

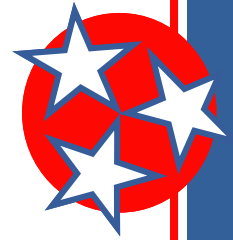
Private Giving to Public Higher Education

A Presentation to the Tennessee Higher
Education Commission

November 18, 2004



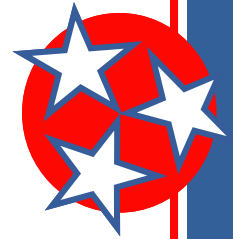
Private Giving Study Overview



- The study is in response to a provision of the 2004-05 Appropriation Bill.
- An Advisory Committee was established to assist the Commission in conducting the study.
- The survey was administered to all public higher education institutions in early September.



Private Giving Study Overview

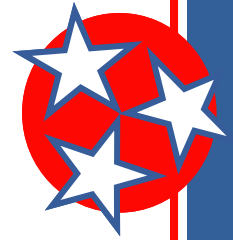


- The survey instrument was modeled after CASE surveys.
- Institutions submitted data for 1995-2004 on numerous aspects of private giving.
- A series of 6 open ended questions were posed to each institution.



Private Giving Study Findings

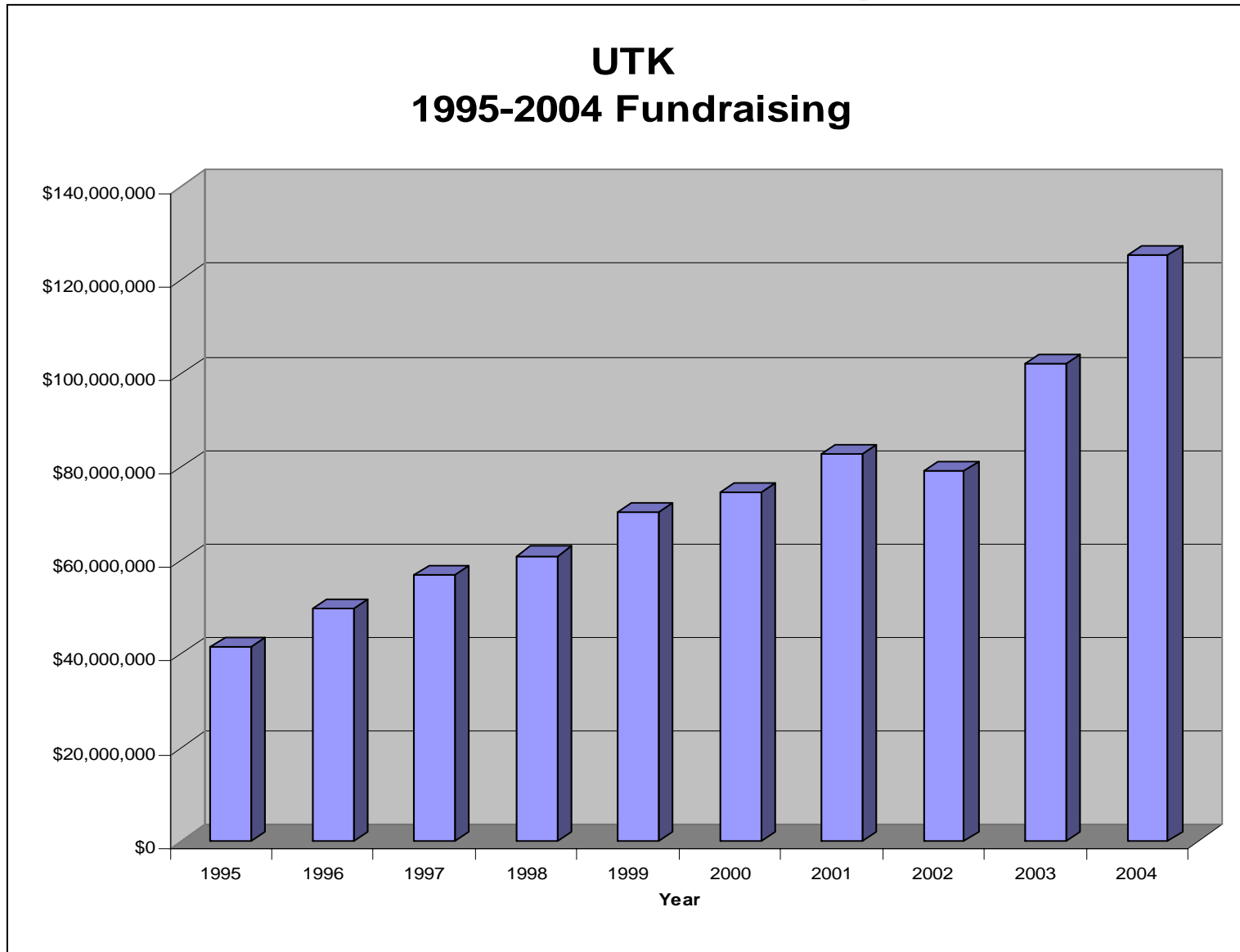
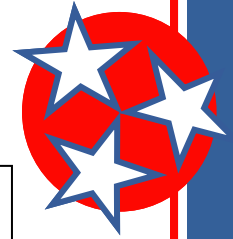
Total Fundraising



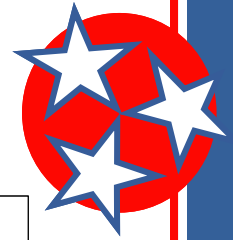
- Due to scale, UTK is often shown on separate graphs.
- For comparison purposes, other university results were broken down by Carnegie classification.
 - Doctoral Extensive (UM only)
 - Doctoral Intensive (ETSU, MTSU, TSU)
 - Masters (UTC, TTU, UTM, APSU)
- UTK was the leading fundraiser for the 10 year period at \$743 million.



