

The Regents of the University of California

**FINANCE AND CAPITAL STRATEGIES COMMITTEE**

July 21, 2021

The Finance and Capital Strategies Committee met on the above date by teleconference meeting conducted in accordance with Paragraph 3 of Governor Newsom's Executive Order N-29-20.

Members present: Regents Cohen, Leib, Lott, Makarechian, Ortiz Oakley, Reilly, and Sherman; Ex officio members Drake and Estolano; Chancellors Christ, Gillman, Hawgood, Khosla, Muñoz, and Wilcox; Staff Advisor Lakireddy

In attendance: Regent Zaragoza, Regent-designate Pouchot, Secretary and Chief of Staff Shaw, Chief of Staff and Special Counsel Drumm, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President Byington, and Recording Secretary Johns

The meeting convened at 2:05 p.m. with Committee Chair Cohen presiding.

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

Upon motion duly made and seconded, the minutes the meeting of May 12, 2021 were approved, Regents Cohen, Drake, Leib, Lott, Makarechian, Ortiz Oakley, Reilly, and Sherman voting "aye."<sup>1</sup>

**2. CONSENT AGENDA**

**A. *Preliminary Plans Funding, Viterbi Family Vision Research Center, San Diego Campus***

The President of the University recommended that the 2020–21 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

San Diego: Viterbi Family Vision Research Center – preliminary plans – \$6 million to be funded from campus funds.

**B. *Working Drawings Funding and Scope, Hospital Bed Replacement Tower Advanced Work Phase, Davis Health Campus***

The President of the University recommended that:

- (1) The 2020–21 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

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

From: Davis: Hospital Bed Replacement Tower – preliminary plans – \$101,618,000 funded with hospital reserves.

To: Davis: Hospital Bed Replacement Tower – preliminary plans and Advanced Work Phase working drawings – \$127,618,000 funded with hospital reserves.

- (2) The scope of the Advanced Work Phase of the Hospital Bed Replacement Tower project shall provide removal of existing trailers; grading; road improvements; reconfiguration of parking lots for temporary ambulance drop-off; reconfiguration of ambulance entry and emergency patient drop-off; renovation of interior emergency department spaces to accommodate relocated entries; relocation of existing utilities at the project site; utilities and utility tie-ins; installation of new underground storage tanks; and provisions for planning and design of the project big room.

[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.]

Committee Chair Cohen briefly introduced the consent agenda.

Upon motion duly made and seconded, the Committee approved the President's recommendations and voted to present them to the Board, Regents Cohen, Drake, Leib, Lott, Makarechian, Ortiz Oakley, Reilly, and Sherman voting "aye."

3. **2021 LONG RANGE DEVELOPMENT PLAN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AND ACCEPTANCE OF THE 2021 PHYSICAL DESIGN FRAMEWORK, BERKELEY CAMPUS**

The President of the University recommended that, following review and consideration of the environmental consequences of the proposed UC Berkeley 2021 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:

- A. Certify the Final Environmental Impact Report for the UC Berkeley 2021 LRDP and Housing Projects #1 and #2.
- B. Adopt as conditions of approval of the UC Berkeley 2021 LRDP all applicable Mitigation Measures and Continuing Best Practices within the responsibility and jurisdiction of the University.

- C. Adopt the Mitigation Monitoring and Reporting Program for the UC Berkeley 2021 LRDP.
- D. Adopt the CEQA Findings and Statement of Overriding Considerations for the UC Berkeley 2021 LRDP.
- E. Approve the UC Berkeley 2021 LRDP.
- F. Receive and accept the UC Berkeley Physical Design Framework.

[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.]

Chancellor Christ stated that this Long Range Development Plan (LRDP) reflected an inspiring vision for the campus over the next 17 years, providing an updated framework and land use plan to guide future physical development on the main campus in Berkeley. The materials had been updated to address questions raised at the May meeting. The 2021 LRDP reflected UC Berkeley's recently updated Strategic Plan and Housing Initiative, and its campus and UC seismic and sustainability goals. The LRDP planning area included the main campus of 1,095 acres and nearly 15 million gross square feet of facilities primarily located in the City of Berkeley. This represented approximately 85 percent of UC Berkeley's total facilities across all properties, including remote field stations and reserves. The main campus was the primary destination for more than 99 percent of the UC Berkeley population.

The 2021 LRDP was guided by population projections and a development program. It projected moderate potential enrollment growth of about 20 percent over the next 15 to 20 years in anticipation of overall increasing enrollment in the UC system. The campus was physically constrained by its existing land resources and by the City of Berkeley, both of which were largely built out. As an urban campus with limited land resources, UC Berkeley desired to be a low-growth campus to ensure that it can provide adequate facilities to support its world-renowned academic programs. In order to accommodate potential enrollment increases that might be requested by the State Legislature in the future, this LRDP planned for a moderate amount of growth in order to guide future development responsibly. The LRDP accommodated up to 6.4 million gross square feet on existing properties without decreasing the amount of open space; in fact, open space would be increased with the full build-out of the plan.

The 2021 LRDP planned for a significant amount of housing, approximately 11,730 beds, which would more than double the campus' existing housing capacity. The Berkeley campus currently housed the lowest percentage of students in on-campus housing among UC campuses, in a region with one of the tightest housing markets in the country. The housing program accounted for the majority of the total LRDP development program, in recognition of this critical need. Expanding on-campus housing would significantly improve the student experience and student success and ease pressure on the off-campus private housing market. The LRDP identified potential sites for housing development, all

of which were currently in use, some with existing campus housing. Achieving the campus' housing goals would require redevelopment of all these sites, including the two housing projects currently in the planning phase. Although there was some graduate student housing outside the LRDP planning area, notably at University Village in Albany, approximately 90 percent of campus housing beds were located within the City of Berkeley, including all the undergraduate student housing. The LRDP would significantly increase campus housing facilities in the City of Berkeley.

The LRDP engagement process had been robust. The administration understood that many people in the campus community and in the greater Berkeley community would be interested in providing feedback on the LRDP. The campus responded with hundreds of hours of in-person and online engagement, including surveys, focus groups, in-person and virtual town hall meetings, workshops, and an LRDP advisory group. From these engagement efforts, the campus gathered important insights that informed the completed LRDP. Chancellor Christ thanked Berkeley Mayor Jesse Arreguin for his partnership throughout her tenure as they navigated the complex issues facing the campus and the City. She was very pleased to hear his support for the LRDP during the public comment period earlier that day. His leadership, and the leadership of the City Council in coming to an agreement with UC Berkeley and the Upper Hearst project lawsuit settlement would benefit the local community with a historic campus investment of \$82.6 million over the life of the 2021 LRDP. The LRDP would allow UC Berkeley to achieve its housing goals, modernize its facilities, address its seismic safety needs, and become more sustainable and resilient. It was a crucial document for responsible and thoughtful capital investment.

Committee Chair Cohen asked where the campus could grow enrollment outside the LRDP planning area. Chancellor Christ responded that UC Berkeley was focused on opportunities for enrollment growth beyond the City of Berkeley. There were opportunities for enrollment growth at Moffett Field, at the Richmond Field Station, and through remote instruction, but UC Berkeley was limiting growth on the main campus in Berkeley.

Staff Advisor Lakireddy asked if there had been any consideration of housing for staff in the LRDP. There were essential staff who lived far from the campus. Chancellor Christ responded that there was no planning for staff housing in the LRDP, but there had been much campus discussion about hybrid work arrangements to lessen the commuting burden on staff; this would also factor into future space planning.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regents Cohen, Drake, Leib, Lott, Makarechian, Ortiz Oakley, Reilly, and Sherman voting "aye."

