

Impact of Recent Events on Development Staffing and Budgets: Higher Education

July 2020

Marts&Lundy

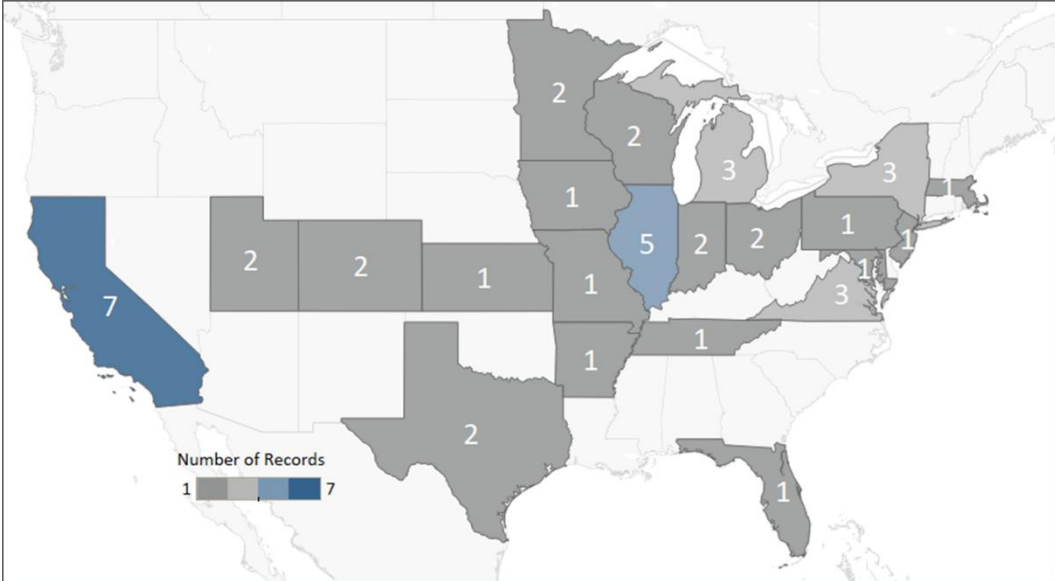
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A Survey of How Recent Events Have Impacted Development Staffing and Budgets

Many organizations are facing challenging decisions as they adapt to recent economic, political and public health events. Marts & Lundy developed a brief survey to learn how recent events have impacted development staffing and budget decisions in higher education. The survey asked participants to categorize how they are making adjustments across their development operation, based on institutional plans as of July 2020.

Respondents by Institution Type and Location

A total of 46 institutions participated in the survey. Twenty-two states and Washington, D.C. are represented in the full cohort.



Summary of Findings

Most development teams plan to return to the office by the Fall.

More than half of development teams are already back in the office or plan to return by the Fall. Nearly 20% of private institution teams are back on campus, at least part-time (e.g., rotating schedule).

Many teams expect that a return will look very different from prior to the pandemic, with hybrid schedules (in-office and remote) and some staff working remote indefinitely.

Many institutions expect a continued decrease in gift revenues in FY21.

While more than one-third of institutions saw a decrease in total gift revenues in FY20, nearly half expect a decrease in FY21. In FY21, no public institutions expect an increase in gift revenue and instead are twice as likely as private institutions to anticipate a decrease.

Although less than 10% of institutions paused annual fund appeals due to the pandemic, nearly half of institutions saw decreases in FY20 annual fund gift revenues. A continued decline is expected in FY21. Public and private institutions experienced similar annual fund revenue outcomes in FY20, but twice as many public institutions as private are anticipating a decrease in FY21.

More than 90% of private institutions have experienced flat or increased board giving in light of recent events, and 70% of public institutions have experienced the same outcome.

Most institutions face budget reductions in the period ahead.

Budget reductions are expected for 85% of development teams, and public institutions are more likely to face reductions than private institutions.

Budget reductions are impacting development teams broadly, with 38% cutting program expenses and staff and 46% cutting program expenses only. Private institutions have been three times more likely to make cuts to both programs and staff.

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Within the full cohort, every program is being impacted at some level. Event programs are most likely to be impacted by budget reductions, followed by major/principal gifts, alumni relations and administrative support. While most programs are being impacted similarly at public and private institutions, private institutions have been more likely to make budget reductions in the areas of planned giving, corporate and foundation relations, data management, data analytics/reporting and information technology.