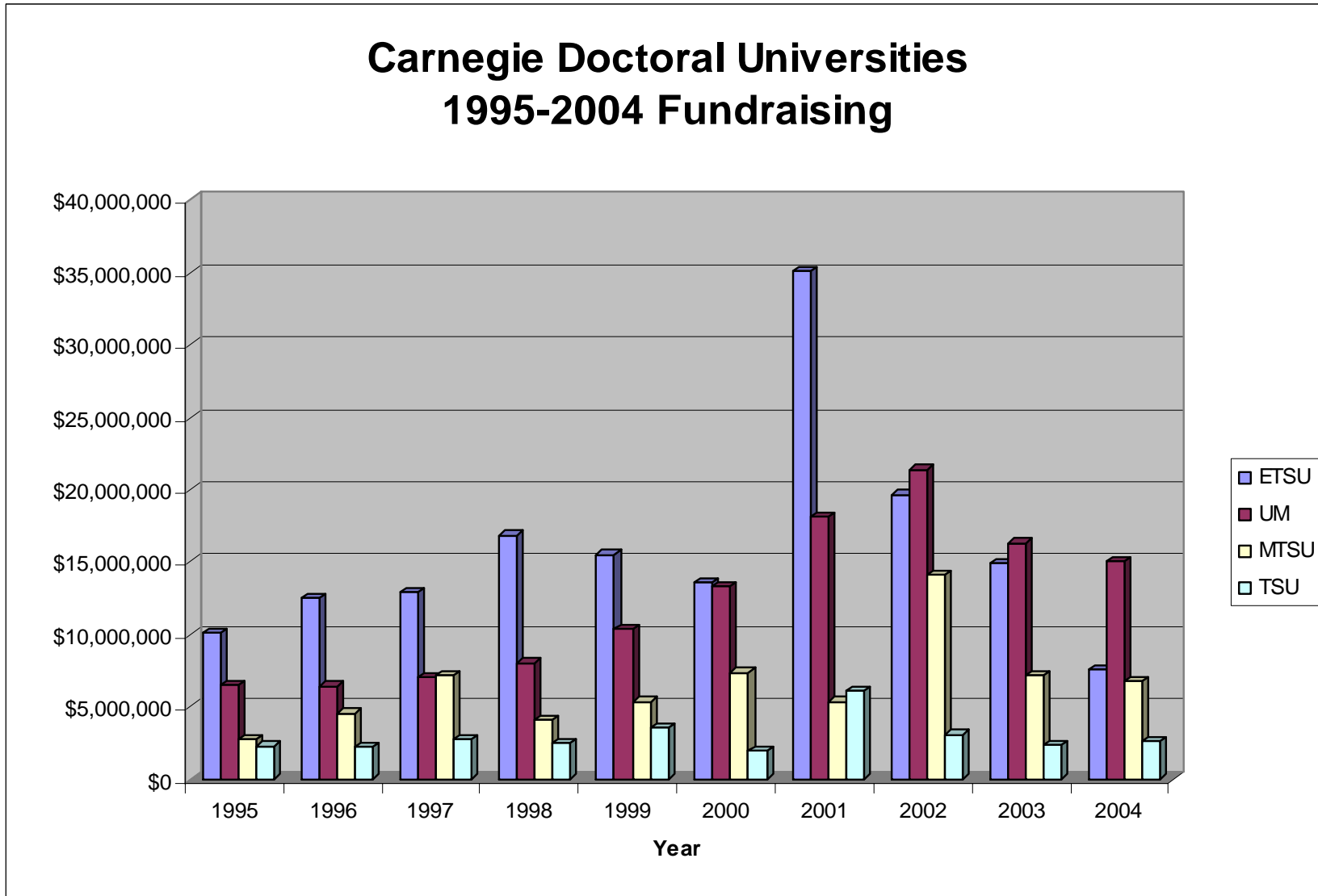
Total Fundraising



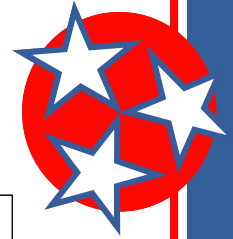
Total Fundraising



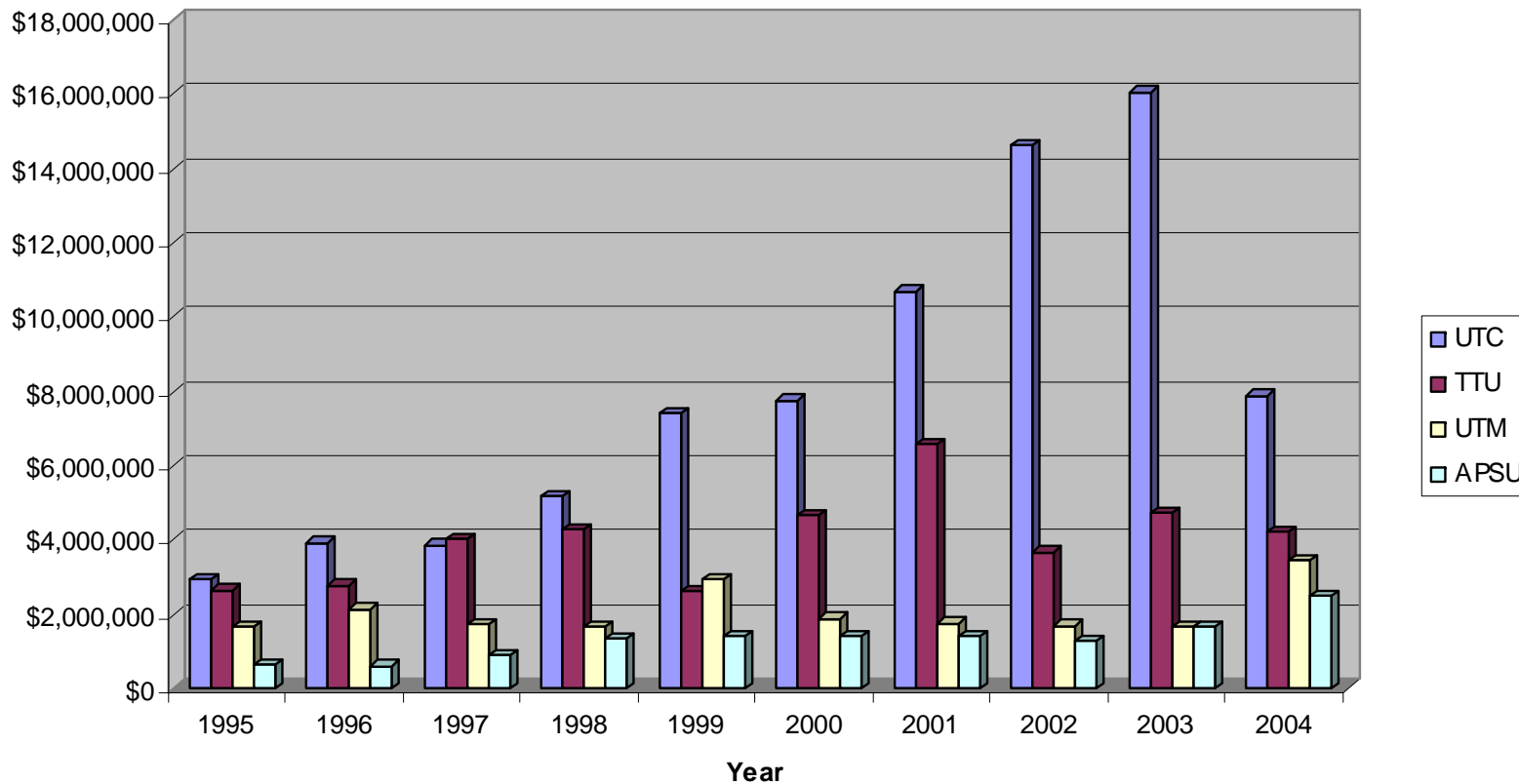
Carnegie Doctoral Universities 1995-2004 Fundraising



