach this issue. The proposed fee increases would affect the fate of thousands of UC students, who will either be able to continue their education or not, depending on the decision made this day. Mr. Sanchez described the proposed fees as egregious. Twenty-four of the increases proposed for professional school fees are exceptions to the relevant policy, which was amended by the Regents in September 2007. He cited percentages for the proposed cost of the public health program at UC Berkeley, the physical therapy program at UC San Francisco, and the social welfare program at UCLA, showing that it would be above the cost at peer institutions. The professional school programs with the highest proposed increases are those in the fields of public service, whose graduates will have a lower expected income. Mr. Sanchez warned that the University will lose its edge in attracting students of the highest quality. Its ability to offer a competitive financial aid package will be severely undermined, seriously affecting low-income students and graduate students from communities of color. Students will be forced to finish their education more quickly and streamline a process that is not meant to be streamlined. Fee increases encroach on academic integrity and the true meaning of academic scholarship. Undergraduate fees have increased more than 160 percent since 2001. Enrollment has been reduced. The proposed mid-year fee increase will upset financial planning for many families, especially those of low-income and underrepresented students. While the proposed fee increases can be seen as solutions, they must also be recognized as obstacles to access and affordability. Mr. Sanchez recognized the great need for the Blue and Gold Opportunity Plan and Project You Can, but believed that the proposed fee increases being considered at the same time would undermine these efforts. He expressed students' misgivings about a high fee/high aid model. He referred to UC advocacy efforts and asked the University to demonstrate that the State Legislature is responsible for the current situation. He asked the Regents to remove the proposed fee increases from consideration and to join with the students as advocates. Mr. Sanchez implored the Committee to vote "no" on this recommendation. Approval would lead to negative public perception of UC and loss of the opportunity to work together with students. Approval would create an inaccessible institution and undermine the integrity of the University and its original mission and promise to the people of California.

Regent Island directed his comments to students present in the audience, stating that he understood their passion and anxiety and the burden that fee increases would place on them and their families. At the same time, the Regents have a responsibility to the University and to the State. Regent Island expressed agreement with Mr. Sanchez's statements, but not with his conclusion. Voting "no" would not provide a solution to the current dilemma. The dilemma was created not by the Board or the University, but by the withdrawal of support for higher education by the California public over a long period. By approving a fee increase, the Regents would make a departure from core UC values, including access, affordability, and diversity. However, Regent Island stated that he believed the fee increases were now necessary. He noted that the substantial cost-saving measures already taken by the University and those contemplated for next year are not sufficient to address the current budget gap. He stated that the Regents themselves had been students, that some Regents came from financially challenged backgrounds, and that they understood the students' position. The Regents now had no choice but to turn to every practical source of revenue and to balance the budget. Making political statements would not address revenue shortfalls. Regent Island emphasized that there must be a limit to student fee increases. This limit might be identified in the work of the UC Commission on the Future. The study, not yet produced, might identify new cost efficiencies. The University has attempted to maintain its existing quality and reputation through cost efficiencies, increasing class sizes, and staff and faculty furloughs. Regent Island asked whether the University could continue to remain a high-quality, high-performing institution as it moves forward, given the current budget realities. He stated that he would reluctantly vote “yes” on this recommendation. This would be the first time he would vote for a student fee increase, but this was a grave financial situation with no alternative.

Regent Lansing expressed the sentiment of the Board that this was the most difficult vote they had ever been faced with. She expressed regret at the lack of trust between students and the University. Like the students, the Regents believe in diversity and outreach and are committed to making UC the best public university in the world. In order to achieve this goal, the University must retain the best instructors and a desirable student-faculty ratio. The present action is not something the Regents wish to do; it has been necessitated by the Legislature and the federal government. This is an issue on which the University and students must work collaboratively; fees can only be lowered if they work together to make their voices heard in Sacramento. Regent Lansing expressed the Regents’ commitment to finding ways to raise financial aid for students whose families’ annual income is above $60,000 and to ensuring access.

Regent Zettel concurred that this was a very difficult vote for the Regents. She stated that the Regents are aware of the challenges faced by students; many of the Regents depended on scholarships, grants, and loans and worked jobs to pay for their own education. The Regents must act as fiscal stewards of UC at a time when California is facing unprecedented financial challenges, including a high unemployment rate. The Regents do not wish to see a fee increase, but wish to preserve the excellence of the UC system. The fee increase is one way to preserve that excellence, which is what draws students to the University.

Committee Chair Lozano noted the importance of respectful dialogue between students and the University, and expressed the general agreement of the Board with the statements by Regents Island, Lansing, and Zettel.

Regent Marcus expressed concern about the increase in academic graduate student fees. He expressed his view that this increase would be difficult to support, and stated that he might ask that this increase be voted on separately from the other proposed fee increases when this item comes before the Board the following day. He emphasized the negative effect that the proposed increases of 2.6 percent and 15 percent for graduate academic fees would have on the quality of the University.

Regent Bernal expressed his opposition to fee increases. He asked about the method used to calculate the 15 percent mid-year and 2010-11 increases in the undergraduate Registration Fee. While the increase is calculated on the Educational and Registration Fees combined, it is applied only to the Educational Fee; the Registration Fee, which provides much-needed student services, remains constant. While it has been said that there is a Registration Fee surplus, student services on the campuses are being reduced. Regent Bernal emphasized the importance of the Registration Fee as a stand-alone fee. He looked forward to the recommendations of the Registration Fee Task Force and clear, documented reports on how Registration Fee revenue is used.

Interim Executive Vice President Brostrom confirmed that this increase was charged on the combination of the Educational Fee and the Registration Fee, but is being applied only to the Educational Fee. The rationale for this decision, which included consultation with the chancellors and executive vice chancellors, is to provide maximum flexibility to the campuses in dealing with the fiscal crisis, especially with the mandatory cost increases due to the decrease in State funding. The Registration Fee is designated for a limited number of activities.

Regent Bernal asked if it would be possible to increase the Registration Fee in 2010-11 if the Registration Fee Task Force made such a recommendation. Mr. Brostrom answered in the affirmative.

Regent Bernal expressed concern about the “sticker shock” phenomenon and its impact on students, even if financial aid is available. He recalled that the principle of fairness was invoked in the discussion of the furlough program and expressed disappointment with what he deemed an unfairly heavy burden placed on students with the proposed fee increases. He opposed the mid-year fee increase because it would not allow students to plan; they are already locked into their college decisions. He applauded the expansion of the Blue and Gold Opportunity Plan and the fact that advance notification of the 2010-11 increases was being provided to students. He concurred with Regent Lansing about the importance of a partnership between students and the University to maintain institutional excellence.

Regent Varner expressed agreement with the statements by Regents Island, Lansing, and Zettel. He emphasized the importance of disseminating accurate information about financial aid and of expediting the process so that accessing financial aid is not a burdensome task. He asked the Office of the President to work to ensure that accurate information about the availability of financial aid is provided to campuses and to students and their families, and that the financial aid process be streamlined.

