

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

November 14, 2019

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

Members present: Regents Anguiano, Butler, Cohen, Elliott, Estolano, Guber, Kounalakis, Lansing, Leib, Makarechian, Napolitano, Ortiz Oakley, Park, Pérez, Reilly, Sherman, Simmons, Sures, Thurmond, Um, Weddle, and Zettel

In attendance: Regents-designate Mart, Muwakkil, and Stegura, Faculty Representatives Bhavnani and Gauvain, Secretary and Chief of Staff Shaw, General Counsel Robinson, Provost Brown, Executive Vice President and Chief Operating Officer Nava, Interim Executive Vice President and Chief Financial Officer Jenny, Senior Vice President Holmes, Vice Presidents Brown, Humiston, Leasure, and Nation, Interim Vice President Gullatt, Chancellors Block, Christ, Hawgood, Khosla, Larive, May, and Wilcox, and Interim Chancellor Brostrom, and Recording Secretary Li

The meeting convened at 11:00 a.m. with Chair Pérez presiding.

1. PUBLIC COMMENT

Chair Pérez 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. Laurel Halvorson, UC Berkeley student, spoke in opposition to the proposed cohort-based tuition model. She thanked the Regents for prioritizing State investment over tuition increases. She urged the Regents to continue to seek State funding and oppose any tuition increase.
- B. Ariana De La Fuente, UC Berkeley student, urged the Regents to advocate for more State funding rather than increase tuition. She voiced her concern about the cohort-based tuition model, which would include annual tuition increases that would make UC less accessible. She encouraged the Regents to invest \$60 million in Student Academic Preparation and Educational Partnerships (SAPEP) in the UC budget.
- C. Terrisa Bukovinac, pro-life activist, spoke in opposition to fetal tissue harvesting at UCSF. She claimed that UCSF received a monthly supply of late-term, viable fetuses. She also claimed that these fetuses were aborted by dismemberment. She asked that the Regents bring transparency to the research process.
- D. Karen Andrade, member of the UC Undocumented Student Coalition, explained that there were more undocumented UC students who did not have Deferred Action for Childhood Arrivals (DACA) status than those who did. She called for

permanent, centralized funding for undocumented student centers, suggested paid fellowships for those who did not have work authorization, and a systemwide training model for mental health professionals working with these students. She hoped that the voices of undocumented students would be prioritized when creating solutions and when selecting the next UC President.

- E. Catherine Cobb, President of Teamsters Local 2010, expressed the union's appreciation for the Regents' decision not to increase the employee retirement contribution and urged UC to find other ways to fund retirement. She spoke in opposition to the proposed employee contribution increase for earnings in excess of the Public Employees' Pension Reform Act cap, opining that it would be unfair for UC skilled trade workers who earned above the threshold.
- F. Allison Calistro-Yazzie, UC Merced staff member and member of Teamsters Local 2010, voiced her opposition to the proposed increase in the employee retirement contribution. She stated that UC had an advantage in raising money, such as State funding for expanding the Merced campus. UC employees contributed more into their retirement than most State workers did. She thanked the Regents for delaying the vote.
- G. Pat Rosenbaum, UCSF staff member, expressed her appreciation for the Regents' promise to seek Proposition 2 funding for pensions. She explained that pensions were meant to be responsibly managed by employers and called on UC to fix the management of these funds instead of drawing more money from employees.
- H. Bailey Henderson, UC Berkeley student and staff member, asked the Regents to continue seeking more State funding instead of raising tuition. He anticipated having over \$140,000 in debt upon graduation. A tuition increase would put more pressure on middle class families and financially insecure students.
- I. Bria Tennyson, UC Berkeley student, spoke in opposition to the Thirty Meter Telescope (TMT) on Mauna Kea. She stated that the TMT violated indigenous, environmental, and human rights, citing Article 12 of the United Nations Declaration on the Rights of Indigenous Peoples. Native Hawaiian elders were arrested for defending Mauna Kea, and 20,000 people protested in Waikiki. She implored President Napolitano, Chair Pérez, and the Regents to divest from TMT.
- J. Jessica Stubbs, UC Berkeley student and California Public Interest Group (CALPIRG) member, thanked the Regents for committing the University to 100 percent clean electricity by 2025 and UC Berkeley for committing to 100 percent clean energy by 2050. CALPIRG was working with the Office of the President (UCOP) to phase out the use of non-essential, single-use plastics by 2030.
- K. Mika Yoneda, UC Berkeley student and CALPIRG member, spoke about CALPIRG's New Voters Project. She thanked Chancellor Christ for campus-wide email reminders to vote. She called for systemwide email reminders for the 2020

election. CALPIRG, the UC Student Association, and the Cal State Student Association were partnering to increase student voter turnout through a centralized website.

- L. Valerie Nguyen, UC Berkeley Student and CALPIRG member, thanked the Regents for their support of open access. She suggested that UC use savings from ending its Elsevier contract to create a systemwide open textbook grant program.
- M. Tessa Stapp, UC Berkeley student and CALPIRG member, thanked Regents for creating the Special Committee on Basic Needs and for allocating millions of dollars for basic needs funding. CALPIRG was working on eliminating hunger on campus. She added that 44 percent of students systemwide had basic needs issues.
- N. Michelle Wang, UC Berkeley student and CALPIRG member, thanked Regents for supporting the increase of voter engagement. In 2018, CALPIRG registered over 6,000 people to vote. CALPIRG was working to expand access to voting with vote centers and central polling places. In 2018, UCSC had conditional voter registration, and UCLA tripled voter turnout with a polling place in the center of campus. CALPIRG would like to speak to the Regents about next steps.
- O. Derek Imai, UC Berkeley student and Associated Students of the University of California Senator, thanked the Regents for prioritizing State funding over raising tuition. Any increase in tuition would be detrimental, especially to underrepresented students, and make UC less accessible. Pursuing more State funding would allow UC investment into programs like SAPEP.
- P. Alex Borges, San Francisco State University student, spoke in opposition to the TMT at Mauna Kea. He spoke about the negative impact on water and land at Mauna Kea. He urged UC to divest from the TMT project.
- Q. Mark Kamakea, UC Berkeley alumnus, asked the Regents to divest from TMT, noting that it would be built on unceded land on Mauna Kea. He stated that, unlike the portrayals of Native Americans in old films, indigenous people were fighting for their land against American settler colonialism. He added that UC should not repeat deeply flawed thinking of the past.
- R. Samantha Warren, UC Berkeley, called on the Regents to pursue more State investment and underscored that it would help not only students, but also faculty and staff. She stated SAPEP was vital to maintaining diversity on UC campuses.

2. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meetings of September 4–6, 2019 and September 19, 2019 were approved.

3. REMARKS FROM STUDENT ASSOCIATIONS

President Napolitano introduced UC Student Association (UCSA) President Varsha Sarveshwar, UC Berkeley student and External Affairs Vice President of the Associated Students of the University of California.

Ms. Sarveshwar stated that UCSA worked with Federal Governmental Relations (FGR) to send primarily undocumented students to Washington, D.C. for *Regents of the University of California v. the United States Department of Homeland Security* at the U.S. Supreme Court (SCOTUS). UCSA worked with the UC Graduate and Professional Council (UCGPC) to appoint a student advisory committee for the Special Committee on the Selection of a President. UCSA was also partnering with UCOP to fill the Title IX student advisory board and advocate for the quick completion of the system assessment of the CARE initiative against sexual violence. UCSA was working to ensure that UC's financial direction was student-centered. With regard to the proposed cohort-based tuition model, UCSA was concerned about affordability for future generations of students, especially nonresident students, and how the model would fare during an economic downturn. UCSA has consulted regularly with the Office of the President (UCOP) on the UC budget and was grateful that the proposed UC budget pursued State funding and would not increase tuition or the Student Services Fee. UCSA were ready to advocate for this budget. Ms. Sarveshwar highlighted \$5.3 million in new, ongoing funds for student mental health and \$60 million for degree attainment and closing achievement gaps. She suggested adding a line item of ongoing support for all 4,000 undocumented students. Undocumented student leaders have asked that each campus establish an undocumented student center with an attorney, therapist, academic counselor, and physical space. She also asked that \$23 million be allocated to Student Academic Preparation and Educational Partnerships (SAPEP). She noted low numbers of black and brown students at UC, under-resourced cultural centers, rise in hate crimes, and the lack of a sense of belonging among black and brown students, which was correlated with lower graduation rates. Barriers to enrollment and graduation need specific attention. SAPEP programs, which included student-initiated recruitment and retention centers (RRCs), were an efficient way to enroll more underrepresented students. RRCs connected current students with prospective students, who more likely to attend UC. RRCs also helped current students feel a sense of belonging at UC. Investing in SAPEP would show the University's recognition of these issues and willingness to address them.

