

# Will tuition pay for construction when original plans fail?

- So far there is no evidence that Education Fees (tuition) have paid for construction costs in the past. Peter's & Bob's talk will give further details.
- However, the future can be different and because revenues are fungible there is a lack of transparency and accountability.
- The lack of transparency enables a few activists to look at worst possibilities, and their actions can lead to bad PR.
- Even if tuition isn't touched instruction can be affected.
- We offer two proposals plus an amendment that we believe can restore accountability and can help unify the UC family.

Peter Taylor's slide showing difference between collateral (external) and repayment source (internal).

## General Revenue Bonds - Pledged Revenue Basket

### Major Pledged External Revenue Sources

- Indirect Cost Recovery
- Sales and Service Auxiliary Rev.
- Other Revenues
- Non-operating Revenues
- Student Tuition & Fees


### Example Internal Repayment Sources

- Opportunity Fund
- Housing, Parking, Athletic, Facility Revenue
- Lease Income
- Student Approved Fees, Section 28 Funding
- Registration Fees, Extension Fees

**Tuition (Education Fees) are not included in Repayment Sources**

- Comments:
1. Some students and faculty don't understand how this is guaranteed.
  2. Even if it were guaranteed there is a problem because funds are fungible.

# Consequences of antagonizing activists



**About ReclaimUC**  
[Who We Are](#)  
[What's Going On](#)  
[Our Blog](#)  
[Our Movement](#)

**In and Around Occupied Durant Hall**  
[What are you talking about?](#)

**Why Occupy Durant Hall?**  
[Durant Hall's Previous Occupants Weigh In](#)  
[Professor P to Chancellor B: "Condemn yourself!"](#)  
[Video Statement from Participants](#)  
[A Student Response the Chancellor](#)  
[A Voice of Reason](#)

## Why Occupy Durant Hall?

*This communique was issued by organizers of the event...*

*Architecture has, like other growing phenomena, to go to school before it can wisely be emancipated. It is a distinctly promising sign of future power, for a young people . . . to forget self for the time being in the quiet, assiduous acquisition of knowledge already established by others. The time for fresh personal expression will come later.*

—John Galen Howard, 1913

Accelerate: we are here to help architecture make the leap to emancipation. The architect John Galen Howard, who designed and oversaw the construction of what is now called Durant Hall at the beginning of the last century, was a hesitant man. We say: the time for *fresh personal expression* is now! There is no question that we are already the product of other people's assiduously accumulated knowledges, so many that they become impossible to catalog exhaustively. The accumulation of knowledge is a library, perhaps, but it is also a struggle, a movement, a tactic. Likewise, the acquisition of knowledge does not have to be quiet — next to the sound system, self is forgotten and the commune emerges. The dance party: a distinctly promising sign of present power.

The lack of transparency enables one to focus on worst case possibilities. Humans are VERY good at that.

# Wouldn't it be nice if things were simple

## Revenues

## Expenses

State funds

Ed Fees

Reg Fees

Housing

Indirect cost recovery

Athletics

Endowment

Fund raising

Salaries instruction

Salaries research

Other instruction

Other research

Student welfare (Tang)

