

The Regents of the University of California

PUBLIC ENGAGEMENT AND DEVELOPMENT COMMITTEE

January 18, 2023

The Public Engagement and Development Committee met on the above date at UCLA Luskin Conference Center, Los Angeles campus and by teleconference meeting conducted in accordance with California Government Code §§ 11133.

Members present: Regents Hernandez, Kounalakis, Reilly, and Timmons; Ex officio member Drake; Advisory members Ellis, Raznick, Steintrager, and Tesfai; Chancellors Block, Larive, Muñoz, and Wilcox; Staff Advisor Lakireddy

In attendance: Regent Robinson, Regents Analyst Sheridan, Deputy General Counsel Woodall, Senior Vice President Colburn, and Recording Secretary Li

The meeting convened at 2:35 p.m. with Committee Chair Reilly presiding.

Committee Chair Reilly announced that the Committee would meet the following week at UC Riverside. She thanked Chancellor Wilcox for hosting the Regents.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of November 16, 2022 were approved, Regents Drake, Hernandez, Kounalakis, Reilly, and Timmons voting “aye.”¹

2. CONVERSATION WITH SENATOR BEN ALLEN

[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.]

Senior Vice President Colburn introduced California State Senator Ben Allen, who was serving his third term representing the 24th Senate District in California and previously chaired the Senate Education Committee. An advocate of the University, environmental protections, and electoral reforms, Senator Allen was an alumnus of UC Berkeley and had served as a Student Regent.

Senator Allen shared that his relationship with the University began when his parents moved to California for his father’s faculty position at UCLA. He remarked that UC has struggled to get the support it deserves from the State and understood this Committee’s role of attempting to strengthen UC’s relationship with Sacramento. He noted that Governor Newsom’s commitment to the multi-year funding Compact despite the State’s significantly lower revenue expectations was a positive sign. Senator Allen and his

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

colleagues would advocate for full funding under the Compact, and he offered to work with UC to seek reinstatement of the funding that was delayed. He looked forward to meeting with Regents in person in the future.

Chancellor Block asked Senator Allen for his opinion on the future of the State budget given this year's constraints. Senator Allen stated that the State budget reflected the health of the California economy, particularly its highest earners, and noted the effect of the state's technology wealth and other wealth on the market. The State budget, which relies heavily on capital gains, has consistently tracked the market and was typically stronger when the market was more robust, as demonstrated by last year's budget.

Regent Hernandez asked about the proposed funding delays and the chances of these funds being reinstated. Senator Allen explained that funding for UC Merced and UC Riverside campus expansion projects, UCLA's immunology center, the Clean Energy Campus project at UC Berkeley, and the State's Higher Education Student Housing Grant Program and California Student Housing Revolving Loan Fund would be delayed to fiscal year 2024–25. The Governor's office has made assurances that these were only delays, but Senator Allen noted that the State's ability to quickly pay these funds next year was tied to the health of the State budget, which was itself tied to the health of the economy and market. Governor's Newsom's proposal was only the first step of the State budget process, and there was speculation that some of the Governor's projections were too conservative and that some funding might not need to be delayed. The Governor has been able to keep his proposed budget relatively stable through reserves and other strategies.

Regent Timmons asked what other issues the University should focus on. Senator Allen responded that one issue was declining enrollment. He acknowledged that the enrollment goals set in the funding Compact would be difficult for UC to meet this year due to factors beyond UC's control, such as declining enrollment in community colleges and summer bridge programs, the COVID-19 pandemic, and housing challenges. He suggested that the University watch these issues closely, as the Legislature's support was based on those agreements in the Compact. Another issue was housing. Senator Allen and other legislators were concerned about the First District Court of Appeal's ruling in the California Environmental Quality Act (CEQA) lawsuit pertaining to UC Berkeley enrollment. He foresaw a legislative response to prevent CEQA from being used to affect campus housing needs.

Staff Advisor Lakireddy called attention to the lack of medical facilities in the Merced area, where the need for care had been exacerbated by recent flooding, and asked how UC could advocate for healthcare access in the Central Valley. Senator Allen replied that he recently visited Merced and learned about the flooding and other environmental issues. He stated that he would speak to State Senator Anna Caballero about healthcare access challenges in the region. He cautioned that there would be continued pressure from the Legislature regarding affiliations with faith-based hospitals and health systems, but he noted that these partnerships were seen as essential in the Central Valley. There were also broader infrastructure considerations in the long term.

