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Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

ACTION ITEM

For Meeting of November 16, 2022

APPROVAL OF THE UNIVERSITY OF CALIFORNIA'S 2023–24 BUDGET FOR CURRENT OPERATIONS AND STATE REQUEST FOR CAPITAL PROJECTS

EXECUTIVE SUMMARY

The Regents are asked to approve the proposed budget plan shown in Attachment 1, *University of California 2023–24 Budget Plan for Current Operations*, along with a request for State funding for high-priority capital projects across the system. Together, the proposed budget plan and capital request represent a statement of the University's funding priorities in advance of the Governor's January State budget proposal for the next fiscal year.

The proposed 2023–24 budget plan is aligned with the multi-year compact between the Governor and the University, which calls upon the University to increase California resident undergraduate enrollment by one percent annually; increase graduate student enrollment; and make progress on a number of policy areas including student success and equity, affordability, intersegmental collaboration, workforce preparedness, and expanding access to online courses. Under the terms of the compact, the Governor will propose annual base budget adjustments of five percent for the University in 2023–24 through 2026–27. The compact also permits consideration of (1) additional ongoing funding for enrollment growth above one percent, (2) ongoing funding to expand graduate health science programs designed to improve access to healthcare for medically underserved populations, and (3) one-time funding, particularly for capital projects related to energy efficiency, seismic renewal, and deferred maintenance.

Expenditure elements of the budget plan include those related to undergraduate and graduate enrollment growth, sustaining core University operations, and expanding access to a debt-free education pathway for California resident undergraduates. Revenue elements of the plan include State support consistent with the compact agreement; contributions from the University's own efforts to operate more efficiently and optimize the investment of working capital to support the operating budget; and student tuition and fee levels consistent with the multi-year tuition and financial aid plan (or multi-year Tuition Stability Plan) approved by the Regents in July 2021.

In addition to the University's 2023–24 budget plan for current operations, the Regents are asked to approve a request for one-time State funding of $1.2 billion to support critical capital projects throughout the system. These projects would advance multiple goals shared by the University

and the State, including climate action, enrollment growth, and the restoration and renewal of University facilities. A list of planned projects to be supported by these funds is included as Attachment 2, *Planned Use of One-Time State Capital Support, 2023–24.*

RECOMMENDATION

The President of the University recommends that the Finance and Capital Strategies recommend to the Regents approval of the following items:

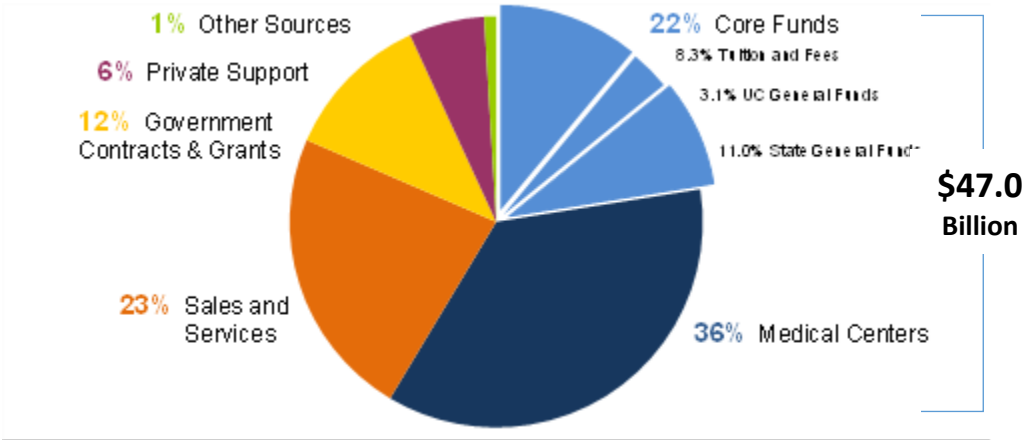
A. The proposed budget plan shown in Attachment 1, *University of California 2023–24 Budget Plan for Current Operations*.

B. A request for one-time State funding of $1.2 billion in 2023–24 for capital projects to support facilities renewal, enrollment growth, and clean energy.

