5 Colleges That Inspire Alumni Giving, and How They Do It

By Kathryn Masterson
February 21, 2010

When the Rev. Michael C. McFarland, president of the College of the Holy Cross, travels to meet alumni and donors, he often adds a stop for young alumni. While they might not have much to give, the gatherings allow him to make a face-to-face appeal to recent graduates and help them develop a habit of giving.

Thanks to efforts like that, more than half of Holy Cross's 32,000 alumni give to the college. That figure far exceeds the national average alumni-participation rate of 10 percent, and is one of the highest rates of alumni giving for colleges that report the figures. Regularly reaching out to young alumni—and asking them to reach out to 10 of their classmates—is just one tactic the college uses to keep its annual-fund numbers high.

Even in good times, sustaining or increasing the percentage of alumni who give has been a challenge for many colleges. The annual Voluntary Support of Education survey has shown a decline over the last several years in alumni participation, and last year the survey recorded the lowest alumni-giving rate in its history.

There are many reasons for the declining rate, including the uncertain economy. Improved technologies have also helped colleges keep track of more of their graduates, which means that there are more alumni of record—those that institutions have a current address or other means of contact for—and that figures into the participation rates. Colleges with stretched resources may also focus on soliciting the major gifts that make or break their campaigns rather than emphasizing $25 and $100 annual-fund donations from alumni. But alumni participation is important because it helps develop a pattern of giving. Colleges know that many major gifts tend to come from people who have supported the college for a long time.

Robert A. Burdenski, an annual-giving consultant, says some colleges feel they can't do much to reverse the downward trend of alumni participation. Yes, the economy is bad, he says, but "we have some responsibility if we haven't gotten creative."

Colleges should be looking for ways to use Facebook and other social media to both solicit and thank alumni, Mr. Burdenski says. When he gives seminars in other countries where colleges are just starting to develop fund-raising programs, people are questioning the effectiveness of the traditional American giving appeals—direct-mail solicitations and phone-athons—over e-mail and other new methods that are less expensive and can have a greater impact.

While colleges shouldn't discard their traditional fund-raising methods, he says, they should be looking for ways to use technology to reach those who aren't responding to a letter in the mail or a call to a home phone. "You can't just presume that's the best starting point for younger alumni and the next generation," Mr. Burdenski says.

With those views in mind, here are five colleges, including several top performers in the VSE survey, that have seen success with alumni giving, and the tactics (some new, some old) that they use.

College of the Holy Cross: Engage Alumni Early

Father McFarland started hosting breakfasts for young alumni three years ago, as part of a renewed focus on alumni participation after a big capital campaign. Since then, giving rates for young alumni have gone up, and Holy Cross hopes that the young graduates will one day be able to make major gifts.

Last year, out of the 30 graduates who attended one of four breakfasts for young alumni that Father McFarland held, all but one made gifts. They also agreed to ask their classmates to make donations, even if they could afford only $5 each, to keep the participation rate high.

Last year 45 percent of graduates from the last decade donated to the Massachusetts college, while overall giving was 51 percent, the college says. The year before, when Holy Cross had a matching challenge, the numbers were even higher.

In addition to those efforts, Holy Cross has a longstanding tradition that has helped encourage alumni giving. Volunteers in each class write letters to classmates several times a year that detail how donations are being used and appeal for future gifts.

Middlebury College: Leverage Social Media

Michael Schoenfeld, vice president for college advancement, says Twitter and Facebook are responsible for Middlebury's receiving an extra $1-million last year from an anonymous donor. The money came in response to a challenge grant intended to increase alumni participation.

To get the money, Middlebury needed 60 percent of its 25,000 alumni to make a gift in 2009. One month before the deadline, the Vermont college was far from the goal, at 39 percent.

That's where the social media came in. Middlebury's alumni office had worked to build Facebook groups of local alumni chapters and classes, and in the last days before the deadline, alumni started posting to Facebook that they had made a gift for the challenge and that others should, too. Young alumni who worked for the college and had Twitter accounts tweeted updates on how close Middlebury was to making the challenge goal, and those updates were retweeted by others.

SOURCE: *Chronicle* reporting

The message passed from alumnus to alumna, and in the last six hours, the college received more than 900 gifts, Mr. Schoenfeld says. The rush of last-minute gifts helped Middlebury exceed the goal.

"We couldn't have done it without online giving," he says. "We couldn't have done it without the challenge."

Now, Middlebury is getting ready to start another mini-challenge: Any money donated for sstudent aid in the last quarter of the 2010 fiscal year will be matched by a donor.

Carleton College: Emphasize the Value of Community

Carleton is big on thanking its alumni. Go to the Carleton Web site, and alongside the annual-giving report are almost a dozen thank-you videos from singing groups, the student magazine, dancers, athletes—even the campus juggling team ("Thank you for helping us juggle the numbers and balance the budget," one juggler says).

Giving to Carleton is an emotional decision driven by a connection to other people, says Chris Clark, executive director of the alumni annual fund and parent giving. Getting students involved in thanking alumni for their contributions reinforces that impulse.

Every January, the Minnesota college holds a weekly "Volunteer for Carleton," an expanded phone-athon where students not only make calls to alumni to ask for donations, but also invite them to attend reunions, or write them thank-you notes for donating or volunteering. Like many liberal-arts colleges, Carleton relies on a team of alumni volunteers to ask classmates for annual-fund donations. About one-third of the college's 2,000 students took part last month.

