

**TOPIC:** USM Foundation Strategic Plan

**COMMITTEE:** Advancement Committee

**DATE OF MEETING:** February 9, 2018

**SUMMARY:** The USM Foundation is beginning a new strategic planning process to update its 2013 plan. Leonard Raley, president of the USM Foundation and vice chancellor for advancement, will provide a report on the plan's progress and seek input to help inform the process.

**ALTERNATIVE(S):** This is an information item.

**FISCAL IMPACT:** This is an information item.

**CHANCELLOR'S RECOMMENDATION:** This is an information item.

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COMMITTEE ACTION:

DATE:

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BOARD ACTION:

DATE:

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SUBMITTED BY: Leonard Raley, Vice Chancellor for Advancement, [raleym@usmd.edu](mailto:raleym@usmd.edu)  
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# USMF FOUNDATION

SERVING THE UNIVERSITY SYSTEM OF MARYLAND

## University System of Maryland Foundation (USMF)

### Strategic Plan Discussion Questions

1. How well do you feel you understand the USM Foundation's mission and role within the USM?
2. What specific aspects of the Foundation do you most value?
  - a. Investment management services
  - b. Leadership in creating culture of philanthropy
  - c. Capacity building – as in professional development or fundraisers and alumni relations
  - d. Business office services – managing endowment and operating funds
  - e. Other
3. What ideas do you have about the Foundation's future role? Are there additional services we should consider providing?
4. Do you have any comments you would like to share?

# USMF FOUNDATION

SERVING THE UNIVERSITY SYSTEM OF MARYLAND

## STRATEGIC PLAN 2013 PROGRESS REPORT EXECUTIVE SUMMARY

### GOAL 1

*Steward assets to ensure maximum benefit to all campuses and to inspire confidence among donors and prospects.*

*Key Objectives: ensure prudent investment management; develop effective communications of investment results and policy; improve stewardship at the institution level; encourage prudent use of spendable income; leverage investments to help USM goals in economic development*

#### Accomplishments:

- Created the “Maryland Model” for investment management – using strategic investment partners to provide resources and expertise while maintaining a small in-house staff
- Met or exceeded investment performance benchmarks during the strategic plan timeframe
- Completed full schedule of partner visits, with positive feedback from leadership
- Offered professional development opportunities focusing on effective stewardship and communicated with institutions regarding unspent funds held within the Foundation

#### To do/changed course:

- The plan called for a dedicated staff for communications and online reporting, but staff found other means to communicate investment results
- Explored direct investment in a USM venture fund that would seed start ups, but has not, to date, found it prudent or practical to use its limited unrestricted funds for that purpose

**GOAL 2:** *Position the USM Foundation as a recognized leader in building USM’s **culture of philanthropy** by securing an additional \$10 million in resources to enhance USM advancement programs and ensuring an additional \$200 million in new endowment funds over the next five years.*

*Key Objectives: Find new income streams in support of advancement operations; encourage focus on endowment fundraising; educate donors on the benefits of endowment; improve staff recruitment and retention at the institution level; ensure gains made from endowment fundraising is complemented by strong investment performance.*

#### Accomplishments:

- Creation of a \$50 million quasi-endowment fund generates approximately \$2.5 million annually in support of advancement programs across the USM; gift fees implemented at one institution and are being considered at others

- Presidential performance evaluations include fundraising results and activity; institution campaigns include specific endowment goals
- Approximately 25% of the 65 professional development programs held from 2013 to date focused on endowment or major gifts fundraising.
- Endowment has grown from \$874 million on 6/30/13 to approximately \$1.2 billion as of 12/31/17.

**To do/changed course:**

- Development of marketing materials related to endowment stalled due to staff changes and resources
- Policy changes to benefit recruitment and retention of advancement staff is primarily a USM issue; UMCP's membership in the Big Ten provides access to recruiting resources for all institutions.

