

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

July 19, 2018

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

Members present: Regents Anderson, Elliott, Graves, Kieffer, Lansing, Makarechian, Morimoto, Napolitano, Ortiz Oakley, Park, Pérez, Sherman, Tauscher, and Zettel

In attendance: Regents-designate Simmons, Um, and Weddle, Faculty Representatives May and White, Secretary and Chief of Staff Shaw, General Counsel Robinson, Chief Compliance and Audit Officer Bustamante, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President and Chief Operating Officer Nava, Interim Senior Vice President Holmes, Vice Presidents Andriola, Brown, Duckett, Holmes-Sullivan, and Humiston, Chancellors Christ, Gillman, Hawgood, and Wilcox, and Recording Secretary McCarthy

The meeting convened at 9:25 a.m. with Chair Kieffer presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of May 24, 2018 were approved.

2. PUBLIC COMMENT

Chair Kieffer 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. Dan Carson, City of Davis Councilmember, reiterated his views expressed at the prior day's public comment session regarding the UC Davis Long Range Development Plan (LRDP). Chancellor May's proposal for discussions was welcome, but the City's concerns that the LRDP documents provided inadequate environmental review, and that there would be significant housing, traffic, and other community impacts were still not addressed. He requested that the Regents delay approval of the LRDP to allow further collaboration with the City to try to resolve these issues.
- B. Ms. Heidi Tschudin, Deputy City Manager and Director of Community Development and Sustainability for the City of Davis, requested on behalf of the City of Davis that the Regents not approve the UC Davis LRDP or certify the Environmental Impact Report (EIR). Chancellor May's offers to meet quarterly with the City Council, to hold annual meetings, and to prepare an annual joint

housing report were greatly appreciated, but did not address the inadequacy of the EIR. She said the EIR was based upon inaccurate assumptions about the phasing and timing of enrollment and housing, impacts that would occur over the upcoming 12 years were ignored, mitigation timing was absent, and important feasible mitigation measures identified by the City were ignored or dismissed. The City would face impacts from UC Davis' failure to provide for unhoused enrollment on a concurrent basis. The City had identified some reasonable mitigation measures in its comment letter, including increased density for University housing, affordable housing for low-income students, concurrency between the acceptance of new students and the availability of housing for them, and execution of an impact-sharing agreement with the City and an enforceable agreement to support those commitments.

- C. Ms. Whitney McDonald, special counsel retained by the City of Davis to address UC Davis' LRDP and EIR, reiterated the City's significant concerns. While the City appreciated the sentiments in Chancellor May's recent letter, the letter did not address the legal insufficiencies of the EIR. The City supported the goals of the LRDP, particularly the provision of additional housing on campus. However, there were no enforceable provisions in the LRDP or the EIR to provide that housing. She stated that the goals of UC Davis' 2003 LRDP had not been met, but enrollment was nonetheless increased. The City sought assurance that what was stated in the LRDP and the EIR would be carried out.
- D. Ms. Jasmine Tatah, recent UC Berkeley graduate representing Universities Allied for Essential Medicines, spoke about the lack of access to Xtandi, a life-saving prostate cancer drug she said was developed at UCLA with National Institutes of Health and U.S. Army grants. She stated that UCLA had filed a patent claim on Xtandi in India on behalf of pharmaceutical companies despite selling its royalty rights to the drug, and that claim would prevent development of a more affordable, generic version of the drug for patients in the developing world. She said a treatment course of Xtandi currently cost \$150,000. She urged the Regents to have UCLA drop the patent claim in India.
- E. Ms. Savanna Harris, UC Berkeley student, acknowledged that UC does not control the pricing of Xtandi, but asked that UC not further limit the accessibility of that drug by continuing its patent claim in India. She stated that a more affordable, generic drug could be readily produced by the Indian pharmaceutical industry. With no generics currently available and given the extremely high price of Xtandi, most patients were essentially barred from treatment. She implored the Regents to drop the patent lawsuit for Xtandi in India.
- F. Mr. Dominick Williams, fourth-year UC Berkeley student, stated that black students comprised only 3.1 percent of UC students and that percentage continued to decline. At UC Berkeley, he said that 380 black students were admitted among 13,582 total admittees, and it was unclear how many of the 380 were athletes who he said were admitted for the money and entertainment they bring to the University.

Mr. Williams proposed working together to change this model. Students do much of the work in retention and recruitment programs. Students need more support funding and stipends. Diversity would be increased by funding the community organizers of underrepresented student groups.

- G. Ms. Rebecca Ora, UC Santa Cruz Ph.D. student and external vice president of the UCSC Graduate Student Association, commented on graduate students' interest in Title IX data about reporting. She expressed her view that graduate students' vulnerability to sexual harassment is multifaceted and under-recognized.
- H. Ms. Lisa Albertson, UC Berkeley student and member of Berkeley Disabled Students, read from a letter from a group of disabled students and student organizations to Chancellor Christ seeking to address their marginalized status and describing the need for a physical cultural space on the central UC Berkeley campus for disabled students.
- I. Ms. Eleni Kounalakis, former U.S. ambassador to Hungary and graduate of UC Berkeley's Haas School of Business, expressed support for the proposed \$60 Student Fee reduction. While small, this reduction would be significant to UC students, many of whom she said face a crisis in their ability to afford to live on campus.
- J. Ms. Caroline Siegel-Singh, UC San Diego student and UCSD Associated Students vice president of external affairs, urged the Regents to approve the \$60 Student Fee reduction. As a result of UC student advocacy, the UC budget did not include a tuition increase for California resident students. A memorandum of understanding between students and the UC administration developed through a budget consultation process enabled students to be more involved in the University's governance process and led them to work harder for the betterment of the University.

3. **REMARKS OF THE UC STUDENT ASSOCIATION AND UC GRADUATE AND PROFESSIONAL COUNCIL PRESIDENTS**

President Napolitano introduced UC Student Association (UCSA) President Judith Gutierrez. Ms. Gutierrez commented on the trust that UC students had built with the UC administration. She expressed students' gratitude for the University's lawsuit against the administration of President Trump to protect the interests of Deferred Action for Childhood Arrivals (DACA) recipients; this suit had resulted in extensions of legal authorizations for more than 100,000 DACA recipients. She urged the University to do more to stand up for all undocumented people in the United States. Ms. Gutierrez stated that students' lobbying had improved relations between UC and the State, and had secured funding increases that prevented a tuition increase and led to a reduction in Student Fees. Students and the UC administration should continue to work together to devise long-term public higher education funding solutions, including a ballot initiative for stable UC funding. While

improved, UC's relationship with its students could be even better. She urged the Regents to listen to students' concerns.

President Napolitano then introduced Rachel Roberson, President of the UC Graduate and Professional Council (UCGPC), a systemwide representative group of graduate and professional students founded in the current year. UCGPC would focus on issues related to Title IX. Graduate students function in many roles and would like to partner with the University in attempting to eliminate sexual harassment. UCGPC would also focus on issues of affordability and access, and the experiences of international graduate students including threats to their immigration status.

4. **ANNUAL REPORT FROM THE COUNCIL OF UNIVERSITY OF CALIFORNIA STAFF ASSEMBLIES**

Ms. Lina Layiktez, UC Davis employee and outgoing chair of the Council of University of California Staff Assemblies (CUCSA), discussed its proposed actions for the current year in response to the prior year's findings, and recommendations regarding government advocacy, mental and financial wellness, and diversity and inclusion.

CUCSA explored the role that the more than 200,000 UC staff and almost 50,000 retirees could play in UC's government advocacy. The CUCSA workgroup in this area found little to no connection between UC staff and UC's local government relations teams, and CUCSA planned to increase its engagement. An assigned CUCSA representative would communicate information to staff, encouraging local staff assemblies to work with their local government relations teams. CUCSA would participate in at least one systemwide State Government Relations meeting each quarter and increase its participation in UC Days in Sacramento. CUCSA would be ready to support UC with staff testimony in State budget hearings.

Ms. Jessica Potts, UC Davis employee and CUCSA chair-elect, said staff mental health and wellness had been a CUCSA focus since 2016. CUCSA findings indicated that staff resources supporting emotional health vary widely among locations. CUCSA and local staff assemblies welcomed the continued partnership with UC's systemwide human resources (HR) to promote staff physical, financial, nutritional, and mental wellness.

Ms. Layiktez discussed CUCSA's planned actions regarding staff literacy and awareness about financial planning and retirement. In response to recent changes in UC retirement options, CUCSA began an exploration of financial issues facing staff. UC contracts with Fidelity Investments to provide robust financial literacy training and resources to staff. CUCSA recommended some improvements to these resources, including adding more realistic examples based on various campus regions, a variety of salary bands and housing, to reach a broad group of staff. CUCSA also recommended that systemwide HR formulate a clear statement explaining the importance of accessing benefits education and disseminate that statement widely to UC staff. CUCSA also would take steps to create more commercial discounts for UC staff, students, and faculty.

