

The Regents of the University of California

COMMITTEE ON EDUCATIONAL POLICY

January 19, 2005

The Committee on Educational Policy met on the above date at UCSF-Laurel Heights, San Francisco.

Members present: Regents Anderson, Connerly, Dynes, Hopkinson, Johnson, Kozberg, Lansing, Lozano, Marcus, Montoya, Moores, Novack, O'Connell, Parsky, and Sayles; Advisory members Juline, Rominger, Rosenthal, and Blumenthal

In attendance: Regents Blum, Lee, Ornellas, Pattiz, Preuss, and Ruiz, Faculty Representative Brunk, Secretary Trivette, General Counsel Holst, Treasurer Russ, Provost Greenwood, Senior Vice Presidents Darling and Mullinix, Vice Presidents Broome, Doby, Drake, Gomes, Gurtner, and Hershman, Chancellors Birgeneau, Bishop, Carnesale, Cicerone, Córdoba, Fox, Tomlinson-Keasey, Vanderhoef, and Yang, Chancellor-elect Denton, University Auditor Reed, and Recording Secretary Nietfeld

The meeting convened at 10:50 a.m. with Committee Chair Kozberg presiding.

1. **APPROVAL OF MINUTES OF PREVIOUS MEETINGS**

Upon motion duly made and seconded, the minutes of the meetings of September 23 and November 17, 2004, were approved.

2. **THE CALIFORNIA MASTER PLAN FOR HIGHER EDUCATION: EXAMINATION OF THE MASTER PLAN FROM A UC PERSPECTIVE**

Committee Chair Kozberg explained that one purpose of today's discussion was to reach an understanding of how the Master Plan for Higher Education has evolved over the past 45 years and how the University interacts with the other segments of higher education covered by the Master Plan. Provost Greenwood noted that the presentation was intended to respond to issues that were raised at the Regents' retreat and to ensure that the Regents have a good background on matters that pertain to educational policy as the University moves into its long-range planning process.

Provost Greenwood recalled that the Master Plan for Higher Education is a statewide policy and planning framework implemented in 1960 to accommodate enrollment growth and meet state needs by providing high-quality postsecondary institutions. The goals of the Master Plan included access, affordability, equity, and quality. There were constraints on State resources in California in the late 1950s due to the end of the postwar surpluses and the rejection of a tax increase by the Legislature. Enrollment across the state was projected to grow from 226,000 students to 661,000 by 1975. A lack of coordination and planning had led to 22 competing legislative proposals to establish new state colleges. In response,

President Kerr proposed that the governing boards of the segments initiate a planning effort to prevent unnecessary program and degree duplication and to offer access to all qualified residents who could benefit from postsecondary education. The Legislature supported the effort and imposed a moratorium on new campuses until the plan was completed.

On December 18, 1959, the Master Plan was approved in principle by The Regents and the State Board of Education, which at that time governed The California State University and the California Community Colleges. The completed report was transmitted to the Legislature on February 1, 1960. Governor Brown then called a special session of the Legislature in order to consider Master Plan recommendations.

The report recommended adoption of a constitutional amendment containing many of its key provisions, but the Legislature instead implemented these provisions in statute. Governor Brown signed Senate Bill 33 into law on April 26, 1960, creating the Donahoe Higher Education Act, which provided a broad policy framework for California higher education, including the creation of a coordinating board and mission statements that assigned specific functions and responsibilities to each postsecondary segment.

Many key aspects of the Master Plan were never enacted into law, and a number of laws subsequently amended into the Donahoe Higher Education Act are not considered part of the Master Plan. Major blue-ribbon commission and legislative reviews of the Master Plan were conducted in the early 1970s and the late 1980s. A recent legislative review of the Master Plan, encompassing both K-12 and higher education, began in 1999 and resulted in recommendations in 2002. With these reviews and other influences over time, the Master Plan is continually evolving and its provisions cannot be found in any single document or legislative enactment. However, its core principles have endured.

Provost Greenwood outlined the key features of the Master Plan. There was to be a differentiation of the mission and functions among the segments to ensure quality and the efficient allocation of resources and to limit the number of campuses offering high-cost doctoral and professional education programs. There would be a greater focus on undergraduate education at both The California State University and the community colleges. The University of California would serve as the state's primary academic agency for research and the sole authority for doctoral degrees, with responsibility for instruction in law, medicine, dentistry, and veterinary medicine. For The California State University, the functions were undergraduate education and graduate and professional education through the Master's degree and teacher education. Faculty research was to be consistent with the primary mission of instruction. The community colleges were designed to provide access to anyone who would benefit from post-high school education. Their programs were to focus on vocational and academic instruction through the first two years of undergraduate education, remedial instruction, English as a Second Language, adult non-credit instruction, community service courses, and workforce training services.

A key element of the Master Plan was the intention to provide access to higher education to all who could benefit. It was explicitly modified in later reviews to guarantee a place for all eligible students at UC and CSU. The 1989 review focused on the transfer mission of the community colleges, and UC was asked to restore the 60:40 ratio of upper division to lower division enrollment in order to preserve access for all eligible transfer students.

The Master Plan created a governance structure that called for an independent lay board for each public segment. A statutory coordinating body for higher education was created which is now known as the California Postsecondary Education Commission. There was to be student choice among the segments, facilitated by portable Cal Grant awards to maximize the use of private enrollment capacity. Affordability was to be ensured through the fee and financial aid structure and a funding commitment by the State. Although fees have increased five-fold since 1958, the University has succeeded in increasing financial aid almost twenty-fold.

Provost Greenwood spoke to the accomplishments of the Master Plan, noting that the access promise had succeeded beyond all expectations. The actual 1975 enrollment of 1.4 million was double the original Master Plan estimate. Compared to 1960, a much higher proportion of California's population, in every ethnic group and by gender, is now in college. Since the Master Plan was adopted, 60 new campuses have been built, most of them community colleges. From 1958 to 2002 California's population grew by 130 percent, while undergraduate enrollment in the four-year segments increased by 311 percent.

Turning to changes in enrollment patterns since 1960, Provost Greenwood reported that UC's proportion of California baccalaureate degrees had remained stable, while its share of doctoral degrees awarded had declined slightly, from 54 to 50 percent. The University of California enrolled 45 percent of California graduate students in 1960; the current rate is 24 percent, due primarily to the growth in Master's and professional degrees at CSU and in the private sector. In 1958 the percentage of graduate students at the independent colleges was 20 percent, but by 2003 it had grown to 42 percent.

