

MARTS & LUNDY SPECIAL REPORT

\$10M+ Gifts to Higher Education



Marts&Lundy

Innovators in the
Art & Science of Philanthropy

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A Perspective on Giving to Higher Education

While some top donors to nonprofits may be increasingly choosing to “build their own” foundation in order to exercise direct control over the mission — or to give smaller gifts to a larger number of organizations — Higher Education seems to have retained its top donors. In 2016, the Higher Education sector realized an 11 percent increase over 2015 in mega gifts of \$10M and above. While giving at the middle of the gift pyramid has dropped off somewhat, mega gifts continue to drive “mega campaigns” at colleges and universities.

It is noteworthy, however, that the number of mega gifts grew more modestly, and gifts at the \$50M and higher level decreased by almost a third in 2016 compared to 2015. This decrease may be an artifact of the data given that the number of \$50M+ gifts is annually quite small. Another explanation for this slowdown could, in part, be due to the presidential election; elections have historically impacted larger commitments more than those at the lower levels of the gifts pyramid due to the uncertainty that an election brings, particularly around potential tax law changes.

Neither of these explanations indicate that we should expect more contraction at the top of the pyramid in 2017. Colleges and universities continue to dominate other nonprofit sectors in receiving gifts of \$10M or more. In 2016, Higher Education organizations received approximately two-thirds of all dollars committed at this level, which is consistent with the past two years.

This report of \$10M+ gifts paired with *The Philanthropy Outlook 2017 & 2018* further supports our belief that philanthropy will continue to advance in the coming two years, with forecasts of growth in giving to Higher Education averaging more than 6 percent over each of the next two years. And we see no signs of a slowdown among our more than 100 current Higher Education clients.

As nonprofits work to position themselves for success in this period of growth in giving, there are trends that warrant close attention, including the migration toward donor advised funds as well as potential tax policy changes. This report, *The Philanthropy Outlook* and *Giving USA* are reliable tools to inform your strategic planning discussions and increase your confidence in the future investments you make in your philanthropy program.

Donald M. Fellows

Senior Consultant & Principal

Leader, Higher Education Practice

Key Findings

Giving Dollars: 2015 vs. 2016 *(See Figure 1, Page 2)*

Overall Gifts and Commitments

+11%

2015:\$5.57B vs. 2016:\$6.18B

\$50M+ Gifts and Commitments

+9%

2015:\$2.94B vs. 2016:\$3.21B

Number of Gifts and Commitments 2015 vs. 2016 *(See Figure 2, Page 3)*

Overall Gifts and Commitments

+5%

2015:184 vs. 2016:194

\$50M+ Gifts and Commitments

-28%

2015:32 vs. 2016:23

Giving Dollars by State *(See Figure 3, Page 4)*

#1 California

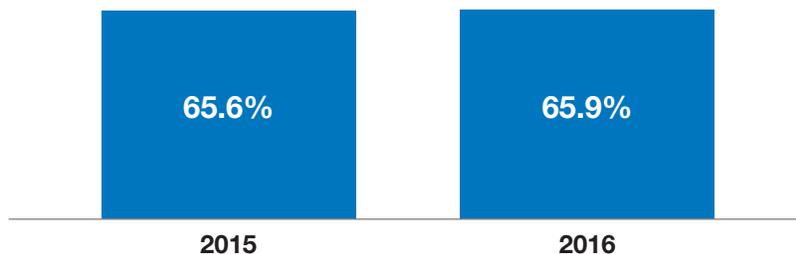
#2 New York

#3 Oregon

California led all other states as a recipient of Higher Education dollars by a wide margin.

Higher Education as Percentage of Total \$10M+ Philanthropic Dollars *(See Figure 4, Page 5)*