Upon motion duly made and seconded, the Committee approved the President’s recommendation and voted to present it to the Board, with Regent Bernal voting “no.”

3. **APPROVAL OF 2010-11 PROFESSIONAL SCHOOL DEGREE FEES**

The President, with the Provost’s endorsement, recommended that the Regents:

A. Approve the proposed professional degree fees for 2010-11 for the 20 programs, shown in Display 1, that are compliant with the Regents’ *Policy on Fees for Selected Professional School Students*. Included is Nursing at Davis, which proposes charging a professional degree fee for the first time in 2010-11.

B. Approve as an exception to the Regents’ *Policy on Fees for Selected Professional School Students* professional degree fees for 2010-11 for the 24 programs, shown in Display 2, that are not expected to be compliant with the Regents’ Policy as their in-State fees are expected to exceed the average of estimated 2010-11 fees at their public comparison institutions. Included are Architecture at Los Angeles, Environmental Design at Berkeley, Information Management at Berkeley, Social Welfare at Berkeley and Los Angeles, and Urban Planning at Los Angeles, which propose charging professional degree fees for the first time in 2010-11.

C. Approve eliminating the separate $376 Special Fee for Law and Medical Students that was established by the Regents in 1990. Effective fall 2010, this fee will be included in the professional degree fees for Law and Medicine programs.

DISPLAY 1: 2010-11 Proposed Professional Degree Fees for Programs Fully Compliant with Regents' Policy

	Residents	Nonresidents (a)
Business		
Berkeley	$28,820	$24,542
Davis	$20,332	$20,332
Irvine	$19,985	$18,714
Los Angeles	$27,447	$23,150
San Diego	$22,378	$16,040
International Relations and Pacific Studies		
San Diego	$5,248	$5,054
Law (b)		
Berkeley	$31,355	$27,110
Davis	$28,599	$25,186
Irvine	$27,225	$25,003
Los Angeles	$27,225	$25,003
Medicine (b)		
Berkeley (Jt. MD/Ph.D.	$17,531	$17,531
Los Angeles	$17,531	$17,531
Riverside	$17,531	$17,531
San Diego	$17,531	$17,531
Nursing		
Davis	$4,866	$4,866
Irvine	$4,866	$4,866
Los Angeles	$4,866	$4,866
San Francisco	$4,459	$4,459
Preventive Veterinary Medicine		
Davis	$4,280	$4,280
Public Health		
Davis	$5,199	$5,199

(a) Some schools have opted to set professional degree fee levels for *nonresident* students lower than those for *resident* students in the same program in acknowledgement of the $12,245 in Nonresident Tuition that nonresident students must pay in addition to mandatory fees and professional degree fees. Total charges for nonresident students continue to be significantly above those for resident students.

(b) Fee amounts include an amount equivalent to the $376 Special Fee for Law and Medical Students approved in 1990.

DISPLAY 2: 2010-11 Proposed Professional Degree Fees for Programs with Proposed Total In-State Fees Higher than the Average of Public Comparison Programs

	Residents	Nonresidents (a)
Architecture		
Los Angeles	$8,000	$8,000
Business		
Riverside	$19,770	$19,770
Dentistry		
Los Angeles	$22,256	$19,461
San Francisco	$22,880	$22,880
Environmental Design		
Berkeley	$6,000	$6,000
Information Management		
Berkeley	$6,000	$6,000
Medicine (b)		
Davis	$17,531	$17,531
Irvine	$17,531	$17,531
San Francisco	$17,531	$17,531
Optometry		
Berkeley	$13,220	$13,220
Pharmacy		
San Diego	$17,155	$17,155
San Francisco	$17,155	$17,155
Physical Therapy		
San Francisco	$11,000	$11,000
Public Health		
Berkeley	$6,317	$6,317
Irvine	$5,345	$5,345
Los Angeles	$5,199	$5,199
Public Policy		
Berkeley	$5,494	$5,494
Irvine	$5,199	$5,199
Los Angeles	$5,199	$5,199
Social Welfare		
Berkeley	$4,000	$4,000
Los Angeles	$5,199	$5,199
Theater, Film, and Television		
Los Angeles	$7,954	$7,954
Urban Planning		
Los Angeles	$5,199	$5,199
Veterinary Medicine		
Davis	$14,664	$14,664

(a) Some schools have opted to set professional degree fee levels for *nonresident* students lower than those for *resident* students in the same program in acknowledgement of the $12,245 in Nonresident Tuition that nonresident students must pay in addition to mandatory fees and professional degree fees. Total charges for nonresident students continue to be significantly above those for resident students.

(b) Fee amounts include an amount equivalent to the $376 Special Fee for Law and Medical Students approved in 1990.

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

[Regents were provided with a packet of correspondence received regarding this item, and copies are on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Lozano recalled that this item was presented for discussion to the Regents in detail at the last meeting. She called attention to a change in the item. The fee increase proposed for the School of Public Health at UC Berkeley has been modified from 64 percent to 30 percent.

Committee Chair Lozano called attention to a November 18, 2009 letter to the Regents from the General Counsel about the Regents' right to act on this matter. The letter clarifies that the Regents' *Policy on Fees for Selected Professional School Students*, on which this item is based, governs requirements of professional degree fee plans submitted to the Board of Regents, but does not limit the ultimate authority of the Board of Regents to set fees.

Committee Chair Lozano noted that, at the last meeting, a question was raised about the number of exceptions to policy in this recommendation. Given that circumstance, it might be advisable to review the policy. She reported that the President and the Interim Provost are carrying out such a review and would present a proposal for revisions to the policy at the January meeting.

Interim Provost Pitts responded that the policy would be presented to the Regents with suggested alternatives and a recommendation for a change in the baseline calculation the University makes for its professional degree programs.

Regent Bernal expressed student concerns about new first-time fees for social welfare programs. These programs are important, because their graduates work in the public sector in lower-paying positions. He expressed his hope that Dr. Pitts would continue to solicit feedback from chancellors, deans, faculty, and students over the next year. If appropriate, the Regents should review these first-time fees after this consultation process, because there have been no prior fees as a basis for comparison.

Regent Bernal recalled the Regents' September 2007 approval of the *Three-Year Plan for Professional Degree Program Fees and Proposed Professional Degree Fee Increases for 2008-09*. This item included in its executive summary a statement that programs would annually evaluate the impact of the fee increases on access and inclusion and report back to the Regents on any changes in the demographic mixture of the students who enroll. While percentages for underrepresented minorities are included in the present item, no trends have been presented to the Board. He asked if this information is available. Dr. Pitts responded that the University has detailed data, over time, for each program. The Office of the President surveyed all the programs, and a summary of reports from the campuses is included in the item. He offered to present these data at an appropriate time.

Committee Chair Lozano recalled that the Regents had requested a description from each campus of their approach to outreach, loan repayment, the inclusion of underrepresented groups, a marketing plan, and financial aid. All these topics are included in the item. Dr. Pitts added that the Office of the President has reviewed these campus reports in substantial detail. The Office of the President is devoting considerable attention to the issues identified by Committee Chair Lozano and will continue to work on them next year. The campuses are also making a significant effort to address them.