Mr. Clark believes that alumni appreciate hearing from the college when they're not being asked for money. He also believes that the volunteer event makes a difference in students' lives, exposing them to the philanthropy and service of the Carleton community. (More than half of Carleton's 25,000 alumni gave to the college last year, the college reports.)

"I want them to see and think and acknowledge those making gifts and volunteering," Mr. Clark says. "You're part of a larger community, and many of these people you've never met have made a difference in your experience."

Bennett College for Women: Show What a Gift Can Do

About a third of Bennett's 5,000 alumnae donated money to the historically black women's college in North Carolina last year—with 300 more making gifts than the year before.

Bennett lacks the multimillion-dollar budgets of major fund-raising operations, so its tactics are simple, says Audrey Demps Franklin, director of alumnae affairs.

E-mail messages from the president go out bimonthly, detailing the need for support for student scholarships and improvements to the campus. And students have an annual "Thank-athon" where they call donors and thank them personally for their gifts.

SOURCE: *Chronicle* reporting

"We can't always send out slick materials," Ms. Demps Franklin says. "But our alums understand the need."

The college has also put a renewed emphasis on endowed scholarships, creating six last year alone. "I think some of the alums who were ready to give, this was a good option for them," Ms. Demps Franklin says.

The college, which just hired a new director of institutional advancement, wants to increase alumnae gifts by 50 percent, to $1.5-million, and also raise the number of alumnae who give.

That could help the college, which has experienced financial trouble but is now more stable, says Julianne Malveaux, its president.

She hopes to raise even more money from foundations and other donors who look at the rate of alumni support when deciding how to allocate their donations.

"Others look at your alumni giving to decide if they want to give," Ms. Malveaux says.

Amherst College: Connect Alumni With Professors

Besides looking at alumni-giving rates, how do you know how well your alumni programs are working? And how do you know what will make them better?

Amherst College is attempting to quantify alumni engagement with a six-part measurement that tracks when alumni make a gift, attend an event, give feedback to the college, or interact with students. After measuring alumni activity for one year, the Massachusetts college believes 70 percent of its 20,000 alumni have some sort of proactive interaction with the college (their giving rate is over 60 percent).

Alumni are the "living endowment of the college," says Betsy Cannon Smith, director of alumni and parent programs. Knowing how they are engaged will help Amherst move beyond anecdotal evidence to data about who is interested in what programs.

Amherst has a range of programs to connect alumni back to the college and its faculty. A program called Amherst Reads is an online book club featuring works by faculty members and Amherst alumni (next month's selection is *Freefall,* a nonfiction book about the economic collapse, by Joseph E. Stiglitz, a 1964 graduate and Nobel Prize winner).

A newer program, Amherst Connects, features a lecture series where alumni participate in an hourlong conference call with a faculty member who gives a 30-minute presentation, then answers questions sent by e-mail. Next month an English professor will be speaking on globalizing Shakespeare; in May, two economics professors will speak on economic perspectives on health-care reform.

Emma L. Carew contributed to this article.

SOURCE: *Chronicle* reporting

E-Mail Marketing Campaign Gets By With a Little Help From Some 'Friends'

By Ellen Foley
June 29, 2011

On November 2, 2010, Madison Area Technical College in Madison, Wis., won public support for a $134-million rebuilding project by almost 60 percent of the vote. With a 22-percent enrollment increase in the previous five years, facilities were overcrowded. Major improvements had not been made in more than 30 years, despite the need for updated classrooms and equipment for 21st-century students, particularly those in health careers, protective services, and advanced manufacturing.

We scored our unlikely victory with a two-month educational-outreach campaign that reached more than one million friends, citizens, and neighbors. So how did a community college reach such a critical mass in less than nine weeks, in an anti-tax climate?

Madison College, as our institution is known, used all the traditional messaging formats: direct mail, radio ads, a small television buy, newspaper endorsements, and 132 face-to-face presentations, including meetings with our faculty, staff, and students, as well as talks at community centers, service clubs, media outlets, and county boards. More important, we also employed an innovative, aggressive, and multitiered social-media campaign.

Assisted by two in-house social-media managers, several student interns, college leaders, and a band of young consultants who spent weeks strategizing how to best reach our audience, the college created an e-mail campaign, a crowdsourcing project, a blog about alumni accomplishments, an "electronic lawn sign" campaign, and a Facebook page that attracted more than 88,000 visitors.

Early on, we faced a couple of significant challenges. For one thing, social media is a chaotic space in which users expect real-time answers to questions, and quickly. But our college's employees, perhaps our strongest group of natural advocates, couldn't always do that. They had to walk a fine line during the campaign: State rules require that college employees may only "educate" during work hours, and engage in "advocacy" during free time, breaks, or before and after work. But social media doesn't really work that way. It's a 24/7 medium that often blurs the lines between personal and promotional. On any Facebook page, there's a lot of advocacy going on, whether for a new beer or a funny YouTube video. So we had to make it very clear to college employees and our interns that social media that even hinted of advocacy was forbidden on college time or with the use of college resources.

To avoid those pitfalls and maximize our outreach effort, the college hired a team of consultants to help us with both the education effort, led by the college's communications team, and the advocacy effort, organized by the college's nonprofit foundation.

