

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

March 14, 2019

The Regents of the University of California met on the above date at Luskin Conference Center, Los Angeles Campus.

Members present: Regents Anderson, Butler, Cohen, Elliott, Estolano, Graves, Guber, Kieffer, Kounalakis, Lansing, Leib, Makarechian, Morimoto, Napolitano, Ortiz Oakley, Park, Pérez, Sherman, Sures, and Zettel

In attendance: Regents-designate Simmons, Um, and Weddle, Faculty Representatives Bhavnani and May, Secretary and Chief of Staff Shaw, General Counsel Robinson, Chief Investment Officer Bachher, Provost Brown, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President and Chief Operating Officer Nava, Executive Vice President Stobo, Senior Vice Presidents Gulbranson and Holmes, Vice Presidents Brown, Duckett, and Humiston, Interim Vice President Leasure, Chancellors Block, Christ, Gillman, Hawgood, Leland, May, Wilcox, and Yang, and Recording Secretary Li

The meeting convened at 9:10 a.m. with Chair Kieffer presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of January 17, 2019 were approved.

2. PUBLIC COMMENT

Chair Kieffer explained that the public comment period permitted members of the public an opportunity to address University-related matters. The following persons addressed the Board concerning the items noted.

- A. Terrill James Kaneali'i Williams, UC Riverside graduate student and indigenous Hawaiian, spoke in opposition to the Thirty Meter Telescope project in Hawaii. He stated that the project requires a \$1.4–\$2 billion bond drawn from student fees and that the University is not being transparent about where its investments are going. Mr. Williams added that the project was an act of institutional racism against Pacific Islander people.
- B. Liko Martin, an Elder of Hawaii, read a statement on behalf of Karla Thomas, UCLA student and representative from UCLA Pacific Islands' Student Association (UCLA PISA), in opposition to the Thirty Meter Telescope project. UCLA PISA gathered thousands of signatures from faculty, staff, and students also opposing the project. Pacific Islander and American Indian students from UC, students from the University of Hawaii and Stanford University, as well as Native Hawaiian activists

have come together to voice their concerns. Activists have named March 14 “Mauna Kea Awareness Day” in order to raise awareness across the University.

- C. Laulani Teale appealed to the Regents to stop the Thirty Meter Telescope project and instead fund other UC endeavors and better methods of astronomy. Students from various universities have been speaking out to protect Mauna Kea and their own futures as scientists, educators, and as people who want to build a better world. Ms. Teale called upon the Regents to divest from the project and invest in students.
- D. Kealoha Pisciotta, a Hawaiian resident, stated that the Thirty Meter Telescope project is a violation of the Hawaiian people’s human rights. Mauna Kea’s biodiversity is one reason Native Hawaiians deem it sacred; nearly all creatures there are rare, threatened, or endangered. Ms. Pisciotta stated that there are 93 other world-class telescopes and that the Thirty Meter Telescope is not needed. She also reported that 67,000 signatures in opposition had been collected in four days.
- E. Aidan Arasasingham, UCLA student and board member of UC Student Association (UCSA), spoke in opposition to the proposed increase in nonresident tuition. He compared the \$29 million loss of revenue without the tuition increase versus the \$762 increase in tuition per nonresident student with the increase. He appealed to student basic needs and how international exchange rates could affect international students and their families.
- F. Nuha Khalfay, UC Berkeley student and member of UCSA, stated that she is a Pell Grant recipient and nonresident student from Colorado. Ms. Khalfay called upon the Regents to vote against the nonresident tuition increase and stated that raising nonresident tuition sends the message that nonresident students do not matter and as seen as a revenue source. She urged the Regents to work with students to find creative solutions.
- G. Tomás Tedesco, UCSC student and founder of the Snail Movement, asked the University to allow students to park on campus at night and sleep in their cars without police harassment. Mr. Tedesco stated that homeless students could not afford \$1,500 rent and called for a safe place to park and access to facilities. He cited support from the UCSC Student Union Assembly, Council of Provosts, Faculty Association, and a petition with over 1,000 signatures, and he urged the Regents to promote safe parking for students systemwide.
- H. Johana Guerra Martinez, UCLA student and representative of the UC Undocumented Student Coalition, spoke in opposition to the nonresident tuition increase. Ms. Martinez explained that many undocumented UC students who do not qualify for in-state tuition through State Assembly Bill (AB) 540 have dropped out of school and others stagger attendance with earning money to pay tuition.
- I. Ashraf Beshay, UCLA student from Egypt and UCSA international student affairs officer, spoke in opposition to the increase in nonresident tuition. Mr. Beshay is a

sixth-year student who is studying part-time and delaying his graduation due to the fluctuation of the Egyptian currency, which has depreciated 60 percent and, in effect, doubled his tuition. He added that nonresident students do not qualify for nearly all financial aid and that international students with lower income could contribute a great deal to the University if given the opportunity to attend.

- J. Sophie Haddad, UCSD student and state board chair of California Public Interest Research Group (CALPIRG), spoke in support of 100 percent clean transportation. She commended UC's carbon neutrality efforts and looked forward to a clean transportation future at UC.
- K. Nico Gist, UCLA student and CALPIRG chapter chair, advocated for CALPIRG's campaign for zero hunger. Mr. Gist cited studies showing that 40 percent of UC students are food insecure, which affects physical health, mental health, and academic performance. He recommended that students partner with administrators and that UC commit to achieving zero hunger on campuses.
- L. Nicolas Riani, UCLA student and CALPIRG vice chair, stated that textbooks cost students an average of \$1,200 per year and that 65 percent of students have skipped buying them altogether. He recommended open textbooks, which are digital texts published under open copyright, making them free to access online and inexpensive to print. CALPIRG has advocated for open textbooks at the federal, State, and campus level, call for a grant program so faculty can get these books. An open textbooks program at Rutgers University saved students \$2.1 million in its first year.
- M. Sithara Menon, UCLA student and CALPIRG external affairs director, reported that CALPIRG registered 6,000 UC students to vote and contacted approximately 500,000 students in a "get out the vote" effort last fall. Voter turnout at UCLA increased by five percent, but there are very few same-day voter registration sites and long lines at campus polling places persist. CALPIRG looks forward to working with the Regents and campus leaders to establish more vote centers.
- N. Catherine Cobb, Teamsters Local 2010 President, reported problems that union members faced with UCPath and called on President Napolitano and the Office of the President to fix them. She stated that California legislators demanded that UC fix issues such as pay issues, incorrect leave accrual, and wage garnishment without authorization.
- O. Ali Tweini, UCLA alumnus and member of Teamsters Local 2010, first recognizing women leaders such as President Napolitano, Regent Kounalakis, and Regent Butler for Women's History Month, shared a grievance from 175 Teamsters members from UCLA Patient Business Services, which generates \$200 million per month. He called on the Regents to address the pay discrepancies in UCPath.

- P. Eve Kent, Teamsters Local 2010 representative, stated that UCPATH is understaffed and needs more resources to address current problems. Modernization of payroll was needed, but UCPATH is floundering. Staff are overcome with emotion over problems that they cannot fix.
- Q. Tanya Akel, regional director of Teamsters Local 2010, criticized UCPATH management for blaming UCPATH staff for problems, as well as the high turnover and low pay of UCPATH call center representatives. She stated that 30 percent of staff left before UCLA and UCSB joined UCPATH and were not replaced, and that UCPATH staff make less than their counterparts at UC Riverside and other campuses.
- R. Jason Rabinowitz, secretary and treasurer of Teamsters Local 2010, spoke on behalf of 14,000 workers in higher education, 12,000 of whom work at UC, and called upon the University to fix UCPATH issues. He referred to UCPATH as a billion-dollar monument to mismanagement and mistreatment of workers and criticized issues with pay and leave accruals. Mr. Rabinowitz also called attention to the mistreatment of UCPATH workers, who he stated were illegally excluded from union coverage, given minuscule wage increases, and scapegoated.
- S. Rebecca Ora, UCSC graduate student, called for the termination of UCSC professor Gopal Balakrishnan for sexual assault of students. Ms. Ora stated that Professor Balakrishnan had been found accountable, but his case had not yet gone before the Regents. She added that neither Professor Balakrishnan nor students believe that he will be terminated. Ms. Ora appealed to the Regents to act on behalf of victims.

3. **REMARKS FROM STUDENT ASSOCIATIONS**

President Napolitano introduced UC Student Association (UCSA) President Caroline Siegel-Singh, undergraduate student and vice president of external affairs for the Associated Students of UC San Diego.

Ms. Siegel-Singh reported that UCSA, along with student associations from New York, Florida, and Canada, went to Washington, D.C. in January 2019 to advocate for the reauthorization of the Higher Education Act and for Title IX protections for students. In collaboration with California State University (CSU) and the California Community Colleges (CCC), UCSA launched a statewide campaign to “fix financial aid.” Goals include summer financial aid, eligibility for transfer students, and building a better state financial aid program for all UC students. Ms. Siegel-Singh hoped that the Regents and the Office of the President (UCOP) would take a more active role in this campaign.

Ms. Siegel-Singh called attention to the college admissions fraud scandal, recently reported in the news media. The University’s involvement reveals the influence of affluence and that higher education is divided by socioeconomic status. She noted that the emphasis on standardized testing does not help students when test results could be bought. UCSA would release a joint report with the Institute for College Access and Success (TICAS) on debt burden of UC undergraduate students by demographic group. Data has shown that the

burden of student debt is not borne equitably, and financial aid can be strengthened to improve affordability and close equity gaps.

With regard to the proposed Professional Degree Supplemental Tuition (PDST) increase, Ms. Siegel-Singh stated that the University has continued to attract few black, Latino/a, and Native American students. She added that graduate education had become too expensive for her generation of students and asked why she and her peers are not as deserving of a high-quality education as those seated at the Regents' table. Ms. Siegel-Singh hoped to see increased representation, greater transparency, and greater student input for PDST.

UCSA was troubled that the nonresident student population was scapegoated for taking admission slots from eligible California resident students when UC does not have the necessary State funding for enrollment growth while maintaining quality of education. Nonresident students, many of whom are undocumented, have been used to supplement shortfalls in State funding, which has fallen short. Ms. Siegel-Singh emphasized that this is an unsustainable model.

Ms. Siegel-Singh concluded her comments by reminding the Regents that, at the March 2018 Regents meeting, they had expressed interest in changing the policy that misclassifies undocumented students as nonresident students. These policies have remained unchanged and have not been discussed. She appealed to the Regents to vote against the nonresident tuition increase.

President Napolitano introduced UC Graduate and Professional Council (UCGPC) president Stephanie King, a fifth-year Ph.D. candidate in biomedical sciences at UC Riverside. UCGPC was formed in 2017 to represent the interests of graduate and professional students at a systemwide level.

Ms. King began her remarks by stating that the most crucial decision that a graduate student can make is choosing an advisor, who has control over research projects; what conferences the student can attend; advancement to candidacy; publication of research; networking; and student activities. Graduate education suffers when advisors are not positive, instructive, and supportive mentors. There is no standard mentorship training for advisors, and many advisors create unhealthy work environments for graduate students.

Ms. King shared an example of a woman graduate student who was bullied by peers and not supported by her advisor. The woman's visa status was in danger, and she suffered health problems. UCGPC called upon the Regents to direct Student Affairs and the Academic Senate to explore mentorship training options.

Diversity is not only an issue in professional degree programs but also in master's and doctoral programs as well. Underrepresented minority students (URMs) need support services to ensure success. URM faculty should not bear the burden of recruiting diverse students; it is the responsibility of all faculty and staff to create a supportive environment. UCGPC called upon the Regents to direct the Office of the President to collect best

practices from diverse departments to aid in the recruitment and retention of URM graduate students.

4. **HONORS AND ACHIEVEMENTS**

President Napolitano presented her report on UC honors and achievements. The U.S. Department of Education awarded UC Irvine a five-year, \$5 million grant to develop a national research and development center for improving the writing skills of middle and high school students. In February 2019, UC Irvine was selected to participate in a National Science Foundation funded campaign to grow diversity of faculty in the science, technology, engineering, and math disciplines. The three-year effort complements UC's annual commitment of \$7 million to increase faculty diversity systemwide.

For the 12th consecutive year, UCSF received highly competitive funding from the National Institutes of Health. The State of California's Strategic Growth Council awarded \$12 million in cap and trade funds to three UC-led climate research projects. UC campuses have continued to receive accolades for their achievements in institutional sustainability: UC Berkeley received a gold rating from the Sustainability Tracking, Assessment and Rating System, and Chu Hall was named the country's greenest academic building.

Dennis Slamon, director of the Revlon/UCLA Women's Cancer Research Program, was awarded the 2019 Sjöberg Prize, which was presented by the Royal Swedish Academy of Sciences and the Sjöberg foundation to recognize achievements in the development of cancer research.

In February, 19 UC faculty members were named 2019 Sloan Research Fellows, a recognition of outstanding early-career scientists and scholars. These faculty represent seven UC campuses, and there were more Sloan Fellows named from UC this year than any other university in the U.S. Also last month, UC Santa Cruz recognized former Federal Reserve Chair Janet Yellen with the UC Santa Cruz Foundation Medal, the campus' highest honor.

President Napolitano concluded her remarks by noting that a valued member of the UC family had passed away that week. Carlton Bovell began a long career at the University by earning a Ph.D. at UC Davis. Professor Bovell went on to serve in a variety of administrative and academic roles across the University, including as Professor of Biology at UC Riverside. Over his 40-year career at UC, he was especially dedicated to Academic Senate affairs. He took on his first UCR Academic Senate committee post in 1959 and continued his service as Chair of the Senate Task Force on Governance, Chair of the Riverside Division, and eventually Chair of the Systemwide Academic Senate. Professor Bovell was one of two inaugural recipients in 1998 of the Oliver Johnson Award, which honors UC faculty members who perform outstanding service on behalf of the Academic Senate.

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

Chair Kieffer stated that Chairs of Committees and Subcommittees that met the prior day and off-cycle would deliver reports on recommended actions and items discussed, providing an opportunity for Regents who did not attend a particular meeting to ask questions.

Report of the Academic and Student Affairs Committee

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

A. ***Approval of Multi-year Plans for Professional Degree Supplemental Tuition***

The Committee recommended approval of the multi-year plans for Professional Degree Supplemental Tuition (PDST) for 42 graduate professional degree programs, with fee levels as shown in Attachment 1.

