

## **THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**

March 16, 2017

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

Members present: Regents Blum, Brody, Elliott, Lansing, Lozano, Makarechian, Napolitano, Ortiz Oakley, Pérez, Ramirez, Schroeder, Sherman, and Zettel

In attendance: Regents-designate Lemus, Mancina, and Monge, Faculty Representatives Chalfant and White, Secretary and Chief of Staff Shaw, General Counsel Robinson, Provost Dorr, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President and Chief Operating Officer Nava, Executive Vice President Stobo, Senior Vice Presidents Henderson and Peacock, Vice Presidents Brown and Holmes-Sullivan, Chancellors Blumenthal, Dirks, Gillman, Hawgood, Khosla, Leland, Wilcox, and Yang, Interim Chancellor Hexter, and Recording Secretary McCarthy

The meeting convened at 10:30 a.m. with Chair Lozano presiding. She explained that notice had been given in compliance with the Bylaws and Standing Orders for a special meeting of the Regents of the University of California, concurrent with the regularly scheduled meeting.

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

Upon motion duly made and seconded, the minutes of the meeting of January 26, 2017 were approved.

### **2. PUBLIC COMMENT**

Chair Lozano explained that the public comment period permitted members of the public an opportunity to address University-related matters. The following persons addressed the Board concerning the items noted.

- A. Mr. Bryan Osorio, third-year UC Berkeley student, implored the Regents to implement sanctuary status throughout the UC system. He expressed concern that undocumented students and their families would not be protected. Students' academics were suffering because of their anxiety, fear, and lack of confidence in the UC system and the federal government.
- B. Mr. Matthew Lewis, UC Berkeley student, commented on the shortage of affordable student housing. He said the Berkeley Student Cooperative housing model was successful in providing significantly less expensive student housing than traditional University dormitory housing. He urged the Regents to support student housing cooperatives as part of meeting President Napolitano's Student Housing Initiative.

- C. Ms. Aneri Suthar, UCLA student, commented that the seemingly small tuition increase of \$282 equaled two weeks of work for some students. Given the State's lack of general UC funding, reformation of the commercial portion of Proposition 13 was long overdue and would generate taxes that could benefit public higher education. She urged the Regents to support upcoming legislation to reform Proposition 13.
- D. Ms. Lynne Sheehan, UC Santa Cruz intellectual technology employee, commented that non-union employees were falling farther behind union employees doing the same work. A satisfactory rating for union employees guaranteed a wage increase, whereas a satisfactory rating for non-union employee did not.
- E. Ms. Andrea Hesse, UC Santa Cruz employee, expressed concern about the high cost of living in Santa Cruz that is overlooked by the University in calculations used to set salary bands. The 2017 Demographia International Housing Affordability Survey named Santa Cruz the least affordable small housing market in the nation. She said salary bands should be recalculated to reflect the local cost of living.
- F. Ms. Susan Willats, UC Santa Cruz employee, stated that UC Santa Cruz would enroll an additional 650 students in the fall of 2017, an almost ten percent increase in two years without adding classrooms, housing, parking, transit, or support staff. An agreement to admit more California students implied that those students would receive a world-class education, impossible in overcrowded classrooms and housing, and deteriorating staff working conditions for staff. She asked the Regents to revise the cost of labor calculation for UCSC and postpone any further student growth until campus resources can catch up to current enrollment.
- G. Mr. Jake Brymner, of the Campaign for College Opportunity, commended the University for enrolling additional California students. He said the 20 percent systemwide cap on nonresident enrollment should be applied evenly on all UC campuses. Mr. Brymner also urged the Regents to increase student diversity to mirror the diversity of California.
- H. Ms. Tammi Rossman-Benjamin, of the AMCHA Initiative stated that across the country on college campuses there have been increasing anti-Semitic forms of intolerance including a two-fold increase in calls for genocidal anti-Semitism and increase in violent disruptions of Jewish student events. She had delivered petitions to all UC chancellors asking them to fully implement the Principles Against Intolerance.
- I. Ms. Katherine Baney, UC Berkeley student, urged amendment of the Regents Policy on Appointment of Chancellors to include the student Regent as one of the

five existing Regents on chancellor search committees, in addition to the non-voting participation of an undergraduate and graduate student.

3. **APPROVAL OF APPOINTMENT OF AND COMPENSATION FOR CAROL T. CHRIST AS CHANCELLOR, BERKELEY CAMPUS, AS DISCUSSED IN CLOSED SESSION**

Recommendation

- A. Having completed consultation with the Committee to Advise the President on the Selection of the Chancellor of the Berkeley Campus, the President of the University recommended to the Regents that Carol T. Christ be appointed as Chancellor, Berkeley campus, at 100 percent time, effective on or about July 1, 2017.
- B. The President recommended that, contingent upon and effective with Ms. Christ's appointment by the Regents as Chancellor of the Berkeley campus, the following items be approved in connection with that appointment:
- (1) Per policy, annual base salary of \$531,939, which will be funded by State and non-State sources.
  - (2) Per policy, a University-provided house while serving as Chancellor.
  - (3) Per policy, the University will arrange for the packing and relocation of Ms. Christ's household goods and personal effects associated with the relocation to the University-provided house. The University will also arrange to pack and move Ms. Christ's personal library, laboratory, and other related equipment and materials, subject to the limitations under University policy.
  - (4) Per policy, when Ms. Christ leaves the Chancellor position and returns to the University faculty at a UC campus, the University will arrange for the relocation of household goods and personal effects, including her personal library, laboratory, and any other related equipment and materials to a location of her choice in California.
  - (5) Per policy, an administrative fund will be established for official entertainment and other purposes permitted by University policy. Adjustments may occur annually as allowed by policy.
  - (6) Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability). Ms. Christ will be ineligible to participate in the Senior Management Supplemental Benefit Program.

The compensation described above shall constitute the University's total commitment until modified by the Regents or the President, as applicable under Regents policy, and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

#### Background to Recommendation

The President of the University recommended the appointment of and compensation for Carol T. Christ as Chancellor, Berkeley campus. Ms. Christ is Berkeley's current interim Executive Vice Chancellor and Provost (EVCP). Ms. Christ's start date as Chancellor is anticipated to be on or about July 1, 2017.

Ms. Christ's proposed annual base salary will be \$531,939, which is the current Chancellor's compensation, and will be funded by State and non-State sources.

Ms. Christ joined the Berkeley faculty in 1970 as Professor of English. Her specialty is Victorian literature. During her time as an active faculty member, Ms. Christ served in a variety of administrative positions, as Chair of the Department of English, Dean of the Division of Humanities, Provost of the College of Letters and Science, and as the EVCP for the campus from 1994 to 2000. Ms. Christ returned to full-time teaching after stepping down as EVCP, and then left the campus in 2002 to become President of Smith College. She served as Smith's President until 2013, and then returned to the Berkeley campus as Professor Emerita. Ms. Christ assumed leadership of the Center for Studies in Higher Education, a research unit on the Berkeley campus, in January 2015.

Ms. Christ is an elected Fellow of the American Academy of Arts and Sciences and a member of the American Philosophical Society. She has made inclusion and diversity a hallmark of every administrative position that she has held, both on the Berkeley campus and at Smith College. During her first tenure as EVCP, she also strongly supported the development of neuroscience and bioengineering programs on the Berkeley campus.

Ms. Christ's current appointment as interim EVCP is part-time (43 percent). Consistent with Regents Policy 7706, Reemployment of UC Retired Employees Into Senior Management Group and Staff Positions, Ms. Christ will suspend her monthly retirement payments and retiree health benefits for the duration of her service as Chancellor in order to assume the Chancellor role on a full-time basis.

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

President Napolitano expressed enthusiasm for the appointment of Ms. Christ, who she said was a visionary, accomplished leader, and strategist, who would, with Board approval, be the first woman to become Chancellor of UC Berkeley. A key reason President Napolitano chose Ms. Christ was because of her commitment to the core values of the University, and her ability to build strong relationships and trust among diverse

groups, to reach consensus, and find solutions. President Napolitano expressed her confidence that Ms. Christ was the best person to lead UC Berkeley.

President Napolitano reviewed Ms. Christ's background. A Victorian literature scholar, Ms. Christ joined the Berkeley faculty in 1970, when only three percent of UC Berkeley's faculty were women. She became Chair of the English Department in 1985, three years later was appointed Dean of Humanities, and one year later Provost and Dean of Letters and Science. In 1994, Ms. Christ was named Vice Chancellor and Provost and later became Executive Vice Chancellor, the highest-ranking female administrator on campus. In every position Ms. Christ held at UC Berkeley, she left the entity she was leading better.

Throughout her years at UC Berkeley, Ms. Christ has proven herself to be a tireless champion of gender equality and diversity. Ms. Christ returned to full-time teaching in 2000, before leaving UC Berkeley in 2002 to become the tenth President of Smith College, where she led a wide-ranging strategic planning process that positioned the College for continued academic excellence and financial stability. She retired in 2013, but in January of 2015, Ms. Christ returned to UC Berkeley as Director of the Center for Studies in Higher Education and in May 2016 agreed to take up her former role as Executive Vice Chancellor and Provost on an interim basis. In that role, she currently serves as UC Berkeley's leading senior executive responsible for the campus' day-to-day operations and finances. In this capacity, Ms. Christ is leading the effort to address UC Berkeley's financial issues and put it on a solid foundation to continue its preeminence and impact. She is charged with the planning, development, implementation, assessment, and enhancement of all academic programs, policies, and supporting infrastructure. Ms. Christ is responsible for ensuring that UC Berkeley continue its unmatched record of academic leadership by overseeing faculty recruitment, retention, and renewal, as well as reviewing appointments, tenure, and promotion for UC Berkeley's 1,500 full-time faculty. As Interim Provost, Ms. Christ is the chief academic officer on campus. In partnership with the Academic Senate, she oversees the planning, quality, and delivering of education provided to UC Berkeley's 27,000 undergraduates and 10,000 graduate students. Throughout most of her administrative career, Ms. Christ has continued to teach and pursue her academic research.

President Napolitano expressed her strong belief that Ms. Christ would make an excellent Chancellor for UC Berkeley, with her compelling vision for the campus' future, a demonstrated record of accomplishment, and the trust of students, faculty, staff, alumni, and the other members of UC Berkeley's community. President Napolitano urged the Regents to support her appointment.

Executive Director Dennis Larsen briefly outlined the proposed appointment and compensation. Discussing comparators, Mr. Larsen noted that only six of the 60 Association of American Universities institutions pay their chancellors less.

Regent Ortiz Oakley congratulated President Napolitano on her selection of Ms. Christ at what he saw as a critical time for the Berkeley campus. He expressed his hope that the

Regents provide Ms. Christ with every opportunity to be successful, as the success of the Berkeley campus was essential to the University.

Regent Blum expressed strong support for the appointment of Ms. Christ, who came with exceptional recommendations and whose history at UC Berkeley makes her uniquely qualified to assist that campus.

Upon motion duly made and seconded, the Board approved the President's recommendation.

Ms. Christ said she was deeply honored that President Napolitano and the Regents chose her to lead UC Berkeley at this critical moment in its history, and even more honored to serve the campus that she loves. Ms. Christ recalled that when she came to UC Berkeley in 1970 as a new faculty member, the campus transformed her understanding of higher education. She had never been in a place of such intellectual vitality with as great a sense of the consequence of its research, and a place so deeply committed to widening the doors to educational opportunity. UC Berkeley is as much about the community college transfer student who discovers her intellectual passions there and that she can excel, as it is about its Nobel Prize winners. In fact, that combination defines UC Berkeley. Ms. Christ commented that this was a difficult historical moment for the Berkeley campus, more difficult in her view than any time since the 1960s. Because of the campus' budget deficit, it must reimagine its financial model while staying true to its public mission. This was currently the challenge of public higher education. Although some of UC Berkeley's choices may have exacerbated the situation, Ms. Christ said the deficit was structural and would be faced by other UC campuses. She expressed her hope that UC Berkeley would be a pioneer in this situation as it had been in so much else, and hoped to rely on the wise advice of the Regents.

President Napolitano introduced UC Student Association President Ralph Washington, Jr. Mr. Washington commented on the importance of perspective for those in leadership positions, especially realizing the implications for those whom their policies would affect. He advocated considering the perspectives of UC union employees who were negotiating for fair wages, those opposed to the Dakota Access Pipeline, and those who protest improper adjudication of sexual violence and sexual assault on campus. Decisions of leadership must be based on the best interests of those the leaders represent.

#### **4. ADOPTION OF POLICY ON REVIEW OF ALLEGATIONS OF BOARD MEMBER MISCONDUCT**

The Chair of the Board and the Chair of the Governance and Compensation Committee recommended that the Regents adopt the Policy on Review of Allegations of Board Member Misconduct, as shown in Attachment 1.

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

Chair Lozano recalled that at the November 2016 meeting the Regents amended Regents Policy 1100: Statement of Expectations of the Members of the Board of Regents. The Regents had engaged the law firm Munger, Tolles & Olsen LLP to develop a policy and procedure, which had been reviewed by the Governance and Compensation Committee and discussed by the Board.

Upon motion duly made and seconded, the Board approved the Chair of the Board and the Chair of the Governance and Compensation Committee's recommendation.

5. **COMMITTEE REPORTS INCLUDING APPROVAL OF RECOMMENDATIONS FROM COMMITTEES**

Chair Lozano stated that Chairs of Committees and Subcommittees that met the prior day and off-cycle would deliver reports on recommended actions and items discussed, providing an opportunity for Regents who did not attend a particular meeting to ask questions.

**Report of the Academic and Student Affairs Committee**

Regent Pérez reported that the Committee considered one discussion item and three action items.

A. *Undergraduate Cost of Attendance*

The Committee acknowledged progress made in moving from discussions of only tuition to a more holistic consideration of the total cost of attendance. Long term goals, such as discussing students' total cost of attendance prior to consideration of tuition increases, were raised. A working group of various stakeholders would be created and would come back to the Regents at a future meeting to better address the total cost of attendance.

B. *Amendment of Regents Policy 3103 – Policy on Professional Degree Supplemental Tuition and Regents Policy 3104 – Principles Underlying the Determination of Fees for Students of Professional Degree Programs*

The Committee recommended that the Regents approve:

- (1) Combining and amending Regents Policy 3103 and Regents Policy 3104 as Regents Policy 3103 as shown in Attachment 2.
- (2) Rescinding Regents Policy 3104.

Regent Pérez stated that this action would merge two policies, create the development of multi-year Professional Degree Supplemental Tuition (PDST) plans that would require Regents' approval, with caps and maximum year-to-year

increases, and more emphasis on substantive consultation with students and other stakeholders.

**C. *Establishment of Professional Degree Supplemental Tuition for Two Graduate Professional Degree Programs***

The Committee recommended that the Regents approve the establishment of Professional Degree Supplemental Tuition for two graduate professional degree programs – Civil and Environmental Engineering at UC Berkeley and Urban and Regional Planning at UC Irvine – at the levels indicated in Display 1, effective fall 2017.

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**DISPLAY 1: Proposed Professional Degree Supplemental Tuition Initial Levels and Total Fees Effective Fall 2017**

	<u>Resident Initial PDST</u>	<u>Resident Total Fees</u>	<u>Nonresident Initial PDST</u>	<u>Nonresident Total Fees</u>
<b>Civil and Environmental Engineering</b>				
Berkeley	\$6,000	\$19,869	\$11,700	\$37,814
<b>Urban and Regional Planning</b>				
Irvine	\$6,000	\$19,400	\$6,000	\$31,645

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Regent Pérez reported that the Committee recommended approval under the pre-existing PDST policy of Professional Degree Supplemental Tuition (PDST) for two programs, with a specific statement of the standards that the Regents expected to be fulfilled by the programs.

**D. *Amendment of Regents Policy 7401 and Academic Personnel Manual Sections 015 and 016 – The Faculty Code of Conduct and University Policy on Faculty Conduct and the Administration of Discipline***

The Committee recommended that Regents Policy 7401: the Faculty Code of Conduct and the Policy on Faculty Conduct and the Administration of Discipline, as shown in Attachment 3, Academic Personnel Manual Section 015: The Faculty Code of Conduct, as shown in Attachment 4, and Section 016, University Policy on Faculty Conduct and the Administration of Discipline, as shown in Attachment 5, be amended effective no later than July 1, 2017, and as soon as other conforming processes can be implemented.

Regent Pérez commented that concerns raised during the prior day's public comment session would be considered for further policy revisions that would be brought back to the Regents. The current proposed amendments would: include a specific statement that incidents of sexual violence and sexual harassment constitute a violation of the Faculty Code of Conduct; reflect recent amendments to the California Fair Employment and Housing Act strengthening non-discrimination and anti-harassment language; clarify the deadline by which the Chancellor must initiate disciplinary proceedings with faculty alleged to have

violated the Faculty Code of Conduct; and emphasize that there is no limit on the time period during which a complainant may report an alleged violation.

Upon motion of Regent Pérez, duly seconded, the recommendations of the Academic and Student Affairs Committee were approved.

### **Report of the Compliance and Audit Committee**

Regent Zettel reported that the Committee considered three action items and one discussion item.

#### **A. *Resolution to Reaffirm the University of California Ethics and Compliance Program***

The Committee recommended that the Regents approve the following resolution:

WHEREAS, the Regents of the University of California made the decision in May 2006 to establish a university-wide program of corporate compliance and established the new position of Senior Vice President – Chief Compliance and Audit Officer, an officer of the corporation, by amending the Bylaws and Standing Orders accordingly; and

WHEREAS, President Napolitano strongly endorses and recommends that the University of California have a robust ethics and compliance program; and

WHEREAS, the structure for an effective Ethics and Compliance Program for the University has been established and implemented; and

WHEREAS, voluntary adoption of such a program is considered a best business practice that will serve to enhance the public trust and meet the expectations of the Regents and external stakeholders by demonstrating the Regents' commitment to good stewardship of federal, state and private resources; and

WHEREAS, the ethics and compliance program, in partnership with the campuses, has implemented an effective Ethics and Compliance Program that includes but is not limited to the following requisite elements:

- (1) Written standards of conduct as well as appropriate policies and procedures;
- (2) Program oversight is guided by the Regents Committee on Compliance and Audit and the Senior Vice President – Chief Compliance and Audit with the primary management responsibility for the campus ethics and compliance activities assumed by the Chancellors and delegated to the Campus or Medical Compliance Officer, as appropriate. Advice on

compliance matters and risk mitigation activities will be provided by the campus risk committee and UC Ethics and Compliance Risk Council;

- (3) Development and implementation of regular, effective education and training programs, as well as mandated education such as sexual harassment prevention, cybersecurity, conflicts of interest, ethics and compliance, and other areas of concern;
- (4) Effective communication and processes maintained for reporting of potential and/or perceived compliance issues or improper governmental activities with timely responses while allowing the complainant to remain anonymous and free from retaliation;
- (5) Development and maintenance of compliance systems and controls that can be objectively assessed monitored and audited for effectiveness;
- (6) Assurance that management is enforcing appropriate disciplinary action for those who have violated University policies, procedures or applicable legal requirements; and
- (7) Assurance that management is taking appropriate corrective action and remedial measures when problems are identified to resolve and prevent reoccurrence of those issues; and

WHEREAS, the Senior Vice President – Chief Compliance and Audit Officer and the Office of Ethics, Compliance and Audit Services are primarily responsible to assure that campus responsibilities are executed related to ethics and compliance matters and to assess and monitor that campus compliance systems and controls are effective; and

WHEREAS, the ethics and compliance program infrastructure includes a broad cross-section of stakeholders from all University locations and specific risk areas; and

WHEREAS, performance metrics continue to assess and evaluate identified risks and the operation of related compliance systems to ensure rules, regulations, Regental and UC policies and other compliance requirements are met.

NOW, THEREFORE, BE IT RESOLVED, that the Regents of the University of California do today approve and re-affirm the structure of the UC Ethics and Compliance Program contained in the “University of California Ethics and Compliance Program Plan” shown in Attachment 6.

Regent Zettel commented that the Department of Health and Human Services and other federal funding agencies have outlined program guidance on the structure of an effective ethics and compliance program based on the Federal Sentencing

Guidelines. Since UC is a recipient of significant federal, State, and private research dollars, it was determined in 2008 that this federal guidance would be used as the foundation for the establishment of the UC Ethics and Compliance Program. The Federal Sentencing Guidelines require that a governing board be “knowledgeable about the content and operation of the compliance and ethics program.” It is requested that the Regents reaffirm the Ethics and Compliance Program by approving the Resolution.

**B. *Approval of External Audit Plan for the Year Ending June 30, 2017***

The Committee recommended that the PricewaterhouseCoopers external audit plan and fees for the University for the year ending June 30, 2017, as shown in Attachment 7, be approved.

Regent Zettel noted that the annual external audit plan of the Regents’ Auditor provides for financial statement audits consistent with the scope of the external audit for the year ending June 30, 2016. Management is not recommending any changes to the external audit scope for the year ending June 30, 2017. The total cost of the audit for the fiscal year ending June 30, 2017 would be \$4,280,226, including out-of-pocket expenses.

**C. *Summary Results of the University’s 2016 Audit of Compliance for Federal Awards (Uniform Guidance)***

Regent Zettel reported that the University’s 2016 Uniform Guidance Audit (previously A-133) Report is completed by PricewaterhouseCoopers for compliance testing of the audit requirements under the Uniform Guidance for direct and indirect charges related to research and development, student financial assistance expenditures and outstanding loans, and U.S. Department of Agriculture Cooperative Extension Service. Total federal awards’ expenditures and loan disbursements were \$5.5 billion. There were seven findings related to federal awards in the Uniform Guidance Audit Report, concerning loan disbursement notifications, credit balance disbursements, equipment management, cash management, key personnel compliance requirements for federal awards, deficiencies in controls over access to information technology programs and data, and enrollment reporting.

**D. *Resolution to Exclude Access to Federal Classified Information***

The Committee recommended that the resolution pertaining to the University’s Department of Defense Facility Security Clearance be approved as shown in Attachment 8.

Upon motion of Regent Zettel, duly seconded, the recommendations of the Compliance and Audit Committee were approved.

**Report of the Finance and Capital Strategies Committee**

Regent Makarechian reported that the Committee had considered four items for action, and three items for discussion:

A. ***Update on Student Housing, Berkeley Campus***

See discussion with following item.

B. ***Update on Student Housing, Los Angeles Campus***

Regent Makarechian commented that these two discussion items provided an update on the two campuses' plans to expand their stock of on-campus student housing strategically to provide affordability relative to off-campus housing.

UCLA had reviewed its potential for adding 6,900 beds at multiple campus locations by 2020-21. The Committee encouraged the campus to speed up the process.

C. ***Approval of Budget and Design Following Action Pursuant to the California Environmental Quality Act, Precision Cancer Medicine Building at Mission Bay, San Francisco Campus***

(1) The Committee recommended that:

- a. The 2016-17 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: San Francisco: Precision Cancer Medicine Building at Mission Bay – preliminary plans – \$16.6 million funded from campus funds.

To: San Francisco: Precision Cancer Medicine Building at Mission Bay – preliminary plans, working drawings, construction, and equipment – \$275 million to be funded from campus funds (\$175 million) and gifts (\$100 million).

- b. The scope of the UCSF Precision Cancer Medicine Building at Mission Bay shall consist of constructing a new outpatient clinical building with approximately 139,600 assignable square feet (asf) of clinical space. The project will also include the renovation of approximately 6,000 asf in an adjacent structure to create a connection and shared lobby between the buildings.

(2) Following review and consideration of the environmental consequences of the proposed Precision Cancer Medicine Building at Mission Bay project,

as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff no less than 24 hours in advance of the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Committee reported its:

- a. Determination that the UC San Francisco 2014 Long Range Development Plan (LRDP) Final Environmental Impact Report (FEIR), approved by the Regents at the November 2014 meeting, as updated in Addendum #3, adequately analyzes the impacts of the project.
  - b. Adoption of California Environmental Quality Act (CEQA) Findings and a Statement of Overriding Considerations in support of the project.
  - c. Approval of the design of the Precision Cancer Medicine Building at Mission Bay project, San Francisco campus.
- (3) The Committee recommended that the President of the University, in consultation with the General Counsel, be authorized to execute all documents necessary in connection with the above.

Regent Makarechian commented that this 139,600-assignable-square-foot Precision Cancer Medicine Building at Mission Bay would house facilities associated with cancer outpatient care, including cancer specialty clinics, an infusion center, radiology, and radiation oncology therapy. The Committee asked the campus to ensure that the project's contract would be based on a guaranteed maximum rather than a cost-plus contract.

D. ***Haring Hall Safety Improvements and Building Renewal Project, Davis Campus***

Regent Makarechian stated that the campus would bring this project back to the Committee, after exploring the option of tearing down the existing 1950 building and constructing a new building, rather than renovating the existing building. He expressed his view that constructing a new building would be much more economical.

E. ***Amendment of the 2017-18 Budget for State Capital Improvements and Approval of External Financing***

The Committee recommended that:

- (1) The amended 2017-18 Budget for State Capital Improvements be approved, as shown in Attachment 9.
- (2) The President of the University be authorized to obtain external financing not to exceed \$183,777,000 plus related interest expense and financing costs for the 2017-18 Budget for State Capital Improvements shown in Attachment 9. The President shall require that:
  - a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
  - b. The primary source of repayment for the external financing of \$183,777,000 plus related interest expense and financing costs shall be from State General Fund appropriations, pursuant to the Education Code Section 92493 et seq. Should State General Fund appropriation funds not be available, the President shall have the authority to use any legally available funds to make debt service payments.
  - c. The general credit of the Regents shall not be pledged.
- (3) The President, in consultation with the General Counsel, be authorized to execute all documents necessary in connection with the above.

Regent Makarechian commented that the proposed 2017-18 Budget for State Capital Improvements totals \$183,777,000 and consists of eight capital projects and the first phase of a systemwide deferred maintenance program, which were discussed at the September 2016 Committee meeting.