Most development teams have instituted hiring freezes as one way to manage expenses. Nearly a quarter of institutions have implemented furloughs and/or layoffs. Other measures include not filling vacancies and salary freezes or reductions. Only 11% of institutions, most of them private, are expecting no staff eliminations or hiring freezes.

Institutions are emphasizing financial aid and emergency funding in their case for support.

Many institutions have made changes to their case for support in response to recent economic, political and public health events. Eighty percent of institutions have placed an increased emphasis on financial aid, and emergency funding has been added at 78% of institutions. Funding focused on diversity, equity and inclusion has gained prominence at nearly half of institutions.

Events continue to change with the times we're in.

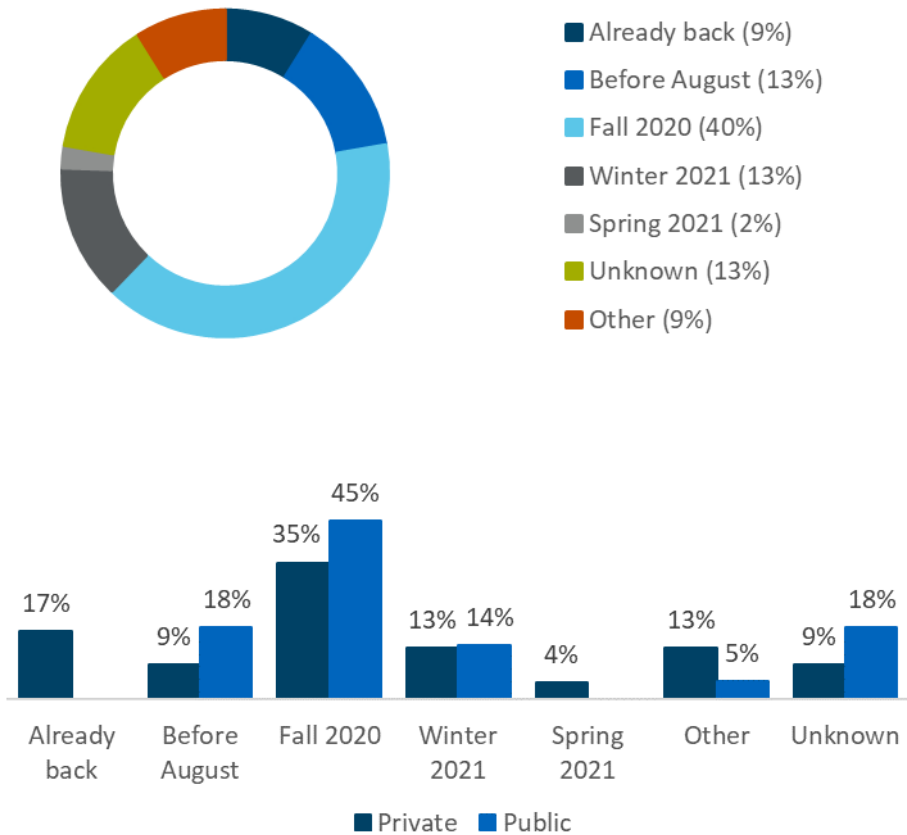
From campaign kickoffs to reunions and donor relations events, institutions of all sizes have had to pivot during challenging circumstances. While some institutions are still developing event strategies or have decided to postpone signature events, most are developing virtual alternatives. Overall, institutions are focused on small, intimate events that allow constituents to connect meaningfully with the mission. Keys to success have included keeping events short, curating quality content, surveying target populations to ask about their preferences and finding ways to include social time using breakout rooms and other methods.

Detailed Findings and Analysis

Most development teams plan to return to the office by the Fall.

More than 60% of development teams are already back in the office or plan to return by the Fall. Nearly 20% of private institution teams are back on campus, at least part-time (e.g., rotating or reduced on-site schedule). Many teams expect that a return will look very different from prior to the pandemic, with hybrid schedules (in-office and remote) and some staff working remote indefinitely.

