

The Regents of the University of California

PUBLIC ENGAGEMENT AND DEVELOPMENT COMMITTEE

May 18, 2022

The Public Engagement and Development Committee met on the above date by teleconference at the following locations: Luskin Conference Center, Los Angeles campus; 1108 Myrtle Street, Calistoga, California.

Members present: Regents Guber, Hernandez, Lott, Ortiz Oakley, Reilly, Sherman, and Torres; Ex officio member Leib; Advisory members Blas Pedral, Cochran, and Timmons; Chancellors Block, Larive, May, Muñoz, and Wilcox; Staff Advisor Tseng

In attendance: Regent-designate Pouchot, Staff Advisor Lakireddy, Assistant Secretary Lyall, Chief of Staff and Special Counsel Drumm, Associate Director Turner, and Recording Secretary Li

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

Committee Chair Reilly thanked those who attended the Committee meeting at the Sacramento City College Davis Center, located on the Davis campus. The meeting was the Committee's first at a California Community College and featured robust discussion from educators and students.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meetings of March 16 and April 18, 2022 were approved, Regents Guber, Hernandez, Leib, Lott, Ortiz Oakley, Reilly, Sherman, and Torres voting "aye."¹

2. UNIVERSITY OF CALIFORNIA CAMPUS FOUNDATIONS

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Director of Development Policy and Advancement Relations Heather Kopeck stated that the University's fundraising occurred at the campus level, where development offices engage with donors and demonstrate the impact of their philanthropy. Fundraising methods have included annual giving programs, giving days, targeted strategies for major and principal gifts, and planned giving programs. The Office of Institutional Advancement (IA) at the Office of the President (UCOP) provided campuses with legal and policy advising, consulting for complex giving agreements, as well as shared best practices and administered the Regents Systemwide Planned Giving Program. IA also offered support to international foundations located in Hong Kong and the United Kingdom, and the Berkeley

¹ Roll call vote required by the Bagley-Keene Open Meeting Act [Government Code § 11123(b)(1)(D)] for all meetings held by teleconference.

and Livermore Lab Foundations. The Annual Report on Private Support included the amount in outright gifts, payments against prior years' pledges, current-use gifts, and gifts for endowments each campus received. Last fiscal year, the University raised \$2.9 billion systemwide from 300,000 individual donors. Revenue from private support made up six percent of UC's total fund sources. Ms. Kopeck shared a chart showing the growth in private support over the last 20 years and the role of campus foundations, which often functioned as fundraising boards, in that growth. Much of UC's private support has been driven by multi-year, comprehensive campaigns, some of the largest in the nation. Over the last ten years, however, giving to foundations has increased at a higher rate than giving to the University in general. Ms. Kopeck presented charts showing the sources of private support in fiscal year 2020–21. Donors gave over 400,000 gifts to the system, 90 percent of which were gifts of \$1,000 or less, demonstrating that campuses were engaging with donors of all levels and making efforts to develop a donating pipeline. Individual alumni gave \$186 million, and foundations established by alumni gave \$219 million. Campuses might engage with donors for years before the donors decide to give, especially leadership and transformational gifts. The purposes of these gifts have remained consistent with prior years; the majority of dollars have gone to departmental support and research. Student support received \$305 million, \$75 million more than in the previous fiscal year. The percentage of giving toward student support was fairly consistent across the campuses. Consistent with nationwide trends, particularly for public institutions, unrestricted giving made up one percent of total gifts to UC.

Campus foundations had a mission to promote philanthropy and were subject to Regents Policy 5203: Policy on Support Groups, Campus Foundations, and Alumni Associations, which also distinguished foundations as separate entities. Foundations were governed by a board of trustees or directors, many of whom were alumni. Chancellors and other advancement leaders often served as foundation officers. Trustees, who acted as ambassadors for the campus to the local community, engaged with the philanthropic community, business leaders, and others to encourage private support.

Regent Leib asked about the difference between giving to "The Regents of the University of California" (The Regents) and to a campus foundation. Ms. Kopeck explained that The Regents, as an entity, was a charitable organization, and donors could give directly to a campus through The Regents. Donors also had the option to give to a campus foundation, which would act as a fiduciary. Those gift funds would ultimately be transferred to the campus. Where donors give depended on the type of asset; for instance, gifts of real property that would be used by the campus would go to The Regents, but foundations also worked with campus real estate offices on the sale of property.

