



**AMAtlas**<sup>SM</sup>  
*Advancement Metrics and Research for Education*

# Endowment and Major Gift Stewardship and Strategies

August 15, 2020

Thanks to Strategic Investment Group for their Support of this Research and Program.



# Presenters and Panelists

## Presenters:

David Bass, Senior Director of Research, CASE

Tiffany Dean, Senior Director, Institutionally Related Foundations, AGB.

## Panelists:

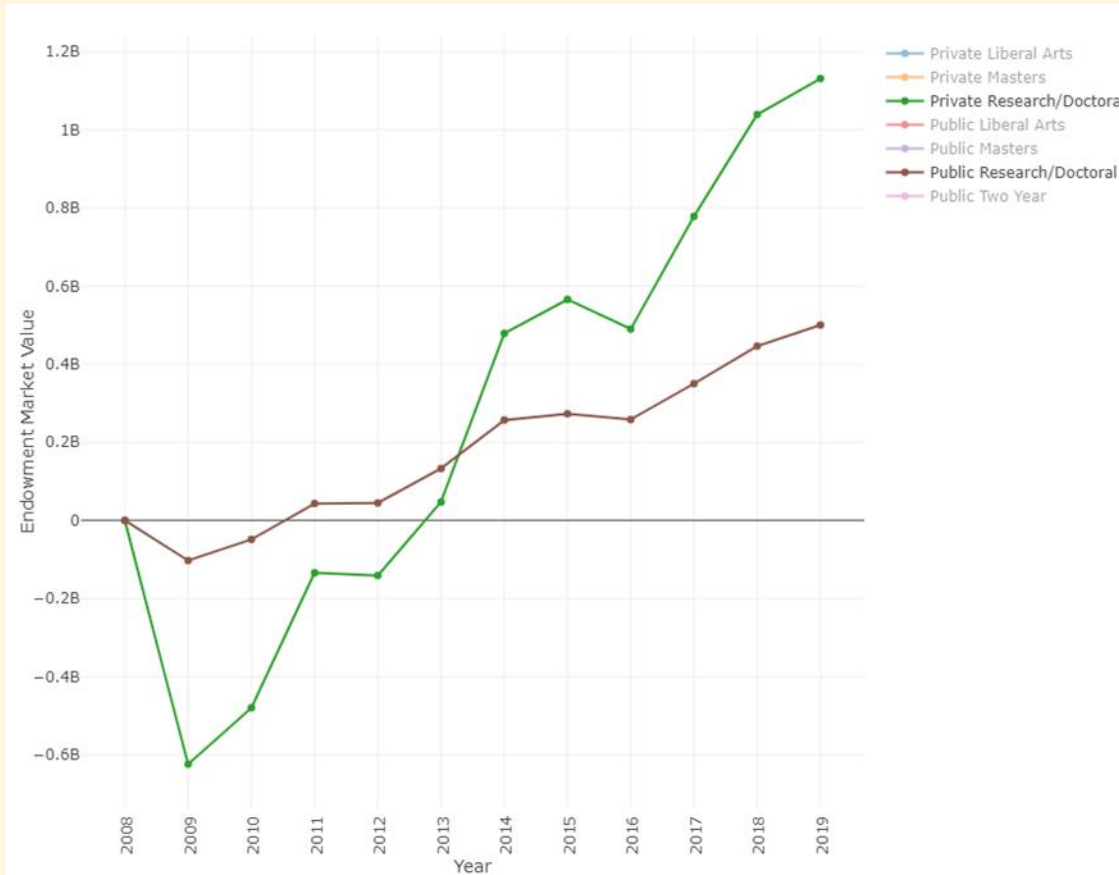
[Tom Herbert](#), Senior Vice President for University Advancement, Miami University and President of the Miami University Foundation

[Nikki Kraus](#), Managing Director and Global Head of Client Development at Strategic Investment Group

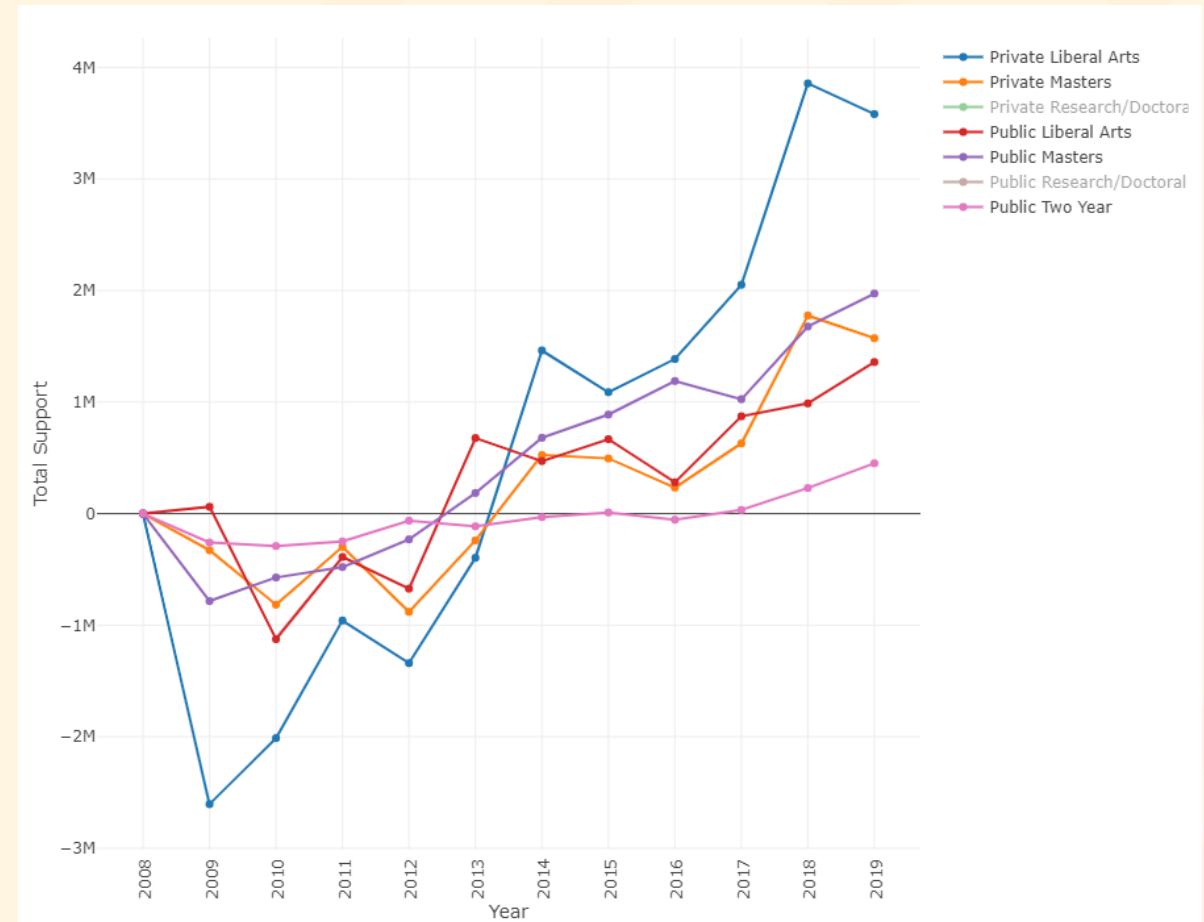
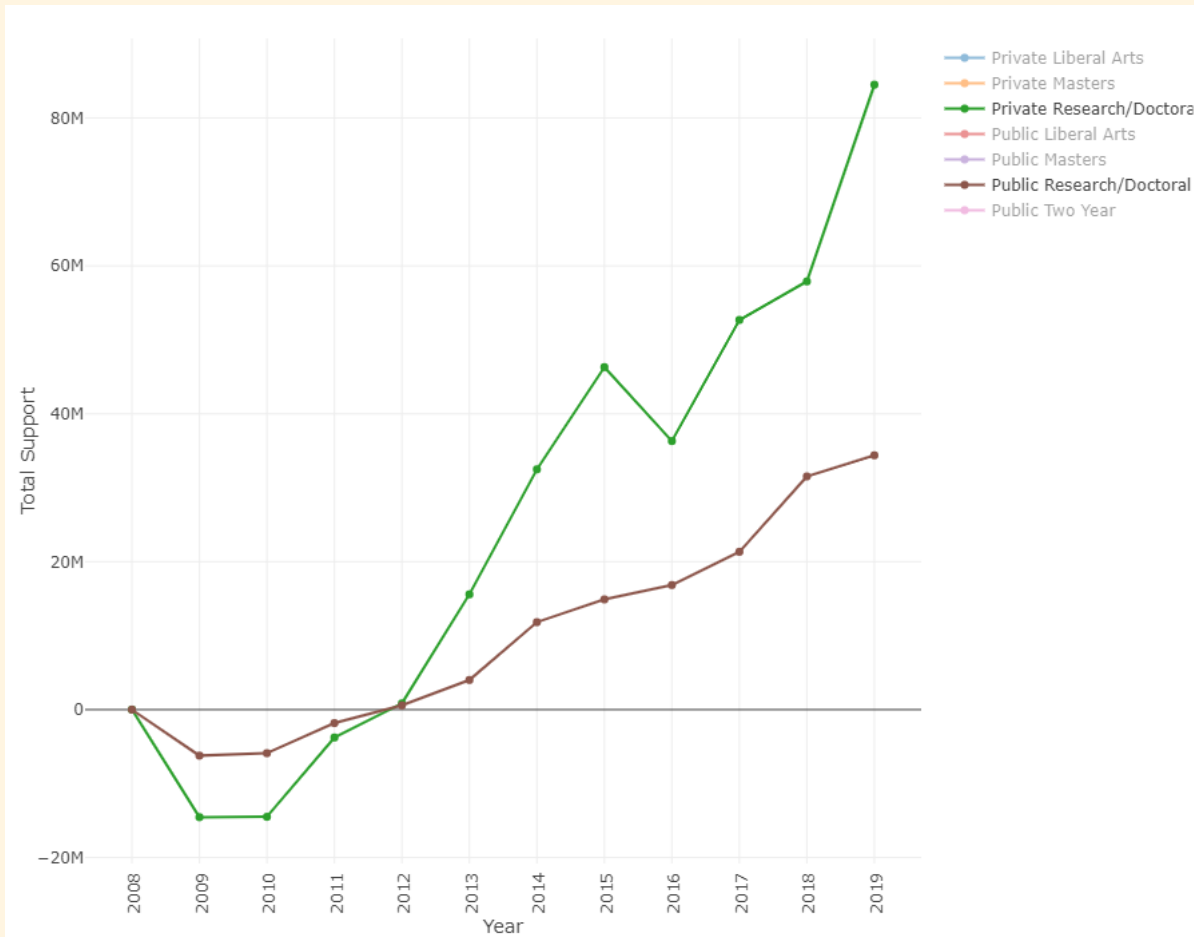
[Keith Sauls](#), Treasurer of the College of Charleston Foundation Board, member of the Board of Governors of the College of Charleston Business School