Regent Elliott reported that the Committee had recommended the following changes to the proposed PDST programs: UC Berkeley Translational Medicine was approved for a two-year period; UC Berkeley Product Development was approved for a two-year period; UC Berkeley Medicine was approved for a three-year period; nonresident PDST for UC Berkeley Statistics would increase by 20 percent in the first year and five percent for the second through fifth years; UCSF Physical Therapy was approved for a two-year period; law schools at UC Berkeley, UC Davis, and UC Irvine received PDST approvals for a two-year period; and business schools at UC Irvine and UCSD received PDST approvals for a two-year period as well. The Committee requested that UCLA Medicine return to discuss best practices associated with its proposal. UC law school deans were asked to return next year to propose PDSTs for the third through fifth years of their programs, and UC Irvine and UCSD business school deans will return next year to address differences between in-state and out-of-state PDST.

Regent Cohen asked why five years is needed to lay out PDST increases. Regent Elliott replied that, for PDST approvals over a certain amount, programs were required to propose a five-year plan to the Regents. This would inform students what tuition increases would be over time.

Regent Leib stated that he would reluctantly support the motion and shared his discomfort with the law schools' initial plan to increase tuition by 7.5 percent over five years. Law school tuition has grown from \$11,000 in 2001 to \$45,000 presently. He added that this rate of increase was unsustainable and precluded attorneys from entering public service or other areas of law aside from private practice.

Regent Estolano responded to Regent Leib's concerns, explaining that the law schools have had no PDST increases in the last seven years and that a 7.5 percent increase in the first year would still be lower than what it would have been with a two percent increase for seven years. Furthermore, UC law schools have made tremendous progress in providing public interest fellowships and loan repayment programs for law students pursuing public interest or government jobs. The Committee asked the law schools to return and propose plans for the third through fifth years because of the differential between nonresident and resident fees.

Regent Lansing expressed her support for the motion despite how difficult it is to vote for fee or tuition increases. She explained that the PDST proposal process was a lengthy and intense one and was well examined by the working groups and the Committee.

Regent Kieffer added that the Committee was divided into three working groups that reviewed proposals and brought their recommendations to the Committee. Regent Elliott stated that each working group had two Regents and one chancellor. Regent Estolano addressed Regent Cohen's concern about increases over a five-year period. The Committee wishes to hold these programs accountable for their performance and has asked Provost Brown to give a progress report in one to two years even for five-year PDST programs. She agreed that the increases were unsustainable and stated that world-class graduate professional programs required investment.

B. *Update on STEM Preparation through Community Partnerships: LAUNCH Academy Summer STEM Program*

This item was not summarized at the Board meeting.

C. *Evidence of the Public Value of a University of California Degree*

This item was not summarized at the Board Meeting.

Upon motion duly made and seconded, the recommendation of the Academic and Student Affairs Committee was approved, with Regents Graves and Kounalakis voting "no."

Report of the Compliance and Audit Committee

The Committee presented the following from its meeting of March 13, 2019. The Committee considered one item for action by the Board, one item for action by the Committee, two discussion items, and one information item.

A. ***Approval of External Audit Plan for the Year Ending June 30, 2019***

The Committee recommended approval of the PricewaterhouseCoopers external audit plan and fees for the University for the year ending June 30, 2019, as shown in Attachment 2.

Regent Elliott briefly summarized this item.

B. ***Appointment of Expert Advisor to the Compliance and Audit Committee***

The Committee reported its appointment of Michael Schini as an expert financial advisor to the Committee for a three-year term, effective immediately.

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

Regent Elliott stated that, according to the review by Sjoberg Evashenk, the Office of the President has substantially met all recommendations for April 2018 and April 2019. Of those due in 2019, the State Auditor believes 12 have been fully implemented, four partially implemented, and six still pending. There are 11 remaining recommendations due in April 2020.

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

This item was not summarized at the Board meeting.

E. ***Internal Audit Activities Report***

Regent Elliott briefly summarized this item.

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

Report of the Finance and Capital Strategies Committee

The Committee presented the following from its meeting of March 13, 2019. The Committee considered five action items.

A. ***Approval of Long Range Development Plan Amendment #2 and Design Following Action Pursuant to the California Environmental Quality Act, Student Housing West Project, Santa Cruz Campus***

Following review and consideration of the environmental impacts of the proposed Student Housing West project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff no less than 24 hours in advance of

the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, Committee recommended that the Regents:

- (1) Certify the Environmental Impact Report.
- (2) Adopt the Mitigation Monitoring and Reporting Program for the Student Housing West project, and make a condition of approval the implementation of mitigation measures within the responsibility and jurisdiction of the Santa Cruz campus.
- (3) Adopt the CEQA Findings and Statement of Overriding Considerations for the Student Housing West project.
- (4) Approve Amendment No. 2 to the UC Santa Cruz 2005 Long Range Development Plan to change the land use designation of 17 acres of Campus Resource Land to Colleges and Student Housing.
- (5) Approve the design of the Student Housing West project, Santa Cruz campus, subject to approval by Regents Makarechian, Cohen, and Park to confirm the price of the other alternatives within two weeks.

Regent Makarechian stated that the Committee received many letters opposing this project and viewed videos of the site provided by the campus. The Committee approved the item subject to Regents Cohen, Makarechian, and Park's review cost of alternative sites and their subsequent approval.

B. *Approval of the Budget, Scope, External Financing, and Design Following Action Pursuant to the California Environmental Quality Act, Kresge College Academic, Santa Cruz Campus*

The Committee recommended to the Regents that:

- (1) The 2018-19 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Santa Cruz: Kresge College Academic – preliminary plans – \$3 million – funded from General campus funds.

To: Santa Cruz: Kresge College Academic – preliminary plans, working drawings, construction, and equipment – \$53 million to be funded from General campus funds (\$3 million) and external financing supported by State General Fund appropriations (\$50 million).

- (2) Approve the scope of the Kresge College Academic Project to provide approximately 25,000 assignable square feet of academic instructional and support space. At three stories, the facility includes a new approximately 600-seat lecture hall, another lecture hall, classrooms, and a computing laboratory.
- (3) Approve external financing in an amount not to exceed \$50 million plus related interest expense and additional related financing costs to finance Kresge College Academic. The Santa Cruz campus shall satisfy the following requirements:
 - a. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - b. The primary source of repayment shall be from State General Fund appropriations, pursuant to the Education Code Section 92493 et seq. Should State General Fund appropriation funds not be available, the President shall have the authority to use any legally available funds to make debt service payments.
 - c. The general credit of the Regents shall not be pledged.
- (4) Following review and consideration of the environmental consequences of the Kresge College Renewal and Expansion Project Draft Environmental Impact Report, of which the proposed Kresge Academic Project is a part, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff 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 Kresge College Renewal and Expansion Project.
 - b. Adopt the Mitigation Monitoring and Reporting Program for the Kresge College Renewal and Expansion Project, and make a condition of approval the implementation of mitigation measures within the responsibility and jurisdiction of the Santa Cruz campus.
 - c. Adopt the CEQA Findings and Statement of Overriding Considerations for the Kresge College Renewal and Expansion Project.
 - d. Approve the design of the UC Santa Cruz Kresge Academic Project.

D. *Approval of the Budget, Scope, External Financing, and Design Following Action Pursuant to the California Environmental Quality Act, Kresge College Non-Academic, Santa Cruz Campus*

The Committee recommended to the Regents that:

- (1) The 2018-19 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Santa Cruz: Kresge College Non-Academic – preliminary plans –\$9,661,000 to be funded from housing auxiliary reserves (\$8,127,000), Student Services Fee reserves (\$1.2 million), parking auxiliary reserves (\$100,000), and campus funds (\$234,000).

To: Santa Cruz: Kresge College Non-Academic – preliminary plans, working drawings, construction, and equipment—\$205.65 million to be funded by: Auxiliary – Student Housing/Dining reserves (\$8.5 million), Auxiliary – Student Fee reserves (\$1.2 million), Auxiliary – Parking reserves (\$100,000), General campus funds (\$27,547,000), external financing supported by student Housing/Dining Fees (\$161.5 million), and external financing from Century Bonds (\$6,803,000).

- (2) The base scope of the Kresge College Non-Academic project includes a net approximately 94,300 assignable square feet (asf). The project will provide approximately 84,300 asf of residential space, supplying approximately 400 new residence-hall-style beds for first year students, approximately 150 renovated apartment-style beds for continuing students, residential life space including a new café, study, and social lounges, and site improvements. The scope also includes approximately 10,000 asf of student programs space, 2,800 asf for academic office and support space, and outdoor program area, including circulation and parking lot improvements, outdoor commons, and a new accessible bridge. If the budget allows, an additional 2,800 asf of space will be added for a new Town Hall for student activities. If the budget also allows, the extent of renovation work performed in a portion of the academic support space may be increased but with no change to the project's total asf.
- (3) The President of the University be authorized to obtain external financing in an amount not to exceed \$161.5 million plus additional related financing costs to finance Kresge College Non-Academic. The President shall require that:

- a. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - b. As long as the debt is outstanding, the general revenues of the Santa Cruz campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - c. The general credit of the Regents shall not be pledged.
- (4) External financing (Century Bond 2015) in an amount not to exceed \$6,803,000 to finance the Kresge College Non-Academic project be approved. The Santa Cruz campus shall satisfy the following requirements:
- a. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - b. As long as the debt is outstanding, the General Revenues of the Santa Cruz campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - c. The general credit of the Regents shall not be pledged.
- (5) Following review and consideration of the environmental consequences of the Kresge College Renewal and Expansion Project Draft Environmental Impact Report, of which the proposed Kresge Non-Academic Project is a part, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff 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 Kresge College Renewal and Expansion Project.
 - b. Adopt the Mitigation Monitoring and Reporting Program for the Kresge College Renewal and Expansion Project, and make a condition of approval the implementation of mitigation measures within the responsibility and jurisdiction of the Santa Cruz campus.
 - c. Adopt the CEQA Findings and Statement of Overriding Considerations for the Kresge College Renewal and Expansion Project.

- d. Approve the design of the UC Santa Cruz Kresge Non-Academic Project.

D. *Consent Agenda: Approval of Preliminary Plans Funding, Pepper Canyon West Upper Division Undergraduate Student Housing Project, San Diego Campus*

The Committee recommended that the 2018-19 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Diego: Pepper Canyon West Upper Division Undergraduate Student Housing – preliminary plans – \$20 million, to be funded from auxiliary – student housing reserves.

E. *Approval of Increase to Undergraduate Nonresident Supplemental Tuition for 2019-20*

The President of the University recommends that the Finance and Capital Strategies Committee recommend that the Regents approve the increase in undergraduate Nonresident Supplemental Tuition shown in Display 1, to be effective commencing with the 2019-20 academic year.

DISPLAY 1: Proposed Increase to Undergraduate Nonresident Supplemental Tuition

	2018-19 Charge	Proposed Adjustment	Proposed % Change	Charges Effective 2019-20
Nonresident Supplementation Tuition				
Undergraduate	\$28,992	\$762	2.6%	\$29,754

Regent Makarechian stated that Chair Kieffer would separate this item from the others for voting purposes. Committee members were concerned that the tuition increase would make applying to the University harder for lower-income, nonresident, and international students because of its effect on students from countries where a UC tuition increase of \$762 was the equivalent of their parents' annual income in their home country.

President Napolitano acknowledged the difficulty of voting on tuition increases in the past years. She explained that the Committee was proposing a modest increase of 2.6 percent in nonresident tuition that is essentially a cost of living adjustment. These ongoing funds support the ongoing educational mission of the University for faculty and staff recruitment, the enrollment of resident and nonresident students, and financial aid for resident undergraduate students. In November, the Board approved a submission to the Department of Finance for the 2019–20 budget that anticipated revenues from a 2.6 percent adjustment to nonresident tuition, without which there would be a \$30 million hole in the UC budget that President Napolitano

doubted the Legislature would close. She urged the Board to vote for the tuition increase.

Regent Graves stated that he and Regent-designate Weddle visited all ten campuses and met with students, reaching out to international students. He shared that international students incur fees and costs beyond that of tuition, such as visa fees, legal fees, residence hall fees during breaks, basic needs, sending money back home—often sharing many of the same concerns as resident students. He recommended a multiple-year tuition plan so that students can anticipate tuition increases rather than having this discussion every year. Regent Graves urged fellow Regents to come up with a long-term solution to this issue.

Regent-designate Weddle stated that nonresident students frequently use basic needs services and that the idea that a tuition increase would not harm this community is false. Continuing to place the burden of the budget on nonresident students is unsustainable. She urged the Regents to vote “no” on the proposed increase.

Regent Makarechian, in addition to stating his opposition to the tuition increase in a previous meeting, noted that a nonresident tuition increase would be held constant in U.S. dollars, but foreign currencies have fluctuated and the increase places a burden on international students. He provided examples of currency changes in several countries. Regent Makarechian believed that each campus could save \$100 million from construction costs with better bidding methods. He stated that Governor Newsom has always opposed raising tuition and that UC should work with him for more State support. Regent Makarechian also recommended more fundraising and offered to help.

Regent Cohen stated that he was against the proposal in Committee and would be voting “no” on the proposal again before the Board. He cautioned against using students as “cash cows.” Undocumented students were the primary reason for Regent Cohen’s “no” vote in particular because of those students who do not satisfy State Assembly Bill (AB 540) requirements and cannot pay in-state tuition. He warned that a “yes” vote would raise tuition for some California students. He believed that all UC students were California students.

Regent Pérez acknowledged the basic understanding that there is a tuition differential because UC is a state institution and resident families have paid into the University as taxpayers. The other challenge is an inability to offer meaningful financial aid for out-of-state students. He Aarons^{26A}stated that this was immoral. Nonresident students have become economically less diverse due to increasing fees. The average American family does not even have a \$500 emergency fund to draw from, and this is an increase of \$762. The impact of the average international family situation is more dire. He agreed with Regent Graves’ recommendation of an admission group cohort such that a student can anticipate and assess tuition ahead of time. Previous tuition increases have led to students dropping out, and

Regent Pérez stated that this is unacceptable. Until there are tools in place that would place a portion of nonresident tuition in out-of-state financial aid, he could not support the current proposal.

Regent Guber, having taught at UCLA for almost 40 years, remarked that UC is an international community. International students give other students access to the international community, especially in the business schools. Not having that would be a detriment to the UC student body. The University should be viewing international students as an asset rather than a liability and determine how to keep it vital. He wondered whether there was another way to provide resources to these students so that they can stay at UC.