Regent Sherman asked how the sources of UC contributions compared with other major public universities. Ms. Kopeck stated that, according to John Cash of Marts & Lundy, UC tended to receive gifts from nonprofit organizations while other institutions tended to receive more gifts from individuals. Ms. Kopeck attributed this to the public nature of the University and when campuses started fundraising. Individual fundraising at UC has been increasing over time.

Regent Sherman, noting newspaper advertisements for planned giving from other institutions, asked if UC has planned similar outreach given the aging population. Ms. Kopeck replied that such advertising decisions were made at the campus level. She added that UC campuses had strong planned giving programs, which development offices offered to donors among a variety of giving options. Campus foundations were limited to receiving charitable gift annuities in California, while The Regents' planned giving program was licensed in 13 states and could receive charitable gift annuities from those states.

Regent Hernandez asked why the relative proportions of gifts to The Regents and campus foundations varied widely among campuses, and whether gifts to The Regents and foundations were invested separately. Ms. Kopeck replied that the age and maturity of a campus and when a foundation was created contributed to whether more gifts went to a foundation at a particular campus. Foundations were fiduciaries of the funds they receive and, per Regents Policy 5203, had the ability to determine the best way to invest them. Some have decided to use the General Endowment Pool (GEP).

Regent-designate Timmons asked how donor-advised funds were categorized. Ms. Kopeck replied that donor-advised funds are typically in the nonprofit category, as the legal donor is the nonprofit or sponsoring organization.

Regent Sherman shared that the Investments Committee compared the returns of campus foundations to the GEP, and net and gross performance of the latter tended to be better. The GEP's management fee was three basis points or less, while some campus foundations were paying external managers 30 basis points.

Committee Chair Reilly asked about the reasons for the increase in student support. Ms. Kopeck responded that many donors recognized students' growing needs during the COVID-19 pandemic. All campuses had student emergency funds and additional fundraising activity. Campuses were holding more focused student support campaigns and increasing communication about the need and the impact of support. Committee Chair Reilly stressed the importance of the first donation, regardless of the amount.

UCLA Foundation Chair Craig Ehrlich stated that the UCLA Foundation Board of Directors (Foundation Board) was comprised of 21 volunteer members, split evenly among men and women. More than 50 percent were people of color, 43 percent were less than 51 years old, and 75 percent resided in Los Angeles County. The Foundation had both a California and global focus. Over the last five years, the Foundation has worked to become more diverse to better represent younger alumni and the different departments on campus. Foundation Board members included business executives, lawyers, bankers, those from the nonprofit sector, and former politicians. One of the Foundation Board's priorities was acting as fiduciary of the Foundation's endowment, \$3.9 billion of which was managed by the UCLA Investment Company and \$3.6 billion of which was managed by The Regents. The Foundation Board also determined the annual payout amount in consultation with the chancellor and campus leadership, who helped the Foundation understand the campus' priorities. In the last five years, the Foundation has paid out over \$630 million to the

campus. While the Foundation wished to give more, it had a responsibility to protect the endowment. Another Foundation priority was supporting development by providing strategic advice and guidance. While much money has been raised, Mr. Ehrlich believed that much more philanthropy could be promoted given UCLA's innovation, patents, and impact in the community. The Foundation's final priority was advocacy. Foundation Board members were well connected with legislators and other members of the community and were keen to have more of a role advocating for UCLA's priorities. A council of campus foundation chairs began meeting about two years ago to share best practices and have heard from President Drake, Regents, and Chancellors. The council hoped to build a stronger relationship with this Committee and the Board. The Foundation has also met regularly with Chancellor Block, campus leadership, and academic leadership.

Bettina Duval, incoming Chair of the UC Berkeley Foundation, explained the three phases of the campus' public-private partnership. In the first 50 years of UC Berkeley's history, private support helped build the campus, and individuals supplied UC Berkeley with its entire budget for its first three years of existence. From 1919 to 1968, the State provided 95 percent of the campus' budget. In 1948, alumni concerned that State support might not continue indefinitely formed the California Alumni Foundation, which was renamed in 1995. Currently, the UC Berkeley Foundation had 99 trustees—professionals, business leaders, and leaders in philanthropy—on its board, most of whom were alumni. The Foundation was focused on recruiting younger and more diverse trustees. The board was 49 percent female, and the median age was 63. The majority of trustees were from California, and some were from Hong Kong, Singapore, and New York. The board had a fiduciary responsibility to determine the annual payout rate, it represented donors and advised the chancellor, and it maintained a close relationship with academic deans, units, and programs. Seventy-six percent of trustees have made donations of over \$1 million, and 27 percent of trustees made gifts of \$3 million or more. A total of \$3.8 billion of the Foundation's endowment was managed by The Regents, and \$2.9 billion was managed by the Berkeley Endowment Management Company. Ms. Duval shared the percentage of donations that various gift purposes received. As of April, the Foundation raised \$5.5 billion of its \$6 billion campaign. Campaign successes included the donor-funded Helen Diller Anchor House, which would create 760 beds for transfer students. About ten years ago, Friends of Cal was formed to support UC Berkeley's advocacy efforts. Ms. Duval, Regents Leib and Pérez, and others formed Friends of the University, a political action committee representing all the campuses.

