

The Regents of the University of California

**ACADEMIC AND STUDENT AFFAIRS COMMITTEE
FINANCE AND CAPITAL STRATEGIES COMMITTEE**

November 17, 2022

The Academic and Student Affairs Committee and the Finance and Capital Strategies Committee met jointly on the above date at UCSF-Mission Bay Conference Center, San Francisco campus, and by teleconference meeting conducted in accordance with California Government Code §§ 11133.

Members present: Representing the Academic and Student Affairs Committee: Regents Anguiano, Batchlor, Blas Pedral, Elliott, Hernandez, Park, and Timmons; Ex officio members Drake and Leib; Advisory members Steintrager and Tesfai; Chancellors Block, Christ, Larive, and Yang; Staff Advisor Lakireddy

Representing the Finance and Capital Strategies Committee: Regents Chu, Cohen, Kounalakis, Makarechian, Matosantos, Pouchot, Reilly, Robinson and Sherman; Ex officio members Drake and Leib; Advisory members Ellis, Raznick, and Cochran; Chancellors Gillman, Hawgood, Khosla, and Muñoz; Staff Advisor Mackness

In attendance: Interim Secretary and Chief of Staff Lyall, General Counsel Robinson, Provost Brown, Executive Vice President and Chief Financial Officer Brostrom, and Executive Vice President Byington

The meeting convened at 1:55 p.m. with Academic and Student Affairs Committee Chair Park presiding.

1. STRATEGIC CAMPUS OVERVIEW, SAN DIEGO 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 Khosla stated that nine years ago, the campus issued a strategic plan with a vision of becoming a student-centered, research-focused, service-oriented public university. Since then, that goal has evolved; UCSD now aims to be a “destination campus” for art, culture, education, and healthcare for San Diego, California, and the world. To achieve this, the campus had to transform itself intellectually to be current in the latest disciplines; physically to support this intellectual evolution and to become a student-centered residential campus; and culturally by taking risks, creating bold initiatives, and connecting with the broader San Diego community. This presentation would evaluate the campus’ progress toward achieving its strategic goals.

Chancellor Khosla recalled that UCSD was established in 1960 from the Scripps Institution of Oceanography, primarily a research institution offering graduate programs, only. In 1964, UCSD enrolled its first class of undergraduates. This history explains UCSD's uniqueness and rapid rise as a research institution. He explained that UCSD comprises three parts: Scripps, which is one of the top two institutions for oceanography in the world with a research program of over \$300 million; the general campus, comprising eight schools, with nearly \$480 million in research funding; and the health sciences, with a \$835 million research program.

The Chancellor described his and the campus' work to connect UC San Diego to the broader community, including bringing a light rail trolley named the UC San Diego Blue Line from the U.S.-Mexico border to the campus. He remarked that while it may sound trivial, it means a lot to the community. UCSD is no longer viewed as isolated and disconnected from the San Diego community.

Chancellor Khosla reviewed the campus' strategic priorities. In terms of student success, the campus was focused on strategic enrollment growth, closing graduation gaps, and pedagogical innovation. The goals for research were rapid growth and increasing industry collaboration. For community engagement, the goal was to expand innovation and entrepreneurship across the campus, including in the Arts and Humanities, and to bring cultural amenities to the campus. Under the category of infrastructure, the campus aimed to achieve a four-year housing guarantee for students and provide housing for faculty and staff. In terms of health and well-being, the goal was to integrate student health into UCSD Health, achieve clinical growth in a competitive market, and to rebuild Hillcrest Medical Center, which is located in downtown San Diego and is a major healthcare provider for underserved communities.

Chancellor Khosla stated that in the past decade, the campus grew by 9,500 students, but noted that this would have been financially difficult without non-resident supplemental tuition. The campus also increased graduate enrollment, particularly in master's and professional programs. He was pleased that the campus significantly increased graduate student funding so that every student earns a minimum of \$30,000 per year, including the summer. This reflects the commitment of UCSD to its Ph.D. students and to the future.