Regent Makarechian noted that the fees proposed for the business programs were higher for residents than for non-residents, while the fees for programs in medicine are the same for resident and non-resident students. He asked about the rationale for this. Dr. Pitts responded that this takes into account the increase in the Educational Fee which is paid by all professional degree students. Non-resident students whose professional degree fee is lower than that of resident students have, in addition, a substantial increase in non-resident tuition. The business programs have concluded that the combination of the non-resident tuition and the Educational Fee is sufficient for their funding. They can offer a lower fee for non-resident students because these students pay high non-resident tuition in addition to the professional degree fee.

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

4. **APPROVAL OF UNIVERSITY OF CALIFORNIA 2010-11 BUDGETS FOR CURRENT OPERATIONS AND FOR STATE CAPITAL IMPROVEMENTS**

The President recommended that:

A. The expenditure plan included in the document, *2010-11 Budget for Current Operations*, be approved with two additions: $444,275 for nursing enrollments at the Davis campus, and $10 million for planning for a new medical school at the Riverside campus.

B. Subject to concurrence of the Committee on Grounds and Buildings, the *2010-11 Budget for State Capital Improvements* be approved.

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Vice President Lenz began the presentation by noting that the size of the overall UC budget in 2009-10 is about $20 billion. Forty-five percent of the budget comes from sales, services, and auxiliaries, including the medical centers; 18 percent from government contracts and grants; eight percent from private support; and three percent from other sources.

Mr. Lenz focused on the core funding, which represents 26 percent of the budget. In the 2009-10 budget this now includes the $100 million in mid-year fee revenue just approved. The State General Fund portion of this core funding is about $2.6 billion, over $600 million less than what the University received in the 2007-08 fiscal year. UC General Funds are at $626 million, while student fees provide about $2 billion in revenue.

The University is requesting an additional $913 million from the State in 2010-11. Additional income from indirect cost recovery and non-resident tuition is projected to be $33.1 million. The annualization of the difference in the 2009-10 student fee and the 2010-11 fee just approved would generate an additional $435.4 million.

In considering the funding gap in the 2010-11 budget, Mr. Lenz referred to earlier remarks by Regent Bernal and acknowledged that the students’ share of the burden has increased from what would have been one-third under other recommendations to almost 50 percent. He expressed his serious concern about the University’s ability to achieve the restoration of $305 million from the State and the potential for greater reductions by the State, given current fiscal conditions.

Next Mr. Lenz presented a list of what a $607.5 million budget gap would represent in reduced University operations. He emphasized that student fee increases are not the first remedy or solution that the University has implemented. UC has achieved administrative efficiencies through the furlough program in 2009-10; in debt restructuring, which has saved a total of $150 million; in strategic sourcing, which saved about $64 million in the previous year and has saved $154 million over four years; and restructuring at the Office of the President, which has saved $62.2 million. The energy savings program with the California Public Utilities Commission has provided resources for capital renewal to extend the life of buildings, and will provide about $18 million in energy savings.

President Yudof emphasized that the University has effectively sought other sources of savings before considering student fee increases. These other sources include $184 million in furloughs. Unlike the State furlough program, which is a flat reduction, UC’s program is income-adjusted, with reductions ranging from four to ten percent. The University has also pursued debt restructuring, strategic sourcing, and energy savings. In the area of executive compensation, there has been a pay freeze for senior managers. Senior administrators’ salaries were reduced by five percent in July 2009, before the furlough plan took effect. There have been cancellation and deferral of bonuses, suspension of staff merit awards, and restrictions on hiring, purchasing, and travel. President Yudof stressed that the University took all these actions first, before increasing student fees; that the funding gap is real, no matter how one looks at the budget; and that three-quarters of students with family income below $180,000 will not pay any of the increase.

Faculty Representative Simmons stated that, as difficult as the $1,800 fee increases are for students, it is important to bear in mind that staff and faculty have borne more significant losses in dollar terms, and that there are no federal tax credits or grants to help them. He expressed concern that there has been too little sympathy for unrepresented UC staff who have received salary cuts.

Mr. Lenz then outlined campus budget actions. The campuses have reduced administrative costs through restructuring and consolidation of administrative programs in an effort to protect academic programs. Positions have been eliminated, hiring has been deferred, and there have been layoffs. Campuses are reducing services and increasing the use of one-time campus reserves. Class sections have been reduced or eliminated. Instructional budget reductions in 2008-09 were $56.4 million, and $139.2 million in 2009-10. Campuses anticipate 1,900 layoffs over the two fiscal years, and 3,800 positions have been eliminated. Campuses will defer the hiring of nearly 1,600 positions, mostly faculty, over the two fiscal years. The inability to replace or hire new faculty is particularly troubling. It will lead to increased faculty workload, a reduction in course sections, and a longer time to degree for students.

Mr. Lenz reviewed the University's 2010-11 State funding request. UC is asking the State for restoration of its one-time cut of $305 million, for the State's share of the UC Retirement Plan (UCRP) and annuitant health benefits of almost $110 million, for $155.8 million in funding of currently unfunded enrollment, for $332 million as a reinvestment in academic excellence, and for $10.4 million for health sciences initiatives. The total request is $913.1 million.

Mr. Lenz noted that, in past years, the State has been consistent in providing funding for annuitant health benefits, about $14.1 million. Although the Governor included $20 million for the resumption of contributions to the UCRP in the State budget in January, consistent with the University's proposed restart in April 2010, the Legislature removed that funding during the Special Session. The University was not able to have this funding restored. The State's annualized obligation to the UCRP is $95.7 million; the University hopes this will be included in the 2010-11 State budget.

The State funded UC enrollment through the 2007-08 fiscal year. The University is currently over-enrolled by 14,000 students. Mr. Lenz presented a chart which displayed the projected trend if the University continues, based on its action this year, a reduction of 2,300 first-time freshmen and an increase of 500 community college transfer students. While the University is making a request to the State to fund its unfunded enrollment, it might not receive this funding. In that case, it is likely that it will be necessary to carry out the second year of the multi-year plan to reduce enrollment to the State-funded level.

If the State provides the requested $332 million as a reinvestment in academic excellence, the University will use this funding for restoring instructional budgets and appropriate student-faculty ratios; for graduate student support, which was formerly $10 million annually; to address faculty retention issues; to return to faculty hiring; to restore class offerings and reduce class sizes; and to restore student services and library hours.