One of the consultants' first missions was to teach us how to maximize the reach of e-mail—still an extremely powerful social-media tool—by crafting the kind of messages and calls to action that would motivate people to open (and keep opening) them. They suggested we invite e-mail

SOURCE: *Chronicle* reporting

recipients to join our crowdsourcing effort, ask for help on a survey, and offer them opportunities to get involved.

We were surprised by how easy it was to get e-mail addresses from public institutions. There are 40,000 students at the University of Wisconsin at Madison, and another 40,000 Madison College students districtwide, so we simply acquired those students' e-mail addresses through an open-records request. Then we e-mailed the students almost every other day.

We also used Twitter to launch a "VoteYesMadCollege" channel. Our tweeters were able to jump into the stream of endorsements and retweets from business, labor, UW-Madison, local bloggers, and influential tweeters who were busily covering other parts of the election, including red-hot gubernatorial and senatorial races. In turn, some of those outside tweeters picked up some of our messages, including ones touting that 89 percent of our graduates are employed in six months, and that the economy receives nearly $4 for every $1 invested in Wisconsin technical colleges.

Our consultants also helped us increase our reach by enticing our e-mail recipients to visit our page on Facebook, a growing powerhouse in social marketing and a linchpin of our strategy. They were clear that it is not enough to simply say, "Join us on our Facebook page," as many traditional outlets do, so we used several tactics to increase our Facebook traffic, including an introductory drawing for an iPad for people who "liked" our Facebook page.

They taught us to link our customized Facebook page, at www.facebook.com/madisoncollege, and our Web content by offering users one-click links to our blogs and other college sites. We gained fans for programs by creating conversations, including one appeal from a fan of our veterinary-technician program to find a home for a kitten.

Our page "likes" spiked the first week to about 500 people, then stalled. But our analysis showed that our Facebook page had 7,000 "lurkers" by the second weekend who were checking out, but not "liking," the page. We realized that we needed authentic voices to keep traffic growing and to expand our online conversations on Facebook. The site's users are wise to automatic-content generation and prefer sites that offer customized material and maintain real-time conversations through posts from real people. We enlisted faculty, staff, and student leaders. We also assigned our interns and hired our student marketing club to help us keep the conversation authentic.

By the second week, we noticed that students began engaging with our social networks, first by asking questions about general college issues. Then a few opponents joined the conversation and a robust discussion erupted. By the end of six weeks, we had about 4,500 friends and 88,000 page views. Fifty-three percent of our traffic for the referendum's Facebook pages came from users' general searches for college information.

We reached hundreds of influential locals, including editors and reporters at the newspaper and television stations, who were impressed by our smart digital strategy. Some of them used the tweets as story ideas. In fact, our "earned media," which measures coverage by news reporters, increased 71 percent over October, November, and December 2010 compared with the previous year.

SOURCE: *Chronicle* reporting

Despite the buzz we were generating online, a poll near the end of the campaign showed that our chances of winning the election were waning. Our consultants recommended a strategy called "electronic lawn signs": We asked our Facebook friends to swap their profile photos for a thumbnail image that said "Be a Hero MATC Nov. 2" or "Vote Yes MATC referendum." Every time a Facebook friend replaced a thumbnail, his or her Facebook pals got an update about it. Every time that person posted a message on Facebook, the college-branded profile photo showed up on the general newsfeed. Soon we had thousands of friend-ambassadors organically spreading our message by their activity on the site.

We estimated that more than one million, and perhaps as many as five million, impressions about the campaign were shared, primarily by Facebook users who had more than 500 "friends." That did not happen by chance: Our consultants had actively recruited them early in the campaign by searching for local Facebook users with large friend bases, and asking them to reach out to those they knew or who had similar interests to pass on our story to their "friends" through postings, responses, or retweets on Twitter.

Finally, late in the campaign, we launched a digital "idea forum" called FutureofMadison.org that awarded scholarships for big community ideas. This crowdsourcing tactic promised entrants that all suggestions for our community's future would be placed in a time capsule inside the foundation of the first building the referendum dollars would finance. Seven winners were chosen, and while we received more than 350 ideas, we intend to expand this good idea and repeat it by partnering with our local K-12 school students, our future customers.

The buzz about Madison College in the local community is stronger than it ever has been. We intend to leverage that positive momentum and engage real-time communications to bring voters along with us during our multiyear building plan and to harvest the useful ideas that are still flooding into our Web site, www.futureofmadison.org. As we have learned, you can get by with a little help from your Facebook friends.

Ellen Foley is executive assistant to the president and executive director of the communications and community-development teams at Madison Area Technical College. For updated information, go to www.madisoncollegebuilding.com.

SOURCE: *Chronicle* reporting

With Megagifts Hard to Get, Colleges Chase More Donors

By Kathryn Masterson
November 21, 2010

Big gifts make big campaigns. The eight- or nine-figure donations, known in campaignspeak as lead gifts, attract publicity, inspire others to give, and, most important, help colleges make significant progress toward their fund-raising goals.

But while the number of major campaigns keeps growing, the megagifts that fuel them are in decline, victims of popped economic bubbles, depreciated assets, and shaken confidence in the economy. One recent survey found that the wealthiest donors had decreased their giving to colleges and other education-related organizations by 55 percent during the economic downturn.

In response, colleges are adjusting their fund-raising strategies. Acknowledging that they can no longer focus most of their efforts on the top 1 to 2 percent of donors, they are paying more attention to the next tier of supporters.

Reaching out to those who can make gifts from $10,000 to $1-million is a less efficient way to raise money than focusing on the handful who could afford $50-million or more, but experts say it's a strategy that colleges can no longer afford to ignore.

