The Board of Regents Advancement Committee Meeting

January 12, 2011
Barry Gossett, Chair, presiding

Meeting Minutes

A meeting of the Board of Regents Committee on Advancement was held on January 12, 2011 at 10 a.m. Because of inclement weather, the meeting became a conference call. In attendance: Regents Barry Gossett and (via teleconference) Thomas Slater. From USM institutions via teleconference: Cherie Krug for B.J. Davisson (FSU), Theresa Silanksis (UB), Veronique Diriker (UMES), David Balcom (CSU), Sue Gladhill (UMB), Richard Lucas (BSU), Gary Rubin (TU), David Nemazie (UMCES), Brodie Remington (UMCP), William Schlossenberg (USG), Greg Simmons (UMBC), and Rosemary Thomas (SU). From the USM office (and present in the Chancellor's conference room): Leonard Raley, Vladimir Jirinec, Marianne Horrigan, Gina Hossick, Donna Meyer, Pamela Purcell, Janice Doyle and Anne Moultrie.

Review and Approval of Minutes
Regent Gossett asked for approval of the meeting minutes for the October 6, 2010 meeting.

Philanthropic Elements of USM Strategic Plan
Regent Gossett, Vice Chancellor Leonard Raley, and USM Comptroller Robert Page initiated a discussion regarding long-term plans to increase endowment funds and to devote more resources to support fundraising.

The USM enjoys a very strong financial position, earning an AA+ bond rating, which is enabling the System to borrow money at historically low levels. Its one weakness is its lack of endowment relative to other institutions in the same bond rating group. This lack of endowment also affects investment in development, since some foundations and the Common Trust assess a fee against endowment to support development operations. This fee and the current spendable income rate, coupled with modest investment returns in recent year, also hinders long-term endowment growth.

USM institutions need to explore the following:

- Reducing or eliminating dependance on endowment assessments to support development operations
- Finding alternative and increased funding sources for development
- Making a sustained and focused effort to raise new funds for endowment

The USM Office of Finance and Administration and the USM Office of Advancement will work with the Vice Presidents Council to further explore these issues.

Campaign Update
The group reviewed preliminary numbers for December. The latest figures show that fundraising performance is slightly behind that of last year's, but is relatively stable. The federated campaign has exceeded $1.5 billion—we are on our way to achieving our $1.7 billion goal. UMES is the latest institution to reach and exceed its campaign goal of $14 million.

Legislative Forecast
Associate Vice Chancellor PJ Hogan spoke about the upcoming legislative session, noting that the Governor's budget had not been released and it was too early to comment on how higher education would fare. Discussions remain positive, but this year's budget shortfall promises a difficult year for most state agencies.

Report on Online Fundraising
The group reviewed a report on FY10 online giving transactions and number of gifts; this report will establish a simple benchmark for gauging growth of online giving in future years. Institutions report a definite upward trend in online giving, though some technologies are proving harder to adapt to higher education fundraising. An article from CASE *CURRENTS* regarding this issue is attached to the minutes.

USM Cost of Fundraising Summary
A summary of the System-wide cost of fundraising was discussed. Regent Slater pointed out a formatting flaw in the report; an updated report is attached to the minutes, reflecting the correction and newly updated data. The System as a whole remains well in line with industry standards.

The meeting adjourned at 11:30 a.m.

