

The Regents of the University of California

COMMITTEE ON EDUCATIONAL POLICY

March 17, 2011

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

Members present: Regents Island, Johnson, Lansing, Lozano, Pattiz, and Reiss; Ex officio members Gould, Torlakson, Yudof, and Zettel; Advisory members Hallett, Mireles, and Simmons; Staff Advisors Herbert and Martinez

In attendance: Regents Blum, Crane, De La Peña, Hime, Makarechian, Ruiz, Schilling, and Varner, Regent-designate Pelliccioni, Faculty Representative Anderson, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Provost Pitts, Executive Vice Presidents Brostrom and Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith, Darling, Duckett, Lenz, and Sakaki, Chancellors Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Kang, Katehi, White, and Yang, and Recording Secretary McCarthy

The meeting convened at 8:50 a.m. with Committee Chair Island presiding.

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

Upon motion duly made and seconded, the minutes of the meeting of January 19, 2011 were approved.

2. **CREATING SAFE AND INCLUSIVE CAMPUS COMMUNITIES: A LOOK AT THE UNIVERSITY OF CALIFORNIA'S LESBIAN, GAY, BISEXUAL, AND TRANSGENDER (LGBT) STUDENT POPULATION**

This item was deferred.

3. **CAMPUS PRESENTATION, DAVIS CAMPUS**

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

Provost Pitts introduced Chancellor Katehi who noted that she was eager to report the many exciting advances taking place at UC Davis, but also was compelled to share the challenges facing the campus. She would outline the potential damage budget constraints could do to the students UC Davis is educating, to the public they are serving, and to the future they are building.

Having been at UC Davis for a year and a half, Chancellor Katehi recalled that she was drawn to the Davis campus because of the tremendous potential of this land-grant institution with its great commitment to innovation in areas that make a difference in peoples' lives. Specifically, UC Davis innovates in what Chancellor Katehi described as "the crossroads of the world's biggest challenges," including the areas of food, water, health, society, energy, and the environment. She cautioned that many of the plans that she would outline depend on financial stability and were developed under the assumption that the campus would not have further cuts in State funding, an assumption that is no longer valid.

Chancellor Katehi stated that UC Davis created a framework to define the campus' vision of the land-grant university for the 21st century. This guiding document was meant to propel the campus forward as a framework rather than a strategic plan, and was completed following much discussion. Internally, the framework is intended to help UC Davis achieve the excellence to which it aspires and to become more accountable, efficient, effective, and nimble in accomplishing its goals. Externally, the framework will guide the campus' focus on strategies that will facilitate technology transfer, partnerships with external constituencies, economic development, and research.

Chancellor Katehi reported that UC Davis has a leadership team, which would move the campus forward on all of these fronts. Provost Ralph Hexter, hired in January, served for five years as President of Hampshire College, and had been Executive Dean of the College of Letters and Science at UC Berkeley for many years. UC Davis alumnus and newly appointed Vice Chancellor for Research Harris Lewin recently received a 2011 Wolf Prize.

Physically, UC Davis is the largest of the UC campuses, with 17 million square feet of maintainable space on 6,000 acres spread across two campuses, the Health System in Sacramento and the main Davis campus about 12 miles away. UC Davis educates nearly 33,000 students, including 24,700 undergraduates and 7,500 graduate students, and has 4,500 tenure-track, research, and teaching faculty, and 24,000 staff. With four colleges and six professional schools, the Davis campus has the broadest array of disciplines in the UC system, including veterinary medicine, agriculture, medicine, engineering, business, education, humanities, art, science, and law. This wide spectrum of disciplines gives UC Davis an opportunity to accomplish excellent work that powerfully bridges historically divided disciplines. UC Davis has been ranked one of the top ten U.S. public research universities.