President Napolitano introduced UC Graduate and Professional Council (UCGPC) President Connor Strobel, Ph.D. candidate in Sociology at UC Irvine.

Mr. Strobel stated that UCGPC was in alignment with UCSA regarding the UC budget. He thanked President Napolitano, Chair Pérez, FGR, and all involved in the DACA case before SCOTUS and expressed his awe in the plaintiffs of the case. UCGPC, UCSA, and the Undocumented Student Coalition sent representatives to Washington, D.C. He stated that UC must create policies that meet the needs of students regardless of their immigration status. He warned that policies alone did not ensure outcome. Erwin Chemerinsky, Dean of the UC Berkeley School of Law, reasoned that public goods should provide equal opportunity and equitable outcomes. He noted that most UC CARE offices lacked the

ongoing funding required by UCOP five years ago despite student population growth and CARE's expansion to faculty and staff. Mr. Strobel spoke in opposition to protecting sexual predators in positions of power at the University. He added that many campuses were struggling to comply with the Americans with Disabilities Act as facilities aged. Students with disabilities spent more time traveling to classrooms, and disability service centers did not provide needed services. He commended the Regents' leadership in proposing changes to UC's contracting out policy. Mr. Strobel underscored that being technically correct was unsatisfactory, citing the struggles of transgender and nonbinary students, former foster youth, and survivors of sexual trauma. He called for enacting good policy that made the University a substantively equal system.

The Board recessed at 11:50 a.m.

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The Board reconvened at 2:25 p.m. with Chair Pérez presiding.

Members present: Regents Anguiano, Butler, Cohen, Elliott, Estolano, Guber, Kieffer, Kounalakis, Lansing, Makarechian, Napolitano, Ortiz Oakley, Park, Pérez, Reilly, Sherman, Simmons, Sures, Thurmond, Um, Weddle, and Zettel

In attendance: Regents-designate Mart, Muwwakkil, and Stegura, Faculty Representatives Bhavnani and Gauvain, Secretary and Chief of Staff Shaw, General Counsel Robinson, Chief Investment Officer Bachher, Provost Brown, Executive Vice President Byington, Executive Vice President and Chief Operating Officer Nava, Interim Executive Vice President and Chief Financial Officer Jenny, Vice Presidents Humiston and Nation, Interim Vice President Gullatt, Chancellors Block, Christ, Hawgood, Larive, and Wilcox, and Recording Secretary Li

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

Chair Pérez stated that Chairs of Committees 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

The Committee presented the following from its meeting of November 13, 2019. The Committee considered three discussion items:

A. *Undergraduate Financial Aid at the University of California*

This item was not summarized.

B. *The Role of the University in Preparing High-Quality Teachers and Administrators to Support Achievement and Opportunity for All Students*

This item was not summarized.

C. *Examining the University of California Undergraduate Experience Over Time*

This item was not summarized.

Report of the Compliance and Audit Committee

The Committee presented the following from its meeting of November 13, 2019. The Committee considered five discussion items:

A. *Ethics, Compliance and Audit Services Annual Report 2018–19*

This item was not summarized.

B. *Update on Implementation of Recommendations from State Audit of University of California Office of the President Administrative Expenditures*

This item was not summarized.

C. *Report on Independent Assessment of Audit Implementation Status*

This item was not summarized.

D. *University of California Herbicide Task Force Update*

This item was not summarized.

E. *Annual Report of External Auditors for the Year Ended June 30, 2019*

This item was not summarized.

Report of the Finance and Capital Strategies Committee

The Committee presented the following from its meeting of November 13, 2019. The Committee considered ten action items, deferring one item (item E below), two discussion items, and eight information items:

A. *Consent Agenda:*

(1) *Approval of Preliminary Plans Funding, Hilgard Faculty Housing, Los Angeles Campus*

The Committee recommended that the 2019–20 Budget for Capital Improvements be amended to include the following project:

Los Angeles: Hilgard Faculty Housing – preliminary plans – \$4.74 million to be funded from housing reserves.

(2) ***Approval of the Budget, Scope, and Design and Approval of Long Range Development Plan Amendment Following Action Pursuant to the California Environmental Quality Act Ambulatory Care Center Expansion with Eye Center, Davis Health Campus***

The Committee recommended that:

- a. The 2019–20 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: UC Davis Health System (Sacramento): Ambulatory Care Center Expansion with Eye Center – preliminary plans – \$6,706,000 to be funded from hospital reserves.

To: UC Davis Health System (Sacramento): Ambulatory Care Center Expansion with Eye Center – preliminary plans, working drawings, construction, and equipment – \$87.5 million – to be funded from gift funds (\$19 million), campus funds (\$19 million), and hospital reserves (\$49.5 million).

- b. The scope of the Ambulatory Care Center Expansion with Eye Center project shall consist of construction of a 73,675-gross-square-foot expansion and renovation for outpatient clinical examination rooms, waiting areas, office and conference space, and all site work and associated utilities.

- c. Following review and consideration of the environmental consequences of the Ambulatory Care Center Expansion with Eye Center 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 to the Regents 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 Regents:

- (i) Adopt the CEQA Findings for the Project, having considered both the 2010 Long Range Development Plan (LRDP) Environmental Impact Report (EIR) for the Sacramento campus and September 2019 Addendum for the Eye Center Project; and by adopting the CEQA findings, the Regents reaffirm the Statement of Overriding Considerations

adopted in connection with certification of the final EIR.

- (ii) Make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of the Sacramento campus as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the 2010 LRDP EIR.
- (iii) Approve the design of the Ambulatory Care Center Expansion with Eye Center project, Sacramento campus.
- (iv) Approve the 2010 LRDP Amendment #1/November 2019/Eye Center Project Land Use Amendment.

(3) ***Authorization of Medical Center Pooled Revenue Bonds Taxable External Financing***

The Committee recommended that the Regents authorize the President of the University to:

- a. Issue a taxable borrowing with a final maturity not to exceed 100 years and in an aggregate principal amount not to exceed \$2 billion plus financing costs to be issued under the University's Medical Center Pooled Revenue Bond indenture. As long as the bonds are outstanding, the medical centers receiving such proceeds shall satisfy the following requirements:
 - (i) The medical centers receiving proceeds, Davis, Irvine, Los Angeles, San Diego, and San Francisco (the "Medical Centers") shall maintain revenues in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - (ii) The general credit of the Regents shall not be pledged.
- b. Take all necessary actions related to the action approved above, including, but not limited to, approval, execution, and delivery of all necessary or appropriate financing documents.

(4) ***Approval of Budget, Scope, External Financing, and Design Following Action Pursuant to the California Environmental Quality Act, UCSF Research and Academic Building at Zuckerberg San Francisco General Hospital, San Francisco Campus***

The Committee recommended that:

- a. The 2019–20 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:
- From: San Francisco: UCSF Research Building at Zuckerberg San Francisco General Hospital – preliminary plans – \$19.88 million funded from campus funds.
- To: San Francisco: UCSF Research Building at Zuckerberg San Francisco General Hospital – preliminary plans, working drawings, construction, equipment, and interest during construction – \$275,115,000, to be funded from external financing (\$199,615,000), gift funds (\$50 million), and campus funds (\$25.5 million).
- b. The scope of the UCSF Research Building at Zuckerberg San Francisco General Hospital project shall consist of constructing a new research and academic building with approximately 135,000 assignable square feet (asf) of space that would include office and dry research laboratory and support (82,000 asf); wet laboratory research and service (36,900 asf); a Patient Research Center (5,100 asf); education space (4,400 asf); and building support (6,600 asf).
- c. The President of the University shall be authorized to obtain external financing not to exceed \$199,615,000 plus additional related financing costs for the project. The President shall require that:
- (i) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - (ii) As long as the debt is outstanding, the general revenues of the San Francisco campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - (iii) The general credit of the Regents shall not be pledged.
- d. Following review and consideration of the environmental consequences of the proposed UCSF Research Building at Zuckerberg San Francisco General Hospital 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 to the Regents 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 Regents:

- (i) Make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of UCSF, as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the Final Environmental Impact Report (EIR).
 - (ii) Adopt the CEQA Findings for the UCSF Research Building at the Zuckerberg San Francisco General Hospital, having considered the Final EIR, as updated by the November 2019 Addendum to the Final EIR. By adopting the CEQA Findings, the Regents reaffirm the Statement of Overriding Considerations adopted in connection with certification of the Final EIR.
 - (iii) Approve the design of the UCSF Research Building at the Zuckerberg San Francisco General Hospital, San Francisco campus.
- e. The President be authorized, in consultation with the General Counsel, to execute all documents necessary in connection with the above.
- (5) ***Approval of Budget and External Financing, Roadway and Site Improvements at Zuckerberg San Francisco General, San Francisco Campus***

The Committee recommended that:

- a. The 2019–20 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:
 - From: San Francisco: Roadway and Site Improvements at Zuckerberg San Francisco General – preliminary plans and working drawings – \$3,711,000 to be funded from campus funds.
 - To: San Francisco: Roadway and Site Improvements at Zuckerberg San Francisco General – preliminary plans, working drawings, construction, and interest during construction – \$11,816,000 to be funded from external financing.
- b. The President of the University be authorized to obtain external financing not to exceed \$11,816,000 plus additional related financing costs for the project. The President shall require that:

- (i) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - (ii) As long as the debt is outstanding, the general revenues of the San Francisco campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - (iii) The general credit of the Regents shall not be pledged.
- (6) ***Approval of UC San Diego 2019 Long Range Development Plan Following Action Pursuant to the California Environmental Quality Act, Hillcrest Campus, San Diego Campus***

The Committee recommended that following review and consideration of the environmental consequences of the proposed UC San Diego Hillcrest Campus 2019 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 to the Regents 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 Regents:

- a. Certify the Environmental Impact Report for the UC San Diego 2019 LRDP, Hillcrest campus.
 - b. Adopt the Mitigation Monitoring and Reporting Program, and make a condition of approval the implementation of mitigation measures within the responsibility and jurisdiction of UC San Diego.
 - c. Adopt the CEQA Findings and Statement of Overriding Considerations.
 - d. Approve the UC San Diego 2019 LRDP, Hillcrest Campus, including the appended Greenhouse Gas Reduction Strategy.
 - e. Approve demolition of buildings as outlined in the 2019 LRDP and analyzed in the 2019 LRDP Environmental Impact Report.
- B. ***University of California Financial Reports, 2019***

The Committee recommended that the Regents adopt the 2018–19 Annual Financial Reports for the University of California, the University of California Retirement System, and the five University of California Medical Centers.

C. ***Approval of the 2019–25 Capital Financial Plan***

The Committee recommended that the University of California 2019–25 Capital Financial Plan be approved.

D. ***Approval of the New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights Program Integrated Form of Agreement and Procurement Strategy, San Francisco Campus***

The Committee recommended that:

- (1) The proposed Integrated Form of Agreement (IFOA) procurement methodology for the design, construction, and development of the New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights Program, based on selection premised upon qualifications followed by competitive negotiation, be determined to be in the best interest of the University pursuant to Section 10503(e) of the California Public Contract Code.
- (2) The President of the University be authorized, in consultation with the General Counsel, to approve and execute the IFOA and any other documents necessary in connection with the above.

E. ***University of California Retirement Plan – Member Contribution Considerations***

The Committee deferred action on this item until next year.

F. ***Report of Budget to Actual Expenditures for Fiscal Year 2018–19 for the Office of the President; and First Quarter Fiscal Year 2019–20 Results***

This item was not summarized.

G. ***UCPath Update***

This item was not summarized.

H. ***College of Chemistry Expansion Building, Berkeley Campus***

This item was not summarized.

I. ***Intersection Development Donation, Berkeley Campus***

This item was not summarized.

J. ***Biological and Environmental Program Integration Center on Lawrence Berkeley National Laboratory's Main Campus in Berkeley***

This item was not summarized.

K. ***East Campus Apartments Phase IV-B, Irvine Campus***

This item was not summarized.

L. ***School of Medicine Education Building II, Riverside Campus***

This item was not summarized.

M. ***Development of Ocean Road Faculty and Staff Housing, Santa Barbara Campus***

This item was not summarized.

N. ***Annual Actuarial Valuations for the University of California Retirement Plan and its Segments and for the 1991 University of California-Public Employees' Retirement System Voluntary Early Retirement Incentive Program***

This item was not summarized.

O. ***Annual Actuarial Valuation of the University of California Retiree Health Benefit Program***

This item was not summarized.

Upon motion of Regent Makarechian, duly, the recommendations of the Finance and Capital Strategies Committee were approved.

Governance Committee

The Committee presented the following from its meeting of November 13, 2019. The Committee considered three action items:

A. ***Consent Agenda:***

Change in Dates and Location of the July 2020 Regents Meeting

The Committee recommended that the dates of the July 2020 Regents meeting be changed from July 14–16 to July 28–30, 2020 and that the location be changed from the Los Angeles campus to UCSF – Mission Bay, San Francisco.

B. ***Approval of Regents Policy Generally Prohibiting Contracting for Services***

The Committee recommended that the Regents Policy Generally Prohibiting Contracting for Services, as shown in Attachment 1, be adopted.

C. ***Establishment of a New Senior Management Group Position of Chief Strategy Officer, UCLA Health, and the Market Reference Zone for the Position, Los Angeles Campus***

The Committee reported its approval of:

- (1) Establishment of a new Senior Management Group position of Chief Strategy Officer, UCLA Health, Los Angeles campus. This will be a Level Two position in the Senior Management Group.
- (2) Establishment of a Market Reference Zone for this position as follows: 25th percentile – \$545,700, 50th percentile – \$636,300, 60th percentile – \$667,100, 75th percentile – \$713,300, and 90th percentile – \$783,400.
- (3) The position includes eligibility to participate in the Short Term Incentive (STI) component of the Clinical Enterprise Management Recognition Plan (CEMRP), with a target award of 15 percent and a maximum potential award of 25 percent of base salary, subject to all applicable plan requirements and Administrative Oversight Committee approval. Participation is reviewed and approved prior to the start of each CEMRP Plan Year.
- (4) This action will be effective upon approval.

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

Report of the Health Services Committee

The Committee presented the following from its meeting of October 10, 2019. The Committee considered four action items and seven discussion items:

A. ***Remarks of the Executive Vice President – UC Health and Update on President's Working Group on Comprehensive Access***

This item was not summarized.

- B. ***Approval of Incentive Compensation Using Health System Operating Revenues for Fiscal Year 2018-19 for Executive Vice President – UC Health, Office of the President***

This item was not summarized.

- C. ***Approval of Market-Based Salary Adjustment for President, UCLA Health and Chief Executive Officer, UCLA Hospital System, Los Angeles Campus***

This item was not summarized.

- D. ***Establishment of a New Senior Management Group Position of Chief Strategy Officer, UCLA Health, and the Market Reference Zone for the Position, Los Angeles Campus***

This item was not summarized.

- E. ***Speakers' Series: Molecular Diversity in Human Cancer: Origins of Precision Cancer Medicine***

Regent Lansing reported that a Dennis Slamon, M.D., Ph.D., of the David Geffen School of Medicine at UCLA, made a presentation on cancer treatment. Dr. Slamon developed the breast cancer drug Herceptin. Regent Lansing invited Regents to attend the Committee meetings, which featured various presentations during lunch.

- F. ***Medical Center Pooled Revenue Bonds Taxable Issue***

This item was not summarized.

- G. ***School of Medicine Update, Riverside Campus***

This item was not summarized.

- H. ***Proposed Request for Approval for New School of Medicine Education Building, Riverside Campus***

This item was not summarized.

- I. ***Implementation Update of Strategic Plan for UC Health Division of the Office of the President***

This item was not summarized.

- J. ***Update on Quality Working Group***

This item was not summarized.

K. ***Community Health Needs Assessments and Implementation, UC Health***

This item was not summarized.

Upon motion of Regents Lansing, duly seconded, the report of the Health Services Committee was accepted.

Report of the Public Engagement and Development Committee

The Committee presented the following from its meeting of November 13, 2019. The Committee considered one action item and five discussion items:

A. ***Endorsement of General Obligation Bond Measure on the March 2020 Ballot***

The Committee recommended that the Board endorse Assembly Bill 48, the Public Preschool, K-12, and College Health and Safety Bond Act of 2020.

Regent Leib reported that Assembly Bill 48 would be Proposition 13 on the March 2020 ballot.

B. ***Federal Governmental Relations Update***

This item was not summarized.

C. ***State Governmental Relations Update***

This item was not summarized.

D. ***UC Student Association Advocacy Presentation***

This item was not summarized.

E. ***First-Generation Student Experience: Former Foster Youth and Carceral System-Impacted Students***

Regent Leib reported that presenters gave a very compelling talk on foster youth and formerly incarcerated students. Regent Simmons would lead a working group to determine how to better support and recruit these students. He invited Regents interested in the task force to contact Regent Simmons and Secretary and Chief of Staff Shaw.

F. ***Annual Report on University Private Support 2018–19***

This item was not summarized.

Upon motion of Regent Leib, duly seconded, the recommendation of the Public Engagement and Development Committee was approved.

Report of the Special Committee on Basic Needs

The Special Committee presented the following from its meeting of November 12, 2019. The Committee considered three discussion items:

A. *Addressing Students' Basic Needs Across California: Collaboration with the University of California, California State University, and California Community Colleges*

This item was not summarized.

B. *Intersection of Basic Needs and Student Mental Health*

This item was not summarized.

