

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

January 25, 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, Island, Kieffer, Lozano, Makarechian, Napolitano, Newsom, Ortiz Oakley, Pérez, Ramirez, Reiss, Schroeder, Sherman, Varner, and Zettel

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

The meeting convened at 9:05 a.m. with Chair Reiss presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of November 16, 2016 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. Dr. Rupa Marya, UCSF faculty member and UC San Diego graduate, stated that she had been providing medical care at Standing Rock, North Dakota. She urged the Regents to divest from holdings in Energy Transfer Partners and banks that fund the Dakota Access Pipeline, and invest in California industries.
- B. Ms. Andrea Hesse, UC Santa Cruz staff member, praised the reinstatement of the merit salary increase program, but said three percent increases were insufficient when housing prices increase six percent annually. She observed that Santa Cruz was recently identified as one of the most expensive housing markets in the nation. She urged the University to revisit its salary calculations to account for cost of living factors in order to attract and retain staff.

- C. Ms. Lynne Sheehan, UC Santa Cruz unrepresented staff member, commented that the reinstated merit program needed to be appropriately funded. UC Santa Cruz employees struggle with housing cost increases and flat wages. Three percent pay increases are insufficient to motivate outstanding employees. She urged formation of an adequate funding pool to reward employees as the merit program intended.
- D. Ms. Susan Willats, UC Santa Cruz 30-year employee, noted that the number of students at UC Santa Cruz increased by more than 900 in fall 2016, a five-percent increase when the campus was already full. There had been neither time nor funding for a corresponding increase in infrastructure. She stated that all double rooms in the residence halls had been converted to triples; residential lounges have been converted to bedrooms. There was not enough space for students to study, and inadequate instructional support to meet student need. Over-enrollment had added to the already unsustainable workload of faculty and staff, and diminished the quality of the UC educational experience. She implored the Regents to delay further enrollment increases until the University can provide for its existing students.
- E. Mr. Greg Rowe, resident of the City of Davis, requested that UC Davis revise its Long Range Development Plan (LRDP) and Environmental Impact Report to require that at least 50 percent of existing students and 100 percent of future enrollment growth be provided on-campus housing.
- F. UCSF Professor Stanton Glantz, president of the Council of UC Faculty Associations, spoke against the proposed tuition increase, which would add to student debt. He called attention to a report released by the Council of UC Faculty Associations the prior day, which he said was endorsed by faculty, student, and staff organizations from across UC, the California State University, and the California Community Colleges, showing the effect of privatization of public education and describing a plan to restore State funding and eliminate all tuition.
- G. Ms. Diana Jekki, third-year UC Riverside student, voiced opposition to a tuition increase, particularly since the quality of a UC education was not improving. She said four of her current classes did not have enough seats for the students and campus classrooms are decrepit. Students do not see any effects of money earmarked to improve quality.
- H. Ms. Iman Siddiqi, third-year UC Irvine student, stated that UC had a unique opportunity to help Syrian refugee students through the International Institute of Education's Syria Consortium, which she said 90 universities have joined by pledging to create scholarships for students displaced by conflict. More than 1,000 UC students signed a petition urging UC to join the Consortium and supportive resolutions were passed at UC Irvine, UC Berkeley, UC Davis, and the UC Students Association. Ms. Siddiqi urged the University to provide seats for qualified students affected by conflict; private donors would be sought for funding.

- I. Mr. Alex Lee, UC Davis student and president of the Associated Students of UC Davis, spoke against the proposed tuition increase, which he said would not be modest to UC students, particularly since the Middle Class Scholarship program was at risk of being eliminated. The increase would most affect students who receive no financial aid. He urged the Regents to seek alternate sources of funding and to increase efficiency in use of current funds.
- J. Ms. Ifechukwu Okeke, third-year UC Berkeley student, stated that, while she had been in communication with UC Office of the President staff, she could report no progress in reforming the residency policy and she would not be able to attend school if the policy were not adjusted. She requested a meeting with President Napolitano and General Counsel Robinson to discuss needed steps to remedy the policy.
- K. Ms. Eileen Samitz, former City of Davis planning commissioner, expressed concern of the City of Davis community regarding UC Davis' failure to provide sufficient on-campus student housing. She stated that 63 percent of UC Davis students lived off campus currently and the campus planned to add 6,300 students over the upcoming decade. She said the campus should provide on-campus housing for at least 50 percent of current students and 100 percent of enrollment increases. She stated that the Davis City Council had submitted a resolution to UC Davis, the Regents, and President Napolitano requesting that UC Davis update its LRDP on-campus housing requirements.
- L. Mr. Colin Walsh, longtime City of Davis resident, urged the Regents to halt UC Davis' LRDP process and increase the proportion of students to be housed on campus to 50 percent of current students, and 100 percent of new enrollment. He stated that the insufficient on-campus housing was having a terrible effect on the Davis community, and UC Davis students and staff.
- M. Mr. Michael Webb, City of Davis Assistant City Manager, stated that the City Council had submitted a letter to UC Davis and the Regents about the pending UC Davis LRDP's shortage of on-campus student housing. He urged consideration of higher density student housing. He urged the Regents to support UC Davis in the evaluation, funding, and construction of on-campus housing commensurate with anticipated enrollment growth.
- N. Ms. Catherine Cobb, president of Teamsters Local 2010, said there had been no real movement in negotiations with the Teamsters' three bargaining units. Teamsters skilled trade workers had engaged in a five-day strike at UCLA and the CX unit struck for one day in protest of what she said were numerous unfair practices violations of State labor law. Two major remaining issues were fair wage increases and maintaining a defined benefit retirement plan.

