Alternative Funding Sources and Strategies: Fundraising Practices at Peer Institutions

In this report, Hanover Research analyzes trends in public higher education fundraising and nationwide best practices for mitigating the effects of significant public funding cuts and decreased donor giving. As well as donor management strategies, the report discusses alternative funding sources and strategies such as commercial partnerships and ventures. Finally, the report comprehensively reviews the experiences and strategies of peer four-year public institutions in pursuing alternative funding such as major capital campaigns, tuition and enrollment increases, public-private partnerships, new personnel hires, and external funding.
Introduction

Public four-year institutions nationwide are suffering from the recent economic downturn. Universities are affected by the loss of state funding particularly as federal stimulus funding comes to an end and by donors who are fewer in number and giving less. More than ever, these institutions have had to turn to alternative funding streams or new strategies in order to cut costs and compensate for lost funding. This trend is being widely acknowledged. The Center on Philanthropy at Indiana University states that “the education fundraising landscape is changing” as public institutions pursue alternative funding avenues.¹

The state, which has historically been the largest stakeholder in public institutions of higher education, has made major cuts to higher education as a result of the economic downturn. Furthermore, this result of the downturn does not look likely to reverse itself soon. Public universities will suffer “dramatic declines” in funding and possible ratings downgrades as states cut and delay annual appropriations according to Moody’s Investors Service. Moody’s July 2010 report states that “states are reducing funding to public universities by as much as 6 percent this fiscal year compared with last.”² An added problem is the end of stimulus funds:

Public colleges and universities also face a potential “funding cliff” beginning in fiscal 2012 when stimulus funds are no longer available, the analysts wrote. In 20 states, money from the American Recovery and Reinvestment Act made up more than 4 percent of budgeted support for public universities in fiscal 2010.³

Overall, state governments are expecting a combined $127.4 billion budget gap in the fiscal years 2010 through 2012 as the economy recovers, according to a June 2010 report by the National Governors Association and the National Association of State Budget Officers.⁴ For public institutions, maintaining academic quality, attracting top students and faculty, and remaining competitive with other colleges and universities becomes substantially more difficult in the absence of sufficient funding.

Most four-year public institutions have also noted a significant drop in donations during the economic downturn, negatively affecting programming and endowments. According to the 2009 Index of Higher Education Fundraising Performance, “participation in annual funds has been on the decline for a few years, but 2009

³ Ibid.
⁴ Ibid.
marked the first time that annual-fund revenue dropped as well.” The median donor participation for colleges in the survey dropped from 15.9 percent in 2008 to 12.4 percent in 2009 as well as an average drop in revenue of eight percent per donor. The Voluntary Support of Education survey, which examines all giving, reported a record 11.9 percent drop in donations during 2009.5 The lack of donor participation is particularly pronounced at Historically Black Colleges and Universities (HBCU) where “the situation is exacerbated by a legacy of underfunding by various public and private entities as well as a commitment to educating mainly low-income, first generation students who need considerable financial aid.”6

However, there are some projections for a better forthcoming situation. According to the Council for Advancement and Support of Education (CASE), “fundraisers for U.S. schools, colleges and universities predict that giving will increase 3.7 percent during 2010.” The CASE Fundraising Index also estimated that in 2009 “giving declined less than 1 percent from the previous year.” However, CASE did note that there was high institutional variation throughout 2010 such as the maturing of institutions’ fundraising operations and the profile of its donor population. Also, private institutions are likely to fare better from a return of donor giving than public institutions.7 The prospect of greater donor giving highlights the fact that “Fundraisers in higher education are challenged more than ever both to build the relationships necessary to maintain and grow their programs and to support their case with data.”8

Fundraising remains only one of many alternative funding streams available to public higher education institutions. This report discusses the variety of alternative funding sources and strategies used by four-year institutions across the country. The report is organized into four major sections that review current and successful approaches to funding.

- **Section One – Trends in Institutional Responses to Lost Funding:** This section discusses institutional trends including immediate responses to funding losses and changing institutional relationships with their respective states. These trends include:
  - Tuition increases
  - Enrollment increases

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○ Emphasis on fundraising and endowments
○ Privatization
○ Responsibility-Centered Management
○ Accountability
○ State matching of private donations

❖ Section Two: Alternative Funding Strategies: This section reviews innovative external approaches to funding including:

○ Affinity Marketing
○ Business and State partnerships
○ Commercial Ventures
○ Lease Revenue Bonds

❖ Section Three – Best Practices in Fundraising: Donor Management: This section reviews the current landscape of fundraising in the U.S. as well as best practice approaches to donor fundraising in terms of:

○ Fundraising Outlook and Strategies
○ Donor Cultivation
○ Donor Acquisition
○ Downturn-Specific Strategies
○ Fundraising Roadblock and Technology Solutions

❖ Section Four – Peer Institutional Experiences and Strategies: This section reviews the recent experiences of peer institutions in utilizing alternative funding strategies including:

○ major capital campaigns
○ hiring new personnel
○ public-private partnerships
○ external funding
○ tuition hikes
○ increased enrollment
○ distance learning programs
○ institutional partnerships

The report concludes that numerous alternative funding avenues and strategies exist for mitigating the effects of lost funding if colleges are able to commit resources and efforts to ensuring their success.
Trends in Institutional Responses to State Funding Cuts

This section identifies the most significant trends in higher education in responding to losses in state budget. The first three trends are institutional strategies to immediately compensate for funding losses. The last four trends are related to institutions’ relationships with their respective states.

- Tuition increases
- Enrollment increases
- Emphasis on fundraising and endowments
- Privatization
- Responsibility-Centered Management
- Accountability
- State matching of private donations

For many public universities and colleges, tuition increases are a first order of business for replacing lost appropriations revenues.9 Despite economic hardships for many students, tuition has increased at a remarkable rate. According to The College Board’s report on 2009-10 college costs, tuition at public four-year institutions increased 5.9 percent from 2008-09 to an average of $19,388 for in-state students including tuition, fees, and room and board. For out-of-state students, the cost increased by 6 percent to an average of $30,196. These two increases are significant compared to four-year private colleges which increased only 4.3 percent in comparison.10 Unfortunately, when tuitions are increased, accessibility to higher education—long considered a hallmark of public systems—is compromised. As such, some revenue from tuition hikes is often used for need-based awards for price-sensitive students. However, raising tuition can only go so far in compensating for funding cuts. The National Center for Education Statistics released their First Look report on postsecondary education for the 2008-2009 school year in April 2010, finding that tuition and fees only accounts for 18 percent of four-year public institutions’ revenue as compared to 36 percent at private non-profit colleges.11

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For institutions that are unwilling to or incapable of raising tuitions to meet funding needs, increasing enrollment numbers can be a viable solution. Despite the increased capacity necessary to accommodate these students, it generally remains a cost-effective strategy to increase revenues. Increased enrollment can also be targeted at certain student populations. For example, modifying the quota for out-of-state enrollments can serve to increase revenues without substantial changes. Since out-of-state students pay significantly higher tuitions, revising enrollment quotas seems a sensible solution. Some universities have pursued this route more than others. At the University of Vermont, “the current ratio of undergraduate students is 35 percent in-state to 65 percent out-of-state.” Furthermore, a 2010 sourcebook report from the Office of Institutional Studies, stated that out-of-state tuition accounts for 50 percent of general fund revenue for the university, while only “seven percent of general fund revenue comes from in-state tuition.” Vermont’s in-state student population, however, is lower than many other states. Also, a public university must be, first and foremost, in service to students from its home state, and quotas would have to be adjusted accordingly. Tuition hikes and increased enrollment are two significant trends utilized throughout the economic downturn which will be discussed in more detail later in this report.

