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ABOUT CASE

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Introduction

It is a well-established principle that being asked to contribute has a significant effect on the frequency and level of philanthropic behavior. For example, 61 percent of households that were asked to give did so, according to Independent Sector's final *Giving and Volunteering in the United States* survey. Only 39 percent of those who were not asked made a charitable contribution. Moreover, even when households that were not solicited gave anyway, they gave less per year than those that were directly solicited.¹

This brief summarizes data from the CASE Voluntary Support of Education (VSE) survey about advancement investment, specifically fundraising and advancement management functions (referred to as “fundraising” throughout this report) and their combined effect on charitable giving at a set of institutions studied since 2010.

Between 2010 and 2018, 30 U.S. colleges and universities provided data every year about the salaries, benefits, and other costs associated with fundraising. These institutions also responded to the VSE survey about charitable-gift income. The data demonstrate a high rate of return on investment in fundraising.

Key Findings

- In 2018, 101 institutions reported on both advancement investment and private philanthropic support. Across all institution types, the return on investment in 2018 was 942.9 percent, and in one case it exceeded 2,500 percent.
- In general, higher investment yields higher returns.
- Adjusted for inflation, advancement investment per full-time equivalent (FTE) employee increased 17.8 percent over the 30 institutions and nine years studied. Over the same period private philanthropic support increased 56.7 percent.
- Even when plotted in three-year averages, aiming to smooth variation caused by capital campaigns, significant gifts, and economic factors, the result is the same. Increased investment yields greater outcomes.

¹*Giving and Volunteering in the United States: Findings from a National Survey*, Independent Sector: 2001, p. 44.

Fundraising Investment and Returns, 2018

This table summarizes reported fundraising expenditures and outcomes for the 101 institutions that provided data in 2018. Fundraising in this table refers to the combination of fundraising and advancement management activity.

Even among master’s institutions, where the cost per dollar raised is highest at \$0.21, there is still nearly a 400 percent return on investment

(ROI). In the most effective category—specialized institutions—ROI was over 2,500 percent. Research/doctoral institutions spend the most per institution on fundraising—\$11.42 million on average. This investment yielded an average return of \$117.09 million.

According to the IRS, the ROI for all filing 501(c)(3) nonprofits in the United States was 975.8 percent, based on 990 tax return data from 2015, the last year for which data are available.²

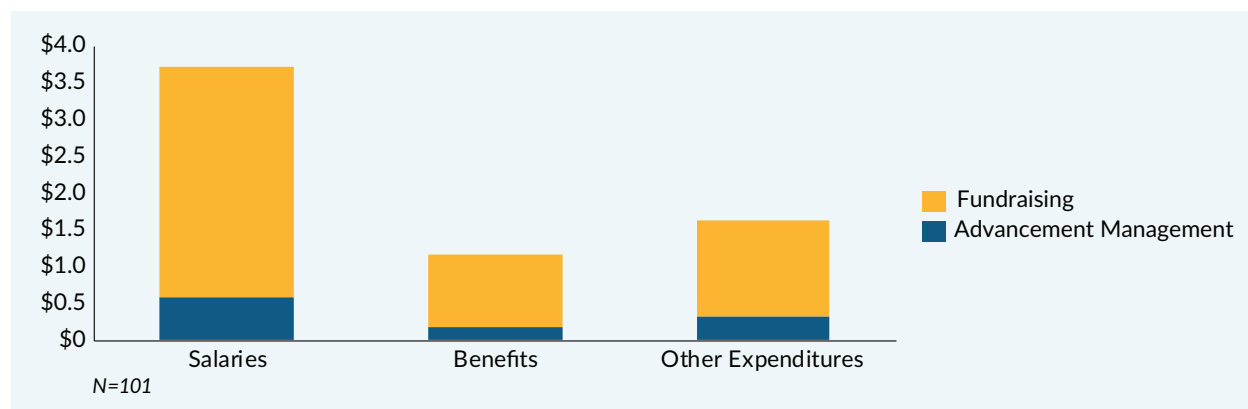
Summary of Fundraising Investment

| Type of Institution | Number of Responding Institutions | Fundraising Expenditures as a Percentage of All Expenditures | Average per Institution | | | |
|---------------------------------------|-----------------------------------|--|--------------------------|----------------|--|---|
| | | | Fundraising Expenditures | Dollars Raised | Fundraising Investment per Dollar Raised | Percentage Return on Advancement Investment |
| Research/Doctoral/ Multiple Campus | 47 | 1.1 | \$11,418,225 | \$117,088,937 | \$0.10 | 925.5 |
| Master’s | 25 | 1.2 | 2,174,319 | 10,526,948 | 0.21 | 384.1 |
| Baccalaureate | 16 | 2.3 | 1,719,780 | 12,930,095 | 0.13 | 651.8 |
| Specialized | 5 | 0.8 | 6,288,768 | 165,366,756 | 0.04 | 2,529.6 |
| Associate’s | 8 | 1.1 | 634,612 | 3,937,953 | 0.16 | 520.5 |