Ms. Potts reported on CUCSA's workgroup on UC staff diversity and inclusion. The Professional and Support Staff classification was the most diverse workforce category in the UC system, but there was a steep decline in diversity in the senior professional-level staff. Providing opportunities for staff growth and promoting from within could help increase diversity across all staff levels. To help increase diversity among UC's managers, CUCSA planned to identify targeted recruitment channels to help strengthen pathways to attract diverse candidates to the UC workforce. CUCSA recommended that UC embed diversity and/or implicit bias training already in place across the system for manager-level staff recruitments. CUCSA would work to implement a systemwide succession plan that incorporates both diversity and inclusion.

Ms. Potts announced that CUCSA awarded Vice President Dwaine Duckett its Outstanding Senior Leader Award for his staunch advocacy for CUCSA and UC staff. Ms. Layiktež stated that CUCSA's second Outstanding Senior Leader Award would be announced on August 10. Ms. Potts announced that CUCSA awarded the Kevin McCauley Memorial Outstanding Staff Awards to John Steele of UC Santa Cruz, Michael Lee of UCLA, and Robert Wolfer of UC Riverside.

Chair Kieffer commented that the high-caliber UC staff contribute greatly to the University's quality and reputation.

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

Chair Kieffer 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 noted that in closed session the Committee recommended that the Regents appoint Lars Müller as Regents Professor in the Departments of Design Media Arts and Architecture and Urban Design at UCLA for the Winter Quarter of the 2018-19 academic year.

Regent Pérez reported that the Committee considered four discussion items.

A. ***The University of California Press at 125***

The Committee had a wide-ranging discussion of the significance to the University of the outstanding UC Press, in operation for the past 125 years.

B. *A Day in the Life of a University of California Scholar*

This discussion of a variety of scholarly work at three UC campuses gave insight into the role of UC researchers and the value they add to society, to UC campuses, and to UC graduate and undergraduate students.

C. *Nonresident Undergraduates and Their University of California Experience*

In response to a request by former student Regent Monge for items focusing on subgroups of UC students, this discussion covered important areas about the University's values and efforts to balance resident, domestic nonresident, and international students, not only at UC's most sought-after campuses, but across the system.

D. *Committee Priorities and Items for the Upcoming Year*

Regent Pérez invited the Regents to submit items for Committee consideration the upcoming year.

Report of the Compliance and Audit Committee

Regent Elliott reported that the Committee considered two items for action and two items for discussion.

A. *Appointment of Regents' External Auditor*

The Compliance and Audit Committee recommended to the Regents that the Regents' contract with the current external auditor, PricewaterhouseCoopers (PwC), be continued for up to five additional years, commencing with the fiscal year 2019 annual audit. Executive Vice President Brostrom will explore opportunities to shorten the contract period with PwC in consultation with the Committee Chair.

Regent Elliott reported that the recommendation had been amended based on the Committee's discussion. Several Committee members expressed concern about the length of the contract, originally proposed to be five years. The recommendation was modified to propose approval of continuation of the contract for up to five years to allow Executive Vice President and Chief Financial Officer Brostrom to explore options for a shorter contract to ensure that the University would have auditors with a fresh perspective and achieve best value. The University would contract some smaller audit work separately to small, minority-owned firms.

B. *Approval of Internal Audit Plan for 2018-19*

The Compliance and Audit Committee approved the Internal Audit Plan for 2018-19.

C. ***State Audit of Sexual Harassment Cases***

Regent Elliott reported that the University was accepting all of the State Auditor's recommendations and the Committee would continue to monitor progress toward compliance with the Auditor's goals as well as the University's goals. The first recommendation milestone would be in December.

D. ***Committee Priorities and Items for the Upcoming Year***

This discussion item was not summarized at the Board meeting.

Upon motion of Regent Elliott, duly made and seconded, the recommendation of the Compliance and Audit Committee was approved.

Report of the Finance and Capital Strategies Committee

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

A. ***Approval of the UC Davis 2018 Long Range Development Plan, Following Action Pursuant to the California Environmental Quality Act, Davis Campus***

Following review and consideration of the environmental consequences of the proposed UC Davis 2018 Long Range Development Plan (LRDP), 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 Finance and Capital Strategies Committee recommended that the Regents:

- (1) Certify the Environmental Impact Report.
- (2) Adopt the Mitigation Monitoring and Reporting Program.
- (3) Adopt the CEQA Findings and Statement of Overriding Considerations.
- (4) Approve the UC Davis 2018 LRDP.

Regent Makarechian reported that UC Davis anticipated growing from 33,825 students to approximately 39,000 students. The Long Range Development Plan includes construction of an additional two million square feet of academic and administrative building space. Substantial additional on-campus housing would also be developed to accommodate 100 percent of the enrollment growth. The extremely low vacancy rate for City of Davis apartments makes it very important for UC to build student housing on campus.

B. *Approval of Design Following Action Pursuant to the California Environmental Quality Act, West Village Transfer Student and Continuing Undergraduate Student Housing Project, Davis Campus*

Following review and consideration of the previously certified *UC Davis 2018 Long Range Development Plan Environmental Impact Report*, of which the proposed West Village Student Housing Project is a part, 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 Finance and Capital Strategies Committee recommended that the Regents:

- (1) Determine that no further analysis pursuant to the California Environmental Quality Act is required.
- (2) Adopt the Mitigation Monitoring and Reporting Plan for the West Village Student Housing Project included in Volume 2 of the certified 2018 LRDP EIR.
- (3) Adopt the Findings and Statement of Overriding Considerations for the West Village Student Housing Project.
- (4) Approve the design of the proposed West Village Student Housing project.

Regent Makarechian commented that the proposed project to house transfer students and continuing undergraduate students would consist of nine four-story apartment buildings totaling approximately 1.27 million gross square feet on a 47-acre site.

C. *Approval of Design Following Action Pursuant to the California Environmental Quality Act, Dundee Residence Hall and Glasgow Dining Project, Riverside Campus*

Following review and consideration of the environmental consequences of the proposed Dundee Residence Hall and Glasgow Dining 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 Finance and Capital Strategies Committee recommended that the Regents:

- (1) Adopt Addendum No. 2 to the UC Riverside 2005 Long Range Development Plan (LRDP) Environmental Impact Report (EIR), as

previously updated and amended by the 2005 LRDP EIR Amendment 2 (2011), for the Dundee Residence Hall and Glasgow Dining project.

- (2) Adopt the CEQA Findings for the Dundee Residence Hall and Glasgow Dining project. By adopting the CEQA Findings, the Regents reaffirm the Statement of Overriding Considerations adopted in association with certification of the UCR 2005 LRDP EIR.
- (3) Approve the design of the Dundee Residence Hall and Glasgow Dining project, Riverside campus.

Regent Makarechian said the Dundee Residence Hall would provide more than 800 beds for first-year, undergraduate student housing in approximately 400 units.

D. *UC San Diego 2018 Long Range Development Plan, La Jolla, San Diego Campus*

This item was discussed and would be brought back to the Regents for detailed discussions at a future meeting.

E. *Hillcrest Campus Redevelopment Phase 1, San Diego Campus*

This item was also discussed and would be brought back to the Regents for detailed discussions at a future meeting.

F. *Committee Priorities and Items for the Upcoming Year*

This discussion item was not summarized at the Board meeting.

President Napolitano commented on the several remarks made during the public comment period about action item A, the UC Davis' Long Range Development Plan (LRDP). She noted the importance of approving the LRDP, so that the University and the campus could move forward with developing housing for its students and not miss a year's construction season. The approval requested from the Board would not preclude UC Davis from continuing to negotiate with the City of Davis. The Board's approval would signal support for UC Davis' position in any subsequent negotiations. President Napolitano assured the representatives of the City of Davis that their concerns were heard. She said it would be important that the Board supported the campus' recommendation at the outset.

Regent Pérez expressed concern about the expectation of approval without the Board's being able to raise questions and those questions being resolved before the item would be brought back to the Board. He was concerned about the amount of opposition to approval of the LRDP from the City of Davis and other stakeholders, and questions about UC Davis' 2003 LRDP. He suggested postponing a vote on this item until the September meeting to allow time to resolve outstanding questions.

Chair Kieffer asked UC Davis Vice Chancellor Kelly Ratliff to offer her perspective. Ms. Ratliff stated that the primary mitigation offered in UC Davis' LRDP was the plan to

develop more much-needed, on-campus student housing. She affirmed that the campus was moving as aggressively as possible to fulfil its strong commitment to deliver this housing. UC Davis currently housed about 10,000 students on campus and had housing underway for 1,440 more students. The West Village project, the largest housing project in UC's history, would provide an additional 3,265 new beds. The LRDP proposes enrollment growth of slightly more than 5,000 students. UC Davis was already working with the West Village developer on the Orchard Park project that would provide another 1,400 beds. To summarize, of the 9,000 beds in the LRDP, 6,100 were already in development that would more than cover enrollment growth.

Ms. Ratliff commented on the effects a two-month delay in approval of the LRDP would have on the campus' plans. Because the current time was an extreme period of cost escalation for Davis construction projects, that delay would increase costs more than \$5 million. Given the very tight housing market, it was important that the first 1,400 beds be ready by the fall of 2020 and the remainder by the fall of 2021.

