



Planning and Funding **One Billion Dollar** Capital Campaigns



Advancement Forum

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1) Executive Overview

Key Observations

Leadership in the office of advancement at all profiled institutions except *Institution D* fund capital campaigns through the operational institutional budget (i.e., base funding). Contacts prefer funding campaigns through the operational institutional budget because this:

- Ensures all donor dollars contribute to campaign goals
- Directly benefits student and programs
- Facilitates marketing efforts
- Increases budget predictability
- Sustains advancement operations after the conclusion of the campaign

In addition to base funding, advancement administrators at all profiled institutions request and receive one-time funding for capital campaigns from university leadership. At several contact institutions, one-time allocations are made annually, and support specific campaign-related expenses (e.g., campaign launch).

Given the competing needs of university units seeking base funding, advancement staff consider alternative sources of funding to help finance capital campaigns. Administrators at **Institution D** are currently evaluating the following funding sources to support the institution's upcoming 1.3 billion dollar campaign:

- Unrestricted gifts
- Interest generated from institutional endowments
- Administrative fees on all donations

None of the profiled institutions have employed a student fee to finance a capital campaign. Contacts express concern that this could impact voluntary student contribution to the campaign (i.e., student gifts or donations).

All development, advancement, or alumni relations offices at contact institutions have added staff to support capital campaigns of one billion dollars or more.

Contact institutions employ a staff of approximately 150-200 to execute one billion dollar capital campaigns. At **Institution F**, the Office of Development had a staff of 70 before the launch their last campaign, during the campaign that number grew to 150. At **Institution A**, the Office of Development and Alumni Affairs employs a staff of 280 to support the institution's ongoing campaign.

Typically, advancement offices retain additional staff members hired for a capital campaign after the campaign concludes. Advancement leaders often view capital campaigns as an opportunity to increase the institution's development efforts permanently, and wish to retain the staff necessary to do so. Advancement leaders may also hesitate to release new staff who have established valuable relationships with donors during their work on the capital campaign.

2) Capital Campaign Planning

Capital Campaign Motivation

“Executing campaign of over a billion dollars is an opportunity to galvanize institutional focus around key priorities, including advancement.”

- Forum Interview

Launch a One Billion Dollar Campaign Goal Based on Presidential Priorities and Institution Needs

Across profiled institutions, advancement staff were motivated to launch capital campaigns with a goal of one billion Canadian dollars or more by:

- Presidential vision and interest from other leadership (e.g., board of governors)
- Institutional need to support programs and students
- Advancement office growth or restructure
- Time-lapse since previous campaign
- Reduced province appropriations due to economic recession
- Institutional milestone (e.g., 50th anniversary)

Motivating Factors for Launching a One Billion Dollar Capital Campaign at Profiled Institutions

Institution	Interest from leadership	Support for programs and students	Advancement office growth	Time since previous campaign	Reduced budget	Institution milestone
Institution A	✓	✓	✓	✓		
Institution B	✓	✓	✓	✓	✓	
Institution C		✓	✓	✓		
Institution D	✓	✓		✓		✓
Institution E		✓	✓		✓	
Institution F	✓	✓	✓			

Planning of Capital Campaign

Conduct a Capital Campaign Every Ten Years

A ten year cycle between capital campaigns ensures advancement offices have sufficient time to:

- Collaborate with university leadership to determine campaign goals and objectives at the institutional and faculty level
- Create a campaign strategy
- Evaluate donor affinity
- Reflect on previous campaign achievements and challenges

