



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION, INFORMATION OR DISCUSSION

TOPIC: Quasi-endowment report

COMMITTEE: Advancement

DATE OF COMMITTEE MEETING: October 5, 2016

SUMMARY:

The Quasi-Endowment Fund, initiated in FY15, was established with \$50 million committed by USM institutions and the USM Office. Spendable income from this quasi-endowment funds two components: a competitive grant program administered through the USM Office of Advancement, and direct funding of institution fundraising programs. The USM Office has reviewed and recommended grants for 2017 as summarized in the chart titled 2016 Grant Award Recommendations. Also included is a summary report on the use of funds that went directly to USM institutions to support endowment building efforts.

ALTERNATIVE(S):

FISCAL IMPACT:

CHANCELLOR'S RECOMMENDATION:

COMMITTEE ACTION:

DATE: 10.5.16

BOARD ACTION:

DATE:

SUBMITTED BY: Leonard Raley, lraley@usmd.edu, 301-445-1941

**USM Quasi-Endowment Grant Program
2016 Grant Award Recommendations**

INSTITUTION	DESCRIPTION	AMOUNT REQUESTED	STAFF RECOMMENDATION
Bowie	Endowment matching and case statement development	\$75,000	\$55,000
Coppin	Reunion giving coordinator	\$75,000	\$30,000
Frostburg	Planned giving officer	\$75,000	\$55,000
Salisbury	Planned giving officer (final year of funding)	\$50,000	\$45,000
Towson	Planned giving outreach	\$25,000	\$15,000
University of Baltimore	Planned giving officer	\$75,000	\$70,000
UMB	Planned giving outreach	\$33,100	\$15,000
UMCES	Major Gifts Officer for CBL	\$75,000	\$70,000
UMCP	Celebration of Scholarships writer (stewardship)	\$52,000	\$15,000
UMES	Stewardship coordinator	\$54,000	\$20,000
USG	Campaign consulting	\$75,000	\$35,000
TOTAL AWARDED			\$425,000



The Quasi-Endowment Fund and Grant Program

The Quasi-Endowment Fund, initiated in FY15, was established with \$50 million committed by USM institutions and the USM Office. Establishment of this fund was made possible with the passage in 2013 of Maryland Senate Bill 431, which enabled institutions to invest funds then held by the State treasurer's office in the Common Trust Fund.

The USM Foundation invests these funds, and the spendable income is returned to the campuses to provide additional fundraising resources directed at building endowment. * The program has two components: grant program funding and regular funding.

Grant Program: From the \$50 million quasi-endowment, \$10 million supports the Quasi-Endowment Grant Program, making \$425,000 in funds available through a competitive grant process. In order to receive funding, interested parties submit proposals of activities and/or positions to be funded by the grant. The guidelines for proposals are as follows:

- The activity and/or position should support endowment building efforts.
- The activity and/or position should have a strong evaluation or benchmarking component to assess success toward measurable goals.
- Grant requests should not exceed \$75,000.
- Only one grant request per institution will be considered.
- Funds should be directed to new programs/projects. Funds should not replace existing or budgeted funds.
- Requests for continued funding will be considered for a total of three grant cycles.

Regular Funding: In addition to the \$10 million commitment to the Quasi-Endowment Grant Program, \$40 million of the \$50 million quasi-endowment generates income to the USM institutions and their advancement programs. It is expected that use of these funds will result in future endowment building at each institution. In addition, it is expected that this income will not be used to offset any future budget cuts. (For example, if an across-the-board cut of 2% is required at an institution, the advancement program will not incur a higher percentage cut because these available funds can serve as an offset.)

*It was anticipated that the spendable income from this quasi-endowment would need to be backstopped for the first few years by the USM.

