

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

July 17, 2025

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

Members present: Regents Anguiano, Batchlor, Brooks, Chu, Cohen, Elliott, Hernandez, Komoto, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sarris, Sures, and Wang

In attendance: Regents-designate Craven, Melton, and Tokita, Faculty Representatives Cheung and Palazoglu, Secretary and Chief of Staff Lyall, General Counsel Robinson, Chief Compliance and Audit Officer Bustamante, Provost Newman, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President and Chief Operating Officer Nava, Executive Vice President Rubin, Senior Vice President Turner, Vice Presidents Brown, Gullatt, Kao, and Lloyd, Chancellors Frenk, Gillman, Hawgood, Hu, Khosla, Larive, Lyons, May, and Muñoz, Interim Chancellor Marshall, and Recording Secretary Li

The meeting convened at 8:40 a.m. with Chair Reilly presiding.

1. PUBLIC COMMENT

Chair Reilly 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. Alexis Atsilvsgi Zaragoza, Emerita Student Regent, addressed item B2, *Overview of the University of California Tuition Stability Plan* and asked for more data collection. She recalled that she and other Regents had put in place safeguards to protect low-income students: 45 percent return-to-aid, caps on tuition increases, reauthorization in five years, and the collection of data to determine the model's effect on students. According to the item, ten percent of students with family income of less than \$60,000 per year did not receive grants, and those receiving grants did not report that their tuition was fully covered. Homeless students, foster youth, and cast-out LGBTQ students were some groups that would bear the cost of the model. Regent Emerita Zaragoza stated that delay in the appeals process was months long, causing students to dropping out of school.
- B. Bryan Shields, field representative of Nor Cal Carpenters Union Local 646, stated that ADCO Drywall and Metal Framing, brought in by W.E. O'Neil Construction for a housing project at UC Santa Cruz, was named in a case before the California Labor Commissioner. Mr. Shields stated that by including a prequalification requirement of health care for workers on the construction site, UC could help fund medical staff and hospitals across the state.

- C. Naomi Hammonds, President of the UCLA Graduate Student Association, addressed the recent layoffs of project directors of student-initiated access and retention programs, which provided a sense of community for first-generation, low-income, and historically excluded students. As the University has been creative and courageous in its advancement of equity, access, inclusion, and diversity in the past, Ms. Hammonds urged the University to remain steadfast in its values and to work with students to protect these programs. She stated that access to a UC undergraduate education was needed to pursue a UC graduate education.
- D. Catherine Cobb, President of Teamsters Local 2010, stated that 27 staff members of the UCSD Geisel Library, some of whom were Teamsters members, were laid off, and that UCSD's library budget was cut without a review of alternatives despite growing enrollment, tuition increases, and restored State funding. The union was informed that members working at UCSD Health would also be laid off. UCSD Health has spent hundreds of millions of dollars acquiring new facilities. Ms. Cobb urged UC leadership to hold UCSD accountable and to rescind cuts and layoffs.
- E. Ian Davis, UC Berkeley lecturer, stated that lecturers were laid off despite their significant effort lobbying the State not to cut its budget to UC. Mr. Davis stated that the University could maintain its global standard for instruction and asked the University to reconsider these layoffs in order to maintain instructional rigor and to reward those who advocated on behalf of UC Berkeley in Sacramento.
- F. Kadidia Thiero, UCLA staff member, shared that the UCLA Center for Developing Leadership in Science (CDLS) lost grant funding that comprised 75 percent of its budget, which would affect more than 200 fellows, 30 staff, and over 60 community partner organizations. CDLS has long been a leader in climate research, land and ocean stewardship, education equity, and workforce development. Fellows included public school educators, tribal stewards, health workers, teachers, and community advocates. Ms. Thiero asked for internal grant funding or endowment funds to preserve core staff and operations while long-term solutions are sought.
- G. Aradhna Tripathi, UCLA professor, stated that, without funding for CDLS, UC would lose a unique hub for community-driven scientific leadership and a global model for interdisciplinary research and service. CDLS, which had been the recipient of one of the largest National Science Foundation grants in California, strengthened the state's innovation ecosystem. Ms. Tripathi requested discretionary funds or other forms of support for CDLS.
- H. Nora Grodzins, parent of a UC student, expressed concern about the ban on masking during protest activities, which she deemed a violation of the First Amendment. By identifying peaceful student protesters, UC was abetting those who seek to vilify protesters in the public sphere; for instance, the Canary Mission would give names to the federal government. She regarded this as illegal and shameful, the new McCarthyism, and it propelled the U.S. toward fascism. She asked what history would say about UC if it fails to repeal this ban, and what would

happen to democracy if the free exploration and expression of ideas give way to government censorship.

- I. Alicia Roice, UCLA student, stated that, if the University cared about diverse perspectives, it would use its massive operating budget to maintain transportation services, properly staff disability services, and make disability resources transparent. Ms. Roice stated that disabled students were the cornerstone of UC and that the Regents' masking policy stripped students of their autonomy, prevented them from accessing protective measures, and discouraged them from participating in conversations that should include all students.
- J. Antriana Bigiazian, UC Riverside student, spoke in opposition to the proposed changes to the cohort tuition model. As a low-income, undocumented student, Ms. Bigiazian urged UC not to make education more inaccessible and unaffordable for future UC students. She stated that the proposal would raise tuition further, pushing thousands of undocumented students, low-income students, and students from diverse backgrounds into further housing and food insecurity. She stated that the Regents were investing in genocide but not in students' education.
- K. Lily Grodzins, UC Berkeley student, spoke in opposition to the Regents meeting masking policy. She stated that she was detained at a Regents meeting for wearing an N95 mask and speaking about Palestine. Ms. Grodzins stated that this policy not only harmed disabled students but was also being used to penalize those speaking out against UC's investments. She and six other students were detained under what she regarded as an antiquated penal code. Of the students who were detained, one was not wearing a mask, and the only Black protester was wearing a mask provided during the meeting.
- L. Jun Jang, UC Irvine alumnus and Chair of the UC Council on Student Fees, urged the Regents to consider the ramifications of the proposed changes to the cohort tuition model. It was very troubling to him that, amidst growing uncertainty and cuts to financial aid and programming, UC was considering raising the cap on tuition increases from five percent to seven percent and lowering return-to-aid from 45 percent to 35 percent. Mr. Jang hoped to engage in conversation with the Regents on this issue as he had done with UC administrators.
- M. Katherine Ortiz, UCLA Health staff member and member of Teamsters Local 2010, stated that she was deeply affected by mismanagement at the patient call center, citing high wait times for patients, lack of staffing, lack of supervisor support, and upset patients. Ms. Ortiz stated that supervisors only cared about call volume and imposed unfair standards. Over 700 individuals sent letters to leadership in support of staff's concerns. She asked for an investigation into these working conditions.
- N. Consuelo Ayon, UCLA Health staff member, called for an investigation into the working conditions at the patient call center, which was understaffed and not supported by management. Staff were unable to provide proper care to patients, did

not have enough time to properly document calls, and were disciplined for not meeting certain criteria.

- O. Krystle Cobian, UCLA alumna and researcher, stated that the retention of undergraduate students in science, technology, engineering, and mathematics (STEM) disciplines was improved due to funding from UC, the National Institutes of Health, and the National Science Foundation but was now at serious risk. Federal funding cuts were affecting all levels of the science workforce: undergraduate students could not conduct research, STEM departments were pausing graduate admissions, and scientists were losing their jobs due to grant reductions. Ms. Cobian asked the University to mitigate these harmful consequences.
- P. Maria Adams, UCSD librarian and member of Teamsters Local 2010, stated that she received a voluntary layoff notice and that the deadline to decide was the same day she was scheduled to undergo surgery. Ms. Adams had planned to retire at the end of this fiscal year but could lose about \$1,200 per year if laid off. In her view, calculating pensions based on pay rates would be a fair approach that respects employees who have given decades to the University. She urged UC to review this process, extend the timeline, improve communication, and give employees the respect and security they have earned.
- Q. Leila Haidar, UC Riverside student and President of the Associated Students of UCR, spoke in opposition to the proposed changes to the Tuition Stability Plan, which would reinforce the fear among first-generation, working class, and middle-class students that higher education is not affordable. Ms. Haidar disagreed that net costs would go down for some students. She urged the Regents not to raise the cap on tuition increases and not to cut return-to-aid. She asked the Regents to seek more sustainable solutions for future students.
- R. Jennifer Miyaki, UCLA alumna, had been told that if she declared non-attendance for two quarters while seeking medical treatment, she would lose student health insurance coverage and would have to file for readmission. As a result, she remained enrolled while partially hospitalized and was later fully hospitalized. Ms. Miyaki stated that UCLA does not offer a leave of absence to undergraduate students. She criticized UC's exclusion of disabled students and noted a lawsuit against the University for disability discrimination.
- S. Ria Babaria, UCLA student, called for systems that recognize and support student parents, who needed priority registration, sufficient financial aid, cost of attendance adjustments, dependent care allowances, affordable childcare, and affordable housing. She thanked UC for choosing to comply with the Greater Accessibility, Information, Notice, and Support (GAINS) for Student Parents Act and urged the Regents to review, approve, and disseminate a cost of attendance policy, student parent identification, and data collection guidance.

- T. Hayley Bricker, UCLA staff member, stated that, as a result of recent federal funding cuts, CDLS would have to stop supporting a number of fellows, staff, and community partners. She asked that UC provide discretionary funds to support the work of CDLS, engage directly with federal representatives, authorize bridge funding, and allocate internal grant funding or endowment funds while long-term solutions are sought.

2. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meetings of May 2 and 28, 2025 were approved, Regents Anguiano, Batchlor, Brooks, Elliott, Hernandez, Komoto, Kounalakis, Leib, Makarechian, Reilly, Sarris, and Wang voting “aye.”¹

3. REMARKS FROM STUDENT ASSOCIATIONS

Chair Reilly introduced UC Student Association (UCSA) President Aditi Hariharan.

Ms. Hariharan noted recent actions by the federal government, including cutting research and university funding, limiting student expression and political dissent, and threatening the access of international and undocumented students, queer and transgender students, and students of color to the University. Having recently joined students, administrators, and coalition partners to advocate for reducing State funding cuts, Ms. Hariharan strongly urged the Regents not to renew the cohort tuition model, which would continue to increase tuition for future classes of students and affect the diversity of the student body. If the model is to be renewed, she asked that proposed changes to the cohort tuition model not be adopted, adding that early discussion of the renewal was antithetical to the model’s intended stability. With a proposed cap on tuition increases raised from five percent to seven percent and return to aid decreasing from 45 percent to 35 percent, tuition would be higher than what prospective students and their families anticipated, and low-income students would be more likely to face interruptions to available financial aid. The proposed model would preserve step increases despite the original plan to eliminate them by 2026, adding them to inflation-based increases. These changes would limit access to UC, and future students would face steeper costs without added services or value. Middle income families, those who earned between \$120,000 and \$180,000 per year and received little or no need-based aid, could see their annual net costs rise by \$1,200 to \$1,800 by 2029–30. Regardless of the cohort tuition model, unpredictable changes in financial aid policy could still limit the ability of students and families to plan financially. Under the new model, summer session tuition rates would be based on tuition rates two to three years prior instead of four years prior, which meant that summer tuition would rise faster. Financial aid for summer session was also managed separately and often harder for students to access. These would affect access to summer courses as well as time to degree. Increasing tuition would be detrimental to the University’s case for sustained State funding, as the California Legislature would be less inclined to invest State dollars in the University. Ms. Hariharan reiterated her call either not to renew the cohort tuition model or to commit to not

¹ Roll call vote required by the Bagley-Keene Open Meeting Act [Government Code §11123(b)(1)(D)] for all meetings held by teleconference.

introducing or considering any additional increases. She further recommended that the model be brought before the Regents for reauthorizations every five to ten years so that students would have an opportunity to share their experiences with the model.

Ms. Hariharan addressed the ban on student governments engaging in financial boycotts. Student governments and their funds were managed by students elected by the student body, and student government had strong parallels with real-world civic engagement. This was an important form of engagement, as students were often not consulted regarding many decisions and had limited power in their communities. Through boycotts, historically marginalized communities could use their collective purchasing power as a form of expression, and student governments represented students' collective purchasing power. Banning student leaders from making certain decisions about the money they were elected to manage was a severe overreach, and impeded rights of expression. Student government budgets were small compared to the vast amount of wealth held by each campus, so these boycotts served as a form of student expression. Furthermore, this policy was introduced in the summer with very limited student consultation, at a time when students were less able to provide feedback. Ms. Hariharan strongly urged the Regents to allow student governments to engage in financial boycotts. She expressed gratitude for the opportunity to work with the Board during the academic year and to collaborate on very important student priorities despite differing visions for education equity.

Chair Reilly introduced the newly elected UC Graduate and Professional Council (UCGPC) President Stephanie Valadez, a Ph.D. student in ethnomusicology at UCLA. She earned one of her three master's degrees at UC Santa Cruz in cross-cultural musicology.

Ms. Valadez expressed gratitude and looked forward to a productive year of collaboration, reciprocity, and mutual learning. Having worked with UCGPC and its past President Ryan Manriquez, she was inspired and motivated by the resistance and the resilience of the most vulnerable members of the community, whom she sought to serve during her term. She acknowledged that UCLA occupied the ancestral lands of the Gabrielino-Tongva people, who had lived on and cultivated the land for thousands of years before settlers stole their land and enslaved them. Ms. Valadez shared that she was a Cota-Robles Fellow who spent the last three years at UC Santa Cruz and would be entering UCLA this fall. She recalled the moment she was moved to advocate at the systemwide, State, and federal levels. On the night of May 30, 2024, she was attending a meeting off campus while her two children were in the care of a babysitter through UCSC's Bright Horizons childcare program. She returned to campus during a police raid of the Gaza solidarity encampment, where she was threatened with arrest despite explaining that she was trying to return to her children aged one and three. While waiting in a nearby parking lot, she watched police, whose names and badge numbers were covered and body cameras removed, brutalize unarmed classmates. Finally, at 6:30 a.m., Ms. Valadez arrived home, where her babysitter had stayed since 11:30 p.m. the night before despite having been clocked out. She stated that the University acted impulsively, endangered her children, and caused her family significant harm. The experience exacerbated her children's separation anxiety from immigration trauma.

Ms. Valadez called attention to issues with UC housing that she experienced: rent burden, mold in the carpet, asbestos in floors, peeling lead paint on walls, termites swarming out of window seals, rusty nails, falling retaining walls, and much more. Despite having a full work and study schedule, she was motivated to represent students with similar experiences. Graduate and professional students, who made sacrifices in the pursuit of education and the greater goal of a brighter future for posterity, had to find housing in unaffordable areas like Berkeley, Los Angeles, and Santa Cruz. The University was not only students' landlord but also their employer, educator, childcare provider, and more. Rent should be compared to students' income rather than market rate. According to a letter signed by 386 community members, rent burden for UCSC family student housing residents was 65 percent, which was considered severe by the U.S. Department of Housing and Urban Development. Santa Cruz County surpassed San Francisco as the most expensive county for renters in the entire country, and the University drove up local housing costs through its large local real estate acquisitions. She stated that rent at a new facility was \$2,500 while a Level One Teaching Assistant (TA) received about \$3,400 per month after taxes, leaving only \$900 per month for food, medication, transportation, and other basic needs. Ms. Valadez stated that students on a wait list for housing had to choose between entering a shelter or sleeping in their vehicle. If student parents, low-income students, students of color, those with adverse upbringings, and others decide not to attend UC because of high costs, the University would lose the diversity that drives research, innovation, and collaboration in the sciences, arts, and humanities, and eventually an entire generation of diverse thinking and research would be lost. She stated that the University controlled the housing market and that UC's hyper-capitalist policies diverged from the humanity that UC once embodied. Ms. Valadez quoted from a 1962 letter from landscape architect Thomas Church (1902–1978) to UCSC campus architect John “Jack” Wagstaff (1912–1978), which prioritized the land and its redwood groves over buildings and emphasized the importance of maintaining a reciprocal relationship with the land. Ms. Valadez asked UC to prioritize, in future capital planning projects, indigenous voices, environmental concerns, and student perspectives over financial growth plans and capital success.

Ms. Valadez stated that the University took advantage of legal loopholes that were detrimental to students, such as the rent increases happening across UC campuses. At UCSC, rent was increasing by 32 percent, over three times the limit per State law. She suggested working towards holistic student support in three steps. First, she proposed that 12 months of financial support should be provided to students with families that were severely affected by the rent increase and the decrease in available housing units at UCSC. The Regents, campus administrations, United Auto Workers representatives, and students could work together to align on-campus rent with income. She invited President-designate Milliken and the Regents to review the living conditions of students with families and provide support based on the number of dependents, on household income, and other factors of vulnerability to make housing more accessible, noting that federal programs were set to be eliminated. UC had a \$10 million strategic priorities fund set aside for urgent and emergent issues. Second, Ms. Valadez proposed that the Board develop systemwide oversight of campus housing lease language. Under the new terms and conditions of the UCSC family student housing contract, LGBTQ+ domestic partnerships and marriages without children, students caring for elderly parents and disabled siblings, and households

with teenage children were no longer considered families. The new, limited definition created the false perception that the needs of the community were being met and might lead to less capital support in the future. These groups were also excluded from single graduate housing as well. She highlighted the diversity of the Board, citing Regents Hernandez, Kounalakis, Sarris, and Brooks and their achievements as examples, and challenged the Board to consider the ways diversity has made the Regents and the University better. Recently, Ms. Valadez spoke with Laura Arroyo, Associate Vice Chancellor for Colleges, Housing, and Educational Services at UCSC, about the problematic lease language. Rather than resolving these issues on a campus-by-campus basis, Ms. Valadez urged systemwide oversight of housing documents to curb discriminatory language. Third, she proposed a focus on the indispensable role of basic needs in the ability of students to reach their full potential. She suggested taking guidance from indigenous cultures to engage with the land in a profound and mutually beneficial way. She invited the Regents to review the University's values of accountability, collaboration, inclusion, equity, excellence, innovation, integrity, and public impact, and to be conscientious about the invisible burden placed on underrepresented people to defend their experiences, which has often arisen in interactions between the administration and students. Ms. Valadez concluded by quoting from the Nahuatl poet Nezahualcōyōtl (1402–1472), which she translated as follows: "I love the song of the mockingbird, bird of 400 voices, I love the color of jade and the intoxicating scent of flowers, but more than all I love my sibling the human." She stated that she looked forward to partnering with the Regents in the coming years.

4. **UC INSPIRES: UC GRAD SLAM: MAKING UNIVERSITY OF CALIFORNIA RESEARCH ACCESSIBLE TO ALL**

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

Chair Reilly stated that, since its inception at UC Santa Barbara in 2012, the systemwide Grad Slam competition taught master's and doctoral students how to effectively communicate complex scientific principles to the general public, highlighted the broad scope and strength of UC's research enterprise, and conveyed the societal benefit of academic discovery. This year, the Grad Slam event was held at the UC Student and Policy Center, and Chair Reilly served as a judge.

Provost Newman stated that graduate students came to UC from all over the world to hone their research skills, make new and impactful discoveries, and forge careers. Many would later become professors, industry leaders, and public servants in California. Grad Slam began at the campus level and progressed to a systemwide competition. Entrants were given three minutes to explain their research in ways that interest, excite, and engage the general public. Ms. Newman introduced this year's winners.

Nicquet Blake, Vice Provost and Dean of Graduate Education and Postdoctoral Affairs at UCSF, stated that the real value of Grad Slam lay in campuswide investment in professional development that supports students throughout their careers. Ms. Blake

recognized the role of faculty mentors, who guide students in the development of their research ideas, encourage students to share their work, and champion students' participation in these events. Competitors benefited from workshops and personalized coaching and support. They learned to identify the most essential features of a problem, eliminate jargon, articulate the broad significance of their work, and present on stage before a live audience. Effective communication was as important as the research itself. These winners represented the University's 27,000 academic doctoral students.

Adekunle Adewole, People's Choice winner from UC Merced, presented his Grad Slam entry. Medications were absorbed throughout the entire body and caused unintended side effects. "Drug cages" could deliver drugs only to where they are needed using peptides, proteins that dictate how things behave, respond, and appear. Large peptide "zippers" that are present in muscles and nails have been well studied and could be engineered in the laboratory, but peptides were not complex enough to be made into a three-dimensional drug cage. Mr. Adewole's research at UC Merced's Merg Laboratory included engineering peptides to zip and unzip as needed.

Angeliz Vargas Casillas, third place winner from UC Riverside, presented her Grad Slam entry. Keloid scars were tumor-like overgrowths past the initial wound that were uncomfortable and detrimental to self-esteem. Keloid scars only occurred in humans, and sampling existing keloid scars could worsen them, so Ms. Casillas created an agent-based mathematical model that simulated interactions between cells and fibers. Collaborators from UC Irvine discovered three different cell types using a keloid skin sample, and Ms. Casillas observed how these cells behaved and found which cell interactions most accurately predicted keloid growth. Collaborators could now test her model's predictions and suggest potential treatment. This model could be extended to other cell types to treat cuts and burns or even slow aging.

Yara Khatib, second place winner from UC Davis, presented her Grad Slam entry. She compared the brain to a traffic system and a mental health disorder to breakdowns in that system. Current treatments managed symptoms and left patients with many side effects without addressing the underlying structural breakdown. Researchers at UC Davis' Olson Laboratory found that psychedelic drugs could rapidly and persistently restore lost connections in the brain, and restorative effects linked to mood and behavior could be separated from these drugs' hallucinogenic side effects. Ms. Khatib was developing an automated technique to identify the best drugs to regrow lost brain cells. Using advanced imaging techniques, she observed thousands of brain cells treated with drug candidates and assessed the cells' structure using custom-built software from the laboratory.

Sophia Miliotis, first place winner from UCSF, presented her Grad Slam entry. She likened the human immune system's way of looking for a virus to an individual looking for love using a dating algorithm. Major histocompatibility complex (MHC) molecules were constantly looking for viral peptides to send to the immune system. The human immunodeficiency virus (HIV) could evade immune detection by rapidly mutating, resulting in infected cells lingering in the body for decades. If they could be pinpointed, HIV peptides that match with MHCs could be tracked down and destroyed. In her research,

Ms. Miliotis used the tool EpiScan to screens hundreds of thousands of HIV peptides at once. One of those peptides could be the key to the next HIV therapy.

Staff Advisor Frías asked Ms. Casillas whether her agent-based model could be applied to cancer treatment. Ms. Casillas replied that she was expanding her model to study skin aging, wound healing, and burns. In the future, she wished to build a general model that could be applied to more types of growths. Her research helped biologists identify the causes of these growths to develop treatments.

Regent Sures asked if Ms. Miliotis' research could be applied to other viruses. Ms. Miliotis replied that UCSF researcher Peter Bruno's laboratory developed EpiScan and used it to examine cancer peptides. She believed that EpiScan could be useful in other contexts.

Regent Hernandez praised the Grad Slam winners and recalled his experience as a judge in his first year as a Regent. Ms. Newman stated that Grad Slam illustrated the importance of research investment in the UC mission.

Regent Leib asked the presenters to introduce themselves. The presenters each provided more information about their backgrounds and research interests.

Regent Anguiano asked the presenters how they learned about Grad Slam, what made them interested in participating, and how they planned to use their pitches in the future. Ms. Casillas replied that she learned about Grad Slam via email. Through this experience, she gained experience in research translation, likening it to explaining technical processes in layperson's terms during her service in the Air National Guard. Mr. Adewole replied that he had supported other Grad Slam competitors for two years and was motivated by his graduate chair, advisor, and department chair to participate. He had never presented his research in this way and had to train for the presentation.

Regent Kounalakis asked about the pathway for advancing these innovations to the next level and if the presenters felt supported by UC to do so. Ms. Newman stated that the presenters were not yet able to progress to such a point as graduate students, but UC was very dedicated to this effort. The President's Entrepreneurship Network Council assisted with research commercialization, a complicated process that required significant resources. UC was working hard to assemble the resources necessary to turn these inventions into pharmaceutical products.

Regent Batchlor asked if the education or research of these students have been affected by federal cuts to research funding. Ms. Newman replied that these students conducted research in laboratories supported by the National Institutes of Health, the National Science Foundation, and other agencies affected by reductions. The University has stepped up to keep projects going, but Ms. Newman had no doubt that the U.S. and UC would lose their research competitiveness if cuts continue. This extraordinary talent could not be produced in the future if resources disappear. The University would engage in strong advocacy to maintain this investment in research. Regent Batchlor added that making research

accessible would help people understand why research should be supported. Ms. Newman stated that this was the inspiration behind Grad Slam.

5. **OVERVIEW OF THE UNIVERSITY OF CALIFORNIA'S TUITION STABILITY PLAN**

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

Chair Reilly stated that, since its approval in July 2021 and implementation in fall 2022, the Tuition Stability Plan has brought predictability and balance to student costs. Tuition and fees remained consistent for six years per cohort, modest annual increases kept pace with inflation, and 45 percent went back to financial aid. This meant that fee increases were fully offset for more than half of California undergraduate students, and they received additional support for rising living expenses, books, and supplies. According to preliminary data, the plan has generated nearly \$200 million in student aid and about \$375 million to support campus operations. The written item outlined several options for consideration prior to the scheduled renewal of the plan in the 2027–28 academic year. Chair Reilly invited discussion on each option's implications, affordability, and viability, as well as the mission to ensure that the plan continues to serve students and the University well.

Executive Vice President and Chief Financial Officer Brostrom noted that the Tuition Stability Plan applied the cohort tuition model to tuition, the Student Services Fee, and Nonresident Supplemental Tuition (NRST). During the consideration of the Tuition Stability Plan in 2020, the Regents focused on two key framing questions: what role tuition revenue should have in a long-term, sustainable budget plan and how best to assess tuition to provide greater stability to students, their families, and campuses while also expanding financial aid. With regard to the second question, the University believed that the Tuition Stability Plan has both improved outcomes and greatly exceeded expectations.

Associate Vice President Cain Diaz stated that the University's core funding of just under \$11 billion, which made up about 20 percent of UC's entire \$54 billion budget, was comprised primarily of State funding, mandatory tuition and fees, and UC General Funds. State support made up 45 percent of the core fund budget; the rest was made up mostly of student fees. Mr. Diaz noted that NRST was categorized under UC General Funds. Salaries and benefits made up almost 75 percent of core expenditures, and 14 percent of total core funds were dedicated to financial aid. In a blended funding model, even modest cost increases required either growth in all fund sources or extraordinary year-over-year increases in a single source. If total costs increased by five percent, one approach was to increase State funding, tuition and fees, and UC General Funds each by five percent. If State support was expected to cover the entire cost increase, it would have to increase by 11 percent year over year. Relying on annual, double-digit increases in State support was not a realistic funding strategy for a multi-year plan. This discussion highlighted the role of tuition in supporting campus operations amidst growing cost pressures. Historically, as State support declined over time, the University made large adjustments to tuition and fees that applied to both new and continuing students. In the five years following the 1989–90

academic year, fees increased by 225 percent. As a consequence of a recession, fees increased by 99 percent between 2001 and 2005. During the Great Recession, fees went up 80 percent between 2009 and 2012. To address these issues and support stability and predictability for both students and UC, the Regents approved the Tuition Stability Plan in 2021 to apply to the cohort entering in fall 2022. Under the plan, continuing undergraduate students would see no changes in tuition, Student Services, or NRST after enrollment, and each incoming cohort would be assessed tuition at a higher rate based on a three-year average of the California Consumer Price Index (CPI). That rate would be held flat for up to six years. Graduate students' fees rose according to inflation and were capped at five percent. The plan enabled campuses to plan around increases, and students and their families knew what to expect throughout their time at UC. In the first four years of the plan, UC made modest adjustments in line with inflation.

Mr. Brostrom stated that the \$375 million in new ongoing revenues for campus core operations that were generated by the plan helped campuses reach steady state and went beyond what UC would have generated from enrollment growth alone. This funding helped campuses maintain student-faculty ratios, ensure timely graduation, remove equity gaps, as well as support student services such as basic needs and student mental health.

Associate Vice Provost Shawn Brick stated that, in 2025–26, UC's need-based grant program for undergraduate students reached \$1 billion. An increase in tuition meant an increase in financial aid, additional money to help students in need cover cost of attendance. The Cal Grant covered tuition and the Student Services Fee for qualifying students, protecting them from a tuition increase, and 45 percent of tuition revenue associated with increases was set aside as return-to-aid. For the first two years of the Tuition Stability Plan, students' self-help expectation decreased as a result of the rapid increase in available financial aid. In 2024–25, the self-help expectation increased, driven largely by inflation. That same year, the revised Free Application for Federal Student Aid (FAFSA) was implemented and changed how a family's ability to pay was assessed. Student borrowing rates and debt upon graduation have declined since the Great Recession, sharply during the COVID-19 pandemic, and continued decline after the Tuition Stability Plan was implemented. There was a flattening of cumulative debt in the last year of available data, which could be attributed to inflation. In May 2022, the Regents amended Regents Policy 3201, The University of California Financial Aid Policy, to include the student experience as a formal metric when assessing financial aid policy implementation. The 2024 UC Undergraduate Experience Survey results indicated the lowest levels of concern about affordability and debt. Pell Grant recipients were more concerned about debt but less likely to be concerned about the manageability of college costs.

Mr. Brostrom stated that renewal of the Tuition Stability Plan would be presented to the Regents later this academic year. The changes for the Regents to consider were increasing the cap of five percent to seven percent, reducing return-to-aid on incremental tuition revenue from 45 percent to 35 percent, and adding a percentage point on top of the three-year average of the California CPI. The cap would not be a tuition increase, but rather a maximum rate that could be applied to a cohort if inflation and other economic conditions dictate. Under the plan, the University bore most of the risk of forward-looking inflation,

since CPI was an average from the past three years and the cohort rate is set for five to six years. For several years, the cap did not affect the cohort rate, but the five percent limit would have been breached twice. Mr. Brostrom cited the impact of inflation on campuses and low-income students for the proposed cap increase. Return-to-aid was set at 45 percent in order to accelerate overall return-to-aid toward one-third, which has worked extremely well. Return-to-aid would be reduced to 35 percent because campuses needed more funding due to budget deficits, federal actions, and survey results demonstrating student concerns about student-faculty ratios, bottleneck courses, impacted majors, and time to degree. Thirty percent return-to-aid was far above that of comparable public universities, and at 35 percent, UC would still be increasing the percentage of tuition to financial aid. Adding to the inflation adjustment would send more funding to campus operations and reflected the need for more funding for capital projects, particularly UC's \$16 billion in seismic liabilities and over \$8 billion in deferred maintenance. The University received one-time State funding for this occasionally, but its last general obligation bond was in 2006 and last lease revenue bond was in 2011, so all building and facility renewal came from the University's own balance sheet. UC currently allocated 50 percent of the Student Services Fee for student mental health and made annual allocations to basic needs and other student support services. This would also be a small hedge against inflation. Mr. Brostrom offered to discuss the plan with the Regents and any suggestions they might have.

Regent Brooks expressed deep disappointment at use of the term "needy" when referring to students in the written materials and asked that it be changed. As graduate students were not part of the cohort tuition model, she asked how UC would account for the changes to grants and loans that graduate students and international students faced. Mr. Brostrom recognized that a large amount of graduate student funding came from federal grants, and cuts to these grants would affect the graduate population. The University would monitor PLUS loans closely. Mr. Brick stated that "financial need" was a term of art that permeated the financial aid landscape, but perhaps one could regard students as "financially needy" as defined by FAFSA. Graduate doctoral students relied on UC and research funds, and the University was committed not to let these students be affected by a tuition increase. Graduate and professional degree students more frequently paid for college using student loans. UC might be able to address the elimination of the PLUS loan through the private market and would review these private loans to ensure their high quality. Students might also be able to borrow more from the federal direct loan program.