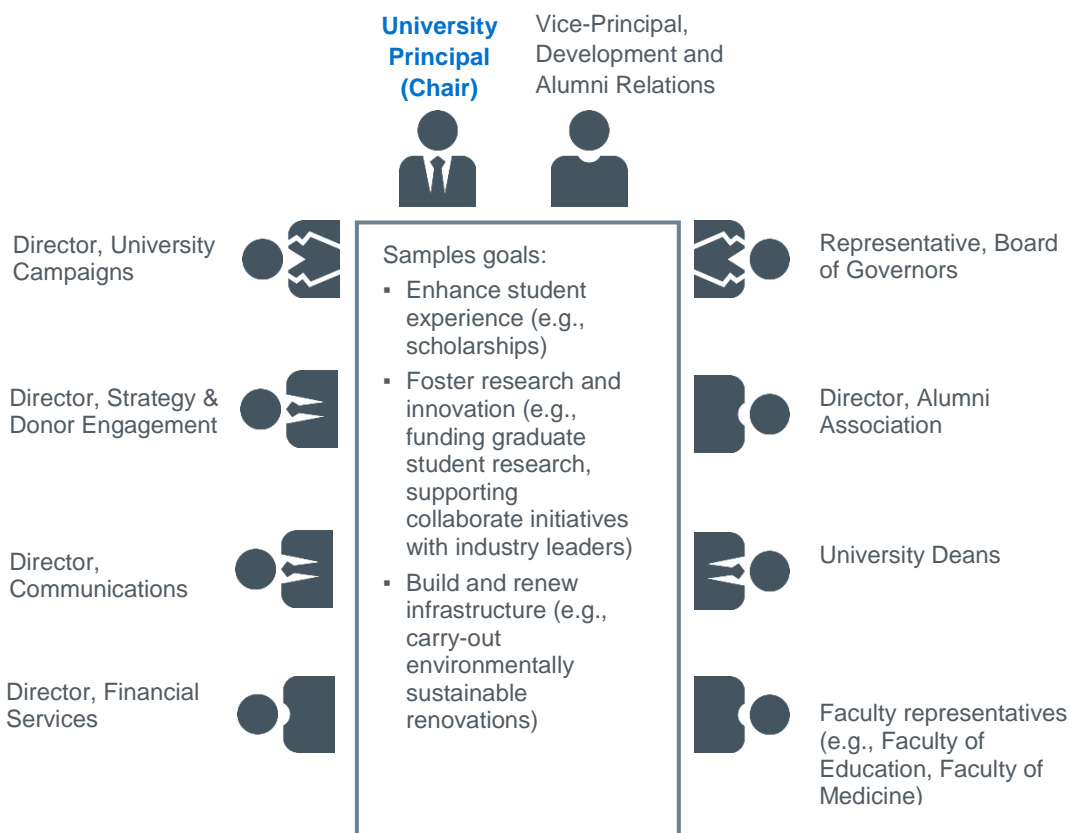
Across profiled institutions, contacts note that conducting a capital campaign every ten years improves the overall health of university philanthropic efforts, as this timeframe prevents universities from draining donor resources.

Establish Clear Campaign Goals to Ensure Success

Prior to initiating capital campaign planning, staff in the office of advancement host round-table discussions with university leadership to determine goals. Contacts note that establishing clear campaign goals (e.g., dollar goal, timeframe, programs to fund) during initial campaign planning meetings ensures the campaign has direction. Clear campaign goals also simplify communication and outreach efforts, as they ensure that all units or faculties send consistent messaging to donors regarding the campaign. Staff that participate in the round-table discussions are members of a campaign steering committee, which meets at least once a month in the planning phase of the campaign.

Contacts note that goal setting at the faculty level ensures faculties are accountable and increases campaign engagement across the institution.

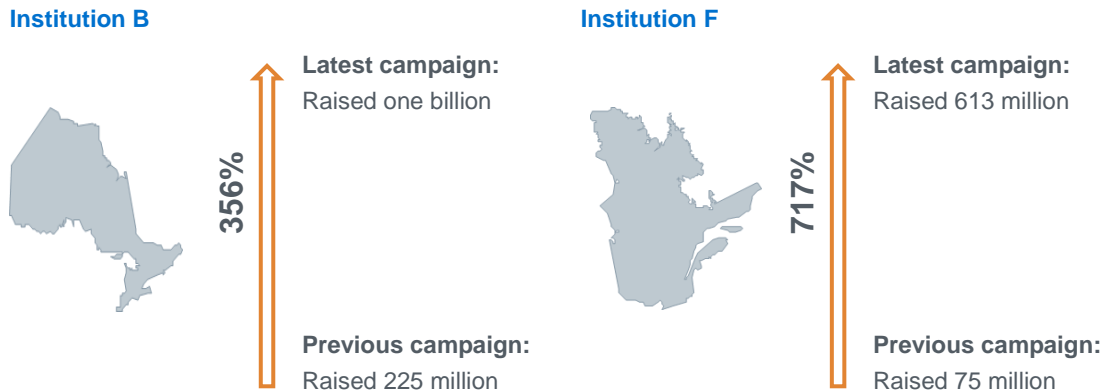
Capital Campaign Steering Committee Goals, *Institution B*



Conduct a Feasibility Assessment Prior to the Capital Campaign

At four of the six profiled institutions, senior leadership in the office of development hire a private consulting company to conduct a capital campaign feasibility assessment prior to the campaign silent phase. The assessment report details the projected capacity of institution donors, recommends staffing and operation changes to make to support the campaign, and evaluates the probable success of varying dollar goals (e.g., one billion, eight hundred million).

