CHAPTER 8—DEVELOPMENT AND FUND-RAISING

New School University, now in its eighty-third year, has been slow to develop a fund-raising culture. Like other progressive colleges established in that era, the founders were anti-materialistic and did not foresee the importance of development to protect a non-profit institution. American colleges that did not establish endowments during WWII and the boom years after the war have been at a distinct disadvantage, especially in the competitive climate that exists today. Institutional ambivalence about fund-raising began to change in the mid-1980s when the president led a $200 million campaign from 1988 through 1999. The endowment grew from $22.6 million to $86.6 million (now $105.8 million as of October 31, 2002). New School was now able to make major investments in facilities and information technology, as described earlier. Gifts from current trustees accounted for more than 29% of all funds raised. While the campaign was mostly centralized, it did suggest good will in the New School community and the potential for fund-raising, and the institution began to build much-needed development infrastructure.

Fund-raising is no longer seen as questionable. Today's challenge, as with other university services, is to build a modern office, which will necessarily have centralized and decentralized features. As the following pages suggest, progress has been made. Most importantly, the administration has a vision for how to create a coordinated effort. At present, the university has a mixed approach to development: Research, stewardship, gift accounting, special events and institutional grants are handled by the university. The schools' focus will be approaching governing board members, trustees, and select graduates and friends. Debates exist, of course, as to priorities, level of university investment and the right mix of centralized and decentralized elements. But few doubt that the institution's vitality for the next 83 years depends upon how well the university and its eight schools connect to alumni, foundations and local institutions.

Development Assets

New School University has many assets to help it advance over the next ten years, provided that appropriate investment is made in development and that standards for volunteer participation are raised. President Kerrey brings a high profile as well as national and international connections. The development database now has 82,000 names, with 60,000 confirmed addresses and 110,200 recorded gifts. About 27% of the alumni population has not been tapped for Annual Fund support and comparable potential exists for planned giving. Every effort is being made to change the culture of the Board of Trustees and the Boards of Governors by instituting giving standards and stating very clear expectations for new members. For example, the six newest members of the Board of Trustees have pledged a total of $2 million. This is five to seven times the lifetime giving of most trustees. So, success could be dramatic with the right personnel, public relations and campaign strategies.

Current Challenges

Perhaps the largest challenge is to broaden the constituencies of the Board of Trustees and the Boards of Governors. Another challenge is related to the fact that the Development Office has seen enormous transition during the past three years, moving from a centralized model of fund-raising to a mixed model. A search was completed in November 2002 to fill the senior role in university development, and that person has been charged with building the office and coordinating fund-raising efforts among the schools. Until recently, four schools had no development professional—currently, only the Graduate Faculty is without a development director—and these positions at the Actors Studio Drama School, the New School and Eugene Lang College have only recently been filled. At present, there are 15 development staff members working centrally, four at director level or higher, and 11 working within the schools, including seven at director or officer level. Only one professional specializes in institutional (foundation and government) giving, and none who specialize in planned gifts.

Fund-raising needs to be led by the president's office and the deans. But the deans have varying experience. In some cases, dramatic improvements have occurred, as at Mannes and Jazz. A great challenge lies in low alumni participation, with the exception of Milano, and in university events and programs

Additionally, proactive prospect research needs to be established within the University Development Office and made available to all development officers, thereby enabling them to do accurate work on proposals and setting of goals. A universal and accurate fund-raising database needs to be implemented and maintained.
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Evaluation of Donor Capacity

Given staffing levels, leadership and prospect pool, the university currently raises $20 million a year. That sum could be incrementally increased over the next five years to exceed $30 million annually by investing in staff to personally solicit alumni; holding the deans accountable for reaching higher Annual Fund goals; investing in alumni relations staff at the university; investing in staff to increase grant seeking and planned gift solicitations; and accelerating recruiting of new board members.

Recommendations

1. The university should staff its development organization with experienced professionals (in areas such as grant seeking, planned giving, alumni relations) to provide a high level of service, management, reporting, strategy and oversight of development.
2. A code of ethics for fund-raising needs to be re-emphasized, and better accounting services and reporting to donors established.
3. Management information for development needs improving, including semi-annual database updates to assure accurate addresses as well as alumni and constituent information; database centralization to assure school and university uniformity of

information processing; effective liaisons between gift accounting and university development; and investment in donor software system and training.

