

The Regents of the University of California

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

January 18, 2023

The Academic and Student Affairs Committee and the Finance and Capital Strategies Committee met jointly on the above date at the Luskin Conference Center, Los Angeles campus, and by teleconference meeting conducted in accordance with California Government Code §§ 11133.

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

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

In attendance: Secretary and Chief of Staff Lyall, General Counsel Robinson, Chief Compliance and Audit Officer Bustamante, Provost Newman, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President Byington, Executive Vice President and Chief Operating Officer Nava, Senior Vice President Colburn, Vice President and Vice Provost Gullatt, and Vice Presidents Brown and Lloyd

The meeting convened at 9:55 a.m. with Academic and Student Affairs Committee Chair Park presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meetings of September 22 and November 17, 2022 were approved, Regents Batchlor, Blas Pedral, Chu, Elliott, Hernandez, Kounalakis, Leib, Makarechian, Matosantos, Park, Pérez, Pouchot, Reilly, Robinson, Sherman, Sures, and Timmons voting “aye.”¹

2. OVERVIEW OF THE MULTI-YEAR COMPACT BETWEEN THE GOVERNOR AND THE UNIVERSITY OF CALIFORNIA

[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.]

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

Executive Vice President and Chief Financial Officer Brostrom noted that in May 2022, the Governor and the University of California announced a new multi-year compact in which the State agreed to provide annual funding increases through 2026-27 in exchange for UC implementing initiatives to expand inclusive student access, promote equity in student success, and enhance affordability.

Vice President Brown provided a review of the elements of the compact, which reflect a partnership between the Governor and the University, many of which align with UC's goals for 2030. They are: increasing access by expanding undergraduate and graduate enrollment; expanding student success and advancing equity by increasing graduation rates and eliminating gaps in graduation rates; increasing affordability by expanding debt-free pathways and reducing non-tuition costs; increasing intersegmental collaboration, including using common technology platforms and sharing data; supporting workforce preparedness and high-demand career pipelines; and providing greater access to online courses.

Mr. Brostrom stated that funding through the compact provides annual five percent base budget increases from the State General Fund. The University is grateful that despite the projected \$22.5 billion deficit, the Governor included the five percent base budget increase in his budget proposal. In addition, the compact states that the Governor will consider additions to the University's funding, including resources to support California resident undergraduate enrollment growth above one percent per year; graduate health science programs designed to improve healthcare access for underserved populations; and energy efficiency, seismic safety, and deferred maintenance projects.

Associate Vice President David Alcocer described the reporting requirements of the compact. The University must submit annual progress reports by November 30. The reports will summarize actions taken during the year, quantify progress made, and describe actions planned for the next year. He noted that expectations for the first report submitted in November 2022, were different. In that report, UC described actions planned to achieve each of the approximately 20 goals in the compact, described the strategy for achieving them, and listed the metrics it will use to measure progress.

He provided an example of UC's response to one of the goals related to affordability. The goal was to offer every UC undergraduate a debt-free path to graduation by 2029-30, with a shorter-term goal of offering a debt-free path to 60 percent of undergraduates by 2025-26. The report provided context, defining a debt-free path as offering a financial aid package in which a student's self-help contribution is low enough that the student could choose to cover it through part-time work without resorting to borrowing. He described UC's strategy for meeting the goal, which is to leverage new University funding generated by the tuition stability plan, which includes a 45 percent set-aside for financial aid for every dollar it generates, together with federal and State financial aid, to offer a debt-free path to more students each year. The report also described the planned progress for meeting the goal.

Mr. Brostrom said that compacts provide an opportunity to engage with State leaders on shared priorities and the resources and actions needed to achieve them. He commented that the compact is particularly important as the University emerges from the COVID-19 pandemic and advances efforts to recover with equity. The reporting provides a way to articulate progress toward achieving goals and to identify areas that may need greater support.

Regent Hernandez asked, given enrollment declines during the pandemic, how the University will be able to reach its goal of increasing enrollment by 13,896 undergraduate students by 2027. Ms. Brown replied that the University plans to increase summer enrollment, as well as the number of units students take, which declined during the pandemic. In addition, the University is partnering with the California Community Colleges to increase transfer rates. She stated that UC aims to add approximately 4,000 students per year to reach that goal. Mr. Brostrom added that a one percent drop in the number of units equates to 2,000 FTE, so increasing units can make a big difference without increasing enrollment.