Excludes giving to foundations



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Data Source

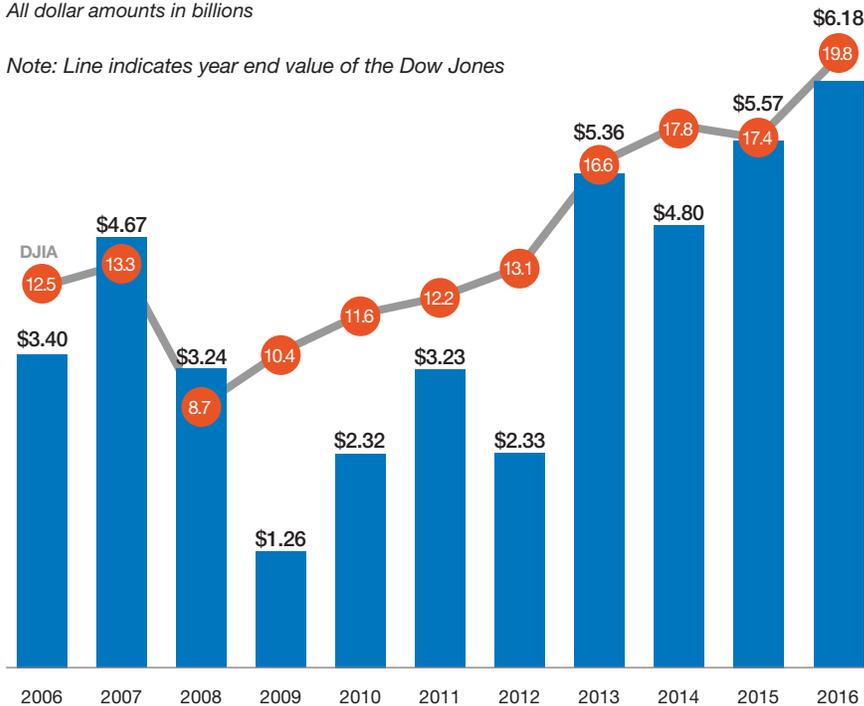
In past years, Marts & Lundy has used several different sources to report on \$1M+ and \$50M+ giving to Higher Education. Since 2015, our analysis has been streamlined by focusing on gifts and commitments of \$10M or more from primarily one source: *The Chronicle of Philanthropy* “Big Charitable Gifts” database. *The Chronicle’s* list has been supplemented with additional \$10M+ gifts and commitments identified through an automated search of gift announcements on Twitter.

All gift types have been included in this analysis: Non-Cash/Gifts-in-Kind, Bequests, Challenge and Matching, and Gifts (including pledges). This analysis reflects only gifts and commitments made by individuals, directly or through family foundations, to recipient organizations within the United States. Gifts made to academic medical centers are generally included as gifts to Higher Education.

Figure 1: \$10M+ Giving to Higher Education through 2016

All dollar amounts in billions

Note: Line indicates year end value of the Dow Jones

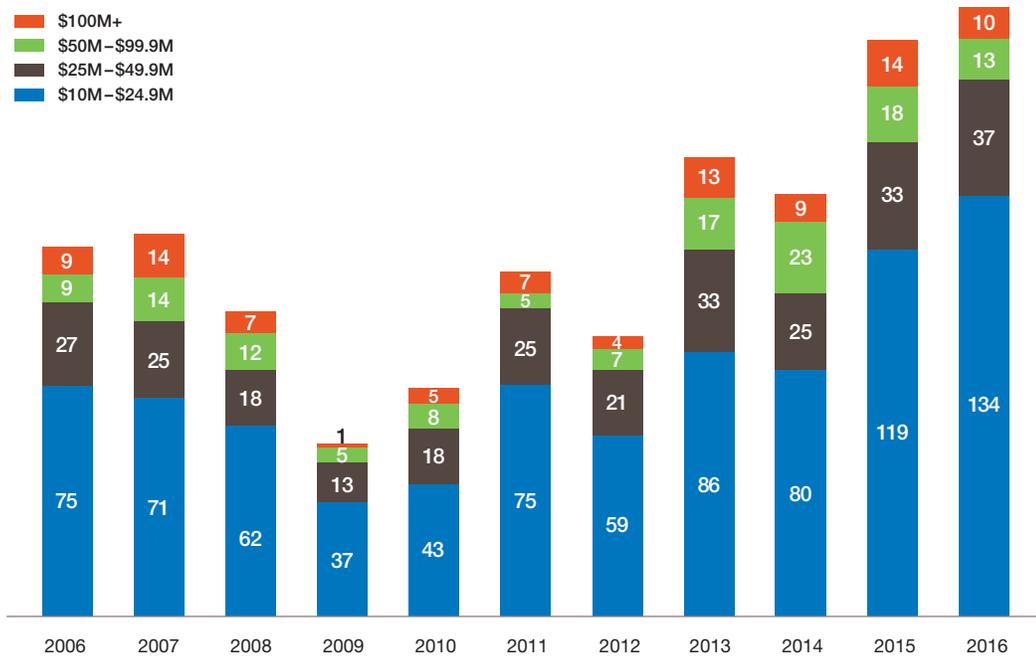


The value of \$10M+ gifts to Higher Education increased by 11 percent between 2015 and 2016. The 2016 total of \$6.18B is a 13.6 percent increase from 2007’s pre-Great Recession total adjusted to 2016 dollars (\$5.44B).

