Differences in university fundraising: the role of university practices and organization

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DIFFERENCES IN UNIVERSITY FUNDRAISING:
THE ROLE OF UNIVERSITY PRACTICES AND ORGANIZATION

by

Jeffrey M. Schanz

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Differences in Public University Fundraising:
The Role of University Practices and Organization

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Jeffrey M. Schanz

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Abstract

This research deals with factors that explain fundraising success and what types of institutional arrangements or practices exist at four year US public universities which make them successful or unsuccessful. Investment in higher education from state government continues to decline; alumni giving participation rates are falling, and many endowments continue to lag from the Great Recession. Nowhere has this been felt more than at many U.S. public universities who consistently watch their percentage of state aid dwindle.

An analysis of twenty-two public universities was conducted examining key institutional data points with key fundraising data points from 2006-2009. Correlation tests discovered: 1) those universities with graduation rates of 70% or higher tended to have less of a decrease in the alumni giving participation rate than their peers; and 2) there was a lack of relationship between total cost of attendance and change in total annual giving or change in alumni participation rate.

Interviews with leaders of university advancement organizations at four US public universities were conducted. Two universities were deemed successful fundraisers and two were less successful based on the percentage change of total annual giving and the percentage change in alumni participation rate. Several factors existed at the successful fundraising universities such as: 1) a mature fundraising organization; 2) consistent leadership and vision; 3) strong alumni engagement; and 4) consistent marketing relative to state funding. Embedded in these four factors are several sub-factors for further research.
A set of recommendations have been offered to public universities to assist in improving their fundraising enterprise. It is recommended that these universities concentrate on 1) leadership and vision; 2) the role internal structures play relative to fundraising operations; 3) and engaging in honest dialogue about the future of state support.
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Introduction

1.1 The Research Question

It is questionable if many universities could survive indefinitely without the support of their alumni donors. Individual philanthropy to higher education is essential in order for the university to grow and prosper, as it accounts for an increasingly large part of institutional budgets. Institutions throughout the nation have built venerable teams of employees whose singular focus is to raise money from those who have a vested interest in the institution’s survival. (Hiles, 2010) Armies of development officers have become commonplace as has the creation of comprehensive plans and campaigns so that the university may meet its fundraising goals. But, fundraising success has been inconsistent or uneven at public universities. (Pumerantz, 2005)

Private universities have been keenly aware of the need for individual giving for decades. Public universities have grown to understand this need much later than their private counterparts. This exploratory dissertation will uncover some of the differences in annual giving at four–year public universities. The research deals with factors that explain fundraising success and what types of institutional arrangements or practices exist at these universities which make them successful or unsuccessful.

Private universities have an approximately 40-year jump on public universities when it comes to fundraising from individuals. The concept of a university advancement office is not foreign to a private university, and in fact most have had functioning
operations for decades. An advancement office is commonly comprised of alumni relations, principal gifts, major gifts, annual giving, advancement services, and often marketing and communications. Whereas the development officers are the ones who primarily solicit the gifts, each department within advancement plays a role in cultivating and stewarding individuals toward the goal of raising money.

Fundraising from individuals, corporations, and foundations is an essential source of income for all of higher education. Private universities, in general, are ahead of their public counterparts in terms of endowment size, annual giving participation, and size of development staffs. However, there are many public universities who have excelled in fundraising and rival the amount of giving at many elite private universities. Still, there is a wide discrepancy in success from one public university to another.

Investment in higher education from federal and state government continues to decline; alumni giving participation rates are falling, and many endowments continue to lag from the Great Recession. Nowhere has this been felt more than at many U.S. public universities who consistently watch their percentage of state aid dwindle. This occurs while the states report maximum capacity in their public systems. Public universities continue to look at other means of revenue in an attempt to secure needed funding for programs or policies that would allow tuition increases to assist in this management. (Thompson, 2001)

Individual fundraising at private universities is based in large part on a culture and tradition of giving back to your alma mater. Historically, there have been limited expectations of large amounts of public support, so the alumni and students of these institutions know that it is their personal responsibility to support their alma mater.
Individual philanthropy at the public university basically started as relationships between the donor and particular campus unit, school, or department, and not with the university more broadly. In many cases it was athletics that received a large majority of the gifts while state funding was relatively stable. (Cash, 2000)

As public monies to public universities continue to decrease there is a growing need to raise private revenue for academic programs, including endowed chairs for faculty and scholarships for students. John Cash, former vice president for advancement at the University of California at Berkeley, now Chairman of Marts & Lundy writes, “the real pressure in public university fundraising is on the deans, and it is growing.” (Cash, 2000)

Private universities have had the innate ability to recreate themselves or adjust to changing market conditions and have already anticipated the need for individual philanthropy. But change in American higher education is slow. Others, including Burton Clark, assert that change is desperately needed in order for the university to survive at all. Robert Birnbaum seems to concur indicating that “institutions of higher education are always under pressure to become more efficient and effective”. (Birnbaum, 2000) It is Clark who suggests that the slowing of government funding for universities has set in motion factors that if left unchecked will make the university financially unviable. (Meyer, 2006) Clark recommends an immediate redirection and reconfiguration and the need to secure new and multiple sources of funding for universities.
The literature suggests that there is a need for a rebirth of the American public university, one that is not shackled by errant public policy or beholden to a large unsustainable bureaucracy. Researchers have written volumes on the importance of analyzing market forces within the industry of higher education in America. There appears to be much to be learned by picking up where Burton Clark and others have left off, digging deeper into the question of additional and multiple sources of funding, and how public universities can learn from their private counterparts and other successful publics Universities.

1.2 The Importance of the Study

The declining role of public revenues has increased the importance of endowment income, annual giving, and grants and contracts as revenue sources for both private and public institutions. (Claar, 2003) Beginning in the early 1980s, funding from state budgets began its gradual decline and in recent decades public appropriations per student in higher education have declined while tuitions have increased. (Fethke, 2004) In the early 1990s competition for public funding for entitlement social programs placed enormous pressure on state budgets. It has become imperative that public universities find other sources for revenue as government funding shrinks. The threat is that with rising tuition costs, college will become “unaffordable for less well-to-do students”. (Singell Jr., 2006)

Budget models vary widely between private and public universities and, whereas private schools receive state aid to assist with operating, it is not expected to make up the larger portion of their annual budgets. For decades the expectation that the state would support public universities caused most to invest only minimally in alumni giving
programs. This expectation and assumption led to little or no investment by many public universities into development or advancement offices.

Tuition is the primary source of income for most private colleges. It is thought that for some private institutions tuition amounts to more than half, and as much as 90% or more of their income. (Claar, 2003) The institutions that have been able to stabilize enrollment and grow endowments have been able to decrease their reliance on tuition dollars. Some of the wealthiest private universities are at a point where tuition appears irrelevant in meeting budget goals. Case in point, Princeton University announced an impressive $12.6 billion endowment in 2009, albeit down from $16.3 prior to the fall on Wall Street. (The Almanac, 2009) Growth in individual philanthropy has allowed private institutions to build endowments that enable a larger financial aid budget, ensuring their competitiveness.

Public institutions have not relied nearly as heavily on tuition to fund their operating budgets. However, as state aid declines this concept is rapidly changing. In New York State, the belief that the public system is designed to allow all its citizens to be educated as a public good is in constant battle with opposition who contend that it is time for the State University of New York to begin to pull its own weight. The Chancellor of the SUNY system has also proposed changes to State law allowing, among other things, each of the 64 campuses to set its own tuition. Increases in tuition will continue to be met with irritation, and changes clearly need to be made to university budget models. Many public research universities have long made a full court press to garner research money from national funding agencies and some have even had a good deal of success at
attracting money from their alumni. This portends a battle between the public good (access) and the market need for the university.

The research to be conducted as part of this dissertation is important because state funding for higher education shows no signs of increasing. There is a real need for public universities to learn best practices related to private giving to higher education and an opportunity for publics to learn from privates who have been successful, while not losing sight of the few elite public universities who have also been successful. Increased individual giving at public universities could assist universities in meeting budget goals, close funding gaps, expand student scholarships, and improve accessibility. There is also an opportunity to better understand market conditions so that American public universities can adapt and evolve curriculum while growing revenue to meet their goals.

Further, this is all occurring against the backdrop of relative no increase in charitable giving by Americans in general, as reported by The Nonprofit Research Collaborative as part of their November 2010 Fundraising Survey. About the same share of public charities saw a decrease (37%) as an increase (36%) in charitable giving in the first nine months of 2010, compared with the first nine months of 2009. Just over one-quarter (26%) indicated that receipts from gifts remained the same in the two years. (Nonprofit Research Collaborative, 2010)
Differences in Public University Fundraising:  
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Chapter 2 – Literature Review

Literature Review

2.1 Factors that Contribute to Successful Fundraising

Fundraising in American higher education is believed to be affected by a number of different factors, including whether or not the university is public or private. The literature review suggests that we know considerably more about private universities success as compared to public universities. I examined the status of scholarly research in the field and defined fundraising success using private universities as the benchmark. I examined the research relative to factors affecting giving including alumni behavior engagement, and involvement. I also looked into the role of the entrepreneurial university and state governance in university fundraising.

Fundraising Research in Higher Education

The literature on individual giving in higher education is considerable and has been covered in some peer reviewed journals. However, the role of educational finance has been covered even more broadly. Much of what can be learned has come from industry consultants, university leaders, and reports. In 2007, Timothy Caboni, Associate Dean of Vanderbilt University’s Peabody College conducted a review of dissertations in the field of fundraising in higher education. He found the vast majority of the dissertations focused on the experiences of single institutions and lacked the ability to be applied more generally. This is true even while approximately 10% of university expenditures come from fundraising. At the same time Dr. Caboni notes that “the field’s
understanding of an essential part of the mechanisms of colleges and universities is woefully underdeveloped.” (Caboni, 2007)

For the practitioner there are learning opportunities through the work done by social scientists and vice versa. This work seems to indicate a far more complicated picture of giving, and challenges development offices to think beyond the obvious when building fundraising campaigns. The development officer often innately conforms to certain norms in fundraising with little basis in significant academic research on the processes of why people give.

In fact, there is only one peer-reviewed academic publication which concentrates specifically on fundraising in higher education, the *International Journal of Advancement*, which was founded in 2000. Compared to other issues in higher education, this topic has received less attention by other journals including *The Review of Higher Education*, *The Journal of Higher Education*, and *Economics of Education Review*. (Caboni, 2007)

It is important to note that there are vast amounts of information on journals focused on the “business of higher education” and finance. These peer-reviewed journals have focused on use of endowment, endowment per student, and the role of tuition and financial aid and its effects on institutions. This research will attempt to stay focused on the role of philanthropy as additional net revenue to the university from individuals.

Still, researchers are devoting more attention to fundraising success, especially as it relates to behaviors which lead to increased giving. David Weerts of Florida Atlantic University suggests that “there is little doubt that the increasing interest in alumni giving research is due, in part, to the changing landscape of financing public colleges and
universities in the United States. Adjusting for inflation, state appropriations for higher education have declined 40% since 1978, and current state investment effort per personal income has dropped $32.1 billion below that of 1980.” (Weerts, 2009) Some believe there may be a change coming as the “state's citizens are finally demanding a restoration of strong public funding.” (Newfield, 2010)

**Definition of Fundraising Success: A Benchmark**

A major thrust of this study is a comparison of public and private university fundraising using a “gold standard” or benchmark of success. I present a definition of success based largely on the fact that private universities have been more effective and more successful than their public counterparts. I defend this definition of success using three important variables: endowment, annual giving, and alumni participation rate.

**Endowment**

Private universities in the United States have had a considerable jump on individual fundraising. Of the top 25 university endowments, just five are public universities or public university foundations, with the University of Texas system the largest at $16 billion. Harvard remains top overall with just over $36 billion as reported in *The Chronicle’s Almanac*.

The same is similarly true when you look at rankings of top national universities in *US News and World Report* which uses alumni giving rate as one factor in its analysis. Of the top 25, just three public universities are listed, with the University of California at Berkeley placing the highest at 22. There are 12 public universities listed in the top 50 for university endowments and 14 listed in *US News and World Report’s* listing of top national universities. Still, the top 50 private national universities’ endowments total
over $200 billion as compared to public universities’ endowments, which stand at a little more than $40 billion. \textit{(The Almanac, 2009)} It is important to note US News methodology is open to scrutiny, and role of many of the variables, including the role of alumni giving rank is often questioned by researchers \cite{Dichev2001}. But, it is considered standard reference in college searches for American families.