Provost Greenwood observed that social and economic changes continue to put pressure on the state with respect to undergraduate enrollment, with job growth primarily in positions that require post-baccalaureate education. A majority of UC's undergraduates expect to enroll in some type of post-baccalaureate program. The state's demographics present a challenge, particularly in terms of differential participation rates. She underscored the fact that, as a system, the University of California enrolls a higher percentage of low-income students than any other institution in the nation. Data from a recent survey of undergraduates indicate that 57 percent of freshmen were either born outside of the United States or have at least one parent who was. Their assimilation into the workforce is crucial to the state's economic growth and productivity. Provost Greenwood acknowledged, however, that racial and ethnic diversity had not been achieved. The political support for the Master Plan could begin to erode if the University's campuses do not reflect the state's demographics.

There is a proposal to change or abolish the California Postsecondary Education Commission, which is of concern to the University. Maintaining mission distinctions among the segments remains a challenge, and the transfer and joint doctoral programs require coordination across the segments.

Regent Hopkinson suggested that it would be helpful to know how the number of degrees the University had awarded in the period 1958-2003 compared to the increase in the state's population. She asked for comment on the University's graduation rates, which she saw as a subject which is often overlooked. Provost Greenwood reported that the University's graduation rates are among the best for public universities at 78 percent. This percentage has improved over time, as has the time to degree. One of the difficulties with the overall tracking system is that there is no way to know whether students who transfer to another institution graduate.

Regent Hopkinson commented on the difference in the fees paid by students in the 1960s as compared with today. Provost Greenwood observed that, while fees had risen, in the 1960s more students tended to commute to college, thus eliminating some of the financial pressures that families now face.

In response to a question from Regent Anderson, Vice President Hershman agreed to provide information regarding the State's contribution to the University's general fund budget in the 1960s. Regent Anderson was also concerned about completion rates for four-year degrees at UC and CSU. As college enrollment grows, increased pressure is borne by the community colleges. Regent Anderson asked, in light of the Master Plan, what role the University of California should play in addressing the issue of completion. Provost Greenwood observed that while California is in the top ten percent with respect to students who are enrolled in post-high school institutions, baccalaureate completion is in the lower tenth. She noted that this is partially based on students' enrolling in vocational or training programs without the intention to complete a Bachelor's degree. She confirmed that this is an issue that the state will need to address in light of the economy. On the other hand, the University has been quite successful in graduating its students in four years plus one quarter. With respect to the community colleges, Provost Greenwood noted that it is difficult to know what percentage of the students enrolled intend to transfer to a four-year institution. She emphasized that students who transfer to the University from a community college graduate at the same rate as those who enter as freshmen. Regent Anderson believed that the University should continue to provide assistance to community college students who seek to obtain a Bachelor's degree.

Regent Preuss observed that while out-of-state students may not be included under the Master Plan, they contribute to the University's diversity. In addition, the growth in job opportunities is related to the graduate student population. He expressed concern about recent downward trends and asked for statistics on international enrollment in UC's graduate schools since September 11, 2001.

Regent Lozano encouraged Committee Chair Kozberg to assist the Committee in defining the four basic goals of the Master Plan: access, affordability, equity, and quality. She saw the need for a common understanding of what is meant by equity in this context and the criteria by which progress in all four goals may be measured, particularly given the different participation rates among racial and ethnic groups.

Provost Greenwood encouraged Regent Lozano to share her thoughts as the University begins its long-range planning. Regent Kozberg asked that the General Counsel also be involved.

Regent Lee praised the contributions of the Master Plan to the state's economy, which competes in the global marketplace. He observed, however, that there has been a failure to produce enough scientists and engineers. Provost Greenwood recalled that the University of California had been asked, along with CSU, to undertake efforts to improve education in science and mathematics. Unless the State takes this issue more seriously than it has, it will be difficult to contribute to the needs of a growing workforce.

Regent Lee asked for a comparison of the University's engineering students with those of other states and countries and also for data on the countries of origin of workers on H-1 visas in the Silicon Valley. Provost Greenwood noted that the data indicate that California's existing strength in mathematics and science education is not sufficient to maintain the state's stature.

Regent Moores referred to the declining support provided to the University by the State and asked for projections of State funding for the University's general fund budget over the next five to ten years. He noted that to many observers the University's quality appears to be declining in national rankings when compared to private institutions and asked that the topic be discussed with the Regents.

Provost Greenwood stated her intention to bring the types of issues raised by Regent Moores to the Regents for discussion. She noted that the issue of declining quality in public institutions had begun to attract some national attention, particularly since these institutions educate the majority of doctoral students.

In response to a question from Committee Chair Kozberg, the Provost explained that in California the major private research institutions are Stanford, CalTech, and the University of Southern California.

Referring to questions posed by Regent Anderson, Regent Blum recalled that the amount of funding the University receives from the State had declined from 7 percent of the State budget to 3.5 percent over the past decade, and the amount of support for students declined to less than 40 percent. Vice President Hershman continued that the percentage of the University's total academic budget coming from the State, excluding hospitals, Department of Energy laboratories, and auxiliary enterprises, is about 25 percent. The University

currently receives \$15,000 per student, with approximately \$9,000 funded by the State, which used to fund virtually all of general campus instruction.

In response to a question from Regent Marcus, Provost Greenwood confirmed that over the next five years the University's rankings on some scales could move down because some of the factors that are used by the National Research Council, such as the student-faculty ratio, could work against the University. President Dynes stressed that the University continues to attract the finest faculty. Regent Marcus asked that a discussion be scheduled to discuss how to address this concern.

President Dynes concluded the presentation by noting that it had been designed to stimulate a productive discussion on the part of the Regents. The questions that were raised will be considered further within the context of the long-range planning process.

3. THE IMPORTANCE OF GRADUATE EDUCATION TO CALIFORNIA AND THE UNIVERSITY OF CALIFORNIA

Provost Greenwood observed that graduate education and research had fueled California's innovation and economic development, and this will be even more true in the future because businesses will continue to locate in California to be near university research. The research performed at the University of California creates new industries, technologies, and jobs, and its highly trained graduates are in demand. She noted that one reason why the public had supported the investment of \$3 billion in stem cell research was the fact that the state is home to some of the best investigators in the country. The demand for workers with advanced degrees is outpacing the supply in all other occupations, with a 75 percent increase in managerial and professional jobs since 1983. Due to anticipated retirement and enrollment growth, there will be a need for a total of 20,000 new faculty members at the University of California, The California State University, and the community colleges.