While the University has an aggressive plan, its challenge in seeking this revenue from the State is overwhelming. Mr. Lenz noted that this budget recommendation includes the $631.5 million capital funding request approved by the Committee on Grounds and Buildings on the previous day. Fifty-one percent of the capital funding request addresses renewal and modernization needs, 28 percent is for seismic and life-safety needs, 17 percent addresses enrollment growth, and the remainder is dedicated to new program initiatives. This funding request depends on a November 2010 General Obligation bond measure. There are two bills currently in the Legislature which would place this bond measure on the ballot. SB 271, by State Senator Ducheny, includes what the University has requested in a four-year bond at $450 million per year in general campus projects and an additional $100 million per year for health sciences projects. At this point, the bill addresses only higher education. AB 220 by State Assemblymember Brownley addresses K-12 and higher education. SB 271 has been approved by the Senate Education Committee and is now awaiting hearing in the Senate Appropriations Committee.

Mr. Lenz then turned to the University's challenge relative to the overall fiscal condition of the State. He presented a timeline of 2009-10 State budget actions to address the budget gap which was at $60 billion when the budget was enacted. The State addressed the $60 billion gap with $31 billion in budget cuts, $12.6 billion in taxes, $8 billion in federal stimulus funds, and $8.4 billion in other revenue sources. In September, the State appeared to be $7 billion to $8 billion short of the revenue required through the 2010-11 fiscal year. Mr. Lenz displayed a list of major State revenue sources from the October monthly cash report of the California Department of Finance. Personal income tax decreased by $1.2 billion, sales and use tax by $302 million, corporation tax by $61 million, and vehicle license fee revenue by $77 million. The State unemployment rate is 12.2 percent. These numbers do not bode well and discourage any assumption that California will be able to grow economically out of this situation. Mr. Lenz cited a report by the California Legislative Analyst's Office according to which the State faces a $21 billion deficit, $6.3 billion in the current year, and $14.4 billion in 2010-11. This is related to University concerns, presented in the discussion at the September meeting, about measures taken by the State to balance the 2009-10 budget. This remains a serious concern for UC in its efforts to realize State funding at an appropriate level.

Mr. Lenz concluded his remarks with the observation that this aggressive effort, a request for more than $900 million in State funding, is necessary. The State must recognize the cost to the University of its unfunded enrollment of 14,000 students. Funding for enrollment is a primary obligation of the State. The State's obligation to UCRP is no different than its obligation to the California State Teachers' Retirement System (CalSTRS), and should be funded. The State should recognize its commitments, including the restoration of $305 million.

Senior Vice President Dooley discussed University advocacy efforts regarding State support which began during the summer, are now under way, or planned for the future. In August, about 20,000 communications were sent to legislators. A number of new activities were launched before the current meeting. An advertisement was placed in all student newspapers the previous week, directing readers to the UC advocacy website and asking them to enroll as advocates for the University. There are 95,000 self-identified current UC students on Facebook, and 750,000 self-identified UC alumni. The University is able to place advertisements on Facebook which appear only on these members' websites. In the course of five days, the University's advertisements have appeared 11 million times on these websites. As a result, in only a few days slightly fewer than

5,000 alumni and students have signed up as e-advocates on the UC website. This is an effective and inexpensive new way to contact large numbers of advocates.

The UC for California website has been updated, with specific instructions on advocacy. The website asks all e-advocates to contact the Governor's office immediately to advocate for UC's budget request. In January, when the Governor's budget is released, the University will begin a broad campaign to enlist legislators' support, through direct communications. The Office of the President has been working with campuses to arrange for alumni and campus supporters to meet with all legislators in their district during the fall break. It wants to ensure that UC advocates are presenting UC's budget request to legislators in their offices. A series of activities is scheduled for next spring, including visits to Sacramento by campus representatives, alumni, and supporters who will meet with their local legislative officials.

The University is working with student associations and with the California State University (CSU) and the California Community Colleges to organize a march on Sacramento on March 1, 2010. It is important to demonstrate that thousands of people are concerned about the State's actions regarding higher education.

The Office of the President is also cultivating groups of individuals known for their success in business and industry, affiliations, and past political activities who will support the University. They have been enthusiastic in their willingness to advocate for UC.

The Office of the President is also in the process of preparing what it calls a "campaign to run higher education for Governor" in 2010. This will be a targeted effort to make higher education a priority in the next year. One activity now being planned is the formation of groups around California who will attend campaign town hall meetings and debates, to ask specific questions about candidates' positions on higher education. The goal is to secure a public commitment from candidates to support higher education when they are serving in Sacramento. Meetings are also being arranged between the President and candidates for Governor to allow direct, one-on-one discussions about the issues facing higher education. Mr. Dooley expressed his belief that the University would conduct a more coordinated and aggressive advocacy effort than it has in the past.

Committee Chair Lozano welcomed this plan to advocate on all levels on behalf of the University. She noted that it was responsive to Regents' requests for a campaign approach and expressed enthusiasm for a march on Sacramento. She called attention to the fact that the last series of meetings have involved decisions as dramatic and difficult as the decision to raise student fees: cuts in areas that previously would have been unthinkable, salary reductions, furloughs, program cutbacks, and limiting enrollment. Unfortunately, today the Regents were faced with the other side of the budget equation, with raising revenue. Committee Chair Lozano praised the President and the administration for putting forth a bold statement of values. The current budget request to Sacramento reaffirms the University's commitment to not only restore, but to reinvest, in academic excellence and to regain momentum.

Staff Advisor Abeyta noted the collaborative strategic planning efforts of staff and the Office of the President; this is a time when the messages of different UC stakeholder groups are being aligned and focused on Sacramento in effective advocacy efforts.

In response to a question asked by Regent Island, Mr. Lenz confirmed that the specific funding requests to the State mentioned in his presentation are additional funding requests, over and above the University's $2.6 billion baseline.

Regent Island asked why the restoration of one-time cuts and the reinvestment in academic excellence were treated as separate categories. He asked if the one-time cuts represent a closed budget year and thus cannot be covered. Mr. Lenz responded that these two items do represent the same thing. The distinction concerns the fact that, when the Legislature and the Governor approved the 2009-10 budget, the $305 million was treated as a one-time reduction only. The University is separating this amount from the entire reduction it experienced in order that the State recognize that this amount should be restored, according to its agreement and understanding with the University. It remains to be seen whether the State will be able to fund any amount above this. If it can, the University will use that funding for reinvestment in academic excellence, as outlined in the presentation.

Regent Island observed that the Legislature might ask for a figure representing the minimum needed by the University. One item that is obviously needed is the State obligation to the UCRP. He asked which other items are essential, and asked if the presentation of the UC budget request as it was made at this meeting would help the University in making its case in Sacramento. Mr. Lenz responded that it is helpful to distinguish the reasons for the requests in particular categories. In the case of unfunded enrollment, it is particularly important that the Legislature recognize the dilemma faced by the University in serving 14,000 more students than there are funds to serve. Something else will be sacrificed to retain this level of student access. It is also important to remind the Legislature of the agreement it made regarding the $305 million one-time reduction. Mr. Lenz described the $305 million restoration and the State obligation to the UCRP as "must-have" items, but emphasized that the other items in the request are critically important to the quality of the University and should be recognized.

