

GIVING BY GOVERNING BOARDS TO PRIVATE HIGHER EDUCATION

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An analysis of performance and trends in giving by boards over the 2001–2010 decade and of the impact of the recession on board giving for: Liberal arts colleges (“Baccalaureate Arts & Sciences”), Master’s universities and Research universities.

“HOW STRONG IS YOUR BOARD PARTICIPATION?”

This is a standard—almost inevitable—question as an institution seeks support or as it initiates a campaign. Strong giving from an institution’s board is widely regarded as essential in making its case to its broader constituencies and in carrying out an effective campaign.

Marts & Lundy has analyzed five key questions concerning board giving. What has been happening to:

- Total board giving?
- The size of the average board gift?
- The number of board donors?
- Board giving as a percentage of total giving? (This provides an indication of how important board giving is within the institution’s overall support.)
- Board giving as a percentage of total individual giving? (This provides the clearest reading on the impact of board giving by neutralizing the effects of often substantial institutional support.)

And we have also made an estimate of:

What has been the board’s share of final campaign totals?

We have looked at these over the long term for the full decade (2001–2010) and over the short term (2008–2010). We have also assessed the impact of the recession that many hope will prove to be an unavoidable aberration and that philanthropic support will return to earlier levels of achievement and to a rate of growth for which there is a powerful historical precedent.

We have used the broad comparison groups developed by CAE/VSE* for three educational sectors (the numbers indicate the approximate size of each group of those institutions providing board giving data—not all do):

- **Private Research Universities (44)**
- **Private Master’s Universities (103)**
- **Private Liberal Arts Colleges (130)**

In public institutions the definition of “governing board” can be ambiguous — for some it means the Board of Regents, for others a foundation board or a foundation advisory board and for still others a university-internal (and possibly much larger) advisory council. This has produced incompatible data for public institutions in CAE/VSE so we have not included them in this analysis.

RIGHT UP FRONT: THE BOTTOM LINE(S)

The trend analysis that follows indicates that over the past decade:

Total board giving and the average board gift have strengthened for private liberal arts colleges and private research universities and have been flat for private master's universities.

Board giving as a percentage of total giving and as a percentage of total individual giving has declined for private liberal arts colleges and for private research universities while it has strengthened for private master's universities

We believe this indicates that while total board giving and the average board gift have generally been increasing in nominal dollars, the **impact** of board giving has been decreasing for private liberal arts colleges and private research universities while it has been increasing in private master's universities.

Hardly surprisingly, the recession affected board giving:

Board giving declined in 2009 but has generally shown recovery in 2010.

Our estimated assessment of the impact of board giving (including giving through family foundations) on campaign totals show **boards have probably provided roughly:**

- **20% of campaign totals for private liberal arts colleges**
- **17% of private master's universities campaigns**
- **12% of private research university campaigns**

The lower percentages for the larger institutions certainly reflect the broader philanthropic constituencies many of them would have.

THE ANALYSIS

There are four constraints in CAE/VSE data that are important to keep in mind:

- CAE/VSE data show only direct board gifts; gifts through family foundations are not included and gifts through such mechanisms as donor advised funds and corporations may not be included so the available data unavoidably understates board giving.

Note: we have found in a separate study that total giving by individuals to higher education tabulated by CAE/VSE is typically increased by 20%—30% when giving through family foundations is added to it.

- “Board member” is defined to include “current, emeritus and honorary” but this definition is not always rigidly followed and additional categories of board membership may exist and be included such as ex-officio and recent classes.
- CAE/VSE reports the number of board donors, not the number of board members although in private colleges and universities most board members probably make some level of gift.
- CAE /VSE comparison groups, of course, report averages for a large number of institutions. It is important to bear in mind that there are wide variations among the specific institutions making up the group.

