

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

July 18, 2012

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

Members present: Regents Blum, De La Peña, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Mendelson, Newsom, Reiss, Rubenstein, Ruiz, Schilling, Stein, Varner, Wachter, Yudof, and Zettel

In attendance: Regent-designate Feingold, Faculty Representatives Anderson 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 Allen-Diaz, Duckett, Lenz, Mara, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Katehi, Leland, and White, and Recording Secretary McCarthy

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

1. REMARKS OF THE CHAIRMAN OF THE BOARD

Chairman Lansing welcomed alumni Regents Mendelson and Rubenstein, and student Regent Stein as new voting members of the Board; she also welcomed alumni Regents-designate Feingold and Schultz, Staff Advisor Barton, and Provost Dorr.

Chairman Lansing thanked the Regents, faculty, staff, alumni, and students for their lobbying efforts in Sacramento over the prior several months, including the very successful events in conjunction with the May Regents meeting in Sacramento. For the first time in years, State support for the University shows signs of rebounding. Chairman Lansing stated that this had been the first time the Regents and students had lobbied together, and promised more joint efforts. She thanked Associate Vice President Steve Juarez and his staff who coordinated the Regents' and students' meetings with legislative staff and representatives in Sacramento. Chairman Lansing also commended President Yudof and his budget negotiating team of Executive Vice President Brostrom, Senior Vice President Dooley, Vice President Lenz, and their staffs, who secured the best possible funding for UC, given the current economy. While UC did not get everything it wanted in the State budget, it is a step in the right direction. UC's base budget was not cut; UC would receive \$90 million in State contributions to the University of California Retirement Plan (UCRP), the first contribution from the State to UCRP in 20 years. Most importantly for many UC students, CalGrants were protected for public university and college students. Also, the State's commitment to fund a \$125 million tuition increase buyout in 2013-14 would enable the Board to keep tuition at current levels for the coming academic year.

Chairman Lansing cautioned that challenges remain. The success of the State budget agreement depends on the outcome of Proposition 30, the Schools and Local Public Safety Protection Act of 2012, on the November 2012 ballot. Should voters fail to approve this temporary income and sales tax increase, the \$125 million tuition buyout would be removed and UC would face an additional \$250 million mid-year cut, for a total cut of \$375 million, the potential results of which would be devastating.

With so much dependent on the outcome of the November ballot initiative for UC, K-12 schools, and many social services for California's most vulnerable citizens, Chairman Lansing urged all segments of the UC community to continue to work together. She particularly thanked UC students for mobilizing to get out the vote, and noted that students need help in their efforts to inform voters of the importance of Proposition 30 for UC.

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

President Yudof stated that the implicit funding for UC in Governor Brown's 2012-13 budget package, together with his revenue initiative, while imperfect and with substantial risks for UC, was better than anticipated, and represented an important step toward the financial stability that UC needs. The President thanked Governor Brown, Senate President pro Tem Steinberg, Speaker Pérez, and the Legislature for their efforts to support UC in their budget deliberations. He also thanked the thousands of UC students, faculty, alumni, staff, and community members who advocated on behalf of UC. In the past year UC electronic advocates sent 72,000 e-mails to Governor Brown and State legislators in support of UC. This advocacy was instrumental in securing the opportunity to begin to reestablish a strong financial footing for the University.

To his fellow Regents, President Yudof emphasized the difficult test of stewardship they face. Should Proposition 30, the Schools and Local Public Safety Protection Act of 2012, not pass in November, UC would face an immediate \$250 million mid-year budget cut and loss of the \$125 million 2012-13 tuition increase buyout. Facing this \$375 million additional deficit would necessitate asking the Regents to approve a \$2,400 tuition increase for the spring of 2013. The President stated that, throughout this financial crisis, the University has relied on some one-time measures to fill budget gaps, but the long-term steep State disinvestment of more than \$1 billion over the past four years would necessitate consideration of unpalatable financial measures such as layoffs, program closings, and hiring freezes.

Given this context, President Yudof asked the Regents to endorse Proposition 30. Although it may be imperfect, the initiative would be a step toward stability that the University cannot afford to dismiss. It would create a new floor for UC's core State funding, could potentially ensure State funding for the University of California Retirement Plan (UCRP), and would enable tuition increases to remain modest.

