

The Regents of the University of California

**PUBLIC ENGAGEMENT AND DEVELOPMENT COMMITTEE**

January 24, 2018

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

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

In attendance: Regent Guber, Secretary and Chief of Staff Shaw, Interim Senior Vice President Holmes, Vice Presidents Brown and Humiston, Deputy General Counsel Woodall, and Recording Secretary McCarthy

The meeting convened at 9:55 a.m. with Committee Vice Chair Lansing presiding.

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

Upon motion duly made and seconded, the minutes of the meeting of November 15, 2017 were approved.

2. **FEDERAL ISSUES UPDATE**

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

Interim Associate Vice President Chris Harrington provided an update on the federal budget and funding for fiscal year 2018, which began on October 1, 2017 although Congress was unable to reach a funding agreement by that date. To allow for additional negotiations and to keep the government operational, Congress had since passed four Continuing Resolutions (CRs). After a three-day government shutdown, Congress passed the most recent CR, which would extend through February 8 and did provide for a six-year extension of the Children's Health Insurance Program. Agreement on a final fiscal year 2018 budget was complicated by two main factors: Deferred Action for Childhood Arrivals (DACA) and increasing budget caps put in place in 2011 on defense and non-defense discretionary spending.

UC continued to advocate for parity in raising defense and non-defense budget caps, and the highest funding for its priorities, through meetings with Congressional members and their staffs, participation in advocacy events, and activation of UC's advocacy network. To date, more than 21,000 contacts had been made through the network to Capitol Hill in support of UC's federal priorities.

Mr. Harrington noted that while legislators had publicly expressed a desire to craft a bipartisan legislative solution to protect DACA recipients, negotiations had become very contentious and complex, and included a broad range of immigration priorities being. The outcome was uncertain. UC would closely review any proposals to ensure they would protect UC's students who are DACA recipients.

UC opposed the recently passed federal tax legislation. Early versions included many areas of significant concern to the University: higher education tax benefits, tax exempt bond financing including repeal of advance refunding and private activity bonds, unrelated business income tax, deductibility of charitable giving, potential taxation of endowments, and a range of provisions that would have adversely affected UC employees and the University as an employer. UC and its supporters had engaged in extensive advocacy on this legislation. Mr. Harrington emphasized the advocacy of UC students, particularly its graduate students, who were instrumental in highlighting the impact of the proposed repeal of a number of higher education tax benefits. President Napolitano sent a letter to the California delegation urging a "no" vote, even though the final proposal had addressed many of the University's concerns, as the proposed tax bill still contained provisions that would harm institutions of higher education in California and nationwide.

A number of issues were protected from repeal, including the higher education tax benefits, private activity bonds, the tax deduction for medical expenses, and the unrelated business tax exemption for income derived from the public pension plans of government-sponsored entities such as the UC Retirement Plan. The final legislation did repeal advance refunding bonds, the tax deduction for amounts paid in exchange for college athletic event seating, and a tax deduction for moving expenses. The bill also placed an excise tax on excess tax-exempt organization executive compensation and repealed the individual healthcare coverage mandate enacted under the Affordable Care Act.

UC had been concerned that, because of the increase in the deficit, the tax package would trigger automatic cuts to programs such as Medicare and the Build America bonds program under the statutory "pay-as-you-go" law (PAYGO). However, the CR that passed Congress in December included language to waive PAYGO, protecting these programs from such cuts. President Napolitano had asked Executive Vice President and Chief Financial Officer Brostrom to analyze broadly the effect on UC of the final tax bill, particularly the bond issues. Additional guidance would be required from the Internal Revenue Service in a number of areas to determine the full impact.

Committee Vice Chair Lansing expressed UC's strong support of its DACA students. She asked Mr. Harrington to keep the Committee apprised should important events occur before the next meeting.

3. **UPDATE ON UNIVERSITY OF CALIFORNIA-SPONSORED STATE LEGISLATION FOR 2018**

[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.]

Associate Vice President Kieran Flaherty pointed out that the 2018 election would include all seats in the State Assembly, half of the State Senate, and all statewide constitutional offices. In March former Regent and State Senator Toni Atkins would become Senate President pro Tempore.