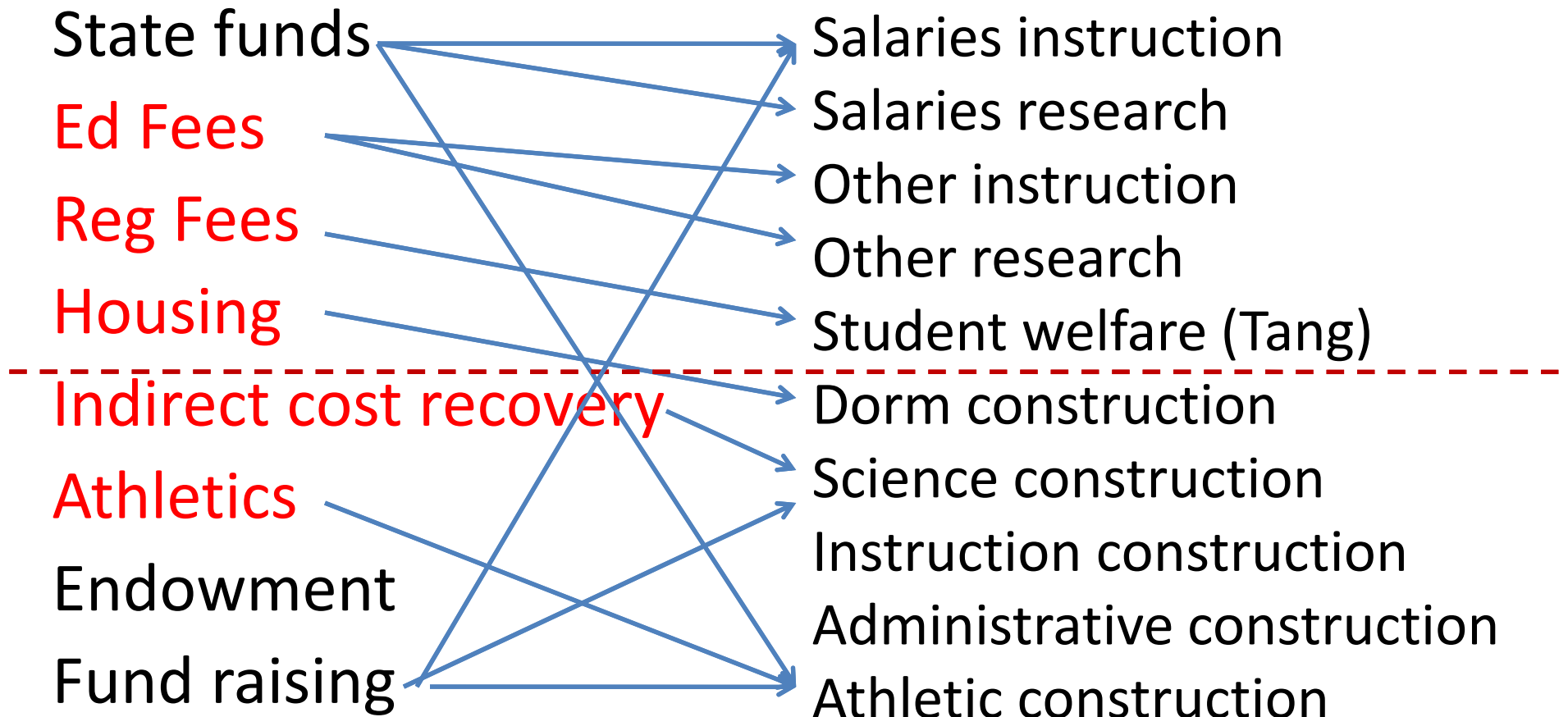
Dorm construction

Science construction

Instruction construction

Administrative construction

Athletic construction



Suppose fund raising for athletics falls short

## Revenues

State funds

Ed Fees

Reg Fees

Housing

Indirect cost recovery

Athletics

Endowment

Fund raising

## Expenses

Salaries instruction

Salaries research

Other instruction

Other research

Student welfare (Tang)