Executive Vice President and Chief Financial Officer Brostrom added that the three-year UC Davis LRDP process had been comprehensive and responsive. Chair Kieffer inquired about future negotiations with the City of Davis, should the Regents approve the LRDP at the current meeting. Ms. Ratliff expressed the campus' strong commitment to continue to strengthen its relationship with the City. The LRDP process had included more than 40 community meetings over three years. Chair Kieffer asked if it would be possible to continue negotiations about this LRDP proposal. Ms. Ratliff expressed the campus' view that it had been responsive through the process by putting forth mitigations that meet the City's requests. For example, the campus had increased the new housing proposed in the LRDP from 6,200 to more than 9,000 beds. Some housing had been sited on recreational fields in an early version of the LRDP, but was re-sited in response to strong opposition.

General Counsel Robinson commented that, as a legal matter, the campus could continue to negotiate with the City and could memorialize a future agreement through a memorandum of understanding or another type of side agreement. Unless there was some fundamental change in the way that the land was to be used, such an agreement would not require an amendment to the LRDP.

Regent Pérez stated that Ms. Ratliff's comments reinforced the importance of discussion and demonstrated the campus' responsiveness to concerns raised. He expressed concern that the Board was being asked to approve without time to address outstanding issues. Specifically, he was concerned about the differing characterizations of communications of the past few weeks between the campus and the City. He preferred that the campus continue to engage with stakeholders to attempt to resolve outstanding issues.

Regent Makarechian expressed his view that the Committee had thoroughly explored issues around the proposed LRDP and emphasized the importance of providing housing for incoming students. He had visited the campus and heard from students of their difficulty obtaining housing. The campus' development of more on-campus housing should not be delayed.

Regent Ortiz Oakley commented on the wide agreement among all stakeholders on the need for more student housing. While the Davis campus was strongly committed to working with the City of Davis, some Regents were concerned about how that commitment would be actualized. He would like to hear back from the campus about the results of further communications with the City and the resolution of concerns of this important partner of the University.

President Napolitano urged the Board to approve the LRDP, which would not foreclose future campus negotiations with the City of Davis. The campus could report back to the Regents on how it dealt with any outstanding issues from the 2003 LRDP. The Regents must choose whether to move the LRDP forward to meet the campus' construction deadlines so that student housing would be available. The increased cost that would be caused by delay should be taken into account by the Board. The President emphasized the University's commitment to building affordable student housing. The campus could still be responsive to comments and concerns of Regents and of the community.

Regent Park asked how many times the UC Davis LRDP had come before the Committee or the Board. Ms. Ratliff responded that prior Committee discussions about upcoming housing projects were discussed in the context of the LRDP planning process. Regent Park requested that future LRDPs be brought to the Regents first as discussion items. The State's position and the Regents' decisions regarding the pace of enrollment growth were factors in concerns about lagging development of student housing. The Regents have had a hand in creating problems relating to insufficient housing and were trying to correct the situation as quickly as possible.

Regent Zettel requested information on the status of mitigation issues from the 2003 UC Davis LRDP. Mr. Brostrom clarified that mitigation measures from 2003 had all been completed.

Upon motion of Regent Makarechian, duly made and seconded, the recommendations of the Finance and Capital Strategies Committee were approved, with Regent Pérez voting "no" on item A.

6. **WORK PLAN FOR MULTI-YEAR ENROLLMENT AND BUDGET 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.]

Chair Kieffer observed that this item arose from discussions of the Regents and chancellors at their April retreat.

President Napolitano agreed that this item was the result of the extensive discussion at the retreat, for which she was grateful. As follow-up to the retreat, Chair Kieffer and she had been discussing how the University might adjust its enrollment and budget planning process to better achieve long-term stability. Their desire was to have a four-year plan to enable UC to continue to grow in a sustainable manner. This process would include

assessing the state's needs and the demand for UC degrees among California students, taking stock of current and future capacity at UC campuses, and identifying the resources necessary to meet demand. In developing this multi-year approach, the President and the Regents would seek to partner closely with the new Governor and the State Legislature, particularly the new Assembly Speaker, the State Senate President pro Tempore, and other legislative leaders to determine how to best achieve their vision for UC and the larger needs of the state. This discussion would begin by laying out a timeline for the process and engaging from the outset with the Board. President Napolitano said she would work closely with the chancellors in August and September to assess their campuses' current capacity, the needs on their campuses, and their own plans and visions. This effort would include consultation and collaboration with the Academic Senate and with incoming student leaders. The goal would be to bring forward a multi-year budget and enrollment plan for the Regents' consideration in January 2019.

Executive Vice President and Chief Operating Officer Nava commented that a multi-year planning effort would provide an opportunity to improve predictability and stability for stakeholders across the University. Such a plan would create stability and predictability in the cost of a UC education for students and their families. Campus leadership would be able to address not only financial and operational short-term needs, but also to plan long-term to meet the needs of the state. The University wanted to continue to partner closely with State leadership to ensure that UC is meeting the needs of the state. A four-year plan would address systemwide growth and allow flexibility to address specific opportunities for UC's unique campuses.

Vice President Brown reported that a series of discussions had been held over the past year about future needs of the state and enrollment at UC campuses. Representatives of the Public Policy Institute of California (PPIC) spoke to the Board of Regents in November about California's workforce need for college graduates. President Napolitano had asked UC chancellors to think about the implications of increasing degree production and a series of initial ideas had been described. The University had annual enrollment discussions, but there was an interest in longer term thinking to achieve stability. As a result of the concerns about the needs of the state expressed in the PPIC presentation as well as concerns raised by current UC students about the effects of enrollment growth, chancellors had expressed an interest in expanding enrollment planning to include considerations of degree production. The Office of the President (UCOP) was going through a process with the chancellors to collect information about possible strategies to increase degree production. Currently, the chancellors were looking at their campuses to consider strategies to increase degree production, for instance by increasing graduation rates, decreasing time to degree, expanding off-campus opportunities, considering options for three-year degrees, reducing gaps in four-year graduation rates, or improving six-year graduation rates. UCOP would collect specific details about projections of enrollment and degree production over the upcoming four years. With that information, campus areas that need investment could be determined.

Executive Vice President and Chief Financial Officer Brostrom added that other areas such as student housing and constraints imposed by campus Long Range Development Plans

(LRDP) would be involved in these considerations. However, increasing degree production could be considered without increasing physical capacity, for instance by decreasing time to degree or provide education through non-traditional delivery models.

Ms. Brown said the needs of the campuses would be considered in light of the needs of the UC system and the state. California's changing demographics indicate increases in the number of high school graduates, primarily the result of improvements in high school graduation rates. In addition, higher completion rates for "a-g" requirements mean that UC would have more qualified applicants.

Focus would be maintained also on the need for graduate education and the workforce needs of California. In part, as UC continues to increase its number of undergraduates, it would be important to understand their future plans. Currently around 40 percent intend to go on to graduate school. It would be important to maintain that capacity for UC students who choose to continue their education. UC graduate education contributes significantly to the state: 21 percent of California State University faculty and 25 percent of UC faculty received their Ph.D.s from UC. In addition, UC makes significant contributions to the education of the workforce in areas of growth in California such as technology and health care. UC produces 70 percent of California's Ph.D.s in science, technology, engineering, and mathematics (STEM) fields, and 60 percent of graduate medical education professional degrees. A four-year plan must include both undergraduate and graduate enrollment needs.

Ms. Brown said that systemwide targets were being considered. President Napolitano had set a systemwide goal of a 70 percent four-year graduation rate. Many UC campuses had their own goals. Planning would also continue to achieve the two-to-one ratio of freshmen to transfer students. Resources needed to enhance academic quality, fund enrollment growth, and address unfunded liabilities would be considered. Continued advocacy efforts for summer Pell Grants would also be part of this effort.

Mr. Brostrom discussed a timeline for this process. UCOP was currently gathering and analyzing data from the campuses and systemwide. It was clear that this would not be similar to past planning exercises. UC campuses did not have the physical capacity to meet all needs and the State had many competing priorities. Comprehensive financial plans using UC's balance sheet and other revenue sources would be considered. Efficiencies and cost savings would be examined in order to drive degree production. UCOP would work with the chancellors at their September retreat on a preliminary model, followed by a consultation process with Regents, chancellors, the Academic Senate, and students. The model would then be refined and a preliminary version would be brought to the Regents in hopes of working with legislative leadership and the new Governor on a multi-year plan to be included in the Governor's January budget.

Chair Kieffer affirmed that it was the responsibility of the Board to set a direction for the future of UC that could be considered by the legislative leadership and the Governor. He cautioned against simply touting the importance of UC. Describing what UC needs to do to meet the needs of the state would allow a conversation to ensue with the chairs of substantive State legislative committees. The University cannot predict what resources

would be available, but could present its expectations to meet the enrollment needs already indicated by the Legislature, academic quality, and needs such as student housing.

Regent Graves expressed support for this needed discussion. He proposed that the Board be kept informed about these important efforts as they progress, and encouraged early engagement with members of the Legislature and community stakeholders.