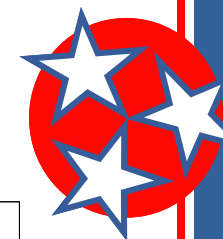
Total Fundraising



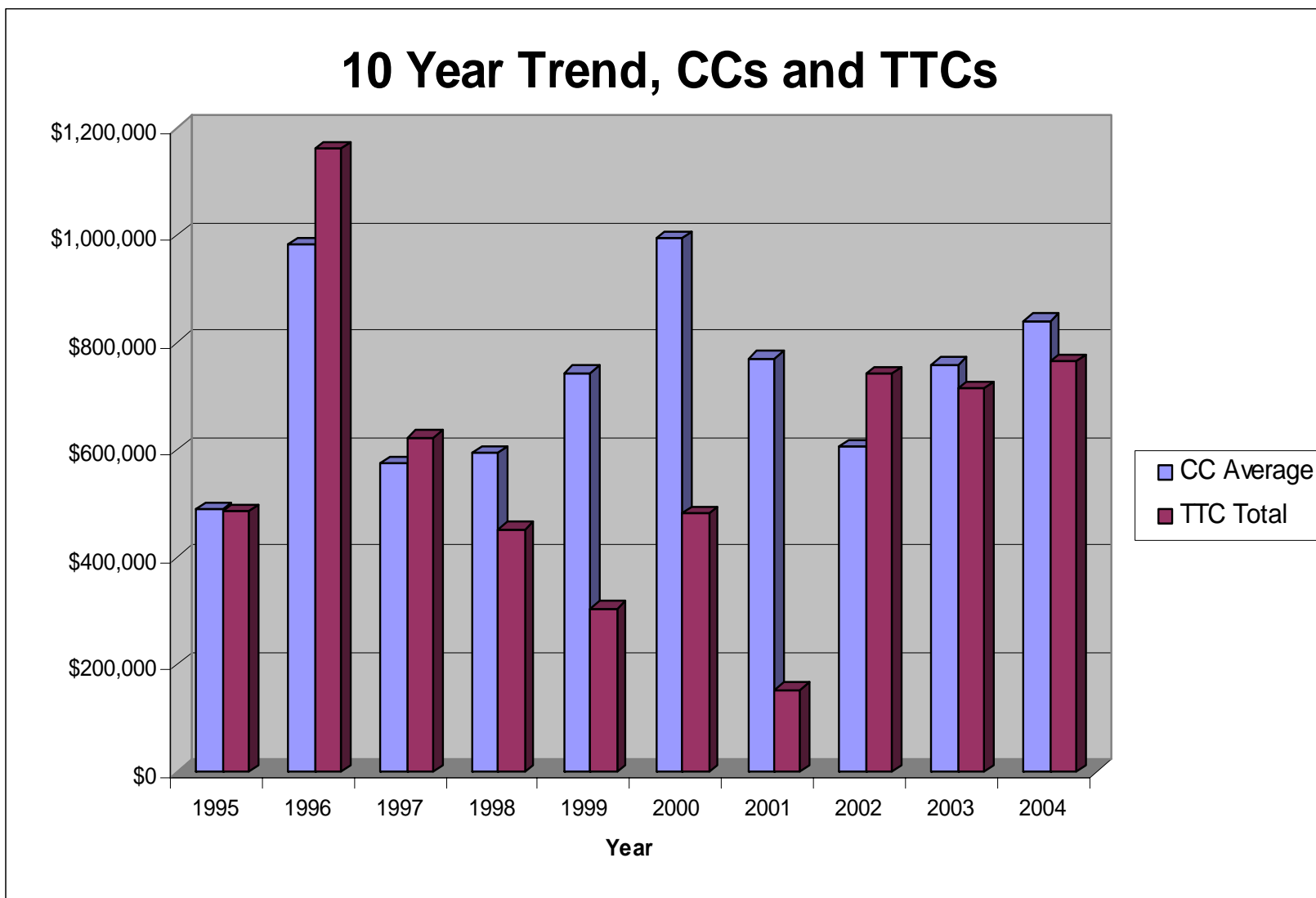
Carnegie Master's Universities 1995-2004 Fundraising