Mr. Flaherty reported that in 2017 all of UC's sponsored legislation goals were achieved. President Napolitano had approved an ambitious package of sponsored legislation for 2018, the second year of the two-year legislative cycle. The package includes three UC-sponsored bills, a resolution, and two other priorities that could be achieved through the budget process. Overall, the package supports UC students, makes efficient use of State resources, and demonstrates the value of UC's research and public service.

UC-sponsored legislation would include elimination of the sunset for UC's best value procurement, to allow UC to continue using that cost-saving tool. Another piece of sponsored legislation would eliminate the sunset on UCLA International Medical Graduate Clinical Training, a pre-residency training program for other institutions' bilingual medical school graduates who would be unable to practice in California until they gain licensure from the Medical Board of California, which would co-sponsor this legislation with UC. In exchange for gaining California licensure, these students agree to work for three years in medically underserved communities. Another bill UC sought to sponsor would allow use of State funds to allow UC students who receive their health insurance through Medi-Cal to enroll instead in UC's Student Health Insurance Plan, to increase portability of coverage for these students, while also lowering the premium cost for the State.

After receiving more information, UC had decided it would be premature to pursue legislation involving disgorgement of tuition paid by subsequently insolvent parents. UC would continue to monitor that situation.

Through the budget process, UC hoped to pursue expansion of the Cal Grant program to cover summer classes in addition to its current coverage of the academic year. While Cal Grant expansion would help students reduce time to degree and debt loads, and increase UC's capacity to provide graduates for the California workforce, it would be more costly for the Cal Grant program. UC would work closely with the Legislature and the administration to pursue this goal.

UC would also pursue additional resources for the California Breast Cancer Research Program through the budget process. That program is administered by UC and funded through an existing two cents per pack cigarette tax. Funds had been shrinking because the program had been effective in curtailing the purchase of cigarettes. UC would like to include other tobacco-related products such as electronic cigarettes to increase revenues. UC would also continue to advocate for measures to support its Deferred Action for Childhood Arrivals and other undocumented students through a few bills sponsored by State Senator Ricardo Lara.

The University's efforts would be supported by the UC Advocacy Network and the recently launched student ambassador program. UC's celebration of its 150th anniversary would

provide the Legislature an opportunity to honor and recognize UC through a Joint Member Resolution.

Regent Ortiz Oakley asked what UC was doing to receive research funding from taxes on cannabis. Mr. Flaherty said the UC Office of the President (UCOP) had formed a working group including the UCOP Research and Graduate Studies in collaboration with UC campuses, which were already leaders in research in this area.

Regent Ortiz Oakley asked about UC's strategy to address the \$50 million held back by the State Legislature in the prior year's budget pending UC's compliance with the recommendation of the State Audit report and in general to regain the Regents' authority over the UCOP budget. Mr. Flaherty said this matter had been raised with State Assembly budget leaders and the UC Office of State Governmental Relations (SGR) had approached the Governor to request that his January budget proposal include a reversal of the prior year's direct appropriation of UCOP's budget. The Governor did not want to make that change at the current time, but was supportive of UC's trying to persuade the Assembly of the Regents' responsible financial stewardship of State resources, and that UCOP, through its implementation of the recommendations of the State Audit report, would continue to make necessary changes, so that the Assembly would be willing to reverse the direct allocation. SGR had begun to make that case. Regent Ortiz Oakley expressed his view that this would require the Regents to gain the confidence of the Legislature through negotiations with the Senate, the Assembly, and the Department of Finance. Mr. Flaherty agreed with the importance of working to restore and maintain UC's credibility.

Regent Mancina suggested that UC engage gubernatorial candidates well before the election to provide information and foster ongoing relationships.

President Napolitano advised the Committee that as part of the University's engagement in Sacramento, UC chancellors would hold their February monthly meeting in Sacramento. The meeting would be followed by a session co-sponsored by Assembly Speaker Rendon and Committee on Higher Education Chair Assembly Member Jose Medina, at which legislators could speak directly with the chancellors.