Status of Campus Use of Funds

Institution	Annual Allocation	Activities	Selected Outcomes
Bowie State University	\$37,990	Endowment awareness collateral; first-ever fundraising appeal focused exclusively on building the endowment (this appeal was mailed to over 4,000 of BSU's donors); Support for a dedicated grant researcher/writer; Support for regional engagement and alumni participation.	Over \$500,000 in new commitments to the endowment; \$197,000 in cash commitments to the endowment, representing a 671% increase in endowment cash collections from FY14 to FY16 (i.e., \$25,537 in FY14; \$129,769 in FY15; and \$197,000 in FY16); 20% increase in alumni commitments FY16 over FY15.
Coppin State University	\$31,883	Implemented a planned giving program that included a quarterly planned giving newsletter, a planned giving web development program, re-assignment of Director of Major Gifts to include Planned Giving, a series of Planned Giving/Estate Planning Workshops, a planned giving alumni mailing.	Eight new planned gifts have been established. The total of new planned gift/estate planning expectancies has surpassed \$200,000. Most of these funds are designated for endowment, specifically scholarship endowment.
Frostburg State University	\$37,091	Wealth screening, a student ambassador program to engage potential major gift donors, outreach to alumni scholarship recipients for scholarship support; campaign planning activities,	FY17 should see positive benefits from these activities as a new vice president for advancement works with a new president to build the program.
Salisbury University	\$59,593	Planned giving marketing program; major gifts writing; improved data reporting for donor stewardship. These activities supported a new planned giving position, which was partially funded via the quasi-endowment grant program.	New staff has raised over \$236,000 in current cash gifts for endowments and \$125,000 in documented planned giving commitments. Additionally, there are over 20 active proposals to planned giving prospects totaling over \$500,000.

Status of Campus Use of Funds

Institution	Annual Allocation	Activities	Selected Outcomes
Towson University	\$153,105	Director of Major Gifts (DMG) position, student philanthropy program, enhanced annual giving strategies.	New gifts to endowment have grown by 55%. Increased alumni participation from 4.3% to 5%.
University of Baltimore	\$44,375	Wealth screening and campaign planning activities in support of future major gift expansion.	FY17 will see benefits from wealth screening.
UMB	\$366,881	Quasi endowment funds provided to UMB have been invested in the recruitment of major gift fund raisers primarily in the Schools of Nursing and Law. The new fund raisers have invested significant time and effort, along with additional staff colleagues, in cultivation and solicitation of endowment funds.	In 2016, the UMB Foundation staff generated 1,228 gifts totaling some \$15.9 million in endowment funds. Thus far in 2016, with the year-end giving season just getting underway, the UMB Foundation staff has aggregated 233 gifts totaling nearly \$4.3 million.
UMBC	\$132,010	Underwrites costs associated with a development officer and planned giving marketing and outreach materials.	Planned giving society membership has doubled since 2011. UMBC has redoubled its efforts to connect, especially with emeritus faculty and staff, and institutional alumni from its earliest decades. Of particular note is a recently finalized estate gift of \$1.5 million to support veterans attending UMBC.
UMCES	\$15,737	Supports, in conjunction with a quasi-endowment grant of \$75,000, a Major Gift Officer position for the Chesapeake Bay Laboratory.	Staff hired 13 months ago is making progress toward setting up a program and engaging leadership in endowment fundraising. FY17 should see gifts come to fruition.

Status of Campus Use of Funds

Institution	Annual Allocation	Activities	Selected Outcomes
UMCP	\$623,902	Additional staff in Leadership Annual Giving, regional major gifts, and to manage endowed scholarship initiative; support for MGOs and for new donor acquisition.	Increase in number of donors (19% in FY15, with another increase in FY16); increase in number of major gifts in FY16; \$28.3M was raised for the endowment in FY16—16.6% of total funds raised.
UMES	\$46,335	Planned Giving initiatives, donor reception, end of year appeal for student aid endowment fund, and wealth screening services	15 new endowments were created in the last FY and endowment value grew by 15% in FY 16.
UMUC	\$151,096	N/A per arrangement with USM Administration and Finance	N/A