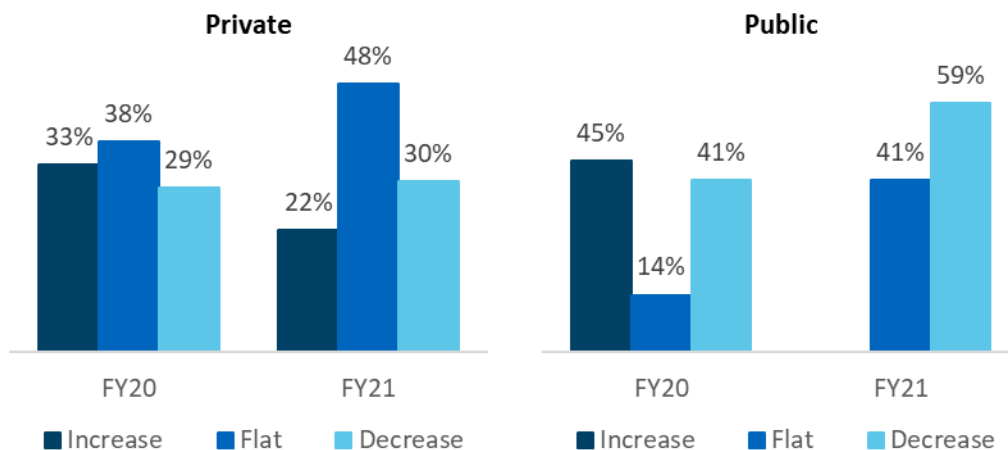
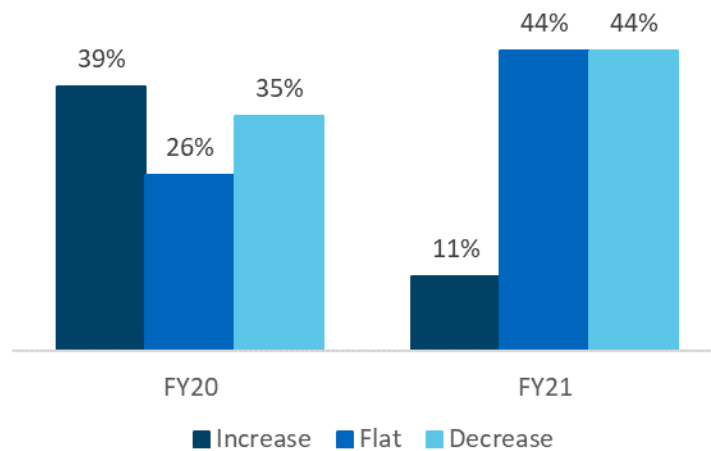
When do you anticipate your development team returning to the office?



Many institutions expect a continued decrease in gift revenues in FY21.

While 35% of institutions saw a *decrease* in total gift revenues in FY20, 44% expect a *decrease* in FY21. Public institutions experienced more extremes in FY20; they were more likely than private institutions to experience an *increase* in total gift revenues (45% vs 33%) but also more likely to see a *decrease* (41% vs 29%). In FY21, no public institutions expect an *increase* in gift revenue and instead are twice as likely as private institutions to anticipate a *decrease* (59% vs 30%).

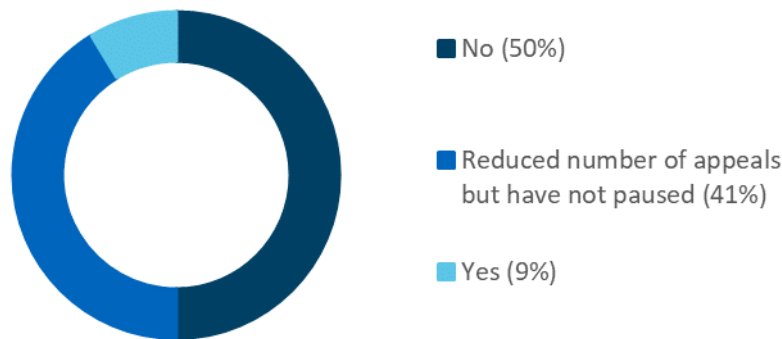
What do you anticipate for total gift revenues in FY20 and FY21?