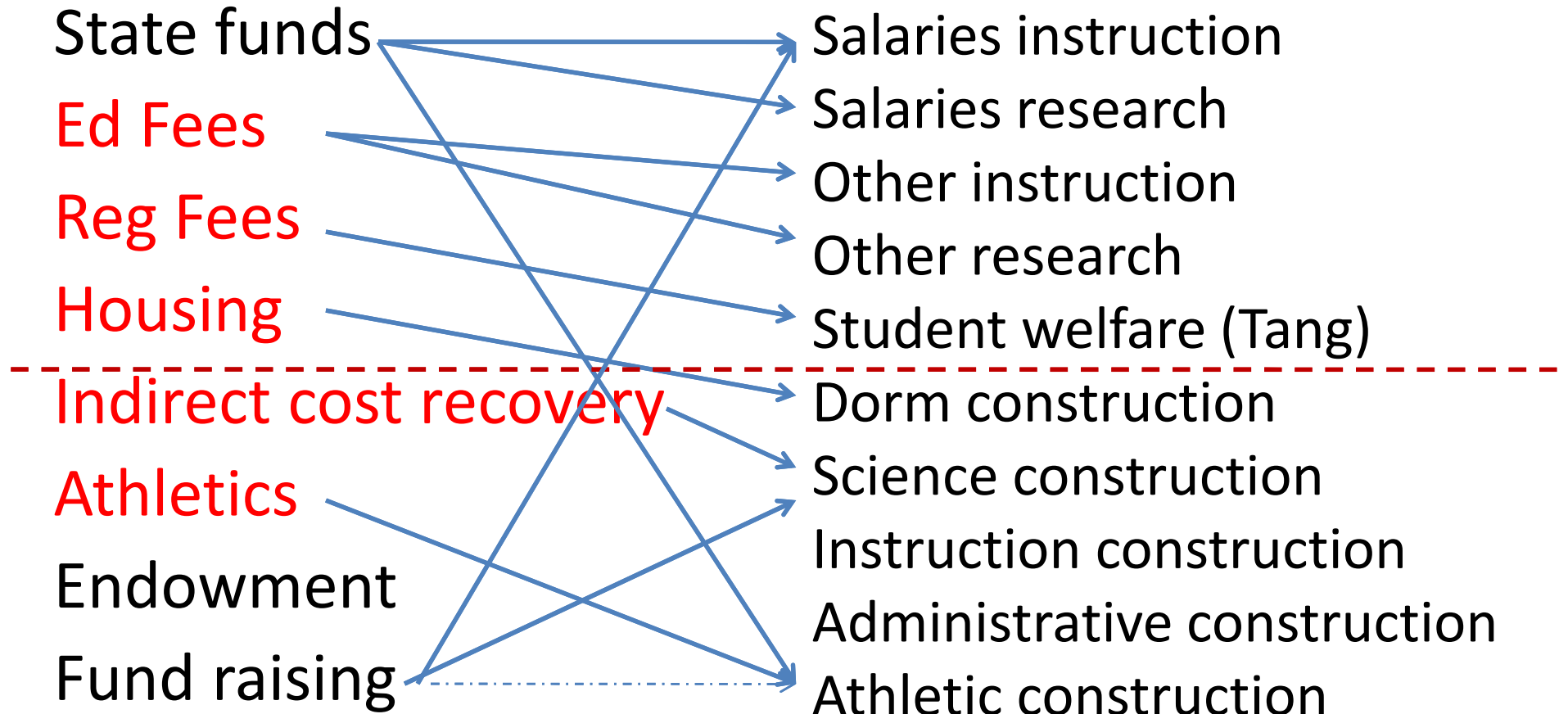
Dorm construction

Science construction

Instruction construction

Administrative construction

Athletic construction



# Registration Fees to the rescue BUT

## Revenues

State funds

Ed Fees

Reg Fees

Housing

Indirect cost recovery

Athletics

Endowment

Fund raising

## Expenses

Salaries instruction

Salaries research

Other instruction

Other research

Student welfare (Tang)

