

The Regents of the University of California

PUBLIC ENGAGEMENT AND DEVELOPMENT COMMITTEE

November 15, 2017

The Public Engagement and Development Committee met on the above date at Mission Bay Conference Center, San Francisco.

Members present: Regents Lansing, Mancina, Monge, and Ortiz Oakley; Ex officio member Napolitano; Advisory members May and Morimoto; Chancellors Block, Christ, Hawgood, Leland, May, and Wilcox; Staff Advisor Main; Student Advisor Sands

In attendance: Regent Torlakson, Assistant Secretary Lyall, Provost Brown, Executive Vice President Stobo, Interim Senior Vice President Holmes, Vice President Holmes-Sullivan, Chief Counsel Friedlander, and Recording Secretary McCarthy

The meeting convened at 10:15 a.m. with Committee Vice Chair Lansing presiding.

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

Upon motion duly made and seconded, the minutes of the meeting of September 13, 2017 were approved.

2. **ENDORSEMENT OF COMPREHENSIVE CAMPAIGN, SAN FRANCISCO CAMPUS**

The President of the University recommended that the Regents endorse the public phase of the San Francisco campus fundraising campaign, *UCSF: The Campaign*, with a total goal of \$5 billion.

[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.]

Chancellor Hawgood explained that *UCSF: The Campaign* was the campus' first comprehensive fundraising campaign in more than a decade. The campaign was launched at Chancellor Hawgood's October 27 State of the University address and a successful event for donors that included an afternoon of interactive sessions with UCSF faculty and students.

With the theme Pursuing Grand Challenges, the campaign would be a vehicle to support, sustain, and build the future of UCSF for its faculty and students. UCSF was at a unique nexus of time and place, an inflection point in the history of biomedicine, a time of rapidly increasing knowledge, innovation, and technological discovery that could decode the

mysteries of life and health. UCSF was fortunate to be situated in the Bay Area near Silicon Valley, the home of innovation and entrepreneurship.

The development of *UCSF: The Campaign* has been instrumental in shaping UCSF's priorities. The campaign would be used to increase UCSF's visibility. The strong campaign leadership would expand its volunteer and donor base, helping to identify UCSF's next generation of volunteer leaders.

Vice Chancellor John Ford expressed confidence in UCSF's ability to reach the campaign's ambitious \$5 billion goal, based on extensive data gathering, feasibility testing, and analysis. Since the beginning of the campaign counting period on July 1, 2013, the campaign had raised \$3.04 billion, 60 percent of its goal, with support from more than 96,000 donors. The campaign's goals are to support UCSF faculty and students, its capital projects, and to increase UCSF's endowment.

Chancellor Hawgood stated that, in order to compete successfully with its wealthy private peers, UCSF must continue to attract and retain the best faculty and students. Competing in this arena as a public university requires funds that the chancellor could deploy strategically as needs arise. Attracting philanthropy, and especially new private funding, to UCSF is a critical imperative. Although UCSF's endowment has been growing steadily to its current \$2.8 billion, it is just a fraction of the endowments of competitors such as Stanford. In 2016, the payout alone from Stanford's endowment was \$1.6 billion, compared with the \$99 million payout from UCSF's endowment that year. Philanthropic support is also essential for construction of the five capital projects currently underway at UCSF.

The campaign is centered on three grand challenges: decoding life to improve health, leveraging discovery to revolutionize care, and partnering to achieve health equity. Taken together, these encompass UCSF's main priorities, and capture UCSF's mission of research, patient care, education, and public service.

The campaign was the product of a campus-wide planning effort involving faculty from every school and department across UCSF. Through extensive outreach, faculty submitted more than 180 ideas, which were incorporated into the final theme. Chancellor Hawgood created a faculty campaign committee to lend faculty perspective to ongoing efforts. The campaign has the staunch support of the UCSF Board of Overseers, whose members' and former members' enthusiasm and loyalty are responsible for more than \$1 billion of the \$3 billion already raised. The campaign leadership is unique in having two faculty co-chairs of the campaign executive committee: Professor Peter Carroll, Chair of the Department of Urology and Catherine Lucey, Executive Vice Dean for Medical Education in the School of Medicine. They are joined by volunteer co-chairs William Oberndorf, chair of the Board of Overseers, and Board member Carl Kawaja.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

3. **ANNUAL REPORT ON PRIVATE SUPPORT 2016-17**

[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.]