Most of the cost of fundraising—75 percent in the responding institutions—is personnel-related, either salaries or benefits. The rest of the cost is primarily operating expenditures. A small

percentage of “other expenditures” are capital purpose investments in such items as equipment or software.

Average Fundraising Costs by Purpose, 2018 (Dollars in Millions)



²Downloaded from <https://www.irs.gov/statistics/soi-tax-stats-charities-and-other-tax-exempt-organizations-statistics> on August 22, 2019.

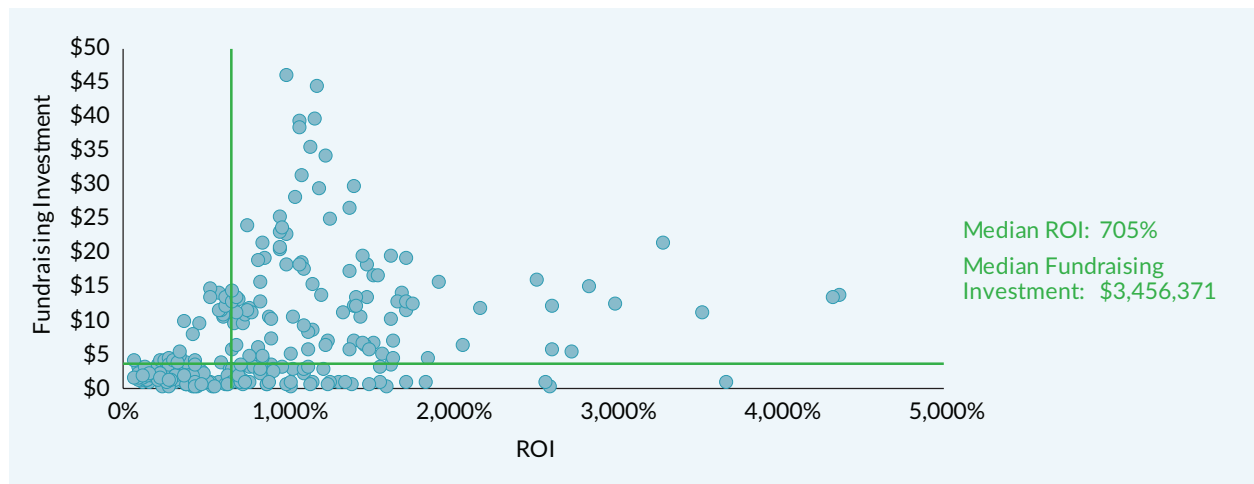
The Relationship Between Investment in Fundraising and Fundraising Outcomes

Observing the core group of 30 respondents over the nine years of data collection yields 270 correlations about the relationship between fundraising investment and fundraising outcomes, measured as ROI on the first graph and as net raised on the second.

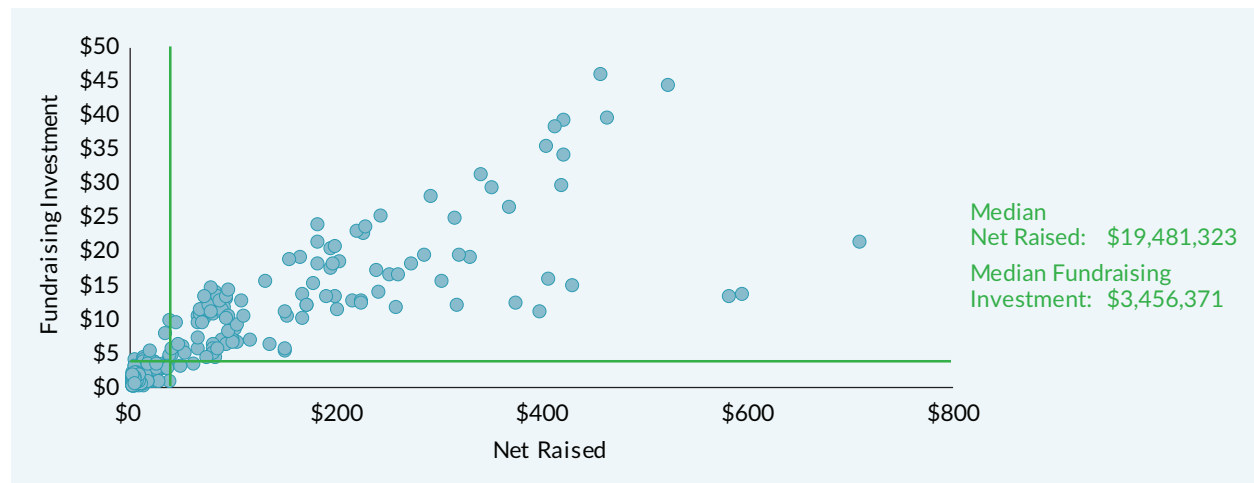
While the median investment and outcome are both well below the maximum levels, virtually all investment yields a positive return, and higher investments yield higher returns.

