

## The 2025-26 Budget:

# College of the Law, San Francisco

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## SUMMARY

**Brief Covers the College of the Law, San Francisco (CLSF).** This brief analyzes the Governor's budget proposals for CLSF. In 2025-26, CLSF would receive \$101 million in total core funding, reflecting a \$15 million (17 percent) increase from 2024-25. Both of CLSF's main sources of core funding would increase, with tuition revenue projected to increase \$4.3 million (7.8 percent) and state General Fund proposed to increase \$11 million (40 percent).

**Recommend Rejecting Base Augmentation.** The Governor proposes to provide CLSF with an unrestricted General Fund base augmentation of \$2.4 million. The existing 2025-26 budget plan contains a \$1.8 million base reduction for CLSF pursuant to Control Section 4.05 of the *2024-25 Budget Act*. Taken together, CLSF would see a net General Fund base increase of \$507,000 (2.2 percent). Whereas state support for CLSF would increase, the 2025-26 budget plan for the University of California (UC) and California State University (CSU) includes reductions in state support. We recommend the Legislature reject the proposed General Fund augmentation for CLSF. The state is facing projected deficits the next few years, has no plan as to how it would maintain the higher level of spending for the school moving forward, and, typically, the state reduces, rather than increases, spending when facing deficits. Even with no additional state support, the school's ongoing core funding still would grow due to the projected increase in tuition revenue. This tuition revenue would help cover some of CLSF's new spending priorities.

**State Already Made Major Contribution to McAllister Tower Project.** The *2022-23 Budget Act* provided CLSF with \$90 million one-time General Fund to bring McAllister Tower up to current seismic standards and deliver a certain number of student housing units. Specifically, the school indicated it would deliver 257 beds (252 renovated beds and 5 new beds) at below-market rents. This was the only student housing project that the state provided with up-front General Fund cash, with the understanding that doing so would notably reduce project costs and reduce associated rental rates. To deliver the project, CLSF would use the state funds, federal historic tax credits, and a small campus contribution, while covering the remainder using conventional debt financing.

**Recommend Rejecting Proposed Augmentation for McAllister Tower Project.** The school now is requesting that the state authorize an additional \$151 million for the project. With the additional funding, the school indicates it could provide the original 257 beds, plus an additional 23 new beds, at below market rents, while also reducing rents among its existing housing stock (of 437 beds). The Governor's proposal includes \$11 million General Fund annually for the next 30 years to cover associated debt service for the project. We recommend rejecting this request. There was no expectation from the state that CLSF would require additional state funds to complete the McAllister Tower project. Rejecting this proposal would provide budget relief to the state. The school could revisit its project design and financing options to ensure it could still deliver at least 257 beds at below-market rates. The school's reserve currently is healthy, which could help as the school reconsiders its financing options.

## INTRODUCTION

This brief analyzes the Governor’s January budget proposals for CLSF. The brief first provides background on the law school. It then describes the Governor’s budget proposals and the school’s

corresponding plans for 2025-26. The brief concludes by assessing those proposals and providing recommendations.

## BACKGROUND

In this section, we provide some basic information about CLSF, its funding, and its core operating costs.

**CLSF Is a Public Law School.** CLSF, formerly Hastings College of the Law, is affiliated with UC but has its own governing board, the Board of Directors. The Board of Directors oversees the school’s finances and makes key decisions, such as setting employee compensation levels. The board also sets the school’s tuition levels and enrollment targets. The school’s main academic offering is a Juris Doctor (JD) program, the most common degree students pursue to enter the legal field. The school also offers three law-related master’s programs. The school has five buildings—two are academic facilities; one is a mixed-use facility with classrooms, offices, and student housing; one is primarily a student housing facility that is currently under renovation; and one is a parking garage.