Assistant Vice President Geoff O'Neill reported that for the third consecutive year the University had received private support of more than \$2 billion on a cash basis. UC is relatively new to fundraising, since for many years, it had a policy that prohibited it from raising money from the general public and was only a passive recipient of gifts. Beginning in the 1990s, UC began to solicit private support actively and in that era raised an average of \$900 million annually.

UC's campus foundation members are often the campuses' largest donors and strongest advocates. The campus foundations enable the success of UC philanthropy. Comprehensive campaigns have been a recent development and have proven to be effective. UC philanthropy focuses on student support through undergraduate scholarships and graduate fellowships. In the past fiscal year, \$191 million was raised for support of students, about 15 percent more than the prior year, supporting more than 28,000 students across UC. The UC Office of the President (UCOP) participates in the Oakland Promise that provides scholarships for Oakland students attending colleges across the country; UCOP focuses on Oakland students attending UC campuses, a model that could be replicated in other communities.

Mr. O'Neill reported that the UC endowment, including the General Endowment Pool and the ten campus foundations, has assets of \$16.7 billion, consisting of more than 16,000 funds. More than half of these are dedicated to scholarships and fellowships. These endowments distributed \$560 million in the past year. The number of endowed chairs has grown, with more than half of UC's 2,100 endowed chairs having been established since 2000. The UC Presidential Endowed Chair Matching Program has generated substantial interest, particularly at UC campuses which previously had fewer endowed chairs.

Efforts to broaden the base of UC support have been effective, with more than 300,000 individual donors supporting UC each year. UC Berkeley had more than 280,000 individuals contributing to its most recent campaign over its entire course; UC Davis' most recent campaign had support from more than 110,000 donors. Campuses engage in myriad activities to broaden their donor base. Mr. O'Neill concluded that the direction and future of UC fundraising is quite promising.

Chancellor Block asked what portion of the \$2 billion in annual giving was raised by the University rather than by the campuses. Mr. O'Neill said that amount was relatively small, around \$10 million the prior year. Regent Lansing commented that this Committee had originally intended to explore systemwide fundraising, but had received some feedback from the campuses that such an effort could interfere with campus fundraising.

Regent Monge asked if any philanthropic contributions have been used to address immediate student housing needs on certain campuses. He suggested the development of

guiding principles to encourage donors to see housing as a possible area for contributions. Mr. O'Neill commented that soliciting additional philanthropic support for scholarships could highlight the increasing cost of student housing.

Regent-designate Morimoto asked about trends in donors' choices of areas to support. Mr. O'Neill responded that there was not much variation from year to year. A significant portion of philanthropy continues to support research. There had been small increases in support for endowed chairs and slight increases in giving for student support in some years, particularly during campaigns. He added that almost all donations to the University are restricted by the donors.

Staff Advisor Main asked about giving from UC staff and faculty. Mr. O'Neill stated that staff and faculty give a significant and increasing amount. For example, retired UC faculty sometimes establish endowed chairs. Mr. O'Neill said his office intends to engage more effectively with UC faculty, staff, and students to encourage philanthropy. A new focus on parent giving has been successful and yielded more than \$15 million.

Chancellor Block commented that his campus had found it difficult to raise money to support housing units, but had more success developing philanthropic interest in themed housing units, such as an entrepreneur-themed living unit.

4. **UPDATE ON SESQUICENTENNIAL PLANNING**

[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.]

Interim Senior Vice President Holmes highlighted activities planned to celebrate UC's sesquicentennial, the 150th anniversary of its founding. The occasion would motivate supporters and encourage advocacy on behalf of UC. The rich past and contributions of UC would be highlighted, as well as how that past would inform UC's future.

The target audiences would be primarily UC alumni, donors, campus communities, lawmakers, and the public. Starting in January, events would be celebrated over 150 days, planned to crescendo around Charter Day on March 23, and then continue through the end of May and throughout the year as opportunities arise. Events would be held in Los Angeles, San Francisco, Sacramento, Berkeley, and San Diego. Charter Day would be particularly important to UC Berkeley, as it is that campus' founding anniversary. Plans include the production of digital and print materials, media outreach, and commemorative materials. Ms. Holmes demonstrated an interactive digital timeline that would be used and the sesquicentennial logo. Regents would be invited to participate in a number of activities.