Regent Brooks remarked that some student support services were being cut but the same amount in student fees was being collected. She asked whether there were data indicating how student fees were being used. She expressed misgivings and deep concern about the proposed changes to the plan, likening these changes to "raising the ceiling" and "lowering the floor" for students trying to attain higher education. Mr. Brostrom confirmed that the changes would bring more revenue to campuses to address some of the concerns that Regent Brooks raised. He offered to provide data on how Student Services Fees were used.

Regent Cohen stated that the Tuition Stability Plan was probably the most consequential and beneficial policy with which he was involved, and he was very happy with its success. However, there was a lack of education about tuition dollars generated from the plan, as

the misunderstanding and misinformation he heard during the public comment period surprised him. Student Regents and the Office of the President (UCOP) must engage with the student body and provide information. Noting a State law that requires such student engagement, Regent Cohen asked how UC would engage with students. Mr. Diaz stated that UCOP would continue its monthly budget consultation calls with the UC Student Association and the UC Graduate and Professional Council to elicit feedback. Once the Regents determine a formal timeline for presenting the plan for renewal, UCOP would prepare more formal consultation with students. The contents in the written item were calibrated using student feedback.

Regent Cohen shared that he was most concerned about decrease in return-to-aid. At the time, the Regents set return to aid to 45 percent with a goal to bring overall return-to-aid to one-third. At the current rate, return-to-aid would not reach one-third until after 2030. The 45 percent also increased affordability for more families, and he strongly wished to continue that. He would choose affordability over campus core funds and acknowledged that this choice would place a greater burden on chancellors.

Regent Robinson shared that, in his experience, the Tuition Stability Plan received a tremendous amount of support from families, and he wished to renew it. He believed that energy should go toward State budget advocacy, and that increasing the cap from five percent to seven percent could potentially give a shock to students. Regent Robinson asked if UC could smooth out its increases instead of making a dramatic change in one year. Mr. Brostrom replied that the current increases relied on a three-year rolling average of CPI and would not likely reach the cap unless there is a major inflationary environment.

Regent Hernandez asked how much tuition would increase for an individual if these changes were implemented. He asked UCOP to reconsider adding a percentage to CPI, because the burden of seismic and deferred maintenance should not be placed on students. Mr. Brostrom explained how these changes would help low-income students. Increasing tuition, for instance, from four percent to six percent would increase the amount of financial aid by 50 percent. A family with an income of at least \$180,000 would pay the additional tuition, but the Middle Class Scholarship Program applied to families with incomes of up to about \$240,000. However, Mr. Brostrom acknowledged Regent Cohen's point that reducing return-to-aid would reduce the amount of available financial aid and offered to create several models to share with the Regents.

Regent Anguiano shared Regent Cohen's praise of this policy and expressed support both for a plan that imparted stability and for modest tuition increases. In her view, a seven percent increase seemed very high, and she had not yet heard a rationale for placing such a burden on students. She echoed Regent Robinson's suggestion to smooth out increases over time. She asked how return-to-aid was distributed across income bands and what groups aside from those with higher incomes would not qualify for financial aid and would have to pay the full amount. Regent Anguiano distinguished the term "financial need" from "needy" and suggested that UC cease using the latter term. Referring to the written materials, Mr. Brostrom noted that 92 percent of students with family incomes less than \$60,000 qualified for the Cal Grant, UC Grant, or tuition awards, compared with 36 percent

of students with family incomes of \$120,000 to \$180,000. However, many from the latter group qualified for the Middle Class Scholarship Program. In addition, each student from campuses like UC Merced or UC Riverside, which had higher percentages of Pell Grant recipients, received the same amount in financial aid and had the same self-help expectation as students from campuses with a lower number of Pell Grant recipients.

Regent Anguiano asked which groups would be affected by the tuition increases. Mr. Diaz offered to provide graphs with more granular detail about the effect of increases on specific groups of students. Mr. Brick noted that some students with family incomes of \$120,000 to \$180,000 and who were not among the 36 percent who qualified for financial aid would see their tuition increase. However, the Middle Class Scholarship would increase for 21 percent of students in that income range to offset some of the tuition increase. The bulk of the impact would be on undergraduate students from families earning over \$180,000 per year.

Regent Kounalakis expressed appreciation for the item's specificity and transparency. She stated that a five percent cap was already significant and suggested removing from consideration the increase of the cap to seven percent. Such an increase would have an enormous impact on students. If the Regents approve a cap of seven percent, one should expect that a seven percent increase in tuition is very much a possibility, which could double tuition in 12 years. If there is an extraordinary circumstance in which the University feels the need to increase tuition by more than five percent in any given year, UC should have to come before the Board and explain why. Regent Kounalakis recognized the effort that the Regents, staff, students, and partner organizations made, during a year in which California was experiencing a deficit, to successfully lobby the Legislature not to significantly cut the General Fund allocation to the University. This was a recognition that the General Fund contributions were meant to keep higher education accessible and affordable to students. Suggesting an increase of the tuition cap to seven percent did not honor an allocation that was very close to the full amount had there not been a deficit. Regent Kounalakis stated that she would not support a seven percent tuition increase.

Regent Sures asked how UC's tuition compared with other Association of American Universities public institutions. Mr. Diaz responded that he could provide tuition information on UC tuition and that of its four main comparators. At UC, the average total fees for an undergraduate student were just over \$15,000. This was lower than the University of Virginia, where total fees were about \$25,300; at the University of Michigan, where total fees were \$21,000; and at the University of Illinois, where total fees were \$20,000. At the State University of New York at Buffalo, total fees were about \$11,000. Mr. Brostrom noted that 57 percent of UC undergraduate students paid no tuition.

Regent Sures asked what percentage of financial aid was provided by comparator institutions. Mr. Diaz offered to provide this information. Mr. Brick stated that UC was unique in the financial aid it provided. Regent Sures remarked that comparators did not come close to the amount of financial aid that UC provided. Mr. Brick added that comparators had a different percentage of students who were Pell Grant eligible.

Regent Sures expressed concern about the effect of federal action on UC's medical enterprise, which brought revenue to the institution, as well as the future of State funding. He asked what would happen if UC experienced a severe shortfall and had a cap on tuition increases. Mr. Brostrom replied that the University could seek a one-time increase from the Regents to reflect a financial exigency. While he agreed that UC's top priorities should be accessibility and affordability, raising the cap would only affect families in higher income brackets and would remain flat during the student's time at UC.

Regent Sures emphasized that, as tuition goes up, the amount of financial aid goes up as well. Mr. Brostrom stated that currently, 45 percent of all incremental revenue was return-to-aid. A tuition increase from four percent to six percent would mean a 50 percent increase in financial aid. He wished to link tuition increases to inflation, because most of financial aid went to non-tuition costs.

Regent Sures stated his understanding that some in lower-income families could benefit from a tuition increase. Mr. Brostrom stated that 45 percent return-to-aid was very progressive and met UC's goals. UC was more affordable than comparator institutions for upper-income families.

Regent Matosantos asked how much time parents would have to make a decision. With this model, parents knew what to expect. The presentation materials understated the impact of the policy and to what extent it kept tuition low. She stated that the cap on tuition increases was protection, not a guarantee, and would only affect new cohorts. Less than a quarter of the population would be affected with each increase. Regent Matosantos shared Regent Sures' concern about budgetary stability, and she was worried that increasing tuition in the middle of a student's time at UC would lead to a student dropping out. This was a bigger risk in the absence of calibration. She was interested in exploring a four-year rolling average and no cap. In addition, understanding the relationship between the Tuition Stability Plan and the State General Fund could help inform State advocacy. Regent Matosantos expressed interest in finding different ways to tackle inflation and shared Regent Cohen's concern about changing return-to-aid. UC must be clear about what it is doing, maintain simplicity, and keep increases as sustainable as possible. Mr. Brick emphasized the utility of the Tuition Stability Plan for outreach. Tuition information was available ahead of outreach season, and the University was able to provide concrete tuition information to lower-, middle-, and upper-income families.

Regent Matosantos asked when Regents would decide on whether to renew the plan. Mr. Brostrom replied that the Regents could decide any time this year, and the renewal would apply to the 2027–28 academic year.

Regent Leib expressed concern about how such an action would be viewed. Given the success of the plan, he questioned why the University was trying to fix something that was not broken and asked whether UC could renew the Tuition Stability Plan as it is. Mr. Brostrom replied that UC observed financial headwinds; six of the nine undergraduate campuses had structural deficits primarily in their core funds. The plan has not met the overall needs of these core funds. Mr. Brostrom noted the effect of federal action, the

threats to indirect cost recovery, and the potential cuts to direct funding. State funding was flat year over year while there was pressure across UC. He expressed interest in Regent Matosantos' suggestion of a longer rolling average, which could reflect campus expenditures, particularly labor, which incorporated inflation more quickly than goods and services.

Regent Leib stated that he was wary of making changes to a plan that has worked so well. For instance, families with an income of \$180,000 to \$200,000 with multiple children in college would face significant costs.

Regent-designate Craven asked how confident one was that the linear model presented would remain consistent. Mr. Brostrom stated that he was very confident and credited the work of the Regents, especially Regent Emeritus Pérez. Even with past deviations from the plan, tuition was now more stable than before the plan was implemented.

Regent-designate Craven asked for a comparison of the impact of 45 percent and 40 percent return-to-aid on core funds, projected increases in housing costs by campus, and projected fees by campus, which could change the cost of attendance.

Regent Park echoed Regent-designate Craven's request for more information. While tuition has been predictable, families also bore the cost of room and board, the UC Student Health Insurance Plan, fees, and textbooks and supplies. Regent Park asked if UC has made progress in reducing the cost of textbooks and supplies, what has been devoted to addressing equity gaps and impacted majors and whether there was success, and about the amount of debt by family income level.

Regent Park predicted dynamic changes beyond expenses and revenue. She asked chancellors what would be done to address changes brought about by artificial intelligence, noting pedagogical opportunities and challenges. Campuses would need to take action with the engagement of the Academic Senate.

Chair Reilly suggested that the University take time to communicate these issues with students and other interest groups. This would be subject to a vote at a future meeting, and any changes would not be implemented until 2027–28. The Board was not reneging on promises it had made for five years; there would be time for families to address potential changes to the plan. Chair Reilly asked that information requested during this discussion be sent to all the Regents. Mr. Brostrom replied that information would be provided to all the Regents, and he and his team would be available for individual conversations.

6. **ANNUAL COUNCIL OF UNIVERSITY OF CALIFORNIA STAFF ASSEMBLIES REPORT**

Chair Reilly introduced the item. The Council of UC Staff Assemblies (CUCSA) served as a link between University leadership and the broader staff community, ensuring that staff perspectives are brought forth, particularly on matters related to total compensation, professional development, and employee engagement and well-being.

Jen Bowser, UCLA staff member and CUCSA Chair, stated that, for the last 50 years, CUCSA, a volunteer organization, has provided insight and guidance from the perspective of policy-covered staff. As of October 2024, these non-represented staff comprised approximately 39 percent of the UC workforce; this did not account for the large number of union accretions over the last fiscal year. The two CUCSA delegates from each UC campus, UC Agriculture and Natural Resources, Lawrence Berkeley National Laboratory, and the Office of the President were also active in their local staff assemblies. Five former delegates comprised CUCSA's Executive Board. CUCSA was founded on November 26, 1974 and chartered on July 18, 1975, and was initially focused on bringing forth staff concerns and advocating greater inclusion in decision making. CUCSA went from participating in systemwide committees in the 1970s to helping shape policy on childcare, career diversity, and equity and benefits. In 2005, CUCSA helped establish the Staff Advisor to the Regents, giving staff a permanent voice on the Board. In partnership with Systemwide Human Resources, CUCSA was instrumental in the creation of the biennial systemwide Staff Engagement Survey, which was first launched in 2013 and informed institutional priorities. The survey has not been administered since 2021 following the lapse of the vendor contract but was expected to resume this fall. In 2021, CUCSA helped implement the Pay for Family Care and Bonding program, which provided paid leave for caregiving.

Desiree Hennon, UC San Diego staff member and CUCSA Chair-Elect, stated that for the past three years, CUCSA's workgroups have focused on staff well-being, total compensation, and workforce sustainability. By addressing burnout and mental health, advocating for more competitive and equitable compensation, and preparing UC for future workforce shifts through these workgroups, CUCSA was committed to making recommendations for both longstanding and emerging issues. In 2004, workgroups highlighted three foundational challenges: the way housing affordability affected recruitment and retention, the need for structured career growth programs, and the importance of strong supervisory skills to support staff morale and institutional success. This year, the total compensation workgroup recommended that each UC location establish an emergency housing assistance program for staff. The well-being workgroup launched the first systemwide mentorship and coaching network, and the sustainable workforce group created guides for managers and staff to address workloads and prevent burnout. CUCSA's workforce evolution reports from 2005 to 2007 called for improving documentation and institutional memory, stronger support for organizational learning, and training programs to prepare the next generation of UC leaders. Nearly 20 years later, these priorities were affected by modern challenges, such as State budget reductions, uncertain federal funding, and increased demands on fewer staff. While current staffing risks stemmed less from retirement and more from attrition, burnout, and workforce contraction, the imperative remained the same: preserve talent, invest in leadership, and protect the future of the University. In 2011, CUCSA advocated the streamlining of administrative processes and, in 2012, CUCSA urged the adoption of data-informed decision-making. The latest sustainable workforce workgroup report recommended the strategic use of generative artificial intelligence (AI) and automation to enhance efficiency and expand staff's ability to analyze, interpret, and respond to data in real time, as well as reduce the amount of repetitive manual work and explore tools that boost operational efficiency and alleviate

staff burden. For ethical AI integration, CUCSA recommended that UC build a shared generative AI toolkit for cross-campus learning, invest in AI literacy training, and integrate generative AI into Lean Six Sigma process improvement. Ms. Hennon underscored that CUCSA did not support the use of AI to replace staff. However, with staff already overextended and difficult budget years ahead, AI could provide critical support by streamlining work, reducing burnout, and enabling employees to focus on higher-value work.

Ms. Bowser stated that the total compensation workgroup recommended a dependent tuition remission program. CUCSA raised the issue of employee tuition benefits as early as 1999 and released dedicated reports in 2007 and 2008. In 2023, CUCSA formed a committee to assess the benefit of dependent tuition remission, but the recommendation was paused due to budget constraints. Many peer institutions in California offered similar programs; such a program at UC would help attract and retain valued staff. Though such a benefit might not be feasible at present, UC could take other immediate steps to retain its workforce, including reaffirming UC's commitment to flexible work. Given the high cost of housing near UC campuses and medical centers, many staff were forced to live far from their worksites and faced long, costly commutes and limited parking. UC demonstrated that flexible work could be effective and sustainable during the COVID-19 pandemic, when staff relocated to more affordable areas on the assumption that remote or hybrid work would remain supported. However, at some locations, staff were now asked to come into office up to four days per week without justification or consideration of individual circumstances. The lack of transparency and staff engagement in decisions to return to the office was eroding staff morale and trust. UC risked losing the talent it worked so hard to retain. Ms. Bowser emphasized that well-being efforts must accompany workplace flexibility. CUCSA's well-being workgroup recognized Systemwide Human Resources for forming a committee to explore the possibility of a systemwide wellness program and recommended establishing dedicated well-being leadership at the Office of the President, prioritizing systemwide data collection to inform well-being strategy, and adding a webpage with resources on the UCNet website. Ms. Bowser concluded that flexible work and well-being initiatives formed the foundation of a resilient, high-performing workforce, one that is equipped to stay at UC and thrive.

Ms. Hennon encouraged the Regents to review the workgroup reports. She recognized both outgoing and incoming CUCSA Executive Board members.

Regent Cohen stated that, while the needs of the University as employer were paramount, he hoped that campuses could provide sufficient notice regarding returning to the office, explain the reason for doing so, and ensure that staff in the office could enjoy the benefits promised, including better collegiality and performance.

Regent Leib emphasized the importance of providing tuition benefits to employees for retention. He stated that he would follow up with Executive Vice President and Chief Financial Officer Brostrom and others regarding this matter. Regent Leib noted that this was Ms. Bowser's last meeting as Chair and expressed appreciation for her dedication.

Chair Reilly asked what percentage of staff were working remotely at least one day per week. Ms. Bowser replied that CUCSA could work with Systemwide Human Resources to obtain this information. Ms. Hennon stated that some campuses had such data.

Chair Reilly echoed Regent Leib's advocacy of tuition benefits for employees.

The Board recessed at 11:45 a.m.

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The Board reconvened at 12:55 p.m. with Chair Reilly presiding.

Members present: Regents Anguiano, Batchlor, Brooks, Cohen, Hernandez, Komoto, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sarris, and Wang

In attendance: Regents-designate Craven, Melton, and Tokita, Faculty Representatives Cheung and Palazoglu, Secretary and Chief of Staff Lyall, General Counsel Robinson, Provost Newman, Executive Vice President and Chief Operating Officer Nava, Executive Vice President Rubin, Vice Presidents Brown, Kao, and Lloyd, Chancellors Frenk, Gillman, Hu, Larive, Lyons, May, and Muñoz, Interim Chancellor Marshall, and Recording Secretary Li

7. APPOINTMENT OF AND COMPENSATION FOR DIONISSIOS (DENNIS) N. ASSANIS AS CHANCELLOR, SANTA BARBARA CAMPUS AS DISCUSSED IN CLOSED SESSION

- A. Having completed consultation with the Search Advisory Committee to select the UC Santa Barbara Chancellor, the President of the University recommended to the Regents that Dionissios (Dennis) N. Assanis be appointed as Chancellor, Santa Barbara campus, at 100 percent time, effective on or about September 1, 2025.
- B. The President recommended that, contingent upon and effective with Mr. Assanis' appointment by the Regents as Chancellor of the Santa Barbara campus, the following items be approved in connection with that appointment:
 - (1) Per policy, annual base salary of \$880,000, which will be funded by State and non-State sources.
 - (2) Per policy, University-provided housing while serving as Chancellor, which includes alternative housing arrangements as approved by the Board of Regents in May 2025.
 - (3) Per policy, a hiring bonus of 20 percent (\$176,000) of the proposed base salary, which is intended to make the hiring offer market-competitive and to assist in securing Mr. Assanis' acceptance of the offer. The hiring bonus will be paid in two equal lump sums of \$88,000 each, on or about November 1, 2025 and on or about November 1, 2026, and will be subject to the

following repayment schedule if Mr. Assanis voluntarily separates from the University of California or voluntarily separates from this position to accept an appointment at another University of California location within two years of his appointment: \$88,000 if separation occurs within the first year of employment, and \$88,000 if separation occurs within the second year of employment, subject to the limitations under policy. Any unpaid hiring bonus will be forfeited at the time of separation if separation occurs for any reason.

- (4) Per policy, reimbursement of actual and reasonable moving and relocation expenses, other than those storage costs addressed in (4)a below, associated with relocating Mr. Assanis' primary residence as well as professional/scholarly books, records, and equipment, including laboratory supplies, in connection with the initial relocation to Santa Barbara and the subsequent move to the UC Santa Barbara University House, subject to the limitations under policy.
 - a. As an exception to policy, while Mr. Assanis is residing in alternative housing, reimbursement of actual and reasonable storage costs for household goods and personal effects that cannot be stored in the alternative housing.
- (5) Per policy, when Mr. Assanis leaves the Chancellor position, reimbursement of actual and reasonable expenses related to relocating household goods and personal effects, including his personal library, laboratory, and any other related equipment and materials to a location of his choice in California, subject to the limitations under policy.
- (6) Per policy, health and welfare benefits and eligibility for standard senior management benefits including Senior Manager Life Insurance (eligible upon appointment) and Executive Salary Continuation for Disability (eligible after five consecutive years of Senior Management Group service).
- (7) As an exception to policy, and as an amendment to the University of California Retirement Plan (UCRP), Mr. Assanis will be eligible to participate in UCRP and receive a Supplemental Retirement Benefit (SRB) established under the UCRP. In lieu of the basic UCRP benefit for the first ten years of Mr. Assanis's University employment as Chancellor, Santa Barbara campus, his retirement benefit will accrue at the end of each year of service under the schedule set forth in the SRB.

The SRB will provide the following annual benefits as of the end of Years 1–10: Year 1- \$8,000; Year 2- \$16,000; Year 3-\$24,000; Year 4- \$32,000; Year 5- \$50,000; Year 6- \$60,000; Year 7- \$70,000; Year 8- \$80,000; Year 9- \$90,000; Year 10- \$100,000. Mr. Assanis will be required to make

mandatory employee contributions as required under the UCRP and the Defined Contribution (DC) Plan supplement.

If Mr. Assanis steps down as Chancellor prior to the end of Year 10, the annual retirement annuity set forth in the SRB will not increase further, and he will be entitled to the earned annuity specified in the SRB applicable to the number of years he serves as Chancellor. Should Mr. Assanis step down as Chancellor prior to year 10, and he assumes a tenured faculty position, any additional years of UCRP service credit will be calculated using standard UCRP benefit provisions under the UCRP 2016 Tier. Similarly, if Mr. Assanis begins Year 11 as Chancellor, any additional years of UCRP service credit will be calculated using standard UCRP benefit provisions under the UCRP 2016 Tier. In either scenario described in this paragraph, Mr. Assanis will maintain the earned annuity applicable to the number of years he serves as Chancellor, up to the \$100,000 for Year 10, and he will be entitled to the Pension Choice Defined Contribution supplement for eligible faculty, to which UC contributes five percent on all eligible pay up to the Internal Revenue Service (IRS) maximum.

In addition to the normal UCRP funding provided for 2016 Tier members, the University, specifically UC Santa Barbara, will make supplemental pension contributions for each of the first four years that Mr. Assanis serves as Chancellor, Santa Barbara campus. The supplemental funding for the first four years, which occurs at the beginning of each year, will be \$85,000 annually for each of years one through four. After year four, funding will occur in accordance with the normal UCRP funding policy that is applicable to funding the benefits for 2016 Tier UCRP members.

- (8) As an exception to policy, eligibility to participate in the University's fully insured retiree healthcare plans under the following accelerated schedule subject to statutory or regulatory changes in applicable law. Mr. Assanis will receive 50 percent of the maximum University contribution towards medical and dental premiums after completing five years of service as Chancellor. For each additional year of service completed as Chancellor, the University contribution will be increased by ten percent. Thus, Mr. Assanis will be eligible for the maximum University contribution upon completing ten years of service as Chancellor.
- (9) Per policy, while University-provided housing will be Mr. Assanis' primary residence, eligibility to participate in the UC Employee Housing Assistance Program to assist with the purchase of a private secondary residence near the Santa Barbara campus in conjunction with the University-provided housing, subject to all applicable program requirements. When stepping down as Chancellor, if Mr. Assanis assumes a full-time tenured faculty position at a UC campus, he will continue to be eligible to participate in the

UC Employee Housing Assistance Program, in accordance with all applicable policies and program requirements.

- (10) Per policy, an administrative fund will be established for official entertainment and other purposes permitted by University policy. Adjustments may occur annually as allowed by policy. Notwithstanding the provisions of University Policy G-28, Mr. Assanis shall be authorized to utilize business or first class for air travel of at least six hours, provided that such expenses are managed within Mr. Assanis' administrative fund allocation and the travel is otherwise authorized by policy.
- (11) If Mr. Assanis maintains an active research program in connection with a tenured faculty appointment during his appointment as Chancellor, an annual allocation of campus funding will be established for this research during the term as Chancellor. This allowance is not compensation, and Mr. Assanis may only use it for expenses related to his research allowed under University policy.
- (12) Per policy and contingent upon the Santa Barbara campus's approval of Mr. Assanis' tenured academic appointment, eligibility to accrue sabbatical credits as a member of tenured faculty, consistent with academic personnel policy.
- (13) For any outside professional activities, Mr. Assanis will comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.
- (14) As an exception to policy, eligibility for a severance payment if the Regents terminate Mr. Assanis' employment as Chancellor without cause within three years of his initial appointment as Chancellor. The severance payment shall be equivalent to one year's salary at the then-current rate, discounted to present value, as liquidated damages in lieu of any other remedies so long as Mr. Assanis signs a separation agreement and release of claims using a form approved by the General Counsel.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: On or about September 1, 2025

Annual Base Salary: \$880,000

Incentive Compensation: N/A

Target Cash Compensation: *\$880,000

Funding: Partially or Fully State-Funded

Prior Career Incumbent Data

Title: Chancellor, Santa Barbara Campus

Annual Base Salary: \$820,000

Incentive Compensation: N/A

Target Cash Compensation: *\$820,000

Funding: Partially or Fully State-Funded

*Target Cash Compensation consists of base salary and, if applicable, short-term and long-term incentives and/or stipend.

**COMPETITIVE ANALYSIS FOR CHANCELLOR, SANTA BARBARA CAMPUS
(MRZ Title: CHANCELLOR)**

	MARKET REFERENCE ZONE FOR BASE SALARY				
Percentiles	25th	50th	60th	75th	90th
Market Data	\$623.3k	\$893.3k	\$971.2k	\$1313.1k	\$1650.1k
% Difference	41.2%	-1.5%	-9.4%	-33.0%	-46.7%

Survey Source: College and University Professional Association (CUPA) Administrators in Higher Education Salary Survey. CUPA reports base salary only.

The following shows the base salary and total cash compensation for Chancellors/Presidents at comparable public universities per the most current data from the *Chronicle of Higher Education* (Calendar Year 2023):

AAU* Public Universities		
(Listed by Total Compensation – Highest to Lowest)		
Institution	Base Salary	Total Compensation
	(Calendar Year 2023)	(Calendar Year 2023)
Arizona State University	\$815,548	\$1,344,370
University of Virginia - Main Campus	\$874,468	\$1,328,724
University of Washington - Seattle	\$897,925	\$1,293,848
University of Missouri-Columbia	\$865,000	\$1,145,363
University of Maryland - College Park	\$905,700	\$991,859
Purdue University - Main Campus	\$618,729	\$976,587
University of Utah	\$817,259	\$974,849
University of Illinois - Urbana-Champaign	\$812,317	\$905,633
University of Wisconsin - Madison	\$764,423	\$766,728
Stony Brook University	\$565,693	\$754,704
*AAU - Association of American Universities		

The compensation described above shall constitute the University's total commitment until modified by the Regents or the President, as applicable under Regents policy, and shall supersede all previous oral and written commitments. Compensation recommendations and

final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

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

Chair Reilly stated that the search committee conducted a comprehensive, nationwide search and gathered extensive input from the community. Dennis Assanis previously served as President of the University of Delaware, where he led initiatives to drive growth of the university's research, scholarship, and innovation. Under his leadership, total research expenditures surged from \$176 million in 2016 to \$466 million in 2024. He established the University of Delaware's Science, Technology and Advanced Research Campus, which created jobs and was the home of the National Institute for Innovation in Manufacturing Biopharmaceuticals. A native of Athens, Greece, Mr. Assanis earned his undergraduate degree in marine engineering at Newcastle University, three master's degrees at the Massachusetts Institute of Technology (MIT) in marine and mechanical engineering and in management, and a Ph.D. in power and propulsion at MIT. Pending the Board's approval, Mr. Assanis would assume his role at UC Santa Barbara on September 1.

Vice President Kao read a statement on behalf of President Drake, who noted that the search committee sought and received extensive input from faculty, staff, alumni, community partners, foundation board members, and other stakeholders. He thanked search committee members for their many hours of intensive work and expressed appreciation for the interest of many outstanding candidates. Having coordinated with President-designate Milliken over the past two months, he and President-designate Milliken concurred that Mr. Assanis was the best person to shape the next chapter for UC Santa Barbara. Mr. Assanis distinguished himself as an outstanding candidate. President Drake and President-designate Milliken were impressed with Mr. Assanis' qualifications, particularly his commitment to student success, his focus on academic excellence, and his record of accomplishment in expanding enterprise research and innovation. Under his leadership, total research expenditures at the University of Delaware increased by 160 percent between 2016 and 2024. Mr. Assanis had the vision and expertise to ensure continued excellence and a bright future for UC Santa Barbara. President Drake was excited to welcome Mr. Assanis and his wife Eleni to the University of California.

Vice President Lloyd introduced the item, an action to approve the appointment of and compensation for Dennis Assanis as Chancellor of UC Santa Barbara, effective on or about September 1, 2025. The proposed annual base salary would be \$880,000, which was in the 49th percentile of this position's market reference zone.

Regent Kounalakis stated that, pending approval, she looked forward to welcoming Mr. Assanis to California. She recalled that her Classics professor had compared the beauty of the mythological island of the nymph Calypso to that of Santa Barbara.

Upon motion duly made and seconded, the recommendation of the President was approved, Regents Anguiano, Batchlor, Brooks, Cohen, Hernandez, Komoto, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sarris, and Wang voting “aye.”

Chair Reilly welcomed Dennis Assanis as the sixth Chancellor of UC Santa Barbara and invited him to make remarks.

Chancellor-designate Assanis stated that he was deeply honored and humbled by the trust placed in him to serve as the next Chancellor of UC Santa Barbara and thanked the search committee, the Regents, President Drake, President-designate Milliken, and the Office of the President for this opportunity. He praised the academic reputation, students, and boundless potential of the Santa Barbara campus, recognized among the top public universities. He stepped into this role with a sense of gratitude, responsibility, and purpose and was proud to join the students, faculty, staff, alumni, and community partners who have made UCSB a beacon of excellence, inclusion, and innovation. His own higher education journey shaped his identity and values. He has always inspired by the Homeric ideal of *arete*, the pursuit of excellence. In his formative years, Chancellor-designate Assanis attended a Greek-American school that blended a classical education founded in the liberal arts with project-based learning and creative problem solving. Traveling the world at a young age with his father, a merchant marine captain, opened his eyes to the rich diversity of nations, cultures, and human experiences, sparking a lifelong curiosity about the world and a passion for understanding it more deeply. He became the first in his family to pursue higher education, earning his bachelor's degree from Newcastle University in England and his graduate degrees from MIT. The mentorship of faculty, the encouragement of peers, and the transformative power of discovery opened doors that he never imagined possible, which was why he believed so deeply in role of higher education as both a ladder of opportunity and as a community of belonging, motivation, and progress. He chose an academic path for his career because of the intellectual freedom to combine vision, intellect, and empathy to guide individuals to discover their potential and purpose. Chancellor-designate Assanis was grateful to and proud of the students and researchers he taught and mentored, and he was grateful for the mentors and colleagues who guided and inspired his life and career. He thanked his family for their unconditional love and support, particularly his wife Eleni, the wind behind his sails and his eternal source of inspiration, their two sons and their families, and his 98-year-old mother. He recalled that his late father never stopped encouraging him to pursue his academic dreams to the fullest.