BACKGROUND

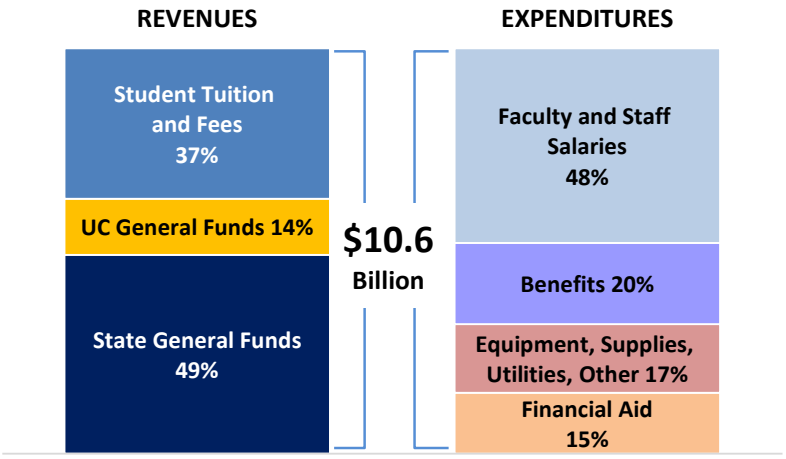
The scale and composition of the University of California operating budget reflect the University's broad and diverse impact on Californians. The University's operating revenue, estimated at $47 billion in 2022–23, funds essential programs related to teaching, research, and public service, as well as a wide range of other activities, including academic medical centers, University Extension, housing and dining services, and sponsored research. (See Display 1.)

DISPLAY 1: Overview of the University of California Budget, 2022–23 (Estimated)



The University's "core funds," which include revenues from State General Funds, UC General Funds, and student tuition and fees, provide permanent funding for the University's core mission, as well as the administrative and support services needed to perform them. Totaling an estimated $10.6 billion in 2022–23, these funds represent 22.5 percent of the University's total operating budget. While all fund sources are critical to the success of the University, much of the focus of UC's strategic University-wide budget process and interaction with the State is dedicated to the sources and uses of these core fund sources. (See Display 2.)

DISPLAY 2: Revenue and Expenditures from Core Funds, 2022–23 (Estimated)



CONTEXT FOR THE 2023–24 BUDGET PLAN

The proposed budget plan for 2023–24 reflects developments over the past year which are expected to provide greater stability in University resources, but which will also create new challenges and opportunities.

The Multi-Year Compact Between the Governor and the University

The Governor and the University of California announced a new multi-year compact in May 2022 that combines predictable increases in State support for the University with a commitment to advance multiple student-focused goals shared by the Governor and the University.

Under the compact, the Governor will propose annual base budget adjustments of five percent for the University in 2023–24 through 2026–27. The Governor will also consider ongoing additions to the University's funding, including resources to support (a) California resident undergraduate enrollment growth above the targets described in the compact, and (b) graduate health science programs designed to improve healthcare access for medically underserved populations. In addition, the Governor will consider annual requests for one-time funding for the University, particularly to support capital projects in energy efficiency, seismic renewal, and deferred maintenance.

The University, in turn, has committed to specific and ambitious goals in six broad policy areas:

- increasing access to the University of California;
- improving student success and advancing equity;
- increasing the affordability of a UC education;
- increasing intersegmental collaboration to benefit students;

- supporting workforce preparedness and high-demand career pipelines; and
- providing access to online course offerings.

The prospect of predictable annual increases in ongoing State support for the University, together with new revenues for campus operations and student financial aid attributable to the University's Tuition Stability Plan, is of great importance to campuses and the University as a whole. These new resources will directly support campuses' short- and long-term plans to increase enrollment, improve student outcomes, expand and diversify the faculty, offer a debt-free education pathway to more California resident undergraduates, develop new academic programs, and make other essential investments to maintain the University's success in providing a world-class education to generations of exceptionally talented and socioeconomically diverse students. Those students, in turn, go on to make extraordinary contributions to the economic and cultural vitality of California, the nation, and the world.

Enrollment Growth

The University's plans for enrollment growth address both the enrollment expectations set forth in the compact and the substantial funding for additional enrollment growth included in the Budget Act of 2022.

Under the compact, the University is to increase California resident undergraduate enrollment by approximately 8,000 full-time equivalent (FTE) California resident undergraduates over four years (growth of one percent, or about 2,000 FTE, each year in 2023–24 through 2026-27) and increase graduate enrollment by 2,500 FTE during the same period. This growth is to be funded from the University's annual base budget adjustment of five percent.

