



Michael V. Drake, MD
President

December 14, 2020

Office of the President
1111 Franklin St.
Oakland, CA 94607

PRESIDENT-ELECT JOE BIDEN
VICE PRESIDENT-ELECT KAMALA HARRIS

universityofcalifornia.edu

Dear President-elect Biden and Vice President-elect Harris:

CAMPUSES

- [Berkeley](#)
- [Davis](#)
- [Irvine](#)
- [UCLA](#)
- [Merced](#)
- [Riverside](#)
- [San Diego](#)
- [San Francisco](#)
- [Santa Barbara](#)
- [Santa Cruz](#)

On behalf of the University of California (UC), I am so pleased to congratulate you on your historic election to the presidency and vice presidency of the United States of America. Assuming the highest offices in the land is always an immense responsibility. At this point in our nation’s history, however, this is an especially audacious task given that we are simultaneously experiencing several enormous national crises: a deadly pandemic, an ailing economy, a deep need to reckon with systemic racism, and an urgent requirement to address climate change.

MEDICAL CENTERS

- [Davis](#)
- [Irvine](#)
- [UCLA](#)
- [San Diego](#)
- [San Francisco](#)

The University continues to grapple with many of these same challenges, albeit on a smaller scale. In response to the COVID-19 pandemic, UC’s academic health centers are delivering life-saving care to those who have been infected by this deadly virus, even as we continue to serve as a safety-net provider to tens of thousands of Californians experiencing other medical conditions; we have transformed the way we deliver education to our 285,000 students; we have worked hard to protect our 227,000-person workforce in the face of the economic downturn; and we have pledged to achieve carbon neutrality by 2025.

NATIONAL LABORATORIES

- [Lawrence Berkeley](#)
- [Lawrence Livermore](#)
- [Los Alamos](#)

We are working toward these essential goals, even as UC has experienced more than \$2.7 billion in lost revenue and additional expenditures owing to the pandemic. And because California’s economy has taken a significant hit, the UC system could see additional – and substantial – losses. Our campuses have experienced nearly \$1.2 billion in costs and our academic health centers have costs exceeding \$1.5 billion.

As the largest research institution in the world, we know that – in partnership with the federal government – there is no challenge that UC cannot meet, no problem we cannot help solve, to the benefit of Californians and all Americans.

One need only to look to UC Berkeley Professor and Lawrence Berkeley National Laboratory Faculty Scientist Jennifer Doudna, who used funding from the Departments of Energy, Defense, Health and Human Services and the National Science Foundation to develop the life-changing, life-saving technology CRISPR-Cas9 – for which she was jointly awarded the Nobel Prize in Chemistry in October. UC is also proud that you have selected three UC San Francisco faculty to be key members of your COVID-19 task force to help shape your approach to effectively managing the pandemic.

As you continue to chart a course for our nation’s future, know that the University – with our deep well of expertise from the sciences to the humanities – stands ready to help your Administration in moving America forward.

As the lead plaintiff in the Deferred Action for Childhood Arrivals (DACA) case the Supreme Court decided last summer, please permit me to extend UC's gratitude to you for your commitment to fully reinstating DACA on Day 1 of your Administration as you work toward a long-term solution to the broken immigration laws that do not serve our nation's undocumented and immigrant communities.

Finally, UC respectfully submits the following recommendations for your consideration as your new Administration confronts the nation's short-term and longer-term challenges and seizes on the opportunities before us.

COVID-19 PANDEMIC RESPONSE:

State Aid

- **Strong support for states.** UC is the third largest employer in California, with 227,000 faculty, researchers, and staff – whose salaries rely heavily on federal and state funding. Both the state and federal government are critical partners in ensuring that UC remains operational, affordable and accessible. It is imperative that the federal government assist states across the nation so that they can continue to recover from the pandemic, provide basic services to residents and prevent downstream cuts to critical state government-supported services, including public higher education. The most recent California state budget specifically included provisions that required receipt of federal state aid funds by October, 2020, to ensure that critical services offered by UC and other public entities and agencies do not experience budget cuts. Given that no such funds have yet been appropriated, UC and the California State University system received budget cuts from the state, all while we continue to grapple with significant losses and expenditures associated with the COVID-19 pandemic. Additional federal investments in our states is urgently needed.

Education

- **Provide \$120 billion for the Higher Education Emergency Relief Fund (HEERF).** This additional funding to HEERF would ensure relief is distributed in a manner that allows for maximum flexibility in use of funds while maintaining reasonable and effective transparency/accountability measures for institutions. We urge Congress to maintain the formula using full-time equivalency as established in the CARES Act rather than the proposed formula that uses headcount as included in the HEROES Act.