As Chancellor, he looked forward to building on the accomplishments of Chancellor Yang, faculty, staff, and senior leaders by fostering a culture of academic and research excellence, supporting student success, and strengthening UCSB's commitment to access and affordability. His first and most important priority would be to ensure the success of every student in a welcoming environment. UCSB should continue to enhance the quality of education, graduation rates and graduates' careers, and lifelong learning. Education must be based on learning outcomes, customized and responsive to a changing world. One should strive to promote creativity, innovation, global experiences, and engagement with the full benefits of attending a research university. UCSB must also leverage new technologies, including artificial intelligence, to enhance residential and distance

education. Chancellor-designate Assanis also stressed the importance of enhancing UCSB's commitment to graduate and professional education; interdisciplinary thinking was essential to preparing the global citizens of tomorrow. Beyond science and engineering, UCSB needed to embrace the arts, humanities, and social sciences for a human-centered world. He sought to promote greater collaboration among UCSB colleges and schools and with all campuses in the UC system. UC Santa Barbara played a key role in discovery and the expansion of knowledge. Scholarship, synonymous with the search for truth, cultivates the mind and spirit of students and prepares them to enter the world and the workforce. Scholarship also provided the cradle for translating great discoveries into innovation and technological advances that would fuel the economy and establish companies. UCSB could be a catalyst for partnerships with industry and with federal and State government. Chancellor-designate Assanis underscored that outstanding faculty and dedicated staff personify the mind and spirit of a great university and attract excellent students. Faculty and staff made an institution of higher education into a community where learning, teaching, research, and community engagement work together and respond to the challenges of the world by creating social, economic, scientific, artistic, and other benefits, as expected from the nation's great universities. He believed that UC Santa Barbara's successes were based on a very effective shared governance model. Chancellor-designate Assanis looked forward to working in partnership with President-designate Milliken and the chancellors, and he and his wife were thrilled to join the vibrant culture in Santa Barbara, make new friends, learn, and lead with integrity. Together, he and the UCSB community would write the next chapter of the campus' incredible story.

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

Chair Reilly stated that Chairs of Committees and Special Committees that met at this meeting 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 July 16, 2025:

A. ***Approval of Delegation of Authority for Limited Professional Degree Supplemental Tuition Multi-Year Plans***

The Committee recommended that the President be authorized to approve multi-year plans with proposed Professional Degree Supplemental Tuition increases capped at three percent for California residents and five percent for nonresidents.

B. ***Alumni Outcomes—Top Employers Across UC Campuses***

Regent Leib reported that the Committee heard a presentation on the work of Institutional Research and Academic Planning at the Office of the President to create

a database on the top employers of alumni, as well as a discussion of job opportunities and how students could access these data.

C. ***Science, Solutions, Santa Cruz: How the Seymour Marine Discovery Center Powers Community-Driven Climate Resilience Through Research***

Regent Leib reported that the Committee heard a presentation about the ways the Seymour Marine Discovery Center at UC Santa Cruz advanced community-driven climate resilience through research.

D. ***Campus Climate Resources and Incident Reporting***

Regent Leib shared that he had requested this discussion due to many reports of the lack of follow-up for incident reports. There were timetables for investigations but not for receiving a response from the campus' Local Implementation Officer. Work would be done over the next two months to ensure timely responses to incident reports and that the process is accessible and accountable.

Upon motion of Regent Leib, duly seconded, the recommendation of the Academic and Student Affairs Committee was approved, Regents Anguiano, Batchlor, Brooks, Cohen, Hernandez, Komoto, Leib, Makarechian, Matosantos, Reilly, Robinson, Sarris, and Wang voting "aye," Regent Park voting "no," Regent Kounalakis abstaining.

Report of the Compliance and Audit Committee

The Committee presented the following from its meeting of July 16, 2025:

Compliance Plan for 2025–26 and Internal Audit Plan for 2025–26

The Committee recommended that the Regents approve the Compliance Plan for 2025–26, as shown in Attachment 1, and the Internal Audit Plan for 2025–26, as shown in Attachment 2.

Regent Matosantos reported that the plans were developed to reduce risk and increase visibility, oversight, and prevention.

Upon motion of Regent Matosantos, duly seconded, the recommendation of the Compliance and Audit Committee was approved, Regents Anguiano, Batchlor, Brooks, Cohen, Hernandez, Komoto, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sarris, and Wang voting "aye."

Report of the Finance and Capital Strategies Committee

The Committee presented the following from its meeting of July 16, 2025:

A. ***Consent Agenda:***

(1) ***901 Levering Student Housing, Los Angeles Campus: Preliminary Plans Funding***

The Committee recommended that the 2024–25 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Los Angeles: 901 Levering Student Housing – preliminary plans – \$8,752,000 to be funded from housing reserves.

(2) ***Berkeley Innovation Zone – North Building, Berkeley Campus: Scope and Design Following Consideration of an Addendum to the Berkeley Innovation Zone Environmental Impact Report Pursuant to the California Environmental Quality Act; and Acceptance of Gift of Real Property***

The Committee recommended that:

- a. The scope of the Berkeley Innovation Zone – North Building project be approved. The project shall include construction of an approximately 169,000-gross-square-foot building with laboratory, office, and collaboration space.
- b. Following review and consideration of the environmental consequences of the Berkeley Innovation Zone – North Building project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:
 - i. Adopt the CEQA Findings for the Berkeley Innovation Zone – North Building project, having considered both the Berkeley Innovation Zone Environmental Impact Report (EIR) for the Berkeley campus and Addendum to the Berkeley Innovation Zone EIR for the Berkeley Innovation Zone – North Building project.
 - ii. Make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of the Berkeley campus, as identified in the Mitigation Monitoring and Reporting program adopted in connection with the Berkeley Innovation Zone EIR.

- c. The design for Berkeley Innovation Zone – North Building project, Berkeley campus be approved.
- d. In accordance with Regents Bylaw 22.2(d) and Regents Policy 8103, Policy on Capital Project Matters, the acceptance of the gift of the North Building project pursuant to the terms of a gift agreement between the donor and the Berkeley campus be approved.
- e. The President of the University, or designee, in consultation with the Office of the General Counsel, be authorized to execute all documents necessary in connection with the above and to take all further action necessary and desirable to effectuate the acceptance of the gift and implementation of the Berkeley Innovation Zone – North Building.

B. *Clean Energy Campus Utility Improvement Project – Phase 1, Berkeley Campus: Scope and Design Following Consideration of an Addendum to the 2021 Long Range Development Plan Environmental Impact Report Pursuant to the California Environmental Quality Act*

The Committee recommended that:

- (1) The Phase 1 scope for the Clean Energy Campus Utility Infrastructure Improvement project be approved. The project shall provide a new electrified heating and cooling plant equipped to provide thermal utilities to serve the buildings converted in Phase 1; thermal energy storage tank; hot and cold water thermal distribution infrastructure in the Phase 1 project area; conversion of building systems in the Phase 1 project area to connect to the electrified heating and cooling plant; and improvements to the campus landscape and pathway network.
- (2) Following review and consideration of the environmental consequences of the Clean Energy Campus Utility Infrastructure Improvement project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:
 - a. Adopt the CEQA Findings for the Berkeley Clean Energy Campus Utility Infrastructure Improvement project, having considered both the 2021 Long Range Development Plan (2021 LRDP) Environmental Impact Report (EIR) for the Berkeley campus and Addendum #8 to the 2021 LRDP EIR for the Clean Energy Campus Utility Infrastructure Improvement project.

- b. Make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of the Berkeley campus, as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the 2021 LRDP EIR and amended in Addendum #8.
- c. Approve the design for Phase 1 of the Clean Energy Campus Utility Infrastructure Improvement project, Berkeley campus.

C. *2018 La Jolla Campus Long Range Development Plan, San Diego Campus: Amendment #1 Following Certification of a Subsequent Environmental Impact Report Pursuant to the California Environmental Quality Act*

The Committee recommended that, following review and consideration of the environmental consequences of Amendment #1 to the UC San Diego La Jolla Campus 2018 Long Range Development Plan (LRDP), as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 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:

- (1) Certify the UC San Diego 2018 LRDP Subsequent Environmental Impact Report (2018 LRDP SEIR).
- (2) Make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of UC San Diego as identified in the Mitigation Monitoring and Reporting Program adopted in connection with Amendment #1 to the 2018 LRDP SEIR.
- (3) Adopt the Mitigation Monitoring and Reporting Program for Amendment #1 to the 2018 LRDP.
- (4) Adopt the CEQA Findings and Statement of Overriding Considerations for Amendment #1 to the 2018 LRDP.
- (5) Approve Amendment #1 the 2018 LRDP, San Diego campus.

D. *The Final 2025–26 State Budget and Update from the Systemwide Budget Management Workgroup*

Regent Cohen reported that the goal of the Systemwide Budget Management Workgroup, led by Associate Vice President Caín Diaz, was to develop best practices for campuses, improve uniformity across the system so that opportunities are not wasted, and gain efficiencies where possible.

Upon motion of Regent Cohen, duly seconded, the recommendations of the Finance and Capital Strategies Committee were approved, Regents Anguiano, Batchlor, Brooks, Cohen, Hernandez, Komoto, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sarris, and Wang voting “aye.”

Report of the Governance Committee

The Committee presented the following from its meeting of July 16, 2025:

A. ***Approval of Appointment of and Compensation for Meenakshi Wadhwa as Vice Chancellor for Marine Sciences, Director of Scripps Institution of Oceanography, and Dean of the School of Marine Sciences, San Diego Campus as Discussed in Closed Session***

The Committee recommended approval of the following items in connection with the appointment of and compensation for Meenakshi Wadhwa as Vice Chancellor for Marine Sciences, Director of Scripps Institution of Oceanography, and Dean of the School of Marine Sciences, San Diego campus:

- (1) Per policy, appointment of Meenakshi Wadhwa as Vice Chancellor for Marine Sciences, Director of Scripps Institution of Oceanography, and Dean of the School of Marine Sciences, San Diego campus, at 100 percent time.
- (2) Per policy, an annual base salary of \$500,000.
- (3) Per policy, a hiring bonus of 20 percent (\$100,000) of the proposed base salary, which is intended to make the hiring offer market-competitive and assist in securing Ms. Wadhwa’s acceptance of the offer. The hiring bonus will be paid as two equal lump sum payments of \$50,000 each. The first lump sum will be paid within 60 days of her start date, and the second lump sum will be paid on or about January 1, 2027, subject to the limitations under Regents Policy 7705: Senior Management Group Hiring Bonus.

If Ms. Wadhwa voluntarily separates from the University of California or voluntarily separates from this position to accept an appointment at another University of California location within two years of her appointment, she will be subject to the following repayment schedule: she will be required to pay back the first lump sum payment (\$50,000) of the hiring bonus if separation occurs within the first year of employment, and she will be required to pay back the second lump sum payment (\$50,000) of the hiring bonus if separation occurs within the second year of employment. Any unpaid hiring bonus amount will be forfeited at the time of separation if separation occurs for any reason.

- (4) Per policy, 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 after five consecutive years of Senior Management Group service.
- (5) Per policy, reimbursement of actual and reasonable moving and relocation expenses associated with relocating Ms. Wadhwa's primary residence, subject to the limitations under Regents Policy 7710, Senior Management Group Moving Reimbursement. If Ms. Wadhwa voluntarily separates from this position prior to completing one year of service or accepts an appointment at another University of California location within 12 months of her initial date of appointment, she will be required to pay back 100 percent of these moving and relocation expenses.
- (6) Per policy, eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
- (7) Per policy and contingent upon the San Diego campus's approval of Ms. Wadhwa's tenured academic appointment, eligibility to accrue sabbatical credits as a member of tenured faculty, consistent with academic personnel policy.
- (8) For any outside professional activities, Ms. Wadhwa will comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.
- (9) This action will be effective as of Ms. Wadhwa's hire date, estimated to be on or about November 1, 2025.

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

B. *Establishment of a New Level Two Senior Management Group Position of Associate Vice President – Strategic Partnerships, UC Health, Office of the President, and the Market Reference Zone for the Position*

The Committee reported its approval of the following:

- (1) Establishment of a new Senior Management Group position of Associate Vice President – Strategic Partnerships, UC Health, Office of the President. This will be a Level Two position in the Senior Management Group.

- (2) Establishment of a Market Reference Zone for this position as follows: 25th percentile – \$458,300, 50th percentile – \$531,400, 60th percentile – \$559,800, 75th percentile – \$602,500, and 90th percentile – \$652,500.
- (3) This action will be effective upon approval by both the Health Services Committee and the Governance Committee.

C. ***Amendment of Bylaw 40.3 and Standing Orders 105.1 and 105.2***

The Committee recommended that following service of appropriate notice, the Regents amend: (1) Bylaw 40.3 – Special Provisions Concerning Faculty, as shown in Attachment 3 and (2) Standing Order 105.1 – Organization of the Academic Senate and 105.2 – Duties, Powers, and Privileges of the Academic Senate, as shown in Attachment 4.

D. ***Amendment of Regents Policy 4105: Policy on Settlement of Litigation, Claims and Separation Agreements***

The Committee recommended: (1) that the proposed amendments to Regents Policy 4105: Policy on Settlement of Litigation, Claims, and Separation Agreements be approved, as shown in Attachment 5, and (2) that the General Counsel present an analysis of settlements approved under the amended Regents Policy 4105 at the July 2028 meeting and recommend further amendments if appropriate.

Upon motion of Chair Reilly, duly seconded, the recommendations of the Governance Committee in items A to D above were approved, Regents Anguiano, Batchlor, Brooks, Cohen, Hernandez, Komoto, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sarris, and Wang voting “aye.”

E. ***Approval of Appointment of and Compensation for Julie Lucas as Vice Chancellor for University Development and Alumni Relations, Berkeley Campus as Discussed in Closed Session***

The Committee recommended approval of the following items in connection with the appointment of and compensation for Julie Lucas as Vice Chancellor for University Development and Alumni Relations, Berkeley campus:

- (1) Per policy, appointment of Julie Lucas as Vice Chancellor for University Development and Alumni Relations, Berkeley campus, at 100 percent time.
- (2) Per policy, an annual base salary of \$750,000.
- (3) Per policy, standard pension and health and welfare benefits and eligibility for standard senior management benefits, including eligibility for senior management life insurance upon start date and eligibility for executive

salary continuation for disability after five consecutive years of Senior Management Group service.

- (4) Per policy, reimbursement of actual and reasonable moving and relocation expenses associated with relocating Ms. Lucas' primary residence, subject to the limitations under Regents Policy 7710: Senior Management Group Moving Reimbursement. If Ms. Lucas voluntarily separates from this position prior to completing one year of service or accepts an appointment at another University of California location within 12 months of her initial date of appointment, she will be required to pay back 100 percent of these moving and relocation expenses.
- (5) Per policy, eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
- (6) For any outside professional activities, Ms. Lucas will comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.
- (7) This action will be effective as of Ms. Lucas' hire date, estimated to be on or about September 8, 2025.

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

Upon motion of Chair Reilly, duly seconded, the recommendation for item E above of the Governance Committee was approved, Regents Anguiano, Batchlor, Brooks, Cohen, Hernandez, Komoto, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, and Sarris voting "aye" and Regents Kounalakis and Wang abstaining.

Report of the Health Services Committee

The Committee presented the following from its meeting of July 15, 2025:

- A. ***Approval of Administrative Stipend for Madelyn (Maddy) Pearson, Chief Nursing Executive and Vice President of Patient Care Services, UCSF Health, San Francisco Campus as Discussed in Closed Session***

The Committee reported its approval of the following items in connection with an administrative stipend for Madelyn (Maddy) Pearson, Chief Nursing Executive and Vice President of Patient Care Services, UCSF Health, San Francisco campus, in addition to her current base salary of \$668,766:

- (1) An administrative stipend of 7.5 percent (\$50,157 annualized) of Ms. Pearson's current base salary (\$668,766), effective July 1, 2025, through June 30, 2026, or until a new Chief Nursing Officer – Adult Services (CNO-AS) is hired, whichever occurs first.
- (2) Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan's (CEMRP) Short Term Incentive (STI) component, with a target award of 15 percent (\$107,838) of base salary plus the portion of the annualized administrative stipend received during each plan year and maximum potential award of 25 percent (\$179,731) of base salary plus the portion of the annualized administrative stipend received during each plan year, subject to all applicable plan requirements and Administrative Oversight Committee approval. Any actual award will be determined based on performance against pre-established objectives.
- (3) Per policy, continued eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
- (4) Per policy, continued eligibility for 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 after five consecutive years of Senior Management Group service.
- (5) For any outside professional activities, Ms. Pearson will comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.

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

B. *Approval of Appointment of and Compensation for Wendy Horton as Senior Vice President and President – Adult Services, UCSF Health, San Francisco Campus as Discussed in Closed Session*

The Committee reported its approval of the following items in connection with the appointment of and compensation for Wendy Horton as Senior Vice President and President – Adult Services, UCSF Health, San Francisco campus:

- (1) Per policy, appointment of Wendy Horton as Senior Vice President and President – Adult Services, UCSF Health, San Francisco Campus, at 100 percent time.
- (2) Per policy, an annual base salary of \$1.05 million.
- (3) Per policy, a hiring bonus of 20 percent (\$210,000) of base salary, which is intended to make the hiring offer market-competitive and assist in securing Ms. Horton's acceptance of the offer. The hiring bonus will be paid in a lump sum subject to the following repayment schedule if Ms. Horton separates from the University or accepts an appointment at another University of California location within two years of her appointment: 100 percent if separation occurs within the first year of employment, and 50 percent if separation occurs within the second year of employment, subject to the limitations under Regents Policy 7705, Senior Management Group Hiring Bonus.
- (4) Per policy, eligibility to participate in the Clinical Enterprise Management Recognition Plan's (CEMRP) Short Term Incentive (STI) component, with a target award of 15 percent of base salary (\$157,500) and maximum potential award of 25 percent of base salary (\$262,500), subject to all applicable plan requirements and Administrative Oversight Committee approval. Any actual award will be determined based on performance against pre-established objectives and may be prorated in Ms. Horton's first year of participation based on her hire date. If her hire date is on or before January 1, 2026, she will be eligible to participate in the STI component of CEMRP starting in the 2025-26 plan year, which started on July 1, 2025 and ends on June 30, 2026. If her start date is after January 1, 2026, she will be eligible to participate in the STI component of CEMRP beginning in the 2026-27 plan year, which starts on July 1, 2026 and ends on June 30, 2027. Ms. Horton's first possible short term incentive award will be determined following the close of the plan year for which she is first eligible to participate.
- (5) Per policy, eligibility for standard pension and health and welfare benefits and eligibility for standard senior management benefits, including eligibility for senior management life insurance upon start date and eligibility for executive salary continuation for disability after five consecutive years of Senior Management Group service.
- (6) Per policy, reimbursement of actual and reasonable moving and relocation expenses associated with relocating Ms. Horton's primary residence, subject to the limitations under Regents Policy 7710, Senior Management Group Moving Reimbursement. If Ms. Horton voluntarily separates from this position prior to completing one year of service or accepts an appointment at another University of California location within 12 months

of her initial date of appointment, she will be required to pay back 100 percent of these moving and relocation expenses.

- (7) Per policy, eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
- (8) For any outside professional activities, Ms. Horton will comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.
- (9) This action will be effective as of Ms. Horton's hire date, estimated to be no earlier than September 1, 2025.

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

C. ***Establishment of a New Level Two Senior Management Group Position of Associate Vice President – Strategic Partnerships, UC Health, Office of the President, and the Market Reference Zone for the Position***

The Committee reported its approval of the following:

- (1) Establishment of a new Senior Management Group position of Associate Vice President – Strategic Partnerships, UC Health, Office of the President. This will be a Level Two position in the Senior Management Group.
- (2) Establishment of a Market Reference Zone for this position as follows: 25th percentile – \$458,300, 50th percentile – \$531,400, 60th percentile – \$559,800, 75th percentile – \$602,500, and 90th percentile – \$652,500.
- (3) This action will be effective upon approval by both the Health Services Committee and the Governance Committee.

D. ***UC Medical Center Pharmacy at the Crossroads of Innovation and Rising Cost***

This item was not summarized.

E. ***Medical School Curriculum: Accreditation Requirements, University of California Academic Senate Oversight, and Attainment of Competency***

This item was not summarized.

F. *UC Health Policy Update*

This item was not summarized.

Report of the Investments Committee

The Committee presented the following from its meeting of July 15, 2025:

Amendment of Regents Policies on Investment Policy Statements

The Committee recommended that the Regents, effective July 1, 2025:

- A. Amend Regents Policy 6101: UC Retirement Plan Investment Policy Statement, as shown in Attachment 6.
- B. Amend Regents Policy 6102: UC General Endowment Pool Investment Policy Statement, as shown in Attachment 7.
- C. Amend Regents Policy 6108: UC Total Return Investment Pool Investment Policy Statement, as shown in Attachment 8.
- D. Amend Regents Policy 6109: UC Short Term Investment Pool Investment Policy Statement, as shown in Attachment 9.
- E. Amend Regents Policy 6110: UC Blue and Gold Endowment Investment Policy Statement, as shown in Attachment 10.

It was recommended that the Regents confirm, ratify, and approve all actions heretofore taken on or after July 1, 2025 by UC Investments consistent with the investment policies and guidelines included in the foregoing recommendations.

Regent Robinson reported that the recommendation would remove absolute return from UC Investment Policy to reflect Chief Investment Officer Bachher's transition of investments away from hedge funds. The recommendation would also formalize the five percent endowment payout that began the prior year. Regent Robinson praised UC Investments for its impressive returns both on an absolute basis and when compared with other institutions. Despite the strong performance of the pension due to exposure in the equity markets, the funding ratio was 87 percent. The Committee would examine this in a future meeting.

Upon motion of Regent Robinson, duly seconded, the recommendation of the Investments Committee was approved, Regents Anguiano, Batchlor, Cohen, Hernandez, Komoto, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sarris, and Wang voting "aye" and Regent Brooks abstaining.

Report of the National Laboratories Committee

The Committee presented the following from its meeting of July 16, 2025:

Allocation of LLC Fee Income to Be Expended in Fiscal Year 2025–26

The Committee recommended that the President of the University be authorized to expend an estimated \$30 million from the University's net share of Triad National Security, LLC (Triad) and Lawrence Livermore National Security, LLC (LLNS) income earned in the respective LLC 2025 fiscal years (FY),² as projected by the LLCs, for the purposes and in the amounts described below:

- A. An estimated \$3.3 million for the University's contractually required share of compensation-related costs for LLC staff that are not reimbursed by the federal government under the prime contracts. This category also includes up to \$500,000 for the UC/Los Alamos National Laboratory (LANL) Entrepreneurial Postdoctoral Fellowship Program, and \$100,000 for the LANL childcare center, and \$300,000 for UC faculty affiliations. Any unspent funds allocated for this purpose will be transferred to the Capital and Campus Opportunity Fund (paragraph H).
- B. Consistent with the approved FY 2025–26 Office of the President (UCOP) budget, an appropriation in the amount of \$7.65 million for FY 2025–26 to the Office of the President's budget for federally unreimbursed costs of University oversight of its interests at LANL and Lawrence Livermore National Laboratory (LLNL), paid or accrued July 1, 2025 through June 30, 2026, including, but not limited to, an allocable share of the costs of the President's Executive Office, Academic Affairs, the Academic Senate, Human Resources, Ethics, Compliance and Audit Services, UC Finance, UC National Laboratories (UCNL), Federal Governmental Relations, UC Legal, Office of the Secretary and Chief of Staff to The Regents, UCOP facility charges, and the University-appointed Governors on the Boards of the LLCs. Any unspent funds allocated for this purpose will be transferred to the Capital and Campus Opportunity Fund (paragraph H).
- C. An appropriation in the amount of \$2.1 million to the LLNS/Los Alamos National Security, LLC (LANS) Post-Contract Contingency Fund (PCCF) to be allocated for the University's expenses related to the Frederick National Laboratory for Cancer Research (FNLCR) contract competition. Pursuant to the approved FY 2025–26 UCOP budget, the Regents authorized the President to spend up to approximately \$2.1 million on FNLCR-related costs. Any income generated by the PCCF reserve fund under the University's Short Term Investment Pool (STIP) or other UC investment fund shall be reserved exclusively for the PCCF. If the actual LLC income varies from the \$30 million projection, the President is authorized to revise the allocation to the PCCF, up or down, in his discretion.

² The University also remains a member of Los Alamos National Security, LLC (LANS), which managed Los Alamos National Laboratory through October 31, 2018. It is not expected that LANS will earn any appreciable net fee income during this next fiscal year.

- D. An appropriation in the amount of \$1.45 million for FY 2025–25 to the LLC Fee Contingency Fund (FCF). Any income generated by the LLC Fee Contingency Fund under the University’s STIP or other UC investment fund shall be reserved exclusively for FCF. If the actual LLC income varies from the \$30 million projection, the President is authorized to revise the allocation to the FCF, up or down, in his discretion.

Due to increased nondiscretionary expenses due to inflation and higher labor costs, the Committee recommended that the target balance for FCF be raised from the current \$12 million to \$15 million.

- E. An appropriation in the amount of \$4 million for FY 2025–26 to establish a reserve fund for the LANL Guest House to be used for future maintenance and repair expenses over the course of the long-term lease, and other related expenses.
- F. An appropriation in the amount of \$500,000 to fund the affiliation agreement between the University and the Livermore Lab Foundation (LLF). In the event all or part of this funding for LLF is not spent in FY 2025–26, the funding will be carried over to FY 2026–27 for the same purpose, subject to an ongoing affiliation agreement.
- G. An appropriation in the amount of \$5.75 million for FY 2025–26 to establish a reserve fund for Frederick National Laboratory to be used for unreimbursed expenses related to legal challenges for the contract award following recompetition, and other unreimbursed expenses incurred by the University’s team post-contract award.
- H. An appropriation in the amount of \$2.6 million for the Capital and Campus Opportunity Fund (CCOF). Pursuant to the approved FY 2025–26 UCOP budget, the President is authorized to spend up to \$2 million of CCOF funds on the SoCal Hub initiative; \$350,000 of CCOF funds on the UC Postdoctoral Fellowship in Technology and International Security program, a collaboration of UCSD and UC-affiliated National Laboratories; and \$100,000 on the LANL Guest House project. UCNL is requesting an additional \$150,000 for the UC Postdoctoral Fellowship in Technology and International Security program, bringing the annual support for that program to \$500,000. Any income generated by this fund under the University’s STIP or other UC investment fund shall be reserved exclusively for CCOF. If the actual LLC income varies from the \$30 million projection, the President is authorized to revise the allocation to the CCOF, up or down, in his discretion.
- I. An appropriation in the amount of \$1 million in FY 2025–26 for the Triad Reserve Fund (TRF). Any income generated by this fund under the University’s STIP or other UC investment shall be reserved exclusively for TRF. If the actual LLC income varies from the \$30 million projection, the President is authorized to revise the allocation to the TRF, up or down, in his discretion.

- J. Consistent with the approved FY 2024–25 UCOP budget, an appropriation in the amount of \$1.65 million for the purpose of business development, which would support the University’s efforts to explore and develop opportunities to participate in the management of one or more National Laboratories and other Federally Funded Research and Development Centers (FFRDCs) in addition to the three current UC-affiliated National Laboratories. Formal bids on specific National Laboratory or FFRDC contracts would be subject to further Regental approval. Any unspent funds appropriated for this purpose will be transferred to the Capital and Campus Opportunity Fund (paragraph H).

Upon motion of Regent Hernandez, duly seconded, the recommendation of the National Laboratories Committee was approved, Regents Anguiano, Batchlor, Brooks, Cohen, Hernandez, Komoto, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sarris, and Wang voting “aye.”

Report of the Public Engagement and Development Committee

The Committee presented the following from its meeting of July 16, 2025:

A. ***Update from the Senior Vice President of External Relations and Communications***

Regent Sarris reported that the University has launched a newly redesigned homepage and a new website regarding its response to antisemitism.

B. ***The Student Regents’ Voice at the Table: Advocacy in Action***

Regent Sarris reported that Regent Brooks and Regent Emeritus Beharry presented their work throughout the UC system.

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

Regent Sarris recognized the collective advocacy of the UC community for the restoration of eight percent in funding to UC in the State budget.

D. ***Introducing Catharine Baker and the UC Student and Policy Center***

Regent Sarris reported that the Committee heard a presentation about the UC Student and Policy Center by its Director Catharine Baker. This was a hub for bipartisan discussion and problem-solving.

Report of the Special Committee on Nominations

The Special Committee presented the following from its meeting of July 16, 2025:

Appointment of a Regent to Standing Committees and Resignation from the Public Engagement and Development Committee for 2025–26, and Appointment of Regents-designate and Faculty Representatives as Advisory Members to Standing Committees for 2025–26

The Special Committee recommended to the Regents that:

- A. Regent Brooks be appointed to the Compliance and Audit Committee, the Investments Committee, and the National Laboratories Committee, effective immediately through June 30, 2026.
- B. Regent Brooks resign from the Public Engagement and Development Committee, effective immediately.
- C. Regents-designate be appointed as advisory members of Standing Committees, effective immediately through June 30, 2026, as follows:
 - (1) Regent-designate Melton be appointed as an advisory member of the Academic and Student Affairs Committee, the National Laboratories Committee, the Public Engagement and Development Committee, and the Investments Committee.
 - (2) Regent-designate Tokita be appointed as an advisory member of the Academic and Student Affairs Committee, the National Laboratories Committee and the Public Engagement and Development Committee.
 - (3) Contingent upon his appointment as student Regent for 2026–27, Regent-designate Craven be appointed as an advisory member of the Finance and Capital Strategies Committee, the Public Engagement and Development Committee, and the Investments Committee.
- D. Faculty Representatives be appointed as advisory members of Standing Committees, effective September 1, 2025 through August 30, 2026 as follows:
 - (1) Faculty Representative Scott be appointed as an advisory member of the Finance and Capital Strategies Committee, the Academic and Student Affairs Committee, the Public Engagement and Development Committee, and the Investments Committee.
 - (2) Faculty Representative Palazoglu be appointed as an advisory member of the Academic and Student Affairs Committee, the Compliance and Audit Committee, and the National Laboratories Committee.

Upon motion of Regent Cohen, duly seconded, the recommendation of the Special Committee on Nominations was approved, Regents Anguiano, Batchlor, Brooks, Cohen,

Hernandez, Komoto, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sarris, and Wang voting “aye.”

9. **RESOLUTION IN APPRECIATION—50TH ANNIVERSARY OF THE COUNCIL OF THE UNIVERSITY OF CALIFORNIA STAFF ASSEMBLIES**

Upon motion of Regent Leib, the following resolution was adopted, Regents Anguiano, Brooks, Cohen, Hernandez, Komoto, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, and Wang voting “aye.”

WHEREAS, the Council of University of California Staff Assemblies (CUCSA), originally known as the University of California Staff Employee Associations, was founded on November 26, 1974 and officially chartered on July 18, 1975, began with representatives from six campuses, and grew to include delegates from all ten campuses, the Office of the President, Agriculture and Natural Resources, and Lawrence Berkeley National Laboratory; and

WHEREAS, CUCSA has served as a vital conduit for communication between staff and University leadership, ensuring that staff voices are heard on issues such as professional development, compensation, workplace safety, and equity, and has contributed meaningfully to the advancement of systemwide initiatives related to diversity, work-life balance, succession planning, and housing; and

WHEREAS, CUCSA’s steadfast advocacy led to the creation of the Staff Advisor to the Regents, established in 2005 and made permanent in 2007, ensuring that staff voices are represented in University governance at the highest level; and

WHEREAS, in partnership with Systemwide Human Resources, CUCSA was instrumental in the creation of the Systemwide Staff Engagement Survey, established in 2012–13, which provides valuable insight into the experiences, needs, and morale of University staff and informs institutional decision-making; and

WHEREAS, CUCSA has partnered with faculty to advocate for stronger retirement benefits, and has played a key role in securing benefits for all families in supporting the implementation of the Pay for Family Care and Bonding program for University employees; and

WHEREAS, over the past five decades, CUCSA has demonstrated extraordinary leadership in fostering a culture of respect, recognition, and collaboration among all members of the University community, while consistently providing insight and guidance to the Regents on issues of strategic importance to staff and the University at large, including budget matters, staff well-being, and inclusive workplace policies; and

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California commemorate the 50th anniversary of the Council of University of California Staff Assemblies, extend deepest appreciation to their members—past and present—for their

dedicated service, exemplary leadership, and tireless advocacy on behalf of staff in support of the University's mission of teaching, research, and public service, and direct that a suitably inscribed copy of this resolution be presented to the Executive Board of the Council of University of California Staff Assemblies as a token of the Regents' enduring esteem, respect, and gratitude.