In the absence of ample appropriations, public universities are aggressively tapping private donors as a viable revenue base. Several public universities have engaged in fundraising efforts similar to those of private institutions. Whether capital campaigns or efforts to endow additional scholarships and faculty chairs, the goals set by many institutions would greatly expand the private stake in higher education, in some cases eclipsing state contributions. In Mississippi, Jackson State, Mississippi Valley State, and the University of Southern Mississippi “have set records for giving” since announcements that by 2010 state appropriations could be 25 percent below their 2009 levels. Mississippi Valley State University National Alumni Association “hopes to raise $15 million in contributions over the next five years” which will be used for scholarships and projects, but not for recurring administrative costs. Fundraising strategies and the recent rise in capital campaigns will be discussed in greater detail later in this report.

The following four topics involve institutions’ relationships with their respective states. The term “privatization” should be used with caution. At present, there is significant debate regarding what it means for a public university to privatize. Whether the growing reliance on diverse revenue and often private revenue sources

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indicates **privatization** (as opposed to simple necessity) is questionable, though the discussion is prevalent. Overall, the term refers to public institutions gaining greater autonomy, particularly with regard to budgeting, investment of revenues, and pursuing alternate funding sources. For example, in the state of Washington, the government faces a $2.8 billion shortfall and is “considering a bill that would largely sever tuition from state control.” In New York State, “the legislature may give the entire state university system freedom to raise tuition and keep the proceeds rather than return them to the state.” However, this supports an ongoing trend. In 1991, state and local appropriations comprised 72 percent of public universities’ total revenues while in 2008 it was 64 percent. In Virginia in 2005, all public universities “gained freedom in purchasing and disposing of property, issuing bonds without state approval, and setting information technology and human relations policies” after a protracted legislative debate.

**Responsibility-centered management** (RCM) has the potential to significantly reduce budgetary waste, and it can be accomplished without significant autonomy from the state. RCM refers to budgeting models that decentralize monetary decisions to the departmental level. Though implementation differs across schools, the idea is consistent: instead of a central administration deciding how to distribute appropriations, departments project their funding needs and receive an appropriate percentage of available money. RCM has the potential to curb over- and under-funding of departments by allocating resources as required. Waste is reduced, and money is more adequately targeted. Numerous prominent public and private universities utilize RCM budget models such as the University of Pennsylvania, University of Michigan, University of California at Los Angeles, and Vanderbilt University.

**Accountability** measures are an interesting paradox; universities gain greater operational autonomy while the state increases its control of the university system. Take, for example, the University of North Dakota (UND). According to William Symonds of Business Week, “In 2001, the State of North Dakota] scrapped most controls, giving colleges lump sums that they could spend as they saw fit, plus complete pricing flexibility. In return, the universities agreed to meet accountability measures that include graduation rates, student retention, and economic benefits.” For UND and the state, the accountability arrangement has been win-win. While the university is free to price its tuition and source private funding, state appropriations are tied to specific benchmarks. Autonomy and public funding, in other words, are heavily contingent upon meeting state-defined obligations. Under such an

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15 Ibid.


17 Ibid.

18 Symonds, William C. “Should Public Universities Behave Like Private Colleges?” *Business Week Online*. November 15, 2004. [http://www.businessweek.com/magazine/content/04_46/b3908089.htm](http://www.businessweek.com/magazine/content/04_46/b3908089.htm)
arrangement, even if the state’s financial stake in UND decreases, it will still dictate the educational mission of the university.  

Closely related to the preceding trend, several states have initiated matching programs for private donations. Unfortunately, in the greater atmosphere of appropriations cuts and state budget deficits, many of these programs have been put on hold. Also, in many cases, matching programs were too successful, causing states to halt matching payments because of shortages in available funding. As of 2003, almost half of the states participated in some form of private donation matching program, but in many cases, “states have not matched donations in so long that colleges say the programs exist only on paper.” In some cases, donors have withdrawn donations because state matching, a precondition for their pledges, never occurred. In Florida, matching gift programs have been put on hold in the current economic downturn leading to a gift waiting list. The state has three matching gift programs to support major donations to state universities such as matching major gifts of $100,000 or more at a rate of 50 percent or more, matching gifts to qualifying construction or renovations projects on a dollar-for-dollar basis, and supporting fundraising efforts to Florida’s First Generation Matching Grant Program. The State of Utah is a notable example of a state meeting its donation-matching obligations. Its system works in reverse, however. The state contributes money to a matching fund, but Utah’s universities must raise a certain amount of donation money in order to access that fund and release matching dollars. In this way, the state never promises to pay out more than it can afford and places concrete limits on the size of the available pot.

Overall, these trends in institutional strategies indicate that public four-year institutions are generally looking towards greater independence from the state in their financial decisions in order to ensure the most cost-effective funding models. While state funding will remain an important part of public institution finances, recent cuts have prompted institutions to pursue their own alternative funding streams with less state oversight. Lobbying the state for organizational changes and greater independence could potentially be a significant way to ensure effective revenue streams and distribution. Public higher education institutions are also looking for means to immediately compensate for state budget cuts including tuition hikes, increased enrollment, and fundraising.

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Alternative Funding Strategies

This section covers strategies more external to institutions than tuition hikes, increased enrollment, and fundraising. These alternative funding strategies are largely focused on the potential for successful investment or partnerships with the private sector that will compensate for lost public funds including affinity marketing, business and state partnerships, commercial ventures, and lease revenue bonds.