The Provost commented that UC's quality as an institution rests with its faculty, and this quality is inextricably linked to the quality of the graduate programs. Based upon a survey by the National Research Council, over one-third of the University's programs rank among the top ten in the nation, with more than half in the top twenty. Graduate students are key members of UC research teams and serve as mentors to undergraduates. She noted that what is not as well understood is the important role played by graduate seminars, which often serve as forums for developing new fields of study.

Turning to trends in enrollment, Provost Greenwood observed that since 1958, the University had been able to accommodate the enrollment pressures produced by Tidal Waves I and II. One of the costs of doing so, however, has been a lack of institutional focus on the effect of this policy on graduate enrollment. Since the adoption of the Master Plan, the proportion of graduate enrollments has dropped at UC, while it has increased at CSU and California's independent institutions. To ensure California's position as a major global economy, UC must have programs that provide not only a sufficient number of baccalaureate

degrees but also advanced degrees. Doctoral programs at the University, which require intensive study, original research, and dissertation publishing, attract some of the best students in the world. Because the University must compete for these students, it must offer an attractive support package. In this aspect, the University has fallen behind. Enrollment in Master's degree programs is primarily in areas such as business, social work, and education. By discipline, enrollment is 11 percent in the humanities and arts, 21 percent in social sciences and other academic programs, 27 percent in the life and physical sciences, 21 percent in engineering and computer science, and 19 percent in professional programs.

The Commission on the Growth and Support of Graduate Education issued its report, *Innovation and Prosperity at Risk*, in September 2001, and its findings were presented to the Regents in January 2002. Provost Greenwood noted that, due to a series of events, sufficient attention has not been paid to the report's conclusions. The Commission's charge was to report on the steps the University should take to expand its graduate and professional enrollments and increase financial support for students at the graduate level. The Commission, which was co-chaired by Regent Sue Johnson and President Atkinson and was comprised of Regents, University administrators, faculty, and students, presented the following findings:

- California's innovation and prosperity are at risk because of inadequate investment in graduate education by the State.
- The University of California needs to increase its graduate enrollment by at least 11,000 students in the next decade.
- Attracting the best students is critical to quality graduate education; UC needs to be competitive.
- UC needs new initiatives to increase graduate student support and improve student success.

Provost Greenwood displayed a chart showing the percent change in graduate enrollments in the 15 largest states during the period 1986-1996, noting that California had actually suffered a decrease while Florida's graduate enrollment had risen by 40 percent. Since then there has been an improvement in California's position, although, as noted above, most of this is due to an increase in Master's and professional programs in the state. Between 1998 and 2003, there has been a 20 percent increase in UC graduate enrollment and an 11 percent increase in the net stipend awarded to doctoral students, from \$12,600 to \$14,100. This trend, however, has been reversed by the recent increase in graduate student fees. The Provost stressed that California's innovation and prosperity are still at risk because the proportion of UC graduate and doctoral enrollments has stayed flat.

Concerns have been raised about the University's ability to attract the top students, due primarily to inadequate financial support. A recent survey shows that, on average, UC is

behind comparison institutions by several thousand dollars. A further concern is the ability to provide an opportunity for California students to advance their education without leaving the state. In addition, there are growing barriers for international students in the post-September 11, 2001 environment.

Provost Greenwood displayed data on UC's graduate enrollment at 23 percent of total enrollment compared with the All 8 Comparison universities (43 percent), the public comparison universities (34 percent), and the private comparison universities (59 percent). This fact is quite troublesome to the University's faculty and administration. In response to a comment by Chairman Parsky, she acknowledged that this results in part from the increased demand for undergraduate education.

Regent Hopkinson believed that inadequate financial support played a crucial role in the University's ability to increase graduate student enrollment. Provost Greenwood pointed out that the University's faculty do well in competing for contracts and grants to support their graduate students. Some of the University's recent initiatives have helped to support graduate students in certain fields, most notably the commitment to increase the enrollment in engineering. If the University of California is given the appropriate resources, it will be able to increase its graduate enrollment.

While graduate growth in the state increased overall in the period 1998 to 2003, the number of doctorates awarded actually decreased. The gap between the supply and demand for qualified workers remains a problem for the state, which remains a net importer of highly trained individuals. The ability to continue doing so is in doubt as a result of changes in immigration policy and because other states are becoming more competitive.

In concluding her presentation, Provost Greenwood noted that the Master Plan provides UC with a specific role as the state's public research university. As such, UC has a responsibility to help meet the needs and help solve the problems faced by California in the 21st century. Graduate education provides the highly educated workforce that will assist California in retaining its position as a leading economic force. She outlined the next steps, which include an assessment of the state's long-term needs, an improvement in the balance between graduate and undergraduate enrollments, and the development of new strategies for increasing graduate student support. Additional challenges are to encourage the full participation of talented California students, attract a greater proportion of underrepresented students, strengthen the national and international competitiveness of graduate programs, and examine best practices in graduate preparation for both traditional and non-traditional postgraduate employment.

Regent Preuss pointed out that if the University's faculty are not training the optimal number of graduate students, the State may not be getting its money's worth.

Regent Blum believed that it had been a mistake to increase graduate student fees, given the University's inability to provide competitive financial packages. Evidence seems to indicate

that the campuses are beginning to lose their best students, which could result in an exodus of the faculty. He acknowledged that there is pressure from the Legislature for the University to increase fees. Provost Greenwood responded that, generally speaking, increasing fees for graduate academics is not a revenue source. Most of the University's graduate students are supported either as teaching assistants or research assistants. Under the University's contract with the union, it pays the fees of teaching assistants, while research assistants are supported by federal grants. When the fees are increased, faculty members are forced to spend more money to support graduate students and less on research.

In response to a question from Regent Moores, Provost Greenwood reported that UC had seen a 23 percent drop in international student applications. She offered to collect data about the decline in applications from those universities that send UC the most international students.

Regent Moores pointed out that the University of California enrolls approximately half the percentage of graduate students as do its comparison institutions, which speaks to the earlier discussion of its possible decline in the rankings. He asked for information on the percentage of graduate students in the University's science and engineering programs. Provost Greenwood noted that the University's enrollment in these programs is proportionately higher than at some comparison institutions.