F. ***Authority to Form Non-Profit Mutual Benefit Corporation Pursuant to Section 23786 of the California Business and Professions Code, Davis Campus***

The Committee recommended that the Regents:

- (1) Authorize the President of the University to form a non-profit mutual benefit corporation affiliated with the UC Davis campus. Pursuant to Section 23786 of the California Business and Professions Code, the non-profit entity would be authorized to:
  - a. Exercise the privileges of the alcoholic beverage license authorized by Section 23786, including:

- i. Accepting up to 20,000 gallons from UC Davis per year of the above-described wine;
  - ii. Selling the wine to consumers for consumption off the licensed premises, including bottles and bulk;
  - iii. Selling to other licensees authorized to sell wine, including liquor stores and restaurants, wholesalers, and wineries; and
  - iv. Providing samples of the wine to licensees.
- b. Operate as a non-profit mutual benefit corporation pursuant to applicable laws.
- (2) Authorize the President, after consultation with the General Counsel, to approve and to execute (a) any documents reasonably required to accomplish the above; and (b) any modifications thereto, provided that such modifications do not materially increase the obligations of the Regents.

Regent Makarechian reported that this action would authorize the delegation of authority to the President of the University to form a non-profit mutual benefit corporation affiliated with the UC Davis campus pursuant to section 23786 of the California Business and Professions Code. The non-profit corporation would hold a special non-profit sales license issued by the Department of Alcoholic Beverage Control to annually accept and sell up to 20,000 gallons of wine produced by UC Davis.

Upon motion of Regent Makarechian, duly seconded, the recommendations of Finance and Capital Strategies Committee were approved.

### **Report of the Governance and Compensation Committee**

Chair Lozano reported that the Committee considered five action items.

A. ***Approval of New Market Reference Zones for UC Health Positions in the Senior Management Group, as Proposed by the UC Health Executive Compensation Working Group***

Chair Lozano reported that this action item was discussed and tabled, as the Committee requested additional information.

B. ***Amendment of Certain Regents Policies on Board Operations***

The Committee recommended to the Regents that certain Regents Policies on Board operations and governance be amended or rescinded as shown in Attachment 10.

C. ***Amendment of Regents Policy 1110: Policy on Conflicts of Interest***

The Committee recommended that amendments to Regents Policy 1110 – Policy on Conflicts of Interest be approved as shown in Attachment 11.

D. ***Amendment of Certain Standing Committee Charters***

The Committee recommended:

- (1) Amendment of the Charter of the Academic and Student Affairs Committee as shown in Attachment 12.
- (2) Amendment of the Charter of the Governance and Compensation Committee as shown in Attachment 13.
- (3) Amendment of the Charter of the Finance and Capital Strategies Committee as shown in Attachment 14.
- (4) Amendment of the Charter of the Compliance and Audit Committee as shown in Attachment 15.

E. ***Amendment of the Schedule of Reports to the Regents and Adoption of Policy on Reports to the Regents***

The Committee recommended:

- (1) Adoption of the Policy on Reports to the Regents as shown in Attachment 16.
- (2) Amendment of the Schedule of Reports as shown in Attachment 17.

Upon motion of Chair Lozano, duly seconded, the recommendations of the Governance and Compensation Committee were approved.

**Report of the Health Services Committee**

Regent Lansing reported on the following four discussion items from the Committee's March 3, 2017 meeting.

A. ***Remarks of the Executive Vice President – UC Health***

Regent Lansing reported that Executive Vice President Stobo provided an update on the Affordable Care Act (ACA). While the ACA's future was unclear and in a constant state of flux, the University was very concerned about the many effects on UC medical centers of possible changes, in particular the elimination of the Medicaid expansion. Since UC hospitals' primary mission was to provide care for the underserved, this could have dire effects.

B. ***Report of the UC Health Executive Compensation Working Group: Proposed Changes to the Market Reference Zones for Senior Management Group Positions in UC Health***

For the 26 UC Health executives who are part of the Senior Management Group, the benchmarking framework for the market Reference Zones (MRZs) would provide a guide for UC Health to remain competitive and for the Committee to evaluate salaries of future hires. Future adoption of these MRZs would not mean any immediate change to current executives' salaries.

C. ***Update on the School of Medicine, Riverside Campus***

The Liaison Committee on Medical Education, the national accrediting body for schools of medicine, recently completed its UCR School of Medicine site visit for full accreditation, and initial feedback was very positive. UC Health is cautiously optimistic that the UCR School of Medicine will get full accreditation. However, UCR does not have a clinical enterprise to support its academic programs and that issue remains to be solved.

D. ***Clinical Quality Dashboard for University of California Medical Centers***

This presentation reviewed quality measures that could be used to demonstrate performance of all UC medical centers, such as inpatient mortality, readmission rates, and infection rates. A robust discussion followed the presentation and the medical centers were encouraged to continue developing measures to facilitate Committee oversight of performance of UC medical centers.

**Report of the Public Engagement and Development Committee**

Regent Lansing reported that the Committee considered four discussion items and one action item.

A. ***The Affordable Care Act – Update and Impact on UC Health***

The Committee's discussion of proposed changes to the Affordable Care Act focused on possible elimination of its Medicaid expansion and other relevant issues. The Committee discussed avenues of advocacy for the University. UC

recently sent a letter to the California Congressional delegation outlining its concerns with the legislation and was working closely with other preeminent academic medical centers and groups across the United States in its advocacy. The Regents indicated interest in being updated regularly on progress of legislation and how it may affect the University.

**B. *Update on State Budget Process***

UC funding in the Governor's proposed 2017-18 budget plan was consistent with the funding framework, with a four-percent increase to the State's portion of UC's operating budget and \$169 million in Proposition 2 funds to address the unfunded liability of the UC Retirement Plan. UC would continue to negotiate for additional funding to assist with enrollment growth of 2,500 undergraduates and 900 graduate students in 2018-19, and \$35 million for deferred maintenance.

The Committee was interested in strongly advocating for an Assembly proposal to provide student aid that would cover the total cost of attendance. UC's office of State Government Relations would analyze the proposal once it is available and would provide updates to the Committee.

**C. *Overview of State Advocacy Efforts***

Regent Lansing expressed the Committee's enthusiasm for the new advocacy theme "Grow Together" developed by the Office of Government Relations in collaboration with Marketing Communications.

**D. *Community Outreach and Impacts, San Diego Campus***

Chancellor Khosla described some of UC San Diego's community engagement, particularly the Chancellor's Associates Scholarship Program, which covers the full cost of attendance for local low-income students. Two current UCSD students whose lives had been completely changed by the scholarship program spoke, which Regent Lansing said was extremely inspirational.

**E. *Endorsement of Comprehensive Campaign, San Diego Campus***

The Committee recommended endorsement of the public phase of the San Diego campus fundraising campaign, *The Campaign for UC San Diego* with a total goal of \$2 billion.

Upon motion of Regent Lansing, duly seconded, the recommendation of the Public Engagement and Development Committee was approved.

## **Report of the Investments Subcommittee**

Regent Sherman reported on the Subcommittee's one discussion and one action item from its March 14, 2017 meeting.

### ***A. Update on Investment Products***

Regent Sherman reported that Chief Investment Officer (CIO) Bachher and his team presented investment results for periods ending December 31, 2016. The General Endowment Pool gained 7.6 percent for six months ending December 31, 2016, 2.4 percent above its benchmark, with assets of \$9.9 billion. The UC Retirement Plan, which held \$57.1 billion at the end of 2016, returned 5.5 percent for those six months, one percent above its benchmark.

The Subcommittee discussed UCRP, expected returns in relation to asset allocation, member contributions, benefit payments and outflows, borrowing, and realistic short- and long-term return expectations. The Subcommittee would continue to consider these questions.

The Total Return Investment Pool, with assets of \$8.8 billion at the end of 2016, had returned 2.1 percent for six months, 80 basis points (bps) above its benchmark. The Short Term Investment Pool had assets of \$6.5 billion, returning 60 bps for the six months ending December 31, 2016, 30 bps above its benchmark.

The UC Retirement Savings Program, the University's defined contribution plan, had assets of \$20.8 billion and offers 16 investment options for participants. The Subcommittee discussed the process underway for choosing a third-party manager for the target-date funds.

Investment costs for all products were discussed, since reducing investment costs is an effective way to increase returns.

An update was provided on the sustainable investments framework. The CIO's office was reviewing all investments through an Environmental, Social, and Governance issues lens, and de-risking the portfolio of investments with excessive risks in these areas, such as reducing exposure to Energy Transfer Partners and Sunoco, holdings which totaled less than \$50 million in the fixed income portfolio. The Office of the CIO was also looking for investment opportunities in sustainable industries such as renewables, agriculture, and infrastructure.

### ***B. General Endowment Pool Asset Allocation Review and Recommendations***

With the help of consultant Cambridge Associates, the Office of the Chief Investment Officer (CIO) analyzed various risk factors that underlie asset

allocation decisions. The most significant change in asset allocation would be a shift from public equity to private equity of approximately ten percent. Projected private equity returns should exceed public equity returns, but some liquidity would be sacrificed. Given the size of the University's portfolio and its long-term investment horizon, the University should seek to capture this illiquidity premium. It would take some time to implement the change in allocation and the Office of the CIO would be patient in finding appropriate investments.

The recommended changes in asset allocation were approved by the Subcommittee.

### **Report of the National Laboratories Subcommittee**

#### ***Update on the National Laboratories and Presentation on the State of the Los Alamos National Laboratory***

Chair Lozano stated that Los Alamos National Laboratory Director McMillan provided an update on that Laboratory to the Subcommittee.

## **6. POLICY ON NONRESIDENT STUDENT ENROLLMENT**

Chair Lozano pointed out that this item had been revised from an action item to a discussion item in order to obtain the Regents' input.

Executive Vice President and Chief Financial Officer Brostrom said the proposed Policy on Nonresident Student Enrollment would place a limit on nonresident undergraduate enrollment at UC. Since its inception, the University has always focused first on serving California resident students, particularly at the undergraduate level. The California Master Plan for Higher Education reflected that commitment and guaranteed a spot at UC for the top 12.5 percent of California public high school graduates. No such commitment was offered to out-of-state students. The prior year, UC enrolled more California undergraduates than ever before, with the single largest one-year increase in 70 years since the introduction of the GI Bill at the end of World War II. Each UC campus would enroll more California undergraduates than it did in the 2006-07 academic year before the onset of the Great Recession.

Mr. Brostrom stated that UC's ability to serve California undergraduates was enhanced by an appropriate level of nonresident student enrollment, which served two vital roles. First, California students learning and living alongside students from diverse backgrounds and cultures was part of a world-class educational experience, increasingly important in a globalized economy. Interim Associate Vice President David Alcocer added that California students also benefited from the extra tuition paid by nonresident undergraduates, about \$27,000 more per student than the resident tuition paid by Californians. That extra tuition helped to fund faculty hires, new instructional technology, student advising resources, and other services that directly benefited California students. Nonresident students also contributed about \$70 million to the University's systemwide

pool of financial aid funds for California students, which equaled about \$700 per UC grant recipient. Those funds were allocated across the system to make every UC campus more affordable for Californians. The Legislature had asked UC to confirm its ongoing commitment to California students by adopting a limit on nonresident enrollment. The Budget Act of 2016 required that the Regents adopt such a limit in order for the University to receive funds to increase California resident enrollment by an additional 2,500 students. The policy being discussed would meet that requirement, and would ensure that the University provide for growing numbers of California undergraduates, while also preserving the benefits provided by nonresident students. The proposed policy reaffirmed the University's commitment to the Master Plan and to enrolling, at a minimum, the number of California undergraduates for whom the State provides funding. It would also establish, as part of the policy, the principle that nonresidents would only be enrolled in addition to, and not in place of, funded California undergraduates at each campus.

Mr. Alcocer explained that the proposed policy would cap nonresident enrollment at 20 percent at the six undergraduate campuses that currently enroll 80 percent or more California resident undergraduate students. At the three campuses where nonresident undergraduate enrollment currently exceeded 20 percent, UC Berkeley, UCLA, and UC San Diego, the policy would cap nonresident undergraduate enrollment at current percentages. As a result, any growth in the number of nonresident undergraduates at those three campuses could only occur in tandem with further growth in the number of California undergraduates enrolled.

The proposed policy would ensure that each UC campus and the UC system would continue to enroll a smaller percentage of nonresident students than most other public Association of American Universities institutions, which average about 28 percent nonresident undergraduates. The policy would reaffirm the role of the Regents and the Academic Senate in establishing admissions requirements and processes for nonresident students. Lastly, the proposed policy had a built-in provision for its review at least once every five years, so the effect of nonresident enrollment would be periodically reassessed.

Mr. Alcocer displayed a graph showing the significance of nonresident tuition at UC Berkeley, UCLA, and UC San Diego. Chancellor Block affirmed that nonresident supplemental tuition had been critical in enabling UCLA to provide its undergraduates an excellent education and to continue to reduce students' time to graduation. During the past decade, UCLA had experienced a \$152 million reduction in annual State support, while incurring \$110 million of additional costs for employee benefits, largely for retirement and employee health insurance, and \$138 million in increases in academic salaries. All other expenses supported by core funds had actually been reduced by \$15 million over the decade. Given the \$152 million reduction in State support, the increased revenue over the decade from resident tuition of \$240 million would be insufficient to cover increased costs, were it not for the \$145 million from nonresident supplemental tuition.

Chancellor Block explained that nonresident supplemental tuition was mostly allocated to undergraduate instruction, to hire teaching assistants and lecturers to increase the number of seats in key courses, which reduced undergraduates' time to degree. He reported that, in spite of UCLA's fundraising and use of intellectual property revenues to support undergraduate education, nonresident supplemental tuition remained a critical part of UCLA's financial model to ensure academic success for its undergraduates.

Chancellor Khosla added that the situation at UC San Diego was very similar to that described by Chancellor Block at UCLA. In addition, UC San Diego's student-faculty ratio had been significantly lagging. As a result of nonresident supplemental tuition, UC San Diego had been able to add more than 100 new ladder-rank faculty in the past eight years, with the goal of adding 150 more in the upcoming three years. Nonresident supplemental tuition was used to increase services and support for all undergraduate students, close to 80 percent of whom are Californians. In addition, some nonresident supplemental tuition supported UCSD infrastructure, such as the construction of new classroom buildings with no State funds. Much of the funding for UCSD's Chancellor's Associate Scholars program, which provides scholarships to low-income California students, comes from nonresident supplemental tuition. Chancellor Khosla said the financial effect of reducing the proportion of UC Berkeley's, UCLA's, and UC San Diego's nonresident students, by even ten percent, would be devastating.

Chair Lozano stressed the importance of adopting a policy on nonresident student enrollment, expressing her view that the proposed policy was consistent with UC's values by putting California students first, ensuring a spot for all eligible California students, and providing for a reasonable proportion of nonresident students. The funding from nonresident students enabled the University to provide better instruction for California students.

Regent Elliott commented that the Regents were likely considering a policy on nonresident student enrollment at the current time because receipt of some State funds was contingent upon the Regents' establishing such a policy. He expressed his view that it would have been wise to consider such a policy several years prior. He questioned whether the proposed policy would address the intent of the Legislature, since the Assembly had approved a bill with a much lower cap on nonresident enrollment. He expressed concern about the University's interactions with the State administration and the Legislature, who he said shared the University's goals, and about the proposed policy's systemwide cap that was significantly higher than current nonresident enrollment.

Mr. Brostrom pointed out that when UC began increasing nonresident enrollment during the recession, much of UC's interaction with the State was positive, as UC was able to maintain and increase California enrollment during that time, unlike the California State University and the California Community Colleges. Increased nonresident enrollment was seen as a way UC could temper tuition increases for California students and maintain enrollment of California students. Overall the State had cut UC's budget by about \$1 billion and UC had raised about \$500 million from nonresident supplemental tuition.

Mr. Brostrom expressed his view that the sentiment had changed when the State began gradually increasing State contributions and UC had not been increasing enrollment of California students. That had changed since UC added California undergraduates and was committed to add more.

Regent Ortiz Oakley commented that the points made by Regent Elliott need to be considered. The educational value of nonresident students was not in question. The issue was one of resources. In response to a question from Regent Ortiz Oakley, Chancellor Block confirmed that the source of revenue would not matter, so long as it was sufficient to fund the needs that were currently being funded by nonresident supplemental tuition. Regent Ortiz Oakley expressed his view that the University had not yet given the Legislature a clear choice either to fund the University at a level that would maintain a high-quality education for UC's California undergraduate students or to realize that the University would need to find other sources of revenue. The proposed policy assumed that it would be impossible to obtain public support for adequate UC finding. The University should paint a clear picture to the Legislature and the public of what UC needs to support its students fully; that amount should be requested in UC's budget. He voiced his opinion that a nonresident enrollment policy should be reviewed by the Regents more frequently than every five years.

Regent Ortiz Oakley commented that enrollment increases for California students have been funded by the Governor and the Legislature agreeing to invest in UC campuses. He was not yet convinced that it would be impossible to receive public funding that would fully support the University. Chancellor Khosla commented that nonresident supplemental tuition was used to fund essential aspects of undergraduate education. He disagreed with Regent Ortiz Oakley's characterization of State resources as being more predictable than nonresident supplemental tuition. Chancellor Khosla commented that the amount of funding provided by nonresident supplemental tuition was the amount that would have to be replaced by the State.

Regent Makarechian commented that a lack of State funding for capital projects and UC's pension funds was forcing the University to use educational funds to support its declining infrastructure, even though UC was educating its students at a lower cost than in the past. UC campuses were being loaded with debt and lacked funds for deferred maintenance. He questioned limiting nonresident enrollment when the University lacked State funding to support even its infrastructure.

Regent Blum commented on the international reputation of UC Berkeley, its many successful non-domestic alumni, many of whom have given back to the campus. He suggested tracking philanthropic contributions to the University from non-domestic alumni. He cited the importance of international relationships among non-domestic UC alumni. Regent Blum said that the past has demonstrated that the University cannot rely on State revenue.

Regent Lansing agreed with the importance of making it clear to the public and the Legislature that the lack of State funding had made it necessary for the University to rely

on nonresident supplemental tuition. She expressed concern about setting a systemwide 20 percent cap on nonresident enrollment. While she did not support requiring UC Berkeley, UCLA, and UC San Diego to reduce their proportions of nonresident undergraduates, she expressed concern that the other UC campuses' nonresident enrollment would be frozen at a lower number, when the systemwide level reached 20 percent. She expressed her view that the University's goal should be to help its younger campuses be as desirable to out-of-state students as any other campus. She suggested that perhaps the cap should be 20 or 18 percent per campus and not systemwide, while allowing the three campuses already over that amount to keep their current proportions.

Regent-designate Mancia expressed support for the diversity provided by nonresident students and predicted that State and federal funding would become less certain. He shared Regent Lansing's concern about the unintended consequences of a systemwide cap on nonresident students, particularly for those UC campuses currently with lower proportions of nonresident students.

Regent Brody sought assurance that UC's underrepresented minority students would not be placed more at risk in this process, since they could be considered less beneficial to a campus than nonresident students.

Faculty Representative Chalfant expressed strong agreement that there must be a policy and that the effect on underrepresented students and on the younger UC campuses must be considered. He stated that it would not help anyone to reduce the proportion of nonresident students at UC Berkeley, UCLA, or UC San Diego, and remove critical revenues from those campuses. He noted that if the rate of decline in per student State funding for UC from \$19,100 in 1990-91 to an estimated \$7,160 in 2016-17 continued, UC would receive no State funding in 15.5 years. He said UC campuses with the highest proportions of underrepresented students already have the least funding per student. He expressed frustration with the University's repeated attempts to communicate with the State about UC's funding needs. Mr. Chalfant stated that it was the obligation of the Regents to adopt a policy, but not to adopt a cap on nonresident enrollment so long as California undergraduates benefit from the presence of nonresident students.

Staff Advisor Richmond supported Mr. Chalfant's comments. While it was necessary to respond appropriately to the Legislature, she noted the effects on staff of reductions in State funding. It would not be beneficial to have some UC campuses be disadvantaged by a policy that would put campuses in competition with one another to increase nonresident enrollment more quickly than they would have naturally.

Regent Ramirez commented that the experience of nonresident students must be considered. She requested data about nonresident students' graduation rates, dropout rates, academic performance, and student services.

Regent-designate Lemus cautioned about the possible effect of the proposed policy on UC's diversity and Pell Grants. He asked for more information about the diversity of

UC's nonresident students compared with Californian students. He noted that the most diverse UC campuses are well below the proposed 20 percent systemwide cap on nonresident students. Having access to additional funds from nonresident enrollment could allow creation of innovative programs to address the needs of first-generation college students.

Faculty Representative White commented that the Academic Senate's Board of Admissions and Relations with Schools monitors the educational experience of nonresident students. He noted that while UC's international students can initially have a more difficult adjustment than domestic undergraduates, their academic performance on average is at least equal to that of California students. The Academic Senate would advocate for more funding to support student mental health.

Regent Makarechian asked for data for each UC campus on the source of funds per student, including the amount of nonresident supplemental tuition that goes to support each undergraduate. Mr. Brostrom commented that, after rebenching, State General Fund support for each student is identical across all campuses for similar types of students. Cal Grant funding and funding from tuition per student would also be identical. The difference in per student funding was only attributable to campus differences in nonresident student tuition. Regent Makarechian said this difference would be important to consider.

In response to Regents' comments, Mr. Brostrom noted that the pool of nonresident applicants was clearly less diverse than California students, particularly socioeconomically, since UC did not provide any financial aid to nonresident students. As the University had increased the proportion of its nonresident students, the diversity of its California students had coincidentally increased. The pool of California students was changing and becoming more diverse. As a result of the recession, more California students were eligible for financial aid. Increasing enrollment of nonresident students had enabled admission of more of these California students. So while the nonresident students did not add to UC's diversity, they did enable the University to enroll a diverse pool of California residents, increasing the overall diversity of the University.

Mr. Alcocer addressed concerns about the consequences of a systemwide cap on nonresident enrollment on those campuses currently below the cap. He acknowledged concern that a systemwide cap might create incentives for campuses to increase nonresident enrollment quickly before the systemwide cap were reached. His office had considered various scenarios, and concluded that was unlikely to happen in the upcoming six to seven years, during which time the Regents would have the opportunity to revisit the policy.

Regarding the question of the best level for a systemwide cap, Mr. Alcocer said that each percentage point of systemwide enrollment of nonresident students corresponded to about \$33 million of revenue after taking into account the cost of educating those students. Regent Lansing asked about having a per campus rather than systemwide cap of 20 percent, with the exception of the three campuses already above that amount.

Mr. Alcocer said that option was considered, but it was felt that the current proposal would be well-received and would send a clear message. Chair Lozano suggested future sessions for Regents who want to better understand modeling that had been done. Regent Makarechian asked that models of various possible scenarios be provided to the Regents.

Mr. Brostrom agreed with the importance of considering the experience of nonresident students. He commented that the State had been very generous with the University in its level of funding, including Cal Grants, compared with many other states. California had higher underrepresented minority high school completion rates than many states. He expressed his view that a 20 percent systemwide cap would be reasonable.

Chancellor Khosla assured the Regents that his campus had never displaced a California student with a nonresident student.

Mr. Chalfant requested that the Regents consider a plan for when the 20 percent systemwide cap would be reached and the implications for the campuses that would have nonresident enrollment below ten percent. He asked how faculty considering coming to those campuses would view the campuses' trajectories. He expressed his strong agreement with Regent Lansing's suggestion to establish a 20 percent cap per campus rather than systemwide.

Regent Elliott questioned why the Regents were even considering a policy, given the concerns expressed. Chair Lozano commented that the Board was working to incorporate the diverse views of various stakeholders to set a policy.

President Napolitano stated that the Budget Act required the University to establish a policy that would limit nonresident enrollment, although a cap was not required. She expressed her view that it was the fiduciary responsibility of the Regents to make the best decision possible based on evaluation of the data and the campuses' expressed needs. It was ultimately the Regents' responsibility to set the University's enrollment policy. The Legislature had required that the University adopt a policy by May 1, but had shown some flexibility; a policy would have to be set at the May meeting.

Regent Elliott added that the Budget Act required the University to establish a policy for nonresident enrollment in order to receive certain funding. The University could choose to forego that funding for increased enrollment and not set a policy.

## **7. UNIVERSITY OF CALIFORNIA OPERATING MODEL**

Executive Vice President and Chief Operating Officer Nava provided an overview of UC's operating model, management structure, and the ways in which UC's financial, operating, and academic models support the achievement of UC's missions. The discussion would highlight functions best achieved at the local level and ways in which the University leverages its scale in service of the system as a whole.

UC is a large, complex enterprise, with annual revenues of more than \$30 billion. Ms. Nava displayed a map of UC's main facilities in California, showing the breadth and depth of UC operations. UC has the leadership structure in place to run ten campuses, a statewide medical enterprise that is the fourth largest healthcare delivery system in California, management and oversight of three National Laboratories, 57 field stations managed by its Agriculture and Natural Resources group, and more than 750,000 acres of natural reserves. The work requires the commitment of more than 200,000 faculty and staff, making UC the third largest employer in California.

An entity of this size requires a flexible, yet strong, operational model, with effective communication and consistency in policy, and an environment that supports efficiency and innovation, shared governance, and a balance of autonomy and federation. The UC Office of the President (UCOP) delivers systemwide services to free up resources on UC campuses. Typically a program or service is centrally administered on behalf of the system based on one or more of the following criteria: to relieve an administrative burden for one or more locations; to achieve a significant strategic advantage or monetary savings; to gain economies of scale and scope; or to remedy inconsistent administration of a program that could expose the organization to unnecessary risk or increase administrative complexity.