Chairman Gould observed that this is a presentation of what is necessary to sustain the University. Dividing the request would not be to the University's advantage. Without this funding, the quality of the University will begin to deteriorate. The University is fighting against this and its budget proposal is for the entire amount. There will no doubt be challenges. A $21 billion deficit in California does not create an encouraging environment, but the University must fight for whole amount. This will encourage an honest debate about sustaining the University, whether through additional revenue or reallocation of priorities. Chairman Gould urged the University to fight for the entire amount of the budget request.

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

The Committee recessed at 1:00 p.m.

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The Committee reconvened at 1:55 p.m. with Committee Chair Lozano presiding.

Members present: Regents Bernal, Island, Kozberg, Lozano, Makarechian, Schilling, and Varner; Ex officio members Blum, Gould, and Yudof; Advisory members DeFreece and Simmons; Staff Advisors Abeyta and Martinez

In attendance: Regents De La Peña, Kieffer, Lansing, Marcus, Nunn Gorman, Pattiz, Reiss, Ruiz, Stovitz, and Zettel, Regents-designate Cheng and Hime, Faculty Representative 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 Taylor, Interim Executive Vice President Brostrom, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith, Duckett, Lenz, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Kang, Katehi, White, and Yang, and Recording Secretary Johns

5. **CONSENT AGENDA**

A. ***Authorization to Revise Internal Limits and Liquidity Support Options for the Commercial Paper Program***

The President recommended that the Regents:

(1) Authorize the removal of limitations on the amount of the Regents' commercial paper (CP) program that is authorized for (1) the interim financing of capital projects and equipment and financing of working capital for the teaching hospitals and other working capital needs and (2) standby/interim financing for gift-related projects. The overall $2 billion authorized amount of the Regents' commercial paper program will remain unchanged.

(2) Authorize the removal of limitations on the sources of repayment for advances for any liquidity facilities supporting the Regents' commercial paper program to allow additional security pledges to be used.

The July 2008 authorization for increase of the commercial paper program will be modified as follows with the understanding that all other actions related to the July 2008 authorization remain unchanged.

Deletions shown by strikeout, additions by underlining

(1) That the President be authorized to increase the current commercial paper (CP) Program from $550 million to $2 billion. The reauthorization of the CP Program would be issued for the following:

i) ~~$1.5 billion~~ Commercial Paper (tax-exempt/taxable) authorization for interim financing related to capital projects, interim financing of equipment, financing of working capital for the University's teaching hospitals, and other University working capital needs; and

ii) ~~$500 million~~ Commercial Paper (taxable) authorization for standby/interim financing for gift related projects.

The November 2008 authorization of allocation of Short-Term Investment Pool (STIP) and Total Return Investment Pool (TRIP) funds for up to 40 percent of the combined outstanding balances for liquidity support for the CP program, medical center working capital needs and the Mortgage Origination Program (MOP) will be modified as follows with the understanding that all other actions related to the November 2008 authorization and all other guidelines and parameters related to the medical center working capital and MOP remain unchanged.

Deletions shown by strikeout, additions by underlining

(1) That the President be authorized to either utilize a portion of STIP/TRIP as liquidity support for the CP Program or if necessary negotiate ~~a~~ standby letter<u>s</u> of credit, line<u>s</u> of credit or other liquidity agreement<u>s</u> ~~provided that repayment of any advances shall be provided from sources identified in 1(e), 1(f), 1(g) and 1(h).~~<u>to provide additional liquidity support for the CP Program. Repayment of advances under any such liquidity facility shall be repaid from revenue sources identified by the President so that the general credit of The Regents is not pledged.</u>

B. ***Authorization to Submit Applications for Proposition 3 (Children's Hospital Bond Act of 2008) Grant Funding and Take Related Action to Receive Proposition 3 Funding on Behalf of Medical Centers, Davis, Irvine, Los Angeles, San Diego and San Francisco Campuses***

The President recommended that:

(1) The Regents authorize the President to submit – on behalf of the UC Davis, UC Irvine, UCLA, UC San Diego, and UC San Francisco Medical Centers – Proposition 3 (Children's Hospital Bond Act of 2008) applications to the California Health Facilities Financing Authority under the Children's Hospital Program for grant funding in the amount of $39.2 million less administration and issuance cost (the Grant) for each medical center.

(2) The Regents authorize the President or his designee, after consultation with the General Counsel, to execute grant contract documents and take such further actions, including but not limited to (a) the establishment of a mechanism for financial transactions, and (b) execution and delivery of such additional, related instruments, certificates, statements, and documents as are reasonably required to obtain the grants.

(3) Any action taken by the President or his designees, in furtherance of the matters authorized by the foregoing actions, is hereby ratified, approved, and confirmed as the act and deed of the Regents.

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

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

6. **ANNUAL ACTUARIAL VALUATIONS FOR THE UNIVERSITY OF CALIFORNIA RETIREMENT PLAN AND ITS SEGMENTS AND FOR THE 1991 UNIVERSITY OF CALIFORNIA-PUBLIC EMPLOYEES' RETIREMENT SYSTEM VOLUNTARY EARLY RETIREMENT INCENTIVE PROGRAM**

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

[Regents were provided with a packet of correspondence received regarding this item, and copies are on file in the Office of the Secretary and Chief of Staff.]

Interim Executive Vice President Brostrom prefaced the presentation by noting that the President's Task Force on Post-employment Benefits ("Task Force") is actively analyzing funding, policy and benefits design, and alternatives to manage the University's retirement programs in a sustainable manner. He described the figures to be presented as staggering and cautioned that there are no easy solutions. These programs have not been funded for almost two decades, and each program incurs a higher liability each year, on a pay-as-you-go basis. A report with recommendations will be delivered to the President by next summer, which would potentially allow changes to the programs as early as January 2011.

Vice President Duckett emphasized the importance of the University's retirement programs and their value for recruiting and retaining talented faculty and staff. While there are challenges ahead, the University's retirement system has fared better than many others. The current report is the second valuation of the UC Retirement Plan (UCRP) reflecting a new funding policy adopted by the Regents in September 2008. This policy calls for a valuation of the UCRP by segments. UCRP assets, liabilities, and costs are determined separately for the four segments of the UCRP. Campus and medical centers have a funding policy; the three national laboratories have separate funding policies based on their contract provisions with the Department of Energy. The segment valuations are used only to allocate assets and liabilities for cost calculations. All assets continue to be maintained in one trust which is available to pay benefits to all members. Mr. Duckett presented a chart displaying the liability and asset amounts by UCRP segment. Turning to UCRP demographics, he observed that, in 2009, there were approximately 116,000 active members, an increase of about 1.3 percent over the previous year. The average age of active members has also increased. Retired and terminated vested members include those who currently receive benefits and those who have terminated employment at UC and will receive benefits in the future. There has been a steady increase in both these categories as a result of the transitions at the Los Alamos and Lawrence Livermore National Laboratories and the natural evolution of the UCRP. Annual benefits and monthly pay total about $1.7 billion. For 2008-09, the total benefits paid from the UCRP were about $1.8 billion, including lump sum cash-outs.