Chancellor Block asked if the systemwide planning might obscure and confuse UC Berkeley's 150th anniversary. Chancellor Christ expressed her view that there was no conflict and encouraged systemwide celebration. Ms. Holmes commented that her office was collaborating closely with UC Berkeley and with UCLA, which has its 100th anniversary upcoming.

Faculty Representative May added that the sesquicentennial was the 150th anniversary of UC's faculty and the Academic Senate would coordinate with Ms. Holmes' office on a scholarly academic event about UC's history that likely would be held at the UC Office of the President.

Staff Advisor Main stated that these events would provide the smaller UC campuses with another platform for messaging. Ms. Holmes confirmed that the materials could be adapted for use by the campuses.

Regent Mancina reported that Executive Director John Valva's briefing of the Alumni Associations of UC about plans for the sesquicentennial celebration had been enthusiastically received by alumni eager to help.

5. UC ADVOCACY AND STATE LEGISLATIVE UPDATE

[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.]

Assistant Vice President Kieran Flaherty updated the Committee on outcomes of UC-sponsored legislation at the end of the first year of the 2017-18 State legislative session.

Director Meredith Turner updated progress on retooling UC's online grassroots advocacy through the UC Advocacy Network (UCAN) to increase engagement in UC's advocacy efforts, leverage new technologies and social media, and promote UC's critical partnership with the State. UCAN is used also to share exciting UC news. The online interface can be personalized.

Mr. Flaherty reviewed the 2017-18 State legislative session. The necessary two-thirds majority was secured to pass a long-pursued \$54 billion transportation infrastructure package, which includes funding for transportation research at UC. The State approved two multi-billion dollar General Obligation Bonds for the November 2018 ballot, one for housing and the other for water and parks. The State also extended its cap and trade program and allocated funding from prior auctions toward a variety of programs. In a development positive for UC, for the first time, a portion of the proceeds would be set aside for competitive research grants in climate change. All five UC-sponsored bills were passed and signed into law by the Governor: reauthorization of the tax check-offs for the California Breast Cancer Research Fund and the California Cancer Research Fund for the next seven years; the extension of UC's life-saving cord blood matching program; reauthorization of the California State Summer School for Mathematics and Science program until January 1, 2023; the domestic violence privilege bill allowing UC domestic violence counselors to hold privilege to ensure the complete confidentiality of all conversations with domestic violence victims; and a bill to remove permanently the sunset date on UC's highly successful Best Value Construction Pilot Program. UC requested and received the Governor's veto of a bill that would have significantly altered the manner in which UC contracts for outside services. UC requested a veto of a bill allowing graduate student researchers to unionize, but the Governor signed that bill. UC supported SB 171,

which will significantly improve the outlook for Medi-Cal reimbursement for public hospitals including UC and AB 21, which will mitigate the negative impacts to UC community members of immigration enforcement activities on campuses. Mr. Flaherty expressed appreciation to the Regents for their engaged advocacy for UC's goals.

Regent Ortiz Oakley asked about advocacy strategy to reverse the changes made to the budget of the Office of the President in the upcoming budget deliberations and how the Regents could support that effort. Mr. Flaherty said UC's office of State Governmental Relations (SGR) was pursuing such a strategy first by engaging with legislators and the Governor's office to understand their concerns. UC had formally taken the first step of submitting a budget change proposal to the Department of Finance, to revert to the prior budget system for the Office of the President. Some Regents have met with their legislators and discussed this matter. SGR can provide Regents information for further individual meetings when the Legislature reconvenes in January.

Regent Ortiz-Oakley also asked about the impending transition of the President pro Tempore of the State Senate. He hoped that SGR was reaching out early and often to possible candidates to create good working relationships. Mr. Flaherty reported that individuals most frequently mentioned for Senate leadership had also taken leadership roles on behalf of UC in many instances. In addition, UC campus government relations staff have developed relationships with many legislators who could rise to leadership positions. Legislators have an affinity for UC campuses in their districts and SGR would follow the lead of campus staff who have developed relationships with their local representatives. Ms. Turner added that SGR had been preparing for this transition. President Napolitano had met with possible future State Senate leaders and SGR had worked with Chair Kieffer to ensure that he had reached out to potential leadership.