The Budget Act of 2022 included two provisions related to increasing California resident undergraduate enrollment:

- $51.5 million to increase California resident undergraduate enrollment by 4,730 FTE over a two-year period—from 2021–22 to 2023–24—above and beyond the growth of 2,000 FTE in 2023–24 included in the compact; and

- $31 million to fund the replacement of 902 nonresident undergraduate students with an equal number California resident students at the Berkeley, Los Angeles, and San Diego campuses in 2022–23.

Altogether, the total anticipated growth in California resident undergraduate enrollment between 2021–22 and 2026–27 is approximately 13,632 FTE, as shown in Display 3, below.

DISPLAY 3: Total California Resident Undergraduate Growth Funded in the Budget Act of 2022 and Anticipated in the Compact

Growth (FTE)	Timeframe
2,000*	One percent growth in 2023–24 over 2022–23 base
4,730	Additional growth from 2021–22 to 2023–24 (2 years)
902	Replacement of nonresidents with residents in 2022–23
7,632*	Subtotal: funded growth from 2021–22 to 2023–24 (2 years)
6,000*	One percent annual growth in 2024–25, 2025–26, and 2026–27
13,632*	Total growth under the Budget Act and compact, 2021–22 to 2026–27

* *Figures are approximate; one percent annual growth is approximately 2,000 FTE*

Preliminary campus estimates from August 2022 of fall 2022–23 enrollment indicate the following:

- The University expects to enroll approximately 1,800 more California resident undergraduates (including both new and continuing students) in fall 2022 compared to fall 2021 on a headcount basis. More California resident undergraduates will attend a UC campus in fall 2022 than in any other year in the University's history.

- Most campuses expect to achieve or exceed their enrollment targets for new California resident first-year students. However, enrollment of new transfer students is projected to be lower than expected. This is likely a delayed consequence of the COVID-19 pandemic; community college students seeking to transfer to UC in 2022–23 would have typically first enrolled in a California Community College (CCC) in 2020–21, yet the CCC entering class of 2020–21 was 18 percent lower than in 2019–20—a decline of 58,660 students.

- Summer enrollment declined by 1,494 FTE between 2021 and 2022. This, too, is likely an indirect impact of the pandemic. The decline may reflect, in part, reduced student demand compared to summer 2021 due to an exceptionally strong summer 2022 labor market, the opportunity for students and their families to travel with minimal restrictions for the first time since 2019, and fewer remote course offerings in 2022 compared to 2021.

As a result, total growth in California resident enrollment from 2021–22 to 2022–23, inclusive of summer, is estimated to be 113 FTE. (This number will change based on final fall, winter, and spring enrollment.) Additional growth of 13,519 FTE will be required between 2022–23 and 2026–27 in order to achieve the total growth target of 13,632 shown in Display 3, above. The University's enrollment goals for 2023–24 will achieve incremental progress towards meeting or exceeding that target growth of 13,519 by 2026–27.

ELEMENTS OF THE BUDGET PLAN

Expenditure Components of the Plan

The proposed budget plan presented Attachment 1, *University of California 2023–24 Budget Plan for Current Operation,* is organized around four categories of investments: sustaining core operations, enrollment growth, student financial aid, and additional high-priority investments. Each category is described below.

Sustaining Core Operations

The University must ensure that current core operations related to its three-part mission of instruction, research, and public service are maintained as a prerequisite to achieving its ambitious goals related to access, affordability, and inclusive excellence. The investments shown below are proposed to sustain core operations in 2023–24.

- *Faculty and Staff Support.* Creating and transmitting knowledge in a safe and supportive environment is inherently a people-intensive mission. As a result, faculty and staff salaries represent a significant portion of the University's expenditures from core funds, as they do at other colleges and universities.