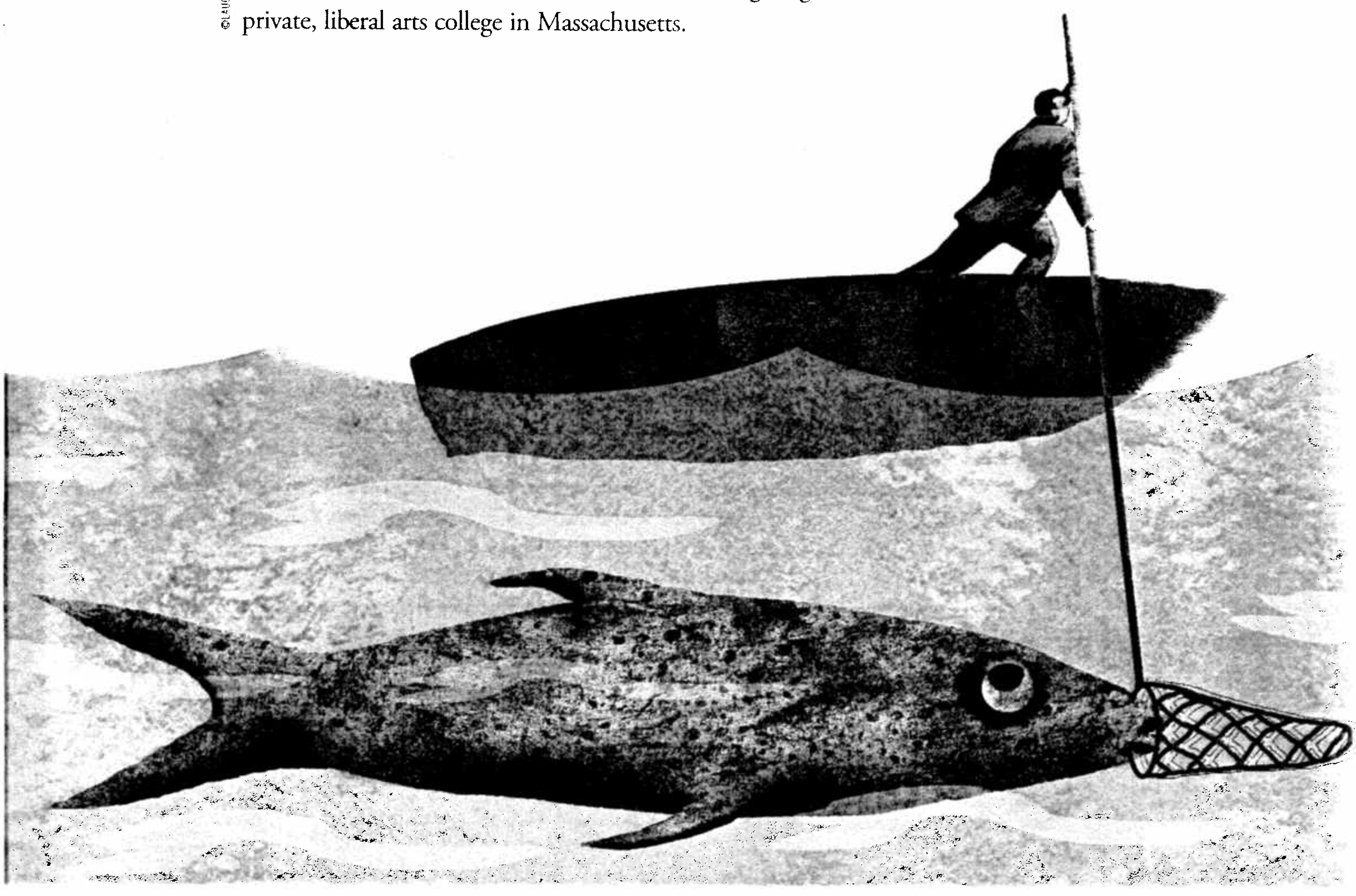
Next Meeting of the Board of Regents Advancement Committee: Wednesday, May 4, 2011, 10 a.m.-noon, USM Office

The Small Net

By AMY BOVAIRD

So far, educational fundraising and mobile giving are a mismatch

Like fundraisers everywhere, my colleagues and I at Amherst College became very interested in mobile giving last year as we witnessed the enormous success of text-to-give technology for the earthquake relief effort in Haiti. Mobile giving provides an easy way for people to donate, and it is very successful with the youngest cohort of constituents. Last spring, I explored the idea of how text donations could enhance annual giving at our private, liberal arts college in Massachusetts.



On its website, the Mobile Giving Foundation says that it "serves as the 'glue' between a charitable giving campaign, the wireless industry and the 250 million wireless users in the United States." The MGF verifies nonprofit status, certifies mobile giving programs, provides a platform for nonprofits to facilitate gifts, and acts as a clearinghouse for all donated funds. Furthermore, the MGF has approved a select group of application service providers (ASPs) that manage the technical components of a nonprofit's mobile giving campaign. There are currently 10 ASPs to choose from, each with unique contracts and reporting features.