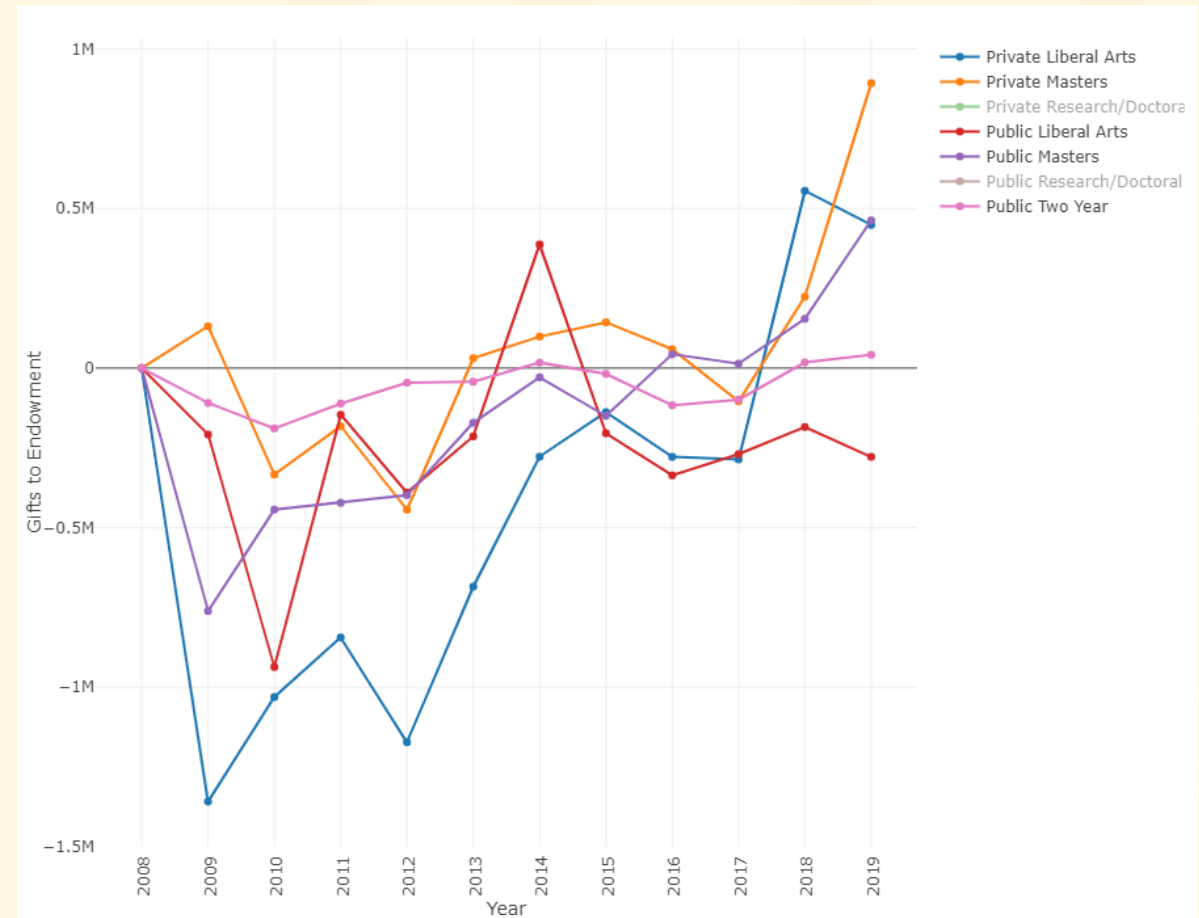
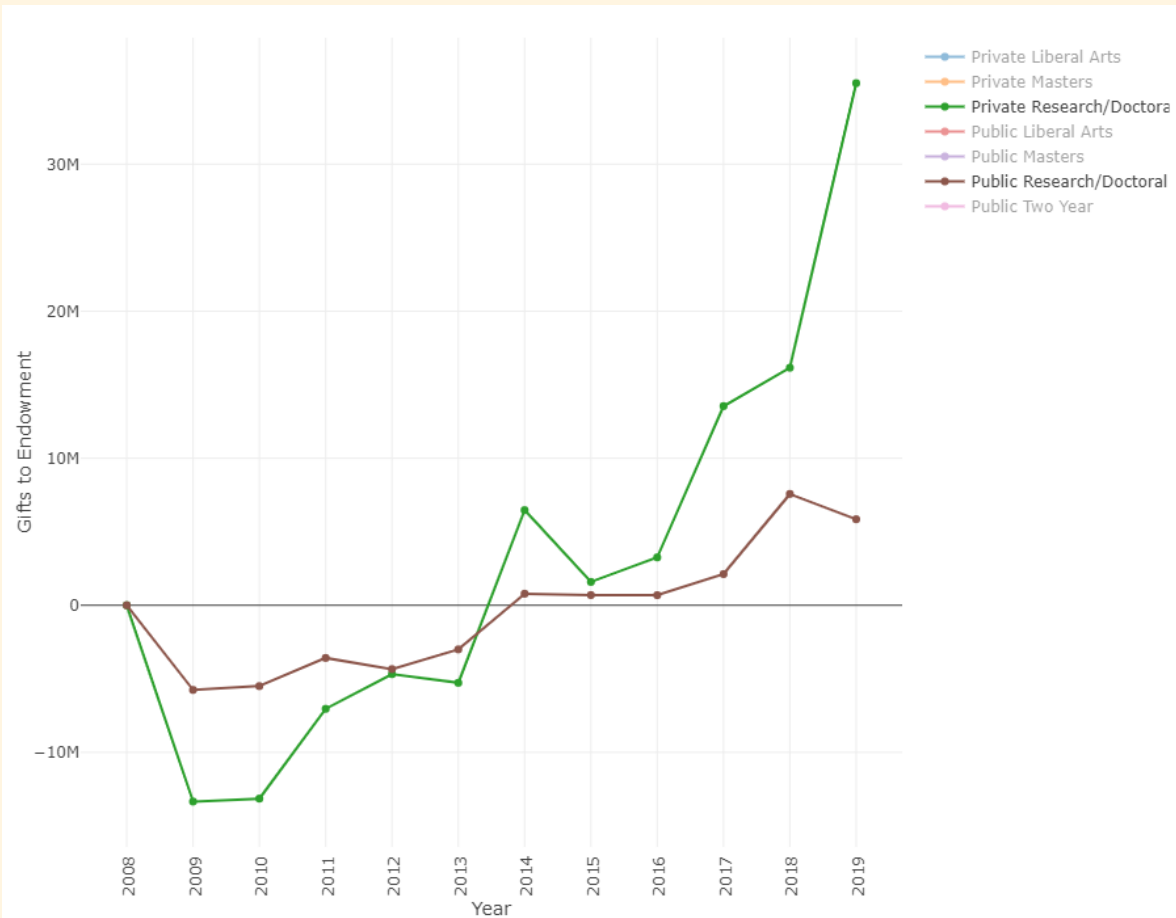
# Endowment: 3-5 Years to Recovery



# Total Voluntary Support: 4-7 Years to Recovery

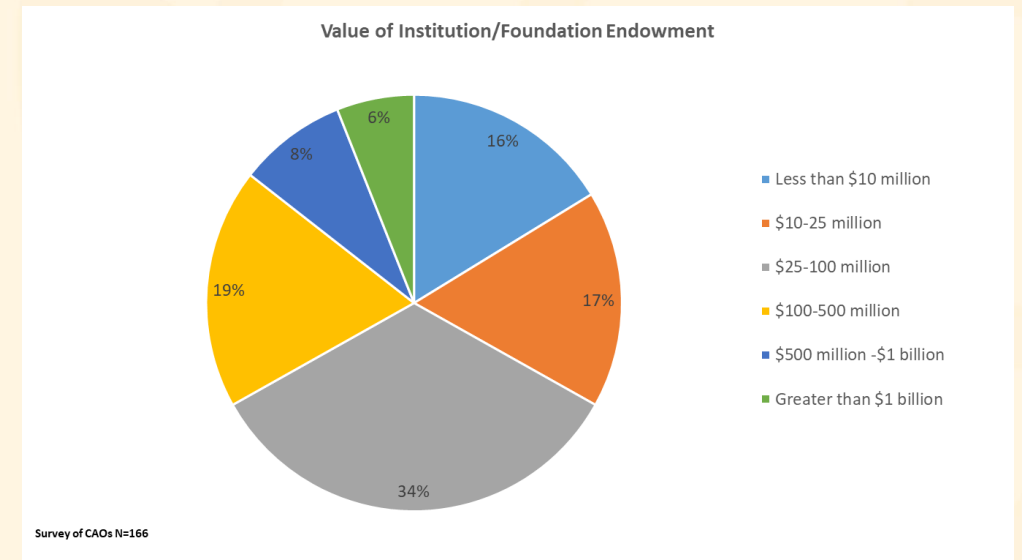
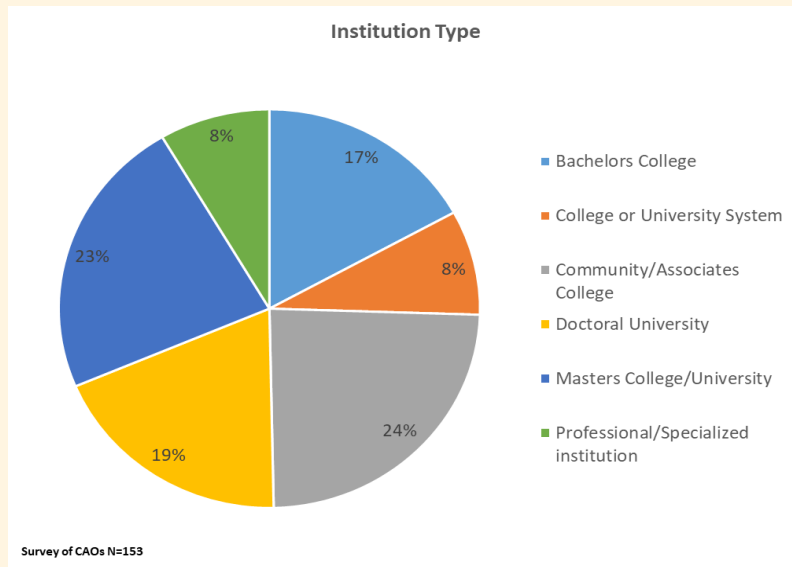