It is also important to bear in mind some of the factors that can influence board giving. These can vary widely from one institution to another and include:

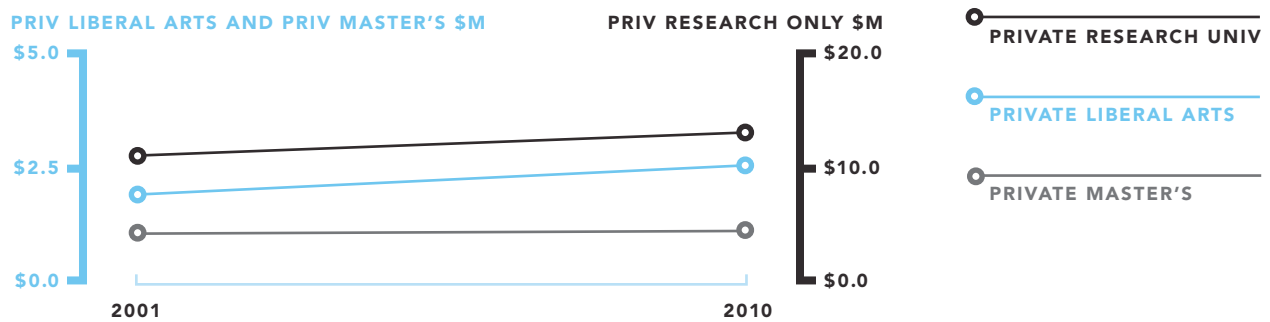
- By whom, how and when the board is solicited
- The level of giving by the board leaders relative to their capacity
- The age of board members
- The size of the board
- The wealth on the board and its origins
- The tenure of board members
- The role of philanthropy in the board portfolio (explicit or implicit)
- The tradition of board giving
- The extent of board involvement in other campus activities and responsibilities

1 HOW HAS TOTAL BOARD GIVING PERFORMED?

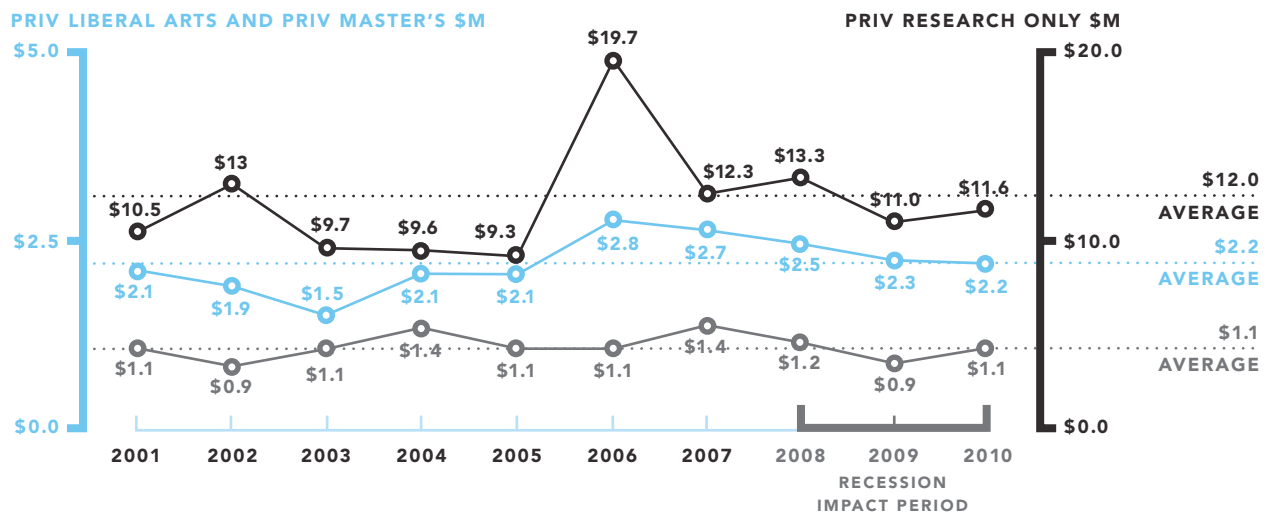
Over the past decade (2001–2010):

While there have been occasional large variations from year-to-year, the trend of total board giving in nominal dollars has strengthened slightly for private liberal arts colleges and research universities while it has been flat for private master’s universities.

TOTAL BOARD GIVING: TREND LINES 2001–2010



TOTAL BOARD GIVING 2001–2010



And during the 2008–2010 period including the recession:

As can be seen above, total board giving declined in 2009 but shows recovery in 2010 except for private liberal arts colleges where it declined slightly further.

