

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

May 17, 2017

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

Members present: Regents Brody, De La Peña, Elliott, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Newsom, Ortiz Oakley, Pattiz, Pérez, Ramirez, Reiss, Schroeder, Sherman, and Zettel

In attendance: Regents-designate Lemus and Mancina, 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 President Peacock, Vice Presidents Brown, Budil, Duckett, Holmes-Sullivan, and Humiston, Chancellors Block, Blumenthal, Dirks, Gillman, Hawgood, Khosla, Leland, Wilcox, and Yang, Interim Chancellor Hexter, and Recording Secretary McCarthy

The meeting convened at 8:35 a.m. with Chair Lozano presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of March 15, 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. Parshan Khosravi, UCLA graduate student and member of the UCLA Graduate Student Association, stated that he had been unsuccessful in making an appointment with Chancellor Block to discuss important issues for UCLA students and their families.
- B. Ms. Violet Barton, UC Merced graduate student, said it was a privilege to attend UC, and that the experiences of underrepresented students in a hostile campus climate must be appreciated. She stated that the UC Merced Title IX office had not been responsive and urged the inclusion of students on the systemwide Title IX task force.
- C. Ms. Lina Layiktez, UC Davis employee and chair-elect of the Council of University of California Staff Assemblies (CUCSA), expressed her

disappointment that the recent State audit of the UC Office of the President (UCOP) had cast a shadow over the great work being done throughout UC, including at UCOP. She supported increasing transparency of UCOP, but stated that the real problem was the years of underfunding of UC. The Legislature has the responsibility to allocate an appropriate level of funding.

- D. Ms. Rejeana Mathis, UCLA employee and chair of CUCSA, urged UCOP to be open to staff suggestions about ways to improve UCOP operations. She urged the Regents to invest time and resources into understanding the results of a UCOP staff survey currently underway.
- E. Ms. Ifechukwu Okeke, UC Berkeley student, questioned the University's residency policy that results in some students having to wait to qualify for resident tuition. During the few years it may take to correct flaws in the policy, she suggested that the University temporarily provide financial assistance to transfer students who did not qualify as resident students as a result of the policy flaw that should be corrected.
- F. Mr. Steve Zeltzer, of United Public Workers for Action, expressed his view that the president of UC had prevented the public from knowing what was happening at the University. He said the UCOP budget was being manipulated at the same time that student tuition and fees were increased. He urged President Napolitano to resign and prosecution of any criminal actions.
- G. Ms. Sarah Funes, UC Berkeley student, asked the Regents to establish voting day as a holiday on all UC campuses, so that students would have time to vote without being penalized for missing assignments, classes, or tests on that day. This would encourage students to vote.
- H. Ms. Katherine Baney, UC Berkeley student, advocated for increased student representation on chancellor search committees. She proposed amending Regents Policy 7102: Policy on Appointment of Chancellors to redesignate one Regent's seat on chancellor search committees to the student Regent. Ms. Baney said this amendment had the support of the UC Student Association and all UC campuses.
- I. Ms. Bette Maisel, doctoral student at the Wright Institute and former foster youth, commented that she had benefitted from assistance of the UC Davis Guardian Professions Program (GPP) that helps former foster youth interested in pursuing advanced degrees. She noted that GPP's funding was currently threatened and urged the Regents to support this important program.
- J. Ms. Elizabeth Milos, UCSF employee and member of University Professional and Technical Employees Communications Workers of America (UPTE) Local 9119, stated that UPTE had passed a resolution in January 2017 urging divestment from Energy Transfer Partners and banks that fund the Dakota Access Pipeline. She

said that UPTE demands union voting representation in UC pension decisions and UC divestment from banks that support the fossil fuel industry.