# Giving to Endowment: 6-10 Years to Recovery



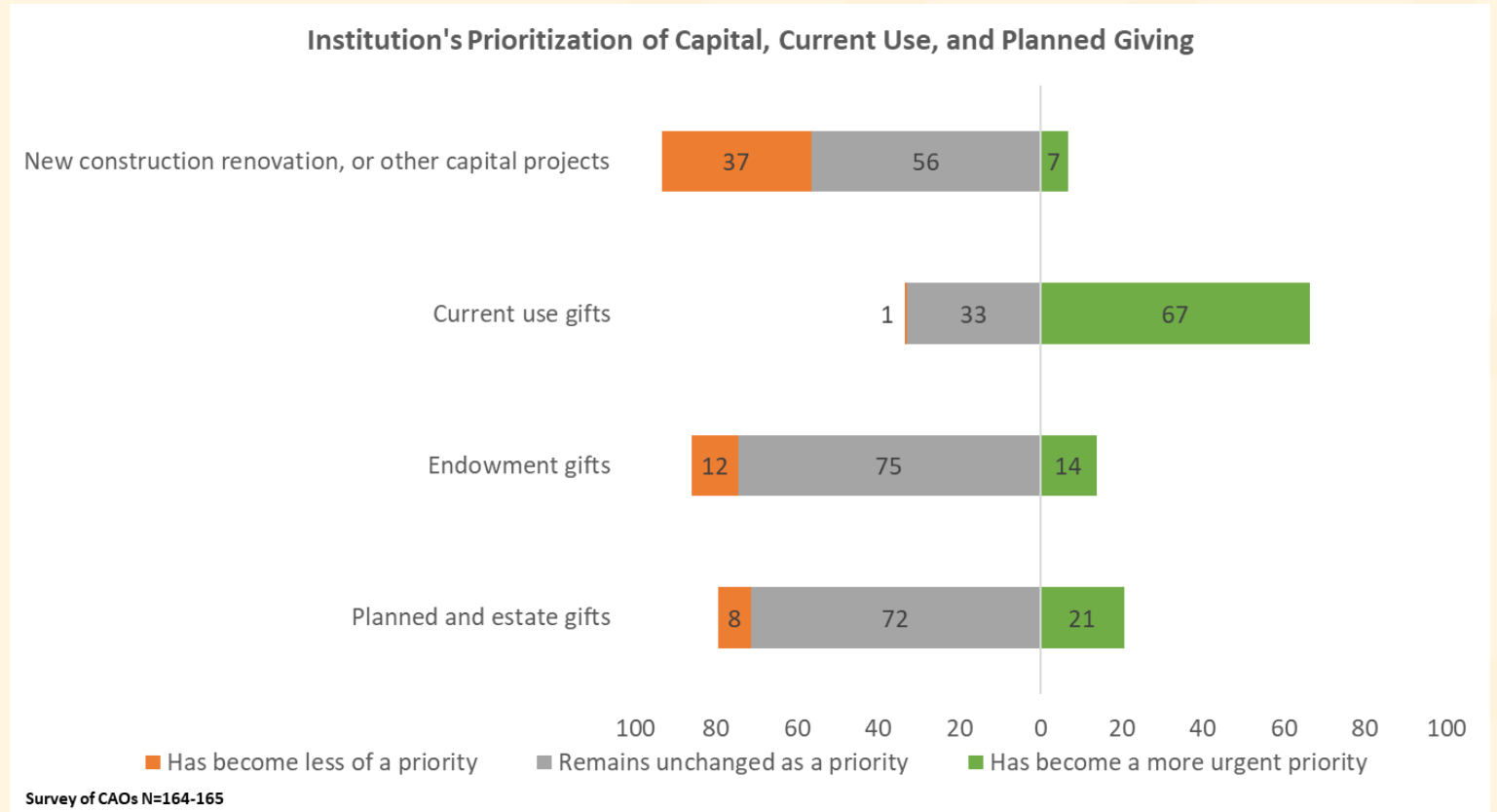
# CAO and Board Perspective Surveys

- Survey of college and university chief advancement officers (including Foundation CEOs responsible for institutional advancement officers (165 usable responses)
- Complimentary survey of members of finance and investment committees of colleges, universities, and affiliated foundations (60 usable responses)
- Respondents included a diverse mix of institution types with a broad distribution of endowment values
- Data collected from June 22 though the end of July



# Institutional Priorities: Current v. Capital

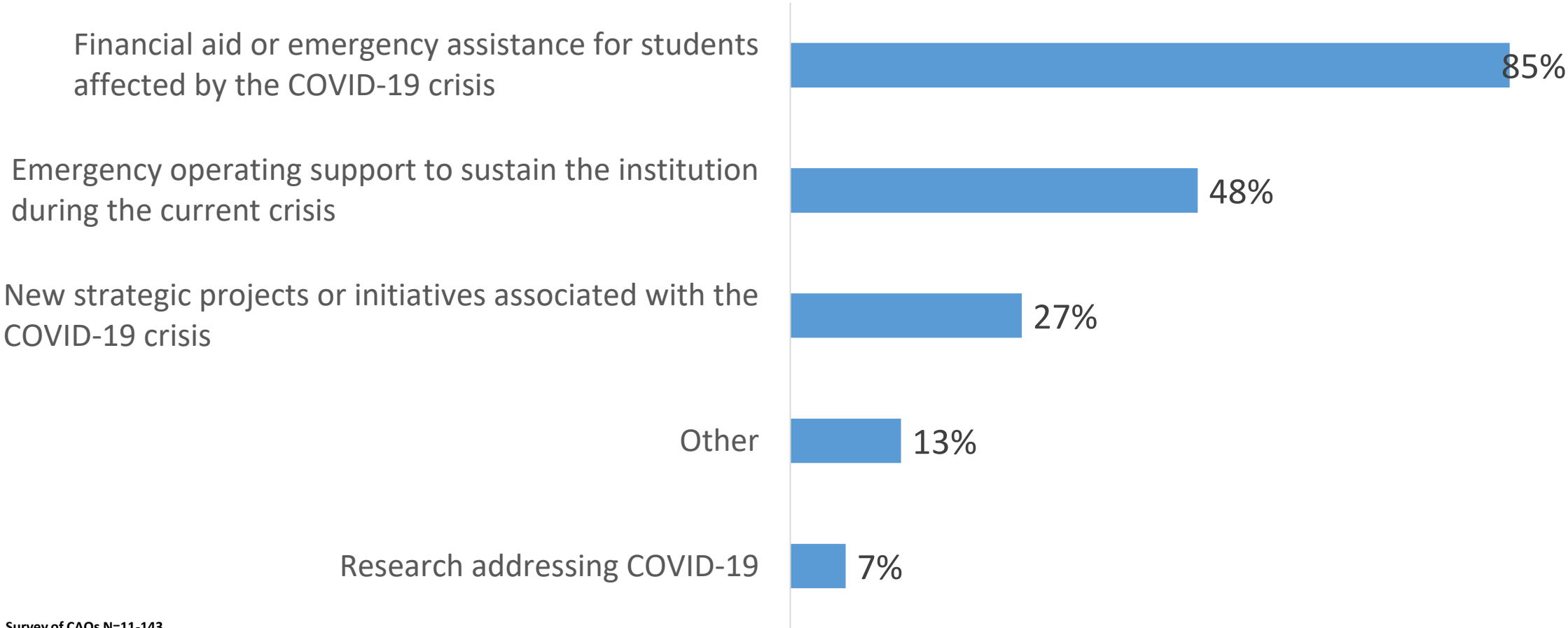
- 67% Current Use Giving has become a more urgent priority
- 14% Endowment a more urgent priority
- 21% Planned and estate gifts more urgent priority
  
- 37% Capital giving for new construction, renovation, and other non-endowment purpose less of a priority
- 12% Endowment gifts less of a priority