Of course, the data do not shed light on the tenure or experience level of the personnel nor the maturation of the development programs themselves. However, detailed data on each responding institution are available in AMAtlas's Data Miner platform, which is a CASE member benefit.

Relationship Between Fundraising Investment and ROI
(Dollars in Millions)



Relationship Between Fundraising Investment and Net Raised
(Dollars in Millions)

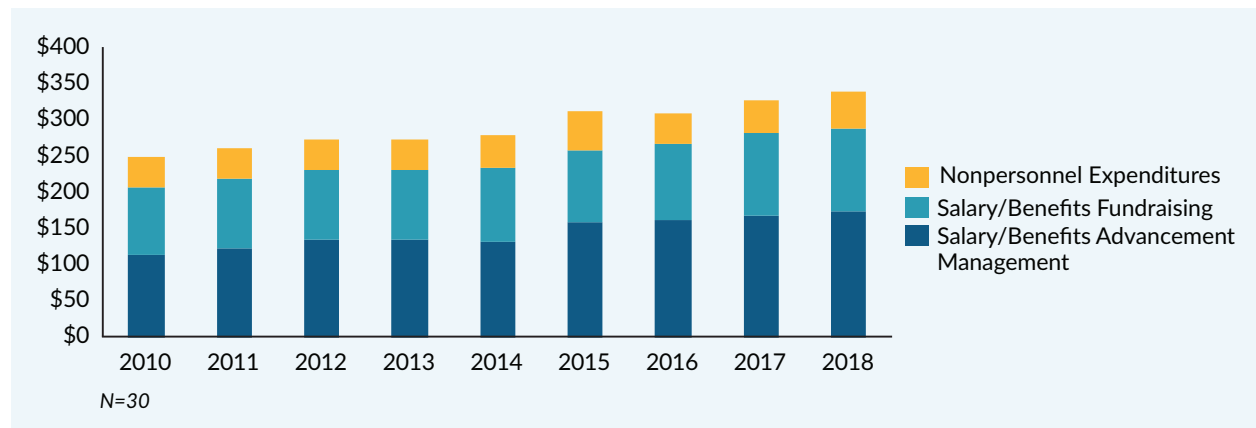


Growth in Fundraising Investment and Outcomes Over Nine Years

Fundraising costs per FTE in the core group of 30 increased 35.6 percent over the nine years data were

collected, which is a 17.8 percent increase when adjusted for inflation. Most costs are salaries and benefits. Over the same period, the 30 respondents raised 80.3 percent more in 2018 than 2010, which is 56.7 percent when adjusted for inflation.

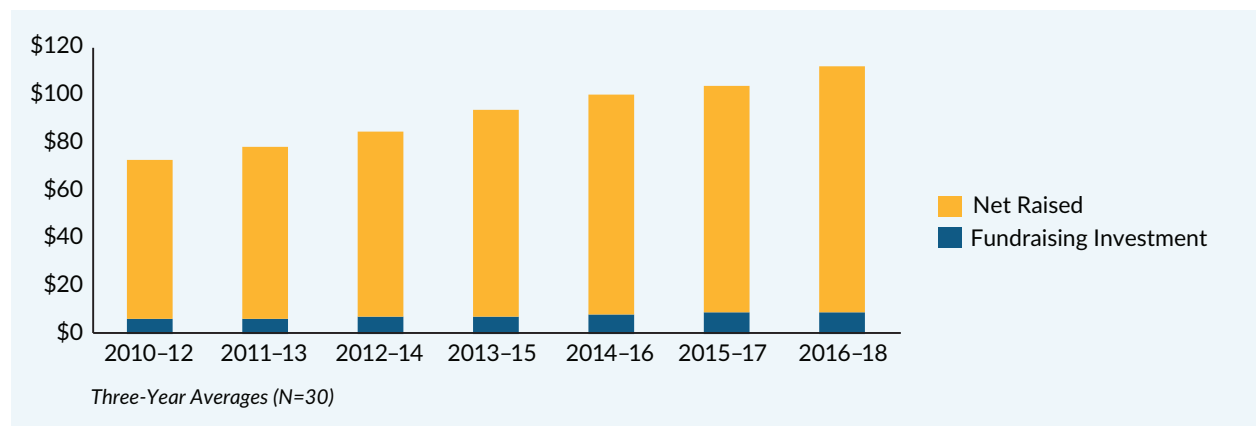
Fundraising Costs per FTE, 2010–2018
(Dollars in Thousands)