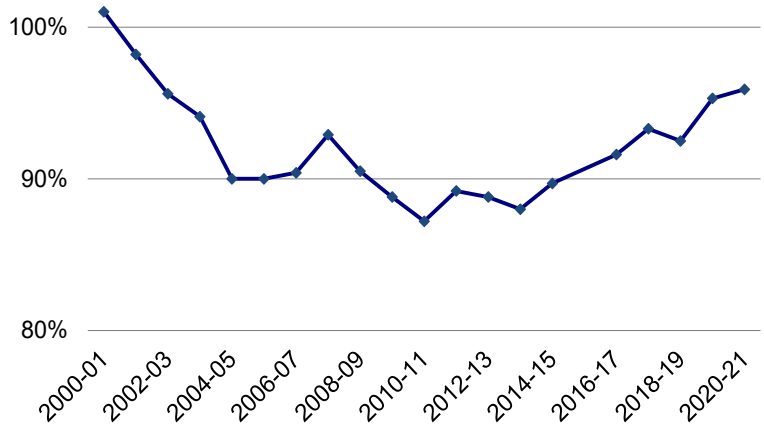
  For ladder-rank faculty, the budget plan includes cost increases associated with the faculty merit program, a cornerstone of the University's strategy for retaining and supporting faculty members as they grow in experience and productivity and progress through the ranks through a rigorous peer-reviewed process. The program is projected to require $37.1 million in core funds next year. (This cost is effectively mandatory; UC lost two class action lawsuits in 1994 filed on behalf of faculty members who were eligible for review in 1991–92 but who did not receive merit increases due to budget constraints that year.)

  Further investment will be required to further close the competitive gap that exists between faculty salaries at UC and at the University's "comparison eight" public and private universities. The University's competitive position relative to this benchmark has improved in recent years after years of decline, as shown in Display 4, below. The recent improvement is partly attributable to a deliberate, multi-year effort, beginning in 2018–19, to address the University's competitive disadvantage. Even with these efforts, the latest available estimates suggest that UC's faculty salaries remain 4.1 percent below market.

  Thus, in addition to funding the faculty merit program, the budget plan includes $97.4 million for policy-covered (i.e., unrepresented) faculty and other academic employees, equivalent to a 4.6 percent increase in core-funded salary expenditures for this population. These investments are not expected to fully close the current competitive gap between faculty salaries at UC and those at the University's "comparison eight" public and private universities, since faculty compensation at those institutions is unlikely

to remain flat in 2023–24. However, the proposed investment should help prevent further erosion of the University's competitive position.

DISPLAY 4: Ladder-Rank Faculty Salaries as a Percentage of Market



For policy-covered staff, the budget plan includes a salary increase budget of $69 million, representing an increase of 4.6 percent over current levels. While slightly higher than the increase of 4.5 percent implemented in the current year, the University believes that this is an essential investment due to a highly competitive labor market, the impact of rising inflation on the purchasing power of UC salaries, and a desire to maintain equity over time relative to salary increases for the University's represented employees.

For some represented employees, wage growth is already built into existing collective bargaining agreements. Projections must be used for employees covered by collective bargaining agreements that will come up for negotiation over the next fiscal year. The University projects wage growth for core-funded represented employees of approximately $37 million next year, an increase of approximately four percent over estimated 2022–23 levels. (The projected increase in 2023–24 is in addition to wage increases in 2022–23 resulting from newly negotiated contracts. Those increases, on average, are expected to be higher than the 4.5 percent increase received by policy-covered staff in 2022–23.)

- *Contributions to the University of California Retirement Plan (UCRP).* For 2023–24, the University's employer contribution rate to UCRP is expected to remain at 14 percent (including an employer contribution of six percent for Savings Choice participants in the Defined Contribution Plan). In addition, the University will continue to repay advances made to UCRP from the Short Term Investment Pool (STIP). Those repayments will increase from 1.36 percent of covered payroll in 2022–23 to 2.35 percent in 2023–24. Thus, the combination of the University contribution rate to UCRP and its repayment of

earlier advances will increase from 15.36 percent of covered compensation in 2022–23 to 16.35 percent in 2023–24. Increases to faculty and staff covered compensation will also increase the amount of the University's annual employer contribution. The combined increase in core funded UCRP expenditures is expected to increase by $72.7 million (12.1 percent).

- *Employee and Retiree Health Benefits.* The University projects annual increases of four percent in the unit cost of employee and retiree health benefits. This rate is less than the annual increase projected by the National Business Group on Health annual survey (six percent) but should be achievable given the University's ongoing efforts to control costs in this area. For retiree health benefits, the overall cost of retiree health is projected to increase by an additional three percent due to projected increases in the number of UC retirees. The budget plan includes $24.3 million to address the projected increase in employee health benefits and $6.8 million to address higher retiree health benefit costs.