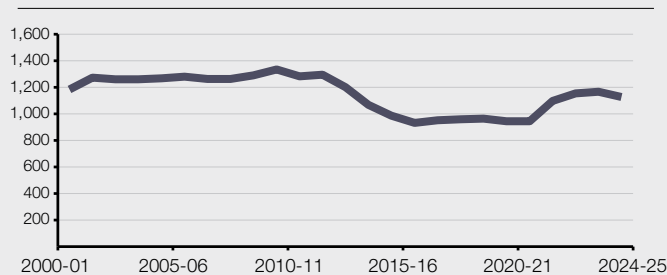
**State Provided Support for Student Housing Project in 2022-23.** Historically, state general obligation bonds and state lease revenue bonds funded the construction and renovation of CLSF’s academic facilities. The school historically has funded its housing and parking programs through user charges. The state recently departed from this longstanding practice for the McAllister Tower project. In fall 2022, CLSF applied to the state to receive funding for the McAllister Tower project as part of the state’s new Student Housing Grant Program. The state ended up excluding the project from that program, as the project had a large seismic component and was deemed not to meet that program’s parameters. Despite not being part of the Student Housing Grant Program, the *2022-23 Budget Act* provided CLSF \$90 million one-time General Fund (cash)

to bring McAllister Tower up to current seismic standards. With the state funding, conventional debt financing, and federal historic tax credits, the school indicated it would be able to complete the project and provide 257 beds at below-market rents (an estimated 10 percent below market rates). Of the 257 beds, 252 were renovated existing beds and 5 were to be new added beds.

**Total Enrollment Estimated to Decline in 2024-25.** Figure 1 shows CLSF enrollment over the past 25 years. Since 2000, CLSF enrollment peaked in 2009 at 1,336 full-time equivalent (FTE) students, then fell notably from 2011-12 to 2015-16, before leveling off for a few years. CLSF experienced two years of notable growth in 2021-22 and 2022-23—growing by a combined 22 percent. In 2024-25, CLSF expects total enrollment to decline by 39 FTE students, for a total of 1,128 FTE students. This decrease is primarily attributable to a decline in JD enrollment, which is estimated to fall by 38 FTE students. Master’s enrollment is expected to decline by one FTE student. In 2024-25, 94 percent of students are enrolled in the JD program.

Figure 1

### CLSF Enrollment Remains Below Its Peak Full-Time Equivalent Students



CLSF = College of the Law, San Francisco.

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## Funding

### Tuition Revenue Is Law School's Largest Fund

**Source.** CLSF received a total of \$131 million in ongoing funding in 2024-25. As **Figure 2** shows, this funding came from “core” and “noncore” sources. Of the school’s core funding, 66 percent comes from student tuition and fee revenue and 31 percent comes from state General Fund. The small amount of remaining core funding comes from various sources, including the State Lottery Fund, certain investment earnings, and income from scholarly publications. Beyond core funding, CLSF receives noncore funding from certain self-supporting programs (including its housing and parking programs). In addition, the school receives noncore funding from the federal government in the form of grants and contracts. It also receives noncore funding from private donations as well as other external grants and contracts.

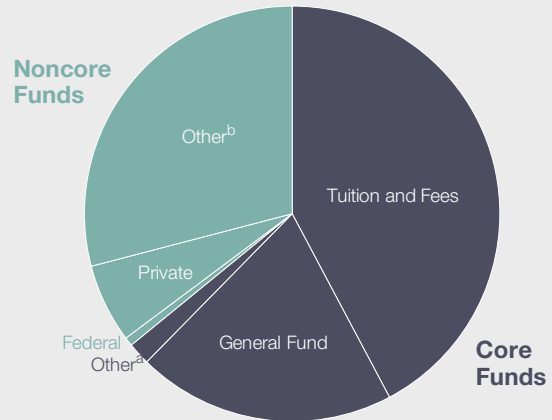
### CLSF Continues to Increase Tuition Charges.

As **Figure 3** shows, CLSF increased its resident JD tuition charges in the early 2010s, then held tuition flat from 2012-13 through 2021-22. As of 2024-25, CLSF's tuition is still below the UC average.

Figure 2

### CLSF Receives Funding From Several Sources

\$131 Million, 2024-25



<sup>a</sup> Includes the State Lottery Fund, certain investment earnings, and income from scholarly publications.

<sup>b</sup> Includes income from auxiliary enterprises and payouts from endowments.