Percent Increase in Donations between Two Last Campaigns at Profiled Institutions



Determine an Eight to Twelve Year Timeframe for the Capital Campaign

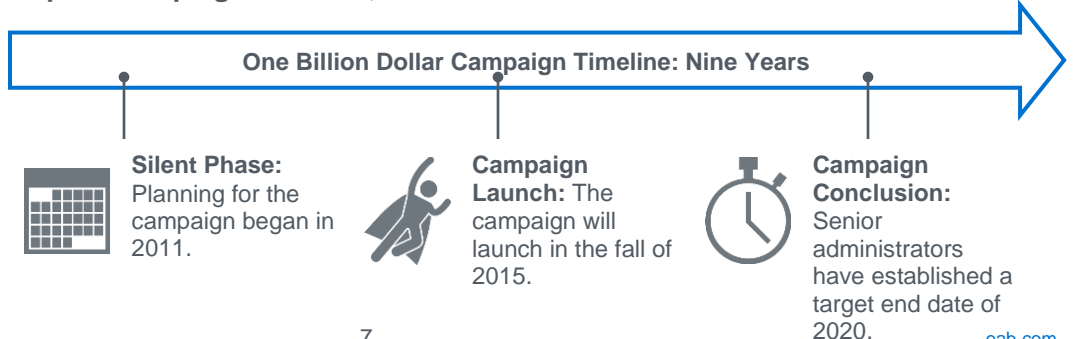
A concrete campaign timeframe established in the early stages of planning ensures that events and fundraising efforts occur by the projected date. Additionally, an established timeframe facilitates consistent messaging about events and fundraising accomplishments to donors, and ensures that staff in different faculties or university units are aware of campaign timeline. Contacts note that capital campaigns of one billion dollars or more typically take ten years.

Contacts determined campaign timeframe based on the feasibility study and the goals established by the campaign steering committee.

Capital Campaign Timeline, Institution A



Capital Campaign Timeline, Institution D



“At the end of the day, the money that you’re spending [on salaries for added campaign staff] comes back to you. Campaigns won’t succeed unless we can obtain and retain talent.”

