

Does UCSC campus really need a research center?

First of three articles

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SANTA CRUZ — It has been two years since UCSC Chancellor Robert Sinsheimer announced that the university would begin studying a proposal to turn some 100 wooded acres on the north side of the UCSC campus into something called a "research and development center."

In the intervening time, the R&D center proposal has been the subject of considerable controversy and a succession of studies. Twenty-four months after Sinsheimer's initial announcement, the proposal is still being studied, and the questions about it persist:

Does the UCSC campus really need the proposed research center?

If the campus goes ahead with the development — intended, according to an early "fact-finding" study, for tenants engaged in fundamental and applied research or in "product development in a field in which university faculty are engaged" — will anybody come to lease the land?

From its inception, the principal justification for the proposed R&D center has been economic. The UCSC campus, Sinsheimer has maintained from the start, needs the lease income the project would bring.

In a special report to the campus community a year ago, Sinsheimer noted that UCSC had suffered serious cutbacks in state support in the wake of Proposition 13 and said, "The fiscal losses that have already been sustained are not likely to be reversed."

"In my view," the chancellor wrote, "UC Santa Cruz must seek to recover the support which has been lost in the state budget from new sources."

A lot has changed in the ensuing 12 months.

The California economy has rebounded, state tax revenues are rising and the state budget, once perilously close to being printed in red ink, is accumulating a healthy surplus.

Meanwhile, the University of California, buoyed by Gov. Deukmejian's proposed 30 percent budget increase, appears to be riding high in the fiscal saddle once again.

And according to UC President David Gardner, there's more money where the impending 1984-85 funding hike is coming from.

Gardner told UCSC faculty members during a visit to the campus in February that he had pledged himself "to recover what UC has lost to budget reductions in past years." He forecast at that time that this year's budget proposal would be "just the first step" in a series of Deukmejian-backed increases for the nine-campus UC system.

The changing UC budget picture appears to have robbed the economic argument for the proposed R&D project of some of its urgency.

Observed one faculty member, who insisted on anonymity, "The (R&D) park only means a piddling amount of money — \$1 million a year. The campus is going to get rained on with money."

To some, it might appear that UCSC is already inundated with money. The campus' budget for the current fiscal year is \$82 million, of which slightly more than half — \$44.5 million — comes from the state. (The balance comes from student fees, the federal government, "auxiliary enterprises" such as student housing, the campus bookstore and parking permit sales, and "other sources," according to UCSC Budget Director Victor Kimura.)

Nevertheless, another faculty observer, environmental planning professor Paul Niebanck, has cautioned that the campus cannot afford to abandon a potential money-maker like the proposed R&D center. Noting that the state budget situation is "highly volatile," Niebanck said recently, "The time will come when we go down again. Like any community, we have to establish the strongest base we (can) and we certainly have the room to do it."

UCSC may have the room, but the question remains as to whether it has a sure thing in the R&D park proposal. There is no assurance that the construction of roads and the installation of utilities on a piece of scenic real estate will translate into lease income for the university.

Experience elsewhere suggests that university-based R&D parks can be speculative ventures. According to a report by the Southern Regional Education Board, cited in a magazine article in December, most such developments promoted by universities over the last 30 years have been failures.

The report stated that of 27 university-related research parks established since 1950, just six could be counted as successes, while 16 parks had failed and five were on the borderline between success and failure.

A look at other university R&D park projects around the country indicates that strong, on-going basic research programs are often coincident with the establishment and successful development of such projects.

UCSC, by Chancellor Sinsheimer's own admission, is "thinly staffed" when it comes to basic research.

Comparisons between UCSC and some other universities which have developed, or are embarking on the development of R&D parks, are dramatic.

At Princeton University, which nine years ago received the first tenant at its Princeton-Forrestal Center, basic research in physics alone currently totals more than \$100 million a year, according to a campus spokesman.

When the University of Utah began planning a research park in 1968, basic research funding there totaled \$35 million annually. Currently, the university does more than \$70 million worth of basic research a year.

