



# Preparing for a New Era

The State of Higher Education Advancement in 2016

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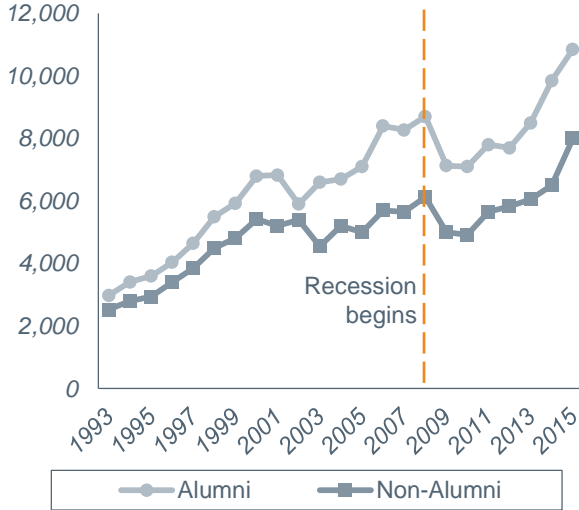
Advancement Forum



# Record-Breaking Years

## Giving to Higher Education Rebounds Strongly from Recession

**Total Voluntary Support by Individuals to Higher Education<sup>1</sup>**  
*Voluntary Support of Education Survey, 1993-2015*



### Giving to Colleges Hits Another Record High; Wealthy Institutions Get the Most

(January 27, 2016)

“Institutions got some good financial news in the 2015 fiscal year: charitable contributions to colleges and universities rose to a record level, \$40.3 billion.... The 7.6 percent rise revealed for 2015 by the council’s survey, which followed a 10.8 percent gain from 2013 to 2014, was **driven largely by giving from individuals** (alumni and not), which increased sharply.”

*Inside Higher Ed*

1) Dollars presented in millions.

Source: Council for Aid to Education, *Voluntary Support of Education Survey* (2015), <http://vse.cae.org>; Lederman D, “Giving to Colleges Hits Another Record High; Wealthy Institutions Get the Most,” *Inside Higher Ed* (January 27, 2016), <https://www.insidehighered.com/news/2016/01/27/giving-colleges-hits-another-record-high-wealthy-institutions-get-most>; EAB interviews and analysis.



# Longer Timeframes, Bigger Goals

Modern Campaigns Rely on Major Gifts to Hit Ambitious Targets



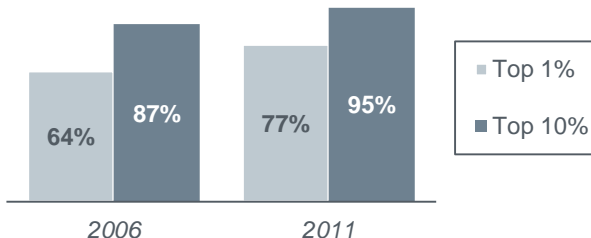
## Burgeoning Campaign Goals

**18%** Longer timeframes for current campaigns than for past campaigns (2011)

**43%** Growth in median campaign goals from 2000 to 2011

## Percentage of Total Campaign Dollars Provided by Top Donors

*CASE Campaign Report (2011)*



## Change at the Top

“I’ve been looking a lot at how fundraising has changed over the past 20 years. We all know the 80/20 rule—20% of donors will give 80% of the funds we bring in. The problem now is that 80/20 doesn’t hold up anymore. It’s changing. It’s more like 90/10, or even 95/5. That’s the order of the day in shops like this.”

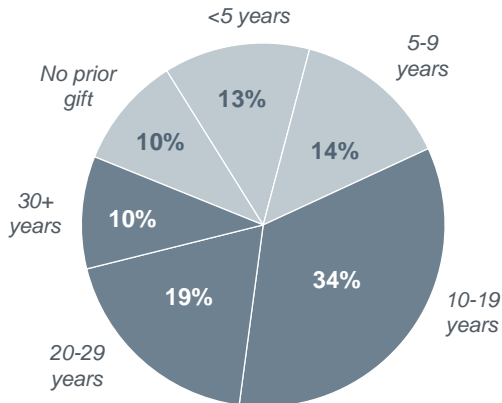
*Ron Cohen  
Vice President of University Relations  
Susquehanna University*