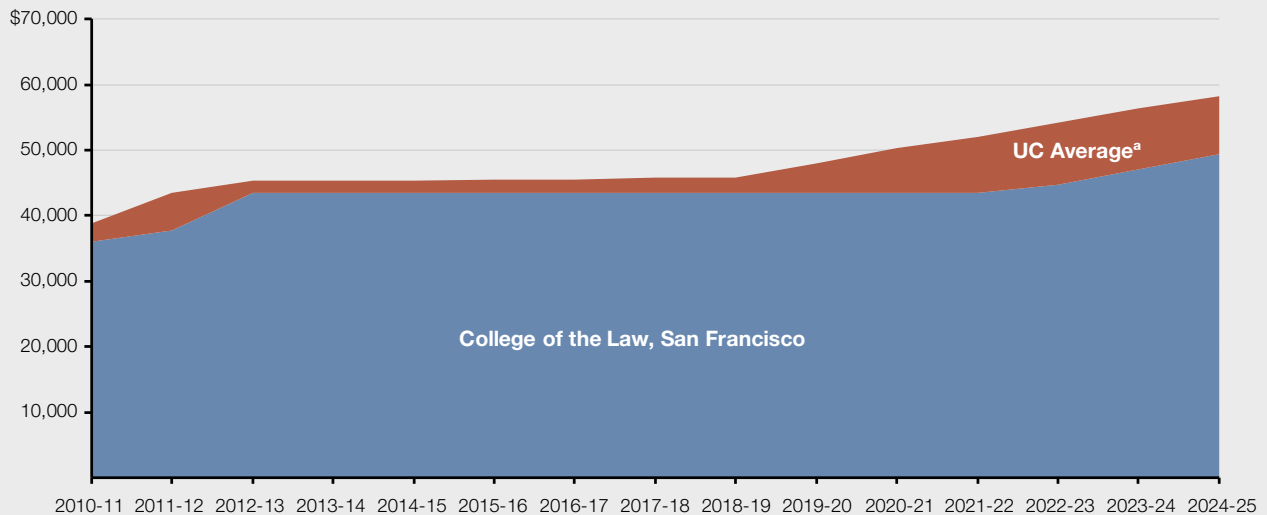
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Figure 3

### Tuition Level Remains Below UC Average, Despite Recent Increases

Resident Tuition Charge for Juris Doctor Programs, Unadjusted Dollars



<sup>a</sup> Reflects average tuition and fee charges for UC's four law schools.

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For the past three years, CLSF has raised JD tuition charges—by 3 percent in 2022-23, 5 percent in 2023-24, and 5 percent in 2024-25. Nonresident students pay a supplemental tuition charge. CLSF also has increased these charges over the same period—by 7 percent in 2022-23, 8 percent in 2023-24, and 8 percent in 2024-25. Despite the recent increases, CLSF’s JD tuition charge remains lower than the average tuition charge of UC’s four JD programs. While resident CLSF JD tuition was about 5 percent below the resident tuition levels of UC’s JD programs from 2012-13 through 2018-19, it was 15 percent below in 2024-25.

**CLSF Provides Student Financial Aid.** CLSF provides tuition discounts for some students based on merit. The school has a tuition discount rate of approximately 30 percent. CLSF maintains tuition discounts to recruit students and to mitigate the impact of fee increases on accessibility.

**State Often Provides CLSF With a Base General Fund Augmentation.** Some years, the primary way CLSF has covered its operating cost increases has been through an unrestricted state General Fund augmentation. As Figure 4 shows, the size of CLSF’s base augmentation has varied

over the past decade. CLSF also receives state General Fund adjustments for its lease revenue bond debt service and, in certain years, specific program initiatives. Unlike UC and CSU, the state has not funded enrollment growth at CLSF directly, and there is no marginal cost calculation used to determine state funding per student. In the past, the state has provided General Fund base augmentations to the school regardless of whether enrollment increased or decreased.