Affinity marketing, in which an institution receives a portion of the proceeds that are collected when supporters of an institution make a purchase from the college’s affinity marketing partner, can provide public higher education institutions with an effective alternative funding stream.23 A recent survey by the Council for Aid to Education (CAE) found that the third largest source of volunteer contributions was non-alumni individuals. Affinity marketing uses the contributions of non-alumni, including community members and partnerships with private companies, in order to raise funds in a way that allows all parties to benefit from the transaction.24 While the institution’s affinity marketing partner can provide any product or service, the formula works best when the partner supplies commonly used items that community members regularly buy, e.g. computers, telecommunications products or services, cable television, credits cards and office supplies. Each time a community supporter makes a purchase from the affinity marketing partner, the partner provides a portion of the proceeds back to the college.25 The concept of successful affinity marketing might be:

...if half of [an institution’s] alumni bought their wireless phone service from an affinity marketing partner. Every time those former students used their phones, a portion of the call proceeds would be given back to the school. The percentage of the sale give-back can be as high as 10 percent. Now, imagine if a percentage of the other individuals in your development database and a percentage of the local businesses that support the school also buy their wireless phone service from that partner.26

However, there have also been some controversial business practices by various companies involved in affinity marketing deals which should urge universities to be cautious. In order to achieve the most out of an affinity partner relationship, the following practices are recommended:

24 Ibid.
25 Ibid.
Be proactive in communicating the program to all members of the college’s community, including students, alumni, faculty, staff, administration, board members, local residents, and businesses.

Maintain other fundraising initiatives and support them through the affinity marketing program.

Promote the affinity marketing program using an integrated, multimedia approach, such as a website, newsletter, student information packets, e-mails, and direct marketing.

Partner with the right affinity marketing company, which should be a reputable and experienced organization with high quality, brand-name products and services with broad appeal, strong customer service policies, modern call center operations equipped with state-of-the-art technology and staffed by fully-trained customer service representatives, and organizations that have a long roster of satisfied clients.

Consistently educate supporters about affinity marketing, including the funds generated through the program and how they are benefiting the college.

Evaluate the affinity marketing program on a regular basis, whether quarterly, semi-annually or annually. Expect the affinity marketing company to provide reports documenting the number of sales made to the college’s supporter and the resulting funds generated.27

East Carolina University has pursued several affinity marketing opportunities. The East Carolina Alumni Association has relationships with Liberty Mutual, Aramark and Bank of America. Alumni applying for a Bank of America American Express card through the alumni association receive a card with the school’s logo and colors. The university will receive a portion of the proceeds when alumni make purchases with the cards. The alumni association also has mutually beneficial partnerships with two companies, Savings Connection and Working Advantage, which are centralized sites dedicated to providing savings on major corporate brands for alumni association members.28

Business and State Partnerships

Partnerships between public four-year institutions and private sector forces such as corporations, local companies, and local business leaders are well-established at many institutions, and in the face of limited funding, expanding these relationships offers another alternative revenue stream. According to the Council for Aid to Education, corporate giving to U.S. higher education institutions represented 16.6 percent of all gifts or $4.62 billion in 2009. This was a decline of 5.7 percent from the previous year’s total dollar amount, which still proved to be one of the most stable sources of support among groups donating to higher education institutions. However, this accounts only for direct corporate gifts and not for sponsorships and partnerships.29

28 East Carolina Alumni Association.
These mutually beneficial relationships can also be a significant private sector revenue source.

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One of the most common types of partnerships between public institutions and private companies exists for the purposes of graduate recruiting and workforce development programs. Businesses will often provide funding for specific curricular efforts, programs, or facilities at a university in order to best fulfill their needs. For example, the State of Oklahoma’s Economic Development Generate Excellence (EDGE) initiative is led by the Oklahoma Department of Commerce and the Oklahoma State Regents for Higher Education to “bring business and education together to further develop a blueprint to grow Oklahoma’s economy.” One element of this initiative is the Oklahoma Partnership for Industry and Education (OPIE) which is a northern Oklahoma-based partnership comprised of four businesses (ConocoPhillips, Oklahoma Gas & Electric, Mercury Marine, Charles Machine Works-Ditch Witch) and four educational institutions (Northern Oklahoma State University, Southwestern Oklahoma State University, Pioneer Technology Center, and Autry Technology Center). Together, the partners have “developed degree programs in process, industrial, mechanical, and electrical technology.” 30 As part of the program, OPIE provides scholarships to students at the partnership universities.

States are recognizing the potential of these kinds of partnerships. In May 2010 higher education leaders urged the New York State Legislature to pass the Public Higher Education Empowerment and Innovation Act which will significantly affect the ability of state universities in New York to form productive public-private partnerships. Stony Brook University President Dr. Samuel L. Stanley, Jr. stated that:

The Act allows for greater participation in public-private partnerships, which would enable Stony Brook to leverage the commercial investment of the private sector with research breakthroughs made on campus to benefit our economy, our health, and our planet...This investment would allow for the construction of new laboratories and classrooms, and the development of new businesses, making Stony Brook a central driver in the revitalization of the Long Island economy. It would create jobs throughout the employment

30 “Public/Private Partnerships.” Oklahoma Department of Commerce. http://www.okcommerce.gov/Commerce/About/rc/PublicPrivate-Partnerships#1
sector, from manufacturing and construction to biotechnology and higher education.\textsuperscript{31}

Research partnerships between corporations and public universities are long-standing. For example, “in 1998 the Department of Plant and Microbial Biology at the University of California, Berkeley entered into a 5-year, $25 million research agreement with a multinational life-sciences company, Novartis, and its successor company, Syngenta.”\textsuperscript{32} More recently, Senators Ron Wyden and Jeff Merkley of Oregon announced in June 2010 that Portland State University will receive a $1 million grant to fund a public-private research partnership to “research, develop and test green building technologies and practices, provide workforce training and promote the adoption of energy efficient best practices throughout the building industry.”\textsuperscript{33} These partnerships allow corporations to initiate major research projects by providing the funding, equipment, and resources for universities. This also benefits the university, which does not have to use funding for these assets.

Another type of partnership exists when the university provides consulting or other business services to local businesses, often through its business school. By playing a role in the development of these businesses the university fosters potential donors and private sector partners. In a role reversal, local business leaders also often act in an advisory capacity to public universities. They can provide connections to local businesses leading to further partnerships and possibly increasing the university’s donor base. These types of partnerships are discussed further in the institutional examples in the final section of this report.