2 HAS THE SIZE OF THE AVERAGE BOARD GIFT CHANGED?

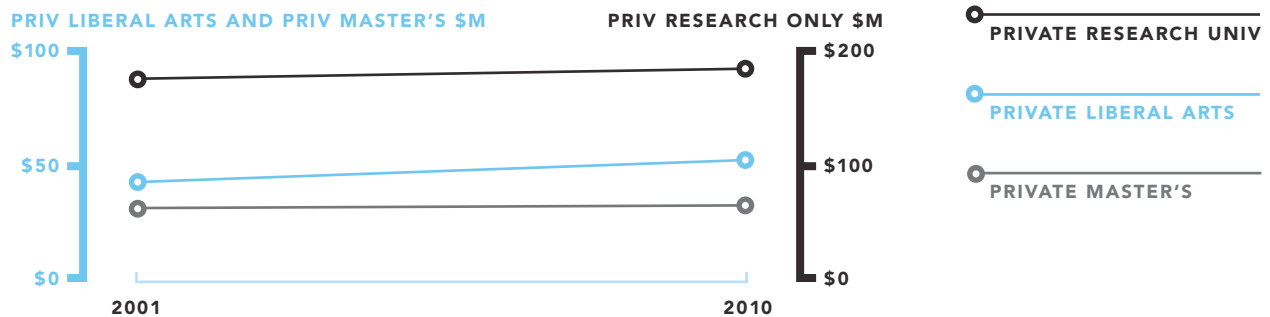
Over the past decade (2001–2010):

The trend of the average board gift, again with a few exceptions, has increased slightly for liberal arts colleges and research universities and has been flat for master's universities.

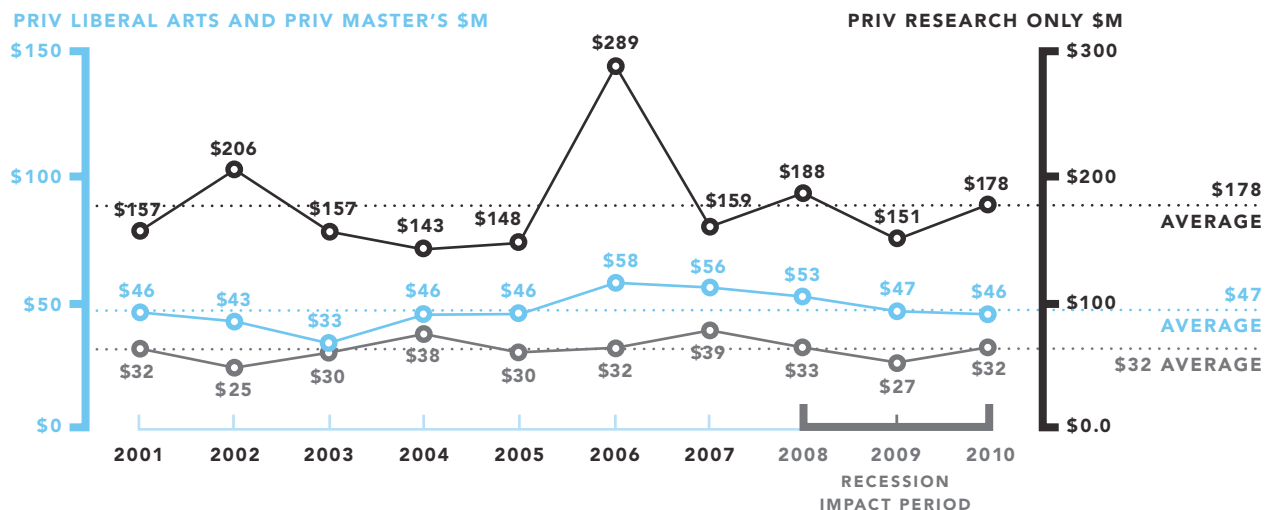
The average for the full decade has been:

- **\$178,000 for private research universities**
- **\$47,000 for private liberal arts colleges**
- **\$32,000 for private master's universities**