At the same time, some colleges are extending the timelines for campaigns and loosening the rules for what kinds of gifts are counted in the totals. And planned giving is becoming more popular, so colleges will be waiting longer than in the past to see the money pledged during campaigns.

One thing the economy hasn't changed is colleges' fund-raising ambitions. In the past two months, three public institutions—Rutgers and Texas Tech Universities and the University of California at Davis—announced billion-dollar drives, and Indiana University-Purdue University at Indianapolis announced a $1.25-billion effort. The Davis drive is its first comprehensive campaign.

Fund-raising campaigns may be feeling a pinch now, says Donald M. Fellows, a fund-raising consultant, because colleges had previously not paid much attention to the segment of donors who can make significant gifts but not huge ones. His firm, Marts & Lundy, released a report last month showing that colleges preparing for campaigns were most concerned about securing a lead gift and addressing the middle level of donors. During the next five years, the report predicted, colleges will see fewer donations from their top 1 percent of supporters. To compensate, they will need to put more effort into the next 4 to 5 percent.

"We've got to really shift and build a bridge between the $10,000 top annual-fund gift and the million-dollar range," Mr. Fellows says.

If colleges aren't seeing this in their fund raising now, they will, he adds. Some campus leaders are already looking for ways to respond to the changes in the giving landscape, reconfiguring their staffing or bolstering volunteer networks. "The next campaign is going to be harder," Mr. Fellows says.

After the Bubble

Just as real estate had a bubble, so did philanthropy, says Darrow Zeidenstein, vice president for resource development at Rice University. In the middle of the decade, wealthy donors with highly appreciated assets made large gifts, and colleges used that money to help finance capital expansion projects. For donors and colleges, he says, "nothing was too big."

Then the bubble popped. Gifts of $5-million or more have dropped sharply, Mr. Zeidenstein says. Over all, donations to higher education were down almost 12 percent last year, and giving to the country's 400 largest nonprofit organizations, including colleges, was off 11 percent. The biggest campaigns—of $1-billion or more—saw steep drops in donations at the beginning of the recession.

Hard times hit different parts of the country at different times, with Texas following the Northeast and other regions, says Mr. Zeidenstein, who has followed giving trends for more than a year. He predicted last summer that megagifts would go down in the wake of the collapse of the housing and stock markets.

To adjust, some colleges are announcing 10-year fund-raising efforts, including an all-campus drive at Indiana University, which aims to raise $5-billion. High Point University, in North Carolina, has set a decade-long time frame for its $2.1-billion effort.

Some institutions have also started counting gifts that they might not have counted before, such as in-kind and revokable donations, which may not come in until long after a campaign concludes, if at all.

A costlier strategy is to add or redeploy staff members who can focus on what is known as the "middle of the pyramid"—supporters who can make five- or six-figure gifts and wouldn't have received much specialized attention in the past.

Paying such attention requires more money and time and increases the cost per dollar raised, a figure that college leaders and governing boards monitor. But the long-term benefit is that those middle donors who are cultivated now may become leaders in campaigns later.

At Rice, which is running a $1-billion drive and doesn't have a vast alumni base, Mr. Zeidenstein has concentrated his staff's efforts on donors with the ability to give $50,000 to $1-million. "You're not just trophy hunting," he says. "You're hopefully making a big garden that will produce for years."

In its recently completed $1-billion campaign, the University of Missouri at Columbia relied on few megadonors. The largest gift during the eight-year effort was $31-million. The university depended instead, says David P. Housh, vice chancellor for development and alumni relations, on 165 donors who made gifts in the million-dollar range and up.

SOURCE: *Chronicle* reporting

Missouri is now planning for its next campaign—which will be bigger than the last—and fund raisers are hoping that some of those donors will make bigger gifts. The university has also worked with consultants to identify 4,000 prospective donors who have the ability to make major gifts but were not being courted. The development team is now working to build relationships with them.

If the university is aiming to raise more than $1-billion, Mr. Housh says, "you need some of those big gifts to really push you over."

Different Times

David Onion, senior associate vice president for development at the University of Texas at Austin, has the perspective to see the changes in big campaigns. He was around during the university's first $1-billion campaign, which raised $1.6-billion from 1997 to 2004, and is leading its current $3-billion effort. The first time, 2 percent of donors gave 86 percent of the money raised. This time there are fewer big outright gifts. "We're looking at donors from top to bottom, not just the top," he says.

Fewer people are giving gifts of appreciated stock for capital projects, a popular way to make a megagift in the past. Planned giving now makes up almost a third of major gifts. (Texas is not assigning a dollar value to an increasing number of those planned gifts, however, because some donors aren't comfortable giving a figure when their assets are in flux.) The campaign's largest gift to date, a $55-million donation, is a combination of cash and planned giving.

Texas has 400,000 alumni, 10 times the number at Rice. Cultivating all of them is unrealistic—the university still needs to focus on the wealthiest prospects who feel the greatest connection to the institution—but the university is looking for other ways to make them long-term donors.

"It's important to keep your pipeline full at all times," Mr. Onion says. "Major gifts drive capital campaigns, but you can't lose sight of having a broad participation rate."

The university has raised $1.25-billion since 2006, and the current campaign is scheduled to end in 2014. If it takes longer than four years to raise the additional $1.75-billion, Texas won't hesitate to take the extra time to finish. No purpose is served by stopping short of the full amount or by pressuring donors to give by a certain time to make a deadline.