4. **DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND ACCEPTANCE OF GIFT OF REAL PROPERTY, ANCHOR HOUSE STUDENT HOUSING, BERKELEY CAMPUS**

The President of the University recommended that, following review and consideration of the environmental consequences of the Anchor House Student Housing project ("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 this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:

- A. Adopt as conditions of approval of Housing Project #1 all applicable Mitigation Measures and Continuing Best Practices within the responsibility and jurisdiction of the University.
- B. Adopt the Mitigation Monitoring and Reporting Program for Housing Project #1.
- C. Following review and consideration of the previously certified Environmental Impact Report for the UC Berkeley 2021 Long Range Development Plan and Housing Projects #1 and #2, determine that no further environmental analysis pursuant to CEQA is required and adopt CEQA Findings specific to the Anchor House Student Housing Project, referred to as Housing Project #1 in the EIR.
- D. Approve the Project design.
- E. In accordance with Regents Bylaw 22.2(d) and Regents Policy 8103, Policy on Capital Project Matters, approve the acceptance of the gift of the Project pursuant to the terms of a gift agreement between the Donor and UC Berkeley.
- F. Authorize the President or designee, in consultation with the Office of the General Counsel, 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 the implementation of the Anchor House Student Housing Project.

[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.]

Chancellor Christ introduced the item, which she described as a transformative student residential project. It would be completely funded by a philanthropic foundation. The project would be UC Berkeley's first donor-funded student housing since 1942 and sought to set a new standard for student residential living; it would become an anchor in the UC Berkeley community and would help transfer students to thrive academically, socially, and culturally. The building would require no public funds to construct and operate. The donor's foundation would fund the design and construction of the project on a UC-owned block of property through a short-term construction license. Upon completion, the building would be owned and operated by the Berkeley campus. The building would achieve a Leadership in Energy and Environmental Design (LEED) Gold certification and include 244 apartments with individual bedrooms for 772 students.

The generous gift for this project was one of the largest in the campus' history and would help address a regional housing crisis. The project would deliver nearly half the beds

needed to meet the goal of providing one year of housing availability for entering transfer students. Located just one block from campus, the Anchor House Student Housing project represented a significant step toward providing accessible housing within a short walking distance. Currently, an estimated 40 percent of undergraduates were unable to live on or near campus.

The project design reimagined the student residential experience with single-bedroom apartments and amenities focused on student well-being, including a culinary classroom, a facility that would be a convenient hub for commuting students between classes, and multipurpose event venues, dining areas, and open space. The building's exterior and massing had been carefully considered by UC Berkeley's Design Review Committee in partnership with the donor's selected architect to fit the context of the site as a gateway between the campus and downtown Berkeley, with ground floor community-serving commercial and retail spaces.

This gift would continue to provide financial support to transfer students; net revenues from the project would be directed to scholarship programs. Through this unique program, Pell Grant-eligible transfer students would receive support of more than \$14,000 for their cost of attendance. UC Berkeley's transfer students were significantly more likely to come from underprivileged backgrounds than freshman entrants. Forty-five percent of the 2020–21 transfer student cohort were first-generation college students, 43 percent were Pell Grant-eligible, and more than 95 percent were transferring from California Community Colleges. It was this community that the Anchor House sought to support and encourage.

Committee Chair Cohen praised this project for its focus on transfer students.

Regent Makarechian praised the project for its density on limited University land, the donor-provided financing, and the fact that it included no parking, in alignment with the campus goal of reducing the impact of car ownership for housing adjacent to campus. He requested a commitment that rental rates would be at least 30 percent below market rates.

Chancellor Christ responded that rental rates would be consistent with rates for other UC Berkeley student housing, which were below market. The Anchor House Student Housing project was a remarkable gift that gave twice: all net proceeds from the building would be returned directly to financial aid. UC Berkeley tried to make rents equivalent across its housing system so that there would not be an incentive to live in one place rather than another. Vice Chancellor Rosemarie Rae explained that UC Berkeley set its rents at a portfolio level. Rents were well below 30 percent below market, and the campus could honor the commitment requested by Regent Makarechian. Executive Vice President and Chief Financial Officer Brostrom added that, because all residual revenues would flow to the scholarship program, some students would have free rent.

Regent Zaragoza expressed her concerns about providing rent-controlled units for tenants who were being displaced from 1921 Walnut Street in Berkeley and avoiding any harm that might be caused by this project.

Upon motion duly made and seconded, the Committee approved the General Counsel's recommendation and voted to present it to the Board, Regents Cohen, Drake, Estolano, Leib, Lott, Makarechian, Ortiz Oakley, Reilly, and Sherman voting "aye."

5. **AMENDMENT TO THE 2004 UNIVERSITY VILLAGE MASTER PLAN AND DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, ALBANY VILLAGE GRADUATE STUDENT HOUSING, BERKELEY CAMPUS**

The President of the University recommended that, following review and consideration of the environmental consequences of the Albany Village Graduate Student Housing 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 this 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 Albany Village Graduate Student Housing project, having considered both the Addendum to the 1998 University Village and Albany/Northwest Berkeley Properties Draft Master Plan Environmental Impact Report (EIR) and 2004 Subsequent EIR.
- B. Adopt as conditions of approval the applicable Mitigation Measures and Continuing Best Practices identified in the Addendum within the responsibility and jurisdiction of UC Berkeley.
- C. Adopt the Mitigation Monitoring and Reporting Program for the Albany Village Graduate Student Housing project.
- D. Approve a minor amendment to the 2004 University Village Master Plan to remove a portion of the Commercial or Mixed Use land use designation so that the entire site is within the Housing, Parking, Recreation, and Open Space land use designation.
- E. Approve the design of the Albany Village Graduate Student Housing Project.

[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.]

Chancellor Christ recalled that the Albany Village Graduate Student Housing project was a public-private partnership. It would deliver affordably-priced graduate student housing on a currently underutilized site on UC-owned land in the City of Albany, California. The housing project included 289 apartment units and 760 beds for single graduate students. The project would deliver 25 percent of the Berkeley campus' goal of guaranteed housing availability for one year for entering graduate students and double the existing inventory of University-owned graduate student housing on the Berkeley campus. The building

would have a central area featuring a lobby, social lounge, study room, and covered, secure bicycle storage. The project would include 164 onsite resident-serving surface parking spaces. Building residents would have access to three landscaped courtyards. The landscape plan for the project also included an outdoor plaza which connected the project to public transportation and reintegrated native oak trees into the surface parking design. The Albany location was well suited to graduate student living, adjacent to a grocery store and other community-serving retail, with convenient public transit and bicycle access to the UC Berkeley campus. Affordability was a key objective. The project design incorporated lower-cost wood frame construction, while balancing density with open space, and included surface parking for about 25 percent of beds, in order to provide this option for graduate students with cars, while not increasing the cost of housing with below-grade parking. The unit mix was further curated to favor lower-cost, four-bedroom units, after consultation and focus group meetings with current graduate students. The design would allow projected rents that were at a minimum 30 percent below market for new construction. The environmental analysis for this project also included two small replacement structures for current onsite uses: an agricultural operations structure for the Rausser College of Natural Resources and a community- and UC affiliate-serving recreation structure. These replacement structures would be delivered by the campus at nearby locations. The campus was now seeking design approval in accordance with the California Environmental Quality Act (CEQA); it was not seeking business terms approval for the public-private real estate transaction at this time. The project would return to the Regents for discussion and action on business terms in the coming months.

Regent Makarechian expressed concern about the relatively low density of this project compared to the Anchor House Student Housing project discussed in the preceding item. The construction of surface parking was a waste of land. Since the project was still at the conceptual stage, he suggested that these features could be changed. Chancellor Christ responded that this location was different from downtown Berkeley, which was dense, with tall buildings. This neighborhood was a low-rise section of Albany. Vice Chancellor Marc Fisher seconded that this was a lower-density community. This project was pushing limits in terms of the height of the building. The Anchor House building planned for downtown Berkeley would have 14 floors. This was a Type Five construction with lower density and worked better economically in this construction typology. The surface parking lot could be considered a land bank for possible future development. The private partner in this project had concerns about the ability to be rentable and had planned for more parking spaces; the number of parking spaces was reduced.