President Yudof stated that the Office of the President has been active in securing new revenues to support the University in the face of the \$879 million reduction in State

funding, at a time when UC faces \$1.22 billion in new costs. Regarding new strategies to overcome budget cuts and to manage new costs, President Yudof stated that the University has increased its indirect cost recovery revenues through negotiated rates, which he anticipated would increase to \$125 million in the subsequent five years. The Working Smarter program has generated \$280 million in savings through improving internal processes. Project You Can has raised 42 percent of its \$1 billion goal, funds that go directly to student support. Development of UC's corporate scholarship campaign is proceeding. A committee on technology transfer chaired by Regent Makarechian is examining ways in which the University's technology transfer income could be increased to mitigate the loss of State funding. UC is also examining offering online classes and other innovations to improve UC's structural funding while remaining true to the University's mission and maintaining the quality of its offerings.

President Yudof emphasized that these efforts are directed at prior budget cuts, and would not bridge the gap and the University's long-term fiscal uncertainty should Proposition 30 fail in November. As the greatest public university in the world, built by generations of Californians, UC deserves better. The President asked the Board, in spite of any individual political or policy views, to endorse Proposition 30 in order to ensure a strong UC for generations.

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. Ms. Tanya Smith, member of University Professional and Technical Employees Communications Workers of America Local 9119, stated that University workers support students in their opposition to tuition increases, given high levels of student debt, and given the University's spending on new buildings, administrative salaries, and expensive consultants. She also expressed opposition to the two-tier pension plan and any reduction in funds for programs to help recruit students of color to UC.
- B. Mr. Charlie Eaton, former financial secretary for the UC student workers' union, commented about high levels of student debt caused by tuition increases. He referred to a letter from the UC Student Association (UCSA), the Council of UC Faculty Associations, and major labor unions at UC, calling on the Regents to support these groups in their request that Governor Brown reverse his vetoes regarding elimination of funding for programs to aid recruitment and retention of students of color and from underrepresented communities.
- C. Mr. Nikolai Smith, UC San Diego Ph.D. student, expressed solidarity with 17 Arab, Muslim, and Palestinian rights organizations at UC, and urged the administration not to adopt the recommendations of the *Jewish Student Campus Climate Fact-Finding Report and Recommendations of the President's Advisory*

Council on Campus Climate, Culture, and Inclusion, which he said would violate free speech rights of Palestinian activists. Mr. Smith stated that, while anti-Jewish bigotry should always be challenged, attempts to silence criticism of Israel on UC campuses are reprehensible. He stated that racist comments and threats against Palestinian and Muslim students are often ignored.

- D. Mr. Victor Velasco, a member of the board of directors of UCSA and vice chair of external affairs for the UC Santa Cruz Student Union Assembly (SUA), spoke in favor of measures to aid in student retention, particularly important during these times of tuition increases and reductions in student services. He said that many students simply cannot afford increased tuition, which would be a barrier to their seeking a higher education.
- E. Mr. Kevin Huang, organizing director of the UC Santa Cruz SUA and member of the board of directors of UCSA, stated that he is the first member of his family to attend college. However, the State's disinvestment in UC has removed the promise of accessibility. He urged the Regents to fulfill their fiduciary responsibility to maintain a truly public UC by endorsing Proposition 30, the Schools and Local Public Safety Protection Act of 2012.
- F. Mr. Justin DeWaele, UC San Diego undergraduate student, stated that the current crisis at UC is one of neo-liberalism and capitalism, reflected in the privatization of UC, high levels of student debt, decreasing State funding, and increasing private sponsorship of UC research. He stated that education must be a public good and must be accessible to people from all backgrounds.
- G. Mr. Jonathan Ly, fourth-year UC Merced student and vice chair of the University Affairs Committee of UCSA, stated that programs charging professional degree supplemental tuition should not be created without a method of comparing such programs to those of peer institutions, since students have to pay both regular tuition plus the supplemental tuition.
- H. Ms. Raquel Morales, UC San Diego undergraduate and outgoing chair of the Legislative Committee of UCSA, urged the Board to support Proposition 30, since students cannot absorb any more tuition increases or higher levels of personal debt. She stated that many students are dropping out of the University because of tuition increases.
- I. Ms. Maria Jennings, third-year student at UC Santa Cruz and member of the board of UC Santa Cruz SUA, encouraged the Regents to support Proposition 30, regardless of their personal political views. She expressed concern about tuition increases and cuts in academic services.
- J. Mr. Duane De Witt, UC Berkeley alumnus, thanked UC Berkeley and particularly their Program Director of Re-entry Student and Veterans Services Ron Williams for making UC Berkeley one of the best places in the nation for veterans to attend