- *Other Operating Cost Increases.* Prices for items such as instructional equipment, laboratory supplies, computers, machinery, library materials, and purchased utilities tend to rise each year. Under the proposal, the University would seek to limit those cost increases to projected changes in the implicit price deflator for State and local governments (the institutional equivalent of the Consumer Price Index, which applies to household expenses). Altogether, the budget plan includes $55.4 million for these non-personnel cost increases next year.

- *Debt Service for State-Approved Capital Projects.* In the absence of recent State-issued general obligation (GO) bonds or lease revenue bonds, the University has relied on the funding mechanism authorized by Assembly Bill 94 (2013) to meet a portion of its immediate capital needs. AB 94 allows the University to use a portion of its State General Fund allocation, subject to certain conditions, to finance the design, construction, and equipment of academic facilities to address seismic and life safety needs, enrollment growth, modernization of out-of-date facilities, and renewal or expansion of infrastructure to serve academic programs. The University's budget proposal for 2023–24 requires an additional allocation of $6 million to cover projected increases in debt service for State-approved projects that are scheduled to be completed that year.

  Note that at the same time the State created the AB 94 funding mechanism, it also transferred $200.4 million to the University's base budget to cover GO bond debt service related to University capital projects. Although funding used for GO bond debt service is not available to meet the University's operating needs, its inclusion in the University's base budget in 2013–14 increased the base from which subsequent budget adjustments were calculated. After taking into account the annual base budget adjustments that have occurred since 2014–15, approximately $100 million of unrestricted State General funds in the University's 2023–24 State appropriation will be attributable to that earlier transfer. These resources represent 81 percent of the $124.9 million that the University will set aside for AB 94 debt service payments in 2023–24.

Enrollment Growth

As shown in Display 3 earlier in this item, the Budget Act of 2022 and the multi-year compact would collectively support California resident enrollment growth of 7,632 FTE occurring over a two-year period, from 2021–22 to 2023–24. Estimated actual enrollment growth to date (i.e., between 2021–22 and 2022–23) reflects a combination of the following outcomes:

- An estimated *increase* of 1,607 FTE in California resident enrollment during the regular academic year (fall, winter, and spring). This figure includes a reduction in nonresident enrollment and a commensurate increase in California resident enrollment at the Berkeley, Los Angeles, and San Diego campuses consistent with the Budget Act of 2022. The increase is smaller than expected due to new transfer enrollment that was about 1,700 students below target.

- A *decrease* of 1,494 FTE in State-supported summer enrollment from summer 2021 to summer 2022. Although summer 2022 enrollment remained high compared to pre-pandemic levels, it was nevertheless lower than the all-time high enrollments in summer 2020 and 2021.

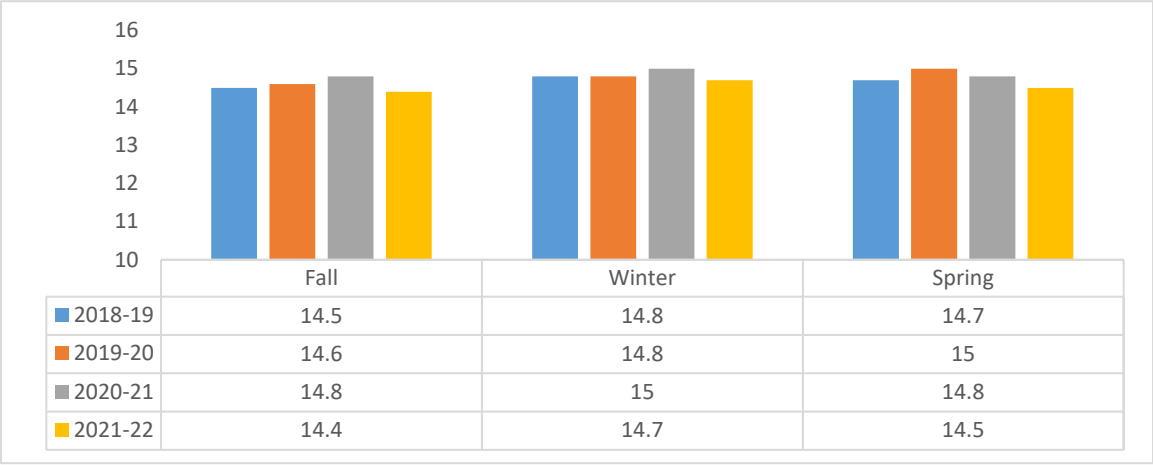
The combined net increase of 113 FTE (i.e., expected growth of 1,607 FTE during the 2022–23 academic year offset by a decline of 1,494 FTE in summer) was well short of the growth of 2,900 FTE included in the University's 2022–23 budget plan.

