

Introduction and Background

The University of California, Santa Cruz (UC Santa Cruz), is facing growing financial pressures, making it essential to pursue strategic revenue generation approaches. In April 2024, Chancellor Larive established the **Revenue Augmentation Committee (RAC)** to identify opportunities to increase and diversify revenue streams, ensuring the campus's long-term financial stability (See [Appendix I](#)).

The RAC is focused on leveraging traditional and forward-thinking methods to maximize revenue potential. By focusing on revenue streams, UC Santa Cruz can strengthen its financial position while advancing its core educational and research missions. Addressing these challenges requires effective revenue-generation strategies to ensure the university can thrive and fulfill its commitment to students, faculty, and the broader community.

Campus revenue was \$1.03B in the past year, with 92% of the revenues being generated by the following four sources: Student Tuition and Fees (32%), Contracts and Grants (20%), Auxiliary Enterprises (13%), and State Education Appropriations (27%). (See [Appendix V](#) for additional breakdowns).

To succeed, UCSC must embrace creative solutions that align with its [strategic priorities and values](#). Maximizing UC Santa Cruz's revenue potential calls for a collaborative, comprehensive approach that incorporates input from campus stakeholders and subject matter experts and at the same time, timely actions, experimentation, and the allocation of resources to revenue-generating opportunities. The campus cannot expect to grow resources by reducing significant resources to units that it depends on to advance that growth. Additionally, many revenue-generating opportunities require investments to pursue. More broadly, UC Santa Cruz seeks to diversify its revenue streams in ways that sustain and enhance its educational mission.

Approach

This initiative was guided by RAC's monthly meetings and ad hoc workgroups whose members focused on reviewing specific initiatives. The committee tried to identify opportunities to address budgetary challenges and projected shortfalls in operational revenue.

The workgroups collaborated with campus subject matter experts, gathered input from the university community, and developed actionable ideas.

Workgroups (See [Appendix IV](#))

- Academic Endeavors
- Auxiliaries and Athletics/Recreation
- Corporate Sponsorships and Revenue-based Marketing
- Infrastructure Grants

- Revenue Sharing Policies

Campus Community Input

In September 2024, Chancellor Larive announced the development of the [Your Ideas Matter website](#) to allow the campus community to share their suggestions and input with the Budget Advisory Committee and Revenue Augmentation Committee. Outreach was also shared through the campus [Tuesday Newsday](#) newsletter, the Staff Advisory Board forum, the Chancellor's September 12th update to students on the budget with survey links, and unit-level All Hands meetings.

The RAC workgroups reviewed responses to the campus-wide survey. Of these, 28% related to academic endeavors, 17% to auxiliaries and athletics/recreation, 14% to campus corporate sponsorships and marketing, and the remainder to other categories.

The [Your Ideas Matter website](#) continues to accept suggestions related to Revenue Generation, efficiency, and Strategic Realignment.

Executive Summary

The committee aimed to generate revenue while preserving the experience of current students, staff, and faculty and maximizing the utilization of existing capacity. To evaluate submitted ideas, the committee considered several critical factors: strategic alignment, anticipated financial impact, cost and complexity, student and staff experience, risk, and implementation timeline. The group also tried to look beyond entrenched business processes and prevailing operational practices.

To maximize existing revenue streams and promote new ones, we must invest in campus efforts supporting revenue generation. To optimize revenues and cash flows in the short term, we should capitalize on our strengths and traditional, underperforming revenue sources and maximize existing capacity. The focus should be increasing non-resident enrollment, improving student retention, and maximizing summer and fall 2025 enrollment by removing barriers, such as housing, and offering targeted incentives.

In addition to maximizing existing revenue sources, we need to develop new sources of revenue. To this end, we will recommend pursuing in-house summer camps, centralizing event space management for greater efficiency, actively pursuing subleases for underutilized properties, and expanding dining services to capture additional opportunities. While these may require some initial resource commitments, or at the very least prioritized focus by existing groups, they will strengthen our cash position as soon as revenue pipelines become established.

While the committee did not conduct a detailed revenue forecast of the ideas presented in this report, it prioritized recommendations based on a rough order of magnitude for the potential revenue opportunity. The committee suggested that the campus consider setting aside resources when possible so that funds can be available to pursue new funding opportunities as they present themselves.

Below are the recommendations presented by the committee and workgroups; however, the appendices link to a complete list of suggestions received and considered. Many may be worthy of further investigation, but based on the critical factors mentioned earlier, they may not have risen to the top of the committee's list.

Recommendations by Workgroup

Academic Revenue recommendations:

The workgroup focussed on Academic Revenue included VPDGS Peter Biehl, Genome Institute Executive Director Lauren Linton, AVPGS Dard Neuman, VPAA Herbie Lee, Dean PK Agarwal, AVP Michael Tassio, AD Stephanie Moore, and as facilitators Senate Chair Matthew McCarthy and VPDUEGE Richard Hughey. The workgroup created overlapping subgroups to consider ideas related to international students, master's students, summer, Silicon Valley, and online, producing two dozen ranked recommendations for revenue augmentation.