# Fundraising Priorities in the Current Crisis

Priorities For Your Major Gift Fundraising in the Current Crisis

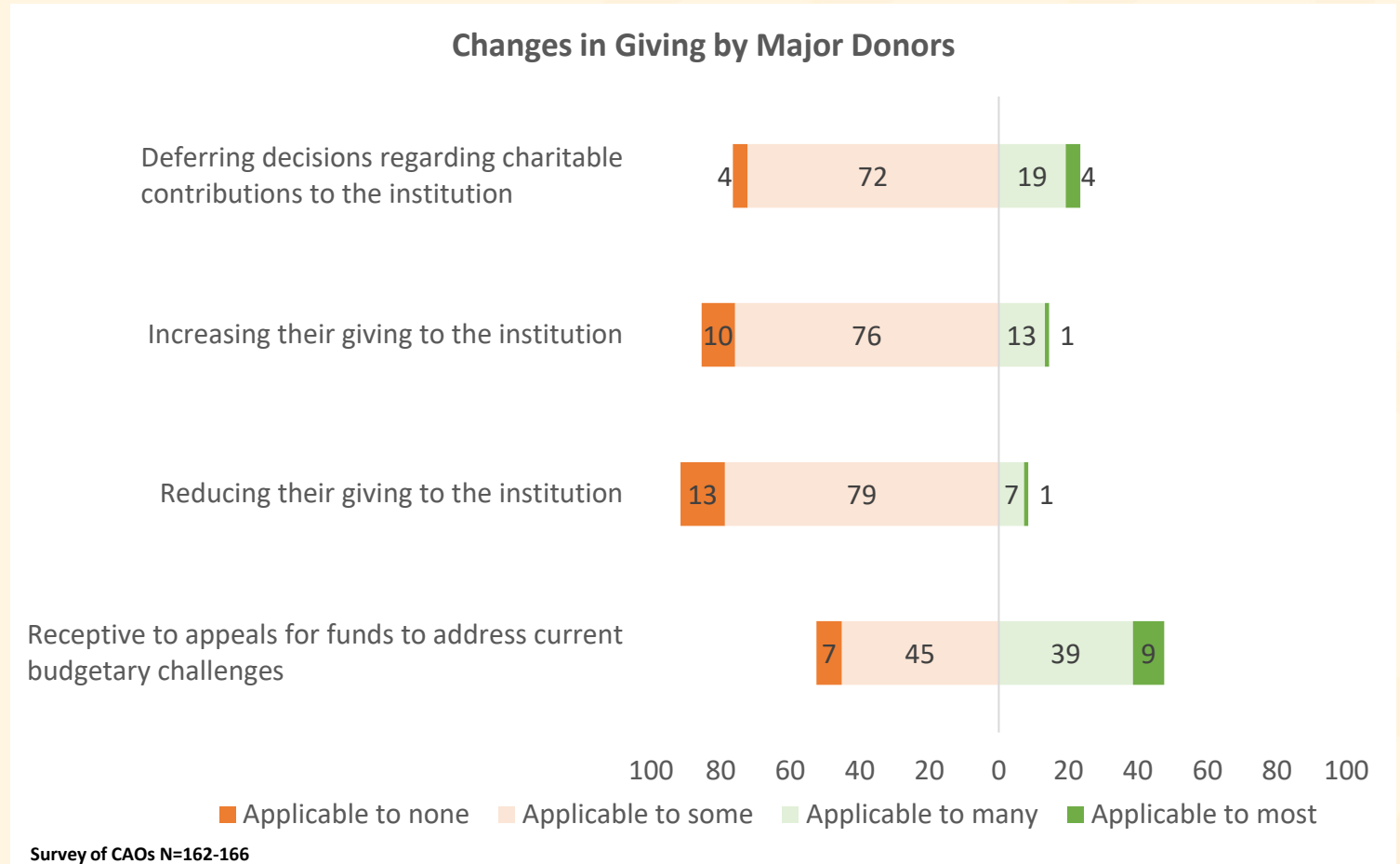


Survey of CAOs N=11-143



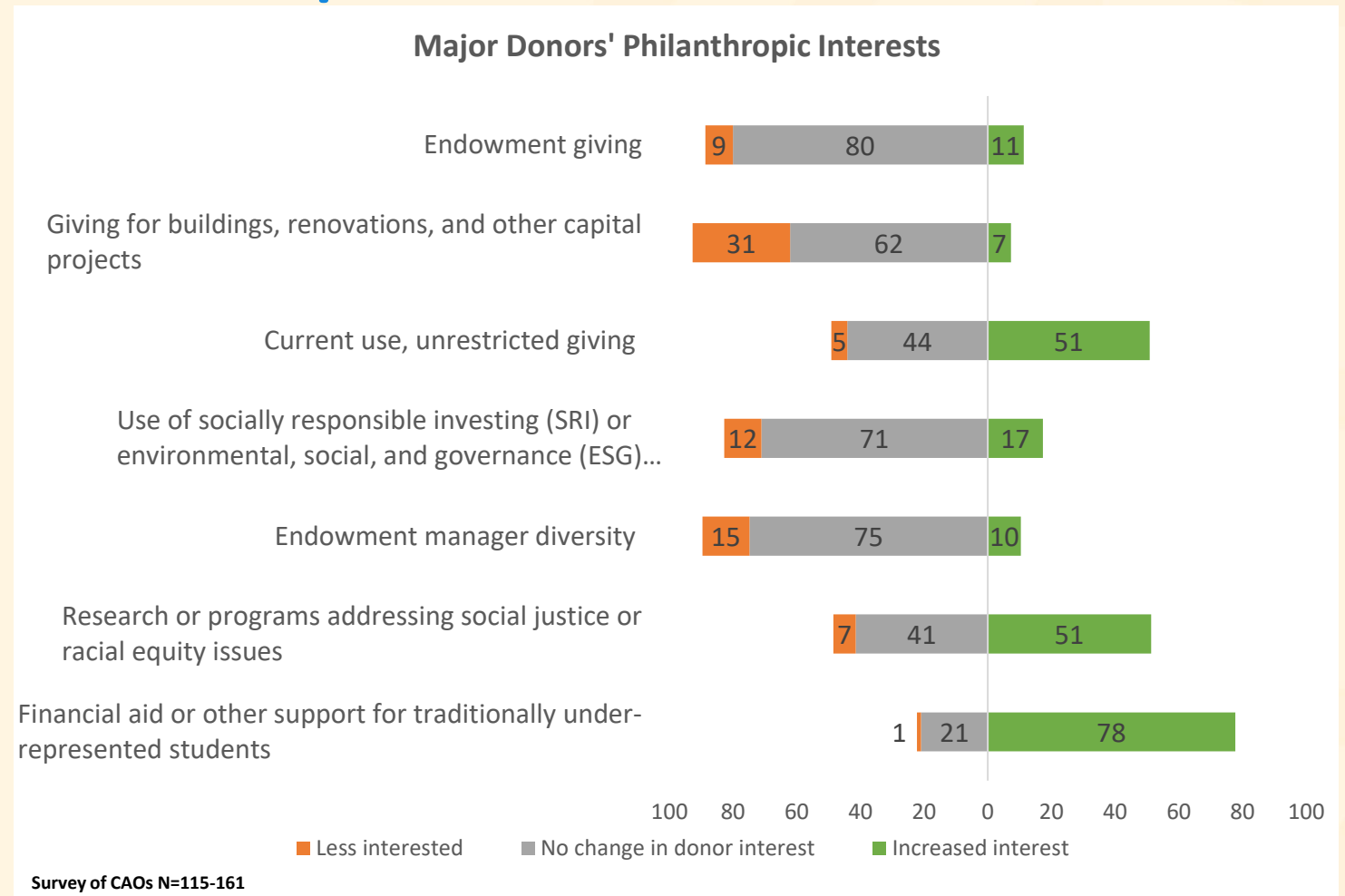
# Major Donors: Largely Continuing Their Support

- Almost half of institutions reported that many or most major donors are receptive to appeals for funds to address current challenges.
- But a quarter of institutions believe that many or most major donors are deferring giving decisions
- 14 % of institutions report that many or most major donors are increasing their giving.

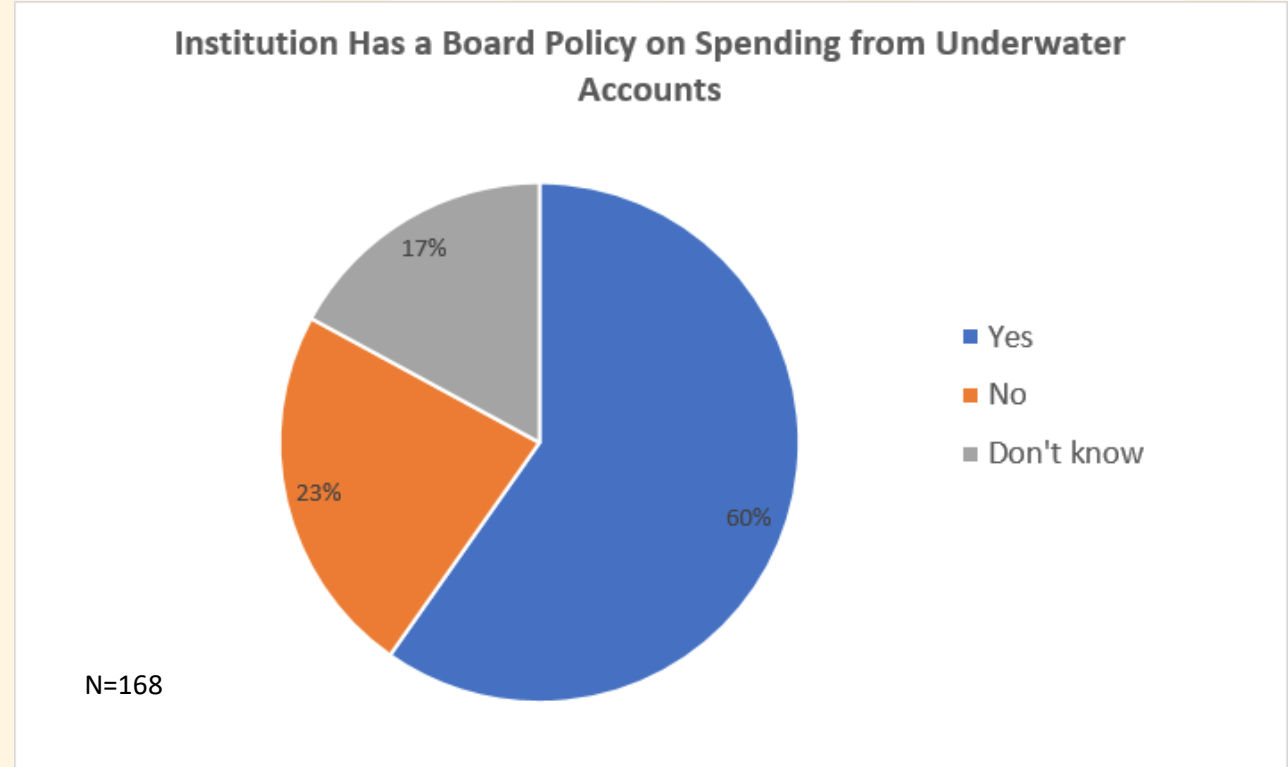
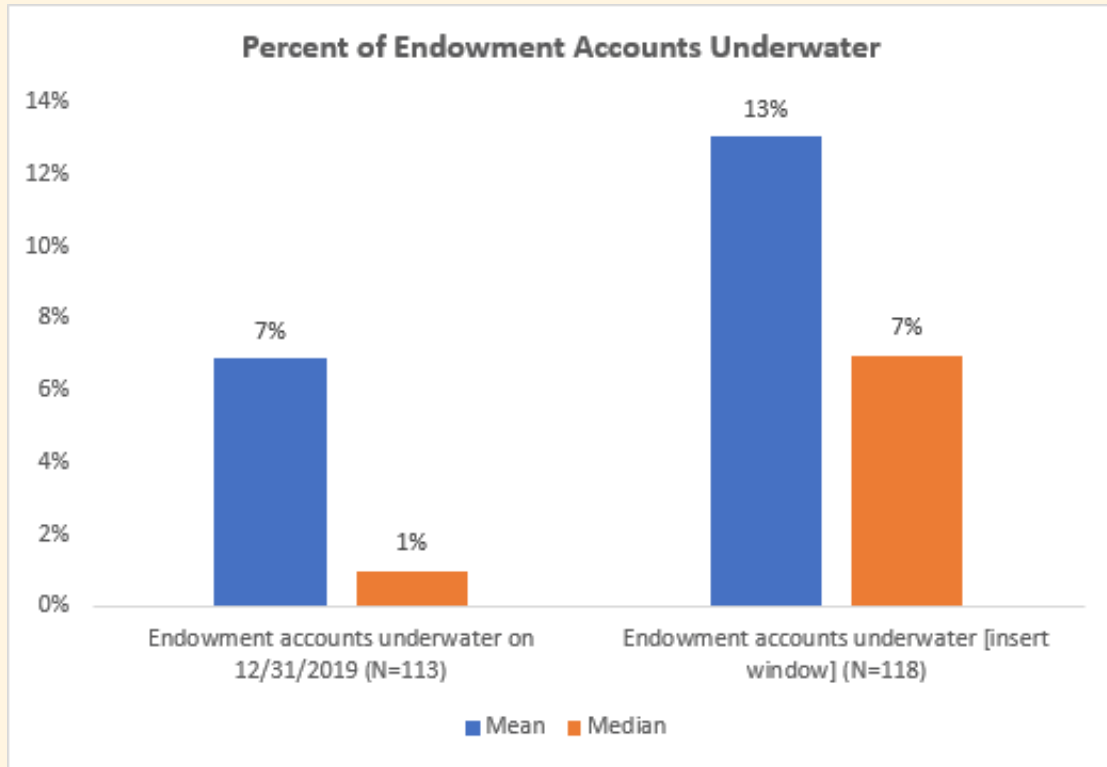


# Major Donors' Philanthropic Interests

- Half of institutions report increased interest in current use, unrestricted giving.
- One third see less interest in buildings
- There is a split on reported interest in endowment giving.
- Over three quarters of institutions reported increased donor interest in financial aid of traditionally underrepresented students and over half are seeing increased interest in research or programs addressing social justice or racial equity issues.



# Two Red Flags



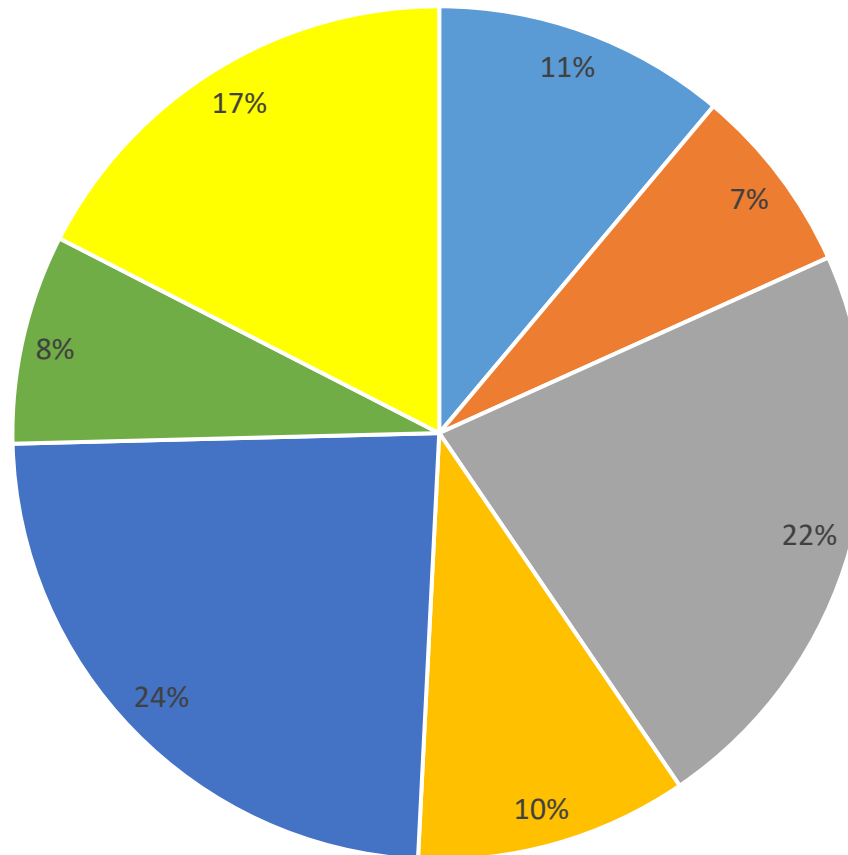
# UPMIFA: Uniform Prudent Management of Institutional Funds Act