"We've set out on a task, and we're going to accomplish the mission, no matter how long it takes," Mr. Onion says. "Our financial goal is $3-billion. Our real goal is to elevate the University of Texas to one of the premier research institutions."

Moving Forward

The University of California at Davis has big ambitions, too. Its leaders, aiming to make it one of the top five public research universities, announced a $1-billion campaign last month to help get it there.

SOURCE: *Chronicle* reporting

"We thought it was a good way to match the bold vision we have for the university," says Linda P.B. Katehi, the chancellor.

That's a lofty goal, but Davis has a number of wealthy alumni who are eager to give back to the institution, Ms. Katehi says, and the university is more than halfway there. She expects to spend much of her time in the next two to three years meeting with donors and fund raising.

One of the campaign's goals is to have 100,000 donors. Davis is hiring additional staff to help with that, but the number of employees won't be as high as before the recession, when state budget cuts prompted the university to lay off staff members.

One area that may get extra resources is planned giving. Like other universities, Davis is seeing a number of its biggest donations—five of the top 10 pledged during the campaign's four-year quiet phase—come in the form of planned gifts. It expects to emphasize that area even more.

For Rutgers, which announced its campaign the same month as Davis, the focus remains on megagifts. The university is seeking lead gifts in the range of $25-million to $50-million, and Richard L. McCormick, the president, thinks some donors who have already made donations may step forward with lead gifts by the time the campaign ends.

Rutgers started serious fund raising later than many colleges did, says Mr. McCormick, a self-described "ambitious guy" who says he settled on the $1-billion goal before the university even hired its fund-raising consultants. Now state budget cuts are increasing the need for private revenue.

"We're literally making up for lost time," Mr. McCormick says.

SOURCE: *Chronicle* reporting

If Alumni Associations Give, Will Colleges Receive?

By ERIN STROUT
October 13, 2006

The groups are offering ever more programs and services, in an effort to engage hard-to-reach generations of graduates

About a year ago, Colorado College's alumni association was in search of an elusive bunch of graduates: busy, successful, relatively young professionals — the type of alumni not typically enticed to help plan a reunion or throw a regional alumni event, and probably too busy to recruit students.

Staff members had thought of a new way to reconnect with these alumni, inviting them to join highly selective advisory panels to the president on pressing issues like technology, marketing, and campus architecture.

The development office helped research the individuals asked to serve on the boards. In the process, Diane Benninghoff, assistant vice president for advancement, also perused alumni records to come up with candidates. One day she discovered the founder of a successful educational-technology company. She picked up the phone and extended an invitation for him to join the Presidential Advisory Council on Information Architecture.

The man was suspicious, she recalls. After all, he hadn't been in touch with his alma mater in years. "He said, 'How did you find me?'" says Ms. Benninghoff. "I simply said, 'data mining.' That was apparently the correct answer for somebody in his profession."

That alumnus joined with 10 other people in the technology field, agreeing to meet twice a year on the campus for a day and half each time to talk about the future of the college's information technology.

This was one attempt to address a challenge that Colorado College's and many other alumni associations face: finding ways to encourage disconnected graduates to become more involved with their alma maters.

For younger alumni especially, earning a diploma isn't enough of an incentive to automatically join an alumni association, as it may have been for those who graduated in decades past, because they already have countless volunteer, cultural, and networking opportunities. Now they are more apt to question what they will get in return for their membership, and as a result, many alumni associations have started functioning more like businesses, constantly rethinking their "service offerings" in order to attract and retain "customers."

The pressure to offer a wider variety of programs, services, and volunteer opportunities has intensified in recent years, as fewer alumni have donated to colleges. The most recent Council for Aid to Education's Voluntary Support of Education survey showed that while the total value of alumni gifts increased in 2005, the proportion of alumni who made gifts declined for the fourth consecutive year.

SOURCE: *Chronicle* reporting

Indeed, studies have shown that engaged alumni are more generous alumni. For proof, look no further than Columbia University, which just kicked off the largest fund-raising campaign in higher-education history with a goal of $4-billion. Until 2005, the institution didn't even have a university-wide alumni association.

The Columbia Alumni Association has offered alumni the opportunity to volunteer and be mentors to students. The association has also created educational programs and career networking during the past year. The number of alumni who have donated to the university has doubled from three years ago. Alumni have contributed almost half of the $1.6-billion already raised toward the campaign's goal.

It is simply not enough to invite today's graduates to a reunion and hope that they come, with checkbooks open. Instead, alumni associations have been forced over the last 15 years to become entrepreneurial, offering travel and educational opportunities, charitable programs, professional industry events, career networking, and online job boards.

"The most significant change has been the segmentation of the alumni body — most associations don't think of it just in terms of class years anymore, but in terms of other affinities and life stages," says John Lippincott, president of the Council for Advancement and Support of Education. "People no longer want to be normal — they want to be special — and I think alumni associations have caught on to that."

Call to Action

The technology advisory panel at Colorado College was given a particularly prominent job. Members enjoyed the freedom to work directly with the college's vice president for information technology and met with the president to give its recommendations with no other college staff members present.

"We wanted them to be able to tell the president that the vice president of IT was a loser if they wanted to," Ms. Benninghoff says. "Fortunately that wasn't the case. But it was important that the group understood that they were giving direct input to the president himself."