Regent Ortiz Oakley was concerned that, in raising fees, the University is committing itself only to the wealthiest nonresident students, which counters UC values. Students throughout the country and the world who are struggling to improve their lives look to the University of California to do so. The University has trapped itself into thinking that this is the only means of revenue, and Regent Ortiz Oakley rejected the notion that the Regents created this trap. He stated that he was not against raising tuition if there was a clear plan and noted that UC has been reacting instead of planning ahead. He called on the University to reframe its relationship with the Legislature and believed that legislators and Governor Newsom would be open to a conversation about this. Regent Ortiz Oakley stated that he could not support the tuition increase at this time.

Regent Kounalakis stated her intent to vote against the tuition increase. She added that, in the last ten to 11 years, the burden of the expense of running the UC system has shifted from taxpayers and the State to students. Regents must raise their voices and tell the Legislature that this is an unsustainable process. Now that revenues in the State General Fund are in surplus, the University should make an assertive push to restore State funding lost in 2008 and 2009. Regent Kounalakis stated her intention to strongly advocate for a significant increase in State funding to UC in this budget cycle and called upon all Regents to join her.

Regent Estolano stated that she would be voting against the increase because of the need to fix AB 540 requirements, and voting to approve the increase would not solve the problem. Regent Estolano also stated the need to address what it means to have a world-class university. The University must have students from a variety of countries and a variety of socioeconomic backgrounds.

Staff Advisor Main empathized with those voting against the increase but wanted to add a staff perspective. A \$30 million cut would mean cuts to staff and student programming. She called upon the Board to consider these cuts and added that she would advocate for alternative solutions.

Regent Lansing noted that it was counterintuitive to vote to raise Professional Degree Supplemental Tuition and then vote against a nonresident tuition increase.

She believed that the University should improve the diversity of its in-state student population. Regent Lansing also acknowledged the plight of Deferred Action for Childhood Arrivals (DACA) students. She recommended deferring the item, talking to the Legislature, and exploring scholarship opportunities. Regent Lansing opposed the negative impact on staff and constantly returning to discuss tuition.

Chair Kieffer noted that tabling the item was an option.

Regent Leib stated that he voted “no” in Committee. He was concerned that the \$30 million shortfall would lead to cuts to program that would negatively affect in-state students and believed UC could seek more funding from the Legislature for those programs. He added that he would support a motion to table.

Regent Makarechian reported that tuition for almost 95 percent of international students has doubled because of currency fluctuation, which would have a huge effect on diversity.

Regent Sures asked for an explanation for newer Regents of the procedure for tabled items. Chair Kieffer explained that there were recommendations made to explore other sources of funding, that there were statements calling for funding of programs rather than a total buyout, and that Regent Kounalakis and others called for a more aggressive push for more State funding, irrespective of in-state and out-of-state funding, if the item is tabled. The item would return at the next Regents meeting but could be discussed in the interim. Regent Pérez added another consideration of seeking alternative means to provide financial assistance to nonresident and international students.

President Napolitano acknowledged the will of the Board and also urged the Board to recognize the impact that a \$30 million shortfall has on programming. She asked the Regents to consider how UC can meet its budgetary needs in order to run at the level of quality for which it is rightfully known. President Napolitano emphasized UC’s primary mission to educate the next generation of Californians. Admission letters were being sent around this time, and out-of-state and international students decide which school to attend earlier than resident students. The President hoped to be able to include in acceptance letters to nonresident students the possibility of a cost of living adjustment of 2.6 percent in order to give students notice and provide transparency. While there is no commitment from the Board, it would afford the Board time to pursue the discussed alternatives.

Upon motion duly made and seconded, the recommendation to table the item was approved, with Regents Graves and Zettel voting “no.”

F. ***Replacement of the University House and Event Center, Santa Cruz Campus***

Regent Makarechian reported that the Committee thought that the proposed cost of replacement was very high. The Santa Cruz campus agreed to readjust those

numbers and look at alternative ways to design and bid for this project.

G. ***Upper Hearst Development for the Goldman School of Public Policy and Housing Project, Berkeley Campus***

Regent Makarechian briefly summarized this item, a mixed-use project that would help the Berkeley campus meet several critical needs. The Goldman School of Public Policy would have the expanded facilities needed to most effectively deliver its degree programs and have up to 150 housing units.

H. ***Overview of Parnassus Heights Planning and Renovation of UC Hall, San Francisco Campus***

Regent Makarechian reported that the Health Services Committee had also reviewed this item and was in support of it. This was a proposal for a major new hospital on the Parnassus Heights campus and for an overall revitalization of the campus site.

I. ***Review of the Guiding Principles for the Establishment and Management of UC Office of the President Reserves***

Regent Makarechian recalled that the State Auditor has asked that the Office of the President establish guidelines for program-related reserves. The guidelines would be presented to the Auditor in April.

J. ***Significant Information Technology Projects Report for the Period September 1, 2018 through December 31, 2018***

Regent Makarechian stated that 22 information technology (IT) projects were reported to the Committee, four of which had budgets of \$25 million or over. UCPATH, the UCLA Financial System Replacement Project, the UCI Student Information Replacement Project, and the Pension Administration Modernization Project were discussed in Committee.

Upon motion duly made and seconded, the recommendations of the Finance and Capital Strategies Committee were approved, with the exception of item E. above, which was tabled.

Governance and Compensation Committee

The Committee presented the following from its meeting of March 13, 2019. The Committee considered four action items and two discussion items:

A. ***Amendment of Bylaws and Committee Charters: Establishment of a National Laboratories Committee, and Adoption of National Laboratories Committee Charter***

The Committee recommended to the Regents that, effective July 1, 2019:

- (1) Following service of appropriate notice, the Bylaws of the Regents of the University of California be amended as shown in Attachment 3.
- (2) The Charter of the Academic and Student Affairs Committee be amended as shown in Attachment 4, effective upon final approval of the Bylaw amendments in paragraph (1).
- (3) The National Laboratories Committee be established and the Charter of the National Laboratories Committee be adopted as shown in Attachment 5, effective upon final approval of the Bylaw amendments in paragraph (1).

Chair Kieffer briefly summarized this item.

B. *Amendment of Bylaw 27.5 – Interim Actions and Bylaw 23 – Officers of the Corporation*

The Committee recommended that, following service of appropriate notice, the Regents amend Bylaw 27.5 – Interim Actions and Bylaw 23.3 – Officers of the Corporation, as shown in Attachment 6.

Chair Kieffer briefly summarized this item.

C. *Resolution to Exclude Access to Federal Classified Information*

The Committee recommended that the resolution pertaining to the University's Department of Energy Facility Security Clearance be approved as shown in Attachment 7.

E. *Rescission of Veterinary Medical School Strict Full-Time Salary Plan, Davis Campus*

The Committee recommended that the Regents:

- (1) Rescind the November 22, 1968 UC Davis Veterinary Medical School Strict Full-Time Salary Plan Regents action in its entirety, effective July 1, 2019, as shown in Attachment 8.
- (2) Delegate authority to the President of the University to implement salary administration for faculty in the UC Davis School of Veterinary Medicine.

F. *Impact of Narrowing UC Office of the President Non-Represented Salary Ranges*

Chair Kieffer reported that UCOP was currently carrying out the State Auditor's requirement to narrow its compensation ranges.

F. ***Update on Workstream #2, Implementation of Phase 2 of UC Office of the President's Workforce Plan: Gather and Analyze Workforce Data***

Chair Kieffer reported that this was a continuing effort to examine the size, purposes, and services within UCOP for the last two years, reviewing reports such as the Huron report and the Sjoberg Evashenk "University of California 10 Campus Study." Chair Kieffer felt more confident to assure the State government and the Board that the University is doing what is expected of it to meet its obligations in the most efficient way possible. He shared his pride in the work of the Board and UCOP under a very heavy burden of work.

Report of the Health Services Committee

The Committee presented the following from its meeting of February 11, 2019. The Committee considered one item for action by the Committee and five discussion items:

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

This item was not summarized at the Board meeting.

B. ***Consent Agenda: UC Health Capital Financial Plan***

Regent Lansing briefly summarized this item. The Committee acted to waive its authority to review certain UC Health-related projects included in the 2018-28 Capital Financial Plan

C. ***Strategic Plan and Fiscal Year 2019-20 Budget For UC Health Division, Office of the President***

Regent Lansing briefly summarized this item. The UC Health budget would thus be divided into two parts – the UC Healthcare Collaborative, supported by center revenues, and the remainder of the divisional office activities, supported by State General Fund monies from UCOP.

D. ***Update on Student Mental Health Services***

Regent Lansing reported that the Committee held additional meetings discussing how students could access counselors more quickly. A working group was formed to ascertain how to obtain extra funding. Regent Leib has been working with Sacramento Mayor Darrell Steinberg and others on drawing Proposition 63 funds.

E. ***The University of California Collaborative on Physician Well-Being***

Regent Lansing reported that a working group was formed to discuss how to monitor physician health, how to notice signs of physician burnout, and confidential reporting.

F. *Overview of Parnassus Heights Planning, San Francisco Campus*

Regent Lansing reported that UCSF had a \$500 million commitment from the Diller Foundation for this project.

G. *Canopy Health Progress Report and Strategic Plan Update, UCSF Health, San Francisco Campus*

This item was not discussed at the Health Services Committee meeting.

Report of the Investments Committee

The Committee presented the following from its meeting of March 12, 2019. The Committee considered two discussion items:

A. *Overview of the Markets and Performance*

Regent Sherman briefly summarized this item, explaining the Chief Investment Officer Bachher will provide a broad overview of the public and private markets and discuss how increasing volatility factors into UC's long-term investment strategy.

B. *Update on Asset Classes and Investment Products*

Regent Sherman shared the latest numbers for all asset classes and investment products at UC, noting that the decrease in value reported as of December 31, 2018 had been recovered as of February 28, 2019.

Report of the Special Committee on Basic Needs

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

A. *University of California Undergraduate Experience Survey (UCUES) Data and Dashboard Information about Basic Needs*

Regent Graves provided examples of food insecurity and homelessness data from the results of UCUES and other surveys that were reported during the presentation of this item.

B. *Basic Needs Programs and Services Funding Priorities*

Regent Graves briefly summarized this item, which was a presentation by Systemwide Basic Needs Committee Co-Chairs Ruben Canedo and Tim Galarneau on current programs and services on the campuses.

C. ***Governor's 2019-20 Budget Proposal: Student Hunger and Housing Initiatives***

Regent Graves briefly summarized this item, in which Associate Vice President David Alcocer presented a proposal of how the University would use the \$15 million that Governor Newsom has allocated in his initial budget for basic needs.

Report of the Special Committee on Nominations

The Committee presented the following from its meeting of March 1, 2019. The Committee considered one action item:

A. ***Appointment of Two Regents to Standing Committees and Subcommittees for 2018-19***

- (1) The Special Committee recommended to the Regents the following committee appointments, effectively immediately through June 30, 2019:
 - a. Regent Kounalakis be appointed as a member of the Academic and Student Affairs Committee and the Finance and Capital Strategies Committee;
 - b. Regent Sures be appointed as a member of the Academic and Student Affairs Committee;
- (2) The Special Committee recommended to the Regents that Regent Kounalakis be appointed as a member of the National Laboratories Subcommittee, effective immediately through June 30, 2019 and contingent upon her appointment to the Academic and Student Affairs Committee.

Upon motion duly made and seconded, the recommendations of the Special Committee on Nominations were approved.

6. **MULTI-YEAR PLAN FOR THE UNIVERSITY**

President Napolitano introduced the presentation, which was a continuation of the University's multi-year framework discussion from the January 2019 Regents meeting, which focused on undergraduate degree attainment. This presentation would focus on graduate degree attainment strategies and efforts to invest in the next generation of faculty and research.

Provost Brown began his remarks by recalling that, at the November 2018 Regents meeting, members of the Academic and Student Affairs Committee challenged him to bring a plan to revitalize the academic quality of UC. He hoped that the multi-year budget framework incorporates what the Regents want to see in such a plan. As a public research university, UC has a special role to play in the production of scholarship that serves the public good and the development of the next generation of scholars and professors. Provost

Brown provided the example of former UCSF professor Elizabeth Blackburn and UC Santa Barbara and UC Berkeley alumna Carol Greider, who are recipients of the Nobel Prize for their discovery of the telomerase enzyme. Ms. Greider is currently the Daniel Nathans Professor and Director of Molecular Biology and Genetics at Johns Hopkins University and is engaged in producing the next generation of diverse scholars. Investing in scholars results in a repeating cycle of scholars investing in students, students becoming scholars, and these new scholars produce the next generation of scholars and innovations.

Vice President Brown highlighted the University's goals for graduate education. Of the 200,000 additional degrees by 2030, 20 percent, or about 40,000, will be graduate degrees. The University was also exploring ways to close graduate and doctoral degree attainment gaps for Pell Grant recipients, underrepresented students, first-generation students, and women. In order to add more degrees, UC must add to its professoriate.

Twenty-five percent of UC faculty and 20 percent of California State University (CSU) faculty earned their Ph.D. from UC. Currently 70 percent science, technology, engineering, and mathematics (STEM) and more than 70 percent of arts and humanities doctoral degrees produced in California come from UC. Half of California healthcare residents trained are by UC. Graduates of the University produce nearly 600 new inventions per year, and, every two weeks, these inventions lead to a startup company forming, which means job creation and economic support.

First-generation students and Pell Grant recipients are less likely to obtain a graduate degree, and the higher earning potential of a graduate degree could help these students with economic mobility. Underrepresented students, Pell Grant Recipients, first-generation students, and women less are likely to obtain a doctoral degree. Increasing those percentages would help UC's efforts to diversify the professoriate.

First, faculty growth would help achieve the multi-year framework's degree attainment goals. While these goals are set for 2030, campuses have provided an outlook on faculty growth in the next four years, and the shorter time frame allows the University to observe its progress. Over the next four years, UC plans to grow its ladder rank faculty by 270 each year. Faculty growth would help undergraduate degree attainment by exposing students to research and providing more course offerings and therefore more units for students. In the January 2019 Regents meeting, Chancellor Leland underscored the importance of student engagement for degree attainment. Faculty would be involved in developing the bachelor degree attainment programs they have proposed. With regard to graduate degree attainment, faculty growth would help student mentorship and advising, which develops the next generation of scholars and professionals.