We envisioned using mobile giving as a last-chance effort to encourage nondonors to give to our annual fund in the final days of June, the end of our fiscal year. It is safe to say that the majority of our alumni have mobile phones and can text message, and with this program they could make a gift with little to no effort. There is no need to go through the online giving form, call the office during working hours, or waste postage to mail in a gift. How could we not consider this donor-centric program? Even if the costs associated with mobile giving were more than our e-mail programs and mailing costs, it seemed to be a worthwhile investment for the recruitment of donors.

The Amherst alumni body is just over 20,000, with a yearly participation rate in the 60 percent range and a dollar total for unrestricted giving at the $10 million mark. We are currently in the middle of a five-year comprehensive campaign and, like everyone, we are weathering one of the worst economic climates on record. As a result, program budgets were trimmed, yet we continued to reach out to alumni in innovative and cost-effective ways. While our dollar figures remained relatively strong during the financial meltdown, our participation rate experienced a slight decline.

To counteract that downward trend, we knew we needed to continue targeting our young alumni—that was the key area for potential participation growth. The participation rate for the youngest 10 classes was 51 percent in the 2009 fiscal year, versus roughly 60 percent for the entire alumni body. Establishing a consistent pattern of giving amongst these youngest classes is essential. Like many other institutions, Amherst looked at several new initiatives that could help us bridge the widening gap: Facebook ads; broadcast calling (aka "robocalls"); RealPen technology (which mimics a handwritten letter); and, of course, mobile giving.

Yet after researching all of these initiatives, mobile giving was the only one we decided against. We identified four obstacles to mobile giving that send garbled, bad signals to our potential donors.

"WE KNOW YOU MADE A GIFT, AND IT WILL COUNT—NEXT YEAR."

Ideally, we wanted to use mobile giving to reach out to nondonors in May and June, as a last-ditch effort. But we quickly ran up against one of the greatest limitations in mobile giving—the turnaround time. We were surprised to learn that it can take anywhere from 30 to 90 days to receive a gift after it is initiated. Gifts cannot be forwarded to a nonprofit until the donor has paid his or her phone bill. (This limitation was not in effect for the Haitian relief effort, as phone companies agreed to forward donations to the Red Cross and other charities immediately because of the extreme urgency of the catastrophe.)

At Amherst, only realized, cash-in gifts are given credit for participation; pledges do not count toward participation rates. Our auditors strictly require all cash-in gifts to be received by midnight on June 30. Even without mobile giving, June 30 is absolute mayhem, with all hands on deck to get the last-minute gifts processed on time. With mobile giving, there is no guarantee that the gifts initiated during a given fiscal year will be realized by its close. And even if they did arrive, is it worth paying the $1,000–$2,000 we were quoted by mobile giving marketing companies for this year-round program to use it for just a few days of the year?

The only way mobile giving would even be conceivable for our annual fund drive would be to wrap up a mobile giving campaign in March and hope that all gifts are received and entered by June 30, which still seems risky. Nearly half of all our donors give in the final 90 days of the annual fund drive, and we would have to ensure that everyone who made a mobile gift would be credited that fiscal year.

"IT DOESN'T MATTER HOW MANY FISH ARE IN THE SEA IF YOU ARE CASTING A SMALL NET."

There is no debate about whether mobile giving is a successful way to garner support from large numbers of people. Mobile giving companies will tell you that you can cultivate new donors, develop a new line of communication, and receive updated contact information. A paper entitled *Early Signals on Mobile Philanthropy: Is Haiti the Tipping Point?* (*www.theagitator.net/wp-content/uploads/file/Haiti MobileGiving.pdf*) supports these claims with data on the Haitian relief effort; with more than $50 million raised by 6.5 million donors, it is a major fundraising success story.