- Applies a prudence standard with the assumption that boards will act to preserve the long-term purchasing power of the fund (intergenerational equity/purchasing power parity) and abide by donor intent
- Outlines 7 factors boards should consider in making spending decisions:
  - Preservation of the endowment
  - Purposes of the fund
  - General economic conditions
  - Effects of inflation/deflation
  - Expected total returns
  - Other institutional resources
  - The institution's investment policy



- A third are spending like it's 2006
- Almost a quarter report that decisions are made on a case-by-case basis
- 18% have a policy to spend down to some threshold or thresholds

## Board Policies Regulating Spending from Underwater Endowments



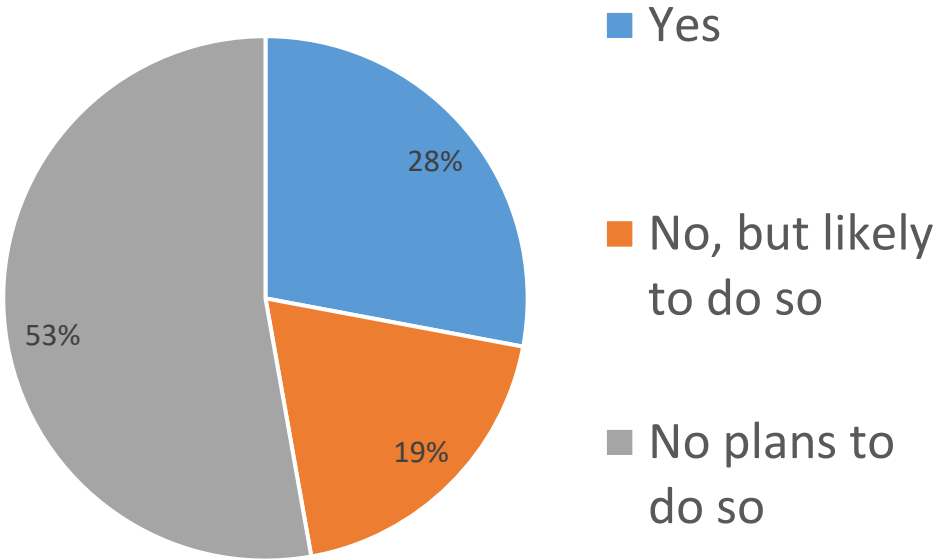
- A tiered approach incrementally reducing spending at set thresholds below HGV (N=14)
- Continue normal spending until an account value falls to some set threshold (e.g. 90% of HGV) and then freeze spending
- Decisions are made on a case-by-case basis
- Distribute only investment income from all accounts that fall below HGV
- Suspend distributions from all accounts that fall under historic gift value (HGV)
- Other
- Don't know

Survey of CAOs N=126



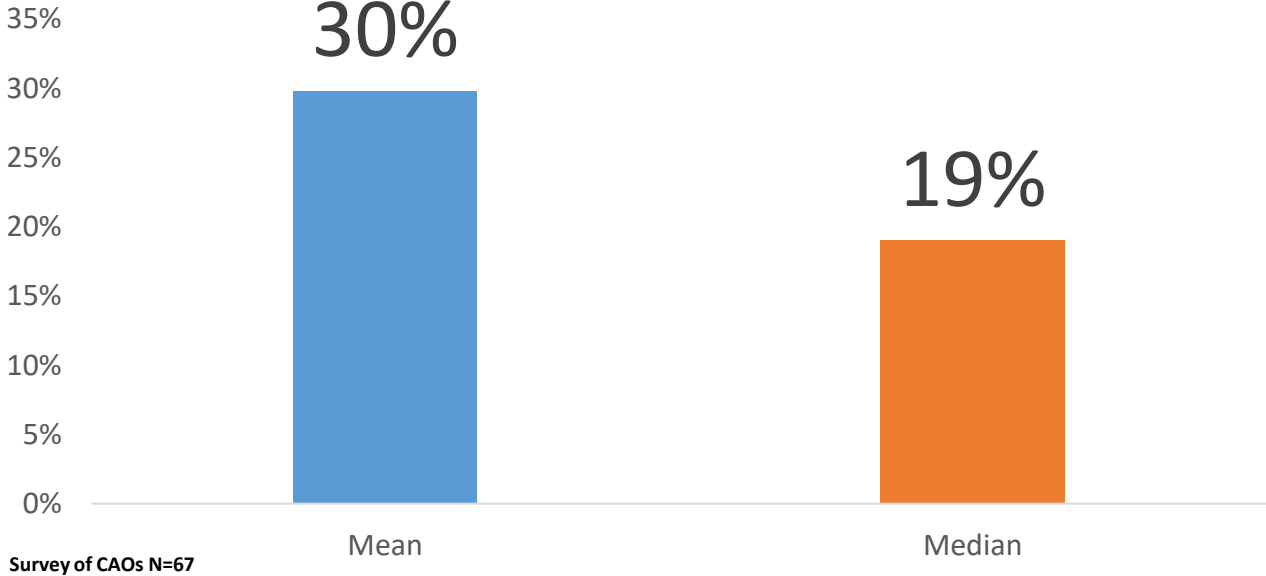
# Missed Opportunity: Supplemental Endowment Gifts

## Solicit Supplemental Gifts from Endowment Donors



Survey of CAOs N=161

## Percent of Donors Making Supplemental Gifts for Endowed Purposes



Survey of CAOs N=67



Advancement Metrics and Research for Education

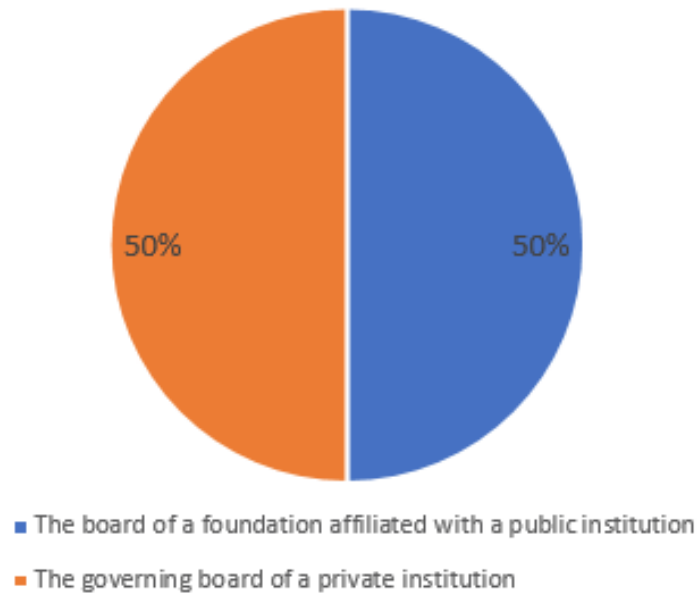
# Survey of Institution and Foundation Board Members



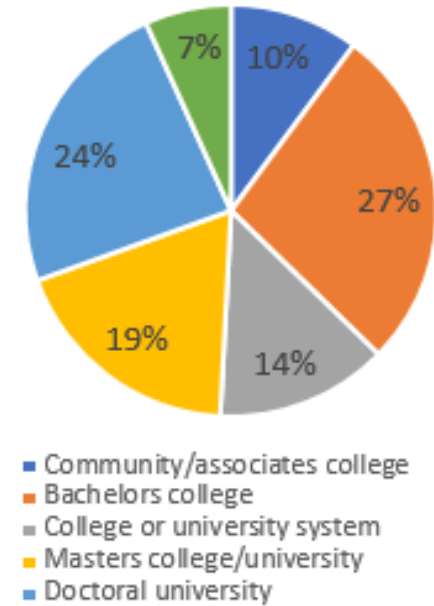


# Board Perspective

Board Service

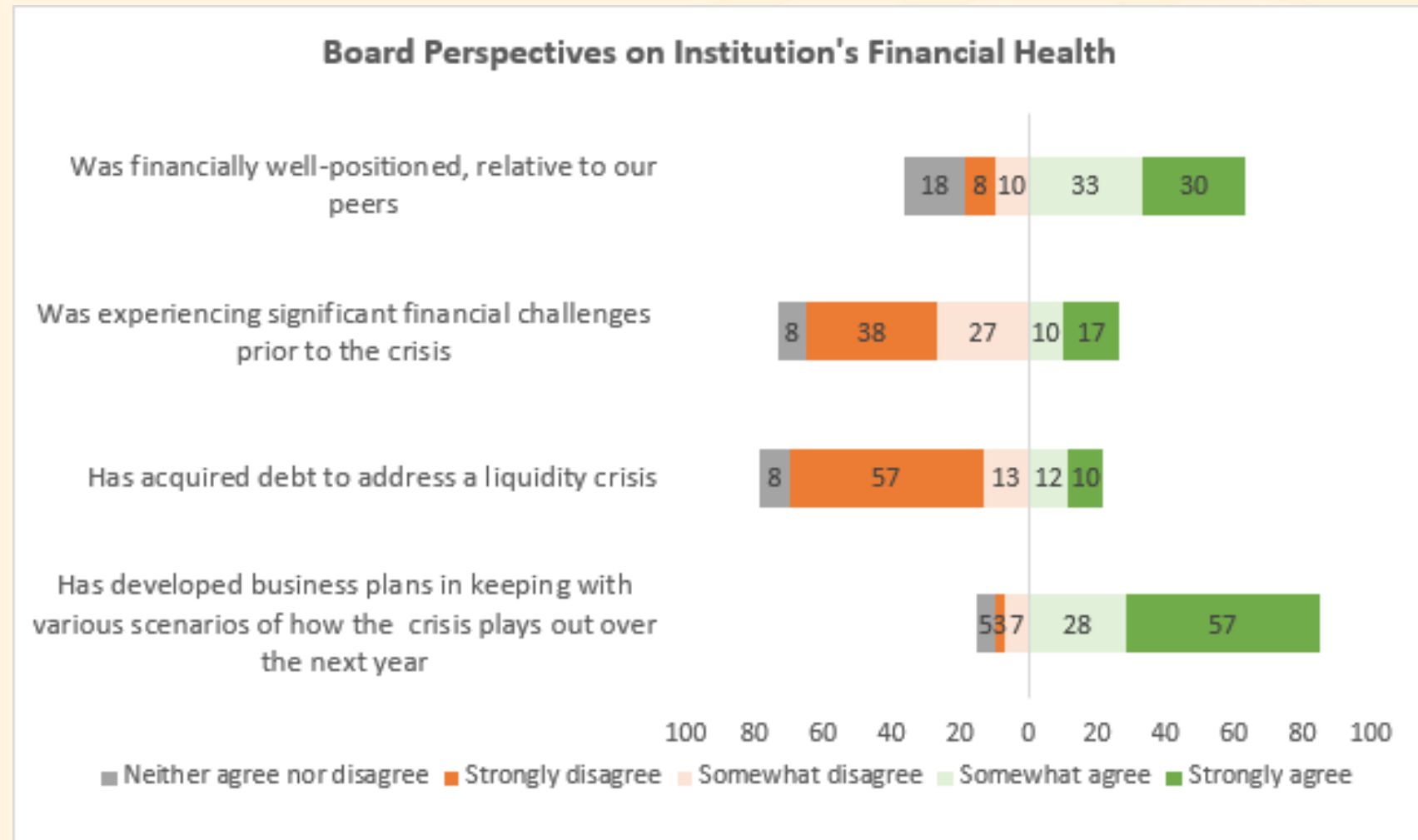


Type of Institution (N=59)