4. A proactive prospect research function needs to be established, including regular database screening to support board reorganizations and to prepare the institution for future capital campaigns.

PART 1: INDIVIDUAL GIVING

Board of Trustees

The Board of Trustees is comprised of 51 members. Over the past 12 years, the board has been responsible for giving an average of 29% of the total fund-raising revenues. This remarkable support is evidence of the centralized strategy by the prior administration. Equally significant is the statistic that the Boards of Governors, a diverse body of 219 individuals representing the eight schools, gave only 3% of total fund-raising revenue during the same period.

Following the change in president, turnover is occurring. Patterns of trustee fund-raising and institutional support are being clarified and increased. Finally, the Boards of Governors will need to perceive that their collective points of view are put forward by representative trustees from the Boards of Governors to the Board of Trustees for there to be a fully integrated and representative structure.

Boards of Governors

Each school or college has a primary volunteer advisory group, originally called a Visiting Committee, last year renamed the Board of Governors. The change of name took place synonymous with a change of expectation as the institution moved from the model of visiting committees that operated as advisory groups to Boards of Governors with a much more specific emphasis on fund-raising and accountability for governance. The size of each board varies, as does each school's new giving requirement:

- Parsons, the largest school, has 26 members and a new giving requirement of $10,000 to the Annual Fund. Average giving is $40,000.
- The Graduate Faculty historically has had the most generous board of 25 members whose average Annual Fund gift is $41,000.
- Mannes College of Music has 26 members with average Annual Fund gifts of $40,000.
- The New School 32 members with average Annual Fund gifts of $33,000.
- The Jazz Program 19 members with an average of $55,000 in Annual Fund gifts.
- Eugene Lang College has a 31 member board with an average Annual Fund gift of $34,000.
- Milano School of Management has 36 members and an average Annual Fund gift of $29,000.
- Actors Studio Drama School has 28 members and an average Annual Fund gift of $9,750.

The history of giving throughout the past twelve years of Boards of Governors activity gives evidence that without giving requirements, the giving of Boards of Governors will remain modest—a level 3% of the total giving to the university as compared to the university trustee record of giving—29% of the total university fund-raising revenue over the past twelve years.

As the new giving requirements are presently being adopted, all boards are in a period of new appointments and rotation of members off the board, a challenging governance landscape for each of the schools as well as one filled with new expectations for volunteers. Over the next year, boards are to be made a uniform size of 25 members, each of whom will serve a maximum of two, three-year terms.

At present, many governors do not have a sense of the common vision or direction of the university and not much has occurred in the way of board training. A carefully orchestrated public relations program that includes sharing of a university-wide five-year business plan, a clearly articulated vision and stated goals for the university and stated expectations for fund-raising and development be shared with the trustees and the governors systematically.

Alumni Affairs

The committee believes that alumni from across the university are a powerful but untapped constituency with enormous ability to improve fund-raising as well as aid student recruitment, professional development and overall “friend raising,” short and long term. However, alumni relations has had a scattered, on-again off-again history, for both the university and the schools. Turnover in development leadership has contributed to discontinuity and has promoted a non-strategic approach. The results are predictable: alumni contribute an average of 1% of total fund-raising revenue over the past 12 years and only 7% of the eligible alumni body participate.

Staff support to let the university connect with its alumni has been missing at both levels, university and the schools. For example, the lack of a full-time Alumni Affairs specialist over the past two or more years has crippled previous initiatives. Five years ago a specialist was hired by Parsons School of Design who made progress contacting alumni. When this professional left three years ago, the salary line was centralized and the school offered no further services. That change also suggests that the university is not yet clear about how best to cover alumni relations

The committee questions the viability of a centralized strategy for alumni relations. The university student population is more diverse today than at any previous time. Because the experience of student life is so extremely divergent, a strategy that addresses alumni through the schools with university central support is necessary and will require investments in publications, an updated website, a spectrum of events that reflects school interests and personnel devoted to each sector of the university’s alumni body.

