

Dear Michael:

I thought it might be useful to provide you with some background about the Upper Hearst Project. It is, of course, helpful and important to raise questions about projects to make sure that they are viable and worthwhile. None of us want a repetition of past difficulties. GSPP welcomes scrutiny, because GSPP believes that the facts about the Upper Hearst project show that it is very worthwhile, very robust, and a significant contribution to campus.

Indeed, I think that GSPP deserves a "shout-out" for its innovation, industry, pluck, and willingness to serve campus. I believe that GSPP's efforts provide a model for how even a very small campus unit can help solve some of the problems we face. Let me begin by noting that GSPP is one of the highest rated public policy schools in the nation, despite the fact that it is half the size (currently 14.5 FTE) of the next smallest major public policy school. GSPP's masters students contribute to the region, the state, the nation, and the world with their extraordinary accomplishments, and GSPP's faculty are first-rate with one-third of them elected fellows of the American Academy of Arts and Sciences.

The Goldman School has a critical lack of space -- please come over and see our students holding review sessions, meetings with students as GSI's, and many other activities in our always filled "living room." We have expanded our teaching tremendously in the past two decades to meet campus needs, and we have done so without any increase in ladder-rank faculty numbers-- indeed a decrease since I became dean ten years ago. We cannot continue to function without more space that will allow us to meet our current needs and to expand our revenue producing programs so that we can hire more self-financed faculty members.

Instead of asking others on campus to provide GSPP with the space it needs, GSPP embarked on an effort to self-fund a new building. The new Goldman School building was always to be funded completely from GSPP philanthropy and revenues. For the past three years GSPP has put aside \$1.3M each year towards the capital costs of the building from its various revenue producing programs. With philanthropic gifts and with savings from its programs, GSPP will have a total of \$13M to put down on a \$33M building (roughly 40% of its cost). Assuming (very conservatively) no more capital gifts come in for the project, the lease payment for the building will be \$1.3M each year which, as I noted above, is exactly the amount GSPP has put aside each of the last three years. Moreover, projections for GSPP's revenue producing programs suggest that they will increase significantly in the next few years, especially with the addition of a new building that will allow for expansion. In addition GSPP has a \$2.5M pledge in hand for a capital gift, and in the next two years before starting to pay its lease in 2021 when the building is complete, GSPP will set aside another \$2M to \$2.6 M. Once GSPP applies these sums to the principal, the lease payment will go down to about \$1M each year. (It goes down by about \$66,000 for each million of pay-off of the principal.) With inflation, the real cost of the lease payment will also go down over time. And at the end of the lease payments in about 30 years, the building reverts to campus, although GSPP hopes that it can pay off the principal before then.

With the new building GSPP will finally have the space that it needs to serve its dramatically enlarged and ostensibly "state supported" programs -- an undergraduate minor and a Masters of

Public Policy program. The undergraduate minor has grown from under 50 students twenty years ago to about 600 students so that GSPP actually teaches more undergraduate Student Credit Hours than graduate SCH which helps the campus serve its undergraduate population. And the Masters of Public Policy (MPP) program has grown from 35 entrants each year twenty years ago to 92 today. With the revenues from GSPP's new programs, GSPP has been able to raise financial aid for its MPP significantly over the past five years, thus increasing access to its entry-level program for those seeking to work in government or non-profits. And it might be worth noting that GSPP has one of the highest SCH per ladder-rank faculty members of any unit on campus which means that GSPP serves a lot of students with only small amounts of central campus help besides faculty salaries.

In sum, GSPP is paying for the new building itself, and there is a very robust financial model to ensure that it will do so. With the building, GSPP will continue to serve the campus in multiple ways through its programs. GSPP is not receiving any subsidy for the building except the land (unlike many other projects from the past across campus which obtained additional state monies or other forms of help). The project has promised \$5M to help with parking problems; and GSPP has a strong financial model which involves multiple funding sources and poses very little risk to campus.

GSPP is trying, the best it can, to be of service to the campus and to the people of California, and I wish that there would be a recognition of that service instead of your query as to "why GSPP, as opposed to other units, should be the beneficiary of more space." Indeed, GSPP could have simply requested, as do many other units, that someone, somewhere provide the School with more space. Instead, GSPP decided that it should move ahead to provide space on its own. So, in response to the needs of the campus, GSPP has extended itself, worked hard, and developed an innovative plan to provide more space for campus and more faculty housing for Berkeley. And GSPP has done all this without state funds so that others on campus can benefit from state subventions. Isn't that worth some support and praise?

Very best, Henry Brady

PS. I would really appreciate it if you would circulate this to the BFA.