



A Marts & Lundy **Special Report**

# Impact of Recent Events on Development Staffing and Budgets: Independent Schools

July 2020

**Marts&Lundy**

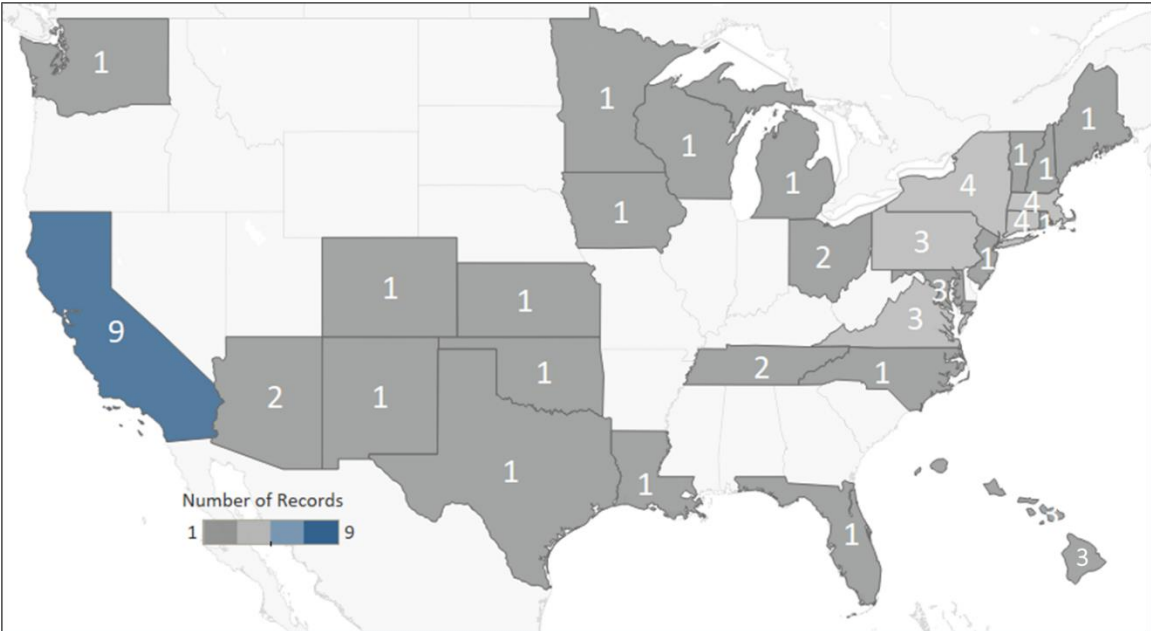
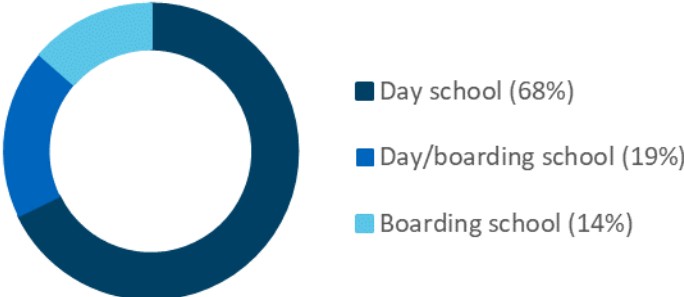
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# A Survey of How Recent Events Have Impacted Development Staffing and Budgets

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 at independent schools. 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 School Type and Location

A total of 59 schools participated in the survey. Twenty-nine 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.**

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More than half of development teams are already back in the office or plan to return by the Fall. Nearly 40% of boarding school teams are back on campus. Some teams expect that a return will look very different from prior to the pandemic, including hybrid schedules (rotating in-office and remote).

### **Many schools expect a continued decrease in gift revenues in FY21.**

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While one-third of schools saw a *decrease* in total gift revenues in FY20, more than half expect a *decrease* in FY21. In FY21, no day/boarding schools or boarding schools anticipate an *increase* in gift revenue.

Less than one-quarter of schools paused annual fund appeals in FY20 due to the pandemic. Most boarding schools chose not to pause annual fund appeals, and as a result, boarding schools were most likely to see an increase in FY20 annual fund gift revenues and did not see the decreases experienced at day and day/boarding schools.