At the university, the Director of Special Events and Alumni Relations currently supports these tasks: providing alumni benefits (mail forwarding/locating services, free transcripts, University ID Cards for reading privileges at all University Libraries), producing a university-wide newsletter, and assisting schools with alumni-focused events. Alumni Relations operates without a budget, having a staff of two people who are responsible for all event coordination for the university. Annual Fund efforts are handled in the University Development Office, which reduces the possibility that the program will become school-specific.

In the schools, individualized programs for alumni exist in one form or another. Newsletters, social gatherings for networking purposes and professional development opportunities top the list of regular, ongoing activities. Only one school has a formal council and plans to launch an alumni association in fall 2002. The schools agree on the need for an experienced specialist in the Alumni Affairs and Annual Fund Director position and also agree that the University Office and the schools should be given budgeted resources to work on the fund-raising and “relations” side of the alumni function respectively.

In time, other changes would help connect with alumni: new student admissions and recruiting programs, alumni associations, alumni volunteer management, marketing and merchandising, membership programs, reunions, student alumni associations, young alumni programming, alumni records, and continuing education.

Making New Friends

Presently, public programming occurs throughout the institution that appeals to varied constituencies in New York City: dynamic public programs that include internationally acclaimed interviews of actors at the Actors Studio Drama School, concerts produced by the Mannes College of Music, talks by national leaders and politicians like Robert Rubin and Senator Clinton. At the same time, these impressive events could be better focused and coordinated than they now are.

New York City boasts innumerable successful and prominent organizations and educational institutions in each of the fields served by the university’s academic programs. More could be done to reach out to the best of these groups, to contacts held by enrolled students and to the large body of parents

The university’s two most successful annual fund-raising benefits, the Parsons Benefit and Fashion Show and the La Guardia Dinner, have largely depended for this success on the prominence of their honorees, who have had no formal affiliation with the university, before or after the event. Developing long-term constituents for these events and for the various schools should be one of the goals.

Lastly, the institution has developed programs that seem promising. The President’s Council, Mannes’ Damrosch Society, Parsons’ Frank Alvah Parsons Society, and the Jazz Program’s Jazz Vanguard are established programs. Successful friends programs require specialized cultivation and donor recognition events and other benefits with staff to support and fulfill them. Schools now have development officers, who are also responsible for solicitation and stewardship of foundations, corporations, alumni and board relations.

Prospect Research

Prospect research will help the institution build new audiences and identify. Prospect research is necessary for an ongoing Alumni Relations effort and to support stewardship. Presently, the institution's marginal capacity largely supports the president's office. A turnaround from reactive to proactive research is necessary, and that includes a research office that:

- Screens all university data for prospects already present within the New School sphere of influence—creating lists of students and parents of means throughout the university and profiles of significant alumni
- Provides a department or school with names
- Provides avenues to individuals, foundations and corporations through comprehensive and continued list review with trustees, governors and friends
- Provides an assessment of the level of possible giving of any prospect
- Prepares the university to launch its next capital campaign

Toward a Culture of Stewardship

Good stewardship is the comprehensive recognition of a donor and this function is critical to advance donors to higher levels of engagement and philanthropy. Presently, stewardship is the responsibility of the University Development Office, which has just (November, 2002) hired a Director of Stewardship, and the offices of the deans, and school development officers—mostly as letter writing and some reporting. A rule of thumb for adequate stewardship is that a donor should perceive that he or she has been formally thanked four times before a subsequent request is made. Like other development functions, staff support has been minimal. One university staff member has the responsibility to generate thank you letters and donor reports. A full compliment of professional stewardship activity needs to be part of New School University's current culture. A full compliment of stewardship activity will include: well organized expressions of thanks; reports to board members of their giving; pledge reminders; quarterly communications from the deans and the president; major donor newsletter; annual reports of major donor activity; donor receptions, donor "walls," and named facilities.

Recommendations

1. Recruit to university boards a visible, intergenerational group of New Yorkers, national and international civic leaders and business leaders who reflect the president's vision.
2. Create an integrated communication and reporting structure of trustees to governors to ensure consistent messages to and from boards about planning, budget and university policy.
3. Improve stewardship to include a regular annual report, letters from both the president's office and each of the deans, consideration of school donor walls within the campus and stewardship dinners that involve trustees and governors.
4. Develop a strategy, in cooperation with the schools, to improve alumni relations that combines centralized and decentralized elements and develop a multi-year staffing plan.
    a. Develop new Annual Fund materials.
    b. Create a campaign to re-engage alumni who are lapsed donors.

c. Establish school alumni leadership groups.
d. Design an interactive university-wide website with information about alumni affairs by school.
e. Include alumni in major university events.

