

The Regents of the University of California

COMMITTEE ON EDUCATIONAL POLICY

January 19, 2006

The Committee on Educational Policy met on the above date at the Price Center, San Diego campus.

Members present: Regents Dynes, Island, Johnson, Kozberg, Lansing, Moores, O'Connell, Parsky, Rosenthal, Ruiz, and Sayles; Advisory members Coombs, Ledesma, Schreiner, and Brunk; Staff Advisor Bell

In attendance: Regents Gould, Hopkinson, Juline, Lee, Pattiz, Preuss, Rominger, Schilling, and Wachter, Faculty Representative Oakley, Secretary Trivette, Associate Secretary Shaw, General Counsel Holst, Interim Treasurer Berggren, Acting Provost Hume, Senior Vice Presidents Darling and Mullinix, Vice President Hershman, Chancellors Bishop, Carnesale, Córdoba, Denton, Fox, Tomlinson-Keasey, Vanderhoef, and Yang, Vice Chancellor Burnside representing Chancellor Birgeneau, and Recording Secretary Nietfeld

The meeting convened at 11:05 a.m. with Committee Chair Kozberg presiding.

1. RENAISSANCE AND GUARDIAN SCHOLARS PROGRAMS

State Superintendent O'Connell observed that the Renaissance and Guardian Scholars Programs are aimed to assist former foster youth who have a desire to pursue higher education but who lack a family infrastructure. The program links former foster youth with committed adults who provide guidance and support. Mr. O'Connell noted that his office had been involved with efforts to expand similar programs in the Sacramento area, working with the Davis campus; the California State University, Sacramento; and the Los Rios Community College District. He expressed the hope that such programs could be expanded throughout the state.

Santa Cruz Vice Chancellor for Student Affairs Hernandez acknowledged the generous support of the Stuart Foundation of San Francisco, which supports educational opportunities for foster youth. The programs have the opportunity to provide a set of dedicated services to a group of students in need of special attention. They seek to address the problem of the low number of foster youth who attend and graduate from college. It is estimated that there are approximately 300,000 foster youth in the United States; however, fewer than ten percent enroll in college and only one percent graduates. It is known that a much higher percentage of foster youth aspire to higher education.

The program at UC Santa Cruz follows the spirit of SB 1639, which "requests The Regents of the University of California ... to explore methods to assist the transition of students in foster care into four-year public institutions of higher education." Key features of the UC Santa Cruz Renaissance Scholars Program include close working relationships with local social services agencies that identify, mentor, and advocate for these young people,

especially in high school. Some of these agencies have transported students to campus for visits and have participated in events such as the Early Academic Planning Camp. A goal of the camp is to develop individual college-going plans for each student participant. The Renaissance Scholars Program also works in collaboration with community colleges, as many foster youth seek higher education first through the community colleges. The program provides for a designated community college counselor and focused financial aid advising.

Additional academic support is provided to the scholars when they reach the Santa Cruz campus, including priority registration, year-round housing, and an academic advisor and advocate. Vice Chancellor Hernandez emphasized the importance of financial aid to these students, with an emphasis on scholarships, paid internships, and work study jobs on campus, as they lack the parental support which is needed to take on debt. The UC Santa Cruz program provides support to 73 high school students, 79 community college students, and 48 students on the Santa Cruz campus. While these numbers are small, they are significant for California's future.

Vice Chancellor Hernandez provided a profile of two recent graduates, Deutron Kebebew, who serves as the coordinator of the Independent Living Skills Program in Santa Cruz County, and Heather Hazen, who is working on a Master's degree in social documentation on the Santa Cruz campus.

Irvine Vice Chancellor for Student Affairs Gómez provided an overview of the Guardian Scholars Program, noting that it was launched in fall 2001 with support from Ms. Susan Samueli through a partnership with the Orangewood Children's Foundation of Orange County to support foster youth in their efforts to obtain a university education. Orangewood serves as the county's only emergency shelter for neglected or abused children. The campus has enrolled 22 students through the Guardian Scholars Program, one-third of whom enrolled as transfer students. The director of Student Academic Services meets monthly with these students and serves in a mentoring role in their educational and professional development. The program assures that each scholar attends the Irvine campus without concern about ongoing educational costs.