Second, faculty growth would help meet growing demand for new programs in the State of California. According to the UC Undergraduate Experience Survey (UCUES), students are less likely to attain their first-choice major, so more faculty are needed to expand popular disciplines. Campuses are also wish to develop joint bachelor's and master's degree programs, and initial data indicates that students who earn undergraduate and

graduate degrees in California are more likely to stay in California. Other new academic programs include public humanities, ethnic studies, machine learning, and cybersecurity.

Third, faculty growth would expand research and economic opportunity. At UC Riverside and UC Merced, in particular, increasing research faculty and bringing research dollars into those communities would help advance economic development in those regions. New research areas of interest to campuses include: developing a smart energy grid, improving immigration and healthcare policy, understanding the effects of climate change, and finding ways to incorporate UC inventions into society sooner through incubators and accelerators.

One overarching aspect of the multi-year framework is fulfilling expectations in the UC Diversity Statement (Regents Policy 4400: Policy on University of California Diversity Statement). At the undergraduate level, eliminating graduation gaps and improving outcomes for Pell Grant recipients, first-generation students, and underrepresented students, as well as eliminating doctoral degree attainment gaps, will help increase the pool of graduates from which UC can grow the next generation of UC faculty.

Chancellor Gillman provided an overview of how UC Irvine's plans will fulfill the goals of the multi-year framework. The campus unveiled its strategic plan several years ago to grow, serving more students in California, and to make a stronger contribution to the region and the world. In particular, UCI wanted to grow its student body by approximately 7,000 and permanent faculty by 25 percent. The campus had to expand faculty where student demand had skyrocketed, such as engineering, computer science, data analytics, and health sciences. There was also an opportunity to improve capacity for high-impact team science in order to address global challenges and bring new dollars into the region and build a commercialization and technology transfer ecosystem that would benefit Orange County. Growing a variety of health sciences within an integrated structure inspired a historic \$200 million gift to the UC Irvine College of Health Sciences from Susan and Henry Samueli. This would also grow the graduate student population, which would help diversify the future professoriate. While the life cycle of student is a few years, the life cycle of faculty is 30 to 40 years, so growth is necessary to create a more diverse faculty. The campus is committed to creating best practices for more inclusive recruitment, and UC Irvine is part of a 15-campus national effort to model diverse faculty recruitment in STEM fields. The campus has added 4,000 undergraduate students in the last three years but has not grown its faculty at an expected pace because of tuition, core budget, and revenue uncertainties. UC Irvine has hired faculty at a rate of 30 per year instead of 50 or 60 per year. The campus would like to add 3,000 new graduate students in the next few years to contribute to the pipeline of future faculty and other professions, but having a more predictable multi-year plan is an ongoing concern. Chancellor Gillman looked forward to the Regents providing more predictability to campuses with strategic plans.

Chancellor Wilcox provided an overview of how UC Riverside's plans will fulfill the goals of the multi-year framework. *U.S. News & World Report* ranked UC Riverside the 35th public university, a jump of 39 points. The first step of this campus' transformation was an investment in faculty; Riverside grew from 654 ladder rank faculty in 2013 to 841

currently. The campus also boasts a 20 percent increase in its four-year graduate rates, a 50 percent increase in research funding, elimination of six-year graduation gaps, and elimination of the graduation gaps between Pell Grant recipients and non-Pell Grant recipients, which is rare in the United States. *Money* magazine has ranked the City of Riverside 19th in the country to grow a business, and *Ink* magazine ranks Riverside 23rd for starting a new business—these magazines discuss UCR’s incubators, accelerators, and faculty. The quantity of faculty is also key; Riverside campus counts a Pulitzer Prize finalist, National Book Award finalist, Nobel Laureates, and 39 National Science Foundation career grant recipients as faculty. One of the Nobel Laureates is teaching introductory physics. Historically, Riverside recruited ten to 13 percent underrepresented minority (URM) faculty, which has now been rising to 22 percent in the last three hiring cycles. The campus hired over 32 percent women historically and had now recruited 47 percent women, getting closer to 50 percent. With regard to graduate students, Riverside aims to have 20 percent graduate students, an increase from the current 15 percent. Like undergraduate student growth, graduate student growth improves with pipeline programs, “4+1” bachelor’s and master’s degree programs, outreach programs, mentoring programs, and bridge programs. In the last few years, Latino/a graduate student enrollment grew to 16 percent, which is about 185 people. Looking to the future, in addition to growing its graduate student population, UCR plans to enroll a total student population of 35,000 by 2035; the campus currently has 24,000 students. The campus will need 80 to 100 ladder rank faculty and a similar number of clinical faculty. Chancellor Wilcox closed his remarks by stating that UC Riverside’s future is about management. The campus is the most tuition-dependent campus and one of the fastest changing campuses in the system, and over half of its undergraduate students are Pell Grant-eligible. State support would go to operations and facilities. Chancellor Wilcox stated that UC Riverside was very appreciative of the Board-endorsed multi-year framework.

Provost Brown added that hiring new and diverse faculty supports growth and diversity of graduate students. Obtaining competitive faculty salaries for diverse scholars is challenging, and diverse graduate populations need support packages to attend UC. Undergraduate students benefit from being educated by inclusively representative and top-notch ladder rank faculty. Students of diverse backgrounds need support in a wide range of areas, and a campus’ physical and technological infrastructure needs to be renovated, improved, or constructed if it does not yet exist. The multi-year framework is academic in nature, but budgeting plans must consider all of these aspects.

Regent Zettel asked how a potential \$30 million budget hole would affect campus programs for closing the degree attainment gap, faculty hiring, pipelines, and improving diversity. Chancellor Gillman responded that one isolated issue of \$30 million will have some impact, and campuses have been working creatively with restraint for some time, but the accumulated strain makes a significant impact. As a result, UC Irvine has been unable to keep pace with faculty hiring despite its strong commitment to expand in this regard, enrolling more students without being able to hire faculty for them. Chancellor Gillman emphasized that it would be extremely beneficial to campuses with strategic plans if there is a consensus on State support and tuition. Chancellor Wilcox recalled that, at the last Board of Regents retreat, it was agreed that regular, predictable tuition increases would

allow campuses, students, and students' families to plan. He did not see the University following through on this idea. With regard to an increase in nonresident tuition, UC Riverside has only four percent nonresident students, so the impact is of no consequence. Furthermore, with a three percent increase in cost with no increase of resident tuition, the campus will have a \$14 million shortfall next year. Chancellor Wilcox echoed Chancellor Gillman's call for more systematic and predictable plans.

Provost Brown underscored the importance of regular, predictable, and complete increases in tuition. Part of the challenge in a tuition increase discussion is that it is seen as an increase in cost rather than something more comprehensive. Provost Brown hoped the University could get ahead of the issue instead of always reacting after the fact.

Regent Park commented that these goals are for the future economic health and vitality of California and the country. A public university is not an ivory tower; rather, a public university is about solving real problems for real people as evidenced by speakers during the public comment session.

Regent Makarechian stated his concern that tuition increases have a negative impact on existing students who are forced to drop out of the school. He suggested that all tuition increases be only for new students. Regent Makarechian also mentioned that projects funded by external financing were once supported by State bonds and that the University should work with the new Governor to bring back that support.

Regent Cohen asked by how many faculty members the University was seeking to expand beyond what is covered through enrollment growth. Ms. Brown responded that the next presentation would provide an answer to that question.

Regent Ortiz Oakley advised presenting this to the Legislature to show them what the University is funding. CSU had relative success in its budget this year because it showed what and who were going to be funded. The University must change the narrative in the Legislature. He also recommended giving this topic another name to package it better.

Chair Kieffer explained that the disinvestment in the University and public higher education began radically in the 1990s and is a continuing story. Another ongoing story is that of the Board becoming uncomfortable with a policy it thinks it has set. During the last retreat, the Board agreed on modest tuition increases, which are connected to the cost of living, in order to avoid more radical ones. He felt that the multi-year plan or vision matched those of the Legislature and the Governor. He believed that the Legislature was looking for a partnership with UC and that the hope of the Legislature bringing back historic majority funding was somewhat naïve. Chair Kieffer acknowledged no one in public life is comfortable voting for tuition increases. He agreed that the framework needed more packaging and summarizing.

7. **PROPOSED MULTI-YEAR BUDGET PLAN**

Executive Vice President and Chief Financial Officer Brostrom introduced the presentation by recalling the objectives of the multi-year framework, and he stated that the University's budget plan identified resources that would support those objectives in a way that is predictable, reasonable, and sustainable. The budget plan must support current students, faculty, and staff and must also be sustainable, focusing on the operating budget, capital budget, and long-term liabilities of the University. Mr. Brostrom mentioned several of the the budget's guiding principles, such as excellence, access, and affordability, and he underscored the importance of a partnership with the Legislature.

Associate Vice President David Alcocer stated that the multi-year budget plan was organized around three components: sustaining core operations, funding the framework, and addressing capital needs, seismic safety, and deferred maintenance projects.

With regard to sustaining core operations, Mr. Alcocer reported that salaries and benefits comprise about two-thirds of UC's core fund expenditures. There are four goals under the salary component of the plan: 1) meet current and proposed commitments under collective bargaining agreements; 2) prevent wage erosion for non-represented faculty and staff; 3) fully fund the faculty merit program; 4) close the salary gap for faculty. The plan also includes funding for the UC Retirement Plan (UCRP), student financial aid and mental health, and \$15 million of new, ongoing funding for basic needs from the Governor's January budget. All other non-personnel cost increases would be held at inflation.

Mr. Brostrom explained the role OF UC's finance and operations efforts in the budget plan. Ten years ago, the University launched the Total Return Investment Pool (TRIP), which currently has \$9 billion invested in it. Excess revenues from TRIP flow to the chancellors to support core operations on campus. At the November 2018 Regents meeting, the Regents authorized the creation of the Blue and Gold Endowment, which enables campuses to further optimize working capital and asset management and generate discretionary revenue for the budget. Campuses have exceeded \$2 billion in private philanthropy for fourth straight year. Over 98 percent of giving to UC is restricted; the challenge is to increase giving to the core operating budget. The University must continue its efforts to reduce operating expenses through existing efforts in procurement, risk services, and partnership with CSU.

Chair Kieffer asked how much money from philanthropy was available for core operations. Mr. Brostrom replied that UCOP wants to develop new programs, such as the endowed chair model and student financial support, that reflect the wishes of the donor but put the money toward the core operating budget. He added that there are wide disparities in philanthropy and asset management between the campuses.

Mr. Brostrom explained cost control in the context of the multi-year plan. Despite a 2.4 percent increase in enrollment and a 0.6 percent increase in overall staff, the number of staff supported by core funds declined by 1.4 percent annually, so there needs to be a reinvestment in staff, especially staff who support students. Benefits to current and former

UC employees total \$2 billion out of UC's \$36 billion total expenditure. UCRP is \$1.4 billion, \$450 million of which come from core resources. Borrowing from the Short Term Investment Pool (STIP) to fund UCRP has increased funding status without seeking more contributions from campuses and medical centers.

Chair Kieffer asked Mr. Brostrom to explain why staff costs have decreased compared with enrollment. Mr. Brostrom explained that, out of the \$36 billion budget, 25 percent is made up of core funds, which is comprised of State funds, tuition, and UC General Funds. About 80 percent of the overall staff growth came from the medical centers; the medical centers and health sciences make up nearly 45 percent of UC revenues and expenditures.

Mr. Brostrom continued his presentation and spoke about the decline in core funding over the past 17 years owing to factors such as funding cuts during the 2008 recession. The University raised tuition during these times and also added funding to its financial aid program; the State added to UC funding as well. The University restarted its contributions to UCRP in 2010 after a hiatus since 1991. The University has continued to increase enrollment, and, adjusted for inflation, core funding has grown ten percent since 2000. During that time, the University also added approximately 100,000 students, and core funding on a per-student basis has decreased. New revenue generation and cost containment has helped offset that decline, but other factors such as the disinvestment in staff and the increase in the student-faculty ratio have negatively affected the student experience.

Regent Makarechian asked about current core funding in the context of the State dropping its General Funds to UC by about one-third. Mr. Brostrom responded that, not only has the overall amount of State funding declined, but the sources of supporting it has shifted. In 1990–91, the State paid about 75 percent of student expenditures, but now tuition and the State cover roughly equal amounts. Regent Makarechian remarked on the need to present to the State the two major factors that have undercut the chancellors' ability to fund programming—1) interest payments for educational facilities that the State no longer pays and 2) contributions to UCRP from UC core funds. Regent Makarechian also asked what those total interest payments were per year. Mr. Brostrom responded that there were \$12 billion outstanding in general revenue bonds, which is roughly \$500 million per year. Regent Makarechian mused that discussions were so focused on a \$30 million hole when there were \$700 million to \$800 million “mountains.” Mr. Brostrom remarked that comparing private benefit accrued to a student versus public benefit accrued to the State was another way to present funding impact to the Legislature.

Regent Kounalakis stated that small pieces of data can tell a very powerful story of how UC has adapted to this new funding environment. Over course of 18 years, per-student State funding decreased by over \$10,000 per student and, at the same time, enrollment has risen. She recommended that these figures should be presented together to show that the money has had to come from other places, some of which may not have been ideal. The University should also communicate that it is investing in the economy, social fabric, and students of California. Mr. Brostrom replied that, in 2000–01, State General Funds to the University were \$3.19 billion. In 2017–18, those funds were \$3.2 billion, essentially the

same amount. Also in that time, UC grew from 171,245 students to 272,000 students with that same level of funding. She recommended determining how this affects students, such as larger class sizes, and fewer resources such as mental health services.

Mr. Alcocer stated that the budget plan would support an additional 6,300 California undergraduate students between now and 2022, which means access to California students will have increased by 20,000 seats. The plan would also allow more graduate student enrollment; undergraduate nonresident enrollment would grow more slowly than it has in the past.

Each campus has its specific goals for student success, with the largest area of investment in student advising. Other sources of investment include online course development, reducing time to degree, and expanding summer bridge programs. Campuses have also set goals for faculty hiring, expanding course sections to reduce class size, and providing more opportunities for undergraduate students to interact with world-class faculty.

The University's budget plan for 2019–20 calls for annual base budget adjustments for the last three years of the plan, averaging about 3.2 percent per year. The marginal cost of educating one student, an estimated \$20,000 next year, will be covered partly by the student's tuition and fees, and the remainder will be covered by the State, estimated to be \$11,512. The portion of student tuition and fees that go to financial aid is not included when calculating marginal cost. The University seeks incremental State funding of \$60 million toward improving graduation rates, closing achievement gaps, and investing in faculty, and it seeks to work with the State to develop a strategy for sustaining access, excellence, and affordability in the event of an economic downturn.