Total Fundraising

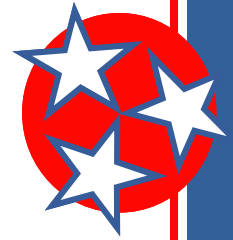


10 Year Trend, CCs and TTCs



Private Giving Study Findings

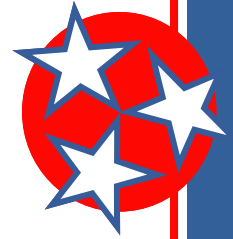
Fundraising Sources



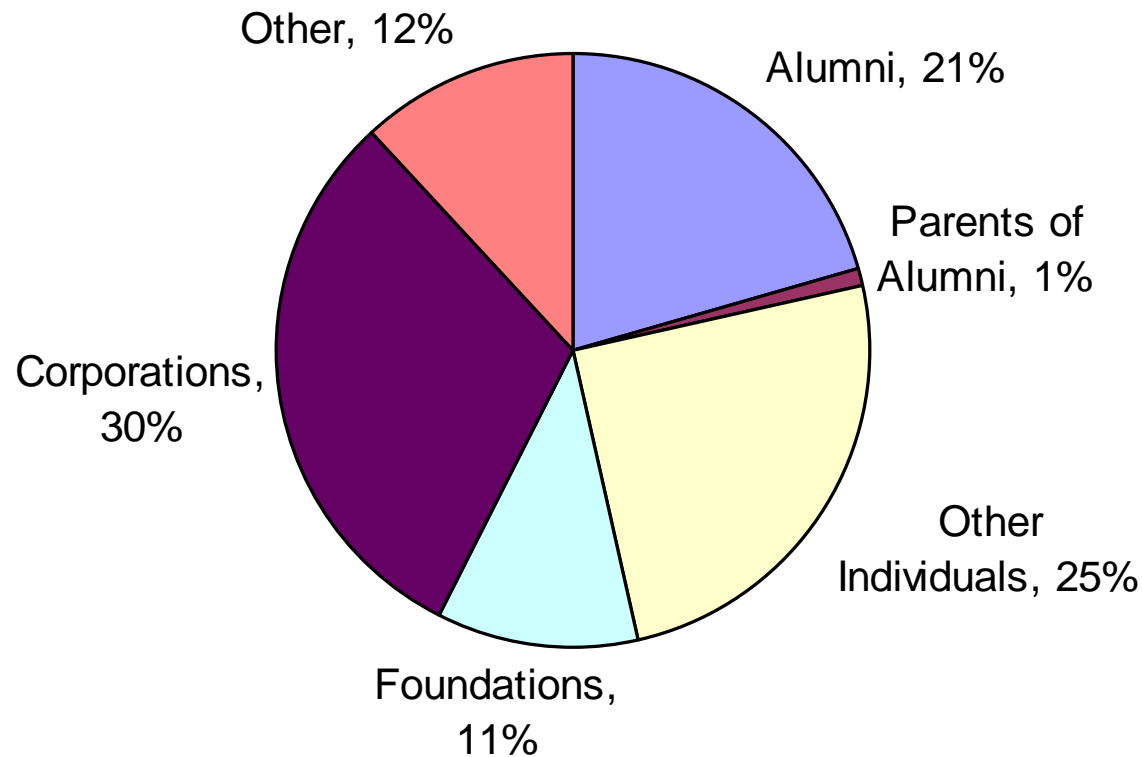
- Campuses provided data on the percentage of funding that came from the following categories:
 - Alumni
 - Parents of alumni
 - Other individuals
 - Foundations
 - Corporations
 - Other
- Corporations and other individuals contribute most significantly to higher education at the university level.



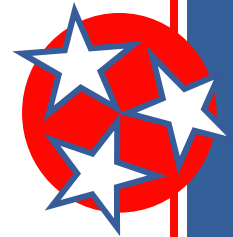
Fundraising Sources



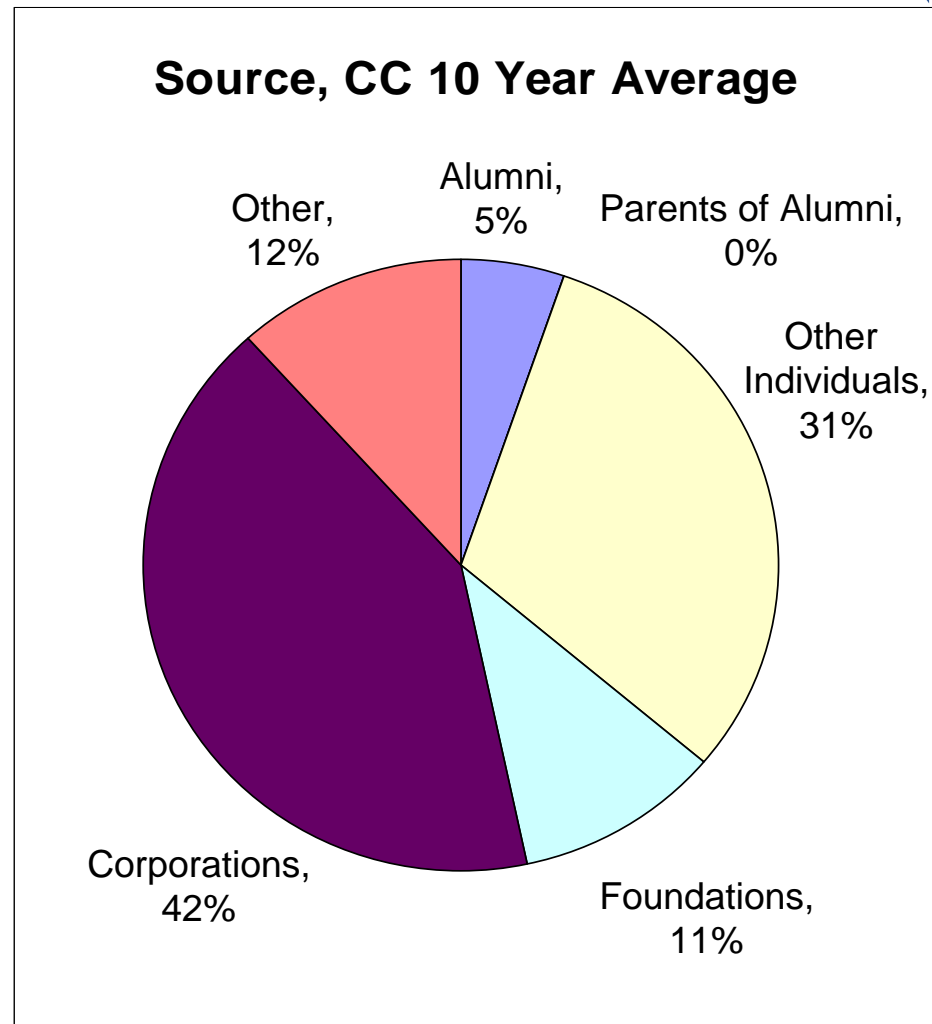
Source, University 10 Year Average



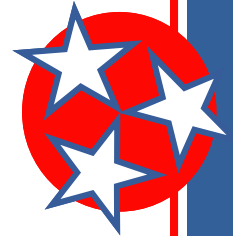
Fundraising Sources



- Community colleges exhibit an even greater reliance upon corporations and other individuals.
- A significantly smaller portion of donations comes from alumni, as compared to universities.