- K. Ms. Kathryn Lybarger, UC Berkeley employee, president of American Federation of State, County and Municipal Employees Local 3299 and president of the California Labor Federation, expressed concern about the State audit report on UCOP, which she said seemed to confirm systemic problems that students and workers have called attention to over the years. She said evidence of obstruction during the audit process called UCOP's integrity in dealing with student and worker issues into question. Students and workers suffer in poverty. UC students and California taxpayers deserve better.
- L. Ms. Refilwe Gqajela, UC San Diego student, chair of the Black Student Union at UC San Diego, and UC San Diego Associated Students incoming vice president of external affairs, cited student demands for an affordable education while tuition has increased and services have decreased. She said that UC workers have had their wages and benefits reduced. Ms. Gqajela said the \$175 million of UCOP undisclosed reserve funds found by the State Auditor showed that tuition reductions and living wages for workers were possible.
- M. Ms. Frida Nohemi, UCLA undocumented student and co-chair of Improving Dreams, Equality, Access, and Success at UCLA, demanded sanctuary status for UC students and workers. Students must feel safe on their own campuses. UC funds could be used to help those undocumented students who must pay nonresident tuition.
- N. Ms. Taylor Chanes, UC Irvine fourth-year student and external vice president of Associated Students UC Irvine, expressed frustration about tuition increases that she said were disproportionate to State disinvestment in UC, particularly in light of UCOP's previously undisclosed reserve funds. Ms. Chanes said that student cultural and health centers should be upgraded to serve increased student enrollment. She reported that she works 30 hours a week and has had to take out higher than average student loans to pay tuition and student fees, but had not seen improvements to campus resources and services.
- O. Mr. Antonio Ruiz, UC Berkeley parking attendant, stated that he worked there as a temporary worker for 22 years. One contract company employing him went bankrupt and Mr. Ruiz said he was not paid for six months. He added that contract employees earn 50 percent less than UC employees for the same work. Finally, the prior year, he became a UC employee with fair wages and benefits. He said the University shows a lack of respect for its workers by concealing millions of dollars while its workers' families are struggling.
- P. Ms. Claudia Russo, UCSF employee, said she loves her job, but because of understaffing UCSF workers have to train temporary workers in positions filled by outsourcing, which threatens patient care. She asked that the \$175 million

previously undisclosed UCOP reserves be used to help UCSF workers provide better care for their patients and to help UC students.

- Q. Ms. Hannah Kagan-Moore, member of United Auto Workers (UAW) Local 2865, commented on inflated administrative salaries and benefits, and the low salaries of UC's teaching assistants who perform one-third of UC's teaching. Student workers struggle to pay rent while assuming increasing debt, with incomes that do not match the cost of living. She advocated for free tuition.
- R. Mr. Evan Steel, UC Davis student and member of Fossil Free UC Davis, urged divestment of UC holdings in the fossil fuel industry.
- S. Ms. Julia Schemmer, second-year UC Riverside student, expressed upset that students struggled to pay for tuition, housing, food, and textbooks, while UCOP had millions of dollars in an undisclosed reserve fund. She expressed displeasure with the cost of housing for President Napolitano and said that Regent Pattiz had been found to have committed acts of sexual harassment.
- T. Ms. Danielle Bermudez, Ph.D. student at UC Merced, said that UC Merced recently opened its first undergraduate and graduate cultural centers, important for a campus with high numbers of students of color and undocumented students. However, the undergraduate intercultural hub can accommodate only 20 people and the graduate cultural resource center can hold only ten people when the door is closed because of carbon dioxide off-gassing in the center that was intended to be used for a bicycle rack.
- U. Mr. Kevin Horng, representing Fossil Free UC, urged the University to reduce gradually its holdings in the fossil fuel industry.
- V. Ms. Daniela Palacios urged UC to divest its holdings in the fossil fuel industry. She said that thousands of UC students, 700 faculty, and three UC chancellors agree with Fossil Free UC.
- W. Ms. Laretta Johnson, of Fossil Free UC Santa Cruz, urged UC to divest its holdings in the fossil fuel industry over seven years and to make a public statement of its intent to do so.