The plan sets a goal to keep in-state tuition, the Student Services Fee, and nonresident tuition flat in constant dollars, rising only according to inflation, in order to provide predictability. Increasing tuition according to inflation rates would generate new funding for financial aid; one-third of new revenue would be set aside for need-based aid. Mr. Alcocer highlighted the Middle Class Scholarship program established under the leadership of Regent Pérez during his time as State Assembly Speaker.

Mr. Brostrom spoke about UC's capital needs, categorized as medical centers, auxiliary enterprises like housing projects, and general education and research, the latter lacking an identified funding source. The University has not had a general obligation (GO) bond since 2006 and lease revenue bond since 2011, so one of UC's primary areas of advocacy is putting a GO bond on the ballot in partnership with CSU. He concluded the presentation by indicating that more work needed to be done on the resilience of the plan in anticipation of an economic downturn.

Chair Kieffer acknowledged Governor Newsom's advisor on higher education Lande Ajose for attending the meeting. Ms. Ajose is chair of the California Student Aid Commission and a UCLA graduate.

Regent Pérez stated that the plan does not reflect the impact on out-of-state students and resident students misclassified as out-of-state, such as undocumented students. He called on the Office of the President to look into it. Regent Pérez indicated that another problem was framing the conversation around tuition instead of total cost of attendance. Even in years when tuition has been held flat, housing and food costs have gone up. He also recommended incremental tuition increases for prospective students in order to provide predictability for both current and prospective students. This would 1) generate more revenue than in years when there were no tuition increases and 2) provide greater predictability for families. Mr. Brostrom agreed that this was a good suggestion, and stated that it would give predictability to both students and the financial aid model. Regent Pérez added that, given the health of the State's rainy day fund, it should be able to insulate against a normal economic downturn.

Regent Leib asked if it was true that the State pays \$500 million toward CSU retirement but gives nothing to UC. Mr. Brostrom replied that UC has received one-time funding, \$436 million in Proposition 2 funding. Regent Leib suggested that, in making a case for more funding to the Legislature, to indicate that State funding has gone down while tuition has gone up.

Regent Park recommended ways to keep total cost of attendance down. Housing costs can be brought down using unique attributes of UC's housing financial model. She raised CalFresh and Open Textbooks as other examples of cost reduction. She referred to this as a watershed moment to reduce costs and wondered whether UC could derive further value from its assets during the summer and potential intellectual property opportunities. Regent Park also suggested that UC provide loan repayment advice for students as they graduate. Mr. Brostrom added that UC must better educate students about loans.

Regent Graves noted that UCOP has monthly phone calls about the budget with students and called on Mr. Brostrom and Mr. Alcocer to share the data from this presentation with students.

Regent Lansing recommended creating a framework so that entering freshmen could anticipate increases rather than having a conversation about tuition every year. She thanked the Governor for putting UC at a very good starting point in his budget.

Staff Advisor Klimow thanked UCOP for including staff in the budget plan. As more expectations are placed on staff, they feel more compressed, and staff retention issues result, which increases costs. She called for staff to be included as part of the equation in conversations with the Legislature. She emphasized that UC cannot achieve its goals without staff.

Regent Sherman noted that all costs are rising by three percent and that the money has to come with somewhere. He recommended a tuition contract for entering freshmen that covered four years with a smoothed-out annual fee that incorporates a three percent increase. Mr. Alcocer responded that other Regents have recommended similar models and that it was worth revisiting. There is administrative overhead associated with such model,

and UC would need the partnership of the California Student Aid Commission and others. Cal Grants could be tied to what a student pays in a given year. Some schools offer a tuition guarantee of a fixed, slightly higher price, but the University has not taken this route because it would be charging some students more than others. Regent Sherman stated these programs must be pursued because of the same conversations about tuition every year. Chair Kieffer added that it is time to execute such a tuition plan. This budget plan has included a modest tuition increase every year. The University has adopted this plan implicitly and now must commit to it.

Regent Estolano stated her belief that the total cost of attendance is the most relevant factor and asked whether incorporating UC's investment in housing could benefit total cost of attendance. A steady increase in tuition with capital investment and favorable bond financing may help reduce the total cost of attendance. Mr. Brostrom responded that the University only houses 35 percent of students with goals of housing 45–50 percent in the future, but there are many extraneous factors UC cannot control, such as the housing market. Regent Estolano stated that, if the University does not do its fair share to house students, it would be contributing to what is happening across the state. In her visit to UCSD, Regent Estolano recalled guaranteed graduate student housing. She also mentioned representatives from the Snail Movement at UCSC who were advocating for a safe space for students living in their vehicles. Housing is the largest driver that keeps students from attending, and UC must speak the language of its students who cannot afford housing in these high-price markets. It may have a bigger impact than tuition increases.

President Napolitano stated that UCOP has had many conversations with Regents and campus leadership, and this is the University's vision for closing graduation gaps and supporting additional faculty and research. She hoped the Regents would leave this meeting with a vision for the future and of what actions would be necessary.

8. **MID-YEAR REPORT OF THE UC OFFICE OF THE PRESIDENT'S BUDGET TO ACTUAL EXPENDITURES AND SECOND QUARTER FORECAST FOR FISCAL YEAR 2018-19**

Associate Vice President Zoanne Nelson stated that this presentation would review how the budget is presented, because the 2019–20 budget would be presented for action at the May meeting and a comparison will be provided with the 2018–19 budget. This mid-year review is provided every March.

Chair Kieffer asked whether the State Auditor's recommendations for budget presentation differs from how the budget will be presented in May. Ms. Nelson noted that most recommendations have been incorporated but the Office of the President (UCOP) was still in conversation with the State Auditor regarding how to present fund balances, reserves, and commitments. Chair Kieffer asked whether reserves were available to be used. Ms. Nelson responded that an update on program reserves was provided at the Finance and Capital Strategies Committee meeting. UCOP is concerned that the totals numbers from the State Auditor do not provide context, differentiate between a reserve and a fund

balance, show the availability of a fund balance, or show UCOP's commitment to reallocate money to the campuses.

Regent Cohen asked about the four percent below forecast and the projected one percent over-expenditure, and he asked whether there was a corrective action plan. Ms. Nelson responded that UCOP is moving toward more accurately laying out monthly expenditures over the year. In the meantime, a midpoint is created by taking six months of the full year, but expenditures tend to be loaded later in the year, which is why they appear under forecast. The projected one percent over-expenditure comes from not being able to fully anticipate the amount of revenue that UC will receive; some expenditures were higher than expected. Regent Cohen recommended a presentation that separated revenue sources and expenditures more clearly. Ms. Nelson stated that this was UCOP's first time doing quarterly forecasts and that UCOP is still learning to do this effectively.

9. **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 Board, the Vice Chair of the Governance Committee, the Chair of the National Laboratories Subcommittee, and the President of the University approved the following recommendation:

Appointment of and Compensation for Craig Leasure as Interim Vice President – UC National Laboratories, Office of the President in Addition to his Existing Appointment as Associate Vice President – UC National Laboratories, Office of the President

Recommendation

That the following items be approved in connection with the appointment of and compensation for Craig Leasure as Interim Vice President – UC National Laboratories, Office of the President in addition to his existing appointment as Associate Vice President – UC National Laboratories, Office of the President:

- (1) Per policy, appointment of Craig Leasure as Interim Vice President – UC National Laboratories, Office of the President, effective February 5, 2019 through January 31, 2020, or until the appointment of a new Vice President – UC National Laboratories, Office of the President, whichever occurs first.
- (2) Per policy, continued appointment as Associate Vice President – UC National Laboratories, Office of the President.

- (3) Per policy, an annual base salary of \$374,500 during the appointment as Interim Vice President – UC National Laboratories, Office of the President, during a transition period from January 22, 2019 through February 4, 2019, and during a two-month transition period following the appointment of a new Vice President – UC National Laboratories, Office of the President. At the conclusion of the second transition period, Mr. Leasure’s annual base salary will revert to his annual base salary in effect as of January 21, 2019 (\$350,000) plus any adjustments made under the UC Office of the President salary program during the transition periods and/or the interim appointment.
- (4) Per policy, continuation of standard pension and health and welfare benefits and standard senior management benefits including eligibility for Senior Manager Life Insurance and eligibility for Executive Salary Continuation for Disability (eligible after five consecutive years of Senior Management Group service).
- (5) Per policy, continued eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
- (6) Per policy, continued eligibility for reimbursement of actual and reasonable moving and relocation expenses associated with relocating his primary residence to accept the Associate Vice President – UC National Laboratories, Office of the President, appointment, subject to the limitations under Regents Policy 7710, Senior Management Group Moving Reimbursement.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: January 22, 2019

Annual Base Salary: \$374,500

Incentive Compensation: N/A

Target Cash Compensation:* \$374,500

Funding: Non-State-Funded (Department of Energy Funds)

Budget and/or Prior Incumbent Data

Title: VP – UC National Laboratories

Annual Base Salary: \$387,919

Incentive Compensation: N/A

Target Cash Compensation:* \$387,919

Funding: Non-State-Funded (Department of Energy Funds)

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

Background

Following the announcement of Vice President Kimberly Budil's resignation, effective February 4, 2019 approval under interim authority was recommended for the appointment of and compensation for Craig Leasure as Interim Vice President – UC National Laboratories, Office of the President, with a proposed annual base salary of \$374,500. The request for an interim action was due to the timing of the proposed action, more than one month prior to the next Board of Regents meeting in March 2019.

This action required approval by the Regents, as the position is a Level One position in the Senior Management Group that reports directly to the President. Mr. Leasure's interim appointment and compensation would be effective from February 5, 2019 through January 31, 2020 or until the appointment of a new Vice President – UC National Laboratories, whichever occurs first.

Additionally, this action proposed two transition periods wherein Mr. Leasure will receive compensation at the proposed interim rate from January 22, 2019 to February 4, 2019 and for two months following the appointment of a new career incumbent. The transition period helps ensure a smooth transition of duties and responsibilities.

Mr. Leasure will maintain his existing appointment and responsibilities as the Associate Vice President – UC National Laboratories, Office of the President.

At the conclusion of the interim appointment, Mr. Leasure will continue in his current position as Associate Vice President – UC National Laboratories, Office of the President, and following the second transition period, his annual base salary will revert to his base salary in effect as of January 21, 2019 (\$350,000), plus any adjustments made under the UCOP salary program during the transition periods and/or the interim appointment.

A competitive national recruitment will be initiated for the position of Vice President – UC National Laboratories, Office of the President.

The proposed base salary of \$374,500 is 3.11 percent above the 50th percentile (\$363,200) of the position's Market Reference Zone and 5.64 percent below the 60th percentile (\$396,900). The proposed interim base salary is seven percent above Mr. Leasure's current base salary (\$350,000) and 3.5 percent below Ms. Budil's current base salary (\$387,919). Based on Mr. Leasure's experience and skill set, the proposed base salary is appropriately placed within the position's Market Reference Zone. Mr. Leasure will maintain a 100 percent time appointment.

The Vice President – UC National Laboratories reports directly to the President of the University and has responsibility for the governance and contract administration of Lawrence Berkeley National Laboratory (LBNL) and for representation of the

University in the management of limited liability companies (LLCs) that operate two other National Laboratories – Los Alamos National Laboratory (LANL) and Lawrence Livermore National Laboratory (LLNL). UC National Laboratories (UCNL) is responsible for ensuring sustained excellence and integrity in the work and performance of the three UC-affiliated National Laboratories.

For all three National Laboratories, UCNL ensures that the Regents and the Office of the President have the information needed to effectively execute their responsibilities related to science, technology, and engineering excellence and operation and business compliance and best practices while limiting the University's liability exposure. In addition, UCNL connects the National Laboratories with University resources, including research and collaboration opportunities, as well as business and operations expertise. UCNL's role is essential in keeping UC senior management well informed regarding performance at the UC-affiliated National Laboratories.

Mr. Leasure is well known within the National Laboratory community and demonstrated his exceptional depth and breadth of senior management experience during his tenure at LANL, which began in 1990. In November 2018, Mr. Leasure was appointed into his current role at the UC Office of the President as Associate Vice President – UC National Laboratories.

As the Associate Vice President – UC National Laboratories, Mr. Leasure is a critical member of the UC National Laboratories executive team in which he interfaces with executive-level managers at the three UC-affiliated national laboratories, LLC partners, the Department of Energy (DOE), and the National Nuclear Security Administration (NNSA). He provides management oversight and establishes strategic plans, objectives, policies, and processes related to Programs and Operations at LBNL, LANL and LLNL required for the University's contractual obligations to the DOE/NNSA.

Mr. Leasure represents UCNL and the University in science and technology, mission, and operational aspects of the University's role. In addition, he has supervisory responsibility for the Director of National Laboratories Governance/Chief of Staff and the Executive Directors for National Laboratories Programs, National Laboratories Business and Contract Management and National Laboratories Operations.

During his tenure at LANL, Mr. Leasure demonstrated a highly varied technical and leadership background with recent senior leadership experience in the areas of nuclear weapons design and production as well as operations and business. His technical expertise spans functional areas including Analytical Chemistry (Organic, Inorganic, and Radiochemistry), Chemical Instrument Development, Operations in Nuclear and High Hazard Facilities, Program Management and development of Line Item Projects, Project Management, Quality Management, Nuclear Weapons

Design and Production, Plutonium Storage, and Environmental Waste, Safety, Health and Quality.

Mr. Leasure has a thorough understanding of National Laboratory DOE requirements and the broader regulatory environment.

Mr. Leasure received his Ph.D. in Analytical Chemistry from New Mexico State University, M.S. degree in Chemistry from Eastern New Mexico University, and B.S. in Chemistry from Florida State University.

Funding for this position will come entirely from Department of Energy funds; no State funds will be used.

Because the Chair of the Board signed this interim action in his role as Board Chair and therefore cannot fulfill the role of Governance Committee Chair, the Vice Chair of the Governance Committee was asked to sign. Also, because the Governance Committee Charter requires consultation with the Chair of the appropriate committee in making recommendations regarding appointments and compensation of employees within the jurisdiction of that committee, the Chair of the National Laboratories Subcommittee was asked to sign this interim action.