Three-Year Averages of Mean Fundraising Investment and Net Raised per Institution

This chart shows the data using three-year averages to smooth the effects of capital campaigns, windfall gifts, or temporary shifts in economic factors, such as the value of stocks.

Average Fundraising Investment and Net Raised per Institution
(Dollars in Millions)

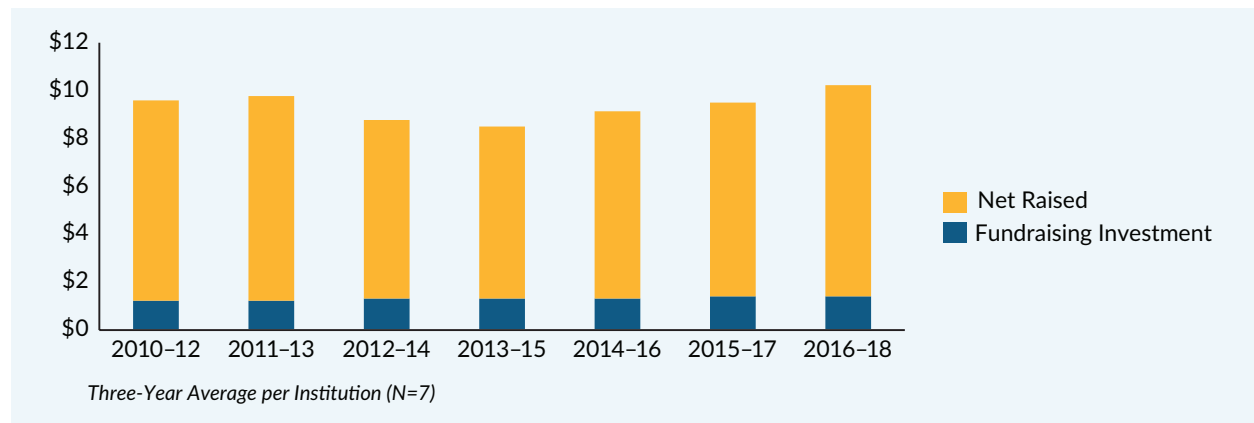


The chart illustrates a steady increase in the amount raised, which is particularly noteworthy given the relatively small investment needed to generate that return. Following are separate data for three types of institutions.

The seven baccalaureate institutions that responded reported a decline in support for two

periods, from which they subsequently recovered. Indeed, between 2010 and 2018, the seven institutions showed about the same level of growth in giving—60.3 percent—as did all baccalaureate respondents to the VSE survey, which reported a 63 percent increase over the same period.

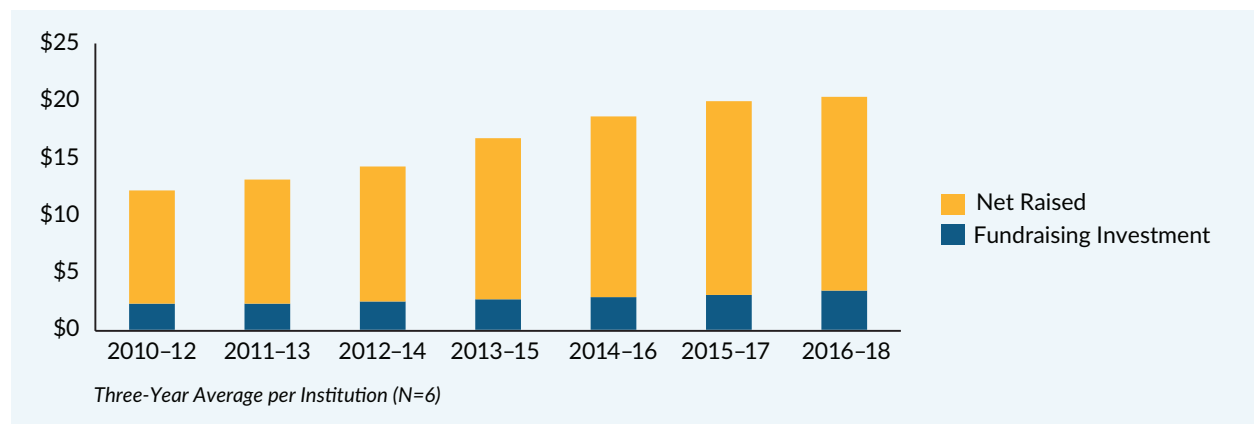
Fundraising Investment and Net Raised, 2010–2018 – Baccalaureate Institutions
(Dollars in Millions)