Dorm construction

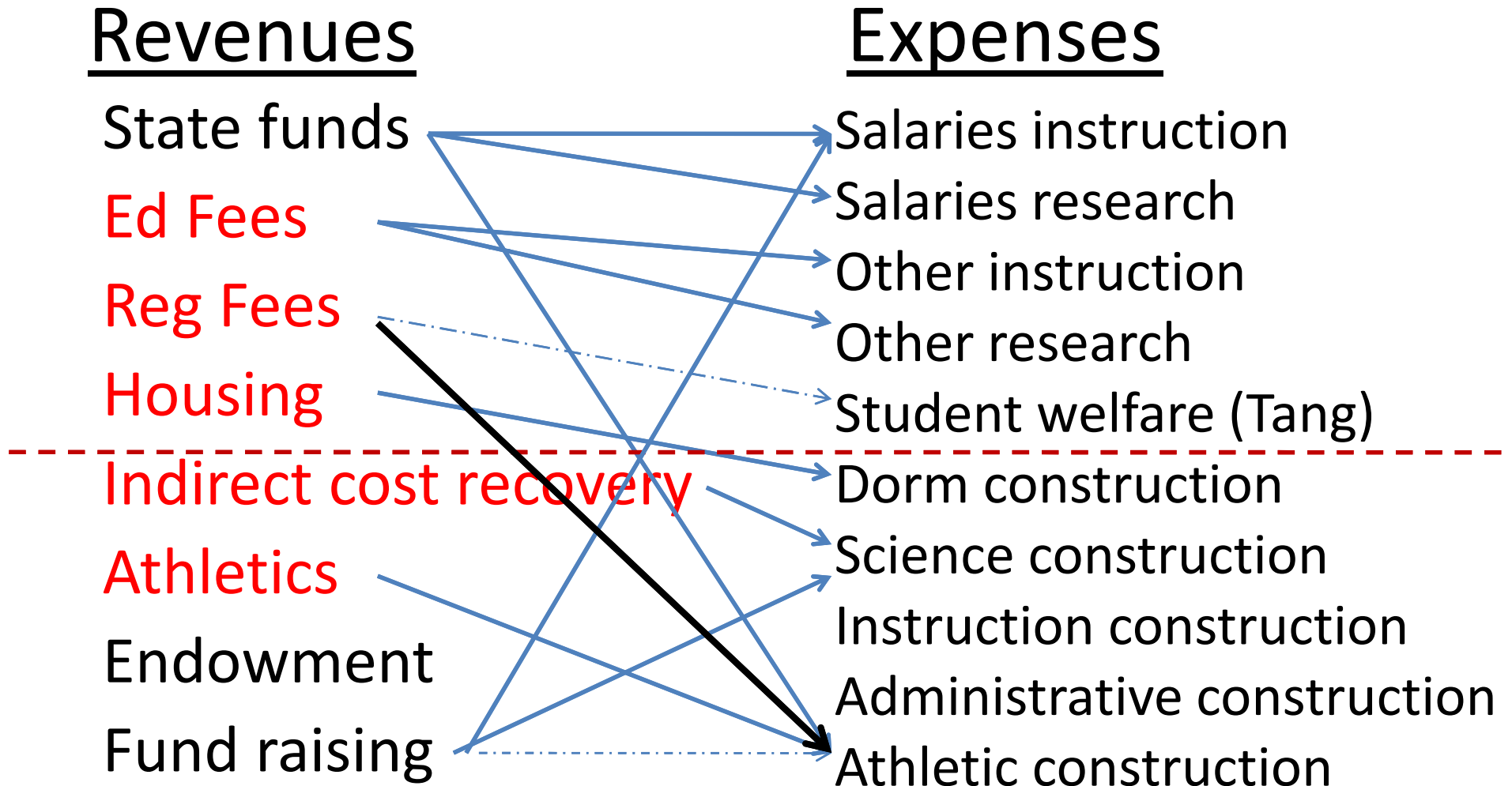
Science construction

Instruction construction

Administrative construction

Athletic construction

**Registration fees seem fungible**



# Are Registration Fees Fungible?

No, they're not:

(<http://www.ucop.edu/ucophome/policies/bfb/bus72.html>)

Brian, Computer scientist (also see Daily Cal, March 16, 2010)

Yes, they are:


(<http://www.universityofcalifornia.edu/regents/policies/6069.html>)

Sandy Barbour, Director IA and Frank Yearly, Vice Chancellor

(see Daily Cal, March 19, 2010)

# Consequences of antagonizing activists

Impact on Tang Center is not good PR for Cal, see Daily Cal, March 16.