3. **REMARKS OF THE CHAIR OF THE BOARD**

Chair Lozano addressed the State audit of the UC Office of the President (UCOP), noting that President Napolitano had clearly stated her commitment to implementing all 33 of the State Auditor's recommendations to UCOP. That work had already begun. Chair Lozano expressed her belief that the recommendations were constructive. UCOP had made significant improvements to its budget and administrative processes in recent years. However, UCOP could do more to strengthen its policies, procedures, and guidelines. Chair Lozano affirmed that the Regents take their fiduciary duty most seriously and were

committed to serving as responsible stewards of the University. This means exercising that appropriate oversight and ensuring the proper systems, controls, policies, and procedures are in place for the effective management of the University.

The Regents were fully committed to working toward greater transparency and accountability. As such, the following day, Chair Lozano would ask for the support of the Regents in implementing several measures designed to enhance oversight and to ensure that proper controls and systems are institutionalized. These actions include the retention of a third-party independent expert who, on behalf of the Regents, would provide assurance that UC's implementation plan was on track and met best practice standards. Actions in response to recommendations dealing with budget, compliance, and compensation issues would be regularly scheduled for review by the Finance and Capital Strategies Committee, Compliance and Audit Committee, or Governance and Compensation Committee. In July, PricewaterhouseCoopers (PwC) would initiate an audit of the Office of the President to be reported upon in November. The full Board would receive regular updates. Chair Lozano said that she was extremely satisfied with the constructive attitude and actions underway, led by President Napolitano and her senior executives. Chair Lozano also recognized the talent and dedication of UC's employees, and their commitment to UC's mission. She expressed appreciation for their many contributions to sustain the world-class quality of UC.

Chair Lozano recalled that in her address to State legislators earlier that month, she had thanked the Legislature for its partnership in advancing key initiatives that legislators and UC mutually support, such as increasing enrollment of Californians, enhancing diversity among students and faculty, and leveraging the power of the UC system to solve the great challenges of the time. She expressed gratitude to the Legislature and Governor Brown for their support of UC. Together, the ongoing excellence of UC would be ensured. Chair Lozano stated that the Regents recognize that the University's constitutional autonomy carries an obligation that the Regents be wise and prudent stewards of its resources. The Regents were recommitting themselves to meeting this obligation.

At this meeting, the Regents would consider a proposal to balance the enrollment of Californian and nonresident students by capping enrollment of nonresident students at 18 percent at most UC campuses. This proposal represents a solid compromise and a balanced approach that emerged from constructive engagement with legislators. Chair Lozano expressed her full support for the proposal.

Chair Lozano thanked Regents Ramirez, Schroeder, and Brody, Staff Representative Richmond, and Chancellor Dirks, who were attending their last Board meeting, for their service. While Chair Lozano would continue as a Regent, this was her last meeting as Board Chair and she expressed gratitude for the opportunity to serve in this leadership capacity for the past two years. She expressed appreciation to Vice Chair Reiss for her support and to President Napolitano for the opportunity to work so closely together to serve the University.

4. REMARKS OF THE PRESIDENT OF THE UNIVERSITY

President Napolitano expressed gratitude for Chair Lozano's strong leadership of the Regents. Chair Lozano had fostered changes that strengthened the Regents' ability to make strategic decisions and hear multiple perspectives, and articulated a vision of accessibility and sustained quality. During the two years that Regent Lozano served as Chair of the Regents, the University had expanded opportunity for Californians while producing research and outcomes of great benefit to people worldwide.

President Napolitano emphasized that her office was already at work implementing all 33 of the State audit report's recommendations to the UC Office of the President (UCOP). She thanked UCOP employees for their work serving the University and the people of California.