college. Mr. De Witt stated that increasing tuition or professional degree supplemental tuition would make it more difficult for veterans to attend graduate school. He also advocated for free career counseling and job search assistance in the current difficult economy, since many highly educated UC graduates are unemployed and deeply in debt because of student loans.

- K. Ms. Bahar Navab, president of the UC Berkeley Graduate Assembly, expressed concern about the proposal to increase professional degree supplemental tuition for more than 50 UC programs. She stated that the Graduate Student Assembly asked whether some programs that would charge supplemental tuition as professional programs are actually academic programs. She added that some proposed professional degree supplemental tuition increases would more than double the cost of programs and that graduates in some fields would not earn sufficient income to pay off the debt they would incur. She encouraged the Board to examine the process for establishing professional degree programs more closely.
- L. Mr. Ryan Krebs, recent UCLA graduate who transferred from a community college, urged the Board to vote against any proposed tuition increases because of the effect they would have on individual students.
- M. Mr. Anthony Galace, UC Berkeley fourth-year student and ASUC senator, urged the Board to endorse Proposition 30, and to protect funding for UC students and workers. In particular, Mr. Galace expressed his support for recruitment and retention programs, which allow greater opportunity for students of color.
- N. Mr. Devonte Jackson stated his opposition to any automatic mid-year tuition increase and to any increase in professional degree supplemental tuition. He urged the Board to endorse Proposition 30, the Schools and Local Public Safety Protection Act of 2012.
- O. Ms. Ali Oligny, a UC Berkeley student who transferred from a community college, expressed concern about reductions in class offerings, tuition increases, administrative salary levels, funding for building projects, salary levels for campus workers, funding for recruitment and retention programs, and corporate profits.
- P. Ms. Laura Wells, Green Party candidate for governor of California, stated her support for the Millionaires Tax, which she said had student and voter support, and which would have addressed the problem of concentration of wealth.
- Q. Mr. Austin Pritzkat, UC Berkeley second-year student, spoke against tuition increases, even if Proposition 30 should not be approved in November. He urged the Board to endorse Proposition 30, work to ensure its passage in November, pass funding protection for programs that aid recruitment and retention of

students of color, and protect UC workers from pay cuts or a two-tier retirement system.

- R. Mr. Robert Kerner, UC Davis staff member, asked the Board to help in the recruitment and retention of high-quality staff. He stated that, despite the large number of unemployed in the state, he has had difficulty recruiting good staff. He advocated increasing educational benefits for UC staff and their dependents.
- S. Ms. Angelica Salceda, student at Berkeley Law, expressed concern about the proposed professional degree supplemental tuition increases and the lack of communication with professional degree program students regarding the proposal.
- T. Mr. Hector Salceda stated that he was the younger brother of Angelica Salceda.
- U. Mr. Honest Chung, UC Berkeley student, stated his opposition to spending University funds on building projects, administrative salary increases, and the proportion of administrators compared with faculty.
- V. Mr. Matt Wade, UC Berkeley Ph.D. student and recording secretary of UC Berkeley’s Graduate Student Association, stated that student debt levels are unsustainable. He noted his opposition to increases in professional degree supplemental tuition, particularly in fields where graduates would work in public service sectors.
- W. Ms. Kathryn Lybarger, UC Berkeley gardener and president of the American Federation of State, County and Municipal Employees Local 3299, thanked the State Legislature for its support for UC students and workers, particularly for its support of programs that encourage recruitment and retention of students of color. She expressed concern about levels of student debt.

The Committee recessed at 9:30 a.m.