Regent Ortiz Oakley agreed that this planning process would be different from past efforts. A primary goal of this process had to be a meaningful outcome. This multi-year planning should be coupled with a compelling vision of a future course for UC.

Regent Pérez expressed optimism that this process would offer an opportunity to structure and communicate a vision in a different way. The University's objectives to grow to serve both undergraduate and graduate students could be expressed as UC would choose them, rather than being reactive. Also UC would examine what it would cost to achieve its objectives. He anticipated that this process would lead to a more compelling and effective way to build the University, instead of repeatedly budgeting through one-year crises.

Faculty Representative May asked if this planning was for the next four years only or would be on an ongoing, rolling basis. Mr. Brostrom said the plan was originally envisioned as a four-year plan, but it would be appropriate as an evergreen, ongoing process.

Regent Makarechian suggested consulting with both major gubernatorial candidates before the election rather than waiting until after the elections. Interim Senior Vice President Holmes stated that UC was in consultation with both candidates to build relationships with them. She said this ongoing process would demonstrate UC's transparency and engagement with its key stakeholders. The resulting longer term vision would be transparent, inspiring, and realistic.

Staff Advisor Main commented that creating a predictable multi-year plan would have a significant positive effect on UC staff, who are on the front line dealing with the effects of enrollment and budget changes.

Regent-designate Simmons advocated early engagement with city planners in UC campus locales, rather than waiting until UC plans were finalized.

Chair Kieffer stated that this effort represented a new direction for the University and expressed appreciation for the efforts of UCOP.

7. **COMMITTEE REPORTS INCLUDING APPROVAL OF RECOMMENDATIONS FROM COMMITTEES, continued**

Report of the Governance and Compensation Committee

Regent Sherman reported that the Committee considered two items for action and two items for discussion:

A. ***Technical Amendments of Standing Order 105.1, Organization of the Academic Senate, and Bylaw 40.3, Special Provisions Concerning Faculty; and Rescission of Standing Order 103.10, Security of Employment, Concerning Senate Membership for Lecturers with Potential for Security of Employment and Lecturers and Senior Lecturers with Security of Employment***

The Committee recommended that the Regents, following service of appropriate notice:

- (1) Amend Standing Order 105.1: Organization of the Academic Senate, as shown in Attachment 1.
- (2) Amend Bylaw 40.3: Special Provisions Concerning Faculty, as shown in Attachment 2.
- (3) Rescind Standing Order 103.10: Security of Employment in its entirety as shown in Attachment 3.

Regent Sherman explained that these were technical amendments involving the organization of the Academic Senate, special provisions regarding faculty, and Academic Senate membership for Lecturers with Security of Employment.

B. ***Establishment of a New Senior Management Group Level Two Position, Vice Chancellor for Strategic Communications, Los Angeles Campus, and the Corresponding Market Reference Zone for the Position***

The Committee recommended approval of the following items in connection with the establishment of a new Senior Management Group Level Two position, Vice Chancellor for Strategic Communications, Los Angeles campus, and the corresponding Market Reference Zone (MRZ):

- (1) Establishment of the Senior Management Group position of Vice Chancellor for Strategic Communications, Los Angeles campus. This position will be in Level Two of the Senior Management Group.
- (2) Establishment of the following Market Reference Zone for the position of Vice Chancellor for Strategic Communications:
 - a. Campuses with Health Services: 25th percentile – \$195,700, 50th percentile – \$231,500, 60th percentile – \$257,800, 75th percentile – \$283,300, and 90th percentile – \$329,300
 - b. Campuses without Health Services: 25th percentile – \$183,600, 50th percentile – \$219,700, 60th percentile – \$237,100, 75th percentile – \$263,200, and 90th percentile – \$301,400

- (3) This action will be effective upon approval.

Regent Sherman stated that this action would create a new Senior Management Group position and the corresponding market Reference Zone for the position. Chancellor Block had provided a presentation about the need for this position.

C. ***Annual Reports on Compensated and Uncompensated Outside Professional Activities for Calendar Year 2017, and Semi-Annual Report on Outside Professional Activities Approved Between December 1, 2017 and May 31, 2018***

Regent Sherman said there was a brief Committee discussion about this item.

D. ***Committee Priorities and Items for the Upcoming Year***

The Committee discussed the regular reports that it would receive in the upcoming year and discussed reviewing the effectiveness of the Regents' Committee restructuring.

E. ***Appointment of Regents-Designate and Faculty Representatives as Advisory Members to Standing Committees and Subcommittees for 2018-19***

In closed session, the Committee recommended that:

- (1) Regents-designate be appointed as advisory members of Standing Committees, effective immediately through June 30, 2019, as follows:
 - a. Regent-designate Simmons be appointed as an advisory member of the Finance and Capital Strategies Committee and the Public Engagement and Development Committee.
 - b. Regent-designate Um be appointed as an advisory member of the Finance and Capital Strategies Committee and the Public Engagement and Development Committee.
 - c. Contingent upon her appointment as student Regent for 2019-20, Regent-designate Weddle be appointed as an advisory member of the Academic and Student Affairs Committee and the Compliance and Audit Committee.
- (2) Faculty Representatives be appointed as advisory members of Standing Committees, effective September 1, 2018 through August 30, 2019 as follows:
 - a. Faculty Representative Bhavnani be appointed as an advisory member of the Finance and Capital Strategies Committee and the Public Engagement and Development Committee.

- b. Faculty Representative May be appointed as an advisory member of the Academic and Student Affairs Committee and the Compliance and Audit Committee.

Upon motion of Regent Sherman, duly seconded, the recommendations of the Governance and Compensation Committee were approved.

Report of the Health Services Committee (meeting of June 5, 2018)

Regent Lansing reported that the Committee considered one item for action by the Health Services Committee and four items for discussion.

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

This discussion item was not summarized at the Board meeting.

B. *Approval of Appointment of and Compensation for Richard Gannotta as Chief Executive Officer, UC Irvine Health System, Irvine Campus as Discussed in Closed Session*

This Committee action item was not summarized at the Board meeting.

C. *UC Office of the President Restructuring Effort: UC Health Advisory Committee Update*

Regent Lansing reported that the UC Health Advisory Committee, led by Advisory member Steven Lipstein, provided an update on its work as it explores the recommendations made by Huron Consulting. The Advisory Committee was continuing to analyze various options and hoped to report back to the Health Services Committee in the fall.

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

Regent Lansing said the review of the Clinical Quality Dashboard showed that the UC medical centers were meeting all markers.

E. *Update on Student Health and Counseling and UC Student Health Insurance Plan*

This discussion item was postponed to a future meeting.

Report of the Public Engagement and Development Committee

Regent Ortiz Oakley reported that the Committee considered five items for discussion:

A. ***Federal Issues Update***

The Committee heard a report from Associate Vice President Harrington about the Promoting Real Opportunity, Success, and Prosperity through Education Reform (PROSPER) Act, to which UC, the California State University, and the California Community Colleges signed a joint statement in opposition. The importance of engaging early and often with key Senators on Higher Education Act reauthorization and other issues directly affecting students was stressed.

The Committee discussed the importance of all Regents having key talking points on federal and State issues to inform their interactions with members of the California Congressional delegation or the California Legislature. The prior day, all Regents had received “UC at a Glance,” with the most recent information about key issues related to the University. The overriding theme of these efforts is to encourage the Regents to engage more directly with policymakers and have more information at hand.

B. ***State Government Issues Update***

Regent Ortiz Oakley reported that the Committee had congratulated Associate Vice President Kieran Flaherty and his team along with the leadership of the UC Student Association (UCSA) for their successful advocacy for the University during the past budget cycle. The Committee discussed the importance of UC’s Office of State Governmental Relations (SGR) advocating for a bond measure for UC capital projects and deferred maintenance, and removal of the direct appropriation authority that the Legislature had currently.

C. ***Student Advocacy Efforts***

The Committee heard a report from the leadership of UCSA on their work in organizing UC student advocacy in support of the UC budget. The Committee expressed its appreciation for these efforts.

D. ***Update on the University of California Market Research Study***

The Committee would continue to receive reports on the attitudes of Californians toward the University. This information would inform UC’s advocacy strategy.

E. ***Committee Priorities and Items for the Coming Year***

The Committee expressed its desire to provide the Regents with clear information about the University’s major talking points so they can more effectively engage in advocacy. The Committee also had an interest in developing a way to measure successful outcomes in UC’s State and federal advocacy. In addition the Committee wished to combine the effort to develop a multi-year budgeting plan with a clear vision for the University as a basis for UC advocacy.