Two other developments related to the pandemic may be contributing to lower full-time-equivalent enrollment in 2022 than might otherwise be expected.

- The first-year retention rate (i.e., the percentage of new students who re-enroll the following year) was lower for the incoming class of 2020 than it was for the 2019 incoming class. Among entering California resident freshmen, the rate declined from 93.7 percent to 92.8 percent; among entering transfer students, the rate declined from 93.7 percent to 92.6 percent. Although persistence rates for the fall 2021 incoming class are not yet known, rates that are lower than expected will result in lower than expected enrollment the following year.

- The average number of units attempted by UC undergraduates was lower in 2021–22 compared to 2020–21 and pre-pandemic years, as shown in Display 5. This general trend was similar across all UC campuses. It is not yet known whether this trend will reverse in 2022–23, but it is important to note that even small changes in students' course-taking behavior can have a material impact on the University's full-time equivalent enrollment. A reduction in students' average credit hours of merely one percent per term (e.g., from 15 units to 14.85 units) would reduce full-time-equivalent enrollment across the University by 2,000 FTE over the course of an academic year even if the number of students enrolled and physically present on campus remained the same.

DISPLAY 5: Average Attempted Undergraduate Student Credit Hours by Term



	Fall	Winter	Spring
2018-19	14.5	14.8	14.7
2019-20	14.6	14.8	15
2020-21	14.8	15	14.8
2021-22	14.4	14.7	14.5

As result of these circumstances, the University will serve more California resident undergraduates than ever before in 2022–23, but its total full-time equivalent enrollment will not have grown at the rate that the University had expected, or at the rate funded by the State in the Budget Act of 2022. Given the estimated net increase of 113 FTE in California resident undergraduate enrollment from 2021–22 to 2022–23, the University would need to increase California resident undergraduate enrollment by an estimated 7,519 FTE in 2023–24 to fully realize the total growth of 7,632 FTE between 2021–22 and 2023–24 anticipated in the Budget Act and the compact. In addition, the Legislature and the Governor have expressed an interest in achieving even higher levels of California resident enrollment by funding the further replacement of nonresident students with resident students in the University's entering class.

Despite the real challenges to enrollment growth presented by the pandemic, the University's 2023–24 budget plan reflects a substantial increase in California resident undergraduate FTE enrollment. The plan calls for growth of 2,000 students pursuant to the compact; 900 students from the further reduction in nonresident enrollment at the Berkeley, Los Angeles, and San Diego campuses; and further progress towards the additional 4,730 FTE growth funded in the Budget Act of 2022. The plan also includes support for 625 new graduate students, consistent with the compact, to be funded from the University's base budget adjustment next year. Most of the growth would be funded by support already provided in the Budget Act of 2022 and anticipated in the compact. The only new State funding requested for enrollment growth is $31.9 million for the continued replacement of nonresident students at Berkeley, Los Angeles, and San Diego (including $27.9 million to replace lost Nonresident Supplemental Tuition revenue and $4 million for financial aid to support new aid-eligible California resident students).

The estimated growth in California resident undergraduate enrollment of 113 FTE in 2022–23, combined with proposed growth in 2023–24 *above and beyond* the growth anticipated by the compact or achieved by reducing nonresident enrollment, will likely fall short of the 4,730 FTE funded in the Budget Act of 2022. The University proposes to achieve the same growth of 4,730 FTE over a multi-year period using funds already provided in the previous Budget Act in

addition to the one percent growth anticipated by the compact. The alternative—reducing State support to UC because of lower than anticipated enrollment growth in 2022–23—would result in less support to serve existing students, expand outreach efforts, and reverse trends brought about by the pandemic at a time when, the evidence suggests, students need additional resources to succeed.