Number of Donors

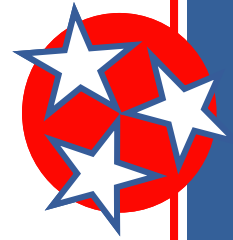


- UTK has significantly more donors than other campuses, more than all others combined.
- Most schools report a relatively consistent number of donors.
- The average gift to Tennessee higher education from 1995 to 2004, was \$2,497.

Number of Donors		
Campus	10 Year Average	2004
APSU	2,727	2,819
ETSU	7,616	7,065
MTSU	5,711	5,359
TSU	1,893	1,888
TTU	4,621	5,409
UM	6,344	4,993
UTC	5,178	5,514
UTK	46,451	44,425
UTM	2,513	2,257
CLSCC	277	311
COSCC	412	506
DSCC	593	616
JSCC	463	493
MSCC	711	730
NSCC	207	362
NSTCC	216	250
STCC	209	360
TTC	179	244

Note: Does not include all community colleges



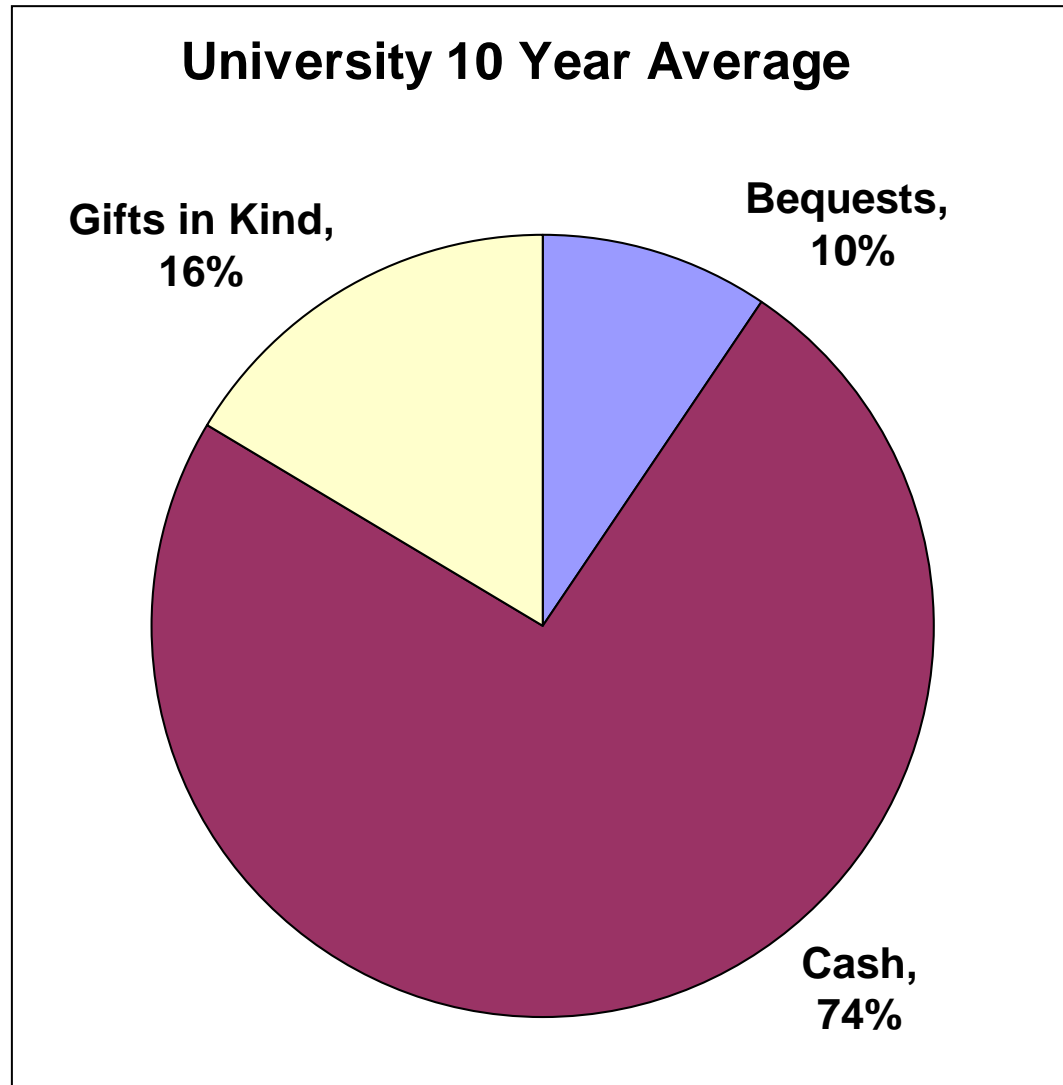


Type of Voluntary Support

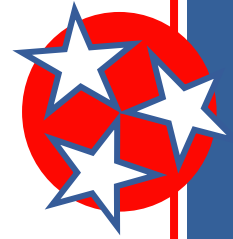
- Campuses reported three types of donations:
 - Cash
 - Bequests
 - Gifts in Kind
- All types of institutions are mostly reliant on cash.
- CCs receive more gifts in kind and less bequests than universities.
- TTCs receive 44 percent gifts in kind and 56 percent cash.