Regent Leib stated that, unlike other things that were popular in the 1970s, the Council of UC Staff Assemblies (CUCSA), was still going strong. For half a century, CUCSA has been a steadfast voice for UC staff, representing thousands of employees in all UC locations. CUCSA was established in 1975 to build stronger communications between staff and leadership and to bring the staff perspective to the decision-making table. As early as 1977 CUCSA members were serving on systemwide committees; by 1982, staff were participating in the selection of chancellors and Presidents. In 2005, CUCSA established the Staff Advisor position to ensure a staff voice at Regents meetings. CUCSA has been a consistent advocate of policies that support staff and strengthen the UC community.

10. **RESOLUTION IN APPRECIATION—50TH ANNIVERSARY OF THE STUDENT REGENT**

Upon motion of Regent Brooks, the following resolution was adopted, Regents Anguiano, Brooks, Cohen, Hernandez, Komoto, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, and Wang voting “aye.”

WHEREAS, in November 1974, the position of Student Regent of the University of California was authorized by the voter-approved amendment of Article IX, section 9 of the California Constitution and in February 1975, the Board of Regents chose to grant the position full rights of participation—including discussion, deliberation and voting privileges—consistent with those of other Regents, and adopted the Policy on Appointment of a Student Regent; and

WHEREAS, the Student Regent is entrusted with articulating the perspectives of students on the most pressing issues facing the University of California's student body, while also representing the people of California and upholding the public trust and the best interests of the University and higher education in California; and

WHEREAS, the role of Student Regent demands a diverse set of skills, including the ability to communicate effectively with varied constituencies, analyze policy issues, process complex information, and vigorously advocate on behalf of students, and requires the political acumen necessary to engage effectively with University leaders and external stakeholders at the highest levels in the business, political, and civic spheres; and

WHEREAS, for five decades, Student Regents have persistently elevated issues of access, equity, affordability, sustainability, basic needs, mental health, and student representation in shared governance and have contributed to significant milestones in UC policy—including creating undocumented student support services, expanding mental health

resources, and establishing the Sustainability Plan and the Basic Needs Initiative—and have advocated for tuition stability and the advancement of racial justice and equity; and

WHEREAS, Student Regents have reflected the rich diversity of the UC student body, serving as advocates for first-generation, parent, veteran, foster youth, and transfer students, amplifying voices from underrepresented communities too often marginalized in institutional governance; and

WHEREAS, many former Student Regents have continued to serve California and the nation as public servants, educators, attorneys, advocates, policymakers, and leaders in nonprofit and community-based organizations, exemplifying a lifelong commitment to public service and the University's mission; and

WHEREAS, on the occasion of the 50th anniversary of the establishment of the Student Regent position the Regents wish to honor and commend the contributions of past Student Regents—including establishing an annual award recognizing foster youth and a Special Committee on Basic Needs—and reaffirm the significance and value of students as leaders, engaged participants in governance, and as dedicated public servants;

NOW, THEREFORE, BE IT RESOLVED that the Regents of the University of California confirm their steadfast and enthusiastic support for the position of Student Regent; express their deep appreciation to all Student Regents for their unwavering dedication to the University and the people it serves; and commit to preserving the integrity, independence, and influence of the Student Regent position for future generations, ensuring that student perspectives remain central to the governance of the University of California.

Chair Reilly stated that creation of the Student Regent position was one of the most consequential innovations in University governance. Established through a constitutional amendment in 1974, the Student Regent has served as a conduit between the student body and the Board. This resolution recognized both the contributions of those who have held this position and of the collective impact that Student Regents have had on inclusivity. From championing undocumented student services to spearheading the Regents' Foster Youth Award and advancing basic needs initiatives, Student Regents have continuously ensured that student voices inform decisions at the highest of levels. This resolution was a testament to the enduring value of student leadership and shared governance in advancing the University's mission. The Board expressed its deep appreciation for the service of Student Regents and reaffirmed its commitment to this essential role.

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

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

Approvals by Interim Action

- A. The Chair of the Board and the Vice Chair of the Board approved the following recommendations:

(1) ***Payment of Accrued Vacation as an Exception to Policy for Michael V. Drake as President of the University***

As an exception to policy, a lump sum payment to Michael V. Drake of up to 384 hours of unused vacation leave accrued through July 31, 2025 as President of the University. The payment will be calculated using President Drake's base salary as of July 31, 2025.

This action will be effective upon approval, and the lump sum payment of unused accrued vacation leave described above will occur after July 31, 2025.

(2) ***Resolution to Exclude Access to Federally Classified Information***

That Jagdeep Bachher, Chief Investment Officer and Vice President of Investments, and Tricia Lyall, Secretary and Chief of Staff to the Regents, will not require, will not have, and can be effectively and formally excluded from, access to all classified information disclosed to the entity and do not occupy a position that would enable them to adversely affect the organization's policies or practices in the performance of classified contracts.

(3) ***Appointment of and Compensation for Interim Chancellor, Santa Barbara Campus***

Appointment of and compensation for David Marshall as Interim Chancellor, Santa Barbara campus:

- a. Per policy, appointment of David Marshall as Interim Chancellor, Santa Barbara campus at 100 percent time, effective on or about July 1, 2025 through September 15, 2025, or until the start date of a new Chancellor, Santa Barbara campus, whichever occurs first.
- b. Per policy, an annual base salary of \$688,000 during the appointment as Interim Chancellor, Santa Barbara campus. At the conclusion of the interim appointment, Mr. Marshall's annual base salary will revert to his annual base salary (\$500,496) in effect as of June 30, 2025, plus any adjustments made under a systemwide salary program prior to or during the interim appointment.
- c. Per policy, continuation of standard pension and health and welfare benefits and standard senior management benefits, including continued eligibility for senior management life insurance and

executive salary continuation for disability (eligible and vested after five or more consecutive years of Senior Management Group service).

- d. Per policy, continuation of an annual automobile allowance of \$8,916.
- e. Per policy, an administrative fund will be established for official entertainment and other purposes permitted by University policy while Mr. Marshall is serving as Interim Chancellor, Santa Barbara campus.
- f. Per policy, continued eligibility to accrue sabbatical credits as a member of the tenured faculty, consistent with academic personnel policy.
- g. Per policy, continued eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
- h. Mr. Marshall will continue to comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.

B. The Chair of the Board and the Chair of the Finance and Capital Strategies Committee approved the following recommendations:

(1) ***Further Amendment of the Budget for Presidential Residence: Current and Future UC Presidents, Office of the President, and Approval of the Budget for Limited Improvements to the President's Office***

- a. Amend the Regents' December 2020 action, *Authorization to Purchase Replacement Residential Property: Current and Future UC Presidents, Office of the President*, which was amended in February 2021 in the *Amendment of Authorization to Purchase Replacement Residential Property: Current and Future UC Presidents*, as follows:

Approve a further budget augmentation of \$695,000 for improvements at Morgan House, 2821 Claremont Boulevard, Berkeley, California, increasing the total project budget from \$8.82 million to \$9.51 million, to be funded with a one-time distribution from the Searles Fund.

- b. Approve a budget of \$135,000 for a partial renewal and improvements to the President's office suite at 1111 Franklin Street, Oakland, California.

- c. Authorize the Executive Vice President – Chief Operating Officer and her designees to take all necessary actions to implement the improvements described, including but not limited to procurement, renovations, furnishings, and execution of related documents.

(2) ***Approval of Indemnification Term in UC San Diego Agreement with the United States Department of Energy***

The Regents authorize the San Diego campus to approve and execute an agreement with the Department of Energy for “Award No. DE-AR0001991, ‘Creating Hardened and Durable Fusion First Wall Incorporation Centralized Knowledge,’” including a provision to “indemnify DOE... for any and all liability... resulting from the project, except to the extent that such liability results from the direct fault or negligence of DOE officers, agents, or employees...” “to the extent permitted by law.”

Funding Source: An Award for \$1,345,309 from the DOE.

12. **REPORT OF MATERIALS MAILED BETWEEN MEETINGS**

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

To the Regents of the University of California:

- A. From the Secretary and Chief of Staff to the UC Regents, *Email from Chancellor Lyons and Nobel Laureate Doudna*, May 26, 2025.
- B. From the Chair of the Board, *Email announcing the resignation of Regent Guber*. June 3, 2025.
- C. From the Office of the President of the University of California, *Letter regarding Indexed Compensation Level Adjustments*. June 12, 2025.
- D. From the Office of the President of the University of California, *2024 Total Compensation for Deans and Certain Full-Time Faculty Administrators*. June 26, 2025.
- E. From the Secretary and Chief of Staff to the UC Regents, *President’s Statement on the State Budget*. June 28, 2025.
- F. From the Office of the President of the University of California, *Letter from President Drake regarding the Final 2025–26 State budget*. June 28, 2025.

To the Members of the Health Services Committee:

- G. From the Office of the President of the University of California, *UC Medical Centers Report for the nine months ended March 31, 2025*. June 16, 2025.

To the Members of the Investment Committee:

- H. From the Chief Investment Officer, *New UC Investments Initiative with State Street*. July 12, 2025.

The meeting adjourned at 1:40 p.m.

Attest:

Secretary and Chief of Staff

Compliance Plan 2025-26

Ethics, Compliance & Audit Services

Alexander A. Bustamante

Senior Vice President and Chief Compliance & Audit Officer

July 16, 2025

Compliance Plan

Risk assessment results

ECAS identified the following compliance risk priorities for 2025-26 through the systemwide risk assessment process. ECAS also identified other risk themes, shaped by recent federal actions.

	RESEARCH COMPLIANCE & SECURITY	EXPORT CONTROL	GENERAL COMPLIANCE	ADA	PRIVACY	HEALTHCARE COMPLIANCE
TOP RISKS	• Disclosures – conflicts of interest and commitment • Foreign gifts and contracts reporting • NSPM-33: cybersecurity requirements	• International collaborations and emerging technology • Restricted party screening and risk analysis on foreign parties	• AI governance • Clery compliance monitoring in the healthcare setting • Campus safety	• Digital accessibility and procurement	• Data management – classification, mapping, minimization • Data governance • Privacy and security program management	• Healthcare conflicts of interest and commitment • Direct supervision documentation • Coding and billing requirements
		• International travel and shipping • Security of controlled data • Economic sanctions	• Title VI: Discrimination	• Academic accommodations • Employment accommodations		• Documentation integrity: copy and paste

Research Security – National Security Presidential Memo (NSPM-33)

Mitigating risk to federal research funding through a coordinated compliance strategy

NSPM-33 requires campuses receiving federal research funding above a set threshold to **implement a Research Security Program**, led by a designated officer. This program must address cybersecurity, export control, research security training and international travel security. The designated officer is also responsible for **annually certifying** to the federal government that these measures are effectively implemented. Final guidance on NSPM-33 from the White House Office of Science and Technology Policy is expected in late 2025.

Identified Risks

Failure to establish a required Research Security Program (RSP), implement appropriate mechanisms to evaluate compliance for certification purposes, and ensure campuses take a consistent and coordinated approach aligned with federal requirements creates significant risk exposure to UC.

Impact of Non-Compliance

Non-compliance with NSPM-33 may result in the loss of federal research funding, heightened government scrutiny, and potential violations of the False Claims Act.

ECAS Strategy to Address the Risk

Major Initiatives

- ECAS will continue to coordinate with campuses to establish consistent certification processes and align research security programs in key areas such as cybersecurity, training, international travel and documentation.

Training

- ECAS will design and develop tools, resources and training to support Research Security Officers and facilitate an effective program implementation and ongoing compliance with federal requirements.

Federal Collaboration

- ECAS will continue to strengthen our partnerships with the Federal Demonstration Partnership and federal agencies to deliver training materials, share best practices and ensure the UC research community remains aligned with federal expectations and informed on the latest updates and emerging compliance requirements.

Research Compliance – International Engagements

Improving transparency and compliance with foreign gift reporting

U.S. Department of Education Section 117 of the Higher Education Act requires U.S. universities to **disclose gifts and contracts from foreign sources** above certain thresholds. A new Executive Order entitled “**Transparency Regarding Foreign Influence at American Universities**” strengthens enforcement and signals heightened federal concern over foreign influence in research and higher education.

Identified Risks

UC must maintain consistent tracking and reporting of foreign gifts and contracts. Reporting gaps in this area increase the risk of non-compliance with federal disclosure requirements under Section 117.

Impact of Non-Compliance

Failure to properly disclose foreign gifts or contracts may lead to substantial penalties, loss of eligibility for federal research funding and student financial aid and other restrictions on federal financial assistance.

ECAS Strategy to Address the Risk

Major Initiatives

- ECAS will issue a compliance alert outlining updated obligations and risk areas related to new federal expectations and the recent Executive Order.
- ECAS will partner with campus stakeholders to conduct a comprehensive inventory of foreign gifts and contracts across all UC locations.

Training

- ECAS will develop resources for campuses including a suggested centralized tool to support the consistent data collection across campuses. This effort will also support the evaluation and improvement of local procedures for tracking, reporting and verifying data accuracy in compliance with Section 117.

Export Control – International Affiliations

Mitigating risk through oversight, training and federal alignment

Export controls are federal regulations that protect U.S. technology and innovation by supporting national security, foreign policy and economic goals. Under the “**America First Trade Policy**” **Executive Order** (January 20, 2025), enforcement of export controls and sanctions (including at universities) are prioritized.

Identified Risks

UC is facing heightened federal scrutiny and evolving expectations around export control, particularly in research involving sensitive technologies and international collaborations. It is essential for UC to keep up-to-date inventory of any items, data and software that might be subject to export control and awareness of the requirements. Gaps in oversight, training or documentation increase the risk of inadvertent violations.

Impact of Non-Compliance

Violations can lead to civil and criminal penalties, loss of export privileges and government contracts, reputational damage and delays to critical research activities.

ECAS Strategy to Address the Risk

Major Initiatives

- ECAS will collaborate with Risk Services, UC Legal and Research Policy Analysis and Coordination (RPAC) to evaluate monitoring tools that can flag export-sensitive activities and improve systemwide oversight.
- ECAS will examine existing export control resources such as training, communications and inventory systems that may need enhancement to support proactive compliance.

Training

- ECAS will develop a new export control training module to meet evolving federal agency requirements under NSPM-33, to be delivered through campus learning management systems.

Federal Collaboration

- ECAS will continue working with the U.S. Department of Commerce’s Bureau of Industry and Security to offer joint presentations and promote best practices across UC.

Research Compliance and Security – Disclosures

Enhancing transparency and accountability in federally funded research

Federal agencies are increasing oversight of disclosures throughout the research funding lifecycle. Under the **Restoring Gold Standard Science Executive Order** (May 23, 2025), agencies are required to apply stricter transparency and scientific integrity standards to all federally funded work, including disclosures, data sharing and unbiased reviews.

Identified Risks	UC conducts a high volume of federally funded research and must provide accurate disclosures for these projects. In addition, disclosure requirements for researchers differ across federal funding agencies. These complexities create the risk of UC researchers and campuses submitting incomplete disclosures exposing UC to regulatory scrutiny.
Impact of Non-Compliance	Failure to meet disclosure requirements can result in loss of federal research funding, False Claims Act violations, reputational harm and reduced eligibility for future grants.

ECAS Strategy to Address the Risk

Major Initiatives	• ECAS will initiate a comprehensive update to the biannual Compliance Briefing for Researchers. This mandatory course applies to all individuals conducting research across the UC system and will reflect evolving federal requirements and emerging compliance risks.
Training	• ECAS will deliver training that covers federal, state and UC requirements related to transparency, disclosure and scientific integrity, in partnership with UC Legal and campus stakeholders.
Federal Collaboration	• ECAS will deliver webinar training on research integrity and compliance to systemwide stakeholders in partnership with the U.S. Department of Health and Human Services, Office of Research Integrity.

General Compliance – Risk Assessment and Training

Strengthening systemwide accountability through consistent risk practices and compliance education

The ECAS General Compliance function supports systemwide oversight in areas such as the Clery Act and Artificial Intelligence (AI) and emerging technologies. Many of these areas are addressed individually in this plan. General Compliance also manages the UC-wide campus risk assessment process and creates content for systemwide compliance trainings.

Identified Risks

UC operates within a dynamic and complex regulatory landscape. Without structured, regular risk assessments, campuses may struggle to prioritize compliance efforts, allocate resources effectively, or support faculty and staff in navigating relevant policies and regulations.

Impact of Non-Compliance

Inadequate risk assessment limits UC's ability to meet regulatory obligations and respond to emerging risks. Federal agencies consider the strength of an institution's compliance program and its risk-based decision-making when determining oversight actions and potential penalties. Weak practices can result in regulatory gaps, operational inefficiencies, and reputational harm.

ECAS Strategy to Address the Risk

Major Initiatives

- ECAS will launch the third phase of the Campus Risk Assessment maturity process. This phase will focus on a unified risk framework, using a common methodology to rate risks and improve reporting. ECAS will also expand data sharing with compliance partners to align practices and provide leadership the insight needed to address the highest risk priorities.

Training

- ECAS will develop and host a new virtual orientation that will be implemented for compliance professionals across the system. Key topics will include governance, compliance fundamentals, presidential policy development, systemwide audit and investigation functions, and cross-cutting compliance considerations.
- ECAS will host a webinar on the new college athletics compliance requirements taking effect July 1, 2025. The webinar will help compliance officers understand key requirements and oversight expectations.

General Compliance – Clery Act Compliance Program

Supporting systemwide safety reporting and regulatory alignment

The federal Clery Act* requires universities to report campus crime statistics, maintain safety policies and ensure designated staff are properly trained. New laws, such as the **Stop Campus Hazing Act and California Assembly Bill 2193**, add hazing as a reportable crime that increasing compliance requirements. In the current dynamic campus climate, these obligations are more critical than ever. Federal oversight remains high, and UC is among the institutions facing increased scrutiny.

Identified Risks	Failure to adapt Clery Act compliance efforts could result in noncompliance and legal claims under state law and reputational harm. Incomplete property inventories and inconsistent training for Campus Security Authorities (CSAs) further weaken UC's ability to meet Clery Act obligations and protect students.
Impact of Non-Compliance	Lack of compliance with Clery Act and related laws may lead to federal investigations, legal liability, significant fines and reputational harm. It also undermines UC's ability to maintain a safe campus environment.
<i>ECAS Strategy to Address the Risk</i>	
Major Initiatives	• ECAS will convene a working group to provide regulatory guidance for consistent systemwide implementation of the Stop Campus Hazing Act, particularly in the absence of federal direction. • ECAS will partner with UC Legal, UC Real Estate & Strategies and UC Investments to identify properties that fall within Clery Act-reportable sites. This is important to ensure accurate crime reporting and meeting federal requirements tied to all UC-owned or affiliated locations.
Training	• ECAS will collaborate with campus Clery Officers to help assist all designated Campus Security Authorities (CSAs) receive updated, accessible training incorporating Stop Campus Hazing Act requirements.

* Jeanne Clery Campus Safety Act

Americans with Disabilities Act (ADA) Compliance Program

Addressing federal standards and enforcement priorities under ADA law

Title II of the Americans with Disabilities Act mandates that all university facilities, programs and services be accessible to individuals with disabilities. The act was **updated in 2024 to include specific digital accessibility requirements and technical standards**. This represents a significant expansion from current UC policy requirements, amid increased enforcement by the U.S. Department of Education and the risk of civil litigation.

Identified Risks

UC faces significant compliance risk due to outdated digital systems, inconsistent accessibility practices and limited capacity to meet the updated ADA requirements. **Enforcement of the revised Title II digital accessibility regulations begins in April 2026**, further heightening these risks.

Impact of Non-Compliance

Failure to meet ADA and other related obligations may limit program accessibility for individuals with disabilities, result in mandated corrective actions, restricted access to federal funding and legal claims from individuals or advocacy groups for discriminatory practices.

ECAS Strategy to Address the Risk

Major Initiatives

- Title II outlines a broad set of compliance requirements. While the mandate is extensive, ECAS will focus on key areas where systemwide coordination and targeted compliance guidance can support the most immediate improvements.
- ECAS will develop a systemwide risk matrix, in collaboration with UC Legal, to assess digital assets and technologies and guide strategic testing and remediation efforts. This initiative supports compliance with revised Title II digital accessibility standards and addresses emerging institutional risk.

Training

- ECAS will partner with UC Legal and the Systemwide Office of Civil Rights to launch monthly Digital Accessibility Office Hours, to support campus implementation. These sessions will build on the existing webinar series to promote consistent, systemwide readiness and provide practical guidance.

Privacy Compliance Program

Protecting institutional and personal data across the UC system

Privacy compliance at UC touches all areas of the institution, including student, employee, patient and research data, as well as third-party sharing and breach response. State, federal and international regulations including the California Information Practices Act (IPA), the European Union's General Data Protection Regulation (GDPR), Federal Trade Commission (FTC) regulations, Health Insurance Portability and Accountability Act (HIPAA) and the Family Educational Rights and Privacy Act (FERPA) create a complex regulatory environment. Ensuring compliance with these regulations is essential to protecting and maintaining trust with the UC community and the public.

Identified Risks

UC's large and complex data environment makes it challenging to track, manage and protect sensitive information. Inconsistent governance, limited visibility and the rapid growth of AI-enabled technologies that use UC data further increase the risk of privacy breaches, legal violations and potential harm to individuals and the institution.

Impact of Non-Compliance

Privacy violations can expose personal and institutional data, potentially leading to identity theft, loss of trust and harm to individuals. UC could face government investigations, fines and other legal or financial penalties.

ECAS Strategy to Address the Risk

Major Initiatives

- ECAS will begin the first phase of a systemwide privacy data governance effort. The initial phase will focus on helping UCOP identify and inventory key data assets using a risk-based approach. This multi-year project will align with the National Institute of Standards and Technology (NIST) Privacy Framework and establish consistent practices for protecting personal and sensitive data.
- ECAS will acquire or develop a Governance, Risk and Compliance (GRC) tool to support systemwide tracking of privacy vendor reviews, evaluation of data-driven and AI-enabled tools, and compliance with applicable privacy regulations.

Training

- ECAS will continue to build out our privacy compliance program. This includes engaging key stakeholders, developing targeted training materials and launching a risk assessment tool to guide users through complex data privacy decisions.

Healthcare Compliance Program

Systemwide consistency and support for healthcare compliance across UC academic medical centers

UC's academic medical centers (AMCs) are among the most complex and heavily regulated entities within the University. Compliance efforts are shaped by **updated guidance from the Office of Inspector General** and the U.S. Department of Justice's White-Collar Enforcement Plan, which identify healthcare as a top enforcement priority. Key goals include protecting government health programs (e.g., Medicare and Medicaid) from fraud and abuse, ensuring patient safety and the quality of care and safeguarding sensitive and valuable patient data.

Identified Risks	UC healthcare entities face legal and regulatory risks due to the complexity of billing, data privacy requirements and oversight of expanding health services. Community hospital acquisitions and evolving regulations increase the potential for compliance gaps.
Impact of Non-Compliance	Violations of healthcare laws and regulations can lead to penalties, loss of accreditation, exclusion from federal programs and in some cases, criminal charges against individuals or the institution.

ECAS Strategy to Address the Risk

Major Initiatives	• ECAS will enhance the systemwide healthcare risk assessment process with a new survey tool to improve AMC identified risks and workplan reporting. This will improve visibility into AMC initiatives, strengthen the ability to identify and address emerging risks and help leadership prioritize limited resources.
Training	• ECAS will issue a new compliance alert and checklist to address the risks tied to community hospital acquisitions, including regulatory due diligence, billing practices and fraud prevention. • ECAS will launch the first phase of a multi-year review of twelve systemwide HIPAA policies to align policies with current laws and practices.

Compliance Plan – Collaborations

ECAS routinely engages with numerous systemwide stakeholder groups to raise awareness of regulatory issues, share best practices, discuss challenges and prioritize compliance initiatives.

COMPLIANCE AREA	STAKEHOLDERS
Research	Research Compliance Officers, RPAC, Export Control Officers, IRB Directors, Conflict of Interest Officers, Associate Vice Chancellors of Research, Systemwide Information Security, Research Integrity Officers, CECOs, UC Legal, Government Relations
Export Control	Export Control Officers, Research Compliance Officers, OP Research Policy Analysis and Coordination (RPAC), Senior International Officers, Contracts and Agreements Officers, International Students and Scholars Directors, Systemwide Information Security, Academic Senate, CECOs, UC Legal
Clery	Campus Clery Officers, CECOs, Systemwide Title IX, Systemwide Community Safety, UC Legal, Systemwide Graduate and undergraduate Affairs, systemwide Investments, Systemwide Office of Civil Rights, Systemwide Risk Services
ADA	Campus ADA Compliance Officers, Disability Services Officers, Student Affairs, Academic Senate, Information Technology, Procurement, Environmental Health and Safety, Design and Construction, Campus Chief Ethics and Compliance Officers (CECOs), UC Legal, Systemwide Office for Civil Rights, Systemwide Human Resources, Government Relations
Campus Privacy	Campus Privacy Officers, UC Legal, UCOP Security and IT Teams, Systemwide Information Security, CECOs, UC AI Council
Healthcare & Health Privacy	Healthcare Compliance & Privacy Officers, UC Health, UC Legal, RPAC, Institutional Review Board (IRB) Directors, Procurement, UCOP Security and IT Teams, Systemwide Information Security, CECOs, UC Health AI Governance Forum, UC Health Data Oversight Committee, Systemwide Clinical Research Billing Subcommittee, Systemwide Risk Services
Policy	Campus Policy Managers, President's Executive Office, Policy Advisory Committee, Policy Owners, CECOs, UC Legal

Internal Audit Plan 2025-26

Ethics, Compliance & Audit Services

Alexander A. Bustamante

Senior Vice President and Chief Compliance & Audit Officer

July 16, 2025

Risk Assessment and Plan Development

Risk assessment process

The result of the risk assessment is an informed perspective on the current risk environment, including a prioritization of risks that are scalable to available resources. The key steps in the annual audit risk assessment process are outlined below:

Solicit input from the Regents, Senior Management and systemwide and location management

Rely on existing risk identification processes wherever they exist (e.g. Compliance, Risk Services, Third Party Risk Management, functional areas)

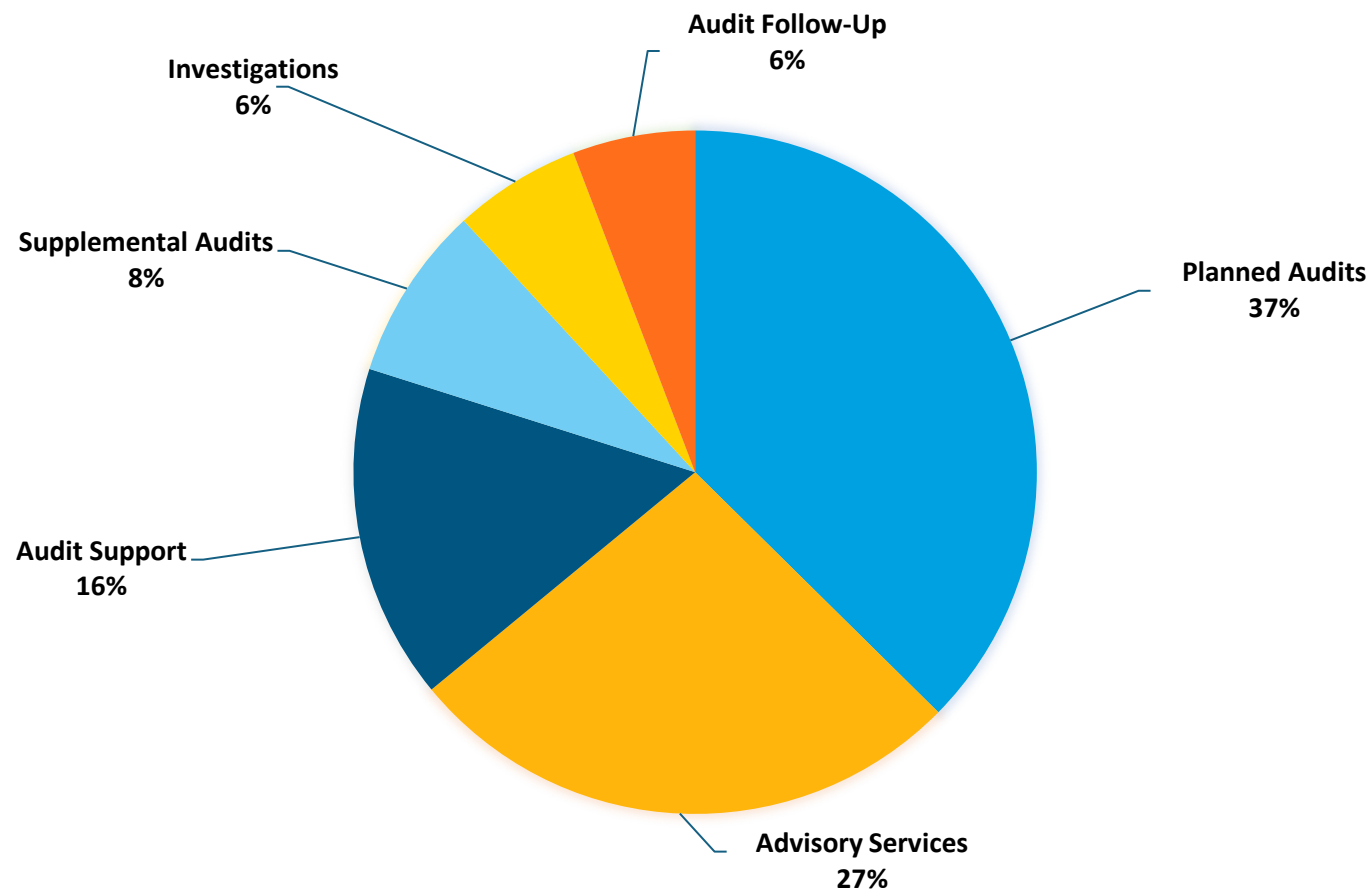
Gather and assess input from external sources (e.g. regulatory, industry)

Share information among location auditors to leverage input and ensure consistent consideration of risks of interest, industry sources

Distribution of Direct Hours

Distribution by project type

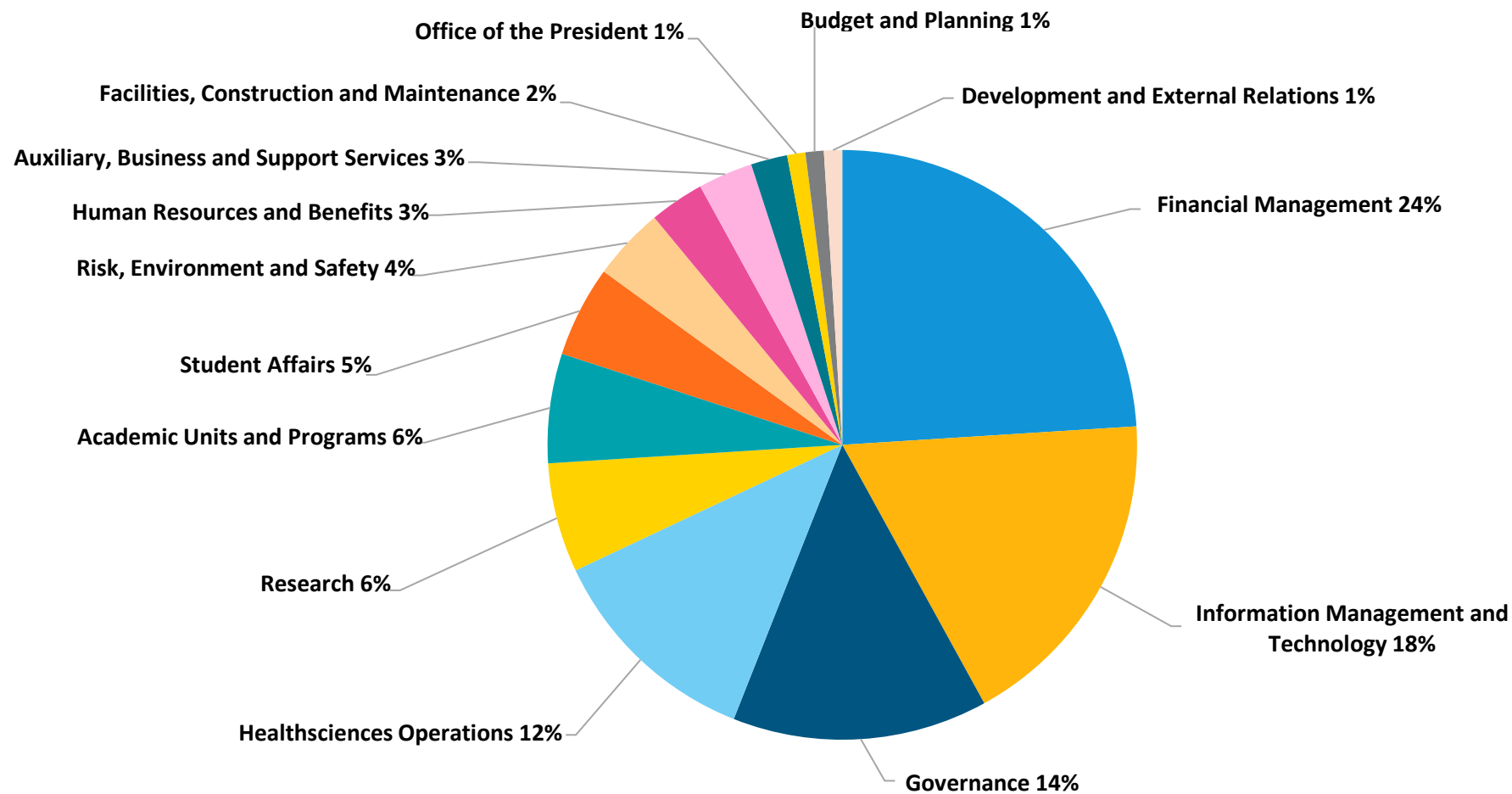
The chart below depicts the direct hours distribution by project type for the 2025-26 plan. As shown in this chart, Internal Audit has allocated a larger portion of its planned project hours to advisory services compared to prior years (27% in 2025-26 compared to 22% in both 2023-24 and 2024-25, representing an increase of over 6,500 hours). This shift reflects Internal Audit's strategic priority to perform more projects in an advisory role, allowing Internal Audit to work with management in a more collaborative relationship to address the University's most significant risks.