# The Campaign Pipeline



Today's Core Supporters Progressed through the Annual Fund

**Length of Top Donors' Giving Histories Prior to Biggest Gift**  
*Philanthropy Leadership Council, 2006*



## Small Starts, Big Potential

**9x**

Increased likelihood that a donor who upgrades consistently will become a major donor

**80%**

Of alumni major gift donors make consistent gifts in first 5 years after graduation

**\$255**

Average first gift amount from major donors at the University of Virginia

Source: Barry F. "Cultivating Lifelong Donors: Stewardship and the Fundraising Pyramid," *Blackbaud*, 2010, [https://www.blackbaud.com/files/resources/downloads/Book\\_CultivatingLifelongDonors.pdf](https://www.blackbaud.com/files/resources/downloads/Book_CultivatingLifelongDonors.pdf); Philanthropy Leadership Council, *Enduring Relationships: Stewarding Donors to Deepen and Sustain Institutional Ties*, Advisory Board Company, 2008: 6; Meer J, "The Habit of Giving," *Economic Inquiry* (March 2013), <http://onlinelibrary.wiley.com/doi/10.1111/eicin.12010/abstract>; Alumni Relations Task Force, "Appendix C: The Link Between Alumni Engagement and Alumni Giving," *The Scenes of their Youthful Studies: The Next Era in Alumni Relations*, University of Virginia: 2004, <http://www.virginia.edu/virginia/ARTFReport20040629.pdf>; EAB interviews and analysis.

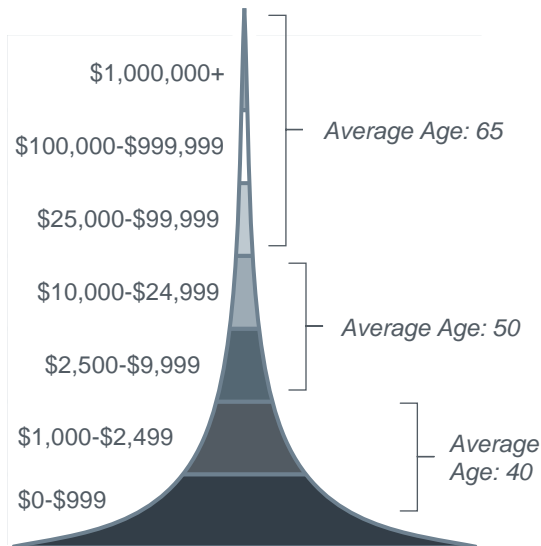
# Fewer Donors “On Deck”

Shift Toward the Top Raises Questions about Pipeline Sustainability



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## The Tapered Major Gift Pipeline



“

### Attrition at the Top

“Yes, it’s true that 95% of your money will come from the top. But the top won’t be around forever. And if you’ve ignored the rest of the pyramid and you’re left with just a few donors giving right below that major-gift level, you better hope that all those donors are billionaires. Otherwise you’re out of luck.”