C. *Update on 2019–20 Campus Basic Needs Spending Plans*

This item was not summarized.

Regent Weddle thanked the Regents for remaining committed to basic needs issues.

Report of the Special Committee on Selection of a President

The Special Committee presented the following from its meeting of November 14, 2019. The Committee considered one action item:

Consideration of Matters Pertaining to Presidential Search Criteria and Potential Applicants

The Special Committee recommended that the Regents adopt the criteria for the position of the President of the University of California as shown in Attachment 2.

Regent Elliott reported that the Special Committee moved the diversity requirement to the first page of the document to accentuate its importance to the Board.

Upon motion of Regent Elliott, duly seconded, the recommendation of the Special Committee on Selection of a President was approved.

5. **APPROVAL OF THE UNIVERSITY OF CALIFORNIA'S 2020–21 BUDGET FOR CURRENT OPERATIONS**

The President of the University recommended that the Regents approve the proposed budget plan shown in Attachment 3, *University of California 2020-21 Budget Plan for Current Operations*.

[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 Executive Vice President and Chief Financial Officer Jenny began the presentation by taking questions from the Regents.

Regent Cohen stated that the proposed UC budget needed to explain what the State would receive for its investment. He asked whether endorsing this budget meant the Regents were endorsing the campus assessment model. Mr. Jenny replied that this budget would include revenues and expenses associated with the Office of the President (UCOP). Approving this budget was not an explicit endorsement of the campus assessment model. Regent Cohen stated that he recalled the State Auditor's report allowing reconsideration of the campus assessment model after three years, not that UC would revert to it after three years. If the State administration and Governor Newsom did not intend that UC revert to the campus assessment model, he suggested having a discussion before UCOP expends time and energy advocating for it. Regent Cohen did not want UCOP to assume that the Regents were approving advocacy of the campus assessment model with the approval of the proposed UC budget.

Regent Cohen noted that the proposed UC budget had no tuition increase aside from extra revenue from additional students. He asked whether there would be tuition increases for the 2020–21 academic year. Mr. Jenny replied that the proposed UC budget included a State-funded buyout of the tuition's expected increase according to the Consumer Price Index. Whether Governor Newsom's proposed UC budget in January 2020 includes the buyout would determine whether a tuition item would be brought before the Board.

Regent Weddle acknowledged UCOP for prioritizing student input in the budgeting process. She noted that UCOP committed to working with the UC Student Association (UCSA) to determine an amount for Student Academic Preparation and Educational Partnerships (SAPEP) funding out of the \$60 million allocation for degree attainment. She offered to be part of future discussions. She asked whether there was funding specifically for staffing for undocumented student services. Associate Vice President David Alcocer responded that there was no specific line item for incremental funding for undocumented students for each campus, but continued State funding for legal support for undocumented students was expected to be included. Regent Weddle observed that there seemed to be a lack of commitment to the undocumented student center staffing that students requested. She asked Chair Pérez how to ensure that these initiatives were funded. Chair Pérez agreed with Regent Weddle's comments in light of the current situation for undocumented students and the uncertainty of the U.S. Supreme Court's ruling in *Regents of the University*

of California v. the United States Department of Homeland Security. He stated that the University should give greater clarity to its commitment in this regard.

Regent Anguiano noted that \$80 million in revenue and resources would go to such things as nonresident enrollment growth, asset management, and philanthropy. She asked how the proposed UC budget would affect campuses that did not have access to these resources. Chancellor Larive replied that UCSC enrollment growth was limited by a prior agreement with the Santa Cruz community. Increasing nonresident enrollment would mean decreasing resident enrollment, which was not something UC Santa Cruz wished to do. The campus did not have a large amount of money to invest, so the amount in returns would be small as well. She did not believe that the campus would receive ten percent of non-restricted funds from development. Chancellor Wilcox stated that philanthropy and investment in the proposed UC budget were negligible for UC Riverside, the most tuition-dependent campus in the system and one of the most California-centric campuses.

Regent Kieffer expressed concern that the Board was again discussing the same issues without a long-term plan. He noted that expenses such as raises increased about three percent per year and that the University planned to take on more costs, such as basic needs. He questioned how UC had the money to accommodate these cost changes. In the past, he had suggested freezing tuition at constant dollars to account for cost increases. Regent Kieffer was hopeful that Governor Newsom would cover these new costs with State funding. Otherwise, UC would need a plan that built in these costs. Chancellor Wilcox stated that, while the University was a \$36 billion operation, UC Riverside's core budget was covered by 50 percent tuition and 44 percent State funds. Whether anticipated State funding materializes has real consequences. He applauded Regent Kieffer for his comments.

Regent Ortiz Oakley voiced his support for Regent Weddle's request to work with UCSA to help more students. Like Regent Kieffer, he did not wish to have the same type of budget conversations. He suggested that the Board discuss available solutions for covering costs after the release of Governor Newsom's proposed State budget in January, including nonresident enrollment.

Regent Estolano agreed that the budget should be amended to include SAPEP funding. She supported Regent Kieffer's suggestion of having a grand plan and believed that a budget reflecting constant dollars would allow planning and provide certainty. Regent Estolano acknowledged that everything could change in a recession but that a grand plan would impart a sense of direction.

Regent Park remarked on the large size of the State funding request and asked about budget elements that could be placed into staff programming. She wanted to bookmark a future conversation about represented and non-represented staff in the context of the UC budget.

Regent Leib stated that has much discussion to recruit underrepresented minority (URM) students in the time that he has served as a Regent. In 2000–01, UC spent \$85.2 million on

SAPEP. He expressed his wish that UC return to that level of funding, emphasizing that SAPEP was the best way to prepared URM students for college.

Regent Weddle moved to add \$23 million in SAPEP funding, for which UCSA has advocated, to the proposed UC budget.

Regent Zettel asked about support for foster youth in addition to support for undocumented students. She regarded their situation as fairly hopeless. Regent Leib stated that he would support that. Regent Zettel offered to move to amend the proposed UC budget to include foster youth support. Regent Leib noted that the working group led by Regent Simmons could work with Regent Zettel compose a more concrete proposal. Chair Pérez proposed putting forth a placeholder amount. Mr. Jenny asked Mr. Alcocer whether he knew of an amount. Regent Zettel proposed \$10 million for foster youth. Mr. Alcocer suggested surveying available resources and working with other segments of higher education to devise something more comprehensive. Regent Simmons planned to determine existing resources and how much more support was needed. Chancellor Larive suggested that the Board think broadly of the intersection between former foster youth and formerly incarcerated students. Regent Weddle expressed her hope that undocumented student funding would not be lost in these amendments. Chair Pérez expressed his discomfort with providing unsubstantiated numbers and asked how to proceed most efficiently. Mr. Jenny stated that an approved UC budget of some form was needed to submit to the State. UCOP could deem the \$23 million amendment for SAPEP as unique, and then the Board could hold a separate discussion with UCOP and President Napolitano to determine a separate number for undocumented students, former foster youth, and formerly incarcerated students. Chair Pérez asked whether the proposed UC budget needed a placeholder amount. Regent Thurmond asked whether the Regents could approve a maximum amount for these student populations and then staff could provide recommendations later. He noted that third-party organizations such as John Burton Advocates for Youth (JBAY) were available for consultation.

Chair Pérez sought confirmation from Regent Weddle that the amended motion included \$23 million for SAPEP and up to \$20 million for former foster youth, formerly incarcerated students, and undocumented students, with an understanding that a delegation of Regents would work with UCOP to determine allocations within the \$20 million. Regent Makarechian cautioned that any additional funding to former foster youth could be deducted from their financial aid awards. Chair Pérez replied that organizations like JBAY could help with support to offset financial aid. Mr. Jenny asked whether the amendment sought an increase in the State funding request. President Napolitano confirmed that the amendment sought an increase in State funding.

Chair Pérez moved to amend the proposed UC budget such that an additional \$23 million in SAPEP funding and up to \$20 million for former foster youth, formerly incarcerated students, and undocumented students would be requested in State funding.

Upon motion duly made seconded, the amendment to the recommendation was adopted.

Upon motion duly made and seconded, the recommendation as amended was approved.

6. UPDATE ON COHORT-BASED TUITION

[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 Executive Vice President and Chief Financial Officer Jenny began the presentation by taking questions from the Regents

Chair Pérez clarified that options included annual fee increases for all students, a cohort-based tuition model that raised tuition for incoming students, or keeping tuition flat. Choosing to keep tuition flat would mean that adjustments and cuts have to be made. The UC budget has been structured to anticipate that State funding would cover cost increases, but that funding has not been guaranteed. In order to operate the University, there needed to either be increased revenues or decreased costs.