- O. Ms. Elizabeth Milos, UCSF employee, stated that University Professional and Technical Employees Communications Workers of America passed a resolution calling for divestment of all union benefit and retirement funds from Energy Trade Partners, Citibank, Wells Fargo, and other funders of the Dakota Access Pipeline. She asked the Regents to fulfil the University's stated commitment to sustainability and divest from the fossil fuel industry.
- P. Ms. Christina Hildebrand, of Voice for Choice Advocacy, expressed her view that UC's immunization policy would be discriminatory as it did not include a personal belief or religious exemption. An issue of bodily autonomy should not deny students a right to a UC education. She stated that UC was the only university without a religious or personal belief exemption to its immunization policy.
- Q. Ms. Sonya Johnson, member of Teamsters Local 2010 and UCSF employee, stated that many UCSF employees cannot afford to live in San Francisco. She urged UCSF to pay its employees enough so they could lead a better life.
- R. Ms. Davina Edwards, member of Teamsters Local 2010 and UC Office of the President employee, expressed concern about the increasing cost of living and wages that she said had decreased 24 percent in the past 18 years. Many UC employees cannot afford to repay student loans on their existing wages. Some full-time employees must apply for food stamps or use food banks. She urged the Regents to pay UC workers enough to live.
- S. Ms. Kathryn Lybarger, UC Berkeley employee and president of American Federation of State, County and Municipal Employees Local 3299 and president of the California Labor Federation, said union workers presented the UC Office of the President and UC campuses with sanctuary demands addressing safety, privacy, and support needs of students, faculty, staff, and patients who may be targeted by the administration of U.S. President Donald Trump. She urged the University to bargain in good faith in upcoming 2017 contract negotiations. She said the defined contribution retirement plan for new UC employees would be expensive and would undermine the financial stability of the defined benefit plan on which most UC workers rely. She urged a fair wage increase.
- T. Mr. Jason Rabinowitz, secretary-treasurer of Teamsters Local 2010, cited recent labor strikes against UC, which he said was not bargaining in good faith. He said skilled trade workers had not had a raise in ten years. Real wages of administrative support workers had declined 24 percent over the past 18 years. He stated that the union rejects the defined contribution retirement plan and opposes tuition increases.

3. REMARKS OF THE CHAIR OF THE BOARD

Chair Lozano observed that this would be Regents Gould and Island's last meeting, as their terms would end on March 1, 2017. She expressed the Board's deepest gratitude for their significant contributions to the University, ensuring its public service mission to California, its excellence, and access for all.

As the Regents consider budget deliberations that would affect both the accessibility and quality of a UC education, they were mindful of the aspirations of families for whom UC is synonymous with the American dream. For families concerned about the cost of a UC education, it was important to communicate that one-third of tuition funds are set aside for financial aid. Low-income families can access Cal Grants and federal aid for students, so that tuition can be fully covered for families earning up to \$80,000 a year. As the Regents consider budget decisions within the framework agreed to with the Governor, they would keep in mind the many priorities they seek to fund to maintain the University's preeminence, including increasing enrollment, increasing financial aid, improving time to degree, reducing student-faculty ratios, and improving infrastructure.

Chair Lozano commented on important policies enumerated by President Napolitano and the UC chancellors to protect and support UC's undocumented Deferred Action for Childhood Arrivals students to ensure that the UC community remains a welcoming, safe, and respectful place for all. She expressed the Regents' support for the University's proactive stance.

4. REMARKS OF THE PRESIDENT OF THE UNIVERSITY

President Napolitano commented that California families are fortunate to have a Board of Regents so committed to increasing opportunity and supporting UC's students. She looked forward to leading the University, together with the Regents, chancellors, faculty, staff, students, and alumni, during these exciting times of growth. This fall UC enrolled 7,500 more California undergraduates than the prior year, the largest one-year increase in resident enrollment since World War II. The fall 2016 entering class was the most diverse ever, and among the most accomplished academically. The University is committed to increases of 2,500 California students in each of the next two years.