5. Develop a strategy to produce special events of citywide and national importance that have the imprimatur of the president's office.
6. Develop a strategy for involving parents as audience constituents, and as donors to the Annual Fund and to specific projects. This constituency should receive regular letters from the president's office and individual deans.
7. Develop a university magazine/newspaper.
8. Invest in prospect research.

PART 2: INSTITUTIONAL GIVING [49]

Introduction

Since 1990, New School University has received almost $121 million dollars from institutions as suggested, in part, in Appendix G. The level of involvement—percentage of *total* direct giving for 1990-2002 of the three major institutional types stands at 22% for foundations, 14% for government and 6% for corporations—a total of 42% of overall giving. Over $17 million dollars came from foundations where the actual donor is an individual or family: family foundations, independent foundations run by individuals or families, or community foundations. Interestingly, institutional contributions to the Annual Fund since 1990 have totaled over one million dollars since.

Over the last five fiscal years, foundation giving has led all other types of institutional giving, averaging nearly 25% of total giving—slightly more than the national average, government nearly 7%, and corporate at 15%. A significant portion of corporate support has come via special events: over the 1990–2002 period, support is almost evenly split between event and non-event revenue; but, in the last five years, 1997-2002, it has averaged nearly 70% of total corporate giving. The university had statistically insignificant corporate matching funds. The highest amount of government grants came in the period 1990–96, with over 80% of the grants awarded prior to 1998. The lead schools for foundation fund-raising, in terms of total money raised, were the Graduate Faculty, Milano and The New School; the strongest government fund-raisers were Graduate Faculty and Milano, and the strongest corporate fund-raisers were Parsons and Mannes.

Among the external issues that have had, or will have, a potential effect on institutional fund-raising are the reduction of foundation assets due to stock market decline and the effect of September 11 on foundation giving generally—a trend that may have peaked but whose effects will probably last for the next year. The realignment in government spending, agency budget cuts—sometimes as much as 13%—and the desire to deflect or reorient funds for military

[49] Institutional Giving is defined as direct giving from a foundation defined under Internal Revenue Service regulations, a corporation, either via a corporate foundation, a corporate matching program, or direct corporate giving, or a government entity. Giving from family, independent and community foundations that is soft-credited to individuals is also tracked as it may have compliance requirements outside of the normal stewardship activities aimed at individuals.

defense related purposes are also telling. On the other hand, the growth of new and family foundations, which increasingly account for high dollar awards, suggests that the university should review its strategy. The university has tapped the same wells for years.

Organization of University Fund-raising

The university's strategy is changing. Institutional fund-raising is dependent on developing and maintaining relationships with and securing gifts from benefactors via varied methods with unpredictable outcomes. Success depends on research, stewardship, relationship building, marketing and donor management. Until 1998, institutional giving was encouraged and overseen under the close watch of the president's office. While this approach was, there was no delegated responsibility, or an integrated strategy, for fund-raising. When the president left, this led to an unstructured fund-raising environment. Today, institutional fund-raising responsibility is spread around the university. A new, mixed model of centralized and decentralized elements is emerging slowly, but that strategy is not yet explicit, or agreed to by all parties. Staff will be needed to implement new plans but funding for new positions has not been identified. In this section, the committee reviews the major elements needed for institutional development before making its recommendations.

Current trustee affiliations are business-oriented; financial services, real estate, law and media. Foundation affiliations are generally foundations that are individually or family driven, or community foundations. With the notable exception of the president, scant representation of government affiliation among the group. The same is true among Boards of Governors, but here we enjoy a sprinkling of independent foundation affiliations. While often willing to assist in solicitations when asked, the boards do not regularly review institutional prospect lists with a view to relationship building. No board strategy exists for institutional fund-raising in place and all relationship trees for board affiliations have not yet been identified.