Distribution of Direct Hours

Planned projects by functional area

This chart illustrates the distribution of Internal Audit's 2025-26 planned projects by functional area. Internal Audit allocated over half of its planned project hours to financial management, information management and technology, and governance.



Systemwide Audits and Advisory Services

Systemwide Audits and Advisory Services

Cybersecurity Audits and Advisory Services

Location Audit Themes

The following projects are planned systemwide audits to be performed by ECAS in 2025-26. ECAS conducts systemwide audits for the purpose of reviewing an existing or potential issue across the UC system to identify and address common risk areas.

Operational Efficiency

To assist UC leadership in managing budget reductions, ECAS will coordinate a systemwide advisory services project focused on identifying opportunities to streamline processes by calibrating internal controls, eliminating unnecessary procedures and leveraging technology. Recommendations for improvement will be informed by Internal Audit's assessment of risk. Specific scope areas will be determined in engagement planning.

Travel and Entertainment Analytics

ECAS will coordinate execution of data analytics procedures for travel and entertainment expenses. These analytics will be designed to assist management in monitoring for policy compliance and identifying potential cost savings.

Title IX

ECAS will conduct campus audits of Title IX compliance efforts to comply with a recommendation from the California State Auditor. These audits will include evaluation of ongoing implementation of prior California State Auditor recommendations.

Executive Compensation

ECAS will coordinate evaluations of the Annual Report on Executive Compensation and required reports on Chancellor expenses. This audit is performed by local internal audit departments on a rolling three-year cycle.

Cybersecurity Audits and Advisory Services

Systemwide Audits and Advisory Services

Cybersecurity Audits and Advisory Services

Location Audit Themes

ECAS' Cybersecurity Audit Team (CAT) identified the following priority audits for 2025-26 to address cybersecurity risks. The CAT is a specialized unit within the systemwide Office of Audit Services that supports local internal audit offices with cybersecurity expertise and performs specialized internal audit projects across the system.

Compliance with President's Cyber Letter

ECAS will lead a systemwide audit to evaluate compliance with the cybersecurity requirements outlined in President Drake's February 2024 letter on cybersecurity investment plans. The audit will provide leadership with assurance on UC's alignment with systemwide cybersecurity expectations and highlight opportunities to further enhance institutional resilience.

Post-Incident Cybersecurity Controls

ECAS will review selected high-risk cybersecurity incidents across UC campuses and health centers to ensure locations have effectively identified underlying control gaps following incidents and implemented corrective actions. Findings will inform senior leadership about the effectiveness of post-incident response measures, identify systemic vulnerabilities and recommend strategies to strengthen overall cybersecurity preparedness.

Cyber Vulnerability Mitigation Advisory Services

ECAS will conduct targeted vulnerability assessments and penetration tests across UC campuses and health centers, emphasizing areas identified as high-risk through strategic collaboration with local IT leadership. The objective is to proactively identify critical cybersecurity vulnerabilities and deliver actionable recommendations to mitigate risks of exploitation and strengthen cybersecurity defenses.

Location Audit Themes

Systemwide Audits and Advisory Services

Cybersecurity Audits and Advisory Services

Location Audit Themes

Each location's internal audit plan is developed by its local internal audit department based on a risk assessment using a consistent systemwide methodology. ECAS identified the following themes in its analysis of local audit plans. This analysis illustrates that UC's internal audit departments are addressing a broad range of high-risk topics in their 2025-26 plans.

Healthcare	Compliance	Information Technology	Financial Management	Campus Operations
• Revenue cycle • Chaperone policy • Price Transparency and No Surprises Act	• Sponsored projects • Research security • Foreign gift reporting • Conflict of interest/conflict of commitment	• Vulnerability management • IT recovery • System access • Enterprise system implementations	• Payroll • Travel and entertainment • Procurement • Financial aid • Incentive plans • Deficit management • Fraud risk management	• Athletics • Emergency management • Construction • Gift administration • Housing and hospitality

Resources and Planned Allocation of Effort

Distribution of available hours

The table to the right provides a more detailed breakdown of planned time as a basis for ongoing accountability. Planned allocation of effort for 2025-26 includes:

- **Professional Development:** Over 8,200 hours for professional development to enhance the knowledge, skills and competencies of UC's internal audit professionals and to ensure they remain effective, informed and aligned with evolving industry standards and organizational needs.
- **Supplemental Audits:** Over 13,400 hours for supplemental audits to accommodate audit needs that arise during the fiscal year.
- **Audit Follow-up:** Over 9,300 hours dedicated to follow-up on prior audit projects to validate implementation of corrective actions.
- **Quality Assurance:** Approximately 7,000 hours for audit quality assurance, including effort associated with the recently established systemwide audit quality assurance function which assesses adherence to audit standards and identifies opportunities to further optimize UC's internal audit function.

	2025-26		3/31/2025 Annualized	
	Plan	Percent	Actual	Percent
INDIRECT HOURS				
Administration	15,655	8.4%	23,263	12.8%
Professional Development	8,241	4.4%	8,094	4.5%
Other	1,222	0.7%	-	0.0%
TOTAL INDIRECT HOURS	25,118	13.5%	31,356	17.3%
DIRECT HOURS				
Audit Program				
Planned New Audits	59,986	32.1%	77,687	42.9%
Supplemental Audits	13,407	7.2%	4,981	2.7%
Audit Follow up	9,395	5.0%	7,740	4.3%
Total Audit Program Hours	82,788	44.3%	90,407	49.9%
Advisory Services				
Consultations/Spec. Projects	34,359	18.4%	28,457	15.7%
Ext. Audit Coordination	4,910	2.6%	4,015	2.2%
Systems Dev., Reengineering Teams, etc.	1,807	1.0%	76	0.0%
Internal Control & Accountability	1,400	0.7%	977	0.5%
Compliance Support	540	0.3%	128	0.1%
IPA, COI & Other	330	0.2%	75	0.0%
Total Advisory Services Hours	43,346	23.2%	33,728	18.5%
Investigations Hours	9,780	5.2%	5,647	3.1%
Audit Support Activities				
Audit Planning	4,894	2.6%	3,262	1.8%
Audit Committee Support	1,837	1.0%	1,092	0.6%
Systemwide Audit Support	7,381	4.0%	6,850	3.8%
Computer Support*	4,608	2.5%	4,268	2.4%
Quality Assurance	6,977	3.7%	4,697	2.6%
Total Audit Support Hours	25,697	13.8%	20,169	11.2%
TOTAL DIRECT HOURS	161,611	86.5%	149,951	82.7%
TOTAL NET AVAILABLE HOURS	186,729	100.0%	181,308	100.0%

* Includes time spent on audit management system upgrades and functional enhancement

Planned Internal Audit Projects

The following tables list all the planned audit and advisory service projects at each location, their proposed general scope and corresponding planned hours.

UC OFFICE OF THE PRESIDENT - AUDITS	SCOPE STATEMENT	HOURS
Compliance with President's Cyber Letter (Systemwide)	An audit of each UC location's compliance with the cybersecurity requirements outlined in President Drake's February 2024 letter on cybersecurity investment plans. Specifically, auditors will assess adherence to mandatory security awareness training, protocols for incident escalation, and implementation of critical technical controls, including Endpoint Detection and Response (EDR), Multi-Factor Authentication (MFA), and Data Loss Prevention (DLP). The audit will provide leadership with assurance about the University's alignment with systemwide cybersecurity expectations and highlight opportunities to further enhance institutional resilience.	900
Title IX Compliance (Systemwide)	Ethics, Compliance and Audit Services (ECAS) will conduct campus audits of Title IX compliance efforts to comply with a recommendation from the California State Auditor. These audits will include evaluation of ongoing implementation of prior California State Auditor recommendations.	850
Medical Centers Clinical Enterprise Management Recognition Plan (CEMRP)	Annual audit to assess the accuracy of CEMRP award calculations and award compliance with the incentive plan.	300
Office of the Treasurer Annual Incentive Plan (AIP)	Annual audit to assess the accuracy of AIP award calculations and annual payouts and verify compliance with the incentive plan.	200
Electric Service Provider (ESP) Power Supply Validation	Annual audit of power content reporting to the California Energy Commission (CEC).	75
Payroll Suspense Accounts	An audit to identify suspense account balances in the UCPath subledger for all locations. The audit will assess whether suspense transactions are being resolved timely, and if UC has foregone opportunities to charge the intended fund sources (federal, state, and other grants--including the associated Facilities & Administrative).	300
Agriculture and Natural Resources (ANR) Intellectual Property	An audit to evaluate compliance with memorandums of understanding (MOUs) between ANR, UC Davis and UC Riverside regarding allocation and distribution of revenue from intellectual property that is co-mingled between the three organizations.	275
Retirement Administration Service Center (RASC) Audit Follow Up	Validation of management corrective actions from the audit of the RASC.	450

Planned Internal Audit Projects

UC OFFICE OF THE PRESIDENT - AUDITS (CONT.)	SCOPE STATEMENT	HOURS
Post-Incident Cybersecurity Controls	A review selected high-risk cybersecurity incidents across UC campuses and health centers to ensure locations have effectively identified underlying control gaps following incidents and implemented corrective actions. Auditors will evaluate whether implemented improvements are sufficient, effective, and appropriately applied across the location to prevent recurrence. Findings will inform senior leadership about the effectiveness of post-incident response measures, identify systemic vulnerabilities, and recommend strategies to strengthen overall cybersecurity preparedness across the University.	1,000
Threat Detection and Identification (TDI) Audit Follow Up	Evaluate the implementation of recommendations from the fiscal year 2020-21 TDI audit across UC locations and at the Office of the President.	100
UC OFFICE OF THE PRESIDENT - ADVISORY SERVICES	SCOPE STATEMENT	HOURS
Operational Efficiency (Systemwide)	ECAS will coordinate a systemwide advisory services project focused on identifying opportunities to streamline processes by calibrating internal controls, eliminating unnecessary procedures and leveraging technology. Recommendations for improvement will be informed by Internal Audit's assessment of risk. Specific scope areas will be determined in engagement planning.	350
Travel and Entertainment Analytics (Systemwide)	ECAS will coordinate execution of data analytics procedures for travel and entertainment expenses. These analytics will be designed to assist management in monitoring for policy compliance and identifying potential cost savings.	300
International Locations	An advisory review to identify a more comprehensive inventory of UC's international locations, perform risk assessments of these locations, and perform targeted reviews of higher risk locations. Assessments will consider compliance, financial and operational risks.	250
Agriculture and Natural Resources (ANR) Procure-to-Pay Internal Controls Review	An assessment of internal controls for the end-to-end procure-to-pay cycle for ANR, including requisitioning, vendor selection/sourcing, purchase orders, fulfillment, payment authorization and payment.	350
ANR Advisory Services	Reserved for ad hoc advisory assistance to ANR leadership on emerging risks.	100
Patent Acknowledgement Compliance Advisory Assistance	Advisory assistance to improve Patent Acknowledgement compliance across the system.	50

Planned Internal Audit Projects

UC OFFICE OF THE PRESIDENT - ADVISORY SERVICES (CONT.)	SCOPE STATEMENT	HOURS
Cyber Vulnerability Mitigation Advisory Services	An advisory service to conduct targeted vulnerability assessments and penetration tests across UC campuses and medical centers, emphasizing areas identified as high-risk through strategic collaboration with campus Chief Information Officers (CIOs) and Chief Information Security Officers (CISOs). The objective is to proactively identify critical cybersecurity vulnerabilities and deliver actionable recommendations to mitigate risks of exploitation and strengthen cybersecurity defenses. Leadership will receive clear, prioritized guidance to address vulnerabilities and enhance the overall cybersecurity posture of their respective locations.	1,500
	UC Office of the President sub-total	7,350

LBNL - AUDITS	SCOPE STATEMENT	HOURS
FY25 UC National Lab (UCNL) Home Office Costs	Audit of FY25 UCNL home office costs charged to LBNL.	450
FY26 OMB A-123 Information Technology (IT) General Controls	Audit of selected IT controls for compliance with Office of Management and Budget (OMB) A-123 requirements.	550
Conflict of Interest - Conflict of Commitment	Assessment of the adequacy of controls in the Lab's Conflict of Interest program.	650
Frontier Energy, Inc. Subcontract #7428376	Audit of invoiced costs under the Time & Materials (T&M) subcontract for research on Heating, Ventilation, and Air Conditioning (HVAC) systems and technologies.	650
Quantum Systems Accelerator (QSA) Scientific Roadmap IUT #7562496	Audit of Intra University Transaction (IUT) payments to UC Berkeley for research on the QSA scientific roadmap.	650
Dark Energy Spectroscopic Instrument (DESI) Project IUT #7495418	Audit of IUT payments to UC Berkeley for support of the DESI Operations Program.	650
EmeryStation (ES) East LLC Subcontract #6863442	Audit of invoiced costs for variable items pertaining to the Lab Joint BioEnergy Institute (JBEI) leased space at 5885 Hollis St., Emeryville.	650
Engineering Resources Remediation Group (ERRG) Subcontract #7551229	Audit of invoiced costs to ERRG for B-79 Demolition & Site Preparation Project.	650

Planned Internal Audit Projects

LBNL - ADVISORY SERVICES	SCOPE STATEMENT	HOURS
FY25 Incurred Cost Submission (ICS) Review	Quality assurance review and mathematical verification of ICS schedules prior to Department of Energy (DOE) submission.	450
	LBNL sub-total	5,350
UC BERKELEY - AUDITS	SCOPE STATEMENT	HOURS
IT Support Systems for Student Advising	Evaluate the current implementation and functional capabilities of IT systems that support student advising.	450
UC Berkeley Dining - Food Procurement	Evaluate the design and operating effectiveness of departmental processes and internal controls related to key functions and responsibilities in UC Berkeley Dining related to food procurement.	450
Conflict of Commitment - Academic Personnel Manual (APM)-025	Evaluate the design and operating effectiveness of processes and internal controls related to compliance with APM-025 (Conflict of Commitment and Outside Activities).	450
IT Recovery - Information Security (IS)-12	Evaluate the current state of campus compliance with the systemwide IT Recovery policy (IS-12).	450
Annual Report on Executive Compensation (Systemwide)	Verify the accuracy, completeness, and timely preparation of the Annual Report on Executive Compensation.	300
Chancellor Expenses (Systemwide)	Review annual Chancellor expense reports to ensure that they have been prepared, reviewed, and submitted in accordance with policy.	300
Compliance with President's Cyber Letter (Systemwide)	A systemwide audit to evaluate compliance with the cybersecurity requirements outlined in President Drake's February 2024 letter on cybersecurity investment plans.	350
UC BERKELEY - ADVISORY SERVICES	SCOPE STATEMENT	HOURS
Operational Efficiency (Systemwide)	A systemwide advisory services project focused on identifying opportunities to streamline processes by calibrating internal controls, eliminating unnecessary procedures, and leveraging technology. Recommendations for improvement will be informed by Internal Audit's assessment of risk. Specific scope areas will be determined in engagement planning.	300
Travel and Entertainment Analytics (Systemwide)	A systemwide advisory services project to execute data analytics procedures for travel and entertainment expenses. These analytics will be designed to assist management in monitoring for policy compliance and identifying potential cost savings.	300
Key Data and Metrics for Internal and External Reporting	Advisory service to identify and catalog key data values and metrics, in addition to related internal controls, that are used for reporting to external entities and operational decision-making.	400
	UC Berkeley sub-total	3,750

Planned Internal Audit Projects

UC DAVIS - AUDITS	SCOPE STATEMENT	HOURS
Global Affairs Administrative Review	Standard five-year review looking at sources and uses, staffing, controls questionnaire, stakeholder feedback, and other topics as identified during preliminary work.	250
College of Engineering Administrative Review	Standard five-year review looking at sources and uses, staffing, controls questionnaire, stakeholder feedback, and other topics as identified during preliminary work.	300
College of Biological Sciences Administrative Review	Standard five-year review looking at sources and uses, staffing, controls questionnaire, stakeholder feedback, and other topics as identified during preliminary work.	300
Graduate School of Management Administrative Review	Standard five-year review looking at sources and uses, staffing, controls questionnaire, stakeholder feedback, and other topics as identified during preliminary work.	250
Development and Alumni Relations (DEVAR) Administrative Review	Standard five-year review looking at sources and uses, staffing, controls questionnaire, stakeholder feedback, and other topics as identified during preliminary work.	250
School of Medicine (SOM) Transition Review	Standard transition review looking at sources and uses, staffing, controls questionnaire, stakeholder feedback, and other topics as identified during preliminary work.	300
Controlled Unclassified Information	Review of processes for ensuring that UC Davis can attest with certainty that it is compliant with Federal regulations on the handling of controlled unclassified information.	300
Veterinary Medicine Revenue	Review of processes for billing and payment processing for clinical veterinary services.	300
Clinical Trials Billing	Review of processes to ensure that costs for clinical trials are appropriately billed to studies, payors, and/or patients.	300
Professional Billing Charge Lag	Review of timeliness of healthcare charge capture processes, with a focus on professional fees.	300
Lab Revenue	Review of billing and accounts receivable processes for laboratory revenue.	300
Hospital Disposables Supply Chain	Review of procurement processes for hospital disposables, with a focus on high-volume supplies such as gloves, masks, etc.	300
SOM Gifts Receipting	Review of processes for receiving and processing external gifts to SOM.	300
National Security Presidential Memorandum (NSPM)-33 Annual Reporting	Review of processes for ensuring that UC Davis can attest with certainty that it is compliant with Federal regulations on research cybersecurity.	300
Non-employee Identity Proofing	Review of processes for vetting non-employees who enter sensitive areas.	300
Procurement Processing and Service Ticketing	Review of systems and processes for responding to procurement requests, with a focus on the research context.	300

Planned Internal Audit Projects

UC DAVIS – AUDITS (CONT.)	SCOPE STATEMENT	HOURS
How to Survive an Audit	Learning Management System (LMS) course for the research administrator audience. Part of the UC Davis Research Administrator certificate series.	150
Compliance with President’s Cyber Letter (Systemwide)	A systemwide audit to evaluate compliance with the cybersecurity requirements outlined in President Drake’s February 2024 letter on cybersecurity investment plans.	450
Travel and Entertainment Analytics (Systemwide)	A systemwide advisory services project to execute data analytics procedures for travel and entertainment expenses. These analytics will be designed to assist management in monitoring for policy compliance and identifying potential cost savings.	300
UC DAVIS - ADVISORY SERVICES	SCOPE STATEMENT	HOURS
Aggie Enterprise Receivables	Post-implementation assessment of the Aggie Enterprise Receivables module.	300
Athletics Cash Handling	Review of cash handling processes within Intercollegiate Athletics.	300
Paper Medical Records	Review of physical security and availability of paper medical records.	300
Basic Sciences Purchasing	Review of travel and purchase card transactions in the Basic Science departments.	300
Sunshine Act Compliance	Review of procedures for compliance with the Sunshine Act.	300
Compliance Office Coding Audit Process	Advisory to assess risk and plans to remediate risk related to the need for coding auditing services.	300
Travel Preapproval Small Consult	Assessment of the success of an ongoing pilot program to determine the effectiveness of travel preauthorization.	200
Epic Charge Capture Post-implementation	Post-implementation assessment of the Epic Charge Capture module.	300
Annual Review and Validation of Antidiscrimination Certifications	Validation of antidiscrimination certifications made at the request of the Chancellor's office.	300
Operational Efficiency (Systemwide)	A systemwide advisory services project focused on identifying opportunities to streamline processes by calibrating internal controls, eliminating unnecessary procedures, and leveraging technology. Recommendations for improvement will be informed by Internal Audit’s assessment of risk. Specific scope areas will be determined in engagement planning.	300
	UC Davis sub-total	8,450

Planned Internal Audit Projects

UC IRVINE - AUDITS	SCOPE STATEMENT	HOURS
Capital Asset Inventory Controls	Verify that capital assets are properly recorded, valued, and accounted for, which is crucial for financial reporting, compliance with regulations, and effective asset management.	300
Virtual Payment Card Activity	Utilizing data analytics, test sample virtual payment card transactions to detect non-compliant transactions or fraud.	300
Deferred Maintenance	Review the organizational structure and controls related to the administration of deferred maintenance to ensure the program is conducive to accomplishing business objectives. The scope will focus on project identification, prioritization, budgeting, funding allocation and monitoring.	400
Athletics Equipment Inventory	Review athletics equipment inventory controls to ensure jerseys, sports equipment, training equipment, field equipment, supplies, etc. by sport are probably accounted for and inventoried on an ongoing basis.	300
Information Security Management Program – School of Medicine	Verify compliance with University policies and the effectiveness of the School of Medicine's Information Security Management Program to ensure the protection of institutional information.	300
IS-12 Policy Compliance	Review the controls and processes in place for IS-12 (IT Recovery) compliance.	400
Medical and Hazardous Waste Disposal	Likely state mandated reviews due to \$49 million settlement with Kaiser. Review for unlawful disposal of hazardous waste, medical waste, and protected health information.	300
Research Backup Policies and Procedures	Review the policies and procedures for backing up research data and the utilization of backup applications and systems.	300
Student Financial Aid Regulatory Compliance	Review financial aid policies and procedures to ensure compliance with federal regulations.	300
Title IX Clinical Chaperone Policy Implementation	Assess and validate the progress towards full implementation of chaperone policies, guidance and directives' core elements.	300
Research Security and Integrity Compliance	Utilizing a risk-based methodology, conduct sample-based reviews to reduce the risk of inaccurate disclosures of potential conflicts and foreign affiliations.	300
Veterans Affairs (VA) Billing Compliance	The review will focus on VA residency billing and related processes and controls.	300
Research Project Closeout Processes	Determine whether internal controls provide reasonable assurance that processes for closeout of sponsored research funds result in accurate and timely final financial/technical reporting and related deliverables to the agency.	400
Compliance with President's Cyber Letter (Systemwide)	A systemwide audit to evaluate compliance with the cybersecurity requirements outlined in President Drake's February 2024 letter on cybersecurity investment plans.	450

Planned Internal Audit Projects

UC IRVINE - ADVISORY SERVICES	SCOPE STATEMENT	HOURS
Travel and Entertainment Analytics (Systemwide)	A systemwide advisory services project to execute data analytics procedures for travel and entertainment expenses. These analytics will be designed to assist management in monitoring for policy compliance and identifying potential cost savings.	300
Data Analytics	Utilizing data analytics and analysis to identify unusual trends and investigate irregular transactions.	200
External Audit Coordination	Internal Audit Services (IAS) is responsible for the external audit coordination function. IAS guides departments through audits performed by outside entities and helps facilitate and expedite these reviews.	100
Operational Efficiency (Systemwide)	A systemwide advisory services project focused on identifying opportunities to streamline processes by calibrating internal controls, eliminating unnecessary procedures, and leveraging technology. Recommendations for improvement will be informed by Internal Audit's assessment of risk. Specific scope areas will be determined in engagement planning.	300
Continuous Auditing - Corporate Card Transactions	Utilizing data analytics, test sample corporate card transactions to detect non-compliant transactions or fraud.	100
Campus and Medical Center Advisory Committees	Internal Audit Services serves on various advisory committees and provides input and advice on risks, accountability, and internal controls.	100
UC Health Litigation Cases	A systemwide process to collect and report on status updates for corrective actions for litigation settlements requiring Regental approval	150
	UC Irvine sub-total	5,900
UC LOS ANGELES - AUDITS	SCOPE STATEMENT	HOURS
Associated Students of UCLA (ASUCLA) - Bruin One Access Program Review	Audit & Advisory Services (A&AS) will review the related systems, procedures, and controls surrounding the Bruin One Access Program (subscription model) to ensure they are conducive to accomplishing ASUCLA and the University's business objectives.	300
ASUCLA - Liabilities Control Review	A&AS will evaluate the effectiveness of processes and controls to ensure short and long-term liabilities are properly recognized, classified, and reported within the ASUCLA financial statements.	250
ASUCLA - IT IS-3 Compliance Phase 2	A&AS will evaluate the adequacy and effectiveness of IT asset inventory management compliance with ASUCLA and University policies for student media, undergraduate association, and graduate association.	300
Capital Programs - Project Billing Controls Review	A&AS will evaluate the effectiveness of processes and internal controls in place around project billings for capital projects overseen by Capital Programs to ensure invoiced costs and fees adhere to the contractual arrangement and that invoices are processed in accordance with university policy (UC Facilities Manual).	450

Planned Internal Audit Projects

UC LOS ANGELES - AUDITS (CONT.)	SCOPE STATEMENT	HOURS
Facilities Management - Capital Project Controls Review	A&AS will evaluate the effectiveness of processes and internal controls in place around contract modifications and contractor payments for capital projects overseen by Facilities Management to ensure activities adhere to contractual arrangements and that contract modifications and invoices are processed in accordance with university policy (UC Facilities Manual).	450
Athletics Revenue Share Model Validation	A&AS will perform an independent validation of the revenue share allocation model to ensure accuracy, data integrity, and consistency with the agreed upon methodology.	300
Housing and Hospitality - Lake Arrowhead Lodge Operations Review	A&AS will evaluate the effectiveness of controls over financial and administrative areas at the Lake Arrowhead Lodge in accordance with university policy (e.g., financial management, revenue and cash management, procurement, inventory, IT).	500
Housing and Hospitality - Physical Security Access Review	A&AS will evaluate the effectiveness of processes and controls for managing building access security for students and employees to University housing and dining facilities.	500
School of Music - Financial and Administrative Controls Review	A&AS will conduct a Department-level review to assess the effectiveness of controls over financial and administrative areas in accordance with university policy (i.e., financial management, procurement, travel and entertainment, research administration, IT, gifts and restricted funds management).	700
Mechanical and Aerospace Department - Financial and Administrative Controls Review	A&AS will conduct a Department-level review to assess the effectiveness of controls over financial and administrative areas in accordance with university policy (i.e., financial management, procurement, travel and entertainment, research administration, IT, gifts and restricted funds management).	700
Field Research	A&AS will evaluate the effectiveness of processes and controls related to field research activities across the university to provide assurance that field research activities are conducted safely, travel is managed effectively, and expenditures are properly controlled, supporting the university's research objectives and compliance requirements.	500
Technology Development Group (TDG) - Incentive Plan	A&AS will perform a review of the TDG fiscal year 2024-25 incentive awards to verify the TDG organizational and departmental objective year-end results and associated achievement level reported were adequately supported and validate the incentive award amount for each eligible participant was accurately calculated by TDG.	300
Research Compliance Export Control Review	A&AS will evaluate the effectiveness of processes and controls in place for export control high-risk activities of concern, including but not limited to, travel, visiting scholars, and international shipping, to ensure ongoing adherence to university guidance and policies.	500

Planned Internal Audit Projects

UC LOS ANGELES - AUDITS (CONT.)	SCOPE STATEMENT	HOURS
Research Compliance Gifts Review	A&AS will evaluate the effectiveness of processes and controls in place for due diligence in evaluating whether gifts and grants are from a foreign source and whether activities in place promote ongoing adherence to university guidance and policies.	500
Third Party Risk Management Process Review	A&AS will assess the effectiveness of third-party governance, risk management, and control processes within campus for identifying, assessing, and mitigating IT-related risks throughout the third-party lifecycle and whether processes in place support the achievement of the university's objectives.	500
Financial Aid Cloud Environment Technology (FACET) Segregation of Duties Access Review	A&AS will assess the design and implementation of FACET access controls to ensure they effectively mitigate the risk of segregation of duties, thereby protecting the integrity and security of institutional data and processes.	500
Travel and Entertainment Expense Review	A&AS will evaluate the effectiveness of relevant internal controls by reviewing travel and entertainment expenses for compliance with applicable university policies and campus procedures.	300
Compliance with President's Cyber Letter (Systemwide)	A systemwide audit to evaluate compliance with the cybersecurity requirements outlined in President Drake's February 2024 letter on cybersecurity investment plans.	450
Charge Capture - West Valley – Emergency Department	A&AS will evaluate the adequacy and effectiveness of controls over charge capture and charge lag processes to ensure timely and accurate billing.	400
Charge Capture - West Valley – Burn Center	A&AS will evaluate the adequacy and effectiveness of controls over charge capture and charge lag processes to ensure timely and accurate billing.	400
CareConnect Configuration Management - Revenue Cycle	A&AS will evaluate the adequacy and effectiveness of IT change management processes and controls for handling revenue cycle configuration changes within CareConnect. The audit will focus on controls around the development, testing, and authorization of changes for deployment into production.	450
West Valley Hospital - Physical Security Access Review	A&AS will evaluate the effectiveness of processes and controls for managing building access security for employees at the West Valley Hospital and surrounding medical buildings.	400
Vulnerability Management	A&AS will assess the design and implementation effectiveness of vulnerability management controls in place to achieve the university's objectives. The scope will focus on areas not addressed during 2024-25 ECAS Cybersecurity Audit Team (CAT) review.	500