President Napolitano acknowledged the challenges accompanying UC's growth. Despite State funding cuts during the recession, the University had maintained its commitment to California students by trimming operating expenditures and becoming more efficient. UC had reformed procurement, saving \$269 million annually. UC started its own in-house insurance company, Fiat Lux, saving at least \$25 million annually. UC's energy efficiency efforts save at least \$28 million a year, while helping further UC's carbon neutrality goals. However, the University had paid a cost in higher student-faculty ratios, fewer course offerings, fewer teaching assistants, and student services that have not kept pace with enrollment growth. To accommodate the addition of thousands more students, UC would add 14,000 beds to its housing inventory. More investment was needed to ensure that this generation of students receives the same high-quality education as past

generations. UC welcomes the Governor's increase in UC's State funding consistent with the budget framework agreement. The University is working hard to ensure State funding and other sources of revenue that would support growth. At the same time, UC would propose a moderate, inflation-based increase of \$282 in tuition, the first increase in seven years, plus a Student Services Fee increase of \$54, which would be largely dedicated to improving mental health services on UC campuses. President Napolitano asked the Board to approve this proposal. The funds from both increases would directly benefit UC students. One-third of all revenue from tuition and the Student Services Fee would go to financial aid. The remaining two-thirds would be used to hire more faculty, improve support for graduate students and teaching assistants, offer more courses, provide more student counseling and tutoring, and improve technology used in teaching and learning. The revenue would also support mental health counseling and other student priorities tailored to each campus. California students who currently receive financial aid would not pay the increases. The financial awards for most of these students would increase by more than the amount of the increases, providing additional aid for expenses such as housing, food, and books.

President Napolitano observed that, with the new U.S. presidential administration, there was uncertainty about what challenges the University and its community might face. UC is home to more than 250,000 students who come from all over the world and have different ethnicities, faiths, economic backgrounds, and personal experiences. They hope to learn, create and share new knowledge, and make the world a better place. Among that diverse body of UC students is a population that is especially vulnerable currently, young people who were brought to the United States as children without documentation. They are deeply rooted in the community, committed to pursuing their education, and continuing to contribute to the only home many of them have known. Many are enrolled in the federal Deferred Action for Childhood Arrivals (DACA) program, which gives qualified individuals protection against removal from the country and the ability to work lawfully for two years subject to renewal. Many DACA students are concerned about public statements made during the U.S. presidential campaign and the possible effect of new policies and appointments of the incoming U.S. presidential administration. President Napolitano said she and the UC chancellors had reaffirmed their intentions to ensure that every corner of the University remain welcoming, safe, and inclusive for all, demonstrated by policies related to admissions, students records, UC police, UC medical centers, and more. The Regents would hear more at this meeting about ways in which UC would support its undocumented community.

President Napolitano announced that UC had hired its first systemwide Title IX coordinator to ensure that policies on sexual violence, sexual assault, and sexual harassment are implemented effectively and consistently, so that all members of the UC community feel safe and respected.

The President highlighted a \$500 million gift to UCSF from the Helen Diller Foundation. This gift, the largest single donation in UCSF's history and one of the largest ever to a U.S. university, would open the door for groundbreaking research, with \$400 million going to endowments in Helen Diller's name to support faculty and students, including

\$200 million for faculty retention, recruitment, professional development, and research, and \$200 million for scholarships that would enable many students in the Schools of Dentistry, Nursing, and Pharmacy to graduate with minimal debt. The remaining \$100 million would be used to create an innovation fund that could be drawn on over time at the chancellor's discretion to support high-risk, high-reward research with potential global impact. The Helen Diller Foundation has created much opportunity, not only at UCSF, but also at UC Santa Cruz and UC Berkeley, the late Helen Diller's alma mater. President Napolitano expressed the University's deep gratitude to donors like Helen Diller whose generosity has supported opportunity and innovation across UC campuses.

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

Faculty Representative Chalfant discussed the possible future adoption of a policy that would limit nonresident enrollment. He reported that the Academic Senate is opposed to setting arbitrary limits on nonresident enrollment because of the budgetary harm such a policy would cause. Such a policy would be an arbitrary quota that would force UC to turn away highly qualified students, would reduce funds available for financial aid for resident students on every UC campus, would not increase the enrollment of California residents, could result in a decrease in enrollment, and would certainly have an adverse effect on student success. A limit on nonresident enrollment would immediately harm the budgets of three UC campuses, and of two more campuses in a short time.