**About ReclaimUC**  
Who We Are  
What's Going On  
Our Blog  
Our Movement

**In and Around Occupied Durant Hall**  
What are you talking about?  
**Why Occupy Durant Hall?**  
Durant Hall's Previous Occupants Weigh In  
Professor P to Chancellor B: "Condemn yourself!"  
Video Statement from Participants  
A Student Response the Chancellor  
A Voice of Reason

**Why Occupy Durant Hall?**

*This communique was issued by organizers of the event...*

*Architecture has, like other growing phenomena, to go to school before it can wisely be emancipated. It is a distinctly promising sign of future power, for a young people . . . to forget self for the time being in the quiet, assiduous acquisition of knowledge already established by others. The time for fresh personal expression will come later.*

--John Galen Howard, 1913

<http://www.reclaimuc.org/why-durant-hall>

# Registration Fees to the rescue BUT

## Revenues

State funds

Ed Fees

Reg Fees

Housing

Indirect cost recovery

Athletics

Endowment

Fund raising

## Expenses

Salaries instruction

Salaries research

Other instruction

Other research

Student welfare (Tang)

Dorm construction

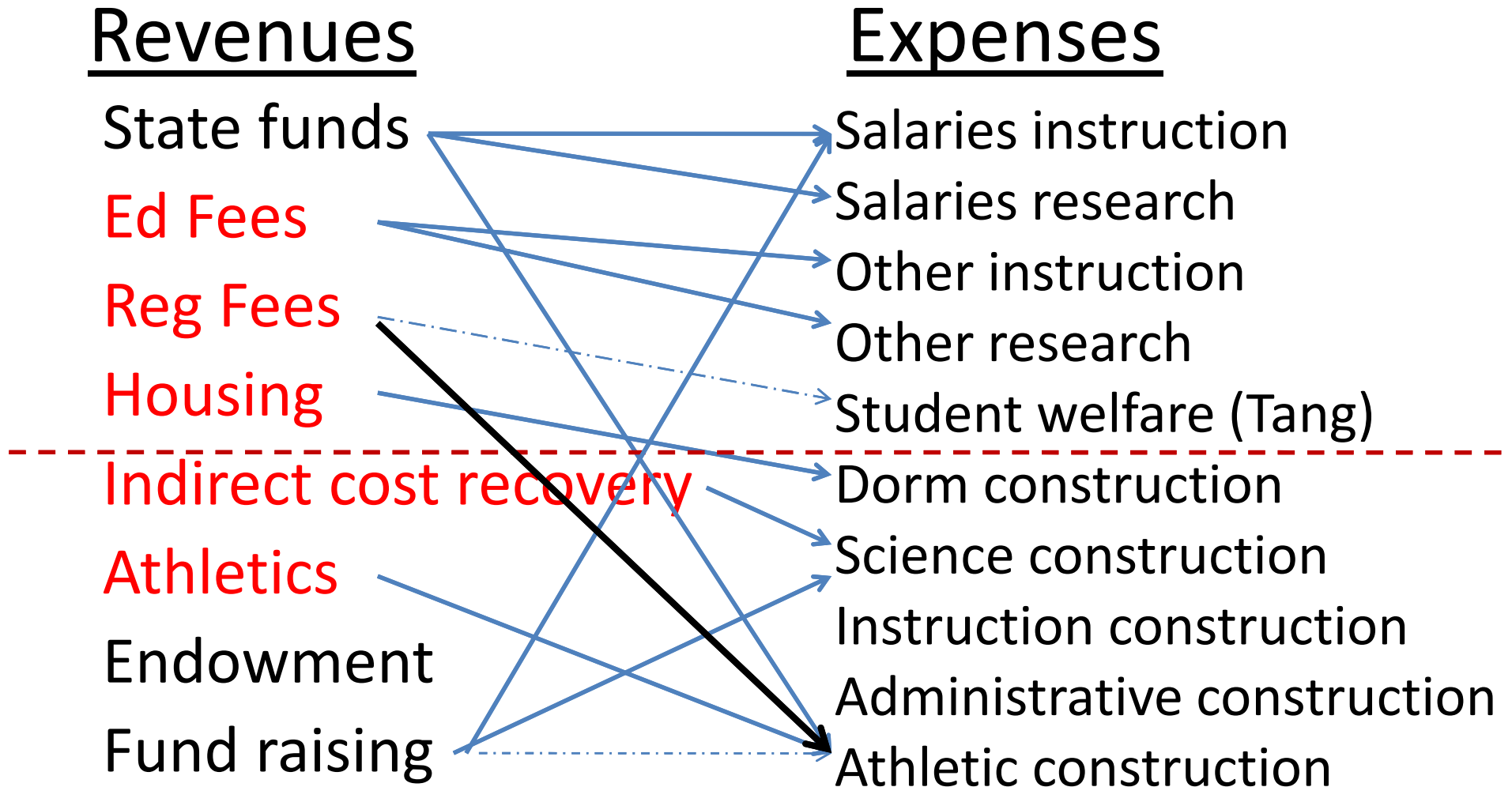
Science construction

Instruction construction

Administrative construction

Athletic construction

**Registration fees seem fungible**



# Surprise: Even ICR is Fungible!! (P. Milano)

## Revenues

State funds

Ed Fees

Reg Fees

Housing

Indirect cost recovery

Athletics

Endowment

Fund raising

## Expenses

Salaries instruction

Salaries research

Other instruction

Other research

Student welfare (Tang)

