Preparing for a New Era
The State of Higher Education Advancement in 2016

Jeff Martin, Consultant
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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.”

Modern Campaigns Rely on Major Gifts to Hit Ambitious Targets

Longer Timeframes, Bigger Goals

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)

<table>
<thead>
<tr>
<th>Year</th>
<th>Top 1%</th>
<th>Top 10%</th>
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<tr>
<td>2006</td>
<td>64%</td>
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<tr>
<td>2011</td>
<td>95%</td>
<td>77%</td>
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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 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*

- No prior gift: 10%
- 5-9 years: 14%
- 10-19 years: 34%
- 20-29 years: 19%
- 30+ years: 13%
- <5 years: 10%

**Small Starts, Big Potential**

- Increased likelihood that a donor who upgrades consistently will become a major donor: 9x
- Of alumni major gift donors make consistent gifts in first 5 years after graduation: 80%
- Average first gift amount from major donors at the University of Virginia: $255

Fewer Donors “On Deck”
Shift Toward the Top Raises Questions about Pipeline Sustainability

The Tapered Major Gift Pipeline

- $1,000,000+
  - Average Age: 65
- $100,000-$999,999
  - Average Age: 50
- $25,000-$99,999
- $10,000-$24,999
- $2,500-$9,999
- $1,000-$2,499
- $0-$999

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

Source: EAB interviews and analysis.
The Changing Alumni Landscape
An Expanding Base, But With Less Institutional Affinity

Alumni Populations Continue to Grow...

Mean and Median Alumni of Record

...While Donor Numbers Drop Each Year

Mean and Median Donor Counts

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

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)

Advancement failing to keep pace with other revenue sources

1987-1999

Investment & Endowment: 19.6%
Fundraising: 10.8%
Tuition & Fees: 7.4%
Federal Funds: 6.9%
Aux. Enterprises: 6.3%
State & Local Funds: 4.6%

2000-2010

Investment & Endowment: 8.9%
Fundraising: 7.1%
Tuition & Fees: 4.5%
Federal Funds: 3.8%
Aux. Enterprises: 0.1%
State & Local Funds: -0.8%

Market Dips Dampen Endowments

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

Average Giving to Endowments

University Endowment Growth
NACUBO-Commonfund Study of Endowments, 2012-2015

### Imperatives for a Modern Endowment

**Strategies for Further Boosting Endowment Giving**

#### Four High-Impact Strategies

<table>
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<th>Prioritize Planned Giving to Endowment</th>
<th>Focus Gift Officer Training on Endowment Asks</th>
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<td>Invest in planned giving cultivation focused on long-term impact through endowment</td>
<td>Develop professional development offerings on endowment giving for development directors</td>
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<th>Publicize Impact of Endowment Expenditures</th>
<th>Develop Branded Endowment Collateral to Aid in Cultivation</th>
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<td>Personalize the endowment by spotlighting beneficiaries of expenditures</td>
<td>Enable effective endowment giving conversations with brochures, proposal templates, and branding campaigns</td>
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Source: EAB interviews and analysis.
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

Source: EAB interviews and analysis.
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