AVERAGE BOARD GIFT: TREND LINES 2001–2010



AVERAGE BOARD GIFT 2001–2010



And during the 2008–2010 period including the recession:

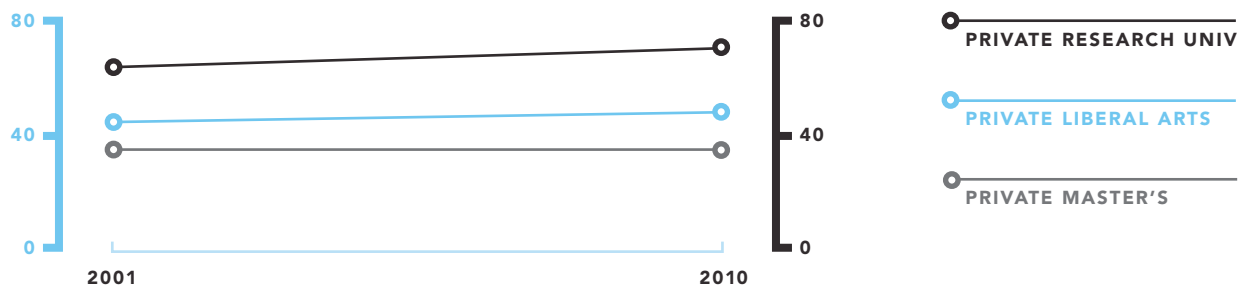
As in total board giving, the average board gift declined in 2009 but shows recovery in 2010 except for private liberal arts colleges where it declined slightly further.

3 HAS THE NUMBER OF BOARD DONORS VARIED OVER THE DECADE?

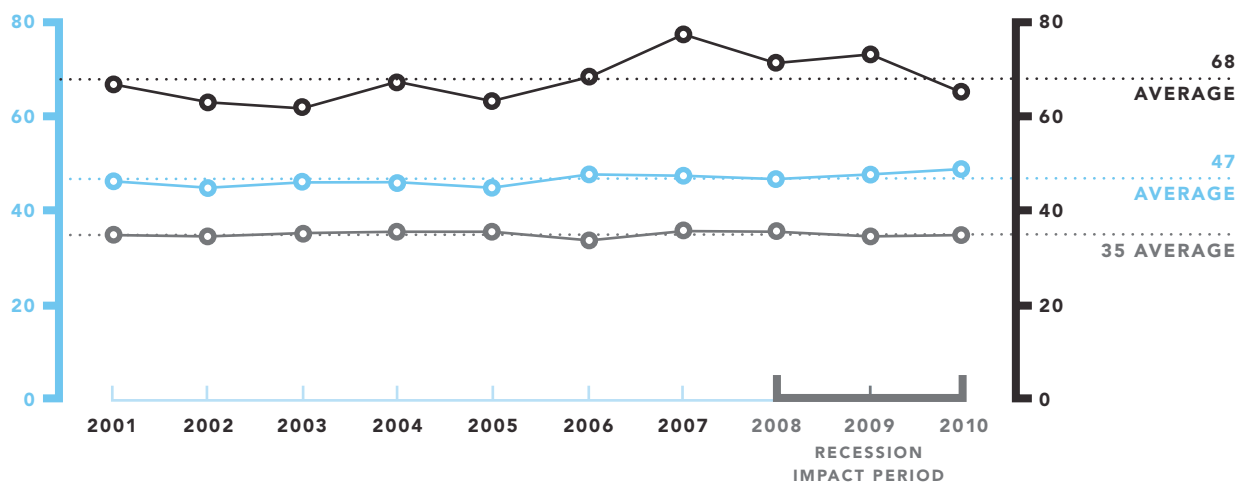
Over the past decade (2001–2010):

The trend of the number of board donors reported by CAE/VSE—which is probably fairly close, we believe, to the number of board members—has increased for private research universities and slightly for liberal arts colleges while remaining flat for master’s universities.

NUMBER OF BOARD DONORS: TREND LINES 2001–2010



NUMBER OF BOARD DONORS 2001–2010



And during the 2008–2010 period including the recession:

The number of board donors has dropped for the research universities while remaining fairly stable for liberal arts colleges and master’s universities.