Chancellor Katehi highlighted some of the accomplishments at UC Davis over the past year. The new One Health Institute is a global early warning system involving 20 countries that will enable the detection of deadly viruses before they cross over from wild animals to humans. UC Davis recently opened the Betty Irene Moore School of Nursing with a \$100 million grant from the Gordon and Betty Moore Foundation. The UC Davis School of Law underwent a \$30 million expansion and is considered one of the fastest up-and-coming law schools in the country, with its national ranking having increased from 44th to 23rd in the past four years. The UC Davis Medical Center added a

470,000 square foot, one-half billion dollar Surgery and Medical Services Pavilion, with one of the most advanced emergency rooms in the nation. The Medical Center is currently ranked one of the top 60 hospitals in the country, both for the quality of its health care and its integrated services. UC Davis dedicated the world's most environmentally friendly winery, brewery, and food science facility, a privately funded \$100 million addition to the Robert Mondavi Institute for Wine and Food Science. Operated by UC Davis, the University of California Center Sacramento connects policy makers with UC student interns, and allows legislators access to world-class research, analysis, and fact-finding.

Chancellor Katehi reported that demand for a UC Davis education is high, with nearly 60,000 applications for fall 2011 admission, a new record and a nine percent increase over the prior year. For the second year in a row, transfer applications have increased by more than 20 percent. She commented that these statistics show how many families want their children to come to UC Davis for an education. Chancellor Katehi noted that she had hoped that Davis would have the ability to expand to accommodate this demand, although she fears that in the current economic climate Davis will be unable to realize its capacity.

UC Davis has become a significant engine of regional economic activity. Its annual budget is \$3.1 billion and the campus employs nearly 29,000 people, making it the second largest employer in the region. For every two jobs at UC Davis, one more job is created in the state. The economic impact of the campus is close to \$7 billion, half of that attributed to Davis' Health System. In sum, UC Davis has provided an economic spark to the region and Chancellor Katehi expressed hope that the campus would be able to continue such development.

In an effort to create a better environment for knowledge to come to fruition in the marketplace, UC Davis created the Engineering Translational Technology Center, a unique incubator within the College of Engineering. At this center, faculty can create their own start-up businesses with their students and others, while ensuring separation of intellectual property rights and technology transfer between the campus and the start-up company. UC Davis has formed 34 start-up companies since 2004, and nine in the past year, a rate which Chancellor Katehi stated she would like to see increased.

UC Davis graduates also start many companies on their own. Chancellor Katehi cited the example of KlickNation, a company created about a year ago by a Davis alumnus and two others. KlickNation designs popular Facebook games; the company began with two employees, has grown to 52 employees, and plans to expand to 100 employees by the summer.

UC Davis is currently creating a regional Innovation Hub using local and state partnerships to accelerate the transfer of technology from the Davis campus to many commercial outlets in the region and the state, creating more jobs and boosting the state economy. Chancellor Katehi stated that there is great interest on the campus and in the

region about the Innovation Hub, but the ability to materialize this concept depends on the campus' fiscal stability.

Chancellor Katehi stated that UC Davis has exceptional faculty who are recognized for major innovations that are making a difference around the world. She particularly pointed out that 45 of the 200 faculty of the relatively young College of Engineering have earned the Presidential Early Career Award for Scientists and Engineers, an award for which the overall success rate is less than ten percent. Faculty member Yiyun Li, a China native who moved to the U.S. while she was young, won a 2010 MacArthur Foundation fellowship and has been named one of the country's top 50 most innovative writers. Daniel Sperling received the Heinz Award and is considered the most respected innovator in modern transportation. Faculty member Peter Moyle is very well known for his expertise in watershed and wildlife science. Two UC Davis faculty members are involved in an international project to save mountain gorillas in Africa; Chancellor Katehi noted that the UC Davis Department of Wildlife, Fish, and Conservation Biology is among the best in the world.

Chancellor Katehi expressed great concern that UC Davis could lose outstanding faculty in the current fiscal climate. She reported that in the past two months she has seen increased activity from private universities to recruit the campus' best faculty.

Turning to research, Chancellor Katehi noted that the UC Davis' diverse research portfolio has grown dramatically in the past ten years. The campus' goal is to reach \$1 billion in annual research awards by 2015; Chancellor Katehi expressed confidence that this goal is attainable, given the investments the campus has made, and the quality of its faculty, research staff, and students. UC Davis is currently among the top ten public universities in research funding and received almost \$156 million in American Recovery and Reinvestment Act (ARRA) funds. The campus was named first in the world by Thomson Reuters Web of Knowledge for publications in areas relating to sustainability.