- B. The Chair of the Health Services Committee, the Vice Chair of the Health Services Committee, and the President of the University approved the following recommendation:

Retroactive Administrative Stipend for Paul Watkins, Former Chief Administrative Officer, Santa Monica – UCLA Medical Center, UCLA Health, Los Angeles Campus

Recommendation

As an exception to policy, a retroactive payment of an administrative stipend of \$12,889 as a one-time payment for Paul Watkins, former Chief Administrative Officer, Santa Monica – UCLA Medical Center, UCLA Health, in recognition of the significant additional responsibilities he temporarily assumed in supporting UC Riverside Health from September 6, 2018 to November 1, 2018.

The compensation described above shall constitute the University's total commitment for the element of compensation addressed above until modified by the Regents, President, or Chancellor, as applicable under Regents policy, and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Background

Approval under interim authority for the retroactive payment of an administrative stipend in the amount of \$12,889 as a one-time payment for Mr. Paul Watkins who previously held the position of Chief Administrative Officer (CAO), Santa Monica – UCLA Medical Center was requested. The request for approval via interim action was due to the timing of the request, in that the next Health Services Committee meeting is in April 2019, and the Riverside and Los Angeles campuses would like to process the payment for Mr. Watkins within a reasonable time.

Prior to his departure from the University on November 1, 2018, Mr. Watkins was asked by leadership at UCOP-UC Health, UCLA Health, and UCR Health to assist with certain CEO responsibilities for UCR Health, following the change in responsibilities for Dr. Michael Nduati, the former CEO for UCR Health.

Approval by the Regents is required for the administrative stipend because Mr. Watkins's base salary exceeded the 75th percentile of the Market Reference Zone (MRZ) for the CAO position and because this is an exception to policy as a retroactive action. The Riverside and Los Angeles campuses did not recognize at the time that an administrative stipend for a member of the Senior Management Group (SMG) could not be approved locally and that, because Mr. Watkins's base salary was over the 75th percentile of his position's MRZ, the request would require approval by the Regents.

However, the request for an administrative stipend is otherwise consistent with policy in that Mr. Watkins assumed significant additional responsibilities, was held fully accountable for those additional responsibilities, and his documented performance appraisals warranted this additional compensation. Also, if Mr. Watkins had not separated from the University, and the request for an administrative stipend was made in September 2018, it would have required approval by the Regents due to the level of pay within the MRZ.

In 2018, UCR Health commissioned a study by the consulting group, Veralon, of its strategic plan and health system leadership structure, and the focus and responsibilities for a new CEO have been established to align to the strategic plan. To avoid a lengthy gap in leadership, an agreement between UCLA and UCR leadership and UCR Health and UCLA Health leadership resulted in the decision to have Mr. Watkins support UCR Health in the interim for two days each week as UCR Health prepared for establishing a CEO role within the Senior Management Group.

Based upon his qualifications, deep experience, and familiarity with the UC Health System, UCR Health requested that Mr. Watkins lead the recruitment of key senior leadership positions and oversee the implementation of operational and strategic alignment initiatives.

The Riverside campus reported that Mr. Watkins was able to make significant contributions that have included the hiring of a Chief Operating Officer and other

recruitment efforts. The campus reports that he was also able to lay the foundation for implementing revenue cycle metrics and plans for strategic alignment.

The arrangement to have Mr. Watkins assist UCR Health started on September 6, 2018. Shortly thereafter, Mr. Watkins announced his plan to leave the University of California for another opportunity as of November 1, 2018. Prior to being notified of Mr. Watkins's resignation from UC, UCR Health reported that an administrative stipend had been requested via a local written agreement and fund transfer between UCLA Health and UCR Health due to the additional and significant duties he had been performing and was anticipated to continue to perform for UCR Health.

Although he was only able to assist for eight weeks, the campus and health system leadership at both the Riverside and Los Angeles campuses believe it would be proper to move forward with a request for a retroactive payment of the administrative stipend for the eight-week period. They report that it was warranted based upon the substantive additional services Mr. Watkins provided to UCR Health for that period.

Upon his separation date, Mr. Watkins's base salary was \$418,904 and the stipend that was previously discussed with him was a proposal of 20 percent (\$83,780) of his base salary at the time. The annualized stipend of 20 percent of Mr. Watkins's base salary (\$418,940) calculates to \$83,780, and the amount for the eight-week period between September 6, 2018 and November 1, 2018 calculates to \$12,889.

Mr. Watkins retained his CAO role with UCLA Health while assisting UCR Health during the interim period of eight weeks (September 6, 2018 to November 1, 2018) where he spent two days per week at the UCR campus and three days per week at the UCLA campus.

Funding for this stipend will come exclusively from non-State funds, specifically from UCR Health revenue.

10. **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 Regents Kieffer and Sherman, a letter recommending that the student advisor pilot program be extended a year. January 4, 2019.
- B. From the Secretary and Chief of Staff, an email with a press release from Governor Brown's office and an article from the *Los Angeles Business Journal* announcing the appointment of Regent Sures. January 4, 2019.

- C. From the President of the University, the Annual Report on Major Capital Projects Implementation for Fiscal Year 2017-18. January 9, 2019.
- D. From the President of the University, a letter regarding Governor Newsom's 2019-20 budget plan. January 10, 2019.
- E. From the Secretary and Chief of Staff, the Summary of Communications Received for December, 2018. January 11, 2019.
- F. From Student Advisor Huang, a letter outlining the student deliberations surrounding the evaluation of the student advisor program; a letter from Student Advisor Huang and various members of student government expressing opposition to the recommendation to sunset the student advisor program; and letters from Regent Graves and the UC Student Association in support of the recommendation to sunset the pilot program and suggesting ways to increase other opportunities for student representation. January 16, 2019.
- G. From the President of the University, a letter responding to the U.S. Department of Education's proposed Title IX rules. January 28, 2019.
- H. From the Chancellor of UC Davis, a letter providing information about a joint venture with Kindred Healthcare and UC Davis Health. January 29, 2019.
- I. From the President of the University, the University of California Medical Centers Report for the Three Months Ended September 30, 2018. January 30, 2019.
- J. From the President of the University, the Annual Report on Compensated Outside Professional Activities for Deans and Certain Other Full-Time Faculty Administrators, reporting period July 1, 2017 to June 30, 2018. February 5, 2019.
- K. From the Chief Investment Officer, the UC Annual Endowment Report, Fiscal Year Ended June 30, 2018. February 6, 2019.
- L. From the President of the University, an announcement that Craig Leasure will take on the role of Interim Vice President for UC National Laboratories. February 12, 2019.
- M. From the President of the University, the 2018 Annual Report on Debt Capital and External Finance Approvals. February 19, 2019.
- N. From Regent Graves, a letter on behalf of the UC Student Association, UC Graduate and Professional Council, and the UC Council of Student Body Presidents requesting ongoing budget support for campus basic needs programs and services. February 27, 2019.

- O. From the Secretary and Chief of Staff, the Summary of Communications Received for January 2019. February 28, 2019.
- P. From the Secretary and Chief of Staff, the Summary of Communications Received for February 2019. March 1, 2019.

The meeting adjourned at 2:00 p.m.

Attest:

Secretary and Chief of Staff

Attachment 1: Proposed PDST Levels* for 2019-20 through 2023-24

Campus	Program	Years in Plan	Current Year PDST	Proposed PDST Levels for California Residents					Percent Change				
			2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2019-20	2020-21	2021-22	2022-23	2023-24
Berkeley	Leadership for Educational Equity	5	N/A	\$8,000	\$8,240	\$8,488	\$8,742	\$9,004	N/A	3.0%	3.0%	3.0%	3.0%
	Environmental Design	5	\$6,946	\$7,190	\$7,442	\$7,702	\$7,972	\$8,252	3.5%	3.5%	3.5%	3.5%	3.5%
	Law	2	\$35,164	\$37,800	\$40,636	N/A	N/A	N/A	7.5%	7.5%	N/A	N/A	N/A
	Medicine	3	\$22,407	\$23,079	\$23,772	\$24,486	N/A	N/A	3.0%	3.0%	3.0%	N/A	N/A
	Product Development	2	\$28,000	\$29,400	\$30,870	N/A	N/A	N/A	5.0%	5.0%	N/A	N/A	N/A
	Public Health	3	\$8,790	\$9,230	\$9,692	\$10,176	N/A	N/A	5.0%	5.0%	5.0%	N/A	N/A
	Public Policy	5	\$9,750	\$10,236	\$10,748	\$11,286	\$11,850	\$12,442	5.0%	5.0%	5.0%	5.0%	5.0%
	Social Welfare	5	\$4,848	\$5,090	\$5,344	\$5,612	\$5,892	\$6,186	5.0%	5.0%	5.0%	5.0%	5.0%
	Statistics	5	\$18,232	\$19,144	\$20,100	\$21,104	\$22,160	\$23,268	5.0%	5.0%	5.0%	5.0%	5.0%
Translational Medicine	2	\$33,456	\$34,464	\$35,496	N/A	N/A	N/A	3.0%	3.0%	N/A	N/A	N/A	
Davis	Business	5	\$25,998	\$27,036	\$28,116	\$29,241	\$30,411	\$31,626	4.0%	4.0%	4.0%	4.0%	4.0%
	Health Informatics	5	\$7,224	\$7,440	\$7,662	\$7,890	\$8,127	\$8,370	3.0%	3.0%	3.0%	3.0%	3.0%
	Law	2	\$34,182	\$35,890	\$36,966	N/A	N/A	N/A	5.0%	3.0%	N/A	N/A	N/A
	Medicine	5	\$22,410	\$23,084	\$23,776	\$24,488	\$25,224	\$25,980	3.0%	3.0%	3.0%	3.0%	3.0%
	Nursing	2	\$11,607	\$12,186	\$12,795	N/A	N/A	N/A	5.0%	5.0%	N/A	N/A	N/A
	Prev Veterinary Medicine	2	\$6,060	\$6,060	\$6,060	N/A	N/A	N/A	0.0%	0.0%	N/A	N/A	N/A
	Public Health	5	\$8,100	\$8,343	\$8,592	\$8,850	\$9,117	\$9,390	3.0%	3.0%	3.0%	3.0%	3.0%
Irvine	Biomedical & Translational Science	5	\$11,568	\$12,147	\$12,753	\$13,392	\$14,061	\$14,763	5.0%	5.0%	5.0%	5.0%	5.0%
	Business	2	\$27,807	\$28,362	\$28,929	N/A	N/A	N/A	2.0%	2.0%	N/A	N/A	N/A
	Genetic Counseling	5	\$10,941	\$11,487	\$12,060	\$12,663	\$13,296	\$13,962	5.0%	5.0%	5.0%	5.0%	5.0%
	Law	2	\$31,755	\$34,136	\$36,696	N/A	N/A	N/A	7.5%	7.5%	N/A	N/A	N/A
	Medicine	5	\$22,413	\$23,085	\$23,778	\$24,492	\$25,227	\$25,986	3.0%	3.0%	3.0%	3.0%	3.0%
	Nursing	2	\$11,607	\$12,186	\$12,795	N/A	N/A	N/A	5.0%	5.0%	N/A	N/A	N/A
Public Policy	5	\$7,233	\$7,596	\$7,977	\$8,376	\$8,793	\$9,234	5.0%	5.0%	5.0%	5.0%	5.0%	
Los Angeles	Architecture	5	\$9,261	\$9,492	\$9,729	\$9,972	\$10,221	\$10,476	2.5%	2.5%	2.5%	2.5%	2.5%
	Environmental Science & Engineering	5	\$7,998	\$7,998	\$8,079	\$8,160	\$8,322	\$8,490	0.0%	1.0%	1.0%	2.0%	2.0%
	Law	2	\$31,755	\$34,136	\$36,696	N/A	N/A	N/A	7.5%	7.5%	N/A	N/A	N/A
	Medicine	5	\$23,745	\$24,932	\$26,178	\$27,488	\$28,862	\$30,304	5.0%	5.0%	5.0%	5.0%	5.0%
	Nursing	2	\$11,607	\$12,186	\$12,795	\$0	\$0	\$0	5.0%	5.0%	N/A	N/A	N/A
	Public Policy	5	\$8,859	\$9,303	\$9,768	\$10,257	\$10,770	\$11,307	5.0%	5.0%	5.0%	5.0%	5.0%
	Social Welfare	5	\$6,505	\$6,831	\$7,170	\$7,524	\$7,893	\$8,286	5.0%	5.0%	4.9%	4.9%	5.0%
	Theater, Film, & Television	5	\$11,589	\$12,168	\$12,774	\$13,413	\$14,085	\$14,790	5.0%	5.0%	5.0%	5.0%	5.0%
Urban Planning	5	\$7,233	\$7,521	\$7,821	\$8,133	\$8,457	\$8,793	4.0%	4.0%	4.0%	4.0%	4.0%	

* The amounts in the display reflect the maximum PDST levels to be assessed, effective as of the academic year indicated. Assessing PDST levels less than the level indicated in the display requires approval by the President with the concurrence of the Chancellor. PDST levels may be assessed beyond the period covering the program's approved multi-year plan but not in excess of the maximum levels specified in the final year. Assessing PDST levels greater than the amounts in the display requires Regental approval of a new multi-year plan.