Regent Hernandez questioned why the increased enrollment would primarily be at the Berkeley, Los Angeles, and San Diego campuses. Mr. Brostrom replied that the State has expressed an interest in those campuses reducing the percentage of non-resident enrollment. In addition, some campuses will increase enrollment through expansion to satellite campuses such as the Marymount campus acquired by UCLA. Regent Hernandez noted that UC Berkeley will decrease non-resident enrollment from 23 to 18 percent and asked how that will affect the campus' operational budget. Mr. Alcocer replied that to the State's credit, it has chosen to provide additional funding to compensate those three campuses for the loss of non-resident tuition. From a campus perspective, the decrease will be revenue-neutral. The State has allocated approximately \$30 million this year, as well as next year, for this purpose.

Regent-designate Raznick asked if prospective transfer students are aware of programs such as the Transfer Admission Guarantee and if there are outreach programs to ensure that the message is received. Mr. Alcocer explained that the decline in transfer enrollment is directly related to a decline in enrollment at the community colleges. The Governor recognized this problem and proposed providing \$200 million to the community college system to address it. In addition, last year, the State provided \$22 million in one-time funding to support UC's Student Academic Preparation and Educational Partnership (SAPEP) programs and made this funding in this year's budget. This will enable UC to plan and make strategic investments in these programs. Mr. Brostrom commented that UC is directing the new funding to community colleges that have lower rates of transfer to increase awareness of the programs and provide access to a wider pool of students.

Regent Robinson expressed concern about the potential degradation of the student experience. He noted that the report's emphasis was on increasing the numbers of students, not on the quality of their experience. He asked about the percentage of students housed as the University increases enrollment, the student-faculty ratio, how UC measures the student

experience, and whether the Legislature is concerned about quality. Mr. Brostrom stated that the annual accountability report focuses on these issues. In addition, UC conducts an annual survey of the undergraduate student experience. The most recent one reflected a decline in the number of students who were able to major in their first-choice field of study, and an increase in students affected by bottleneck courses. However, he hoped that the increased summer courses and other measures will help ameliorate that. He observed that the State has been responsive to the housing issues; six campuses benefitted from the State Higher Education Student Housing Grant program and the potential for a State zero-percent housing loan fund is promising and will assist with constructing affordable housing. He noted that UC is on track to add 27,000 more beds in the next eight years. Ms. Brown added that, while evaluating the student experience is not part of the compact, the Office of the President (UCOP) used the results of the undergraduate experience survey to inform the report on meeting the goals of the compact. Regent Robinson commented that housing is only one aspect of the student experience and hoped that other aspects would be discussed with State leaders.

Regent Blas Pedral asked what steps UC is taking to reduce non-tuition expenses such as textbooks, housing, food, and transportation. Mr. Brostrom agreed that the University must examine the total cost of attendance, not just tuition. He argued that University housing is key to controlling the high cost of living in areas where UC campuses are located. He noted that UCLA now has a four-year housing guarantee. Additionally, the Governor proposed \$115 million in the budget to explore no-cost textbooks.

Regent Blas Pedral asked if all the funding provided through the American Rescue Plan had been depleted. Mr. Alcocer replied that the funds allocated for emergency grants to students had been expended but a small amount of funding for institutional support remained.

Regent Pérez commented that the funding provided for housing was the result of many years of work by the President, Chancellors, Regents, and key legislators. The legislators believed they could measurably affect the student experience by funding housing using a multi-year budgeting approach. He remarked that while the partnership with the Governor has improved over the past few years, so has the partnership with key legislative leaders. It is vitally important for UC to continue to invest in the relationship with the Legislature.

Regent Pérez highlighted a concern regarding the decrease in community college enrollment. For every two first-year students UC admits, it admits one community college transfer student. He argued that if a campus or the system can not meet this target due to the dearth of qualified community college transfers, this should not unduly limit the number of first-year students UC may admit. He urged the administration to have explicit conversations with legislative leaders about this issue. Mr. Brostrom replied that UCOP has discussed this with the Governor's office and the Department of Finance and will discuss it with legislators. Given that there was an 18 percent decline in community college enrollment during the pandemic, it may be difficult for UC to meet the 2:1 ratio.