The President agreed that the direct appropriation of the UCOP budget was a matter of considerable importance for the Regents. She said the direct appropriation had unintended consequences, particularly for UC's smaller campuses that did not have medical centers or other sources of auxiliary revenue, and opened the door for interference with the independence of the University.

**4. COMMUNITY OUTREACH AND IMPACTS, DIVISION OF AGRICULTURE AND NATURAL RESOURCES**

[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 Humiston provided an overview of the outreach of UC's Division of Agriculture and Natural Resources (ANR), which had been based on community engagement through its 150-year history. ANR serves in every one of California's 58 counties. ANR's mission statement has four key points: safe, sustainable food systems; economic success in a global economy; sustainable and productive environment and natural resources throughout the state; and science literacy for both youth and adults.

Quite unusual even among land grant universities, in addition to its county offices, ANR has 178 local advisors who are researchers living, working, and conducting research in the communities they serve. Increasingly, many of these local advisors have doctoral degrees and conduct world-class research. ANR works with all UC campuses and currently has specialists on five UC campuses and hoped to have a specialist at UC Santa Cruz shortly. In addition to UC Cooperative Extension, its main vehicle to disseminate UC research into the field, ANR has nine research and extension centers statewide, ranging in size from a few hundred to several thousand acres, and used for a variety of research programs by UC and other collaborators. ANR's Agricultural Experiment Stations serve three UC campuses and 600 UC campus-based researchers. ANR also has nine statewide programs and two institutes, its Nutrition Policy Institute and Water Research Institute. More than 20,000 adults and 6,000 youths volunteer with the ANR through its 4H, Master Gardener, Master Food Preserver, and California Naturalist programs; volunteer time the prior year was valued at \$40 million.

Ms. Humiston stated that during the recent wildfires in Sonoma County and Riverside County, 4H clubs were mobilized to county fairgrounds to take care of evacuated animals. The Cooperative Extension Sustainable and Fire Safe Landscapes program offers pre-fire management advice to homeowners throughout California to help withstand fires. ANR works with farmers who suffered damage from the fires. Research was being conducted on the effects of the fires on soil health that would help in the design of new agricultural production methods. ANR also researches important water issues involving the Central Valley aquifer. Ms. Humiston also highlighted ANR's work around urban coyote sightings, feral pigs, citrus disease detection, and increasing the exposure of underserved youth to nature. ANR partners with all ten UC campuses, its National Laboratories, medical centers, California Community Colleges, California State University, State and federal agencies, business, industry, and non-profits.

Ms. Melina Granados, president of the Eastside Eagles 4H Club in Riverside County, shared her experiences with 4H, highlighting the leadership and teamwork skills she had developed through her participation. Committee Vice Chair Lansing complimented Ms. Granados for being a wonderful representative of 4H.

Chancellor Leland commented on ANR's outreach and involvement in Merced County. That outreach had been expanded since UC Merced opened in 2006. UC ANR and UC Merced's common missions of sustaining California's natural and agricultural resources and maintaining California's environmental leadership have led UC Merced to a number of formal partnerships with ANR that benefit the campus and the community.

UC Cooperative Extension researchers are embedded in some of UC Merced's academic programs in areas of agricultural adaptation to climate change, nutrition and poverty in the Central Valley, water and watersheds, and safety and mapping in agricultural uses of unmanned drones. UC Merced and ANR were also working to support the next generation of entrepreneurs focused on the intersection of agriculture, computer science, and engineering. Federal regulations require animal research to be overseen by a committee that reviews research protocol. UC Merced's Institutional Animal Care and Use Committee serves as the oversight entity for all animal research conducted by ANR investigators statewide.

Given its history, ANR has a trove of data from agricultural research conducted throughout California. UC Merced entered into a Memorandum of Understanding with UC ANR making UC Merced's library the official digital archive for more than 100 years of UC cooperative extension records. UC Merced recently received a \$300,000 grant from the National Historical Publications and Records Commission to digitize these records, which would be made available to researchers, farmers, and agriculture producers across the state.

5. **ANNUAL REPORT ON SUSTAINABLE PRACTICES 2017**

[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.]