Vice Chancellor Gómez provided profiles of Tiffany Chung, a 1997 alumna who is applying to graduate school after having completed a State Senate fellowship in Sacramento, and Adam Brody, a third-year student at UCI. While in high school, Mr. Brody and his siblings were made wards of the court and placed in a foster home. The UCI Guardian Scholars Program is enabling Mr. Brody to realize his dream for higher education.

Vice Chancellor Gómez concluded his presentation by commenting on the large number of students who encounter stumbling blocks, including traumatic experiences. The Guardian Scholars Program demonstrates that these students can succeed at the level of their more advantaged peers. The success of this program is a confirmation that partnerships that engage societal and educational factors are a promising approach to broader access for the University.

In response to a question from Regent Johnson regarding programs in the Central Valley, Vice Chancellor Gómez reported that there are 83,000 foster children in California, 4,000 to 5,000 of whom are emancipated each year when they reach the age of 18 and are no longer eligible for support services from the State. He saw a growing interest in trying to assist foster children at two particularly vulnerable points, the pre-collegiate and when they reach age 18. Vice Chancellor Gómez agreed to provide Regent Johnson with written materials regarding programs involving foster children in the Fresno area.

Regent Ruiz observed that the University faces a challenge in enrolling underrepresented minority students and encouraged the chancellors to support these programs.

Regent Lansing encouraged the University to expand the number of programs that serve foster youth so that they would be available on all UC campuses.

Faculty Representative Brunk commented that access is often seen only in the context of financial need. These programs provide access to an important population that needs more than financial support.

2. ANNUAL REPORT ON UNIVERSITY PRIVATE SUPPORT

In accordance with the Schedule of Reports, the **Annual Report on Private Support** for the period July 1, 2004 through June 30, 2005 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.]

Senior Vice President Darling provided an overview of the annual report, noting that private giving is a key contributor to the University's academic quality, its institutional competitiveness, student access, and affordability. Over the period July 1, 2004 through June 30, 2005, the University of California received a record \$1.197 billion in new gifts and pledge payments, an increase of 16 percent over the prior fiscal year. Of this amount, \$120 million was donated for student financial support, up 43 percent from last year's total of \$83 million, while the University received \$194 million for its endowment. In addition, the University received almost \$250 million in support of capital construction and renovation.

3. **QUARTERLY REPORT ON PRIVATE SUPPORT, FIRST QUARTER, JULY 1 - SEPTEMBER 30, 2005**

In accordance with the Schedule of Reports, the **Quarterly Report on Private Support** for the period July 1 through September 30, 2005 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.]

Senior Vice President Darling reported that, for the first quarter of the fiscal year, the University had received \$273 million in cash donations, which represents a decrease of ten percent from the same period last year. At the same time, however, the University has received an additional 43 endowed chairs in the first quarter compared with 86 for the entire prior year.

4. **UPDATE ON PRIVATE SUPPORT IN HIGHER EDUCATION AND AT THE UNIVERSITY OF CALIFORNIA**

Senior Vice President Darling recalled that, working together, the campuses and the Office of the President had made a concerted effort to increase philanthropic giving over the past ten years. He explained that when he arrived at the Office of the President in 1996, his goal had been to increase private giving annually from the \$450 million level to \$1 billion. The University exceeded that goal in the past fiscal year. Gifts to the University's endowment increased from \$75 million per year in 1994-95 to \$194 million in 2004-05, while student financial support increased from \$39 million to \$120 million. The intention now is to raise the annual goal from \$1.2 billion to \$2 billion or \$3 billion per year. Mr. Darling explained that, with Regent Kozberg's encouragement, the University had engaged Grenzebach Glier & Associates to perform four tasks:

- To analyze UC's performance during the past decade compared to comparable universities, both public and private;
- To analyze UC's fundraising costs and productivity relative to those same universities;
- To determine what the potential is for future philanthropy based on based UC's successes as well as the successes of the other universities; and
- To advise on the steps that UC should take to achieve ambitious goals in the future.