Regent Anderson recalled that the Provost had discussed the University's commitment under the Master Plan to provide affordable access to graduate and professional programs. Given the state's economy and the fact that the University has entered into a compact with the Governor that will require fees to be raised in the future, she suggested it would be critical to address any negative impacts. She saw a need to be realistic about what a stipend of \$14,000 represents for a graduate student in San Diego or Los Angeles. Regent Anderson underscored the fact that the University should take a responsibility to cultivate undergraduate students as future graduate students. The decline in international enrollments should be of great concern to the University, and she noted the barriers that these students face in terms of cost. At some universities there are waiver programs for international students; Regent Anderson asked whether this approach was being considered by UC. She observed that a lobbying effort is under way to exempt fellowships from taxation and asked for the University's position.

Provost Greenwood reported that the University had looked closely at how other states remain competitive, including the use of fee waivers. In some states it is taken as a reduction in general fund income, which may not be a desirable outcome for UC. With respect to taxation, she recalled that the Tax Reform Act of 1986 had turned graduate student stipends into salaries. While there have been sporadic efforts to change this law, she did not see widespread support at this time.

Regent Lee asked for data that would indicate that receiving an advanced degree would lead to higher income and thus the payment of higher taxes, which benefits the State.

Regent Connerly urged caution when discussing quality because the University's programs continue to remain high in the rankings. Provost Greenwood recalled that in a recent international survey, the University of California, Berkeley, had been ranked second among all higher education institutions in the world. She stressed, however, that the role of graduate education must be addressed in the context of maintaining quality.

Regent Montoya recalled that Regent Preuss had raised the issue of faculty productivity. She was interested in knowing how many graduate students professors typically are advising in sciences and engineering as compared with letters and science.

Regent-designate Juline asked for data on any increases in the undergraduate populations among the comparison universities listed on the slide showing how UC is below these other institutions. Provost Greenwood noted the public institutions with which the University is compared are not in states that have had enrollment pressures similar to those in California. Regent-designate Juline suggested the need to reallocate resources from undergraduate to graduate enrollment, but he acknowledged that to do so would be difficult politically. There is a clear mandate in the Master Plan to enroll the top 12.5 percent of California's high school graduates but no formula with respect to the enrollment of graduate students.

Regent Pattiz agreed with the observation made by Regent Connerly that there should be caution when speaking of quality. He asked for comment on what would be necessary to get the University moving in the right direction. Provost Greenwood noted that the state's demography suggests that undergraduate pressure on enrollment will mitigate after 2010. She believed that this would provide an opportunity for further growth in graduate enrollment. She saw the need for an aggressive fundraising program that would provide support for graduate student stipends, as recommended by the Commission.

In response to comments by Regent-designate Rosenthal regarding a typical graduate student's workload, Provost Greenwood acknowledged the need to address quality-of-life issues for graduate students. The tradition of graduate students' teaching and conducting research has a long history at the University. Because graduate students today tend to have families, there has been a need to address issues such as child care. Mr. Rosenthal requested comparable data from other institutions in terms of workloads and support.

Regent Marcus saw a disconnect between the fact that the University turns down far more graduate students than it accepts and the problem with funding for graduate education. Provost Greenwood observed that attracting highly qualified graduate students is more similar to attracting faculty than undergraduates. Many of these highly qualified students enroll at institutions where they are offered better financial packages than the University is able to offer. The intention of her presentation was to raise these issues with the Regents and to acknowledge the need to address them.

Regent Lansing believed that, in order to increase graduate enrollment, the University would need to demonstrate to the State the value of its graduate programs. The University must show how a graduate degree will bring more money into the state through the creation of new businesses. Regent Kozberg suggested that it would also be helpful to identify resources the University might redirect to the benefit of graduate programs.

The Committee recessed at 12:55 p.m.

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The meeting reconvened at 1:40 p.m. with Committee Chair Kozberg presiding.

Members present: Regents Anderson, Connerly, Dynes, Hopkinson, Johnson, Kozberg, Lansing, Lozano, Marcus, Montoya, Moores, Novack, Parsky, and Sayles; Advisory members Juline, Rominger, Rosenthal, and Blumenthal

In attendance: Regents Blum, Lee, Ornellas, Pattiz, Preuss, and Ruiz, Faculty Representative Brunk, Secretary Trivette, General Counsel Holst, Treasurer Russ, Provost Greenwood, Senior Vice Presidents Darling and Mullinix, Vice Presidents Broome, Doby, Drake, Gomes, Gurtner, and Hershman, Chancellors Birgeneau, Bishop, Carnesale, Cicerone, Córdoba, Fox, Tomlinson-Keasey, Vanderhoef, and Yang, Chancellor-elect Denton, University Auditor Reed, and Recording Secretary Nietfeld

4. ANNUAL REPORT ON UNIVERSITY PRIVATE SUPPORT PROGRAM 2003-2004

Senior Vice President Darling recalled that the **Annual Report on University Private Support** for the period July 1, 2003 through June 30, 2004, had been submitted for information at the November 2004 meeting. The intention of today's presentation is to discuss the role of private support in the University's budget. Mr. Darling stressed that private giving is essential to ensure that the promises of the Master Plan are a reality for California. Mr. Darling displayed a series of slides which illustrated his remarks. He noted that there had been an 8 percent increase in private support in 2003-04 from the previous year. For the period FY 1994-2004, gifts to the University of California system grew by 149 percent, which is more than at six of the Comparison 8 institutions. Last year private support financed 6 percent of all University operating revenue, while the State provided 16 percent, as compared with 44 percent in 1970. Private funds represent 13 percent of the University's core academic programs. Gifts and endowments also contribute to student financial aid. Private gifts, grants, and contracts provide 24 percent of all research support. Fifty-two new endowed chairs were added in 2003-04, bringing the total to more than 1,000. For comparison, in 1980 there were 80 endowed chairs. Senior Vice President Darling acknowledged the gift from Regent Ruiz to the Merced campus to fund a chair in entrepreneurship. The endowment is a crucial underpinning to academic excellence; UC's endowment grew from \$5.8 billion to \$6.7 billion, both through new gifts and investment

earnings. Private support also has an important effect on the University's capital projects, contributing about 15 percent over the past five years. The alumni contributed \$130 million in FY 2003-04, which may understate the total as more contributions are being made by family foundations. By contrast, gifts from non-alumni individuals totaled \$284 million, generally made in the form of large gifts. The University is making a concerted effort to increase both the dollar amount and percentage of alumni giving by engaging parents; the Berkeley campus now ranks first among public universities in terms of parental giving. Graduating seniors are asked to make gifts in order to instill in them a philosophy of supporting the University. Mr. Darling noted that Regent Blum had made a contribution to the Berkeley campus to match senior gifts in order to encourage more seniors to donate to the University.