Turning to UC Davis' students, Chancellor Katehi reported that the current freshman class is the highest scoring, most competitive, and most diverse in the campus' history. The admission rate for fall 2010 was 25 percent lower than the rate in 2006-07. In the current freshman class, 40 percent of students are the first in their families to attend college. In terms of diversity, 19 percent of the undergraduate student body is from underrepresented groups, compared with 14 percent in 2005. UC Davis has been successful in working with community colleges to enroll transfer students. In fact, Davis is the first UC to have a community college on its campus; Los Rios Community College District's Sacramento City College Davis Center in West Village at UC Davis is due to open in 2012.

UC Davis currently has a record number of low-income undergraduate students. In the current year, nearly 21,000 students received an estimated \$264 million in gift aid, half of which came from University funds, an increase of \$48 million over the prior year. Chancellor Katehi shared her concern that UC Davis would not be able to keep up with

that level of student support. In these difficult economic times, more families need financial aid, but the campus is not currently in a position to meet that increased need.

Chancellor Katehi turned to the outstanding staff at UC Davis and their tremendous effort to create a leaner and more efficient institution. She noted that the staff has participated in many campus workshops to reformulate the campus organization. These efforts will have generated over \$40 million in savings by 2013. Many campus activities have been consolidated and duplicative services are being eliminated. Reorganization in the Office of Administrative and Resource Management and the Offices of the Chancellor and the Provost will save \$12 to \$15 million annually by 2012. Human resource, finance, and technology services are being consolidated into one shared service center, reducing costs by at least \$12 million annually by 2013. Chancellor Katehi expressed her opinion that there is a limit to how much can be saved through efficiency measures. Once the current efficiency measures have been accomplished, she felt that the campus will have reached the limit of significant savings that can be accomplished through increased efficiency.

Chancellor Katehi stated that students need a supportive environment in addition to their educational opportunities. She emphasized the major commitment the Davis campus has made to inclusiveness, noting that its “Principles of Community” were adopted 21 years ago. During the prior year, she received some indications that current economic difficulties could compromise campus civility, so the campus has reaffirmed its commitment to inclusiveness. UC Davis created a Hate-Free Campus Initiative and “Beyond Tolerance Tuesdays,” providing free programming for events that support a more inclusive community. The campus has collaborated with the Museum of Tolerance to confront hate and bias, and initiated the Civility Project with a grant from the National Endowment for the Humanities. Four graduate students called Civility Fellows create individual projects using history and art, which will be combined with material of the California Council for the Humanities.

Chancellor Katehi pointed out that UC Davis has a long history of commitment to sustainability, through education, research, and service at the campus. Legacy work in sustainability led the campus to coordinate and host the successful Governors’ Global Climate Summit Three last year. The campus itself is becoming a model for sustainable change. In November, UC Davis became the first major institution in California to act on a State mandate to reduce lighting energy by at least 60 percent by 2020, which would save the campus \$3.3 million annually. Chancellor Katehi expressed her opinion that UC Davis would accomplish this goal in half that time, because of the support of the campus’ California Lighting Technology Center. Work done in the environmentally sophisticated brewery, winery, and food science center in the Robert Mondavi Institute for Wine and Food Science will change the agriculture industry in California.

Chancellor Katehi noted that, in the past two years, State support for UC has been unreliable and UC Davis must develop a new budgeting model for the future. A key component of this model is the Campaign for UC Davis, the campus’ first comprehensive campaign, launched in October 2010 with a goal of raising \$1 billion from 100,000 donors. To date, the campaign has raised \$659 million from 77,000 donors.

Chancellor Katehi stated that this campaign is the beginning of an ongoing effort to make fundraising an everyday activity. While the campaign's success is noteworthy, it cannot bring funding fast enough to keep pace with the loss of funds from State appropriations.