Regent Pouchot appreciated the report's focus on time-to-degree and graduation rates and inquired about the number of additional students UC could serve if it were able to improve the two-year and four-year graduations rates. She also asked how this would affect the path to a debt-free UC. Ms. Brown replied that new-generation students who graduate in six years have \$7,500 more in debt than those who graduate in four years. Also, their earnings over the first 13 years after graduation are \$200,000 less than students who graduate on time. Improving time-to-degree would both reduce the cost for the student and increase UC's capacity to provide greater access. Mr. Brostrom commented that student housing is a major factor in retention. Keeping students on campus contributes to persistence and eventual reduction in time-to-degree.

Regent-designate Ellis reinforced the importance of low-cost textbooks. He stated that the community colleges received support from the State to move toward open educational resources, many of which were developed and made available by UC. UC should use the funds allocated for this purpose to support faculty and staff in implementing open educational resources.

Regent-designate Tesfai asked how students can request supplemental aid if they can demonstrate a financial need higher than the expected cost of attendance. Mr. Brostrom replied that this is handled by each campus and he would seek this information.

Regent Chu asked about structural gaps in campus budgets, noting that a five percent State general funds increase, while appreciated, represents a small portion of the University's overall budget. She added that a debt-free pathway requires controlling the cost of education. Mr. Brostrom agreed that the campuses all have operating structural deficits, primarily due to labor costs. The primary source of funding varies by campus; while State funds comprise a small portion of UCSF's budget, 75 percent of UC Merced's budget relies on State funds. Each campus needs a different solution to bridge the gaps. Regent Chu asked how campuses with access to fewer revenue streams approach the deficit. Mr. Brostrom replied that UCOP works with individual campuses to generate revenue, including by directing discretionary funds into higher return investments and maximizing philanthropy, indirect cost recovery, and capital projects financing. UCOP also provides funding for one-time budget requests.

Regent Timmons remarked on the differences between campuses in four-year graduation rates for Pell Grant recipients, which vary from 50 to 80 percent. She inquired if UCOP examined possible causes for this variation. Ms. Brown said that one factor that can explain the difference is the level of the students' academic preparation.

Regent Matosantos asked, given trends in declining transfer enrollment which pre-dated the pandemic, if UC realistically would be able to meet its enrollment goals.

Regent Matosantos asked if it would be possible to accelerate the creation of dashboards to evaluate data on students with disabilities, or if interim data were available. She also expressed interest in data on enrollment trends for high-demand careers.

Regent Park remarked that many of these issues would be discussed in the committees and at the Board level.

Regent Park opined that the University must redouble its efforts to help solve issues with the transfer pipeline. She suggested that dual admission programs are one strategy for increasing enrollment. She argued that a systemwide dashboard with common data points across the campuses would be extremely important for tracking and evaluating UC's efforts.

She noted that the implications of demand for STEM degrees required more conversation and asked what that would mean for admissions and for increasing the number of graduate students.

Finally, she expressed surprise that UC's goal for increasing online student credit hours was not more ambitious. Ms. Brown replied that the goal was developed in consultation with the Governor's office, but it could be exceeded through greater use of online courses in summer sessions.

3. **STRATEGIC CAMPUS OVERVIEW, SANTA BARBARA 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 Yang stated that UC Santa Barbara was established as the third UC campus in 1944. It was the fourth UC campus to join the prestigious Association of American Universities and was the first AAU member to receive a designation as a Hispanic-Serving Institution and is also designated as an Asian American and Native American Pacific Islander-Serving Institution. Its faculty won six Nobel prizes since 1998 and multiple other national and international honors. For nearly a decade, UCSB ranked among the top ten public universities by *U.S. News & World Report* and had one of the highest diversity index ratings.

He reported that since 1998, undergraduate applications increased from 17,000 to 111,000 and average grade point averages also significantly increased. UCSB now admits only one of every four applicants. Underrepresented minority (URM) applications and admit rates followed a similar trajectory. Now, URM students make up approximately 30 percent of enrollment and first-generation students comprise 32 percent. Recruitment and outreach efforts enhanced the excellence and diversity of the student body. UCSB, along with four other UC campuses, is a founding member of the Alliance of Hispanic Serving Research Universities, whose goal is to double the number of Hispanic doctoral students by 2030 and increase the Hispanic professoriate by 20 percent. The campus is also a member of the National Science Foundation's I-Change Network, which aims to increase underrepresented minorities in STEM fields. He reviewed other efforts to increase student and faculty diversity, including the Benjamin Banneker STEAM initiative focusing on

hiring African American scholars, improving hiring and retention processes, and promoting summer bridge programs for Black students. UCSB plans to hire similar clusters of diverse faculty for other programs. The ultimate goal of these efforts is to improve student success and eliminate graduation gaps.