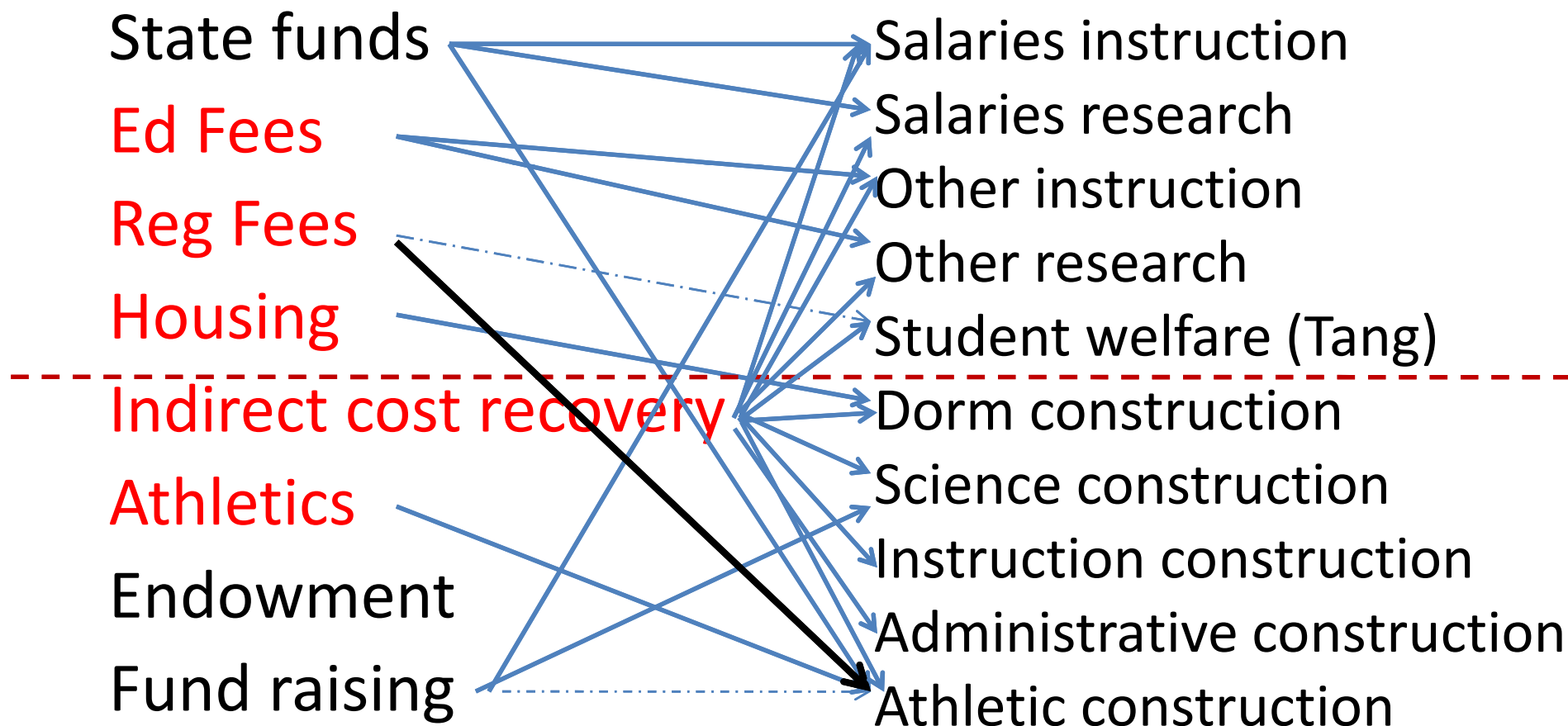
Dorm construction

Science construction

Instruction construction

Administrative construction

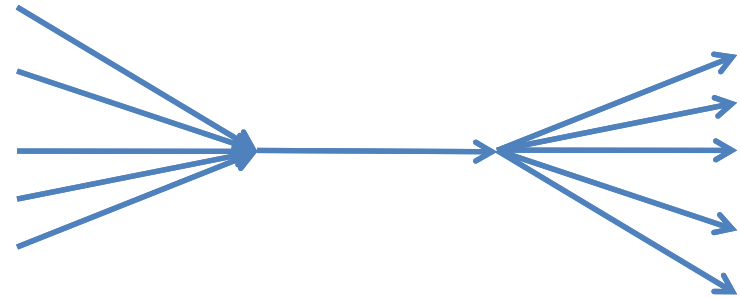
Athletic construction



**Why do the feds allow that???**

# The pros and cons of fungible funds

Pro: Much cheaper and easier to manage

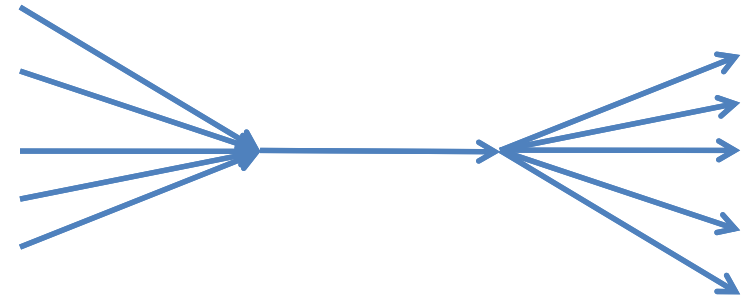


Con: Fungibility is the antithesis of transparency and accountability.

The opposing sides will have an easier time exaggerating the evils of the other side.

# The pros and cons of fungible funds

Pro: Much cheaper and easier to manage



Con: Fungibility is the antithesis of transparency and accountability.

The opposing sides will have an easier time exaggerating the evils of the other side.



Solution: Copy what the feds did with ICR

# Will tuition pay for construction when original plans fail?

- So far there is no evidence that Education Fees (tuition) have paid for construction costs in the past. Peter's & Bob's talk will give further details.
- However, the future can be different and because revenues are fungible there is a lack of transparency and accountability.
- The lack of transparency enables a few activists to look at worst possibilities, and their actions can lead to bad PR.
- Even if tuition isn't touched instruction can be affected.
- We offer two proposals plus an amendment that we believe can restore accountability and can help unify the UC family.

# Proposal #1 (truncated)

Proposal 1. There needs to be regular, detailed reporting regarding debt service coverage in the GRB (General Revenue Bond) program and **an early warning system regarding potential failures of promised funding sources for each individual construction project.**

## Proposal #2

There should be a clear policy statement from The Regents to provide maximum protection for instructional programs that are connected to the General Revenue pool in the contingency that replacement of debt service apart from the originally approved sources becomes necessary. This implies that students' Educational Fees shall be considered only as a last option for such payment.

# Amendment to Proposal 2

When the budget shortfall comes to the point of impacting instructional programs and student welfare, several other funding sources should be explored.

- i) A fund raising campaign specific to the project in deficit. Student fees plus the following three items could be used as matching funds.
- ii) profits from other construction projects (e.g. projects with lower than expected construction costs).
- iii) Tapping into endowment funds that are directly relevant to the construction project.
- iv) Institute a progressive tax on employees with salaries >\$120?K.

The purpose of this amendment is to “spread the pain” and win the allegiance of the full community.