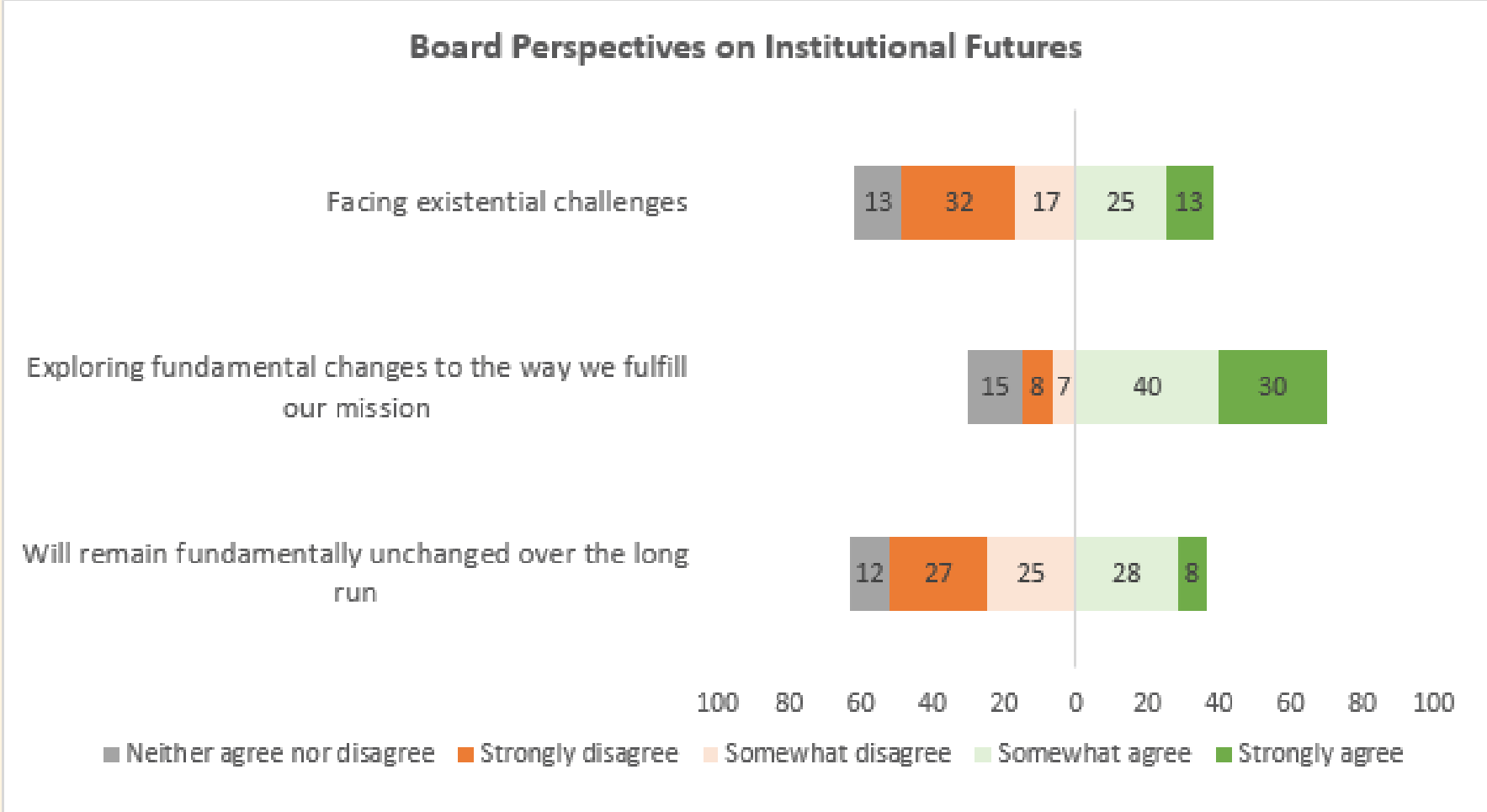
# Institutional Financial Health

- 63% were well positioned prior to crisis
- 27% were experiencing financial challenges
- Since, 85% have developed plans to address various potential scenarios



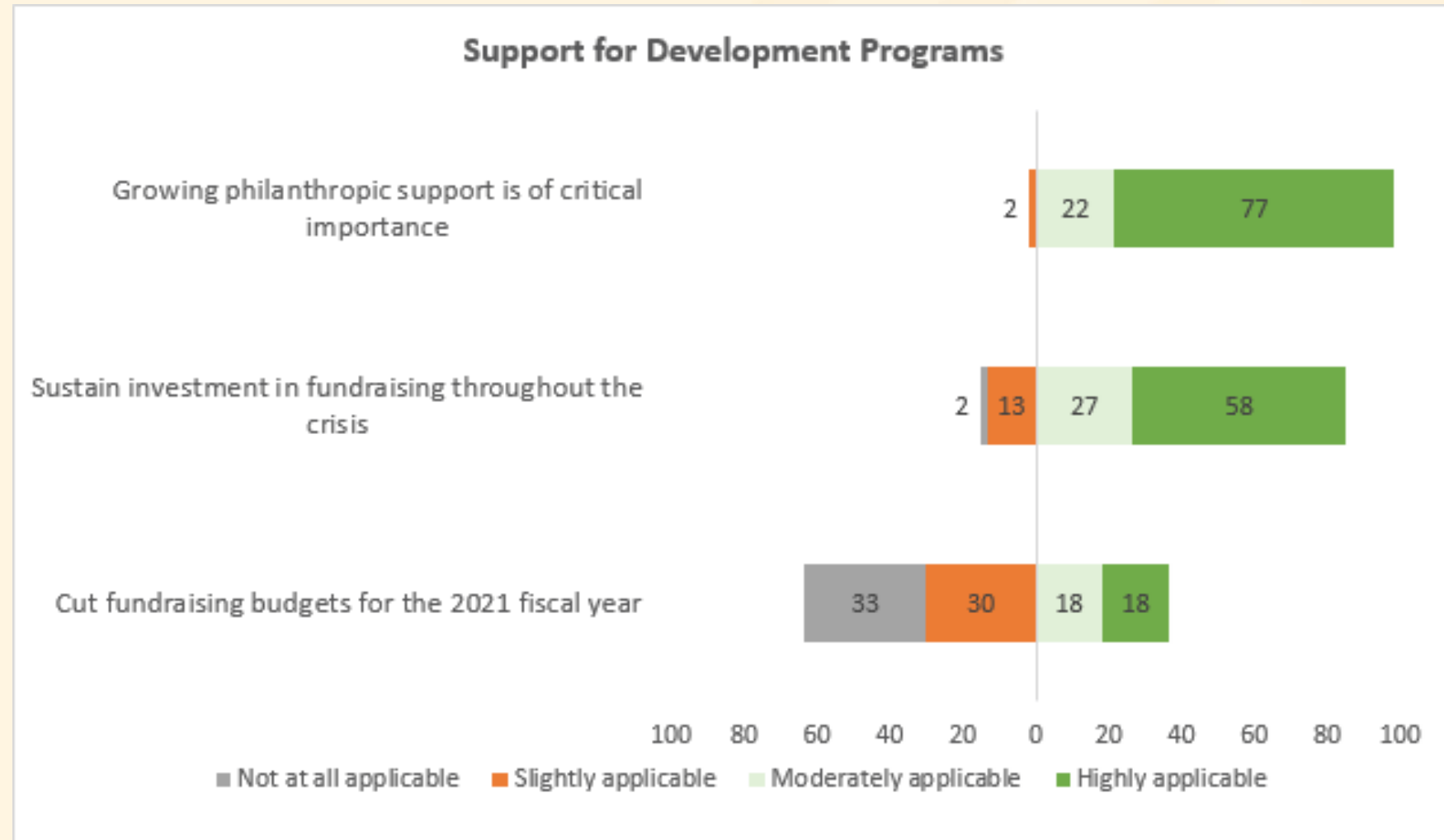
# Impact on Institutional Future

- 38% Facing existential challenges prior to crisis
- 70% Exploring fundamental changes to way mission is fulfilled



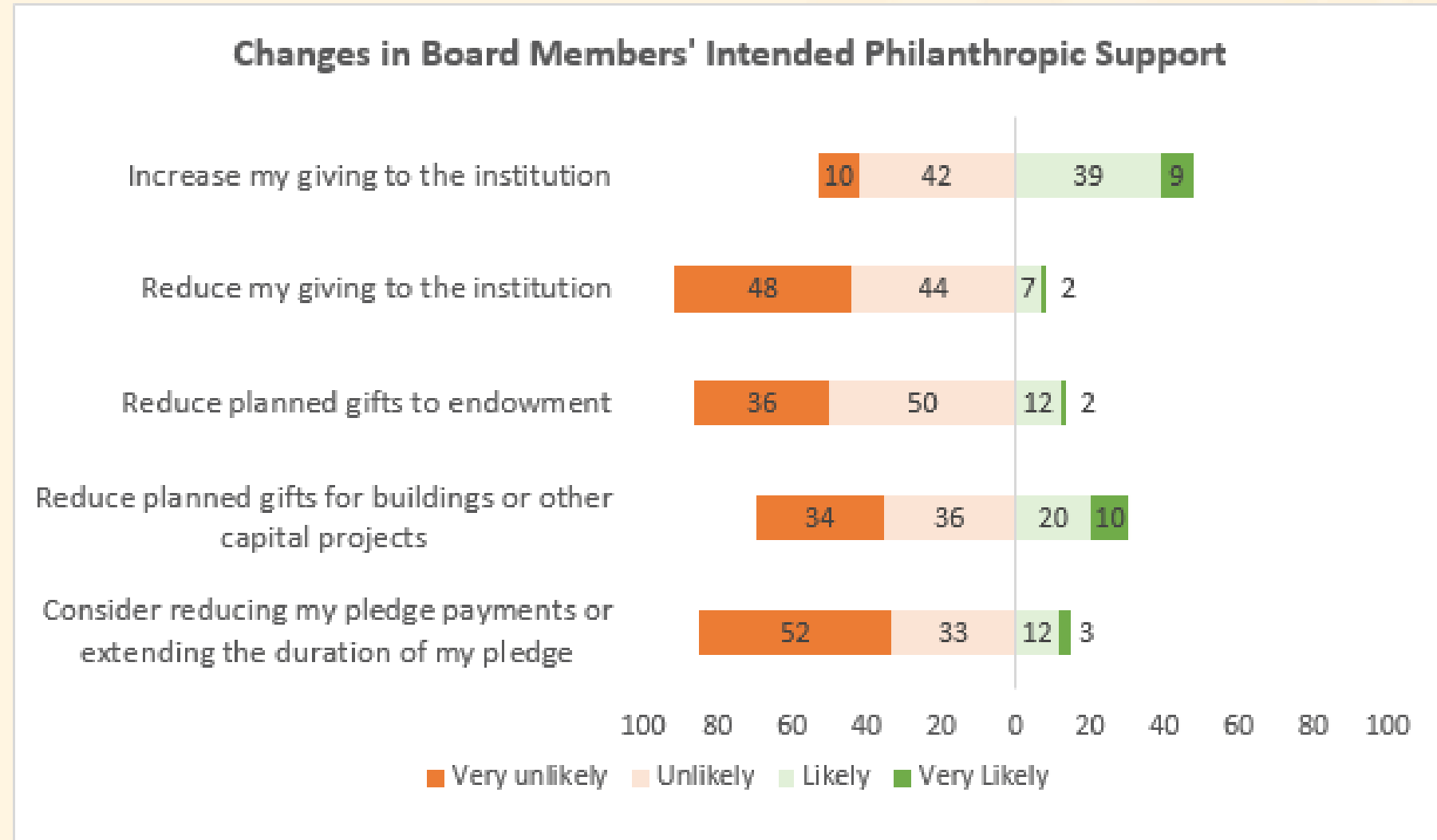
# Board Support for Fundraising

- Growing support is of critical importance
- Sustain investment through crisis, despite cutting budgets for the fiscal year