Regent Lansing stated that she favored the cohort-based tuition model and recalled the difficult decision to raise tuition during a previous budget crisis. Being able to anticipate tuition rates would be beneficial to students and families. UC would have to commit to the model regardless of State funding levels and would have the option of rescinding an increase if the State provides more funding than anticipated. It was unrealistic to believe that tuition could remain flat.

Regent Sures asked about the recourse under the cohort-based tuition model in the event of an economic downturn. Mr. Jenny replied that, depending on the size and severity of the downturn, UC could reduce its budget, increase the cohort size, or increase tuition for those already in the cohort-based tuition model. Nothing in the model would prohibit UC from raising tuition further, but the Office of the President would prefer to honor the commitment that the Regents have made. Regent Sures asked whether a long-term budget covering ten years that was communicated to students would be better than a cohort-based tuition model. Mr. Alcocer replied that there were pros and cons to both approaches. A plan that yielded the same amount of revenue could be structured using either option. Raising tuition for all students would provide more flexibility during an economic downturn, because any adjustment to tuition would be spread among more students. Associate Vice President David Alcocer recognized that tuition increases could create anxiety among students who do not know that their financial aid award would cover the increase. Properly constructed, a cohort-based tuition model could weather a fair amount of variation in State funding. The Great Recession was severe enough that other institutions abandoned their cohort-based tuition models or added new fees not subject to the model. Given a downturn of that level of severity, Mr. Alcocer believed that difficult choices would be unavoidable.

Regent Kieffer reiterated his strong support for freezing tuition at constant dollars, regarding it as a better and safer method. He believed that either the cohort-based tuition model or freezing tuition at constant dollars was better than keeping tuition flat. Freezing

tuition at constant dollars would provide the same predictability, although a cohort-based tuition model would be easier to understand. Regent Kieffer expressed concern that UC would rescind the cohort-based tuition model and he called for a policy that would not be subject to a vote every year.

Regent Weddle stated her opposition to any tuition increase. She was grateful for the student representation in the cohort-based tuition model working group but expressed her disappointment in being told that the working group was not the forum in which to discuss financial aid reform. As Regent Weddle believed that tuition and financial aid were interconnected, she hoped the discussion of financial aid reform could be reconsidered.

Regent Reilly echoed Regent Sures' suggestion of creating an expectation of tuition increases rather than using a cohort-based tuition model. She asked whether a cohort lasting six years had been done at other institutions. Mr. Jenny replied that UCOP examined four-year models but decided to propose a six-year cohort in order to provide flexibility to students who encountered unexpected circumstances, such as an illness in the family. There was concern a six-year cohort would incentivize students to stay in school longer, but the data has shown otherwise. Students are eager to join the work force and avoid the cost of tuition. First-generation and underrepresented minority students tended to take longer to graduate.

Regent Kounalakis expressed concern that a cohort-based tuition model would have the unintended consequence of putting pressure on each incoming class. She raised Regent Park's comments about staff and expressed her wish to see more discussion about staffing expenditures. She provided an example of costs she had cut while she was U.S. ambassador to Hungary because of what she viewed as wasteful. Regent Kounalakis had not seen organizational reform and resultant cost savings that could be reallocated to cover cost increases. She asked staff to thoroughly consider cost-saving measures.

President Napolitano expressed her wish that the Board understand that a great university needed a dependable revenue stream and that cost increases were unavoidable. The University was considering a cohort-based tuition model, which would rely on stability in State funding, and freezing tuition at constant dollars. President Napolitano voiced her appreciation for Regent Kounalakis' call to seek cost savings and assured her that the University sought large and small savings. Every chancellor was very careful about spending. She noted that the recently approved policy on contracting, which she supported, would likely add to UC labor costs. The Regents also approved a budget that included an additional \$43 million for worthy programs. These illustrated what drove the University's budget aside from cost of living increases. UC would advocate strongly for its first choice, which was covering these cost increases with State funding.

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

Secretary and Chief of Staff Shaw reported that, in accordance with authority previously delegated by the Regents, action was taken on routine or emergency matters as follows:

Approvals Under Interim Action

- A. The Chair of the Regents, the Chair of the National Laboratories Committee, and the President of the University approved the following recommendation:

Appointment of Craig Leasure to the Lawrence Livermore National Security, LLC Board of Governors and Triad National Security, LLC Board of Directors

- (1) Craig Leasure be appointed as an Executive Committee Governor (voting member) on the Lawrence Livermore National Security, LLC, Board of Governors, replacing Gary Falle.
- (2) Craig Leasure be appointed as a Director (voting member) on the Triad National Security, LLC, Board of Directors, replacing Gary Falle.
- (3) The President be authorized, in consultation with the General Counsel, to execute all documents necessary in connection with the actions described above.

Approvals under Health Services Committee Authority

- B. At its October 10, 2019 meeting, the Health Services Committee approved the following:

- (1) ***Incentive Compensation Using Health System Operating Revenues for John Stobo, M.D., as Executive Vice President – UC Health, Office of the President***

Background

The Clinical Enterprise Management Recognition Plan (CEMRP), previously approved by the Regents and fully funded from clinical revenues using no State funds, is a UC Health system clinical performance-based incentive plan that places a certain amount of pay at risk for each participant and pays out only if performance against pre-established objectives such as quality improvements, patient satisfaction, and financial performance are met or exceeded. Performance-based, at-risk incentives are typical components of total cash compensation at teaching hospitals. CEMRP drives alignment of the six UC Health System locations by establishing and rewarding the achievement of systemwide objectives, organization-specific objectives, and individual participant objectives based on the CEMRP tier in which the eligible employee participates. As the Executive Vice President – UC Health, Dr. Stobo's achievement of CEMRP objectives is based on the approved systemwide short-term and long-term objectives.

This item sought approval of a total CEMRP incentive award of \$217,382

for Dr. Stobo as Executive Vice President – UC Health, Office of the President. The award is comprised of a Short Term Incentive award of \$152,102 for the 2018-19 Plan Year and a Long Term Incentive award of \$65,280 for the performance period of July 1, 2016 through June 30, 2019.

The CEMRP Short Term Incentive (STI) award for Dr. Stobo as Executive Vice President – UC Health is tied to the attainment of a specific level of performance of 2018-19 Clinical Enterprise (Systemwide) objectives. As outlined in the CEMRP 2018-19 Plan Document, Dr. Stobo's Short Term Incentive award opportunity percentages are: Threshold – ten percent; Target – 20 percent; Maximum – 30 percent.

The results of the 2018-19 systemwide objectives are summarized below:

Base Salary as of 6/1/19: \$652,800	Weight	Attainment Level	Award %	Award (Base*Weight*Award %) =
Objective #1	34%	Target	20%	\$ 44,390
Objective #2	33%	Maximum	30%	\$ 64,627
Objective #3	33%	Target	20%	\$ 43,085
2018-19 STI Award				\$152,102

Systemwide Objective #1: Leveraging Scale for Value (LSFV): Focused on Total Supply Chain, Labor Management, and Information Technology to improve quality, generate increased value and enhance the operating margin of UC Health across the system. The attainment of this objective is measured in the amount of savings from the LSFV systemwide effort.

This objective consisted of three areas of measurement, which resulted in an overall attainment at Target level:

- a. Total Supply Chain; result was \$218.81 million, which was above the Maximum attainment level (\$200 million);
- b. Labor Management; result was \$29.7 million in increased cost, which was below the Threshold attainment level (\$25 million);
- c. Information Technology; result was \$27.9 million, which was above the Maximum attainment level (\$26 million)

Systemwide Objective #2: Addressing Administrative Penalties – California Department of Public Health (CDPH): Penalties identified pose a financial risk, as well as substantial reputational and patient safety risks. A group of subject matter experts was formed to identify areas of vulnerability and develop best practices for compliance in those areas.

The group identified more than three areas of vulnerability and developed best practices for compliance in those areas which resulted in the Maximum attainment level (identify three areas of vulnerability and the best practice for each area to achieve compliance and avoid administrative penalties from the CDPH).

Systemwide Objective #3: Clinical Improvement: Reduction in Excess Bed Days and complete Public Hospital Redesign and Incentives in Medi-Cal (PRIME) Measures.

This objective consisted of two areas of measurement:

- a. Reduction in Excess Bed Days; result was that three out of the six grouped medical centers achieved a four percent reduction in excess bed days, which was at the Threshold attainment level;
- b. PRIME Measure; result was completion of 23 out of 25 measures, which was above the Maximum attainment level (complete at least 20 out of 25 measures).

Based on the achievement of the objectives as summarized above, the amount of the Short Term Incentive award proposed for Dr. Stobo is \$152,102, which is 23.3 percent of his base salary as of June 1, 2019.

The CEMRP Long Term Incentive (LTI) award for Dr. Stobo as Executive Vice President – UC Health is tied to the attainment of a specific level of performance of the three-year (July 1, 2016 to June 30, 2019) Long Term Incentive objective. As outlined in the CEMRP 2018-19 Plan Document, Dr. Stobo's Long Term Incentive award opportunity percentages are: Threshold – five percent; Target – ten percent; Maximum – 15 percent.