UC San Diego is in the early phases of planning for a 30-acre R&D park on land donated to the university by the U.S. Navy, for "educational purposes." UCSD, according to a campus spokesman, currently does more than \$140 million worth of research annually.

At UC Santa Cruz, total research funding in 1982-83 was \$7.2 million.

Spokesmen at the University of Utah and UCSD both indicated that the schools' research programs had been, or were expected to be, important factors in attracting industry to their park developments.

At the University of Utah, which has developed 160 acres of a projected 360-acre park, and leased about half the developed acreage, spokesman Charles Evans said, "The level of basic research is a pretty important incentive for some types of firms to locate here."

Evans, assistant director of the University of Utah Research Park, said the park had benefitted "by the fact that the university has become very prominent as a medical center."

"We've been assisted by the spin-off of the university," said Evans. "Some major firms in the park have had close university ties."

"Companies tend to want to locate near universities that tend to produce high-quality graduates (and) where research goes on," said Bruce Darling, assistant vice chancellor at UCSD. "We have brought in a lot of companies (to San Diego) that have come solely because they want to be near a large university," he said.

Darling said that UCSD's "size and diversity," and the level of funding UCSD receives from government and private sources "to conduct basic scientific research" were bound to figure as important factors in attracting industry to the campus and its immediate vicinity.

The University of Texas at Dallas is comparable in age and size to UCSC. Founded in 1969, the UT Dallas campus has an enrollment of 7,500. Like UCSC, it has a relatively small research budget — about \$6 million a year. Despite that fact, when the university opened a 9.4-acre research park on its campus in 1982, the development filled quickly with tenants.

At first glance, UTD's experience would seem to undercut the idea that the existence of a large, on-going research program is important to the success of a university-related research park.

But according to Stewart Fallis, UTD senior vice president, another factor played a major role in making the Dallas development a success: proximity to existing industry.

The UTD campus, he noted, is less than three miles from a "large concentration" of high-tech firms, including computer industry giant Texas Instruments, Rockwell International, Northern Telecom and MCI, a telecommunications company. The firms were already there when the UTD campus was established on the site of a former private research center, he said.