The approach to the alumni has paid off. Not only was the institution getting thousands of dollars worth of free consulting, but the alumni who participated were able to make contacts in their field, learn from one another, and have the opportunity to reconnect with faculty members and interact with current students.

One member of the technology group has already gone on to become a member of the college's Board of Trustees. Two other alumni helped to pay for some of the technology projects they recommended. Still another has offered up her ranch as a study and research facility for students who are studying environmental science.

"I will not deny that there is also a development component to this," Ms. Benninghoff says. "We do hope that they will also be interested in investing in the college."

It is difficult for alumni associations to measure the return on investment for their programming, but they are trying to create industry standards to measure performance.

SOURCE: *Chronicle* reporting

Andrew Shaindlin, executive director of the Caltech Alumni Association, admits it is still challenging to head into meetings with the university's fund raisers, who inevitably ask what came out of an alumni event.

What they really want to know is: Did any good donor prospects come out of the party? Without a way to assess that, it's a hard question to answer.

"People in fund raising are obviously able to measure results pretty easily," Mr. Shaindlin says. "Usually I have to say something like, 'There were 180 people there ... and they were smiling.'"

The Caltech Alumni Association offers myriad ways for members to network and find jobs. Mr. Shaindlin says that graduates indicated that they value career advice most, which is often the case for alumni organizations because today's professionals change jobs so often. Alumni-association members have access to career advice, graduate-study recommendations, and referrals through professional regional events or a host of online resources.

"Part of the reason it works so well is that we're getting better at letting go — it's okay to use a third-party Web site for job searches if that's what works," he says. "It's a matter of deciding what you're trying to achieve and how you want to compete with what's already out there."

Competitive Marketplace

Danita D. Nias, executive director of the University of Maryland Alumni Association, in College Park, says she feels pressure to involve graduates in the organization.

About 75 percent of Maryland's alumni still live in the area, between Baltimore and Washington. The competition for their attention, and ultimately their philanthropy, is intense, Ms. Nias says, because the region offers cultural venues like the Kennedy Center for the Performing Arts and the Smithsonian museums, distractions like numerous professional sporting events, and countless career-networking and professional events.

Alumni "are customers," says Ms. Nias. "We have to figure out what their needs are and how we can respond to them. It's basic customer service and sales strategy, and those are terms that are difficult in higher education."

As such, the alumni association has focused on making nearly every service it provides an educational opportunity. For example, an alumni night at the Washington National Opera is not merely advertised as an opportunity to get tickets, but also comes with a chance to hear expert faculty members who teach voice to talk about the opera.

Maryland's travel services — programs that are thriving — offer chances to go to a country with a faculty member who has done research there. The alumni association first scoured the campus for the expertise that was available and then built the programs around faculty members' work.

And when these graduates are sticking a little closer to the campus, they now have a home base. The Samuel Riggs IV Alumni Center opened last April next to the football stadium, and has quickly become a convenient place for alumni to visit and tailgate. Most significantly, though,

SOURCE: *Chronicle* reporting

the center has become a popular venue for alumni to hold wedding receptions, birthday parties, bar mitzvahs, and professional events. It has been booked solid since it opened, Ms. Nias says.

"This is an opportunity for people to make the campus part of monumental events in their lives," she says. "If somebody has a 'sweet 16' party or a wedding here, the institution has played another significant part in their lives, and they won't forget that."

Building Community

While some institutions have created "student alumni associations" to try to build the loyalty before the diploma is in hand, others, like Carnegie Mellon University, are trying a more organic approach that avoids the "customer" label.

At Carnegie Mellon, alumni are defined as those who have completed one semester at the institution. So Judith M. Cole, associate vice president for university advancement and director of alumni relations, considers students as alumni for three and a half years before graduation.

The focus of Carnegie Mellon's alumni association offerings has centered on students and how alumni can be involved with them. Ms. Cole says her philosophy is more of a throwback to the old days of alumni associations, with an emphasis on community building, instead of revenue generation. First and foremost, she says, alumni should be given opportunities to help further the mission of the institution, which is educating students.

"I'm a firm believer that alumni are not our customers and we're not in the business of making them happy, but facilitating learning," she says.

The Carnegie Mellon Alumni Association's goal is to provide a plethora of activities that build a strong bond between students and alumni. The hope is that students will want to return the favor when they become alumni.

The "Dinner with 12 Strangers" program, for example, which can be found at other universities as well, brings groups together socially, but promotes networking between the participants, who are both students and alumni. A "Slice of Life" series brings in alumni from various professions to talk to students about the transition from student life to professional life. Even move-in day each year involves student and alumni connections.

"We invited alumni to come to campus to greet first-year students this year, and we had more people volunteer than we could handle," Ms. Cole says. "We had local alumni come back a week later for a Community Connections program, where they take students out into the Pittsburgh area and introduce them to the community."

While Carnegie Mellon's strategy may be old school, at the end of the day money still matters. Ms. Cole says that the alumni association's job is to raise awareness about the value of the education they received there and hope that the connection prompts alumni to give back.

SOURCE: *Chronicle* reporting

"I can't deny that alumni participation rates and giving are an important indication of our success," she says. "But if the university had all the money in the world, would it still have an alumni association? I believe it would."

SOURCE: *Chronicle* reporting

A Newfound Tool for College Fund Raisers

By JOHN L. PULLEY

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Donor-advised funds promise flexibility for contributors and riches for institutions

The truly rich have long enjoyed financial advantages beyond the reach of the masses. Now, with help from higher education, the hoi polloi are gaining ground.