In FY21, more than half of schools expect a *decrease* in annual fund gift revenues. While most day/boarding schools anticipate a *flat* year, more than half of day schools and boarding schools are projecting a *decrease* in FY21 annual fund revenues.

More than one-third of schools have experienced an *increase* in board giving in light of recent events. Few schools have seen a decrease in board giving.

More than one-third of schools have experienced an *increase* in board giving in light of recent events. The majority of schools have seen board giving remain *flat*. Few schools have seen a *decrease* in board giving.

### **Most schools face budget reductions in the period ahead.**

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Budget reductions are expected for 54% of development teams, and boarding schools are more likely to face reductions than day or day/boarding schools.

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Budget reductions are impacting development teams broadly, with 28% cutting program and staff and 41% cutting program expenses only. Day/boarding schools have been most likely to make reductions to program expenses and staff, while boarding schools have been most likely to reduce program expenses only.

Within the full cohort, every program is being impacted at some level. Events are most likely to be impacted by budget reductions, with 73% of schools anticipating reductions to their program. Approximately one-third of schools are making reductions to administrative support, alumni relations or the annual fund.

More than half of school development teams anticipate no eliminations or freezes to staffing. Those that are implementing measures to manage or reduce expenses have most commonly instituted hiring freezes. Only 14% of schools have implemented furloughs and/or layoffs.

### **Schools are emphasizing financial aid and unrestricted support in their case for support.**

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Most schools have made changes to their case for support in response to recent economic, political and public health events. Nearly eighty percent of schools have placed an increased emphasis on financial aid, and more than half have increased the importance of unrestricted support. Funding focused on diversity, equity and inclusion has gained prominence at one-third of schools.

### **Events continue to change with the times we're in, but change has been slow.**

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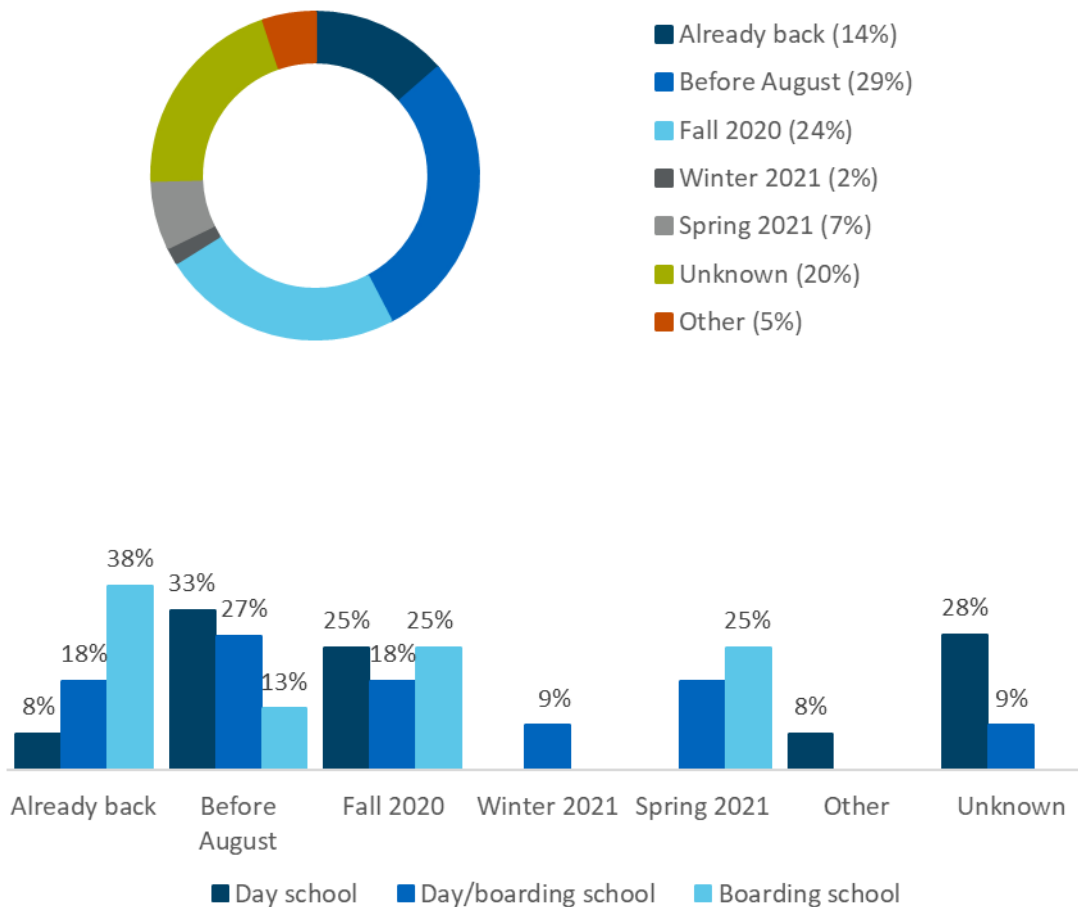
From campaign kickoffs to reunions and donor relations events, schools of all sizes have had to pivot during challenging circumstances. While most schools are still developing event strategies or have decided to postpone signature events, some are developing virtual alternatives and discovering the benefits of reaching a broader audience. Overall, schools are focused on small, intimate events that still allow constituents to connect meaningfully with the mission. Keys to success have included comprehensive planning, keeping events short and curating dynamic content.