Type of Voluntary Support



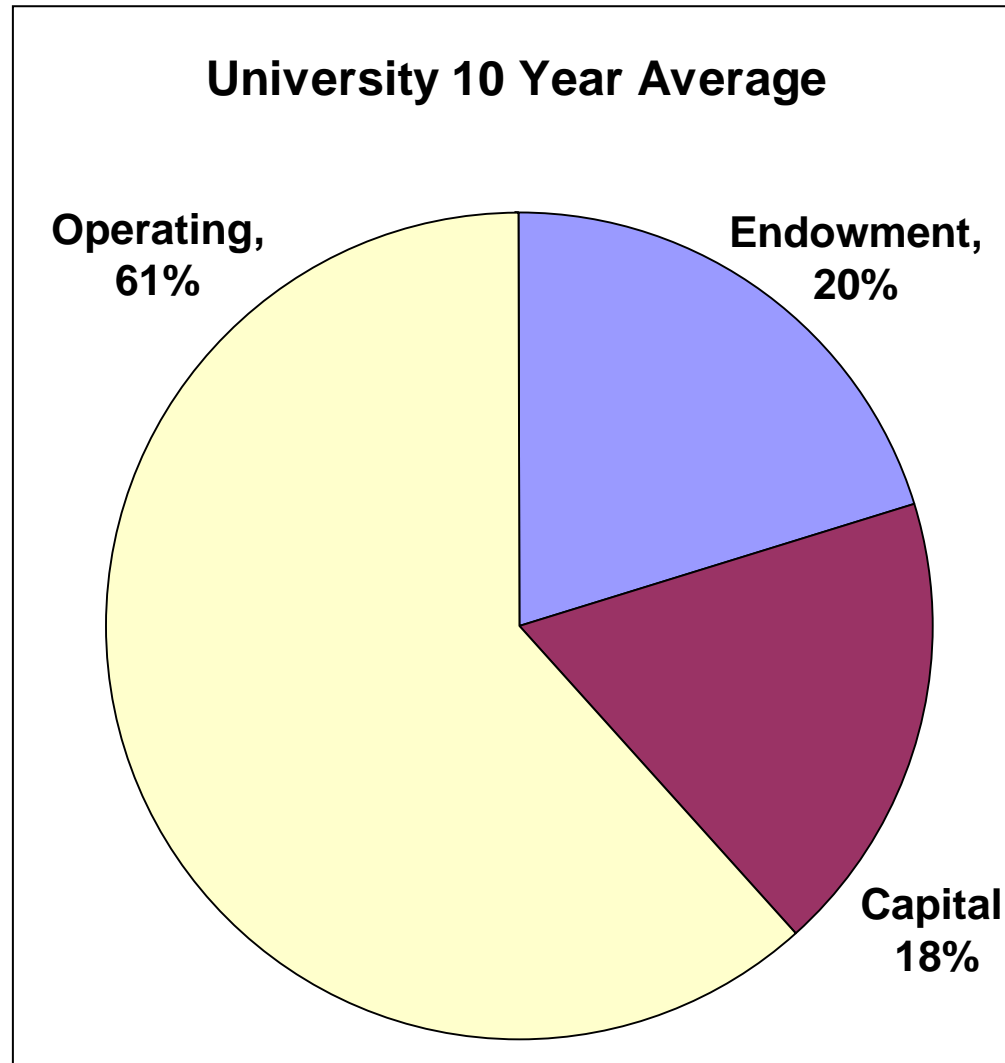
Use of Private Giving



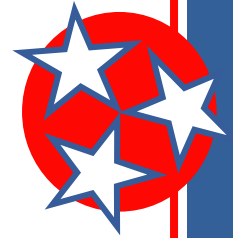
- Three general uses for private fundraising were analyzed:
 - Operating expenses
 - Capital projects
 - Endowments
- Approximately 85 percent of donations are restricted for a particular use by the donor.
- Almost two-thirds of donations to universities are used for operating expenses. Endowments and capital projects represent equal proportions of the remaining third.
- A similar breakdown is found at CC's although a greater percentage of donations are used for endowments.
- TTCs use 98 percent of donations for operating expenses.



Use of Private Giving



Endowment

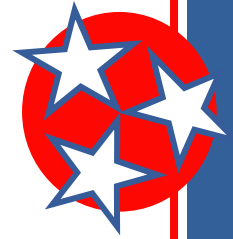


- Most Endowment values are as of June 30, 2004.
- Over one billion in total
 - Half comprised by UTK
 - UM is next largest

Campus	Endowment	Campus	Endowment
APSU	14,388,451	CSTCC	862,977
ETSU	41,350,227	CLSCC	3,997,531
MTSU	44,004,589	COSCC	5,076,526
TSU	14,900,000	DSCC	4,557,986
TTU	38,788,000	JSCC	614,723
UM	151,833,616	MSCC	2,788,693
UTC	135,038,558	NSCC	154,496
UTK	505,067,292	NSTCC	1,146,937
UTM	23,203,389	PSTCC	3,441,772
		RSCC	2,651,840
System Totals		STCC	478,570
System	Endowment	VSCC	2,663,255
TBR	339,745,314	WSCC	6,906,773
UT	663,309,239	TTCs	1,329



Fundraising Distribution



- The percent of total fundraising coming from the top one and top ten percent of donors, as ranked by size of donations, gives a measure of a campus’s reliance on large donations.

- Universities, with the exception of TSU, show “top heavy” distributions.

Distribution of Fundraising, Universities		
	10 Year Average	
Campus	Percent of fundraising from top 1% of donors	Percent of fundraising from top 10% of donors
APSU	49%	80%
ETSU	80%	93%
MTSU	77%	92%
TSU	32%	50%
TTU	76%	93%
UM	80%	94%
UTC	76%	91%
UTK	70%	88%
UTM	63%	88%



Fundraising Distribution

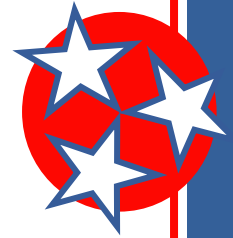


•In general, CCs and TTCs rely on a more equal distribution of private donations.