Regent Makarechian referred to high-rise projects at other campuses and emphasized his concerns about the scarcity of land and the need to design projects with high density at the outset in order to ensure affordable housing for students. With regard to the size of the structure, Associate Vice Chancellor John Arvin responded that the campus had decided on Type Five construction because this would reduce construction costs and make the project affordable for students. With any project at higher cost, the campus would reach a tipping point, such as concrete construction, which would increase the cost exponentially. If the project were to be larger, in order to do so economically, it would have to be very large, adding multiple stories. This was the reason for the high efficiency of the Anchor



House project. Based on engagement with the surrounding community, Mr. Arvin did not believe that UC Berkeley would have support from the City of Albany or local residents for a high-rise construction. The proposed plan was more appropriate for the surrounding neighborhood.

Regent Estolano asked about the possibility of a higher-density alternative. Mr. Arvin responded that the entitlement allowed for more units. UC Berkeley was building on only a portion of the entitlement area.

Regent Estolano asked about a future scenario in which the University wanted increase density on the site and found a private partner who agreed to Type One construction. She asked if the University would have to amend the Environmental Impact Report (EIR). Mr. Arvin responded in the affirmative.

Regent Makarechian again emphasized his recommendation to increase the density of this project now rather than having to make costlier changes in the future. It would be shortsighted not to do this.

Regent Estolano observed that following this suggestion would require amending the EIR. She asked how increasing the density of this project would affect the timeline. Mr. Arvin responded that this would delay the project by at least a year. The campus anticipated presenting the project business terms to the Regents at the September meeting, breaking ground on the building in summer 2022, and delivering the project in two years. In response to another question by Regent Estolano, Mr. Arvin stated that he was quite confident that the campus did not have the support of the community for a project with a higher density.

Regent Estolano observed that Albany was a different community from Berkeley.

Chancellor Christ commented that the project site was across the street from UC Berkeley's current graduate student family housing, which was a low-density facility. She was in favor of the campus building high wherever it could, but a high-rise development in this place would be out of keeping with the immediate environment and would create a great deal of opposition in the community.

President Drake commented that this community was a mile away from the Berkeley campus and entirely different in character from downtown Berkeley. A high-rise development would be different from everything in the area and, in his view, would be unthinkable for the neighborhood and the City of Albany.

Mr. Fisher commented that UC Berkeley was in favor of high density in its building projects where it was possible. A high-density project would not be appropriate in this particular community.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regents Cohen, Drake, Estolano,

Leib, Ortiz Oakley, Reilly, and Sherman voting “aye” and Regent Makarechian voting “no.”

**6. APPROVAL OF UC STUDENT ASSOCIATION AND UC GRADUATE PROFESSIONAL COUNCIL SYSTEMWIDE FEES**

The President of the University recommended that the Regents:

- A. Approve the multi-year plans for charging the UC Student Association (UCSA) Systemwide Fee of seven dollars per undergraduate student per year and the UC Graduate and Professional Council (UCGPC) Systemwide Fee of seven dollars per graduate and professional student per year, as shown in Display 1.
- B. Approve affiliation between the University and each of UCSA and UCGPC in connection with such fees.
- C. Authorize the President, after consultation with the General Counsel, to negotiate, approve, and execute affiliation agreements with UCSA and UCGPC that are substantially consistent with the terms outlined in Attachment 1, and to negotiate, approve, and execute any amendments or other documents related to the affiliation agreements, provided that such amendments or other documents do not materially reduce the consideration to or increase the obligations of the Regents.

The institution of the fee in support of UCGPC and entering into an affiliation with UCGPC is contingent upon UCGPC being recognized by the Internal Revenue Service as a 501(c)(3) organization.

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**DISPLAY 1: Proposed Fee Levels for the UCSA Systemwide Fee and the UCGPC Systemwide Fee<sup>1</sup>**

Fee	2022-23	2023-24	2024-25
UCSA Systemwide Fee	\$ 7.00	\$ 7.00	\$ 7.00
UCGPC Systemwide Fee	\$ 7.00	\$ 7.00	\$ 7.00

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<sup>1</sup> The UCSA Systemwide Fee and the UCGPC Systemwide Fee may be assessed beyond the period covering each fee’s approved multi-year plan but not in excess of the fee amounts specified in the final year. Any future fee increases must be approved by the 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.]

Executive Vice President and Chief Financial Officer Brostrom introduced this item, which proposed a UC Student Association (UCSA) systemwide fee of seven dollars per year to be assessed from all undergraduates, and a UC Graduate and Professional Council (UCGPC) systemwide fee of seven dollars per year to be assessed from all graduate students. The item recommended multi-year plans for charging these fees, effective from fall 2022 through spring 2025. These were opt-out fees and not mandatory. The fees would

replace current campus contributions and would stabilize and increase the operating budgets of both student groups. In 2019, after conversations between former President Napolitano and representatives of the student groups, a work group consisting of UCSA and UCGPC leadership and Office of the President (UCOP) representatives was formed to discuss implementation of the opt-out systemwide fees. The work group analyzed similar fees collected at the California State University (CSU) and the California Community Colleges (CCC) in support of their respective student organizations. The work group met over the course of a year and focused on 11 key topics ranging from the structure of fees to student consultation.

UCSA President Aidan Arasasingham noted that one might not expect student leaders to propose a new modest student fee. Nevertheless, the proposed UCSA and UCGPC systemwide fees reflected the legacy of student activism at UC in funding vital advocacy and strengthening the power of the collective student voice. Since 1971, UCSA had operated on a membership dues system in which campus student governments voluntarily paid to support UCSA. Over time, this initially equal alliance system had broken down. At this time, most of the UCSA budget was sustained by two core campuses which paid far above the minimum, while other campuses struggled to consistently pay their membership dues. This had led to an unequal dues burden across student bodies, year-over-year uncertainty, and budget stagnation. A decade earlier, UCSA employed eight full-time staff members to support student advocacy; today, UCSA employed only four and was less able to fund opportunities for students. The proposed opt-out student fee would change this situation and institute a sustainable funding structure in line with that in place at CSU and the CCC. While the annual seven dollar fee was higher than those at these sister institutions, the smaller student body at UC made this fee proportional. Like the CSU fee, but unlike the CCC fee, the UCSA and UCGPC fees would be optional. Mr. Arasasingham had consulted with every UC undergraduate student government senate over the past year about this proposal. Three successive years of UCSA's board of directors also supported the fee. Students recognized the need for well-resourced student representation, as did the UC administration when it saw the value of strong student advocacy in joint State budget lobbying, joint opposition to immigration measures under former U.S. President Trump, and in the newly launched joint campaign to double the Pell Grant. The fee would allow UCSA to foster greater equity and opportunity on its boards, at its conferences, and on its staff by increasing scholarships and paid opportunities to lower participation barriers. This fee would be an investment in the longevity of student representation.

UCGPC President Gwen Chodur remarked that UCGPC, as a young organization, had struggled to secure enough funding to support its goals. At present, UCGPC was funded through annually assessed dues to campus graduate student associations. Due to variability in the funding situation of these associations and the relatively low number of graduate and professional students in relation to undergraduates, finances were the major barrier to what UCGPC could hope to accomplish. Since its founding, UCGPC had not been able to employ staff. UCGPC was able to provide limited financial support to address the cost of meetings and conferences. The proposed fee would sustainably expand the scope of what UCGPC can do. One of the most important goals for UCGPC was equity. Currently, UCGPC relied on funding from UCOP for travel to in-person meetings. Even with this

generous support, full participation depended on each graduate student association's budget, which covered lodging and meals at meetings. A source of stable funding would allow UCGPC to subsidize travel and expenses for all its board members, ensuring equal participation by all campuses. UCGPC hoped to hire a staff member to assist with day-to-day operations. The Affiliation Agreement that was part of this proposal was especially important to UCGPC. Since its separation from the UCSA in 2017, UCGPC had struggled to find the same level of recognition within the University as UCSA. The Affiliation Agreement was an opportunity for UCGPC to solidify its standing as the official representative of graduate and professional students and as the foundation for stronger inclusion of these students in the University's shared governance. UCGPC provided students with hands-on training in policy and advocacy. Graduate and professional students were also deeply invested in securing increased research funding. Support for UCGPC advocacy and its perennial agenda of increased federal investment in the research enterprise had the potential to benefit not only UC students, but the University as a whole.