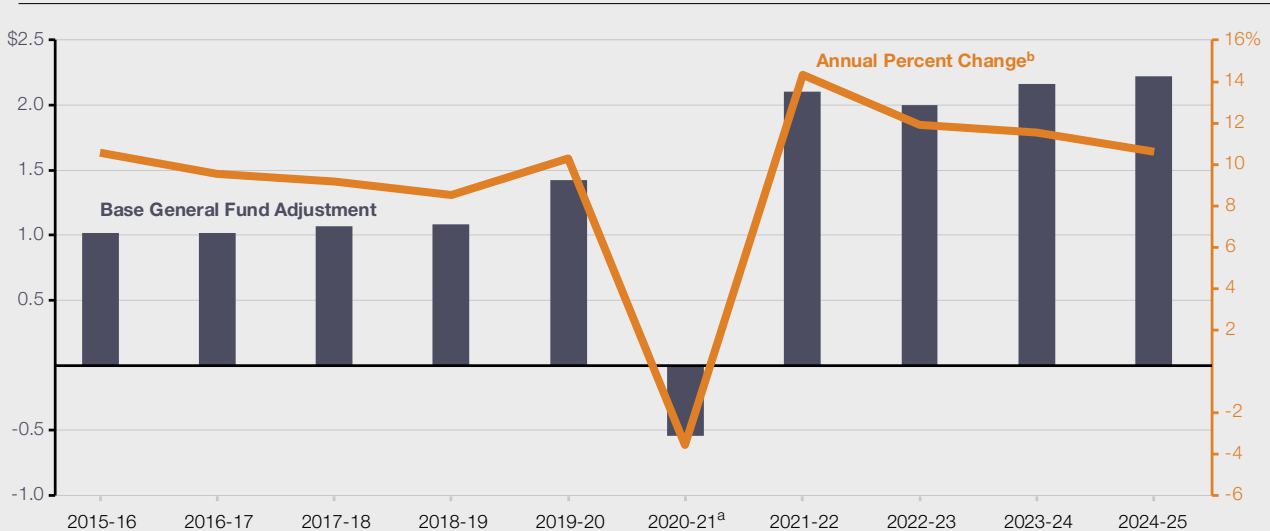
**State Support Has Increased as a Share of Total Funding.** As Figure 5 shows, after adjusting for inflation, total core funding per student in 2024-25 is similar to what it was in 2015-16. In 2024-25, state support makes up one-third of CLSF’s core funding, compared to just over one-fifth a decade ago. Meanwhile, tuition and fee revenue, which accounted for over three-quarters of CLSF’s core support a decade ago, now makes up about two-thirds.

**CLSF Maintains Healthy Reserves.** Like other higher education segments, CLSF maintains reserves to mitigate risks and manage potential cash flow issues. The Board of Directors adopted a policy to maintain a minimum reserve level

Figure 4

**State Has Provided Law School With a Base Augmentation in Most Years**

Ongoing General Fund (Dollars in Millions)



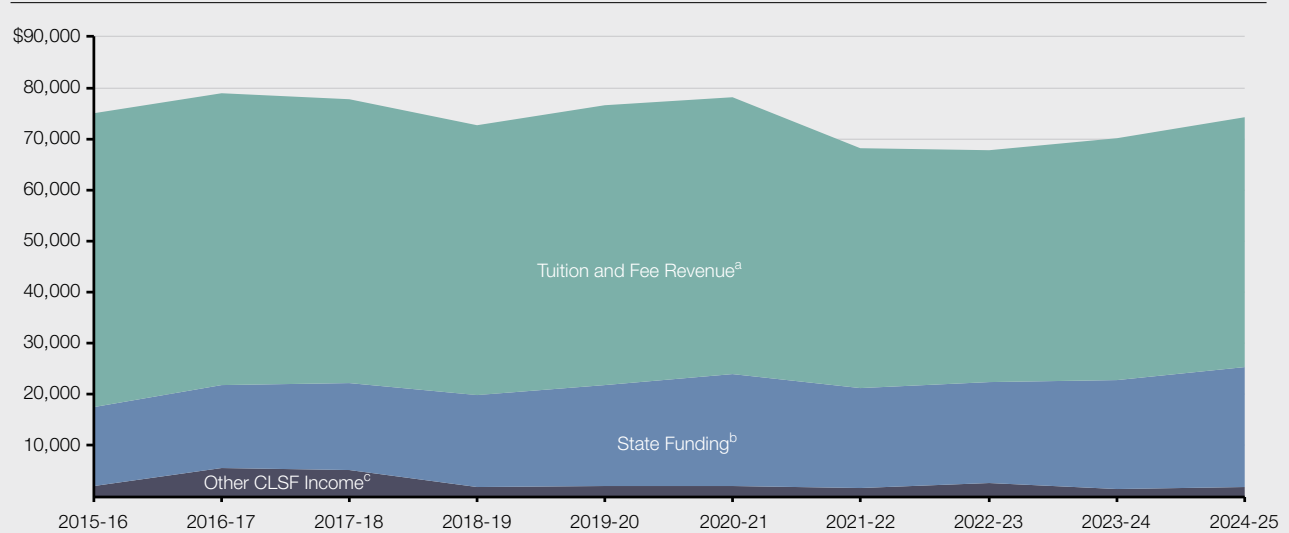
<sup>a</sup> Base General Fund was reduced in response to the pandemic-related recession.