Student Success

Chancellor Yang recounted that since 2015, UCSB raised nearly \$39 million for student success programs and diversity initiatives. Programs to bolster student success include peer mentoring, early identification of struggling students, grants for summer session housing, the Promise Scholars program supporting first-generation, low-income undergraduate students, and the Guardian Scholars program supporting former foster youth, which raised \$1.8 million in private philanthropy, including from the Hilton Foundation and Regent Makarechian.

Chancellor Yang mentioned that UCSB is undergoing reaccreditation and focused its efforts on the theme, “Designing for Access, Designing for Success” in order to better understand obstacles to student success and the experience of underrepresented minorities, the impact of rapid enrollment growth, and the ways that pedagogical reform can help to improve retention, time-to-degree, and graduation rates.

He stated that while UCSB’s 75 percent four-year graduation rate and 62 percent two-year graduation rate for transfer students are higher than the national average, its goal is to improve those rates. One of the strategies for accomplishing this is targeted investment in summer sessions by offering more courses and providing students with incentives to enroll.

Capital Projects and Student Housing

Chancellor Yang announced that construction of the campus’ first new building dedicated to instruction in over 50 years is almost complete and is on time and on budget, with occupancy expected this spring.

Chancellor Yang stated that UCSB currently provides campus housing for approximately 42 percent of its students and that all applicants for housing were accommodated for fall and winter quarters. However, he noted that as the campus increases enrollment, affordable student housing is a priority. The proposed Munger Hall would reduce density in the neighboring Isla Vista community and would provide student housing at a lower cost than off-campus housing. The campus engaged in extensive consultation on this project with an independent review panel of community members and faculty, including Regent-designate Raznick, who was a member of the panel as President of UCSB’s Alumni Association. The project team is evaluating the panel’s recommendations and considering potential design changes. It is also reviewing feedback from students, faculty, staff, and community members who toured the full-size mock-up of the project. The campus will bring updated plans for student housing to the Regents for consideration later this year.

The campus was working to transform the living and learning experience of students residing in the neighboring community of Isla Vista, including establishing an academic counseling center, facilities for health and wellness, and arts programming. It purchased a building to serve as a lecture hall and events venue and to provide campus learning assistance and other services, hosted student-only events, and purchased two housing complexes for students. The campus' efforts improved the quality of life in Isla Vista for its neighbors and better integrated academics into an off-campus area where many students reside.

Research and Innovation

Chancellor Yang reported that UCSB had experienced significant growth in extramural research funding. In 2022, extramural funds totaled \$241.5 million, testifying to UCSB's national reputation for cutting-edge research. He provided a brief overview of some of UCSB's renowned research facilities and strategic investments in areas of campus research strength, including the Kavli Institute for Theoretical Physics, which attracts visitors from around the world; the Institute for Energy Efficiency, located in Henley Hall, a new, donor-funded building; a proposed donor-funded project building on UCSB's expertise in quantum science; biological engineering and biological materials; and coastal science and environmental and climate research and education. In September, the campus announced a transformative gift of \$60 million from Marc and Lynne Benioff for the Benioff Ocean Science Laboratory.

Faculty Recruitment

He stated that the success of UCSB's research enterprise depended on continued faculty excellence. Since 2014, UCSB engaged in an ambitious faculty recruitment program, recruiting over 400 faculty despite the challenge of funding faculty start-up costs and research facilities. UCSB aimed to build on areas of excellence, emphasizing an interdisciplinary culture. The campus will need adequate funds to keep up with enrollment growth and retirements. He observed that the recruitment program offers an opportunity to increase faculty diversity, which in turn will support the recruitment of diverse graduate students.