Colleges and universities are among a growing number of nonprofit institutions that are establishing donor-advised funds, increasingly popular programs that afford more-modest contributors many of the same philanthropic benefits traditionally enjoyed by billionaires with their own private foundations.

For an irrevocable gift of as little as $10,000, contributors can give to such a fund and get an immediate tax deduction, one that is more generous than the write-off on contributions to private foundations. Moreover, donors to these funds enjoy the luxury of doling out money from their accounts to their favorite charities for as long as they exist. And during the life of the account, its investment profits can enlarge a contribution to many times its original value.

In a textbook example of enlightened self-interest, colleges are widening their planned-giving options as a means to institutional enrichment. By offering donor-advised funds, they expect to endear themselves to prospective contributors. And if the funds take off as expected, colleges and universities stand to reap huge rewards: The typical arrangement at most donor-advised funds requires 50 percent of the assets in a donor's account to eventually transfer to the institution. Across higher education, that could mean billions of dollars.

About a dozen or so colleges and universities have already taken the leap, including Cornell University, which has one of the oldest funds, established in 1986, and Harvard University, which has the largest, with current assets of about $67-million.

"This is such a hot area right now," says Lyle W. Brizendine, vice president of the TIAA-CREF Trust Company, a division of the giant higher-education pension fund. "Dozens of colleges are looking into this concept. Many of them are saying, 'Maybe we should add this to our quiver.'"

But even as some people anoint donor-advised funds the Next Big Thing for college fund raising, skeptics say the funds are fraught with peril. They are poorly understood by most people and loosely regulated by the federal government, a potentially incendiary mix that could leave donors feeling burned.

"Colleges and universities have approached [the funds] a little reluctantly, in part because they are very protective of their relationships with their alumni," says Michael J. Cooney, chairman of the education and nonprofit team at the legal firm of Nixon Peabody. "The potential negative effect is the uncertainty of what [a donor-advised fund] would do to the existing donor population's perception of the university."

SOURCE: *Chronicle* reporting

Old Strategy, New Attention

The buzz around donor-advised funds may be new, but the funds themselves have been around since the 1930s. For more than half a century, they were the near-exclusive province of community foundations, which used the funds as their primary fund-raising tool.

Ten years ago, the landscape changed.

Fidelity Investments, anticipating the surge in demand for wealth-management and philanthropic services, created the Fidelity Charitable Gift Fund in 1992, a nonprofit entity that offered and heavily marketed the first so-called "commercial" donor-advised fund. Donors flocked to open accounts in what has become the largest donor-advised fund, with total assets of about $2.6-billion.

In 2000, the fund raked in approximately $1.09-billion in private support, ranking second among charities that year behind the Salvation Army.

The flexibility of donor-advised funds has driven their popularity, particularly among members of a new generation of givers who want more control over their gifts than did donors of previous eras, according to philanthropy experts. Donors also like the fact that their accounts in donor-advised funds can survive them. In most cases, a donor may designate an adviser -- often a descendant -- to direct an account's disbursements following the donor's death.

Among institutions already offering the funds are Brandeis, Thomas Jefferson, and Yale Universities, and the Universities of Florida and Maine.

In Boston, a new private fund-raising group says it will use Boston University's recently established donor-advised fund to raise money for the institution.

"The donor-advised fund empowers the group to act in a far bigger way than its members could individually," says William C. Nystrom, a BU alumnus and founder of the Boston Briefing Series. The group plans to raise money from young alumni and designate funds for worthwhile projects as needs arise. "I think the group is going to be delighted to act together in this way."

Among the fund's selling points "is the ease of it," compared with the creation of a private foundation, says Mr. Nystrom, a lawyer. "This is ready-made."

While the concept is just beginning to take off at colleges, donor-advised funds have been growing quickly elsewhere. The estimated value of the 75 largest donor-advised funds grew to $12.3-billion last year, a one-year increase of almost 10 percent, according to a survey conducted by The Chronicle of Philanthropy. Only one of those funds, at Harvard, is in higher education.

The overall total could increase by another $10-billion in the next five years, estimates Christopher Blunt, the chief executive officer of GivingCapital, a private company that supports donor-advised funds.

SOURCE: *Chronicle* reporting

Fidelity has also created National Charitable Services. The for-profit entity provides investment services and back-office support, such as record-keeping and required filings with the federal government, to Fidelity's nonprofit gift fund, and other nonprofit organizations that operate donor-advised funds.

"Donor-advised funds are the first step toward modernizing giving," says Cynthia L. Egan, president of the Fidelity Charitable Gift Fund. "My prediction is that, over the next decade, millions of American households will have donor-advised funds."

Shifting Ground

Envious of Fidelity's success, a raft of financial-services companies have set up donor-advised funds or established the capacity to administer such funds for other organizations. Among them are Charles Schwab, the Vanguard Group, American Express, Goldman Sachs, Bear Stearns, and Salomon Smith Barney. TIAA-CREF has entered the field, as well.

With all that interest, it didn't take long for colleges to feel the ground shifting beneath them.

"We began to notice more and more of our gifts were coming to the college from commercial gift funds," says Alice Marocco, director of planned giving at Union College, in Schenectady, N.Y. Initially ambivalent, she came to rue the fact that third-party middlemen were coming between Union and its supporters, and she set out to create Union's own donor-advised fund.