<sup>b</sup> Reflects base General Fund adjustment over the amount of total ongoing General Fund provided the previous year.

Figure 5

### CLSF's Core Funding Per Student Is Nearly \$80,000

Core Funds Per Full-Time Equivalent Student, 2024-25 Dollars



<sup>a</sup> Includes funds for financial aid.

<sup>b</sup> Includes ongoing General Fund support, state support provided for debt service on state lease revenue bonds, and the State Lottery Fund.

<sup>c</sup> Consists of income from scholarly publications, investment income, overhead and internal transfers, and fee revenue. In 2023-24, excludes \$4 million CLSF transferred to its reserve account.

CLSF = College of the Law, San Francisco.



equivalent to 5 percent of the school’s total annual operating revenues. CLSF estimates that its 2024-25 year-end reserves will total \$36 million, equating to five months of operating expenditures. The Government Finance Officers Association historically has recommended that government agencies hold at least two months of unrestricted budgetary fund balances.

### Spending

**CLSF’s Workforce Has Been Growing in Tandem With Enrollment.** Over the last decade, the number of individuals employed by CLSF has increased. In 2015-16, CLSF’s workforce totaled 231 individuals. By 2024-25, this total had grown to 278 individuals (increasing by 21 percent). This growth is in line with the growth in enrollment over the same period. The student-to-employee ratio at CLSF has been roughly four to one since 2015-16. CLSF’s student-to-faculty ratio is currently ten to one (inclusive of its master’s programs) and has held close to that level for the past decade. Since 2015-16, the most notable change in personnel has been the growth in those

providing instruction-related services (including faculty and support staff). The number of positions in this category grew from 127 to 165 in 2024-25 (a 30 percent increase). All other position categories (academic support, student services, and institutional support) grew in size by an average of 10 percent, while facilities and maintenance personnel did not grow.

**Employee Compensation Is School’s Largest Expense.** CLSF estimates that its personnel costs (including salaries and benefits) comprise roughly half of its core operating costs in 2024-25. That year, CLSF provided its faculty a 3 percent merit increase, while other staff eligible for a general salary increase also were provided a 3 percent increase. Given its small size and affiliation with UC, CLSF participates in certain UC benefit programs, including the University of California Retirement Plan and UC health and retiree health programs. As discussed in *The 2025-26 Budget: The University of California*, the costs of these programs have been increasing over time.

**Financial Aid Costs Are Largest of Remaining Operating Costs.** CLSF faces various operating costs beyond employee salary and benefits. In 2024-25, CLSF estimates that financial aid costs account for nearly 20 percent of its operating expenditures. The remainder of the school's operating costs includes operating equipment and expenses (utilities, rent, and supplies), as well as safety and security contracts.

**School Is Operating From a Deficit Position in 2024-25.** CLSF reports it has a \$2.9 million deficit in 2024-25. It estimates core operating costs total \$87 million, while it anticipates core revenues totaling \$84 million. Recent salary enhancements and the hiring of additional lecturers and staff primarily drive the operating deficit. CLSF plans to utilize reserves to address the deficit.

## 2025-26 BUDGET

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In this section, we discuss the Governor's 2025-26 budget proposals for CLSF and the school's corresponding 2025-26 spending plan.

### Governor's Proposals

**Governor Proposes Net Unrestricted General Fund Augmentation for CLSF.** The Governor's budget proposes a \$2.4 million ongoing unrestricted General Fund base augmentation to "support College of the Law costs." Whereas most state agencies are not receiving unrestricted General Fund augmentations under the Governor's budget, the administration indicates it took a different approach for CLSF because the school is small and currently has an operating deficit. While the Governor proposes an ongoing General Fund base augmentation, the school would also be subject to a \$1.8 million ongoing General Fund base reduction. This reduction is pursuant to Control Section 4.05 of the *2024-25 Budget Act*, which applied up to a 7.95 percent ongoing reduction to the "state operations" component of most state agencies' budgets. CLSF is subject to this reduction in 2025-26. The net effect of the two actions in 2025-26 is an ongoing General Fund base increase of \$507,000 (2.2 percent).