\textit{Annual Giving}

A key data point is the total dollars raised annually by universities, and again there is a widespread disparity among private versus public universities. The Ivy League average of total dollars raised annually is a little over $103 million from all sources. Stanford raised approximately $193 million alone in 2009 while MIT brought in about $86 million. The top public universities raised considerably less with the University of Texas and Berkeley raising $64 million and University of Michigan raising approximately $30 million. \textit{(Voluntary Support for Education, 2009)} Annual giving directly affects the bottom-line for budgets and can assist universities in meeting program needs.

\textit{Alumni Giving Participation Rate}

The overall alumni giving participation rate is another important piece of data. \textit{This is the percentage of the total number of alumni who give as compared to the total number of alumni who were solicited}. Again, the private universities have a nearly two-to-one, and in some cases three-to-one, edge over their public university counterparts. In 2009, Princeton reported an alumni participation rate (as a percentage of those solicited) of 45% while Berkeley reported just 9%. And while the University of Texas endowment stands amongst the top national universities, its alumni participation rate stands at just
14%. In other words, 14% of those alumni solicited gave to the University of Texas in a single fiscal year.

The reason for this disparity appears to be the fact that public universities did not begin to take individual giving seriously until much later than the private universities. As indicated by John Cash, former Vice President of Advancement at Berkeley, public university fundraising began with a focus on athletic fundraising, then department and school based fundraising, and then more recently a focus on growing the number of donors to the university as a whole. Cash did an analysis of private fundraising for public higher education in 2000 where he analyzed the largest and most successful public universities fundraising and organizational structure.

Cash indicates that private universities could learn a lot from recent initiatives at public universities who are working hard at expanding the number of donors while private universities exploit the potential of large major and leadership gifts from fewer and fewer people. (Cash, 2000)

Behavioral Factors

There are a host of studies and research which indicate that certain behavioral variables affect giving at universities. The concept of “belonging” or attachment mentioned above is also echoed by researchers Albert Okunade and Robert Berl, who examined giving at business schools at public universities. For instance, the major course of study in Finance, Insurance and Real Estate increased the alumni willingness to give by almost 15.5%. Giving showed an 8% increase if alumni worked for employers who had matching gift accounts. The role of university books and reports which list donor’s
names seem to show about a 2% increase in overall giving as does appealing to the individual’s ego. (Okunade, 1997) (McDearmon, 2009)

The role of younger alumni was also addressed in a business school survey which stressed the importance of enrolling alumni when you enroll a student. Younger alumni tend not to give as much or even participate as much as older alumni. In this instance, the study showed that it was not so much a measure of wealth or age but the fact that the university had no idea where their young alumni were after they left campus. (Okunade, 1997)

William Harrison, a researcher from the University of Virginia, has suggested there are several other factors that impact annual giving. Harrison conducted a heavily statistical and quantitative study which appeared in the Economic of Education Review in 1995. He offered advice as to how advancement offices should invest their money for the greatest return. This study seems to tie in the sociological points referenced above with the financial concerns which all universities encounter.

Harrison’s modeling was able to successfully predict which schools are likely to have above-average alumni participation. Harrison’s report claims that investment in alumni programming can lead to higher giving, which means that investment in building an overall alumni program, i.e. reunions, networks, maintaining records, promoting events, etc., had a great deal of a positive effect on giving participation. “Surprisingly, our schools exhibit no significant relationship between fund-raising activities and percentage of alumni of record contributing.” In other words, fundraising or development events showed no appreciable affect or increase in giving. (Harrison, 2004)
Much of what has been discovered on best practices relative to fundraising success has been gleaned from reports and presentations written by industry professionals, consultants, and university leadership. MIT and Ohio State each conducted significant studies on alumni engagement.

MIT aimed to measure the effects of involvement and engagement on giving. A 1989 study showed that there was a high level of connection between giving to the annual fund and those who were volunteers for the Institute. Volunteers showed a much higher giving participation rate than the general population. Those who tended to give at higher rates were involved as reunion planning volunteers or had worked with their regional chapter or club. An involved individual was “1.4 to 2.1 times as likely to be persistent donors giving four out of the last five years.” Not only was the participation level higher but so was the size of the gift. “Involved alumni are two to six times more likely to be making cumulative gifts of $2,500 or more over five years.” (Strange, 1989)

MIT revisited this topic in 2002 for another study. They researched several questions:

- “How does the annual fund participation of each of these groups compare with overall alumni giving?
- How does the undergraduate alumni annual fund participation in each of these groups compare with overall undergraduate annual giving?
- How does giving in four or more of the past five years by each of these engaged groups of alumni compare to repeat giving to annual fund for all alumni?
• How does the size in these groups, relate to the same level of gift in the annual fund by all alumni?”

MIT found a high correlation between giving and those who volunteered. From 1995-2000 the overall participation rate for the annual fund was far higher than that of the rest of the undergraduate alumni population. Volunteers contributed at nearly 60% while the overall average alumni rate hovered below 40%. (Table 1)

In the final analysis MIT concluded:

• Alumni volunteers are likely to become supporters of the annual fund

• Alumni volunteers have a greater chance to be consistent and continuous donors and generally give larger gifts
Similarly, the Ohio State University Alumni Association believed that the most consistent donors were also those who were active volunteers. Ohio State asserted:

- “Alumni association members represented an inordinate share of donation activity compared to non-members.
- Graduates who were active in association-sponsored programs and assumed various leadership roles were even stronger financial supporters.” (Ohio State Study, 2007)

In 2002, they segmented donation activity comparing it to a set of variables including alumni tour participants, past club officers, members of the alumni advisory council, and the Ohio State advocates program. More than 80% of the $30.8 million the University raised in 2002 came from members of the alumni association. Likewise, only 18.6% of the total raised came from non-members. Of note:

- 29% of the members made a financial gift, which was two times the aggregate number.
- Alumni members and volunteer average gift was nearly $3,100 as compared to an average gift of $278 for non-members.
- Members of the Ohio State Advocates gave at a 60% giving rate with an average gift size of nearly $3,400. (Ohio State Study, 2007)

**Entrepreneurial University**

There are a host of other factors which may lead to success in fundraising at public universities that include relative prestige, age, alumni engagement, athletic prowess, and the entrepreneurial nature of the university. Prestige-based schools are
“recognized throughout the world.” (Dill, 2003) Prestige-seeking schools are looking to mimic those who have it. The key here is that both prestige-based and prestige-seeking schools are able to invest internally in their operations, including allocating discretionary revenues into places like their endowments. (Dill, 2003)

The entrepreneurial university comprises institutions that are able to innovate, change, and adapt. The quest for new and multiple sources of funding has become more important as it relates to change at the university. David Dill has written about the role of the market competition in the context of American higher education. Dill suggests that market factors are destroying the fabric of academics at the university. However, he presents evidence that might suggest there is some strength in allowing institutions to compete for tuition, students, grants, and research.

It is believed that those who have succeeded in the marketplace are able to find new sources of revenue, in turn invest back into the organization, and support programs like private fundraising programs. Dill indicates, “The market for private giving, historically dominated by private institutions in the U.S., is becoming increasingly competitive as growing numbers of public institutions seek private funds to supplement or replace declining public support.” In fact, the researchers noted that “prestige in the student market tends to be associated with success in raising private funds.” (Dill, 2003)

Public University Success

Many public universities have seen a good deal of success. As noted, California campuses at Berkeley, and Los Angeles, and the Universities of Michigan and Texas rank in the top 50 national universities in giving, and share the status with private elites like
Harvard, Stanford, and USC. (*US News*, 2009) American students and families put a high value on elite schools. (Jacobs, 1999) This paradigm suggests that an agile and flexible institution, public or private, is able to fundraise, charge market rates for tuition, and be innovative with curriculum. This follows Clark’s assertions that suggest that revamping curricula, identifying programs of interest, and becoming more efficient with managing resources is an essential aspect of the survival of the American university. (Meyer, 2006)

*State Governance Factors*

State governance structure has been analyzed as it relates to university policy making and budgeting, but has not been addressed in the context of fundraising success. I will add this variable when conducting the analysis and have included a brief review of examples of state governance in various states. Richard Richardson (Richardson, 1999) and Ronald Ehrenberg (Ehrenberg, 2004) have written extensively on state structures in higher education. In *Designing State Higher Education Systems for a New Century*, Richardson compared designs in several states using federal, unified, and segmented. Federal systems are those with both an institutional and multi-campus system governance structure that also has a coordinating board with direct authority and responsibility for all major work processes in the system. Examples would include Illinois and Texas. Unified systems consist of states like Georgia where there is one governing board responsible for all public institutions granting degrees in the state.

Segmented systems exist in California, Michigan, and New York. Richardson describes Michigan as a state with weak political oversight and Ehrenberg classifies Michigan as a state with “no” governance structure made up of 42 single institutional
boards. It was in the 19th century when Michigan granted constitutional authority, “to remove the management of public universities from the reach of meddlesome politicians.” (Ehrenberg, 2004)

The legislature often grants across-the-board increases or decreases in state aid. In other words, Michigan State and the University of Michigan would receive the same relative increases or decreases in each State budget. The State often gives no or few restrictions on how the money is spent and leaves it to the campuses to decide. (Richardson, 1999)

In Richardson’s survey Michigan also received good marks for their “creative” responses to resource, curriculum, and policy issues. It may be that the significant constitutional authority granted to each campus allows the universities to function more efficiently and effectively. In this regard, Michigan has been notable in “letting the market decide on programs” rather than a central board picking which degrees will be offered at what campus. (Richardson, 1999)

California has a more bureaucratic structure with three distinct university systems; the University of California System, the California State System, and the California Community College System. Many have called the UC system the 4th branch of state government in California. This system has a lot of power and independence, and although there is a highly influential private university sector in the state, it is dwarfed by the public university enrollment. It appears the only influence the state has on the UC system is the use of the budget allowing it to reduce funding for public higher education.

Florida offers another model with a strong university system chancellor but higher education priorities set by the lawmakers, led by a constant call for lower tuition and
access to education. Florida has just one single governing board and offers greater statewide planning than the others noted above with a post-secondary education planning commission setting a master plan for the state.

Lastly, the state of Illinois achieved the greatest balance between markets and institutional autonomy and strong governor oversight through a broad veto power. The state is also unique in “instituting policies to increase the use of market forces in higher education,” including making the private sector an integral piece of the Illinois system. (Richardson, 1999)

Volkwein and Malik have conducted an exhaustive study on administrative control by each state showing which universities have been able to strengthen their autonomy and which ones have not. (Volkwein, 1997) Richardson used postsecondary governance structures as the conceptual framework for his research. Clark suggests a university in peril without funding. Heinz Dieter Meyer suggests significant barriers to the creation of the entrepreneurial university explaining that change is slow at American universities, noting “their upstream location, closest to a nation’s cultures, makes them the most change resistant.” (Meyer, 2006) I will take this conceptual framework and examine how the public universities selected are affected by their respective state governance models relative to fundraising success.

*Opportunities for Research*

Significant attention has been paid to the linkages between institutional variables and overall giving by consulting agencies and industry groups but also in some peer reviewed journals. Robert Gunsalas asked the question of, “what institutional characteristics, not directly related to fundraising practices, predict higher giving
participation rates?” (Gunsalus, 2004) Eduventures, a private fundraising consulting organization, polled dozens of universities on the role of education cost and overall giving to the university or college. The data collected on this polling showed that nearly 90% of university advancement professionals believed that student debt had an adverse effect on overall giving. However, their research in this arena has consistently showed this to be inconclusive. (Eduventures Annual Meeting, 2011).

At the Annual Meeting, Eduventures indicated that results were different depending on the responding institution. Whereas, one university might have seen a decrease in giving based on debt load, another might have seen no effect at all. One such responding university indicated that their alumni were just as likely to give (and give regularly) if they had or did not have student debt. Approximately 44% of the respondents would give with debt as opposed to 52% responding they would give and had no debt.