*Director of Alumni Programs  
Public Research University*



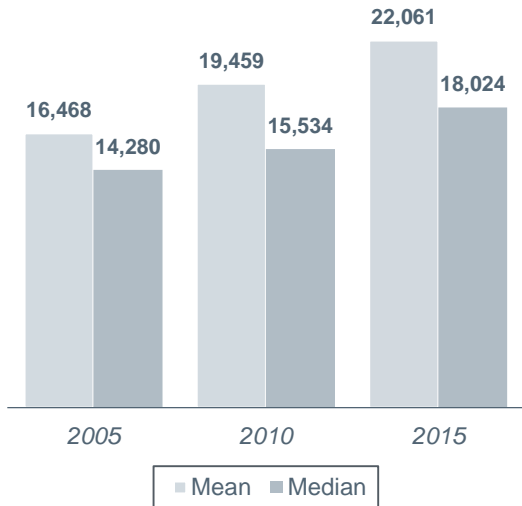
# The Changing Alumni Landscape

An Expanding Base, But With Less Institutional Affinity

## Alumni Populations Continue to Grow...

### Mean and Median Alumni of Record

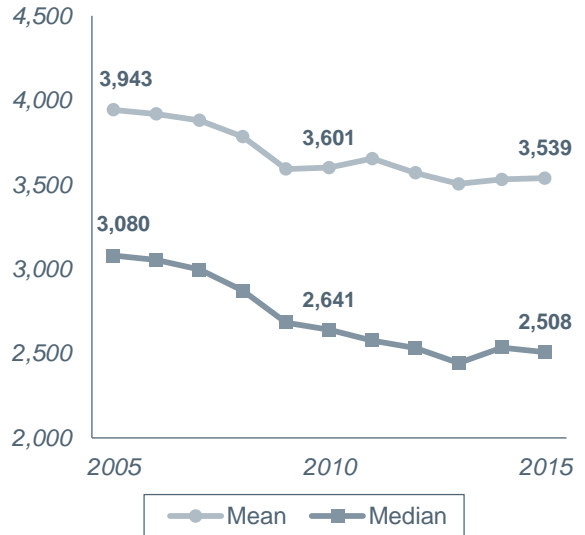
*Voluntary Support of Education Survey, 2005-2015*



## ...While Donor Numbers Drop Each Year

### Mean and Median Donor Counts

*Voluntary Support of Education Survey, 2005-2015*



# Feeling the Squeeze

## Declining Participation Imperils Flexible Unrestricted Dollars

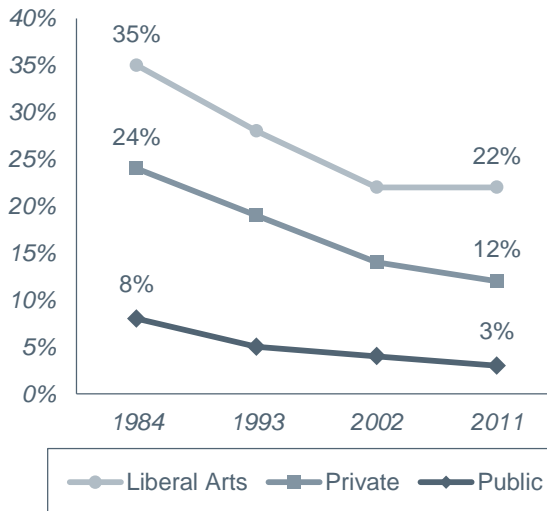


### Hard to Capture Mindshare

“When I graduated, there were only a few things in your life—your church, your university, maybe your fraternity/sorority, your family, your place of business. Now there’s a whole explosion of things you’re connected with. We’re having a harder time commanding their attention today.”

*Bill Mulvihill  
University of Cincinnati*

**Percentage of Private Support Directed to Unrestricted Funds**  
*Voluntary Support of Education Survey, 1984–2011*



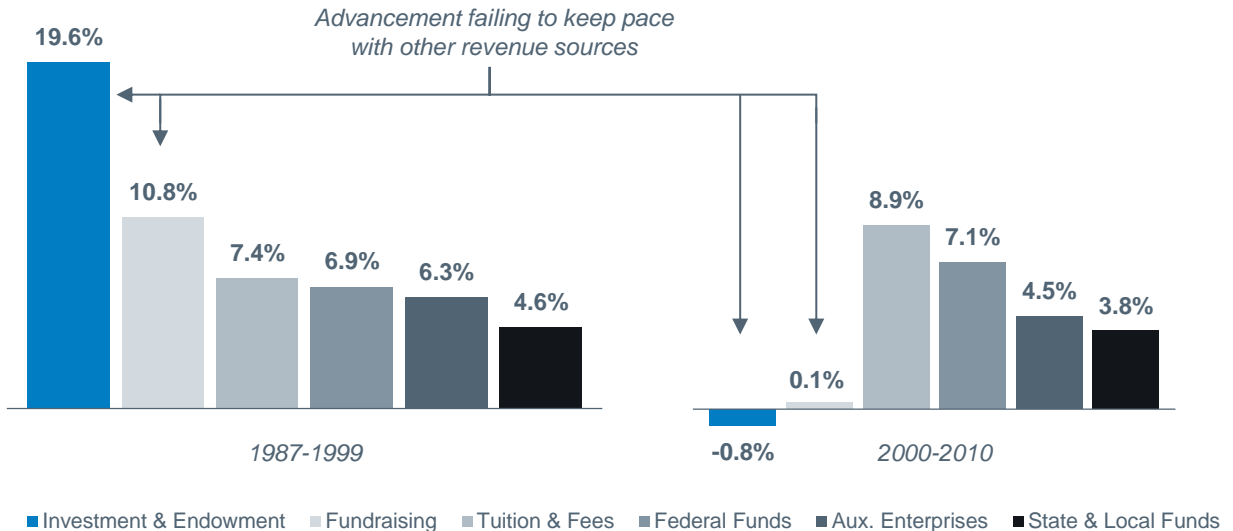


# Endowment Growth Slows

Historical Gains Far Exceed Recent Performance

## Fundraising's Relative Contribution Nearly Flat Over 10 Years

Higher Education Revenue Growth Rates by Source  
*Four-Year Institutions, Public and Private (1987-2010)*