Planned Internal Audit Projects

UC LOS ANGELES - AUDITS (CONT.)	SCOPE STATEMENT	HOURS
Third Party Risk Management Process Review	A&AS will assess the effectiveness of third-party governance, risk management, and control processes in place within UCLA Health for identifying, assessing, and mitigating IT-related risks throughout the third-party lifecycle and whether processes in place support the achievement of the university's objectives.	500
No Surprises Act Review	A&AS will assess the effectiveness of processes and controls in place to support compliance with the No Surprises Act (good faith estimate).	500
Interventional Radiology (Palos Verdes) Review	A&AS will assess the effectiveness of internal controls around charge capture and clinical operations for Palos Verdes Imaging and Interventional Center.	700
Clinic - Encino Surgery & Specialty Care	A&AS will evaluate the effectiveness of controls over clinic financial and administrative areas in accordance with university policy (i.e., payment handling, revenue capture, Sexual Violence and Sexual Harassment (SVSH), controlled substance, drug samples, Health Insurance Portability and Accountability Act (HIPAA) compliance, Environmental Health & Safety (EH&S)).	400
Clinic - San Luis Obispo Primary & Specialty Care	A&AS will evaluate the effectiveness of controls over clinic financial and administrative areas in accordance with university policy (i.e., payment handling, revenue capture, SVSH, controlled substance, drug samples, HIPAA compliance, EH&S).	400
Clinic - Santa Barbara, Primary & Specialty Care	A&AS will evaluate the effectiveness of controls over clinic financial and administrative areas in accordance with university policy (i.e., payment handling, revenue capture, SVSH, controlled substance, drug samples, HIPAA compliance, EH&S).	400
Clinic - Woodland Hills Family Medicine, Internal Medicine & Pediatrics	A&AS will evaluate the effectiveness of controls over clinic financial and administrative areas in accordance with university policy (i.e., payment handling, revenue capture, SVSH, controlled substance, drug samples, HIPAA compliance, EH&S).	400
Department of Psychiatry - Financial and Administrative Controls Review	A&AS will conduct a Department-level review to assess the effectiveness of controls over financial and administrative areas in accordance with university policy (i.e., financial management, procurement, travel and entertainment, research administration, IT, gifts and restricted funds management).	1,000
Donated Body Program	A&AS will seek to identify and assess the design effectiveness of controls in place within the Donated Body Program to ensure adherence to the UC Policy - Anatomical Donation Program, including but not limited to, program governance, handling of donated bodies according to donor requirements/wishes, and security and custodianship of donated bodies.	400

Planned Internal Audit Projects

UC LOS ANGELES - AUDITS (CONT.)	SCOPE STATEMENT	HOURS
Department of Public Health: Center for Health Policy Research - Financial and Administrative Controls Review	A&AS will conduct a Department-level review to assess the effectiveness of controls over financial and administrative areas in accordance with university policy (i.e., financial management, procurement, travel and entertainment, research administration, IT, gifts and restricted funds management).	800
UC LOS ANGELES - ADVISORY SERVICES	SCOPE STATEMENT	HOURS
Student Affairs - Campus Life Financial Review Phase 1	A&AS will conduct a financial review of Campus Life departments to evaluate existing financial management practices for efficiency and improvement opportunities.	900
Business Finance Controls Advisory	A&AS will review the processes and internal controls in place to identify process improvements and opportunities to strengthen the overall control environment, supporting the achievement of the university's objectives.	350
Facilities Management - Cost Estimate Methodology Review	A&AS will review the Facilities Management methodology for developing rates and cost estimates for campus maintenance repairs and renovations.	250
Events & Transportation (E&T) Event Management Centralization Advisory	A&AS will provide advisory assistance to E&T around an initiative to establish a centralized process for managing and tracking campus-wide events.	300
Athletics Revenue Share Process Implementation Advisory	A&AS will provide advisory assistance to Athletics around the design of business processes and internal controls to be implemented in support of student athlete revenue share agreements following the House Settlement.	300
Associated Student Organization Commercial Services Benchmarking	A&AS will seek to benchmark with peer institutions the relationship between the associated student organization of UCLA and the university around commercial services provided to the university community.	300
Custom Developed Artificial Intelligence (AI) Technology Inventory	A&AS will conduct an inventory of custom developed AI technologies throughout campus.	300
Incident After Action Corrective Action Validation	A&AS will conduct a review of management corrective actions implemented in response to IT related incidents to validate effective implementation.	150
Travel and Entertainment Analytics (Systemwide)	A systemwide advisory services project to execute data analytics procedures for travel and entertainment expenses. These analytics will be designed to assist management in monitoring for policy compliance and identifying potential cost savings.	300

Planned Internal Audit Projects

UC LOS ANGELES - ADVISORY SERVICES (CONT.)	SCOPE STATEMENT	HOURS
Operational Efficiency (Systemwide)	A systemwide advisory services project focused on identifying opportunities to streamline processes by calibrating internal controls, eliminating unnecessary procedures, and leveraging technology. Recommendations for improvement will be informed by Internal Audit's assessment of risk. Specific scope areas will be determined in engagement planning.	300
Campus Systems Pre-Implementation Advisory	A&AS will provide advisory assistance to campus departments/unit, upon request, for system implementations.	150
Health Science Enterprise Resource Planning (ERP) Workday Pre-Implementation Advisory	A&AS will provide advisory assistance for the health science Workday implementation.	350
UC Health Acquisitions (Systemwide)	A systemwide advisory services project to assess integration efforts for UC Health facility acquisitions, with a focus on policy and IT integration, and identify opportunities to enhance the acquisition playbook.	250
Enterprise Risk Management (ERM) Advisory	A&AS will provide advisory assistance in support of enterprise risk management activities.	150
Distributed Administrative Security System (DACSS) Workgroup	A&AS will participate in the DACSS Work Group.	100
University Identification (UID) Workgroup	A&AS will participate in the UID workgroup to review controls surrounding UID.	50
Internal Control Self-Assessment Questionnaires	A&AS to develop internal control self-assessment questionnaires for select administrative processes.	100
Litigation Settlement Corrective Action (LSCA) Follow-Up	A&AS to conduct follow-up with campus/health local Risk Management or corrective action owners implementation status.	150
UC Los Angeles sub-total		20,400

Planned Internal Audit Projects

UC MERCED - AUDITS	SCOPE STATEMENT	HOURS
Award/Grant Close Out Audit	Review and test the new Project Portfolio Financial Management (PPFM) Award/Grant Close out process to ensure awards/grants are being closed out timely and accurately. The scope will include the post award process within the Sponsored Programs Office.	300
Compliance with President's Cyber Letter (Systemwide)	A systemwide audit to evaluate compliance with the cybersecurity requirements outlined in President Drake's February 2024 letter on cybersecurity investment plans.	300
UC MERCED - ADVISORY SERVICES	SCOPE STATEMENT	HOURS
Grad Fellowship Financial Aid Advisory Service	Review the process for payment of graduate fellowships ensuring it is administered timely and efficiently.	250
GAEL Insurance Advisory Service	Review the process for the calculation of the GAEL (General Liability, Automobile Program, Employment Practices Liability, and Property) Insurance assessment for accuracy and sufficiency.	250
National Collegiate Athletic Association (NCAA) Division II Compliance Advisory Service	Review major risks for the transition to Division II athletics and assess the level of compliance for UC Merced Athletics program.	300
Campus and Supervisor Training Advisory Service	Assess the process to determine what training is needed for all employees, the assignment of needed training, and follow up to ensure training is accomplished. Assess what should be included for annual supervisor training with regard to compliance.	250
Operational Efficiency (Systemwide)	A systemwide advisory services project focused on identifying opportunities to streamline processes by calibrating internal controls, eliminating unnecessary procedures, and leveraging technology. Recommendations for improvement will be informed by Internal Audit's assessment of risk. Specific scope areas will be determined in engagement planning.	300
Travel and Entertainment Analytics (Systemwide)	A systemwide advisory services project to execute data analytics procedures for travel and entertainment expenses. These analytics will be designed to assist management in monitoring for policy compliance and identifying potential cost savings.	200
Monthly Data Analytics	Establish process for monthly review of campus analytics for risk monitoring.	20
Campus Committee Participation	Meet with multiple committees to gather information of the status of risks at the university and also raise the visibility of Internal Audit.	150
UC Merced sub-total		2,320

Planned Internal Audit Projects

UC RIVERSIDE - AUDITS	SCOPE STATEMENT	HOURS
Agricultural Operations	Review of the internal controls over the purchase, handling and storage of pesticides and chemicals inventory. Evaluate compliance with various regulations and applicable UC policies and procedures.	300
University Vehicles (DMV Records/License Verification Process)	Review of the internal controls over university vehicles administration, Department of Motor Vehicle (DMV) records review and license verification process to ensure compliance with UC policies and regulatory requirements.	300
Research Award Administration	Review internal controls over post award spending, allowability, salary cost transfers and close out procedures.	450
Travel Expense Review	Review of university personnel travel expenses to ensure compliance with the University of California - Policy G-28.	400
Procurement Card Review	Review of the internal controls over procurement card purchase activity to ensure compliance with UC policies and procedures.	400
Leadership Transition Review	Placeholder for potential senior leadership reviews as requested.	400
Compliance with President's Cyber Letter (Systemwide)	A systemwide audit to evaluate compliance with the cybersecurity requirements outlined in President Drake's February 2024 letter on cybersecurity investment plans.	450
UC RIVERSIDE - ADVISORY SERVICES	SCOPE STATEMENT	HOURS
Operational Efficiency (Systemwide)	A systemwide advisory services project focused on identifying opportunities to streamline processes by calibrating internal controls, eliminating unnecessary procedures, and leveraging technology. Recommendations for improvement will be informed by Internal Audit's assessment of risk. Specific scope areas will be determined in engagement planning.	300
Travel and Entertainment Analytics (Systemwide)	A systemwide advisory services project to execute data analytics procedures for travel and entertainment expenses. These analytics will be designed to assist management in monitoring for policy compliance and identifying potential cost savings.	300
Shared Services Centers	An advisory service project to review shared services centers operations focused on redundant and duplicate processes, UCPath access issues and potential cost savings.	400
	UC Riverside sub-total	3,700

Planned Internal Audit Projects

UC SANTA BARBARA - AUDITS	SCOPE STATEMENT	HOURS
Financial Management Modernization Program Post Implementation Review - Limited Scope	Audit and Advisory Services will perform a review to assess the successes and failures of the Financial Management Modernization Program after it has been implemented and make recommendations concerning the correction of any adverse issues found.	300
"Financial" Placeholder	We have reserved hours for coverage of a financial-related area or another area of interest to senior leadership.	270
Off-cycle Pay Payments	Audit and Advisory Services will perform data analysis and assess the review and approval process of off-cycle pay to ensure off-cycle pay is reasonable and in compliance with applicable university policies.	300
Implementation of IS-12 (Phase II)	Audit and Advisory Services will assess the implementation of selected IS-12 (IT Recovery) compliance areas. The implementation of IS-12 was divided into two phases. Phase I would be implemented during fiscal year 24-25 and it would define a framework of the areas required to be implemented by UC Policy IS-12. Phase II would perform detailed audit fieldwork of selected areas of the framework defined in phase I.	300
Endowment Fund Expenses - University Library	Audit and Advisory Services will assess the current use of gift funds, endowments, and funds functioning as endowments in the University Library. This includes determine related expenses are processed according to donor intent and University policies and procedures.	300
Internal Control Review – Electrical and Computing Engineering	Audit and Advisory Services will assess internal controls and procedures established by the department to ensure the implementation of best business practices that support operational effectiveness and efficiency, including compliance with university policies and regulations.	300
Compliance with President’s Cyber Letter (Systemwide)	A systemwide audit to evaluate compliance with the cybersecurity requirements outlined in President Drake’s February 2024 letter on cybersecurity investment plans.	350
Section 117 Foreign Gift and Contract Reporting	Audit and Advisory Services will assess the internal controls and the processes to oversee the completeness and accuracy of foreign gifts and contracts reporting and compliance with Section 117 requirements.	300
UCSB Benefits for Non-full-time Employees	Audit and Advisory Services will assess whether controls are in place to track employee eligibility benefits as defined in the policy. This should also include determining whether full-time employees who reduce their work hours to the point they are not eligible for full benefits would continue receiving 100% benefits.	300

Planned Internal Audit Projects

UC SANTA BARBARA - AUDITS (CONT.)	SCOPE STATEMENT	HOURS
Emergency Management	Audit and Advisory Services will assess whether roles and responsibilities are appropriate to identify and assess risks effectively and whether the current campus safety plan, procedures, and practices are effective and consistent with university policies to: - Respond and deal with protests and interruptions. - Declare an emergency to shut down the campus. - Other related areas	300
UC SANTA BARBARA - ADVISORY SERVICES	SCOPE STATEMENT	HOURS
Travel and Entertainment Analytics (Systemwide)	A systemwide advisory services project to execute data analytics procedures for travel and entertainment expenses. These analytics will be designed to assist management in monitoring for policy compliance and identifying potential cost savings.	350
Compliance Function	Audit and Advisory Services will assess the compliance function at UCSB. The purpose is to evaluate the consistency of the function in a decentralized model and to identify potential gaps or inefficiencies. The scope of this assessment could include a benchmark comparing different UC campuses.	300
Operational Efficiency (Systemwide)	A systemwide advisory services project focused on identifying opportunities to streamline processes by calibrating internal controls, eliminating unnecessary procedures, and leveraging technology. Recommendations for improvement will be informed by Internal Audit's assessment of risk. Specific scope areas will be determined in engagement planning.	350
Data Analytics Program - Development and Collaboration	We have set aside hours for training and other activities for the development of our data analytics program, including possible collaboration with Business & Financial Services.	300
Outreach, Training, and Presentations	We will continue our Ethics and Fraud presentation series as part of the Controller's Financial Management Certificate Program, Sponsored Projects Training for Administrators in Research (STAR), Personnel Payroll System (PPS) Basics classes, and other programs.	280
	UC Santa Barbara sub-total	4,600

Planned Internal Audit Projects

UC SANTA CRUZ - AUDITS	SCOPE STATEMENT	HOURS
Compliance with President's Cyber Letter (Systemwide)	A systemwide audit to evaluate compliance with the cybersecurity requirements outlined in President Drake's February 2024 letter on cybersecurity investment plans.	400
Daily Crime Log	To evaluate the efficiency and effectiveness of internal controls in place to ensure that daily crime logs are accurate and complete, that crimes are properly classified, and that entries are added in a timely manner. Additionally, to identify any areas of risk, such as gaps or duplications in reporting, insufficient staff awareness and training, or inadequate record keeping.	200
Student Accommodations	To evaluate the efficiency and effectiveness of internal controls to ensure reasonable student accommodations provide equal access to education and campus life, including digital accessibility. Additionally, to evaluate adherence to policies, procedures, and state and federal regulations.	400
Procurement Card (ProCard) Audit	To evaluate the efficiency and effectiveness of internal controls to ensure compliance with policies and procedures. To identify any areas of risk, such as unauthorized, excessive, or non-compliant purchases. To ensure adherence with documentation and record-keeping requirements.	400
UC SANTA CRUZ - ADVISORY SERVICES	SCOPE STATEMENT	HOURS
Operational Efficiency (Systemwide)	A systemwide advisory services project focused on identifying opportunities to streamline processes by calibrating internal controls, eliminating unnecessary procedures, and leveraging technology. Recommendations for improvement will be informed by Internal Audit's assessment of risk. Specific scope areas will be determined in engagement planning.	350
Travel and Entertainment Analytics (Systemwide)	A systemwide advisory services project to execute data analytics procedures for travel and entertainment expenses. These analytics will be designed to assist management in monitoring for policy compliance and identifying potential cost savings.	350
Legal Review	An advisory service request at the direction of General Counsel to review units and programs for legal compliance conducted under attorney-client privilege.	350
External Audit Liaison	Hours reserved to facilitate coordination of external audit activities.	50
Campus Committee Participation	To participate in an advisory role in committee meetings across campus.	50
UC Santa Cruz sub-total		2,550

Planned Internal Audit Projects

UC SAN DIEGO - AUDITS	SCOPE STATEMENT	HOURS
Oracle Financial Cloud (OFC) Status Update	The objective will be to evaluate the status of OFC post-implementation issue resolution, optimization efforts, and any remaining financial risk. The review will identify any remaining implementation risks and may also include a detailed analysis of unresolved items, including remediation tracking, timelines, and the root causes of any delays.	500
Financial Operations - Accounts Receivable	The purpose of this review is to evaluate whether internal controls for Accounts Receivable provide reasonable assurance that operations are effective and efficient, financial information is accurately reported, and activities comply with applicable policies and procedures.	550
Award Financial Closeout in Oracle	The purpose of this review will be to determine whether internal controls provide reasonable assurance that processes for closeout of awards result in accurate and timely reporting to the agency, which is appropriately supported by documentation.	500
Academic Affairs Deficit Management	The objective of this audit will be to evaluate Academic Affairs practices for deficit monitoring to determine whether controls provide reasonable assurances that deficits are accurately quantified and that appropriate mitigation strategies exist.	450
Compliance with President's Cyber Letter (Systemwide)	A systemwide audit to evaluate compliance with the cybersecurity requirements outlined in President Drake's February 2024 letter on cybersecurity investment plans.	450
Price Transparency Rule & No Surprises Act Compliance	The objective of this review is to assess whether internal controls for the Price Transparency Rule and No Surprises Act requirements for UC San Diego Health services and procedures provide reasonable assurance of compliance with these requirements.	500
Health Conflict of Interest	The purpose of this review will be to evaluate controls and processes related to conflict of interest reporting across health sciences, including UCSD Health, to determine whether disclosure processes provide reasonable assurance that potential conflict situations are appropriately identified and managed.	500
Purchased Services / Contracted Labor	The purpose of this review will be to evaluate processes for managing temporary labor, ensuring compliance with University policy, and evaluating effective use of resources.	500
Department of Medicine - Sponsored Research Administration	The objective of this review is to evaluate whether internal controls for Department of Medicine sponsored research administration provide reasonable assurance that operations are effective, in compliance with University policy and sponsored research regulations as applicable, and result in accurate financial reporting.	500

Planned Internal Audit Projects

UC SAN DIEGO - ADVISORY SERVICES	SCOPE STATEMENT	HOURS
Deficit Monitoring Analytics	The purpose of this review will be to develop ongoing deficit monitoring analytics that support Executive leadership to track the status of deficits across campus and track the status of management's remediation plans.	400
Academic Affairs Administrative Reorganization	The purpose of this project will be to review, from an advisory perspective, plans for reorganization in Academic Affairs, to provide input on impacts to internal controls, and authority and accountability for department and division operations.	250
Student Information System (SIS)	The purpose of this review will be to evaluate, from an advisory perspective, the planning efforts of the campus SIS implementation, with a focus on project planning and budget. AMAS advisory work was initiated in FY25 and will continue into FY26.	250
Human Resources Process Timelines	The purpose of this project will be to review, from an advisory perspective, timelines for certain Human Resources functions to understand the portions of processes that are the responsibility of departments vs. central Human Resources, and to analyze opportunities to increase turnaround time in selected areas and provide input.	250
Business Intelligence	The objective of this review is to evaluate, from an advisory perspective, the campus Business Intelligence (BI) environment and identify opportunities for improvement to increase effectiveness and support strategic decision-making.	300
Emergency Management Plans	The objective of this review will be to evaluate, from an advisory perspective, the status of emergency preparedness planning activities and compliance with University policy.	300
Operational Efficiency (Systemwide)	A systemwide advisory services project focused on identifying opportunities to streamline processes by calibrating internal controls, eliminating unnecessary procedures, and leveraging technology. Recommendations for improvement will be informed by Internal Audit's assessment of risk. Specific scope areas will be determined in engagement planning.	300
Travel and Entertainment Analytics (Systemwide)	A systemwide advisory services project to execute data analytics procedures for travel and entertainment expenses. These analytics will be designed to assist management in monitoring for policy compliance and identifying potential cost savings.	300
Health Office of Compliance & Privacy Process Improvements (OCP) External Review Process Improvements	The purpose of this review will be to evaluate, from an advisory perspective, external review recommendations, and the extent to which these recommendations have been implemented and/or considered.	250
UC San Diego sub-total		7,050

Planned Internal Audit Projects

UC SAN FRANCISCO - AUDITS	SCOPE STATEMENT	HOURS
School(s) Departmental Review	Review administrative and financial practices in selected School of Medicine departments to assess their compliance with University policies.	300
Vendor Contract Compliance/Contractor Overtime	Assess processes and controls for tracking and review of contractor overtime.	300
National Institutes of Health (NIH) Other Support	Validate that the corrective actions taken to date to address instances of non-compliance with NIH Other Support have been implemented.	300
Contact Center – Registration	Assess processes and controls in place for appropriate registration of patients at the Contact Center.	300
Compliance with President’s Cyber Letter (Systemwide)	A systemwide audit to evaluate compliance with the cybersecurity requirements outlined in President Drake’s February 2024 letter on cybersecurity investment plans.	450
Chancellor Expenses (G-45) (Systemwide)	Review annual Chancellor expense reports to ensure that they have been prepared, reviewed, and submitted in accordance with policy.	200
Annual Report on Executive Compensation (AREC) (Systemwide)	Verify the accuracy, completeness, and timely preparation of the Annual Report on Executive Compensation.	200
Construction Projects	Review construction project invoiced costs and fees to ensure compliance with contract agreement.	300
MyTime/Ultimate Kronos Group (UKG) Post-Implementation	Evaluate the effectiveness and compliance of the newly implemented payroll system with wage and hour rules.	300
UC SAN FRANCISCO - ADVISORY SERVICES	SCOPE STATEMENT	HOURS
Research Administration and Compliance Systems (Huron)	Advise on internal controls, policy compliance and project management and governance related to the research administration and compliance system implementation.	300
Operational Efficiency (Systemwide)	A systemwide advisory services project focused on identifying opportunities to streamline processes by calibrating internal controls, eliminating unnecessary procedures, and leveraging technology. Recommendations for improvement will be informed by Internal Audit’s assessment of risk. Specific scope areas will be determined in engagement planning.	300
ERP/Project One Pre-System Implementation Advisory – Separation of Duties	Provide advice on internal controls, policy compliance and project management and governance for the new Enterprise Resource Planning (ERP) system assessment and implementation.	200

Planned Internal Audit Projects

UC SAN FRANCISCO - ADVISORY SERVICES (CONT.)	SCOPE STATEMENT	HOURS
ERP/Project One Pre-System Implementation Advisory – Data Conversion	Provide advice on internal controls, policy compliance and project management and governance for the new Enterprise Resource Planning (ERP) system assessment and implementation.	200
ERP/Project One Pre-System Implementation Advisory – Access Controls	Provide advice on internal controls, policy compliance and project management and governance for the new ERP system assessment and implementation.	250
ERP/Project One Pre-System Implementation Advisory – Business Process Changes/Design	Provide advice on internal controls, policy compliance and project management and governance for the new ERP system assessment and implementation.	250
Travel and Entertainment Analytics (Systemwide)	A systemwide advisory services project to execute data analytics procedures for travel and entertainment expenses. These analytics will be designed to assist management in monitoring for policy compliance and identifying potential cost savings.	300
Fraud Risk/Data Analysis Program	Continue performing enterprise-wide data analytics and enhancing fraud risk assessment and analysis to identify high risk areas for fraud and assist departments to design and implement control activities to prevent and detect fraud.	500
Fraud Awareness Training	Continue education and training to raise fraud risk awareness throughout the organization.	300
No Charge Coding	Analyze use of no-charge codes for services at UCSF Health to identify potential trends and opportunities for improvement.	300
Chaperone Program	Assess the progress towards full implementation of chaperone policies.	300
Financial and Compliance Dashboard	Continue with optimization of the dashboard.	300
	UC San Francisco sub-total	6,150
	TOTAL AUDIT AND ADVISORY SERVICE PROJECT HOURS	77,570

* Additions shown by underline; deletions shown by ~~striketrough~~ *

40.3 Special Provisions Concerning Faculty

(d) Security of Employment

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

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

* Additions shown by underline; deletions shown by ~~strikethrough~~ *

105.1: Organization of the Academic Senate

- a. The Academic Senate shall consist of the President, Vice Presidents, Chancellors, Vice Chancellors, Deans, Provosts, Directors of academic programs, the chief admissions officer on each campus and in the Office of the President, registrars, the University Librarian on each campus of the University, and each person giving instruction in any curriculum under the control of the Academic Senate whose academic title is Instructor, Instructor in Residence; Assistant Professor, Assistant Professor in Residence, Assistant Professor of Clinical (e.g., Medicine); Associate Professor, Associate Professor in Residence, Associate Professor of Clinical (e.g., Medicine), Acting Associate Professor; Professor, Professor in Residence, Professor of Clinical (e.g., Medicine), or Acting Professor; ~~Lecturer with Potential for Security of Employment~~ Assistant Professor of Teaching, Lecturer with Security of Employment ~~Associate Professor of Teaching, Acting Lecturer with Security of Employment~~ Associate Professor of Teaching, Senior Lecturer with Security of Employment, or Acting Senior Lecturer with Security of Employment ~~Professor of Teaching~~; however, Instructors and Instructors in Residence of less than two years' service shall not be entitled to vote. Members of the faculties of professional schools offering courses at the graduate level only shall be members also of the Academic Senate, but, in the discretion of the Academic Senate, may be excluded from participation in activities of the Senate that relate to curricula of other schools and colleges of the University. Membership in the Senate shall not lapse because of leave of absence or by virtue of transference to emeritus status.

105.2: Duties, Powers, and Privileges of the Academic Senate

- c. The Academic Senate shall determine the membership of the several faculties and councils, subject to the provisions of Standing Order 105.1(c), except the faculties of ~~Hastings College of the Law UC Law San Francisco, and San Francisco Art Institute~~, provided that the several departments of the University, with the approval of the President, shall determine their own form of administrative organization, and all Professors, Associate Professors, Acting Professors, Acting Associate Professors, and Assistant Professors, and all Instructors of at least two years' service shall have the right to vote in department meetings.

Additions shown by underscoring; deletions shown by strikethrough

Regents Policy 4105: Policy on Settlement of Litigation, Claims, and Separation Agreements

Adopted September 15, 1995

As amended July 20, 2000, May 18, 2006, and November 20, 2008

The Regents adopt the following Policy on Settlement of Litigation, Claims, and Separation Agreements establishing the authority of The Regents, the President, and the General Counsel and requirements with respect to reporting of settlements and separation agreements.

(1) As used in this Policy, the following terms shall have the meaning specified:

- a. "Claim" shall refer to any demand for payment from an entity or individual, including a University employee, which is disputed in whole or in part and is made other than through litigation. Commercial negotiations to adjust amounts payable under a contract shall not be treated as "claims."
- b. "Litigation" shall refer to legal proceedings in the form of a lawsuit, arbitration proceeding, or internal or external administrative proceeding.
- c. "Separation Agreement" shall refer to an agreement with a University employee by which the employee separates from University employment, but which does not involve a "claim" or "litigation," as defined above.
- d. "Consideration" shall refer to a monetary commitment on the part of the University, whether in the form of a lump sum cash payment, or compensation for services for a specified term, or individually-negotiated payments for benefits (e.g., COBRA), or a non-monetary commitment on the part of the University; it excludes payments for salary and benefits previously earned by the employee (e.g., earned vacation leave) or continued employment on the same terms as existed prior to the agreement. When consideration is received by the University, it can also be monetary or non-monetary.

(2) Settlement Authority of the President

The President shall have authority to settle claims and to enter into separation agreements when the consideration paid or received by the University has a value of \$1,000,000 ~~\$500,000~~ or less. Settlement of claims or separation agreements when the consideration paid or received by the University exceeds \$1,000,000 ~~\$100,000~~ shall require the concurrence of the General Counsel. The release provisions of all settlements of claims and separation agreements, regardless of the amount of consideration, shall be in a format approved by the General Counsel. Settlement of claims and separation agreements by the President shall be subject to appropriate funding.

(3) Settlement Authority of the General Counsel

The General Counsel shall have authority to settle claims and litigation when the consideration paid or received by the University has a value of \$1,000,000 ~~\$500,000~~ or less. All litigation

settlements shall be reviewed and approved by the General Counsel. Settlement of claims or litigation by the General Counsel shall be subject to appropriate funding.

(4) Reporting of Settlements and Separation Agreements

- a. ~~Annually by the General Counsel, all settlements of claims and litigation, and all separation agreements, when the consideration paid or received by the University has a value greater than \$50,000.~~
- b. a. At each regular meeting of The Regents, the Regents shall receive a report from the General Counsel of all settlements of claims and litigation, and all separation agreements, when the consideration paid or received by the University has a value greater than \$100,000 and up to \$1,000,000 ~~\$500,000~~.
- c. b. At each regular meeting of The Regents, the Regents shall receive a report of all settlements of claims and litigation and all separation agreements approved by the Chair~~man~~ of the Board and the Chair~~man~~ of the Compliance and Audit Committee ~~on Finance~~ pursuant to section 5: hereof.

(5) Settlement Actions Reserved to The Regents

The following proposals for settlements of claims or litigation or for separation agreements shall be submitted to the Chair~~man~~ of the Board and the Chair~~man~~ of the Compliance and Audit Committee ~~on Finance~~ or to The Regents for prior approval:

- a. To the Chair~~man~~ of the Board and the Chair~~man~~ of the Compliance and Audit Committee ~~on Finance~~, when the consideration to be paid or to be received by the University has a value greater than \$1,000,000 ~~\$500,000~~ and up to \$2,000,000 ~~\$1,000,000~~.
- b. To The Regents, when the consideration to be paid or to be received by the University has a value in excess of \$2,000,000 ~~\$1,000,000~~.
- c. To The Regents, settlements or separation agreements of any amount involving significant questions of University policy.
- d. To The Regents, settlements or separation agreements of any amount with Officers of the University (Bylaw 32) ~~(Standing Order 100.1(a))~~ and Officers of The Regents (Bylaw 20.1).

All settlement and separation agreement proposals which require approval by either the Chair~~man~~ of the Board and the Chair of the Compliance and Audit Committee ~~on Finance~~, or by the full Board, shall be accompanied by the recommendation of the General Counsel and a statement of the applicable fund source.

With regard to faculty members with tenure or security of employment, in the event that a faculty member's resignation and severance compensation is deemed by the President to be in the best interests of the University, pursuant to Standing Order 103.7, any resulting separation or settlement agreement shall be subject to this policy.

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN

[UCRP]

INVESTMENT POLICY STATEMENT

Effective: July 1, 2025, Amended: July 15, 2025

Replaces the UCRP Investment Policy Statement and UCRP Asset and Risk Allocation Policy
effective July 1, 2020



UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

POLICY SUMMARY/BACKGROUND

The purpose of this Investment Policy Statement (“Policy”) is to define the objectives, policies and guidelines for the management and oversight of the University of California (“UC”) Retirement Plan (“UCRP”). The management of UCRP is subject to state and federal regulations and laws, and all other University investment policies, which may not be listed in this document.