Senior Vice President Darling invited Chancellors Bishop, Carnesale, and Vanderhoef to comment on the impact of private giving on their campuses. Chancellor Carnesale reported that in 2003 UCLA had ranked number five in the country in terms of private support, and he described some of the programs that would not have been possible without these donations. The main fundraising vehicle has been Campaign UCLA, the quiet phase of which was undertaken in 1995. Approximately \$400 million was raised in the period 1995-97, with a goal of \$1.2 billion over the following five years. Since then, the campaign has been extended to December 31, 2005, because the campus is well ahead of its target, having raised \$2.7 billion. The goal of the campaign was to double the sustainable level of support for the campus, to \$200 million per year, and to increase the endowment, which stands at \$1.4 billion. The campaign was also intended to address the effects of the 1994 Northridge earthquake on the campus' buildings. Chancellor Carnesale displayed dollars raised by source, noting that the advantage of a public university is the ability to raise funds from non-alumni, who, as of December 31, 2004, had contributed 44 percent of the total amount raised. During the campaign, the campus received major gifts from 78 donors, while 72 percent of all funds raised were in contributions of \$1 million or more. Overall, nearly 200,000 people contributed to Campaign UCLA. The Chancellor addressed the resource gap and the challenges it presents, noting that the endowment payout per student at UCLA is \$2,000 as compared with \$40,000 at Stanford and \$60,000 at Harvard. UCLA receives approximately \$13,000 per student from the State, with each student contributing \$7,000 per year. Private universities charge tuition that is well above \$30,000.

Regent Hopkinson suggested that the information was slightly misleading because private universities do not receive state support. Chancellor Carnesale emphasized that most of the funding received from the endowment is restricted. He had attempted to illustrate how much funding is available per student at UC as compared with private institutions.

Chancellor Carnesale discussed the Initiative to Ensure Academic Excellence, a five-year campaign with a goal of raising \$250 million to support new endowed chairs, student support in the College, and student support in professional schools. The campus announced the campaign in June 2004; to date, \$62 million has been raised.

Chancellor Vanderhoef observed that one act of generosity on the part of Robert and Margrit Mondavi had set into motion a transformation of the Davis campus. The gift, which was the largest in the campus' history, provided \$25 million to establish the Robert Mondavi Institute for Wine and Science and \$10 million to name the Center for the Performing Arts.

The Chancellor outlined the impact of the Mondavi gift on the Davis campus, noting that it has significantly enhanced academic programs and will bolster the recruitment of students, faculty, and staff. Interest in theater and dance programs has surged since the Mondavi Center for the Performing Arts opened in 2002. The Mondavi Center and eventually the Institute will establish striking new front-door landmarks for the campus. Both gifts also inspired donations from other donors and spurred the campus to begin planning its first campus campaign, The Campaign for UC Davis. Chancellor Vanderhoef provided details on the timeline for campus action in the period 2002-2012, noting that the quiet phase would begin in 2006 and the public phase in 2008. In order to reach a \$900 million goal, the campus must raise on average \$150 million annually, more than double the \$70 million it now garners on average. Multi-million dollar contributions will be necessary; Chancellor Vanderhoef displayed a graph which listed the number and size of gifts which will need to be raised. The campus has identified campaign priorities as faculty support, graduate and undergraduate student support, program support, and facilities, including space for teaching, research, and public service activities. The Chancellor stressed that the campaign, as a comprehensive, campus-wide effort, would focus thinking on "bigger ideas" at discipline interfaces, which will attract the larger donations.

Chancellor Bishop explained that his presentation would focus on the ongoing need for large capital investment in the University of California and the role of philanthropy in meeting that goal. He recalled that twenty years ago it had become imperative that the San Francisco campus expand its facilities for research and instruction. Two of the crucial technologies required for the Human Genome Project were invented at UCSF: recombinant DNA and the biological technique used to map genes to human chromosomes. Due to a lack of laboratory space, the campus was not able to participate in the project and as a result two premier genome scientists went to work at Stanford. Faced with constraints on expansion at the Parnassus campus, UCSF decided to develop a second site which would allow for the eventual doubling of space for research and instruction. The first step was a gift of 43 acres of land at Mission Bay, in part from the Catellus Corporation and in part from the City of San Francisco. The campus proceeded to develop an academic plan for Mission Bay and a master plan for the layout of the site. It was estimated that \$2 billion would be required by final build out. Chancellor Bishop noted that the campus could not rely on funding from the State as it receives less than \$10 million annually for capital improvements. Most of these funds are used for the maintenance and improvement of existing infrastructure. There is a total need of \$800 million for the first phase of construction, which will be met through \$263 million in debt, \$345 million in gifts, \$76 million in State funds, and \$116 million from cash reserves. The campus has made good progress in its fundraising effort, with 81 percent of gifts raised to date. Chancellor Bishop recalled that the campus is also required to construct new facilities for its medical center. The first phase will entail construction of several specialty hospitals at Mission Bay. The total cost is projected at \$780 million. The

business plan is likely to include a gift component of at least \$250 million to be raised over the next decade. The procurement of gifts of this magnitude represents a sea change for UCSF, as over the 135 years of its history the campus had raised less than \$100 million for capital construction. Lacking a substantial alumni base, the campus will have to turn to the community for help and solicit gifts on the basis of the campus' value to the City, the State, and the nation in health sciences and health care. The number of individuals contributing to the campus has doubled over the last five years and tripled over the last decade. The Chancellor noted that the fundraising effort is largely self-supporting by virtue of fees levied on gifts and the management of gift accounts. While fees of this sort are conventional in academia, they are also unpopular with both benefactors and beneficiaries. To meet the challenge ahead, UCSF will need to enhance the capability of the development staff, implement a more robust form of financing for the development office, expand the pool of potential donors, and broaden the strategies by which large gifts are motivated, as they are key to the fundraising strategy. Chancellor Bishop reported that six buildings at Mission Bay were either completed or under construction. Growth and revitalization of this sort are essential throughout the University of California if it is to maintain its exceptional value to the citizens of the state.

Committee Chair Kozberg observed that a question to be considered by the Regents is how they can help campuses facilitate greater philanthropy in an era of wealth transfer. Senior Vice President Darling will help to frame this endeavor.

Regent Blum noted that professional consultants have developed an advocacy plan to contact the University's 1.2 million alumni which could be integrated into the fundraising efforts of the campuses.