Report of the National Laboratories Subcommittee

Regent Tauscher reported that the Subcommittee considered one action item and one discussion item:

A. ***Allocation of Los Alamos National Security, LLC and Lawrence Livermore National Security, LLC Fee Income to be Expended in Fiscal Year 2018-19***

The Subcommittee recommended that the President of the University be authorized to expend an estimated \$24.6 million from the University's net share of Los Alamos National Security, LLC (LANS) and Lawrence Livermore National Security, LLC (LLNS) income earned between January 1, 2018 and December 31, 2018, as projected by the Limited Liability Companies (LLCs), for the purposes and in the amounts described below:

- (1) The University's contractually-required share of compensation-related costs for LLC employees in UC-designated key personnel positions that are not reimbursed by the federal government under the prime contracts, estimated at \$2.2 million (\$2.2 million in fiscal year [FY] 2017-18).
- (2) An appropriation to the Office of the President's budget for federally unreimbursed costs of University oversight of its interests at Los Alamos National Laboratory (LANL) and Lawrence Livermore National Laboratory (LLNL), paid or accrued July 1, 2018 through June 30, 2019, including, but not limited to, an allocable share of the costs of the President's Executive Office, the Provost, the Academic Senate, Human Resources, Compliance and Audit, Financial Accounting, UC National Laboratories, Federal Government Relations, Office of Research and Graduate Studies, Office of the General Counsel, Office of the Secretary and Chief of Staff to The Regents, Office of the President facility charges, and the University-appointed Governors on the Boards of the LLCs, in the amount of \$5.2 million for FY 2018-19 (\$5.2 million in FY 2017-18). Any unspent funds allocated for this purpose will be transferred to the UC Laboratory Fees Research Program (paragraph (5) below).
- (3) An appropriation to the Post-Contract Contingency Fund (PCCF), in the amount of \$3.5 million for FY 2018-19 (\$2.9 million in FY 2017-18). Any income generated by the PCCF under the University's Short Term Investment Pool (STIP) shall be reserved exclusively for the PCCF. The balance in the PCCF as of May 31, 2018 is \$12.8 million, which does not reflect the \$2.9 million allocated in FY 2017-18. The target balance for the PCCF approved by the Regents in 2013 is \$27 million.

No further funds would be added to the Contract Bid and Proposal Reserve (CBPR) through approval of this action. Any remaining CBPR funds unused in FY 2018-19 would be returned to the PCCF.

- (4) The Regents have approved a funding target for the LLC Fee Contingency Fund of \$7 million. The LLC Fee Contingency Fund is currently fully funded with a balance of \$8.1 million as of April 30, 2018. No allocation to the Fund is required for FY 2018-19. Funds remaining in the LLC Fee Contingency Fund will be carried over to FY 2019-20, to maintain the \$7 million funding target. Any income generated by the LLC Fee Contingency Fund under the University's STIP shall be reserved exclusively for the LLC Fee Contingency Fund.
- (5) An appropriation in the amount of \$12.4 million for FY 2018-19 for the UC Laboratory Fees Research Program and other research relevant to the missions of the National Laboratories and the University, including the UC-National Laboratory Graduate Student Fellowship Program, subject to any adjustment up or down required after the end of Calendar Year (CY) 2018 as a result of reporting by the LLCs of actual net fee income earned by the University in order to meet the ongoing appropriations under paragraphs (1) through (4) above and (6) and (7) below. In the event all or part of this funding for the UC Laboratory Fees Research Program is not needed in FY 2018-19, the funding will be carried over to FY 2019-20 for the same purpose.
- (6) An appropriation in the amount of \$300,000 for FY 2018-19 (\$300,000 in FY 2017-18), to fund an affiliation agreement between the University and the Livermore Lab Foundation, a 501(c)(3) nonprofit organization formed in 2016 to support LLNL and other scientific and educational purposes. Unspent funds will be carried over for the same purpose.
- (7) An appropriation in the amount of \$1 million for FY 2018-19 for the Accelerating Therapeutic Opportunities for Medicine (ATOM) collaboration.

Regent Tauscher observed that more than half the fee income would be allocated to research. The Subcommittee approved this item as presented.

B. *Update on the National Laboratories*

Regent Tauscher reported that on June 8, the Department of Energy's National Nuclear Security Administration announced that it had awarded the follow-on LANL management and operating contract to the UC team: Triad National Security, LLC. Triad was a partnership of three non-profit entities: the UC Board of Regents, the Texas A&M University System, and Battelle Memorial Institute, each with a deep commitment to the success of LANL.

Triad had unveiled its incoming leadership team, including Triad President and LANL Director-designate Thomas Mason, who previously served as the Director

of Oak Ridge National Laboratory for more than ten years. This outstanding team was a great outcome for the nation.

Upon motion of Regent Tauscher, duly seconded, the recommendation of the National Laboratories Subcommittee was approved.

8. **UNFINISHED BUSINESS**

Chair Kieffer explained that, with the adoption of new Bylaws two years prior, the Regents intended to gradually eliminate the Regent's Standing Orders, as most were repetitive or unnecessary, or to incorporate them into policies. As part of this effort, Standing Orders 103.5 and 110.2 would be rescinded and moved to Regents Policies.

A. ***Rescission of Standing Order 103.5 – Emeritus Status***

At the May 2018 meeting of the Regents, notice was served that at the next regular meeting the Regents rescind Standing Order 103.5 as shown below:

~~103.5: Emeritus Status~~

- ~~(1) — The title Professor Emeritus shall be conferred, upon retirement, on every Professor and Associate Professor. The title suffix Emeritus for positions held at the time of retirement shall be conferred, upon retirement, on every member of the Academic Senate. With the approval of the President, Emeritus status shall be conferred, upon retirement, on every academic appointee who is not a member of the Academic Senate but who meets specific criteria established by the President.~~
- ~~(2) — Emeritus status may be conferred by the Board on Principal Officers of The Regents and Officers of the University, upon retirement or completion of service, on the basis of their contributions to the University. For Officers of the University, Emeritus status, upon retirement or completion of service, may be conferred by the President based on criteria established by the Board.~~
- ~~(3) — For positions held at the time of their retirement, Emeritus status may be conferred by the President on University employees who meet criteria established by the President.~~

B. ***Rescission of Standing Order 110.2 – Matters Relating to Residency***

At the May 2018 meeting of the Regents, notice was served that at the next regular meeting the Regents rescind Standing Order 110.2 as shown below:

~~110.2: Matters Relating to Residency~~

~~The Regents shall establish policies governing the determination of California residence for purposes of University of California's tuition and fees and the exemption or waiver of such tuition and fees. The President, in consultation with the General Counsel of The Regents, shall implement such policies by establishing all necessary regulations.~~

Upon motion duly made and seconded, the recommendations were approved.

9. **APPROVAL OF REVISED 2018-19 BUDGET FOR CURRENT OPERATIONS AND TUITION**

The President of the University recommended:

- A. Approval of the revised 2018-19 budget plan for core funds shown in Attachment 4.
- B. Approval of the tuition and Student Services Fee levels shown in Display 1, to be effective beginning with the fall 2018 term.

DISPLAY 1: Proposed Tuition and Student Services Fee Levels, Effective 2018-19¹

	2017-18 Level	Proposed Level Effective 2018-19	Proposed Change from 2017-18
Tuition (Undergraduate and Graduate)			
Surcharge ²	\$60	\$0	-\$60
<u>Base</u>	<u>\$11,442</u>	<u>\$11,442</u>	<u>\$0</u>
Tuition	\$11,502	\$11,442	-\$60
Student Services Fee			
Undergraduate and Graduate	\$1,128	\$1,128	\$0
Total Mandatory Systemwide Charges (Tuition and Student Services Fee)			
Undergraduate and Graduate	\$12,630	\$12,570	-\$60

¹ Charges are to be effective fall 2018.

² Surcharge to cover costs associated with the *Kashmiri v. Regents* and *Luquetta v. Regents* class action lawsuits.

[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 stated that this item requested final approval of the 2018-19 budget for the University that the Regents had discussed at previous meetings. The most significant changes from the budget presented the prior fall were that tuition would not be increased and the Student Services Fee would be reduced by \$60, by eliminating the so-called Luquetta surcharge, which covered costs associated with the *Kashmiri v. Regents* and *Luquetta v. Regents* class action lawsuits.

Regent Lansing expressed enthusiastic endorsement of the proposed budget. She had been on the Board in years when the Board had reluctantly approved painful tuition increases

when the State had not provided needed funds for UC. Because of the advocacy of UC students, faculty, alumni, staff, and President Napolitano, the Regents could vote this day for a reduction in the Students Services Fee. Regent Lansing expressed hope that this would be the beginning of a new trend.

Upon motion duly made and seconded, the recommendation of the President was approved.

10. NOTABLE HONORS AND ACHIEVEMENTS

President Napolitano stated that a recent report from the national think tank Third Way showed that UC excelled nationally in its enrollment and graduation of low-income students. Of the top ten high-quality, Pell Grant recipient-serving, public higher education institutions in the nation, UC schools took the top seven spots.

President Napolitano thanked Staff Advisor Valdry for his dedicated service to the University. Mr. Valdry served on several important task forces and his thoughtful guidance had been of great help to the Regents. UC staff found him to be approachable and responsive to their concerns.

11. 2018 ACCOUNTABILITY REPORT

[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.]

Vice President Brown discussed the 2018 Accountability Report, the 11th annual report, part of the University's ongoing effort to promote transparency and accountability for University operations in support of its teaching, research, and public service missions. The UC Information Center, an interactive website, provides additional detail beyond that contained in the static report.