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The Committee reconvened at 10:05 a.m. with Chairman Lansing presiding.

Members present: Regents Blum, De La Peña, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Mendelson, Newsom, Reiss, Rubenstein, Ruiz, Schilling, Stein, Torlakson, Varner, Wachter, Yudof, and Zettel

In attendance: Regent-designate Feingold, Faculty Representatives Anderson 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 Allen-Diaz, Duckett, Lenz, Mara, and Sakaki,

Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Katehi, Leland, and White, and Recording Secretary McCarthy

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

Faculty Representative Anderson expressed his gratitude for the opportunity to have served as Vice Chair and Chair of the Academic Senate for the prior two years, which he characterized as the most challenging period for the University since the Free Speech Movement and the most difficult fiscal environment since the Great Depression, making the contribution of faculty even more crucial.

Mr. Anderson expressed his confidence in the incoming Vice Chair of the Academic Senate, UC Santa Barbara mathematics Professor Bill Jacob, chair of the Board of Admissions and Relations with Schools for the past two years.

Mr. Anderson thanked President Yudof for his leadership in addressing issues relating to lesbian, gay, bisexual, and transgender students, staff, and faculty, over the prior two years, particularly the gathering of data through the campus climate survey.

Turning to the strengths and current difficulties of the UC system, Mr. Anderson emphasized the benefits of the ten-campus system and noted the responsibility of the Board to ensure that the newer campuses continue on the trajectory established 144 years ago by UC Berkeley. UC differs from elite, private universities in that 41 percent of its undergraduates receive Pell Grants and 42 percent of its freshmen are the first in their families to attend college. In particular, Mr. Anderson pointed out UC Merced's recruitment of excellent faculty, made possible by the reputation and excellence of the entire UC system. He added that enrollment growth at UC Merced, necessary if UC is to continue to meet the goals of the California Master Plan for Higher Education, would require additional classroom and office space. Mr. Anderson commended the recent increase in recruitment of Hispanic students, particularly at UC Santa Cruz, UC Riverside, and UC Merced. Public support for the UC system depends upon the University's ability to recruit a diverse student body reflecting the demographics of California.

Mr. Anderson emphasized that Ph.D. students are critical to recruiting faculty and accomplishing UC's research mission; in addition, UC's graduate students are a major source of future faculty for the University. Mr. Anderson noted that the proportion of UC's international Ph.D. students is about one-third less than at competitor institutions, and one-third less than the proportion of UC's international assistant professors. He encouraged a reduction in the barriers to recruitment of international Ph.D. students. Mr. Anderson also stated that the Ph.D. programs at UC Berkeley, UCLA, and UC San Diego must be maintained, and, as resources become available, Ph.D. programs at the newer campuses must be expanded if UC is to maintain its position as an outstanding research university.

Mr. Anderson stated that, while UC faces extreme fiscal challenges that have already significantly eroded its quality, the strength of the University lies in its people, its students, staff, and faculty. If adequate resources are provided soon, the erosion of quality can be stopped and rebuilding can be started. He stated that it is critical that further cuts to UC's funding be avoided and that State funding be restored. California cannot afford to lose the excellence it has built at UC over 144 years.

President Yudof recognized University of California Student Association (UCSA) president Claudia Magaña, recent UC Santa Cruz graduate, who was completing her second term as UCSA president. He thanked Ms. Magaña for her dedicated service on behalf of her fellow students.

Ms. Magaña commented that the combined efforts of the Regents, the University administration, workers, and students were effective in obtaining an increase in State funding for UC, protection for Cal Grant programs, and an opportunity to freeze tuition. However, she cautioned that realization of these gains depends on the passage in November of Proposition 30, the Schools and Local Public Safety Protection Act of 2012, which she urged the Board to endorse. Students would conduct voter registration and turnout drives to support the initiative. Should this initiative fail, UC would face a further \$250 million mid-year cut and would lose the \$125 million tuition increase buyout. In that case, Ms. Magaña stated that the financial burden should not be placed only on students and their families through tuition increases. She urged the Board to examine other revenue options.

Ms. Magaña stated that UCSA is concerned about increases in professional degree supplemental tuition, particularly the process for determining such fees and the timeliness of notice to students of fee increases.