Chancellor Khosla observed that ten years ago UCSD was criticized for not being diverse. He expressed pride in the fact that while the undergraduate student body grew by 46 percent, the underrepresented minority (URM) population grew by 114 percent. The only group that did not significantly increase were Native Americans; the campus is endeavoring to understand the reasons for this. Similarly, the faculty became more diverse, growing overall by 21 percent, while Black faculty increased by 107 percent, Latino faculty by 55 percent, and women by 43 percent. The campus was able to do this by consistently using Faculty Equity Advisors, recruiting broadly, and ensuring that the pool was diverse at every stage of the process. The campus employed multiple strategies resulting in a more diverse faculty and student body, despite complying with the strictures of Proposition 209. However, he expressed concern that student enrollment growth outpaced faculty growth

and noted that he looks forward to working the State and the Office of the President (UCOP) to remedy this situation.

Chancellor Khosla observed that in 2012, UCSD's four-year graduation rate overall was 57 percent, but for first-generation students it was 50 percent, for Pell Grant students it was 49 percent and for URMs it was 40 percent. This was unacceptable for a top-ranked university. In 2021, the four-year graduation rate overall was 75 percent, for first-generation students it was 69 percent, for Pell Grant students it was 70 percent and for URMs it was 64 percent. These are significant increases and graduation rates for transfer students reflect similar increases. He noted that since the campus reached its goal for improvement earlier than anticipated, it set a new goal to reach an overall four-year graduation rate of 85 percent for four-year students and 75 percent for transfer students by 2030.

He stated that UCSD is on its way to becoming a Hispanic-Serving Institution (HSI) by engaging with students, families, and the community. To help achieve this goal, UCSD is participating in UCOP's Advancing Faculty Diversity initiative, making 14 Latino cluster hires with the aim of creating a supportive community and making sure that diversity is represented across the spectrum of disciplines. The campus is doing the same with Black faculty, concentrating on hiring Black faculty in the STEM disciplines. It is also focusing on the Black student experience and recently opened a new Black graduate student living and learning community.

Chancellor Khosla added that in order to erase opportunity gaps the campus established the Teaching and Learning Commons (T&LC), a resource center where students go to learn how to learn. The center provides supplemental instruction that significantly reduced the percentage of students who received grades of D or F or who withdrew from a course. This was especially true for first-generation and underrepresented students. In addition, Summer Bridge and Summer Acceleration programs tripled in size to assist 950 students. He reflected that these programs need to reach far more students, but because they include housing students, it is an expensive proposition. He hoped that this could be a focus of UCSD's next fundraising campaign.

Chancellor Khosla celebrated a remarkable achievement: that in the past ten years, UCSD increased its research effort from \$1 billion to \$1.7 billion. To put this in context, the increase was more than most universities' total research budgets. This was indicative of the quality and impact of the faculty. UCSD's research funding is the sixth highest in the U.S., which is remarkable for an institution that is only 62 years old.

In the research area, UCSD is focusing on bringing more industry awards to campus. The Science Research Park building recently approved by the Regents is part of a strategy not only to bring more revenue to campus, but to bring industry to campus to create job and internship opportunities and expanded research opportunities for the faculty. The campus is creating partnerships with industry. For instance, Thermo Fisher Scientific helped build a laboratory with state-of-the-art equipment that UCSD could not afford to buy. UCSD

trains undergraduates in the laboratory and holds courses for community members. The company will update the laboratory every three to five years.

Chancellor Khosla described two new buildings that house exciting programs. UCSD Park & Market is a hub located in downtown San Diego on the new trolley line connecting to campus which will be a cultural and intellectual collaborative learning hub for the community. The second project, the Design & Innovation Building, includes space for start-up teams, a 3D printing facility, a design laboratory, and an institute for innovation and entrepreneurship that will bring venture capitalists and entrepreneurs-in-residence to campus to engage with students and faculty. He opined that a spirit of innovation and entrepreneurship should be embedded in the experience of all UCSD students.