2.2 Factors that Explain University Fundraising Success

The literature review has highlighted several factors to fundraising success in higher education. The review has also made it evident that there may be additional institutional factors that could explain university fundraising success which are being added to the list. (Table 1) Some factors are malleable, or capable of being changed by the university, such as average cost of attendance, six-year graduation rate, staffing, and alumni engagement with the university. Some are non-malleable including state aid to students or what type of state governance system is in place. Cash illustrated how the largest and most successful public universities compare to the elite private universities. (Cash, 2000) But, there are also opportunities for further research on how private
university success can be translated to the public sector, as well as whether there are significant factors which play a major role in public university success or failure.

(Table 1) Factors to University Fundraising Success (public and private)

Findings from the literature review suggest that there are approximately two to three hundred (private or public) universities who can consider themselves elite from the over 3,000 schools in the United States. I justify these elites based on the information collected from the Voluntary Support for Education Survey from the Council on Aid to Education and the The Chronicle for Higher Education. Among these elites are a disproportionate number of public universities who have found a high level of fundraising success. A review of specific outcome measures (endowment, total giving, and participation rate) show that the very best private universities “out-fundraise” their public counterparts by as much as a three-to-one margin.

The largest single factor according to research of private university fundraising success appears to be the history of the institution. Private universities have had more time to develop their individual giving program. As noted previously, public universities relied heavily on a decentralized approach to fundraising for specific programs within
units and departments. Private universities focused on building individual giving programs that have clearly had a high return. The alumni giving participation rate for private elite universities such as Harvard, Yale, and Princeton range from 40% to 50%. On the contrary, the elite public university rate is nearly a quarter to one-half of their private counterparts.

Another key factor in private university success is *organizational structure and staffing*. Private universities have had success building comprehensive giving programs focused on institutional priorities. On the contrary, public university development organizations “were built from the outside in.” (Cash, 2000) Deans and department heads led localized fundraising efforts that were not closely tied to university leadership priorities. An organizational structure that promotes a comprehensive giving campaign, for institutional purposes, with significant buy-in from the dean and department heads has produced a high return on investment in private universities.

Strong alumni identity as well as tradition and a *sense of legacy* are other factors of success. The oldest universities in the United States are private universities whose initial endowment was built mainly by the fathers and sons who graduated in the earliest years. The reliance, and at times the encouragement, of legacy admissions at private universities have promoted a greater sense of community, family, and affection for the university. This factor is also closely linked to the importance of individual giving by alumni as noted earlier.

Finally, institutional and *state governance* structure could be another key factor to success. Private universities have had the freedom to select priorities and begin fundraising based on what they perceived was the greatest need. Public universities were
forced to rely on separate alumni associations and foundations which were nearly always two separate entities which were also completely separate from the university. As noted in the literature review, some states set priorities for each campus and tie budget money to these priorities. Some public universities have athletic departments who are successful fundraisers and some university foundation leaders have differences with public university governors, presidents, or trustees.

The correlation analysis results covered in Chapter 4 builds on this research, but also adds additional variables for analysis and consideration. There is specific data institutional researchers use when assessing higher education. Two such data are the six-year graduation rate and total cost of attendance. Some of these data points are malleable where universities could attempt to improve or change including the total cost of attendance (the final cost after institutional and government aid to attend), and the six-year graduation rate (the tracking of a cohort for six years from matriculation to graduation).

In part I of this dissertation, I will explore the affect total cost of attendance and six-year graduation rate has on fundraising at public universities and determine if there is any correlation between these factors and individual giving in total dollars or individual giving as represented by the alumni giving participation rate.
This dissertation will employ institutional research of existing public data sets and will utilize a number of key interviews with experts in university advancement. Research will be done using a constructed data set with common data points from four-year public universities to determine if any correlation exists between these institutional data points and institutional fundraising data points. A correlation test will be used to give a general understanding of where there is potential for additional research. Institutional fundraising measurements will be represented by the percentage change in total annual giving (from all sources) and the percentage change in alumni giving participation rate. Findings from this initial review will be used as a springboard for the study on institutional practices and arrangements at selected four-year public universities.

3.1 Construction of the Data Set

I have developed a data set which identifies four-year public universities who share many similarities but differ in their fundraising success. I utilized the Integrated Post Secondary Education Data System (IPEDS) to identify the key common institutional data such as six-year graduation rate and total cost of attendance. The data for institutional fundraising was collected from the Voluntary Support for Education (VSE) data miner from the Council for Aid to Education (CAE), which keeps annual records on all types of giving data for nearly every school in America.
These universities all share the same *Carnegie Classification* and engage in a very high level of research activity. They have a total student headcount of approximately 30,000 and an alumni population of less than 300,000. These institutions also are similarly compared on other mainstream ranking vehicles such as *U.S. News and World Report*. Twenty-two four-year public universities were identified who were similarly classified, similar in total headcount, and similar in total alumni population. The universities identified were:

- Colorado State University (Fort Collins)
- Iowa State University (Ames)
- Kansas State University (Manhattan)
- Louisiana State University (Baton Rouge)
- North Carolina State University (Raleigh)
- Oregon State University (Corvallis)
- University of Alabama (Birmingham)
- University of Arizona (Tucson)
- University of Connecticut (Storrs)
- University of Georgia (Athens)
- University of Iowa (Iowa City)
- University of Kansas (Lawrence)
- University of Kentucky (Lexington)
- University of Louisiana (Baton Rouge)
- University of Maryland (College Park)
- University of Massachusetts (Amherst)
- University of Missouri (Columbia)
- University of New Mexico (Albuquerque)
- University of Oregon (Eugene)
- University of South Carolina (Columbia)
- University of Tennessee (Knoxville)
- University of Utah (Salt Lake City)
- Washington State University (Pullman)

### 3.2 Analysis of the Data Set

The goal of this data analysis is to determine if there is any correlation between common institutional data points and institutional fundraising data as represented by total annual giving to the institutions and alumni giving participation rate for all 22 universities. These findings aided in the determination of differences in annual giving at public universities and assisted in the development of the interview protocol for the second piece of this dissertation concerning institutional practices and arrangements.

The period of 2006 through 2009 has been used for the review of the common data points against individual fundraising data at specific universities. The variables included the six-year graduation rate and the total cost of attendance for students to
attend. These were tested against the percentage change in total dollars raised and the percentage change of alumni giving participation to the university. For instance, if the percentage change in total cost of attendance increased by $x$ percent from 2006-2009, I will determine whether was there was correlation in either the change in total amount raised or change in alumni giving participation rate over that same period.

There is one significant note regarding timeframe when comparing student and alumni data for correlation. If one is to compare the alumni giving rate of the class of 2009, one would in fact need to look at the time period and total cost of attendance when that group was a student to obtain a more accurate read. In this instance, the period from 2003-2006 was used for our student data.

### 3.3 Interviews with University Leadership

The findings from the review of the data set on the 22 public universities should elicit valuable information on correlation between common institutional data points and fundraising. This information will be collected in aggregate, or on how the entire group moved, and for the individual university. Using specific university data I will then be able to fine tune my interview protocol with university leadership asking, “my data shows $x$, how concerned are you at your institution, and what arrangements/policy decisions are you making to mitigate?”

However, as this is a study on the role of institutional arrangements and practices, the interview protocol was used to gather information on several key topics including the role of comprehensive campaigns, presidential involvement, the role of organizational structure, marketing and communications, and any perceived limitations to fundraising success.
At the conclusion of this research I offer recommendations that may be helpful to public universities who have not been successful fundraisers. These recommendations will be based on both the initial data review and the results of the interviews with university leadership.
Differences in Public University Fundraising:  
The Role of University Practices and Organization  
Chapter 4 – Data Table Review Findings  

Data Table  

The initial data set was constructed using 22 public universities who were similar in that they shared roughly the same number of students, same number of alumni, and were considered major research universities according to their Carnegie Classification. The development of this set was done using the Integrated Post Secondary Education Data System (IPEDS), and the Voluntary Support for Education (VSE) Data Miner.

Several common institutional data points were utilized, including the six-year graduation rate and total cost of attendance. These two variables were then compared with institutional fundraising variables which included total annual giving (all monies from all sources) to the institution and the percentage change in alumni giving participation rate. The period of 2006-2009 was used to assess the percentage change in each of the variables in order to give a more accurate reflection of what actually was occurring over time at the universities. The time period of 2003-2006 was used in the case of comparing total cost of attendance versus institutional giving data. This was done because the alumni data needed to be compared to the time period in which the alumni were enrolled as students.

General Observations  

Prior to stating the results, there are some general observations on the data. The data, as collected, validated much of what was discovered in the literature review. Alumni giving participation rates declined at nearly every school, with some showing
modest increases. This caused me to look at institutional data points in comparison to a slower pace of decline in alumni giving participation rates. In contrast, a majority of the schools produced an increase in total annual giving over this same period of time. And there were notable outliers in all comparisons indicating some rich opportunities for the interview of university leadership in the next chapter.

The average graduation rate for all public four-year universities in the United States in 2010 was 56% (The Chronicle, 2010). The graduation rates of the group of 22 public universities from the data set range from a low of 47% at the University of Utah, to a high of 81% at Louisiana State University (LSU). There were several universities who scored significantly above the overall national average while many more were closer to the average.

The data analysis provided here will be used along with the university interviews in Chapter 5 to develop a set of recommendations for university advancement professionals as they build stronger organizations for their universities.

4.1 Findings: Six-Year Undergraduate Graduation Rate and Giving Variables

The six-year undergraduate graduation rate is a data point which quantifies the success rate of a student cohort which begins in the year they matriculate and ends at the point of graduation. The first test for correlation was done to compare the graduation rate with the percentage change in alumni giving rate from 2006-2009.

Only four of the 22 universities in the data set had percentage increases in alumni giving participation rates for the period examined. The rest had shown percentage changes ranging from a 9.2% decrease at North Carolina State to a .1% decline at Louisiana State University. The test shows a moderate positive correlation $r(22) = .31$
between 6-year graduation rate and the percentage change in alumni giving participation rate (2006-2009).

<table>
<thead>
<tr>
<th>University</th>
<th>Rate</th>
<th>Giving Rate Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Louisiana State University</td>
<td>81%</td>
<td>.1%</td>
</tr>
<tr>
<td>North Carolina State University</td>
<td>80%</td>
<td>-9.2%</td>
</tr>
<tr>
<td>University of Missouri</td>
<td>79%</td>
<td>6.9%</td>
</tr>
<tr>
<td>University of Kentucky</td>
<td>77%</td>
<td>.7%</td>
</tr>
<tr>
<td>University of Georgia</td>
<td>72%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>University of Tennessee</td>
<td>73%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>University of Massachusetts</td>
<td>70%</td>
<td>-1%</td>
</tr>
<tr>
<td>University of Oregon</td>
<td>70%</td>
<td>-0.9%</td>
</tr>
</tbody>
</table>

Those universities with graduation rates of 70% or higher tended to have less of a decrease in the alumni giving participation rate than their peers (Table 1). In fact, Louisiana State University had one of the lowest decreases in alumni giving participation rate and the highest six-year graduation rate in the group. On the contrary, this group also consists of one significant outlier. North Carolina State had the largest change in alumni giving participation rate in the group (-9.2%), but commanded a graduation rate of 80%. Still, those with higher graduation rates tended to have giving rate decreases of less than 2%.

(Table 1)
Those universities who are closer to the six-year graduation rate national average also tended to have larger decreases in alumni giving participation rate as compared to the group. (Table 2) In this case, the University of Utah clearly underperforms in both graduation rate at 47% and alumni participation rate, which shows a decrease of approximately 6.1%. In this instance, Washington State University is one of the modest outliers for this group showing a graduation rate of 69% from 2006-2009 but an increase in the alumni giving participation rate of 0.9% (albeit close to the 70% we used for comparison). The University of Alabama, Birmingham is also an outlier showing a lower graduation rate but a negligible drop in alumni giving participation rate. However, the schools which were closer to the national average for graduation rates tended to have alumni participation giving rates decrease at a percentage greater than 2%.