4 HOW HAS BOARD GIVING PERFORMED AS A PERCENTAGE OF TOTAL GIVING?

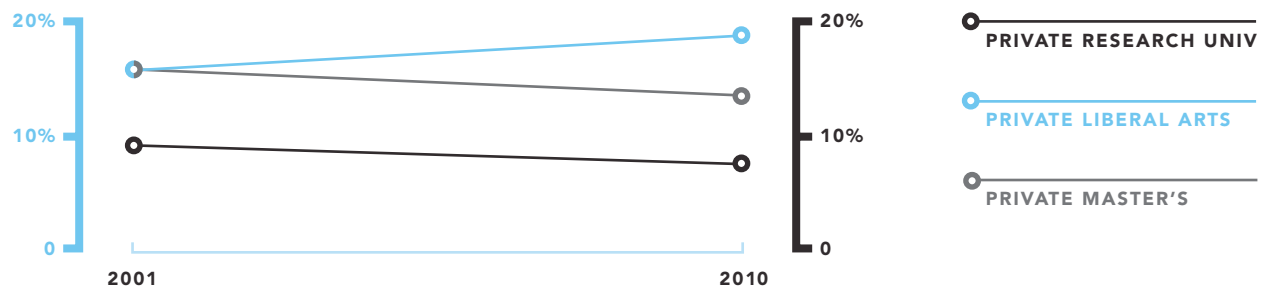
Over the past decade (2001–2010):

Board giving as a percentage of total giving indicates the magnitude of the board’s role in the institution’s overall philanthropic program. The average performance has been:

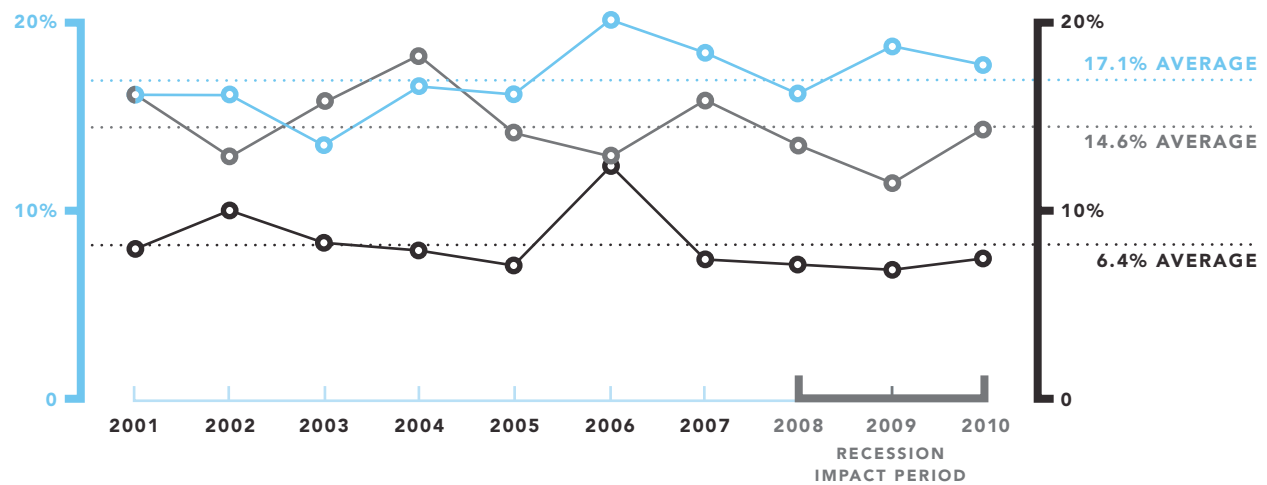
- **17.1% for private liberal arts colleges**
- **14.5% for private master’s universities**
- **6.4% for private research universities**

The typically much broader support from foundations, corporations and organizations for research universities would help explain their board’s smaller percentage of total individual giving. While the trend for private liberal arts colleges is up, for private research universities and master’s universities it is down which suggests the latter two may be broadening their overall bases of support.