Source: *The Chronicle of Philanthropy* and Twitter. Includes gifts and commitments.

While both the dollar value and count of \$10M+ gifts to Higher Education increased between 2015 and 2016, the number of \$50M+ gifts dropped by almost a third. Between 2006 and 2015, \$100M+ gifts have represented 7.2 percent of all \$10M+ gifts to Higher Education. In 2016, \$100M+ gifts accounted for only 5.2 percent of the count of \$10M+ gifts. Gifts in the \$10M-\$24M range made up a larger proportion of \$10M+ gifts than in any year since 2006. With the increase in total number of \$10M+ gifts, this could indicate that more donors are being upgraded into the \$10M-\$24M range.

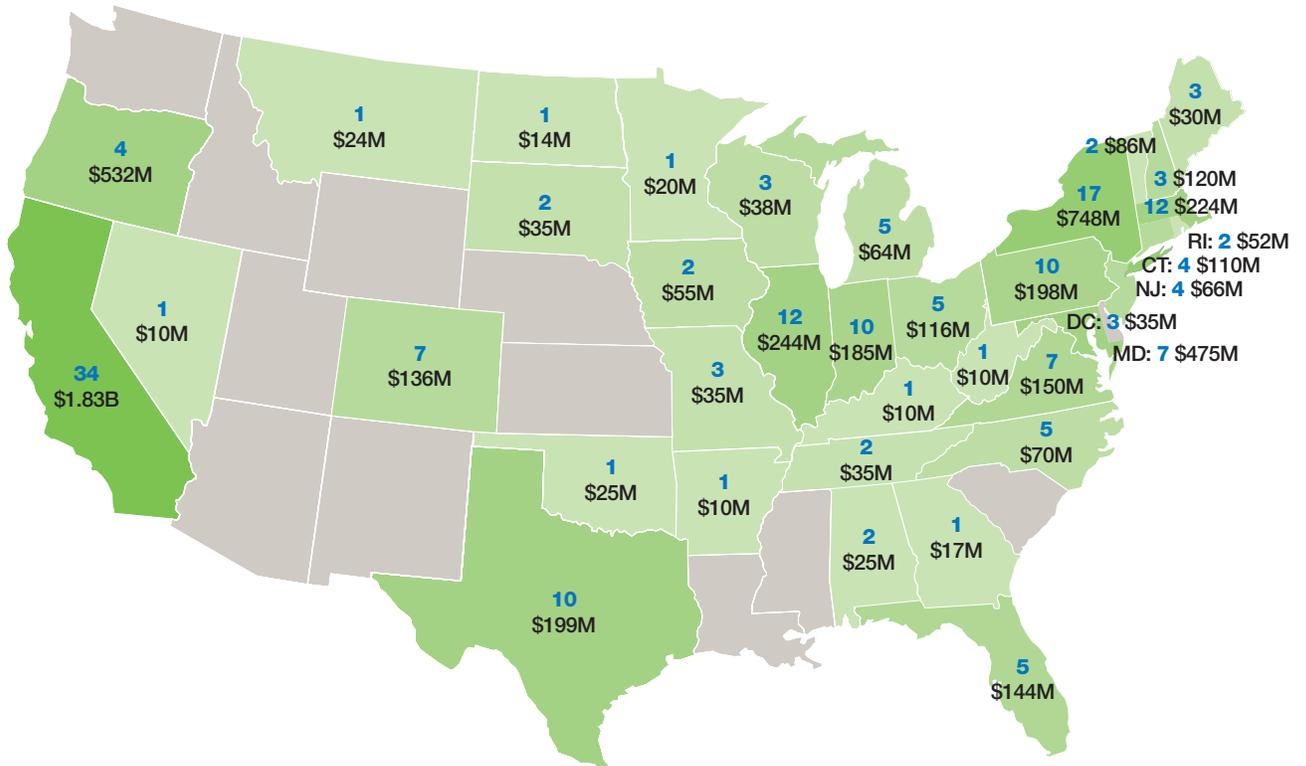
Figure 2: \$10M+ Number of Gifts and Commitments to Higher Education through 2016 by Gift Level



Source: *The Chronicle of Philanthropy* and Twitter. Includes gifts and commitments.