The results of the 2016-19 Long Term Incentive objective are summarized below:

Base Salary as of 6/1/19: \$652,800	Weight	Attainment Level	Award %	Award (Base*Weight*Award %) =
Long Term Obj.	100%	Target	10%	\$65,280
2016-19 LTI Award				\$65,280

Long Term Objective: The purpose of this objective is to engage the Chief Executive Officers of each UC Health System together with the UCOP UC Health office to develop a UC Health-wide plan to address the challenges associated with the growing number of individuals enrolled in Medi-Cal across the state of California. Since the inception of the Affordable Care Act, enrollment in Medi-Cal in California has increased to the extent that

approximately one-third of California residents have enrolled. UC Health has experienced a ten percent increase in Medi-Cal volume; however, with the low rates of reimbursement, the system realized approximately \$600 million in uncovered expenses for one year of clinical delivery. The development of a coherent, coordinated, integrated strategy for addressing this issue is estimated to take several years and was developed as basis for 2016-19 long term objective.

The long-term objective consisted of three areas of measurement. Attainment levels were based on Threshold – Achieving one of three; Target – Achieving two of three; and Maximum – Achieving three of three:

- a. Construct a new Medi-Cal physician upper payment limit (UPL) for all UC physicians. This will provide more alternative reimbursements for physicians providing care to this population. The program has been constructed and has been presented to the State.
- b. Deliver on the commitment that each medical center will have a contract with at least one managed medical plan in its service area using alternative payment methods (APM). An alternative payment method was developed for each medical center based on a Hospital Quality Improvement Program (QIP) measurement under each location's respective contract with at least one managed medical plan.
- c. Institute at least one care management protocol for the Medi-Cal population to provide access to UC Health. The ultimate goal is to have a "UC Health Way" for managing the health needs of the Medi-Cal population. This part of the objective was not attained at the conclusion of the 2016-19 long term objective performance period.

Under Dr. Stobo's leadership and coordination, best practices at each of the six UC Health System locations and affiliated clinics continue to be leveraged to benefit the system as whole with a demonstrated increase in the benefit of this systemwide effort year-over-year.

Consistent with Regents Policy, this award has been approved by the CEMRP Administrative Oversight Committee, the members of which are prescribed in the CEMRP 2018-19 plan document.

No State funds are used to fund CEMRP incentive awards; funding is solely from UC Health system revenues.

Recommendation

The Clinical Enterprise Management Recognition Plan (CEMRP) incentive award for John Stobo, M.D., as Executive Vice President – UC Health, Office of the President, in the amount of \$217,382, which includes a Short Term Incentive award of \$152,102 for the 2018-19 CEMRP plan year and a Long Term Incentive award of \$65,280 for the performance period of July 1, 2016 through June 30, 2019. The total recommended incentive award represents 33.3 percent of his annual base salary as of June 1, 2019.

Recommended Compensation

Effective Date: Upon approval

Base Salary: \$652,800 (as of June 1, 2019)

Recommended CEMRP STI Award: \$152,102 (23.3 percent of base salary)

Recommended CEMRP LTI Award: \$65,280 (10.0 percent of base salary)

Target Cash Compensation:* \$870,182

Funding Source: Recommended CEMRP awards are non-State funded (100 percent from clinical enterprise revenues).

Prior Year Data (2017-18 plan year)

Base Salary: \$633,782 (as of June 1, 2018)

CEMRP STI Award: \$140,700 (22.2 percent of base salary)

Target Cash Compensation:* \$774,482, plus possible Long Term Incentive awards starting after the end of the 2018-19 Plan Year.

Funding Source: Recommended CEMRP awards are non-State funded (100 percent from clinical enterprise revenues).

* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

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

- (2) ***Market-Based Salary Adjustment for Johnese Spisso as President, UCLA Health and Chief Executive Officer, UCLA Hospital System, Los Angeles Campus***

Background

The President of the University recommends approval of a market-based salary adjustment for Johnese Spisso as President, UCLA Health and Chief Executive Officer, UCLA Hospital System, to bring her base salary to \$1,393,000. This item requests a market-based salary adjustment for

Ms. Spisso to reflect her strength in managing the responsibilities of her position as demonstrated by her documented and sustained high levels of performance since she joined the University in 2016. The proposed base salary represents an increase of 27.6 percent (\$301,732) over Ms. Spisso's current base salary (\$1,091,268) and is just above the 50th percentile of the 2019 Market Reference Zone (MRZ) for her position.

As this is a Level One Senior Management Group position, approval by the Regents is required. This position is entirely funded through Health Enterprise revenues and no State funds will be used.

Ms. Spisso was appointed as the President, UCLA Health System and Chief Executive Officer, UCLA Hospital System, Los Angeles campus, on February 8, 2016. She has been integrally involved in the executive leadership of the four hospitals in the UCLA Health System, more than 180 ambulatory clinics, affiliations with local area hospitals, and the supporting infrastructure for these areas. She oversees the ongoing expansion of the UCLA Health System and has pushed the organization to redesign patient care and improve coordination across all disciplines. She leads the executive leadership team and serves on a variety of University and campus-wide committees. Ms. Spisso is an active representative to external agencies and professional organizations at the local, regional, and national levels. She is a nationally recognized academic health care leader with more than 30 years of healthcare experience. Most recently, in February 2019, Ms. Spisso was recognized as one of 2019's Top Women Leaders by *Modern Healthcare* for influencing policy and care delivery models across the country. Under Ms. Spisso's leadership, UCLA's Ronald Reagan Medical Center received the number one rank for the best hospital in Los Angeles and in California and number six in the nation by *U.S. News and World Report* for 2019-20.

Based upon her experience, expertise, and accomplishments, Ms. Spisso is a highly sought after healthcare executive. The proposed salary adjustment will better align Ms. Spisso's base salary with the external labor market, internal equity among her peers, and the criteria described in policy given her skills, experience, and contributions. The proposed base salary and placement in the MRZ are appropriate based on her significant experience in the position, her proficiency in the required skills, her adeptness at managing the typical responsibilities, and her documented and sustained high levels of performance.

Ms. Spisso received her master's degree in health care administration and public administration from the University of San Francisco, and her bachelor's degree in health sciences from Chapman College. She received her nursing degree at the St. Francis School of Nursing. Additionally, Ms. Spisso has published numerous articles and book chapters on healthcare leadership.

Funding for this position will continue to come exclusively from Health Enterprise revenues. No State or general funds will be used.

Recommendation

Approval of the following items in connection with the market-based salary adjustment for Johnese Spisso as President, UCLA Health and Chief Executive Officer, UCLA Hospital System, Los Angeles campus:

- a. Per policy, a market-based salary adjustment of 27.6 percent, increasing Ms. Spisso's base salary from \$1,091,268 to \$1,393,000, as President, UCLA Health and Chief Executive Officer, UCLA Hospital System, Los Angeles Campus, at 100 percent time. This will be funded by Health Enterprise revenues. No State funds will be used.
- b. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan's (CEMRP) annual Short Term Incentive (STI) component, with a target award of 20 percent of base salary (\$278,600) and maximum potential award of 30 percent of base salary (\$417,900), subject to all applicable plan requirements and Administrative Oversight Committee approval. Any actual award will be determined based on performance against pre-established objectives. CEMRP incentive awards are funded by Health Enterprise revenues. No State funds will be used.
- c. Per policy, continued eligibility to participate in the CEMRP Long Term Incentive (LTI) component, with a target award of ten percent of base salary (\$139,300) and maximum potential award of 15 percent of base salary (\$208,950), subject to all applicable plan requirements and Administrative Oversight Committee approval. The LTI uses rolling three-year performance periods, and any actual award will be determined based on performance against pre-established objectives over the three-year LTI performance period. CEMRP incentive awards are funded by Health Enterprise revenues. No State funds will be used.
- d. Per policy, continuation of 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 (eligible after five consecutive years of Senior Management Group service).
- e. Per policy, continuation of a monthly contribution to the Senior Management Supplemental Benefit Program.

- f. Per policy, continued annual automobile allowance of \$8,916.
- g. Per policy, continued eligibility to participate in the UC Employee Housing Assistance Program, subject to all program requirements.
- h. Ms. Spisso will continue to comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.
- i. This action will be effective October 1, 2019.