**Commercial Ventures**

Known as “revenue diversification,” the use of commercial ventures, such as contract education, real estate activities, catering food to the community, retailing, etc., can provide important sources of alternate funding for public higher education institutions.\textsuperscript{34} As many universities across the country are turning to this funding source, it is important that the institutions remember that the legitimacy of commercial ventures relies on the fact that they are related to the educational mission

\textsuperscript{31} “SBU President Says Public Colleges and Universities Need the Reforms Included in Governor’s Budget Proposal.” Stony Brook News. May 13, 2010. http://commcgi.cc.stonybrook.edu/am2/publish/General_University_News_2/SBU_President_Says_Public_Colleges_And_Universities_Need_The_Reforms_Included_In_Governor_s_BudgetProposal.shtml


of the institution and are tied to either a program (i.e. technology education), a function (i.e. library), or the need for a service (i.e. cafeteria).\(^{35}\)

Although there are important organizational, legal, and financial factors that must be considered,\(^{36}\) revenue diversification tends to be a successful way to raise funds for a public university. Necessary considerations for institutions intending to embark on commercial ventures include the fact that the commercial sources of revenue should:

- Take advantage of the physical assets they possess,
- Identify different areas of retail sales on campus (bookstore, photocopy machines, etc.),
- Recruit experts to advise on legal and business matters,
- Engage the help of small business groups,
- Obtain approval of the board of trustees, and
- Establish a committee to oversee the project.\(^{37}\)

For example, the California State University system is currently pursuing real estate partnerships. It has already allowed the Los Angeles professional soccer team to build a 27,000-seat stadium at the Dominguez Hills campus, on the provision that the institution shares revenues from rent, parking, and the box office. Combined, these alternative revenues from the stadium comprise of almost ten percent of the system’s budget.\(^{38}\)

**Using Lease Revenue Bonds**

Many institutions are turning to the local community and businesses to raise additional funds for capital construction, scholarships, and endowments. Lease revenue bonds “are a form of long-term borrowing in which the debt obligation is secured by a revenue stream produced by the project.”\(^{39}\) These self-liquidating revenue bonds allow public universities to secure capital assets immediately.

In California, for example, the Public Works Board was authorized “to finance the construction or renovation, and the equipping of facilities for lease-purchase to the University of California, the California State University, and the California Community Colleges for educational and research purposes related to specific fields of high technology.” This type of financing means that the public universities can own and use an asset immediately while payments with low interest levels are distributed over the asset’s useful life. These payments are made with revenue from

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\(^{35}\) Ibid.

\(^{36}\) Brightman, Richard W. “Revenue Diversification: A New Source of Funds for Community Colleges.” ERIC. See http://www.eric.ed.gov/ERICWebPortal/custom/portlets/recordDetails/detailmini.jsp?_nfpb=true&_&ERICExtSearch_SearchValue_0=ED221251&ERICExtSearch_SearchType_0=no&accno=ED221251


the assets. Lease revenue bonds are somewhat controversial because they allow states to bypass voters.40

Best Practices in Fundraising: Donor Management

In order to address the numerous current strategies utilized at public higher education institutions, this section is divided into the following issues:

- Fundraising Outlook and Strategies
- Donor Cultivation
- Donor Acquisition
- Downturn-Specific Strategies
- Potential Fundraising Roadblocks and Technology Solutions

Fundraising Outlook and Strategies

According to the Retriever Development Counsel’s “Nonprofit Fundraising Trends 2010” report, fundraising goals and projections are more positive this year as organizations are beginning to experience recovery. From 2009, “45% of respondent groups experienced higher fundraising results, 19% reported results were the same as 2008, and 37% reported lower results in 2009.” In response to these results, “most organizational fundraising goals are projected to increase (59%) or not change (25%); relatively small numbers said that their goals would decrease (8%), or that they didn’t know (8%).”

Respondents of the cross-sector survey also identified the most beneficial actions for their fundraising activities:

- Outreach/cultivation of donors and the community (41 percent)
- Investing resources into fundraising (21 percent)
- Board recruitment, development, and participation (18 percent)
- Focusing on communications/marketing/messaging (17 percent)
- Strategic planning (9 percent)

The 2009 report found that organizations’ current fundraising efforts rely heavily on major gifts, online marketing, email marketing, foundation grants, special outreach, and earned income or direct mail. These fundraising techniques indicate a heavy reliance on communications with donors, as profiled in greater detail in the figure below.

Figure 1: Predicted Changes in Donor Outreach Activity Levels

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<th>More</th>
<th>Same</th>
<th>Not at All</th>
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<tbody>
<tr>
<td>Website marketing</td>
<td>65%</td>
<td>Direct mail (56%)</td>
<td>Telephone Solicitations (50%)</td>
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<tr>
<td>E-mail marketing</td>
<td>62%</td>
<td>Printed communications (newsletters) (51%)</td>
<td>Advertising (28%)</td>
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42 Ibid.
More | Same | Not at All
--- | --- | ---
Social networking (54%) | Advertising (42%) | Social Networking (23%)
Media relations (49%) | Media Relations (42%) | E-mail marketing (13%)

Source: “Non-Profit Fundraising Trends 2009”

**Donor Cultivation**

The discussion above emphasizes the importance of donor relationship building and maintenance during the economic downturn. The more familiar donors are with the institution and the more donors understand how their donations will make a difference, the more likely they will be to contribute. Even if donors are currently unable to spare funds, maintaining contact will leave the soliciting institution well placed once the economy begins to recover. Fundraising experts agree that relationship-building is a key factor when it comes to asking for funds and emphasize the importance of informing and involving a donor before seeking a major investment.

One 2007 article specifically addresses donor cultivation for HBCUs. It notes that “The lack of connection between prospective donors and organizations results in unsatisfied philanthropists. It is incumbent upon the fundraiser and the institutional leader to resolve any differences in philosophical underpinnings prior to donor cultivation.” As such, donor cultivation at HBCUs requires focusing on communicating with donors, establishing a connection, and showing a connection between donations and success. The article notes that:

> Historically Black Colleges and Universities (HBCUs) have only recently embraced the concept of matching donor preferences with institutional funding needs. Approaching donors from this angle has yielded more resources for HBCUs. Many of these schools have discovered that using presidents to call alumni produces results. When alumni receive a call from the current president, they feel important. They feel like their gift was truly appreciated. Establishing such a relationship will nearly guarantee support. In the fund development community, stewards often overlook the importance of building relationships. It is imperative that presidents understand and respect donors.

The most successful techniques are often the ones that have been employed previously, as experts note that nothing will ever replace proven practices such as relationship-building and the peer-to-peer ask for fundraising success. Relationship-building is crucial to identifying a donor's philanthropic goals. Just as important, the

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44 Ibid., 10.
46 Ibid., 4.
college then needs to match areas of potential growth with these goals. Strong matches of interest and need are the “sweet spot” in fundraising.47

When targeting business leaders for fundraising, it is essential to establish working relationships before asking for money. Reaching out to area business leaders to learn about ways to fill employee vacancies and improve worker training can serve as a useful opportunity for the institution to explain the university’s role in the region’s economic development. Producing and disseminating a brochure to regional businesses publicizing institutional facts such as enrollment, degrees offered, the companies the university works with and the number of students enrolled in sought-after programs can render significant financial reward.48 In this respect, institutional leaders should closely follow regional business news so they can adjust to current needs. These efforts can have the added benefit of growing revenue by boosting enrollment. In a bigger sense, the ability to generate funds autonomously in such a way despite adverse economic conditions shows that the region supports your institution. This can greatly assist any efforts to lobby additional funds from the government, as the best way to motivate any donor, public or private, is to show them results.49

**Donor Acquisition**

In addition to cultivating existing donor relationships, public four-year institutions should exploit the potential for new donor acquisition in order to broaden their existing donor base. The following strategies are best practices in donor acquisition:

- **Tap into the power of social networking:** Be sure to branch out from standard newsletters to take full advantage of all the networking tools currently available. These include familiarizing the alumni relations staff with internet applications such as Facebook, Myspace, Digg, Twitter, and LinkedIn. These networks facilitate establishment of relationships with donors and potential donors without having to leave the office. Utilizing social networks is cheap, saves time, and offers another outlet for promoting the institution and drawing in more donors.