But what about nonprofits with a limited prospect pool? Amherst has roughly 20,000 solicitable alumni. We remain in contact with the vast majority of them and are fortunate to have updated contact information and e-mail addresses for 80 percent of them. We aren't looking to the general public for support. We would not be using mobile giving for recruiting vast numbers of new donors. Instead, we would be incorporating the program to make giving easier for our donors.

"THANKS FOR YOUR SUPPORT—BY THE WAY, WHO ARE YOU?"

Like many small colleges, Amherst strives to show alumni support through participation in the annual fund. It is of the utmost importance that we give credit where it is due. Participation rates allow us to maintain healthy competition among classes and help us to gauge alumni support overall.

Unfortunately, mobile giving programs provide little information about who is making the gift. All the college would receive would be a mobile phone number and the dollar amount donated. We keep records of mobile phone numbers; however, we have no reverse lookup capability for phone numbers. It would be necessary for our staff to contact these donors and ask them their name and class year, and somehow thank them during that same call.

The concept seems backwards; how can you properly steward a donor when you do not know who he or she is?

The mobile giving companies we contacted suggested we purchase a feature to reply automatically to mobile gifts and ask for the donor to remit his or her name and class year. But requiring multiple steps defeats the primary reason for using this service—chiefly, its ease of use. Also, there is no guarantee that the donor would even reply to our request.

"PLEASE GIVE LESS THAN YOU DID LAST YEAR."

Early Signals on Mobile Philanthropy suggests that mobile giving "should be used as part of a larger multi-channel donor acquisition strategy" and that "there is a risk of cannibalizing revenue that would have come in via other channels (e.g. online) at much higher average gift amounts."

Because donors can only give either a $5 or $10 gift via text message, Amherst would only want to market mobile giving to those alumni who have given at that level or not at all. Ideally, we would prefer to let our alumni determine what gift is most appropriate for them. For 95 percent of our alumni donors, the recommended gift is well above this token level of giving—our median gift is $100. On the other hand, 67 percent of student donors give in the $5 to $10 range. Like all institutions, we want regular donors to stay at least at the same level as their previous donations and, ideally, consider increasing—not decreasing—their giving.

Other schools that have used mobile giving have addressed this issue by continuing to solicit those alumni who donated via text. While this is a solution, continuing appeals after a donation has been made is not ideal stewardship. We want our donors to know that we truly appreciate their gifts—whatever the amount—and that we will not continue to ask for additional gifts that year.

SPECIAL CIRCUMSTANCES

After learning about mobile fundraising and its limitations, I started to think about which situations would be best supported by such a program. I looked for schools that had incorporated mobile giving; those that I found indicated that it had not been a success. Some suggestions I received were to use mobile giving around alumni events and provide a call to action—something like a football game, where a scoreboard could relay the message, or a big nostalgic event like reunion, where groups of people would be encouraged in that moment to pull out their phones and make a gift. But Amherst's homecoming games only attract about 2,500 people, and fewer than 1,000 of those are alumni.

"We were excited to give it a try, but the mobile giving industry is still in its infancy."

Would our call to action be compelling enough to motivate a significant number of these event participants to donate? Bruce Hallmark, the online strategy coordinator for Colorado State University, shared his experience. CSU launched numerous mobile giving campaigns, but the funds raised didn't pay for the monthly service fee. Only a handful of supporters opted to get CSU text alerts. "We were excited to give it a try, but the mobile giving industry is still in its infancy, so I'm not sure they even know the most effective ways to use it," Hallmark says.

CSU rolled out a comprehensive mobile giving promotion during the first football game of the season against the university's biggest in-state rival, but the results were lackluster. "Success requires a definitive call to action," Hallmark says, "which can be difficult to deliver to large crowds at events."

The low gift amounts also tend to lull fundraisers into a false belief that making a compelling case for the gift is not required, he says. "The challenge is convincing people of the need to give anything at all, much less doing so in a sound bite. And the perception of a small gift is that it won't make much of a difference." In the end, CSU discontinued the program. "The effort and cost were just too great for the amount of gifts we received," Hallmark says.

SHAPE OF THINGS TO COME?