Health

- **Provide access to low-cost capital for hospital infrastructure.** Due to the financial strain placed on academic health centers as a result of COVID-19, access to affordable capital is a necessary lifeline for hospitals, as they return to normal operations, as well as for the communities they serve. Providing access to zero interest loans and/or grants during the pandemic would allow our academic health centers and other health care institutions to free up resources crucial to addressing future outbreaks.
- **Ensure the continuation of California's 1115 Medicaid waiver,** which includes supporting a 12-month extension of the current waiver and working in close partnership with the state and public health care systems to advance the renewal of a five-year 1115 waiver.

- **Help working Americans preserve their employer-sponsored insurance coverage** by providing federal subsidies to pay COBRA premiums and creating special enrollment periods for state health exchanges, including those that are federally-facilitated exchanges versus state-administered, as well as Medicare Advantage.
- **Increase the Federal Medical Assistance Percentage (FMAP)** for the Medicaid program beyond the initial 6.2 percent agreed to in earlier COVID-19 legislation and up to an additional 14 percent, and extend the duration of the increase for at least one year after the public health emergency expires.
- **Increase the Medicaid Disproportionate Share Hospital (DSH) allotment** by at least 2.5 percent for at least one year after the public health emergency expires.
- **Delay any statutorily planned cuts to the Medicaid DSH program through 2022.** Any cuts to Medicaid would disproportionately affect the safety net hospitals and public health systems treating a great share of the country's sickest COVID-19 patients.
- **Delay any statutorily planned cuts to the Medicare program,** including the Medicare "sequester" 2 percent cut in provider payments, until after the public health emergency expires.
- **Protect University students' access to in-network medical care, including mental health services, during the pandemic** by passing federal legislation that will allow temporary, interstate licensure of currently licensed clinicians during the current or any future public health emergency, and up to six months beyond, for services delivered remotely via telehealth technologies.

Research

- **Provide \$26 billion in emergency supplemental funding to mitigate the impact of COVID-19-related disruption on federally-funded research.** As authorized in the bipartisan Research Investment to Spark the Economy (RISE) Act (H.R. 7308/ S. 4286), this funding for all science agencies would provide researchers financial support to complete their original awards that were suspended or significantly delayed due to the pandemic.

Economic Recovery/Infrastructure

- **Access to low-cost capital.** As previously stated in the health section, access to affordable capital is a necessary lifeline for institutions, and the communities they serve, if they are to return to normal operations. Colleges and universities face significant infrastructural and economic recovery challenges in returning to normal operations, and access to low-cost capital will be an essential complement to other federal aid sources used for these purposes. Furthermore, providing access to zero interest loans and/or grants during the pandemic with the opportunity to refinance existing debt would allow institutions to free up resources for outbreak response purposes. Higher education institutions, regardless of the number of employees an entity may have, need to be identified specifically to ensure these funds can be accessed.
- **Extension and expansion of Federal Reserve emergency liquidity programs.** UC recommends that the Federal Reserve be permitted to continue to operate emergency lending liquidity programs established through COVID-19 relief funds to assist with economic recovery efforts. Additionally, UC recommends that eligibility to participate in

the Federal Reserve's emergency lending programs should be expanded, where appropriate, to include entities such as UC, which is an institution of higher education, but also is considered to be a state entity.

- **Re-instatement of Advance Refunding Bonds** would be particularly valuable to COVID-19 economic recovery efforts by ensuring that governmental entities, including state and local governments, and municipal bond issuers are able to refinance certain bonds to take advantage of lower interest rates, and provide for greater cost savings. It would also help to free up capital for necessary infrastructure projects. Through reinstatement of Advance Refunding Bonds, UC could refinance over \$5 billion of debt, yielding \$800 million in present value savings. This savings could not only reduce expenses for our campuses and medical centers but also debt service savings on auxiliaries, which could reduce housing costs for our students.
- **Main Street Lending Program.** Enacting Section 110604, "Main Street Lending Program (MSLP) Requirements" of the HEROES Act would allow the Federal Reserve to make the Main Street Lending Program available to non-profit organizations, including institutions of higher education. In addition, clarification is needed from either the Federal Reserve through guidance or through congressional legislation that non-profit organizations and institutions of higher education are eligible to participate in the MSLP, regardless of the number of employees an entity may have. The MSLP is aimed at assisting businesses not meeting small business definitions and non-profits meeting certain requirements, but entities such as UC remain ineligible. UC has over 200,000 employees and the MSLP is limited to entities with fewer than 15,000 employees.
- **Expansion of the Federal Reserve's options to assist state and local governments,** including changes to the municipal liquidity facility through the enactment of Section 110801, "Emergency relief for State, territorial, Tribal and local governments," of the HEROES Act. This provision would allow the Federal Reserve to buy any "bills, notes, revenue bonds, and warrants issued by" states and certain other entities. This section could help state and local governments to defray costs associated with COVID-19, and would be helpful in additional relief legislation, with additional clarifying language added to specify that state agencies, public universities and municipal bond issuers would be eligible to participate. This clarification would help to ensure entities such as UC can access this financing.
- **Municipal Liquidity Facility (MLF).** The addition of language – either through legislation or through guidance issued by the Federal Reserve related to the MLF, which originated as part of the lending facilities initiated under the CARES Act – to clarify that public universities, state entities, and municipal bond issuers are eligible to participate in the MLF would help to ensure that entities such as UC would be eligible to participate.