Committee Chair Reilly encouraged Regents to join Friends of the University.

UC Riverside Foundation member and Regent Emeritus Darin Anderson stated that UC should instill in graduates a commitment to "pay it forward," as UC's donor participation rate was not as high as at larger private institutions. He wished to support future students as he had been supported with scholarships as a student. When he served as Foundation Chair, the Foundation launched its first ever capital campaign and raised more than the \$300 million goal. The Foundation's outreach went beyond traditional avenues to organizations, nonprofit entities, and companies wishing to access UCR research and invest in its students and faculty. Regent Emeritus Anderson believed that the Foundation's next

campaign would aim to fundraise \$1 billion or more. UC Riverside and UC Merced, with the highest populations of underrepresented students in the system, were more dependent on State support on a per-capita basis, and the Foundation provided critical support to the campus. In its advocacy role, the Foundation helped the campus better understand the surrounding region, build stronger connections with industry, and prioritize campus investments, all while promoting UCR at the State level. Several initiatives and legislative actions were mobilized by the Foundation board. He stated that endowment gifts and unrestricted gifts were preferred. Regent Emeritus Anderson emphasized the importance of fostering long-term philanthropy among students and alumni.

Regent Sherman asked whether there was a giving requirement to join a campus foundation. Ms. Duval replied in the negative, explaining that the UC Berkeley Foundation considered it in the nominating process but put more emphasis on an individual's activities. Mr. Ehrlich replied that the UCLA Foundation had a guideline of giving \$50,000 per year, but this has not inhibited the Foundation from recruiting valuable people, whose network and commitment were also considered. Regent Emeritus Anderson stated that the UC Riverside Foundation did require a minimum annual contribution and expected a significant capital campaign contribution as well.

3. UNIVERSITY OF CALIFORNIA ALUMNI ENGAGEMENT

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Director of Systemwide Alumni Engagement Patricia Nguyen underscored the importance of alumni as advocates, volunteers, philanthropic supporters, and brand ambassadors. Six campuses more than doubled their alumni population since 2000, and UC now had approximately two million living alumni. UC was enrolling a higher percentage of first-generation and low- to moderate-income students, and these trends were expected to continue. While time zone and geographic differences were no longer barriers to connecting with alumni, "digital fatigue" from the amount of time spent online during the COVID-19 pandemic and declining public trust in institutions presented challenges. Ms. Nguyen stated that alumni engagement needed to go beyond how alumni could serve UC. Not all alumni shared the same pride in their UC affiliation, especially those who did not have as positive an experience at the University. UC must consider socioeconomic, wealth, and class differences among alumni, particularly the 40 percent of UC alumni who were first-generation students. Alumni activities needed to do more than invoke nostalgia; they need to offer reciprocity and support. UC had an opportunity to take a different approach to alumni engagement, informed by its own research on community, wealth, and sense of belonging. UC's alumni associations were 501(c)(3) organizations, with boards comprised of volunteer alumni who worked closely with campus leadership. They offered career support, alumni travel, and learning opportunities, and have provided support to identity-based and interest-based alumni chapters. There were now systemwide alumni identity groups, such as one for Chicano(a)/Latino(a) alumni, and groups like the Council for Advancement and Support of Education were part of a nationwide effort to redefine alumni engagement. Ms. Nguyen shared that Regent-designate Timmons planned

to launch a think tank to address alumni engagement issues when she assumes the presidency of the Alumni Associations of UC. She concluded her remarks by sharing some of the alumni speakers' accomplishments.