Ms. Brown demonstrated the website of the 2018 Accountability Report. She reviewed the categories of information available. The underlying data is accessible, and can be copied for other uses. An Executive Summary highlights major themes. The 2018 Report focuses on UC's 150th anniversary, and the partnership of the State and UC in creating the UC system.

Ms. Brown displayed pages of the Accountability Report recounting the history of UC and development of its campuses. UC Berkeley began in 1868, from an original site in downtown Oakland. Only two years later, UC began to enroll women, more than 20 years before Stanford and nearly a century before some Ivy League colleges. Dr. Hugh Toland started the Toland Medical School, which was incorporated into UC and became UCSF. UCLA and UC Santa Barbara both started as teaching colleges. UC Riverside and UC Davis had their roots in agriculture. UC San Diego, UC Santa Cruz, and UC Irvine opened under the leadership of Governor Pat Brown to accommodate the anticipated huge surge in college-bound "baby boomers," those persons born during the demographic post-World War II "baby boom." UC opened its tenth campus, UC Merced, the first public research

university to be built in the 21st century and the fastest to become an R2, Doctoral University, with higher research activity. During its history, UC went from having 40 enrolled students to more than 270,000 students and two million living alumni. UC's ten-campus system also includes five medical centers, six medical schools, and three national research laboratories.

One way that UC returns the State's investment is through its research enterprise, with \$4.5 billion spent annually on UC research activity, about half of which came from outside California. Ms. Brown displayed an interactive map showing numbers of employees hired and dollars spent throughout California funded by UC research dollars. UC innovations can also benefit the California economy by licensing activities to existing companies. In 2017, UC's license portfolio in California included more than 1,300 licenses to more than 600 companies. In addition, UC innovations were the cornerstone of more than 84 startup companies in 2017. In the future, the majority of California's growth was anticipated to be in the Central Valley and the potential of UC Merced for that region was important to consider.

Ms. Brown said student outcomes were an increased area of focus in this Accountability Report. She highlighted some historic outstanding UC undergraduates. The Report had data on UC students after graduation. Just five years after their graduations, the majority of UC's Pell Grant recipients earned more than their families. Across disciplines, UC graduates' earnings tended to double between two and 12 years after graduation. She displayed a chart showing salary data for UC graduates segregated by academic major and industry.

The Accountability Report also focused on UC graduates' ability to repay their student loans. An online dashboard provides detailed comparisons of loan amounts to earnings, by campus and by discipline. This interactive dashboard shows the percentage of students graduating with loan debt, the median debt level, their estimated monthly loan repayment amount, median monthly earnings, and the debt burden ratio, being the proportion of gross monthly income needed to support student loan payments. The data showed that 97 percent of UC programs had graduates with a debt-to-earnings ratio of ten percent or less upon graduation, and 100 percent five years after graduation.

In addition to these median data, the Accountability Report was beginning to examine characteristics of outliers and Ms. Brown's office was in the process of producing a paper on that subject. Data showed that individuals with higher debt-to-earnings ratios often worked in public service fields such as K-12 education and social assistance. These data demonstrate the importance of raising awareness of loan repayment programs and public service loan forgiveness programs. Her office had made a concerted effort to talk with undergraduate deans and career center directors to provide this information that could be shared with students.

Another factor that affects future earnings is whether a student goes on to get a graduate degree. The Accountability Report has detailed information by campus and other groups such as Pell Grant recipients and first-generation college students, showing the impact on earnings for those who earn a bachelor's degree compared with those who go on to earn a

doctoral degree or a medical degree. Data show that first-generation students and Pell Grants recipients go on to earn as much as their counterparts, demonstrating the value of their UC education. About 40 percent of UC students go on to earn graduate degrees and the Report has data showing rates of graduate degree attainment for various groups of students.

The Accountability Report data about freshman retention, UC graduation rates, and time to degree had been expanded to include detailed information by campus, gender, race and ethnicity, residency, first-generation status, Pell Grant status, or any combination of those factors. Data show freshman retention and four-year, five-year, and six-year graduation rates segregated by individual California high schools and California Community Colleges. This information can help highlight areas for focus on UC campuses in their efforts to increase four-year graduation rates.

Chair Kieffer commended Ms. Brown on her clear presentation and cited the extraordinary achievements of the UC system. He suggested that this demonstration of the wealth of information available on the UC website should be shown to the most important California newspaper editorial boards and staff of key legislative committees.

Regent Ortiz Oakley commented that, while the Accountability Report captured the current state of the University, it lacked measures of accountability.

Regent Sherman asked how information about this interactive website could be disseminated to the public, to be used for instance by parents of high school students. Ms. Brown stated that her office partnered with UC Office of the President Public Affairs. Presentations were made to conferences of high school and community college counselors, and information disseminated to high school counselors through a UC bulletin. Utilization data for the UC Information Center website indicated that community college and high school counselors use the website. She agreed that expanded outreach would be beneficial. Regent Sherman asked if social media and a mobile application were being used to promote this website. Interim Senior Vice President Holmes answered in the affirmative.

Regent-designate Um observed that UC campus alumni associations' robust distribution lists could be used to disseminate this information. He suggested developing a "Did You Know" series for online distribution.

12. **CYBER RISK PROGRAM 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.]

Executive Vice President and Chief Operating Officer Nava recalled that the June 2015 cyberattack on 4.5 million patient records at UCLA Health served as a catalyst for UC to develop its cyber risk program. This collaboration among campus leadership, UC faculty, UC's information technology professionals, and the Regents addressed the critical

need to protect UC's data assets, which are vast and complex, while balancing the importance of privacy and scholarship.

Vice President Andriola commented that, by nature, a research university is an open, collaborative environment, and noted the challenge of balancing the right level of protection without negatively affecting UC's mission. The five pillars of UC's cyber risk program were to use UC's shared governance, to evolve the practice of risk management, to adopt modern technology, to harden the security environment, and to create systemwide cultural change. Cybersecurity risks were financial, legal, regulatory, and reputational. The program strives for a consistent, coordinated approach across all UC campuses and medical centers.

Mr. Andriola described the Cyber-Risk Governance Committee (CRGC), comprised of representatives from each UC location, Office of the President staff, and faculty members. An external advisory board is made up of faculty advisors and external advisors from the public and private sectors. Cyber-Responsible Executives (CRE) have local-level accountability. The nationally recognized National Institute of Standards and Technology Framework was used to create a common framework for assessing risk with a common vocabulary to share best practices.

A Cyber Coordination Center (CCC) was created to support the campuses and medical centers. The CCC is a knowledge repository, disseminating best practices, convening cyber professionals from across UC, and serving as UC's first line of communication with federal and State law enforcement. Improved technology has generated more data to aid understanding of threat vectors and vulnerabilities, by location and systemwide. Since 2016-17, UC had been able to obtain substantially more insurance coverage for cyber events with no conditions precedent, meaning that UC had lowered its risk profile.

Mr. Andriola enumerated ways UC was increasing cybersecurity through cyber training for all employees and specialized training for its IT professionals who work with systems containing sensitive data. A Cybersecurity Audit Team assesses UC vulnerabilities and steps needed to reduce risk. People would always be UC's biggest risk creators, and much effort was focused on creating awareness and a sense of cyber hygiene in the organization. Consistency in recognizing, reporting, and appropriately escalating cyber incidents was addressed by creating systemwide protocols. Technology to reduce risk had been deployed both locally and systemwide to identify common attackers. The prior year, UC cybersecurity technology analyzed 570 billion data points to look for nefarious activity.

Mr. Andriola highlighted the importance of remaining vigilant to these ongoing challenges and continuing to develop these programs. Advances had been made in assessing UC's vulnerabilities by penetration testing, and by using educational false phishing campaigns and remedial training. Taking steps such as requiring dual factor authentication to access systems with sensitive data would reduce vulnerability to cyberattackers. UC's data protection schemes have been strengthened.

General Data Protection Regulation, recent European legislation giving individuals more control over their online data, would affect UC, as it would involve, for instance, European students who apply to UC, faculty research collaborations, and UC's Education Abroad Program.

Mr. Andriola advised that UC does not control the threat environment, but does control its organizational readiness to protect against threats, respond when an event happens, and close vulnerabilities as quickly as possible. UC had greatly shortened the time it takes to close vulnerabilities. His goal was to create a program that is both sustainable and agile. Perpetrators were continually devising more sophisticated tactics.

Regent Morimoto asked whether cybersecurity policies were implemented systemwide or by the campuses, departments, or divisions. Mr. Andriola said a systemwide Information Security Policy had just been revised and updated to address the current threat environment. That policy would provide a standard way to think about issues, but would allow each campus to define how it would assign local level accountability. The chief information security officers of each campus and medical center communicate with one another regularly. Mr. Andriola's office has attempted to establish standards for expected behavior such as password reset cycles. Faculty support is obtained through the Academic Senate.