Executive Vice President and Chief Financial Officer Brostrom explained how UC's financial operating model captures economies of scale and promotes campus collaboration. UC's centralized activities focus on areas that leverage its size and strength, while UC campuses use system tools to optimize their own campus budget and financial management. He cited key examples such as central management of more than \$18 billion of UC debt through three different credit structures, all rated AA. UC's overall borrowing rates are 3.86 percent for long-term debt, primarily fixed rate. No campus or medical center could achieve this on its own, and access to this low-cost financing is particularly important for UC's younger campuses. Asset management of working capital centrally enables the University to relieve campuses of their liquidity constraints. Campuses have been able to move as many assets as possible from the Short Term Investment Pool to the Total Return Investment Pool, producing higher returns for their working capital. Finally, insurance and risk management programs have been centrally managed for many years; the insurance program had been greatly enhanced by the creation of Fiat Lux, UC's captive insurance company, which would generate \$25 million in savings and new revenues in the coming year.

UC Davis Senior Associate Vice Chancellor Kelly Ratliff observed that UC campuses look to UCOP for expertise as they develop innovative solutions within their local regions. She cited the examples of AggieBuy that leverages systemwide procurement and programs to address deferred maintenance using low-cost debt from a Century Bond.

Ms. Nava added that UC's operating model allowed for campus innovation, while using the system to relieve common administrative burdens. For example, the UCOP systemwide Human Resources office administers a \$2 billion health and welfare benefit program for UC retirees. Through its collective purchasing power, UC is able to

maximize its vendor relationships to deliver affordable, high-quality benefits. The UCOP Office of Human Resources ensures that benefit programs are in compliance with University policies and State and federal regulations such as the Affordable Care Act. This work, if executed at every campus location, would be redundant and would cost significantly more. UCOP also operates the Retirement Administration Services Center, which provides retirement plan benefit payments in excess of \$1.7 billion annually to nearly 54,000 retirees. The combined purchasing power of UC's campuses is leveraged to establish a wholesale power program to improve campuses' ability to manage their energy supplies directly and lower the cost of carbon-free electricity. With 20 to 25 percent of the University's energy needs met through this program, campuses have decreased their carbon emissions and were paying less. UCOP also manages the University's participation in the Statewide Energy Partnership through which UC has received \$80 million in incentives from its utilities for campus projects and has avoided more than \$160 million in energy costs since 2004.

Ms. Ratliff explained ways in which UC campuses innovate and leverage the operating structure to their advantage. Five years ago, UC Davis opened a Shared Services Center, a transactional hub for human resources, payroll, and finance activities. In that period the campus increased transactions through the Center by one-third, and the number of campus units using the Center, while increasing staff at the Center by only one. The success of UC Davis' Shared Service Center would serve as a model for other campuses. UC Davis' crowd-sourcing energy efficiency application called TherMOOstat collects feedback from building users to help the campus find energy waste and adjust building services.

Provost Dorr stated that UC is unique among the nation's public higher education systems in that it expects all ten of its campuses to be elite research universities. Most systems have one or two flagship campuses, not ten. The shared expectations for UC campuses provide many opportunities to leverage scale and reduce redundancies.

Ms. Dorr described three examples of academic services provided centrally. ApplyUC is an online system for all applications for undergraduate admission to all campuses. Many financial aid processes are carried out at UCOP through a single Education Finance Model. These are examples of high-intensity, recurring processes that were once happening at all campuses, but are better conducted centrally. Core mission endeavors also leverage UC's scale, such as UC Observatories and the California Digital Library.

UC Irvine Provost Enrique Lavernia described single or multi-campus academic activities that are driven from the campus level, including a UCOP coordinated electronic system originally developed at UCLA for faculty to report and track outside professional activities. UC Irvine efforts to implement an online system to initiate academic recruitments and receive application materials were leveraged across all ten campuses. Through its Strategic Teaching Acquisition and Retention program, UCOP competitively awards low-interest loans for laboratory innovations and equipment specific to particular faculty recruitments and retention.

Executive Vice President Stobo commented that UC Health had championed the idea that, for certain selected activities, a coordinated, integrated, systemwide approach was more productive than having individual medical centers conduct these activities on their own. The goal was to perform these activities in a more efficient, higher-quality manner, and at a lower cost. UCOP supports this approach through: systemwide contracting with commercial and public payers; clinical enterprise strategic planning that expands and builds on each campus' strategic plan; cost reduction strategies; and clinical improvement through identifying and disseminating campus best practices. Dr. Stobo emphasized that the role of his office was not to identify which activities should be conducted on a systemwide basis, but rather to facilitate and support the integration, coordination, and implementation of the activities. A systemwide approach did not mean that the activity was centralized and located at UCOP. Provost Lavernia added that UC Irvine Medical Center works with other UC medical centers to leverage patient outcome data for best practices, for example by partnering with UC San Diego to host their electronic medical records together and coordinate on clinical services procurement.

Ms. Nava noted that comparing UC to other public university systems was challenging. She displayed a chart showing how UC compares with other systems in the types of services managed through a central office. UCOP plays a unique role in its scale, budget, and organizational structure. In many instances, UCOP manages operations that are managed for its peer institutions by state offices. For example, UCOP manages UC's retirement system unlike the California State University system, where CSU employees become members of CalPERS, which is administered by the State. Other functions unique to UCOP in comparison with peer institutions were operating an investment office; negotiating systemwide capital financing; managing three National Laboratories; administering financial aid, course articulation for high school and transfer students, and research and grant programs. Compared with other academic systems, UCOP delivers a distinctive set of functions, in types of services, scale of budget, and operations, helping the University leverage the scale of its ten campuses.

Mr. Brostrom added that this structure would become even more important in the future as the California economy continues to transform and more college graduates are needed to support emerging industries. Also, as California's population continues to grow and change, more high school graduates would qualify for UC. The University has provided tremendous benefits to the state through its current structure and the coming decades would require even more thoughtful innovation to meet the University's mission of education, research, and public service.

Regent Ortiz Oakley asked if the University was developing other economies of scale in the areas of teaching and learning that could drive down the cost of education, such as using online educational resources, reducing the cost of textbooks, increasing coordination between similar UC campus schools, for instance schools of engineering or medicine, and using predictive analytics to support student success. Ms. Dorr responded that a variety of activities increasingly bring the campuses together around particular topics such as data analytics, online teaching, and sharing best practices. That collaboration would continue. The University currently had a fairly large number of

online courses offered by one campus and available during the academic year to students systemwide without additional charges. These courses currently count for units, but work needs to be done to have them satisfy students' major requirements. Faculty Representative Chalfant added that bringing campus faculty together to create the major transfer pathways was a big accomplishment. Mr. Lavernia commented that in the prior academic year UC students took 3,900 online courses; in the current academic year, that number had doubled.

Chair Lozano commented that UC Health innovation was being driven by changes in the healthcare environment and the UC system could innovate in education by using the scale of its system. She challenged UC leaders to use this opportunity to consider the future direction of higher education. Questions of accountability and delivery of services would be important to consider and to review internally.

Ms. Nava noted President Napolitano's charge to UC leadership to examine the structures of the University as the educational environment changes. Mr. Brostrom cited the Merced 2020 Project as an example of a new process from which the whole University would learn.

## 8. **REPORT OF INTERIM, CONCURRENCE, AND COMMITTEE ACTIONS**

Secretary and Chief of Staff Shaw reported that, in accordance with authority previously delegated by the Regents, interim, concurrence, or committee action was taken on routine or emergency matters as follows:

### **Approvals Under Health Services Committee Authority**

A. At its March 3 meeting, the Health Services Committee approved the following recommendations:

- (1) *Salary Adjustment Using Non-State Funds for Johnese Spisso as President, UCLA Health System and Chief Executive Officer, UCLA Hospital System, Los Angeles Campus*

The following items in connection with the salary adjustment using non-State funds for Johnese Spisso, President, UCLA Health System and Chief Executive Officer, UCLA Hospital System, Los Angeles campus were approved:

- a. Per policy, continued appointment of Johnese Spisso as President, UCLA Health System and Chief Executive Officer, UCLA Hospital System, Los Angeles campus, at 100 percent time.
- b. Per policy, a market-based salary adjustment of 14 percent, increasing Ms. Spisso's base salary from \$876,000 to \$998,649.

- c. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan's (CEMRP) Short Term Incentive (STI) component, with a target award of 20 percent of base salary (\$199,730) and maximum potential award of 30 percent of base salary (\$299,595). Actual award will be determined based on performance against pre-established objectives.
  - d. Per policy, continued eligibility to participate in CEMRP's Long Term Incentive (LTI) component, with a target award of ten percent of base salary and a maximum potential award of 15 percent of base salary. As the LTI uses rolling three-year performance periods, the first possible award payout would be after the end of the 2018-19 Plan Year. Actual award will be determined based on performance against pre-established objectives.
  - e. Per policy, continued annual automobile allowance of \$8,916.
  - f. Per policy, continuation of a monthly contribution to the Senior Management Supplemental Benefit Program.
  - g. Per policy, continuation of standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability after five consecutive years of Senior Management Group service).
  - h. Per policy, continued eligibility to participate in the UC Home Loan Program, subject to all applicable program requirements.
  - i. Funding for this position will continue to come exclusively from UCLA Health revenues. No State or UC general funds will be used.
  - j. This action will be effective March 1, 2017.
- (2) ***Endorsement of Request for Budget and Design Approval for the Precision Cancer Medicine Building at Mission Bay, San Francisco Campus***

Endorsement of UCSF's proposed request to the Finance and Capital Strategies Committee at its March 2017 meeting for approval of the Precision Cancer Medicine Building, a new cancer outpatient building at Mission Bay, San Francisco campus.

**Approval Under Health Services Committee Delegated Authority**

- B. The Vice Chair of the Health Services Committee and the Executive Vice President – UC Health approved the following recommendation:
- (1) UCLA and UCLA Health be authorized to commit funding in the total amount of \$7.5 million over ten years for the design and implementation of a Family Resource & Well-Being Center and a Mental Health & Addictions Center (the “Centers”) in affiliation with the United States Department of Veterans Affairs (“DVA”) (the “Transaction”).
  - (2) The President of the University or her designee be authorized, after consultation with the Office of the General Counsel, to approve and execute any agreements reasonably required to implement the Transaction, including any subsequent agreements, modifications, or amendments thereto, provided that such agreements, modifications, amendments or related documents are materially consistent with the terms above, and do not otherwise materially increase the obligations of The Regents or materially decrease the rights of the Regents.

**9. REPORT OF MATERIALS MAILED BETWEEN MEETINGS**

On the dates indicated, the following were sent to the Regents:

**To the Regents of the University of California**

- A. From the President of the University, the UC Statement on President Trump’s Executive Order restricting the ability of UC students, scholars, and affiliates from certain countries to enter or return to the U.S. January 29, 2017.
- B. From the President of the University, the *Annual Report on the University Employee Housing Assistance Program* for fiscal year 2015-2016. January 31, 2017.
- C. From the Secretary and Chief of Staff, the Summary of Communications for January, 2017. February 7, 2017.
- D. From the President of the University, the 2016 *Annual Report on Debt Capital and External Finance Approvals*. February 15, 2017.
- E. From the President of the University, the *Annual Report on Major Capital Projects Implementation, Fiscal Year 2015-2016*. February 15, 2017.

The meeting adjourned at 1:30 p.m.

Attest:

Secretary and Chief of Staff

## **POLICY ON REVIEW OF ALLEGATIONS OF BOARD MEMBER MISCONDUCT**

This policy (“Policy”) provides procedures to address any allegation that a member of the Board of Regents (“Regent”) “has not fulfilled [his or her] duties as set forth in University Bylaws, policy or applicable law” and to “implement appropriate response(s) when such allegation is found to have merit” as required by Bylaw 21.11. This Policy concerns only the investigation of misconduct and the administration of sanctions, and it should not be interpreted as modifying or expanding the duties or responsibilities of a Regent as set forth in other University policies or Bylaws.

Section I addresses the Policy’s purpose and scope. Section II provides procedures for the investigation of alleged misconduct. Section III provides options for sanctions.

### **Section I – Introduction and General Policy**

#### ***1. Purpose***

The Board of Regents of the University of California (the “Board”) holds the University in trust for the people of the State of California. In this role, members of the Board are expected to conduct themselves ethically, honestly, and in a manner that strengthens the public’s trust and confidence; to exercise their powers and duties in the interest of the public, the University, and the Board; and to preserve and enhance the assets and reputation of the University for the education and betterment of current and future generations.

#### ***2. Applicability***

This Policy applies only to the eighteen gubernatorial-appointed Regents, the ex-officio Regents, and any non-student Regents-designate. The Policy does not apply to the Student Regent or any faculty representative or staff advisors to the Regents.

#### ***3. Free Speech and Academic Freedom***

Members of the University community enjoy significant free speech protections guaranteed by the First Amendment of the United States Constitution and Article I, Section I of the California Constitution. This Policy is intended to protect the reputation and integrity of the University, not to regulate protected speech. It is intended that the sanctions listed in this Policy be imposed and enforced for the protection of the University community and for the maintenance of the reputation and integrity of the University. No provision of this Policy shall be interpreted in a manner that results in a violation of any person’s rights of free speech and association or other fundamental rights.

## **Section II – Procedures for Investigation of Allegations and Imposition of Sanctions**

The Board shall have the authority to censure or sanction a Regent who is found by the Board to have violated the Regent’s fiduciary or ethical duties to the University.

In order for the Board to censure a Regent, the Regent must be found by a preponderance of the evidence to have violated the ethical principles or breached his or her duties as set forth in the University Bylaws, policy, or applicable law. Such a finding shall be made by the Board only after an investigation directed by the Office of the General Counsel. The Office of the General Counsel shall, as provided herein, consult with a three member panel (“the Regent panel”) comprising the Chair of the Board, the Vice Chair of the Board, and the Chair of the Governance and Compensation Committee; provided that, if one of the members of the panel cannot, in light of the allegations or for any other reason, appropriately serve, the other two members of the panel shall jointly select a third panel member. The investigation must include an opportunity for the Regent to respond to the allegations.

A Regent’s acts or omissions in his or her non-official capacity shall not be the basis for sanctions unless the acts or omissions (a) constitute a violation of the University’s Statement of Ethical Values and Standards of Ethical Conduct, the University’s Sexual Violence and Sexual Harassment Policy, or another policy that expressly applies to a Regent’s non-official conduct and (b) affect the University’s reputation, integrity, or policy objectives.

Any allegations, investigation, or proposed sanction of a Regent may be resolved informally at any time, following consultation with the Office of the General Counsel and with the approval of the Regent panel.

For the purposes of this Section, outside counsel may be used in the place of the Office of the General Counsel when good cause exists, as determined by unanimous vote of the Regent panel.

### ***1. Preliminary Review of Allegations***

When allegations of a Regent’s misconduct or breach of duties come to the attention of the Board or a member thereof, the allegations shall be forwarded to the Office of the General Counsel. The Office of the General Counsel shall promptly notify the accused Regent of the allegations and shall conduct a confidential preliminary investigation of the allegations. The preliminary investigation should be conducted in a manner designed to minimize any intrusion into the accused Regent’s personal or non-University affairs.

The Office of the General Counsel shall, with the concurrence of at least two of the three Regent panel members, initiate a formal investigation if, on the basis of its preliminary investigation, it finds (a) the allegations are plausible and not frivolous, (b) the alleged conduct, if substantiated, would constitute a breach of the Regent’s duties or responsibilities or otherwise be cause for sanctions, and (c) the allegations concern conduct by the Regent in his or her official capacity or conduct that affects the University’s reputation, integrity, or policy objectives. If either the preliminary investigation determines that these criteria are not satisfied or it is determined that it is not possible, based on the reasonable investigative methods available to the

Office of the General Counsel, to reach a conclusion, no further action shall be taken. The results of the preliminary investigation shall be treated as privileged and confidential to the extent permitted by law.

Where appropriate, the Office of the General Counsel shall provide a complainant with a written explanation of rights and available options for reporting to and/or notifying law enforcement or other campus authorities of the alleged misconduct.

## ***2. Investigation***

Upon determining that a formal investigation is warranted, the Office of the General Counsel shall, with the concurrence of at least two of the three Regent panel members, appoint an investigator who may or may not be a University employee (“Investigator”).

The appointed Investigator shall, at the direction of the Office of the General Counsel and consulting as appropriate with the Regent panel, gather information relevant to the allegations of misconduct or breach; afford the accused Regent an opportunity to respond to the allegations and comment on the information gathered; and make a written report of its review, findings, and recommendation (“Investigator’s Report”) within 90 days from the date of appointment, unless the Office of the General Counsel determines that circumstances warrant a longer period. The investigation should, to the extent reasonable in the circumstances, be conducted in a manner designed to minimize any intrusion into the accused Regent’s personal or non-University affairs.

The Investigator’s Report shall be treated as privileged and confidential to the extent permitted by law.

## ***3. Opportunity to Respond to the Investigator’s Findings***

Prior to finding a violation or breach of the University Bylaws, policy, or applicable law, the Investigator shall notify the accused Regent in writing of their intention to do so and the reasons therefor and shall invite the Regent to respond. Said notification will be delivered to the office and residence of the accused by registered mail. The Regent may respond, either in writing or in a personal conference, or both. Such response shall be within 14 days of the receipt of the notice. If there is a personal conference, the Regent and the Investigator shall each be entitled to bring a representative of their choice, including an attorney, to the conference.

Any written response by an accused Regent to the allegations shall become part of the formal record and shall be appended to the Investigator’s Report.

## ***4. Determination of Appropriate Sanctions***

The Investigator shall submit the Investigator’s Report, upon completion, to the Office of General Counsel and the Regent panel.

If the Investigator has determined by a preponderance of the evidence that the Regent violated the ethical principles or breached his or her duties as set forth in the University Bylaws,

policy or applicable law, the Office of the General Counsel shall, in consultation with the Regent panel, recommend an appropriate sanction and shall forward the Investigator's Report and the recommended sanction to the individual members of the Board. If the Investigator has concluded that the preponderance of the evidence standard is not met or that he or she lacks the ability to determine whether the preponderance of the evidence standard is met, no further action will be taken.

#### ***5. Board Consideration and Vote***

Upon receiving from the Office of the General Counsel the Investigator's Report and the recommended sanction, and unless the matter is resolved informally, the Board shall, at either a regularly or specially set meeting, vote on any proposed sanction.

Any sanction may be imposed only by majority vote of the Board, excluding the affected Regent, who may not participate in the vote.

#### ***6. Confidentiality***

All individuals affected by the investigation shall be accorded confidential treatment to the maximum extent possible, consistent with University policy and applicable law.

#### ***7. Required Communications***

If an investigation leads University officials to conclude that a crime has probably been committed, the results of the investigation shall be reported to the District Attorney or other appropriate law enforcement agency. The UC Police should be the conduit for communications with law enforcement agencies unless the Office of the General Counsel, in consultation with the Regent panel, in a particular situation determines a different communications strategy.

### **Section III – Types of Sanctions**

The types of sanctions that may be imposed on a Regent are as follows: written censure, removal or suspension from a committee assignment, revocation of University privileges, recusal from certain Board proceedings or decisions, or restitution.

More than one sanction may be imposed for a single act of misconduct, e.g., a letter of censure and removal from a committee assignment. The Board may remove or terminate a sanction, either automatically or by administrative discretion, in individual cases. The severity and type of sanction selected for a particular offense must be appropriately related to the nature and circumstances of the case.

Prior to the imposition of any sanction described below, the Board may waive or limit any or all sanctions on the condition that the accused Regent performs some specified action(s) designed to address the harm and/or to prevent future harm. Such actions may include, but are not limited to, monetary restitution, compliance with a commitment not to repeat the misconduct,

or other act to make whole injury caused by the Regent's misconduct or to prevent future misconduct.

If the imposition of a sanction is waived, the subsequent failure to perform the required act or otherwise comply with the conditions of the waiver will immediately subject the Regent to the implementation of the underlying sanction without an additional hearing. The authority to determine whether the Regent has complied with the conditions of the waiver rests with the Board.

### ***1. Written Censure***

The Board may convey a formal written expression of institutional rebuke that contains a brief description of the censured conduct. Written censure is to be distinguished from an informal written or spoken warning, and must be delivered confidentially to the recipient and maintained in a designated personnel file or files indefinitely or for a lesser period of time specified in the writing. Informal written or spoken warning is not an official disciplinary action.

### ***2. Removal or Suspension from Committee Activity***

The Board may remove or suspend a Regent from his or her position as a member, chair, or vice-chair of a committee or subcommittee. In the case of a suspension, the duration of the suspension shall be specified.

### ***3. Revocation of University Privileges***

The Board may revoke a Regent's University privileges such as access to University property, use of University administrative staff, or parking and library privileges. The degree and duration of the revocation shall be specified.

### ***4. Recusal from Certain Board Proceedings or Decisions***

The Board may recuse a Regent from participating in specified Board proceedings, including from voting on specified matters, where the subject matter of the vote relates to the allegations of misconduct or breach of duties or the Regent's participation would otherwise be inappropriate in light of the misconduct or breach of duties.

### ***5. Restitution***

In the appropriate case, the Board may require divestiture, restitution, or forfeiture as appropriate to remedy an official violation of University policy.

**Additions shown by underscoring; deletions shown by strikethrough**

REGENTS POLICY 3103

POLICY ON PROFESSIONAL DEGREE SUPPLEMENTAL TUITION\*

1. Professional Degree Supplemental Tuition (PDST) shall be assessed to students enrolled in designated graduate professional degree programs, as determined by The Regents, to sustain and enhance the quality of the professional schools' academic programs and services. in order to achieve and maintain excellence in the preparation of students for professional careers and effectively advance the mission and strategic academic plan of the graduate professional degree program charging a PDST.
  
2. ~~Revenue from Professional Degree Supplemental Tuition will remain with the campuses and will not be used to offset reductions in State support.~~
  2. Access and inclusion are among the University's core commitments, and affordability is a vitally important component of a public education system. Any initiation of, or increase in, PDST shall be justified by the programmatic and financial needs of the graduate professional degree program and must be considered in the context of the University's commitment to excellence, access, inclusion, and affordability.
    - a) The University is committed to ensuring the inclusion of diverse populations in its programs, including its graduate professional degree programs. In keeping with this commitment, each program proposing to charge PDST shall describe comprehensive strategies for the inclusion of diverse populations, consistent with Regents Policy 4400: Policy on University of California Diversity Statement.
    - b) Financial aid targeted for students enrolled in graduate professional degree programs is necessary to ensure access to the degree programs, to minimize financial barriers to the pursuit of lower-paying public interest careers, and to reduce restrictions on students' career options due to student debt. Each program proposing to charge PDST shall complement its proposed PDST plans with financial aid measures, such as scholarships, grants, and loan repayment assistance programs, to meet these goals adequately. Financial aid sources for students in the specified professional degree program should be supplemented by an amount equivalent to at least 33 percent of new Professional Degree Supplemental Tuition revenue or by an amount necessary to ensure that financial aid sources are equivalent to at least 33 percent of all Professional Degree Supplemental Tuition revenue.
  
3. ~~The President, in consultation with the Provost, shall submit for the Regents' approval Professional Degree Supplemental Tuition levels from the campuses, within the context of such multi-year plans as the Provost requires for each program. or his/her designee is responsible for ensuring that graduate professional degree programs engage in appropriate multi-year planning of PDST levels within the context of principles and goals expressed in this policy and do so in consultation with their graduate students, faculty,~~

and program and administrative leadership. The Provost will require a new multi-year plan for each program at least every five years.

~~4. The Provost is responsible for ensuring that the leadership of each campus engages in appropriate multi-year planning of Professional Degree Supplemental Tuition increases for each professional degree program in a manner that effectively advances the program's mission and strategic academic plan.~~

4. Each multi-year plan for charging a PDST shall be prepared by the campus, endorsed by the Chancellor, reviewed by the University Provost, and recommended to the Regents by the President. Each multi-year plan requires approval by the Regents in order to be implemented.

- a. The Provost shall establish the format for the submittal of a multi-year plan that effectively addresses the requirements of this policy. At a minimum, the multi-year plan shall address the following topics:
  - i. nature and purpose of the graduate professional degree program charging the PDST,
  - ii. proposed PDST level for each year of the plan,
  - iii. uses of PDST funds, particularly their contributions to ensuring excellence, access, inclusion, and affordability for the graduate professional degree program,
  - iv. identification of the program's set of public and private comparators, and analysis of the graduate professional degree program in relation to its comparators,
  - v. assessment of the graduate professional degree program's uses of PDST funds and performance during the current multi-year plan with respect to excellence, access, inclusion, and affordability, and
  - vi. substantive consultation with students and faculty about the plan, which may be obtained in a variety of ways.
- b. The proposed PDST level for each year of the plan shall be well-justified by demonstrated programmatic needs of the program charging PDST during the period of the multi-year plan and consistent with the University's commitments to excellence, access, inclusion, and affordability.
- c. The actual annual PDST levels in the approved multi-year plan shall be considered to have been approved at the time the multi-year plan was approved. A PDST level less than that approved in the multi-year plan shall also be considered to have been approved at the time the multi-year plan was approved. In order to charge a PDST greater than that in the approved plan, a new multi-year plan with the desired PDST in the first year shall be prepared and approved.

~~5. Each professional degree program shall submit a Professional Degree Supplemental Tuition plan to the Provost, pursuant to a submission schedule communicated to the program by the Provost. At a minimum, the Provost will require a multi-year plan (i) for each program for which Professional Degree Supplemental Tuition is proposed to be newly assessed; (ii) for each program that proposes Professional Degree Supplemental Tuition that exceeds the amount proposed in its most recent multi-year plan; and (iii) for each program, at least every three years. In developing a program's multi-year plan, the following factors are among those to be taken into consideration: the amount of resources required to sustain academic quality at, and enrollments in, the particular professional degree program; the ability of the program to remain competitive with other institutions of similar quality; the cost of education for each specific degree program; the resident and nonresident tuition and fees charged by comparable public and private institutions for each specific program; and other market-based factors (such as scholarship and grant support) that permit the degree program to compete successfully for students. Within this context, different Professional Degree Supplemental Tuition levels may be set for professional programs in the same discipline at different campuses.~~

5. Multi-year plans shall be approved within a time frame that supports adequate planning and preparation for both students and their graduate professional degree program.