Despite the progress UC Davis has made and the tremendous potential of the campus, its future is seriously threatened by fiscal constraints and State budget reductions. Chancellor Katehi expressed her opinion that both UC Davis and California higher education as a whole are at a crossroads. The Governor's budget calls for further cuts, which would mean that State support to the campus will have been reduced 40 percent over the past four years. Should these cuts materialize, State funding would shrink to just 8.7 percent of UC Davis' General Fund.

This dramatic decrease in State funding is forcing the campus to make many difficult choices and to change dramatically. Chancellor Katehi questioned whether the pace of change can keep up with the pace of the cuts. Chancellor Katehi noted that she has been a faculty member for 27 years and an academic administrator for the past 16 years, with experience spanning four public research universities. She conveyed that this is the first time she has seen a public university forced to change so much, so fast. She expressed concern that the University's ability to change could be outpaced by the State's disinvestment. She cautioned that Californians may be surprised and disappointed by the new reality when they realize how their universities have evolved.

Chancellor Katehi stated that UC Davis has great people, a bold vision, an aggressive plan, determination, and resilience. However, she admitted that UC Davis cannot succeed alone, but needs the Regents' continued support and leadership, and financial stability to be able to implement its plans to create new revenues.

Chancellor Katehi expressed her belief that this is a point in time when critical decisions cannot be delayed, after which it may not be possible to recreate lost opportunities. She wondered how U.S. higher education and agriculture would have looked had President Lincoln decided to wait until after the Civil War to sign the Morrill Land-Grant Colleges Act, or how the U.S. economy would have fared had President Kennedy decided to settle the political dispute with the Soviet Union before initiating the space program. The United States would be totally different had these programs not been enacted.

Chancellor Katehi reported that she has spent a great deal of time at the State Capitol during the past year and a half. State leaders and the public realize the value of the UC system and the importance of higher education. Chancellor Katehi expressed her opinion that State leaders have decided to fix the budget problem before they address the future of higher education in the state, contrasting this with the approach of President Lincoln and President Kennedy. She urged the Regents to examine whose lead they would follow.

Chancellor Katehi concluded by reaffirming her faith in the future of the University of California with its tremendous potential. She noted that the people of California have entrusted the University's leadership with their dreams and she expressed her hope that UC's potential can be materialized.

Committee Chair Island stated that he was heartened to know that UC Davis is helmed by a chancellor of such vision and energy.

Regent Johnson expressed particular pride, as a resident of the Central Valley, in UC Davis' growth and increasing inclusivity over the past 30 years. She recalled the campus' transformation from one considered an agricultural school to a highly sought destination campus with extensive academic offerings. She thanked Chancellor Katehi for her leadership and wished her well in dealing with current fiscal challenges.

Regent Reiss commented that Chancellor Katehi's presentation reminded the Regents to be inspired by the greatness and potential of the University, even in these difficult financial times. She stated her pride in Chancellor Katehi's leadership, noting that the UC chancellors are on the front lines trying to maintain the greatness of their campuses. Regent Reiss recounted that she had worked with Chancellor Katehi and her outstanding team on the Governors' Global Climate Summit Three and had witnessed the effects of her leadership. She also recalled Chancellor Katehi's leadership at UC Davis fundraising events. Regent Reiss reiterated the Regents' support for the leadership and commitment of the chancellors.

Regent Crane noted that he found Chancellor Katehi's remarks inspiring. He expressed his opinion that it is currently easier for politicians in Sacramento to cut State spending on higher education than it is for them to address over-spending in corrections or to cut employee compensation. He expressed his opinion that, even when the state economy improves, UC funding may not improve, since the State faces escalating cost pressures that will outweigh possible tax increases. He encouraged Chancellor Katehi to continue Davis' excellence, but advised her not to expect additional State support.

Regent Zettel congratulated Chancellor Katehi on her inspirational presentation and for her outstanding leadership. She particularly complimented UC Davis' outreach to the K-12 system to encourage underrepresented groups to graduate from high school and enter the fields of science, technology, engineering, and mathematics. Regent Zettel asked Chancellor Katehi about the campus' work with Central Valley agriculture on water conservation. Chancellor Katehi responded that UC Davis has a large number of faculty who are involved water issues, for which the campus is very well-known. She stated that she would provide Regent Zettel with further information about this work.