**Governor Proposes State Support for McAllister Tower Project, Phase 2.** Phase 2 of the project comprises the renovation of the interior of the facility. Additional building amenities would also be updated, including support and event spaces. The school now estimates that the project could deliver somewhat more beds than originally estimated (23 additional beds, or 280 total beds).

CLSF indicates this level of funding would allow for rents across its housing portfolio to be reduced by 20 percent, a slightly greater discount than originally projected. The proposal is for the state to fund remaining project costs (\$151 million) in place of the school covering the costs, as originally planned. The Governor's budget provides the first year of General Fund support to cover the debt service associated with funding Phase 2 of the project, with an expectation that \$10.1 million will be provided to the school annually over the next 30 years for this purpose. The administration does not have this project going through the State Public Works Board review and oversight process, as it did for the school's last academic facility project.

### School's 2025-26 Plans

**CLSF Is Planning to Increase JD Student Tuition Charges.** In 2025-26, CLSF is scheduled to increase both its resident and nonresident tuition charges, representing the fourth consecutive year both of these charges would grow. Resident tuition is scheduled to increase by \$3,704 (7.5 percent), reaching \$53,087. Even after accounting for this proposed increase, the school's resident JD tuition level would be 13 percent below the average resident tuition level of UC's four JD programs. The school's nonresident supplemental tuition charge is scheduled to increase by \$1,198 (16 percent), reaching \$8,686. CLSF notes that the large increase in the nonresident supplemental tuition charge is to bring that rate more in-line with UC's four JD programs while also generating more revenue. CLSF also plans to maintain its policy of discounting tuition charges by a maximum of 30 percent in 2025-26.

**CLSF Enrollment Is Projected to Remain Nearly Flat.** CLSF anticipates JD enrollment to decline by one FTE student (-0.1 percent) in 2025-26. This drop is expected to be offset by a small increase in master’s program enrollment (which is expected to grow by two FTE students). In total, the school’s enrollment is projected to be 1,129 FTE students in 2025-26.

**Core Funding Per Student Increases Substantially Under Governor’s Proposed Budget.** Beyond the Governor’s proposed net base increase of \$507,000 and proposed \$10.1 million ongoing General Fund debt service augmentation, the school expects to generate an additional \$4.3 million in tuition revenue as a result of its planned tuition increases. Altogether, the school expects its core funding to increase by \$14.6 million. As **Figure 6** shows, on a per-student basis, the school’s core funding, including the new ongoing debt service, increases by approximately \$12,900 (17 percent).

**CLSF Is Budgeting for Several Cost Increases.** CLSF has identified \$4.8 million in new spending priorities (excluding debt service for the McAllister Tower, Phase 2 project). The school’s largest planned cost increase is \$2.5 million for student financial aid. CLSF also plans to increase its overall employee salary pool by 3 percent (at a cost of \$1.1 million), hire additional faculty (\$521,000), and cover employee benefit cost increases (\$105,000).

The remainder (\$532,000) consists of covering higher costs for operating expenses and equipment, office rent, and program start up. (This **table** lists all of CLSF’s new spending priorities.)

**CLSF Expects to Have a Deficit in 2025-26.** Similar to its budget situation in 2024-25, CLSF also expects to have a \$2.9 million deficit in 2025-26. CLSF has begun identifying ways to address its operating deficit. As part of this process, CLSF is reevaluating its staffing levels in certain areas outside of instruction and direct student support. CLSF has identified \$1.5 million in associated ongoing operational reductions. CLSF plans to use reserves to cover the remaining deficit. The school estimates that its 2025-26 year-end reserves will total \$34 million. Even with the projected decline in reserves, CLSF still would have reserves equating to 4.1 months of operating expenses, a healthy reserve level. CLSF projects that it will no longer operate from a deficit position in 2026-27.