(3) ***Establishment of a New Senior Management Group Position of Chief Strategy Officer, UCLA Health, and the Market Reference Zone for the Position, Los Angeles Campus***

Contingent upon approval by the Governance Committee, the President of the University recommended that the Health Services Committee approve:

- a. Establishment of a new Senior Management Group position of Chief Strategy Officer, UCLA Health, Los Angeles campus. This will be a Level Two position in the Senior Management Group.
- b. Establishment of a Market Reference Zone for this position as follows: 25th percentile – \$545,700, 50th percentile – \$636,300, 60th percentile – \$667,100, 75th percentile – \$713,300, and 90th percentile – \$783,400.
- c. The position includes eligibility to participate in the Short Term Incentive (STI) component of the Clinical Enterprise Management Recognition Plan (CEMRP), with a target award of 15 percent and a maximum potential award of 25 percent of base salary, subject to all applicable plan requirements and Administrative Oversight Committee approval. Participation is reviewed and approved prior to the start of each CEMRP Plan Year.
- d. This action will be effective upon approval.

(4) ***Proposed Request for Approval of New School of Medicine Education Building, Riverside Campus***

Authorize the Riverside campus to request approval from the Finance and Capital Strategies Committee at a future date to construct a new School of Medicine Education Building.

8. **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, the *Changes to Professional Degree Supplemental Tuition (PDST) Levels of Five Percent or Less Approved by the President* for 2019-20. September 3, 2019.
- B. From the Vice President and General Counsel, the *Report of New Litigation and Arbitration Proceedings for the Reporting Period of May 29 to August 5, 2019*. September 26, 2019.
- C. From the Secretary and Chief of Staff, the Summary of Communications received, September, 2019. October 4, 2019.
- D. From the President of the University, an email regarding the power outages in Northern California and the impact to UC Berkeley, Lawrence Berkeley National Laboratory, and UC Santa Cruz. October 9, 2019.
- E. From the President of the University, an email regarding the power outages in Northern California and the impact to UC Berkeley, Lawrence Berkeley National Laboratory, and UC Santa Cruz. October 25, 2019.
- F. From the Senior Vice President, External Relations and Communications, an email regarding advocacy opportunities supporting the University's efforts to protect the Deferred Action for Childhood Arrivals policy (DACA) and the University's oral arguments before the U.S. Supreme Court. October 28, 2019.

To the members of the Public Engagement and Development Committee:

- G. From the Federal Government Relations Office, the *Federal Update, 2019, Issue 8*. October 1, 2019.

The meeting adjourned at 3:15 p.m.

Attest:

Secretary and Chief of Staff

Regents Policy Generally Prohibiting Contracting for Services

POLICY SUMMARY / GUIDING VALUES AND PRINCIPLES

There shall be a general prohibition on contracting out for services and functions that can be performed by University staff. Under exigent and limited circumstances when an outside contract is a solution of last resort, the following shall apply:

- ⇒ **UC MUST VALUE AND PROTECT ITS EMPLOYEES** The University shall prioritize the use of its employees to perform functions and services whenever possible and the use of outside contractors will not cause or facilitate the displacement of university employees.
- ⇒ **EQUAL PAY FOR EQUAL WORK** The labor conditions of contract workers shall be protected by ensuring they receive wages and benefits equivalent to what the University provides to its employees, and providing those who have performed services to the University on a long-term and continuous basis the opportunity to become University employees.
- ⇒ **UC MUST BE A MODEL EMPLOYER** Requirements governing state agencies and departments under California Government Code Section 19130 shall serve as minimum standards and, whenever reasonable, shall be exceeded.

Since its founding, the University's public mission has always been to unlock the doors of economic opportunity, uplift the human condition, and serve as an antidote to poverty. This begins from within.

UC's employment and contracting practices for all individuals working on its campuses, medical centers, and laboratories must model what it demands of other employers. In particular, this means the University must remain vigilant in ensuring its use of contract workers does not contribute to the rise of poverty-level jobs, thereby exacerbating growing economic inequality and reliance on taxpayer-funded "safety-net" services. Contracting out should be used sparingly and treated as an option of last resort to address temporary needs, not as a means to replace employees with lower-wage contractors.

As a public trust and one of the largest employers in California, the University is committed to protecting and valuing the lives of those it serves, educates, and employs.

POLICY TEXT

Consistent with the values and principles outlined above, this policy establishes standards for contracts for services for cleaning, custodial, janitorial or housekeeping services; food services; laundry services; groundskeeping; building maintenance; transportation and parking services; security services; billing and coding services; sterile processing; hospital or nursing assistant services; and medical imaging or other medical technician services. These shall be referred to as “covered services” for purposes of this policy.

The University will utilize its employees to perform covered services that have been customarily performed by University employees to the greatest extent possible before resorting to the use of private contractors to provide such services. Contracting for covered services only is permissible under the limited circumstances described in this policy or under other circumstances where contracting out is required by law, Federal requirement, contract or grant requirement, or court decisions or orders.

A. In-sourcing Contracted Workers

The University is committed to using University employees to perform covered services, and to providing employment opportunities to workers who have been providing covered services to the University. No later than February 15, 2020, the University shall identify covered services that have been provided on a continuous basis for 12 months or more through service contracts and shall, to the fullest extent possible, in-source that work to be provided by University employees. Individuals employed by service contractors who have provided those services to the University on a continuous basis for 12 months or more may request to be converted to University employment. Requests should be submitted to the location’s Employee/Labor Relations Manager. The University shall establish implementation guidelines by no later than January 31, 2020.

B. General Prohibition on Contracting Out

Under this policy, contracting for covered services only is permitted where contracting out is required by law, Federal requirement, contract or grant requirement, or court decisions or orders, or under the following limited, exigent circumstances that comply with the State’s requirements in Government Code section 19130:

1. The services are needed to address an emergency. An emergency may include, but is not limited to, the need to prevent the stoppage of University operations or to ensure the continuous operations of University medical centers.
2. The employees capable of providing the required services are not available at the University location in sufficient quantity or do not possess the necessary level of expertise, or the services cannot be performed satisfactorily by University employees, or

the services are of a specialized or technical nature and the expertise, knowledge, ability and /or equipment required is not available internally.

3. The services are incidental to a contract for the purchase or lease of real or personal property. This includes services that are to be provided on property that the University has leased to or from a third party or through public private partnerships.
4. The services are of such an urgent, temporary, or occasional nature that the delay resulting from their performance by University employees hired under the University's regular or ordinary hiring process, or the inefficiencies or difficulties in utilizing University employees, would frustrate the University's goals giving rise to the need for the services.
5. The contractor will provide equipment, materials, facilities, or support services that could not be provided feasibly in the location where the services are to be performed. All services at remote facilities, which are those not within a 10-mile radius of a University campus, medical center, or Laboratory, fall within this exception.
6. The services are performed by registry personnel in clinical operations to address short-term staffing needs, including circumstances where the University's reasonable recruitment efforts to hire employees are unable to satisfy ongoing staffing needs.

C. Employment Standards

1. Wage and Benefits Parity

Contracts for covered services exceeding \$100,000 and 90 days' duration shall include provisions requiring the contractor to provide its employees working at University locations wages and benefits that are equivalent to the University wages and benefits provided to University employees performing the same work. "Benefits" includes health, dental, vision, and retirement as well as vacation, sick leave, and holiday pay. The Office of the President shall establish annually the wage and benefit costs for these workers and contractors. The University may, in its sole discretion, terminate its agreement with a contractor that fails to comply with these provisions or provide the contractor with an opportunity to remedy its noncompliance.

2. No Displacement of University Employees

Contracts for covered services shall not displace University employees. Where displacement is unavoidable, the University shall make available another position for which the employee is qualified. The position will be in the same bargaining unit and at the same campus, medical center, or Laboratory from which the employee was displaced and shall not result in either a reduction in pay and benefits or a change of work location that is greater than ten (10) miles.

“Displacement” means demotion, layoff or involuntary reduction in time due to entering into a contract for services.

3. Equal Employment Opportunity

Contracts for covered services shall not adversely affect the University’s equal employment opportunity efforts.

D. Notice to Employee Organizations

The University will provide advance notice to affected employee organizations prior to entering into, extending, or renewing a contract for covered services over \$100,000.

- Where a Request for Proposal will be issued, the University will provide a copy of the RFP at the time of issuance.
- Where no RFP will be issued, the University will provide notice of at least 30 calendar days prior to entering into, extending or renewing the contract.

The notice also shall provide information about the provisions of this policy that justify the contract.

During the notice period, upon the employee organization’s request, the University will provide relevant non-privileged information that is reasonably available pertaining to the contract and the employee organization may present alternatives to mitigate or avoid the need for the contract while still satisfying the University’s needs to provide services. The University must consider those alternatives and adopt them when feasible provided that the employee organization provides those alternatives within 14 days of the notice.

The University shall produce an annual report of all contracts for covered services, regardless of amount or duration, and shall provide the report to affected employee organizations and the Regents.

E. Enforcement

Upon receiving the notice described in section D. above, an employee organization may request review of a proposed contract for covered services within ten (10) days of the notice to determine whether the contract complies with the provisions of section B. of this policy. The University shall appoint a neutral hearing officer to conduct the review from a panel mutually agreed upon by the University and the employee organization.