Staff Advisor Martinez recalled her visit to UC Davis and thanked Chancellor Katehi for her leadership for staff, as well as for her candor regarding the impact of budget constraints.

Regent Lansing added her gratitude for Chancellor Katehi's vision and leadership, stating that the Chancellor should be particularly proud of the UC Davis Medical Center under Dr. Claire Pomeroy. UC Davis' cutting edge work in telemedicine has ensured the safety of a great many more people than are in the vicinity of the hospital.

Regent Torlakson complimented Chancellor Katehi on her presentation and on her work to resuscitate the UC Sacramento program through which students have the opportunity to see State government first hand. He expressed faith in the California voters and the Legislature regarding the potential June ballot measure to extend tax increases that could provide some stability for the upcoming five years.

Regent Hime noted his pride in the work of Chancellor Katehi at his alma mater, UC Davis.

Chairman Gould thanked Chancellor Katehi for her excellent presentation. He noted that she has become a voice for the University of California regarding the impact of decisions being made in Sacramento. He also praised Chancellor Katehi's work building grass roots community support for the University.

Regent Ruiz, a Central Valley resident, complimented Chancellor Katehi on her presentation and noted UC Davis' importance to the agricultural productivity of the Central Valley, which feeds one-third of the world. He solicited Chancellor Katehi's suggestions and help in dealing with the current budget crisis. Regent Ruiz stated that the budget difficulties are worse than anyone expected and that time is of the essence in finding solutions.

Regent Pattiz complimented Chancellor Katehi on her presentation and on the great strides the Davis campus has made. He recognized Chancellor Katehi's advocacy in Sacramento for the University. Regent Pattiz stated that, should a special election be held in June regarding extending prior tax increases, the Regents and chancellors should be prepared to present a focused argument on behalf of UC to legislators and the public, highlighting successes such as UC Davis.

President Yudof noted that a Public Higher Education Day will be held in Sacramento on April 5th, a collaboration with California State University and California Community Colleges, to advocate jointly on behalf of higher education in California. The interests of these participants are closely aligned; their combined budgets are being reduced \$1.4 billion. President Yudof noted that participation of the Regents would be extremely helpful.

Committee Chair Island noted that Chancellor Katehi's presentation was warmly received. He asked her for any further comments to focus the Board's attention on the effect of proposed cuts on UC Davis.

Chancellor Katehi stated that, including currently proposed reductions, UC Davis will have lost 40 percent of its State funding in the past four years. Davis currently has 1,800 full-time equivalent (FTE) tenure-track faculty positions; as a result of State funding reductions, the campus has left open or eliminated funding for 300 to 400 FTEs. This reduction has left only 1,300 tenure-track faculty for a campus with 24,000 undergraduates. Chancellor Katehi expressed her opinion that the number of faculty cannot be further reduced. Extremely painful reductions in staff positions have

also been made. The campus has reorganized to mitigate the effects of these reductions on services as much as possible.

Chancellor Katehi recounted that she received e-mails from students and parents because students could not find places in class sections last quarter. In response, the campus reduced funding in other areas to increase the number of class sections. Chancellor Katehi also commented on the number of temporary structures on the Davis campus built in the 1950s, but still in use by faculty and students; the campus has no funds to replace these structures. She expressed her frustration with the quality of offices of some Davis faculty.

Chancellor Katehi stated that there are tremendous needs on the Davis campus that are unmet. She cautioned that universities do not go into bankruptcy; they erode steadily. Such erosion can bring a university to the point of no return. The University of California was created because of a set of very specialized conditions that will not be repeated. She expressed her opinion that if the University is allowed to deteriorate, it would not be possible to restore it. She invited the Regents to visit UC Davis to see the needs of the campus.

Addressing the possibility of raising tuition, Regent Blum stated that if students cannot get the classes they need, they would have to spend more time to get their degrees, which would be the financial equivalent of a tuition increase. He expressed his opinion that UC needs to be completely competitive for the best faculty in order to maintain the quality of the University.

The meeting adjourned at 9:50 a.m.

Attest:

Secretary and Chief of Staff