Mr. John Glier, the president and chief executive officer of Grenzebach Glier & Associates, noted that his presentation represents the first stage of the research tasks that his firm was asked to perform. He reported that the University of California had done well in increasing the amount of private giving over the past ten years across all campuses. There are clear strategic opportunities, however, for improving campus-based fundraising initiatives. New programs will require support from The Regents on a policy level and perhaps a financial

one as well. There will be a need for increased investment in staff and infrastructure in order to achieve the growth that is envisioned.

Mr. Glier presented a listing of the UC small comparison cohort of 9 universities and the UC large comparison cohort of 38 institutions selected as benchmarks by the ten UC campuses. He noted that, over the past five years, private support to the University of California had grown by 26 percent, as compared with 27 percent for the Carnegie I private institutions and 26 percent for the Carnegie I public institutions. These are research universities similar in mission to the University of California. Looking at the ten-year period, UC, at 169 percent, outperformed both Carnegie I private and public institutions. Total private support for the periods 1992-94 and 2002-04 grew from an average annual total of \$404,014,343 to \$1,019,452,886, an increase of 152 percent. This compares with the small comparison cohort growth of 125 percent and the large comparison cohort growth of 90 percent. The University also exceeded the pace of growth of the Carnegie I private and public institutions.

Turning to the topic of alumni support, Mr. Glier noted that the University of California faces a challenge because total private support per alumni of record over the period 2002-04 is an average gift of \$841. In contrast, Stanford and the University of Southern California (USC)¹ received an average gift of \$2,508, for a growth of 121 percent between 1992-94 and 2002-04, as compared with UC's growth of 79.4 percent. UC is within the range of the \$928 mean gift of the cohort institutions but falls behind the Carnegie I private institutions. The one hundred universities in the Carnegie I public list received an average gift of \$408. Mr. Glier reported that the average giving from alumni in each of the last three years had been \$133 million, with a ten-year growth of 190 percent, which outpaces all of the comparison universities. UC grew faster than Stanford/USC, but their total alumni support averages approximately \$183 million. The alumni participation rate in FY2002-04 was 8.5 percent, which represents a 15.4 percent decrease from the 1992-94 period. Similar drops occur for the comparison institutions, with the exception of Stanford/USC, where alumni participation grew by 48 percent. The University's 8.5 percent is about half of the 15.7 percent mean of the cohorts and is lower than Carnegie I public institutions.

Mr. Glier explained that ten years ago, the University had been doing very little outreach to parents for private support. In the period 1992-94 to 2002-04, parent giving increased by over 6,000 percent. The average amount of annual parent giving to UC in 2002-04 was approximately \$14 million, while Stanford/USC combined received over \$22 million. Substantial growth has also occurred in the area of non-alumni giving. This support typically comes from people in communities where a UC campus is located. The comparison data suggest the potential for even greater support, given that UC receives about half the average of Stanford and USC. Corporate giving to UC in FY02-04 was over \$190 million,

¹ The data provided for Stanford/USC are aggregated data.

which is substantially higher than the private institutions. The University of California has done well with respect to gifts from foundations, due in large part to the quality of its faculty.

Mr. Glier turned to a discussion of ten-year growth in total private support as a percentage of institutional expenditures, which include expenditures for instruction, research, public service, academic support, student services, institutional support, scholarships and fellowships, and operation and maintenance of physical plant. Auxiliary enterprises, hospital services, and independent operations are excluded. In fiscal year 2004, total fundraising costs represented 11.8 percent of UC's educational budget. This compares well to Carnegie I public institutions at 9.4 percent but is clearly below the Carnegie I private institutions at 16.2 percent. Private support has a much greater impact on an institution's budget strategies when a higher percentage is devoted to development activities. The total cost to the University of California in 2005 to raise \$1 billion was \$132 million. The data demonstrate that UC is more cost-effective than the benchmark institutions and establishes how well UC staff are using their resources. He noted, however, that when his firm prepared a similar study for Ivy League institutions, it was discovered that a first pass did not uncover all of the expenditures and, to some extent, the costs were understated. In that study, Grenzebach Glier found that the top institutions in the country spend about 14.2 percent on costs. Looking at the number of staff involved in advancement, Mr. Glier reported that about 70 percent of the spending to raise money is spent on salaries. The University of California spends about half as much as the benchmark institutions spend on their development programs.