The hearing officer shall review the matter and determine whether there is good cause for a hearing. If so, the hearing officer shall schedule the disputed contract for a hearing for the

purpose of receiving evidence and hearing arguments concerning the propriety of the disputed contract under the provisions of section B, above.

The reasons for the hearing officer's decision regarding whether the contract complies with the provisions of section B., above, shall be in writing and shared with the parties. The hearing should be completed and the decision issued within sixty (60) days of the employee organization's request for review, or as soon as is practicable, whichever occurs first. The hearing officer's decision shall be final.

If an employee organization's collective bargaining agreement prescribes a different enforcement mechanism for disputes over contracts for services, then that procedure will take precedence.

COMPLIANCE/DELEGATION

The University shall implement the requirements of this policy by adopting guidelines, administrative policies, and procedures.

The President, in concurrence with the Board Chair, must approve any exceptions to this policy. The President shall report any approved exceptions to the Governance Committee within ten (10) business days of granting the exception. The full Board shall retain the authority to amend or reject any exceptions granted within sixty (60) days of receiving a report of exceptions approved by the President.

CRITERIA FOR THE SELECTION OF THE PRESIDENT OF THE UNIVERSITY

The University of California, the nation's preeminent public research university, seeks an exceptional and visionary leader with a commitment to public higher education to be its 21st President. The President will provide leadership for the University's ten campuses, five medical centers, three affiliated national laboratories, and statewide agriculture and natural resources program. The UC system comprises 280,000 students, 227,000 faculty and staff, and an operating budget of \$36.5 billion.

The following criteria for the role of the President of the University have been established based upon broad consultation with advisory groups of faculty, students, staff, and alumni. While a candidate may not be able to demonstrate excellence in all of these areas, a successful applicant is likely to meet many of these attributes. Although a terminal degree and exceptional academic administrative experience are preferred, the Board of Regents also welcomes and encourages candidates who have achieved noteworthy success in their respective fields outside higher education.

Leadership

- Knowledge of the academic enterprise. Possesses understanding of and appreciation for the University, its distinctive culture of shared governance, its teaching, research and public service mission, and the context of the student body.
- Demonstrated track record of advocacy for diversity, equity and inclusion and a commitment to building a University that serves the diverse population of the state of California.
- An inspirational leader with passion and the ability to effectively communicate the value of the University to the State and inspiring stakeholders to be committed to sustaining the University's excellence.
- A proven record of success in leading and managing change in a complex and dynamic environment where success is achieved in partnership and collaboration rather than solely through direct authority.
- An innovator who can articulate a strategic vision for the University's future and whose credibility with university constituents facilitates strategic planning and sound decision making.
- Deep understanding of the social, political, economic and legal context of the state of California (or other state with a competitive higher education environment), and the political acumen and experience to be an effective advocate and spokesperson for the University with the Governor, the legislature, and the public.
- Experience serving as the chief advocate for excellence and innovation within their organization and a track record of success in elevating its profile and national and international standing.
- A proven history of developing high-performing teams and cultivating environments with a shared sense of mission and culture that encourage entrepreneurship, innovation, and collaboration.

- Ability to successfully advocate for public funding and secure the financial resources from both private and public sources necessary to sustain and grow the University and ensure that an accessible and affordable education is available to qualified California students.
- Experience leading large, complex institutions, in either academia, industry, government or the public non-profit sector.
- Experience working with large Boards as a thought partner and innovator, while respecting the fiduciary responsibility of the Board for the institution.

Management

- Broad management and executive experience, understanding of complex budgets, and the skills to manage and allocate resources effectively. Experience leading institutions through economic challenges under conditions of fiscal constraint.
- Experience with the strategic investment of resources in emerging fields where the University of California may demonstrate and leverage its intellectual dynamism for the benefit of the State, the nation, and the world.
- Experience in adversity leadership. Able to proactively identify and/or manage crises and controversies effectively.
- Ability to lead systemwide innovation and problem-solving, leveraging the size of the University, while appreciating and respecting the unique histories, challenges and opportunities of each campus and UC location.
- A commitment to the recruitment and retention of exceptional faculty, as well as senior management personnel committed to professional development, employee engagement, equitable compensation and making the University an employer of choice.
- Experience working with organized labor, history of positive labor-management relations, and commitment to successful collective bargaining.
- Demonstrated track record of consulting with multiple constituencies in developing plans and proposals and commitment to shared governance.
- Capacity to engage with health system leaders to mitigate risk, lead innovation and take advantage of opportunities in the rapidly changing health enterprise environment.
- Ability to ensure compliance with laws, regulations, policy and ethical principles and serve as guardian of the public trust.

Personal Characteristics

- A skilled communicator with exceptional interpersonal, listening and negotiation skills applied across a broad spectrum of constituents and stakeholders including students, faculty, staff, unions, alumni, state and federal government officials and legislators, business leaders, and other higher education leaders, both in California and nationally.

- Inspiring, visionary and collaborative leader who can influence others to achieve common goals by engaging and developing robust relationships with stakeholders and maintaining a visible and active presence on campuses and throughout California.
- Commitment to the public service mission of the University.
- Commitment to fostering a positive workplace and campus climate that reflects the values of the University.
- Commitment to integrity and transparency in all University affairs and to developing and enhancing public trust in the University.
- A genuine passion and recognition of students and their centrality to the University's mission and a dedication to the University of California's commitment to educational access and student success.
- The capacity to enhance the University of California's current organizational structure in a manner that creates a cohesive and well-integrated System that prominently champions the contributions and strengths of each individual component institution; leveraging their collective resources to heighten the System's reputation and impact and promote a compelling vision for the future.
- The capacity to assume a position of significant stature within the State of California, nationally, and globally as a thought leader in higher education and in addressing the grand challenges impacting society and humankind.
- A collaborative leadership style that reflects humility and the ability work well as part of a team.

University of California
2020-21 Budget Plan for Current Operations

Attachment 3

2019-20 CORE FUNDS FOR CURRENT OPERATIONS

Total Core Funds (State General Funds, Student Tuition and Fee Revenue, and UC General Funds)

\$9,403.5

PROPOSED CHANGES IN EXPENDITURES

Sustaining Core Operations

Support current enrollment <i>(Begin restoring \$95M discontinued in 2019-20)</i>	\$ 35.0
Faculty compensation (nonrepresented)	\$ 65.6
Faculty merit program	\$ 33.9
Staff compensation	\$ 44.8
Contractually committed compensation	\$ 34.2
Retirement contributions	\$ 40.7
Employee health benefits	\$ 18.1
Retiree health benefits	\$ 7.6
Non-salary price increases	\$ 43.8
Debt service for AB 94 capital projects	\$ 15.0
Subtotal	\$ 338.8

Additional High-Priority Investments

Funding the Multi-Year Framework	
2020-21 enrollment growth: cost of instruction	\$ 60.9
2020-21 enrollment growth: financial aid	\$ 14.4
2021-22 enrollment growth: pre-funding	\$ 22.5
Degree attainment/closing achievement gaps	\$ 60.0
Riverside School of Medicine	\$ 25.0
Student mental health	\$ 5.3
Subtotal	\$ 188.1

EXPENDITURES TOTAL

\$ 526.9

PROPOSED CHANGES IN REVENUE / RESOURCES

Cost Savings/Alternative Revenues

Asset management	\$ 30.0
Philanthropy	\$ 22.0
Procurement savings	\$ 10.9
Subtotal	\$ 62.9

State General Funds

Base budget adjustment (7.1%)	\$ 264.3
State support for enrollment growth 2020-21* <i>(1,400 CA undergraduates / 1,000 graduates)</i>	\$ 27.0
State support for enrollment growth 2021-22	\$ 22.5
Degree attainment/closing achievement gaps	\$ 60.0
Riverside School of Medicine	\$ 25.0
Student mental health	\$ 5.3
Subtotal	\$ 404.1

Tuition and Student Services Fee

Enrollment growth - Tuition & Stud Svcs Fee	\$ 24.6
Enrollment growth - Return-to-aid	\$ 14.4
Subtotal	\$ 39.0

UC General Funds

Nonresident enrollment growth (700)	\$ 20.8
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REVENUE / RESOURCES TOTAL

\$ 526.9

ADDITIONAL REQUESTS FOR ONE-TIME STATE FUNDS

Deferred Maintenance Plus (DM+) Program \$ 450.0

Two-thirds (\$300M) for projects related to energy conservation and efficiency that will reduce ongoing operational costs.

Innovation and Entrepreneurship Programs \$ 25.0

Funding would expand on past successes and create new opportunities for women, underrepresented groups, and underserved communities.

* Includes \$14.0 million received in 2019-20. Net request for new State funds for 2020-21 enrollment is \$13.0 million. Figures may not sum to totals due to rounding.