Mr. Chalfant stated that nonresident students are not just a source of revenue, but also enhance the diversity of UC campus environments and the educational experience of all students. He questioned why UC would not want to continue attracting outstanding students from around the nation and the world. The tuition these students pay exceeds the cost of enrolling them. With current levels of State support, the opposite is true for California resident students. UC is committed to fulfilling its obligation to California resident students, but cannot do so without sufficient revenue to provide a UC-quality education. Particularly since the Great Recession, UC campuses have had to find other sources of revenue to support their obligations to California resident students. With revenue from nonresident tuition, UC was able to make up some of the cuts in State funding, while maintaining enrollment of California residents. Nothing has changed since that time.

Mr. Chalfant suggested a policy that would treat the State as a full partner and would address the State's expressed concerns. UC added thousands of California undergraduates recently, but the State has been unable to provide its historic share of marginal costs. If it turns away nonresidents, UC could not simply put resident students in those seats without revenue supporting them. It would be far more likely that resident enrollment would be reduced, as would the quality of resident students' education. UC cannot cover its costs without nonresidents, as had been demonstrated in the series of campus budget presentations at recent Regents meetings. Mr. Chalfant said that a fixed cap on nonresident enrollment would be misguided and would ignore budget reality.

Mr. Chalfant recommended that the University demonstrate to the State that nonresident tuition improves UC educational quality. For example, at UC Berkeley, UCLA, and UC San Diego nonresident tuition funds additional course sections, improving time to degree for all students. Any nonresident policy should also not discourage the aspirations of UC's campuses with fewer nonresident students and higher percentages of first-generation and underrepresented minority students. Even a systemwide limit on nonresident students that would not be currently binding would send an unmistakable message that UC's future would be unnecessarily constrained and such a limit would not be supported by the Academic Senate.

The Academic Council's resolution, which passed unanimously, proposed that a limit on nonresident students be dependent on first securing a budget with revenue sufficient to sustain UC's three goals of access, affordability, and quality. The proposed policy would have campuses report on their use of nonresident tuition revenues to improve access and the quality of education. The Regents would limit nonresident enrollment on any campus where resident undergraduates would be disadvantaged by further expansion of nonresident enrollment. Each year systemwide enrollment plans for both resident and nonresident students would follow from the adoption of a sustainable financial plan that would ensure a high-quality UC education on every campus. Such a policy would be easy to understand, would address State concerns about whether resident students are harmed by nonresident enrollment, would acknowledge current constraints on State funding, and propose a solution that would benefit all by continuing enrollment of nonresident students when all students benefit.

6. **NOTABLE HONORS AND ACHIEVEMENTS**

President Napolitano reported on the accomplishments of UC researchers and faculty who have won recent recognition of their contributions. Two UC scientists were among the winners of the 2016 Breakthrough Prizes announced by the Breakthrough Foundation the prior month. These \$3 million prizes are awarded in fundamental physics, life sciences, and mathematics. UC Santa Cruz Professor Harry Noller, the Director of the UC Santa Cruz Center for Molecular Biology of RNA, won a Breakthrough Prize for his landmark research into the structure of the ribosome. UC Santa Barbara Physics Professor Joseph Polchinski shared a Breakthrough Prize in fundamental physics for his research in quantum field theory, string theory, and quantum gravity. The Breakthrough Foundation also recognizes promising early career scientists through its New Horizons in Physics Awards. UC Berkeley Assistant Professor of Physics Surjeet Rajendran shared the New Horizons Award the prior month. UC San Diego Professor of Mathematics Ruth Williams was one of two mathematicians to share the 2016 John von Neumann Theory Prize, among the most prestigious awards in mathematics. Professor Lars Bildsten, UC Santa Barbara astrophysicist and Director of the Kavli Institute for Theoretical Physics, won the 2017 Dannie Heineman Prize for Astrophysics.

UC researchers also continue to stand out collectively. Seven UC-affiliated scientists and engineers won Presidential Early Career Awards for Scientists and Engineers, the federal government's highest honor for early career researchers; 36 UC-affiliated National

Laboratory and UC campus researchers were among the new Fellows announced at the end of 2016 by the American Association for the Advancement of Science; and 11 UC researchers from seven campuses were elected Fellows to the prestigious National Academy of Inventors.

President Napolitano said she had announced the prior month the three recipients of the 2017 UC President's Research Catalyst Awards, launched in 2014 to support groundbreaking interdisciplinary research across UC. These three research teams would tackle issues of strategic importance to California and the world: improving teacher preparation and training, enhancing knowledge of human health through paleogenomic research, and gaining a better understanding of how megafires affect forest ecology.

President Napolitano acknowledged the upcoming retirement of Associate President Nina Robinson after a 30-year career at UC.

The University mourns former UC Irvine Chancellor Ralph J. Cicerone, who passed away in November. Dr. Cicerone was president of the National Academy of Sciences and a leading atmospheric chemist, whose work provided an early warning of the risks of climate change. UC also mourns the members of its community killed in the Oakland warehouse fire the prior month.

The meeting adjourned at 10:20 a.m.

Attest:

Secretary and Chief of Staff