**School Is Planning to Move Forward With McAllister Tower Renovation, Phase 2.** With the Governor’s proposed ongoing General Fund support for the McAllister Tower renovation, CLSF is planning to issue university revenue bonds in July 2025 to begin Phase 2 of the project. The school plans to sell the bonds all at once to ensure that cash for the entirety of Phase 2 of the project is in place for the awarding of construction services and other related costs.

Figure 6

### School’s Core Funding Increases in 2025-26

(Dollars In Millions, Except Per-Student Amounts)

	2023-24 Actual	2024-25 Revised	2025-26 Proposed	Change From 2024-25	
				Amount	Percent
<b>Ongoing Core Funds</b>					
Student tuition and fees	\$54.0	\$55.2	\$59.4	\$4.3	7.8%
General Fund <sup>a</sup>	24.0	26.3	36.9	10.6	40.3
Other <sup>b</sup>	-2.0	5.2	4.9	-0.2	-4.7
Subtotals	(\$76.1)	(\$86.6)	(\$101.2)	(\$14.6)	(16.9%)
<b>Full-Time Equivalent Students<sup>c</sup></b>	1,167	1,128	1,129	1	0.1%
<b>Core Funding Per Student</b>	\$65,207	\$76,751	\$89,631	\$12,881	16.8%

<sup>a</sup> Includes ongoing support provided for debt service on state lease revenue bonds. In 2025-26, the Governor’s budget includes a \$10.1 million ongoing augmentation for university bond debt service for the McAllister Tower renovation project.

<sup>b</sup> Includes State Lottery Fund, certain investment earnings, and income from scholarly publications.

<sup>c</sup> Consists of students enrolled in the school’s Juris Doctor and master’s programs.

## ASSESSMENT

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In this section, we assess the Governor's budget proposals and school's budget plans.

***Given State's Fiscal Condition, Unclear How Higher Proposed Spending Would Be Sustained.*** CLSF's 2025-26 budget plans are built on an assumption that ongoing state General Fund support will grow by \$10.6 million (40 percent) in 2025-26. Given the state budget condition and projected out-year deficits, the state has no plan as to how it would be able to sustain these spending increases in 2026-27. Typically, when facing deficits, the state acts to contain, rather than increase, its costs.

***CLSF Could Revisit Aspects of Its Spending Plan.*** Some of CLSF's planned spending increases are unavoidable, such as the need to cover rising benefit costs, similar to other agencies. However, other planned increases, such as salary increases for nonrepresented faculty and staff, are discretionary. The Legislature may want to assess these planned increases in light of compensation decisions for other state and university employee groups. Additionally, student financial aid comprises the majority of the school's proposed spending costs. Particularly in light of its projected 2025-26 operating deficit, CLSF could reevaluate its proposed financial aid spending.

***CLSF's Out-Year Budget Projections Are Built on Risky Assumptions.*** CLSF projects that it will no longer operate from a deficit position in 2026-27. This projection is partly built on an expectation that the school will continue to be provided General Fund base augmentations of at least 10 percent in 2026-27 and into the out-years. Given the state's projected deficits, an expectation that it would be able to provide CLSF with continued General Fund support at that level is unlikely. CLSF's projections also assume it continues to increase its JD tuition charges by 5 percent in 2026-27 and 2027-28 and 3 percent in 2028-29, though it is unclear if the Board of Directors would continue to support rising tuition charges.

***McAllister Tower Project Has Already Received Substantial State Support.*** Specifically, the 2022-23 Budget Act allocated \$90 million one-time General Fund to CLSF to cover the

seismic retrofit of the facility. As proposed, this amount equated to approximately 40 percent of the project's cost. The amount was in line with what CLSF identified would be needed in state support to provide below-market housing units. At that time, CLSF planned to finance the remaining costs through conventional debt, funded by student housing fees, and a federal historic tax credit program. Under the original time line, construction was to begin on the facility in July 2023. There was no expectation that CLSF would request additional state support to complete a Phase 2 of the project.

***CLSF Indicates Previous One-Time Support Is No Longer Sufficient to Provide Below-Market Rents.*** Since 2022, CLSF has moved forward with the seismic retrofit of the facility, but has not taken action to renovate the remainder of the facility as originally planned. CLSF notes that, from 2022 to 2024, the remaining project costs have increased from \$129 million to between \$185 million and \$194 million due to construction cost escalation and historic preservation costs. A portion of that cost (\$34 million) is projected to be funded with proceeds from a federal historic tax credit program, while the remainder (\$151 million) would be covered with ongoing General Fund debt service support under the administration's proposal. CLSF canceled its original debt financing plan due to the cost increase. It indicates this action was taken as the rents the school would have needed to charge its students to cover the increase in project costs would no longer make the housing units below market rates.