Student Financial Aid

The budget plan includes $78.3 million of new resources for student financial aid, including $16.1 million to support enrollment growth under the compact, $4 million of State support from the continued replacement of nonresident undergraduates with California resident undergraduates, and $58.2 million from new tuition and fee revenue attributable to the Tuition Stability Plan. In conjunction with the planned expansion of the State's Middle Class Scholarship Program and increases to the maximum Pell Grant award, the University would offer financial aid awards that provide a debt-free pathway to over 23,000 incoming California resident undergraduates in 2023–24.

Other High-Priority Investments: DDS-ASPIRE

The budget plan includes a request for $1.8 million in new ongoing State funds to support DDS-ASPIRE (Advocacy, Science, Public Interest, and Research), a proposed new program designed to recruit cohorts of future dentists from underserved communities and provide them with a leadership, advocacy, public health, and cohort-building program that is integrated with the standard four-year DDS curriculum and an option for a fifth-year master's degree. DDS-ASPIRE would provide graduates with outstanding clinical skills combined with the ability to identify and meet community needs by shaping policies and advocating for the resources required to address community-specific issues.

The program would be part of the UCSF School of Dentistry and modeled on the UC PRIME program. UC PRIME is recognized as a model for other health professions programs committed to addressing societal needs and increasing the diversity and cultural awareness of the health workforce. The UCSF School of Dentistry proposes to develop a similar program to improve oral health outcomes by increasing the number of dentists practicing in safety-net settings and underserved communities. The program would be developed in consultation with the UC PRIME program and would leverage existing institutional relationships with community-based clinics and organizations. The School can accommodate the program within its existing capacity for educational facilities, clinical space, and rotations. (The program is intended to enroll 42 students when fully phased in.) The program is well aligned with the compact, which includes consideration of additional ongoing support to UC to support graduate health sciences programs designed to improve access to healthcare for medically underserved populations. One third of the requested funding would be set aside for need-based financial aid for DDS-ASPIRE students.

Revenue and Cost-Saving Components of the Budget Plan

The proposed funding strategy to support the budget plan includes the following new resources:

- *Revenues and savings achieved from the University's own efforts to generate funds and reduce costs.* The University has made strides over the past decade in identifying alternative revenue sources, reducing elements of its cost structure, and optimizing the use of existing resources. The budget plan expects further contributions from these efforts. Specifically:

  - The University continues to expand efforts to leverage its purchasing power in order to negotiate discounts and rebates from vendors and service providers. The budget plan includes additional year-over-year savings of $13.8 million from purchases attributable to the University's core funds operating budget next year, equivalent to 25 percent of the projected increase in non-personnel costs that would otherwise occur.

  - Additional opportunities likely exist to further optimize the investment of the University's working capital to generate higher investment returns while maintaining appropriate liquidity. The budget plan includes $30 million in new ongoing revenue attributable to moving $1 billion of working capital from the Short Term Investment Pool (STIP) to the Total Return Investment Pool (TRIP).

  - The University anticipates growth in nonresident undergraduate enrollment at campuses where nonresident enrollment is currently below the enrollment caps established by Regents Policy 2109: Policy on Nonresident Student Enrollment. The projected growth of 560 nonresident undergraduate students next year—all of which would occur at campuses other than Berkeley, Los Angeles, and San Diego—is expected to generate $10.8 million in NRST revenue net of the marginal cost of instructing these students.

- *State General Fund support.* The budget plan includes a request for new ongoing State General Fund support consistent with the terms of the compact.

  - *Sustaining core operations and enrollment growth.* The budget plan includes a base budget adjustment of five percent ($218.3 million) to the University's 2022–23 ongoing State General Fund appropriation—approximately equivalent to a two percent increase in the University's total ongoing core funds budget. The University would use these resources to cover the State's share of enrollment growth under the compact (2,000 FTE California resident undergraduate and 625 graduate students) with the remainder to be used to sustain University operations.

  - *Enrollment growth.* The budget plan includes $27.9 million in State support to offset the financial impact to campuses of enrolling 900 additional California resident students at Berkeley, Los Angeles, and San Diego in 2023–24 in lieu of nonresident

students, along with $4 million to cover the resulting increase in California resident students' need for UC grants. The University also requests $1.8 million to support the proposed DDS-ASPIRE program.