(Table 2)

<table>
<thead>
<tr>
<th>University</th>
<th>Rate</th>
<th>Giving Rate Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington State University</td>
<td>69%</td>
<td>0.9%</td>
</tr>
<tr>
<td>University of South Carolina</td>
<td>69%</td>
<td>-3.7%</td>
</tr>
<tr>
<td>University of Kansas</td>
<td>68%</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Kansas State University</td>
<td>65%</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Iowa State University</td>
<td>65%</td>
<td>-4.4%</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>60%</td>
<td>-5.7%</td>
</tr>
<tr>
<td>University of Alabama</td>
<td>55%</td>
<td>-.02%</td>
</tr>
<tr>
<td>University of Utah</td>
<td>47%</td>
<td>-6.1%</td>
</tr>
</tbody>
</table>

A similar analysis was done comparing the six-year graduation rate with the percentage change in the total amount of annual giving. The result of this analysis showed a very weak correlation between the two variables $r(22) = .04$. This does not
mean that there is no relationship at all, but the data set from 2006-2009 for both graduation rate and total annual giving did not suggest any clear correlation.

<table>
<thead>
<tr>
<th>Six-Year Graduation Rate (2009)</th>
<th>% Change in Total Annual Giving (2006-2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Six-Year Graduation Rate (2009)</td>
<td>1</td>
</tr>
<tr>
<td>% Change in Total Annual Giving (2006-2009)</td>
<td>0.0478034</td>
</tr>
<tr>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

4.2 Findings: Total Cost of Attendance and Giving Variables

Perhaps the most surprising results of the data analysis was the seemingly lack of relationship between total cost of attendance (or the total price for in-state students living on campus) and each giving variable. The thought initially was that if students had to pay less for their education then surely they would be compelled to repay this act of perceived generosity with generosity of their own.

As indicated previously, the data for this variable used the percentage change in giving from 2006-2009 but the average cost of attendance for 2003-2006. (Table 4) This was done so that the student cohort and alumni cohort would match up appropriately. The range for percentage change in total cost from 2003-2006 was a 15% increase at the University of Tennessee to a 30% increase at University of Massachusetts at Amherst. The range for the percentage change in giving went from a drop of 38% at the University of Connecticut to an increase in total giving of 51% at Colorado State.

However, it quickly became apparent that it did not seem to matter what the total cost was to attend when compared to giving. Places like New Mexico raised tuition at a slower pace and then outperformed in giving, raising about 31% more in 2009 than in 2006. But, North Carolina State raised their tuition at a similar pace and then showed one
of the worst performances at a loss of nearly 36%. The same phenomenon occurred at schools such as Alabama, Arizona, and Connecticut who raised tuition below the average for this subset but still saw near double-digit decreases in overall giving. *There was a very weak correlation between total cost of attendance percentage change and the percentage change in total annual giving* \( r(22) = .02 \).

\[
\begin{array}{|c|c|c|}
\hline
\text{Total Cost % Change (2003-2006)} & \text{Total Cost % Change (2003-2006)} & \text{Total Cost % Change (2003-2006)} \\
\hline
\text{Total Cost % Change (2003-2006)} & 1 & \\
\hline
\% Change in Total Annual Giving (2006-2009) & -0.023051381 & 1 \\
\hline
\end{array}
\]

*(Table 4)*

**Total Cost of Attendance % Change (2003-2006) and Total % Change in Total Annual Giving (2006-2009)**

<table>
<thead>
<tr>
<th>University</th>
<th>Total Cost of Attendance % Change 2003-2006</th>
<th>% Change in Total Annual Giving 2006-2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Tennessee</td>
<td>15%</td>
<td>-9%</td>
</tr>
<tr>
<td>Colorado State University</td>
<td>17%</td>
<td>51%</td>
</tr>
<tr>
<td>North Carolina State</td>
<td>17%</td>
<td>-36%</td>
</tr>
<tr>
<td>Washington State University</td>
<td>17%</td>
<td>37%</td>
</tr>
<tr>
<td>University of Connecticut</td>
<td>18%</td>
<td>-38%</td>
</tr>
<tr>
<td>University of New Mexico</td>
<td>18%</td>
<td>31%</td>
</tr>
<tr>
<td>University of Alabama</td>
<td>18%</td>
<td>-12%</td>
</tr>
<tr>
<td>University of Utah</td>
<td>20%</td>
<td>-12%</td>
</tr>
<tr>
<td>University of Maryland</td>
<td>21%</td>
<td>26%</td>
</tr>
<tr>
<td>University of Massachusetts</td>
<td>30%</td>
<td>-18%</td>
</tr>
</tbody>
</table>

*The comparison of total cost of attendance with total percentage change in alumni participation rate also uncovered the same very weak correlation of* \( r(22) = .15 \).

One of the largest decreases in alumni giving participation rates occurred at North
Carolina State University at 9.2%, but this institution was also one of the schools that increased their tuition the least at 17%, or about 4.2% annually from 2002-2006. Similarly, this occurred at Utah and Tennessee where tuition rates increased at about 4% but alumni giving rates dropped (6.1% and 5.7% respectively).

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cost of Attendance % Change (2003-2006)</td>
<td>1</td>
</tr>
<tr>
<td>Alumni Giving Participation Rate % Change (2006-2009)</td>
<td>0.148714983</td>
</tr>
</tbody>
</table>

On the contrary, there were a number of institutions where a larger than average increase in tuition was met with far smaller decreases in alumni giving rates than by their peers. Kentucky and Massachusetts each saw lower than average decreases in alumni giving participation rates, with each losing less than 1% from 2006-2009.

*Selection of Specific Universities for Leadership Interviews*

The test for correlation on data collected for these 22 universities have assisted in understanding some of the relationships between institutional data and fundraising data. There are some universities who clearly tend to be more successful than others as it relates to fundraising as compared to institutional data points as measured. I employed an interview protocol to develop a more well-rounded understanding of what may be occurring at specific universities, choosing two universities who are successful at fundraising and two universities who have been less successful based on the two giving variables utilized. Several factors were identified for success as well as four additional sub-factors.
The four universities selected will be renamed in the following chapters to Plains University, Lily State, Foggy Bottom University, and Great State University in order to protect the identity of the interview participants and the universities. Great State University and Plains University are the two less successful fundraisers and Foggy Bottom and Lily State will be the successful group.

The interviews with university advancement professionals assisted in uncovering what may be present at the successful universities that are not present at the less successful universities. Comparisons of structure and organization as well as specific questions related to the items in Part I will be part of the interview protocol. The interview protocol used for this research has been adapted, in part, from an instrument used by John Cash, the former vice president of the University of California at Berkeley, and has been used by permission of the author.
Differences in Public University Fundraising:  
The Role of University Practices and Organization  
Chapter 5 – Interview Protocol Findings  

The Interviews

Two universities were selected as representative of the successful fundraisers and two universities were selected as representative of the less successful fundraisers using the methodology outlined in Chapter 3. They were identified based on the universities’ total annual giving and alumni participation rate change from fiscal year 2006 to 2009, highlighted in Chapter 4. Interviews were conducted with advancement leaders at each of the four universities. The goal of the interview process was to uncover factors that may have contributed to their fundraising results.

The four universities selected have been given fictional names in order to protect the identity of the university and the interview participant. This was done to ensure the most candid discussion especially as it related to performance of staff and university leadership. The interviews were conducted from April 1 through May 21, 2012 and were done by phone, by electronic mail, and in-person meetings at the universities. The interview protocol (Appendix 1) was followed with each participant, however, the order and the number of questions utilized varied for each of the interviews based on the participant’s answers and the discussion that followed.

Every attempt was made to secure an interview with the most senior person representing university advancement at each university. When the most senior person was not available, or if there were vacancies, another senior member was selected. For instance, if the CEO of the Foundation or Vice President/Chancellor for Advancement
was not available, or the role was vacant, another high ranking advancement official was interviewed. For many of the universities *multiple interviews* were conducted in order to corroborate particular findings or issues that may have come to light during the process that needed further attention. For example, if discussion ensued based on a topic on which the participant might have limited knowledge or could not answer the question effectively, another participant was contacted.

Finally, it was never disclosed to any of the interview participants that they were part of one group or the other, but rather that they were part of research to learn more about fundraising at four-year public universities in America.

*The Less Successful and Successful Universities*

Great State University and Plains University were the two less successful fundraisers based on the analysis in Chapter 4. Each had significant decreases in the percentage change in total annual giving with Great State University declining more than 30%. Similarly, each had declines in participation rates with Great Plains declining in excess of 2%. The average increase amongst our total pool of 22 universities was 9% and the average decline in participation rate was 1.86%

The successful fundraisers were Foggy Bottom University and Lily State University based on the analysis in Chapter 4. Each had significant increases in percentage change in total annual giving with Foggy Bottom University increasing total annual giving by 15%, and Lily State University increasing by 37%. Similarly, the percentage change in the alumni participation rate increased at Lily State by .9% and at Foggy Bottom by 7%. Again, the average for the total group of 22 universities was 9%
for total change in annual giving over the period and a decline of 1.86 % for the alumni participation rate.

2006 -2009 Data
Successful vs. Less Successful Relative to Giving Variables

<table>
<thead>
<tr>
<th>Successful</th>
<th>% Change in Total Annual Giving</th>
<th>% Change in Participation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lily State</td>
<td>+37%</td>
<td>+.9%</td>
</tr>
<tr>
<td>Foggy Bottom</td>
<td>+15%</td>
<td>+7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Less Successful</th>
<th>% Change in Total Annual Giving</th>
<th>% Change in Participation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plains</td>
<td>-38%</td>
<td>-2%</td>
</tr>
<tr>
<td>Great State</td>
<td>-36%</td>
<td>-9%</td>
</tr>
</tbody>
</table>

5.1 Overall Findings

The four universities selected are intended to be representative of those who were both the “most successful” and “less successful” in our initial pool of 22 universities. The purpose of this research is to see what factors exist and what arrangements or practices at these universities may affect fundraising success. While it would not be accurate to suggest that these factors exist at every university who are successful
fundraisers, it is suggested that certain common factors existed in our successful and less successful universities.

There were several factors that were present at our less successful universities, Great State and Plains University, including: 1) an immature fundraising program; 2) very weak alumni engagement with the university; 3) inconsistent leadership relative to fundraising; and 4) a general lack of communication to alumni about changes in state funding for the university.

On the contrary, Foggy Bottom and Lily State each had factors present including: 1) a mature fundraising program; 2) consistent leadership and vision; 3) strong alumni engagement; 4) and consistent marketing of the changes in state funding from the university.

In addition, several sub-factors have been identified which are embedded in the four factors. For instance for mature fundraising program, the longevity or the program as well as the value of defined campaigns are examined. When investigating leadership and vision as a factor, the role of university strategic plans and presidential involvement are studied. For the factor of alumni engagement the role of alumni association membership and the number of attendees at alumni programs are referenced. And for the effectiveness of communications the findings are corroborated with a review of university websites.

Less Successful Group

Plains University is an institution which underperformed our group of 22 in both change in total annual giving and change in alumni participation rates. From 2006 to 2009 they saw a drop of nearly 39% in giving and a decline of 2% in alumni participation
rate. The interview participant from this university was a senior member for
development and had been at the university for nearly two decades, having received a
degree from the university. Great State University is the second institution considered
less successful relative to fundraising, having seen a decline of 36% from 2006 to 2009
with a 9% drop in the alumni participation rate.

**Successful Group**

The successful fundraising group interviews were distinctly different than the less
successful group. The characteristics and practices were different, but the overall tone
and discussion with the individuals was generally more upbeat and positive. In other
words, it was clear to the respondents that they were a part of a successful fundraising
organization even though it was never disclosed that they were in one group or another.
The successful fundraising group tended to have mature fundraising programs, strong
alumni engagement initiatives, consistent leadership, and clear vision relative to
fundraising processes and a consistent approach to communicating the decline in state
funding to the university.
5.2 Maturity of Fundraising Programs

Maturity of fundraising programs was examined in terms of the longevity of the programs as well as the role defined campaigns have played at the universities.

5.21 Longevity of Program

The interview participant at Plains University described the fundraising program as “young and fairly immature,” indicating that the university was “very late to the game.” (Plains University, 2012) The total amount of annual giving from all sources had been consistent but had not increased or decreased for a decade or more. In fact, they were raising the same amount in 2010 that they raised in 1992. (Plains University, 2012) Likewise, alumni participation rates had long been declining even beyond the period examined through this research. The annual fund program (the group charged with annual and consistent small donors) was new, and there was no “history or culture of philanthropy amongst its alumni or at the university.” (Plains University, 2012) Further, there was no active class reunion program and the planned and estate giving program had just been instituted within the last several years.