Mr. Glier concluded his presentation by addressing the potential for growth in private support for the University of California. He noted that private gift support as a ratio of institutional expenditures in FY04 was 11.8 percent. If that ratio were increased, it would be expected that more private funds would be raised. Stanford and USC combined, for example, devote 26.8 percent of their institutional expenditures and raise over \$2 billion. A similar concern arises in connection with UC's alumni participation rate of 8.5 percent compared with the small cohort rate of 18.8 percent. If UC could increase participation to a similar rate, gifts from alumni would increase from \$133 million to \$311 million. The University's ten-year compound annual growth rate in fiscal years 1994-2004 in total private support was 9.2 percent. To grow UC's average total private support of \$1.02 billion to \$2 billion over seven years requires a compound annual growth rate of 10.1 percent. The University's total advancement costs to raise \$2 billion in FY2012 are projected at \$288 million.

Regent-designate Coombs observed that the growth in the number of dollars contributed privately to the University was encouraging, as private support contributes to the number of scholarships and fellowships that the University is able to offer, thereby making UC accessible to more Californians. Private support is also important to the chancellor's discretionary funds for programs such as undergraduate seminars. The data provided by Mr. Glier demonstrate the importance of investing in development and alumni relations.

Chairman Parsky believed that it would be important to begin to link the magnitude of private support with its uses. An important issue is the effect of private support on the objective of maintaining a public university and keeping education affordable through financial aid. Contributions to the medical centers should be reported separately.

Senior Vice President Darling recalled that fund raising at the medical schools represents about 47 percent of the total amount raised. Information is provided in the Annual Report with respect to the use of private funds.

Regent Wachter expressed concern about UC's alumni participation rate of 8.5 percent and asked about plans to address this problem. Mr. Glier noted that, historically, public universities have lower alumni participation rates than private colleges do. Public institutions face the challenge of much larger alumni constituencies that require more absolute dollars to be spent on the activities that result in gifts. The tendency among large public institutions is to focus on the solicitation of major gifts. Mr. Glier anticipated that the number of alumni who contribute to UC could grow if there were more investment and focus in this area.

Mr. Darling recalled that when he arrived at the Office of the President there were 900,000 alumni of record; contact information for 300,000 alumni was missing at that time. The University has devoted money and time to updating its records such that it now meets the standards of the best private universities. In addition, fundraising offices on the campuses have been so undercapitalized that they must decide how to have the biggest impact on the quality of the campus. He agreed that there is a need for improvement with respect to the solicitation of gifts from alumni.

Regent Hopkinson observed that the amount of the University's endowment per student is a critical issue which was not addressed in the presentation. She saw the opportunity for significant improvement. Senior Vice President Darling reported that California's private universities – Stanford, Cal Tech, and USC – had increased their undergraduate student population by 1,500 students over the prior decade, almost all of which was at USC. The University of California, on the other hand, had a 50 percent increase in students over the past ten years, putting UC in a catch-up mode that these private institutions do not face. Mr. Glier added that UC performs poorly in comparison to the University of Virginia and the University of Michigan, public universities with stronger endowments per student.

Regent Juline pointed out that the University of California provides an economic opportunity for lower-income students as compared to the above-mentioned institutions because UC enrolls more low-income students than any university in the country. One challenge that the University will face in the future is developing philanthropic giving among first-generation college students.

Regent Rominger reported that the Alumni Associations of the University of California were concerned about the 8.5 percent alumni giving rate. He anticipated making a presentation at the March meeting on ways to address this concern.

In response to a question from Regent Preuss, Senior Vice President Darling noted that the California State University is able to expend State money for its fundraising programs. The University of California has had a long-standing agreement with the Legislature that it would not do so. This agreement has created greater pressure on the chancellors to use restricted discretionary resources for fundraising purposes. While the return on the investment has been good, the chancellors had demands and opportunities to use their restricted funds for other important goals.

Regent Gould observed that a large amount of wealth would transfer between generations in the coming years, which he saw as a source of great opportunities for the University to share that wealth. Mr. Darling agreed that this could be a significant way to ensure that the University maintains its quality.

Regent Lansing felt a sense of urgency in encouraging parents and alumni to donate to the University and suggested that a subcommittee be appointed to address this quickly.

The meeting adjourned at 12:25 p.m.

Attest:

Secretary