## Detailed Findings and Analysis

### 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 40% of boarding school teams are back on campus, at least on a rotating schedule. Some teams expect that a return will look very different from prior to the pandemic, including hybrid schedules (rotating in-office and remote).

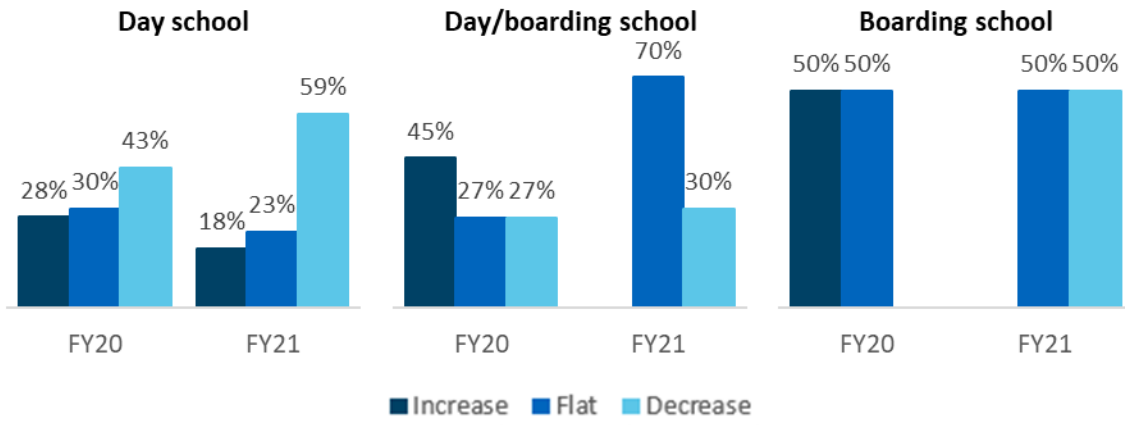
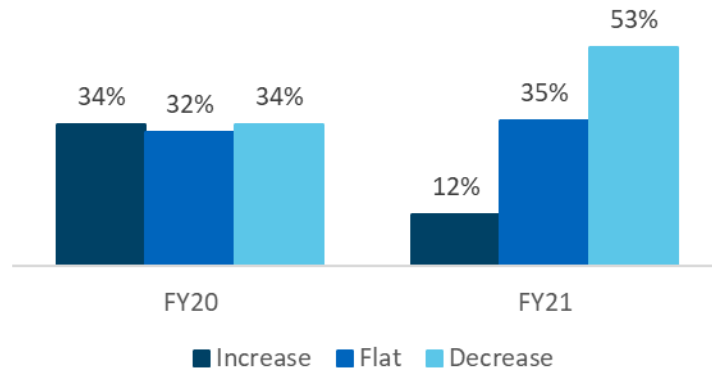
When do you anticipate your development team returning to the office?



**Many schools expect a continued decrease in gift revenues in FY21.**

While one-third of schools saw a *decrease* in total gift revenues in FY20, more than half (53%) expect a *decrease* in FY21. In FY21, no day/boarding schools or boarding schools anticipate an *increase* in gift revenues.