Regent Ortiz Oakley asked if there was a vote by students on the ten campuses on this proposal, or if the proposal was developed through their representatives. Mr. Arasasingham responded that the UCSA board voted to support the proposal. UCSA consulted with the individual campus student government bodies about the proposal. Ms. Chodur reported that the UCGPC board also approved the proposal and had engaged in outreach with the external vice presidents at every campus.

Regent Ortiz Oakley asked how UCSA and UCGPC were communicating about this fee with students. Ms. Chodur responded that UCSA and UCGPC had worked jointly on an outreach strategy for communicating about the value of the organizations and their activities, how to become involved, and the fees. UCSA and UCGPC planned to undertake this outreach themselves, including presenting clear information on both organizations' websites about opting out of the fees.

Regent Ortiz Oakley asked if there would be an audit or review by an independent party to ensure that these funds were being used appropriately. Ms. Chodur responded that an independent audit would be required. Mr. Brostrom added that the staff to be hired would be UC staff, who would also have oversight.

Committee Chair Cohen asked how the organizations would maintain their independence from UC while having UC employees. Mr. Arasasingham responded that, although the organizations would have UC employees, their relationship to UC would be like that of the UC alumni associations. The UCSA and UCGPC boards were confident that their employees would be independent and politically autonomous in supporting student interests.

Regent Leib asked if the organizations had spoken with student focus groups made up of people who might not be interested in student government but who would be paying this fee. Mr. Arasasingham responded that he had not spoken with focus groups, and there had not been polling of students. In speaking with students outside of student government, what

resonated most was the optional nature of this fee. There would be a choice that students currently did not have.

Regent Leib asked how students would opt out of the fee. Mr. Arasasingham responded that students currently could opt out of the student health insurance plan. This was a regular process including notification; opting out of these fees would be part of that process.

Regent Leib asked if there was an estimate of how many students might opt out and how this might affect the budget. Mr. Arasasingham responded that this was discussed with CSU. CSU reported that the opt-out rate ranged from ten to 15 percent. In its budget modeling, the work group calculated that, as long as no more than 20 percent of the student body opted out, UCSA and UCGPC would be in a strong budgetary position.

Regent Leib asked how much funding the fee would raise. Director Cain Diaz responded that, assuming an opt-out rate of about 20 percent for both organizations, the fee would generate \$1.2 million for UCSA and \$300,000 for UCGPC annually.

Regent Reilly asked how these amounts of \$1.2 million and \$300,000 compared to the organizations' current budgets. Ms. Chodur responded that the annual operating budget for UCGPC, funded by student fees and other sources of support, ranged around \$62,000 to \$65,000.

Regent Reilly asked if UCGPC would lose the other funding when this fee was introduced. Ms. Chodur responded in the affirmative; other funding would be phased out.

President Drake commented on some positive effects of the new fee. Employees working for UCSA and UCGPC would have a better benefits package, with benefits like those for other UC employees. Stipends for student leaders were low, so that students might have to forgo work income if they wanted to spend time working in these organizations. The University did not want students to have to choose between having a job to be able to pay for school and being active in student advocacy; UC wanted to provide enough support to meet the basic needs of these student leaders.

Regent Zaragoza voiced support for the proposed fee.

Committee Chair Cohen recalled that the item established a three-year period for the fee and asked what would happen after the three years. He asked if the seven dollar fee would continue in perpetuity or if the fee would end after three years. Mr. Diaz responded that the University's expectation was that the fee would continue in perpetuity, and that the student groups would return to the Regents in three years with another multi-year plan.

Committee Chair Cohen asked if, absent any other action by the Regents, the fee would remain at seven dollars after the first three years. Mr. Diaz responded in the affirmative.

Student observer Andy Li expressed support for the fee proposal, which would strengthen the student voice and help ensure that students were part of the University's decision-

making process. The fee could benefit transfer and reentry students. It was important that student leaders be directly accountable to students. Currently, UCSA and UCGPC were fiscally accountable to student governments but not students themselves. The proposed structure would change this and make UCSA and UCGPC responsive to student contributors; it would mandate transparency and accountability measures. Under the current model, students had no choice about contributing to student leadership, with disparities among the campuses in how much students paid. Adopting a systemwide funding structure would allow all students to contribute equally at a modest cost, and there was the option for any student of opting out.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regents Cohen, Drake, Estolano, Leib, Makarechian, Ortiz Oakley, Reilly, and Sherman voting "aye."

## 7. **2021 LONG RANGE DEVELOPMENT PLAN, SANTA CRUZ CAMPUS**

[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.]

Chancellor Larive introduced the draft 2021 Long Range Development Plan (LRDP) for the Santa Cruz campus, which provided an updated framework and land use plan to guide future physical development on the main residential campus and the Westside Research Park. The campus continued to receive accolades for its research, education, and social impact. An interdisciplinary approach to research for the public good and a deep commitment to social and environmental justice defined UC Santa Cruz and the campus understood its role as an intellectual, creative, and economic engine for the greater Santa Cruz, Monterey, and Santa Clara regions. The campus also recognized its responsibility to be a good neighbor and continued to actively engage civic leaders in its planning. The LRDP embodied the campus commitment to being a model of sustainability and resilience. Undergraduate applications to UC Santa Cruz had doubled over the past 15 years, and the campus had leveraged this interest to increase access and to focus on equity. Around 57 percent of UC Santa Cruz students were from one or more groups traditionally underserved in higher education—underrepresented minorities, first-generation students, and Pell Grant recipients. UC Santa Cruz had been recognized by *U.S. News and World Report* as one of the top five public universities in the country for student social mobility and shared the distinction of being one of only four Hispanic-Serving Institutions in the Association of American Universities. The campus was also an Asian American and Native American/Pacific Islander-Serving Institution.

The 2021 LRDP provided a framework to continue to offer access to a high-quality undergraduate educational experience to all Californians, while advancing the campus' significant research enterprise. The LRDP used the year 2040 as a planning horizon for a total of up to 28,000 students and 5,000 employees on campus. These figures, determined by projecting the campus growth rate over the prior 20 years, represented the projected full-time equivalent students and employees on the 2,000-acre main residential campus and 18-acre Westside Research Park, and served as the basis for evaluating environmental

impacts associated with potential growth. The current 2005 LRDP allowed for a student population of up to 19,500, and the campus currently enrolled about 18,500 students. If all elements of the 2021 LRDP were realized, over the next two decades, UC Santa Cruz could add approximately 9,500 students and 2,200 employees. The events of this past year had demonstrated that the future is impossible to predict. In 1963, the campus projected a student population of 27,500 by 1990. Twenty years from now, students might access higher education in very different ways than today. In recognition of the extremely challenging housing situation in the greater Santa Cruz community, exacerbated this past year by the COVID-19 pandemic and CZU Lightning Complex wildfires, the LRDP program included 8,500 student beds and 550 units for employees.

The campus was mindful of its duty to be a responsible steward of its remarkable landscape. To a large degree, the land dictated what the campus could do. In this LRDP, the developable land use areas maintained existing watersheds, retained critical viewsheds, and avoided critical habitats when possible. The 2021 LRDP included a land use plan, an integrated transportation strategy, and a utilities and infrastructure framework, and was guided by several key objectives. The LRDP included housing for 100 percent of new students above the 19,500 contemplated by the 2005 LRDP. UC Santa Cruz already housed more than 50 percent of its enrolled students on campus, one of the highest percentages in the UC system, but more housing was needed. Providing housing for additional enrollment would lessen the campus' impact on the local housing market and would especially help upper-division students, many of whom struggled to secure safe and affordable housing in the community. The 2021 LRDP provided for four new residential colleges, affirming the campus' commitment to the residential college structure and offering undergraduates the transformative experience of a small liberal arts college with the rigor of a major research university. The LRDP focused on compact and clustered development, primarily in areas that were already developed, such as the academic core and infill sites, along with some expansion north and south of the core. The 2021 LRDP embraced density in order to maximize land use and accommodated over 75 percent more proposed square footage than the 2005 LRDP in nearly the same land use area. The 2021 LRDP protected existing open spaces by setting aside nearly double the acreage for the Campus Natural Reserve, which served as a vital resource for research, teaching, and wildlife, together with other open space designations. About two-thirds of the campus remained in its natural state, and this reflected UC Santa Cruz's commitment to the sustainable and efficient development of its land resources and providing a carbon sink.