Regent Ortiz Oakley asked about cybersecurity at the National Laboratories and how UC guards against espionage directed at the University's research enterprise. Mr. Andriola said his office coordinates with the National Laboratories, inviting them to forums and cybersecurity symposiums. In some ways the National Laboratories have a higher threshold of security and UC could learn from them. Regarding espionage, Mr. Andriola said UC had to address various types of attackers, including nation states, cyber syndicates, individuals, or insiders. UC works closely with the intelligence community, which sometimes could provide advanced notice of threats from nation states. UC quickly coordinates with local intelligence field offices if a threat is detected involving a nation state. UC locations may have particular data for which enhanced protections are established, because of the nature of the data and the threat environment.

Student Advisor Huang asked about security training of UC staff. Mr. Andriola responded that all UC employees have mandatory annual online trainings. That training is complemented by simulated phishing campaigns.

Faculty Representative May asked about the security of At Your Service, the portal frequently accessed by UC faculty and staff and about security procedures that were being built into UCPATH. Mr. Andriola stated that At Your Service users could be asked challenge questions for additional authentication. For procedures such as changing a bank routing number, a physical call back to confirm the change had been added to protections. These short-term measures would increase the security of At Your Service, while the UCPATH system will have dual-factor authentication for all users.

Staff Advisor Main asked if staff were being trained regarding internet postings by parties not connected with the University that may be deliberately provocative. Mr. Andriola responded that his office had not yet dealt with this problem, but it would be an appropriate question to address by determining the size of the problem at the campus level.

Regent Anderson asked if cyber risk mitigation measures and decision-making should be more centralized, if mitigation measures were moving fast enough to provide adequate protection, and if Mr. Andriola's office had sufficient support from UC campuses. Mr. Andriola responded that all cyber programs must fit the culture of the organization. The UC system is, in some ways, a federated structure, and to run counter to that would present its own challenges. Mr. Andriola's office felt the best approach was to design a cyber program that utilizes the distributed nature of the UC system and ensures the establishment of local accountability for decision-making, design of action plans, and accountability of behavior. The program pushes accountability down, but also has a coordinating element through the CCC and the governance committee. Increasing centralization would not necessarily guarantee better results. Mr. Andriola expressed his belief that the current structure was best for UC, and its effectiveness had been supported by metrics and the response of the insurance community.

Regent-designate Um commended Mr. Andriola's office for its proactive work. He asked if UC vendors were required to comply with UC cyber policy and if UC cyber training included a fire drill for a cyber event. He asked what the limits were on UC's cyber insurance and commented that UC should consider increasing its insurance.

13. **REPORT OF INTERIM, CONCURRENCE AND COMMITTEE ACTIONS**

Approvals Under Interim Action

A. The Chair of the Board, the Chair of the Finance and Capital Strategies Committee, and the President of the University approved the following items:

- (1) ***Amendment of Scope and Design Following Action Pursuant to the California Environmental Quality Act, Interdisciplinary Science and Engineering Building, Irvine Campus***

Following review and consideration of the environmental consequences of the proposed action, as required by the California Environmental Quality Act (CEQA):

- a. The CEQA findings for the Interdisciplinary Science and Engineering Building project, Irvine campus, as adopted by the Regents in September 2017, be re-adopted and reaffirmed.
- b. The revised project design be approved.
- c. The scope of the Interdisciplinary Science and Engineering Building shall consist of constructing an approximately 204,750-gross-

square-foot (gsf) (112,734-assignable-square-foot) building that would provide instructional laboratory and support space, research and scholarly activity space, academic and administrative offices, shared assembly and colloquium space, and approximately 41,778 gsf of shell space to be built out for laboratory and academic uses at a later date as gift funds and other non-State resources become available. The scope shall also include associated site development and utilities.

- d. The President of the University, or designee, be authorized, in consultation with the Office of the General Counsel, to execute all documents necessary in connection with the above.

(2) ***Approval of Indemnification Terms in Right of Entry Agreement with Sun Solar Star, LLC and the Department of Environmental Science, Policy and Management, Berkeley Campus***

The following was approved:

- a. The President of the University be authorized to approve the terms of the Right of Entry agreement with Sun Solar Star LLC Corp, including a provision to indemnify and defend Sun Solar Star for claims relating to, caused by, or arising from the University's work.
- b. The President, or her designee, after consultation with the General Counsel, be authorized to approve and execute any documents necessary in connection with the above.

Approvals Under Health Services Committee Authority

- B. At its June 5 meeting, the Health Services Committee approved the following recommendation:

Appointment of and Compensation for Richard Gannotta as Chief Executive Officer, UC Irvine Health System, Irvine Campus

The Committee approved the following items in connection with the appointment of and compensation for Richard Gannotta as Chief Executive Officer, UC Irvine Health System, Irvine campus:

- (1) Per policy, appointment of Richard Gannotta as Chief Executive Officer, UC Irvine Health System, Irvine campus, at 100 percent time.
- (2) Per policy, annual base salary of \$780,000, which will be funded by Health Enterprise revenues. No State funds will be used.

- (3) 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 (\$156,000) and maximum potential award of 30 percent of base salary (\$234,000), subject to all applicable plan requirements and Administrative Oversight Committee approval. Actual award will be determined based on performance against pre-established objectives.
- (4) Per policy, starting in the 2018-19 plan year, 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, subject to all applicable plan requirements and Administrative Oversight Committee approval. As the LTI uses rolling three-year performance periods, the first possible award payout would be after the end of the 2020-21 Plan Year. Actual award will be determined based on performance against pre-established objectives and may be pro-rated in Mr. Gannotta's first three-year period of participation based on the date of appointment.
- (5) Per policy, continued eligibility to participate in the UC Employee Housing Assistance Program, subject to all program requirements.
- (6) Per policy, continued eligibility to participate in standard pension and health and welfare benefits and standard senior management benefits (including eligibility for senior management life insurance and executive salary continuation for disability after five years of Senior Management Group service). Mr. Gannotta will not receive monthly contributions to the Senior Management Supplemental Benefit Program or an annual automobile allowance.
- (7) For any outside professional activities related to his professional expertise, Mr. Gannotta will comply with current Outside Professional Activity (OPA) policies.
- (8) This action will be effective upon approval.

The compensation described above shall constitute the University's total commitment until modified by the Regents, the President, or the Chancellor, 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.

14. REPORT OF MATERIALS MAILED BETWEEN MEETINGS

Secretary and Chief of Staff Shaw reported that, on the dates indicated, the following were sent to the Regents or to Committees:

To the Regents of the University of California

- A. From the President of the University, an email regarding the Governor's revised State budget plan for 2018-19. May 11, 2018.
- B. From the President of the University, an email regarding a PBS NewsHour story, "How faculty mentors can help first-generation students succeed." May 16, 2018.
- C. From the Associate Vice President and Director of State Governmental Relations, an email announcing the confirmation of Regents Anguiano, Guber, Park, and Tauscher by the State Senate. May 17, 2018.
- D. From the President of the University, an email announcing that the Department of Finance released \$50 million previously withheld in Provision 2.1 of the 2017 Budget Act. May 30, 2018.
- E. From the President of the University, the *University of California Medical Centers Activity and Financial Status Report for the Six Months Ended December 31, 2017*. June 1, 2018.
- F. From the President of the University, an email and press release announcing the Department of Energy/National Nuclear Security Administration selection of the Triad National Security LLC to manage and operate the Los Alamos National Laboratory. June 8, 2018.
- G. From the Secretary and Chief of Staff, the Summary of Communications received for May, 2018. June 8, 2018.
- H. From the Secretary and Chief of Staff, a press release announcing the recommendation, made by the Regents Special Committee to Select a Student Regent, of UC San Diego doctoral student Hayley Weddle as the 2019-20 Student Regent. June 20, 2018.
- I. From the President of the University, several documents regarding the California State Auditor's report reviewing the University's handling of sexual violence and sexual harassment complaints between 2007 and 2016. June 21, 2018.
 - a. A letter from the Board Chair to the California State Auditor in response to the draft audit report and agreeing with the recommendation that the Academic Senate further define its bylaws regarding the disciplinary process;

- b. A letter from the Board Chair to the Academic Senate Chair and Vice Chair regarding the California State Auditor's report, and requesting that the Senate define specific time frames for complaints against faculty respondents;
 - c. A letter from the President to the California State Auditor in response to the draft audit report;
 - d. California State Auditor's report;
 - e. A one-page summary of the University of California's efforts to improve the sexual violence and sexual harassment policies, procedures and practices;
 - f. A letter from the President and Interim Systemwide Title IX Coordinator to the campus Title IX Officers regarding the California State Auditor's report, and requesting that the campuses revise policies to be in alignment with the auditor's recommendations.
- J. From the President of the University, a letter regarding the Budget Act of 2018. June 27, 2018.
- K. From the Secretary and Chief of Staff, the Summary of Communications received for June, 2018. July 7, 2018

To the Members of the Investment Committee

- L. From the Lieutenant Governor, a letter urging divestment of UC funds from the Turkish government in light of the Armenian genocide during World War I. May 21, 2018

The meeting adjourned at 1:00 p.m.