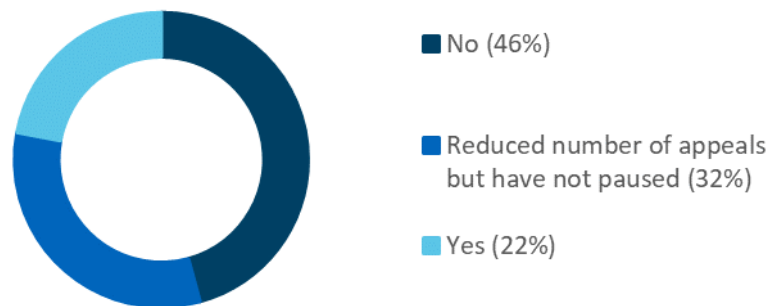
What do you anticipate for total gift revenues in FY20 and FY21?



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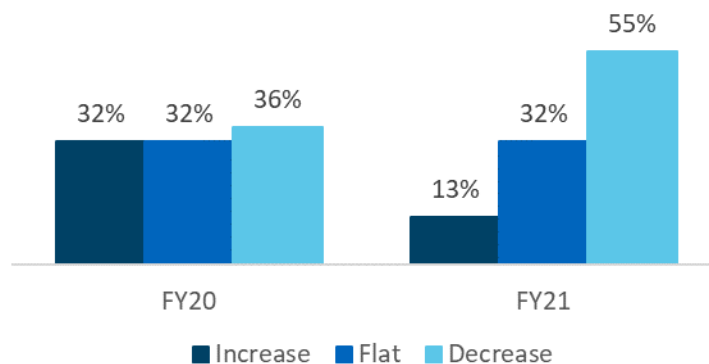
Less than one-quarter of schools (22%) paused annual fund appeals in FY20 due to the pandemic. Day schools were most likely to pause appeals (30% vs no day/boarding schools and 13% of boarding schools). Day/boarding schools were most likely to reduce their number of appeals. Most boarding schools (75%) chose not to pause annual fund appeals, and as a result, boarding schools were most likely (63%) to see an *increase* in FY20 annual fund gift revenues and did not see the decreases experienced at other types of schools.

Have you paused annual fund appeals due to the pandemic?

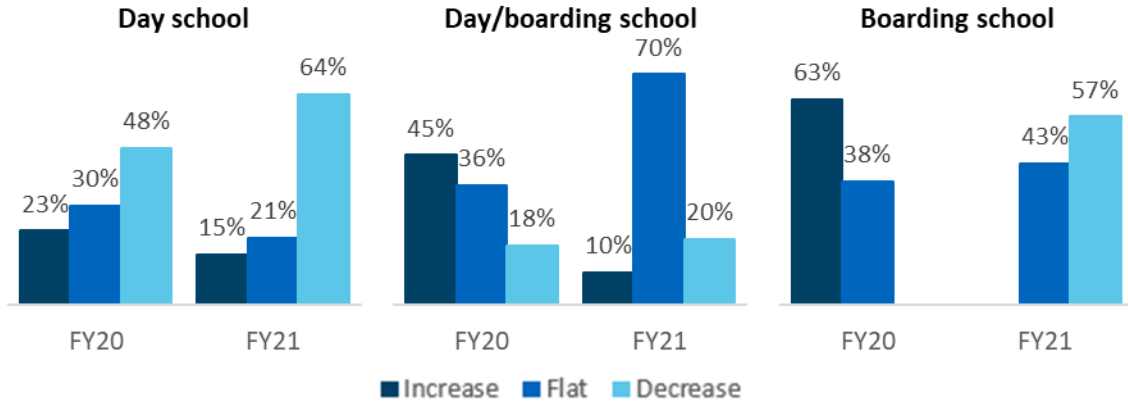


Boarding schools were nearly three times as likely as day schools (63% vs 23%) to see an *increase* in FY20 annual fund revenues, and nearly half of day schools (48%) saw a *decrease*. In FY21, more than half of schools (55%) expect a *decrease* in annual fund gift revenues. While most day/boarding schools (70%) anticipate a *flat* year, more than half of day schools (64%) and boarding schools (57%) are projecting a *decrease* in FY21 annual fund revenues.