Increase Non-Resident Enrollment

Possible strategies:

- **Guarantee Housing for International Students:** Provide two years of guaranteed housing for international students.
- **International Pathway Programs:** Develop and expand international pathway programs to attract and support international students.
- **Increase Merit-Based Scholarships:** Adjust non-resident merit-based scholarships to align with offerings at peer campuses.
- **Strategic International Recruitment:** Increase efforts to recruit international students, enhancing the institution's global presence.
- **Formalize Relationships with Undergraduate Institutions:** Establish formal partnerships with undergraduate institutions overseas to welcome visiting students for 1-2 years.
- **Marketing and Ranking Investments:** Increase marketing investments to reverse the downward trend in rankings and attract more students; however, we recognize that many of the rankings that have declined are because of retention challenges.

Increase Summer Enrollment

Possible strategies:

- **Revise Summer Incentive Model:** Rework the summer incentive model to increase engagement from departments and colleges.
- **Prioritize High-Demand Summer Courses:** Focus on offering high-demand summer courses, particularly online.
- **Financial Access to Summer Programs:** Ensure that financial barriers do not prevent students from participating in summer programs.
- **Online Summer Undergraduate Certificates and Minors:** To attract non-traditional students, and develop and offer online summer certificate programs and minors.
- **Graduate Student Instructor (GSI) Support and Mentorship:** Offer summer support and mentorship for Graduate Student Instructors (GSIs) to improve teaching effectiveness.

Expand Offerings and Modalities

Possible strategies:

- **Remote and Online Graduate Programs:** To increase accessibility, expand the offerings of remote online Master's programs and online undergraduate degrees.
- **Offer High-Demand Courses at SVC:** Provide popular courses at the Silicon Valley Campus (SVC) to cater to demand.
- **Semester in Silicon Valley for International Students:** Create a specialized program for international students to spend a semester in Silicon Valley, gaining unique industry exposure.

Auxiliaries/Athletics/Recreation revenue recommendations:

The following recommendations aim to increase revenue and optimize the utilization of campus resources within Auxiliaries. These initiatives focus on improving current offerings and creating new revenue streams through enhanced utilization and operational adjustments.

- **University Town Center (UTC):** repurpose UTC with a focus on international undergraduate student housing with the possibility of 12-month leases.
- **Sub-lease Underutilized Properties:** Maximize revenue by leasing/subleasing underutilized off-campus properties (Silicon Valley, Scotts Valley, MBEST).
- **In-Source Summer Recreational Camps:** Bring summer camps in-house to eliminate third-party organizations, increase revenue, and expand offerings beyond the summer season.
- **One-Stop Shopping for Event Space Use:** Centralize event space management to streamline bookings, increase utilization, and maximize rental revenue.

- **Increase Dining Usage/Offerings:** To generate additional revenue, boost faculty and staff participation in campus dining services, create food pop-ups, and engage community businesses.

Implementing these initiatives will improve efficiency, enhance services, and create new revenue opportunities across auxiliaries and athletics/recreation services. We also recognize that some of these facilities require more attention to maintenance. To attract greater external use will require more attention to the quality and upkeep of the spaces.

Corporate Marketing Sponsorships recommendations:

The committee has outlined recommendations to strengthen corporate marketing sponsorships and revenue-based marketing efforts. The goal is to create a streamlined and effective structure for generating additional revenue while ensuring alignment with campus values and policies. The committee acknowledges that opportunities in this space may be limited on our campus, so investments should be appropriately analyzed against expected returns; however, some organizing can be done so that the campus understands how to navigate this space and can quickly respond to opportunities.

Key recommendations include:

- **Designate a Responsible Unit and Create an Advisory Group:** Establish a dedicated unit to pursue, execute, and manage corporate sponsorships, brand licensing, e-commerce platforms, and other revenue-driven marketing initiatives. These efforts are separate from corporate philanthropy, sponsored research, and internship opportunities, but will need to be coordinated.

This unit will centralize efforts to maximize efficiency and impact and form an advisory group with representatives from key departments and stakeholders. This group will assist in strategic planning, vetting opportunities, and addressing any issues that may arise related to sponsorships and marketing initiatives.

- **Establish an Administrative Fee:** Implement a reasonable administrative fee attached to new revenue generated to ensure the designated unit has the necessary staffing, competencies, and infrastructure to execute its revenue goals effectively. This fee will support the unit's operational needs.
- **Institute a Governance Structure:** Develop a governance framework to evaluate and approve corporate sponsorship and marketing opportunities. This structure will integrate with the naming committee and associated policies to ensure all decisions adhere to established guidelines.
- **Develop Corporate Approval Criteria:** Establish guiding principles and transparent criteria for approving corporations as potential sponsors. These criteria will be aligned with the campus's values and objectives, ensuring that all partnerships reflect the institution's mission and culture.