Plains University had just six staff in the advancement office in 1995, consisting of mostly accountants and people charged with receipting of gifts. This transitioned to
development research and advancement services in 1998, when they brought in additional personnel to support the newly formed Foundation at Plains. This model evolved further in 2001 to include communications and the newly founded alumni association. (Plains #1, 2012)

The same was true at Great State, who had not had an annual giving program until very recently and actually had no major gift program (which typically raises gifts of $10,000 or more) until 2007. The Great State representative called their program “young and underdeveloped.” (Great State #1, 2012) The fundraising program until recently had no parent fundraising program, no faculty/staff giving program, no student philanthropy program, and no young alumni giving program for those who graduated less than 10 years ago. Student giving programs, in particular, have proven to be effective. In a 2012 study, “a majority of respondents indicated that student philanthropy had a positive effect on their awareness, learning, beliefs, and intentions. Further, 86% of student philanthropy alumni had recently made charitable contributions.” (Olberding, 2012) Remarkably, the annual fund for Great State began in 2009, which validates the suggestion of an immature fundraising program contributing very little to the university’s bottom line.

The interviews with representatives at Foggy Bottom and Lily State were void of comments like “immature, developing, emerging, getting-there,” as was common in the responses at Plains and Great State. Operative words like “building, growing, strengthening,” were more commonly used in our successful group interviews which clearly allowed them to excel in defined campaigns. There was an overall sense that the
successful universities knew how they got there and were committed to building the base of donors and growing total giving.

5.22 Defined Campaigns

The role of campaigns is important to the work of advancement offices. A campaign is a structured fundraising initiative or project that usually occurs over a seven to eight year period. It is different than an ordinary giving year, as it usually as a defined start and stop date that goes beyond one year. There is always an announced goal for a campaign and specific projects embedded in it for various university needs. Campaigns are designed, if they are successful, to promote fundraising amongst the many constituencies and bring giving levels to a new level. This new level becomes the new reality or measurement to base your success. For instance, if you were accustomed to raising $50 million annually a campaign may be able help you acquire very large sustaining gifts to move the university to $100 million annually.

Foggy Bottom conducted their first comprehensive capital campaign in 1990 and has had an established annual fund and major gift office since that time, which is in contrast to our less successful group. The university has a distributed fundraising approach in which the deans are encouraged to identify key funding projects, but they must be consistent with established university fundraising standards and policies. (Foggy Bottom #1, 2012) The deans recommend, the chancellor and trustees approve, and the development and alumni association collaborate and implement. Foggy Bottom conducted two campaigns since the first campaign in 1990 and the data suggests the campaigns have propelled them to higher levels of support. They completed a $1 billion campaign in 2008 which puts them in a very elite group. In 2001, the university was
raising approximately $40 million a year and in 2011 they were raising nearly $80 million a year. (VSE, 2011)

Lily State University developed a comprehensive fundraising plan about twenty years ago, and has since then developed an effective distributed fundraising model where the deans communicate their needs and the university leadership collaboratively determines what the priorities will be for the coming year or for a planned campaign. There has been a consistent approach to promoting the annual fund and there had been mechanisms in place to promote school priorities while raising major gifts for the university since inception. Lily State successfully completed a $250 million comprehensive campaign in 1997 in which they finished early and raised $20 million above the goal. Similarly, Lily State has grown from annual fundraising of approximately $40 million annually to approximately $60 million. (VSE, 2011)

Great State tentatively plans a “quiet” launch of its next capital campaign in 2013 with completion around June 30, 2021. In contrast to our successful group, Great State raised approximately $80 million in 2001 and raised approximately $90 million in 2011, a modest increase. Similarly, Plains University is presently in the middle of a campaign to support the university with a goal of nearly $700 million, but raised $50 million in 2001 and approximately $35 million in 2011, a sharp decline. (VSE, 2011)

5.3 Leadership and Vision

The success that Foggy Bottom and Lily State have had suggests defined campaigns can be a factor, but the role leadership plays relative to these campaigns is equally important. One of the factors most often referred to in the interviews with our less successful group were the seemingly endless transitions that occurred within the
senior leadership of the organization as well as the connection between the university mission or strategic plan and fundraising. The university interview, coupled with a review of each strategic plan, and a discussion on the role of the president presents a clearer picture.

5.31 University Strategic Plan and the Fundraising Plan

An examination of university strategic plans proved useful in assessing the role of vision and leadership relative to fundraising. Great State acknowledges the reduction in state aid at the onset:

“Higher education will not be exempt from the impact and these shortfalls will accentuate the declining role public funding has played in the overall budget of many large public universities. We have been the beneficiaries of the long held will of citizens and legislators to direct significant resources to public education, because of the clear understanding that education plays a vital role in the future economic vitality of the state and in our transition to a knowledge-based economy.” (Great State Strategic Plan)

The strategic plan mentions resources and fundraising signaling a need to rely heavily on large contributions from large entities. And while it talks about promoting giving amongst corporations and foundations, it is silent on the role of alumni donors.

“Great State relies heavily on corporations, foundations, and other organizations for its private funding. Funding from these organizations has been primarily in the form of restricted current-use dollars to support specific funding needs. Building the endowment is a significant opportunity for (the University), over both the short- and long-term, to raise revenue for its strategic funding priorities. Increasing the size of our endowment would create financial stability, allowing us to be less dependent on unpredictable sources of revenue, such as research sponsorship, and state and national government aid.” (Great State Strategic Plan)

Plains University also notes in their current strategic plan that limited resources and the ongoing financial crisis both are listed as weaknesses and challenges. They also speak of “a broad array of stakeholders,” which includes “community groups, public
officials, and students.” However there is no mention of the role of alumni or donors as part of this ongoing attempt to build “appropriate collaboration with partners in both the public and private sectors.” (Plains University Strategic Plan) In fact, the idea of stewarding gifts is only mentioned in the terms of stewarding valuable public resources presumably from state aid or public grants.

In contrast, Foggy Bottom lays out a plan which states that it will “prepare citizens for meaningful lives and careers in the diverse, global environment of the 21st century, generate new knowledge,” and then “continually nurture and strengthen relations with alumni, a vital resource to the university’s mission.” (Foggy Bottom Strategic Plan) The fact that this statement is listed as the first stated goal shows a solid understanding that the role individual fundraising plays relative to the overall university mission. This is acknowledgment of the need to expand alumni partnerships as well as developing public partnerships.

The key point here is that while there was mention of the importance of fundraising in the strategic plans of the fundraising foundations (associated with the university) at our less successful fundraisers, there was no mention of alumni support in the broader university mission document. However, there was mention of it at Foggy Bottom, our more successful university which strengthens the suggestion that one mission and one direction relative to growing resources from individual support may be ideal.

5.32 Presidential Involvement

The role of the university president as “fundraiser-in-chief” has been well documented. In a recent article in The Chronicle for Higher Education, presidential
respondents believed that fundraising now plays a greater role than ever in their jobs. *(Chronicle, October 2012)* But, as a matter of practice, it appears that some presidents do not understand this role as fully as they should. The lack of fundraising success may be generally because there is bad information coming from the very top of the organization as presidents do not understand their roles. *(Hodson, 2010)* President Sally Mason of the University of Iowa suggests that as much as 50% of her time is focused on fundraising and that seems to be paying off as Iowa has raised approximately $900 million in the course of her five-year tenure there. *(Coyle, 2012) (VSE, 2012)*

Bradford Hodson from the University of Nebraska noted a “dual role” for the foundation and the university president. Hodson suggests that for this duality to be successful, “one must build a relationship with the university president and the foundation board based on trust and candor…but the president must also understand the mission, purpose, and responsibilities of the foundation.” *(Hodson, 2005)*

The university mission statements referenced above had relatively no mention of the role of fundraising, yet the foundation documents did. If the foundation of the university is intended to support the university then it seems logical that both documents should speak in terms of one mission, broad enough to encompass all needs for the educational development of the university.

This research found a highly engaged and active leader at Lily State who never missed an opportunity to promote the importance of building resources for the university. There were regular electronic communications on the real needs of the university and the leader was out on the road constantly with alumni relations and development to support this broader engagement with the stakeholders. The same was true at Foggy Bottom,
who had enjoyed a fairly long tenure from their Chancellor. The continuity in leadership was helpful in promoting the need for resource development and, in fact, it was expected.

The senior leadership for Foggy Bottom University was described by the participants as “sincere, genuine, and committed to fundraising initiatives.” (Foggy Bottom #1, 2012) The Chancellor is consistently out to meet with donors and alumni “on the road.” The Foggy Bottom representative said, “As budgets have been cut at Foggy Bottom University, the faculty senate and the trustees of the university continue to keep resources consistent for development and the alumni association, which is fairly unique for public universities.” (Foggy Bottom #1, 2012)

In fact, the senior leadership has been in place at Foggy Bottom for well over twenty years. The Chancellor had been appointed around 2000 and had also been Provost prior, making it a rather seamless transition. The longevity of the other senior leaders has also been an asset. Foggy Bottom indicated that “they were fortunate to have consistency in leadership for the last twenty years.” (Foggy Bottom #2, 2012)

The individual schools within Plains University, led by the Deans, had built relationships with alumni absent a central university mandate or mission statement. These fundraising silos produced small amounts of money with occasional major gifts for the specific needs of the school. The pivotal role of the schools embedded in the university is noted in the academic mission statement at Plains, which spends time speaking of each school as nearly a separate entity rather than part of the whole. (Plains University Strategic Plan) Plains had a mission statement for the university and there were definitive goals, but this did not translate into specific fundraising goals consistent with the university mission. It was clear that the President of Plains and the leadership
within advancement had not been able to effectively link the plan for the university with the philanthropic mission of the fundraising operation. “The university had not set a common agenda so all the units opted to develop their own agenda.” (Plains University, 2012)

Similarly, fundraising within the schools had occurred for quite some time at Great State but the lack of a uniform approach to fundraising for the university left schools fundraising small amounts of money and concentrating more on small gifts with little impact. “The focus for many of the Deans was on alumni receptions, dinners, or golf outings which did little to increase funding for the university.” (Great State #1, 2012)

Great State leadership had been very unstable including three Chancellors in three years and multiple leaders of advancement, which resulted in their lack of consistent gift reporting standards. This fractured approach to fundraising likely led to their lack of success in fundraising. This is consistent with research showing that presidents and deans often defer their responsibility to development staffs and give no overall direction. (Hodson, 2010) The California State University System has been noted as an anemic fundraiser. “While there have been some outstanding CSU presidents over the years who have left significant marks on their campuses…the relatively small size of philanthropic campus coffers, the limited number of named facilities on CSU campuses…are evidence to the contrary for the system as a whole.” (Pumerantz, 2005) Inconsistent leadership represented by the CSU case relative to fundraising was also evident in both our less successful universities.

Great State also had a unique problem which sharply decreased total annual giving during the period examined and was directly related to the lack of consistent gift
reporting standards. Great State had not followed general management guidelines as outlined by the Council for the Advancement and Support for Education (CASE). “The CASE Reporting Standards & Management Guidelines are developed by educational fundraising professionals from a broad range of institutions and organizations, and provide a common set of definitions and procedures for reporting the results of fundraising activities at educational institutions.” (CASE, 2009)

In contrast, the Chancellor at Foggy Bottom established priorities for the university with input from all constituencies, including alumni and the development office, and the alumni association established goals to meet the priorities set forth. The development office had established what the representative described as “a donor centered fundraising model,” which concentrated on listening to the donor and their passion toward philanthropy.

From 2007 until 2009 Great State went from reporting $138 million in gifts to $89 million in 2009 and then down to $77 million in 2010. (Great State #1, 2012) This decrease occurred as there were no reporting standards at the university until 2010. Great State actually was counting gifts that were received from “themselves.” For example, gifts that were given to the athletic department or to the alumni association were counted in the university fundraising total. This caused many gifts to be reported twice. Great State had also counted corporate grants and awards as both research funding and “philanthropy” which was again in conflict with CASE. The new leadership of the university agreed to infuse a new degree of integrity in their reporting and now Great State maintains more accurate records and has developed new reporting policies across the university.
5.4 Alumni Engagement

Alumni engagement played a significant role in the quality of fundraising at the public universities identified. Engagement as a methodology toward success has been highlighted with both studies done at Ohio State and MIT as part of this literature review. Engagement in this research is elaborated in terms of alumni association membership as well as total numbers of alumni who participate in university programs throughout the year.