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

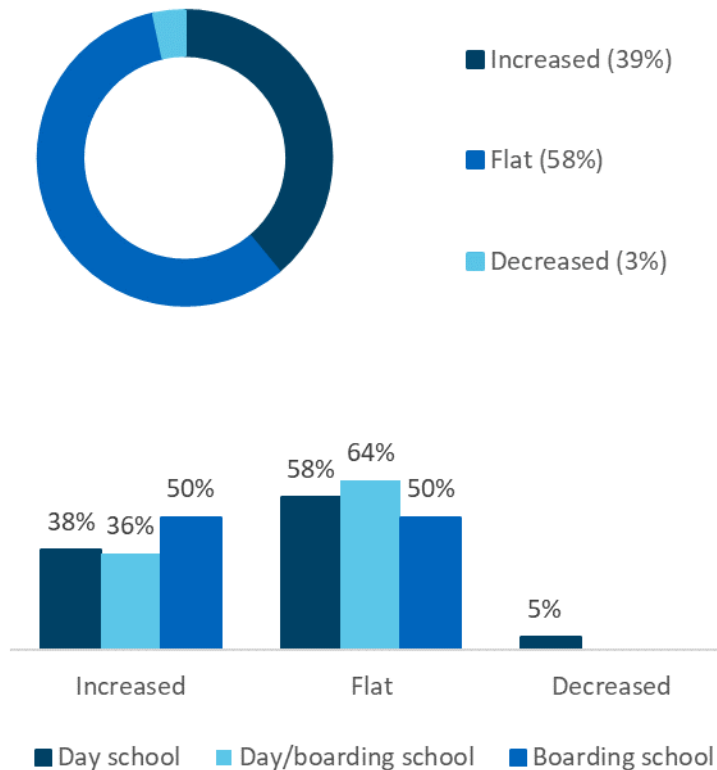


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More than one-third of schools (39%) have experienced an *increase* in board giving in light of recent events, including half of boarding schools. The majority of schools (58%) have seen board giving remain *flat*. Few schools (5%) have seen a *decrease* in board giving.

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

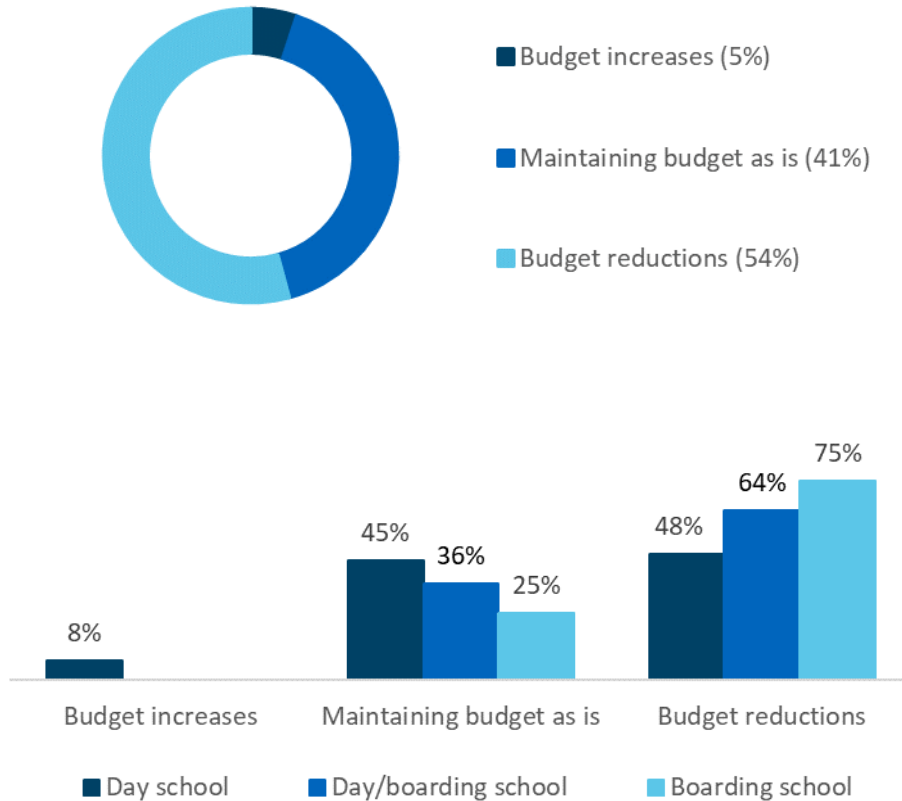




### Most schools face budget reductions in the period ahead.

Budget reductions are expected for 54% of development teams, and boarding schools are more likely to face reductions than day or day/boarding schools.