Figure 3: 2016 \$10M+ Giving to Higher Education by Recipient State

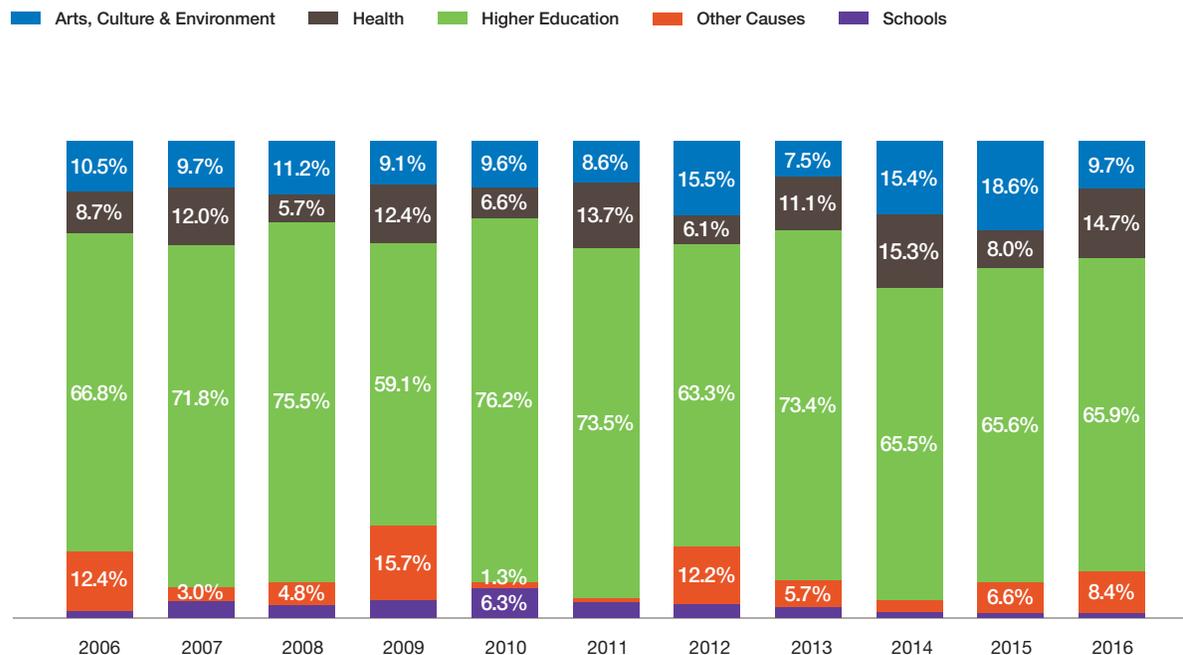
Number of Gifts and Total Dollar (\$) Amount



Source: *The Chronicle of Philanthropy* and Twitter. Includes gifts and commitments.

For the second year in a row, California leads as the recipient of the most \$10M+ giving to Higher Education and by a wider margin than last year. New York is in second place due to a bequest of \$400M to American Associates, Ben-Gurion University of the Negev, followed by Oregon, where the \$500M Knight gift was made to the University of Oregon. Together, California, New York, and Oregon make up half of the year's \$10M+ giving to Higher Education.

Figure 4: Higher Education as Percentage of Total \$10M+ Giving through 2016



Source: *The Chronicle of Philanthropy* and Twitter. Includes gifts and commitments.

Note: *The Chronicle of Philanthropy* designates giving to the Bill & Melinda Gates, Walton Family, Conrad N. Hilton, and similar foundations as giving to “Foundations.” Such gifts are excluded here. Other gifts to foundations, such as the ClearPath Foundation, are designated as giving to specific causes and are included here.

As a percentage of overall giving, \$10M+ giving to Higher Education remained basically steady from 2015 to 2016. \$10M+ giving to health-related causes saw the largest increase relative to other sectors. Similarly, the giving to health-related initiatives within \$10M+ Higher Education grew from an 18 percent share (\$1B) to 25 percent of \$10M+ Higher Education giving (\$1.6B) in 2016. Please note that this chart includes Gifts-in-Kind.

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Thank you to **Alison Rane**, Associate Consultant and Manager, Research and Development, for her work on this report. And a special thanks to **Nelson Lees**, who for many years made this report possible. Though he has retired, we are pleased to ensure that the good work he began will continue in earnest.

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