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Take risks: Despite the difficult economic times, risk-taking can be a highly profitable money-raising technique. Take risks on people and businesses that may not appear to have much, while also taking risks on people who have plenty. Donors will give to ideas, and if they see that the institution is committed to a vision and that the institution is willing to take risks for it, then they’ll be willing to take risks for it and be more likely to give.

Diversify habits of acquiring new donors: Many institutions use the same strategies for years of acquiring new donors. Amidst the downturn, however, institutions need to be creative to separate themselves from the pack. Institutions should use the resources they have, including technology and relationships. This may include recording the testimonies of people who have been positively affected by the institution, writing grants, or creating a DVD that can be sent out or broadcasted on the Internet.50

In specific regards to higher education, there are several points worth noting in regards to donor acquisition. Jason Fisher, a longtime “phonathon” manager at higher education institution notes that “proximity matters when it involves alumni participation.” Alumni who live further from their alma mater are more likely to donate. This can be because reengaging with this institution when they are not hearing about it from day to day in local news provides a reconnection with their past. Furthermore, many alumni who live further away were originally out-of-state students who chose to pursue their education at an out-of-state university for a reason. As such, they may have a stronger affinity for their alma mater than in-state students who chose an institution based more on proximity or for financial reasons. As such, if an institution has a record of the current residencies of its alumni, this may provide an important arena for donor cultivation. Fisher notes that “Phonathon managers and directors of annual giving should review the statistical performance of their alumni and develop a strategy to maximize the productivity of those prospective donors who demonstrate a higher propensity to give. This means completing a higher percentage of out-of-state calls, using targeted solicitations for e-mails, text messaging alumni for events in their towns, etc.”51

Secondly, many universities have taken it upon themselves to educate students beginning when they are freshmen about the importance of donor giving in making a public university successful and accessible. This is communicable through the implementation of establishment of academic programming, new capital projects, or scholarships where donor giving may be crucial. This is an important practice in donor acquisition, particularly in terms of increasing young alumni donors, a group which traditionally gives the least. One report cites the viability of student-alumni societies to connect current students with giving alumni. Reaching out to young alumni particularly through social networking, young alumni-specific events, and

relationships with popular extracurricular programs on campus can be part of this education.\textsuperscript{52}

Thirdly, in order to acquire new donors in higher education, prospects should not be “pigeon-holed” into one specific area. A recent \textit{DonorTrends} article notes that higher education institutions in particular fall into this trend. For example, engineering graduates are only called to participate in donor drives for the engineering school or department when in fact some engineering graduates may have been major arts or athletics supporters and would rather give back in that area. Thus, public education institutions should widely leverage prospects in order to offer the best chances for long-term donor acquisition.\textsuperscript{53}

\textbf{Optimizing Fundraising during the Downturn}

Though these recommendations for donor cultivation and donor acquisition indicate strategies necessary for productive donor relationships, the following recommendations address some specific strategies in this area in the context of the economic downturn:

\begin{itemize}
\item \textbf{Treat your donors like gold}: In the downturn, individual donors might feel that they have fewer resources to give, especially the wealthier benefactors who have large sums invested in the stock market.
\item \textbf{Offer donors a reason to give}: This should be the foundation of any fundraising effort. Donors are better motivated if they feel like they are investing in ideas and in people more so than if they feel they are giving to an institution. Helping donors to understand what the gift will accomplish and following up to show them the benefits of their contribution can guarantee future generosity.\textsuperscript{54}
\item \textbf{Pursue donors who are no longer giving}: It is important to foster relationships with donors even if they have not made a donation for some time. Challenge these donors to resume giving, without sounding desperate.\textsuperscript{55}
\item \textbf{Reach out to donors and program officers immediately}: Donors and foundations have been affected by the financial crisis in a variety of ways, so one should not assume that they are all unavailable for assistance. The key is to ask them. Find out from the program officers you work with how the crisis may impact the foundation’s giving; what sort of funding cycle the foundation is on; whether giving is likely to tighten up next year or in five years. Do not necessarily try to get a firm commitment or nail down donation amounts for the budget or grant cycle.\textsuperscript{56}
\item \textbf{Reach out to major donors}: Acknowledge the financial crisis but ask how they’ve
\end{itemize}

\textsuperscript{52} “Young Alumni and Student Programs.” Council for Advancement and Support of Education. http://www.case.org/Conferences_and_Training/YASP/Program.html


\textsuperscript{55} Ibid.

been impacted and if they have to reconsider any of their charitable contributions. Build bridges and make the connections between what they think is important to their work and or giving goals and what your organization is doing. Conduct this conversation in a way that leaves room to make the case for keeping your organization as one of those they continue to support even if they are considering reducing their giving.⁵⁷

**Fundraising Roadblock and Technology Solutions**

Historically Black Colleges and Universities (HBCU) struggle with donor management. A recent HBCU symposium hosted by U.S. Secretary of Education Arne Duncan noted that though a new law “will provide HBCUs with $850 million over the next decade to streamline lending for education,” these institutions still need to invest significantly in development. Marybeth Gasman, a University of Pennsylvania researcher focused on HBCUs, explained that these schools have been reluctant to pursue aggressive alumni fundraising putting them behind other public universities. Gasman stated that “You have to instill a culture of philanthropic giving in your students when they are students…Every student needs to know why they are there, how they got there and who funded them.” Furthermore, she countered the notion that African-Americans do not want to give back and actually as a group give more than any other. However, they have to be approached in order to donate.⁵⁸

Major technological donor management is one way to help overcome the lack of HBCU alumni engagement – a significant roadblock. A significant aspect of donor cultivation and donor acquisition is managing all donor data. More sophisticated donor databases allow large, public universities to keep track of alumni, staff and friends and outside donors who have made contributions as well as potential donor leads. For example, the University of Michigan recently “selected Blackbaud Enterprise CRM™ and Target Analytics® to replace its system-wide fundraising technology and prospect research services.”⁵⁹ Blackbaud’s CEO March Chardon stated that the company’s new system will allow the University of Michigan to centralize and optimize data from over 40 fundraising units, increase user effectiveness, and improve the user experience. Specifically, according to a company press release, the new system will

“**You have to instill a culture of philanthropic giving in your students when they are students...Every student needs to know why they are there, how they got there and who funded them.**”

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provide the University with enhanced capabilities in fundraising, marketing, prospect research, volunteer and event management, and website administration. In addition, the solution will provide highly flexible reporting and analytical capabilities, strong data security and end-user access administration, and out-of-the-box technical tools to support configuration and customization options.