Mr. Paul Angelo of the Segal Company, the Regents' actuary, began by commenting on a chart showing the UCRP investment rate of return, both based on market value and with actuarial smoothing, over the past 20 years, including the most recent decline with striking losses for the years ended in 2008 and 2009. Results must be compared to the assumed annual return, which since 1994 has been 7.5 percent. In general, the UCRP rates of return have straddled that amount, although the last two years have fallen substantially below this percentage. Funding policy is not based on raw market value, which would cause too much volatility in contribution rates. Instead, a method of five-year smoothing has been implemented for several years. It follows the contours of the fluctuations in market value, but gives the markets time to adjust to ups and downs before these gains and losses are translated into the contribution rates.

Mr. Angelo next discussed a chart displaying the UCRP historical funded status and ratio from 2001 to 2009. On a smoothed-value basis, this is the first year when the UCRP is no longer in a surplus but a deficit position. He emphasized that this assessment is based on actuarial smoothed value; it does not take into account the full market losses of the year ended in June 2009. He also pointed out that, while investment returns are an important contributor to the funded status, the decline shown in the chart reflected the effect of not funding the annual normal cost, roughly $1.3 billion. In past years, this ongoing annual cost was funded out of the surplus. Mr. Angelo identified this as the principal reason for the decline in the funded ratio.

On a table summarizing the UCRP actuarial valuation results, Mr. Angelo called attention to a decline in the market value of assets from $42 billion in 2008 to $32 billion in 2009. However, with actuarial smoothing, about $10 billion in losses are being deferred. The funding policy contribution is being calculated as though the value were $42.8 billion. The surplus of $1.3 billion has become a $2.4 billion unfunded liability. The normal cost has remained stable at $1.3 billion annually, about 17 percent of pay. If, under policy, the unfunded liability is amortized over 15 years and added to the normal cost, this valuation produces a funding policy contribution rate of about 20.4 percent. In dollar amounts, the funding policy contribution for 2009-10 would consist of a normal cost of $1.4 billion and the 15-year amortization of unfunded liability, which is $220 million. The total policy contribution is about $1.6 billion, ideally to be paid in the 2010-11 year.

The actual contributions approved by the Regents in January are to begin on April 15, 2010. For the employer, this is a four percent contribution. For the UCRP member, it is a redirecting of a current member contribution of about two percent. The same rate would continue in the 2010-11 year.

Mr. Angelo then discussed contribution projections. These begin with the actual approved contributions and model gradual increases. The projection increases the employer contribution by two percent annually, and the member contribution by one percent annually, up to a maximum of five percent. He displayed a chart illustrating the effects of not funding at the policy contribution level. Projections are based on the assumption that contributions will be made at the funding policy level. Each year, if contributions are less than that amount, there is additional unfunded liability in the following year for the missing contributions. The chart showed the difference between projected contributions and policy contributions and the ongoing cost in future years. Mr. Angelo pointed out a blue line which represented contributions at the funding policy level; it increases for five years due to smoothing of recent losses. Another line, straight, represented the ongoing normal cost of 17 percent. Amounts above that 17 percent represent payment of unfunded liability, including recent market losses. A red line represented the approved and projected contributions, increasing three percent annually, one percent from members and two percent from the employer. The gap between the blue and red lines represented the shortfall of the projected versus the policy contributions, and an area above it represented the additional annual cost, caused by the shortfall.

Mr. Brostrom recalled that the Regents have only approved the first year of contributions in 2010. What actions the University takes in and after 2011 will depend on the outcome of the work of the Task Force and other future decisions. Mr. Duckett noted that there has been a recommendation from the Academic Council, based on examination of the current state of the UCRP and the funding policy level.

Faculty Representative Simmons stated that the Academic Senate’s University Committee on Faculty Welfare Task Force on Investment and Retirement is familiar with these data. For many years the Academic Senate has been advocating a resumption of UCRP contributions. He recognized the contributions of UC Berkeley Professor Robert Anderson in the study of this issue. Mr. Simmons described the shortfall and the failure to meet the funding policy contribution level as an impending train wreck. If the University continues on its present trajectory, it will require a contribution level of 35 percent to 50 percent of covered compensation, which is impossible. He emphasized that, for every dollar the University fails to contribute on State-funded compensation, it loses two dollars from other sources, including the medical centers. These other sources provide compensation in the form of deferred benefits to their employees, but the obligation for that compensation falls solely on the UCRP. This is part of the shortfall which will impose significant difficulties on the University in the future. The shortfall will not be recoverable from many of these sources. It will most likely be recovered from

University general funds, because it cannot be recovered from the federal government or the medical centers in the future. Mr. Simmons stressed that the University must face the need for an appropriate level of contributions.

Mr. Brostrom noted that the Task Force has a threefold mission: a commitment to market-competitive pay and benefits, a commitment to recruiting and retaining faculty and staff, and a commitment to ensuring sustainable retirement benefits for current and future retirees. As one of the first phases of this process, the Task Force has updated a total remuneration study. The Task Force consists of a steering committee, chaired by Interim Provost Pitts, and three work teams, focused on finance, pension benefits, and retiree health. The Task Force membership includes systemwide representatives from campuses, medical centers, and retiree organizations. The charge of the Task Force is to evaluate the impact of the current retirement programs and of any changes to the retirement programs on UC's market competitiveness, talent management, workforce development, and the affordability and sustainability of these programs. The Task Force is also charged with making timely recommendations which will allow the Regents to meet their fiduciary and educational responsibilities. The Task Force is currently involved in a due diligence process, determining which changes are legally permitted, and systematically reviewing options and their consequences and implications for the employer-employee relationship, for total remuneration, and workforce behavior. The Task Force is also engaged in a comparative analysis of other institutions' approaches and their effectiveness. It is examining potential funding approaches for the UCRP, both for ongoing funding policy and legacy liability, as well as alternative designs for new hires. To date, the Task Force has made 24 local forum presentations. These have been very effective in educating faculty, staff, and retirees about post-employment benefits and the need to advocate for State funding. Another series of local forums is planned for next spring, when more recommendations will be formulated. There has been a robust process of communication and consultation with faculty, stakeholder, and advisory groups, and of fulfilling the University's Higher Education Employer-Employee Relations Act (HEERA) obligations toward its unions. Following the local forums, the next phase of the Task Force's process is the finalization of recommendations, which will be brought back to the local forums, and then to the President by summer 2010.

Committee Chair Lozano emphasized the gravity of the University's current position. Its current policy is inadequate. The work of the Task Force is more important than ever, and the faster the University can act on its recommendations, the better.

Chairman Gould underscored the urgency of the situation, and the prospect that up to 50 percent of compensation would be required to fund the UCRP. He asked the Regents to consider the general fund impact of such a position and what the University would have to request from the State solely to sustain its retirement system. He urged the Task Force to expedite its work.

Mr. Duckett noted that, at an upcoming meeting in December, the Task Force would have the opportunity to vet a series of recommendations and that the working was progressing more quickly than anticipated.