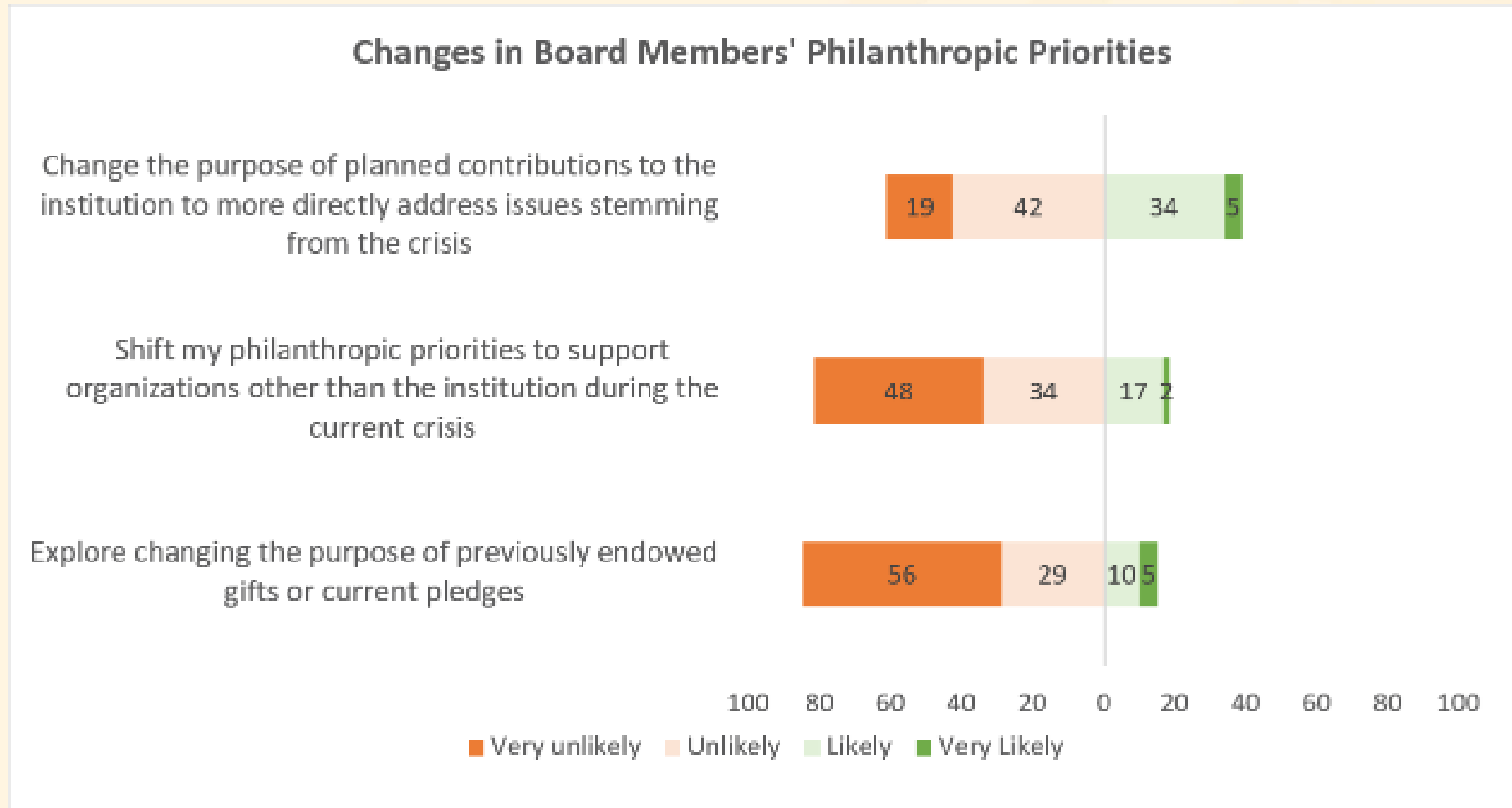
# Board Giving

- Board members do not plan to reduce giving to their institution with almost half considering additional gifts.
- There is a small likelihood that capital projects may see a reduction in support (30%).

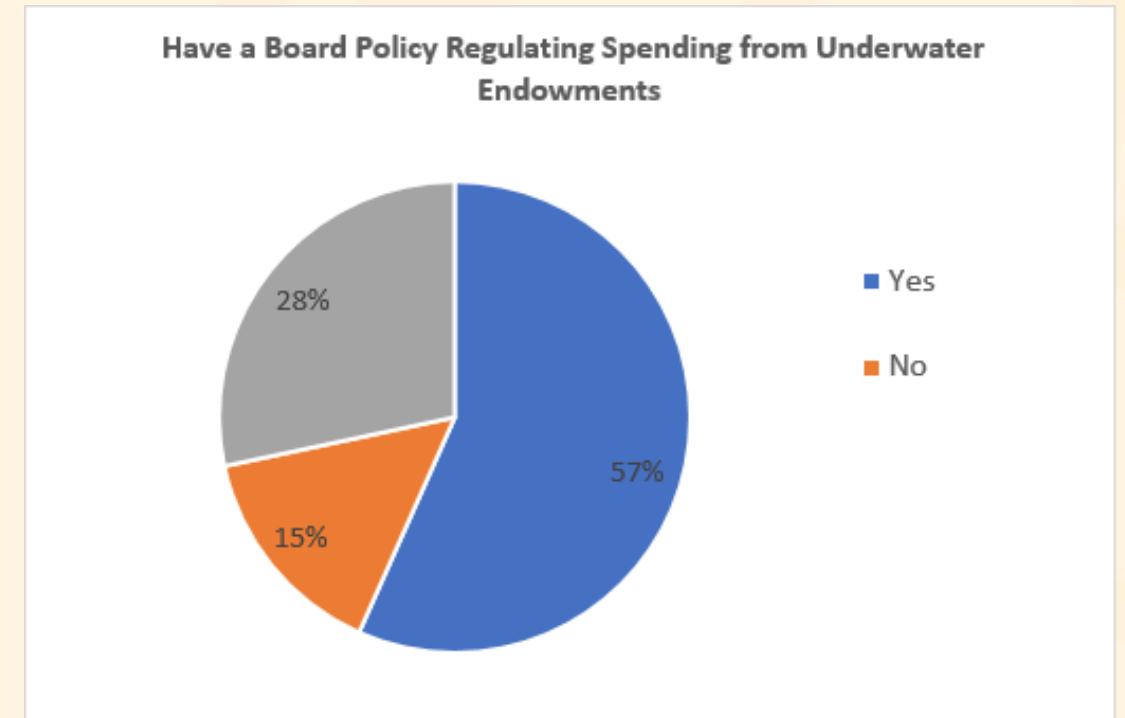
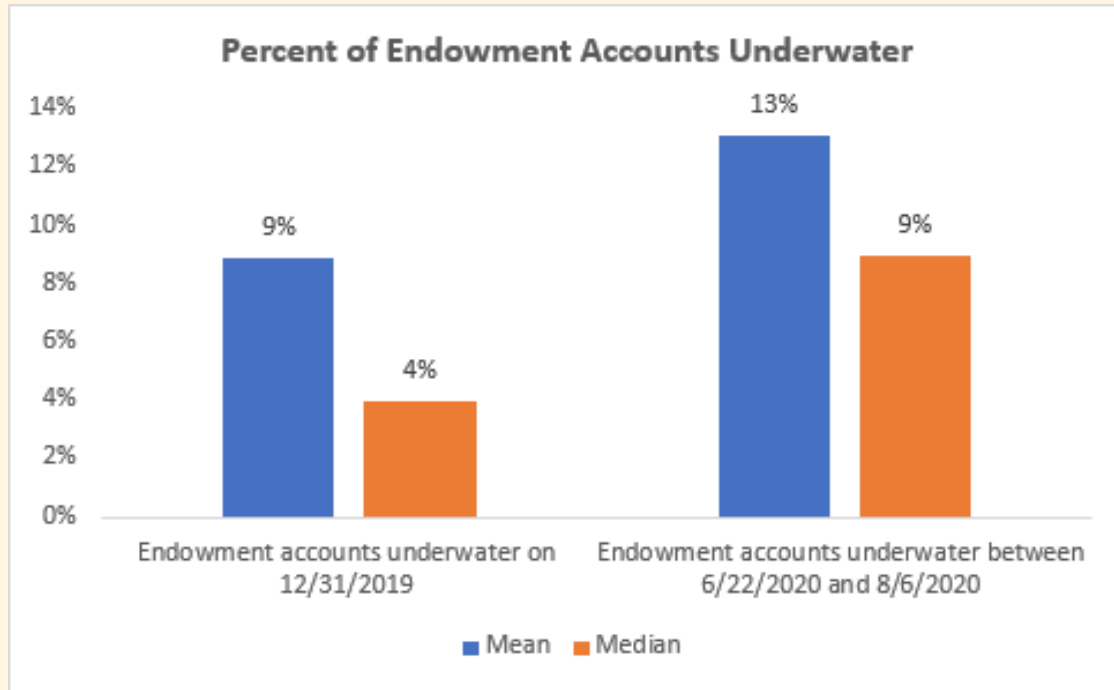


# Board Giving

- Board members do not intend to shift giving to other organizations but may consider giving for current use needs.
- Board members do not plan to shift their endowment purpose.