5.4.1 Alumni Association Membership

It was evident that Foggy Bottom had thought extensively about alumni fundraising and engagement and university leadership had developed a written plan of action to support the university as a whole. Senior members of the development office and the alumni association were interviewed. The development office and alumni association seemed to be on the same page and had a clear understanding of what mattered to the university. The development office believes that the alumni association “brings more alumni to the table” and the alumni association believes that philanthropy is essential to the university succeeding and is part of the decision making process for advancement. Because they are coordinated in approach, a dues paying member of the Foggy Bottom Alumni Association is actually considered a donor to the university. This has proven to be effective at stabilizing and increasing their alumni participation rate based on the data collected.

Likewise, Lily State enjoys a strong partnership between the alumni association and the development office. Alumni receptions, dinners, and programs appear carefully aligned with development and university priorities. Advancement leadership indicated,
“The Chancellor is constantly out meeting alumni and talking about the priorities of the university and how alumni can help the university meet the many challenges before them.” (Lily State #1, 2012) Lily State has also adopted the method of counting membership in the alumni association as a gift to the university which suggests a coordinated approach to soliciting alumni for the university.

The Lily State Alumni Association believes their role is to be on the “forefront of the development channel.” (Lily State #2, 2012) In other words, the alumni association is often the first stop for alumni looking to get involved with the university. It is their opinion that the more alumni connected emotionally and intellectually the more they would consider giving to the university. This is why Lily State has been so intent throughout the last decade on growing the number of members to the alumni association. (Lily State #2, 2012) Lily State has conducted their own engagement study (similar to the ones referenced in this dissertation) which shows alumni association members are twice as likely to give, and at twice the amount. Lily state has also doubled the numbers of alumni association members since 2003.

Plains University has an alumni association which is a separately incorporated organization and its fundraising Foundation was created around 1993. This meant that communication about philanthropy, engagement, and fundraising had not occurred with any consistency or frequency in many years. This left Plains alumni of the 1970s and 1980s decidedly “out of the loop” on matters affecting their university or the real needs that it is facing today. (Plains University, 2012) Plains had committed few resources to communication with their alumni and had, in fact, ignored alumni for years by their own admission. The concept of alumni engagement connected to giving was highlighted in
Chapter 2 relative to MIT and Ohio State where involvement clearly led to investment at each of the institutions. (Strange, 2007)

It was the opinion of the advancement leader that Great State had also ignored its alumni population, commenting that, “at least 50% had never heard from the university.” (Great State #1, 2012) It was suggested that there was no culture of philanthropy and absolutely no partnership with the Alumni Association. This resulted in little knowledge of their alumni base, producing only about 1,600 potential donors out of a pool of nearly 200,000 alumni. To compound the issue, only 18,000 alumni were members of the alumni association out of a possible 200,000 people. There was very little attention paid to building alumni awareness as students and Great State spent little time on impressing the role of tradition or the lifelong partnership that was expected of future alumni. (Great State #2, 2012)

Great State Alumni Association indicated that they were not presently where they wanted to be in terms of members. A large push was pending to build the membership base and in 2012 they indicated a nearly 10% increase in members from the year prior. The interview indicated, “We are not where we want to be at this time, but we are aggressively pursuing a plan.” (Great State, #2, 2012)

5.42 Attendance at Alumni Programs

A measure of alumni engagement is highlighted based on alumni attendance at programs and events. Foggy Bottom indicated that the average attendance for their events for the last five years was steady at about 151,000 a year. They had a low of approximately 137,000 but a high of as much as 172,000. (Foggy Bottom, #2, 2012)
This performance measure takes into consideration all programs in which alumni participate throughout the year for the university. Since Foggy Bottom is working collaboratively between alumni relations and development they are able to do a good job at keeping track of participation. They also are interested in the concept of promoting strong student relationships before they graduate. (Pumerantz, 2005)

Great State has also begun to motivate their alumni base to spur expansion in alumni attendance at programs and events. “Overall attendance is up at Great State” (Great State, #2, 2012). This was attributed to more emphasis on engagement programs focused on social media and increased budgets which led to the growth in memberships for the alumni association. Great State has also made a significant leap in allocating more money toward engagement as part of their campaign planning.

The university had also instituted a comprehensive engagement criteria model which acknowledged the important role key touch points played in the way they worked with alumni as donors. In this model, engagement touch points amounted to points which would then place alumni at increasingly higher levels. For instance, if someone was a member of the alumni association they would receive 2 points, if they were an event attendee they would receive 1 point, or a volunteer or existing donor would receive points as well. The points would be added up to give a better picture as to what level of engagement the particular individual had achieved. The logic being that the person with the higher number of points would have a higher engagement rate, and thus a greater chance of investing in the university. These higher point individuals are examined closely by development.
5.5 Effectiveness of Communications Strategies and Fundraising

Communication to alumni donors and stakeholders has been identified as a factor relative to successful fundraising. This research discovered significant differences relative to how each of the groups communicated to their alumni and other constituencies on the serious issues facing state funding for their institutions.

5.5.1 Inconsistent Fundraising Marketing

The interviews at Plains and Great State indicated that they both rarely communicated to alumni on how state budget cuts were affecting their alma mater in terms of the need for more giving support. Plains had begun to explain why alumni philanthropy was more important today than in the past beginning just a few years ago, but Great State had not articulated the real needs of the university in light of state budget cuts at the time of the interviews. Both advancement professionals questioned why communicating this message would be worth the time. Both felt that residents of each state knew that state budgets were in disrepair and that every agency or department of the state was vulnerable. Great State preferred the approach of packaging big ideas that would be compelling reasons for their alumni to support the university. (Great State #1, 2012)

Lily State is aggressive in communicating the needs of the university in the context of the state reductions in funding. The case for support of Lily State appears in regular blogs by the President, in the Lily State alumni magazine, and the Chancellor has prioritized cuts in key and important courses and programs as a “call to action.” Lily State says, “We never miss an opportunity to use the state reductions as a call to action..."
for individual philanthropy.” (Lily State #1, 2012) The relatively strong performance of the fundraising program suggests that this, in part, has had an impact.

The interview participant thought that “this concentration on communicating the real needs of the university in the context of budgets cuts may be working, as alumni have responded favorably.” (Lily State #2, 2012) More importantly, experts believe that you must portray “a highly unified message to stakeholders, including donors, alumni, local officials, and opinion leaders.” (DiConsiglio, 2011)

Foggy Bottom is not shy about communicating the changes facing the university due to state funding cuts. Both the alumni association and the development office indicated a strong advocacy campaign at the state capital. Foggy Bottom representatives commented that government relations led a broad-based campaign to communicate the role Foggy Bottom plays for the community and what funding reductions mean for the University and the people of the state. In turn, the university stresses the importance of individual giving and alumni philanthropy as a way to stem the tide of government reductions.

### 5.52 University Fundraising Web Presence

A review of university websites was conducted to attempt to corroborate the interview responses relative to university fundraising communications. Foggy Bottom has a direct link to alumni from the home page of the university website. The link was obvious and clearly marked. The site brought the individual directly to the university advancement operation serving both the alumni association and the development operation. From there, clearly marked links enable the individual to “give now.” Foggy
Bottom had no university foundation and so alumni or other visitors to the web were directed to one location.

Plains had a different approach placing a link to “alumni” and another link for “donors” at the bottom of the page. The two separate links would bring the person to either the alumni association or the foundation page, which was not hosted by the university. If you clicked on alumni association you were brought to a page primarily focused on promoting engagement and involvement. Memberships were offered for the university alumni association but there was no mention of supporting the university as a donor. If the visitor clicked the university foundation page the options for supporting the university were evident.

Great State, although listed in the less successful group, is similar to Foggy Bottom in that you can directly find a link for alumni from the home page. However, the link brings you directly to the alumni association and again engagement and involvement opportunities. The giving page link is listed on the very top of the page in small print and directs you to the foundation of the university. The amount of time it took, including multiple clicks, to find a place to give to the university was significant.

Lily State, although in the successful group, followed the same model as Great State where they had a very small link at the bottom of the home page for alumni. This link brought them directly to the university alumni association where they could give to the alumni association not to the university. Curiously, there was no link at all for the foundation and so no direct way to directly receive money for the university.
5.6 Findings: Across the Two Groups

The findings relative to common characteristics or factors have been discussed at the successful and less successful universities. The maturity of the organization, the role of leadership, engagement programs, and communications are important. But there were other characteristics that seemed to play a smaller role and were present in both fundraising groups. These findings include: 1) the age of the fundraising operation relative to other public universities; 2) the staffing levels within the advancement; 3) the role of foundations and organizational structure; and, briefly, 4) the role of athletics.

It has been documented in this research that public universities are very late to alumni fundraising relative to private universities. All seven university interviews uncovered that each started to develop fundraising programs about twenty to twenty-five years ago with each varying in their degree of success.

As such, Foggy Bottom and Great State each started to build programs around the same time, but while Foggy Bottom proceeded with a comprehensive campaign which set the trend for success in their fundraising organization, Great State had a more timid approach, suffered from inconsistent leadership, and lack of vision from the top. Lily State had a similar model to Foggy Bottom which led to their success. Plains University, who continued to receive large amounts of state funding through 2000 with the influx of billions in capital aid, had a more timid approach.

There is a tendency to suggest that more resources and staff can automatically grow a fundraising program. There is a consensus in the field that each development officer can raise a certain dollar amount and it has been shown that adding more development officers can increase the net fundraising effort. However, there may be
room for further research in this area given the fact that our successful university, Foggy Bottom had 25 development officers at the time of the interviews, and our less successful university Plains University also had 25 development officers. It is at least probable to suggest that the other factors played a much larger role in each of their successes or failures than just the total number of staff assigned to fundraising. Some research has suggested staff size is not important. A recent review of college presidents from some top Christian colleges and universities suggested that many macroeconomic conditions, including the number of development staff, and the size of development budget do not predict performance. (Curry, 2012) This finding is addressed as part of the recommendations to advancement professionals in Chapter 6.

5.61 Organizational Structure

The literature review for this dissertation referenced organizational structure as a malleable factor, suggesting that it might play a large role in the success of fundraising. However, the conclusion became less clear the more the data was analyzed from the interview participants.

Foggy Bottom tends to emulate their private university counterparts relative to the organizational structure of the advancement operation. The interview at the University suggested adopting a “private university fundraising model.” For instance, the fundraising organization at Foggy Bottom is not a foundation but has a reporting line directly to the Chancellor’s Office. The advancement operation is budgeted by the Chancellor’s Office.

Further, while the alumni association is a separate 501c3 organization, it has a reporting line directly to the Vice Chancellor for Advancement, which appears to keep
the organization focused on the priorities of the university. This type of structure appears to allow Foggy Bottom to remain highly priority-driven when it comes to fundraising.

The Foggy Bottom structure is also one that exists in the vast majority of private universities in America.

In fact, the traditional public university model (on right) is something that was present at the two universities of the less successful group. The Great State organizational chart is similar to that at Foggy Bottom (more entrepreneurial), with a Vice President for University Advancement reporting directly to the Chancellor. Development, Alumni Relations, and Advancement Services all report up through the
Vice President. However, Great State appears to follow operationally the more traditional public university structure indicated in the above diagram. Plains University has a structure that puts the independent University Foundation “outside” of the university. In fact, the Foundation at Plains is not even represented on the university website where organizational charts are listed.

The Great State representative indicated that, “the Alumni Association is a separate entity and the staff report directly to a Board of Directors with a dotted line back to Advancement.” (Great State #1, 2012) This informal, or indirect line of responsibility between development and alumni relations stands in contrast to Foggy Bottom’s approach to the advancement organization.

However, Lily State makes it difficult to draw any distinct correlation relative to organizational structure and successful fundraising. Lily State has the more traditional public fundraising model where the CEO of the foundation reports directly to the President of the University. The alumni association does not have a dotted line to the CEO of the Foundation and organizationally they appear to have no relationship. However, Lily State has clearly outperformed our group of twenty-two universities and continues to show signs of success today. Foggy Bottom rejects the foundation model, Lily State embraces it, yet they both are successful fundraisers.