Regent Mancia complimented SGR staff for their effort during the past legislative session to engage Regents and students in advocacy, and asked how Regents could continue to assist. Mr. Flaherty responded that Regents meetings with legislators in their home districts and in Sacramento were critical in establishing and fostering relationships. SGR had asked campus government relations directors to provide SGR with opportunities for Regents to engage in campus events that legislators would attend.

Regent Monge expressed appreciation for SGR's incorporating students in advocacy efforts. He suggested holding an annual contest that would solicit from UC students legislative proposals that would enhance the mission of UC. He recalled that he had participated in his Assembly member's "There Ought to be a Law" contest as a first-year law student. His group was selected and proposed legislation on student voter engagement that was signed into law. Many UC students have excellent ideas about ways to improve UC's mission and it would be an invaluable experience for students to be involved in the law-making process. Mr. Flaherty expressed support for this idea and his willingness to work on it with Regent Monge or UC Student Association leadership.

Student Advisor Sands reported that he, Regent Monge, and Regent-designate Graves had visited legislators in Sacramento recently and planned to visit again in January and May.

He suggested that UCAN could be used to mobilize a grass roots lobby for higher education. He was working with Ms. Turner to develop an opportunity for UC students to engage through UCAN in an ambassador program. He encouraged UC chancellors to ask campus government relations to support UCAN as a platform for advocacy.

Ms. Turner expressed support for a UCAN ambassador program to identify students who are particularly engaged on their campuses to help share UCAN with UC students and to provide opportunities for students to participate in advocacy for UC. Mr. Flaherty added that UC staff and faculty would be included in these advocacy efforts. Staff Advisor Main expressed support for this idea that would help current students become involved alumni.

6. **FEDERAL GOVERNMENT UPDATE**

[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.]

Interim Associate Vice President Christopher Harrington reviewed UC advocacy related to the fiscal year (FY) 2018 federal budget and appropriations. The prior year, UC received an estimated \$9 billion in federal support, including \$4 billion for research programs, \$1.6 billion in student aid, and \$3.5 billion in Medicare and Medicaid payments. In May the Trump administration released its 2018 budget request that proposed significant cuts to a broad range of education, research, and health programs, including cuts to the National Institutes of Health, the National Science Foundation, the Department of Energy, and other programs important to the University. The new fiscal year began on October 1, but Congress was unable to reach an agreement on funding for FY 2018 by that date. To allow for additional negotiations and to keep the government operational, Congress passed a continuing resolution through December 8.

These uncertainties surrounding the federal budget process for FY 2018 are compounded by the sequestration caps put in place as part of the Budget Control Act of 2011. After two years of partial relief from sequestration budget caps, the caps are set to return in FY 2018 for defense and non-defense programs. If Congress did not take legislative action to increase the FY 2018 caps, funding for non-defense discretionary programs, including most funding for federal research programs, was projected to decline to the lowest level in more than 50 years, putting enormous pressure on critical UC priorities.

Congress recently completed action on the budget resolution for FY 2018, providing reconciliation instructions allowing Congress to expedite tax reform legislation, but without addressing the sequestration issue. Congress was continuing to work on FY 2018 appropriations and was in negotiations with the White House to create a final FY 2018 funding package. One critical issue would be the adjustment of the sequestration caps. Democrats support parity between raising the caps for defense and non-defense categories, while the Trump administration and House Republicans support budgets that would significantly increase defense spending, but cut domestic and foreign aid programs. UC continues to advocate for parity in raising the caps as well as for the highest funding of its priorities through direct engagement with members and their staff, participation in

meetings with legislators, and engagement in other advocacy. In addition, the Office of Federal Government Relations (FGR) had activated the UC Advocacy Network. To date, more than 17,000 communications had been made to Capitol Hill, to both Republicans and Democrats, to the entire California delegation, and to all alumni members.