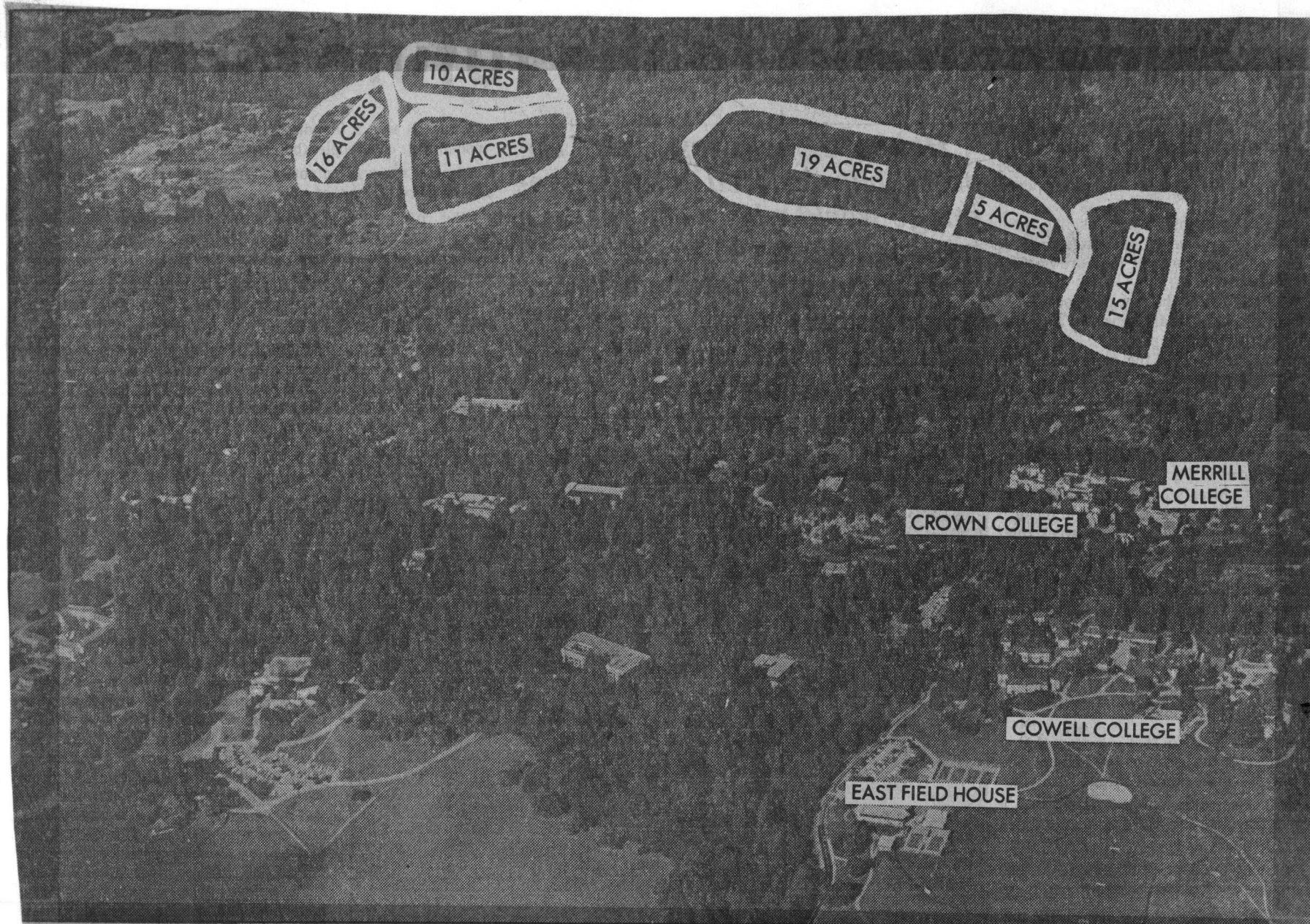
Fallis said the area around the UTD campus is attractive to smaller high-tech firms — an attraction, he said, that is "mainly influenced by the concentration of high-tech companies down the road."

"We (UTD) do have an influence, but also, a very important influence is the companies that are already here," Fallis said. "It's pretty hard for us, as a new institution to bring in new firms."

There is another factor working in favor of the R&D park projects at UTD, UCSD and Princeton University. All of those projects are in developing or already developed areas.

Said Fallis, "We're in a very rapidly developing area; it's closed in all around us."

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Aerial photo shows approximate size and location of proposed research and development center.

Dan Coyro/Sentinel

Princeton University spokesman Gene Biddle said Princeton decided to go ahead with its Princeton-Forrestal Research

Center because development of the area was "inevitable."

"It was going to occur anyway," he said, "so we decided we should have a hand in it."

Similarly, the UC San Diego campus is already surrounded by intensive residential, industrial and commercial development, in a community that, according to campus spokesman Darling, "is scheduled to be the fastest growing area in California, in terms of jobs for electrical engineers and computer scientists, and the second-fastest in the nation."

In the case of UCSD's 30-acre research park, the operative question seems to be not whether companies will choose to lease space there, but rather, which firms will get the limited space available?

Unlike UC San Diego and other institutions, UCSC cannot count on existing development pressures to make its research park a success. If anything, as anyone familiar with the political climate in Santa Cruz can attest, the pressure here is running in the opposite direction.

Short on basic research, and located in an area where public officials are doing all they can to slow (if not discourage) growth, it would seem that UCSC, despite its idyllic setting, is not in the strongest position to successfully develop and promote its proposed research and development center.

As University of Utah spokesman Evans noted, "Not everybody that's got a piece of ground can necessarily establish a research park."