Regent Parsky suggested that there was an important link between private giving and the maintenance of quality at the University. He stressed the need to maintain the public nature of the University.

Regent Hopkinson recalled that previously Senior Vice President Darling had presented to The Regents an overview of the key challenges to maintaining quality at the University. She suggested that it would be appropriate for Mr. Darling to present an update on the strategies that the University has developed to deal with the challenges that it faces. She did not believe that these strategies had adequately addressed the issue of private support. Regent Hopkinson asked that the administration reexamine these indicators and present them to the Board, informed by some of these concerns.

5. **QUARTERLY REPORT ON PRIVATE SUPPORT, FIRST QUARTER JULY 1 - SEPTEMBER 30, 2004**

In accordance with the Schedule of Reports, the quarterly **Report on Private Support** for the period July 1 through September 30, 2004, was submitted for information.

[The report was mailed to all Regents in advance of the meeting, and a copy is on file in the Office of the Secretary.]

6. **POLICY AFFIRMING ENGAGEMENT IN THE PRESCHOOL THROUGH POSTSECONDARY EDUCATION SYSTEM, AS FUNDAMENTAL TO THE UNIVERSITY OF CALIFORNIA MISSION AS A LAND GRANT INSTITUTION**

Regents Anderson and Connerly recommended that the following policy be adopted:

As a land grant institution with a mission of teaching, research and public service, the University of California is committed to excellence and equity in education for all of California's students to secure the social well-being and economic prosperity of the individual and the State.¹ The University affirms that a fundamental part of its mission is to engage in efforts to promote the academic achievement and success of all students, especially those students who are educationally disadvantaged and underrepresented. Toward these ends, the University seeks to work collaboratively with other key constituencies to enhance the educational capacity of California's schools, to help close opportunity gaps that separate groups of students, and enhance access to those who have been underserved by the University. To meet these public needs, it is essential that the University work in collaboration with public and private sector organizations that share these responsibilities; in particular, California schools, community colleges, universities, community organizations and students' families.

Given the importance of academic preparation and educational partnerships to the University and the benefits that accrue to the State and the nation from UC's collaboration in these efforts, The Regents of the University of California request that the President, in collaboration with the Governor, the Legislature, the other segments of California public education, and business and community leaders, develop and implement a plan for meaningful, consistent, and long-term funding of the UC academic preparation and educational partnerships infrastructure and communicate the importance of these collaborative efforts to the Governor and the Legislature.

In reaffirming the institution's commitment to Academic Preparation and Educational Partnerships, the Regents request that the President submit an annual report to The Board that is comprehensive in describing the scope and scale of efforts and assesses the contribution of the University's administration of, and collaboration in, academic preparation and educational partnership activities in reducing educational inequities. This annual report shall take into consideration existing research on preschool-postsecondary educational inequities as guiding principles for

¹ Adapted from language proposed by the Strategic Review Panel on UC Educational Outreach as "Recommendation 1" of its final report *Forging California's Future through Educational Partnerships: Redefining Educational Outreach*, February 2003 (p. 11).

program design and implementation, desired outcomes, and rigorous evaluation. In order to continually focus institutional efforts on those areas in which the University might have the most impact, programs demonstrating best practices and use of University resources will guide long-term academic preparation and educational partnership program planning. Such efforts will allow for the charting of future directions for UC's collaboration in academic preparation and educational partnership efforts as well as innovative and new approaches to address preschool-postsecondary educational inequities.

Regent Anderson recalled that in 1988 The Regents had adopted an admission policy that seeks "...to enroll, on each of its campuses, a student body that, beyond meeting the University's eligibility requirements, demonstrates high academic achievement or exceptional personal talent, and that encompasses the broad diversity of cultural, racial, geographic, and socioeconomic backgrounds characteristic of California." The Strategic Review Panel on UC Educational Outreach, in reviewing the University's progress in meeting goals that had been set by the Outreach Task Force, reaffirmed the importance of UC's outreach efforts. Among its most important recommendations, the Panel declared that outreach should be incorporated into all of the core missions of the University and, in the process, involve faculty more directly in all outreach initiatives. In addition, the "University should make a sufficient and long-term financial commitment to outreach as part of the University's mission, to sustain its outreach infrastructure over the long term." The proposed policy seeks to act on these recommendations by making clear Regental (and therefore institutional support at the highest level of leadership) support for preschool-14 academic preparation programs and recognition that these efforts are fundamentally rooted in the University's mission as a land grant institution.

Students in California's schools and community colleges make up the University's future undergraduate student body, from which future graduate school applicants will emerge to eventually pursue careers as researchers, teachers, and college and university administrators and professors. Pre-college academic preparation is of clear and direct interest to the University in its capacity to cultivate future scholars and leaders within higher education institutions, as well as to the State and the nation. Regent Anderson observed that the economic and social well-being of the State and its citizens are enhanced when all children have maximum opportunity for academic success.

Regent Anderson acknowledged that significant gaps in achievement exist in the pre-K-16 education system; while the University alone cannot remedy these gaps, it has long recognized that it has a substantive role to play in collaborative efforts to ameliorate these gaps. It has not, however, affirmed these commitments as being a responsibility inherent in its role as a public institution. In recent years, steadily declining funding for these programs has brought into question the depth of institutional commitment to these efforts. Such financial constraints present challenges in making a meaningful, consistent, and long-term commitment to academic preparation programs and make clear the utility of a Regental

policy affirming the institution's unambiguous commitment to these efforts and the ultimate goal of reducing educational inequities.

In an effort to convey the evolution of outreach programs, the more descriptive name of "Academic Preparation and Educational Partnerships" is used to represent more accurately the University's broad efforts to make UC participation a possibility for all California students and, in doing so, to build the capacity of the preschool-postsecondary education system to academically prepare students for their future endeavors.

Regent Connerly observed that, for the majority of Californians, a college education is the ticket to a better life. He believed that it was incumbent upon the University to inform the public of its commitment to academic preparation. The resolution has its roots in SP-1, Policy Ensuring Equal Treatment–Admissions, which called upon the University to become engaged with preschool through postsecondary education.

Regent Johnson asked how the policy would be embraced within the University's mission statement. Regent Connerly recalled that, during the discussion of the role of affirmative action, many faculty members had felt that it was not the University's responsibility to become involved in academic preparation. He noted that the faculty had accepted the commitment to be engaged with K-12. The resolution underscores this role as a core mission which will be funded in the future. Regent Connerly emphasized that he was not referring to outreach but rather active involvement in the process of academic preparation.