Blackbaud caters to numerous other universities and non-profits and is one of many creators of effective system-wide fundraising technology tools which increase a university’s donor management capabilities. With significant organization and the ability to quickly pull useful data, university fundraising efforts are much more likely to be successful and effective.
Peer Institutional Experiences and Strategies

The strategies described above are meant to highlight general trends among public universities for addressing the pressing issue of funding cuts. The following case studies, however, discuss the specific strategies of select institutions in responding to the current cuts in public funding. The most prominent trends among the peer institutions discussed in this section include major capital campaigns, hiring new personnel, public-private partnerships, external funding, tuition hikes, increased enrollment, distance learning programs, and institutional partnerships.

**Major capital campaigns:** This is the most prominent trend at the institutions discussed in this section of the report. In the wake of state budget cuts, many public four-year institutions have undertaken major capital campaigns, often the first in the university’s history, in order to fill budget gaps, expand scholarships, and finance university programs. These campaigns generally range in size from $2 million to $500 million and have largely been successful, focusing on expanding donor bases and alumni reengagement that will also benefit the universities in the future.

In September 2010 **Angelo State University** in Texas announced the first capital campaign in the history of the institution with a **$25 million** objective. The University was responding to state funding cuts as well as record enrollments and greater recent recognition. The campaign “is part of a larger, billion-dollar system-wide campaign…to benefit Texas Tech University and Texas Tech University Health Sciences Center.” Though the program will raise funds “to support multiple ASU program and initiatives” it will focus on three signature programs of nursing, teacher education, and agriculture.60 A recent Council for Aid to Education report found that in FY2009, the Texas Tech University did not experience a decline in donations, though specific components such as Angelo State University’s health sciences center experienced decreased donations.61

At a November 2009 Council of Trustees meeting, the fundraising report for **Clarion University of Pennsylvania** noted that “fundraising for the first quarter of FY09-10 was lagging behind the prior year by about $160,000.” This was attributed partially to decreases in parent donors and late returns for Earned Income Tax Credit funds, but

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noted that “the University had recently announced a **$5 million scholarship campaign** to support the Honors Program and Athletics.”62 This targeted capital campaign aims “to establish and enhance scholarships that will provide long-term support for students in these groups.”63

The Worcester State Foundation exceeded its $12 million goal announced in October 2009, raising **$12.3 million** for **Worcester State University** in Massachusetts. The $12 million goal was set after it was clear that the campaign would exceed the original $10 million goal. The Opportunity for a Lifetime capital campaign raised $4,055,478 for scholarships, $3,804,658 for academic development, $4,503,027 for the unrestricted endowment, and over $1.17 million for campus expansion initiatives. Some funds went immediately towards areas such as research grants, expansion of the nursing program, and new scholarships. The campaign included 7,600 donors with major support from the Fuller Foundation, the Fairlawn Foundation, the George I. Alden Trust, the Stoddard Charitable Trust, Davis Educational, Chartwells, United Way of Central Massachusetts, the L.G. Balfour Foundation, the Follett Higher Education Group, AstraZeneca Pharmaceutical Products, Coca-Cola Bottling Co. of New England.64

The **Bowie State University** Foundation in Maryland is currently overseeing The Campaign for **Bowie State University: Believe. Invest. Grow.** (The BIG Campaign) with the dual objectives of **raising $15 million and increasing the university’s donor base.**65 This effort is aided by Maryland state funds. In 1999, the Maryland Higher Education Commission reauthorized a Private Donation Incentive Program which “provides State-matching funds to promote private fundraising within Maryland’s public colleges and universities and to encourage public institutions of higher education to increase the public’s level of gifts and donations to the institution’s endowments.” From this program Bowie State University can receive a **$1.5 million maximum of state matching funds.**66

In September 2010, **Columbus State University** in Georgia announced a record-setting Annual Fund campaign which exceeded its **$2 million goal** “to help offset the reduction of state-allocated funding.” More than 200 volunteers worked on the Annual Fund’s campaign which is also critical for the university to meet student

Employees are able to make a one-time gift, “but are encouraged to join via payroll deduction which automatically rolls over each year as long as the individual is employed by Monmouth.”

Monmouth University in New Jersey is slightly unusual among the institutions discussed in this section by promoting its Employee Giving Campaign. The university “is proud to promote the fact that over 63% of university employees give back more than $200,000 annually.” In addition, “2009 marked the first year in which 100% of all athletics employees donated to the annual fund.” Monmouth University believes that by educating staff they will then educate alumni, family, and friends about the value of contributing to the university. Employees are able to make a one-time gift, “but are encouraged to join via payroll deduction which automatically rolls over each year as long as the individual is employed by Monmouth.”

In April and May 2010, Prairie View A&M University in Texas launched its inaugural Alumni Giving Campaign. For twelve days, current Prairie View A&M students contacted 15,000 alumni by phone “to raise funds that support University operations, student programs, and the general scholarship fund.” Though the “phon-a-thon” was directed towards alumni reengagement and contact verification, the campaign resulted in $80,000 in donations, exceeding the initial target of $60,000. As a result of the successful campaign, the effort will become an annual fundraising initiative “to secure unrestricted gifts that can be used where the need is greatest.” In addition to alumni, the University is looking to include current students, parents, grandparents, faculty, staff and friends of the university in its future efforts. A recent online survey emailed to about 10,000 former students found that alumni were willing to support an annual fund and wanted frequent information updates.

In FY 2009, North Carolina Central University (NCCU) saw annual fund donations drop to $871,411 from $2.4 million in FY 2008, though preliminary reports for FY 2010 show contributions back up to $928,000. The school has been particularly focused on estate planning to encourage donations which are not a direct current gift. Unusually, NCCU has launched a text message-based
North Carolina Central University has been particularly focused on estate planning to encourage donations which are not a direct current gift. Unusually, NCCU has launched a text message-based donation campaign for its athletic program.

**Hiring new personnel:** At many of these peer institutions, new and experienced fundraising and advancement personnel have been hired during the downturn to expand the university’s funding efforts despite cuts in administrative costs.

**East Central University** (ECU) in Oklahoma has restructured its fundraising administration. The new associate vice president for research and advancement, named in November 2009, will oversee the newly combined Office of Sponsored Programs and Research and the Division of Advancement and Alumni Relations. The University is highly focused on grants and contracts. In fact, President John Hargrave noted that “ECU’s largest single source of funding in the 2009 fiscal year was $19.9 million from grants and contracts. That was 34 percent of the university’s total operational budget.” The University plans to leverage its centennial in order to increase donations and its donor base.

**Capital University** in Ohio has also made an effort to hire experienced development personnel. In 2008, the Board of Trustees approved the selection of a new vice president for University Advancement with significant experience fundraising for Ohio State University, a much larger institution.