In terms of leadership, an outside consultant filled the position of Vice President for Development for nearly a year and a half until a permanent Vice President was hired in November 2002. School development directors do include institutional grant seeking in their planning, and institutions are solicited for both restricted and unrestricted support on the school and central level. In order to be considered a 'sponsored (restricted) project,' several internal levels of approval must be obtained before submission: Dean, Office of Grants & Sponsored Projects (Development Office) & Vice President for Development, and Executive Vice President—seeking grants outside of official circles is discouraged, but not officially forbidden.

There are goals for foundation and corporate support, but no projected goals for government grant seeking. Goals are suggested but not based on a strategic analysis of institutional giving or long range needs. The Development Office wants the grant seeking process to be a cooperative effort between all parties. However, the lack of an integrated fund-raising strategy brings conflict around competition of prospects and donors that is not addressed in a formal fashion.

In the two-year interim before the new president's arrival, an attempt was made to structure grants administration centrally for compliance purposes. These efforts included the creation of an Office of Grants and Sponsored Projects, whose main objective was compliance and internal document management, under the Provost. That function was shifted in mid-2000 to the university Development Office, where it resides today under the direction of the Director of Institutional Giving.

The responsibilities of the Office of Grants and Sponsored Projects, run by the Director of Institutional Giving and supported by one administrative assistant are spread very widely. Post-award compliance, records management, grant-related contracts, coordination with a wide variety of university offices as well as pre-award prospect research, proposal development and general outreach to university grant seekers in addition to fund-raising responsibility are expected. The research and long-term relationship building that is necessary for successful fund-raising often take second seat to compliance.

Deans and chairs are encouraged to raise money, but say they do not have enough support (prospect research, proposal development, assistance with stewardship, or relationship building) or time. The Graduate Faculty, whose mission lends itself most naturally to both government and foundation grant seeking, does not yet have a development officer.

Finally, members of the faculty have identified barriers to seeking grants. Factors cited are: the need for recognition of grant activity in the promotion and reappointments; the absence of a university research agenda; and the lack of a mandate detailing both institutional expectations and the support it is willing to provide. Additionally, the lack of sufficient time between teaching and other responsibilities, conflicts about indirect costs, the need for training in grant seeking and proposal development and lack of support from internal departments such as Accounting were cited as barriers, particularly in seeking government support.

Organize University Grants

To stimulate faculty grants and to build a sustainable government grant program, several changes are needed. The institution should have a separate Grants and Sponsored Project Office (government relations, internal and external compliance, grant-related contracts, training in grant seeking) and an Institutional Relations (foundations and corporations) Director. This would allow for focused monitoring of compliance, a major need for government grants, as well as the focused relationship building necessary for fund-raising. A university research agenda—cross-school, cross-discipline—would signal to faculty and outside funders alike that we are serious. A university research committee would be useful to support projects along with the grants office. Faculty who seek external funding should receive training and support and be recognized for their efforts.

Public Relations

Public relations is central to successful fund-raising and the university's efforts at present are not well coordinated or adequately staffed. Current university resources include: an Interim Director of Communications, a Media Relations Manager, Webmaster, Publicist and Photo Research. The president has his own public relations company. A public relations strategy that most benefits development will include:

- Public relations professionals with media relationships;
- A set of university publications that inform multiple constituencies of news throughout the university, publicize an integrated calendar of events, highlight great programs, faculty and students, print letters from the president that speak of the direction of the university and give visibility to exemplary donors of the university, and a university newspaper;
- A website that features all of the divisions, updated news, information about planned giving and the Annual Fund and offers alumni information;
- An annual report that gives visibility to great programs throughout the university and includes donor lists and visibility for major donors and volunteer leadership;
- A video about the university and its divisions;
- A coordinated set of cross-divisional special events that have the imprimatur of the president's office and are produced on the highest order in coordination with the deans' offices and with a strong coordinating function within the development system. (As stated above in the Individual Friends section); and
- Specialized fund-raising materials that outline the great variety of opportunities for funding throughout the university and a fully articulated case statement that outlines the prioritized long-term goals for the university.