~~6. Financial aid targeted for students enrolled in professional degree programs is necessary to ensure access to the degree program, and to minimize financial barriers to the pursuit of careers in public service. The Provost is responsible for ensuring that each campus complements its proposed multi-year plans for professional degree programs with financial aid measures, including scholarships, grants and loan repayment assistance programs, to adequately meet these goals. Financial aid sources should be supplemented by an amount equivalent to at least 33 percent of new Professional Degree Supplemental Tuition revenue or by an amount necessary to ensure that financial aid sources are equivalent to at least 33 percent of all Professional Degree Supplemental Tuition revenue. Campuses will regularly evaluate and report on the effectiveness of these financial aid measures.~~

6. All proposals to charge PDST for the first time in 2018-19 or later shall be considered under this policy. The President is authorized to develop a transition plan for all other graduate professional degree programs that assess PDST, such that by 2020-21, all proposals to either establish or adjust PDST charges shall be considered under this policy.

~~7. The following conditions are adopted for future Professional Degree Supplemental Tuition increases:~~

- ~~a.—Access and inclusion are among the University's core commitments, and student affordability is a vitally important component to a public education system. Any increases in Professional Degree Supplemental Tuition must be justified by programmatic and financial needs, but also must not adversely affect the University's commitment to access, inclusion, and keeping the door open for students interested in pursuing low-paying public interest careers.~~

- ~~b. With this sentiment in mind, if a professional school unit wishes to propose a Professional Degree Supplemental Tuition increase greater than 6 percent or in excess of the percentage increase in Tuition for a given year, it must submit a plan, endorsed by its chancellor, describing academic and/or programmatic reasons for the requested increase and describing policies to ensure or enhance access and inclusion in the face of the rising charges.~~
- ~~e. Each plan should consider the following (including expenditure projections, design parameters, and performance metrics) components:
  - ~~i. Front end financial aid such that needy students are able to pursue their academic and summer interests without regard to financial considerations.~~
  - ~~ii. Loan forgiveness programs (or some equivalent alternative program) for, among others, students interested in pursuing low paying public service jobs such that their debt from professional school does not unduly restrict their career decision.~~
  - ~~iii. A strategy for inclusion of underrepresented groups.~~
  - ~~iv. A detailed marketing and outreach plan to explain financial aid and loan forgiveness.~~~~
- ~~d. Each unit's Professional Degree Supplemental Tuition plan shall also include:
  - ~~i. Assurances that in any program directly supported by State 19900 funds, the total in state tuition and fees charged will be at or below the total tuition and/or fees charged by comparable degree programs at other comparable public institutions.~~
  - ~~ii. Information as to the views of the unit's student body and faculty on the proposed increase. This information may be obtained in a variety of ways ranging from consultations with elected student leaders and faculty executive committees to referenda. The information would be treated as advisory, but The Regents would view more favorably Professional Degree Supplemental Tuition proposals that enjoy the support of a unit's faculty and student body.~~~~
- ~~e. The Provost will provide further guidance and coordination as needed to the campuses and to elements of the Office of the President, and coordinate submission of the Professional Degree Supplemental Tuition proposals to The Regents for annual action. Chancellors will carefully review Professional Degree Supplemental Tuition proposals and the supporting plans concerning financial aid, loan forgiveness, outreach, evaluation, and implementation of corrective measures if needed (such as a Professional Degree Supplemental Tuition rollback, freeze, limit on future increases, or other financial and/or non-financial measures), and forward the Professional Degree Supplemental Tuition proposals as revised to the Office of the President.~~
- ~~f. Upon request of a professional program, with the concurrence of the Chancellor, the President, in consultation with the Provost, may consider and is authorized~~

~~to reduce Professional Degree Supplemental Tuition for specific programs as the President deems appropriate and shall report those actions to the Regents.~~

\*Nothing in this policy constitutes a contract, an offer of a contract, or a promise that any tuition or fees ultimately authorized by The Regents will be limited by any term or provision of this policy. The Regents expressly reserve the right and option, in its absolute discretion, to establish tuition or fees at any level it deems appropriate based on a full consideration of the circumstances, and nothing in this policy shall be a basis for any party to rely on tuition or fees of a specified level or based on a specified formula.

~~REGENTS POLICY 3104  
PRINCIPLES UNDERLYING THE DETERMINATION OF FEES FOR STUDENTS OF  
PROFESSIONAL DEGREE PROGRAMS \*~~

- ~~1. The Regents approve professional school fees according to such multi-year plans as the Provost requires for each program.~~
- ~~2. The Regents adopt the principle that different professional programs in the same discipline at different campuses may have fees set at different levels; and that in doing so, The Regents confirm the commitment to maintaining a single fee level for in-state undergraduate students for all campuses across the system, a single fee level for out-of-state undergraduate students for all campuses across the system, a single fee level for in-state graduate academic students for all campuses across the system, and a single fee level for out-of-state graduate academic students for all campuses across the system.~~
- ~~3. It is the policy of The Regents that State support for professional schools should not decline, in the event that professional differential fees increase.~~
- ~~4. The Regents endorse the critical importance of campus plans for targeted financial aid for students in professional degree programs to assure access and to minimize financial barriers to the pursuit of careers in public service; The Regents charge the Provost with ensuring that each campus complements its proposed professional degree fee policies with such financial aid measures, including scholarships and loan forgiveness; and that the effectiveness of such programs be evaluated regularly.~~
- ~~5. The Regents charge the Provost with ensuring that the leadership of each campus designs its proposed professional degree fees in a manner that effectively advances the mission and strategic academic plan of each program.~~

~~\*Nothing in this policy constitutes a contract, an offer of a contract, or a promise that any fees ultimately authorized by The Regents will be limited by any term or provision of this policy. The Regents expressly reserves the right and option, in its absolute discretion, to establish fees at any level it deems appropriate based on a full consideration of the circumstances, and nothing in this policy shall be a basis for any party to rely on fees of a specified level or based on a specified formula.~~

**Additions shown by underscoring; deletions shown by strikethrough**

**REGENTS POLICY 7401: THE FACULTY CODE OF CONDUCT AND THE UNIVERSITY POLICY ON FACULTY CONDUCT AND THE ADMINISTRATION OF DISCIPLINE**

This policy is the Faculty Code of Conduct and University Policy on Faculty Conduct and the Administration of Discipline as set forth in Academic Personnel Manual Sections 015 (APM - 015) and 016 (APM - 016). It is the intent of the Faculty Code of Conduct to protect academic freedom, to help preserve the highest standards of teaching and scholarship, and to advance the mission of the University as an institution of higher learning.

The Faculty Code of Conduct (1) sets forth the responsibility of the University to maintain conditions and rights supportive of the faculty's pursuit of the University's central functions, (2) defines normative conditions for faculty conduct and sets forth types of unacceptable faculty conduct subject to University discipline, and (3) makes recommendations and proposes principles and guidelines to ensure the development of fair procedures for enforcing the Code.

University Policy on Faculty Conduct and the Administration of Discipline defines the conditions under which specific types of disciplinary sanctions may be imposed and the procedures for imposition of disciplinary sanctions.

This policy is the Faculty Code of Conduct, as approved by the Assembly of the Academic Senate on June 15, 1971, and amended by the Assembly on May 30, 1974, and with amendments approved by the Assembly on March 9, 1983, May 6, 1986, May 7, 1992, October 31, 2001, May 28, 2003, and June 12, 2013, and by The Regents on July 18, 1986, May 15, 1987, June 19, 1992, November 15, 2001, July 17, 2003, and July 18, 2013. In addition, technical changes were made September 1, 1988.

Additional policies regarding the scope and application of the Faculty Code of Conduct and the University's policies on faculty conduct and the administration of discipline are set forth in APM - 015, The Faculty Code of Conduct, and APM - 016, the University Policy on Faculty Conduct and the Administration of Discipline.

**Additions shown by underscoring; deletions shown by strikethrough**

**ACADEMIC PERSONNEL MANUAL SECTION 015 –  
THE FACULTY CODE OF CONDUCT**

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**Part II – Professional Responsibilities, Ethical Principles,  
and Unacceptable Faculty Conduct**

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**II.A. Teaching and Students**

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**Types of unacceptable conduct:**

1. Failure to meet the responsibilities of instruction, including:
  - (a) arbitrary denial of access to instruction;
  - (b) significant intrusion of material unrelated to the course;
  - (c) significant failure to adhere, without legitimate reason, to the rules of the faculty in the conduct of courses, to meet class, to keep office hours, or to hold examinations as scheduled;
  - (d) evaluation of student work by criteria not directly reflective of course performance;
  - (e) undue and unexcused delay in evaluating student work.
2. Discrimination, including harassment, against a student on political grounds, or for reasons of race, color, religion, sex, sexual orientation, gender, gender expression, gender identity, ethnic origin, national origin, ancestry, marital status, pregnancy, physical or mental disability, medical condition (cancer-related or genetic characteristics), genetic information (including family medical history), or service in the uniformed services as defined by the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), as well as state military and naval service, or, within the limits imposed by law or University regulations, because of age or citizenship or for other arbitrary or personal reasons.
3. Sexual violence and sexual harassment, as defined by University policy, of a student.
34. Violation of the University policy, including the pertinent guidelines, applying to nondiscrimination against students on the basis of disability.

45. Use of the position or powers of a faculty member to coerce the judgment or conscience of a student or to cause harm to a student for arbitrary or personal reasons.

56. Participating in or deliberately abetting disruption, interference, or intimidation in the classroom.

67. Entering into a romantic or sexual relationship with any student for whom a faculty member has, or should reasonably expect to have in the future,<sup>1</sup> academic responsibility (instructional, evaluative, or supervisory).

78. Exercising academic responsibility (instructional, evaluative, or supervisory) for any student with whom a faculty member has a romantic or sexual relationship.

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### C. The University

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#### **Types of unacceptable conduct:**

1. Intentional disruption of functions or activities sponsored or authorized by the University.
2. Incitement of others to disobey University rules when such incitement constitutes a clear and present danger that violence or abuse against persons or property will occur or that the University's central functions will be significantly impaired.
3. Unauthorized use of University resources or facilities on a significant scale for personal, commercial, political, or religious purposes.
4. Forcible detention, threats of physical harm to, or harassment of another member of the University community, that interferes with that person's performance of University activities.
5. Discrimination, including harassment, against University employees or individuals seeking employment; providing services pursuant to a contract; or applying for or engaged in an unpaid internship, volunteer capacity, or training program leading to employment on political grounds, or for reasons of race, color, religion, sex, sexual orientation, gender, gender expression, gender identity, ethnic origin, national origin, ancestry, marital status, pregnancy, physical or mental disability, medical condition (cancer-related or genetic characteristics), genetic information (including family medical history), or service in the uniformed services as defined by the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), as well as state military

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<sup>1</sup> A faculty member should reasonably expect to have in the future academic responsibility (instructional, evaluative, or supervisory) for (1) students whose academic program will require them to enroll in a course taught by the faculty member, (2) students known to the faculty member to have an interest in an academic area within the faculty member's academic expertise, or (3) any student for whom a faculty member must have academic responsibility (instructional, evaluative, or supervisory) in the pursuit of a degree.

and naval service, or, within the limits imposed by law or University regulations, because of age or citizenship or for other arbitrary or personal reasons.

6. Sexual violence and sexual harassment, as defined by University policy, of another member of the University community.
67. Violation of the University policy, including the pertinent guidelines, applying to nondiscrimination against employees on the basis of disability.
78. Serious violation of University policies governing the professional conduct of faculty, including but not limited to policies applying to research, outside professional activities, conflicts of commitment, clinical practices, violence in the workplace, and whistleblower protections.

**D. Colleagues**

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**Types of unacceptable conduct:**

1. Making evaluations of the professional competence of faculty members by criteria not directly reflective of professional performance.
2. Discrimination, including harassment, against faculty on political grounds, or for reasons of race, color, religion, sex, sexual orientation, gender, gender expression, gender identity, ethnic origin, national origin, ancestry, marital status, pregnancy, physical or mental disability, medical condition (cancer-related or genetic characteristics), genetic information (including family medical history), or service in the uniformed services as defined by the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), as well as state military and naval service, or, within the limits imposed by law or University regulations, because of age or citizenship or for other arbitrary or personal reasons.
3. Sexual violence and sexual harassment, as defined by University policy, of another member of the University community.
34. Violation of University policy, including the pertinent guidelines, applying to nondiscrimination against faculty on the basis of disability.
45. Breach of established rules governing confidentiality in personnel procedures.

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### Part III – Enforcement and Sanctions

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- A. In the development of disciplinary procedures, each Division must adhere to the following principles:
1. No disciplinary sanction for professional misconduct shall be imposed by the administration except in accordance with specified campus procedures adopted after appropriate consultation with agencies of the Academic Senate, as prescribed in the introduction to this part of the Code. Systemwide procedures for the conduct of disciplinary hearings are set forth in Academic Senate Bylaw 336.
  2. No disciplinary sanction shall be imposed until after the faculty member has had an opportunity for a hearing before the Divisional Committee on Privilege and Tenure, subsequent to a filing of a charge by the appropriate administrative officer, as described in Academic senate Bylaw 336.
  3. The Chancellor is deemed to know about an alleged violation of the Faculty Code of Conduct when it is reported to any academic administrator at the level of department chair or above. Additionally, for an allegation of sexual violence or sexual harassment, the Chancellor is deemed to know about an alleged violation of the Faculty Code of Conduct when the allegation is first reported to any academic administrator at the level of department chair or above or the campus Title IX Officer. The Chancellor must initiate related disciplinary action by delivering notice of proposed action to the respondent no later than three years after the Chancellor is deemed to ~~No disciplinary action may commence if more than three years have passed between the time when the Chancellor knew or should have known about the alleged violation of the Faculty Code of Conduct and the delivery of the notice of proposed disciplinary action. There is no limit on the time within which a complainant may report an alleged violation.~~
  4. The Chancellor may not initiate notice of proposed disciplinary action unless there has been a finding of *probable cause*. The *probable cause* standard means that the facts as alleged in the complaint, if true, justify the imposition of discipline for a violation of the Faculty Code of Conduct and that the Chancellor is satisfied that the University can produce credible evidence to support the claim. In cases where the Chancellor wants a disciplinary action to proceed, the Divisional hearing committee must hold a hearing and make findings on the evidence presented unless the accused faculty member settles the matter with the Chancellor prior to the hearing or explicitly waives his or her right to a hearing.

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B. In the development of disciplinary procedures, it is recommended that each Division adhere to the following principles:

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4. There should be provision for early resolution~~informal disposition~~ of allegations of faculty misconduct before formal disciplinary proceedings are instituted. Procedures should be developed for mediation of cases where mediation is viewed as acceptable by the Chancellor and the faculty member accused of misconduct. Mediators should be trained in mediation, be regarded as neutral third parties and have experience in the University environment. In cases where a settlement resolving disciplinary charges is entered into after a matter has been referred to an Academic Senate committee, the Chancellor is encouraged to consult with the Chair of the Divisional Committee on Privilege and Tenure prior to finalizing the settlement.

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**Additions shown by underscoring; deletions shown by strikethrough**

**ACADEMIC PERSONNEL MANUAL SECTION 016 – UNIVERSITY POLICY ON FACULTY CONDUCT AND THE ADMINISTRATION OF DISCIPLINE**

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**Section II – Types of Disciplinary Sanctions**

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**6. Dismissal from the Employ of the University**

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A Chancellor is authorized to initiate involuntary leave with pay prior to, or at any time following, the initiation of a disciplinary action if it is found that there is a strong risk that the accused faculty member's continued assignment to regular duties or presence on campus will cause immediate and serious harm to the University community or impede the investigation of his or her wrongdoing, or in situations where the faculty member's conduct represents a serious crime or felony that is the subject of investigation by a law enforcement agency. When such action is necessary, it must be possible to impose the involuntary leave swiftly, without resorting to normal disciplinary procedures. In rare and egregious cases, a Chancellor may be authorized by special action of The Regents to suspend the pay of a faculty member on involuntary leave pending a disciplinary action. This is in addition to the Chancellor's power to suspend the pay of a faculty member who is absent without authorization and fails to perform his or her duties for an extended period of time, pending the resolution of the faculty member's employment status with the University. Thereafter, the faculty member may grieve the decision to place him or her on involuntary leave pursuant to applicable faculty grievance procedures. The Divisional Committee on Privilege and Tenure shall handle such grievances on an expedited basis if so requested by the faculty member; the Committee may recommend reinstatement of pay and back pay in cases where pay status was suspended. However, wWithin ~~10~~ 5 (five) working days after the imposition of involuntary leave, the Chancellor must explain to the faculty member in writing the reasons for the involuntary leave including the allegations being investigated and the anticipated date when charges will be brought, if substantiated.

Every such document must include the following statements: (1) the Chancellor has the discretion to end the leave at any time if circumstances merit; (2) the involuntary leave will end either when the allegations are resolved by investigation or when disciplinary proceedings are concluded and a decision has been made whether to impose disciplinary sanctions; and (3) the faculty member has the right to contest the involuntary leave in a grievance proceeding that will be handled on an expedited basis, if so requested by the faculty member. and initiate disciplinary procedures by bringing charges against the faculty member on leave. Thereafter, the faculty member may grieve the decision to place him or her on involuntary leave pursuant to applicable faculty grievance procedures. The Divisional Committee on Privilege and Tenure shall handle such grievances on an expedited basis and may recommend reinstatement of pay and back pay in cases where pay status was suspended.

# University of California



## Ethics and Compliance Program Plan

### INTRODUCTION

The University of California (UC) Board of Regents launched an initiative in October, 2007 to create and maintain a comprehensive Ethics and Compliance Program for UC. The voluntary implementation of an ethics and compliance program provides a foundation for UC to proactively demonstrate its adherence to its mission, as well as its commitment to ensure good stewardship of federal, state and private resources. The Regents approved the original Ethics and Compliance Program Plan in 2008 that provided structure and guidance for the Program's implementation. This document provides an update of that original Plan and the Regents affirmation of its support for this program.

### MISSION

The UC Ethics and Compliance Program ("Program") enhances the University's duty to perform its public responsibilities in an ethics and compliance-based environment where applicable legal, regulatory, Regental and UC policy, and other compliance requirements are followed and in which the public trust is maintained.

### FUNCTIONS

The UC Office of Ethics, Compliance and Audit Services provides direction, guidance and resource references to each UC location on how to optimize ethical and compliant behavior through an effective Program. Additionally, it provides relevant, timely, independent and objective assurances and advisory services to the UC

community, including campus and the Office of the President senior leadership and the Board of Regents.

## **ROLE of the BOARD of REGENTS**

An effective and robust Program adds valuable support to UC's mission of teaching, research, and public service excellence, and ensures that the public trust is maintained. However, to maximize the value and effectiveness of the Program, it is critical that senior leadership at each University location and the Board of Regents become active participants in executing the Program and the continued strengthening and enrichment of the Program.

Effectiveness of an ethics and compliance program is dependent upon the "tone at the top". Regental engagement in the development and oversight of the Program sends an unequivocal message that UC is resolute about "doing the right thing" and protecting the interests of the students, faculty and public. The Regents, in collaboration with the SVP/Chief Compliance and Audit Officer, set the tone from the highest governing level of the organization and create the momentum to drive the Program forward. This oversight by the Regents aligns with best practices across industry and guidance from Federal agencies.

Generally, board members have three primary fiduciary responsibilities to the organizations of which they are members. These duties are: duty of care, duty of loyalty and duty of obedience to purpose. Under cases such as *In re Caremark International Inc. Derivative Litigation* (1996) 698 A.2d 959 and *Stone v. Ritter* (2006) 911A.2d 362, the courts have established that board members of an organization must oversee the activities of their organization's ethics and compliance program. In particular, board members must assure that an effective program exists, that reporting systems are adequate to bring material compliance information to their attention in a timely manner, and that the program has the resources needed to be effective. Therefore, the Board's engagement, as well as understanding of high-level compliance risk areas and applicable action taken to prevent, detect and remediate those risks, is critical for the success and growth of the Program. In 2016, in what is known as the "Yates Memo," <https://www.justice.gov/dag/file/769036/download>, the Department of Justice reinforced that individual board members should be held accountable for any proven misconduct by the organization. Thus, the involvement of the UC's Board of Regents in the Ethics and Compliance Program is appropriate and necessary to comply with best practice and guidance from the Department of Justice.

The SVP/Chief Compliance and Audit Officer is an Officer of the Regents and reports to the Regents through the *Committee on Compliance and Audit*. A key element of the role of the SVP/Chief Compliance and Audit Officer is to assure the Regents that compliance controls exist in high risk compliance areas of UC operations and mechanisms to support UC's strategic goals. The Regents would look to this role to:

assist with education on compliance risks; report on performance metrics of the Program; assess high priority risks to UC; and assess and evaluate management's response to mitigating high priority risks. In addition to reporting directly to the Regents, the SVP/Chief Compliance and Audit Officer has a direct reporting role to the President. As such, the SVP/Chief Compliance and Audit Officer not only has the reporting relationship necessary to ensure the Regents are regularly updated on the efforts of the Program, but also the ability to address significant ethics and compliance issues directly with the Board. This direct line of access ensures that the Board will meet its duty of care obligation and provides an open line of communication that instills public confidence and trust that UC is committed to ethics and compliance at the highest levels.

## **ETHICS & COMPLIANCE PROGRAM PLAN**

The Program has been designed to promote adherence to standards of conduct and to ensure compliance with legal, regulatory, Regental and UC policies that govern all aspects of UC operations *including but not limited to* the following:

1. Assisting the campuses in the development of policies, procedures and internal controls that help to reduce compliance risks in all aspects of UC operations, including but not limited to the following:
  - a. Conduct of the "agents" of UC related to our business and in carrying out UC's mission
  - b. Health Sciences, i.e.: reimbursement, quality of care, program initiatives and consistencies in operations and care standards, vendor relations, etc.
  - c. Research Compliance, i.e.: human subjects, animal care, IRB matters, administration, extramural funds accounting, contracts and grants, conflict of interest/commitment, time and effort reporting, etc.
  - d. Student Financial Aid Services, i.e.: vendor relationships, accounting and management, etc.
  - e. Human Resources, i.e.: Equal Employment Opportunity and Affirmative Action, Title IX compliance, immigration and employment eligibility, labor relations, Family and Medical Leave Act (FMLA), Americans with Disabilities Act (ADA), executive compensation and benefits, etc.
  - f. Campus Safety, i.e., Clery Act, sexual violence/sexual assault regulations and training, the Child Abuse and Neglect Reporting Act (CANRA), etc.
  - g. Financial areas, i.e.: appropriate allocation of monies, investment compliance, travel and expenses, payroll, etc.
  - h. Records retention and disposition
  - i. Information Technology, Privacy and Information Security, i.e.: protection of health information, protection of personal identifiable

- information, protection of financial information, cybersecurity, technical and administrative and Cybersecurity.
- j. Intellectual Property, i.e.: licensing, export control, copyright, etc.
  - k. Environmental Health & Safety, i.e.: radiation safety, biosafety, chemical safety, security, hazardous waste management, air and water permits, etc.
  - l. International activities, i.e., export control, Foreign Corrupt Practices Act (FCPA), data security, etc.
2. Establishment of communication methodologies to effectively disseminate compliance policies to administrative and academic employees;
  3. Development and implementation of a comprehensive reporting and compliance tracking mechanism for academic and administrative employees to report suspected violations of UC policies or regulatory obligations without fear of reprisal and which ensures the prompt investigation of all appropriate reports of alleged violations;
  4. Development and implementation, with consideration of campus culture, of training programs, including mandatory training, utilizing the most appropriate methodologies to reach all constituent audiences to ensure that UC policies are clearly understood and faculty and staff are able to carry them out effectively;
  5. Ensuring the development and implementation of ongoing audit and monitoring activities that span the scope of UC functions to assess the effectiveness of internal controls and monitor compliance with applicable UC policies and applicable standards of practice and regulatory obligations; and
  6. Development and implementation of an effective system to reinforce individual accountability and responsibility for ensuring compliance to UC policies and/or regulatory obligations by the administration of equitable disciplinary actions commensurate with the severity of the infraction.

## **STANDARDS OF ETHICAL CONDUCT**

In May 2005, the Regents adopted a Statement of Ethical Values and Standards of Ethical Conduct applicable to all UC operations. The University of California also has codes of conduct which apply to specific constituents, i.e.: faculty, health sciences, staff, and students which guide them in carrying out daily activities within appropriate ethical and legal standards. These codes, the Program and related policies and procedures codify UC's commitment to compliance with legal, regulatory, Regental Policies, UC Policies, and other compliance requirements.

## **COMPLIANCE COMMUNICATION STRUCTURE**

Communication will flow from key compliance risk areas within the UC locations (campuses (10), Lawrence Berkeley National Laboratory (1), UCOP (including UCDC) (1) and ANR (1)) to the diverse and comprehensive Campus Ethics and Compliance Risk Committees ("Committees"), comprised of senior leadership responsible for the compliance efforts across the campuses and the health science areas, as well as Academic Senate representation. Campuses with medical centers/health science areas may have additional ethics and compliance risk committees for "campus" and "medical centers" and these committees should work to coordinate their work. Each Compliance Committee is chaired by a senior leader of the campus/medical center and/or the designated Campus Ethics and Compliance Officer (CECO) or Chief Compliance Officer for the Medical Center. Each Committee will assure that high risk compliance priorities for the campus and medical center are addressed and will provide regular communications to the UC Compliance Risk Council related to their location's compliance activities.

A University-wide Ethics and Compliance Risk Council ("Council") will be comprised of the campus CECOs and medical center Chief Compliance Officers, as well as other university-wide leadership and faculty representatives. Communication to and from the Campus Ethics and Compliance Committees and Council will be facilitated through the CECOs, the Chief Compliance Officers from the medical centers, and the SVP/Chief Compliance and Audit Officer. The Council will be chaired by the SVP/Chief Compliance and Audit Officer.

In addition, compliance issues will be reviewed and discussed as necessary in the President's Advisory Group (PAG). The SVP/Chief Compliance and Audit Officer is a standing member of PAG and will be responsible for raising and reporting compliance issues to the senior leadership in the Office of the President.