The LRDP provided on-campus housing opportunities for 25 percent of new faculty and staff, created a more efficient road network, and promoted a walkable core by consolidating parking at the periphery, limiting routine vehicle traffic, and prioritizing pedestrians and efficient transit. The LRDP infrastructure and utilities framework fostered long-term resilience by taking advantage of the compact development area. It would allow the campus to utilize and reinvent an existing utilities system, increase the resilience of the physical framework, reduce greenhouse gas emissions, and continue to be a leader in water conservation. All new development would comply with the UC Sustainable Practices Policy and meet UC carbon neutrality goals.

The campus had engaged in a robust process of public engagement. UC Santa Cruz knew that many in the campus community and in the greater Santa Cruz community would be interested in providing feedback on this LRDP and sought public input since beginning the planning process in early 2017. This work involved many committees, including the LRDP Planning Committee, composed of faculty, staff, students, alumni, and community members. Throughout the planning process, the campus met and engaged with a community advisory group, made up of City and County representatives, and with the Amah Mutsun Tribal Band, in order to hear the perspectives of these groups. The campus provided multiple opportunities for public feedback, including in-person workshops, scoping and public comment sessions, open forums, community meetings, and online engagement activities. Many of the elements of the 2021 LRDP were a direct result of community input: increasing the LRDP's density and reducing its footprint; providing housing for 100 percent of new students beyond 19,500 and for 25 percent of new employees; reducing the acreage for development in an area with high fire danger; preparing a campus-wide habitat conservation plan; prioritizing pedestrian, bicycle, and transit circulation; and adopting even more stringent water conservation measures than were currently employed. The campus received about 134 letters and 30 verbal comments at public hearings on the Environmental Impact Report (EIR). Chancellor Larive understood the concerns expressed by the City and County, as well as other organizations and individuals about growth in the community. The campus took these concerns seriously, and Chancellor Larive had discussed these issues at regular meetings with City and County leaders and State representatives. Work remained to be done, but she felt that the engagement had been productive and was confident that the campus and community would find a path forward. UC Santa Cruz had long been a good community partner, not only administratively, but through significant research and educational efforts for the common good in the Santa Cruz region. The campus anticipated presenting the 2021 LRDP and the associated EIR for Regents' approval and certification in the fall.

Regent Makarechian asked about the percentage of students housed on campus, currently and planned for the future. Chancellor Larive responded that the campus now housed a little over 50 percent of its students. Under the current LRDP, the campus could accommodate up to 19,500 students, and there were now about 18,500 students living on campus. The campus planned to accommodate 100 percent of new enrollment over 19,500.

Regent Makarechian asked how many beds the campus would have to provide to achieve this. Chancellor Larive responded that the campus would have to add 8,500 beds.

Regent Makarechian calculated that, based on the number of acres set aside for housing, this would result in a density of roughly 40 beds per acre. He asked if this had been the density in the past. Chancellor Larive responded that the LRDP residential area included four residential colleges. The space within these colleges was not just bed space, but also student support space and other spaces which contributed to the residential college experience.

Regent Makarechian asked if the land intended for residential use in the LRDP might be subject to future litigation about species habitat conservation. Chancellor Larive responded



that UC Santa Cruz was pursuing a habitat conservation plan for the campus, which should help mitigate concerns about protected species. Most of the sites selected for development did not have associated habitat concerns. Vice Chancellor Sarah Latham added that the campus was very mindful of topography, geology, and habitat issues. If one took these issues into account, of the campus' approximately 2,000 acres, about 30 percent or 650 acres remained available for development. Within the developable spaces, the LRDP included a contingency for sinkholes, if they were discovered. The LRDP avoided using land where there was the greatest likelihood for critical habitat.

Regent Makarechian asked about acreage intended for student and staff housing and if this space was sufficient for the planned density. Ms. Latham responded that the campus believed that this space would be sufficient. With regard to employee housing, she noted that the Westside Research Park, located at 2300 Delaware Avenue in Santa Cruz, had a new "multipurpose" designation in the new LRDP and could serve as a location for additional employee housing. There were 550 employee units contemplated in the LRDP, but this number could be increased.

Regent Makarechian recalled that, a few years earlier, students who could not secure housing or pay rent had sought permission to live in vehicles parked in campus parking spaces. He asked if the campus would consider designating an area for this type of camping. Chancellor Larive responded that it was preferable to have students housed on campus in reasonably priced housing and to provide employment opportunities and financial aid to support students. That was a better solution than encouraging students to live in their cars.

Regent Makarechian asked if the campus could provide a space with bathrooms and showers for students in this situation. Chancellor Larive responded that the campus provided facilities for showering in its recreation center. In her view, the University should not encourage students to sleep in their cars; this was not good for students' health or education. Executive Vice President and Chief Financial Officer Brostrom added that having large-scale encampments on campus was not viable from the standpoint of public health or safety. Regent Makarechian expressed agreement with Chancellor Larive and Mr. Brostrom on this point.

Regent Makarechian asked about campus bicycle paths. Director Jolie Kerns responded that the integrated transportation strategy in the LRDP considered the network of pedestrian and bicycle paths. The campus hoped to increase pedestrian, bicycle, and shuttle transit.

Regent Makarechian recalled that UC Santa Cruz students had expressed concern about insufficient bicycle paths and the ability to reach different places on campus by bicycle. Ms. Latham responded that the topography of the campus made it challenging to get from place to place. The development of an inside loop for campus transportation would improve vehicular transportation and bicycle paths. Over the years, UC Santa Cruz had invested in adding to and enhancing the safety of its bicycle paths.

Staff Advisor Lakireddy expressed appreciation for the recognition of staff and faculty housing needs in this LRDP. She commented that some of the most essential staff members, custodial and dining staff, often lived far from campus and might have to drive two hours to work.

Committee Chair Cohen asked if UC Santa Cruz had thought about creative ways in which the campus could grow to serve more students without more physical space. Chancellor Larive responded that the campus had embarked on discussions of this matter. In the face of the COVID-19 pandemic, the administration discussed managing with a reduced budget and considered future opportunities. Two of these opportunities were responsive to Committee Chair Cohen's question: the development of online programs and the expansion of UC Santa Cruz's summer session. Committees had been formed to examine these opportunities, with the involvement of the Academic Senate. One of these committees was on the verge of proposing an online program in creative arts, motivated by the faculty in that program. UC Santa Cruz was uniquely positioned to embrace high-quality online learning and was the campus that hosted the UC Scout program, which provided online programs for high school students to prepare for UC eligibility. A question that was often on Chancellor Larive's mind concerned what college students in 2040 would want from their educational experience. While the Santa Cruz campus embraced opportunities for online learning, it felt that the residential campus experience would likely remain an important factor and that some research opportunities could only occur on site, with the presence of undergraduates, graduate students, postdoctoral scholars, and faculty.

Committee Chair Cohen asked how UC Santa Cruz planned to improve access to the campus for people with disabilities, as required by the Americans with Disabilities Act (ADA). Chancellor Larive responded that the campus was not waiting for the LRDP to address ADA access issues. Kresge College was currently being renovated to be an accessible residential college. The Disability Resource Center was being moved to the core of the campus and a more accessible area. One of the main features of the LRDP that would enhance accessibility was the compact design. The academic core, housing, and classrooms were all in a tightly focused area, and this should help the campus manage accessibility. Ms. Latham added that students had often raised this topic in discussions about the LRDP. The integrated transportation strategy in the LRDP included new pedestrian corridors which would enhance accessibility.