BOARD GIVING AS A % OF TOTAL GIVING: TREND LINES 2001–2010



BOARD GIVING AS A % OF TOTAL GIVING 2001–2010



And during the 2008–2010 period including the recession:

Board giving as a percentage of total giving dropped in 2008 but has since recovered to—or, in the case of private research universities almost recovered to—its decadal average.

5 HOW HAS BOARD GIVING PERFORMED AS A PERCENTAGE OF TOTAL INDIVIDUAL GIVING?

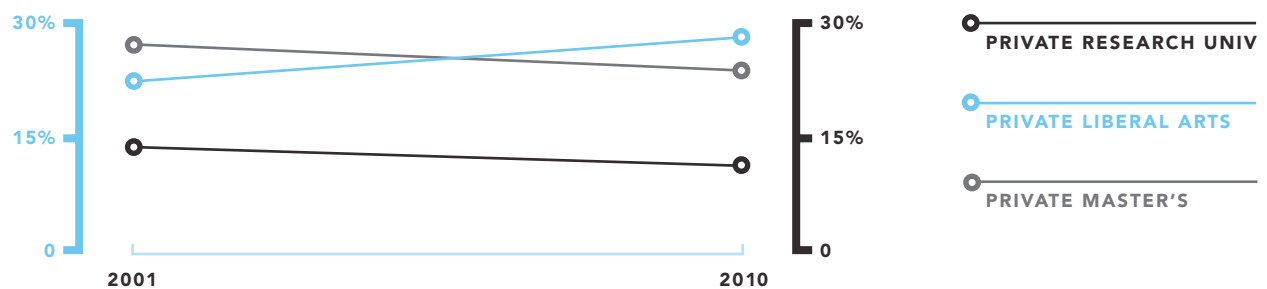
Over the past decade (2001–2010):

We believe this is the core measure of board giving. In terms of the percentage of total individual giving only, on average the board has provided approximately:

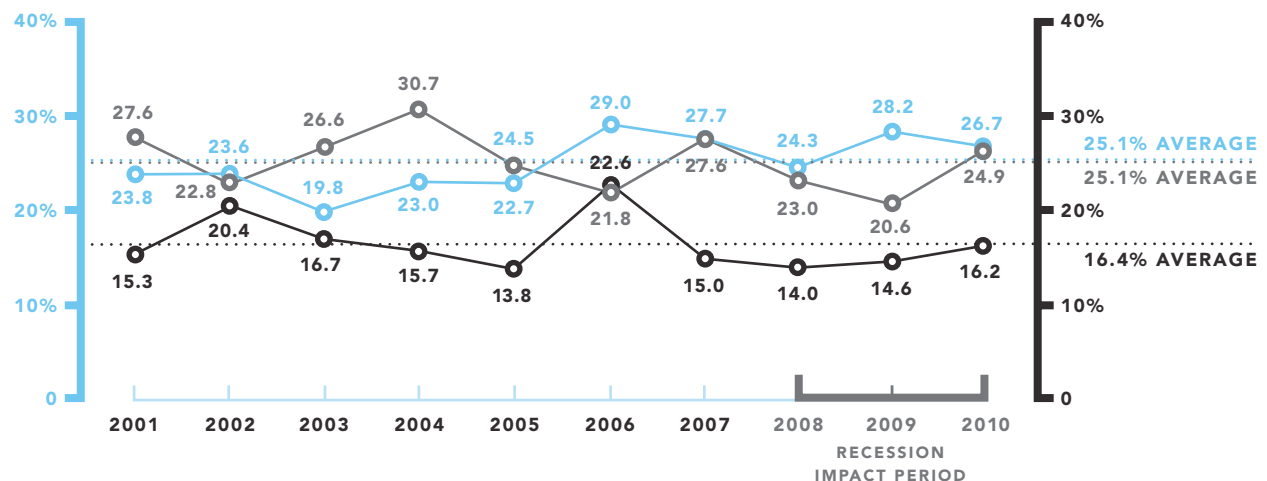
- 25% for private liberal arts colleges
- 25% for private master’s universities
- 16% for private research universities

The overall trend in the private master’s universities and private research universities is down while it is up for private liberal arts colleges.