UC Santa Barbara alumna and Regent Emerita Marilyn Lee shared that she graduated in 1969 and served as Student Regent 40 years ago, when there were only two women Regents. After graduation, Regent Emerita Lee worked in Washington, D.C., attended law school and served as deputy city attorney in Los Angeles, worked at the Times Mirror Company, and retired as Vice President of the *Los Angeles Times*. She was a first-generation student and worked through college when few women were admitted into college. At the time, protesting the Vietnam War, boycotting for the United Farmworkers of America, and the assassinations of Robert F. Kennedy and Martin Luther King, Jr. bonded students, motivating many to enter public service. The first contacts she received from UCSB when she became an alumna were from fund callers. Some years after graduation, she reconnected with UCSB through an alumni program and was invited to join the alumni association board. Her time on this board influenced her career, and Regent Emerita Lee has since amassed 40 years of experience on various boards. She underscored UC alumni's unparalleled emotional bond and their passion for the University's excellence. She and her husband have increased their giving to academic programs, dean's funds, and scholarships, such as the Promise Scholars and Propel Scholars programs. Alumni associations provided structure and programs for engagement. UC Santa Barbara had 26,000 students, 230,000 alumni, and, despite lacking major sports or professional schools, 130,000 students applied this fall, 30 percent of whom were from underrepresented groups. The UCSB Alumni Association faced major funding, staffing, and diversity challenges, having lost half of its staff and a major source of revenue when its family vacation center was closed for two years during the pandemic. Private fundraising has been needed to support alumni programs.

UCLA alumna Yadira Perez shared that she graduated in 2015 and was a low-income, first-generation student from a Mexican and indigenous background. Ms. Perez recalled that she did not feel a sense of belonging at alumni events. For instance, after attending a networking event, she received an email about a student trip to Europe, which was not possible for her as an undocumented student. In her personal experience, networking was for building relationships and helping others rather than seeking employment. It was this type of networking that helped her family during her father's deportation proceedings. The Deferred Action for Childhood Arrivals program (DACA) did not exist when Ms. Perez graduated, and she wondered whether disclosing her immigration status at career events would affect her ability to find work. Her relationship with UCLA as an alumna improved after she found a job on campus and met staff from diversity programs, which led to her founding the Undocumented Alumni Association of UCLA to address structural challenges and create programming tailored to the undocumented alumni community. While Ms. Perez left UCLA with mixed feelings, she returned as an alumna when she found that her relationship with the institution was not simply a transactional one. She began donating to UCLA because she knew that the campus was listening to the needs of people of color. In her view, alumni philanthropy was unlikely to continue without UC supporting the personal and career development of alumni, working to gain trust, and creating a sense of

belonging through radical integration. Ms. Perez highlighted the potential of systemwide alumni engagement.

Ms. Nguyen noted that the Undocumented Alumni Association of UCLA was the first of its kind in the U.S. and was one example of how UC could change alumni engagement.

UC San Diego alumnus Ping Yeh, incoming President of the UCSD Alumni Board of Directors, shared that he graduated in 1999 and was the first generation from his family to be born in the U.S. Twenty years ago, Mr. Yeh founded a “Minnesota Club” for UCSD alumni based in that state. As a student, he engaged in much volunteer work and co-founded both the UCSD Student Foundation and Engineering Student Council. Mr. Yeh stated that UCSD has been a catalyst touching every aspect of his life. When he was granted admission into UCSD, he was invited to a “summer send-off” hosted by Silicon Valley alumni, where he met other incoming students even before reaching the campus. As a student, Mr. Yeh attended alumni events in Palo Alto and met alumni in his industry. His first job after graduating was also shepherded by a UCSD alumnus. Then, following his cancer diagnosis and treatment, Mr. Yeh founded a medical technology company that sought treatments for diseases with no known cures. He thanked Regent Torres for his role in the California Institute for Regenerative Medicine (CIRM), which was shaping the trajectory of the medical industry. He and the UCSD Alumni Board envisioned creating a caring community that anticipated alumni and student needs in order to make a difference for the next generation. The Alumni Board has been considering how it could improve alumni engagement during the pandemic and planned to focus on technology that would enable that. In his view, alumni at UCSD and across the system were an untapped resource, and building meaningful relationships with alumni could make a difference.

Regent Torres thanked Mr. Yeh for his support of CIRM and applauded his efforts.

Regent-designate Timmons asked how many alumni were in the Minnesota Club. Mr. Yeh replied that there were over 300 members. For the last 20 years, the Minnesota Club has hosted its own summer send-off for local students preparing to attend UCSD.

Staff Advisor Tseng stated that more than 50 percent of University staff were affiliated with UC either as alumni or as parents of students. She encouraged the University to strengthen the student-to-staff pipeline. Graduating students could consider UC as their first career step. Ms. Tseng noted the many types of UC alumni, including UC Extension certificate holders, and she encouraged chancellors to consider creating staff degree completion programs. She thanked alumni who have given their time, energy, and money.

