

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

November 14, 2012

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

Members present: Regents Brown, De La Peña, Island, Kieffer, Lansing, Makarechian, Mendelson, Pattiz, Reiss, Rubenstein, Ruiz, Schilling, Stein, Varner, Wachter, Yudof, and Zettel

In attendance: Regents-designate Feingold, Flores, and Schultz, Faculty Representatives Jacob and Powell, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Provost Dorr, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith, Lenz, and Mara, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Katehi, Khosla, Leland, White, and Yang, and Recording Secretary McCarthy

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

1. REMARKS OF THE CHAIRMAN OF THE BOARD

Chairman Lansing stated that the day was one of celebration because of the passage of Proposition 30, the Schools and Local Public Safety Protection Act. She announced that, because of Proposition 30's passage, there would be no trigger cut to the UC budget and no mid-year tuition increase.

Chairman Lansing thanked Governor Brown for his tireless support of this initiative, making education a high priority. The Governor campaigned throughout the state and at UC, California State University, and community college campuses. Chairman Lansing also thanked California voters who raised their own taxes to support education. She specifically thanked UC students who were active in supporting this initiative by registering 51,846 new UC student voters. She also thanked the Regents for their endorsement and work supporting the proposition, and President Yudof for being a voice of calm and reason during the process. She expressed her gratitude to the alumni associations, the Academic Senate, and all staff who supported the initiative. Chairman Lansing stated that Proposition 30's success showed how much could be accomplished when all elements of the UC community worked together. She cautioned that, although Proposition 30's passage would help, it would not solve all of UC's fiscal challenges and much work remained.

Chairman Lansing stated the current meeting would include presentation of further information requested by members of the Board regarding possible options that had been

raised at the Board's prior meeting. Also, other long-term options would be discussed and Chairman Lansing emphasized that these options were only being explored, not endorsed. Alternatives would be considered with the common goal of maintaining the highest academic standards and accessibility at UC.

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

President Yudof thanked Governor Brown for his leadership on Proposition 30. The President stated that Governor Brown's two-week media blitz just before the election and his visits to many UC campuses were extremely effective. President Yudof expressed his gratitude that Proposition 30 had the full support of the University of California Student Association; Regent Stein was a vital part of this campaign, as were UC campus student body presidents and other officers. President Yudof stated that the Governor had very effectively communicated his message. Proposition 30's passage was a tribute to the people of California, being the first time in most people's memory that voters of any state had agreed to increase taxes to defray the cost of K-12 and higher education. President Yudof also thanked UC faculty, staff, alumni, and donors for their support. As one example of specific support, President Yudof noted that, after guest lecturing to a management class at UC Merced, music star MC Hammer started a far-reaching, orchestrated Twitter campaign on behalf of Proposition 30.

President Yudof stated that, for the first time in his four years at UC, the University had a good chance to attain fiscal stability, to be able to plan across multiple years, and to keep tuition increases very moderate at most. This status represented a light at the end of the tunnel that the University must nurture. He emphasized that the University must continue to invest in academic quality. While the passage of Proposition 30 meant that UC had avoided \$375 million of additional cuts, its budget had been cut almost \$900 million in the past four years and it would take a long time to return to prior funding levels.

President Yudof stated that the 2013-14 budget, which would be discussed at the current meeting, was prudent. He emphasized that the University did not want to impose an undergraduate tuition increase in the fall. In order to make that possible, the University would need to negotiate with the Governor and the Department of Finance to arrive at an arrangement on basic appropriations that would allow UC to sustain the University's outstanding faculty, student services, libraries, and other components of the exceptional education UC provides.

President Yudof remarked that the passage of Proposition 30 had dramatically improved morale at UC. He stated that UC's faculty, staff, and students have persevered through difficult times and still see a difficult future, although there was a sense that the University would be able to move forward maintaining and enhancing its programs. He noted that the great University of California was an institution unprecedented in history anywhere in the world. UC has 40 percent low-income students, more patents than any other university in the world, 60 Nobel Laureates, and provides exceptional treatment to hundreds of thousands of patients at its hospitals. President Yudof recalled that Wallace Stegner called the American West the "native home of hope," but the President expressed

his view that the University of California was actually that “native home of hope” for the West, the country, and the world beyond.

3. PUBLIC COMMENT

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

- A. Mr. Erik Green, UC Santa Cruz Ph.D. student and vice chair of the University Affairs committee of the University of California Student Association, asked why the Board would be generally opposed to differential tuition by campus or by major, but would accept an increase in professional degree supplemental tuition, which he characterized as differential tuition for graduate students. He noted that an increasing number of graduate programs were being converted to professional programs, which he said would essentially privatize the programs. He urged the Board to vote against increases to professional degree supplemental tuition.
- B. Ms. Angelica Salceda, third-year Berkeley Law student, stated that passage of Proposition 30 was not a panacea for UC’s budget woes. She encouraged the Board to explore budget solutions other than increases in tuition or professional degree supplemental tuition. She noted that many UC law students seek to pursue careers in public interest law.
- C. Ms. Amanda Eicher, a lecturer in the UC Berkeley art practice department reported that she teaches a weekly class called Fiat Lunch, part of a Doreen B. Townsend Center for the Humanities working group, Making UC Futures. She invited the Regents to spend an hour in artist’s residency with her class, either by Skype or in person. The class was engaged in analyzing the UC system and its possibilities for the upcoming 50 to 100 years.
- D. Mr. Charlie Eaton, UC Berkeley graduate student, stated that he was an author of a new report, “Swapping Our Future: How Students and Taxpayers Are Funding Risky UC Borrowing and Wall Street Profits.” He emphasized the need for sound financial management at UC. He expressed his view that UC had engaged in risky borrowing practices over the past decade, doubling its borrowing from almost \$7 billion to over \$14 billion from 2007 to 2011. He said the University used interest rate swaps and alleged that the University had already lost \$57 million because of these swaps, and could lose \$200 million more if no action was taken. Mr. Eaton stated that many other public institutions that were sold similar interest rate swaps over the past decade had since attempted to renegotiate the agreements. He urged the Board to examine UC’s borrowing practices and to attempt to renegotiate the interest rate swaps.
- E. Mr. Benjamin Lynch, researcher at UC Berkeley in Space Physics, member of Coalition to Defend Affirmative Action, Integration, and Immigrant Rights and