The Policy consists of the following sections:

1. Roles and Responsibilities
2. Objectives
3. Investment Guidelines
4. Strategic Allocation
5. Risk Management
6. Benchmarks
7. Rebalancing
8. Monitoring and Reporting
9. Policy Maintenance
10. No Right of Action
11. Disclosures

1. ROLES AND RESPONSIBILITIES

Board of Regents

The Board defines the goals and objectives of UCRP and is responsible for establishing and approving changes to this Policy. The Board of Regents may delegate the implementation of this policy to committees, the Chief Investment Officer and investment advisors.

Chief Investment Officer

The Chief Investment Officer (~~“Office of the Chief Investment Officer”~~, ~~“OCIO”~~, “UC Investments”) is responsible for implementing the approved investment policies and developing investment processes and procedures for asset allocation, risk management, investment manager selection and termination, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of UCRP assets.

Investment Managers

~~The OCIO~~ UC Investments may delegate to external Investment Managers responsibility for managing all or a portion of the assets. Any external Investment Managers will assume the roles and responsibilities of “investment manager” under Section 3(38) of ERISA, including but not limited to acknowledging in writing that such Investment Manager is a fiduciary with respect to the assets it manages on behalf of UCRP. The Investment Manager will accept assets and invest in compliance with all relevant laws, the Investment Manager’s individual investment management agreement(s), and as applicable, the stated investment guidelines in this Policy.

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

Trustee/Custodian

The role of the Trustee/Custodian is to provide safekeeping, accounting and valuation of Trust assets.

2. OBJECTIVES

Overall Objective

The objective of UCRP is to provide retirement benefits, as described in the Plan document, to its participants and their beneficiaries. The overall investment goal of UCRP is to maximize the probability of satisfying the Plan's liabilities in conjunction with the Regents' funding policy.

Return Objective

UCRP seeks to maximize its return on investment, consistent with levels of investment risk that are prudent and reasonable given long-term capital market expectations and the overall objectives of UCRP. The performance of UCRP will be measured relative to its objectives (e.g. actuarial rate, funded status, inflation) and policy benchmarks found in this Policy.

Accordingly, the investment objectives and strategies emphasize a long-term outlook, and interim performance fluctuations will be viewed with the corresponding perspective. The Board acknowledges that over short time periods (i.e. one quarter, one year, and even three to five year time periods), returns will vary from performance objectives and the investment policy thus serves as a buffer against ill-considered action.

Risk Objective

While the Board recognizes the importance of the preservation of capital, it also recognizes that to achieve UCRP's overall objectives requires prudent risk-taking, and that risk is the prerequisite for generating investment returns. Therefore investment risk cannot be eliminated but should be managed. Risk exposures should be identified, measured, monitored and tied to responsible parties; and risk should be taken consistent with UCRP's objectives and the expectations for return from the risk exposures.

UCRP seeks a level of risk that is prudent and reasonable to maximize the probability of achieving its overall objective consistent with capital market conditions. The expected level of UCRP funded status volatility (i.e. surplus risk, or volatility of the change in UCRP assets relative to the change in UCRP liabilities) should be monitored and the Board seeks to minimize the probability of loss of funded status over a full market cycle.

Sustainability Objective

~~The Office of the Chief Investment Officer ("OCIO")~~ UC Investments shall incorporate environmental sustainability, social responsibility, and governance (ESG) into the investment evaluation process as part of its overall risk assessment in its investments decision making. ESG factors are considered with the same weight as other material risk factors influencing investment decision making.

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN

INVESTMENT POLICY STATEMENT

~~The OCIO UC Investments~~ uses a proprietary sustainability framework to provide core universal principles that inform the decisions and assist in the process of investment evaluation. ~~The OCIO UC Investments~~ manages the UCRP consistent with these sustainability principles. The Framework can be found on the ~~OCIO UC Investments~~ website in the sustainability section.

3. INVESTMENT GUIDELINES

Permitted Investments

Below is a list of asset class types in which the UCRP may invest so long as they do not conflict with the constraints and restrictions described elsewhere in this document. The criteria used to determine which asset classes may be included are:

- Positive contribution to the investment objective of UCRP
- Widely recognized and accepted among institutional investors
- Diversification with some or all of the other accepted asset classes

Based on the criteria above, the types of assets for building the portfolio allocation are:

1. Public Equity

Includes publicly traded common and preferred stock of issuers domiciled in US, Non-US, and Emerging (and Frontier) Markets. The objective of the public equity portfolio is to generate investment returns with adequate liquidity through a globally diversified portfolio of common and preferred stocks.

2. Fixed Income

Fixed Income includes a variety of income related asset types. The portfolio will invest in core fixed income instruments, including government and investment grade corporate bonds, inflation linked securities, cash and cash equivalents, as well as higher returning growth fixed income assets including high yield and emerging markets debt. The UCRP can hold a mix of traditional (benchmark relative) strategies and unconstrained (benchmark agnostic) strategies. The objective of the core fixed income assets is to provide diversification relative to other higher risk assets and necessary liquidity for payment obligations and portfolio rebalancing needs. The growth fixed income assets are intended to provide diversification and long term growth by investing in higher yielding and less liquid growth fixed income opportunities.

3. Private Equity

Private equity includes, but is not limited to, venture capital and buyout funds, direct investments, and co-investments in private companies. This includes investments in privately held companies and private investments in public entities which are illiquid. The objective of the portfolio is to earn higher returns than the public equity markets over the long term and take advantage of the illiquidity premium.

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

4. Private Credit

Private credit includes debt issued by and loans made to companies through privately negotiated, non-public transactions, other debt backed private structures, such as consumer or asset backed loans. The objective of the portfolio is to earn higher returns than the public debt markets over the long term and take advantage of preferential yields, terms and other characteristics available through private transactions.

5. Real Estate

Real estate includes private investments in real property and related debt investments. The objectives of the real estate portfolio are to contribute to the diversification of the portfolio, generate returns through income and/or capital appreciation, and provide protection against unanticipated inflation.

6. Real Assets

Real assets includes, but is not limited to, natural resources, timberland, energy, royalties, infrastructure, and commodities related equity and debt related investments. The objective of the real assets portfolio is to contribute to the diversification of the portfolio, generate returns through income and/or capital appreciation, and provide protection against unanticipated inflation.

~~7. Absolute Return~~

~~Absolute return investments are expected to generate long term real returns by exploiting market inefficiencies. The portfolio invests in a collection of strategies that includes, but is not limited to, strategy types such as Relative Value and Event Driven strategies. The objective of the portfolio is to provide diversification and generate capital appreciation.~~

7. Derivatives

A derivative is a contract or security whose value is derived from another security or risk factor. There are three fundamental classes of derivatives – futures, options and swaps – each with many variations; in addition, some securities are combinations of derivatives or contain embedded derivatives. Use of derivatives to create economic leverage is prohibited, except for specific strategies only. Permitted applications for derivatives are: efficient substitutes for physical securities, managing risk by hedging existing exposures, to implement arbitrage or other approved active management strategies.

Each asset class is assigned a benchmark that represents the opportunity set and risk and return characteristics associated with the asset class. For some private or more complex asset classes the benchmark serves as a proxy for the expected level and pattern of returns rather than an approximation of the actual investment holdings.

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

Investment Restrictions

The Regents established that the purchase of securities issued by tobacco companies and companies with business operations in Sudan are prohibited in separately managed accounts. ~~The OCIO~~ UC Investments will determine what constitutes a tobacco or Sudan Company based on standard industry classification of the major index providers and must communicate this list to investment managers annually and whenever changes occur.

5. STRATEGIC ALLOCATION

The purpose of the Strategic Asset Allocation (SAA) is to establish a diversified long term portfolio that is best able to achieve UCRP's long-term purpose and objectives. The SAA will reflect investment beliefs and organizational capability of ~~the OCIO~~ UC Investments. The actual portfolio exposures will deviate from the Strategic Asset Allocation as a result of price drifts, opportunity set, and value adding activities of ~~the OCIO~~ UC Investments. This is underpinned by the recognition that investment opportunities come and go, values rise and fall and, that implementation must be dynamic in order to benefit from this fluctuation. This belief is critical to add value to UCRP. We follow a risk allocation process to ensure that the attractiveness of all opportunities is assessed on a consistent basis and that will meet the objectives set.

The investment strategy of UCRP will be based on a financial plan that will consider:

- The financial condition of the Plan, i.e., the relationship between the current and projected assets of the Plan and the projected benefit payments, and the current Funding Policy.
- Future growth of active and retired participants; expected service costs and benefit payments; and inflation and the rate of salary increases. (Together these are the principal factors determining liability growth.)
- The expected long-term capital market outlook, including expected volatility of and correlation among various asset classes.

Below are the strategic asset allocation long-term weights and allowable ranges:

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

Table 1

	Target Allocation	Allowable Ranges	
		Minimum	Maximum
Global Public Equity	53.0 <u>57.0</u>	43.0 <u>40.0</u>	63.0 <u>70.0</u>
Core Fixed Income	13.0 <u>14.0</u>	10.0 <u>8.0</u>	16.0 <u>20.0</u>
High Yield Fixed Income	2.5 <u>3.0</u>	0.0	5.0 <u>10.0</u>
Emerging Markets Fixed Income	1.5	0.0	3.0
Private Equity	12.0	7.0 <u>5.0</u>	17.0 <u>20.0</u>
Real Estate	7.0	2.0	12.0 <u>20.0</u>
Real Assets	4.0 <u>3.0</u>	0.0	8.0 <u>10.0</u>
Private Credit	3.5 <u>3.0</u>	0.0	7.0 <u>10.0</u>
Absolute Return	3.5	0.0	5.5
Cash	0.0 <u>1.0</u>	0.0	5.0
TOTAL	100%		
Combined Private Investments⁽¹⁾	30.0 <u>25.0</u>	15.0 <u>7.0</u>	40.0 <u>60.0</u>
Combined Public Fixed Income⁽²⁾	17.0	10.0 <u>8.0</u>	25.0 <u>30.0</u>

1. Private Investments includes Private Equity, Private Credit, Real Estate and Real Assets ~~and Absolute Return.~~
2. Public Fixed Income includes Core and High Yield ~~and Emerging Markets~~ Fixed Income

6. RISK MANAGEMENT

There are three principal factors that affect a pension fund's financial status: 1) contributions, 2) benefit payments, and 3) investment performance. Only the last factor is dependent upon the investment policy and guidelines contained herein. However, the Committee's level of risk tolerance will take all three factors into account. At certain levels of funded status, it could be impossible for the investments to achieve the necessary performance to meet the promised liabilities. The result is that either benefits have to be reduced, contributions increased, or risk tolerance changed.

Funded status risk, or the risk of a significant decline in funded position, is the ultimate aggregate risk for UCRP. Of the three determinants of this aggregate risk (contributions, benefits and investments) investment policy and investment risk are governed by this policy. The primary investment risk for UCRP is that investment returns fall below the assumed rate of return of the UCRP over the medium to long term. The principal risk factors that determine UCRP's investment risk, and the parties responsible for managing them are as follows:

- **Capital market risk** is the risk that the investment return associated with the asset allocation policy is not sufficient to provide the required returns to meet the UCRP's investment objectives. Responsibility for determining the overall level of capital market risk lies with the Board and OCIO UC Investments.

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

- **Total active risk** refers to the difference between the return of the UCRP policy benchmark and the actual return and captures the impact of implementation of the SAA policy. It incorporates the aggregate of investment style risk, active management risk, and tactical/strategic risks and is thus the responsibility of ~~the OCIO UC Investments~~.

~~The OCIO UC Investments~~ is responsible for managing both active risk and total risk (the combination of capital market and active risk), and shall implement procedures and safeguards so that the combined risk exposures of all portfolios taken together are kept within risk bands. Further, within limits of prudent diversification and risk budgets, total and active risk exposures are fungible. That is, ~~the OCIO UC Investments~~ may allocate risk exposures within and between asset types in order to optimize return.

Although the management of investment portfolios may be outsourced, investment oversight and risk management are primary fiduciary duties of the Board that are delegated to and performed by ~~the OCIO UC Investments~~.

7. BENCHMARKS

UCRP's performance will be evaluated against appropriate benchmarks including a strategic asset allocation benchmark ("Total UCRP Portfolio Benchmark") and specific benchmarks for each asset class and investment manager. The Total UCRP Portfolio Benchmark is a weighted average consisting of the asset class benchmarks listed below weighted by the SAA target weights. The benchmarks for each asset class are shown in Table 2:

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

Table 2

Asset Class	Benchmark
Global <u>Public</u> Equity	MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco and Fossil Fuel Free - Net Dividends
Core Fixed Income	Bloomberg Barclays 1-5 Year US Government/Credit Index
High Yield Fixed Income	Merrill Lynch High Yield Cash Pay Index Fossil Free
Emerging Market Fixed Income	JP Morgan Emerging Markets Bond Index Global Diversified Fossil Free
Private Equity	Russell 3000 + 3*%
Real Estate	NCREIF Fund Index – Open End Diversified Core Equity (ODCE) non lagged
Real Assets	Actual Real Assets Portfolio Return
Private Credit	75% Credit Suisse Leverage Loan Fossil Free Index + 25% Merrill Lynch High Yield BB-B Fossil Free Index +1.5%
Absolute Return	HFRI Fund of Funds Composite
Cash	Bank of America 3-Month US Treasury Bill Index

* The Private Equity benchmark is in transition from Russell 3000 + 2.5% for FY 2021 to Russell 3000 + 3.0% thereafter.

The **Total UCRP Portfolio Benchmark** is a weighted average consisting of each of the monthly returns of the benchmarks noted above weighted by the Policy Allocation percentages. The policy benchmarks may differ from the target allocations in Table 1 until implementation reaches the long- term strategic asset allocation.

8. REBALANCING

There will be periodic deviations in actual asset weights from the strategic target weights. Causes for periodic deviations are market movements, cash flows, tactical tilts, and asset selection. Significant movements from the asset class policy weights will alter the intended expected return and risk of UCRP. Accordingly, UCRP may be rebalanced when necessary to ensure adherence to this Policy.

~~The OCIO~~ UC Investments will monitor the actual asset allocation. The Board directs ~~the OCIO~~ UC Investments to take all actions necessary, within the requirement to act prudently, to manage the asset allocation in a manner that ensures that UCRP achieves its long-term risk and return objectives.

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

~~The OCIO UC Investments~~ shall assess and manage the trade-off between the cost of rebalancing and the active risk associated with the deviation from policy asset weights. ~~The OCIO UC Investments~~ may delay a rebalancing program when the CIO ~~it~~ believes the delay is in the best interest of UCRP.

9. MONITORING AND REPORTING

~~The OCIO UC Investments~~ is responsible for monitoring the portfolio and investment managers on an ongoing basis. ~~The OCIO UC Investments~~ should monitor and report to the Investments Committee and Board of Regents on the following items:

1. Asset and Risk Measures and Exposures
2. Investment Performance and Attribution (against benchmarks identified in this Policy)
3. Material Changes to Organization and Investment Strategy
4. Potential Material Issues and Risks
5. Compliance of UCRP with this Policy

While short-term results will be monitored, it is understood that UCRP's objectives are long-term in nature and progress towards these objectives will be evaluated from a long-term perspective.

On at least an annual basis the CIO will report on the implementation of the UC's Sustainability Framework which will include a discussion on the portfolio's environmental, social, and governance risks considered during the year.

10. POLICY MAINTANENCE

The Policy should be reviewed at least annually and updated as necessary. The Committee on Investments may recommend action which will be placed on the Agenda for approval by the Board.

11. NO RIGHT OF ACTION

This Policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

12. DISCLOSURES

The Chief Investment Officer ("OCIO") provides investment-related information on UCRP to The Regents' Committee on Investments in a manner consistent with the requirements outlined in this policy. Current and historical materials are publicly available on The Regents' website within the section on Meeting Agendas and Schedule. The Chief Investment Officer's Annual Report for the most recent fiscal year is also available on the Chief Investment Officer's website. Other disclosures that will be posted on the Chief Investment Officer's website are:

1. A report on private equity internal rates of return is publicly available on the Chief Investment Officer's website on a lagged quarterly basis.

**UNIVERSITY OF CALIFORNIA RETIREMENT PLAN
INVESTMENT POLICY STATEMENT**

2. As soon as practicable after each fiscal year, a complete listing of all assets held by the UCRP at calendar year end will be posted on the Chief Investment Officer's website. Each listing will include the asset's market value at the end of the year. The assets will be grouped in the standard categories used by the custodian bank to group the assets in the asset reports provided to the Chief Investment Officer

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL

[UC ENDOWMENT]

INVESTMENT POLICY STATEMENT

Effective: July 1, 2025, Amended: July 15, 2025

Replaces the GEP Investment Policy Statement and Asset and Risk Allocation Policy effective July 1, 2020



UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL INVESTMENT POLICY STATEMENT

POLICY SUMMARY/BACKGROUND

The purpose of this Investment Policy Statement (“Policy”) is to define the objectives, policies and guidelines for the management and oversight of the University of California (“UC”) General Endowment Pool (“GEP”). The management of GEP is subject to state and federal regulations and laws, and all other University investment policies, which may not be listed in this document.

The Policy consists of the following sections:

1. Roles and Responsibilities
2. Objectives
3. Investment Guidelines
4. Strategic Allocation
5. Risk Management
6. Benchmarks
7. Rebalancing
8. Monitoring and Reporting
9. Total Return Expenditure (Spending) Rate
10. Endowment Administration Cost Recovery
11. Policy Maintenance
12. No Right of Action
13. Disclosures

1. ROLES AND RESPONSIBILITIES

Board of Regents

The Board defines the goals and objectives of GEP and is responsible for establishing and approving changes to this Policy. The Board of Regents may delegate the implementation of this policy to sub-committees, the Chief Investment Officer and investment advisors.

Chief Investment Officer

The Chief Investment Officer (~~“Office of the Chief Investment Officer,” “OCIO”~~ “UC Investments”) is responsible for implementing the approved investment policies and developing investment processes and procedures for asset allocation, risk management, investment manager selection and termination, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of the GEP assets.

Investment Managers

~~The OCIO UC Investments~~ may delegate to external Investment Managers responsibility for managing all or a portion of the assets. Any external Investment Managers will assume the roles and responsibilities of “investment manager” under Section 3(38) of ERISA, including but not limited to acknowledging in writing that such Investment Manager is a fiduciary with respect to the assets it manages on behalf of GEP. The Investment Manager will accept assets and invest in compliance with all relevant laws, the Investment Manager’s individual investment management agreement(s), and as applicable, the stated investment guidelines in this Policy.

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL INVESTMENT POLICY STATEMENT

Trustee/Custodian

The role of the Trustee/Custodian is to provide safekeeping, accounting and valuation of Trust assets.

2. OBJECTIVES

Overall Objective

The GEP provides a common investment vehicle, intended to generate a stable and growing income stream, for (most but not all of) the University's endowments and quasi- endowments, for which the University is both trustee and beneficiary.

The overall investment objective of the GEP is to preserve and grow the purchasing power of the future stream of endowment payout for those funds and activities supported by the endowments. GEP also seeks to maintain liquidity needed to support spending in prolonged down market environments without impairing long term growth.

Return Objective

GEP seeks to maximize its return on investment, consistent with levels of investment risk that are prudent and reasonable given long-term capital market expectations and the overall objectives of the GEP. The performance of GEP will be measured relative to its objectives (e.g. spending, inflation growth) and policy benchmarks found in this Policy.

Risk Objective

While the Board recognizes the importance of the preservation of capital, it also recognizes that to achieve the GEP's overall objectives requires prudent risk-taking, and that risk is the prerequisite for generating investment returns. GEP seeks a level of risk that is prudent and reasonable to maximize the probability of achieving its overall objective consistent with capital market conditions. GEP should limit the probability of loss of capital and/or a loss of purchasing power over a full market cycle (typically 4-8 years). Another important risk objective is limiting declines in purchasing power over the spending policy's stated rolling period of 60 months.

Sustainability Objective

~~The Office of the Chief Investment Officer~~ UC Investments shall incorporate environmental sustainability, social responsibility, and governance (ESG) into the investment evaluation process as part of its overall risk assessment in its investments decision making. ESG factors are considered with the same weight as other material risk factors influencing investment decision making.

~~The Office of the Chief Investment Officer~~ UC Investments uses a proprietary sustainability framework to provide core universal principles that inform the decisions and assist in the process of investment evaluation. ~~The Office of the Chief Investment Officer~~ UC Investments manages the GEP consistent with these sustainability principles. The Framework can be found on the ~~Office of the Chief Investment Officer~~ UC Investments website in the sustainability section.

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL

INVESTMENT POLICY STATEMENT

3. INVESTMENT GUIDELINES

Permitted Investments

Below is a list of asset class types in which the GEP may invest so long as they do not conflict with the constraints and restrictions described elsewhere in this document. The criteria used to determine which asset classes may be included are:

- Positive contribution to the investment objective of GEP
- Widely recognized and accepted among institutional investors
- Diversification with some or all of the other accepted asset classes

Based on the criteria above, the types of assets for building the portfolio allocation are:

1. Public Equity

Includes publicly traded common and preferred stock of issuers domiciled in US, Non- US, and Emerging (and Frontier) Markets. The objective of the public equity portfolio is to generate investment growth with adequate liquidity through a globally diversified portfolio of common and preferred stocks.

2. Fixed Income

Fixed Income includes a variety of income related asset types. The portfolio will invest in interest bearing and income based instruments such as corporate and government bonds, high yield debt, emerging markets debt, inflation linked securities, cash and cash equivalents. The portfolio can hold a mix of traditional (benchmark relative) strategies and unconstrained (benchmark agnostic) strategies. The objectives of the fixed income portfolio are to provide diversification relative to other higher risk assets and necessary liquidity for payment obligations and portfolio rebalancing needs, while investing in higher yielding and less liquid fixed income opportunities when appropriate.

3. Private Equity

Private equity includes, but is not limited to, venture capital and buyout funds, direct investments, special situations and co-investments in private companies. This includes investments in privately held companies and private investments in public entities which are illiquid. The objective of the portfolio is to earn higher returns than the public equity markets over the long term and take advantage of the illiquidity premium.

4. Private Credit

Private credit includes debt issued by and loans made to companies through privately negotiated, non-public transactions, other debt backed private structures, such as consumer or asset backed loans. The objective of the portfolio is to earn higher returns than the public debt markets over the long term and take advantage of preferential yields, terms and other characteristics available through private transactions.

**UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL
INVESTMENT POLICY STATEMENT**

5. Real Estate

Real estate includes private investments in real property and related debt investments. The objectives of the real estate portfolio are to contribute to the diversification of the portfolio, generate returns through income and/or capital appreciation, and provide protection against unanticipated inflation.

6. Real Assets

Real assets includes, but is not limited to, natural resources, timberland royalties, energy, infrastructure, and commodities related equity and related debt investments. The objectives of the real assets portfolio are to contribute to the diversification of the portfolio, generate returns through income and/or capital appreciation, and provide protection against unanticipated inflation.

~~7. Absolute Return~~

~~Absolute return investments are expected to generate long-term real returns by exploiting market inefficiencies. The portfolio may invest in various strategies, including, but not limited to, Relative Value, Macro and Event Driven strategies. The objective of the portfolio is to provide diversification and generate capital appreciation.~~

7. Derivatives

A derivative is a contract or security whose value is derived from another security or risk factor. There are three fundamental classes of derivatives – futures, options and swaps – each with many variations; in addition, some securities are combinations of derivatives or contain embedded derivatives. Use of derivatives to create economic leverage is prohibited. Permitted applications for derivatives are: efficient substitutes for physical securities, managing risk by hedging existing exposures, to implement arbitrage or other approved active management strategies.

Each asset class is assigned a benchmark that represents the opportunity set and risk and return characteristics associated with the asset class. For some private or more complex asset classes the benchmark serves as a proxy for the expected level and pattern of returns rather than an approximation of the actual investment holdings.

Investment Restrictions

The Regents have established that the purchase of securities issued by tobacco and fossil fuel companies and companies with business operations in Sudan are prohibited in separately managed accounts. The Chief Investment Officer will determine what constitutes a tobacco or Sudan company based on standard industry classification of the major index providers and must communicate this list to investment managers annually and whenever changes occur.

4. STRATEGIC ALLOCATION

The Strategic Asset Allocation (SAA) is the primary determinant of the return and risk of the portfolio. The SAA is set by the Board of Regents in consultation with ~~the OCIO~~ UC Investments and reviewed periodically to reflect current program objectives and capital market expectations. The SAA expresses the target allocation and the allowable minimum and maximum allocations for each asset class. The actual portfolio exposures may

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL

INVESTMENT POLICY STATEMENT

deviate from the SAA as a result of price drifts, opportunity set, and value adding activities of the ~~OCIO UC Investments~~, but generally should remain within the allowable ranges Tactical asset allocation shifts within and across asset classes are permitted if those decisions are expected to add value to GEP.

Below are the strategic asset allocation long-term weights and allowable ranges:

Table 1

Strategic Asset Allocation		Allowable Ranges	
		Minimum	Maximum
Public Equity	40.0 <u>50.0</u>	30.0	50.0 <u>65.0</u>
Fixed Income	8.0	<u>3.0</u> 5.0	15.0
Private Equity	24.0	10.0	30.0
Real Estate	8.0	4.0	12.0 <u>20.0</u>
Real Assets	4.0	0.0	8.0
Private Credit	4.0	0.0	6.0 <u>8.0</u>
Absolute Return	10.0	5.0	15.0
Cash	2.0	1.0 <u>0.0</u>	5.0
<u>TOTAL</u>	<u>100</u>		
<u>Combined Private Investments⁽¹⁾</u>	<u>40.0</u>	<u>14.0</u>	<u>64.0</u>

1. Private Investments includes Private Equity, Private Credit, Real Estate and Real Assets.

5. RISK MANAGEMENT

The primary risks to GEP are the inability to meet planned spending and deterioration in long term spending power. Total program volatility will be managed to limit these risks. The principal risk factors that determine GEP's asset volatility, and the parties responsible for managing them are as follows:

- **Capital market risk** is the risk that the investment return associated with the asset allocation policy is not sufficient to provide the required returns to meet the GEP's investment objectives. Responsibility for determining the overall level of capital market risk lies with the Board and ~~OCIO UC Investments~~.
- **Total active risk** refers to the volatility of the difference between the return of the GEP policy benchmark and the actual return. It incorporates the aggregate of investment style risk, active management risk, and tactical/strategic risks and is thus the responsibility of the Chief Investment Officer.

~~The OCIO UC Investments~~ is responsible for managing both active risk and total risk, including both capital market and active risk, and shall implement procedures and safeguards so that the combined risk exposures of all portfolios taken together are kept within risk bands.

Further, within limits of prudent diversification and risk budgets, total and active risk exposures are fungible. That is, ~~the OCIO UC Investments~~ may allocate risk exposures within and between asset types in order to optimize return.

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL

INVESTMENT POLICY STATEMENT

Although the management of investment portfolios may be outsourced, investment oversight and risk management are primary fiduciary duties of the Board that are delegated to and performed by the Chief Investment Officer.

6. BENCHMARKS

GEP's performance will be evaluated against appropriate benchmarks including a strategic asset allocation benchmark ("Total GEP Portfolio Benchmark") and specific benchmarks for each asset class and investment manager. The Total GEP Portfolio Benchmark is a weighted average consisting of the asset class benchmarks listed below weighted by the SAA target weights. The benchmarks for each asset class are shown in **Table 2**:

Table 2

Asset Class	Benchmark
Global <u>Public Equity</u>	MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco and Fossil Fuel Free - Net Dividends
Fixed Income	Bloomberg Barclays 1-5 Year US Government/Credit Index
Private Equity	Russell 3000 + 3*%
Real Estate	NCREIF Fund Index – Open End Diversified Core Equity (ODCE)
Real Assets	Actual Real Assets Portfolio Return
Private Credit	75% Credit Suisse Leverage Loan Fossil Free Index + 25% Merrill Lynch High Yield BB-B Fossil Free Index +1.5%
Absolute Return	HFRI Fund of Funds Composite
Cash	Bank of America 3-Month US Treasury Bill Index

~~* The Private Equity benchmark is in transition from Russell 3000 + 2.5% for FY 2021 to Russell 3000 + 3.0% thereafter.~~

The **Total GEP Portfolio Benchmark** is a weighted average consisting of each of the monthly returns of the benchmarks noted above weighted by the Policy Allocation percentages. The policy benchmarks may differ from the target allocations in **Table 1** until implementation reaches the long- term strategic asset allocation.

7. REBALANCING

There will be periodic deviations in actual asset weights from the strategic target weights. Causes for periodic deviations are market movements, cash flows, tactical tilts, and asset selection. Significant movements from the asset class policy weights will alter the intended expected return and risk of the GEP. Accordingly, the GEP may

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL INVESTMENT POLICY STATEMENT

be rebalanced when target weights are outside of the allowable ranges to ensure adherence to this policy.

~~The OCIO UC Investments~~ will monitor the actual asset allocation. The Board directs ~~the OCIO UC Investments~~ to take all actions necessary, within the requirement to act prudently, to manage the asset allocation in a manner that ensures that the GEP achieves its long-term risk and return objectives.

~~The OCIO UC Investments~~ shall assess and manage the trade-off between the cost of rebalancing and the active risk associated with the deviation from policy asset weights. The Chief Investment Officer may delay a rebalancing program when the Chief Investment Officer believes the delay is in the best interest of the GEP.

8. MONITORING AND REPORTING

~~The OCIO UC Investments~~ is responsible for monitoring the portfolio and investment managers on an ongoing basis. ~~The OCIO UC Investments~~ should monitor and report to the Investments Committee and Board of Regents on the following items:

1. Asset and Risk Measures and Exposures
2. Investment Performance and Attribution (against benchmarks identified in this Policy)
3. Material Changes to Organization and Investment Strategy
4. Potential Material Issues and Risks
5. Compliance of GEP with this Policy

While short-term results will be monitored, it is understood that GEP's objectives are long-term in nature and progress towards these objectives will be evaluated from a long-term perspective.

On at least an annual basis the CIO will report on the implementation of the UC's Sustainability Framework which will include a discussion on the portfolio's environmental, social, and governance risks considered during the year.

9. TOTAL RETURN EXPENDITURE (SPENDING) RATE

The endowment spending rate provides University programs with a source of income that is perpetual, growing (at least as fast as inflation) and predictable. The spending rate should balance the needs of current and future generations (equalize real value of per unit distributions over time), and preserve the purchasing power (real value) of the endowment, net of annual spending distributions.

The objective of the spending rate is to allow the principal or core assets to grow on a total

return basis (total return = change in market value + income generated from the securities held) while "smoothing" the payout from the endowment assets in order to mitigate disruptions to the budgets of the endowed activities throughout economic and market cycles. Total return expenditure rates permit the spending of realized portfolio gains. The Spending Rate is a percent of unit value (or average unit value) distributed to programs each year and uses a smoothing formula that mediates between volatile market returns and program needs for predictable income.

The total return expenditure (spending) policy for eligible assets in the General Endowment Pool is 5 ~~4.75~~ percent of a 60-month moving average of the market value of a unit invested in the GEP.

**UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL
INVESTMENT POLICY STATEMENT**

10. ENDOWMENT ADMINISTRATION COST RECOVERY

Endowment cost recovery is taken from the endowment payout each year and is used to defray, in part, the cost of the campuses and at the system-wide offices of administering and carrying out the terms of the Regents' endowments. The funds released by this mechanism are used by the campuses and the Office of the President as support for incremental fundraising activities. The endowment administration cost recovery rate of 55 basis points (0.55 percent) is to recover reasonable and actual costs related to the administration of gift assets invested in the General Endowment Pool.