The SVP/Chief Compliance and Audit Officer will provide communication, metrics reports and updates to the Regents through the Board's Compliance and Audit Committee, unless it is determined that the full Board is required for a communication or report.

## **UC ETHICS & COMPLIANCE RISK COUNCIL-- CHARTER**

The Council will be chaired by the SVP/Chief Compliance and Audit Officer and will include the CECOs/Chief Compliance Officers, representatives from campus senior leadership, Office of the President leadership, and the Academic Senate. The Council will meet regularly to provide oversight and advisory services to the UC

system on the Program and compliance risk areas. The Council will be charged with the following, including but not limited to:

- Providing oversight for and advice relating to the UC-wide implementation and ongoing process of the Program;
- Sharing campus information and tools for system-wide use in identifying and mitigating high risk compliance areas in the system;
- Monitoring the compliance environment, including the Systemwide Compliance Plan approved by the Regents, as it relates to the UC enterprise performance metrics;
- Making recommendations on compliance policies and best practices to be implemented at the system-wide level; and,
- Facilitating submission of campus updates and annual reports to the SVP/Chief Compliance and Audit Officer for inclusion in regular compliance reports to the Regents.

## **CAMPUS ETHICS & COMPLIANCE RISK COMMITTEE-- CHARTER**

Each Campus/Location and Medical Center compliance and ethics committee will provide Program oversight and will be advisory to the SVP/Chief Compliance and Audit Officer. The Campus/location and/or Medical Center Committee will comprise senior campus leadership responsible for various areas of campus compliance risks including internal audit, risk services, academic leadership, research, and one or more members of the UC Office of Ethics, Compliance and Audit Services. The location's Committee will be chaired by a Senior Leader and/or the CECO and/or Chief Compliance Officer. The Committee will be charged with the following, including but not limited to:

- Responsibility and support for overall Program including implementation, performance metrics and ongoing processes of the Program;
- Conducting an annual risk assessment process leading to the development of a compliance plan for each location;
- Developing risk assessment tools for campus use in identifying and mitigating high risk compliance areas;
- Advising on the need for campus-specific guidance documents, education materials, and training courses, monitoring the compliance environment as it

relates to specific risk areas and recommending compliance policies and best practices for system-wide implementation; and,

- Reporting compliance risk areas of high priority and proposed risk mitigation activities to the Council, both on an ad hoc basis, and through updates and annual campus compliance reports.

## • **PRESIDENT'S ADVISORY GROUP (PAG)**

The President's Advisory Group (PAG) is a regularly occurring meeting of the President and senior leaders at the Office of the President. During these PAG meetings, compliance issues will be reviewed and discussed as necessary. The SVP/Chief Compliance and Audit Officer is a standing member of PAG and will be responsible for raising and reporting compliance issues to the senior leadership in the Office of the President.

## **CAMPUS ETHICS & COMPLIANCE OFFICER--ROLE DESCRIPTION**

The CECO for the campus and the Chief Compliance Officer for the medical center are senior leaders with appropriate authority to carry out the required duties and responsibilities of a compliance officer. These positions provide facilitation/leadership to the campus and/or medical center community on communication of compliance risks and, where appropriate, advice and counsel to the Chancellor and senior management on matters of compliance and advice on ethical standards of practice. Reporting to the Chancellor and to the SVP/Chief Compliance and Audit Officer, the CECO and Chief Compliance Officer will have independent authority and autonomy necessary to objectively provide a review and evaluation of compliance issues within all levels and in all subdivisions, subsidiaries and holdings of the campus. The CECO and Chief Compliance Officer will be a role model and champion for ethical and compliant conduct throughout the UC community. Specific duties of the CECO and Chief Compliance Officer include but are not limited to:

- Advising the Chancellor and the UC Office of Ethics, Compliance and Audit Services on the development, dissemination and implementation of an appropriate compliance infrastructure with performance metrics that are designed to detect and prevent non-compliant or unethical conduct throughout the campus and/or medical center.

- Facilitating a compliance risk assessment process and development of an annual compliance plan and annual compliance report for the location.
- Working with senior leadership from the location and the Committee designed to provide oversight, assistance and direction to the CECO and/or Chief Compliance Officer on the operation of and communication around the campus-wide or medical center-wide Program.
- Serving as a campus representative at the Council meetings.
- Coordinating ethics and compliance activities and Program initiatives with the Chancellor and/or Chief Executive Officer of the Medical Center and SVP/Chief Compliance and Audit Officer.

## **AUDITING AND MONITORING**

The auditing function and certain monitoring activities of the Program will be conducted by the UC Internal Auditors at each of the respective campuses and Lawrence Berkeley National Laboratory. The SVP/Chief Compliance and Audit Officer will lead an annual risk assessment for compliance and internal audit and determine the high-risk priorities for the audit and compliance auditing and monitoring plan from a system-wide perspective. Each campus will also provide its individual campus risk areas to be audited on the overall plan.

Compliance will assist in determining several university-wide audits which will be conducted each year based on high priority compliance risks identified through the risk assessment process and through further vetting with the location's Committees, Council and the Regents.

Monitoring will be done primarily through the management functions of each UC location and will be tracked by the respective Committees and Council. Over time, as the compliance monitoring activities carried out by management mature and become more robust, the role of the UC Internal Auditors will shift from one of auditing and monitoring to assess UC's state of compliance, to auditing the effective execution of the compliance activities within functional areas. However, as new high risk compliance areas are identified, Internal Audit and Compliance will continue to work together in a manner to assure the risks are being mitigated appropriately through either auditing and/or monitoring.

## **INVESTIGATIONS**

Assuring effective stewardship of UC's resources by guarding against misuse and/or waste of federal, state and other sources of funds is a priority shared by the Regents, faculty, administrative management and staff of the UC system, as well as the citizens of California. The UC Whistleblower Hotline ("Hotline") allows interested parties to report, confidentially and anonymously, instances where UC funds may have been misapplied or misused. The Hotline may also be used to report alleged instances of potential and/or actual non-compliance with UC policies and procedures and allegations of suspected Improper Governmental Activity.

The investigations function is responsible for coordination, tracking, investigating (where applicable) and managing complaints of suspected improper governmental activity made under the UC Whistleblower Policy and the Program. This process is carried out through a comprehensive program at all UC locations to ensure compliance with federal and state whistleblower laws and to provide a communication mechanism for all constituents within the UC environment to report real and/or potential non-compliant behavior. Information of suspected improper governmental activity and real and/or potential compliance matters are received through a variety of reporting channels to include an independently operated anonymous hotline service. All reports are investigated as appropriate and through the Program are coordinated with the Office of General Counsel to ensure that there is no duplication of effort and investigative services are optimized. Additionally, advice from leaders in risk management, areas of specialty law and human resources, or other specialty areas, are provided, as appropriate.

The Program will continue to review existing whistleblower training, informational and educational programs as well as deliver training to provide assurance that the UC Whistleblower Policy and the Policy for the Protection of Whistleblowers from Retaliation is understood, system-wide. The investigations function will conduct system-wide investigations in circumstances where the investigation process requires independence and objectivity, both in fact and appearance. All substantiated reports and subsequent resolution data will be tracked, aggregated and trended to enhance system-wide process improvement activities.

## **RESPONSE AND PREVENTION**

The response and prevention function of the Program will be managed in a distributed and collaborative framework. Working within the communication structure of the Program, non-compliant events and trends will be analyzed by the Committees and reported to the SVP/Chief Compliance and Audit Officer (within

or outside formal Council meetings, as appropriate). Response to non-compliance will be the responsibility of the campus Chancellor and managed at the campus level in consultation with the UC Ethics and Compliance Program leadership. All actions in response to non-compliance will follow UC policy.

The SVP/Chief Compliance and Audit Officer (and other designees as appropriate) will work with the location's Committees, Council, and other appropriate UC leadership, including Academic Senate leadership, to analyze non-compliant trends from a system-wide perspective and to recommend revisions to policy, as needed, to provide consistent responses to specific violations.

Prevention of non-compliance will be the responsibility of the Chancellor and addressed directly at the campus level, with assistance from the Program, through efforts and resources committed to enhance education/training and monitoring/auditing functions. Prevention of non-compliance or reoccurrence of non-compliance on a system-wide basis will also be addressed through targeted training and auditing efforts generated from the advice of the Committees, Council and the Program leadership.

## ANNUAL EVALUATION

The United States Federal Sentencing Guidelines ("FSG") were revised in November 2004 to include a "periodic measurement of program effectiveness" among the criteria for an effective ethics and compliance program (U.S.S.G. §8B2.1 (b) (5) (B)) and to "assess their risk" in an effort to identify operational gaps that might put the organization at greater compliance risk and to then develop and implement processes to remediate that risk. One of the goals of an effective compliance program is to effectuate the change needed to improve operational processes to ensure compliance with regulatory requirements. The change or process improvement effort should include an evaluation element to determine the effectiveness of the change that was made in an effort to re-focus future activities and distribute limited resources in the most efficacious manner.

Annually, the SVP/Chief Compliance and Audit Officer is responsible for developing a report of Program activities to present to the *Committee on Compliance and Audit* of the Regents. That annual report will include the measurement of the system-wide office and the individual campuses to pre-established performance metrics and outline key observations and recommendations for ongoing Program improvement.

The metrics used to measure the Program will be consistent with those typically used by the compliance industry. The compliance industry often measures program effectiveness by assessing a compliance program's integration of each of the seven elements of an effective compliance program, and may include the following analyses:

1. Conducting an employee survey to gauge the employees' understanding of how compliance is integrated into their daily job functions and their ability to identify potential compliance issues and to respond according to policy;
2. Summarizing the numbers, categories and attendance rates at mandatory compliance education offerings;
3. Identifying trends in investigation and audit/monitoring activities and whether or not performance improvement activities occurred to mitigate the identified risks;
4. Measuring the effectiveness of compliance program structures, such as local and system-level compliance committees through an analysis of outcomes against pre-established performance/measurement criteria; and,
5. Developing or revising policies and procedures to address identified compliance risks.

## **SUMMARY**

This Updated Program Plan is provided as a high-level summary of the Program's purpose and mission, roles and responsibilities of the Regents, campus leadership and respective Committees and structure and elements of the Program. This Program Plan was originally established in 2008 as an effective means to add value to and protect UC's mission of teaching, research and public service excellence in the complex and highly regulated higher education environment. The Program Plan achieved success in establishing an effective Compliance and Ethics Program through the Regents participation in oversight; the accountability and ownership of UC's leadership at each of the UC locations and the ability of the UC system to provide the necessary direction, resources, references and guidance. It is the goal of this Program Plan to sustain the continued development of an effective UC Ethics and Compliance Program by detecting and preventing improper governmental activity and promoting UC's compliance with legal, regulatory, Regental policies, UC policies and other compliance requirements.

## ***PwC Services and Related Deliverables to the University***

In conjunction with our service in providing audit services to the University, we also provide certain other assurance services to the University. Refer to the table below for a listing of services and related deliverables we expect to provide. Prior to commencing any non audit related services, we are required to obtain preapproval from the Committee or the Committee's designee pursuant to the University's preapproval policy for its independent auditor. For audit objectives and responsibilities and communication plan, please refer to **Appendix B**.

Audit Opinions	<ul style="list-style-type: none"> <li>■ Report on the financial statements of the University of California</li> <li>■ Report on the financial statements of the five Medical Centers</li> <li>■ Report on the University of California Retirement System</li> <li>■ Report on the University of California Cash Contributions to the Retirement System</li> <li>■ Reports in accordance with OMB Uniform Guidance, including:               <ul style="list-style-type: none"> <li>○ Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></li> <li>○ Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance</li> </ul> </li> </ul>
Internal Control Observations	<ul style="list-style-type: none"> <li>■ Report to the Committee on control and process deficiencies and observations, including material weaknesses and significant deficiencies (Regents Letter)</li> <li>■ Reports to the campus Chancellors on control and process deficiencies and observations (Chancellor Letters)</li> </ul>
Agreed-Upon Procedures	<ul style="list-style-type: none"> <li>■ Agreed-upon Procedures related to the University's Mortgage Origination Program and Supplemental Home Loan Program</li> <li>■ Agreed-upon Procedures on Intercollegiate Athletic Departments (NCAA requirements) for seven campuses</li> </ul>
Other Services	<ul style="list-style-type: none"> <li>■ Review of consolidated Form 990-T of the Regents of the University of California and University of California Retirement Plan</li> <li>■ Reviews in connection with bond offerings</li> <li>■ Accounting consultations and other assistance associated with emerging accounting and reporting issues and complex transactions</li> <li>■ Financial reporting observations</li> </ul>
Committee Reporting	<ul style="list-style-type: none"> <li>■ Audit and communications plan</li> <li>■ Results of audits and required communications</li> </ul>

## 2017 Proposed Fees

The University is an important client of PwC, and our fees reflect our commitment to our long-term relationship with the University. Our deep understanding of higher education organizations and more specifically, of the University, enable us to perform the audit efficiently and effectively. These factors contribute to a competitive, cost effective audit. Our 2017 proposed fees are listed below and are inclusive of all out-of-pocket expenses.

<i>Deliverable</i>	<i>June 30, 2017 Proposed Fees</i>
Financial Statement Audit	\$ 1,504,829
Federal Grants and Contracts	510,123
NCAA Agreed-Upon Procedures	206,921
Consolidated Form 990T	11,303
Medical Center Audits	1,735,770
Retirement Plan Cash Contributions	6,101
Retirement System Audits	264,997
Mortgage Origination Program Agreed-Upon Procedures	40,182
<b>Total</b>	<b>\$ 4,280,226</b>



**RESOLUTION**

Pursuant to the *Policy on Security Clearance for Access to Federal Classified Information* adopted on March 29, 2012, amended December 30, 2015, and this Resolution, the following named Key Management Personnel member as defined in Regents Policy 1600 shall not require, shall not have, and can be effectively excluded from access to all classified information and/or special nuclear material released to the Regents of the University of California until such individual is granted the required access authorization from the cognizant security agency. And, as a consequence of this Resolution, such individual does not occupy a position that would enable him to adversely affect the policies or practices of the University of California, or its subsidiary, regarding the performance of classified contracts for the United States Government.

**NAME**

**TITLE**

John Lohse

Interim Senior Vice President and Chief Compliance  
and Audit Officer

**Additions shown by underscoring**

**2017-18 BUDGET FOR STATE CAPITAL IMPROVEMENTS (\$000s)**

		<b>Financing Supported by State General Funds</b>	<b>Phase<sup>2</sup></b>
Berkeley	Evans Hall and Hearst Memorial Gymnasium	\$1,700	S P <sup>3</sup>
Berkeley	2223 Fulton Seismic Demolition	\$3,050	C
Berkeley	Giannini Hall Seismic Safety Corrections	\$3,250	P W
Irvine	Interdisciplinary Sciences Building	\$50,000	D C
Los Angeles	Center for Health Sciences-Neuropsychiatric Institute Seismic Correction	\$25,000	C
Los Angeles	Franz Tower Seismic Renovation	\$25,000	C
San Francisco	Health Sciences Instructional & Research Life Safety Improvements	\$3,000	D
<u>Santa Cruz</u>	<u>Cogeneration Plant Replacement Phase 1</u>	<u>\$22,777</u>	<u>C</u>
<b>Capital Projects Total</b>		<b>\$133,777</b>	
Systemwide State Deferred Maintenance Program		\$50,000	
<b>TOTAL 2017-18 BUDGET</b>		<b>\$183,777</b>	

<sup>2</sup> Refer to the Key for Acronyms.

<sup>3</sup> Seismic studies and design though the schematic level only.

## Proposed Revisions to Regents Policies on Board Operations

Additions shown by underscoring; deletions shown by strikethrough

### Regents Policy 1000: Policy on Policies of the Regents of the University Of California

*Adopted September 22, 2005*

Revise to reflect goals of the governance document revision project; add specific description of amendment procedure.

The Regents of the University of California adhere to the following principles in setting policy for the University.

Policies approved by ~~The~~the Regents will be broad statements supporting the purpose, principles and philosophy of the tripartite mission of the University, ~~to provide excellence in teaching, research, and public service to the State of California and beyond as a guide for subsequent action.~~ They communicate important, enduring systemwide governing principles rather than specifying operational details, restating laws or regulations, or responding to particular issues.

Policies approved by ~~The~~the Regents will help ensure compliance with applicable laws and regulations, enhance the University's mission, reduce risk to the institution, or reflect the fiduciary responsibilities of the Board.

- ~~Policies approved by The Regents will demonstrate a commitment to long term goals of the University.~~

Policies approved by ~~The~~the Regents are implemented through ~~will support~~ the President's role in the development of associated guidelines, administrative policies, and procedures, ~~and standards.~~

- Policies approved by ~~The~~the Regents will receive careful deliberation and will be acted upon after appropriate consultation with student, faculty, and staff constituencies and the General Counsel ~~of The Regents.~~

Substantive amendments to Regents Policies are approved by the Board at the recommendation of the Governance and Compensation Committee. However, the Secretary and Chief of Staff to the Regents is authorized to make minor editorial or administrative changes after review by the Board Chair and the General Counsel.

Amendment of Regents Policy shall be determined by a majority of votes cast by Regents present, excluding abstentions and recusals.

## **Regents Policy 1100: Statement of Expectations of the Members of the Board of Regents**

*Approved November 18, 2004*

*Amended November 16, 2006, March 20, 2008, January 21, 2010 and November 17, 2016*

Incorporates Regents Policy 1104: Policy on Regents' Right to Inspect Records and changes "expect" to "shall" throughout. Otherwise current; revised in November 2016.

### **Guidelines for Discharge of Regental Duties**

The responsibility of individual Regents is to serve as trustees for the people of the State of California and as stewards for the University of California, acting to govern the University in fulfillment of its educational, research, and public service missions in the best interests of the people of California.

Recognizing the broad authority and responsibility vested in the Board of Regents for the governance and operation of the University of California, there is a specific expectation that members of the Board become knowledgeable regarding the educational, research, and public service programs of the University of California as well as the duties, responsibilities, and obligations of Regents.

### **Preparation**

Members of the Board ~~are expected to~~shall prepare themselves for the issues coming before the Board and to base votes on the information available and their best judgment. An orientation is mandatory for all new Regents.

### **Attendance and Participation**

Members of the Board ~~are expected to~~shall attend and participate in meetings of Board and committees to which they are assigned. Board members are also welcome to attend meetings of other committees to which they are not assigned, but they are not required or expected to do so. Board members are also encouraged to attend and participate in other events at which Board member participation is appropriate.

### **Right to Inspect Records**

Each Regent shall have the right to inspect the records of the University, including the right to make extracts. All such requests are to be submitted to the Chair of the Board through the Secretary and Chief of Staff. This policy recognizes the statutory or constitutional rights of third parties, in that while individual Regents may access such records, further distribution may be limited by law.

### **Cooperation**

~~It is expected that~~ Board members ~~will~~shall abide by Board decisions and policies in a manner consistent with the member's fiduciary duties. This is not intended to preclude either forthright

expression of opposition or efforts to change such policies or decisions. Expression of opinion or position at variance with such policies or decisions should clearly indicate that it is not to be construed as a position of the Board and that the opinion expressed is that of an individual Regent. Board members should respect the opinions of other Board members, University officials, faculty, students, and staff. Consistent with the Regents Policy on the President as Spokesperson for the University (effective January 18, 1962), the President of the University shall be the spokesperson for the University with the Chairman of the Board being the spokesperson for the Board.

### **Confidentiality**

Board members ~~are expected to~~shall maintain the confidential nature of Board deliberations held in closed session, including written and verbal communication.

### **Ethics**

Regents ~~are expected to~~shall serve the public trust and ~~to~~ fulfill their responsibilities ethically in a manner consistent with that obligation. This means that decisions are to be made solely to promote the best interests of the University as a public trust, rather than the interests of a particular constituency, and that Board members will disclose personal, familial, business relationships, or other potential conflicts of interest as appropriate. Regents' conduct, whether in their official or private capacity, must be consistent with the University's Statement of Ethical Values and Standards of Ethical Conduct and the University's Sexual Violence and Sexual Harassment Policy. Failure to comply with these standards shall be a basis for appropriate action.

### **Fiduciary Responsibilities**

Regents ~~are expected to~~shall accept responsibility for the integrity of the financial, physical, and intellectual resources of the University.

### **Policy Responsibilities**

It is the responsibility of the Board to set policy and the responsibility of the University administration to implement and carry out policy, which includes responsibility for the day-to-day operations of the University.

### **Support for the University**

Regents ~~are expected to~~shall be active supporters and advocates for the University and to take opportunities to help with fundraising, legislative advocacy, and other efforts on behalf of the University.

### **Board Responsibilities**

The Board ~~is expected to~~shall:

- A. Appoint, support, assess the performance of, and, if necessary, dismiss the President of the University.
- B. Appoint the Executive Vice Presidents, Senior Vice Presidents, other Vice Presidents, Chancellors and Laboratory Directors upon recommendation of the President pursuant to Standing Order 100.2 (b).
- C. Approve and periodically review the appropriateness and consequences of all major institutional policies and programs, including addition or discontinuation of major programs and services consistent with the institution's mission and financial capacity.
- D. Ensure that good planning is done periodically, participate in the process as appropriate, assess the quality of the outcomes, and monitor progress against goals.
- E. Fulfill fiduciary responsibilities by approving and monitoring the annual budget, protecting the institution's financial and capital assets, ensuring responsible and prudent investment of funds, and ensuring a comprehensive compliance program and annual audit process.
- F. Ensure adequate resources and their effective management. This includes serving as advocates for institutional needs with external constituencies.
- G. Interpret the institution to the public and defend the institution, when necessary, from inappropriate intrusion.
- H. Ensure that the Board's reputation is exemplary in the course of meeting its responsibilities.
- I. Ensure that the institution serves as a good citizen in its relationships with other social, educational, and business enterprises through appropriate collaborations and partnerships.
- J. Assess the Board's performance periodically through an appropriate process.

**Regents Policy 1101: Policy on Board Education and Assessment**

*Approved March 20, 2008*

*Amended July 17, 2008*

Incorporates Regents Policy 1107 – Policy on Campus Visits (edited for brevity) and makes minor editorial corrections.
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1. A formal orientation program shall be established for newly appointed Regents to assist them to perform their duties. The program shall provide information regarding the University's history and structure, the individual campuses, the broad range of policy issues expected to come before the Board as well as the recent history of issues before the Board, and the laws and policies that govern a Regent's fiduciary duties. Orientation sessions also shall be open to continuing Regents as appropriate.
2. The Chair of the Governance and Compensation Committee, in consultation with the Chair of the Board, ~~shall~~may assign continuing Regents to act as mentors on an ongoing basis for newly appointed Regents. In addition, Committee chairs shall consult with Regents newly appointed to their Committees to determine if a committee mentor is appropriate.
3. All Regents and Regents-designate and the Faculty Representatives to the Board shall be invited and urged to attend scheduled group or individual campus visits. The Secretary and Chief of Staff to the Regents, with the approval of the Chair of the Board and in consultation with the President of the University and the Chancellors, shall facilitate campus visits.
- 3- ~~4.~~ The Board ~~shall~~may conduct periodic Board retreats to discuss governance and planning issues as needed. The Chair of the Board, after consulting with the President of the University and Board members, shall determine the timing, location, and agenda of the retreat.
- 4- ~~5.~~ The Board shall perform a self-assessment to evaluate Board-its performance through an appropriate process, determined by the Governance and Compensation Committee. The evaluation may be conducted in conjunction with a Board retreat or separately.
- 5- ~~6.~~ Regents shall take the University's sexual harassment and sexual violence prevention training for supervisory employees upon their initial appointment and thereafter on the same periodic basis as required for supervisory employees.

**Regents Policy 1102: Policy on the Operation of the Board and its Committees**

*Approved June 23, 1961*

*Amended January 2004, September 2005, November 2006, and January 2007*

Rescind; Section 1 has been replaced by Bylaws 27.1(b) and (i); sections 2 and 3 are procedures that do not need to be codified in Policy.

- ~~1. All items shall, and background material and reports for presentation to The Regents, including those of the Secretary and Chief of Staff, General Counsel, Chief Investment~~

~~Officer, Senior Vice President Chief Compliance and Audit Officer, and individual Regents, should be submitted in advance of the meeting to the President of the University, who shall be responsible for the preparation of agendas, the advance consultation with Committee Chairmen and the Chairman of the Board, and for the coordination of all material for presentation to The Regents. The Committee Chair will approve the agenda for his or her Committee, with the provision that any Regent may request that an item be placed on the agenda. Any Regent may place an item on the agenda of the Committee of the Whole.~~

- ~~2. The majority of the membership of a Standing Committee should serve more than one year to assure continuity.~~
- ~~3. Concurrent and off-cycle Committee meetings are encouraged when scheduling permits.~~

### **Regents Policy 1103: Policy on Interim Authority**

*Approved March 14, 1975*

*Amended July 18, 1986 and March 29, 2012*

Rescind; replaced by Bylaw 27.5.
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- ~~A. That authority to approve routine or emergency matters that require action between meetings of The Regents be delegated as follows:~~
- ~~1. The Chairman of the Board or the Chairman of The Regents' Committee having jurisdiction over the item and the President of the University or, in his absence, his designee shall be authorized to act on President's items;~~
  - ~~2. The Chairman of the Board or the Chairman of The Regents' Committee having jurisdiction over the item and the Chief Investment Officer of The Regents shall be authorized to act on Chief Investment Officer's items;~~
  - ~~3. The Chairman of the Board or the Chairman of The Regents' Committee having jurisdiction over the item and the General Counsel of The Regents shall be authorized to act on General Counsel's items;~~
  - ~~4. The Chairman of the Board or the Chairman of The Regents' Committee having jurisdiction over the item and the Secretary of The Regents shall be authorized to act on Secretary's items;~~

~~it being understood that, in case of the inability of the Chairman of the Board to act, the Vice Chairman of the Board may act, and in case of the inability of the Chairman of a Committee of jurisdiction to act, the Vice Chairman of the Committee may act.~~

~~B. That all actions taken under this authority be reported at the next following meeting of the Board.~~

#### **Regents Policy 1104: Policy on Regents' Right to Inspect Records of the University**

*Approved September 16, 1966*

*Amended September 22, 2005*

Rescind; rephrase and move to Regents Policy 1100 – Statement of Expectations of Members of the Board of Regents
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~~Each Regent shall have the right at any reasonable time to inspect all books, records, documents of every kind, and the physical properties of the University, such right of inspection to include the right to make extracts. All such requests are to be submitted through the Chairman of the Board. This policy also recognizes the statutory or constitutional rights of third parties, in that while individual Regents may access such records, further distribution may be limited by law.~~

#### **Regents Policy 1105: Policy on Administrative Support for and Reimbursement of Regents and Regents-Designate**

*Approved October 15, 1982*

*Amended May 16, 1997 and September 22, 2005*

Edit to modernize; incorporate Regents Policy 1106 – Policy on Administrative Support Service for Student Regents
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~~In implementation of Bylaw 8.1, the following regulations are established:~~

- ~~1. Reimbursement of Travel expenses incurred by Regents and Regents-designate shall be, for the purpose of attending Board or Committee meetings, visiting campuses or other University facilities in the performance of official business of the University, or attending an event when performing a role as a Regent, shall be reimbursed in accordance with University travel policy on the same basis as that provided for University employees and as approved by made on order of the Secretary and Chief of Staff to of The Regents as charges against the Regents Administrative Expense budget. Regents are encouraged to consult with the~~

Secretary and Chief of Staff to determine whether a specific travel invitation is subject to this Policy.