**Public-private partnerships:** Cultivating public-private partnerships is often a significant source or potential source of funding. Some institutions provide consulting for local businesses while others use local business leaders as advisors or look to create recruiting and training relationships that will benefit both the university and the business in the future.

**Clarion University of Pennsylvania’s** unique Small Business Development Center (SBDC) was formed in 1980 and aims “to grow the economy of western Pennsylvania by providing entrepreneurs with the education, information and tools

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In addition to having a Board of Trustees, Capital University in Ohio has a President’s Advisory Board to advise on the community’s needs and “identify business leaders who are instrumental to achieving our shared goals.” The Board includes numerous local business leaders with the resources and local knowledge to foster public-private relationships. The institution takes advantage of the fact that “many of Capital’s 35,000 alumni and friends call Central Ohio their home.”

North Carolina Central University Law School is operated by a foundation based on a solid public-private partnership allowing the School to award $1,512,363 in scholarships to law students. Private funding for the foundation comes from individuals, corporations, and foundations. Despite loss of public funding in FY 2009, the Law School was able to fill the gaps with increased enrollment and a school-based rise in tuition which went directly into a fund “specifically to finance needs in faculty retention, student scholarships, academic support and student services.” In addition, the North Carolina General Assembly approved the final installment of a recurring $4.5 million increase to the Law School’s base budget allocation.

In April 2010, Congressman Bart Stupak announced that Northern Michigan University’s Electrical Power Technician Job Training program through the U.S.

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75 “About the Clarion University Small Business Development Center.” Clarion University. http://web.clarion.edu/SBDC/personnel/default.asp
Department of Energy as part of the American Recovery and Reinvestment Act. The program also had a transformer, the largest piece of a mock substation, donated to its Jacobetti Skills Center through the Midwest Skills Development Center and the Upper Peninsula Power Company as well as other Upper Peninsula utilities. The university plans to graduate 20 students from the program each year demonstrating a successful training partnership.

**External funding:** Major grants are a significant source of funding especially given state budget cuts. These grants come from both public and private sources and are generally used to support a specific program. The state and federal agencies, foundations, earmarks, and corporations which have generated significant grants for institutions are discussed below. Many institutions benefit from good relationships with local congressmen.

**Southern University and A&M College** was one of six Louisiana colleges and universities to share in **$2.25 million in grants from the BP Foundation**. The grant “will support math and science enrichment programs, as well as scholarships and curriculum enhancement for technical programs that provide training for jobs in the oil and gas industry.” Lamar McKay, chairman and president of BP America stated that “We believe in the power of partnerships in the communities in which we operate…Our investment will offer students the skills necessary to enter and succeed in the local workforce.” In addition, Southern University and A&M College will receive **$1.6 million from the U.S. Department of Education’s Historically Black Colleges and Universities Institutional Aid Program**. Six institutions in Louisiana received more than $6.8 million total as part of this grant program will aims “to provide financial assistance to establish or strengthen academic resources, financial management, endowments and physical plants to enhance these academic institutions.”

The Family Development Center at the **University of Colorado, Colorado Springs** (UCCS) received a four-year **$186,000 Child Care Access Means Parents in School grant** in September 2010 “to help low-income students achieve their goal of attending college while still caring for their families.” The grant will allow low-income students to receive approximately 25 percent discounts on the day care and learning facilities at the Family Development Center. UCCS has also received more than $8

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million in sponsored research funding in FY2009-10, including stimulus funding. Aside from major research grants from the National Science Foundation and Nations Institute of Health, other granting agencies for University of Colorado campuses included the U.S. Departments of Commerce, Veterans Affairs, Defense, Energy, Health and Human Services, and Education.83

**Bowie State University** is currently celebrating its 145th anniversary. The University has been particularly active in its fundraising efforts, even winning a 2009 Council for Advancement and Support of Education WealthEngine Award for Educational Fundraising. Its major fundraising accomplishments include:

- Bowie State University has received a **National Science Foundation** (NSF) grant in the amount of $559,994 to support the establishment of a genomic training lab, the introduction of a new course entitled Applied Biotechnology, an intensive summer training course on the campus for undergraduate students selected from nearby Historically Black Colleges and Universities (HBCUs) and high school teachers from schools in Prince George’s County.
- Bowie State’s Maryland Center was awarded a **$1.1 million grant by the Maryland State Department of Education** to increase the advanced math skills of more than 400 Prince George’s County students in grades 5-9. The program will include a summer math camp and school-year booster sessions.
- The University’s College of Education initiated a Principals’ Institute with $192,000 in federal funding secured by Congressman Steny H. Hoyer. The institute features an 18-month curriculum with daylong Saturday classes that will cover preparation for principal certification for Prince George’s County elementary, middle and high schools. The institute also will provide training in leadership and advanced professional development.84

Some unique **Clarion University of Pennsylvania** programs have recently received funding including **$411,186 from the U.S. Department of Education for the Upward Bound Program** and **$3,750 from the Pennsylvania Department of Environmental Protection** for “A Hands-On Approach to Learning Environment Impact of Energy Conversion and Usage” project.85

**Columbus State University** in Georgia is looking to increase its external funding and recognition. Recently, the Columbus State University Foundation invested in a relationship with a Washington-DC-based firm, McAllister & Quinn to

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84 Bowie State University. http://www2.bowiestate.edu/145/vision.html
85 “Clarion University projects funded.” Clarion University. http://www.clarion.edu/192965/
support “efforts in seeking external support through grants, contracts and earmarks.” The university recently received $1.6 million for its TSYS School of Computer Science in conjunction with University System of Florida’s Institute for Human and Machine Cognition. It also received $150,000 to support laboratory equipment in the STEM areas as an earmark. The university cites a close relationship to Representative Sanford Bishop. The university is also working on a concerted branding effort with Torch Creative in Dallas, TX.86

In March 2010, Coppin State University in Maryland received a $932,116 grant award from the U.S. Department of Commerce Broadband Technology Opportunities Program. The federal stimulus funding will establish the Coppin Heights-Rosemont Family Computer Center to provide broadband computer access, job training, and educational and mentorship programs to 35,000 residents of the community. Coppin is focused on revitalizing the Baltimore community through its Institute for Local to Global Community Engagement.87 In 2007, Coppin State University Nursing School received almost $638,000 from the U.S. Department of Health and Human Services, Resources and Services Administration. Two three-year Advanced Education Nursing grants will total over $1.7 million for the University, expanding the Baccalaureate Nursing Program by 29 percent. The nursing program also runs the Community Health Clinic in Baltimore and students focus on delivering culturally sensitive health care to diverse populations in an urban environment.88