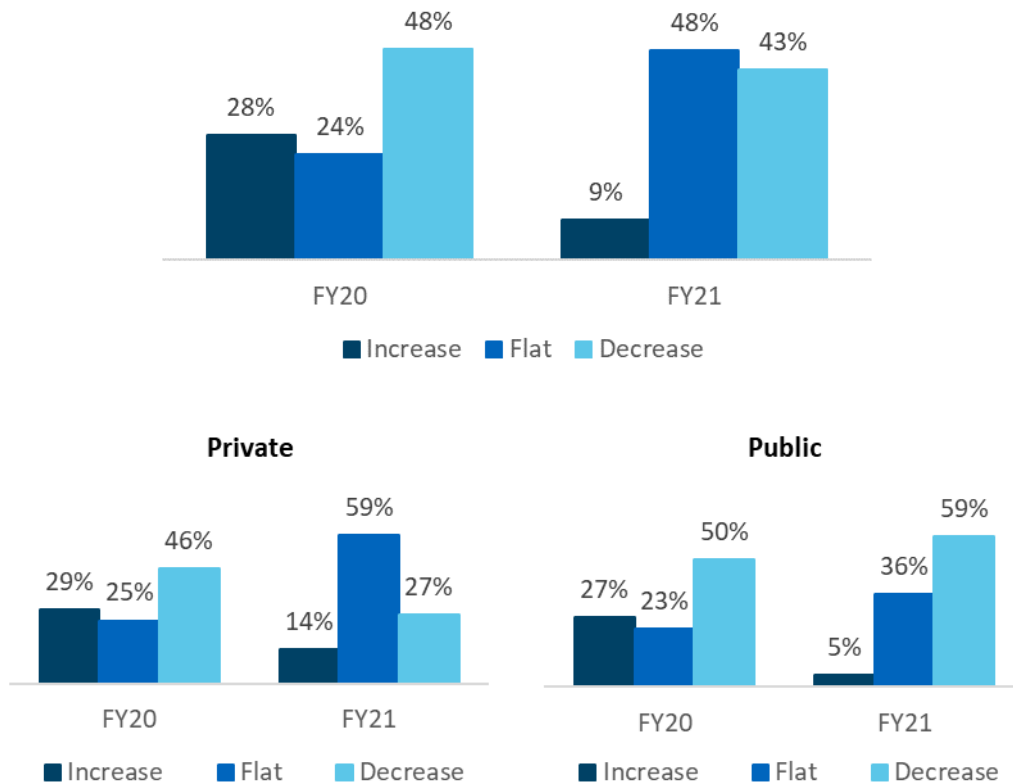
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Although only 9% of institutions paused annual fund appeals due to the pandemic, nearly half of institutions saw *decrease* in FY20 annual fund gift revenues. A continued decline is expected in FY21 at 43% of institutions. While private and public institutions took the same measures and experienced similar annual fund revenue outcomes in FY20, twice as many public institutions than private are anticipating a *decrease* in FY21 (59% vs 27%).

Have you paused annual fund appeals due to the pandemic?



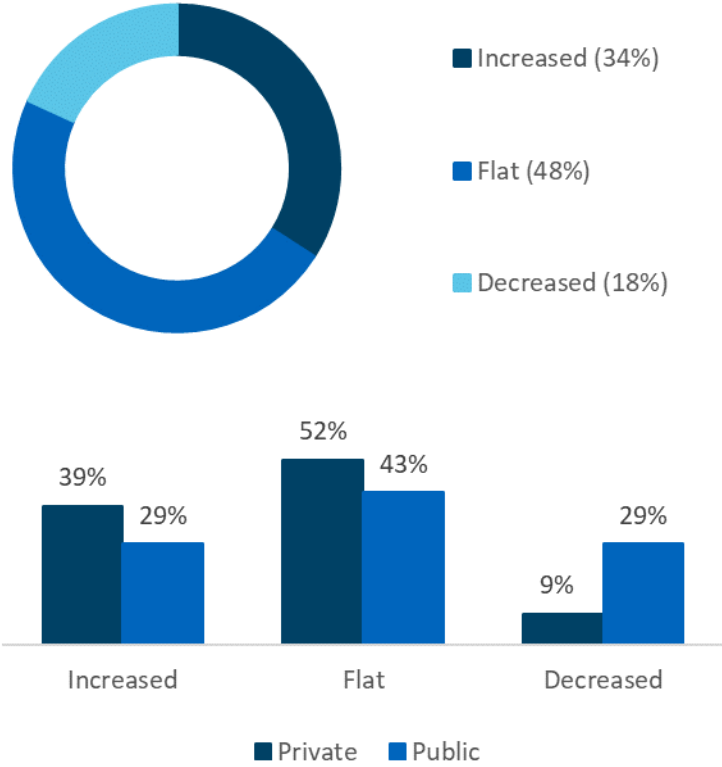
What do you anticipate for annual fund gift revenues in FY20 and FY21?