Regent-designate Raznick asked about the perception of the University's value and contribution from Senator Allen's constituency. Senator Allen responded that UC's role in driving the progress of the state was well recognized in the district he represented, which included UCLA, but many Californians did not have the same understanding and more could be done to share UC's contributions. For instance, the proposed immunology center at UCLA could drive innovation in bioscience and the economy. Senator Allen opined that California's ability to remain competitive, in areas such as technology, bioscience, aviation and aerospace, and entertainment, depended on UC's ability to grow and become increasingly sophisticated in its research. California must also be careful not to repeat the mistakes that resulted in business related to Clustered Regularly Interspaced Short Palindromic Repeats (CRISPR) technology migrating to another state, although the technology had been largely developed at UC and subsidized by California taxpayers. Governor Newsom and the Legislature wished to increase UC enrollment in response to concerns about how difficult it is to get into UC. To that end, the State could work with the University to build more housing. Senator Allen noted that State investment in the University was about half of what it had been in the 1980s, a demonstration of the balance of power in Sacramento. There was skepticism in the Legislature about equity and access at UC, and more work needed to be done to ensure that top students from disadvantaged backgrounds, especially first-generation students, are not discouraged from applying to the University.

President Drake remarked that UC served as the gold standard for opportunity, surpassing competitors in the number of Pell Grant recipient, first-generation, and underrepresented students. He thanked Senator Allen for supporting UC since his time as a Student Regent.

3. **COMPREHENSIVE CAMPAIGN, MERCED CAMPUS**

The President of the University recommended the endorsement of the public phase of the UC Merced campus fundraising campaign, Boldly Forward: The Campaign for UC Merced, with a dollar goal of \$200 million, supporting three campaign pillars: leading through discovery, cultivating healthy societies, and empowering student excellence.

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Chancellor Muñoz began his remarks by noting that Boldly Forward was UC Merced's first comprehensive fundraising campaign, and he recognized the foundational work of then Interim Chancellor Brostrom and then Chancellor Leland. When he joined UC Merced, Chancellor Muñoz directed work on the campus' first-ever strategic plan and comprehensive campaign. A \$20 million donation by the Mackenzie Scott Foundation in summer 2021 was followed by awards from other major foundations. In 2022, UC Merced launched its strategic plan, branding campaign, and the public phase of its comprehensive development campaign. At Illuminate, the comprehensive campaign's launch event held last fall, UC Merced announced a \$15 million donation from Regent Emeritus Frederick Ruiz and his wife Mitzie Ruiz toward scholarships for students from the San Joaquin Valley. With this donation, the campus doubled its campaign goal to \$200 million. He

welcomed the Regents' help and suggestions to better align UCM efforts with the greater UC vision. The past October had marked the 20th year since breaking ground at the Merced campus and the 17th year of instruction.

E. Edward Klotzbier, UCM Vice Chancellor for External Relations and Strategic Communications, stated that 94 percent of UC Merced alumni stayed within the state. Nearly 20 alumni have given \$10,000 gifts or more to endow scholarships and fellowships, including Regent-designate Ellis and his family. Although UCM alumni gave well, they made up a small percentage of total gifts, and the campus relied on outside support from individuals, corporations, and foundations. The campus sought to continue the momentum in its fundraising during fiscal year 2018–19 despite a transition in leadership. Upon his arrival in summer 2020, Chancellor Muñoz directed the campus to accelerate its planning to launch Boldly Forward. The campaign's priorities were developed to align with UC Merced's strategic plan: leading through discovery, cultivating healthy societies, and empowering student excellence. By the end of 2022, the campaign raised over \$75 million. The \$20 million gift from the Mackenzie Scott Foundation, the largest in UC Merced's history, also helped accelerate the campaign's timeline toward entering a public phase. Aside from this and the \$15 million gift from Regent Emeritus Ruiz and his wife, other significant gifts received during the silent phase of the campaign included \$3.5 million from the Hellman Fellows Endowed Fund, \$6.5 million from the James Irvine Foundation, funding from the UC Merced Foundation Board of trustees for local science, technology engineering, and mathematics (STEM) education, and more. There was also funding for grassland conservation, arts programs, and a gallery on campus. Staff Advisor Lakireddy and her husband, Vikram Lakireddy, M.D., gave generously toward a new ballroom and conference center. Mr. Klotzbier thanked UC Riverside for the guidance it provided for UC Merced's first campaign. Campaign operations were managed internally by a small fundraising team instead of outside consultants, and there were 25 alumni who served as campaign ambassadors. Mr. Klotzbier reviewed a timeline of the campaign, which was expected to reach its \$200 million goal by 2030.

Regent-designate Ellis noted that the UC Merced Alumni Association established its first two endowments within ten years. He recalled when Regent Ruiz graciously took time to meet with students and listen to their concerns after a Regents meeting in 2011.

