

University of California Regents' Meeting  
Annual Report on Private Support  
January 19, 2005

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Philanthropy, or private support, is crucial to the University's ability to fulfill California's Master Plan for Higher Education. It supplements state funds to make possible a level of academic excellence and student access that state funds alone cannot provide.

The annual report on private support was mailed to you in advance of this meeting. Today I would like to highlight the financial impact of philanthropy on the University of California. Then Chancellors Carnesale, Vanderhoef, and Bishop will discuss how philanthropy is sustaining the excellence and momentum of their campuses.

Last year, private support increased 8 percent over the prior year. This compares with more modest increases of 2 to 6 percent for most universities. During the past five years, philanthropy has contributed more than \$5 billion to the University.

(Slide 1) Over the past ten years, philanthropic support has increased 149 percent, which is better than six of our eight comparison institutions. (Slide 2)

To put this in context, let me show you how private support compares to other University fund sources. Last year, private support provided about 6 percent of the University's operating revenue. State funds represented 16 percent of the total. For purposes of comparison, in 1970, private support and endowment income together provided less than 4 percent of the University's annual operating revenue -- while state funds represented 44 percent of the total. So, in 1970, the state provided more than ten times more money to the University than private sources. Now the state provides somewhat less than three times as much as do private sources. (Slide 3)

The impact of private giving on the "academic core" of the University is even more pronounced. If one excludes the three UC-managed Department of Energy laboratories, the five UC Medical Centers and auxiliary enterprises, private support represents 13 percent of all revenues for our academic programs. For purposes of comparison, private giving typically represents about 18 percent of funding for the academic core at private research universities, and 11 percent at public research universities. (Slide 4)

Last year, private support provided about 5 percent of all student financial aid funds, existing endowments generated another 5 percent, and financial aid provided by private sources directly to our students provided another 5 percent. All together, these three sources contributed an amount equal to three quarters of the amount of funding provided by the California Student Aid Commission. This fact underscores the crucial role that private support plays in making a UC education both accessible to, and affordable by, California high school students. (Slide 5)

Private gifts, grants, and contracts provide 24 percent of the funding for the University's vast research enterprise. As such, private support plays a key role in advancing knowledge and fostering the innovations that provide fuel for California's economic growth. (Slide 6)

Last year, an additional 52 professorships were endowed by private sources. Parenthetically, this year we have exceeded that number in the first six months. There are now 1,000 endowed chairs for UC's 9,000 ladder-rank faculty. As recently as 1980, there were only 80 endowed chairs. I would like to thank Regent Ruiz for endowing the most recent endowed professorship at UC Merced. (Slide 7)

A University's endowment is a crucial underpinning of excellence. UC's endowment grew from \$5.6 billion to \$6.6 billion in 2004. Last year, endowment gifts added \$230 million to the University's endowment. Investment returns contributed the remaining \$770 million to the endowment. (Slide 8)

Capital expenditures vary considerably from year to year. Over the past five years, capital expenditures from private sources averaged \$221 million per year, which represents about 15 percent of annual capital expenditures. (Slide 9)

Alumni contributed \$130 million to the University last year. This number underreports actual alumni giving because it does not include gifts from personal or family foundations. However, we know from past experience that alumni giving is particularly sensitive to economic cycles. It peaked when the stock market peaked in 2000 and then dropped when the stock market dropped.

Additionally, gifts from non-alumni individuals totaled \$284 million, twice the amount of alumni giving and a 39 percent increase over the prior year. This underscores the value that private citizens place on their public university as a means to improve our society.

For the past five years, we have been making a concerted effort to increase private support from parents of our students. Although our efforts are still incipient compared to other universities, three UC campuses already rank among the top ten public universities in parental giving. (Slide 10)

Nowhere is private support having a greater impact than on the campuses. The Chancellors work with their colleagues to identify campus fundraising priorities that address crucial campus needs. These priorities vary from campus to campus, depending upon the institutional needs of the campus and the maturity of its fundraising programs. As you will hear in a moment, the need for private support has been integrated into both the current and long-range institutional plans of the campuses, and it is having a significant impact in the realization of those plans.

Now let me invite the Chancellors to describe the role of philanthropy in shaping their campuses, both academically and physically. Chancellor Carnesale will discuss the new initiative at UCLA to raise private funds for endowed chairs and student support to ensure UCLA's future academic excellence. This initiative was undertaken following a study that examined what UCLA needs to do to remain competitive in the future.

Chancellor Vanderhoef will discuss the plans of the Davis campus to embark on a new comprehensive capital campaign and to leverage other funds through this organized fundraising effort.

Chancellor Bishop will discuss the essential need for private funds for the new campus at Mission Bay and the success that UCSF has had in raising those funds.

Each of the Chancellors will also identify some of the challenges that their campuses face in realizing these goals, as well as how they are addressing those challenges. At future meetings of The Regents we will ask the other Chancellors to provide you with a similar overview of their fundraising efforts.