Attachment 1: Proposed PDST Levels* for 2019-20 through 2023-23 (continued)

Campus	Program	Years in Plan	Current Year PDST	Proposed PDST Levels for California Residents					Percent Change				
			2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2019-20	2020-21	2021-22	2022-23	2023-24
Riverside	Business	3	\$27,771	\$29,158	\$30,616	\$32,148	N/A	N/A	5.0%	5.0%	5.0%	N/A	N/A
San Diego	Business	2	\$32,961	\$33,948	\$34,965	N/A	N/A	N/A	3.0%	3.0%	N/A	N/A	N/A
	International Affairs	5	\$9,234	\$9,510	\$9,795	\$10,089	\$10,392	\$10,704	3.0%	3.0%	3.0%	3.0%	3.0%
	Medicine	5	\$22,413	\$23,535	\$24,714	\$25,953	\$27,252	\$28,617	5.0%	5.0%	5.0%	5.0%	5.0%
	Public Policy	5	\$9,234	\$9,510	\$9,795	\$10,089	\$10,392	\$10,704	3.0%	3.0%	3.0%	3.0%	3.0%
San Francisco	Dentistry	5	\$31,035	\$31,968	\$32,928	\$33,915	\$34,935	\$35,985	3.0%	3.0%	3.0%	3.0%	3.0%
	Medicine	5	\$22,407	\$23,079	\$23,772	\$24,486	\$25,221	\$25,977	3.0%	3.0%	3.0%	3.0%	3.0%
	Nursing	2	\$11,607	\$12,186	\$12,795	N/A	N/A	N/A	5.0%	5.0%	N/A	N/A	N/A
	Physical Therapy	2	\$12,975	\$12,975	\$13,362	N/A	N/A	N/A	0.0%	3.0%	N/A	N/A	N/A

Campus	Program	Years in Plan	Current Year PDST	Proposed PDST Levels for Nonresident Students**					Percent Change				
			2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2019-20	2020-21	2021-22	2022-23	2023-24
Berkeley	Leadership for Educational Equity	5	N/A	\$8,000	\$8,240	\$8,488	\$8,742	\$9,004	N/A	3.0%	3.0%	3.0%	3.0%
	Environmental Design	5	\$6,946	\$7,190	\$7,442	\$7,702	\$7,972	\$8,252	3.5%	3.5%	3.5%	3.5%	3.5%
	Law	2	\$26,870	\$28,884	\$31,050	N/A	N/A	N/A	7.5%	7.5%	N/A	N/A	N/A
	Medicine	3	\$22,407	\$23,079	\$23,772	\$24,486	N/A	N/A	3.0%	3.0%	3.0%	N/A	N/A
	Product Development	2	\$28,000	\$29,400	\$30,870	N/A	N/A	N/A	5.0%	5.0%	N/A	N/A	N/A
	Public Health	3	\$8,790	\$9,230	\$9,692	\$10,176	N/A	N/A	5.0%	5.0%	5.0%	N/A	N/A
	Public Policy	5	\$10,538	\$11,062	\$11,616	\$12,194	\$12,804	\$13,444	5.0%	5.0%	5.0%	5.0%	5.0%
	Social Welfare	5	\$4,848	\$5,090	\$5,344	\$5,612	\$5,892	\$6,186	5.0%	5.0%	5.0%	5.0%	5.0%
	Statistics	5	\$18,232	\$21,878	\$22,972	\$24,120	\$25,326	\$26,592	20.0%	5.0%	5.0%	5.0%	5.0%
Translational Medicine	2	\$33,456	\$34,464	\$35,496	N/A	N/A	N/A	3.0%	3.0%	N/A	N/A	N/A	
Davis	Business	5	\$25,998	\$27,036	\$28,116	\$29,241	\$30,411	\$31,626	4.0%	4.0%	4.0%	4.0%	4.0%
	Health Informatics	5	\$7,224	\$7,440	\$7,662	\$7,890	\$8,127	\$8,370	3.0%	3.0%	3.0%	3.0%	3.0%
	Law	2	\$31,188	\$32,748	\$33,730	N/A	N/A	N/A	5.0%	3.0%	N/A	N/A	N/A
	Medicine	5	\$22,410	\$23,084	\$23,776	\$24,488	\$25,224	\$25,980	3.0%	3.0%	3.0%	3.0%	3.0%
	Nursing	2	\$11,607	\$12,186	\$12,795	N/A	N/A	N/A	5.0%	5.0%	N/A	N/A	N/A
	Prev Veterinary Medicine	2	\$6,540	\$6,540	\$6,540	N/A	N/A	N/A	0.0%	0.0%	N/A	N/A	N/A
Public Health	5	\$8,616	\$8,343	\$8,592	\$8,850	\$9,117	\$9,390	-3.2%	3.0%	3.0%	3.0%	3.0%	

* The amounts in the display reflect the maximum PDST levels to be assessed, effective as of the academic year indicated. Assessing PDST levels less than the level indicated in the display requires approval by the President with the concurrence of the Chancellor. PDST levels may be assessed beyond the period covering the program's approved multi-year plan but not in excess of the maximum levels specified in the final year. Assessing PDST levels greater than the amounts in the display requires Regental approval of a new multi-year plan.

** Nonresident students are also assessed nonresident supplemental tuition, which is expected to be \$12,245 in 2019-20.

Attachment 1: Proposed PDST Levels* for 2019-20 through 2023-23 (continued)

Campus	Program	Years in Plan	Current Year PDST	Proposed PDST Levels for Nonresident Students**					Percent Change				
			2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2019-20	2020-21	2021-22	2022-23	2023-24
Irvine	Biomedical & Translational Science	5	\$11,568	\$12,147	\$12,753	\$13,392	\$14,061	\$14,763	5.0%	5.0%	5.0%	5.0%	5.0%
	Business	2	\$22,983	\$24,132	\$25,338	N/A	N/A	N/A	5.0%	5.0%	N/A	N/A	N/A
	Genetic Counseling	5	\$10,941	\$11,487	\$12,060	\$12,663	\$13,296	\$13,962	5.0%	5.0%	5.0%	5.0%	5.0%
	Law	2	\$26,004	\$27,954	\$30,050	N/A	N/A	N/A	7.5%	7.5%	N/A	N/A	N/A
	Medicine	5	\$22,413	\$23,085	\$23,778	\$24,492	\$25,227	\$25,986	3.0%	3.0%	3.0%	3.0%	3.0%
	Nursing	2	\$11,607	\$12,186	\$12,795	N/A	N/A	N/A	5.0%	5.0%	N/A	N/A	N/A
	Public Policy	5	\$7,233	\$7,596	\$7,977	\$8,376	\$8,793	\$9,234	5.0%	5.0%	5.0%	5.0%	5.0%
Los Angeles	Architecture	5	\$9,261	\$9,492	\$9,729	\$9,972	\$10,221	\$10,476	2.5%	2.5%	2.5%	2.5%	2.5%
	Environmental Science & Engineering	5	\$7,998	\$7,998	\$8,079	\$8,160	\$8,322	\$8,490	0.0%	1.0%	1.0%	2.0%	2.0%
	Law	2	\$26,004	\$27,954	\$30,050	N/A	N/A	N/A	7.5%	7.5%	N/A	N/A	N/A
	Medicine	5	\$23,745	\$24,932	\$26,178	\$27,488	\$28,862	\$30,304	5.0%	5.0%	5.0%	5.0%	5.0%
	Nursing	2	\$11,607	\$12,186	\$12,795	N/A	N/A	N/A	5.0%	5.0%	N/A	N/A	N/A
	Public Policy	5	\$9,450	\$9,924	\$10,419	\$10,941	\$11,487	\$12,060	5.0%	5.0%	5.0%	5.0%	5.0%
	Social Welfare	5	\$6,984	\$7,332	\$7,698	\$8,082	\$8,484	\$8,910	5.0%	5.0%	5.0%	5.0%	5.0%
	Theater, Film, & Television	5	\$11,589	\$12,168	\$12,774	\$13,413	\$14,086	\$14,790	5.0%	5.0%	5.0%	5.0%	5.0%
	Urban Planning	5	\$7,767	\$8,076	\$8,397	\$8,733	\$9,081	\$9,444	4.0%	4.0%	4.0%	4.0%	4.0%
Riverside	Business	3	\$27,771	\$29,158	\$30,616	\$32,148	N/A	N/A	5.0%	5.0%	5.0%	N/A	N/A
San Diego	Business	2	\$24,018	\$25,218	\$26,478	N/A	N/A	N/A	5.0%	5.0%	N/A	N/A	N/A
	International Affairs	5	\$9,234	\$9,510	\$9,795	\$10,089	\$10,392	\$10,704	3.0%	3.0%	3.0%	3.0%	3.0%
	Medicine	5	\$22,413	\$23,535	\$24,714	\$25,953	\$27,252	\$28,617	5.0%	5.0%	5.0%	5.0%	5.0%
	Public Policy	5	\$9,234	\$9,510	\$9,795	\$10,089	\$10,392	\$10,704	3.0%	3.0%	3.0%	3.0%	3.0%
San Francisco	Dentistry	5	\$31,035	\$31,968	\$32,928	\$33,915	\$34,935	\$35,985	3.0%	3.0%	3.0%	3.0%	3.0%
	Medicine	5	\$22,407	\$23,079	\$23,772	\$24,486	\$25,221	\$25,977	3.0%	3.0%	3.0%	3.0%	3.0%
	Nursing	2	\$11,607	\$12,186	\$12,795	N/A	N/A	N/A	5.0%	5.0%	N/A	N/A	N/A
	Physical Therapy	2	\$13,341	\$12,975	\$13,362	N/A	N/A	N/A	-2.7%	3.0%	3.0%	3.0%	3.0%
Total: 42													

* The amounts in the display reflect the maximum PDST levels to be assessed, effective as of the academic year indicated. Assessing PDST levels less than the level indicated in the display requires approval by the President with the concurrence of the Chancellor. PDST levels may be assessed beyond the period covering the program's approved multi-year plan but not in excess of the maximum levels specified in the final year. Assessing PDST levels greater than the amounts in the display requires Regental approval of a new multi-year plan.

** Nonresident students are also assessed nonresident supplemental tuition, which is expected to be \$12,245 in 2019-20.

Audit objective

PwC Services and Related Deliverables to the University

In conjunction with our service in providing audit services to the University, we also provide certain other audit and attest services to the University. Refer to the table below for a listing of services and related deliverables we expect to provide. Prior to commencing any non-audit related services, we are required to obtain preapproval from the Committee or the Committee's designee pursuant to the University's preapproval policy for its independent auditor. Our 2019 proposed fee of \$4,432,043 is inclusive of all out-of-pocket expenses which is consistent with our fee commitment agreed in 2016 as included in the professional services agreement signed on April 21, 2016 (inclusive of subsequent amendments).

- **Audit reports**
 - Report on the financial statements of the University of California
 - Report on the financial statements of each of the five Medical Centers
 - Report on the University of California Retirement System
 - Report on the University of California Cash Contributions to the Retirement System
 - Reports on federal awards in accordance with OMB Uniform Guidance
- **Internal Control Observations**
 - Report to the Committee on control and process deficiencies and observations, including material weaknesses and significant deficiencies (Regents Letter)
 - Reports to the campus Chancellors on control and process deficiencies and observations (Chancellor Letters)
- **Other Services**
 - Agreed-upon Procedures on Intercollegiate Athletic Departments (NCAA requirements) for two campuses
 - Review of consolidated Form 990-T of the Regents of the University of California and University of California Retirement Plan
 - Reviews in connection with bond offerings
 - Accounting consultations and other assistance associated with emerging accounting and reporting issues and complex transactions
- **Committee Reporting**
 - Audit and communications plan
 - Results of audits and required communications

We note that the campus foundations, Fiat Lux Risk and Insurance Company ("Fiat Lux"), and the Benioff Children's Hospital of Oakland have separate audits of their financial statements and the auditor's reporting on those organizations are directed to their respective audit committees. Accordingly, this Audit and Communications Plan is not focused on the specifics of these entities.

Additions shown by double underscoring; deletions shown by strikethrough

Bylaws of the Regents of the University of California

22. Authority of the Board

Each member of the Board ("Regent") shall be subject to the duties and requirements specified below.

22.2 Specific Reservations

The matters in the following areas are specifically reserved to the Board and/or its Committees for approval or other action, within parameters that may be specified in a Committee Charter or Regents Policy:

(b) Academic Matters

- Upon recommendation of the Academic Senate, approving criteria for University admissions and conferral of certificates and degrees
- Establishing or eliminating colleges, schools, graduate divisions and organized multi-campus research units
- Establishing or eliminating a session of instruction
- Approving the appointment of Regents Professors and University Professors
- Approving dismissal of academic appointees with tenure or security of employment
- ~~Bidding on or entering into a prime contract to manage and operate a National Laboratory or other Comparable Facility (as defined in the Academic and Student Affairs Committee Charter)~~
- ~~Creating a business entity to hold a prime contract to manage and operate a National Laboratory or other Comparable Facility~~
- ~~Approving material changes in the type or scope of work for such a business entity~~
- ~~Appointing voting members to the governing board of such a business entity~~

(h) National Laboratories Matters

- Bidding on or entering into a prime contract to manage and operate a National Laboratory or other Comparable Facility (as defined in the National Laboratories Committee Charter)

- Creating a business entity to hold a prime contract to manage and operate a National Laboratory or other Comparable Facility
- Approving material changes in the type or scope of work for such a business entity
- Appointing voting members to the governing board of such a business entity

24. Standing Committees

24.2 Designation of Standing Committees

The following Standing committees are hereby established and shall provide strategic direction and oversight on matters within their respective areas of responsibility, as described below and in the Committee Charters (attached to these Bylaws as appendices):

(h) The National Laboratories Committee

The National Laboratories Committee shall provide strategic direction and oversight, make recommendations to the Board, and take action pursuant to delegated authority, on matters pertaining to National Laboratories or other Comparable Facilities (as defined in the National Laboratories Committee Charter) historically, currently, or potentially affiliated with the University. (See Appendix H)

Additions shown by double underscoring; deletions shown by strikethrough

Appendix A - Charter of the Academic and Student Affairs Committee

A. Purpose. The Academic and Student Affairs Committee shall provide strategic direction and oversight, make recommendations to the Board, and take action pursuant to delegated authority, on matters pertaining to the educational philosophy and objectives of the University, to admissions policy, to student affairs, to student and faculty diversity, and to the academic planning, instruction, research and public service activities of the University.

B. Membership/Terms of Service. The identity, appointment and terms of service of Committee members shall be as specified in Bylaws 24.4 through 24.6, except that the California Superintendent of Public Instruction shall be added to the Committee as a voting ex officio member.

~~C. Consent Responsibilities. The Committee shall be charged with recommending action on the following matters which, on approval, shall be placed on the consent agenda of the Board for approval without discussion, unless removed from the consent agenda by motion of any Regent for separate consideration. Unless otherwise specified, any approval authority for these matters that falls outside parameters expressly reserved to the Board or a Committee is delegated to the President.~~

~~☒ _____ Making any cardinal change to a prime contract to manage and operate a National Laboratory or other Comparable Facility.~~

~~☒ _____ Allocation of the annual fee earned by the University from an affiliated business entity formed to manage and operate any National Laboratory or Comparable Facility.~~

~~DC. Other Oversight Responsibilities. In addition to the consent responsibilities assigned to the Committee described above, and to the extent not otherwise within such authority, the The charge of the Committee shall include reviewing and making recommendations to the Board with regard to the following matters and/or with regard to the following areas of the University's business:~~

- ~~☒ Enrollment and admissions~~
- ~~☒ Access and affordability for undergraduate, graduate academic, and graduate professional students~~
- ~~☒ Residency~~
- ~~☒ Student life and student conduct~~
- ~~☒ Sexual assault and sexual harassment prevention~~
- ~~☒ Academic personnel~~
- ~~☒ Faculty life and faculty conduct~~

- ☒ Privilege and Tenure
- ☒ Undergraduate, graduate academic and graduate professional curricula
- ☒ Degrees and Certificates
- ☒ Academic Calendar
- ☒ Establishment and disestablishment of campuses, colleges and schools
- ☒ Research directions, funding, structures and accomplishments
- ☒ Internal and external research collaboration
- ☒ Intellectual property
- ☒ Technology transfer and commercialization
- ☒ Innovation and entrepreneurship in curricula, degrees and research
- ☒ Public service related to academic affairs
- ☒ Master Plan for Higher Education
- ☒ Strategic Academic Plans
- ☒ K-12 engagement, student preparation for college success, and school improvement
- ☒ Diversity
- ☒ Campus climate and inclusion
- ☒ CSU and CCC relations
- ☒ Division of Agriculture and Natural Resources
- ☒ Natural Reserve System
- ☒ ~~Department of Energy National Laboratories~~
- ☒ Appointments of Regents Professors and University Professors
- ☒ Approval of equivalent academic ranks

The assignment of responsibilities to this Standing Committee under Paragraphs C ~~and D~~ signifies that it is the Committee to which matters otherwise appropriate for Board consideration generally will be referred and does not create an independent obligation to present a matter to this Standing Committee ~~or its Subcommittee~~, to the Board or to any other Committee.