President Napolitano reflected on the size, scope, and outcomes of UC, the best and largest public research university system in the world. The University's core mission is the education of its students, 265,000 in the current year, including 55,000 graduate students. This past fall, thanks to support from the Legislature, UC enrolled 7,500 more Californian undergraduates than the prior year, the largest one-year increase in resident enrollment since World War II. The 2016 freshman class was the most diverse ever, thanks in large part to stronger UC outreach. The share of California freshmen from historically underrepresented groups grew to nearly 38 percent. Likewise, the proportion of African American, Latino, and Native American students transferring from community colleges increased to nearly 35 percent. This academic year, more African American students were enrolled at UC campuses than at any time in the past 22 years. UC alumni currently total 1.9 million.

The UC system turns out an average of five inventions per day, as well as new drugs and disease treatments resulting from clinical trials at its medical centers. Through its Innovation and Entrepreneurship Initiative and support from the State, UC was undertaking new and innovative efforts at each campus to enhance the impact of UC research and inventions on the state. In addition, UC hospitals handle 4.5 million outpatient visits, 356,000 emergency room visits, and 165,000 inpatient admissions annually. Of those treated at UC hospitals, 60 percent were Medicare, Medi-Cal or uninsured patients. With a total annual operating budget of \$31.5 billion, UC and its mission of research, teaching, and public engagement are served each day, at UC's ten campuses, five medical centers, and three UC-affiliated National Laboratories, and its statewide Division of Agriculture and Natural Resources.

Employees at UCOP account for about one percent of UC's total workforce of 200,000. UCOP employees support its three-part mission across the system by managing fiscal, administrative, and certain program-specific operations. Centralizing certain functions at the Office of the President maximizes both efficiency in operations and expertise in functions. President Napolitano expressed pride in what UCOP employees accomplish and enable the system to achieve. At the same time UCOP should always seek ways to improve and embrace constructive suggestions. She reiterated that her office would

implement all 33 of the State audit report's recommendations to UCOP. Her office created a website where the Regents, the Legislature, and the public can track progress. Like the Regents, UCOP staff take the findings of the State audit report and legislators' concerns very seriously. UCOP had important work ahead as it would implement changes in response to the audit. UCOP would redouble its efforts to engage with the State leaders in Sacramento and the public. The University would continue to build on its successful efforts to increase enrollment of Californians and enrich the diversity of UC students and faculty. Through its presidential initiatives, UCOP would continue to support and protect all of its students, including those who are undocumented, address climate change, foster innovation and entrepreneurship, improve food security, and strengthen its collaboration with Mexican institutions and researchers.

President Napolitano said the University must also address freedom of expression across the UC system. As the contentious U.S. presidential campaign concluded the prior year, the Higher Education Research Institute at UCLA completed its 51st annual survey of college freshmen. This survey of nearly 140,000 first-time, full-time students, conducted across 184 U.S. colleges and universities described them as one of the most politically polarized cohorts in the survey's history, and also found the largest proportion ever of students who want to influence the political structure and social values of the U.S. The University is obligated to equip these students with the knowledge and values that would enable them to bring critical thinking to their daily lives and civic discourse. Yet, too often on campuses free speech is eroded when students and others shout down speakers or set about to prevent them from speaking at all. One might disagree with sentiments expressed in public spaces, but the way to deal with extreme unfounded speech is not with less speech, but with more speech informed by facts and persuasive argument. Not all speech is permissible; speech intended to personally intimidate or harass falls outside First Amendment protections. President Napolitano expressed her preference for a campus that is loud to one that is quiet, and classrooms where students are encouraged to bring different perspectives. These are the lodestar values President Napolitano would embrace.

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

Faculty Representative Chalfant commented that the University known to UC faculty was not the one discussed recently in media, at State Assembly hearings, or even at Regents' meetings. He urged the Board and State officials to speak with UC staff, students, and faculty to learn their stories. UC is the state's third-largest employer and currently enrolls more than 264,000 students. From the perspective of UC's faculty, many people governing California do not appear to understand UC's problems. Political statements would not educate students or support research that enriches the lives of Californians in countless ways. While the alleged interference with campus surveys submitted to the State Auditor must be addressed, it is not the most serious problem UC faces. Mr. Chalfant objected to the State Auditor's implied dismissal of Office of the President (UCOP) initiatives and the implication that those funds could have been better spent on undergraduate students. The test of any budget item should be whether the Board views it positively in comparison with other possible uses of the funds.