Associate Vice President David Phillips presented UC's 14th Annual Sustainability Report, a celebration of the impressive work of UC campuses. UC sustainability policy had expanded to include climate, food, zero waste, water, and transportation. The report also highlights notable sustainability achievements in research, education, medical centers, and investments. UC's policy goals are in strong alignment with the State's goals. California continues to lead the world on many of these topics and UC strives to lead the state. Mr. Phillips highlighted UC's global leadership in sustainability. UC was invited to be part of the opening panel for the U.S. Climate Action Center during November's United Nation's Climate Change Conference in Bonn, Germany.

UC has made good progress on its goal to have its operations become carbon neutral by 2025, although much work remains. During the past year, UC's electricity company provided about 80 percent clean energy to UC campuses, and would strive to supply 100 percent clean energy by the end of 2018, significantly reducing emissions.

Energy efficiency in new and existing buildings is critically important. UC campuses added 21 new Leadership in Energy and Environmental Design (LEED) certified buildings the prior year. UC had earned more LEED certifications than any other university in the nation and more than all other California State agencies combined. UC's new 2017 building projects would use about 27 percent less energy than required by California's already strict building energy codes. Mr. Phillips anticipated that future capital projects would need to do even more to reduce energy and carbon impacts in order for UC to cost-effectively meet its carbon neutrality goal. Over the upcoming year, Mr. Phillips' office planned to bring to the Regents' attention ways in which UC's design processes and the capital project

presentations could better describe how UC continues to advance cost-effective, sustainable construction.

Director Matthew St. Clair reported that UC campuses were rated highly in several sustainability rankings. UC Irvine was ranked in the top ten for the eighth consecutive year in *Sierra Magazine's* Cool Schools rankings, and six other UC campuses were in the top 50. UC campuses were also recognized as top sustainability performers by *Princeton Review* and four campuses received Sustainability Tracking, Assessment and Rating System gold ratings from the Association for the Advancement of Sustainability in Higher Education. UCSF and UCLA medical centers earned awards from the healthcare sustainability organization Practice Greenhealth. UC's growing Green Lab programs on all ten UC campuses had demonstrated impressive initial results in addressing laboratories' need for a significant portion of campus energy and water, and generation of waste that is hard to recycle. These programs had already saved millions of gallons of water, cut \$150,000 in annual energy costs, and reduced laboratory wastes by thousands of pounds each year.

Another of UC's ambitious energy goals was to reach zero waste by 2020. Collectively 65 percent of UC campus waste was diverted from landfills in 2016-17. Medical centers diverted 34 percent of their waste stream that is much more challenging to divert. UC has updated its policies on waste, and supported increased education and outreach on waste reduction on all of its campuses. The My Last Trash campaign, launched in 2017, had included campuses hosting zero waste events and promoting a pledge campaign to raise awareness of the zero waste goal.

Mr. St. Clair reported on the success of UC's implementation of energy efficiency projects. More than 1,000 energy efficiency retrofit and new construction projects had been completed, resulting in annual energy cost savings of nearly \$30 million. However, progress had plateaued over the prior few years, since the projects that were easy to implement have been completed. The pace of investment in new projects had slowed. In order to achieve carbon neutrality, the pace of new projects should triple, and include projects with longer payback periods and deeper savings. UC's Sustainability Steering Committee recently approved a policy goal of increasing the existing energy efficiency of campuses by at least two percent per year. Progress on this goal would be reported annually to the President of the University by the chancellors.

Mr. Phillips commented that society must move quickly to mitigate and adapt to the threats of climate change. UC had long led in this area and its leadership was required more than ever at all levels: faculty leadership to translate UC research into applied solutions in support of State and worldwide goals; and UC student leadership, which drives the University to raise its ambitions and find solutions that represent the values of UC and provide the promise of a better future for its students. This work occurs organically within UC, but is organized and amplified through its sustainability programs. Mr. Phillips asked for the Regents' continued support of these efforts.

Regent-designate Morimoto asked about projected investments in UC's energy efficiency projects. Mr. Phillips anticipated eventual annual investments of \$50 million to \$60 million. He pointed out that these projects would generate paybacks that represent good long-term value for UC and would reduce its future operating budget.

The meeting adjourned at 11:00 a.m.

Attest:

Secretary and Chief of Staff