BOARD GIVING AS A PERCENTAGE OF TOTAL INDIVIDUAL GIVING: TREND LINES 2001–2010



BOARD GIVING AS A PERCENTAGE OF TOTAL INDIVIDUAL GIVING



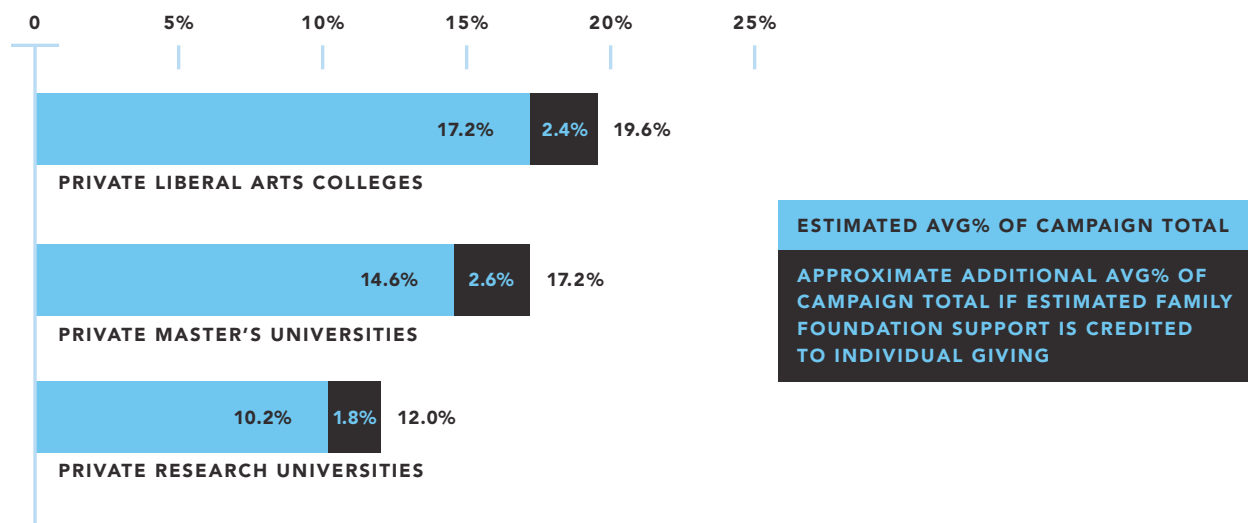
And just during the 2007–2010 period including the recession:

Board giving as a percentage of total individual giving dropped in 2008 but has already recovered in all three sectors in terms of decadal averages.

6 WHAT PERCENTAGE OF A CAMPAIGN TOTAL IS TYPICALLY PROVIDED BY THE BOARD?

This is an inevitable question as campaigns are planned and carried out. We believe that board giving as a percentage of total giving over a full decade provides a reasonable approximation of this. We have added the typical percentage by which total individual giving is increased when family foundations are included, (using data from a separate analysis) to provide a fuller picture of total board giving to a campaign.

ESTIMATES OF THE AVERAGE PERCENTAGE OF CAMPAIGN TOTALS ATTRIBUTABLE TO BOARD GIVING



This suggests that of total campaign giving boards have probably been providing approximately:

- **20% for private liberal arts colleges**
- **17% for private master's universities**
- **12% for private research universities**

These estimates, by definition, are based on averages for large groups of similar institutions. Board giving varies widely among specific institutions so these percentages have to be viewed as very general indications. Specific benchmarks are best based on an institution's identified peer groups.

At Marts & Lundy, we recognize that every nonprofit is unique and requires distinctive solutions. As experts in the science of philanthropy, we strategize beyond analysis and planning, information technology or prospect research. We take pride in our ability to utilize our breakthrough solutions and then apply them in ways that are both specialized and diverse. That is the art of philanthropy. It is our experience in this art that allows us to effectively use the innovative tools and analytics that are transforming philanthropy. For additional information about our services and our clients, please visit our website, www.martsandlundy.com, or call **800-526-9005** to speak with a consultant.



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