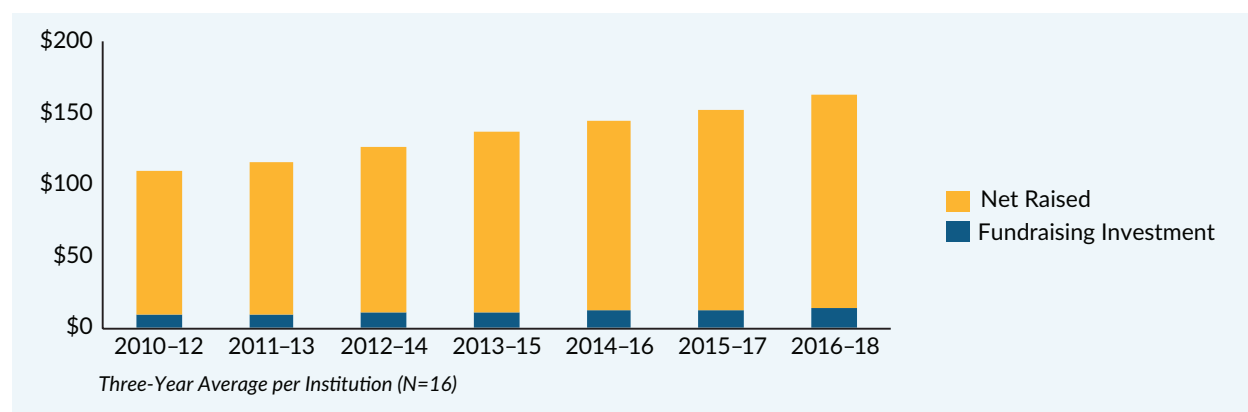
Master’s and research/doctoral institutions reported steadily increasing fundraising outcomes and relatively low investment in fundraising buoying them. Between 2010 and 2018, the total

amount responding master’s institutions raised increased 83.8 percent. Responding research/doctoral institutions raised 66.2 percent more in 2018 than 2010.

Fundraising Investment and Net Raised, 2010–2018 – Master's Institutions
(Dollars in Millions)



Fundraising Investment and Net Raised, 2010–2018 – Research Doctoral Institutions
(Dollars in Millions)



Conclusion

Fundraising outcomes are the results of multi-faceted relationships between institutions and supporters. These relationships arise for many reasons and in varying economic environments. Since institutions cannot control the economic circumstances in which they raise money, they focus on what is within their sphere of influence—specifically, the relationships they have with contributors.

As demonstrated by data from the cohort of 30 institutions that responded to the VSE survey’s optional section on advancement investment between its inception in 2010 and 2018 (the most recent year of the survey), investment in the activities that cultivate relationships is correlated with philanthropic gift receipts.

Investment in fundraising increased 17.8 percent in inflation-adjusted dollars over the period studied. However, the increase in outcomes far outpaced that increase—rising 56.7 percent, adjusted for inflation.

Methodology

Since 2010, there has been an optional section on the CASE VSE survey about advancement investment. This brief referred to salaries, benefits, and other costs in two advancement functions—fundraising and advancement management. Definitions of these areas and the specific variables can be found here: https://www.case.org/system/files/media/inline/VSE_201807_Reporting_Standards_2b_Advancement_Investment_0.pdf.

In 2018, 101 colleges and universities responded to the Advancement Investment section of the VSE survey. Thirty of those institutions also responded in every year since 2010. This core group provides the primary focus of this analysis. It comprises seven baccalaureate institutions, six master’s institutions, 16 research/doctoral institutions, and one specialized (medical) institution.

Throughout this report, data are reported in nominal U.S. dollars.

For further information about this report, contact the CASE Voluntary Support of Education staff at vse@case.org.

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