- **Create a Tracking System:** Develop a comprehensive database to track approved corporate sponsorships and marketing relationships, ensuring transparency and efficient management of these partnerships and that coordinates with existing campus relationship management systems.
- **Rate Card and Asset Valuation:** Establish a rate card and fair market value for assets and category partnerships. Evaluate significant campus opportunities based on asset valuation analyses, feedback from surveys and workgroups, and input from the advisory group. These efforts will be evaluated according to existing UC policies.
- **Support Unit-Specific Initiatives:** Build structures and guidelines for individual units, including student groups, to pursue smaller-scale corporate sponsorships and revenue-based marketing opportunities. Tax laws and UC policies will inform these efforts and will have an efficient vetting mechanism for new corporations.

Implementing some or all of these recommendations will position the institution to pursue corporate sponsorships and revenue-driven marketing, aligning with its values and ensuring long-term sustainability. While we believe there is room to grow in this area, the greatest funding opportunity associated will be more defined by one-off opportunities at the highest levels, vs. the broad-based smaller opportunities across the campus.

Infrastructure Grants recommendations:

The primary objective of Infrastructure Grants is to increase revenue for the campus by pursuing external funding opportunities and maximizing applicable tax benefits. RECS-Grants' strategy is two-fold, focusing on (1) Project and Funding Identification and (2) Grant Readiness and Preparation.

This approach is designed to capitalize on external funding sources while enhancing the institution's infrastructure, sustainability, and overall community impact. Grants will concentrate on securing funding in the following areas:

- **Transportation:** EV bus purchases, EV charging infrastructure (for fleets and commuter use), campus infrastructure improvements, and fleet electrification.
- **Hazard Mitigation:** Projects focused on infrastructure, wildfire prevention, and utility protection that meet state requirements.
- **Resiliency Projects:** Infrastructure and utility protection projects that comply with federal and state requirements.
- **Sustainability:** Initiatives such as water conservation, electrification, and decarbonization projects.
- **Wildfire Prevention and Preparedness:** Continued efforts in hazardous fuel reduction.
- **Security and Safety:** Enhancing physical security, cybersecurity, police dispatch and communication, and emergency response systems.
- **Affordable Housing:** Opportunities for affordable employee and/or student housing.
- **Student Support Services:** Funding for childcare, Disability Resource Center, TRIO Talent Search, and other student services.

- **Other Infrastructure Needs:** Addressing additional infrastructure needs as identified by campus units and subject matter experts.
- **Federal and State Tax Credit Opportunities:** Leveraging tax credits for qualifying projects.

Possible strategies:

- To grow the program, we recommend allocating a percentage of grant awards (similar to administrative gift fees/cost recovery fees) for ongoing development, growing in-house campus staff participation to pursue larger grants and occasional external support for on-demand grant preparation.
- Encourage all PPDO project managers, campus planners, and unit leaders to use grant development and management as part of their job descriptions and encourage active participation in identifying grant opportunities for their key projects.
- Encourage campus leaders, RECS-Grants, and unit staff to cultivate partnerships with local municipalities, regional entities, non-profits, and private sector organizations to pursue collaborative grant opportunities that address shared challenges and goals.
- Provide training for unit staff to assist with post-award grant management.
- Continue to work with the Government and Community Relations Department; advocate for policies and legislation at the federal, state, and local levels that support grant funding priorities and align with the university's strategic goals and initiatives.

These recommendations aim to enhance the campus's capacity to secure external funding, improve grant proposal quality, and support key infrastructure and community-building projects. By reinforcing the RECS-Grants program with additional internal resources and support, the institution can better meet its revenue generation goals while advancing essential campus initiatives.

Policy Recommendations:

This committee has provided some guidance on how to incentivize unit participation and enthusiasm. The committee defined revenue-generating activities by managing divisions and the review structures and policy guidance related to those revenue types. The recommendation includes guidance on determining between different types of revenue and highlighting the difference between gifts, corporate partnerships, and sponsored awards. Lastly, this group provided guidance on divisional responsibilities and continued development of ongoing oversight.

Next Steps and Monitoring

Implementation:

- Separate implementation committee(s) should be formed to execute approved recommendations; and/or campus leadership should assign principal officers of respective areas to pursue the feasibility of the top-level recommendations as well as consider the range of suggestions that the campus provided through the survey.

Intersection with Other Advisory Committees:

- The committee's findings and recommendations are to be reviewed by the Budget Advisory, Strategic Alignment, and Big Ideas Committees to ensure alignment with the university's overall financial and operational strategies.

Guiding Principles:

- Pursue transparency, inclusivity, and financial responsibility.
- Prioritize low project costs, ease of implementation, and the best possible returns.
- Consider the impact on students, faculty, staff, and the campus community.
- Welcome experimenting with tactics to ensure action.

Appendices

- Appendix I [Charge Letter](#)
- Appendix II [Committee Membership](#)
- Appendix III [Guiding Principles](#)
- Appendix IV [Idea Category/Workgroups](#)
- Appendix V [UC Revenue and Expense Trends FY2020-FY2024](#)
- Appendix VI [Academic Workgroup](#)
- Appendix VII [Auxiliaries and Athletics/Recreation](#)
- Appendix VIII [Corporate Sponsorships and Revenue-Based Marketing](#)
- Appendix IX [Infrastructure Grants](#)
- Appendix X [Policy Guidelines](#)