Philanthropy

Chancellor Yang announced that UCSB is planning to launch its next comprehensive campaign, which would help position the campus for a more secure future. Planning for a \$2 billion campaign is underway and the campus plans to seek approval from the Office of the President (UCOP) and the Regents in fall 2023. The last campaign concluded in 2016 with over \$1 billion raised. Since then, the campus raised over \$100 million annually and steadily increased giving.

Regent Anguiano remarked on the increases in applications over the years but cautioned that UC should not equate excellence with exclusion. Student outcomes should be the way

the University measures excellence, not the percentage of students excluded from attending UC campuses.

Regent Anguiano asked about faculty diversity among the 400 newly hired faculty. Executive Vice Chancellor David Marshall responded that the diversity of the faculty has increased and noted that UCSB hired 22 diverse faculty through the President's Postdoctoral Fellowship program. However, this remains a challenge given competition for these candidates. Regent Anguiano asked the campus to provide data on this subject.

Regent Sherman inquired about the timeline for beginning construction of Munger Hall and expressed frustration about the delay. Chancellor Yang replied that an independent panel just issued its report on Munger Hall and is consulting with the campus community. Regent-designate Raznick stated that he participated on the panel and noted that it was a productive dialogue. Executive Vice President and Chief Financial Officer Brostrom added that the report made recommendations regarding reducing the mass of the building and population density and introducing more ventilation and operable windows. The project team is examining how to incorporate these elements into the design, which may require an addendum to the Environmental Impact Report. He hoped that the design changes would be brought to the Regents for consideration this summer. Regent Park remarked that she had the opportunity to tour the mock-up and was impressed with it, particularly with the common areas. She emphasized a desire for expediency in consultation given the dire need for additional student housing.

Regent Makarechian thanked Chancellor Yang and his wife for their tireless efforts on behalf of the campus. He added his thanks to donor Charlie Munger for his dedication to the housing project. He noted that opposition forced the campus to reduce the number of beds from 5,000 to 3,000, even though the campus was sued by the county for not providing sufficient student housing. He reiterated the urgency of bringing the project to fruition.

Regent Reilly echoed these sentiments. She then asked how many students the summer bridge program for Black students would serve. Mr. Marshall replied that he did not have the numbers immediately available but described the expansion of summer bridge programs as an important contributor to student success. Regent Reilly asked about the factors that are the biggest obstacles to student success. Mr. Marshall responded that rapid enrollment growth had affected majors, particularly in the STEM fields. The campus wants to ensure that any student who is accepted can pursue their choice of major. Thus, the campus is focusing on programs that prepare and support them for these majors.

Regent Reilly asked what the campus' goals were for increasing graduation rates. Mr. Marshall said he did not have the information at hand but would provide it to the Regents. Mr. Brostrom added that the compact with the Governor includes a goal of closing equity gaps.

Regent Hernandez suggested building student housing on the 1,800 acre Las Varas ranch that was recently donated to the campus and does not fall within Coastal Commission

jurisdiction. Chancellor Yang replied that the campus reserved that land as a working ranch.

Regent Hernandez reinforced Regent Anguiano's comment that UC campuses should focus on inclusion, not exclusion. He requested a graph depicting retention rates over time. Chancellor Yang appreciated the suggestion.

Regent Blas Pedral stated she and Regent-designate Tesfai would visit the Santa Barbara campus soon. She acknowledged the need for housing but heard concerns from students about the design of Munger Hall. She asked about the students and community response to the proposed design changes. Chancellor Yang replied that the mock-up generated great interest, with over 1,000 visitors thus far.

Staff Advisor Lakireddy highlighted the plan in the presentation to build housing for faculty and staff and inquired about the percentage of units that would be reserved for staff. She noted staff concerns about the cost of housing near the campus. Associate Vice Chancellor John Longbrake replied that the plans for the Ocean Road housing project include a need-based formula that he would provide to the Regents. Mr. Brostrom added that the plans include five income bands with various levels of subsidy for staff.

Regent Leib congratulated Chancellor Yang on the transformation of the campus since he, Regent Leib, had been a student there. He implored the campus to complete the design review process for Munger Hall as quickly as possible but emphasized that the new plan must be a result of compromise and consensus.

Regent Leib recognized Chancellor Yang's nearly three decades of service to the Santa Barbara campus.

The meeting adjourned at 11:50 a.m.

Attest:

Secretary and Chief of Staff