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While more than 90% of private institutions have experienced *flat* or *increased* board giving in light of recent events, approximately 70% of public institutions have experienced the same outcome.

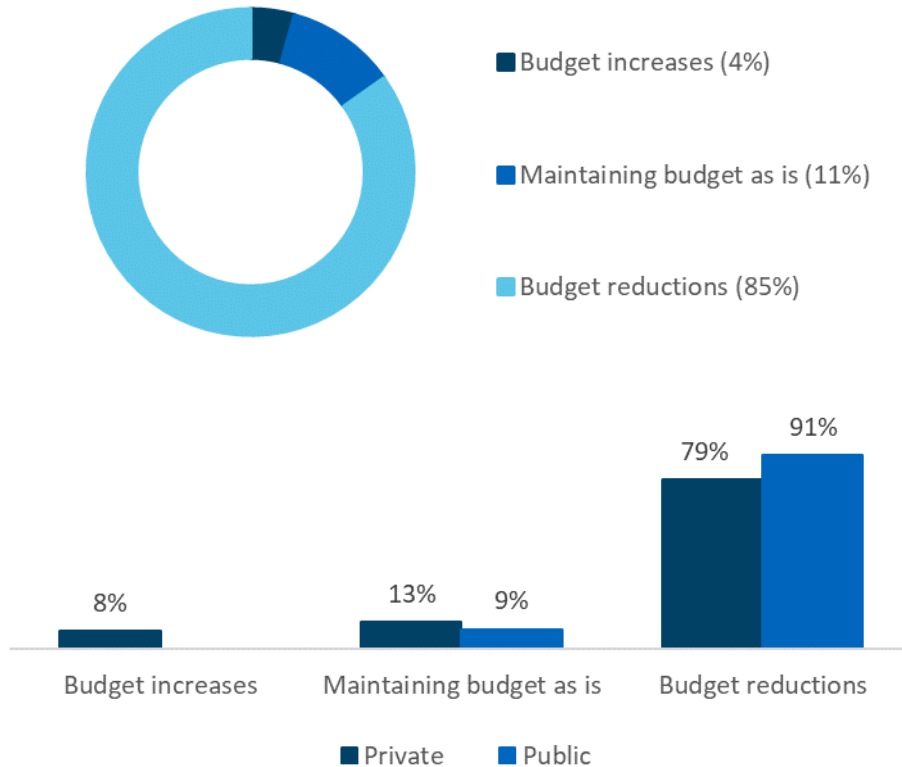
How has board giving to your organization been impacted by recent economic, political and public health events?



Most institutions face budget reductions in the period ahead.

Budget reductions are expected for 85% of development teams, and public institutions (91%) are more likely to face reductions than private institutions (79%).