Chancellor Khosla also highlighted a newly constructed outdoor performance center that will bring cultural performances to campus, the majority of which will be free to students and community members. He described a new Craft Center which has facilities to create porcelain, glass, and mixed media, providing students with a creative outlet. He asserted that while this is not a typical educational enterprise, it has tremendous benefits in terms of mental health.

The Chancellor briefly summarized UCSD's advancement in fundraising. Ten years ago, the campus raised \$100 million per year; last year, \$435 million was raised, and this year, fundraising is expected to surpass \$500 million.

Chancellor Khosla reflected that the campus also made significant progress toward its goal of a four-year housing guarantee with rental rates at 20 percent below the market rate. UCSD now has the third largest campus-based housing program in the country with more than 18,000 beds. In three years, there will be 24,000 beds and it will be the largest housing program in the country. A few years later, there will be 30,000 beds housing approximately 70 percent of the student population. He noted that in response to Regents' feedback, UCSD built two 25-story towers that include green space, instead of low-rise housing.

Chancellor Khosla added that UCSD also is investing in university housing for faculty and staff. For example, it recently bought an existing 87-unit building to rent to faculty and staff on the light rail line near campus. He described two other potential projects for this purpose, including at the Hillcrest campus. Faculty and staff rental housing for various income levels will be offered at Hillcrest. The campus plans to use the land lease payments from the residential complex to subsidize the infrastructure development for the Hillcrest Medical Center. He remarked that this is a creative way to fund housing and other capital needs.

Chancellor Khosla emphasized that one of the challenges UCSD faces is unfunded enrollment of 1,600 students. The campus must invest in faculty recruitment to improve student-faculty ratios and in student support to maintain the quality of the educational enterprise and to continue to be a top institution.

Chancellor Khosla reported that the campus has integrated Student Health Services, including mental health, with the UC San Diego Health system, which has improved the quality of student health. The proposed Triton Center is an important part of this strategy and will be presented to the Regents for consideration and approval soon. It will include a new building dedicated to student health and well-being.

He remarked that ten years ago, the UCSD Health system was a \$1 billion enterprise, and it is now a \$3.5 billion enterprise, representing very significant growth. It expanded the services it provides and increased its market share through a clinical integration network that extended services, particularly primary care, across the San Diego region. UCSD Health also increased its inpatient clinical footprint by adding 245 beds when the Jacobs Medical Center opened five years ago.

Chancellor Khosla asked UCSD Health Chief Executive Officer Patty Maysent to discuss the Hillcrest Hospital. She recalled that UCSD acquired Hillcrest, the county hospital, in the late 1960s. It now includes a Level One trauma center, the only regional burn center, and a longstanding program for HIV care, as well as a full-service hospital. However, it is not seismically compliant with State law and needs to be replaced.

Chancellor Khosla displayed the plan for Hillcrest redevelopment. Nearly every building will be demolished and rebuilt. In addition to using the revenue from housing as he previously described, the system will raise revenue from services at the outpatient pavilion. He believes it is a well-designed plan that will fundamentally change the provision of health care to underserved communities in San Diego. He complimented Ms. Maysent as the driver of this vision. He then reviewed the financial plan for replacing Hillcrest, a \$2 billion investment. He requested support from UCOP with flexibility in the requirement of days' cash on hand and with advocating for access to low- or no-interest loans from the State.

Chancellor Khosla summarized UCSD's priorities and challenges. They include achieving HSI status; investing in faculty, infrastructure and housing; and continuing to be a leader in student health, strengthening the clinical network in the region despite a challenging reimbursement context, and replacing Hillcrest Medical Center. He requested UCOP's assistance in achieving these priorities by ensuring that funding is based on actual student enrollment and continuing to advocate with the State regarding infrastructure and zero-interest revolving loans. In addition, UCOP could help by advocating to increase UCSD's Medi-Cal reimbursement rates, which are the lowest in the UC system.