Mr. Harrington reported that on September 5 the Trump administration announced its intention to wind down the Deferred Action for Childhood Arrivals (DACA) program within six months. There are currently several legislative programs that have been introduced in Congress that could address the rescission of DACA, all offering a path to citizenship, with varying eligibility requirements and number of years to qualify for citizenship. UC's position is that bipartisan legislative action is needed immediately to protect its DACA recipients and that final legislation should codify the protections of the DACA program. UC had been working aggressively through FGR and Public Affairs to advance its position. Through the UC Advocacy Network more than 7,000 letters had urged Congress to pass bipartisan legislation immediately. FGR developed a DACA advocacy toolkit with materials that members of the broader UC community could use for advocacy with their Congressional representatives. President Napolitano and the chancellors have communicated with Capitol Hill on this issue, calling for swift action. Negotiations between Congress and the administration were ongoing. Federal policy makers have expressed a strong desire to find a legislative solution.

There had been four failed significant attempts during the 115th Congress to repeal coverage provisions of the Affordable Care Act (ACA), all of which UC opposed. FGR worked with UC Health to develop a set of policy principles to guide UC's advocacy efforts to protect the ACA's coverage gains. These principles include ensuring the continuation of affordable, comprehensive health coverage and protecting UC's academic medical centers' capacity to treat the sickest patients and serve as a vital safety net to vulnerable populations. The most recent repeal effort, the Graham-Cassidy Bill, would have resulted in significant loss of funding to California. This bill was Congress' last failed effort to pass comprehensive ACA repeal using the FY 2017 reconciliation instructions, which would have allowed it to pass the Senate with a simple majority.

UC remains concerned over the ways in which the Trump Administration could alter healthcare coverage. For example, two recent executive orders threatened provisions of the ACA. Congress was working to address some of these issues through legislation, including the continued payment of the Cost-Sharing Reduction Subsidies. The outcome remained uncertain.

Mr. Harrington highlighted work yet to be completed in the current year by Congress: a tax package, a FY 2018 budget, a legislative solution to protect DACA recipients, reauthorization of the Children's Health Insurance Program, and the Perkins Loan Program, among other issues. In the subsequent session of Congress, UC would renew its advocacy around UC's priorities in the federal budget, including reauthorization of the Higher Education Act, tax reform, immigration, and other issues that might be outstanding from the current session.

President Napolitano asked about pending tax bills, which would have a significant impact on the University and its students. Mr. Harrington reported that President Napolitano had written a letter to the House of Representatives urging a vote against HR 1, the tax bill, because of a number of specific issues including the repeal of student higher education tax benefits, the qualified tuition deduction for tuition waivers, the student loan interest deduction, Hope Scholarship Tax Credit, and the Lifetime Earning Credit. The University could also be affected by changes in tax code provisions about charitable giving, tax-exempt bonds, and the unrelated business income tax. FGR has been working aggressively with House and Senate offices on both sides of the aisle to ensure they are fully aware of the impact of the tax bills on the University and their consequences for UC students. FGR has shared analysis with all members of the Senate Finance Committee and all members of the House Ways and Means Committee. FGR had also worked with municipal bond groups to elevate issues of common concern.

Committee Vice Chair Lansing commented that events can move so swiftly that it might be helpful to receive updates from FGR between meetings.

Regent Mancina offered the assistance of the UC Alumni Associations in advocacy. Mr. Harrington said his office would welcome that involvement and would be happy to share its priorities on the FY 2018 budget, the tax bill, and other issues important to UC.

Regent Torlakson expressed appreciation for UC's increased advocacy in recent years. He praised President Napolitano for her strong position on DACA. He asked about current legal actions aimed at stopping the Administration's rescission of DACA from taking effect. President Napolitano commented that briefing was almost complete in the federal court case filed by UC; oral arguments were set for December 22 on the University's motion for a preliminary injunction to enjoin the President's rescission of DACA.

Regent Torlakson commented regarding K-12 education that President Trump had proposed the total elimination of after-school programs, which are very important in helping students prepare for college and complete required coursework. That would represent a \$135 million loss to California. The Trump Administration also proposed to eliminate \$250 million for teachers' professional development. These K-12 priorities are interconnected with UC's.

The meeting adjourned at 11:45 a.m.

Attest:

Secretary and Chief of Staff