Fight for Equality By Any Means Necessary (BAMN), and one of the plaintiffs in the pending litigation involving the incidents on the Berkeley campus on November 9, 2011, spoke of a day of action a few weeks prior involving 400 Oakland African American and Chicano-Latino high school students. Mr. Lynch said they were protesting the low number of underrepresented minority students from the Oakland school district admitted to UC Berkeley or UCLA the prior year, and demanding increased enrollment of these students.

- F. Mr. Justin Cheong, a member of BAMN, said he was pleased with the passage of Proposition 30, but added that the measure's proceeds would be insufficient to support public education. He expressed his view that tuition should be rolled back to its 2009 level and that enrollment of underrepresented minorities at UC Berkeley and UCLA should be doubled. He also expressed support for the National Dream University, which he said had been cancelled by UCLA.
- G. Ms. Sanaa Khan, UC Irvine undergraduate and legislative aide for the Associated Students of UC Irvine, emphasized the importance of the UC system for the state. She stated that California receives \$3 of economic benefit for every dollar that supports the University. Ms. Khan stated that UC campuses also provide immeasurable benefits to communities throughout the state, in education and access to health services. She noted that the passage of Proposition 30 indicated that California voters recognize the importance of higher education.
- H. Mr. Olivier Bouan, fourth-year student at UC Berkeley and chair of the UC Berkeley Committee on Student Fees and Budget Review, stated that, while he was pleased that Proposition 30 passed, the real goal was not just to stop tuition increases, but rather to lower tuition to 2009-10 levels. He asked members of the Board to join with students in lobbying the Governor and the Legislature to restore higher education as the high priority that it once was for the State and to increase State funding.
- I. Ms. Minda Murphy, fourth-year student at UC Berkeley and student in Amanda Eicher's Fiat Lunch class, invited the Regents to an artist's residency in the class, which discusses the future of UC. She stated that Regents' participation could help create a channel of communication between the different tiers within the University in order to create a strong vision for the future.
- J. Mr. David Douglass, fourth-year student at UC Berkeley and member of BAMN, expressed his view that it was inappropriate to celebrate the passage of Proposition 30. He urged increasing taxes on corporations, and stated that Proposition 30 put the burden on middle- and working-class families. He expressed concern about what he called the privatization of UC Berkeley. Mr. Douglass expressed support for affirmative action and admission levels for underrepresented minority students at UC Berkeley and UCLA that reflect those populations' proportions in the California public.

4. REMARKS OF THE CHAIR OF THE ACADEMIC SENATE

On behalf of the faculty, Faculty Representative Powell thanked the Regents and Governor Brown for their efforts in support of passage of Proposition 30. He particularly thanked UC students who mounted vigorous voter registration drives and get-out-the-vote efforts, demonstrating idealism matched by hard work.

Mr. Powell urged the Board to support a multi-year budget plan through to its completion. He recalled Provost Dorr's discussion at the September meeting of two critical issues facing UC: the decrease in the number of faculty in 2011-12 and the dramatic increase in the student-faculty ratio. Mr. Powell stated that in order to overcome the erosion of quality that these two factors portend, UC must hire faculty at a higher rate than faculty separations occur, specifically at a rate of 425 faculty per year. In the 2010-11 year, the University fell short of this number by 239 faculty.

Mr. Powell stated that new faculty were necessary to provide a sustained inflow of ideas and energy. He recalled that Provost Dorr had noted another disturbing trend: over the past two decades the percentage of UC faculty age 66 and older had quadrupled, from four percent to about 16 percent. Faculty over 56 currently comprised 40 percent of the professoriate, compared to 1990 when they were under 30 percent.

Mr. Powell also emphasized that competitive faculty compensation and the assurance that faculty salaries would remain competitive in the future were critical to recruitment. A faculty hiring package includes salary, modern and safe laboratory space and equipment, support for graduate students, and general support in applying for grants.

Mr. Powell stated that the proposed 2013-14 budget, when coupled with the new rebenching methodology for allocations of State funding, was a critical first step to ensure the excellence of graduate education at all campuses of the University, critical to faculty recruitment.

Faculty candidates want to know they will be provided with the time necessary to establish an independent research program. In the long term, new faculty would develop a wide repertoire of courses they can teach; in the short term, they should be able to teach in the areas of their immediate interest, both at the undergraduate and graduate levels.

The meeting adjourned at 9:15 a.m.

Attest:

Secretary and Chief of Staff