***New McAllister Tower Proposal Is Different From Previous Request.*** Specifically, the Governor's new proposal would not only result in reduced housing rents for McAllister Tower, but across the entire campus housing portfolio. The proposed funding would be used to also reduce rents at the school's other student housing facility by about 20 percent. In sum, 717 beds—280 at McAllister Tower and 437 at the other facility—would be available at below-market rates. This amount exceeds the initial expectation of 257 beds, at a single student housing facility, being offered at a below-market rate.



**McAllister Tower Project Differs From Other Recent State-Supported Student Housing Projects.** As **Figure 7** shows, the state recently provided UC with General Fund debt service support for five student housing projects. The state contributed just over one-third of the total project costs for these five UC projects combined. For the McAllister Tower project, the state would be responsible for 85 percent of the project costs. Additionally, the new student housing units generated by the UC facilities are required to meet the definition of “affordable” specified in Chapter 262 of 2021 (SB 169, Committee on Budget and Fiscal Review). The McAllister Tower proposal would allow the school to provide below-market rates, but those rates likely would not meet the statutory definition of affordable. Additionally, the UC projects are in various stages of construction, with the San Diego project already complete. The McAllister Tower project is behind the original construction schedule and will not be operational until fall 2027, at the earliest.

Figure 7

**McAllister Tower Project Differs From Other Recent State-Supported Student Housing Projects**

Recent Student Housing Projects

	Project Costs		Bed		
	State	Nonstate	Affordable <sup>a</sup>	Standard	Totals
CLSF, McAllister Tower	\$241	\$43		717 <sup>b</sup>	717
<b>UC Projects<sup>c</sup></b>					
San Diego	\$100	\$265	1,100	210	1,310
Berkeley	100	265	310	790	1,100
Santa Cruz	89	106	320	120	440
Irvine	65	16	300	—	300
Los Angeles	35	29	358	84	442

<sup>a</sup> Affordable student housing for the UC projects is defined as 30 percent of 50 percent of the area median income for a single-room occupancy unit type.  
<sup>b</sup> CLSF indicates McAllister Tower would have 280 beds. An additional 437 beds already are available through the school’s 198 McAllister facility. CLSF is not subject to the affordability requirement that applies to the UC student housing projects. CLSF indicates it plans to use the state support for the 100 McAllister Tower project such that it could charge rent for all 717 beds that is 20 percent below market rates. These rates would be higher than those for the UC student housing projects.  
<sup>c</sup> Includes UC projects approved in 2022-23 for the Student Housing Grant Program.  
 CLSF = College of the Law, San Francisco.

Furthermore, the state was clear with all other student housing projects that schools needed to have plans in place to deal with cost overruns to ensure the projects could be completed and the number of affordable beds delivered without requiring additional state support.

## RECOMMENDATIONS

**Reject General Fund Base Augmentation.**

Given the state’s fiscal condition, we recommend the Legislature reject the Governor’s proposed base General Fund augmentation. Under this approach, the school’s ongoing core funding still would grow by \$2.2 million (3 percent) in 2025-26 due to the expected increase in tuition and fee revenue. This funding would help cover some of CLSF’s spending priorities.

**Reject McAllister Tower, Phase 2 Funding.**

As noted in *The 2025-26 Budget: Higher Education Overview*, given the state’s budget condition, we recommend that a strong case be made for any new higher education spending. Phase 2 of the McAllister Tower project does not

meet that standard. There was no expectation from the state that CLSF would require additional state funds to complete the McAllister Tower project. Moreover, UC student housing projects received a smaller share of state support, yet have generally remained on track and are delivering the agreed-upon number of affordable-rent beds. Rejecting this proposal would provide budget relief to the state. The school could revisit its project design and financing options to ensure it could still deliver at least 257 beds at below-market rates. The school’s reserve currently is healthy, which could help as the school considers its financing options.





## LAO PUBLICATIONS

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