ADDITIONAL PRIORITIES AND OPPORTUNITIES:

Education

- **Double the Pell Grant:** Expanded and increased financial support for Pell Grant students and attention to issues regarding basic needs among college students. Combined with the strong California State and UC financial aid programs, expanding Pell Grant support would allow our campuses to offer a debt-free path to an undergraduate degree. UC enrolls more than 80,000 Pell Grant recipients, including 43 percent of all California resident undergraduates.

- **Title IX:** The Title IX rule should be repealed, and measures should be temporarily put in place prior to the full repeal since it may be a lengthy regulatory process.
- **Minority Serving Institutions (MSIs):** Greater support of research institutions that are designated as MSIs (inclusive of Hispanic Serving Institutions, Asian American and Native American Pacific Islander-Serving Institutions, Tribal Colleges and Universities, Historically Black Colleges and Universities and Predominately Black Institutions).
- **Student loan forgiveness:** Many students are struggling to meet the obligations of their student loans coupled with a collapsed economy. There should be some loan forgiveness for those who are struggling the most as it will make economic recovery easier for these families.

Health

- **Fund additional Graduate Medical Education (GME) residency slots under the Medicare program:** California and the nation are experiencing a severe physician workforce shortage, as a significant share of physicians reach retirement age and leave the workforce. UC Health requests that Medicare fund an additional 15,000 GME residency slots, at a rate of 3,000 additional slots annually, over the next five years.
- **Lift the Medicare GME Cap:** Half of California's medical residents are trained in the UC Health system. As California's population increases, and new medical schools such as UC Riverside's School of Medicine have opened, UC's teaching hospitals have been operating under a Medicare GME residency cap put into place during the late 1990s. Consequently, annually, UC's academic health centers (AHCs), along with other AHCs nationwide, assume a greater burden of the costs to train medical residents. Presently, UC trains more than 800 medical residents above its GME Medicare cap, taking on a burden of \$70 million annually to do so.
- **Address growing health disparities in underserved patient populations and communities** by investing more in Health Services and Resources Administration (HRSA) programs aimed at bolstering the number of underrepresented demographic groups entering the health professions and serving populations and areas experiencing the greatest healthcare inequities.
- **Invest in medical education directed at underserved populations or geographic areas:** UC Health supports federal grants directed to new schools of medicine or branch campuses of established schools of medicine, like UC Riverside School of Medicine and the UCSF School of Medicine Fresno branch campus, that were founded with the objective to serve underrepresented populations and/or bring medical care to federally-designated healthcare shortage areas.

Research

- **Research recovery:** In the absence of a COVID-19 package that contains \$26 billion for research recovery, UC encourages the administration to direct the science agencies to include this request in their fiscal year 2022 budget requests.
- **Extend the Joint Committee on the Research Environment (JCORE):** Maintain the JCORE interagency working group under the Office of Science and Technology Policy to ensure coordination and consistency of federal agencies relating to research security policies. Additionally, JCORE should continue to seek input and counsel from the

academic community as it develops these policies. Increasing security protocols to protect Intellectual Property is important, but a balance must be achieved to ensure the principles of academic freedom are maintained.

- **Support sustained research funding increases:** For the United States to maintain its leadership in innovation, the science agencies require robust increases in research funding. UC recommends the administration's budget requests to sustain real growth of at least 5 percent a year for research and infrastructure across the science agencies.
- **Climate change:** Pledging to become carbon neutral by 2025, UC applauds the incoming administration's focus on climate change. As a national leader in this important area, the University recommends ten scalable solutions for carbon neutrality and climate stability as cited in UC's [Bending the Curve report](#); the University recommends an all-of-the-above approach to tackling this issue and strongly encourages the administration to provide robust funding for fundamental research, which is the seed corn for future innovation.

Thank you for the opportunity to share with you our ideas and priorities for California and the nation. While this is a long list of requests and recommendations, I know that many of these are already on your minds and have your attention.

If you have any questions about the University's federal recommendations and priorities, please contact me. I look forward to working with your Administration on the many important issues facing our nation. UC has a tremendous amount of expertise that I believe would be invaluable to your Administration and I am happy to engage with your team in bringing this expertise to the important work before you.

I wish you the very best as you lead our country out of these difficult times.

Sincerely,

A handwritten signature in black ink that reads "Michael V. Drake" with a stylized flourish at the end.

Michael V. Drake, M.D.
President

cc: Chancellors
Provost Michael Brown
Executive Vice President Nathan Brostrom
Executive Vice President Carrie Byington, MD
Senior Vice President Claire Holmes
Associate Vice President Chris Harrington