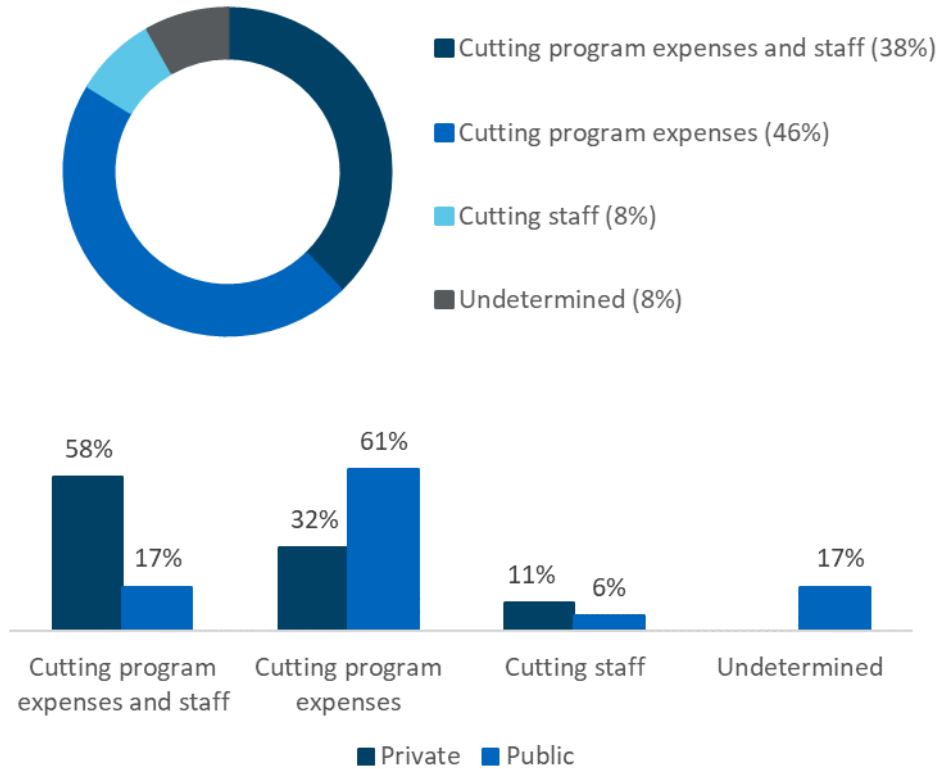
What are the budget implications for your development operation in the period ahead?



Budget reductions are impacting development teams broadly, with 38% cutting program expenses and staff and 46% cutting program expenses only. Private institutions have been three times more likely to make cuts to both program expenses and staff (58% vs 17%).

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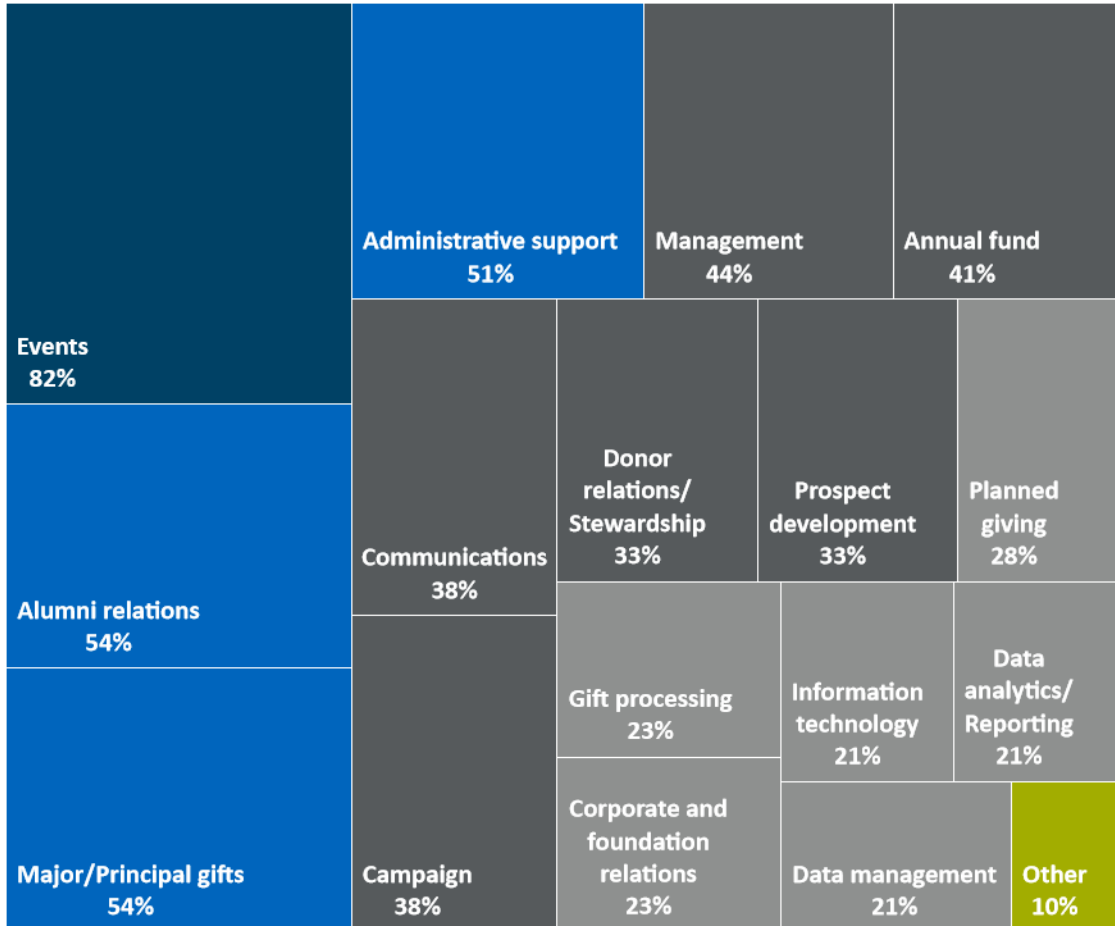
What changes are being made as a result of budget reductions?