11. POLICY MAINTENANCE

The Policy should be reviewed at least annually and updated as necessary. Revisions may be recommended by ~~the OCIO~~ UC Investments, Investments Committee and approved by the Board of Regents.

12. NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

13. DISCLOSURES

The Chief Investment Officer provides investment-related information on the GEP to The Regents' Investments Subcommittee in a manner consistent with the requirements outlined in this policy. Current and historical materials are publicly available on The Regents' website within the section on Meeting Agendas and Schedule. The Chief Investment Officer's Annual Report for the most recent fiscal year is also available on the Chief Investment Officer's website. Other disclosures that will be posted on the Chief Investment Officer's website are:

1. A report on private equity internal rates of return is publicly available on the Chief Investment Officer's website on a lagged quarterly basis.
2. As soon as practicable after each fiscal year, a complete listing of all assets held by the GEP at calendar year end will be posted on the Chief Investment Officer's website. Each listing will include the asset's market value at the end of the year. The assets will be grouped in the standard categories used by the custodian bank to group the assets in the asset reports provided to the Chief Investment Officer

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

**Technical Amendments made by the Secretary and Chief of Staff to the Regents per Policy 1000*

UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL [UC WORKING CAPITAL]

INVESTMENT POLICY STATEMENT

Effective: July 1, 2025, Amended: July 15, 2025

Replaces the TRIP Investment Policy Statement and ~~TRIP Asset and Risk Allocation Policy~~ effective July 1, 2020



UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL INVESTMENT POLICY STATEMENT

PURPOSE

The purpose of this Investment Policy Statement (“Policy” or “IPS”) is to define the objectives, policies and guidelines for the management and oversight of the University of California (“UC”) Total Return Investment Pool (“TRIP”). The management of TRIP is subject to state and federal regulations and laws, and all other University investment policies, which may not be listed in this document.

The Policy consists of the following sections:

1. Roles and Responsibilities
2. Objectives
3. Investment Guidelines
4. Strategic Allocation
5. Risk Management
6. Benchmarks
7. Rebalancing
8. Monitoring and Reporting
9. Policy Maintenance
10. No Right of Action
11. Disclosures
12. Other Policies

1. ROLES AND RESPONSIBILITIES

Board of Regents

The Board defines the goals and objectives of TRIP and is responsible for establishing and approving changes to this Policy.

The Board of Regents may delegate the implementation of this policy to the Chief Investment Officer and investment advisors.

Chief Investment Officer

The Chief Investment Officer (“CIO”, “OCIO”, ~~“Office of the Chief Investment Officer”~~ or “UC Investments”) is responsible for implementing the approved investment policies and developing investment processes and procedures for asset allocation, risk management, investment manager selection and termination, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of TRIP assets.

UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL INVESTMENT POLICY STATEMENT

Investment Managers

~~The OCIO UC Investments~~ may delegate to external Investment Managers responsibility for managing all or a portion of the assets. Any external Investment Managers will assume the roles and responsibilities of “investment manager” under Section 3(38) of ERISA, including but not limited to acknowledging in writing that such

Investment Manager is a fiduciary with respect to the assets it manages on behalf of TRIP. The Investment Manager will accept assets and invest in compliance with all relevant regulations and laws, the Investment Manager’s individual investment management agreement(s), and as applicable, the stated investment guidelines in this Policy.

Trustee/Custodian

The role of the Trustee/Custodian is to provide safekeeping, accounting and valuation of Trust assets.

2. OBJECTIVES

Overall Objective

TRIP is an investment pool established by the Board of Regents with the objective to provide a high-quality liquid investment vehicle for intermediate-term needs. The primary investment objective is to earn an overall rate of return consistent with the expected intermediate-term spending of TRIP. The investment objective shall be subject to risk tolerance and liquidity management practices established with the Office of the President and Campuses. TRIP is available to all University groups and affiliates.

Return Objective

TRIP seeks to generate a rate of return, after all costs and fees, consistent with TRIP’s Overall Objectives, including spending objectives and time horizon. Subject to the risk objective below, TRIP’s return objective is to earn a return consistent with or greater than a portfolio equally allocated between public equities and high-quality bonds.

Risk Objective

TRIP will seek to 1) have a low probability of a negative return over a three to five year time horizon and 2) limit the portfolio’s expected volatility and maximum drawdown to the level of a portfolio equally allocated between public equities and high-quality bonds and consistent with TRIP’s objectives and payout expectations.

Sustainability Objectives

TRIP will be managed in a manner that balances meeting the needs of current investors without compromising the needs of future investors. TRIP will consider sustainability in both risk assessment and investment due diligence.

UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL

INVESTMENT POLICY STATEMENT

3. INVESTMENT GUIDELINES

Permitted Investments

TRIP will primarily investment in public equity and intermediate fixed income. The following is a list of the asset classes allowed in TRIP:

1. Public Equity

Includes publicly traded common and preferred stock of issuers domiciled in US, Non-US, and Emerging (and Frontier) Markets. The objective of this segment of the portfolio is to generate investment returns with adequate liquidity through a globally diversified portfolio of common and preferred stocks.

2. Fixed Income

Fixed income includes a variety of income related asset types. The portfolio may invest in interest bearing and income-based instruments such as corporate and government bonds, high yield debt, emerging markets debt, inflation linked securities, cash and cash equivalents. Both traditional (benchmark relative) strategies and unconstrained (benchmark agnostic) strategies. The objective of the income portfolio is to provide stability and necessary liquidity for payment obligations, while investing in higher yielding and less liquid income opportunities with attractive return potential.

3. Private Assets

Private asset (equity, debt or other non-publicly traded investments) investments are expected to generate higher long-term real returns versus a portfolio equally allocated between public equities and high-quality bonds by exploiting market inefficiencies, informational advantages and time horizon opportunities. TRIP may invest up to ~~40%~~ 40% in private assets opportunistically at the discretion of the CIO when the expected return and risk are deemed favorable to TRIP's public market assets. All private asset investments must be approved by the CIO.

4. Derivatives

A derivative is a contract or security whose value is derived from another security or risk factor. There are three fundamental classes of derivatives – futures, options and swaps – each with many variations; in addition, some securities are combinations of derivatives or contain embedded derivatives. Use of derivatives to create economic leverage is prohibited. Permitted applications for derivatives are efficient substitutes for physical securities, managing risk by hedging existing exposures, or other approved active management strategies.

Each asset class is assigned a benchmark that represents the opportunity set and risk and return characteristics associated with the asset class. For some private or more complex asset classes the benchmark serves as a proxy for the expected level and pattern of returns rather than an approximation of the actual investment holdings.

UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL INVESTMENT POLICY STATEMENT

Investment Restrictions

The Regents have established that the purchase of securities issued by tobacco companies and companies with business operations in Sudan are prohibited in separately managed accounts. The Chief Investment Officer will determine what constitutes a tobacco or Sudan company based on standard industry classification of the major index providers and must communicate this list to investment managers annually and whenever changes occur.

4. STRATEGIC ALLOCATION

The Strategic Asset Allocation (SAA) is the primary determinant of the return and risk of the portfolio. The SAA is set by the Board of Regents in consultation with ~~the OCIO~~ UC Investments and reviewed periodically to reflect current program objectives and capital market expectations. The SAA expresses the target allocation and the allowable minimum and maximum allocations for each asset class. The actual portfolio exposures may deviate from the SAA as a result of price drifts, opportunity set, and value adding activities of ~~the OCIO~~ UC Investments, but generally should remain within the allowable ranges. Tactical asset allocation shifts within and across asset classes are permitted if those decisions are expected to add value to TRIP.

Below are the strategic asset allocation long-term weights and allowable ranges:

Table 1

	Strategic Asset Allocation	Allowable Ranges	
		Minimum	Maximum
Public Equity	50.0	35.0 <u>30.0</u>	55.0 <u>70.0</u>
Fixed Income	50.0	35.0 <u>30.0</u>	55.0 <u>70.0</u>
Private Assets	0.0	0.0	10.0 <u>40.0</u>
TOTAL	100.0%		

~~*TRIP has the flexibility to invest up to ten percent of the portfolio in private investments.~~

5. RISK MANAGEMENT

The primary risks to TRIP are the inability to meet planned spending and/or the inability to return capital to the owners of TRIP assets. Total program volatility will be managed to limit these risks. The principal factors that determine TRIP's asset volatility, and the parties responsible for managing them, are as follows:

- Capital market risk is the risk that the investment return associated with the asset allocation policy is not sufficient to provide the required returns to meet the TRIP's investment objectives. Responsibility for determining the overall level of capital market risk lies with the Board and OCIO UC Investments.

UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL

INVESTMENT POLICY STATEMENT

- Total active risk refers to the volatility of the difference between the return of the TRIP policy benchmark and the actual return. It incorporates the aggregate of investment style risk, active management risk, and tactical/strategic risks and is thus the responsibility of the Chief Investment Officer.

Although the management of investment portfolios may be outsourced, investment oversight and risk management are primary fiduciary duties of the Board that are delegated to and performed by the Chief Investment Officer.

Active Risk: Each Manager or asset class segment will have a unique active risk budget, relative to its asset class benchmark, which is appropriate to its individual strategy, and specified in its guidelines.

~~The OCIO~~ UC Investments is responsible for managing both total and active risk, as well as other portfolio risks including foreign exchange risk, credit risk, and liquidity risk. ~~The OCIO~~ UC Investments shall implement procedures and safeguards so that the combined risk exposures of all portfolios taken together are kept within limits appropriate to the TRIP's risk tolerance.

6. BENCHMARKS

TRIP's performance will be evaluated against appropriate benchmarks including a strategic asset allocation benchmark ("Total TRIP Portfolio Benchmark") and specific benchmarks for each asset class and investment manager. The Total TRIP Portfolio Benchmark is a weighted average consisting of the asset class benchmarks listed below weighted by the SAA target weights. The benchmarks for each asset class are shown in **Table 2**:

Table 2

Asset Class	Benchmark
Public Equity	MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco and Fossil Fuel Free - Net Dividends
Fixed Income	Bloomberg Barclays US 1-5 Year Government / Credit Index
Private Assets	Total TRIP Portfolio Benchmark

7. REBALANCING

There will be periodic deviations in actual asset weights from the strategic target weights. Causes for periodic deviations are market movements, cash flows, tactical tilts, and asset selection. Significant movements from the asset class policy weights will alter the intended expected return and risk of TRIP. Accordingly, TRIP may be rebalanced when necessary to ensure adherence to this policy and the Investment Policy.

UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL INVESTMENT POLICY STATEMENT

~~The OCIO UC Investments~~ will monitor the actual asset allocation. The Board directs ~~the OCIO UC Investments~~ to take all actions necessary, within the requirement to act prudently, to manage the asset allocation in a manner that ensures that TRIP achieves its risk and return objectives.

~~The OCIO UC Investments~~ shall assess and manage the trade-off between the cost of rebalancing and the active risk associated with the deviation from policy asset weights. The Chief Investment Officer may delay a rebalancing program when the Chief Investment Officer believes the delay is in the best interest of TRIP.

8. MONITORING AND REPORTING

~~The OCIO UC Investments~~ is responsible for monitoring the portfolio and investment managers on an ongoing basis. ~~The OCIO UC Investments~~ should monitor and report to the Investments Committee, Finance and Capital Strategies Committee and Board of Regents on the following items.

1. Asset Allocation and Risk Measures and Exposures
2. Investment Performance and Attribution (against benchmarks identified in this Policy)
3. Material Changes to Organization and Investment Strategy
4. Potential Material Issues and Risks
5. Compliance of TRIP with this Policy

While short-term results will be monitored, it is understood that TRIP's objectives are long-term in nature and progress towards these objectives will be evaluated from a long-term perspective.

On at least an annual basis the CIO will report on the implementation of the UC's Sustainability Framework which will include a discussion on the portfolio's environmental, social, and governance risks considered during the year.

9. POLICY MAINTAINANCE

The Policy should be reviewed at least annually and updated as necessary. Revisions may be recommended by ~~the OCIO UC Investments~~, Investments Committee, Finance and Capital Strategies Committee, and approved by the Board of Regents.

10. NO RIGHT OF ACTION

This Policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL INVESTMENT POLICY STATEMENT

11. DISCLOSURES

The Chief Investment Officer provides investment-related information on TRIP to the Regents' Investments Committee in a manner consistent with the requirements outlined in this policy. Current and historical materials are publicly available on The Regents' website within the section on Meeting Agendas and Schedule. The Chief Investment Officer's Annual Report for the most recent fiscal year is also available on the Chief Investment Officer's website.

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

12. OTHER POLICIES

TRIP will follow the proxy voting and investment valuation policies developed and approved by the Office of the Chief Investment Officer.

UNIVERSITY OF CALIFORNIA SHORT TERM INVESTMENT POOL [UC LIQUIDITY]

INVESTMENT POLICY STATEMENT



Effective: ~~June 30, 2022~~ July 1, 2025, Amended July 15, 2025

Replaces the STIP Investment Policy Statement and STIP Asset and Risk Allocation Policy effective July 1, 2020 ~~June 30, 2022~~

UNIVERSITY OF CALIFORNIA SHORT TERM INVESTMENT POOL INVESTMENT POLICY STATEMENT

PURPOSE

The purpose of this Investment Policy Statement (“Policy” or “IPS”) is to define the objectives, policies and guidelines for management and oversight of the University of California (“UC”) Short Term Investment Pool (“STIP”). The management of STIP is subject to state and federal regulations and laws, and all other University investment policies, which may not be listed in this document.

The Policy consists of the following sections:

1. Roles and Responsibilities
2. Objectives
3. Investment Guidelines
4. Strategic Allocation
5. Risk Management
6. Benchmarks
7. Monitoring and Reporting
8. Policy Maintenance
9. No Right of Action
10. Disclosures
11. Other Policies

1. ROLES AND RESPONSIBILITIES

Board of Regents

The Board defines the goals and objectives of STIP and is responsible for establishing and approving changes to this Policy. The Board of Regents may delegate the implementation of this policy to sub-committees, the Chief Investment Officer and investment advisors.

Chief Investment Officer

The Chief Investment Officer (~~“CIO”, “Office of the Chief Investment Officer”, “OCIO” or “UC Investments”~~) is responsible for implementing the approved investment policies and developing investment processes and procedures for asset allocation, risk management, investment manager selection and termination, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of STIP assets.

Investment Managers

~~The OCIO~~ UC Investments may delegate to external Investment Managers responsibility for managing all or a portion of the assets. Any external Investment Managers will assume the roles and responsibilities of “investment manager” under Section 3(38) of ERISA, including but not limited to acknowledging in writing that such Investment Manager is a fiduciary with respect to the assets it manages on behalf of STIP. The Investment Manager will accept assets and comply with all relevant laws, the Investment Manager’s individual investment management agreement(s), and as applicable, the stated investment guidelines in this Policy.

Trustee/Custodian

The role of the Trustee/Custodian is to provide safekeeping, accounting and valuation of Trust assets.

UNIVERSITY OF CALIFORNIA SHORT TERM INVESTMENT POOL INVESTMENT POLICY STATEMENT

2. OBJECTIVES

Overall Objective

STIP is a cash investment pool established by the Board of Regents with the objective of providing a high quality liquid investment vehicle for short-term liquidity needs. STIP's primary objective is to preserve capital and to earn investment income consistent with interest available on low-risk investments. The STIP is available to all University groups and affiliates.

Return Objective

STIP seeks to maximize returns consistent with its primary objective of safety of principal and liquidity, and cash flow requirements.

Risk Objective

STIP seeks to preserve capital and avoid negative returns over any one-year time horizon.

Sustainability Objective

STIP will be managed in a manner that balances meeting the needs of current investors without compromising the needs of future investors. STIP will consider sustainability in both risk assessment and investment due diligence.

3. INVESTMENT GUIDELINES

Permitted Investments

STIP will primarily invest in high quality, liquid, short duration US dollar-denominated bills, notes and cash equivalents. The following is a list of the investment classes allowed in STIP:

1. Short term fixed income instruments (having remaining maturity of less than or equal to three years)
 - a. Obligations issued or guaranteed by the U.S. Federal Government, U.S. Federal Agencies or U.S. government-sponsored corporations and agencies such as US Treasury and Agency bills and notes.
 - b. Certificates of deposit (CD)
 - c. Time deposit (TD)
 - d. Bankers acceptances
 - e. Commercial paper
 - f. Obligations issued or guaranteed by U.S. local, city and State governments and agencies which are pre-funded by US Treasury Securities in escrow.
 - g. Money market funds managed by the custodian

Investment Restrictions

The Regents have established that the purchase of securities issued by tobacco companies and companies with business operations in Sudan are prohibited in separately managed accounts. The Chief Investment Officer will determine what constitutes a tobacco or Sudan company based on standard industry classification of the major index providers and must communicate this list to

UNIVERSITY OF CALIFORNIA SHORT TERM INVESTMENT POOL

INVESTMENT POLICY STATEMENT

investment managers annually and whenever changes occur.

Employing economic leverage in the portfolio through borrowing, derivatives, or forward-settled transactions (beyond regular settlement) is prohibited.

4. STRATEGIC ALLOCATION

The portfolio will be invested in marketable, publicly traded, high quality short term fixed income instruments, notes and debentures denominated in U.S. dollars and cash (or cash equivalent) instruments.

5. RISK MANAGEMENT

The following limitations will apply in order to maintain investment and liquidity risk within acceptable ranges:

1. Credit risk

- a) No more than 80% of the portfolio's investments should be invested in securities other than U.S. Treasury and Agency bills and notes, and U.S. Government money market funds managed by the custodian.
- b) No more than 20% of the portfolio's investments should be invested in US Government money market funds managed by the custodian. Money market funds should have a rating of AAAm/AAAmf or equivalent by the NRSO's.
- c) Commercial Paper must have a rating of at least A-1, P-1, or F-1
- d) Investments should exhibit a credit quality of A (or equivalent) or better, as determined by one of the NRSRO's. Split-rated credits are considered to have the lower credit rating. US Treasury and Agency bills and notes are exempt from this requirement.
- e) No more than 5% of the portfolio's allocation to commercial paper may be invested in any single issuer. This guideline may be exceeded on a temporary basis due to unusual cash flows, up to a limit of 10%, for a period not to exceed 30 days.
- f) Except for securities issued by the US Treasury or Agencies of the US Government, no more than 3% of the portfolio's market value may be invested in any single issuer.

2. Liquidity risk

- a) The portfolio's investments in aggregate of any security may not exceed 20% of that security's outstanding par value at time of purchase, without a written exception approved by the Chief Investment Officer.
- b) This paragraph is subject to all of the provision in paragraph (5)(1) Credit Risk, above.

6. BENCHMARK

The STIP Benchmark will be a 50/50 weighted average of the yield on a constant maturity One Year US Treasury Note and US 30 day Treasury Bills.

UNIVERSITY OF CALIFORNIA SHORT TERM INVESTMENT POOL

INVESTMENT POLICY STATEMENT

7. MONITORING AND REPORTING

~~The OCIO~~ UC Investments is responsible for monitoring the portfolio and investment managers on an ongoing basis. ~~The OCIO~~ UC Investments should monitor and report to the Board of Regents and designated sub-committees on the following items.

1. Asset Allocation and Risk Measures and Exposures
2. Investment Performance and Attribution (against the STIP Benchmark)
3. Material Changes to Investment Strategy
4. Potential Material Issues and Risks
5. Compliance of STIP with this Policy

On at least an annual basis the CIO will report on the implementation of the UC's Sustainability Framework which will include a discussion on the portfolio's environmental, social, and governance risks considered during the year.

8. POLICY MAINTENANCE

The Policy should be reviewed at least annually and updated as necessary. Revisions may be recommended by ~~the OCIO~~ UC Investments, Investments Subcommittee, Finance and Capital Strategies Committee, and approved by the Board of Regents.

9. NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

10. DISCLOSURES

The Chief Investment Officer provides investment-related information on STIP to the Regents' Investments Subcommittee in a manner consistent with the requirements outlined in this policy. Current and historical materials are publicly available on the Regents' website within the section on Meeting Agendas and Schedule. The Chief Investment Officer's Annual Report for the most recent fiscal year is also available on the Chief Investment Officer's website.

11. OTHER POLICIES

STIP will follow the proxy voting and investment valuation policies developed and approved by ~~the Office of the Chief Investment Officer~~ UC Investments.

**UNIVERSITY OF CALIFORNIA
BLUE AND GOLD ENDOWMENT
[BGE]**

**INVESTMENT POLICY
STATEMENT**



Regents Policy 6110: University of California Blue and Gold Endowment Investment Policy Statement

Adopted November 15, 2018

Effective: July 1, 2025, Amended: July 15, 2025

Replaces the Blue and Gold Endowment Investment Policy Statement effective July 1, 2020

POLICY SUMMARY/BACKGROUND

The purpose of this Investment Policy Statement (“Policy” or “IPS”) is to define the objectives and policies established for the management of the investments of the University of California (“UC”) BLUE AND GOLD ENDOWMENT (BGE). The management of BGE is subject to state and federal regulations and laws, and all other University investment policies, which may not be listed in this document.

The Policy consists of the following sections:

1. Roles and Responsibilities
2. Objectives
3. Investment Guidelines
4. Strategic Allocation
5. Risk Management
6. Benchmarks
7. Rebalancing
8. Monitoring and Reporting
9. Policy Maintenance
10. No Right of Action
11. Disclosures

1. ROLES AND RESPONSIBILITIES

Board of Regents

The Board defines the goals and objectives of BGE and is responsible for establishing and approving changes to this Policy.

The Board of Regents may delegate the implementation of this policy to the Chief Investment Officer and investment advisors.

Chief Investment Officer

The Chief Investment Officer (~~“CIO”, “OCIO”, “Office of the Chief Investment Officer”~~ or “UC Investments”) is responsible for implementing the approved investment policies and developing investment processes and procedures for asset allocation, risk management, investment manager selection and termination, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of BGE assets.

Investment Managers

UC Investments may delegate to external Investment Managers responsibility for managing all or a portion of the assets. Any external Investment Managers will assume the roles and responsibilities of “investment manager” under Section 3(38) of ERISA, including but not limited to acknowledging in writing that such Investment Manager is a fiduciary with respect to

the assets it manages on behalf of BGE. The Investment Manager will accept assets and invest in compliance with all relevant regulations and laws, the Investment Manager's individual investment management agreement(s), and as applicable, the stated investment guidelines in this Policy.

Trustee/Custodian

The role of the Trustee/Custodian is to provide safekeeping, accounting and valuation of Trust assets.

2. OBJECTIVES

Overall Objective

BGE is an investment pool established by the Regents with the objective to provide a low cost, liquid, diversified investment vehicle in which the various UC organizations can invest their long-term excess capital reserves to earn a higher return than would otherwise be expected from short-term cash management vehicles (such as TRIP and STIP). This objective is subject to risk and liquidity tolerances established with the Office of the President, Chief Financial Officer, and campuses. The pool intends to invest in the most liquid and transparent investments available that provide appropriate market exposure, at the lowest possible expense, in order to provide the opportunity for immediate withdrawal of funds by an investor with minimum impact on other investors in the pool.

BGE is available to all University groups and affiliates.

Return Objective

BGE seeks to maximize its return on investment, consistent with BGE's overall objectives that are prudent and reasonable given long-term capital market expectations, including liquidity maximization and expense minimization. Subject to the risk objective below, BGE's return objective is to earn a return consistent with a portfolio allocated between public equities and high-quality bonds.

Risk Objective

While the Board recognizes the importance of the preservation of capital, it also recognizes that to achieve BGE's overall objectives requires prudent risk-taking, and that risk is the prerequisite for generating investment returns. Therefore, investment risk cannot be eliminated but should be managed. Risk exposures should be identified, measured, monitored, and tied to responsible parties, and risk should be taken consistent with the BGE's objectives and the expectations for return from the risk exposures. The BGE should have a low probability of loss of capital and/or a loss of purchasing power over a full market cycle (typically four to eight years).

Payout Policy

BGE will have an annual payout rate that provides investors with a source of income that is perpetual, growing, and predictable.

The objective of the payout rate is to allow BGE to grow on a total return basis while “smoothing” the payout to mitigate disruptions in the budgets of end-investors throughout economic and market cycles.

The payout rate for eligible assets in BGE is ~~3.75~~ 5%.

Sustainability Objective

UC Investments shall incorporate environmental sustainability, social responsibility, and governance (ESG) into the investment evaluation process as part of its overall risk assessment in its investments decision-making. ESG factors are considered with the same weight as other material risk factors influencing investment decision-making.

UC Investments uses a proprietary sustainability framework to provide core universal principles that inform the decisions and assist in the process of investment evaluation. UC Investments manages BGE consistent with these sustainability principles. The Framework can be found on the UC Investments website in the sustainability section.

3. INVESTMENT GUIDELINES

Permitted Investments

Below is a list of asset class types in which the BGE may invest so long as they do not conflict with the constraints and restrictions described elsewhere in this document. The criteria used to determine which asset classes may be included are:

- Positive contribution to the investment objective of BGE
- Widely recognized and accepted among institutional investors
- Diversification with some or all of the other accepted asset classes

Public Equity

Includes publicly traded common stock of issuers domiciled in U.S., Non-U.S., and Emerging Markets. The objective of the growth portfolio is to generate investment returns while maintaining high levels of liquidity and transparency through a diversified portfolio of common stocks.

Fixed Income

Income includes a variety of income related asset types. The portfolio will invest in interest-bearing and income-based instruments such as corporate and government bonds, inflation-linked

securities, cash, and cash equivalents. The objective of the income portfolio is to provide interest income and necessary liquidity for cash flows and portfolio rebalancing needs and to diversify the risks present in the growth portfolio.

Derivatives

A derivative is a contract or security whose value is derived from another security or risk factor. There are three fundamental classes of derivatives – futures, options, and swaps – each with many variations. In addition, some securities are combinations of derivatives or contain embedded derivatives. Use of derivatives to create economic leverage is prohibited, except for specific strategies only. Permitted applications for derivatives are: efficient substitutes for physical securities, managing risk by hedging existing exposures, to implement arbitrage or other approved active management strategies.

Given the mandate for liquidity, transparency and minimal expense, a passive implementation of all assets is expected. Derivatives are expected to be used to improve liquidity and minimize tracking error to passive indices.

Each asset class is assigned a benchmark that represents the opportunity set and risk and return characteristics associated with the asset class.

Investment Restrictions

The Regents have established that the purchase of securities issued by tobacco companies and companies with business operations in Sudan are prohibited in separately managed accounts. The Chief Investment Officer will determine what constitutes a tobacco or Sudan company based on standard industry classification of the major index providers and must communicate this list to investment managers annually and whenever changes occur.

4. STRATEGIC ALLOCATION

The purpose of the Strategic Asset Allocation (“SAA”) is to reflect BGE’s purpose and objectives, as well as the investment beliefs and organizational capability of UC Investments. The actual portfolio exposures will deviate from the Strategic Asset Allocation as a result of price drifts, opportunity set, and value-adding activities of UC Investments.

The investment strategy of BGE will incorporate the risk tolerance of the Board of Regents and the Investments Committee, the relationship between current and projected assets, evolution of the University’s financial needs, namely BGE payout, budget, contributions, and growth expectations.

Below are the strategic asset allocation long-term weights and allowable ranges:

Table 1

	Strategic Asset	Allowable Ranges	
	Allocation	Minimum	Maximum
Global Public Equity	80.0	60% <u>50%</u>	90% <u>100%</u>
Fixed Income	20.0	40% <u>0%</u>	40% <u>50%</u>
TOTAL	100.0%		

5. RISK MANAGEMENT

The primary risks to BGE are the inability to meet planned spending and/or the inability to return capital to the owners of BGE assets. The principal factors that determine BGE's asset volatility and the parties responsible for managing them are as follows:

Capital market risk is the risk that the investments decline in value or do not create a positive real rate of return over a full market cycle. Responsibility for determining the overall level of capital market risk lies with the Board at the recommendation of the Investments Committee. The implementation of this risk is the responsibility of the Chief Investment Officer, who will employ a passive investment program.

Liquidity risk is the risk that investments cannot be liquidated in time to meet requested redemption requests.

Although the management of investment portfolios may be outsourced, investment oversight and risk management are primary fiduciary duties of the Board of Regents that are delegated to and performed by the Chief Investment Officer.

Tracking Error: BGE shall be managed so that its annualized tracking error budget shall not exceed 100 basis points. This budget is consistent with the ranges around the combined asset classes and incorporates asset/sector allocation and security selection differences from the aggregate benchmark.

Liquidity Risk: BGE shall be managed so that at least 20% of its total assets can be liquidated within three business days.

UC Investments is responsible for managing both total risk and liquidity risk as well as other portfolio risk including foreign exchange risk and credit risk. UC Investments shall implement procedures and safeguards so that the combined risk exposures of all portfolios taken together are kept within limits appropriate to the BGE's risk tolerance.

6. BENCHMARKS

BGE's performance will be evaluated against appropriate benchmarks including a strategic asset allocation benchmark ("Total BGE Portfolio Benchmark") and specific benchmarks for each asset class and investment manager. The Total BGE Portfolio Benchmark is a weighted average consisting of the asset class benchmarks listed below weighted by the SAA target weights. The benchmarks for each asset class are shown in Table 2:

Table 2

<u>Asset</u>	<u>Benchmark</u>
Public Equity	MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco and Fossil Free - Net Dividends
Fixed Income	Bloomberg Barclays 1-5 Year US Government/Credit Index

The Total Portfolio Benchmark is a weighted average consisting of each of the monthly returns of the benchmarks noted above weighted by the Strategic Asset Allocation percentages.

7. REBALANCING

There will be periodic deviations in actual asset weights from the strategic target weights. Causes for periodic deviations are market movements, cash flows, tactical tilts, and asset selection. Significant movements from the asset class policy weights will alter the intended expected return and risk of BGE. Accordingly, BGE may be rebalanced when necessary to ensure adherence to this policy and the Investment Policy.

UC Investments will monitor the actual asset allocation. The Board directs UC Investments to take all actions necessary, within the requirement to act prudently, to implement the asset allocation in a manner that ensures that BGE achieves its risk and return objectives.

UC Investments shall assess and manage the trade-off between the cost of rebalancing and the active risk associated with the deviation from Strategic Asset Allocation weights. The Chief Investment Officer may delay a rebalancing program when the Chief Investment Officer believes the delay is in the best interest of BGE.

8. MONITORING AND REPORTING

UC Investments is responsible for monitoring the portfolio and investment managers on an ongoing basis. ~~The OCIO~~ UC Investments should monitor and report to the Investments Subcommittee, Finance and Capital Strategies Committee, and Board of Regents on the following items.

1. Asset Allocation and Risk Measures and Exposures
2. Investment Performance and Attribution (against benchmarks identified in this Policy)

3. Material Changes to Organization and Investment Strategy
4. Potential Material Issues and Risks

While short-term results will be monitored, it is understood that BGE's objectives are long-term in nature and progress toward these objectives will be evaluated from a long-term perspective.

On at least an annual basis the CIO will report on the implementation of the UC's Sustainability Framework, which will include a discussion on the portfolio's environmental, social, and governance risks considered during the year.

9. POLICY MAINTENANCE

The Policy should be reviewed at least annually and updated as necessary. Revisions may be recommended by UC Investments or the Investments Committee and approved by the Board of Regents.

10. NO RIGHT OF ACTION

This Policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

DISCLOSURES

The Chief Investment Officer provides investment-related information on BGE to the Regents' Investments Committee in a manner consistent with the requirements outlined in this policy. Current and historical materials are publicly available on the Regents' website. The Chief Investment Officer's Annual Report for the most recent fiscal year is also available on the UC Investments website.

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.