

By Christine Clark May 23, 2013

Investing in the Future: UC San Diego's Federal Research Funding Among Top 10 in Nation Despite Campus's Relative Youth

A study by the National Science Foundation naming the top 10 universities receiving the most federal funding for research and development ranked UC San Diego in 8th place out of 896 colleges that received federal R&D money during the 2011 fiscal year.

In addition to receiving large amounts of federal funding, the schools on the NSF list tended to also have hefty endowments. All schools in the top 10 have an endowment above \$1 billion, with one exception: UC San Diego.



Photos by Erik Jepsen/UC San Diego Publications

“UC San Diego is in this unique category of being able to compete against older institutions that have much more private support because of the concerted efforts of many collaborative, multi-disciplinary teams across campus,” said UC San Diego Chancellor Pradeep K. Khosla. “We are focused on providing the best possible education for our students, and generating translational research that benefits society and serves our community. Our standing as one of the nation’s top earners for federal research dollars shows that funding agencies see the need for the kind of innovation we’re producing at UC San Diego.”

Increasing UC San Diego’s endowment has been a priority for Khosla, who launched a campus-wide strategic planning process last fall to define institutional goals and a shared vision for UC San Diego.

Part of the strategic plan is designed to help the campus identify research areas in the years ahead that will attract external research funding and engage donors who want to be part of the discoveries stemming from UC San Diego faculty.



“UC San Diego is a world-class research institution that in the past 50 years has accomplished more than any other university in that timeframe,” Khosla said. “In the next 50 years, we will keep up that momentum. Private support will play an essential role in maintaining and enhancing the margin of excellence at UC San Diego.”

In looking at endowment figures as of June 30, 2012 provided by the National Association of College and University Business Officers (NACUBO), UC San Diego had an endowment of \$560 million while its competitors had among the 15 largest endowments in the country. Stanford University’s endowment of more than \$17 billion, for example, is the fourth largest in the nation while the University of Michigan’s endowment is nearly \$7.7 billion and is the nation’s seventh highest.

According to UC San Diego Vice Chancellor for Research Sandra Brown, although some of the campus’s success in competing for R&D funds can be accredited to its infrastructure, it is the value of research the university produces that has made it a successful grant awardee among top colleges in the nation. “The model that we have of innovation in basic and applied science keeps us at the forefront of ideas,” Brown said. “UC San Diego has a tradition of hiring the best faculty and a willingness to answer the most important questions in science for the public good.”

On the NSF list, UC San Diego was closely preceded by Columbia University, which earned \$645 million in R&D funds and boasts an endowment of \$7.65 billion. The University of Wisconsin, Madison, which came in 9th place, earned \$594 million in R&D funds and has an endowment estimated at \$1.81 billion.

Today, UC San Diego's current endowment is roughly \$625 million; the growth to date this year is the result of additional donations and positive returns in the financial markets, according to Steve Relyea, UC San Diego Foundation president and vice chancellor for External and Business Affairs.

Most universities have an effective spending rate (also known as "payout") of between 4 to 5 percent annually. The annual payout of universities with large endowments can provide colleges an advantage in attracting the best and the brightest faculty and students, Relyea said.

For example, Stanford University's endowment of \$7.7 billion would provide a payout of about \$308 million (at 4 percent annually); this same calculation applied to UC San Diego's current endowment provides \$24 million.

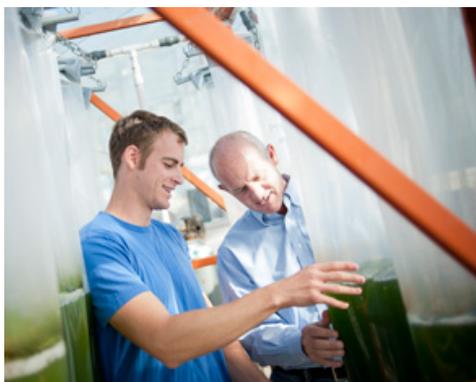


"If you look at our academic peers on NSF's list, a majority of those universities receive a large portion of their private support from alumni," Relyea said. "At UC San Diego, only about 2 percent of our private support currently comes from alumni, but much of that difference can be attributed just to UC San Diego being a relatively young institution. We haven't had the time to build generations of alumni as much as these older universities."

Relyea said that although UC San Diego may look "out of place" on the NSF top 10 list because it is much younger than the competing institutions, the university's endowment compared to colleges of the same age is relatively healthy.

"What we do very well here is taking gift dollars and leveraging them to maximize their impact," Relyea said. "Because our federal funding is so robust, gift dollars are requested for truly critical needs that are not otherwise funded."

He added, "This is a great place for donors who have a passion about something, whether it's about scholarships, climate change or medical research; these gifts are considered investments in the future."



Brown agreed that UC San Diego offers a great return on investment.

"We definitely will benefit as we build our endowment," Brown said. "UC San Diego is just beginning to grow our network of supporters. While we do this, we have learned to be very efficient in our efforts and strategic with our funding. For example, we have targeted our efforts to grow

multidisciplinary research programs that are required to address the critical questions in science and to answer the big social problems of the future.”

UC San Diego is uniquely positioned as a world-class university because of its location on the Torrey Pines Mesa, a research mecca that stretches three miles along North Torrey Pines Road and is home to the Salk Institute for Biological Studies, the Sanford-Burnham Medical Research Institute, the J. Craig Venter Institute, The Neurosciences Institute and the Sanford Consortium for Regenerative Medicine.

“Rather than being an isolated, ‘ivory-tower’ university, we offer many avenues for UC San Diego faculty and students to interact with community businesses to address their pressing needs,” Brown said. “We take teams of researchers out to business sites to help address issues that they have identified as important problems.”

She added that the research produced at UC San Diego improves lives every day and helps the economy of our region: 156 active companies are spinoffs of UC San Diego, and the university employs more than 18,000 people, for an economic benefit to San Diego of more than \$20 billion.

“Our students, faculty and researchers are motivated to improve life and to generate jobs for our community, region and state,” Brown said.

Though UC San Diego has an established track record of attracting research dollars, increasing the campus’s endowment will be critical for the university in the years ahead, according to Marlene Shaver, assistant vice chancellor for External and Business Affairs and chief financial officer of the university’s foundation.

“An endowment provides permanent funding,” Shaver said. “And permanency in finances is a key to the success of any university, whether public or private.”

She added that older universities have more unrestricted endowments and, thus, flexibility in the use of their annual endowment payout, whereas UC San Diego’s endowed gifts are nearly all designated for a wide variety of specific purposes, such as graduate student fellowships, which were the center of the Invent the Future campaign.



“Significant endowed gifts can truly transform our campus,” Shaver said. “For example, if UC San Diego received a \$100 million endowed gift for scholarships, it would allow us to immediately become highly competitive in the financial aid packages we can offer to very best students to come to UC San Diego. Our yield on not only the best, but also a diverse student population, would likely vastly increase.”

Relyea also underscored the value of UC San Diego having permanent funds. “Endowment gifts live on forever and offer a more sustainable source of funding,” he said. “This university is here to stay; we’re here for the long haul to continue to find solutions to the world’s most pressing problems.”

For more information on giving to UC San Diego or to make a contribution to the university, go to: giving.ucsd.edu.

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