5.62 Role of Foundations

There are findings relative to foundations connected to public universities. Public universities have been traditionally linked to educational foundations which are 501c3 charitable organization. “Many foundations were originally established to receive and steward private gifts, help segregate private and public funds, manage endowments, and
facilitate financial transactions or entrepreneurial ventures that could not be undertaken effectively by state entities.” (Bass, 2010) It is important to note that these foundations are defined by the IRS as “public charities.”

As public charities, these entities accept gifts from alumni donors on behalf of the university and direct funds to the university for use. In some cases, donors may feel more confident and secure in giving money to these foundations rather than to university directly as they believe it will be put to better use. Many in the public university systems will contend that you are leaving money on the table if you do not have a foundation. (Phalen, 2010) There has been some scrutiny paid to foundations relative to their use of funds and time devoted to raising money. An analysis done in 2009 showed that the foundations that focused “most heavily on fundraising activities had the highest financial performance” relative to the balance sheet. (Marlin, 2009)

However, there is something unique happening at Foggy Bottom University where they have expressly turned away from the foundation model adopting what could be called a system more typical in the private university setting. We could perhaps call this a more entrepreneurial approach relative to its peers. According to CASE, there were nearly 2,000 foundations linked to education and in this analysis, Great State, Lily State, and Plains all have foundations linked to their universities. Foggy Bottom was the only university in this study which did not have one.

It is true that Foggy Bottom has chartered a different path which may have created an operational advantage for the institution. Without a “middle man,” gifts are given directly to the university and as such they may engender more good will amongst its donor base as well as future donors. The interviews at Foggy Bottom suggested that their
alumni are strongly connected to the university and as such are confident in their giving to their alma mater. (Foggy Bottom, #1) There is no question that their success has been considerable based on the four factors of success noted.

Is there anything legally requiring that the university have a foundation? The simple answer to this question appears to be, no. While foundations have been developed in the vast majority of public university systems there appears to be at least precedent in Foggy Bottom that universities can fundraise, interact with donors, and engage alumni just fine without them.

In fact, the University of Texas and Penn State University each have unique models. Texas does have a foundation, but they also have a large development team which reports directly to the Vice President for Development like Foggy Bottom. Penn State has no foundation and simply raises money through the university. While these two universities were not part of the analysis of the twenty-two, each raised in excess of $100 million in 2011 and Texas is presently one of the highest endowed universities in the nation. (Kaplan, 2012), (Chronicle, 2010)

5.63 Athletics

The role of Division I athletics is something that is often suggested as a reason why certain universities raise more than others, and was specifically added to the interview protocol. Each of the four universities used for the interviews were participants in Division 1 athletics. The findings from these four universities were that athletic success played a negligible role in their fundraising results. Plains and Foggy Bottom has had significant success in winning several Division I athletic championships. The interview participants indicated that enrollment applications skyrocketed in the years of
championship wins, but fundraising to the university barely moved. As noted, Plains University was the participant who had seen relatively the same amount of funds raised for the last decade or more.

5.64 Findings: Characteristics in Both Groups

There were themes or characteristics that were consistent whether talking with the successful or less successful group. And there was no shortage of opinion from those interviewed as to the real challenges facing U.S. public universities. Many of those interviewed had also worked for private universities. Reoccurring themes included: having a less affluent clientele; having no culture of philanthropy amongst their students and alumni; having a relatively young fundraising organization; and the belief that the state will take care of the university.

The interview participants corroborated what was discussed in the initial literature review: that U.S. public universities have been faced with a big hurdle as state aid continues to decline. Each university has faced different issues relative to this fact and each has addressed it differently. The way a university addresses this issue appears to have played a large role in how successful they were at fundraising.

Plains University, of our less successful group, appears to be the closest to the state in terms of financial support amongst our four selected. The University until 1995 had no brand or university logo but rather simply used the state seal as if it were an agency or department within the state. This lack of identity may be contributing to its relative lack of fundraising success at this point in its history.

Plains University was the beneficiary of well over $2 billion in state support in 2000, which was appropriated to support capital projects at the university. Plains was
also the beneficiary of several educational institutes promoted by one of the U.S. Senators for the state. This state financial support was well marketed and appeared in newspapers throughout the state. While the support was very helpful to the university, the large investment by the state somewhat diluted the message of alumni philanthropy as it seemed to perpetrate the concept or theme that the state will take care of the university. And, as much of this state support was appropriated for only capital projects, it did not support student scholarships, fellowships, or add to the endowment. This created a great challenge for a university who had an immature fundraising organization and no history of effectively soliciting gifts from alumni and other constituents.

The concept of state assistance to U.S. public universities is something that may be in peril. And those who work in advancement operations understand that change may be needed in order to support their universities. Lily State saw a 20% cut in state support in one year which caused the state to allow the university to set its own tuition rates. This resulted in a 14% increase in tuition over two years an accompanied nearly 450 layoffs university wide. While the cost to attend was relatively low compared to privates in the state, it was substantial to the students who were enrolled or will enroll. Still this is not universally accepted. Some researchers have suggested that public irritation with declining support will lead to more support. (Newfield, 2010) But, there does not seem to be much justification for this optimism and will be the basis for one of the recommendations to public universities.
Differences in Public University Fundraising: The Role of University Practices and Organization
Chapter 6 - Recommendations

Recommendations

An essential piece of this dissertation is the development of recommendations for the practitioners at public universities to improve their fundraising success. The findings from the university interviews and the data analysis identified characteristics or factors present at public universities who were successful fundraisers.

The research suggests that the university: 1) give greater attention to university leadership and vision relative to fundraising; 2) build internal advancement structures consistent with fundraising needs, and 3) invest in contemplating a future without state support.

1. Leadership and Vision

Foggy Bottom and Lily State clearly had structures in place that enabled their success. The validation of this success is rooted, in part, to Plains University and Great State University representatives adopting similar models based on best practices from the successful group. In fact, leadership transitions can and often lead to morale issues and loss of momentum for fundraising campaigns if models such as this are not implemented. (Nehls, 2012)

Those that were interviewed suggested that more “feet on the street” was essential to ensuring growth in giving. All of the interview participants had either hired a fundraising consultant or completed a feasibility study on what the university could or should be raising based on the number of development officers and number of potential
Many of the universities were either in or planning a comprehensive fundraising campaign.

However, while resources may produce better results, it appears worthless without leadership, vision, and a common mission set by the university. Without this leadership and vision, fragmentation occurred within the organization. Departments, deans, and faculty moved in separate directions. Fundraising productivity was weakened in advancement organizations that hired development officers into what could be called a dysfunctional system.

Great State, realizing their lack of success, has initiated a university-wide planning project. The chancellor now leads a planning process which resulted in the development of five core features including a case statement and a strategic plan. They are also moving toward institutionalizing collaboration and between development and alumni relations. Great State indicated, “The planning process had not been done comprehensively since the advancement organization was developed in the early 1990’s.” (Great State #1, 2012)

In this model, the provost called an academic retreat and received input from faculty and the deans. This produced a worksheet full of school-based initiatives and a “wish list.” Great State asked the deans to prioritize the wish list based on the particular needs of their departments. The interview respondent said, “When completed, the chancellor, provost and deans will agree on what to present to advancement for fundraising goals.” (Great State #1, 2012) Neither Great State nor Plains University had done this previously, and the lack of fundraising success was a result. Each has now opted to promote compelling ideas from university as the backdrop to set a new path for
fundraising success. And while research has suggested affinity or school based fundraising is important (Gunsalus, 2004), it is suggested that a broader university mission is essential for success.

There is good reason to believe that this path will be successful using Foggy Bottom as a comparable study. Foggy Bottom had conducted their first comprehensive campaign in 1990 using the process outlined which helped them meet their fundraising goals. The deans, vice chancellor, and the chancellor collectively set priorities for the university netting positive results. The university’s attention to the passions of their alumni has also allowed them to recently complete a billion dollar campaign and begin a new one in 2011. They have accelerated their planned giving program, increased the number of phone callers for annual fund, and continue to strengthen ties with the Foggy Bottom Alumni Association.

Priority Setting with University-Wide Focus
2. **Building Institute Advancement Structure consistent with fundraising needs**

Advancement organizations are comprised of more than just development officers or those who make direct solicitations. The engagement studies contained in this dissertation, as well as the university interviews, suggest a more involved alumni population produced a higher level of giving on a more consistent basis. The basic understanding of the importance of all of the other players within the advancement organization is an important consideration. Most of the interview participants discussed this concept as part of their answers. There was general agreement that the advancement organization must work together no matter the organizational chart.

The creation of a comprehensive advancement structural paradigm which connects development, alumni relations, communications, and advancement services (the technology and infrastructure) together along a continuum appears to produce stronger performance at the universities who have been successful. Foggy Bottom and Lily State have constructed an organization which takes into account all of these things so that all parties within advancement are on the same page. It should not be inferred that these groups are operating with perfection, but the collaboration has appeared to produced consistent results and return on investment. But, integration of all departments within advancement will help defeat “historic views of job responsibilities and a lack of common goals” which hampers full fundraising success. (Stevick, 2010)

For instance, Great State had committed to not only hiring development officers but increasing the number of individuals in advancement services by about 50%. These individuals were focused on donor research, stewardship of major gifts, and the
technology and infrastructure needed to be successful. Foggy Bottom and Lily State spoke at length about the importance of connecting with the alumni association as “they bring alumni to the table.” (Foggy Bottom #1, 2012)

Plains University described their lack of collaboration with their alumni association as a major deficiency within the advancement program. The inability of the two organizations to share information, coordinate programming, and initiate a common plan appears to have played a negative role relative to their fundraising success.

This coordination and collaboration of duties suggests a model that is not new to advancement organizations, and has been often referenced. But, it also may be the most overlooked or not implemented model. It calls for the creation of an organization that *informs* their alumni on what is happening at the university, *involves* their alumni with the university, so that alumni will *invest* in the university.

**Preferred Advancement Paradigm (with pitfalls noted)**

The concept of “inform, involve, invest” is supported by the interviews with university professionals. Since alumni engagement, or lack thereof, was commonly
mentioned during the interview process it suggests a roadblock (dashed line) between “involve” and “invest” or an attempt to do these steps out of order as represented by the arrow. These pitfalls were evident at Great State and Plains University and they have acknowledged these deficiencies as they rebuild their advancement organization.

3. Contemplating a Future without the State

Most states are continuing the slow and steady reduction in direct aid to their universities. This causes the annual problem of building budgets for each of the universities affected. For fundraisers at these institutions it creates the issue of being viewed as “state supported,” but desperately needing private funds to close the budget gap. The question posed to all participants was this: Would it just be cleaner to accelerate the reductions now so the university can set a course on their own? This would allow universities to raise their own tuition and act independent of state governance and policy.

Great State, in our less successful group, suggested it would be easier for the fundraising operation without state aid because it would strengthen the fundraising message. There is an understanding among residents of the state that Great State receives support directly from taxes paid. As most of the graduates from Great State remain in the state, the residents believe that they have already given. The fundraising strategy at Great State continues to concentrate less on the question of state aid and speak more about the ideas that are most compelling for their potential donors.

Foggy Bottom, from our successful group, also suggested it would be easier without state support. The biggest challenge for this university is the state committee which sets tuition pricing for the system for the state. The state budget is always a
question, the tuition is not known until very late in the process, and then the university has to set a budget without knowing what funding they may or may not get. The interview participant suggested, “This is very difficult then to set fundraising goals based on the lack of funding information.” (Foggy Bottom #1 2012)

In the end, Foggy Bottom advocated for continued partnership because they did not feel that they could increase tuition and increase fundraising at a level commensurate with what was lost through state support. Foggy Bottom estimates that they would need to raise an additional $30 million annually if the state were to completely remove itself from the process. (Foggy Bottom #1, 2012) Part of this increase would fund annual operating costs, but it also would be used to grow the endowment for future monies that would no longer be there from the state. However, the participant at Foggy Bottom indicated that a way to help the university was “to commit to a private fundraising model understanding that state support is not coming back.” (Foggy Bottom, #2, 2012)

Lily State representatives believed that public universities should remain supported by the state because the university was established with the expressed intent to educate residents of the state. The issues relative to access and equity continue to weigh heavy on their minds. References were made to the latest initiative by public universities to enroll more out of state residents in order to charge more for tuition. In fact, Lily State has taken the exact opposite view on the issue. As another four-year public university (within the same state as Lily State) continues to actively promote admission to “out-of-state” students, while Lily State has adopted a marketing plan of opening doors for “in-state” students.
The two institutions in our successful group were good illustrations or effective communicators and marketers on how important individual philanthropy was in light of the drastic budget cuts. This suggests that embracing the message of declining state aid may be important to building annual giving.