Attest:

Secretary and Chief of Staff

Additions shown by underscoring; deletions shown by strikethrough

STANDING ORDER 105.1 – ORGANIZATION OF THE ACADEMIC SENATE

105.1: Organization of the Academic Senate

- a. The Academic Senate shall consist of the President, Vice Presidents, Chancellors, Vice Chancellors, Deans, Provosts, Directors of academic programs, the chief admissions officer on each campus and in the Office of the President, registrars, the University Librarian on each campus of the University, and each person giving instruction in any curriculum under the control of the Academic Senate whose academic title is Instructor, Instructor in Residence; Assistant Professor, Assistant Professor in Residence, Assistant Professor of Clinical (e.g., Medicine); Associate Professor, Associate Professor in Residence, Associate Professor of Clinical (e.g., Medicine), Acting Associate Professor; Professor, Professor in Residence, Professor of Clinical (e.g., Medicine), or Acting Professor; ~~full-time Lecturer with Potential for Security of Employment, full-time Senior Lecturer with Potential for Security of Employment, full-time Lecturer with Security of Employment, or full-time Senior Lecturer with Security of Employment~~, Acting Lecturer with Security of Employment, or full-time Senior Lecturer with Security of Employment, or Acting Senior Lecturer with Security of Employment; however, Instructors and Instructors in Residence of less than two years' service shall not be entitled to vote. Members of the faculties of professional schools offering courses at the graduate level only shall be members also of the Academic Senate, but, in the discretion of the Academic Senate, may be excluded from participation in activities of the Senate that relate to curricula of other schools and colleges of the University. Membership in the Senate shall not lapse because of leave of absence or by virtue of transference to emeritus status.
- b. The Academic Senate shall determine its own membership under the above rule, and shall organize, and choose its own officers and committees in such manner as it may determine.
- c. The Academic Senate shall perform such duties as the Board may direct and shall exercise such powers as the Board may confer upon it. It may delegate to its divisions or committees, including the several faculties and councils, such authority as is appropriate to the performance of their respective functions.

Additions shown by underscoring; deletions shown by strikethrough

BYLAW 40. ACADEMIC SENATE

40.1 Duties and Powers of the Academic Senate.

The Regents recognize that faculty participation in the shared governance of the University of California through the agency of the Academic Senate ensures the quality of instruction, research and public service at the University and protects academic freedom. The Academic Senate shall perform such duties as the Board may direct and shall exercise such powers as the Board may confer upon it. The Academic Senate, subject to the approval of the Board, shall determine the conditions for admission and for certificates and degrees, and recommend to the President all candidates for degrees. The Academic Senate shall authorize and supervise all courses and curricula, except in the Hastings College of the Law, in professional schools offering work at the graduate level only, and over non-degree courses in the University Extension. No change in the curriculum of a college or professional school shall be made by the Academic Senate until such change shall have been submitted to the formal consideration of the faculty concerned. The Academic Senate may select committees to advise the President and Chancellors on campus and University budgets and, through the President, or to the Regents directly by a formal Memorial, may address the Board on any matter pertaining to the conduct and welfare of the University.

40.2 Organization of the Academic Senate.

Membership in the Academic Senate is as determined in Regents Policy. The Academic Senate shall organize and choose its own officers and committees and may delegate authority to its divisions or committees as appropriate.

40.3 Special Provisions Concerning Faculty.

(a) No Political Test

No political test shall ever be considered in the appointment and promotion of any faculty member or employee.

(b) Privilege of a Hearing Before the Academic Senate

Any member of the Academic Senate shall have the privilege of a hearing by the appropriate committee or committees of the Academic Senate on any matter relating to personal, departmental, or University welfare.

(c) Tenure

All appointments to the positions of Professor and Associate Professor and to positions of equivalent rank are continuous in tenure until terminated by retirement, demotion, or dismissal. The termination of a continuous tenure appointment or the termination of the appointment of any

other member of the faculty before the expiration of the appointee's contract shall be only for good cause, after the opportunity for a hearing before the properly constituted advisory committee of the Academic Senate, except as otherwise provided in a Memorandum of Understanding for faculty who are not members of the Academic Senate.

An Assistant Professor who has completed eight years of service in that title, or in that title in combination with other titles as established by the President, shall not be continued after the eighth year unless promoted to Associate Professor or Professor. By exception, the President may approve appointment of an Assistant Professor beyond the eighth year for no more than two years.

(d) Security of Employment

A Lecturer-Potential Security of Employment ~~or Senior Lecturer-Potential Security of Employment~~ appointed at more than half time who has completed eight years of service in that title, or in that title in combination with other titles as established by the President, shall not be continued in that title after the eighth year unless given appointment with security of employment.

By exception, the President may approve appointment of a Lecturer-Potential Security of Employment ~~or Senior Lecturer-Potential Security of Employment~~ on more than half time beyond the eighth year without security of employment, but may not extend it beyond two years.

(e) Dismissal

Dismissal of an academic appointee who holds tenure or security of employment shall be only for good cause and shall be voted by the Board upon recommendation of the President of the University, following consultation with the appropriate Chancellor. Prior to recommending dismissal, the Chancellor shall consult with the appropriate advisory committee(s) of the Division of the Academic Senate.

Additions shown by underscoring; deletions shown by strikethrough

STANDING ORDER 103.10 – SECURITY OF EMPLOYMENT

103.10: Security of Employment

~~Except as otherwise provided in a Memorandum of Understanding for faculty who are not members of the Academic Senate, a Lecturer-Potential Security of Employment or Senior Lecturer-Potential Security of Employment appointed at more than half time who has completed eight years of service in that title, or in that title in combination with other titles as established by the President, shall not be continued in that title after the eighth year unless given appointment with security of employment.~~

~~By exception, the President may approve appointment of a Lecturer-Potential Security of Employment or Senior Lecturer-Potential Security of Employment on more than half time beyond the eighth year without security of employment, but such appointment may not extend beyond two years.~~

~~An appointment with security of employment shall not be terminated except for good cause after the opportunity for a hearing before the properly constituted advisory committee of the Academic Senate.~~

2018-19 Budget Plan for Core Funds (Dollars in Millions)

2017-18 OPERATING BUDGET

State General Funds	\$3,543.0
Less General Obligation Bond Debt Service	(\$174.7)
Less One-Time Contribution to the University of California Retirement System (UCRS)	(\$169.0)
State General Funds (excluding GO Bond Debt Service and One-Time UCRS Support)	\$3,199.4
 Total Core Funds (State General Funds, Student Tuition and Fee Revenue, and UC General Funds)	 \$8,719.8

PROPOSED CHANGES IN RESOURCES

Cost Savings/Alternative Revenues

Asset Management	\$ 30.0
Systemwide Contracts	\$ 10.0
Philanthropy	\$ 10.0
Reallocation from Nonresident Aid	\$ 14.0
Redirected Funding for Enrollment (1,500)	\$ 15.0
Subtotal	\$ 79.0

State General Funds

3% Base Budget Increase	\$ 92.1
CA Undergrad Enrollment Growth (500)	\$ 5.0
Inst. on Global Conflict & Cooperation	\$ 1.0
Subtotal	\$ 98.1

Tuition and Fees

Enrollment Growth - Tuition/Student Svcs Fee	\$ 28.7
Enrollment Growth - Return-to-aid	\$ 15.5
Luquetta Surcharge	\$ (10.5)
Luquetta Surcharge Return-to-aid	\$ (5.7)
Subtotal	\$ 28.0

UC General Funds

Nonresident Tuition Adj. (3.5% / \$978)	\$ 34.8
Nonresident Enrollment Growth	\$ 29.4
Subtotal	\$ 64.3

TOTAL NEW ONGOING RESOURCES \$ 269.3

One-Time Resources

Other State General Funds	\$ 105.0
Deferred Maintenance	\$ 35.0
Subtotal	\$ 140.0

TOTAL CHANGE IN RESOURCES \$ 409.3

PROPOSED CHANGES IN EXPENDITURES

Enrollment Growth Marginal Cost \$ 66.2

Mandatory Costs

Retirement Contributions	\$ 17.1
Employee Health Benefits	\$ 18.9
Annuitant Health Benefits	\$ 7.7
Contractually Committed Compensation	\$ 28.3
Faculty Merit Program	\$ 32.0
Non-Salary Price Increases	\$ 32.3
Subtotal	\$ 136.4

High-Priority Costs

Compensation	\$ 82.7
High-Priority Capital Needs	\$ 15.0
Financial Aid	\$ 15.5
Student Mental Health	\$ 4.7
Subtotal	\$ 117.9

Other

Ongoing Luquetta costs	\$ (10.5)
Return-to-aid on Temporary Surcharge	\$ (5.7)
Subtotal	\$ (16.2)

TOTAL NEW ONGOING COSTS \$ 304.2

One-Time Investments

Student Success & Academic Excellence	\$ 50.0
Deferred Maintenance	\$ 35.0
Other One-Time Campus Priorities	\$ 20.1
Subtotal	\$ 105.1

TOTAL CHANGE IN EXPENDITURES \$ 409.3

Figures may not sum to totals due to rounding.