Regent-designate Blas Pedral asked if alumni have expressed concern about student debt. She remarked that they might be able to give more to the University if their loans were forgiven. Ms. Nguyen stated that the first call that many alumni received from their campus pertained to the annual fund, and she underscored the importance of redefining alumni giving to include advocacy, volunteerism, and leadership. The relationship between alumni and development offices could be strengthened so that fund calls include more options to give to UC.

Regent-designate Blas Pedral suggested that advocacy for campaigns like Double the Pell or the pathway to a debt-free UC education was one way to engage alumni.

Regent Lott asked how campuses were supporting alumni associations from a development perspective. Noting that the way campuses engage with alumni might have motivated some giving, particularly of smaller gifts, she also asked if UC was building a pipeline from alumni involvement to alumni giving. Regent Emerita Lee replied that the UCSB Alumni Association had originally subordinated its right to fundraise to the UCSB Foundation until ten years ago, when the Foundation realized the philanthropic potential of alumni. Last fiscal year, 47 percent gifts to UCSB came from alumni and represented 17 percent of total giving. Currently, a Foundation staff member was stationed at the Mosher Alumni House to work on targeted scholarships. In her view, there was not much of a partnership. Mr. Yeh thanked Chancellor Khosla for his support of UCSD alumni. He noted that alumni participation in UCSD capital campaigns has grown. In order to attract alumni involvement, UC needed to initiate conversations with them, perhaps with the use of technology. Ms. Nguyen added that development and alumni associations had similar intentions despite some territorial behavior, and that structural changes could be helpful.

Regent-designate Timmons asked Mr. Yeh to expound on the UCSD Student Foundation. Mr. Yeh stated that the Student Foundation was formed to teach students about the role of philanthropy in the student experience. Founding the Student Foundation gave Mr. Yeh the confidence to found other nonprofit organizations.

4. **STATE GOVERNMENTAL RELATIONS UPDATE**

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Associate Vice President Kieran Flaherty stated that Governor Newsom's May Revision of the proposed State Budget reflected strong revenues, retained the investments proposed for the University in January, and detailed multi-year agreements with the segments of public higher education. Not all of the State's \$100 billion surplus was available for discretionary expenditure, such as in UC and the California State University (CSU), due to the State appropriations limit. In response, Governor Newsom put more money into reserves. There was still a proposed \$4.3 billion in ongoing funding for the University and \$100 million in one-time funding for deferred maintenance. Since the Governor's Council for Post-Secondary Education had recommended ambitious goals in degree and certificate attainment for working-age Californians, the five-year funding compacts were intended to advance those goals, close equity gaps, and increase access and affordability. The policy goals in the compact with UC, such as expanding enrollment, increasing student success and equity, ensuring affordability, and increasing intersegmental collaborations, were shared by Governor Newsom and the University, and also seemed to be a high priority for the Legislature. Per the compact, a five percent increase to the operating budget each year for five years would be provided, and there would be agreed-upon benchmarks to gauge UC's progress. The five percent adjustment would support at least a one percent increase in UC's resident undergraduate enrollment annually, as well as adding 2,500 graduate

students by 2026–27. These aligned with UC’s 2030 goals. The compact would also fund the exchange of nonresident enrollment for resident enrollment, and there was additional enrollment funding for this coming academic year. The Newsom administration, the Legislature, and the University could agree to more funded enrollment growth in the future, and there was potential for an agreement on additional capital.

The compact included collaboration with the other segments and State agencies. UC would participate in the implementation of the Cradle-to-Career Data System and the California College Guidance Initiative’s operating tool, as well as establish a multi-segment admissions platform with CSU and the California Community Colleges. UC would enter into a data-sharing agreement with the California Community Colleges to better facilitate the transfer process. The compact also aimed to double the number of credit-bearing online courses and increase degree production in academic doctoral programs and science, technology, engineering, and mathematics. The Legislature would consider and vote on these proposals, and a final State budget should be approved by June 15, with smaller budget bills presented later in August.

Four UC-sponsored legislative bills were advancing through the Legislature. They proposed to extend the cord blood collection program, expand health plan coverage for biomarker testing, eliminate the citizenship requirement to serve as a peace officer, and extend the California State Summer School for Mathematics and Science (COSMOS) for high school students. State Governmental Relations has taken a “support” position on 15 bills and strongly opposed Senate Bill 1401, which would establish funds to pay athletes of certain sports and could defund other sports.

Committee Chair Reilly thanked Regent Torres for his service as Committee Vice Chair.

The meeting adjourned at 12:30 p.m.

Attest:

Secretary and Chief of Staff