7. **ANNUAL ACTUARIAL VALUATION OF THE UNIVERSITY OF CALIFORNIA RETIREE HEALTH BENEFIT PROGRAM**

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Vice President Duckett underscored the differences between the UC Retirement Plan (UCRP) and the retiree health benefit program, which have different funding sources. He introduced Mr. Michael de Leon, an actuary from Deloitte Consulting, LLP.

Mr. de Leon explained that the retiree health plan is valuated in the same manner as the UCRP, with the same set of assumptions and methodology. Retiree health program valuations have become a focus for many public sector employers due to accounting changes. The State of California recently announced that the unfunded liability for its retiree health program is $50 billion. Many entities are now deciding whether to make benefit changes or to begin pre-funding.

Mr. de Leon then discussed the results of the most recent UC retiree health valuation. The pay-as-you-go cash cost for fiscal year 2009-10 is $242 million, an increase from $209 million in the previous year. Currently this is the only cost that the University is funding; no pre-funding is occurring. The Annual Required Contribution is an accounting term for the hypothetical amount which would be required if the University were to fully fund the plan under the structure mandated by the Governmental Accounting Standards Board (GASB). While this is not an actual funding requirement, the University is required to report this amount for accounting purposes. It consists of a normal cost and amortization. The normal cost is the amount earned by current employees over the year. The amortization is based on a 30-year calculation of past earned benefits. The Annual Required Contribution increased from $1.5 billion in the previous year to about $1.7 billion. This number, also expressed as a percentage of payroll, is expected to grow.

The balance sheet obligation, the amount actually shown on the balance sheet for this program, is the difference between the Annual Required Contribution and the amount actually paid, the pay-as-you-go cash costs. This amount, referred to earlier by Regent Schilling, grows by roughly $1 billion every year, due to the lack of pre-funding.

Mr. de Leon briefly presented a chart displaying the funding sources for retiree health benefit costs and noted program changes for calendar year 2010. The University has made a policy change regarding contributions for retirees. Rather than providing the same dollar amount to retirees as to active employees, the University pays a similar percentage of the premium. This change has reduced the accrued liability by approximately $0.5 billion, or three percent.

Mr. de Leon presented charts which showed the projected increases over the next ten years in pay-as-you-go cash costs and in the balance sheet obligation, and the slight change in these amounts due to the 2010 policy change. The pay-as-you-go cash costs are expected to rise to over $650 million in the next ten years. Without pre-funding, the balance sheet obligation will grow to about $19 billion in ten years.

Finally, Mr. de Leon discussed a chart representing the projected growth of the unfunded liability. Based on the current program provisions, if the University continues to contribute 89 percent of the premiums for retirees, continues current eligibility practices, and continues not to pre-fund, the liability is expected to grow from its current level of approximately $15 billion to nearly $30 billion in ten years.

Interim Executive Vice President Brostrom presented a chart which displayed the projected unfunded liability for both the UCRP and the retiree health benefit program from 2009 to 2014, assuming no changes to either program. In only five years, this combined unfunded liability is expected to grow to $40.4 billion. He emphasized the urgent need for action by the President's Task Force on Post-employment Benefits on funding strategies and program design changes.

Mr. Duckett again underscored the difference between the two programs. The UCRP is a vested benefit, while the retiree health benefit program is not. The University has more freedom to make changes in the retiree health benefit program and to consider options for future funding. He emphasized the significant value of these programs to UC's employee population and their value as a factor that draws talented employees to the University. Mr. Duckett outlined the charge of the Task Force. He emphasized the goal of ensuring that the University can continue to offer retiree health benefits in the future. The Task Force is currently performing due diligence and examining options for retiree health benefits, including design changes, changes to eligibility criteria, and cost-sharing strategies. Besides consultation and communication in local forums with stakeholders and advisory groups, the University is ensuring that it meets Higher Education Employer-Employee Relations Act (HEERA) obligations with its unions. Mr. Duckett presented the address of a website which discusses UC post-employment health benefits.

Referring to the previous presentation and discussion of actuarial valuations for the UCRP, Regent Makarechian noted that, even with a four percent contribution, the UCRP deficit will still increase. He asked when this would be balanced. Mr. Brostrom responded that this cannot occur unless the University fully funds both the normal cost and the amortized amount of the unfunded liability. He referred to the projected increase in policy contributions from 20 percent to 35 percent of covered payroll over the next five years. If the University were to fund at this percentage of payroll, it would achieve this balance between assets and liabilities.

Regent Makarechian emphasized that the projected contribution is four percent, which still results in a large deficit. He asked what the University's response will be, whether to raise the contribution to 20 percent or to continue growing its deficit. Mr. Duckett observed that the University's response would be determined in part by the recommendations of the Task Force, which might propose a different funding policy for the years subsequent to 2011.

Regent Makarechian expressed his view that the University is paying for the sins of the past, in that there have not been contributions for a long period. He asked if it is possible to collect some contributions from those who are now receiving benefits, in order to reduce the deficit in the future. Mr. Duckett responded that the University cannot impose a surcharge on UCRP members who did not make contributions in the past. This would not be feasible for a number of reasons. Mr. Brostrom agreed with Regent Makarechian regarding the cause of the current situation, the fact that neither employer nor employees have made contributions for 19 years. This includes not only UC funding, but the fact that the University has not collected contributions from the federal government or the medical centers for their employees, as pointed out by Faculty Representative Simmons earlier.

Regent Makarechian requested clarification regarding figures in the UCRP Actuarial Valuation Report as of July 1, 2009, attached to the previous item. On page 22, Section 3, exhibit G regarding actuarial liabilities, the Actuarial Present Value of Projected Benefits for July 1, 2009 lists a $19 billion figure for members in pay status, a $32 billion amount for active members, and a $4.1 billion amount for terminated members. Regent Makarechian asked about these figures, and in particular the $32 billion figure for active members.

Committee Chair Lozano requested that this question be addressed with Regent Makarechian at a future point. She observed that the Task Force is addressing the broader question of options, and that there are no easy solutions to the enormous deficit facing the University.

Regent Makarechian asked what would happen if the State does not fund its obligation to the UCRP this year. Mr. Brostrom recalled that the Regents have approved the resumption of contributions, arguing that this is a State obligation. The University will try to hold the State accountable for that obligation in any way possible. This item is a high priority in the University's budget request to the State.

In response to a question asked by Regent Pattiz, Mr. Duckett confirmed that the State has experienced a $50 billion shortfall in its retiree medical benefit program. Mr. Brostrom noted that there is a shortfall in the California Public Employees' Retirement System (CalPERS) program, but that the State is making a contribution to this program.

Regent Pattiz asked if the University has a strong position on the issue of the State's obligation to contribute to the UCRP. General Counsel Robinson responded that this would be discussed at a future point.

Faculty Representative Powell pointed out that the State continues to make contributions to CalPERS and to the California State Teachers' Retirement System (CalSTRS). The University of California is being singled out in this regard. UC's challenge has been to maintain a successful pension program, and it accomplished this until quite recently. At this point it is a matter of prudence and of equity that the State do for UC what it is doing for other public educational institutions.