Regarding recent changes to the student health centers, Ms. Magaña expressed UCSA's appreciation of the Board's efforts to provide better care for UC students through accrediting of practitioners and updating information technology systems. She pointed out that the Office of Risk Management at the Office of the President had funded these efforts through July 1, and expressed students' concerns about funding going forward so that their costs would not increase.

In conclusion, Ms. Magaña conveyed her gratitude to the Board for the work accomplished together with UCSA. She urged the Board to continue its renewed communication with UCSA's incoming officers, and invited the Regents to UCSA's annual leadership conference at UC San Diego from August 17 to August 20.

Chairman Lansing thanked Ms. Magaña for her capable service.

5. **ANNUAL REPORT OF THE CHAIR OF THE COUNCIL OF UNIVERSITY OF CALIFORNIA STAFF ASSEMBLIES**

President Yudof introduced the leadership of the Council of University of California Staff Assemblies (CUCSA), Chairman Ravinder Singh and Chairman-elect Steve Garber, to deliver CUCSA's annual report. Mr. Singh stated that CUCSA's mission is to increase communication within the UC community by providing a forum to discuss matters of interest to employees, providing staff input to University administrators, and fostering a climate of respect and collaboration. Mr. Singh reviewed CUCSA's accomplishments for the year: creation of a systemwide job listing internet site; implementation of a systemwide staff survey; creation of a systemwide audit of the performance appraisal system.

CUCSA awarded UC Santa Cruz Chancellor Blumenthal its outstanding senior leader award, in recognition of his support and inclusion of UC staff, and his encouragement of equity, diversity, and community.

Mr. Singh presented an overview of CUCSA workgroup reports. The employee education benefits workgroup advocated for employee and employee dependent educational benefits, which CUCSA believes are critical to recruit and retain a talented workforce. The current economic climate with increased costs of living, medical, and retiree health benefits for UC employees makes education benefits even more important for staff development and morale. CUCSA suggests that UC alter its current fee enrollment programs to include: centralized program administration to track benefit usage data; examination of admission requirements for employees to enable them to register for one to three classes per semester or quarter as long as they do not displace an admitted student; fee waivers for all courses offered by UC, UC Extension, and staff development offices; the ability for UC employees to register for classes at any UC location; and adoption of a model similar to the California State University program that allows employees to transfer their educational benefit to their dependents.

The staff demographics workgroup examined the employee statistical and summary data that UC collects, and compared this data with similar data collected by other large employers. Mr. Singh reported that the workgroup had several recommendations regarding the collection and presentation of employee data: report personnel and payroll data in a manner conducive to career arc tracking; gain a better understanding of the approaching retirement bubble; require better local succession planning; use standardized engagement surveys; develop and standardize use of exit, onboarding, and transition interviews.

Turning to the performance management workgroup, Mr. Singh stated that, as UC moves toward a merit-based compensation system with salary increases tied to performance, implementation of a retention program is essential. CUCSA suggests the following best practices for performance management: implementation of a standard method for creating goals aligned with the UC mission; provision of continuous reviews and feedback at least once per quarter with clear expectations, and annual appraisals of each employee;

implementation of an automated system of reminders, storage, and easy access to employee appraisals; creation of a climate of mentorship to foster career development; and establishment of accountability and compliance throughout the system.

Mr. Garber outlined his goals for the coming year, including: examination of benefit cafeteria plans; work with the Department of Human Resources to address concerns raised in the staff engagement survey; follow-up on the performance evaluation audit to be completed in December and determination of next steps to improve the quality of employee evaluations; advocacy for continued funding and support for UC; and engagement with the Regents, Academic Senate, Staff Advisors, and the Office of the President.

Staff Advisor Smith asked whether CUCSA would endorse Proposition 30, the Schools and Local Public Safety Protection Act of 2012. Mr. Singh stated that CUCSA is in full support of the initiative and would work to rally voters.

Regent Schilling expressed support for the recommendations of the CUCSA workgroups.

President Yudof noted his appreciation of CUCSA, its leadership, and its many prior excellent recommendations that have been adopted by UC.

The meeting adjourned at 10:30 a.m.

Attest:

Secretary and Chief of Staff