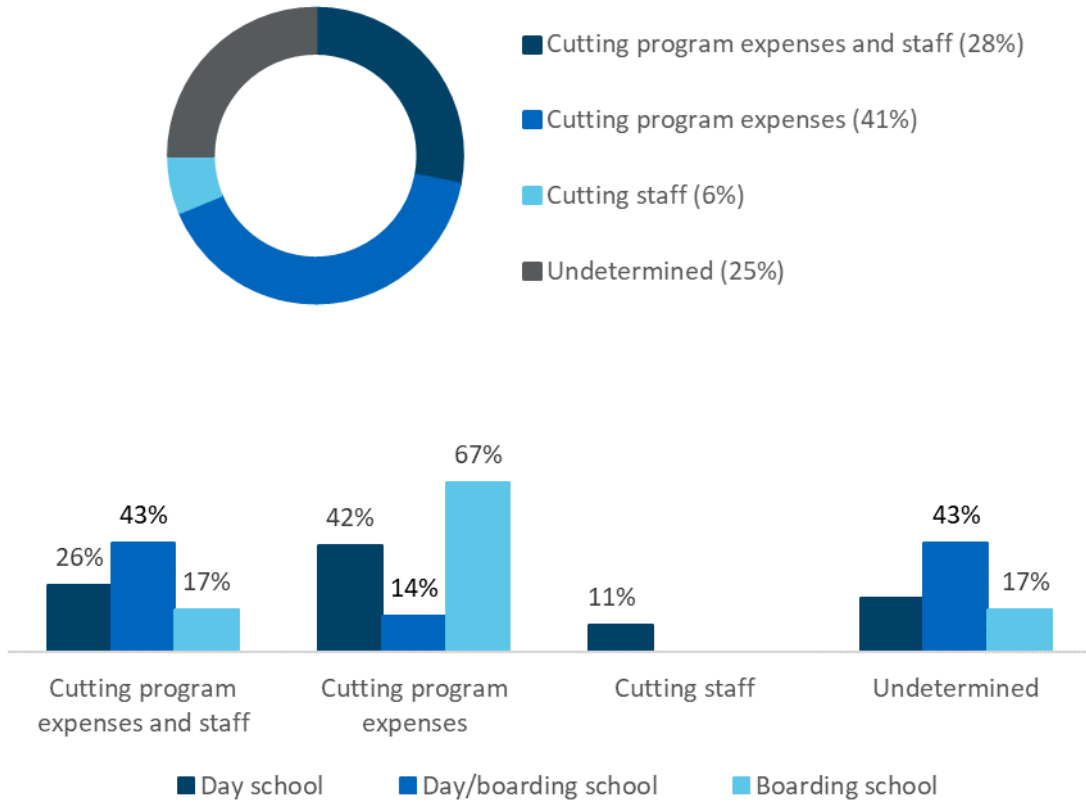
What are the budget implications for your development operation in the period ahead?



Budget reductions are impacting development teams broadly, with 28% cutting program and staff and 41% cutting program expenses only. Day/boarding schools have been most likely to make reductions to program expenses and staff, while boarding school have been most likely to reduce program expenses only.