UC faculty would like to change the conversation with Sacramento. Mr. Chalfant expressed his view that the nonresident enrollment policy that would be considered the following day was not good policy. Regarding the goal of achieving a freshman to transfer ratio of 2:1 at every UC undergraduate campus, UC's most selective campuses were meeting the 2:1 ratio and UC was meeting that goal systemwide. He expressed opposition to the Legislature's threatening to withhold \$50 million of UC's funding if UC Santa Cruz and UC Riverside did not meet the 2:1 ratio. The same would be true of linking funding to activity-based cost modeling, which ignores the quality of education.

Mr. Chalfant urged State officials to be concerned about issues of real importance to UC such as reducing the achievement gap for African American students, securing funding for 900 additional graduate and professional students, UC's unfunded liabilities for pensions and retiree health insurance, and UC's staggering capital needs. Mr. Chalfant cited the recent success of UC campuses in national rankings and urged media to cover the fact that UC was enrolling more underrepresented and first-generation students than ever before, but having less to spend to educate them than previous generations. He urged the news media and the Legislature to consider the President's Postdoctoral Fellowship Program, the carbon neutrality initiative, and the Global Food Initiative as substantive programs with costs and benefits. He pointed out that UC funds the Cooperative Extension and 4-H in every county in California using assessments paid by the campuses. He stated that the amount in ten UCOP executive salaries the State audit report found excessive in relation to supposed State government comparators was insignificant compared with the funding required to educate UC's undergraduate students. It would be worthwhile to engage in a policy discussion of whether to reduce systemwide initiatives to help fund undergraduate education. However, that was different from the audit report's allegation of hidden reserves when the initiatives were well-publicized, or the implication that funds rightfully belonging to the campuses were misappropriated to systemwide initiatives. All University expenditures have opportunity costs, but are not scandalous.

Mr. Chalfant pointed out that UC had tried in the past to reduce faculty and administrative salaries to fund undergraduate education, but that had failed. UC's faculty compensation lags other institutions' by an average of ten percent. It would be reckless to continue that attempt and expect UC to retain its quality. The Academic Senate would welcome a substantive conversation about UC's budget based on a real understanding of the scale of the University and its problems. Even after UC has addressed the recommendations of the State audit report, the University's problems will remain.

6. **NOTABLE HONORS AND ACHIEVEMENTS**

President Napolitano reported that for the second year in a row, UC Berkeley led the *Forbes Magazine* list of America's best value colleges; four of the top ten best value colleges in the nation are UC campuses and six UC campuses were ranked in the top 25. Twelve UC scholars won 2017 Guggenheim Fellowships: seven from UC Berkeley, three from UCLA, one from UC Santa Cruz, and one from UC Riverside, bringing the total of UC Guggenheim Fellowship winners to 1,669 since the award was established in 1925, the most of any university in the nation.

Earlier in May, nine UC faculty members were elected to the National Academy of Sciences, one of the highest honors a U.S. scientist can achieve. These new members are from seven UC campuses and bring UC's total number of members to 602. A recent analysis by the *Chronicle of Higher Education* found that six UC campuses, UC Berkeley, UC Davis, UC Irvine, UCLA, UC Riverside, and UC Santa Barbara, were among the nation's top 50 institutions in granting doctoral degrees in the humanities and arts.

President Napolitano highlighted two individual honors. UC Davis Professor Andrés Reséndez won a 2017 Bancroft Prize in American History and Diplomacy for his book "The Other Slavery: The Uncovered Story of Indian Enslavement in America." UCSF medical student Jirayut "New" Latthivongskorn received a 2017 Excellence in Public Health Award, given by the U.S. Public Health Service to medical students who advance the nation's public health. Mr. Latthivongskorn, who was UCSF's first undocumented medical student, was cited for his work advocating for immigrants' rights and health equity for underserved communities. He had also been active in helping other undocumented students pursue careers in health care and was among 30 UC honorees named to the *Forbes 30 Under 30* list.

