

Together We Can: Foundation, Alumni and Trustee Board Relations

Public Higher Education Statewide Board of Trustees Conference

University of Massachusetts Medical Center, Worcester, MA

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- **David Bass**, Director of Foundation Programs and Research, AGB
- **Steven Hall**, Vice President for Alumni Relations, Boston University
- **Jeffery Mills**, president and CEO, University of Maine Foundation

- Separation of privately contributed resources from state funds
- Facilitation of institutional objectives that would be impossible, impractical, or simply inefficient for state agents such as real estate acquisition and development, debt financed projects, entrepreneurial ventures and partnerships
- Provision of dedicated stewardship and management of privately contributed resources
- Safeguarding of donor privacy

- Philanthropic leadership (leadership gifts, prospect identification, cultivation, and solicitation, campaign leadership)
- Engagement of volunteers with specialized expertise (investment management, real property, etc.)
- Stewardship—Focus on compliance with donor intent
- Advocacy and advisory roles
- Continuity of leadership

- Public institutions are being held to **heightened standards of accountability** and governing boards are focusing increased attention on financial oversight and risk management
- **Increased needs for private support** are leading many institutions to explore changes to the structure of their development programs and, in many cases, look to their foundation to play a more active role in fundraising and assume responsibility for real estate projects
- Foundation boards' obligation to ensure **intergenerational equity** and ensure compliance with donor intent may not align with the interests of institution administrators and boards focused on immediate budgetary challenges

- Absolute clarity regarding the roles, responsibilities, and obligations of the institution and affiliated entities
- The foundation board is responsible for prudent management and stewardship of privately contributed resources and may play an important advisory role but does not determine institutional priorities
- The foundation is a philanthropic partner; assets are generally donor restricted. It is not an ATM.
- Trust of constituents depends on complete fiduciary accountability

- Commitment to accountability should be guiding principle for all parties
- Affiliated entities should comply with the highest standards of transparency commensurate with the safeguarding of donor privacy or sensitive confidential business information
- Rule of no surprises: Regular communication and information sharing between the board and staff leadership of all entities
- Trust, but verify. Ask uncomfortable questions.
- Apply the smell test, newspaper test, and vampire test.

- Thoughtful MOU process maps and memorializes relationship
- Be scrupulous in identifying and managing conflicts of interest
- Orientation for new institution and foundation board members
- Joint meetings
- Overlapping board/committee memberships
- Alignment of institution and foundation planning
- Collaboratively developed business practices and policies
- Flexibility

- Contracts for services
- Mirrored accounts--always be able to follow the money—someone will
- Gift acceptance policies
- Systems to document and monitor compliance with donor intent
- Policies regarding the disposition of unrestricted gifts and bequests
- Uniform application of gift fees

Funding Sources	Percent
1. Institutional support	50.6%
2. Unrestricted gift funds	63.1%
3. Gift funds restricted for foundation operations	18.8%
4. Investment income on unrestricted gifts	45.6%
5. Investment earnings or cash float on non-endowed restricted gifts	50.6%
6. Management fee on endowed funds	72.5%
7. Gift fee(s)	33.1%
8. Revenue from real estate under management	20.6%

Funding Sources	Percent
1. Institutional support	19.8%
2. Unrestricted gift funds	20.1%
3. Gift funds restricted for foundation operations	3.3%
4. Investment income on unrestricted gifts	6.6%
5. Investment earnings or cash float on non-endowed restricted gifts	9.2%
6. Management fee on endowed funds	27.4%
7. Gift fee(s)	3.9%
8. Revenue from real estate under management	3.7%

<u>Degree of Integration</u>	<u>2-Year</u>	<u>4-year</u>
Dependent (Effectively functions as a unit of the institution which provides office space, staff, other support)	44%	24%
Interdependent (Receives some free in-kind benefits, such as office space, service of university employees)	49%	49%
Independent (Operates with a high level of autonomy and reimburses the university of the use of institutional resources)	7%	28%

- 34% / 43% are wholly responsible for fundraising for their institutions
- 10% / 31% direct fundraising with support from institution staff
- 44% / 23% support fundraising that is directed by institution staff
- 8% / 2% play little or no role

2010 AGB Data

52% of foundation CEOs also serve as officers of the university

Compensation & Reporting

Paid by foundation/reports to board	27%
Paid by foundation/ dual report	9%
Paid by both/dual report	13%
Paid by institution/ reports to president	17%
Paid by institution/ dual report	34%

- 95% Institution president or chancellor attends foundation board meetings
- 83% Formal operating agreement
- 66% Foundation CEO attends institution board meetings
- 61% Foundation CEO serves as member of cabinet
- 18% Hold joint meetings

<u>Position</u>	<u>Ex-officio</u>	<u>Voting</u>	<u>Non-voting</u>
Inst. president	88%	45%	55%
Inst. board rep.	54%	69%	31%
Alumni assoc. rep.	48%	57%	44%
Institution CFO	37%	34%	66%
Faculty rep.	30%	62%	39%
Chief academic officer	24%	36%	64%
Advancement officer	24%	29%	71%

Prior to the 1970s most public institutions had neither the ability nor the need to seek significant private support

In the past 4 decades public higher education fundraising has grown exponentially

1990: 39% of \$8.2 billion

2000: 43% of \$19.4 billion

2010: 48% of \$23.5 billion

“... by and large, what we’re working on today is going to have the greatest benefit to the university 15, 20, 25 years from now.”

Gary Bloom, founding chair, Cal Poly Foundation

“Working Toward a Working Foundation Board” AGB, Trusteeship

- Foundation Leadership Forum, January 26-28, 2014 Los Angeles, CA
- AGB Knowledge Center, sample documents, and policies
- Regional meeting, December 5, 2013 in Philadelphia, PA
- Online discussion lists for foundation executives, attorneys, and board professionals
- Trusteeship Magazine, research reports, books, and other publications
- Foundation consulting service and consultant on call
- If you have a question please just give us a call

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