- ~~2. Travel expenses incurred by a Regent or a Regent designate for the purpose of attending Board or Committee meetings, visits to campuses or other University facilities in the performance of official business of the Corporation, or attendance at official functions of the University (such as Charter Day, commencement or inauguration ceremonies), or while on special assignment for The Regents, shall be reimbursed on the same basis as that provided for University officers.~~
  
- ~~3.2. A Regent or a Regent-designate may be reimbursed by the University, through the office of the Secretary and Chief of Staff for postage, telecommunication costs, notarization of documents, and similar charges, when such general administrative expenses have been incurred in the performance of official business of the Corporation. Such expenses must be supported by vouchers or statements of expense submitted by the Regent or the Regent-designate.~~
  
3. The Secretary and Chief of Staff, through the appropriate Chancellor, shall arrange for the provision of administrative support services for the student Regent and the student Regent-designate, including office space with standard office furniture and supplies on the campus where the Regent or Regent-designate is enrolled, a cell phone, a laptop, and a printer. All costs associated with the above will be covered by the Secretary and Chief of Staff's office.
  
- ~~4. University telephone credit cards may be issued for use in connection with official business of the Corporation upon request to the Secretary.~~

### **Regents Policy 1106: Policy on Administrative Support Service for Student Regents**

*Approved January 21, 1977*

*Amended May 16, 1997*

Rescind; incorporate into Regents Policy 1105 - Policy on <u>Administrative Support for and Reimbursement of Regents and Regents-Designate</u>
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That ~~the~~ Secretary, through the appropriate Chancellor, ~~arrange for the provision of administrative support services for the student Regent and the student Regent-designate, as follows:~~

1. ~~Office space under the jurisdiction of the Chancellor on the campus where the Regent or Regent designate is enrolled, said office to be furnished with required office equipment and supplies;~~
2. ~~A telephone with message capability and a facsimile machine to be installed in the office; and~~
3. ~~A personal computer with access to an e-mail account; and That all costs associated with the above be charged against the Regents Administrative Expense budget.~~

### **Regents Policy 1107: Policy on Campus Visits**

*Approved March 18, 1977*

*Amended September 22, 2005*

Rescind; edit for brevity and move to Regents Policy 1101, retitled Policy on Board Responsibilities, Education and Assessment.
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1. ~~All Regents and Regents designate and the Faculty Representatives to the Board shall be invited and urged to attend scheduled campus visits.~~
2. ~~The Secretary of The Regents, with the approval of the Chairman of the Board and in consultation with the President, shall determine the campuses to be visited each year. Specific dates for such visits shall be determined by the Secretary after consultation with the Chairman and Chancellors.~~
3. ~~The structure and format of each campus visit shall be determined by the Chancellor in consultation with the Secretary.~~
4. ~~Independent visits to campuses by individual Regents or groups of Regents shall continue to be encouraged.~~

## **Regents Policy 1111: Policy on Statement of Ethical Values and Standards of Ethical Conduct**

*Approved May 26, 2005*

Current; minor edits to conform to current nomenclature
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### **Purpose**

Pursuit of the University of California mission of teaching, research and public service requires a shared commitment to the core values of the University as well as a commitment to the ethical conduct of all University activities. In that spirit, the Standards of Ethical Conduct are a statement of our belief in ethical, legal, and professional behavior in all of our dealings inside and outside the University.

### **Applicability**

The Standards of Ethical Conduct apply to all members of the University community, including ~~The the Regents, Principal Officers of The the Regents, Officers of the University, senior leadership,~~ faculty and other academic personnel, staff, students, and volunteers, contractors, and agents ~~and others~~ associated with the University. Organizationally, the Standards apply to campuses, the National Laboratories, the Office of the President, the Division of Agriculture and Natural Resources, campus organizations, foundations, alumni associations, and support groups.

### **1. Fair Dealing**

Members of the University community are expected to conduct themselves ethically, honestly, and with integrity in all dealings. This means principles of fairness, good faith, and respect consistent with laws, regulations, and University policies govern our conduct with others both inside and outside the community. Each situation needs to be examined in accordance with the Standards of Ethical Conduct. No unlawful practice or a practice at odds with these standards can be justified on the basis of customary practice, expediency, or achieving a “higher” purpose.

### **2. Individual Responsibility and Accountability**

Members of the University community are expected to exercise responsibility appropriate to their position and delegated authorities. They are responsible to each other, the University, and the University’s stakeholders both for their actions and their decisions not to act. Each individual is expected to conduct the business of the University in accordance with the Core Values and the Standards of Ethical Conduct, exercising sound judgment and serving the best interests of the institution and the community.

### **3. Respect for Others**

The University is committed to the principle of treating each community member with respect and dignity. The University prohibits discrimination and harassment and provides equal opportunities for all community members and applicants regardless of race, color, national origin, religion, sex, gender identity, pregnancy, physical or mental disability, medical condition (cancer-related or genetic characteristics), ancestry, marital status, age, sexual orientation, citizenship, or status as a covered veteran. Further, romantic or sexual relationships between

faculty responsible for academic supervision, evaluation, or instruction and their students are prohibited. The University is committed to creating a safe and drug free workplace. Following is a list of the principal policies and reference materials available in support of this standard:

- The Faculty Code of Conduct
- Academic Personnel Policy Manual
- ~~The Faculty Handbook~~
- Personnel Policies for Staff Members
- Policies Applying to Campus Activities, Organizations and Students
- Policy on Sexual Violence and Harassment and ~~Procedures for Responding to Reports of Sexual Harassment~~
- University policies on nondiscrimination and affirmative action
- Campus, laboratory and Office of the President Principles of Community

The University's health sciences enterprises are committed to the ethical and compassionate treatment of patients and have established policies and statements of patient rights in support of this principle.

#### **4. Compliance with Applicable Laws and Regulations**

Institutions of higher education are subject to many of the same laws and regulations as other enterprises, as well as those particular to public entities. There are also additional requirements unique to higher education. Members of the University community are expected to become familiar with the laws and regulations bearing on their areas of responsibility. Many but not all legal requirements are embodied in University policies. Failure to comply can have serious adverse consequences both for individuals and for the University, in terms of reputation, finances, and the health and safety of the community. University business is to be conducted in conformance with legal requirements, including contractual commitments undertaken by individuals authorized to bind the University to such commitments.

The Office of the General Counsel has responsibility for interpretation of legal requirements.

#### **5. Compliance with Applicable University Policies, Procedures and Other Forms of Guidance**

University policies and procedures are designed to inform our everyday responsibilities, to set minimum standards, and to give University community members notice of expectations. Members of the University community are expected to transact all University business in conformance with policies and procedures and accordingly have an obligation to become familiar with those that bear on their areas of responsibility. Each member is expected to seek clarification on a policy or other University directive he or she finds to be unclear, outdated, or at odds with University objectives. It is not acceptable to ignore or disobey policies if one is not in agreement with them, or to avoid compliance by deliberately seeking loopholes.

In some cases, University employees are also governed by ethical codes or standards of their professions or disciplines - some examples are attorneys, auditors, physicians, and counseling

staff. It is expected that those employees will comply with applicable professional standards in addition to laws and regulations.

## **6. Conflicts of Interest or Commitment**

Employee members of the University community are expected to devote primary professional allegiance to the University and to the mission of teaching, research, and public service. Outside employment must not interfere with University duties. Outside professional activities, personal financial interests, or acceptance of benefits from third parties can create actual or perceived conflicts between the University's mission and an individual's private interests. University community members who have certain professional or financial interests are expected to disclose them in compliance with applicable conflict of interest/conflict of commitment policies. In all matters, community members are expected to take appropriate steps, including consultation if issues are unclear, to avoid both conflicts of interest and the appearance of such conflicts.

## **7. Ethical Conduct of Research**

All members of the University community engaged in research are expected to conduct their research with integrity and intellectual honesty at all times and with appropriate regard for human and animal subjects. To protect the rights of human subjects, all research involving human subjects is to be reviewed by institutional review boards. Similarly, to protect the welfare of animal subjects, all research involving animal subjects is to be reviewed by institutional animal care and use committees. The University prohibits research misconduct. Members of the University community engaged in research are not to: fabricate data or results; change or knowingly omit data or results to misrepresent results in the research record; or intentionally misappropriate the ideas, writings, research, or findings of others. All those engaged in research are expected to pursue the advancement of knowledge while meeting the highest standards of honesty, accuracy, and objectivity. They are also expected to demonstrate accountability for sponsors' funds and to comply with specific terms and conditions of contracts and grants.

## **8. Records: Confidentiality/Privacy and Access**

The University is the custodian of many types of information, including that which is confidential, proprietary, and private. Individuals who have access to such information are expected to be familiar and to comply with applicable laws, University policies, directives and agreements pertaining to access, use, protection, and disclosure of such information. Computer security and privacy are also subject to law and University policy.

Information on the University's principles of privacy or on specific privacy laws may be obtained from the respective campus or laboratory information privacy office.

The public right to information access and the individual's right to privacy are both governed by state and federal law, as well as by University policies and procedures. The legal provisions and the policies are based upon the principle that access to information concerning the conduct of the people's business is a fundamental and necessary right of every person, as is the right of individuals to privacy.

## **9. Internal Controls**

Internal controls are the processes employed to help ensure that the University's business is carried out in accordance with these Standards, University policies and procedures, applicable laws and regulations, and sound business practices. They help to promote efficient operations, accurate financial reporting, protection of assets, and responsible fiscal management. All members of the University community are responsible for internal controls. Each business unit or department head is specifically responsible for ensuring that internal controls are established, properly documented, and maintained for activities within their jurisdiction. Any individual entrusted with funds, including principal investigators, is responsible for ensuring that adequate internal controls exist over the use and accountability of such funds. The University has adopted the principles of internal controls published by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

## **10. Use of University Resources**

University resources may only be used for activities on behalf of the University. They may not be used for private gain or personal purposes except in limited circumstances permitted by existing policy where incidental personal use does not conflict with and is reasonable in relation to University duties (e.g. telephones). Members of the University community are expected to treat University property with care and to adhere to laws, policies, and procedures for the acquisition, use, maintenance, record keeping, and disposal of University property. For purposes of applying this policy, University resources is defined to include but not be limited to the following, whether owned by or under the management of the University (for example, property of the federal government at the National Laboratories):

- Cash, and other assets whether tangible or intangible; real or personal property;
- Receivables and other rights or claims against third parties;
- Intellectual property rights;
- Effort of University personnel and of any non-University entity billing the University for effort;
- Facilities and the rights to use of University facilities;
- The University's name;
- University records, including student and patient records; and
- The University information technology infrastructure.

## **11. Financial Reporting**

All University accounting and financial records, tax reports, expense reports, time sheets and effort reports, and other documents including those submitted to government agencies must be accurate, clear, and complete. All published financial reports will make full, fair, accurate, timely, and understandable disclosures as required under generally accepted accounting principles for government entities, bond covenant agreements, and other requirements. Certain individuals with responsibility for the preparation of financial statements and disclosures, or elements thereof, may be required to make attestations in support of the Standards.

## 12. Reporting Violations and Protection from Retaliation

Members of the University community are strongly encouraged to report all known or suspected improper governmental activities (IGAs) under the provisions of the Policy on Reporting and Investigating Allegations of Suspected Improper Governmental Activities (Whistleblower Policy). Managers and persons in supervisory roles are required to report allegations presented to them and to report suspected IGAs that come to their attention in the ordinary course of performing their supervisory duties. Reporting parties, including managers and supervisors, will be protected from retaliation for making such a report under the Policy for Protection of Whistleblowers from Retaliation and Guidelines for Reviewing Retaliation Complaints (Whistleblower Retaliation Policy).

### Regents Policy 1200: Policy on Alumni Regents-Designate

*Approved June 15, 1984*

*Amended May 16, 1997 and September 22, 2005*

Current; minor edits.
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~~Effective June 1, 1984, the~~ The Alumni Associations of the University of California shall certify to the Secretary and Chief of Staff to the ~~of The~~ Regents names of persons scheduled to assume the offices of President and Vice President of the Alumni Associations of the University of California (AAUC) for the terms beginning July 1 of the following year. For the period July 1 to June 30 immediately preceding their scheduled terms as President and Vice President of the AAUC, the persons so certified shall be known as Regents-designate, be invited to attend all meetings of the Board and its committees, to be seated at the meeting table with full participation in discussion and debate, and be entitled to reimbursement for expenses incurred by reason of attendance at meetings of the Board and its committees. During their service as alumni Regents-designate and Regent, these individuals shall be subject to the relevant provisions of Bylaw 8.1 ~~the Bylaws~~, which stipulates that no Regent shall receive salary or other compensation for services as a Regent and that no Regent other than the President of the University shall be eligible for appointment to any position in connection with the University for which a salary or other compensation is paid, except that the student Regent shall be eligible for part-time compensated University employment.

The alumni Regents-designate will serve a one-year term as non-voting advisory members of ~~standing and/or special~~ committees of The ~~the~~ Regents. ~~This membership~~ Non-voting members shall not count toward the calculation of a quorum of a committee ~~maximum number of standing committee members as set forth in Bylaw 10.1(c) nor toward the maximum number of special committee members as set forth in Bylaw 10.3.~~

## Regents Policy 1201: Policy on the Faculty Representative to the Board of Regents

*Approved September 16, 1977*

*Amended November 14, 2002*

Current; minor edits

The members of the faculty of the University of California who are ~~Chairman~~ of the Academic Assembly and Academic Council and the ~~Vice Chairman~~ of the Academic Assembly and Academic Council shall be invited to attend all meetings of the Board and of its committees and to be seated at the meeting table with full participation in discussion and debate. ~~In addition, effective immediately, the~~ The Faculty Representatives will may serve as non-voting advisory members of standing and/or special committees of The the Regents, as specified in Committee Charters. ~~This membership~~ Non-voting members shall not count toward the calculation of a quorum of a committee ~~maximum number of standing committee members as set forth in Bylaw 10.1(c) nor toward the maximum number of special committee members as set forth in Bylaw 10.3.~~

## Regents Policy 1202: Policy on Appointment of Student Regent

*Approved March 19, 1993*

*Last amended September 22, 2005*

Edits correct an administrative error, conforms Policy to long-standing practice and ensures equal representation among the campuses in the selection process.

~~That the appointment of student Regents be continued, commencing August 1, 1987, in accordance with procedures and conditions adopted by The Regents on January 21, 1977 and amended on October 21, 1977, September 18, 1981, June 15, 1984, July 17, 1987, July 16, 1992, May 16, 1997, July 18, 1997, June 18, 1999, November 15, 2002, May 20, 2004, and September 22, 2005.~~

1. The student Regent shall be a person enrolled as a student in good standing and not on academic probation at a campus of the University of California for each regular academic term during his or her service as a Regent-designate and Regent. The student Regent shall have the option of receiving either a fee waiver or a scholarship in an amount equivalent to the student's total University fees and tuition during the academic years in which he or she serves as a Regent-designate and Regent. A student body president, or equivalent, or a member of the Board of Directors of the University of California Student Association, shall not be eligible for appointment as a student Regent. While serving on the Board, a student Regent may not hold any appointive or elective student government position. A

student who is or has served as a student Regent shall not be eligible for reappointment as a student Regent.

2. The student Regent shall be appointed by the ~~members of the Board of Regents~~ upon recommendation of a Special Committee to be appointed by the ~~Chairman~~ of the Board for that purpose. The Special Committee shall make its recommendation from a panel of three ~~names-finalists~~ submitted by the Board of Directors of the University of California Student Association (UCSA) following the selection procedure described below. Should the Special Committee not be satisfied with the panel in its entirety, the Committee may request the Board of Directors of ~~the University of California Student Association-UCSA~~ UCSA to submit one or more additional names. A representative of the Board of Directors of ~~the University of California Student Association-UCSA~~ shall be invited to attend all meetings of the Special Committee with full participation in discussion and debate.
3. For each campus, the undergraduate and graduate student governments, or other student body association having recognized membership on the Board of Directors of the University of California Student Association, shall each appoint ~~two~~ a student from their body students, an undergraduate and a graduate, as members to of the appropriate student Regent nominating commission. San Francisco's student government shall nominate two students. There shall be one ~~such-northern~~ nominating commission for the Berkeley, Davis, Merced, San Francisco and Santa Cruz campuses and one ~~such-southern~~ nominating commission for the Irvine, Los Angeles, Riverside, San Diego and Santa Barbara campuses. The nominating commissions shall screen ~~candidates and the~~ applicants for student Regent and shall recommend five students from the southern campuses and five students from the northern campuses. The ten students so recommended shall be interviewed by the Board of Directors of the University of California Student Association which shall nominate three ~~as a panel of names-finalists~~ names-finalists for submission to The Regents. The submission of the ~~panel of names-finalists~~ shall be at such time that the Special Committee may complete its deliberations and submit its recommendations to the Board of Regents no later than the July meeting of the Board each year.
4. Chancellors, in consultation with the President of the University and with their respective student body presidents, shall be responsible for the dissemination of information about the position of student Regent and for the application process on their respective campuses. In-state travel expenses incurred in the recruitment process by the nominating commissions and by the applicants shall be paid by the University Office of the Secretary and Chief of Staff in accordance with its travel reimbursement policies.
5. The nominating commissions, the Board of Directors of the University of California Student Association, the Special Committee, and The Regents shall be mindful of that

provision of Article IX, Section 9 of the California Constitution that: "Regents shall be able persons broadly reflective of the economic, cultural, and social diversity of the state, including ethnic minorities and women. However, it is not intended that formulas or specific ratios be applied in the selection of Regents."

6. Candidates shall be students in good standing enrolled at a campus at the University of California at the time that they apply and shall have demonstrated interest in the welfare of their fellow students and in the University. No political test shall be applied to any candidate.
7. A student Regent shall serve on the Board for a one-year term commencing on July 1.

From the time of appointment as a student Regent, but prior to the commencement of service as a member of the Board, the person so appointed shall be known as a Regent-designate, shall be invited to attend all meetings of the Board and its Committees, to be seated at the meeting table, with full participation in discussion and debate, and shall be entitled to reimbursement for expenses in accordance with the Policy ~~for on~~ Administrative Support for and Reimbursement of Regents and Regents-Designate. ~~In addition, effective July 1, 1997, t~~ The student Regent-designate will serve as an a non-voting advisory member of standing and/or special committees of The the Regents as assigned during his or her service as a Regent-designate. This membership Non-voting members shall not count toward the calculation of a quorum of a committee maximum number of standing committee members as set forth in Bylaw 10.1(c) nor toward the maximum number of special committee members as set forth in Bylaw 10.2.

### **Regents Policy 1203: Policy on Emeritus Title for Former Regents, Senior Leadership, and Staff**

*Adopted November 15, 2007*

Expand by incorporating Standing Order 103(a) and (b).
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The title "Regent Emeritus" or "Regent Emerita" shall be conferred on all appointed and alumni Regents at the completion of their terms on the Board of Regents, or at the conclusion of their service as Regents provided that they serve for at least five years. Regents who are unable to complete their terms due to illness shall also be eligible for the title. The title also shall be conferred on all former Regents who completed the term to which they were appointed or served at least five years.

Emeritus status may be conferred by the Board on Principal Officers of the Regents upon retirement or completion of service, on the basis of their contributions to the University.

Emeritus status may be conferred by the President on Chancellors and systemwide senior leaders, upon retirement or completion of service, based on criteria established by the Board.

Emeritus status may be conferred by the President on University employees, at the time of their retirement, who meet criteria established by the President.

### **Regents Policy 1300: Policy on President as Spokesman for the University**

*January 18, 1962*

Rescind; incorporated into Bylaw 23.4(c) (Chair) and Bylaw 30 (President).

~~It is the policy of The Regents that the President shall be the spokesman for the University, with the Chairman of the Board being the spokesman on certain subjects.~~

### **Regents Policy 1301: Policy on Public Access to Meetings**

*Approved October 17, 1975*

*Amended September 16, 2010*

Rescind. Recommend adding first sentence to Regents Policy 1302; 2<sup>nd</sup> sentence has been incorporated into Bylaw 27.1(g); rephrase 3<sup>rd</sup> sentence and incorporate into Regents Policy 1302.

~~The Board of Regents reaffirms its commitment to openness and transparency in the conduct of the University's business. Meetings of the Board of Regents shall be conducted in compliance with California open meeting laws applicable to the University of California. Any person attending an open and public meeting of the Board of Regents shall have the right to record the proceedings with an audio or video recorder or a still or motion picture camera unless the recording cannot continue without noise, illumination or obstruction of view that constitutes, or would constitute, a persistent disruption of the proceedings.~~

### **Regents Policy 1302: Policy on Public Access to Meetings ~~Appearances Before the Board and Committees~~ and Public Comment**

*Approved January 20, 1995*

*Amended September 19, 1997, July 18, 2002 and September 22, 2005*

Current; minor edits. Recommend moving 1<sup>st</sup> sentence from Regents Policy 1301, and rephrase last sentence of Regents Policy 1301, incorporated as #7.

The Board of Regents reaffirms its commitment to openness and transparency in the conduct of the University's business. Meetings of the Board of Regents shall be conducted in compliance with California open meeting laws applicable to the University of California. Members of the public are invited to attend open sessions of Regents meetings and may address ~~The the Regents~~ of the University of California whenever ~~The the Regents Board~~ or any of its Committees meets in open session in accordance with the guidelines below. In addition, written communications to ~~The the Regents~~ are always welcome.

1. On any day that ~~The Regents Board~~ or any of its Committees meets in open session, the first open meeting will ~~be include~~ a twenty-minute ~~meeting of the Committee of the Whole~~ period for the purpose of hearing public comment. Individual speakers will be invited to speak for up to three minutes, depending on the number of individuals who have signed up to speak.
2. In order to accommodate those individuals wishing to speak when more people have signed up to address the Committee than can be heard, the ~~Chairman~~ may adjust the procedures at ~~his/her~~ their discretion.
3. Speakers at the public comment sessions may address any University-related matter. When signing up to speak, individuals will identify the matter they wish to address.
4. A sign-up sheet is used to record those who wish to address the ~~Committee of the Whole Regents~~. Anyone who wishes to speak may ~~call contact~~ the Office of the Secretary and Chief of Staff after the Notice of Meeting for ~~The the Regents~~ meeting has been published or may sign up on the day of the meeting. The sign-up sheet is made available at the meeting location at least one hour before the public comment period is scheduled, and members of the public must sign up prior to ~~that scheduled time~~ the beginning of the meeting.
5. Three or more speakers may pool their time to provide up to seven minutes for a group representative. Those individuals intending to yield their time must be present at the meeting when their names are called to confirm their willingness to do so. If individual speaking times are reduced at the meeting, pooled times will also be reduced. Individuals who speak for less than their allotted time may not yield their remaining time to another speaker.
6. Written comments and materials brought for the Regents by speakers will be accepted during public comment and will be available to the Regents during the duration of the meeting.

7. Attendees have the right to record the meeting, consistent with open meeting laws, as long as that activity does not constitute a persistent disruption of the proceedings.

## **Regents Policy 1400: Charter of the Committee on Compliance and Audit**

*Approved January 2007*

*Amended March 2008 and January 21, 2010*

Rescind; has been replaced by the Charter of the Compliance and Audit Committee adopted in July 2016.