**8. UCSF BENIOFF CHILDREN'S HOSPITAL OAKLAND MASTER FACILITIES PLAN PHASE 2 INCLUDING NEW HOSPITAL PAVILION, SAN FRANCISCO CAMPUS**

[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.]

Chancellor Hawgood recalled that, in 2013, the Regents approved an affiliation between UCSF and the then Children's Hospital and Research Center Oakland. In 2014, the Regents became the sole member of the nonprofit public benefit corporation that is UCSF Benioff Children's Hospital Oakland. UCSF envisioned its two children's hospital facilities in San

Francisco and Oakland as a single outstanding children's hospital operating at two sites. While both programs were outstanding, the physical facilities were not equal. Most of the facilities at the Oakland site were between 40 and 90 years old, while the Children's Hospital at the Mission Bay campus was opened as a new facility in 2015. At the time of the affiliation in 2013, UCSF understood the facilities issues and inherited a two-phase facility plan which it was now executing. The Regents had approved Phase One of the plan in 2016, and UCSF had invested about \$300 million in this phase, which resulted in a new ambulatory building that opened in 2018 and ongoing seismic and physical improvements to be completed in 2024.

This item concerned Phase Two, which would replace the inpatient facilities with a new hospital pavilion as well as standard infrastructure projects to support the hospital pavilion. This hospital has operated in Oakland for more than 100 years as a critical safety net hospital for children throughout the East Bay, and, for certain specialty care, including children-specific trauma, served Northern California. Seventy percent of the patients seen at this hospital were covered by Medi-Cal or uninsured. The hospital served a large homeless population and provided mental health services for a large patient population. UCSF was proud of the mission of this hospital and wished to upgrade its facilities to match this mission. A world-class program housed at UCSF Benioff Children's Hospital Oakland was focused on hemoglobinopathies, specifically sickle cell disease and thalassemia, and it had received approval from the U.S. Food and Drug Administration to conduct a first-in-human trial of CRISPR-engineered stem cells to correct the underlying genetic causes of sickle cell disease, which afflicts the African American population in particular. UCSF hoped to enroll the first patient in this trial later this summer. The California Institute for Regenerative Medicine had approved a significant grant for this work the prior week.

UCSF Benioff Children's Hospital President Matthew Cook outlined a number of challenges experienced in the existing facility. As part of Phase One, the pediatric intensive care unit had been renovated with conversion to private rooms, but the rest of the hospital had a combination of open wards and double occupancy rooms, which impeded the hospital's model of patient care. There was an expectation for the hospital to provide family-centered care, and an expectation that the parent or guardian would room with the patient whenever possible, be part of the clinical rounds, understand the child's diagnostic situation and treatment options, and be present during treatment. This was difficult if not impossible to achieve with open wards and double occupancy rooms. It was also difficult to provide state-of-the-art care in these settings. In the neonatal intensive care unit, if one wished to place a newborn child on an extracorporeal membrane oxygenation (ECMO) machine, this currently required moving equipment and patients around the unit. Many of the procedural and operating rooms dated back to the early 1980s and were undersized. It was difficult to fit modern equipment in the operating rooms, and, for this reason, certain services could be more easily provided at the Mission Bay Children's Hospital than at the Oakland site.

In addition to COVID-19, there was a longstanding pandemic of mental health issues among child and adolescent populations. The Benioff Children's Hospital had been building an extensive outpatient mental health capability, but there were no inpatient

mental health beds in the Bay Area community. Patients with mental health needs stayed in the emergency department until the hospital could find beds for them outside the community. UCSF wished to provide care to patients in the community where they lived and envisioned a dedicated inpatient mental health unit of 20 beds.

UCSF was trying to create an environment at Benioff Children's Hospital Oakland that would attract and retain the best talent, and this was a challenge with the current facility. The facility was not competitive with other children's hospitals, including Stanford Health.

Dr. Cook presented an architectural sketch of the planned buildings. There had been some changes from the plans that were originally entitled by the City of Oakland. Construction of a clinical support building would allow people and programs to move out of older buildings from the 1920s and 1940s that would be demolished. The new hospital pavilion had changed slightly from the original plan; code requirements had changed and called for larger rooms than originally envisioned.

UCSF had assembled a community advisory board, including City and County representatives, who were providing input and feedback on the plans. UCSF had actively engaged with neighbors and members of the local community. The response to the revised plans had been positive, and elected officials in the East Bay supported the project. There was recognition of the fact that the hospital, the fourth-largest employer in Oakland, was woven into the economic fabric of Oakland and Alameda County.

Regent Makarechian asked if this hospital would be independently supported or financed by UCSF. Chancellor Hawgood responded that the hospital was ultimately UCSF's financial responsibility. He recalled that the affiliation had been established as a 501(c)(3) organization, with the Regents as the sole member. The hospital had an independent board because it remained an independent, not-for-profit private hospital. The reason for this status, rather than bringing the hospital fully into the University, was to be able to continue to receive critical federal support, averaging about \$100 million annually. This support allowed the financial sustainability of the hospital. The City of Oakland would be the certifying agent for the project's Environmental Impact Report, but the Regents would be responsible for approving the plan and budget. He underscored that this was a safety net hospital. Over the past seven years, UCSF had demonstrated that, provided these federal funds, other intergovernmental transfers, and philanthropic support, it could make the hospital's finances work. UCSF did not expect a high net margin, but sought sustainability that would not require much cross-subsidization. The last seven years had shown that UCSF could achieve this. Chancellor Hawgood stated that these new facilities would enhance financial sustainability of the hospital, although UCSF would be taking on additional debt.

Regent Makarechian asked how much UCSF would spend on the project. Chancellor Hawgood responded that UCSF anticipated a total project cost of \$1.1 billion, a substantial amount of which was required for the infrastructure needed to prepare the site. Funding of \$83 million had been provided through Proposition 4, a children's hospital bond. A sales

tax had been approved in Alameda County which would also provide funding. UCSF anticipated about \$300 million in philanthropy and \$500 million in external financing.

Regent Makarechian asked if the new structures in the plan would depend on the existing structures, or if the old structures would all be demolished. Senior Associate Vice Chancellor Brian Newman referred to a diagram included in the background materials that indicated which buildings would be demolished in order to clear the footprint for the new pavilion. A number of enabling projects were required before construction of the new pavilion could begin. This also involved relocating staff and programs from trailers and obsolete buildings that needed to be replaced. When this relocation had taken place, obsolete buildings would be demolished and UCSF would undertake infrastructure work, relocating a Pacific Gas and Electric line and building a retaining wall; construction of the new pavilion would then begin, anticipated in 2026. UCSF would redevelop the existing parcel. Chancellor Hawgood added that UCSF would leverage some of the existing facilities. The bulk of the patient beds would be located in the new pavilion.

In response to another question by Regent Makarechian, Dr. Cook explained that the existing patient tower, a building from the 1980s, would remain. Some renovation work would be done on this building after the new pavilion had been built. The existing diagnostic and testing building, built in the 1970s and renovated in the late 1980s, would remain as well.

Regent Makarechian asked if these older buildings would be connected to the new pavilion. Dr. Cook responded in the affirmative.

Regent Makarechian opined that this would be an expensive construction and renovation. Dr. Cook explained that there would be a buffer zone between the buildings on certain floors. Mr. Newman added that not all of these buildings would be renovated; there would be targeted renovation. Of the \$1.1 billion expense, approximately \$800 million would go toward the new pavilion, while the remaining budget would support the enabling projects and renovation carried out after completion of the new pavilion. UCSF would not be renovating all the square footage in the older buildings.

Regent Makarechian asked if the planned number of 200 additional parking spaces was sufficient. Dr. Cook responded that there was currently a structured parking garage. With the new pavilion, the number of patient beds would increase from 126 to between 175 and 180. UCSF believed that the 200 spaces would be sufficient. Fewer team members would be on site, given the hybrid work model now in place and that would persist after the COVID-19 pandemic. Parking was also a topic of discussion with neighbors and community members.

Regent Makarechian asked if any road improvements were part of this plan. Dr. Cook responded that the existing roads were sufficient. UCSF was not planning any additional road work.