Within the full cohort, every program is being impacted at some level. Event programs are most likely to be impacted by budget reductions, followed by major/principal gifts, alumni relations and administrative support. While most programs are being impacted similarly at public and private institutions, private institutions have been more likely to make budget reductions in the areas of planned giving, corporate and foundation relations, data management, data analytics/reporting and information technology. An area of concern as reductions are made is maintaining productivity. As one respondent noted, “We have tried to implement cuts across the division, focusing on items that will not impact the quality of our efforts.”

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Which programs will be or have been directly impacted by budget reductions? (select all that apply)



Most development teams have instituted hiring freezes (72%) as one way to manage expenses, and 41% of institutions have only implemented a hiring freeze (no furloughs or layoffs). Twenty-four percent of institutions have implemented furloughs and/or layoffs. Other measures include not filling vacancies and salary freezes or reductions. Only 11% of institutions, most of them private, are expecting no staff eliminations or hiring freezes.

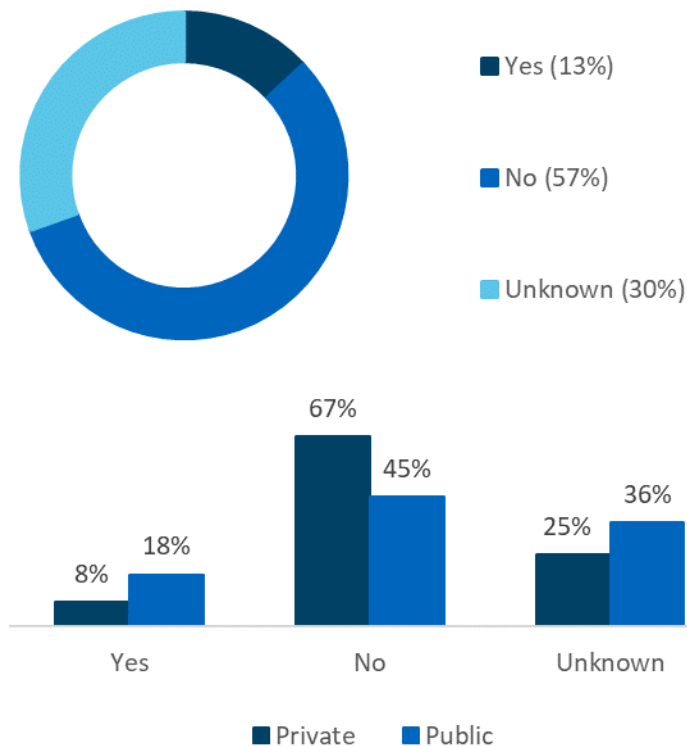
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How has development staffing been impacted? (select all that apply)



Most institutions (57%) are not making changes to how their endowment is managed. However, more public institutions are doing so than private institutions (18% vs 8%).