Regent Anderson commented that the intent of the policy had been to address the suggestion that the University is not as involved in these efforts as it should be. The policy will send the message from The Regents to the University community that the Board is committed to this work.

Regent Hopkinson believed that the policy as proposed implied that the University did not have a commitment to students other than those who are educationally disadvantaged or underrepresented, while there is an intellectual commitment to all students. She suggested that the wording of the policy be amended as follows:

As a land grant institution with a mission of teaching, research and public service, the University of California is committed to excellence and equity in education for all of California's students to secure the social well-being and economic prosperity of the individual and the State. The University affirms that a fundamental part of its mission is to engage in efforts to promote the academic achievement and success of all students, ~~especially those~~ including students who, because they are educationally disadvantaged and underrepresented therefore need additional assistance. Toward these ends, the University seeks to work collaboratively with other key constituencies to enhance the educational capacity of California's schools, to help close opportunity gaps that separate groups of students, and enhance access to those who have been underserved by the University.

* * *

Faculty Representative Blumenthal stated that the faculty are in support of the policy. Recent changes to the academic personnel manual specifically recognize faculty whose research, teaching, and public service is in furtherance of academic preparation.

Committee Chair Kozberg also acknowledged the support of the faculty for this engagement. She noted that the Governor's office had expressed concern that the University analyze its academic preparation programs; such an effort will be ongoing.

Upon motion duly made and seconded, the Committee approved the recommendation, as amended, and voted to present it to the Board, Regents Anderson, Connerly, Dynes, Hopkinson, Johnson, Kozberg, Lansing, Lozano, Marcus, Montoya, Novack, Parsky, and Sayles (13) voting "aye," and Regent Moores (1) voting "no."

Ms. Jennifer Lilla, the President of the University of California Student Association, recalled that in November, the Board had supported a budget that included fee increases for undergraduate, graduate, and professional students. In accordance with the compact, fees will be increased in future years, which will further shift the financing of public higher education from public funds to students. The Governor's recently released preliminary budget includes a \$17.3 million reduction to be directed towards outreach and/or enrollment growth. Ms. Lilla noted that over the coming months academic preparation would be a priority for the UCSA. She urged the Regents to demonstrate the University's commitment to academic preparation by working to secure adequate funding for these programs, or an even greater gap will be created. UC students are particularly invested in the financial stability of student-initiated outreach programs, as they serve a broader population with a higher degree of life challenges than other programs do. These programs develop leadership and teaching skills in current students. Ms. Lilla commented on the Committee's discussion on the importance of graduate education to the University and the state. The reality of graduate and professional schools has changed in recent years as fees have increased and graduate enrollment is declining. The increased cost of living in California is calling into question the ability of these students to achieve their objectives. She noted

that the Committee had also heard a presentation on the Master Plan; UCSA will focus on admissions and eligibility in 2004-05. Ms. Lilla commented that while the Master Plan is often cited in support of University practices, at other times it is derided as an outdated document. In the interest of educating UC students on the role of the Master Plan throughout its 45-year history, UCSA has chosen "revisiting the Master Plan, 2005 and beyond," as the theme of this year's lobby conference. Students will be taught how the University is funded by the State general fund and how the Legislature and the Governor affect UC's funding. She believed that it was crucial that UC have a strong presence in Sacramento. Students are ready to continue to lobby on behalf of the University; she asked the Regents to join in these efforts.

7. **DIVERSITY ISSUES IN AMERICAN LAW SCHOOLS**

Faculty Representative Blumenthal introduced Professor Richard Sander of the UCLA Law School and Professor Christopher Edley, Dean of the Boalt Hall School of Law at UC Berkeley. Professor Sander joined the faculty at UCLA in 1989; his career has been marked by a commitment to public service, with a particular emphasis on civil rights. His academic research has focused on the need for larger data bases in order to study lawyers and legal education. Dean Edley will present an alternate perspective on Professor Sander's analysis of affirmative action in American law schools. He accepted the deanship at Boalt Hall after serving on the faculty of Harvard University for 23 years. Dean Edley served in the Carter and Clinton administrations and his academic work is primarily in the area of civil rights, with additional concentrations in public policy and administrative law. It was noted that Professor Sander had been invited to speak to the Committee by Regent Connerly.

Professor Sander presented an overview of his study of affirmative action in American law schools, which was based on national data. His work concerns the "mismatch" theory of educational opportunity. The issue concerns long-term outcomes when there is a large credentials gap between people who receive preferences and the middle of the class. Several large data bases have become available on law schools and legal education, comprising about 40,000 students. The essence of the mismatch theory suggests that there is a trade-off made when preferences are granted between the advantage of attending a more elite school as compared with the disadvantage of being in an academically challenging environment. Professor Sander presented a series of slides which illustrated his findings, noting that he would be referring to an academic index of one to one thousand which is made up of LSAT scores and undergraduate grade point averages. Most applicants to law school are somewhere between 400 and 900 on this scale.

Professor Sander recalled that a recent lawsuit at the University of Michigan had called into question the granting of a fixed number of points based upon personal characteristics, including race. A comparison of non-minority with minority applicants at Michigan finds that the admissions rates are similar if 120 points are added to the academic indices of the minority applicants. The law school argued successfully before the Supreme Court that its admissions practices were different from that of the college because race was considered

along with many other diversity factors. Professor Sander explained that his research had suggested that in many law schools admissions practices are more similar to those used by the University of Michigan for its undergraduates, and he presented data on the black-white academic index gap in six groups of American law schools for 1991 matriculants. Professor Sander described the cascade effect he has seen when the top tier schools admit those who would be admitted by race-blind criteria by the second or third tier. Tier-two schools thus face a choice between being segregated or admitting less-qualified students. Identical preference systems are thus replicated down the hierarchy of law schools, with the exception of group six, which consists of historically minority schools.

Professor Sander recalled that the thesis behind the mismatch theory is that the price of admitting less qualified students is the performance gap. He displayed the distribution of first-year GPAs at elite law schools for spring 1992 by race; slightly over half of all black students have grades in the bottom ten percent of their class. In law school, whites and blacks with similar credentials earn similar grades; poor performance is driven by credential gaps in schools. Looking beyond the entering class, it was found that grades are actually further apart between blacks and whites after the first year. While 8.2 percent of white students had not graduated from law school within five years, the percentage was 19.3 percent for blacks. Non-graduation rates increase down the law school hierarchy, further illustrating the dilemma of the mismatch gap: if students are admitted to elite schools, they have a better chance of graduating. The question is whether that fact is offset by earning low grades at those schools. The data suggest that black students are harmed by having these low grades. When comparing black and white graduation rates, it was found that black non-graduation rates were consistently higher than those of white students when one controls for their entering credentials.