**GOAL 3:** *Become a model resource for expertise and **best practices**, both within the System and nationally, that supports all aspects of advancement and effective management of institutionally related foundations.*

*Key Objectives: Advocate broadly for philanthropy; raise the profile of USM and institution priorities; increase USMF's visibility; disseminate knowledge on industry trends; communicate effectively about what we do; engage and expand the next generation of donors; develop innovative, cost-effective business operations and investment management services; enhance governance and foundation management practices.*

**Accomplishments:**

- Senior leadership have established a robust meeting schedule with institution leaders and volunteers to discuss the importance of philanthropy, and works closely with vice presidents to build support for philanthropy programs at the institutional level.
- The USMF has supported more than 65 professional development programs since 2013; in FY18 it is focusing on leadership-level programs: a campaign summit (completed), deans workshops (March), and an alumni relations summit (June).
- The USMF Governance Committee has successfully recruited a more diverse board membership, instituted an improved orientation, introduced a peer mentoring program, and refined the role of honorary members.
- Through its support of professional development programs in alumni relations and the annual fund, the USMF disseminates best practices on engagement of young alumni.
- The USMF's website has improved in content, presentation and organization, as has its two in-house e-newsletters, LeaderNotes and Fundraising Talks.

**To do/changed course:**

- Campuses have become more engaged in encouraging student philanthropy, but no USMF-focused committee on student philanthropy has been established.
- Additional surveying of stakeholders needed to gauge effectiveness of communicating the Foundation's role.

# Strategic Plan Report Card

## Mission

The mission of the University System of Maryland Foundation is to advocate and support the advancement of public higher education in Maryland through visionary leadership in philanthropy, asset management, and stewardship.

## Vision

Our vision is to attract broad resources that transform the USM and its institutions, create a network of advocates to embrace the USM's role as an educator and economic engine, and to grow a long-term, sustainable culture of philanthropy across the University System of Maryland.

## Values

Our work will be guided by the values of integrity and trust, accountability, and collaboration. We will anticipate future trends and needs, and embrace innovations that advance our ability to serve and lead.

## Goal 1:

**Steward assets** to ensure maximum benefit to all campuses and to inspire confidence among donors and prospects.

## Goal 2:

Position the USM Foundation as a recognized leader in building USM's **culture of philanthropy** by securing an additional \$10 million in resources to enhance USM advancement programs and ensuring an additional \$200 million in new endowment funds over the next five years.

## Goal 3:

Become a model resource for expertise and **best practices**, both within the System and nationally, that supports all aspects of advancement and effective management of institutionally related foundations.

- ✓ Manage investment of endowed and operating funds prudently.
- ✓ Communicate investment results and policy effectively.
- ✓ Encourage, and where feasible, facilitate the development of effective stewardship and donor relations programs at all campuses.
- ✓ Demonstrate and lead in the prudent use of spendable income.
- ✓ Investigate how the Foundation can leverage fund investments to promote the USM goal of helping to create more than 325 new companies in the next decade.

**Incomplete**

**In-Progress**

**Almost Complete**

**Complete**





- ✓ Structure System resources to provide new income streams in support of advancement operations on System campuses.
- ✓ Identify incentives and accountability measures to encourage a strong focus on endowment building at the campus level.
- ✓ Educate institutional leadership and donors about the benefits of endowment.
- ✓ Draft and implement policy changes to assure top staff recruitment and retention.
- ✓ Complement the growth of endowment through intentional fundraising with an investment program that preserves intergenerational equity while generating returns to support institutional priorities.

**Incomplete**

**In-Progress**

**Almost Complete**

**Complete**



# Best Practices

- ✓ Communicate effectively about what we do: educate USM constituents about our value.
- ✓ Engage and expand the next generation of donors.
- ✓ Develop innovative, cost-effective business operations and investment management services.
- ✓ Continue to refine and introduce effective governance and foundation management practices.