In October 2009, East Central University in Oklahoma was awarded a $900,000 grant “to provide scholarships and additional education opportunities to students who commit to teach high school mathematics for six years in a “high-need” school district in Oklahoma.” ECU was the first university in Oklahoma to receive the five-year Robert Noyce Teacher Scholarship Grant funded by the National Science Foundation.89 In 2009, ECU also received a $500,000 grant from the U.S. Department of Labor’s Veterans’ Workforce Investment Program “to provide 160 state veterans with job training for civilian careers, with a special emphasis placed on ‘green jobs.’”90

Delaware State University (DSU) has enjoyed donations from numerous private sources. Bank of America recently donated $100,000 to several university

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programs including Wall Street programs, camps for teachers and youths, Saturday Academies, Financial Aid workshops, SAT Prep Workshops, and the Small Business Institute. This marks a total of $427,350 donated by the bank over the last three years to DSU.91 The Delaware River and Bay Authority recently donated $5,000 “to go toward scholarships for Delaware State University aviation students.”92 In addition, Delmarva Power showed continued support of DSU in 2009 through a gift of $10,000 toward the endowed scholarship fund established by the utility company ten years previously.93

Fayetteville State University in North Carolina received a $500,000 grant from the U.S. Department of Housing and Urban Development fund for Historically Black Colleges and Universities in September 2010. The grant is dedicated toward redevelopment of an area nearby the campus. The University will be eligible to apply for up to $800,000 next year. Moreover, “the redevelopment takes place alongside the university’s plans to spend $100 million on new campus construction over the next five years, once earmarked state funds are unfrozen.”94

Monmouth University’s Urban Coast Institute in New Jersey has received over $1 million in federal funding since it was established in 2005 to study the coastal environment. In 2009 it received $250,000 in federal funding through the RESCUE Initiative “to study and develop strategies to reduce pollution and help maintain the balance of human and natural use of coastal areas.”95

Tuition hikes: Many public institutions have been forced to raise tuition and fees significantly during the economic downturn as well as focusing efforts on providing scholarships and financial aid to those unable to afford tuition.

Though East Central University in Oklahoma suffered significantly from state budget cuts, it had the lowest increase in the Regional University System of Oklahoma for 2010-11 with a five percent increase in tuition and mandatory fees.

91 “Bank of America Donates $100,000 to DSU.” Delaware State University Foundation, Inc. http://www.desu.edu/index.php?q=node/1557
The University was able to freeze tuition between the 2008-09 and 2009-10 school years, but said a rise was necessitated by the budget cuts and “record growth in enrollment.” 96 On the other hand, instead of increasing tuition levels like many other institutions, Western Connecticut State University will maintain current tuition levels for the academic year beginning in 2011, the Board of Trustees for the Connecticut State University System “voted recently to impose a second one-year freeze on the salaries of management and non-union unclassified staff for the fiscal year that begins on July 1, 2011.” The freeze will occur along with staff reduction and unpaid furlough days to cut costs.97

**Increased enrollment:** In addition to tuition hikes, efforts to increase enrollment numbers have become an important part of compensating for cuts in state funding at numerous institutions.

At a January 2010 Town Hall Presentation by the president and provost of Columbus State University in Georgia, the administrators announced intentions to increase enrollment to 10,000 students by fall 2010, to “create more partnerships with academic institutions, government agencies, and business consistent with the university’s mission.” For fall 2008, enrollment increased 4.7 percent and for fall 2009, enrollment increased 3.0 percent. The University is aiming to target growth of graduate programs, to modify admissions standards, to make recommendations to the state regarding learning support, to expand the reach of recruiting efforts, to launch greater sports programming, and to increase enrollment capacity. In terms of partnerships, Columbus is looking towards several initiatives including expansion of its West Point campus which provides downtown courses for working students, growth of its Fort Benning campus which caters to military students, fostering alliances with the City of Columbus, and expanding relationships with community and technical colleges.98

University of Colorado, Colorado Springs is also particularly focused on increasing enrollment by three percent in order to compensate for state budget cuts following the end of stimulus funding. Administrators are sending mailings to all Colorado high school students and to selected students outside Colorado as well as radio, newspaper, and Denver-based television advertising to attract more students.99

Many institutions have benefitted from the revenues brought in from online course offerings. Institutions have developed these programs in order to increase enrollment and reach different types of students.

Distance learning: Many institutions have benefitted from the revenues brought in from online course offerings. Institutions have developed these programs in order to increase enrollment and reach different types of students. Columbus State University in Georgia, for example, has put significant effort into non-traditional course programs. Its online course program initially cost Columbus $300,000 a year for course delivery and now generates $2 million a year in support for the university. In addition, the College of Letters and Sciences “approved the launch of a flexible bachelor’s degree in liberal arts to support active duty military and dependents” — another source of revenue for the university.100

Institutional Partnerships: Some institutions have partnered with other universities or school districts for mutually beneficial relationships.

Through a partnership with the New York City-based SUNY’s Levin Institute aims to “become an innovative, distinctive and recognized leader in addressing and responding to the impact of globalization and the global economy on the economy, society and higher education in New York and the nation.” In partnership with SUNY Brockport and SUNY Cortland, the Levin Institute will lead a multi-campus initiative to design ten ‘globalization modules’ to be delivered through undergraduate general education courses. SUNY Brockport will also host the launch of the pilot program of expanded Chinese language offerings via a web-based learning system.101

In order to decrease the need for remediation and to increase retention levels from freshman to sophomore year, Western Connecticut State University launched a partnership between university faculty and teachers at two local high schools to improve core subject college readiness, titled “Building a Bridge to Improve Student Success.” The successful initiative prompted “the state legislature to provide funding to the Connecticut State University System through the Department of Higher Education in FY 2009 to extend the college readiness program.” The program will reduce university costs and increase enrollment.102


101 The Levin Institute, The State University of New York. www.levininstitute.org/Levin%20Overview.doc

Conclusion

Public universities nationwide have suffered from significant state funding cuts and decreased donations as a result of the economic downturn. Now, the end of stimulus funding marks a “funding cliff” for public higher education institutions. Universities are forced to consider alternative funding streams and strategies in order to compensate for these major losses and to maintain academic programming, student financial aid, capital projects, and overall institutional quality. This report has suggested short-term and long-term solutions and institutionally internal and external strategies as well as providing examples of their implementation at public institutions nationwide.

Many public higher education institutions are turning to increased enrollments and tuition as an immediate solution. Public universities will also have to rely much more on private donations and as such will have to employ effective techniques of donor management. Major capital campaigns have become widespread among public institutions. In addition, universities continue to compete for grants from the public sector, corporations, and foundations. Other private sector ventures include productive public-private partnerships, commercial ventures, and affinity marketing.

Overall, as a result of the cuts in state funding, there is a general trend among public institutions to pursue greater autonomy in their funding models, giving the state less oversight. With greater autonomy, public universities are able to pursue productive relationships with the private sector, hire personnel with significant advancement experience who can pursue unique fundraising strategies, and to restructure their fundraising initiatives to best provide for large public universities whose main objective remains to provide in-state students with an affordable, quality education.
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