Regent Hernandez praised UC Merced for managing the campaign internally and for receiving gifts from the campus community. He offered the Regents' help.

Ms. Lakireddy thanked Chancellor Muñoz and Mr. Klotzbier for their leadership during a difficult several years. She shared that Chancellor Muñoz had allocated \$1 million of the \$20 million gift from the Mackenzie Scott Foundation to the UC Merced Staff Assembly for professional development. This was significant as staff did not have access to much professional development in a remote location such as UC Merced.

Chancellor Muñoz noted that hundreds of students held signs thanking donors for their support outside of the Lakireddy Ballroom during the launch event. He thanked President Drake and the Regents for their support.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regents Drake, Hernandez, Kounalakis, Reilly, and Timmons voting "aye."

4. **ANNUAL REPORT ON UNIVERSITY PRIVATE SUPPORT**

[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.]

Senior Vice President Colburn thanked Committee Chair Reilly for her commitment to discussing development during Committee meetings. Referring to comments made in the previous presentation, he shared that leaders of the campus development offices met regularly to collaborate, learn from each other, and share best practices.

Heather Kopeck, Executive Director of Institutional Advancement at the Office of the President (UCOP) stated that, in fiscal year 2021–22, the University received \$3.3 billion from over 412,000 gift transactions. Fundraising totals were calculated using the Council for Advancement and Support of Education (CASE) standard and included current use and endowment gifts, as well as gifts paid in full and pledge payments made during the fiscal year. Data calculated using this standard enabled comparison among institutions nationwide and were provided to CASE for its annual survey. Year-over-year totals fluctuated based on economic conditions or the size of gifts in a given year, but the overall trend at UC has been one of increasing support. Over the last ten years, the University has more than doubled the support it has received and FY 2021–22 was the first year UC crossed the \$3 billion mark, due in large part to campus comprehensive campaigns. Many donors supported multiple campuses and made multiple gifts in one year. There were over 240,000 donors in FY 2021–22. Ms. Kopeck recalled that, at the May 2022 meeting, Regents asked how the University's sources of support compared with those of its peers. UC received about ten percent more support from foundations than its peers; in general, public institutions were receiving more funding from foundations and nonprofit organizations. This could be the result of an increase in family foundations and donor-advised funds. Alumni gave \$313 million in support, up from \$127 million in the previous year, but this did not include the \$221 million from foundations established by alumni. UC planned to track donor-advised funds in the next few years. Donors chiefly gave to research or specific departments. The University received \$333 million in student support, up \$28 million from the previous year. Unrestricted support made up less than one percent of total giving. Nearly \$806 million went to the endowment, \$180 million of which was directed to endowed chairs, critical for faculty recruitment and retention. Systemwide, there were more than 2,500 endowed chairs. A large portion of total support went toward health sciences and medicine. Aside from the campuses, the report also highlighted support for campus locations such as UC Agriculture and Natural Resources. Comprehensive campaigns were massive undertakings tied to campus strategic plans. Campuses also launched targeted fundraising initiatives, such as UC Riverside's Beyond Brilliant Initiative, which sought to raise \$50 million in student support over the next five years. Campaigns were an opportunity to engage alumni; for example, UC Irvine's campaign aimed to engage 75,000 alumni. Annual giving days aimed to broaden the donor base and

involved the whole campus community, and campuses worked with donors at all levels to build a pipeline so that donors could give over their lifetime as well as legacy gifts.

Mr. Colburn underscored the importance of considering non-financial ways that alumni could contribute, such as leveraging a large social media following. Alumni relations and peer development were becoming increasingly connected, and creative, low-cost ways to engage young alumni could lead to giving financially later.

Regent Timmons asked if the data on donor-advised funds currently available from individual campus foundations could be aggregated. Ms. Kopeck replied in the affirmative. Campuses were modifying their databases to better capture this information, and CASE's annual survey has started to request that institutions provide it. UCOP would present these data to the Regents once they have been collected. In Ms. Kopeck's view, alumni giving was narrowly defined and could be expanded to include more forms of alumni participation.

Regent-designate Ellis stressed the importance of contributing to the General Endowment Pool and the Blue and Gold Pool, which provided good returns and were managed by the Office of the Chief Investment Officer.

Regent-designate Raznick asked how the number of large alumni donations compared with the total number of alumni gifts. Ms. Kopeck responded that, in general, gifts of \$1,000 or less made up about 90 percent of total gifts. There were over 530 gifts of \$1 million or more, which made up about 50 percent of the total dollars. UC aimed to build a giving pipeline by demonstrating to smaller donors like alumni the impact of their gifts, as well as inspiring confidence that UC was stewarding their gifts well, with the hope that giving levels grow over time.