President Napolitano noted with sadness the passing the prior month of former UC Santa Cruz Chancellor Robert Sinsheimer at the age of 97, a renowned biologist who played a central role in initiating the project to identify and map all of the genes in the human genome. She also noted the passing at 101 of UC Santa Cruz Professor Emeritus Harry Huskey, a computer science pioneer who helped develop one of the first computers for personal use. Professor Huskey was a founding faculty member of the Computer and Information Science Program at UCSC.

President Napolitano thanked Staff Advisor Richmond for her service.

President Napolitano presented the winners of the 2017 President's Award for Outstanding Student Leadership. Ms. Natalie Ruiz, a recent graduate of UC Berkeley, was honored for her exceptional leadership in addressing food security among student parents like herself. Under Ms. Ruiz' leadership, the Student Parent Association for Recruitment and Retention (SPARR) Food Donation Program at UC Berkeley tripled its donor base, increased its number of volunteers, and expanded services to six days per week for 100 student parents and their children. Chancellor Dirks introduced Ms. Ruiz, who he said combined academic excellence with a deep commitment to the UC Berkeley community, and had experienced the challenge of attending UC while parenting a very young child. Ms. Ruiz secured significant grant funding to expand the SPARR Food Donation Program from providing food to a handful of student parents once a week to providing food six days a week for 100 student parents and their children.

Ms. Ruiz expressed appreciation for this award and for the many UC student parent volunteers who support the food assistance program. She noted that UC Berkeley's student parents often lack the institutional support to fulfill their family and academic responsibilities. In times of scarce resources, these resilient student parents and their

children are most affected. For many student parents increases in housing and tuition could leave no money for groceries. She expressed gratitude to the Regents for addressing students' basic needs security and to UC Berkeley for offering unique resources for its student parents such as a student parent center and student parent grants. She urged the Regents to continue to address basic needs security of all UC students.

President Napolitano presented the second recipient of the 2017 President's Award for Outstanding Student Leadership, the Guardian Scholars Program at UC Santa Barbara, represented by student leaders Jennifer Kloster and Spechell Colbert. This student group provides recruitment activities to show students in the foster care system that there is a place for them at UC Santa Barbara. The Program sponsors college fairs for foster youth, hosts groups of visiting foster youth on campus, and launches phone call campaigns to foster youth who have been offered admissions to UC Santa Barbara. The Guardian Scholars Program also helps former foster youth thrive once at UCSB by educating them about support services, providing access to peer support, and ensuring that these students are not alone during the holidays.

Chancellor Yang introduced Ms. Kloster and Ms. Colbert, and thanked Regent Makarechian and his wife for their generous support of the Guardian Scholars Program. Since 2008 the Program has supported the academic and personal success of students who had been part of the foster care system. Currently, 180 Guardian Scholars are enrolled at UCSB. Chancellor Yang noted that these students work very hard to overcome difficult circumstances. Only three percent of former foster youth earn a bachelor's degree; even fewer complete a UC degree. However, at UC Santa Barbara, 81 percent of Guardian Scholars who entered in fall 2011 graduated in four years and 93 percent in five years. Chancellor Yang acknowledged program coordinators Antoinette Moreland-Carter and Lisa Przekop.

Ms. Colbert said she was honored to receive this award and to represent the special population of UC students who are former foster youth. She thanked Regent Makarechian and his wife for their support and encouragement. She urged the Regents to increase support for former foster youth. The Guardian Scholars Program was currently seeking space for the program on the UCSB campus. Ms. Kloster said support she received from the Guardian Scholars Program in her first year at UCSB was crucial to her retention and success.

The meeting adjourned at 10:15 a.m.

Attest:

Secretary and Chief of Staff