Distribution of Fundraising, CC's & TTC's		
	10 Year Average	
Campus	Percent of fundraising from top 1% of donors	Percent of fundraising from top 10% of donors
CSTCC	NA	NA
CLSCC	26%	79%
COSCC	NA	NA
DSCC	17%	49%
JSCC	79%	89%
MSCC	61%	89%
NSCC	28%	47%
NSTCC	NA	NA
PSTCC	66%	88%
RSCC	NA	NA
STCC	37%	85%
VSCC	31%	67%
WSCC	36%	58%
TTC	42%	56%



Alumni



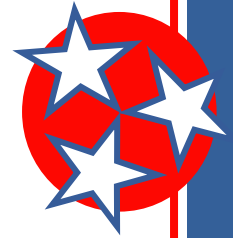
- The number of degreed alumni associated with a campus is a rough measure of fundraising potential.
- UTK has the largest alumni base.
- TSU has the smallest alumni base.

Campus	Degreed Alumni, 2004
APSU	28,158
ETSU	58,841
MTSU	73,411
TSU	26,000 *
TTU	54,873
UM	78,240
UTC	40,941
UTK	212,679
UTM	26,871

*estimate



Development Offices



- The size of development offices varies for universities, but is consistent at the CC level.

- The UT system invests heavily in development and uses a coordinated approach.

Campus	2004 Development E&G Budget	2004 Full-Time Development Personnel
APSU	\$542,717	9
ETSU	\$944,370	9
MTSU	\$569,931	9
TSU	\$146,000	3
TTU	\$129,971	12.6
UM	\$1,513,039	38
UTC	\$639,903	11.5
UTK	\$5,019,422	110 *
UTM	\$298,804	6
CSTCC	\$187,302	NA
CLSCC	\$165,902	3
COSCC	\$10,100	2
DSCC	\$99,493	NA
JSCC	\$141,500	2
MSCC	\$104,099	2
NSCC	\$96,797	1
NSTCC	\$133,200	2
PSTCC	\$253,340	4
RSCC	\$182,123	2
STCC	\$272,052	3
VSCC	\$175,390	3
WSCC	\$300,748	3
TTC	NA	NA
*Of the 110 UTK personnel 91 serve all three UT campuses		
System	2004 Development E&G Budget	2004 Full-Time Development Personnel
TBR	\$5,780,772	108
UT	\$5,958,129	128



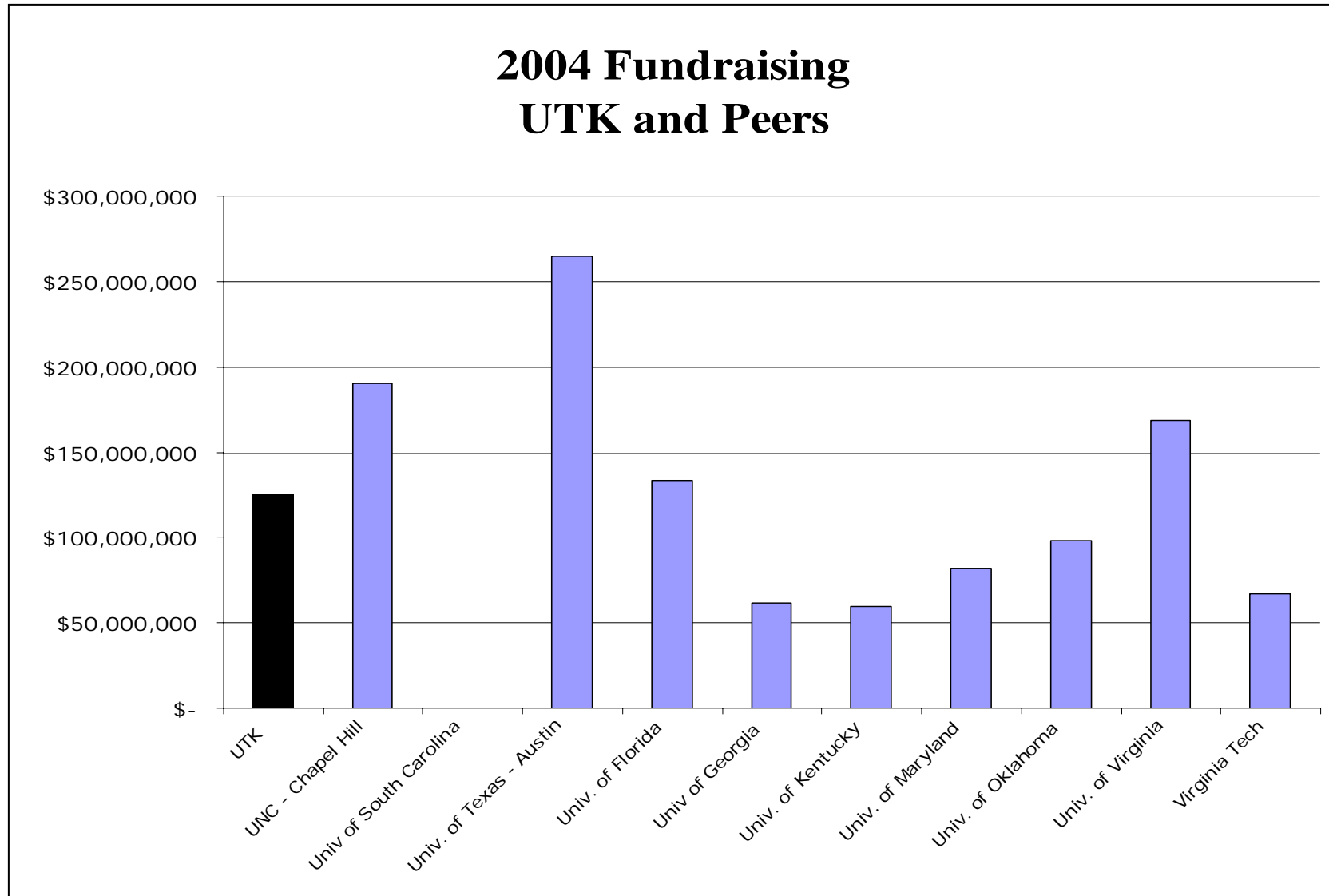
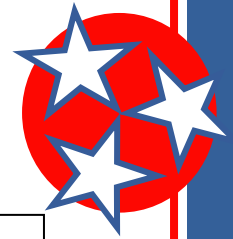
Peer Comparisons



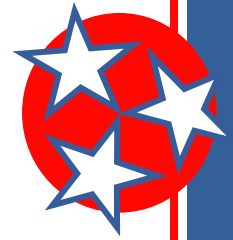
- While data are not available for all peer institutions, Tennessee public universities have had less fundraising success than their peers.
- UTK and UTC are the only schools that are competitive with their peers.
- Endowment levels are more competitive, but are generally smaller than those at peer campuses.