Professor Sander explained that he had also examined the mismatch theory in relation to passage of the bar and found that while attending an elite school helped students, the GPA is a much more decisive factor in determining who will pass the bar the first time. It was found that blacks at every level of credentials have a substantially higher rate of failure; nationwide, they are four times more likely to fail on the first attempt and six times more likely not to pass the bar after multiple attempts. Professor Sander emphasized that this outcome is not primarily driven by race. His findings suggest that it is heavily driven by preferences. He presented the findings from an analysis of outcomes for students who do or do not attend the “best” school that admits them. This is a way to compare blacks with other blacks who had the same set of skills to be admitted to the same set of schools. He found that grades were substantially higher for those students who chose the lower-choice school and that they graduated at a higher rate and passed the bar on the first attempt at a higher rate. White students who attend their second-choice school also have higher grades, but they lose something from attending a less-elite school.

Professor Sander continued that a third element of his research is the job market. One of the conventional assumptions behind preferences is that there is an overwhelming advantage to attending an elite school. A data base of 4,000 recent law school graduates captures their

earnings in the second and third year of practice. Performance in law school was compared with the eliteness of the school. The analyses consistently show that although eliteness is beneficial, law school GPA is a more important factor in hiring decisions.

Dean Edley acknowledged the major contributions being made by Professor Sander's research. He stated his comments would draw extensively from the work by Professor David Chambers, et al. which provides an empirical critique of the Sander study, as well as writings by Professor Marta Tienda of Princeton University. Chambers, et al. have challenged some of the assumptions in the models that Professor Sander built and have concluded that, if preferences were eliminated in law school admissions, there would be a drop of 25 percent to 30 percent in the number of African-Americans who pass the bar. There is a concern about Professor Sander's reliance on 2001 data with respect to the applicant pool because the number of white applicants with high scores on the LSAT rose significantly between 2001 and 2003, thus resulting in a lower acceptance rate. Chambers, et al. claim that Professor Sander has overestimated the numbers of African Americans who would apply to, or be accepted by, a law school if affirmative action were eliminated. It is not realistic to assume that all of these students would apply to whatever school would accept them. A second consideration is geography, as many lower-prestige law schools are located in more remote areas of the country. Turning to income, Dean Edley noted a graduate of a first-tier law school will earn almost twice in his second year of employment as a graduate of a fourth-tier school, but their debt burdens are almost identical. This casts doubt on the assumption that there will be no impact on the law-school going behavior of African Americans. If affirmative action is eliminated, there will continue to be a score gap between black and white students, reflecting the underlying distribution of scores in the population.

Dean Edley discussed the objections to Professor Sander's findings that were raised by Professor Tienda, who believes that the mismatch hypothesis was not tested directly. Some critical information is whether similar black students who attend a prestigious school as compared with a non-prestigious school have a different experience. Professor Sander conflates the issue of within-tier comparisons with the issue of across-tier comparisons, which leads to mistakes of causal inferences. The mismatch claims are unsupported by empirical research on elementary and secondary schools, as students who attend either higher tracks or better schools make greater scholastic gains. A study by Bowen and Bok shows that black students at selective schools outperform similar black students who attend less selective schools.

Dean Edley made reference to the Supreme Court's ruling in *Grutter v. Bollinger*, which found that inclusion had educational benefits. It assists in breaking down racial and ethnic stereotypes and is critical to the development of a diverse, racially integrated leadership class. Structural diversity leads to improved educational outcomes, including improved classroom learning environments and improved thinking skills. It promotes democratic values and civic engagement. Dean Edley objected to the suggestion that the University of Michigan law school was using race norming in its admissions.

Dean Edley observed that, if affirmative action were eliminated at law schools nationwide, it follows that it would also be eliminated for undergraduate admissions. This would result in a dramatic contraction of the pipeline of students from selective schools. There would be a decline in the African-American and Latino presence at top law schools from over seven percent to less than two percent. There would be dramatic implications for the flow of African Americans into gateway positions in society. Minority communities need lawyers who are engaged with their unique problems.

For Boalt Hall, the next step in this area will be more research on the issues described by Professor Sander. Society does not invest sufficient resources for research and development in education. A great research university has a unique contribution to make, and research must be at the core of the University's mission.

Regent Connerly observed that the discussion may appear to be irrelevant due to the passage of Proposition 209, which bans the use of race by the University of California in its admissions. He believed that society has not yet fully embraced a color-blind vision. He acknowledged the contributions of Professor Sander and Dean Edley in providing their perspectives on the use of race and its consequences. Regent Connerly also believed that the use of race is morally wrong.

Dean Edley pointed out the importance of doing research on these issues in order for the public to reach a conclusion about whether Proposition 209 had been adopted wisely .

Regent Anderson observed that the University of California had an opportunity as a system to study what the impact of Proposition 209 had been on its own law schools. Professor Sander commented that UC's admissions practices had clearly resulted in large redistributions by racial group among the campuses after Proposition 209 was adopted.

Regent Lee believed that Asian-American lawyers suffer job discrimination, even if they graduate from prestigious law schools. Dean Edley acknowledged that discrimination exists in many areas of society, including housing, employment, and contracting. He surmised that a graduate from Boalt Hall is less likely to face discrimination than the graduate of a third-tier institution.

In response to a question from Regent Sayles, Professor Sander confirmed his conclusion that a minority student who attends a lower-tier school will obtain better results also applies to white students. It appears that any person who is likely to be in the bottom tenth of his class will have worse outcomes than someone who attends a slightly less-elite school and does significantly better. He stressed that the intention of his research is not to eliminate preferences but rather to evaluate the relative payoff between eliteness and grades. It appears that preferences as they currently operate produce lower grades for the average black graduate that lead to lower earnings in the second and third year following law school. A follow-up study will be performed to determine if this remains true over a longer time period. Dean Edley added that grades diminish in importance over time. Research on the

admissions experiment at the University of California would include asking how to produce better results for the students who are admitted.

8. **UPDATE ON STEM CELL INITIATIVE**

This presentation was deferred to a future meeting.

The meeting adjourned at 4:05 p.m.

Attest:

Secretary