Incomplete

In-Progress

Almost Complete

Complete



# Best Practices (cont.)

- ✓ Advocate for philanthropy on campuses, at the Regents level, and statewide.
- ✓ Use our leadership platform to raise the profile of USM and member institution priorities and strategic initiatives.
- ✓ Continue to increase the Foundation's visibility among clients and at the national level.
- ✓ Disseminate knowledge and education on trends/critical issues affecting our industry.

Incomplete

In-Progress

Almost Complete

Complete



# By the Numbers

- ✓ \$180 million in cash added to endowment, FY13-17
- ✓ 38 campus visits to leadership, FY13-present
- ✓ 100+ investment presentations, FY13-present
- ✓ 65+ professional development programs, FY13-present
- ✓ 13 of 18 new directors are women/persons of color since 2013
- ✓ Business Office operating expenses reduced by 10% while institutions served increased from 19 to 23.

## STRATEGIC PLAN 2013

**GOAL 1:** *Steward assets to ensure maximum benefit to all campuses and to inspire confidence among donors and prospects.*

1. Manage investment of endowed and operating funds prudently.
  - Use available resources wisely to build an expert investment staff internally and make strategic use of relationships with external managers and investment committee members.
2. Communicate investment results and policy effectively.
  - Develop multiple means of communication with our constituencies, including in-person meetings, written communication, online access to relevant information, and use of new technologies such as the “Smart Board” to hold meetings online.
  - Hire dedicated staff to oversee communications from the investment office and coordinate these communications with other Foundation communications.
3. Encourage, and where feasible, facilitate the development of effective stewardship and donor relations programs at all campuses.
  - Provide professional development programs on the topic of effective stewardship.
  - Develop messaging on the importance of stewardship.
  - Provide one-on-one coaching to USM institutions on effective stewardship.
4. Demonstrate and lead in the prudent use of spendable income.
  - Diligently follow national trends in endowment spending philosophy and practice and communicate those ideas to USM institutions.
5. Investigate how the Foundation can leverage fund investments to promote the USM goal of helping to create more than 325 new companies in the next decade.
  - Work with campuses to explore the concept and identify appropriate level of funding.

### **Key Benchmarks**

1. Investment returns that maintain purchasing power of endowment while providing a reliable stream of income to endowment fund beneficiaries. (Hurdle rate of 8%)
2. Positive feedback from clients regarding communications.
3. Positive feedback from donors regarding effective stewardship.
4. Increased private support.

***GOAL 2: Position the USM Foundation as a recognized leader in building USM's culture of philanthropy by securing an additional \$10 million in resources to enhance USM advancement programs and ensuring an additional \$200 million in new endowment funds over the next five years.***

1. Structure System resources to provide new income streams in support of advancement operations on System campuses.
  - Work with the Vice Chancellor for Administration and Finance to invest \$50 million of the USM Fund Balance in the USM Foundation for the specific purpose of using the spendable income toward campus fundraising efforts to raise endowment funds.
  - Identify and assist in introducing other new revenue streams to support advancement operations.
    - Work with the campus Vice Presidents for Advancement to create and implement gift assessment policies for new gifts.
    - Seek out best practices and trends for other new revenue opportunities.
2. Identify incentives and accountability measures to encourage a strong focus on endowment building at the campus level.
  - Tie spendable income from the Fund Balance investment to campus matching funds to drive endowment fundraising efforts.
  - Work to establish a significant matching endowed gift program (either through private donors or the state).
  - Tie future funds directed toward advancement operations to endowment fundraising.
  - With the Chancellor, work to link presidential performance reviews to endowment building success.
3. Educate institutional leadership and donors about the benefits of endowment.
  - Establish an ad-hoc committee of the Foundation to communicate and coordinate with the Regents Advancement Committee on issues of endowment building.
  - Develop specific communications strategies for different audiences that underscore the need for more endowment:

- Craft and deliver messaging to presidents and board leaders (delivered by Chancellor and Foundation leadership) that provides solid data on the opportunity costs of having a low endowment and the benefits of building it.
  - Develop professional development training for major gifts officers to ensure they are equipped to take the message to donors.
4. Draft and implement policy changes to assure top staff recruitment and retention.
    - Explore adding an HR/Talent professional to the USM Foundation team and/or outsource the service on a retainer basis.
  5. Complement the growth of endowment through intentional fundraising with an investment program that preserves intergenerational equity while generating returns to support institutional priorities.
    - Provide the Investment Office with the resources and expertise required to generate returns that meet a predetermined benchmark, within acceptable risk parameters.
      - Establish strategic partnerships in selected asset areas.
      - Build out the staff in order to manage strategic partnership relationships and to select the best managers.

### **Key Benchmarks**

1. Measurable targets for annual increases in funds raised for the endowment.
2. Growth of endowment through investment returns.
3. Expansion of donor base.
4. Demonstrated commitment by staff to raise funds for endowment.
5. Commitments from campus presidents to provide matching funds for additional investment in fundraising.
6. Additional revenue streams from a gift assessment program.
7. Higher retention of top fundraisers.

**GOAL 3:** *Become a model resource for expertise and best practices, both within the System and nationally, that supports all aspects of advancement and effective management of institutionally related foundations.*

1. Advocate for philanthropy on campuses, at the Regents level, and statewide.
  - Provide leadership and resources to build comprehensive fundraising programs across all campuses:
    - Increase emphasis on endowment building and planned giving
    - Create comprehensive and consistent messaging with donors on impact of giving

2. Use our leadership platform to raise the profile of USM and member institution priorities and strategic initiatives.
  - Partner with USM institutions on high-priority initiatives where the USM Foundation can provide a “landscape changing” impact.
  - Leverage connections and strategies to achieve leadership gifts/transformational gifts.
  - Connect board members with the System community to advise/advance key priorities (ex. branding, tech transfer, workforce development).
3. Continue to increase the Foundation’s visibility among clients and at the national level.
  - Build a network of foundation board leaders across the System to share ideas and concerns.
  - Continue to convene a Foundation Board Summit where leaders across the System can meet to discuss high-level trends and best practices.
  - Ensure that the chair, president, and other senior leaders regularly visit all campuses and clients throughout the year.
4. Disseminate knowledge and education on trends/critical issues affecting our industry.
  - Create/expand a focused and responsive professional development program for advancement staff and leadership (both volunteer and institutional).
5. Communicate effectively about what we do: educate USM constituents about our value.
  - Update the Foundation website so that it is easily navigated and shows a clearer picture of what the Foundation does. Use it to push information out to large groups about the trends/critical issues affecting the industry.
  - Develop an integrated communication strategy that reaches all stakeholders and enhances understanding of our role and contributions
6. Engage and expand the next generation of donors.
  - Understand the future role of technology and giving and how that will affect the next generation’s giving patterns.
  - Include a student philanthropy component in a comprehensive fundraising program.
  - Create student philanthropy committee in order to learn and react to why and how students and young alumni become involved
7. Develop innovative, cost-effective business operations and investment management services.
  - Seek partnerships that streamline operations and build our capacity to serve.
  - Engage strategic partners to help with business operations.



8. Continue to refine and introduce effective governance and foundation management practices.
  - Survey our board about expertise and interest in helping advance the Foundation's and USM's priorities.
  - Lead by example by improving board member giving rates and amounts.
  - Ensure accountability and transparency to build confidence and excitement in giving back.

### **Key Benchmarks**

1. Increased engagement among board members as measured through surveys
2. Increased demand for our services.
3. Increased number of hits on the website as measured through Google analytics.
4. Increased national recognition among peers as measured by speaking invitations and leadership at conferences.
5. Increased ratio of dollars raised vs. dollars spent.
6. Improvement in overall funds raised and endowments raised among peer institutions.
7. Significant increases in student and young alumni giving rates and amounts.