Foggy Bottom and Lily State were unashamed to tell their alumni community about the serious effects of budget cuts. They were clear in their message and consistent in their approach, organizing lobby days, sending in editorials to newspapers, and having their friends and alumni speak publicly on their behalf. It is recommended that public universities continue to be highly communicative of their perilous fiscal condition while be responsive to their constituencies.

Additional consideration

The data analysis on institutional factors in Chapter 4 attempted to build on research from consulting and industry groups and other scholarly research. As noted, correlation tests by Eduventures on student debt and giving was inconclusive as students seemed just as likely to give whether their debt load was high or low. (Eduventures, 2011) It would be beneficial for fundraising organizations to understand this aspect of higher education even if they most likely could make little impact as it is believed that the student experience can affect the alumni experience.

The data analysis in Chapter 4 suggested that there is a moderately high correlation between six-year graduation rates and overall alumni giving participation rates. Graduation rates are considered a key outcome to student success in higher education. Those institutions that had six-year graduation rates closer to the national average had declines in participation rates, in the period examined, by more than 2%.
Advancement and alumni organizations will find it in their best interest to be involved in student success, as it will lead to successful alumni, and in turn, donors.

The successful group had this concept present in their operations. There had been significant investment in their student and young alumni outreach initiatives. There was interaction very early at Foggy Bottom and Lily State to the point that the “education process” toward being good alumni started very early. The concept of alumni and students interacting early to facilitate success was more obvious in our successful group as opposed to our less successful group.

Summary

The interview respondents were consistent in their belief that leadership and vision were essential for a successful advancement organization. The data showed that our successful group of universities had the good fortune of long and consistent leadership. The successful universities had implemented a system which highlighted fundraising priorities which were drawn from a university-wide focus. The priorities were recommended by individual departments and schools but were then vetted through advancement and approved by the leader of the university. This allowed for proper collaboration and coordination of the fundraising organization. Our less successful group did not have the benefit of long and consistent leadership and had a fragmented process for fundraising priority setting.

A comprehensive advancement paradigm, one that encourages involvement and engagement of alumni toward the possibility of investment is recommended. Our two less successful organizations were also those who overlooked or did not effectively implement this type of process. Certain roadblocks or pitfalls were identified as
inefficient and counterproductive to successful fundraising. Those who represented the less successful group were actively moving to a system that was more consistent with inform, involve, and invest.

Finally, it is recommended that public universities invest the time to look beyond a state-supported system. There is no expectation that the state will ever be more supportive financially than they are today, and there is a strong sense that the university will continue to face declines in the near future. Four-year public universities should, at the least, promote educational models that may call for less state support, advocate for independence in tuition setting, and encourage more individual philanthropy. They also should develop fundraising marketing that highlights the real challenges present when state aid is reduced. Those universities who marketed this as a philanthropic “call to action” were successful in fundraising. Some attention to student success also seems warranted as those who had better graduation rates also had better alumni giving participation rates.
Conclusion

Individual philanthropy to higher education is essential in order for the university to grow and prosper as it accounts for an increasingly larger part of public university budgets. The primary role of this research was to deal with factors that explain fundraising success and what types of institutional arrangements or practices exist at these universities which make them successful or unsuccessful. I provided correlation analysis of key institutional data points and then interviews with professionals in the field of university advancement.

Part I analyzed a constructed data table of twenty-two public universities looking at institutional data points for any correlation with key fundraising data points from 2006-2009. The two institutional data points were six-year graduation rate and total cost of attendance. This data was compared to percentage changes in total annual giving and alumni giving participation rate.

The correlation tests acknowledged a moderately positive relationship between six-year graduation rates and alumni giving participation rates, suggesting an importance in student success relative to alumni giving. Those universities that were well above the national average for graduation rates were also above the average of the set of twenty-two relative to performance based on alumni giving participation rates.

The leadership interview respondents believed this related to the rallying of alumni to the mission of the university relative to the state decline, and the increasingly high attention to advancement staffing and organization. The most telling analysis
showed a very weak correlation between alumni giving participation rates and percentage of total annual giving with total cost of attendance. There was no school in our data set that did not show an increase in total cost of attendance for students, but there were just as many schools that showed increases relative to both giving variables as decreases. Studies from consulting and industry groups showed similar results based on overall student debt as a measurement relative to giving.

The information gathered from the constructed data set was used as a springboard for additional research in the form of interviews with university advancement professionals for Part II. The responses from university advancement professionals indicated that there were a set of factors or characteristics that existed at our successful universities that may have contributed to their relative success against the group of twenty-two.

The two universities used as our successful group showed strong alumni engagement with the university beyond fundraising initiatives. They had consistent leadership and vision relative to fundraising and more mature fundraising operations. The group believed in consistent marketing of the changes in state funding to the university. In general, the research pointed to the opposite being true at our less successful universities.

The recommendation to public universities is to continue to develop personnel within advancement operations with the idea that consistent leadership and vision is essential to success at these institutions along with investment in resources. Some of the universities in this research employed atypical public university management structures relative to their fundraising operations which this research suggests may have contributed
to their success. The successful universities employ a fundraising model of inform, involve, and invest for their fundraising operations. It is also important to fully contemplate a model without direct state support.

Limitations

The interviews at the four universities have resulted in the discovery of many factors or characteristics which were present that may contribute to fundraising success. However, there are qualifications to this research which may affect the outcomes of fundraising. There are some factors and characteristics that are present at one or more of the universities that may not necessarily be something that is a “best practice.”

First, the use of Alumni Association membership as a means to boost donor participation is not universally accepted. Foggy Bottom and Lily State showed large increases in fundraising success but also uses their membership fees as gifts to the university. There are many universities who would object giving something to get something no matter how nominal or small.

Second, there are significant debates about how information should be reported between financial data and fundraising totals. Cash is used in financial reports, cash and “pledges of support” are used in fundraising totals. Great State spent a good deal of time dismantling their reporting structures and processes. Their concern was double-counting gifts which may have been given to one of the units within the university, but then counted again in the university total giving number. Some universities suggest that although financial statements must be pure and based on cash or liquid assets as revenue, fundraisers tend to present numbers based on development officer productivity counting all pledges of support as well as actual received gift revenue or cash.
Third, each individual brings a perspective to the interview questions. There was some disagreement between individuals at the universities as each person did not answer the questions exactly the same. Curiously, this disagreement often occurred at the less successful group universities but it did happen often between alumni association representatives and development professionals who may be approaching the same issue differently.

_Future Research: Access to Higher Education_

The topic of fundraising for public universities is of major concern for higher education. The lack of funding from the state and the role of alumni philanthropy can intersect with other important issues in higher education including equity and access. The inherent mission of many public universities was to educate students who live within the state and who live even close to the university. As universities search for new means of revenue many have already discovered that they can charge out-of-state tuition at a much higher rate than the in-state tuition. The University of Washington announced that they will admit more out-of-state students to close significant budget cuts. Washington charges just over $8,700 for in-state tuition, out-of-state tuition is nearly $25,000 according to UW’s website. The class of 2016 will have about one-third who are not from the State of Washington.

The business decision based on cuts leads to additional questions as to what the mission of the public university is and how it is changing, especially as related to the nearly 100 land grant institutions established by the Morrill Acts of 1862 and 1890 which granted federal lands to states for colleges. It can be argued that the Act was designed to educate the students and residents of the state where the college was located. If states
continue to enroll students from outside the state then it may mean less access for in-state residents which could affect access to higher education in communities.
Appendices

Appendix 1: Interview Protocol

Meetings with University Advancement Leadership

I. Basic Information
   a. What is your position at the university?
   b. How long have you been in the field?
   c. What is your central responsibility for the university?
   d. Do you have a foundation? Is it administratively independent of the campus? Does it have its own budget and sources of funding?
   e. What is the total fundraising goal this year?

II. Organizational Structure
   a. What is the structure of advancement/ or college foundation within the university?
   b. How long has there been an advancement/ or college foundation function supporting the university?
   c. What is the structure of your alumni organization? Does it report to the development office, to some other part of the campus, or is it independent?
   d. How many staff members are devoted to advancement services, research, communications, or other? (excluding alumni association or alumni relations)
   e. Is your fundraising program considered centralized or decentralized in approach relative to working with schools, departments, and campus units?

III. Interaction with Leadership
   a. What goals or vision does the university President, Chancellor, CEO have for advancement/ or college foundation?
   b. What processes are in place to communicate this vision to schools, departments, or campus units?
   c. Explain the relationship advancement/ college foundation has with university leadership?

IV. Alumni Association Engagement
   a. How often does the executive director of the foundation meet with the executive director of the alumni association/alumni relations?
   b. What role do you see for alumni association/alumni relations in development activities?
   c. Do you feel the alumni population at the university associates themselves more with the university or individual schools and departments? Explain.
   d. How engaged overall do you feel the alumni are with the university?
e. What else should be done to encourage more engagement?

V. Public and Private Differences
   a. Have you worked at any private universities as an advancement officer?
   b. Why do you feel elite private universities are able to raise more money, on average, than elite public universities?
   c. Are there any special “best practices” from private or public institutions that you have deliberately applied to your program?
   d. There are a disproportionate number of private universities in *The Chronicle’s* listing of top university endowments? Why?
   e. What is the single biggest thing that you feel limits public university fundraising support versus your private university counterparts?
   f. How important has private funding for research been to the growth of your overall fundraising program?
   g. Do you find that major donors want assurance that their gifts will not lead to further reductions in state support?
   h. How important is athletics to development at your institution? Has the athletic program brought new donors to the campus?
   i. Do you feel there are issues that public universities face that private universities do not when it comes to fundraising?
   j. What can public universities do to change this trend?

VI. The University and State Governance and Budgeting
   a. Does the university leadership take into account state funding when setting university fundraising goals?
   b. Do you believe that your alumni population knows that state funding for education is in a general decline? How do you communicate, or not communicate this message?
   c. How much more money does your institution need to raise in order to meet the decrease in state funding?
   d. In your opinion, would it be easier or harder for public universities to operate, fundraise, and grow if the state were to completely eliminate its control, funding, and support for the university?

V. Discussion on Data Analysis
   a. Has your university participated in any cross-divisional analysis on institutional student data and how it may affect fundraising?
   b. The four year public university data set that I analyzed indicated that alumni giving participation rates have declined for nearly every university. What factors do you believe have contributed to this at public universities?
   c. My research indicated that there was a moderate positive correlation between higher graduation rates and alumni giving participation rate. What factors do you believe have contributed to this at public universities?
d. My research suggests that as state appropriations have gone down to universities, institutional giving has actually increased. What factors do you believe have contributed to this?

e. Advancement professionals have suggested that lowering the student’s financial cost of attending could lead them to be more philanthropic alumni. My research did not see any strong correlation: have you found this to be the case? Why or why not?

f. My data indicated that there seemed to be no tendency for students to give more to the university as alumni if their “cost to attend” was relatively low? Do you find this surprising?

VI. Conclusion

a. As you reflect back on the growth of your development program over the past 10 years how would you rate its overall success?

b. What do you think are the strongest elements? What are the weakest?

c. Where would you like your development program to be five years from now?

d. What are some standards or benchmarks that you use when comparing your department with peer institutions?
## Appendix 2: Correlation Tests

### Results: Correlation Test: Six-Year Undergraduate Graduation Rate and Alumni Giving Participation Rate % Change

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6-Year Graduation Rate (2009) | 1
Alumni Giving Participation Rate % Change(2006-2009) | 0.314754638 | 1
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## Results: Correlation Test: Six-Year Undergraduate Graduation Rate (2009) and Percentage Change in Total Annual Giving (2006-2009)

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### Correlation Matrix

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Total Cost % Change 2003-2006  % Change in Total Annual Giving (2006-2009)

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