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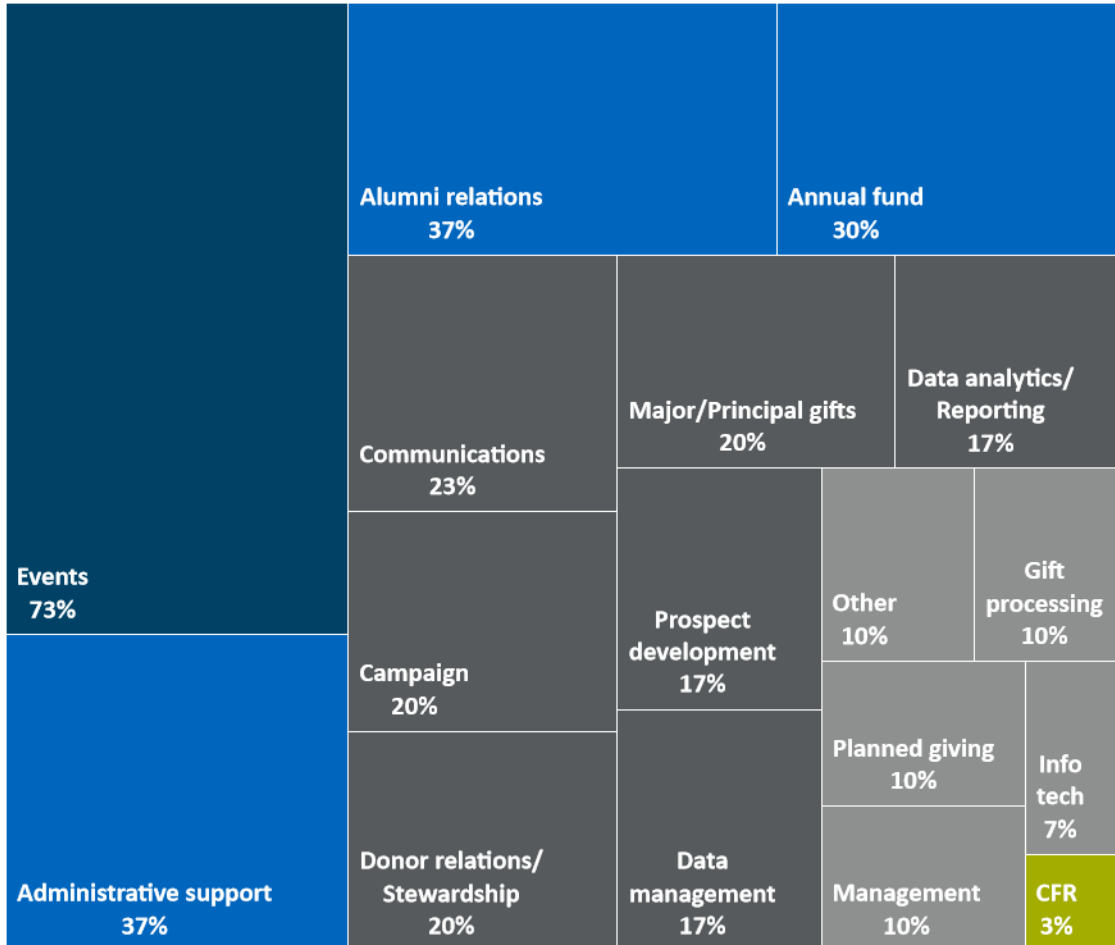
What changes are being made as a result of budget reductions?



Within the full cohort, every program is being impacted at some level. Events are most likely to be impacted by budget reductions, with 73% of schools anticipating reductions to their programs. Approximately one-third of schools are making reductions to administrative support, alumni relations or the annual fund.

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



More than half of school development teams anticipate no eliminations or freezes to staffing, including 80% of day schools. Those that are implementing measures to manage or reduce expenses have most commonly instituted hiring freezes. Only 14% of schools have implemented furloughs and/or layoffs.

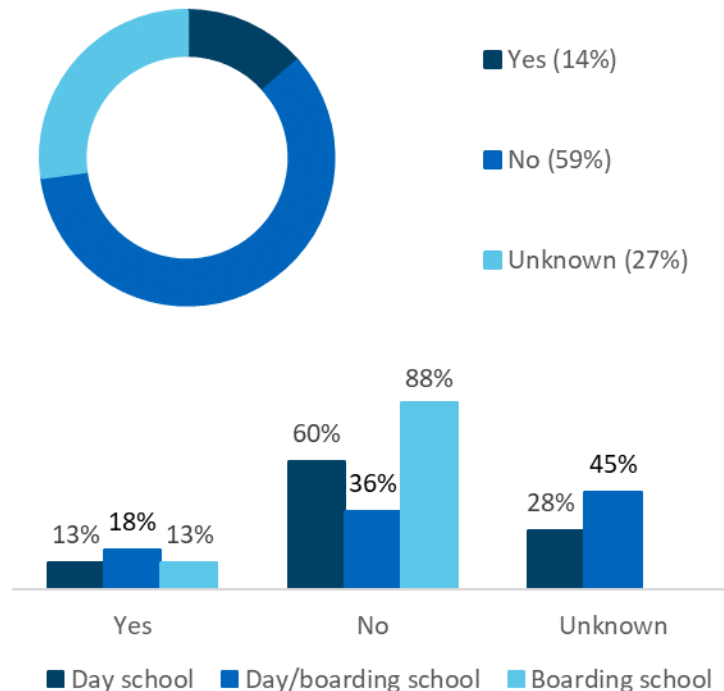
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How has development staffing been impacted? (select all that apply)