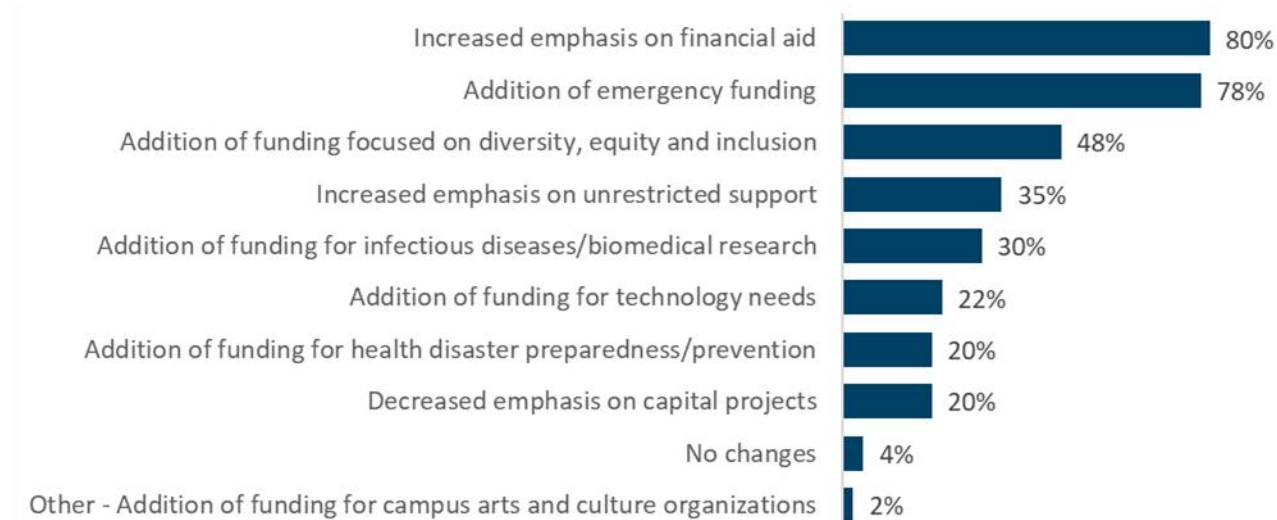
Are you making any changes to the way you manage your endowment?



Institutions are emphasizing financial aid and emergency funding in their case for support.

Many institutions have made changes to their case for support in response to recent economic, political and public health events. Eighty percent of institutions have placed an increased emphasis on financial aid, and emergency funding has been added at 78% of institutions. Funding focused on diversity, equity and inclusion has gained prominence at nearly half of institutions.

How has your case for support changes in response to recent economic, political and public health events?
(select all that apply)

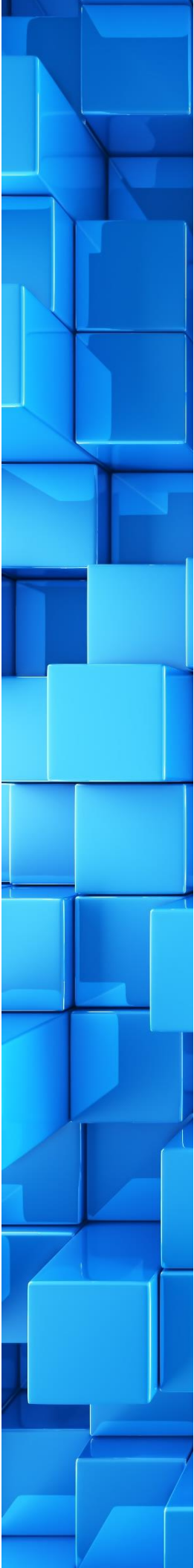


Events continue to change with the times we're in.

From campaign kickoffs to reunions and donor relations events, institutions of all sizes have had to pivot during challenging circumstances. While some institutions are still developing event strategies or have decided to postpone signature events, most are developing virtual alternatives. Campaign events have been postponed or moved to a virtual environment. Some institutions are in the process of developing a hybrid approach (e.g., small on-campus event, small group virtual event) to events and reunions. Overall, institutions are focused on small, intimate events that still allow constituents to connect meaningfully with the mission. Keys to success have included keeping events short, curating quality content, surveying target populations to ask about their preferences and finding ways to include social time using breakout rooms and other methods.

Continue to look forward.

Institutions will continue to face challenging decisions as economic, political and public health issues persist in nearly every facet of our lives. As one respondent noted, “The health issues of the pandemic, the economic fallout and the reawakening of demands to address racial injustice require constant adaptation to engagement and fundraising activities and messages.” Development teams must continue to rapidly evolve, moving forward with “confidence and hope” – and fewer resources – as they strive to maintain productivity and demonstrate to donors the impact of continued giving to a mission that matters now as much as it did before.



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