Order of The Golden Bear
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Established 1900

Temporary Meeting Location, November 7th, 2017

Campus Finances

Items for the Good of the University

The topic for tonight concerned the current deficit the campus faces and the proposed strategies to address it.

Fellows were certain to point out the inaccuracies in the San Francisco Chronicle when it reported about how stadium debt is being absorbed by central campus, implying academic programs will be hurt by the shift. No funds dedicated to academics will be impacted.

Fellows remarked that in 2032 the University will have to start paying the principal of the loan, meaning that the financial burden will dramatically rise at that point.

In terms of the actual repaying of the debt, fellows detailed that there is a Fund Functioning as an Endowment established for debt repayment (FFE). Primary planned sources of funding for the FFE includes Endowed Seating Program in the stadium which is monitored very closely. Agreement for ESP are slowing down, but the FFE is also supported by some revenue from multimedia rights and rent payments. There have been no decisions made regarding the FFE at this time in light of Fellow Christ's announced intention to assume a portion of the stadium debt.

Relatedly, Fellows were reminded that Fellow Christ only announced *intent* to assume some stadium debt; no formal decision has yet been made. While central campus is exploring opportunities to build academic or research space on the location of the Edwards Track Stadium (named after Fellow Edwards), nothing has been decided. The issue of re-locating the Track and Soccer teams has likewise not even begun yet.

In response to Fellows suggesting the teams move to the Clark Kerr Track, other Fellows responded that there is an agreement with the community that the track cannot be used for sporting events as a part of the transference of the land for the development of Clark Kerr. It also has to be always open to the community for use.

In brainstorming ideas for new revenue generation for the campus, Fellows mentioned that different financing is available for different types of buildings. Buildings that generate revenue (housing, parking, etc.) have a financing option that allows the campus to contract with private developers who would build for us and may or may not operate building. Bowles Hall is a recent example of this. The net cash flow is then returned to campus, which we use to maintain affordability.

Another option Fellows discussed was to look where the campus can place academic space in between retail, parking, and housing, where each of which could create cash flow to pay for academic space. USC does this to some success. Students surveyed on this possibility indicate that such arrangement would be desirable, such as student housing over retail like Trader Joes. Purely academic buildings are harder to support financially – either they are entirely donor funded –or funded by debt, and we are not eligible for new debt capacity until we have a balanced budget – hopefully by 2020.

Fellows added that not only is our campus park only 180 acres which creates a space problem, but also that our student population has grown by 10,000 in ten years. We have housing crisis. We house the lowest percentage of undergraduates in all UC – 22%. The campus should be looking at housing strategy that looks beyond one site at a time. Each site is very challenging in terms of politics, such as People's Park. Oxford Tract can have 7,000 beds, but what about neighbors?

As Fellows mentioned the large plot of land owned in Richmond, others responded. Fellows remarked that Richmond is a hard site for housing as there is no infrastructure on the site. There are 138 acres there, a significant amount considering the campus park is only 180. However, students don't want to live there as15 miles is too far away. Faculty don't want to live there either. So then what do we use it for?

Fellows mentioned that there are ways to do private partnerships without harming the integrity of our public institution. State funds aren't coming back. Fellows said that we need infusion of private funds not only through alumni but also through the corporate sector.

Fellows found some solace in the fact that our problem in California is not unique. University of Texas system, SUNY, etc. are all financially stressed to varying degrees. Public funding is decreasing everywhere, not just in California. Perhaps solutions have been found elsewhere, and we can look to peer public institutions to discover creative methods of revenue generation.