Most schools (59%) are not making changes to how their endowment is managed. Steps being taken by those making changes include reducing the percentage draw, increasing spending and investing more conservatively.

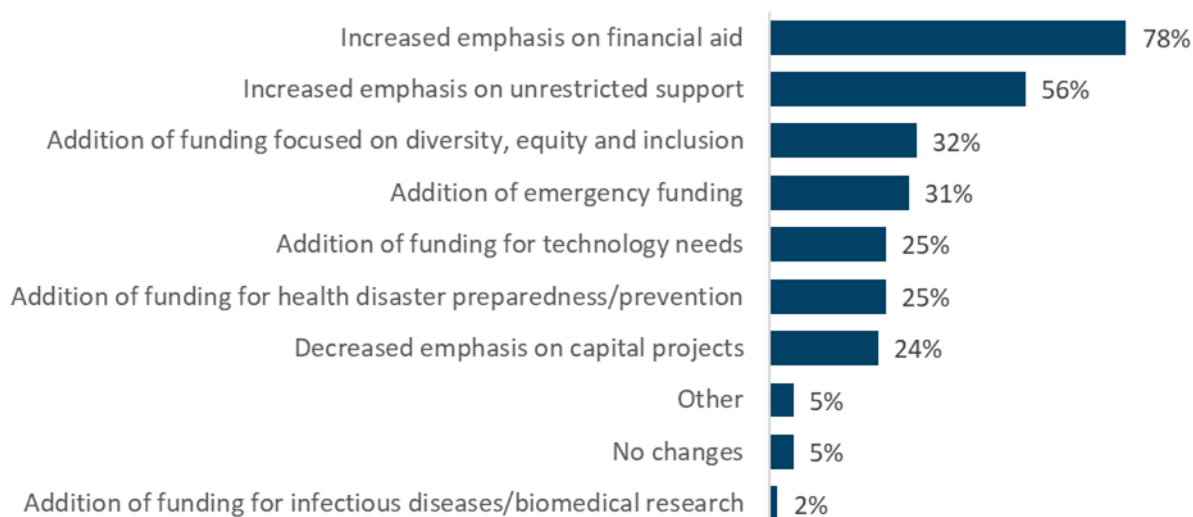
Are you making any changes to the way you manage your endowment?



## Schools are emphasizing financial aid and unrestricted support in their case for support.

Most schools (95%) have made changes to their case for support in response to recent economic, political and public health events. Nearly eighty percent of schools (78%) have placed an increased emphasis on financial aid, and more than half (56%) have increased the importance of unrestricted support. Funding focused on diversity, equity and inclusion has gained prominence at 32% of schools.

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, but change has been slow.

From campaign kickoffs to reunions and donor relations events, schools of all sizes have had to pivot during challenging circumstances. While most schools are still developing event strategies or have decided to postpone signature events, some are developing virtual alternatives and discovering the benefits of reaching a broader audience. As one respondent noted, "Digital alumni programming has been one of the positive outcomes of the pandemic. We have had a great deal of success in engaging a much broader range of alumni by doing virtual programming." Overall, schools are focused on small, intimate events that still allow constituents to connect meaningfully with the mission. Keys to success have included comprehensive planning, keeping events short and curating dynamic content.

**Continue to look forward.**

Schools will continue to face challenging decisions as economic, political and public health issues persist in nearly every facet of our lives. Many schools will not know the full impact of their budget situation until enrollment numbers are finalized. Even then, there are concerns over families' continued ability to pay through ongoing economic challenges. As one respondent noted, "We are fortunate that we have some options to help buoy us financially, but we foresee at least three years to pull out of this." Development teams must continue to rapidly evolve, strategically moving forward 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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