Regent-designate Raznick asked if UC was shifting toward a culture of giving. He recalled that UC was mostly State-funded when he had graduated from UC Santa Barbara. Ms. Kopeck replied in the affirmative. Fundraising activity at UC began on a smaller scale in the 1960s because of the amount of State support the University received, and UC Berkeley and UCLA launched the University's first fundraising campaigns in the 1980s. A culture of philanthropy has developed systemwide and, through increased engagement of alumni and giving days, at the campus level as well.

Regent-designate Raznick noted that 50 percent individual donors at UCLA were alumni and asked if there were insights into this figure. Ms. Kopeck responded that the annual report focused on total dollars and that alumni comprised a high percentage of total donors. A large gift from a single alumnus donor in a given year could create the impression that giving from a particular population was higher that year.

President Drake praised the 9.8 percent alumni giving rate at UC Merced, a high giving rate for a public institution. President Drake noted that one donor, who had recently been honored for his naming gift of \$10 million, had been a donor for 40 years. The donor's first gift had been ten dollars.

5. 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.]

Kathleen Fullerton, Deputy Director of State Governmental Relations, stated that Governor Newsom proposed \$223.6 billion of General Fund expenditures in his 2023–24 State budget, of which \$4.7 billion would be allocated UC. The Governor planned to fund the second year of his multi-year Compact with the University despite the State anticipating an economic recession and \$23 billion budget deficit. The Governor was not using the State’s estimated \$34 billion in rainy day reserves and instead delaying some one-time investments and intended investments. This meant that capital investments at UC Berkeley, UC Merced, and UC Riverside would be delayed, as well as some investments in the UCLA Institute for Immunology and Immunotherapy. The Governor also proposed an allocation of \$30 million to replace nonresident undergraduate students with more California resident undergraduate students at UC Berkeley, UCLA, and UC San Diego. The Compact set a goal of 18 percent for the total nonresident student population at UC. Next, UC would engage the Legislature, advocating for both the Regents’ budget request and the Governor’s proposed budget. The collection of State revenue in the spring would determine whether the State would see a further budget deficit, which could change funding to UC. Ms. Fullerton noted that budget advocacy was a year-round affair.

February 17 was the deadline for the introduction of new bills to the Legislature; State Governmental Relations (SGR) has identified 24 measures that could have a potentially significant impact on the University. Senate Bill (SB) 27 proposed restrictions like those of SB 1364 of the previous year that exceeded Regents Policy 5402, Policy Generally Prohibiting Contracting for Services, and Article 5 of UC’s collective bargaining agreement with the American Federation of State, County and Municipal Employees. SB 28 sought to place a bond on the statewide ballot in 2024 and would provide UC and the California State University each with \$2 billion for capital priorities. The last iteration of such a ballot measure was Proposition 13 in 2020, which did not pass. SB 61 and Assembly Bill 226 were related to the Native American Graves Protection and Repatriation Act and would codify recommendations made in the latest State Auditor’s report regarding UC efforts to repatriate remains and cultural items. The University was also seeking legislative authors for three bills it wished to sponsor.

There were 34 new legislators this legislative session—ten in the State Senate and 24 in the State Assembly—and new chairs of the Senate Education Committee and Assembly Higher Education Committee. SGR was meeting with these new members, learning their needs, and learning their constituents’ needs. Nine new legislators joined the UC Legislative Roundtable. The return of in-person meetings has helped UC better engage new and existing legislators on issues such as labor, capital needs, student and faculty diversity, and climate initiatives. SGR has worked with the campuses and with Strategic Communications and Media Relations at the Office of the President to develop materials that provide updates regarding the University’s work in labor relations.

Regent-designate Tesfai noted that, during the conversation with State Senator Ben Allen, there was mention that UCLA might join the Transfer Admission Guarantee program. He asked about the origin of such a proposal. Ms. Fullerton replied that this was mentioned in Governor Newsom's budget summary but not in the budget bill. SGR was working with the Governor's Office and the campuses to understand his intent and determine how UC could meet his expectations. More information might be provided during the May Revision of the State budget or in a budget trailer bill. Mr. Colburn added that, while this was a shared priority with the Governor, the specific proposal came from the Governor's office.

Regent Hernandez asked why there were so many new legislators. Ms. Fullerton replied that some members left before their term expired due to redistricting or the decision to run for the U.S. Congress. Many factors contributed to this change.

The meeting adjourned at 4:15 p.m.

Attest:

Secretary and Chief of Staff