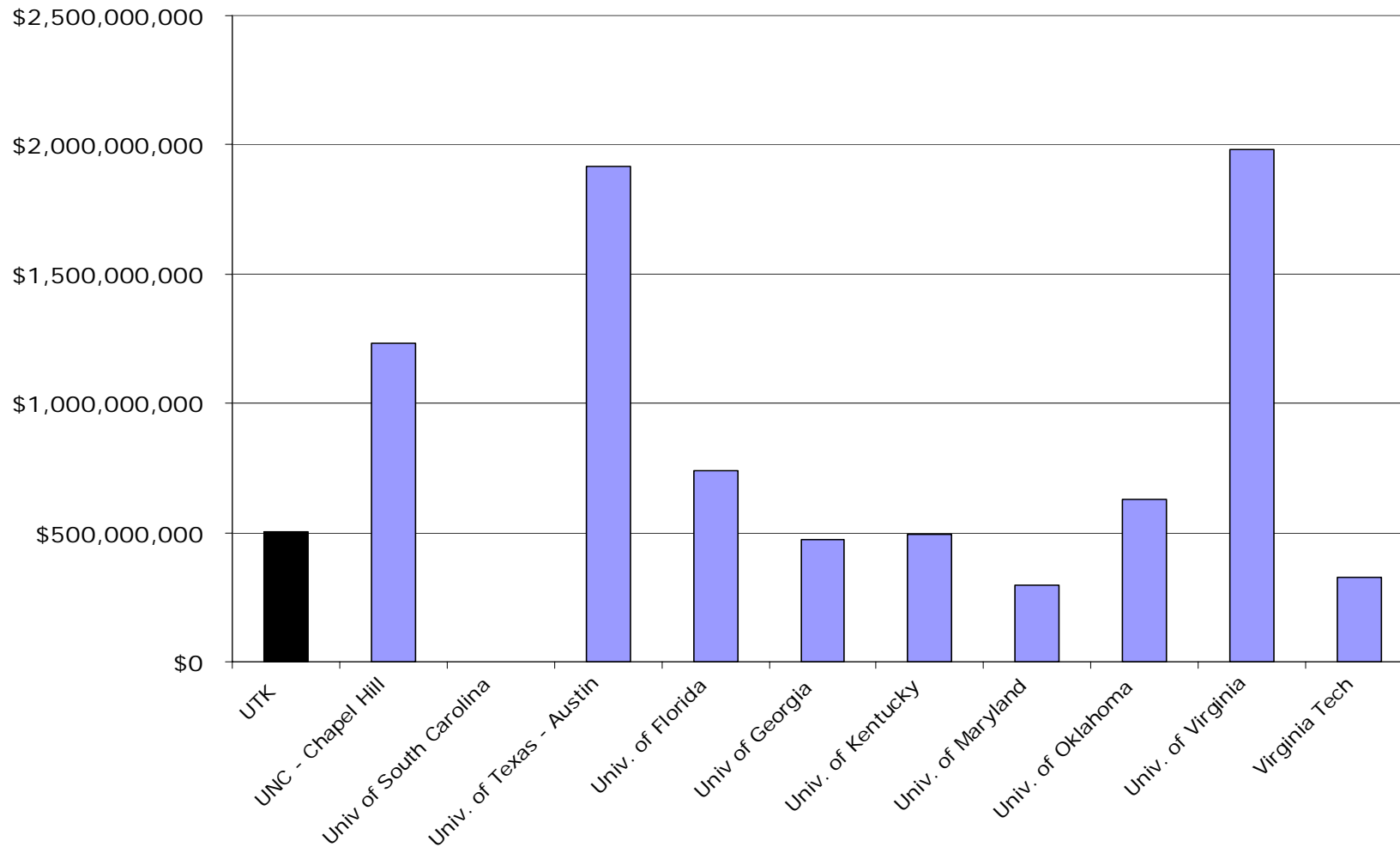
Peer Comparisons



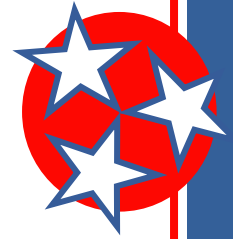
Peer Comparisons



UTK v. Peers '04 Endowment



Observations and Conclusions



- While private giving cannot likely be relied upon as an antidote to current austere fiscal conditions, there is room for expansion of fundraising activity.
- There is potential for voluntary support to play a greater role in support of specific aspects of higher education, but not to become a third primary source of funds.
- Effort is sporadic; excellent at some campuses, marginal at others. Increased investment and focus on private giving is key to reaching potential.



Observations and Conclusions



- Scope, mission, and location do not predetermine fundraising results.
- Inherent structural disadvantages do not exist.
- There is little support for the notion that donors are uninterested in supporting capital projects.
- Economic factors appear to have only indirect effects on fundraising activity.
- An information gap exists.

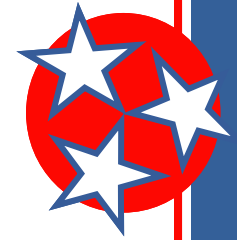


Observations and Conclusions



- For most data points, there is no underlying trend.
- Current endowment holdings total more than \$1 billion. Fundraising in 2004 totaled more than \$180 million.
- Effective use of system structure at UT.
- An approach aimed at relying on several large donations seems to produce better results than a broad approach seeking smaller donations from many donors.
- Campuses rely on diverse fundraising sources.





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