Faculty Representative Simmons referred to the comments made earlier by Regent Makarechian. The University generally operates on the assumption that accrued and vested benefits are inviolate with respect to current employees. Changes cannot be made to benefits earned up until the present day. There may also be contract rights regarding continuation of benefits for future work. Another challenge is that about 85 percent of current UC employees have never made contributions to the UCRP.

Staff Advisor Abeyta praised the consultative process the University has engaged in to address this issue. The University has shown sensitivity to staff concerns in considering the resumption of contributions to the UCRP.

8. **REPORT OF NEW LITIGATION**

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

General Counsel Robinson presented his **Report of New Litigation**, shown in Attachment 1. By this reference the report is made part of the official record of the meeting.

The meeting adjourned at 2:35 p.m.

Attest:

Secretary and Chief of Staff

Attachment 1

NEW LITIGATION AND ARBITRATION PROCEEDINGS

Report Period: 8/14/09 – 10/12/09
Regents Meeting
November 2009

Plaintiff	**Location**	**Nature of Dispute Alleged by Plaintiff**	**Forum**
		Employment Cases	
Bellinaso, Lisa	UCLA	Failure to pay overtime and minimum wages, failure to provide rest and meal breaks	Los Angeles County Superior Court
Belton, Henry	UCSF	Harassment, discrimination (race)	San Francisco County Superior Court
Bonem, Lathem	UCSF	Wrongful termination; discrimination (disability)	San Francisco County Superior Court
Brown, Norman R., et al.	UCOP	Petition for writ of mandate to replace members of scientific review panel with expired terms	Sacramento County Superior Court
Bugg, Robert L.	UCD	Wrongful termination, discrimination, retaliation	Yolo County Superior Court
Emery, Michelle	UCLA	Discrimination (disability)	Los Angeles County Superior Court
Ochiai, Kent T., DDS	UCLA	Civil rights violations; breach of employment contract/constructive termination, wrongful discharge, promissory fraud	Los Angeles County Superior Court
Phoenix, David	UCDMC	Retaliation, wrongful discharge, failure to promote	Sacramento County Superior Court
Senigar, Todd V.	UCSF	Discrimination (race)	San Francisco County Superior Court
Swanson, Pamela	UCSDMC	Discrimination (gender, age)	San Diego County Superior Court
Tutor, Molly	UCI	Discrimination (sex/gender)	Orange County Superior Court

Professional Liability Cases

Callihan, Phlip	UCLAMC	Medical malpractice	Los Angeles County Superior Court
Curry, Alicia	UCSDMC	Medical malpractice, failure to warn	San Diego County Superior Court
Esteban Robles (decedent), Lorrie Vega, heir of decedent	UCLAMC	Medical negligence	Los Angeles County Superior Court
Fons, Leesa	UCIMC	Medical negligence	Orange County Superior Court
Garrett, Todd	UCLAMC-Santa Monica	Strict products liability for manufacture and design defect, strict products liability for failure to warn, breach of express warranty, breach of implied warranty, negligence	Los Angeles County Superior Court
Ghalebi, Mehrtash	UCIMC	Professional negligence	Orange County Superior Court
Hamilton, Megan	UCSFMC	Breach of medical and professional obligations	San Francisco County Superior Court
Johnson, Karen D. (Flora Cayton Cuison, cross-complainant)	UCDMC	Indemnity against the Regents	Sacramento County Superior Court
Kopels, Daniel	UCLAMC	Medical malpractice	Los Angeles County Superior Court
Littlejohn, Linda Mary	UCSFMC	Medical malpractice	San Francisco County Superior Court
Marmolejo, Marisa	UCSDMC	Wrongful death based on professional negligence and for negligent infliction of emotional distress	San Diego County Superior Court
Moore, Ashley	UCDMC	Medical negligence	Sacramento County Superior Court
Olivia Cull (decedent), Joyce and Robert Cull, individually and co-successors in interest	UCLAMC	Wrongful death, survival claim, negligent infliction of emotional distress, loss of consortium	Los Angeles County Superior Court
Preciado, Jesus	UCSDMC	Medical malpractice	Riverside County Superior Court

Stanley, Sharon	UCDMC	Medical negligence	Sacramento County Superior Court
Tan, Gracie	UCSFMC	Health care provider negligence, lack of informed consent	San Francisco County Superior Court
Ubbink, Linette	UCSFMC	Medical malpractice	San Francisco County Superior Court
Zapanta, Shalise (decedent), Michael Zapanta	UCDMC	Medical negligence	Sacramento County Superior Court

Other Cases

Baltierra, Maria as guardian ad litem	UCLA	Breach of implied contract	Los Angeles County Superior Court
Bermudez, Linda	UCLA	Personal injury, premises liability	Los Angeles County Superior Court
Caremore Health Plan	UCI	Declaratory relief, rescission	Los Angeles County Superior Court
Cruz, Frank	UCB	Wrongful death, negligence	Alameda County Superior Court
Regents	UCSF	Breach of contract, breach of performance bond, professional negligence (lawsuit filed against Hensel Phelps Construction Company, et al.)	San Francisco County Superior Court
Sika Corporation	UCLA	Complaint for injunction and declaratory relief	Los Angeles County Superior Court
The People of the State of California, etc.	UCSD	Violation of air emission standards for asbestos renovation and demolition	San Diego County Superior Court
Uber, Billy	UCOP	Personal injury – asbestos	San Francisco County Superior Court

Public Employment Relations Board (“PERB”)
Unfair Practices Alleged by Charging Party

AFSCME (American Federation of State and County Municipal Employees)	UCR	Breach of duty to meet and confer in good faith with local patient care technical bargaining unit (PCT). Interference with employees’ right to union representation with respect to wages, hours and other terms and conditions of employment, causing repudiation of wage agreements between the University	PERB

SF-CE-907-H		and the union.	
CUE (Coalition of University Employees) SF-CE-909-H	UCSFMC	Termination of a clerical and allied services bargaining unit (CX) employee in retaliation for engaging in protected union activity. Interference with union's ability to effectively represent employee. Unilateral change to past practice and the *status quo*.	PERB
CUE (Coalition of University Employees) SF-CE-906-H	UCSFMC	Unilateral changes to the *status quo* and past practice by disciplining an administrative assistant in the clerical and allied services unit (CX) for taking valid sick leave and vacation.	PERB
CUE (Coalition of University Employees) SF-CE-905-H	UCR	University's action regarding implementation of furloughs constitutes unfair labor practices, including: direct-dealing, failure to bargain in good faith, denial of union rights and interference, restraint, and coercion of unit members' exercise of rights.	PERB
UPTE (Union of Professional Technical Employees) SF-CE-904-H	UCSC	Breach of contractual agreement with union regarding implementation of work rule changes; denial of employee's request for union representation at a disciplinary meeting, in violation of employee's Weingarten Rights.	PERB