Regent Makarechian asked about the planned sequence of demolition and construction. Mr. Newman responded that the demolition and enabling projects had to occur first, and this would take the next few years. The hospital would relocate staff and programs to clear the site for the new pavilion, and then build the new pavilion.

In response to another question by Regent Makarechian, Mr. Newman explained that the existing patient tower and the diagnostic and testing building would continue to operate during construction.

Regent Reilly expressed enthusiasm for this project. This was a critical hospital for children in the San Francisco Bay Area.

Committee Chair Cohen noted that information in the background materials indicated that the new buildings would be designed and constructed to a minimum Leadership in Energy and Environmental Design (LEED) Silver rating, with a goal of LEED Gold rating. He asked what would be required to attain the Gold rating. Mr. Newman responded that the minimum expectation or floor was a Silver rating, but the goal for the project was Gold or above. Schematic designs had not yet been made for the project, so the strategy for achieving this remained to be formulated. UCSF's focus was to deliver a LEED Gold building, and the campus would ask its consultants about a path to LEED Platinum certification early in the project, although UCSF might not be able to take that path due to cost.

## 9. **UPDATE ON THE FINAL 2021–22 STATE BUDGET**

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

Executive Vice President and Chief Financial Officer Brostrom expressed gratitude to Governor Newsom and the Legislature for a truly unprecedented outcome in the State budget, and to myriad UC stakeholders, including Regents, chancellors, students, and others, who engaged in strong and consistent advocacy that led to the current outcome. The total State budget, signed the prior week by Governor Newsom, included \$196 billion in General Funds; combined with the Special Fund, it was over \$262 billion.

This budget would provide \$4.7 billion in State General Funds to the University, the highest ever allocation of State funding to UC, and an increase of \$1.27 billion over 2020–21. There was \$547.8 million in new ongoing funding, of which over \$300 million was the restoration of earlier cuts. There was also an extraordinary amount of one-time funds, about \$729 million, most of which would address deferred maintenance, energy efficiency, and campus-specific projects. There might be additional amendments and clarifications to the State budget before the end of the legislative session.

Associate Vice President David Alcocer explained that the University's ongoing base budget would increase by nearly \$550 million. He drew attention to appropriations that were directly responsive to the Regents' budget request. The first was full restoration of

the \$302 million cut sustained by UC the prior year. This restoration had been far from certain at the beginning of the year, but, with greater confidence in revenues, the State spared the University what would have been a painful ongoing cut to core operations. The budget also provided \$173 million for new expenses, a five percent increase over the previous year. This would be critical for personnel-related costs, debt service on capital projects, and other investments approved by the Regents in the UC budget. The University also received \$15 million in new support for student mental health, somewhat less than the \$16.5 million that UC requested; this brought the State's total annual contribution for student mental health to \$20.3 million. The State also agreed with the Regents that the UC Programs in Medical Education (PRIME) were highly effective in educating and training students to meet the needs of medically underserved populations, and provided the \$12.9 million that UC had requested for their support and growth.

With regard to one-time funding, the largest appropriation by far was in response to the University's request for funding for deferred maintenance and energy efficiency projects. The Regents had initially requested \$250 million, and then expanded their request to \$1.5 billion to include other high-priority capital needs. The final Budget Act provided \$325 million that would help fund some of the most critical projects at all UC campuses. The Budget Act also provided the \$22.5 million that the Regents had requested for Student Academic Preparation and Educational Partnership (SAPEP) programs. Because these were one-time funds, support for these programs would continue to be a point for advocacy in future years. The budget also included \$15 million for emergency financial aid for low-income students, to acknowledge the financial challenges that the COVID-19 pandemic had created for many students and families. There were about 30 other one-time appropriations, most of which were earmarked for specific University programs.

Mr. Brostrom noted that, in addition to the State's appropriations for higher education, there were other appropriations that had a direct positive impact on the University. The State had a \$500 million allocation for student capacity expansion and affordable housing. UC Berkeley's program at Moffett Field and UC Davis' program at Aggie Square might be candidates for this one-time funding to expand undergraduate enrollment. There was an increase in the Cal Grant award for students with dependent children and for former foster youth. There was one-time funding of \$40 million for the Office of Emergency Services to help homeless youth, including access to higher education, and Department of Education funding for UC to assess COVID-19-related learning impacts on students.

Mr. Brostrom highlighted some other key provisions of this budget. The budget eliminated direct State support for the Office of the President and UCPath and allowed the return to a campus assessment model, but retained a direct appropriation for Agricultural and Natural Resources. Another development that the University would monitor closely was the intent of the Legislature to increase California resident undergraduate enrollment and to gradually reduce nonresident undergraduate enrollment to 18 percent, which would affect the Berkeley, Los Angeles, and San Diego campuses. This was language of intent, and the notion was that, if UC achieved these goals, funding would be included in the 2022–23 State budget. The University would be working with the Legislature, the Department of Finance, and the Governor as they began to craft the next year's budget.

Committee Chair Cohen emphasized that this budget was an extraordinary, once-in-a-lifetime occurrence. It was incumbent upon the University to ensure that these monies were used as intended.

Regent Makarechian commented on deferred maintenance funding and urged UC to prepare a list of priority projects. He asked if these funds had to be used by a certain deadline. Mr. Brostrom responded that, in preparation for this budget, UC had developed different schedules for deferred maintenance. One scenario planned for \$325 million, another for \$1 billion, and another for \$1.5 billion. He believed that the timetable for drawing down these funds was two years.

Regent Makarechian asked if UC only had to draw down or if UC had to contract for projects. Mr. Brostrom responded that he believed that the University only had to draw down the funds. The University had many projects ready to go and would spend these funds quickly.

Regent Leib requested clarification of the State's expectation that UC would reduce out-of-state and international student enrollment to 18 percent. Mr. Brostrom described this as a glide path. The Legislature had stated its intent that this enrollment would be reduced to 18 percent by 2026–27, so that the University had five years to achieve this goal. When campuses reduced this enrollment, the Legislature would help make up for the decrease in nonresident tuition and would increase student financial aid. This was a difficult matter, because admissions decisions were made well before the State budget was decided. The University would have to work closely with the Governor at the time of the January budget proposal and with the Legislature on the status of funding in order to give direction to the affected campuses regarding the replacement funding.

President Drake emphasized the difficulty of the decisions that the campuses had to make in this situation.

Committee Chair Cohen underscored the generosity of the incremental funding per student and encouraged the chancellors of the affected campuses to make every effort to meet the Legislature's goal. He asked the chancellors of affected campuses who were present how they would implement this.

Chancellor Christ explained that the timing of these matters was challenging. The Berkeley campus admits its class in February and March, before it knows the State funding situation, but it would admit a smaller number of out-of-state and international students and a larger number of California resident students.

Mr. Brostrom remarked that these two goals went together. Adding 6,200 California students would be a significant feat, and would be achieved in part by the reduction in numbers of nonresident students.

Chancellor Khosla commented that, at his campus this year, of the admitted nonresident students, more were out-of-state U.S. residents than international students. The campus had



yet to see the yield. Beginning in the next year, the San Diego campus would have to manage its processes to produce this outcome. In any case, the campus was reaching the upper limit of its capacity. UC San Diego would have to manage its growth aggressively for the next few years in order to build up its infrastructure to account for the growth it had experienced over the last six to seven years.

Regent Estolano acknowledged that this would be a difficult balancing act for the campuses. She noted that rates of retirement at UC were increasing. At the same time as the campuses were trying to increase enrollment, they also needed to hire more faculty and staff to replace those who were retiring. This was a challenging task that required an integrated and comprehensive solution. Recruitment of talented faculty would take time. The University was very pleased by this State budget outcome but must communicate clearly to its allies in the Legislature and to the people of California how much of an effort would be required to achieve these capacity goals while maintaining excellence.

President Drake observed that the process of hiring faculty takes months or a year. New faculty typically are given reduced teaching loads as they adjust to their new work situation. To add 6,000 students, approximately the size of Princeton University, to UC while maintaining quality could not be accomplished quickly or easily. Nevertheless, the University was committed to achieving these ambitious goals.