~~Purpose: The Charter of the Committee on Compliance and Audit (the "Committee"), which is issued as a Regents' Policy, is designed to provide a detailed description of the Committee's responsibilities as outlined in Bylaw 12.1. It confirms the Committee's duties for its members and for the Board of Regents as a whole, guides the annual agenda, permits tracking of tasks that discharge the Committee's responsibilities and provides, in part, for orientation of new Committee members.~~

### **~~I. Committee Membership~~**

- ~~A. With the exception of the Governor, who is an ex officio member of the Committee, all members of the Committee shall meet the standards of The Regents' Guideline for Determination of Board Member Independence (March, 2005) in order to serve.~~
- ~~B. Committee members will be appointed for staggered two year terms. The Chair of the Committee will be expected to serve for two years where possible and should be succeeded by a Vice Chair who has served a one year term where possible.~~
- ~~C. The Committee may appoint a Compliance Advisor and/or a Financial Advisor to advise the members. See Policy on Appointment of Expert Advisors to the Committee on Compliance and Audit.~~

### **H. Meetings**

- ~~A. The Committee will meet as needed to address matters on its agenda, but not less frequently than four times each year. The Committee may ask members of management or others to attend a meeting and provide pertinent information as necessary.~~
- ~~B. As permitted by the California Open Meeting Act, the Committee will conduct closed sessions with the outside auditors, Chief Financial Officer, Vice President Financial~~

~~Management, Controller, Senior Vice President–Chief Compliance and Audit Officer, General Counsel, other counsel to the Committee, or others when needed.~~

### **III. Oversight Responsibilities**

- ~~A. Monitor development and implementation of a systemwide compliance program via periodic reports from the Senior Vice President–Chief Compliance and Audit Officer and location representatives.~~
- ~~B. Monitor specific programs designed to achieve compliance objectives.~~
- ~~C. Oversee development of a culture attentive to the University’s commitment to ethics and compliance.~~
- ~~D. Review with the Senior Vice President–Chief Compliance and Audit Officer monitoring of compliance with the Statement of Ethical Values and Standards of Ethical Conduct, with particular attention to compliance with University policies and applicable laws and regulations.~~
- ~~E. Periodically review the University's Statement of Ethical Values and Standards of Ethical Conduct to assure that they are adequate and up-to-date.~~
- ~~F. Review University procedures for receipt, retention, and treatment of whistleblower and other complaints submitted by any party, internal or external to the organization, other than litigation. Review the topics, current status, and resolution of such complaints.~~
- ~~G. Receive and review the annual report on the University's risk management program.~~
- ~~H. Oversee the functional reporting relationship of the Senior Vice President–Chief Compliance and Audit Officer with the Committee, including review of the position’s appointment, replacement, reassignment, or dismissal.~~
- ~~I. Review:~~
  - ~~• Significant findings on internal audits during the year and progress regarding management corrective actions.~~

- ~~Whether Internal Audit encountered any difficulties in the course of its audits, such as restrictions on the scope of its work or access to required information.~~
- ~~Any changes required in the scope of the internal audit mission and responsibilities.~~
- ~~The Internal Audit department resources, i.e., budget and staffing.~~
- ~~The Internal Audit charter.~~
- ~~Internal Audit compliance with the Institute of Internal Auditors' (IIA's) Standards for the Professional Practice of Internal Auditing (Standards).~~

J. ~~Review with management any interim financial reports issued since the last meeting.~~

K. ~~Review with the independent auditors, Chief Financial Officer, Controller, and Senior Vice President Chief Compliance and Audit Officer the audit scope and plan of the internal auditors and the independent auditors. Address the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and effective use of University resources in the audits.~~

L. ~~Review adequacy of internal controls, including computerized information system controls and security with the independent auditors and the Senior Vice President Chief Compliance and Audit Officer.~~

M. ~~Review with management and the independent auditors:~~

- ~~The effect of regulatory and accounting initiatives, as well as other unique transactions and financial relationships.~~
- ~~Significant findings and recommendations of the independent auditors as well as management corrective actions.~~
- ~~Critical accounting policies and practices used by the University.~~
- ~~All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of each alternative, and the treatment preferred by the University.~~

N. ~~Review with the independent auditors matters required to be discussed by Statement on Auditing Standards (SAS) No. 61, Communication With Audit Committees (AICPA,~~

Professional Standards, vol. 1, AU sec. 380), as amended, related to the conduct of the audit. This will include:

- ~~1. All material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.~~
- ~~2. The independent auditors' audit of the financial statements and related footnotes and their report thereon.~~
- ~~3. The independent auditors' judgment about the quality, not just acceptability, of the University's accounting principles and practices as applied in its financial reporting.~~
- ~~4. Any significant changes required in the independent auditors' audit plan.~~
- ~~5. Any serious difficulties or disputes with management encountered during the audit.~~

~~O. Review with the General Counsel, other counsel to the Committee and the Chief Financial Officer, Vice President Financial Management, Controller, and the Senior Vice President Chief Compliance and Audit Officer legal and regulatory matters that, in the opinion of management, may have a material impact on the financial statements, related organization compliance policies, and programs and reports received from regulators.~~

~~P. Perform such other functions as assigned by the Bylaws, the Charter, or The Regents.~~

#### **IV. Reporting Responsibilities**

- ~~A. At the earliest opportunity, the Committee will report to the Board as a whole any action taken or significant discussions held.~~
- ~~B. The Committee will receive and review annual reports for functional areas within the scope of its responsibilities and will advise the Board as a whole regarding its review.~~

#### **V. Authority to Retain and Oversee Non-University Experts**

- ~~A. The Committee will recommend appointment of and oversee the independent auditors to be engaged by the Board of Regents, establish the fees of the independent auditors, and approve any nonaudit services to be provided, including unusual tax services, before the services are rendered.~~
- ~~B. The Committee is authorized to engage additional independent auditors, counsel, or other consultants as necessary to discharge its duties.~~

## **VI. Assessment**

- ~~A. Review the Committee's charter periodically, reassess its adequacy and recommend proposed changes to the Board.~~
- ~~B. Review the effectiveness of the Committee periodically, including review of its annual agenda.~~

### **Regents Policy 1401: Policy on Appointment of Expert Advisors to the Committee on Compliance and Audit**

*Approved March 20, 2008*

Rescind; add general provisions on term and selection of expert advisors to Charter of the Compliance and Audit Committee and make consistent with Bylaws and process for external advisors to the Health Services Committee (see companion item proposing amendment of committee Charter regarding external advisors). Move selection criteria to guidelines maintained by the Chief Compliance and Audit Officer and determined by the CAO in consultation with the Compliance and Audit Committee.

~~The Regents' Committee on Compliance and Audit will appoint expert advisors to serve as subject matter experts in finance and compliance to assist the Committee in performance of its responsibilities. The advisors will meet requirements of relevant education, experience and credentials, will meet the University's standards for independence, and will be reviewed for actual or potential conflicts of interest. Reference and background checks will be completed prior to appointment. The term of appointment will be 1-3 years. Terms may be renewed if the screening committee and the Chair of the Committee on Compliance and Audit determine that the individual should be reappointed for an additional term. This policy describes the criteria and process for selection.~~

#### ~~I. The Selection Process~~

- ~~A. Applications and nominations will be sent to the Office of the Secretary and Chief of Staff or the Office of the Senior Vice President-Chief Compliance and Audit Officer.~~
- ~~B. Candidates will be contacted at the appropriate time to confirm their willingness to serve for a one to three year term. If they are willing to serve, independence and confidentiality requirements and a background check will be conducted. They will also be informed of Regents policies concerning defense and indemnification.~~

~~C. The Secretary and Chief of Staff or designee will convene a screening committee to review candidates. Members of the screening committee will be the Chair of the Committee on Compliance and Audit, the Senior Vice President – Chief Compliance and Audit Officer of The Regents, the Secretary and Chief of Staff to The Regents, the Vice President and General Counsel of The Regents, the Vice President – Financial Management and the current Financial and Compliance Advisors. With the exception of the Advisors, all members may delegate their role to a designee. Members will solicit comments from others as appropriate. The Chair of the Committee on Compliance and Audit may designate additional members of the screening committee.~~

~~D. Persons eligible for appointment as expert advisors to the Committee on Compliance and Audit must be independent and there must be no conflicts of interest. Criteria for exclusion include:~~

- ~~1. Employment of the individual or immediate family by the University of California or the U.S. Department of Energy.~~
- ~~2. Employment of the individual or immediate family by the current external auditor.~~
- ~~3. The individual or immediate family member has been a contractor or consultant to the University or participated in their organization's decisions related to consulting with the University, receiving more than \$60,000 (total) within the past three calendar years.~~

~~E. The screening committee will assess the following:~~

- ~~1. Professional credentials and relevant experience.~~
- ~~2. Potential conflicts for the candidate or the candidate's immediate family members.~~
- ~~3. Affiliations or connections with the University and its related entities.~~
- ~~4. References and background checks done through selected public sources~~

~~F. Prior to making the final selection, information about the finalist(s) for the appointment(s) will be forwarded to the Chairman of the Board and the Chair of the Committee on Finance to solicit their views. The Chair of the Committee on Compliance and Audit will make the final decision on the candidate to advance to the Committee on Compliance and Audit for appointment.~~

## H. Financial Advisor Selection Criteria

A. Financial Advisor shall have the following attributes:

- ~~1. An understanding of generally accepted accounting principles and financial statements. For the University, knowledge of accounting principles as promulgated by the Governmental Accounting Standards Board (GASB) applicable to higher education is preferred.~~
- ~~2. Experience in:
  - a. Preparation or auditing of financial statements of generally comparable institutions and
  - b. Familiarity with application of such principles in connection with the accounting for estimates, accruals and reserves, including third party reserves of Medical Centers as well as self insurance reserves
  - c. The design and evaluation of internal controls~~
- ~~3. Understanding of Compliance and Audit Committee functions including oversight of ethics and compliance matters~~

B. The foregoing attributes must have been acquired through any one or more of the following:

- ~~1. Education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;~~
- ~~2. Experience actively supervising any of the above listed positions or person performing similar functions~~
- ~~3. Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing, or evaluation of financial statements, or~~
- ~~4. Other relevant education and experience~~

## III. Description of the Role of the Financial Advisor

A. The Financial Advisor to the Committee on Compliance and Audit is to provide advice and consultation to the Committee in the following areas:

- ~~1. Financial and accounting matters, including assistance in reviewing UC financial statements and in asking appropriate questions regarding those statements; the~~

- University's choices of accounting principles, any changes in accounting principles and estimates having a significant impact on the financial statements;
2. Compliance with GASB pronouncements and changes in auditing standards;
  3. Independent views of management's compliance with accounting standards;
  4. The University's internal control structure and processes, material changes in controls, the control implications of contemporary internal or external issues, and the significance of control findings reported to the Committee;
  5. A view of the public accountant's expertise and overall performance;
  6. General assistance with audit committee oversight of the University's accounting, auditing, ethics and compliance practices.

#### IV. Compliance Advisor Selection Criteria

##### A. A Compliance Advisor shall have the following attributes:

1. An understanding of corporate ethics and compliance programs, including development and implementation programs as well as systems for monitoring. Experience in a university setting would be helpful.
2. Experience in:
  - a. Prevention, detection and response to compliance risks; education, auditing and monitoring concepts;
  - b. Understanding implications for compliance and culture in a changing regulatory environment;
  - c. Design and evaluation of internal controls and reducing compliance risks through risk mitigating activities.
3. Understanding the Compliance and Audit Committee functions, including oversight of ethics, risk and compliance, as well as risk mitigation matters.

##### B. The foregoing attributes must have been acquired through any one or more of the following:

1. Education and experience as an Ethics and Compliance Officer or experience in one or more positions that involve the performance of similar functions;
2. Experience actively supervising such a position or person performing similar functions;
3. Experience overseeing or assessing the performance of companies with respect to their compliance, ethics or risk function, or
4. Other relevant education and experience.

#### V. Description of the Role of the Compliance Advisor

##### A. The Compliance Advisor to the Committee on Compliance and Audit is to provide advice and consultation to the Committee in the following areas:

1. Ethics, compliance and risk matters, including assistance in reviewing UC reports to the Committee regarding ethics, compliance and identification of risks and risk mitigation activities.

- ~~2. Advice and review of appropriate metrics for assessing compliance within the University.~~
- ~~3. Independent review of management's compliance with the University's corporate ethics, risk and compliance programs.~~
- ~~4. General assistance with review of overall performance of the Senior Vice President Chief Compliance and Audit Officer.~~
- ~~5. General assistance with the Committee on Compliance and Audit's oversight of the University's corporate ethics and compliance program.~~

## **Regents Policy 1405: Committee on Health Services**

*Approved November 19, 2015*

Rescind; incorporated into Charter of the Health Services Committee.

- ~~A. 1. The Committee on Health Services is authorized, without further Regents action, to approve transactions, as defined in Bylaw 12.7, otherwise requiring Regents approval that primarily arise from or serve the programs and services of UC Health or any of its components when: [In Committee Charter, section G(3)]~~
- ~~i. the transaction can reasonably be anticipated to commit or generate up to 3% of the annual operating revenue for the relevant Medical Center(s) as reflected in the audited financial statement(s) for the most recent full fiscal year; and~~
  - ~~ii. combined with the value of transactions previously approved by the Committee in the relevant fiscal year, the transaction can reasonably be anticipated to commit or generate up to 5% of the annual operating revenue for the relevant Medical Center(s) as reflected in the audited financial statement(s) for the most recent full fiscal year.~~
- ~~2. The value of a transaction shall be determined on the basis of the cumulative value of UC's direct financial commitment, including both UC cash contributions and debt assumed, or the combined value of any assets or debt sold or otherwise disposed.~~
- ~~B. Compensation Benchmarks: The Committee on Health Services shall develop a benchmarking framework for use in evaluating compensation proposals that may be approved under Bylaw 12.7. The benchmarking framework shall identify peer institutions against which UC Health competes for high level positions and identify external salary data for positions comparable to those that may be approved by the Committee under Bylaw 12.7. The benchmarking framework shall be reviewed and approved by the Committee on Health Services and the Committee on Compensation at least every two (2) years. [In Committee Charter, section H(2)]~~

~~Chancellor Committee Members: To the extent that an item on the agenda for a meeting of the Committee on Health Services primarily or substantially benefits the campus led by a Chancellor member of the Committee on Health Services, the member may present the item as an advocate for the campus but shall not otherwise participate in deliberation by the Committee. This limitation shall not be effective where an item is reasonably anticipated to provide direct benefit to all campuses with medical centers. [In Committee Charter, section F]~~

~~C. Conflict of Interest: Advisory Members shall not participate in deliberations of the Committee on any matter in which the member or an immediate family member has a financial interest. [Provided for in Bylaw 24.8 – Special Requirements for Chancellor/Advisory Members]~~

~~D. UC Health Oversight: [In Committee Charter, sections I and K]~~

- ~~1. Strategic Plan and Budget: The Committee shall report annually to the Board on the UC Health strategic plan and budget at the July meeting.~~
- ~~2. Quality, Cost and Access: The Committee shall oversee development of dashboards assessing quality of care, cost of service, and access to care across the UC Health clinical enterprise, and shall use the dashboards to monitor performance against established benchmarks.~~
- ~~3. Student Health Centers: The Committee shall report annually to the Board on the status of the University's student health and counseling centers and the UC Student Health Insurance Plan at the September meeting.~~
- ~~4. Transaction Review: The Committee shall annually review and assess the transactions approved in the previous three years and report in writing on its assessment to the Board for the March meeting.~~
- ~~5. Health Plan Contracts: The senior executive for health affairs in the Office of the President shall regularly brief the Committee on system-wide managed care and other health plan participation arrangements negotiated on behalf of the UC Health clinical enterprise.~~

~~E. Implementation: The amendments to Bylaw 12.7 approved at the November 2015 meeting shall be implemented as soon as practicable thereafter, subject to the following transition provisions:~~

- ~~1. The Chair and Vice Chair of the Committee as approved by the Board in May, 2015, shall continue in such capacity. The initial term of the Chair shall be three years, extending through June 2019 to coincide with the regular committee appointment cycle. [Superseded by Charter, sections C and D]~~
- ~~2. Nothing shall prevent the Committee on Health Services from approving compensation for a proposed hire before completion of the initial benchmarking framework described in Section B above.~~

~~3. The provisions of this Section F shall expire on July 1, 2019 and the Secretary and Chief of Staff shall take all actions necessary to remove Section F from Regents Policy 1405. [Not necessary if Regents Policy is rescinded]~~

## **Regents Policy 1500: Statement of Expectations of the President of the University**

*Approved March 17, 2011*

Current; minor edits
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### **Guidelines for Discharge of Duties**

The President of the University shall serve as the chief executive officer of the University of California, governing the institution through authority delegated by the Board of Regents. The President is expected to direct the management and administration of the University of California system consistent with the Bylaws and Regents Policy~~Standing Orders~~, administering the University in fulfillment of its educational, research, and public service missions in the best interests of the people of California. The President shall serve at the pleasure of the Board of Regents subject to such compensation and conditions of employment, as the Board shall determine.

### **Role of the President**

The President shall serve as the academic leader of the institution, defining the vision for the University, and leading the system in developing and executing plans in support of that vision, consistent with the delegation of authority to the Academic Senate and the concept of shared governance.

The President shall serve as the chief executive officer, leading the administration of the University, recommending, supporting and evaluating the performance of chancellors, representing the campuses to the Regents, and establishing a structure to manage the University's affairs.

The President shall serve as the primary external advocate, promoting the University's interests and managing its reputation with external stakeholders.

The President shall serve as the guardian of the public trust, ensuring legal and ethical compliance, managing system risk, and providing information regarding University activities.

### **Management and Planning**

The President is expected to keep the Board informed regarding significant aspects of the University; to consult and counsel the Board on important matters of governance and

administration of the University; and to consult and counsel the Board with respect to policies, purposes and goals of the University. The President shall carry out the directives and policies of the Board of Regents. The President shall recommend to the Board the establishment and appointment of ~~Senior Management Group (“SMG”)~~ senior leadership positions, including the positions of chancellors and others directly responsible to the President.

The President shall promote the development and efficiency of the University of California. The President shall make recommendations for changes in organization, programs, assignments and procedures and, where required or appropriate, seek Board approval for those recommendations. The President shall ensure the quality of academic programs systemwide, striving to attain the highest quality of educational experience for University students.

### **Financial Resources**

The President shall ensure that the University has adequate financial resources and that those resources are effectively managed to ensure the excellence of the University for future generations of Californians. The President shall present recommendations to the Board for both the capital and operating budget of the University. The President shall monitor and audit the expenditure of funds and shall ensure the University is a responsible steward of the public funds entrusted to the institution.

### **Consultation with the Faculty**

The President is expected to consult with the Academic Senate, consistent with the principle of shared governance, on issues of significance to the general welfare and conduct of the faculty and on all matters under the jurisdiction of the Academic Senate pursuant to the Bylaws and ~~Standing Orders~~ Regents Policy.

### **Diversity**

The President is expected to promote diversity in the University community, consistent with applicable law and the public mission of the University to serve the interests of all Californians. The President is expected to establish a climate that welcomes, celebrates and promotes respect for all forms of diversity. -The President shall work to remove barriers to the recruitment, retention, and advancement of talented students, faculty and staff from historically excluded populations who are currently underrepresented.

### **Regents Policy 1600: Policy on Security Clearance for Access to Federal Classified Information**

*Approved March 29, 2012*

*Amended December 30, 2015*

Current; minor edits
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For the purposes of security clearance for matters involving federal classified information, the positions listed below shall be known as Key Management Personnel (KMP). These positions have authority and responsibility with respect to the entirety of the University and, included therein, for the negotiating, execution, and administration of United States Government contracts as described in the National Industrial Security Program Operating Manual (NISPOM). In such positions, a KMP ordinarily has access, absent exclusion, to all information in possession of the University, including classified information. ~~Pending issuance of the required access authorization, a KMP shall be excluded from all access to classified information and shall not participate in any decision or other matter pertaining to the protection of classified information.~~

- Ex-Officio Regents – the Governor, Lieutenant Governor, and the President of the University of California;
- ~~Chairman~~ of the Board of Regents;
- The General Counsel ~~and Vice President for Legal Affairs,~~ and the ~~Senior Vice President –Chief Compliance and Audit Officer;~~ and
- The Provost ~~and Executive Vice President for Academic Affairs.~~

Any individual appointed or assuming a KMP position shall be ~~immediately~~ excluded by resolution of the Board from access to classified information and shall not participate in any decision or other matter pertaining to the protection of classified information until receipt of the required access authorization, unless such individual currently possesses a personnel security clearance at the level of the University's facility clearance.

### **Regents Policy 6103: Policy Establishing the Investment Advisory Group**

*Adopted November 19, 1999*

*Amended July 19, 2007, September 20, 2007, September 16, 2010, and March 29, 2012*

Rescind; Bylaw 24.4 authorizes external advisors; incorporate provision about composition of external advisors into Charter of the Finance and Capital Strategies Committee (see companion item proposing amendment of committee Charter regarding external advisors).

**Function:** ~~The Investment Advisory Group shall function in an oversight and evaluative role providing advice to The Regents with respect to establishment of investment policies and investment performance, including, but not limited to, investment strategies, policies and procedures; investment performance; investment personnel of the Chief Investment Officer; external investment managers; and the budget of the Chief Investment Officer.~~

**Authority:** ~~The Committee on Investments has authority under Regents Bylaw 12.5 for management of investments of the Corporation, and the Advisory Group shall have no management or action authority. In addition, the Investment Advisory Group shall have no~~

authority for selection of specific investments, including the selection of investment managers or individual investments.

**Composition:** (a) The Advisory Group shall have not more than seven and not fewer than four members, appointed by the Board of Regents upon recommendation of the Committee on Governance, in consultation with the Chair of the Committee on Investments. (b) Except as provided in subsection (c), membership is limited to investment professionals, faculty, and UC Foundation members not currently serving as Regents. (c) Notwithstanding subsection (b), one member of the Advisory Group shall be a represented employee of the University of California with expertise in investments. (d) Members of the Advisory Group shall serve for an initial term of four years and may serve a second term of four years.

**Meetings:** Members of the Advisory Group shall meet only as non-voting advisors in meetings of The Regents' Committee on Investments, which are noticed and conducted in accordance with the provisions of the Bagley-Keene Open Meeting Act.

**Reports:** The Advisory Group may request the Chief Investment Officer, other University of California staff, and such external sources as the Group shall determine advisable to provide reports on investment matters.

**Consultant:** The Advisory Group may recommend to the Committee on Investments that one or more consultants be retained from time to time to advise the Advisory Group and the Committee on Investments.

**Conflicts:** Members of the Advisory Group shall upon taking and leaving office and annually during their terms, with updates when information changes, disclose the following: their status and the status of their immediate family, within the meaning of the Political Reform Act, as partners, members, executive officers or employees with any and all investment management firms; any ownership interest in a privately held investment management firm; and any ownership interest of 1 percent or more in a publicly traded investment management firm.

An investment management firm is defined as a for-profit business entity which derives its revenues from the investment of third-party assets or, if it is a diversified business entity, no other business line contributes more revenues or earnings than the investment of third-party assets.

**Expenses:** Members of the Advisory Group shall receive no compensation for their services. They shall be reimbursed for expenses associated with service on the Advisory Group in accordance with policies applicable to members of the Board.

**Regents Policy 1110: Policy on Conflicts of Interest in Accordance with the Political Reform Act**

**Additions shown by underscoring; deletions shown by strikethrough**

**A. University Conflict of Interest Code**

In accordance with the Political Reform Act of 1974, the Regents authorize the President of the University to adopt, in consultation with the General Counsel and the Chief Compliance and Audit Officer, the University's Conflict of Interest Code ("Code"). The President of the University may determine what University positions should be included in the Code as "designated employees" who are thereby required to file a Statement of Economic Interests (Form 700). The Code shall include as "designated employees" those University officers and employees whose position entails the making or participation in the making of decisions that may foreseeably have a material effect on any financial interest. Nothing in this delegation is intended to preclude the Board of Regents from adding positions to, or removing positions from, the Code.

**B. Conflicts of Interest Requirements for Individual Regents**

1. Each Regent shall complete conflict of interest training with the same frequency as required for University employees. In addition, each Regent shall submit an annual certification to the Secretary and Chief of Staff in a form approved by the General Counsel that includes, but is not limited to, the following:

A. They have submitted any required complete and accurate Form 700;

B. They have completed all trainings required by Board policy;

C. They will complete any trainings required to be completed in the coming year;

E. They have not participated in any University decision in which they had a financial conflict of interest in the previous year;

F. They will undertake reasonable efforts to anticipate any possible financial conflict of interest, inform the Chair and General Counsel and solicit input as to whether recusal is required; and

G. Any other subject matter requested by the Governance and Compensation Committee.

2. A Regent shall alert the General Counsel as soon as they become aware of any possible financial conflict of interest and seek legal advice about whether they are required to disqualify themselves from any University decision.

3. When a financial conflict of interest requires a Regent to disqualify himself or herself on an issue on the agenda of a meeting of the Board of Regents or its committees, the Regent shall:

A. When the item is announced, publicly identify the nature of the financial conflict of interest;

B. Recuse himself or herself from discussing, voting, or otherwise participating in the matter; and

C. Leave the room until after the discussion, vote, and any other disposition of the matter is concluded.

4. Notwithstanding the requirements of paragraph (3), a Regent may address the Board about any issue for which their disqualification is required during time provided for general public comment on the issue.

5. A Regent is expected to disqualify himself or herself from participating in or influencing any University decision in which they have a material financial interest, whether or not that University decision occurs or is planned to occur at a meeting of the Board or any of its committees or subcommittees.