After reviewing the mobile giving programs available in the spring of 2010, Amherst opted to wait for the industry to launch a mobile giving program that better fits our needs. It is an industry whose innovators we continue to follow. Even as I write this article, I am learning about new mobile giving programs that may very well meet our needs at Amherst.

For instance, a program called XIPWIRE enables people to securely send and receive money using a simple text message. This tool enables person-to-person transactions and allows businesses to accept mobile transactions. If you are having lunch with a friend but you don't have cash, you can "xip" your friend the cost of your meal. Imagine what you could do if your mobile phone could function as an extension of your wallet or checkbook.

This program would allow mobile gifts to be made in any amount, and donations could be charged to a credit card or deducted from a bank account. Institutions would receive the money within a few days after the gift is initiated, and registration information could be used to help identify the donor. The only drawback is that XIPWIRE requires the donor to register; yet it is possible that this is the future of retail transactions and donations and that some of our donors may already be registered.

Monmouth College in Illinois has started using XIPWIRE for athletics fundraising, and it specifically markets the program at football games. Susan Savage, director of annual giving, says that "with text-to-text giving, fans can ditch the hassle of writing checks and instead send a simple text message to support the college's athletic programs." Much like XIPWIRE, other companies are generating programs that enable mobile giving without involving mobile phone carriers: MobileGive.us and Nadanu are two new providers to watch. By the time this article is published, there may be new programs that are better-suited to the needs of academic fundraising.

In the meantime, Amherst continues to explore other programs and new technology. Facebook ads have proven to be cost-effective and easy to use. Broadcast calling has yielded good results as a practical, low-cost way to communicate with longtime nondonors. Alumni responded well to "handwritten" notes (created with RealPen technology) they received from students for a June participation push. Our online giving form is being reformatted for smart phone screens, which allows us to encourage mobile giving in a different manner. Technology can be a huge asset in advancement—but only when the benefits exceed the costs.

Amy Bovaird is the associate director of the annual fund at Amherst College in Massachusetts.

2010 COST OF FUNDRAISING SUMMARY

USM AVERAGES	FY10	FY09	FY08	FY07	FY06	FY05	FY04	FY03	FY02	FY01	FY00
Costs Based on Alumni & Development Costs *(including UMCES and UMBI)*											
Cost to Raise $1	**$0.18**	**$0.15**	**$0.16**	**$0.18**	**$0.15**	**$0.14**	**$0.15**	**$0.16**	**$0.16**	**$0.16**	**$0.18**
$'s Raised for each $ Spent	**$5.70**	**$6.59**	**$6.17**	**$5.58**	**$6.50**	**$7.38**	**$6.72**	**$6.38**	**$6.11**	**$6.36**	**$5.51**
Costs Based on Alumni & Development Costs *(excluding UMCES and UMBI)*											
Cost to Raise $1	**$0.18**	**$0.15**	**$0.16**	**$0.18**	**$0.16**	**$0.14**	**$0.15**	**$0.16**	**$0.16**	**$0.13**	**$0.15**
$'s Raised for each $ Spent	**$5.70**	**$6.59**	**$6.18**	**$5.54**	**$6.44**	**$7.33**	**$6.72**	**$6.36**	**$6.11**	**$7.87**	**$6.74**
Costs Based on Development Costs Only *(including UMCES and UMBI)*											
Cost to Raise $1	**$0.14**	**$0.12**	**$0.13**	**$0.15**	**$0.12**	**$0.11**	**$0.12**	**$0.13**	**$0.13**	**$0.15**	
$'s Raised for each $ Spent	**$7.00**	**$8.11**	**$7.48**	**$6.88**	**$8.06**	**$9.20**	**$8.45**	**$7.59**	**$7.59**	**$6.75**	
Costs Based on Development Costs Only *(excluding UMCES and UMBI)*											
Cost to Raise $1	**$0.14**	**$0.12**	**$0.13**	**$0.15**	**$0.13**	**$0.11**	**$0.12**	**$0.13**	**$0.13**	**$0.12**	
$'s Raised for each $ Spent	**$7.00**	**$8.11**	**$7.50**	**$6.85**	**$7.99**	**$9.16**	**$8.47**	**$7.59**	**$7.59**	**$8.34**	