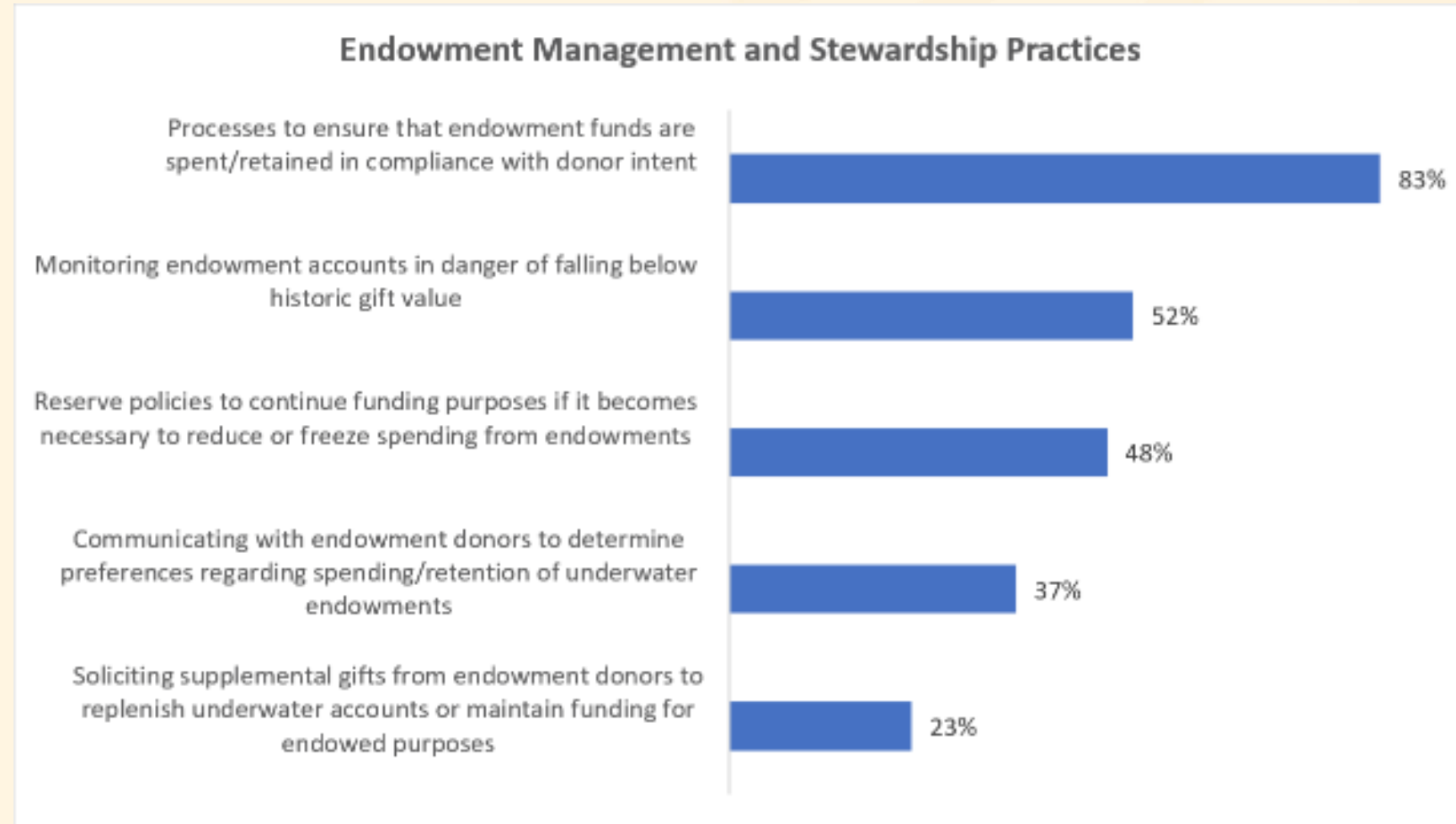


# Underwater Endowment Accounts - Red Flag



# Endowment and Stewardship

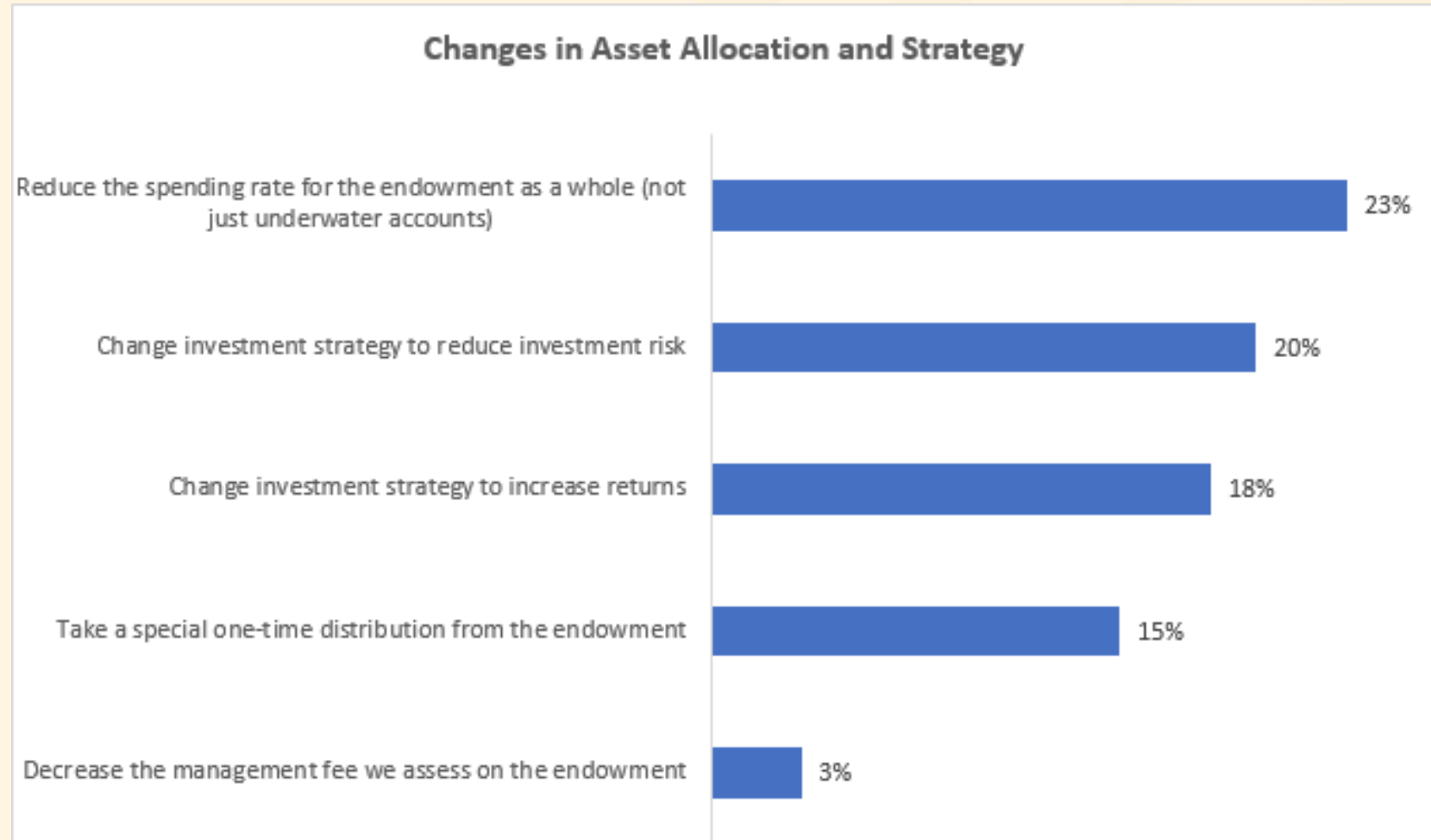
- 83% have processes in place to protect donor intent for their endowment funds.
- However, more can be done in monitoring accounts on the cusp of falling underwater and communicating with donors about their underwater fund.





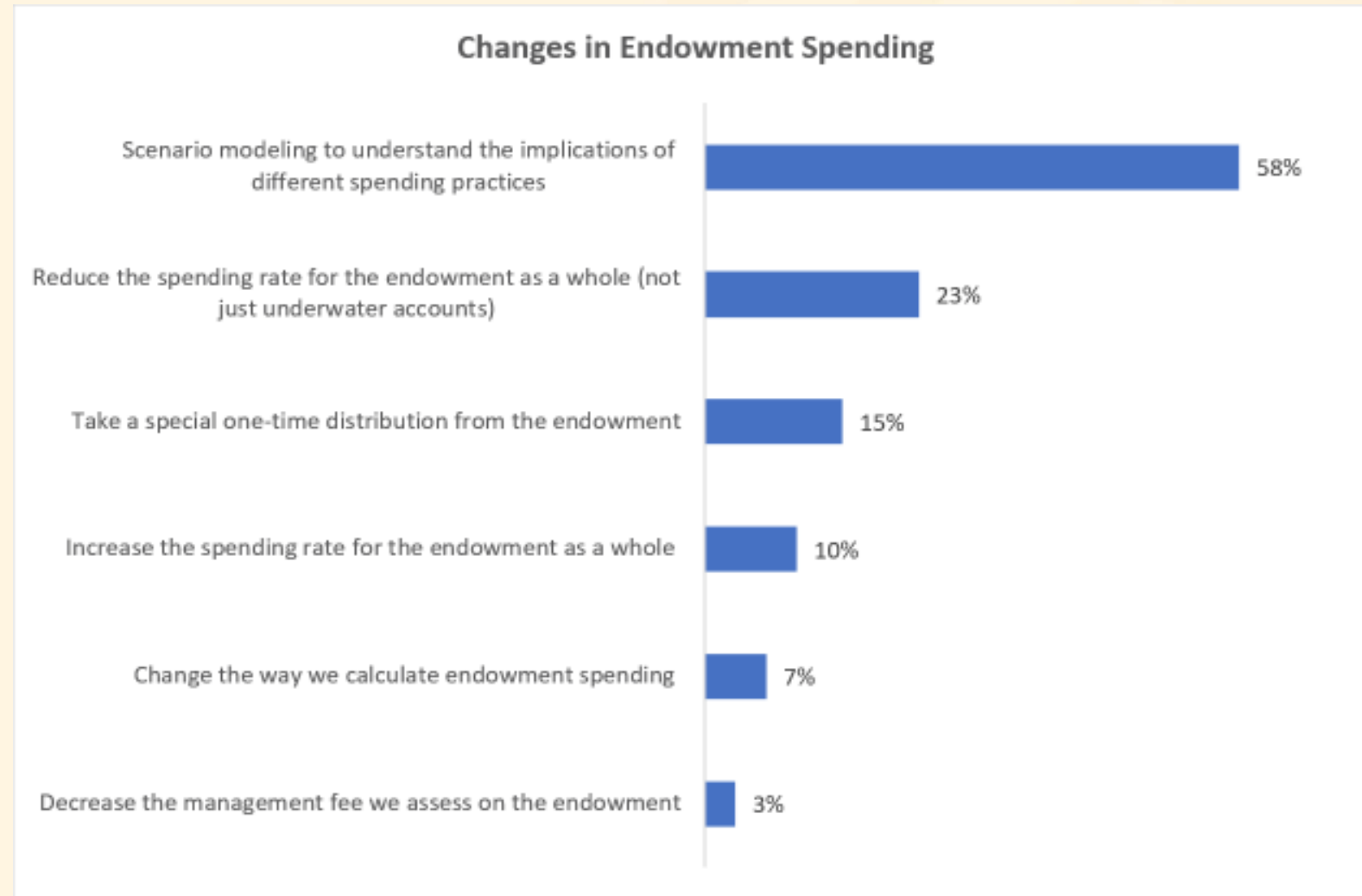
# Asset Allocation Strategy

- Less than a third are re-allocating investments to increase liquidity
- Only 20% are changing their strategy to reduce risk or increase returns



# Endowment Spending

- More than half have explored different spending practices through scenario modelling - but not a lot of changes have taken place
- Only a quarter have reduced spending rate
- Fewer have taken one-time distributions (15%), increased the rate (10%), or changed the way endowment spending is calculated (7%)



# Polling Questions

59% of respondents to survey reported cuts to the advancement budget for FY 21 with average reeducations of 15%

- Change in Advancement Budget for FY21?
- Change in Total Support from FY2019 to FY 2020?



Thank You!

Keep an eye out for an email that will allow you to request a copy of the recorded webinar and slides.

A final report including recommendations for boards and advancement leaders and an in-depth analysis of the impact of the 2008 financial crisis on various sources of private support and endowment recovery will be published in September and discussed in a complimentary online program.