~~E. National Laboratories Subcommittee. The Committee hereby establishes the National Laboratories Subcommittee to assist the Committee in discharging its governance and oversight responsibilities with regard to the Lawrence Berkeley National Laboratory, the Lawrence Livermore National Laboratory, the Los Alamos National Laboratory, and any other Comparable Facility. A Comparable Facility shall include any National Laboratory or other Federally Funded Research and Development Center as identified by federal regulation. The duties and responsibilities of the Subcommittee, and the plenary authority delegated to it by the Board, are set forth as follows.~~

- a. ~~Purpose. In support of the Academic and Student Affairs Committee (the “related Standing Committee”), the National Laboratories Subcommittee shall consider, make recommendations, and act pursuant to delegated authority on matters pertaining to the research and other activities of the Lawrence Berkeley National Laboratory, the Lawrence Livermore National Laboratory, the Los Alamos National Laboratory, and any other National Laboratory or Comparable Facility and any affiliated business entity holding a prime contract to manage and operate a National Laboratory or~~

~~Comparable Facility.~~

- b. ~~Membership/Terms of Service.~~ The identity, appointment and terms of service of Subcommittee members shall be as specified in Bylaws 25.3 through 25.5.
- c. ~~Subcommittee consent Responsibilities.~~ Unless otherwise specified in the Committee Charter, the Subcommittee shall be charged with recommending action on the following matters which, on approval, shall be placed on the consent agenda of the Board, on the terms specified in Paragraph C above as though approved by the Standing Committee, unless any member of the Standing Committee requests that the matter be taken up for discussion and/or action by the Standing Committee. Unless otherwise specified, any approval authority for these matters that falls outside parameters expressly reserved to the Board or a Committee is delegated to the President.
- ~~• Making any cardinal change to a prime contract to manage and operate a National Laboratory or other Comparable Facility.~~
 - ~~• Allocation of the annual fee earned by the University from an affiliated business entity formed to manage and operate any National Laboratory or Comparable Facility.~~
- d. ~~Other Oversight Responsibilities.~~ In addition to the responsibilities assigned to the Subcommittee described above, and to the extent not otherwise within such responsibilities, the charge of the Subcommittee shall include reviewing and making recommendations to the related Standing Committee with regard to the following matters and/or with regard to the following areas of the University's business:
- ~~• The University's participation in any solicitation for or contract to manage and operate a National Laboratory or Comparable Facility.~~
 - ~~• The University's participation in any business entity formed to manage and operate a National Laboratory or other Comparable Facility~~
 - ~~• Oversight of relationships between and among the University, the Department of Energy, the National Nuclear Security Administration, other pertinent state and federal authorities, and any business partners and business entities with responsibility for management and operation of a National Laboratory or Comparable Facility~~
- e. ~~Reporting.~~ In addition to the reports required under Bylaw 25.8, the Subcommittee shall report to the related Standing Committee any material developments in the operation of the National Laboratories or Comparable Facilities, including those that concern the health and safety of laboratory personnel or the surrounding communities, those that have the potential to expose the University to financial loss, those that have the potential materially to impact fees earned by the University for management and operation of a National Laboratory or Comparable Facility, and/or those that have the potential to adversely impact the University's relationship with state or federal authorities or University business partners.

Additions shown by double underscoring; deletions shown by strikethrough

Appendix H – Charter of the National Laboratories Committee

~~National Laboratories Subcommittee. The Committee hereby establishes the National Laboratories Subcommittee to assist the Committee in discharging its governance and oversight responsibilities with regard to the Lawrence Berkeley National Laboratory, the Lawrence Livermore National Laboratory, the Los Alamos National Laboratory, and any other Comparable Facility. A Comparable Facility shall include any National Laboratory or other Federally Funded Research and Development Center as identified by federal regulation. The duties and responsibilities of the Subcommittee, and the plenary authority delegated to it by the Board, are set forth as follows.~~

- A. Purpose. ~~In support of the Academic and Student Affairs Committee (the “related Standing Committee”), the~~ The National Laboratories Subcommittee Committee shall provide strategic direction and oversight, ~~consider,~~ make recommendations to the Board, and act pursuant to delegated authority on matters pertaining to the research and other activities of the Lawrence Berkeley National Laboratory, the Lawrence Livermore National Laboratory, the Los Alamos National Laboratory, and any other National Laboratory or Comparable Facility and any affiliated business entity holding a prime contract to manage and operate a National Laboratory or Comparable Facility. A Comparable Facility shall include any National Laboratory or other Federally Funded Research and Development Center as identified by federal regulation.
- B. Membership/Terms of Service. The identity, appointment and terms of service of ~~Subcommittee~~-members shall be as specified in Bylaws ~~25.3-24.4~~ through ~~25.5-24.6.~~ Membership shall include up to four non-voting advisory members (in addition to Chancellors) with expertise relevant to the work of the Committee. The Chair of the Committee shall possess or promptly apply for a security clearance that allows them access to classified information.
- C. Subcommittee Consent Responsibilities. ~~Unless otherwise specified in this Committee Charter, the Subcommittee~~ The Committee shall be charged with recommending action on the following matters which, on approval, shall be placed on the consent agenda of the Board for approval without discussion, ~~on the terms specified in Paragraph C above as though approved by the Standing Committee, unless removed from the consent agenda by motion of any member of the Standing Committee requests that the matter be taken up for discussion and/or action by the Standing Committee for separate consideration.~~ Unless otherwise specified, any approval authority for these matters that falls outside parameters expressly reserved to the Board or a Committee is delegated to the President.
- Making any cardinal change to a prime contract to manage and operate a National Laboratory or other Comparable Facility.
 - Allocation of the annual fee earned by the University from an affiliated business entity formed to manage and operate any National Laboratory or Comparable Facility.

- D. Other Oversight Responsibilities. In addition to the responsibilities assigned to the ~~Subcommittee~~ Committee described above, and to the extent not otherwise within such responsibilities, the charge of the ~~Subcommittee~~ Committee shall include reviewing and making recommendations to the ~~related Standing Committee~~ Board with regard to the following matters and/or with regard to the following areas of the University's business:
- The University's participation in any solicitation for or contract to manage and operate a National Laboratory or Comparable Facility.
 - The University's participation in any business entity formed to manage and operate a National Laboratory or other Comparable Facility
 - Oversight of relationships between and among the University, the Department of Energy, the National Nuclear Security Administration, other pertinent state and federal authorities, and any business partners and business entities with responsibility for management and operation of a National Laboratory or Comparable Facility.
- E. Reporting. ~~In addition to the reports required under Bylaw 25.8, the Subcommittee~~ The Committee shall report to the ~~related Standing Committee~~ Board any material developments in the operation of the National Laboratories or Comparable Facilities ~~including those that concern the health and safety of laboratory personnel or the surrounding communities, those that have the potential to expose the University to financial loss, those that have the potential materially to impact fees earned by the University for management and operation of a National Laboratory or Comparable Facility, and/or those that have the potential to adversely impact the University's relationship with state or federal authorities or University business partners.~~

Additions shown by double underscoring; deletions shown by strikethrough

23.3(c) Principal Officers

Action to demote or dismiss the Chief Investment Officer shall be taken only upon recommendation of the Chair of the Board or the President of the University, in consultation with the Chair of the Investments ~~Subcommittee~~ Committee.

27.5 Interim Actions

Matters requiring Board or Committee action between meetings may be acted on upon the recommendation of the President of the University or an Officer of the Corporation in their respective areas of responsibility. For matters requiring action by the Board, approval under this authority requires either the approval of the Chair of the Board and the Chair of the Standing Committee with jurisdiction over the matter or approval by the Governance Committee. If the Chair of the Board also serves as Chair of the relevant Standing Committee, then approval by the Vice Chair of the relevant Standing Committee is required.

RESOLUTION

Pursuant to the *Policy on Security Clearance for Access to Federal Classified Information* adopted on March 29, 2012, and amended on December 30, 2015 and March 16, 2017, and this Resolution, the following named Key Management Personnel member as defined in Regents Policy 1600 shall not require, shall not have, and can be effectively excluded from access to all classified information and/or special nuclear material released to the Regents of the University of California until such individual is granted the required access authorization from the cognizant security agency. And, as a consequence of this Resolution, such individual does not occupy a position that would enable her to adversely affect the policies or practices of the University of California, or its subsidiary, regarding the performance of classified contracts for the United States Government.

NAME	TITLE
Eleni Kounalakis	Lieutenant Governor

**November 22, 1968 Regents Item
UC Davis Veterinary Medical School Strict Full-Time Salary Plan**

To the Regents of the University of California: _____ November 22, 1968

Your committee on educational policy presents the following recommendations:

~~VETERINARY MEDICAL SCHOOL STRICT FULL-TIME SALARY PLAN:~~

~~F. That the Regents approve the following Veterinary Medical School Strict Full-Time Salary Plan and the attached Strict Full-Time salary scale for certain faculty members of the School of Veterinary Medicine, Davis campus:~~

~~(1) With specific approval by the Chancellor for use of this Strict Full-Time Salary Plan and upon approval by the President of a proposal for funding, Strict Full-Time appointments budgeted entirely in the School of Veterinary Medicine or jointly in the School of Veterinary Medicine and the School of Veterinary Medicine portion of the Agricultural Experiment Station shall be available, on an optional basis on or after November 1, 1968, for faculty members in the School of Veterinary Medicine, Davis campus, provided that (a) at least a majority of the eligible faculty members elect to come under the plan and (b) all new appointments of eligible faculty members are made under the plan. Exceptions to (b) may be made by the President, upon recommendation of the Chancellor.~~

~~(2) Individuals accepting Strict Full-Time appointments shall not retain any net income from patient care consultation (except Federal government consultantships in the nature of service on grant and contract review groups), but they may retain income from royalties or honoraria and shall be compensated on a specified salary scale.~~

~~(3) Not more than one half of the difference between the cost of operation under this Strict Full-Time Salary Plan and the cost of continued operation under the regular 11-month salary scale shall be financed from State funds. The remainder of the additional cost of this Strict Full-Time Salary Plan shall be financed entirely from such sources as income from patient care, consultation fees, extra-mural grants and contracts, and gifts. It shall be the responsibility of the Chancellor to assure that these funding requirements are met, with the understanding that if the requirements cannot be met, the Plan may be terminated for certain or all faculty categories.~~

~~(4) For purposes of administering the University's fringe benefit program, the Strict Full-Time salary shall be treated in the same manner as other University salaries, except that the retirement formula shall be in keeping with section 2 (c)(2) of Chapter XI of the Standing Orders.~~

~~(5) The salary scale under this Plan is attached. This salary schedule shall not be used as a basis for salary adjustments for individuals who are not eligible for this Strict Full-Time Plan.~~

Attachment 1—SFT Program Approval Documents

BACKGROUND

Faculty recruitment and retention problems of the School of Veterinary Medicine at the Davis campus have been aggravated by the fact that salary scales for its faculty are not competitive with those of other schools of veterinary medicine.

This proposed Strict Full-Time Plan is patterned after those already approved for the University's medical and dental schools. The same type of limitations which apply to the other Strict Full-Time Plans will also apply to the Veterinary Medical School Strict Full-Time Plan except that up to one-half of the additional cost of this proposed plan may be financed from state funds, whereas the entire additional cost of the other Strict Full-Time Plans must be financed from non-State sources.

Financing of the proposed plan for fiscal year 1968/69 is assured since sufficient range-adjustment funds have been set aside to cover the additional cost to the State, and the remainder of the required funds is available from contracts and grants. The plan will be subject to annual review for fiscal feasibility in the Office of the President, as is already the case for all other Strict Full-Time Plans.

The proposed salary scale corresponds closely with the 95th percentile of the national salary average range for veterinary medical schools. Especially in view of the strict full-time requirements for faculty members under this Plan, the 95th percentile level seems justifiable since the institutions used for salary comparisons do not generally make strict full-time appointments.

In order to preclude basing the amount of retirement remuneration entirely on the Strict Full-Time salary for those who have not been appointed under this Plan throughout their membership in the University of California Retirement Systems, Section 2(e)(2) Chapter XI of the Standing Orders shall be used to calculate the retirement benefits. This section provides that the retirement benefits are calculated by treating separately the amount by which the Strict Full-Time salaries exceed the regular University salaries.

The proposed salary scale coincides at this time with the Strict Full-Time scale used for the preclinical faculty in the University's Schools of Medicine. This will facilitate joint appointments between the schools of human and veterinary medicine. Whether the scales will continue to coincide in the future will depend on the justification of changes in each scale.

(See Attachment for proposed salary scale)

Attachment 1 -- SFT Program Approval Documents

Proposed Strict Full-Time Faculty Salary Scale
for School of Veterinary Medicine, Davis Campus

	Regular 11-month Salary Scale as of <u>July 1, 1968</u>	Proposed Strict Full-Time Salaries for Veterinary <u>Medical School Faculty</u>
Instructor	\$ 9,800	\$12,200
Asst. Prof I	11,400	13,700
----- II	12,000	14,700
----- III	12,700	15,600
----- IV	13,500	16,400
Assoc. Prof I	14,300	17,300
----- II	15,200	18,300
----- III	16,300	19,400
Professor I	18,000	21,200
----- II	19,800	23,000
----- III	22,000	24,700
----- IV	24,100	26,500
----- V	26,300	28,400