~~1. In accordance with the Political Reform Act of 1974 (Government Code Sections 81000, et seq.), The Regents approve the Conflict of Interest Code of the University of California.~~

~~2. The President of the University be authorized to approve, with the concurrence of the Chairman of the Board and the General Counsel of The Regents, modifications in the Conflict of Interest Code as may be deemed appropriate in light of comments and suggestions received prior to submission of the Proposed Code to the Fair Political Practices Commission for its approval including in particular comments and suggestions received at the January 1977 meeting.~~

~~3. The Regents' approval of an earlier draft Conflict of Interest Code of the University of California on July 16, 1976 be rescinded.~~

~~4. The Policy of The Regents of the University of California Regarding Conflicts of Interest, adopted July 16, 1971, be rescinded as of the effective date of the Conflict of Interest Code of the University of California.~~

**Additions shown by underscoring; deletions shown by strikethrough**

**Appendix A - Charter of the Academic and Student Affairs Committee**

- A. Purpose. The Academic and Student Affairs Committee shall provide strategic direction and oversight, make recommendations to the Board, and take action pursuant to delegated authority, on matters pertaining to the educational philosophy and objectives of the University, to admissions policy, to student affairs, to student and faculty diversity, and to the academic planning, instruction, research and public service activities of the University.
- B. Membership/Terms of Service. The identity, appointment and terms of service of Committee members shall be as specified in Bylaws 24.4 through 24.6, except that the California Superintendent of Public Instruction shall be added to the Committee as a voting ex officio member.
- C. Consent Responsibilities. The Committee shall be charged with recommending action on the following matters which, on approval, shall be placed on the consent agenda of the Board for approval without discussion, unless removed from the consent agenda by motion of any member for separate consideration. Unless otherwise specified, any approval authority for these matters that falls outside parameters expressly reserved to the Board or a Committee is delegated to the President.
- Making any cardinal change to a prime contract to manage and operate a National Laboratory or other Comparable Facility.
  - Allocation of the annual fee earned by the University from an affiliated business entity formed to manage and operate any National Laboratory or Comparable Facility.
- D. Other Oversight Responsibilities. In addition to the consent responsibilities assigned to the Committee described above, and to the extent not otherwise within such responsibilities, the charge of the Committee shall include reviewing and making recommendations to the Board with regard to the following matters and/or with regard to the following areas of the University's business:
- Enrollment and admissions
  - Access and affordability for undergraduate, graduate academic, and graduate professional students

- Residency
- Student life and student conduct
- Sexual assault and sexual harassment prevention
- Academic personnel
- Faculty life and faculty conduct
- Privilege and Tenure
- Undergraduate, graduate academic and graduate professional curricula
- Degrees and Certificates
- Academic Calendar
- Establishment and disestablishment of campuses, colleges and schools
- Research directions, funding, structures and accomplishments
- Internal and external research collaboration
- Intellectual property
- Technology transfer and commercialization
- Innovation and entrepreneurship in curricula, degrees and research
- Public service related to academic affairs
- Master Plan for Higher Education
- Strategic Academic Plans
- K-12 engagement, student preparation for college success, and school improvement
- Diversity
- Campus climate and inclusion
- CSU and CCC relations
- Division of Agriculture and Natural Resources
- Natural Reserve System
- Department of Energy National Laboratories
- Appointments of Regents Professors and University Professors
- Approval of equivalent academic ranks

The assignment of responsibility to this Standing Committee under Paragraphs C and D signifies that it is the Committee to which matters otherwise appropriate for Board consideration generally will be referred and does not create an independent obligation to present a matter to this Standing Committee or its Subcommittee, to the Board or to any other Committee.

- E. National Laboratories Subcommittee. The Committee hereby establishes the National Laboratories Subcommittee to assist the Committee in discharging its governance and oversight responsibilities with regard to the Lawrence Berkeley National Laboratory, the Lawrence Livermore National Laboratory, the Los Alamos National Laboratory, and any other Comparable Facility. A Comparable Facility shall include any National Laboratory

or other Federally Funded Research and Development Center as identified by federal regulation. The duties and responsibilities of the Subcommittee, and the plenary authority delegated to it by the Board, are set forth as follows.

1. Purpose. In support of the Academic and Student Affairs Committee (the “related Standing Committee”), the National Laboratories Subcommittee shall consider, make recommendations, and act pursuant to delegated authority on matters pertaining to the research and other activities of the Lawrence Berkeley National Laboratory, the Lawrence Livermore National Laboratory, the Los Alamos National Laboratory, and any other National Laboratory or Comparable Facility and any affiliated business entity holding a prime contract to manage and operate a National Laboratory or Comparable Facility.
2. Membership/Terms of Service. The identity, appointment and terms of service of Subcommittee members shall be as specified in Bylaws 25.3 through 25.5.
3. Subcommittee Consent Responsibilities. Unless otherwise specified in this Committee Charter, the Subcommittee shall be charged with recommending action on the following matters which, on approval, shall be placed on the consent agenda of the Board, on the terms specified in Paragraph C above as though approved by the Standing Committee, unless any member of the Standing Committee requests that the matter be taken up for discussion and/or action by the Standing Committee. Unless otherwise specified, any approval authority for these matters that falls outside parameters expressly reserved to the Board or a Committee is delegated to the President.
  - Making any cardinal change to a prime contract to manage and operate a National Laboratory or other Comparable Facility.
  - Allocation of the annual fee earned by the University from an affiliated business entity formed to manage and operate any National Laboratory or Comparable Facility.
4. Other Oversight Responsibilities. In addition to the responsibilities assigned to the Subcommittee described above, and to the extent not otherwise within such responsibilities, the charge of the Subcommittee shall include reviewing and making recommendations to the related Standing Committee with regard to the following matters and/or with regard to the following areas of the University’s business:

- The University's participation in any solicitation for or contract to manage and operate a National Laboratory or Comparable Facility.
  - The University's participation in any business entity formed to manage and operate a National Laboratory or other Comparable Facility
  - Oversight of relationships between and among the University, the Department of Energy, the National Nuclear Security Administration, other pertinent state and federal authorities, and any business partners and business entities with responsibility for management and operation of a National Laboratory or Comparable Facility.
5. Reporting. In addition to the reports required under Bylaw 25.8, the Subcommittee shall report to the related Standing Committee any material developments in the operation of the National Laboratories or Comparable Facilities, including those that concern the health and safety of laboratory personnel or the surrounding communities, those that have the potential to expose the University to financial loss, those that have the potential materially to impact fees earned by the University for management and operation of a National Laboratory or Comparable Facility, and/or those that have the potential to adversely impact the University's relationship with state or federal authorities or University business partners.

**Additions shown by underscoring; deletions shown by strikethrough**

**Appendix D - Charter of the Governance and Compensation Committee**

- A. Purpose. The Governance and Compensation Committee shall provide strategic direction and oversight, make recommendations to the Board, and take action pursuant to delegated authority, on matters pertaining to the organization and management of the Board, pertaining to the appointment and compensation of the University's senior leadership, and pertaining to the development, review and amendment of employee compensation and benefits programs and policies.
- B. Membership and Terms of Service. The Committee shall consist of the President of the Board, the Chair of the Board, the President of the University, and ~~six~~ other Regents, appointed by the Chair of the Board, no later than March of each year for the ensuing year.
- C. Consent Responsibilities. The Committee shall be charged with recommending action on the following matters, which, on approval, shall be placed on the consent agenda of the Board for approval without discussion, unless removed from the consent agenda by motion of any member for separate consideration:
- the formation of Subcommittees
  - the appointment of Subcommittee members
  - those portions of a Committee Charter governing a Subcommittee, provided however that any additions or other changes to the authority delegated to a subcommittee shall be considered and acted upon by the Board in a separate item apart from the consent agenda.
- D. Board Leadership and Committee Assignments. The Committee shall be responsible for presenting to the Board no later than May of each fiscal year a slate of candidates for Chair and Vice Chair of the Board, Chair and Vice Chair of each Standing Committee, and the remaining members of each Standing Committee (except the Governance and Compensation Committee, whose members are selected by the Chair of the Board), for the following fiscal year.
- E. Other Oversight Responsibilities. In addition to the responsibilities assigned to the Committee described above, and to the extent not otherwise within such responsibilities,

the charge of the Committee shall include reviewing and making recommendations to the Board with regard to the following matters and/or with regard to the following areas of the University's business:

- Review and amendment of the University's Bylaws, Regents Policies and other governing documents
- Formation and organization of the Board's Standing Committees, subcommittees and special committees, and development of committee charters
- Appointments in Board leadership or on Board committees
- Review and oversight of the Board code of conduct and other Board policies
- Oversight of member compliance with laws, regulations and University policy
- Development of Board training and performance assessment programs
- Development of Board meeting and other processes
- Appointment and assessment of University senior leadership, in accordance with University policy
- Approval of senior executive compensation, in accordance with University policy
- Review of University compensation and benefit plans and programs
- Development of compensation benchmarks and other tools to assess the efficiency and competitiveness of the University's compensation and benefits plans and programs
- Oversight of University collective bargaining practices
- Assuring that appropriate subject matter expertise is available to the Board and its Committees
- Recommending to the Board procedures to consider any allegation that a Regent, Committee member, Regent Designate or advisor to a Board Committee has not fulfilled their duties as set forth in University Bylaws, policy or applicable law; to implement appropriate response(s) when such allegation is found to have merit, and to determine levels of authority to act on such matters.

The assignment of responsibility to this Standing Committee under Paragraphs C and E signifies that it is the Committee to which matters otherwise appropriate for Board consideration generally will be referred and does not create an independent obligation to present a matter to this Standing Committee, to the Board or to any other Committee.

- F. Consultation With Other Committee Chairs on Compensation Matters. The Governance and Compensation Committee shall consult with the Chairs of other Standing Committees or Subcommittees, as appropriate, in making determinations and recommendations regarding the appointment and compensation of employees within the jurisdiction of those other committees.

**Additions shown by underscoring; deletions shown by strikethrough**

**Appendix C - Charter of the Finance and Capital Strategies Committee**

- A. Purpose. The Finance and Capital Strategies Committee shall provide strategic direction and oversight, make recommendations to the Board, and take action pursuant to delegated authority, on matters pertaining to the University's fiscal and financial affairs, business operations, land use, and capital facilities and strategies.
- B. Membership/Terms of Service. The identity, appointment and terms of service of Committee members shall be as specified in Bylaws 24.4 through 24.6.
- C. Delegated Authority. The Committee shall have plenary authority to approve the following matters which, on approval by the Committee or the Investments Subcommittee (see Paragraph F below), shall require no further action or authorization from the Board or any other committee:
- Determination of asset classes (exercised through the Investments Subcommittee)
  - Asset allocation policy (exercised through the Investments Subcommittee)
- D. Other Oversight Responsibilities. In addition to the authority delegated to the Committee described above, and to the extent not otherwise within such authority, the charge of the Committee shall include reviewing and making recommendations to the Board with regard to the following matters and/or with regard to the following areas of the University's business:
- Annual financial statements
  - Expenditures and appropriation of funds
  - Cash management
  - Bank accounts and banking relationships
  - External financing
  - Capital Financial Plans (e.g. 10 Year Capital Financial Plan)
  - Capital planning and capital budget requests
  - University Budget and planning
  - State Budget requests
  - Review of operating and capital budgets on a campus by campus basis
  - Indirect cost recovery
  - Financial Performance of Insurance programs.
  - Captive insurance affiliates and programs
  - Procurement
  - Significant financial programs (e.g. Fiat Lux, Procurement, asset management)

- Large-scale enterprise systems (e.g. UC PATH)
- Annual valuations for UCRP and the retiree health program
- University Investments
- Real estate sales, purchases and leases, easements, licenses, mineral rights
- Physical design framework
- Design approvals
- Facilities Operations
- Long Range Development Plans (LRDPs) and environmental policy matters
- Energy matters
- Sustainability matters

The delegation and assignment of responsibilities to this Standing Committee under Paragraphs C and D signifies that it is the Committee to which matters otherwise appropriate for Board consideration generally will be referred and does not create an independent obligation to present a matter to this Standing Committee or its Subcommittee, to the Board or to any other Committee.

- E. Consultation with Other Committees. The Committee shall consult with the Chair of the National Laboratories Subcommittee in advance of, or concurrent with, consideration, recommendation, or approval, of projects of strategic importance to the National Laboratories. The Committee shall consult with the Health Services Committee on plans for improvements and capital improvement requests involving UC Health or any of its components prior to or concurrent with consideration, recommendation, or approval by the Finance and Capital Strategies Committee. This requirement applies only to those capital projects that are related to patient care or research, or are otherwise of strategic importance to UC Health.
- F. Investments Subcommittee. The Committee hereby establishes the Investments Subcommittee to assist the Committee in discharging its oversight responsibilities with regard to University investments. The duties and responsibilities of the Subcommittee, and the plenary authority delegated to it by the Board and the Committee, are set forth as follows.
1. Purpose. In support of the Finance and Capital Strategies Committee (the “related Standing Committee”), the Investments Subcommittee shall consider, make recommendations, and act pursuant to delegated authority on matters pertaining to University investment strategy and operations, and pertaining to the review and reporting of investment results.
  2. Membership/Terms of Service. The identity, appointment and terms of service of Subcommittee members shall be as specified in Bylaws 25.3 through 25.5.
  3. Special Requirements for Members/Advisors. Except as specifically provided in this Charter, neither the Subcommittee nor any of its members or advisors shall direct or attempt to direct the University’s internal or external investment managers with regard to the selection of specific investments, specific funds or specific investment

managers. The role and authority of such members and advisors shall be limited to providing general direction through policy and to monitoring and reporting investment results.

4. Delegated Authority. The Subcommittee shall have plenary authority to approve the following matters which, on approval, shall require no further action or authorization from the Board, the related Standing Committee or any other committee. Unless otherwise specified, any approval authority for these matters that falls outside parameters expressly reserved to the Board or a Committee is delegated to the President or the Chief Investment Officer, within their respective jurisdictions.
  - Determination of asset classes
  - Asset allocation policy
5. Other Oversight Responsibilities. In addition to the authority delegated to the Committee described above, and to the extent not otherwise within such authority, the charge of the Subcommittee shall include reviewing and making recommendations to the related Standing Committee with regard to the following matters and/or with regard to the following areas of the University's business:
  - Investment policy and strategy
  - Physical asset management (e.g. real estate held as investments)
  - Investment accounts/custodian relationships
  - Retirement system investments
  - Endowment funds investments
  - Short term and liquidity investments
  - Investment operations
  - Investment results and reporting
  - Annual valuations for UCRP and the retiree health program
6. Expert Advisors. The Subcommittee shall have the authority to retain independent investment experts and advisors, as necessary to conduct the business of the Subcommittee. The Subcommittee shall include at least three and no more than five non-voting advisory members (in addition to Chancellors) with expertise relevant to the work of the Subcommittee. One advisory member shall be a represented employee of the University of California with expertise in investments and one shall be from a campus foundation. Any advisors not otherwise subject to University policy, shall be subject to the laws and policies applicable to Regents governing compensation and reimbursement of expenses, and shall be subject to conflict of interest disclosure and recusal obligations as specified in the University's Conflict of Interest Code and other applicable policies.
7. Reporting. In addition to the reports required under Bylaw 25.8, the Subcommittee shall report to the related Standing Committee any material developments in the University's investments operation and in the University's investment portfolio.

**Additions shown by underscoring; deletions shown by strikethrough****Appendix B - Charter of the Compliance and Audit Committee**

- A. Purpose. The Compliance and Audit Committee shall provide strategic direction and oversight, make recommendations to the Board, and take action pursuant to delegated authority, on matters pertaining to the quality and integrity of the University's financial reporting systems and controls; the qualifications, performance and independence of the University's independent financial auditor; the function and performance of the University's compliance, internal audit and risk management programs; and the University's commitment to meeting all applicable legal, regulatory and policy requirements.
- B. Membership/Terms of Service. The identity, appointment and terms of service of Committee members shall be as specified in Bylaws 24.4 through 24.6, except that neither the President of the University nor the Chief Financial Officer of the University shall be eligible to serve on the Committee. The Committee may include non-voting advisory members (in addition to Chancellors) with expertise relevant to the work of the Committee.
- C. Consent Responsibilities. The Committee shall be charged with recommending action on the following matters which, on approval, shall be placed on the consent agenda of the Board for approval without discussion, unless removed from the consent agenda by motion of any member for separate consideration. Unless otherwise specified, any approval authority for these matters that falls outside parameters expressly reserved to the Board or a Committee is delegated to the President.
- Approval of the audit scope and plan of the independent financial auditor
  - Approval of the annual report of the independent financial auditor
  - Approval of the annual internal audit and compliance plans
  - Approval of the internal audit charter and any amendments
  - Approval of the compliance program charter and any amendments
  - Approval of litigation settlements and other settlements of disputed claims in which the amounts paid, or the amounts compromised on monies owed, exceed the authority of the General Counsel or other University or Corporation Officer but is less than \$5 million.
- D. Other Oversight Responsibilities. In addition to the consent responsibilities assigned to the Committee described above, and to the extent not otherwise within such responsibilities, the charge of the Committee shall include reviewing and making recommendations to the Board with regard to the following matters and/or with regard to the following areas of the University's business:
- Monitoring University compliance with applicable laws, regulations and policies, including those concerning conflicts of interest and financial disclosure, those

- presenting a risk of a material financial impact to the University, and those relating to the University's policies prohibiting discrimination and harassment
- Developing and implementing the University's compliance program
  - Development of a culture attentive to the University's commitment to ethics and compliance
  - Developing an effective program for receiving, monitoring and investigating complaints of alleged improper governmental activities (i.e. a "whistleblower" program)
  - The functional reporting relationship of the Senior Vice President—Chief Compliance and Audit Officer with the Committee
  - Operational risk management enterprise wide
  - Cyber security risks and management response
  - Establishing and overseeing the University's internal audit program
  - Internal Audit compliance with the Institute of Internal Auditors' (IIA's) International Standards for the Professional Practice of Internal Auditing
  - Establishing an effective environmental health and safety program
  - Responding to external inquiries such as state and federal regulatory investigations and audits
  - Litigation settlements and other settlements of disputed claims
  - Monitoring and assuring governance, risk management, and control environment related to financial controls, operational controls and legal compliance ~~and risk management~~ are effective
  - Developing and implementing corrective actions for identified deficiencies in financial controls or legal compliance
  - ~~Appointment and compensation of the Chief Compliance and Audit Officer, who oversees the compliance and audit functions of the University~~
  - The appointment of the external independent financial auditor, the external audit plan and the general delivery of these services
  - Resolving any disputes between the independent financial auditor and management
  - Assuring that the independent financial auditor has access to the Committee for independent discussions, where appropriate
  - Reviewing with the independent auditors matters required to be discussed under external auditing standards
  - Overseeing development and regular review of the University's ethics policies and statements of ethical principles with particular attention to compliance with University policies and applicable laws and regulations

The assignment of responsibility to this Standing Committee under Paragraphs C and D signifies that it is the Committee to which matters otherwise appropriate for Board consideration generally will be referred and does not create an independent obligation to present a matter to this Standing Committee or its Subcommittee, to the Board or to any other Committee.

- E. Independent Experts. The Committee shall have the authority to retain independent legal counsel, following consultation with the General Counsel, and to retain other independent experts, as necessary to conduct the business of the Committee.
  
- F. Expert Advisors. The Committee shall have the authority to retain independent experts and advisors, as necessary to conduct the business of the Committee. Any advisors not otherwise subject to University policy, shall be subject to the laws and policies applicable to Regents governing compensation and reimbursement of expenses, and shall be subject to conflict of interest disclosure and recusal obligations as specified in the University's Conflict of Interest Code and other applicable policies.

## **Policy on Reports to the Regents**

The Office of the Secretary and Chief of Staff shall maintain a Schedule of Reports due to the Regents. Reports address significant systemwide policy issues.

New reports shall only become part of the Schedule of Reports if requested by a Committee or the Board in a recommendation that is adopted by the Board or if required by an external agency. The Governance and Compensation Committee periodically will make a recommendation to the Board to revise the Schedule of Reports to add any such reports adopted by the Board or required by an external agency.

Existing reports may be required by Regents Policy or by Committee Charter. Regents or senior leadership can request a report or presentation on any subject, even if not specified on the Schedule of Reports.

All Board members receive reports mailed between meetings, and those mailings are reported at the next regular meeting of the Board.

The Schedule of Reports and all reports to the Regents will be reviewed every three years to determine whether they remain useful to the Board, and whether they should remain as presentations to a Committee or to the Board or be mailed between meetings. The Board must take affirmative action to extend a report for another three-year period.

**SCHEDULE OF REPORTS TO THE REGENTS**  
**[Pursuant to ~~Bylaw 16.8(a)~~ the Policy on Reports to Regents]**  
**Amended ~~July 2014~~ March 2017**

	Month(s) Provided to Regents
<b>BOARD</b>	
<del>Report of the President Concerning University Activities and Individuals (the President's Report)</del>	<del>January March May July September November</del>
<u>Annual University of California Accountability Report</u>	<u>July</u>
<u>UC Health Strategic Plan and Budget</u>	<u>July</u>
<u>Health Systems Transactions Approved by Health Service Committee</u>	<u>March</u>
<b><u>COMMITTEE ON GOVERNANCE AND COMPENSATION COMMITTEE</u></b>	
Annual Reports on Executive Compensation for Calendar Year ___ : (a) Incumbents in Senior Management Positions and (b) Deans and Certain Faculty Administrators ( <i>mbm</i> <sup>4</sup> )	July
Annual Report on Compensated Outside Professional Activities for Calendar Year ___ : Incumbents in Senior Management Positions ( <i>mbm</i> )	July
<u>Semi-Annual Report on Outside Professional Activities Approved in the Preceding Six Month Period: Incumbents in Senior Management Positions</u>	<u>January July</u>
Annual Report on Compensated Outside Professional Activities for Calendar Year ___ : Deans and Faculty Administrators ( <i>mbm</i> )	January
<del>Annual Report on Health Sciences Compensation Plan Participants' Compensation that Exceed the Reporting Threshold (<i>mbm</i>)</del>	<del>November</del>
<del>Annual Report on Adjustment of the Indexed Compensation Level (<i>mbm</i>)</del>	<del>September</del>
Annual Compensation Monitoring Report for Calendar Year ___ : Actions for Certain Athletic Positions and Coaches Systemwide ( <i>mbm</i> )	July
<b><u>COMMITTEE ON COMPLIANCE AND AUDIT COMMITTEE</u></b>	
<del>Annual Biennial Report on Risk Management (<i>mbm</i>)</del>	<del>January November</del>
<u>Annual Report on Use of Outside Counsel (<i>mbm</i>)</u>	<u>January</u>

<sup>4</sup> *mbm*: Report is sent to all Regents as a mailing between meetings (*mbm*)

<p><u>Annual Report on Settlements and Separation Agreements (mbm)</u></p> <p><u>Bi-Monthly Report on New Litigation (mbm)</u></p> <p>Internal Audit Plan</p> <p>Annual Review of External Audit of Hastings College of the Law (mbm)</p> <p><u>Summary of Results of the University's A-133 Audit (mbm)</u></p> <p><u>Annual Ethics and Compliance Plan</u></p> <p>Annual Report on Ethics and Compliance</p> <p>Annual Report of External Auditors for the Year Ended June 30, ____</p> <p>Annual Report on Internal Audit Activities</p>	<p><u>January</u></p> <p><u>January</u> <u>March</u> <u>May</u> <u>July</u> <u>September</u> <u>November</u></p> <p>July</p> <p>March</p> <p><u>March</u></p> <p><u>July</u></p> <p>September</p> <p>November</p> <p>November</p>
<p><b><u>COMMITTEE ON EDUCATIONAL POLICY/ACADEMIC AND STUDENT AFFAIRS COMMITTEE</u></b></p> <p><del>Annual Report on Private Support, Major Donors, and Namings and Endowed Chairs (mbm)</del></p> <p>Annual Report on Student Financial Support (mbm)</p> <p>Annual Report on Undergraduate Admissions Requirements and Comprehensive Review (mbm)</p> <p>Annual Report on Self-Supporting Professional Degree Programs (mbm)</p> <p>Annual Accountability Sub-Report on Diversity at the University of California</p> <p><del>Annual Report on the University of California Technology <u>Commercialization Report Transfer Program (mbm)</u></del></p>	<p><del>November</del></p> <p>March</p> <p><del>November</del> <u>February</u></p> <p>August</p> <p>January</p> <p>May</p>
<p><b><u>COMMITTEE ON FINANCE AND CAPITAL STRATEGIES COMMITTEE</u></b></p> <p><del>Annual <u>Biennial</u> Report on Risk Management (mbm)</del></p> <p><del>Annual Report on Use of Outside Counsel (mbm)</del></p>	<p><del>January</del> <u>November</u></p> <p>January</p>

Annual Report on Settlements and Separation Agreements <i>(mbm)</i>	January
Annual Report on University Housing Assistance Programs <i>(mbm)</i>	January
Annual Report on Expenditures of Associates to the President and Chancellors <i>(mbm)</i>	September
University of California Financial Reports	November
Annual University of California Retirement Plan-Actuarial Valuation Report	November
<u>Annual Actuarial Valuation of the University of California Retiree Health Benefit Program</u>	<u>November</u>
Annual Report on Debt Capital and External Finance Approvals <i>(mbm)</i>	January
Annual Report on the University of California Technology Transfer Program <i>(mbm)</i>	May
Annual Report on Administrative Efficiencies <i>(mbm)</i>	September
Annual Report on Newly Approved Indirect Costs <i>(mbm)</i>	November
Bi-Monthly Report on New Litigation <i>(mbm)</i>	January March May July September November
Annual Report on the Net Fee Income Received as Owner of a Limited Liability Company Managing a Department of Energy National Laboratory and Expenditures Made Therefrom <i>(mbm)</i>	November
<b><del>COMMITTEE ON GROUNDS AND BUILDINGS</del></b>	
Annual Report on Sustainable Practices <i>(mbm)</i>	January
Annual Report on Chancellor's Residence and Office Capital Projects <i>(mbm)</i>	September
Annual Report on Major Capital Projects Implementation <i>(mbm)</i>	October
Ten Year Consolidated State and Non-State Capital Financial Plan	November
<b><del>COMMITTEE ON HEALTH SERVICES COMMITTEE</del></b>	
Biannual Activity and Financial Status Report on Hospitals and Clinics <i>(mbm)</i>	March November

Annual Report on Health Sciences Compensation Plan Participants' Compensation that Exceed the Reporting Threshold <i>(mbm)</i>	<u>November</u>
Annual Report on Student Health and Counselling Centers and UC Student Health Insurance Plan <i>(mbm)</i>	<u>September</u>
<b><u>COMMITTEE ON INVESTMENTS SUBCOMMITTEE</u></b>	
Annual Endowment Investment Report <i>(mbm)</i>	February
Annual Report of the Treasurer/Chief Investment Officer <i>(mbm)</i>	<del>November</del> <u>September</u>
Annual Report on UC Ventures	<u>September</u>
<b><u>COMMITTEE ON LONG RANGE PLANNING</u></b>	
Annual University of California Accountability Report	<u>July</u>
<b><u>PUBLIC ENGAGEMENT AND DEVELOPMENT COMMITTEE</u></b>	
Annual Report on Private Support, Major Donors, and Namings and Endowed Chairs <i>(mbm)</i>	November
Annual Report on Sustainable Practices <i>(mbm)</i>	<u>January</u>