Setting University Goals

Aside from the usefulness of having a map of where an organization is heading, clearly stated financial goals are beneficial to fund-raising. They allow the organization to tell prospects how their contributions would fit into the overall picture. Setting fund-raising goals is also important for other reasons— it motivates individuals to give and fund raisers to solicit gifts or grants. Moreover, comparing goals to the amount that has actually been raised helps the organization make better internal management decisions.

Aside from the successful five-year capital campaign that ended in 1998-99, goal setting has been on a projected need basis. Often, with the exception of the Annual Fund goal that is determined via a formula by the University Budget Office, goals are more suggested figures rather than those evolved from an analysis of long-term needs.

Before goals can be set, those needs must be identified, documented and prioritized. Solicitation of funds for programs/operations, capital expenses and endowment is not the initial step in the solicitation cycle— a strategic plan with an associated fund-raising plan is. Such a process usually involves a detailed description of each and every funding need—programmatic or otherwise—that has been identified budget for each. Important in setting fund-raising goals is deciding on alternative solutions spread out over diversified funders.

Current Opportunity

The new development operation will be most successful in cooperation with strategic planning and creation of a case statement for prioritized lists of university investments. In 2001, Parsons School of Design was the first school to complete the larger university wide effort by authoring a strategic plan. This plan identified the capital investments needed to keep the school competitive. New mission statements and other elements of these plans are under review this fall in conjunction with the self-study.

President Kerrey's leadership offers the university a premier opportunity to create a business plan based on the strength of individual schools efforts and on educational objectives, transparency in budgetary operations, and a much higher profile within New York City and the nation. President Kerrey also offers the university enormous entrée to all spheres of government—city, state and federal—to re-activate a dynamic government grant seeking function within the university. The stage has been set for a universal shift in the culture of volunteer leadership throughout the university and a new culture of accountability and responsibility is being mandated by the president. Further, deans and officers of development are being asked to have a higher level of development activity and accountability through the cultivation and stewardship of their boards and major prospects.

To maintain a balanced budget, the university is currently dependent on revenues coming from tuition and fees (75%). Only 3% of annual revenue comes from the endowment, and 11% from gifts, grants and contracts. The fund-raising strategy should aim at shifting the revenue sources from tuition and fees to endowment, gifts, grants and contracts. Over the next five to ten years, through fund-raising and prudent portfolio management, the goal should be to triple the endowment. The enlarged endowment, and a modest increase in gifts, grants and contracts from the current 11% to 15% in five years, should reduce the overall tuition dependency from the current 75% to 60-65%. The university should support significant increases in institutional fund-raising, particularly government awards that return indirect revenue, to at least $25 million annually by 2006-07.

Recommendations

1. Complete the university strategic plan with respect to fund-raising and development over the next three to five years.
2. Develop and publish an integrated approach to institutional advancement.
3. Create a multiyear staffing plan with division of labor for both university and the schools that supports planned giving, annual funds, and alumni relations.
4. As an incentive for enlarging Annual Fund revenue, and to foster relationships between alumni and their alma mater, all schools should be allowed to keep the proceeds from their alumni. (NB: This policy has been changed.)
5. Develop a public relations strategy, including a public relations process to establish high profile events, planning of calendars six months to a year in advance that involves all schools and offices, especially the president and deans.
6. In cooperation with other offices, develop a communications program.
7. Establish an alumni relations program and make a sustained investment in collection, analysis and maintenance of accurate alumni data.
8. Make a commitment to institutional relations and grant seeking by supporting proposal development, relationship building with foundations and corporations, training and outreach activities for faculty as well as encouraging faculty to seek grants.
9. Provide continuous, proactive and accurate financial information to donors, schools, and grant managers by having gift accounting, including grants accounting, done by a trained development officer.
10. The size of the university's endowment needs to be evaluated by outside counsel.
11. Provide training for university volunteers. Outside training by professionals like the Association of Governing Boards (AGB) would help to deliver the message of the needs and requirements of volunteer leadership.
12. Create an institutional relations section of the Board of Trustees' Development Committee and similar focus groups among governors to review potential funding sources and pursue and develop relationships with foundations—particularly family and individually-run foundations, corporations and government agencies.
13. The university should consider launching a new five-year, $50 million per annum, capital campaign, starting no sooner than FY 2004-05 to build endowment, new facilities and strengthen academic and student services.