- *Revenue from base tuition, the Student Services Fee, and Nonresident Supplemental Tuition.* The budget plan includes projected revenue increases resulting from the Tuition Stability Plan approved by the Regents in July 2021—specifically, a net contribution of $61.4 million from base tuition and the Student Services Fee, $26.9 million from NRST, and $58.2 million to be set aside from these student charges for UC grants and graduate student support ("return-to-aid").

  The plan also includes projected increases in base tuition and the Student Services Fee revenue attributable to the planned enrollment growth described above, including $32 million to cover a portion of the cost of instructing these students and $16.1 million for student financial aid. The plan includes a projected loss of $27.9 million in NRST revenue due to the reduction in nonresident enrollment at Berkeley, Los Angeles, and San Diego, which would be offset by increased State support as described above.

Projected expenditure increases in the proposed budget plan exceed projected increases in resources from new revenues and cost-saving efforts by $67.9 million. To address this gap, the University will continue and expand efforts to identify additional operational efficiencies (including any cost-saving opportunities associated with hybrid on-site/remote employment), redirect resources to address higher priority needs, and further develop alternative revenue sources.

Student Budget Priorities

In regular budget consultation calls with staff at the Office of the President, University of California Student Association (UCSA) leaders have discussed UCSA's own budget priorities for the next fiscal year. These are summarized in Display 6, below. Although these priorities are outside of the scope of the compact, the University supports UCSA's advocacy efforts on behalf of UC students.

DISPLAY 6: University of California Student Association (UCSA) Budget Priorities for 2023–24

- **Improve Disability Services at UC.** Hire additional disability service providers across the system to improve the ratio of disability services staff to UC students and expand the services that they can provide. ($10 million ongoing with annual increases of $160,000 for four years)
- **Menstrual Health and Equity.** Supply every menstruating student at California K-12 public schools and public colleges and universities with menstrual products in an accessible and equitable way and ensure equitable access to menstrual products beyond the classroom. ($194 million one-time funding and $155 million ongoing funding).

ONE-TIME FUNDING REQUEST FOR CAPITAL PROJECTS

In addition to the proposed ongoing investments and resources described above, the University also proposes the following request for one-time funding. The University's planned use of these funds is described in Attachment 2, *Planned Use of One-Time State Capital Support, 2023–24.*

Facilities Renewal, Enrollment Growth, and Clean Energy Capital Investments

The University requests $1.2 billion in one-time State General Funds to continue UC's program to improve energy efficiency, support enrollment growth, and address other capital needs critical to the University's mission. The program builds upon previous efforts to strategically invest in facility renewal and renovation projects that address multiple University and State priorities—namely, improvements that support existing students and support enrollment growth, continuing UC's transition to fossil-free energy operations, and making meaningful progress to improve seismic safety.

These projects entail the construction and renovation of instruction, research, and student service space, as well as administrative space and infrastructure that support academic programs and growth. Many of the proposed projects also support UC's Seismic Safety Policy, which was developed to provide an acceptable level of earthquake safety for students, employees, and others who occupy University facilities.

Projects to be funded through this program include facility renewal and renovation projects that replace existing equipment with more efficient, modern systems. These projects will serve as highly visible demonstrations for state-of-the art energy conservation technologies (e.g., heat-pump water heaters and network-controlled LED lighting projects) and learning environments, allowing other State agencies to follow the University's lead in implementing innovative solutions. The projects will result in less energy use, reduced ongoing operational costs, and lower greenhouse gas emissions while also improving conditions for building occupants. Investments in these renewal projects will help UC and the State meet their energy and climate neutrality goals.

Key to Acronyms:

CCC	California Community Colleges
FTE	Full-time equivalent (student enrollment based on student credit hours)
NRST	Nonresident Supplemental Tuition
SAPEP	Student Academic Preparation and Educational Partnerships
STIP	Short-Term Investment Pool
UCRP	University of California Retirement Plan
UCSA	University of California Student Association

Attachments:

Attachment 1	*University of California 2023–24 Budget Plan for Current Operations*
Attachment 2	*Planned Use of One-Time State Capital Support, 2023–24*