"I particularly didn't like that I was losing an opportunity to have a closer relationship with these donors," she says.

Union will get its own fund pending the approval of its board. Among the issues being reviewed is whether the college has the legal authority to create a fund that will disburse assets to other charities, an issue that many colleges interested in establishing the funds must confront. Sponsoring an entity that makes disbursements to other nonprofit organizations is a potential violation of some institutions' charters or bylaws. In such cases, institutions may consider establishing an independent support organization of the type that house colleges' foundations or their endowment-management companies.

"We've been quite concerned about the legal aspects," says Ms. Marocco. Despite misgivings, she says that "you can't afford not to investigate every planned-giving opportunity that is out there."

Misunderstandings and Reservations

In the past, fears about donor relations may have impeded the growth of such funds. Even though contributors can advise a fund on how to make disbursements, gifts to the funds are irrevocable, and donors give up legal control over the assets in their accounts. Such an arrangement has the potential for misunderstandings that could result in bad blood between donors and the institutions that sponsor donor-advised funds.

SOURCE: *Chronicle* reporting

Then there are the murky federal rules governing the funds. The IRS, for example, requires the sponsor of a fund to exercise "dominion and control" of gifts in its possession, yet precisely what that entails is not always clear.

"Confusion and uncertainty about donor-advised funds have kept a lot of smaller colleges and universities out of the market," says David Bass, director of the Council for Advancement and Support of Education's National Center for Institutionally Related Foundations.

Even so, growing numbers of institutions are finding that they cannot ignore donor-advised funds. Galvanizing their interest is the much-anticipated intergenerational transfer of wealth that is projected to take place in coming years -- tens of billions of dollars flowing from the Greatest Generation to the baby boomers, and eventually to Gen X'ers.

"There is an enormous amount of money at stake," says John J. Glier, chief executive officer of Grenzebach, Glier & Associates, a major fund-raising consultant.

Hopeful of sharing in those riches, some institutions are looking to offer donor-advised funds by forming partnerships with a professional financial-services company. Boston University, for example, has teamed up with Fidelity. The contract with the university is the first test of Fidelity's full-service approach, which covers all aspects of running a donor-advised fund, including making investments, keeping records, and compiling reports for the federal government.

Fidelity will even do background research to ensure that disbursements recommended by account holders go only to qualified charities, and it will cut the checks. Fidelity is also helping the university market the fund to potential donors.

At the other end of the spectrum are a few institutions that internally manage all aspects of their donor-advised funds.

At Harvard, 20 contributors have opened accounts with a total value of about $100-million. The university's famed investment team manages those assets, an arrangement that is believed to attract high-net-worth donors to the fund.

"I think there is a cachet for some donors to have their money managed by the Harvard Management Company," says Charles W. Collier, the university's senior philanthropic adviser.

Bob McQuinn, associate vice president for development at Williams College, hopes that his institution's fledgling fund will do as well.

Not having a fund, he says, is not an option: "Just about everybody who wants to be in large-scale fund raising, I think, will have to look at this."

UNDERSTANDING DONOR-ADVISED FUNDS

Q. How do donor-advised funds work?

SOURCE: *Chronicle* reporting

A. The funds are set up by nonprofit groups, including colleges and universities, to attract contributions from multiple donors. Those accounts are managed by professional investors, with the agreement that the sponsoring organization will get a certain share of all assets, often 50 percent. Other charities can receive distributions as well.

Q. Who runs a donor-advised fund?

A. Some institutions do everything themselves. Cornell University, for example, has created a separate Board of Trustees to approve distributions from its fund, which can only go to legitimate charities recognized by the IRS. Other institutions rely on financial-services companies to invest funds and provide administrative support, including the due diligence needed to ensure that distributions are made to legitimate charities.

Q. How does a donor-advised fund differ from a private foundation?

A. Donor-advised funds are exempt from federal excise taxes as well as from a law requiring private foundations to distribute, on average, 5 percent of their assets annually. (The IRS has recommended that the law be extended to cover donor-advised funds, a provision that some funds have voluntarily adopted.) Gifts to a donor-advised fund, however, are irrevocable and controlled by the fund. Donors may advise the fund on how to distribute assets in the account, but the fund has no legal obligation to follow that advice.

Q. What are the tax benefits of a donor-advised fund?

A. Donors receive an immediate tax benefit of up to 30 percent of the donor´s adjusted gross income for gifts of publicly traded securities and up to 50 percent of adjusted gross income for gifts of cash in the year of the donation. Donations in excess of the allowable annual deduction can be carried forward and deducted in the five-year period after the initial contribution. By comparison, the annual allowable write-off for gifts to private foundations is 20 percent of adjusted income for stocks and 30 percent for cash.

Q. How much does an account holder in a donor-advised fund pay in management fees?

A. It varies. Funds that are managed entirely in-house typically do not charge donors management fees. Funds sponsored by colleges but managed by outside financial advisers have varying policies. Some colleges pick up the management fees; others pass them on to donors.

Q. Can an account in a donor-advised fund survive the death of the person who established it?

A. Many funds allow a donor to name an adviser, such as a descendant, who will recommend disbursements following the contributor´s death.

Q. Can donors use disbursements from their accounts to satisfy personal pledges?

A. No. Payouts from an account in a donor-advised fund cannot benefit the person who established it.

SOURCE: *Chronicle* reporting