Regent Makarechian asked about faculty retirement rates. Mr. Brostrom responded that a high percentage of faculty and staff were eligible for retirement, about 40 percent. Faculty tended to retire at a later age than staff, by about five years on average. Staff tended to retire when they became eligible.

Regent Makarechian recalled that the numbers of projected retirements in the most recent actuarial report were not substantially different than in prior years. Mr. Brostrom responded that an updated actuarial report would be presented in November.

Committee Chair Cohen referred to the State's \$500 million allocation for student capacity expansion and affordable student housing. He asked about requirements for receiving this funding and how UC could position itself to access this source of funding. Mr. Brostrom responded that these requirements were not yet known. The University would follow this closely; this could be a valuable opportunity for UC in expanding capacity at sites like Aggie Square and Moffett Field and in other creative ways of expanding capacity in the future.

The meeting adjourned at 4:35 p.m.

Attest:

Secretary and Chief of Staff

**Attachment 1**

The following proposal outlines the key decision points required in considering the establishment of systemwide opt-out fees for the UC Student Association (UCSA) and the UC Graduate Professional Council (UCGPC).

**Proposal****1. Fee Structure**

- a. The fee will be established as two separate opt-out fees: one fee for UCSA and one fee for UCGPC. Each fee will be charged only to the corresponding student population (e.g., the UCSA fee will be assessed to undergraduates and the UCGPC fee will be assessed to graduate and professional students). The fees will be called the “UC Student Association (UCSA) Fee” and the “UC Graduate Professional Council (UCGPC) Fee.”

**2. Fee Authority & Future Fee Adjustments**

- a. The Regents can exercise their authority to approve or not approve the fees, and they can maintain authority to approve future fee adjustments, including the ability to increase, reduce, or eliminate the fee.
- b. The fees may be assessed beyond the multi-year period covered by the initial proposal but not in excess of the levels specified in the final year.

**3. Fee Type**

- a. The UCSA and UCGPC fees will be considered non-mandatory systemwide University fees.

**4. Fee Implementation**

- a. Students will have a clear and unambiguous means to decline the payment of the UCSA or UCGPC fee, each time the fees are assessed.
- b. Students will have the option to opt-out of paying the UCSA or UCGPC fee prior to each academic term (quarter or semester). Campus deadlines for a student to opt-out will mirror those of the student health insurance waiver process.
- c. Once a student has elected to opt-out of the fee, their opt-out status will remain in effect for the duration of student’s undergraduate or graduate (whichever is applicable) academic career at the campus. The student will not be required to opt-out of the fee prior to each term or academic year, but will be required to opt-out once again when beginning a new academic career or transferring to a new UC campus. For example:
  - i. If an undergraduate student elects to opt-out of paying the UCSA Fee at the beginning of their first year, they will remain in the opt-out status for the remainder of their undergraduate career at that campus.
  - ii. If a student elected to opt-out of the UCSA Fee as an undergraduate, and later enrolled as a graduate student, they will need to separately opt-out of the UCGPC Fee.
  - iii. If a student were to opt-out of the fee at one UC campus and later transferred to another UC campus, they will need to opt-out of the fee once again at their new campus (if they continue to wish to opt-out).
- d. A student may elect to reverse their opt-out status, and begin paying the fee once again.
- e. When a break in enrollment occurs, any student who has elected to opt-out of paying the fee will have their opt-out status resumed without requiring further action to opt-out once again.

**5. Billing and Fee Payment**

- a. The fees will be in accordance with standard accounts receivable procedures at each campus (including the University of California Business and Finance Bulletins and Accounting Manuals, etc.).
- b. The fees will be itemized on the billing statement with other fees and included in the total amount due for that billing period. The fees will be designated on the billing statement as “UCSA Fee” and “UCGPC Fee.” The billing statement will include an annotation noting that a student can opt-out of the fee and will refer to additional information (e.g., campus website) about the fee and opt-out process.
- c. All requests for refunds received by the University will be directed to UCSA or UCGPC.
- d. Students who do not elect to opt-out of the fee in accordance with the opt-out deadlines will be billed for the fee. If a student underpays their fees, the UCSA or UCGPC fee will be included on late bills sent to the student. If a student pays the total amount due except the UCSA or UCGPC fee, the student will be billed for that amount.
- e. Failure to pay the UCSA or UCGPC fee in any given academic term shall not be interpreted as failure to pay required fees for registration purposes. Therefore, a student's registration will not be held up, nor will a student be dropped from classes, because he or she did not pay the UCSA or UCGPC fee. In the absence of an official opt-out by the student, failure to pay the UCSA or UCGPC fee shall not be interpreted as an intention to opt-out of the fee.

**6. Administrative Costs**

- a. The opt-out system will be designed for compatibility with campus registration and billing processes and operated with cost efficiency and transparency as the primary goals.
- b. Start-up costs: [TBD] will be deducted from the UCSA and UCGPC fees in the entire amount for the 2022-23 academic year.
- c. Maintenance costs: Administrative costs associated with the actual collection of the fees in the amount of [TBD] per fee billed will be withheld by the University before remitting the fees collected to UCSA and UCGPC.
- d. The University will issue a check to UCSA and UCGPC each [Date TBD] for the amount of the fees collected that academic year, less administrative fees. Included with the check will be a receipt showing the number of students currently registered at each campus, and the number of students by campus who have elected to opt-out of the fee.
- e. Unanticipated costs: Additional unanticipated costs incurred in the processing and collection of the fees, which would normally be passed onto the campus unit for whom the fees are being collected, such as the correction of student identification numbers in the verification process, will be billed to UCSA and UCGPC on an actual hourly cost basis.

**7. Fee Amount**

- a. The UCSA fee will be set at an annual fee of \$7 per undergraduate student and the UCGPC fee will be set at an annual fee of \$7 per graduate student.

**8. Student Consultation**

- a. UCSA and UCGPC will be required to document that they have consulted with student leadership at each campus regarding the proposed UCSA and UCGPC Systemwide Fees, including the opt-out nature of the fee, the fee amount, and proposed UCSA and UCGPC budgets.

**9. UCSA and UCGPC relationship status to the University and Affiliation Agreement**

- a. In order to facilitate the collection of fees on behalf of UCSA and UCGPC, the University will recognize UCSA and UCGPC as “Affiliated Organizations” via written agreement, consistent with Regents Policy 5203.
- b. As part of the affiliation recognition an Affiliation Agreement (“Agreement”) will be entered into between the University and each of UCSA and UCGPC to document how the University will charge, accept, and disburse the systemwide opt-out fees. The Agreements will also set forth terms and conditions for UCSA’s and UCGPC’s acceptance and use of the fees including, but not limited to:
  - i. Requirements for UCSA and UCGPC to each separately engage a firm of independent certified public accountants to audit the financial statements and accounting records of UCSA and UCGPC on an annual basis; and
  - ii. Indemnification, information sharing, and use of funds (i.e., for exclusively 501(c)(3) purposes) and prohibited use of funds (including using the funds for any activity that is prohibited for UC).
- c. UCSA and UCGPC will each be required to inform the University of any change in its status as organizations qualified under Section 501(c)(3), including modification or revocation of such status; and 2) upon receipt of such notice, the University shall have the right to terminate the agreement immediately, which shall include termination of distribution of funds to UCSA and UCGPC, and return of any unspent funds by UCSA and UCGPC to the University.

**10. UCSA and UCGPC Staff**

- a. For the fee proposal to move forward, UCSA and UCGPC staff will be required to become UC employees. Employment as University employees will be memorialized via the affiliation agreement.

**11. Retirement of Campus and UCOP Allocations to UCSA and UCGPC**

- a. All existing campus allocations to UCSA and UCGPC as part of their membership dues will be retired in advance of the proposed fall 2022 implementation of the systemwide fees. Likewise, existing UCOP contributions to UCSA and UCOP will be retired. This includes UCOP travel reimbursements for UCSA and UCGPC board meetings, UCOP meetings, Regents meetings, and state or federal advocacy trips.