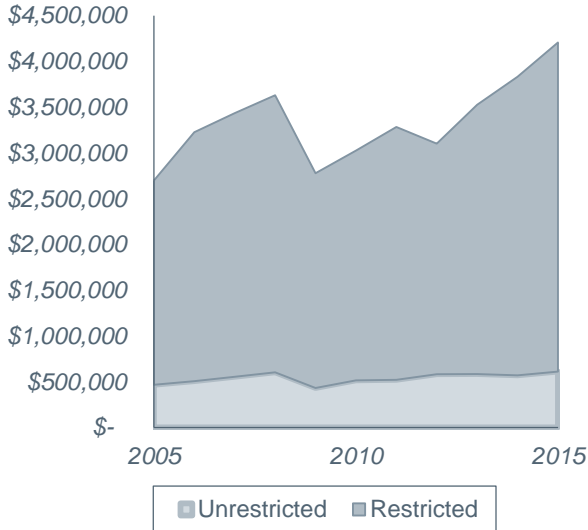


# Market Dips Dampen Endowments

Despite Sustained Giving Gains, China and Oil Spoils the Good News

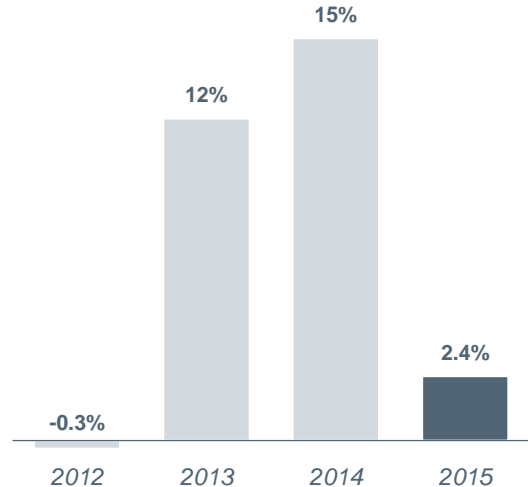
## Average Giving to Endowments

*Voluntary Support of Education Survey, 2005-2015*



## University Endowment Growth

*NACUBO-Commonfund Study of Endowments, 2012-2015*



Source: NACUBO-Commonfund Study of Endowment (2016), [http://www.nacubo.org/Research/NACUBO-Commonfund\\_Study\\_of\\_Endowments.html](http://www.nacubo.org/Research/NACUBO-Commonfund_Study_of_Endowments.html); Voluntary Support of Education Survey (2015); EAB interviews and analysis.

# Imperatives for a Modern Endowment

## Strategies for Further Boosting Endowment Giving



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### Four High-Impact Strategies



#### **Prioritize Planned Giving to Endowment**

Invest in planned giving cultivation focused on long-term impact through endowment



#### **Focus Gift Officer Training on Endowment Asks**

Develop professional development offerings on endowment giving for development directors



#### **Publicize Impact of Endowment Expenditures**

Personalize the endowment by spotlighting beneficiaries of expenditures



#### **Develop Branded Endowment Collateral to Aid in Cultivation**

Enable effective endowment giving conversations with brochures, proposal templates, and branding campaigns

# Looking Beyond the Endowment

## Broad Shifts in Giving Signal New Playbook for Higher Ed Advancement



### 1 Fortify the Gift Pipeline

- New solicitation and communication channels (crowdfunding, social media fundraising)
- Mid-level upgrade strategies, “smart” discovery, and prospect prioritization initiatives

### 2 Strengthen Engagement Strategies

- High-quality mass engagement tactics focused on new platforms (e.g., website, social media)
- Volunteer opportunities tailored to the expectations of Millennials and Gen Xers

### 3 Enhance Gift Officer Performance

- Strategic recruiting and professional development efforts that support performance and retention
- High-transparency metrics systems, performance analytics integrated into workflows



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