Regent Makarechian complimented Chancellor Khosla on all he has achieved at UCSD. He expressed appreciation for the campus' commitment to providing student housing at 20 to 30 percent below market rates, and for his creativity in real estate development. He also expressed admiration for the improvements in graduation rates, research fundraising, and the development of the light rail and the plan to replace Hillcrest Medical Center.

Chair Leib remarked that UCSD not only transforms the lives of the students, but also transformed the community. As a resident of San Diego County, he attested to how the campus has changed the business innovation and health care environments and on behalf of the community, thanked the Chancellor for all that he has done.

Regent Matosantos asked what percentage of the patient population received Medicaid. Ms. Maysent replied that patient days in the hospital were approximately 41 percent and the proportion of outpatients varied by specialty. She noted that the compensation model is payor blind. Regent Matosantos offered to assist the campus with rectifying the Medical reimbursement rates.

Regent Matosantos expressed interest in UCSD's work to strengthen the connection between students and faculty and the innovation community. She remarked that the Special Committee on Innovation Transfer and Entrepreneurship is interested in ways it could help, as well as how that work can support entities that are invested in California. Chancellor Khosla responded that welcoming innovators to campus made a tremendous difference in their engagement with the University. Also, the new Park & Market initiative, which will create entrepreneurship programs in underserved communities, and the new Science Research Park, will help accelerate these links. Such programs send a message to members of the wider community that they can become part of the enterprise and contribute to regional growth.

Regent Matosantos asked how UCSD works with community colleges to develop the student pipeline, particularly given reductions in community college enrollment, and how the latter effects UCSD's effort to diversify the student body. Chancellor Khosla replied that UCSD does not have difficulty fulfilling the 2:1 transfer to first year enrollment commitment. However, the campus may consider offering some courses and programs on community college campuses and partnering with San Diego State University. UCSD is open to such opportunities.

Regent-designate Ellis opined that alumni engagement has been critical to UCSD's success. He affirmed that the trolley has provided greater access to the campus and provided community members with a sense of belonging.

Regent Reilly referred to recent presentations in the Public Engagement and Development Committee that showcased the extent to which UCSD is involved with the community and complimented Chancellor Khosla for listening to community members and creating programs in response to the particular needs of the community.

Regent Blas Pedral said she had the opportunity to tour the campus and applauded the campus' focus on both student housing and mental health.

Regent Park asked when the Chancellor expects to see the fruits of campus efforts to improve the Black experience in surveys of campus climate. Chancellor Khosla said that while survey results are improving, there is room for improvement. He noted that the Vice

Chancellor for Diversity, Equity, and Inclusion is working diligently with the Provost and Vice Chancellor of Student Affairs to improve this. Regent Park hoped that these efforts will have a significant effect.

Regent Park asked how the campus supports faculty research. Chancellor Khosla replied that he views the administration's job as enabling the faculty to do their research by building the infrastructure that supports research. He asked Chief Academic Officer Elizabeth Simmons to address the question. She described an effort to identify opportunities for faculty to work with colleagues across the campus on interdisciplinary projects through seed funding and other programs that promote collaboration. She added that the Advancing Faculty Diversity cluster hires will also build research momentum.

Regent Park asked Chancellor Khosla to comment on UCSD's approach to monetizing its assets. She was impressed by these efforts. Chancellor Khosla stated that the campus can offer housing at 20 percent below market rates because the land is free; he views this as an opportunity not to profit, but to give back to the community that gave the campus the land. He added that he convened a Real Estate Advisory Board, comprising members of the UCSD Foundation and local real estate experts, to advise him on creative ways to develop projects that benefit the campus. The Science Research Park is an example of innovative programming that was enabled by a public-private partnership.

Regent Park thanked Chancellor Khosla for an excellent presentation.

The meeting adjourned at 2:55 p.m.

Attest:

Secretary and Chief of Staff