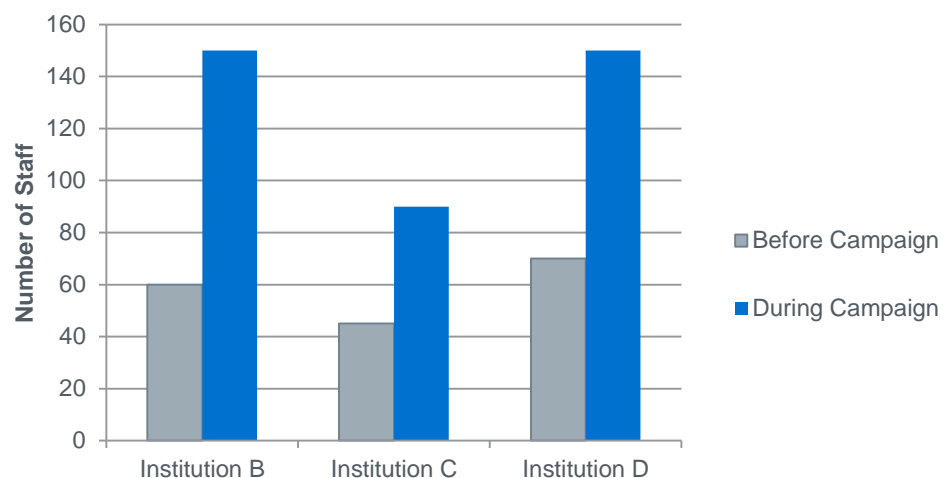
- Forum Interview

Double or Triple the Number of Advancement Staff to Support Capital Campaign

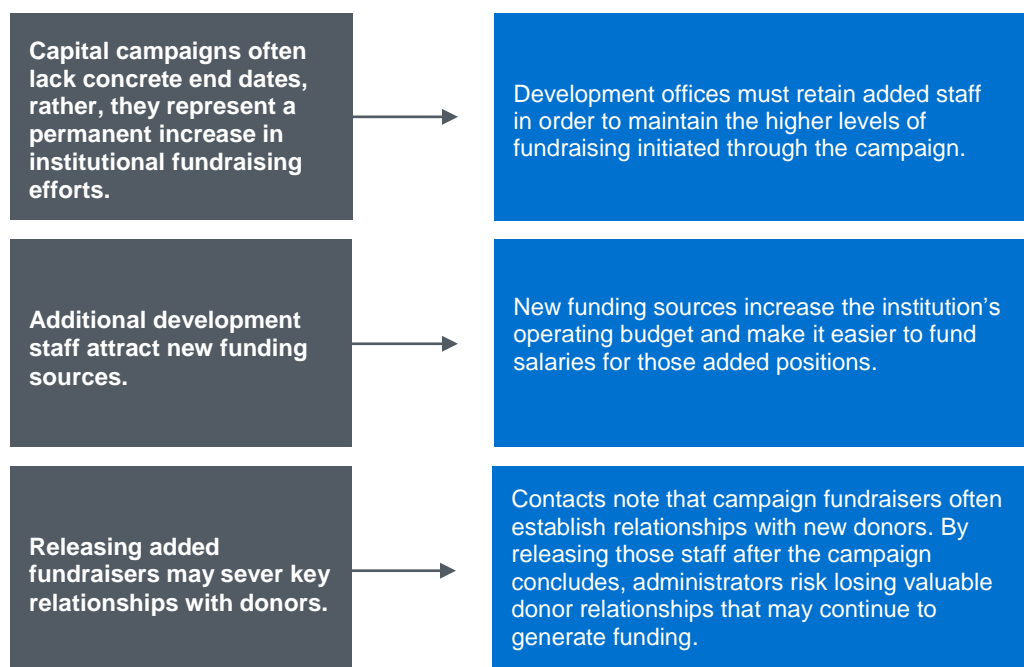
Across profiled institutions, senior administrators increased to the number of staff in the office of advancement to support a capital campaign of one billion dollars or more; typically office size doubled or tripled. The most common staff additions are gift officers and other advancement staff hired to represent academic units or target geographic regions. At profiled institutions, the number of administrative support positions also increased to support the campaign.

In order to conduct a successful campaign of that size, advancement offices seek highly qualified individuals with previous fundraising experience. All profiled institutions hire for both part-time and full-time positions. Contacts note that administrators hire permanent staff (versus temporary) to sustain philanthropic momentum after the campaign. At all contact institutions except **Institution A** and **Institution F**, staffing salaries are included in the office of advancement budget.

Advancement Office Staff Additions at Profiled Institutions



Why to Maintain Added Campaign Staff Positions After Campaign Conclusion



3) Capital Campaign Funding Sources

Funding Sources

Fund Capital Campaign through the Central Operational Budget

At all profiled institutions with the exception of **Institution D**, staff in the office of advancement fund capital campaigns of one billion dollars or more through base funds (i.e., central operational budget). With the assistance of office staff, the vice principal for advancement produces a campaign budget and distributes it to the university's central finance office and senior administrators; the chief financial officer allocates the budget for capital campaigns annually.

"Obtaining funds for a capital campaign from the central operational budget ensures that senior administrators become more invested in the success of the campaign."

- Forum Interview

Benefits and Drawbacks of Base Funding for Capital Campaigns of One Billion Dollars or More



Benefits of Base Funding

- ✓ Ensures all donor dollars contribute to university programs and benefit students; this facilitates marketing efforts
- ✓ Situates advancement as an institutional priority
- ✓ Increases budget predictability
- ✓ Sustains advancement operations following the campaign



Drawbacks of Base Funding

- ✗ Places pressure on senior administrators to accommodate advancement over competing needs (e.g., providing funding for research, student activities)
- ✗ Discourages advancement office staff from seeking alternative funding sources

Staff at **Institution E** created a multi-year budget plan for their latest capital; contacts note that this facilitated the distribution of funding between one-time and base allocations.



Utilize One-Time Allocations to Supplement Funding from Central Operational Budget

Advancement leaders at all contact institutions gain one-time funding support for capital campaigns from university leadership every year during the campaign; one-time allocations are typically for specific campaign related activities or initiatives (e.g., campaign launch). At **Institution F**, one-time allocations are typically in the range of half a million dollars.

Consider Alternative Sources of Funding Including Unrestricted Gifts and Administrative Fees

Contacts at **Institution C** benchmarked against other Canadian peers to determine the best funding model to employ for the university's future campaign of 1.2 billion dollars, which will cost approximately 17 million dollars to conduct. The graphic below describes the funding sources contacts at all profiled institutions considered and their potential advantages and disadvantages.

Benefits and Drawbacks of Alternative Funding Sources



Benefits of Unrestricted Gifts

- ✓ Prevents use of funds intended for other purposes
- ✓ Does not require additional staff or advancement office efforts

Benefits of Administrative Fees

- ✓ May generate a large amount of funds
- ✓ Follows philanthropic model used by charities
- ✓ After initial dissatisfaction (e.g., first four years), typically no difference in level of donations

Benefits of Interests Generated from Institutional Endowment

- ✓ Does not require additional staff or advancement office efforts

Benefits of Holding Gifts

- ✓ Can generate short-term money



Drawbacks of Unrestricted Gifts

- ✗ May not generate a large amount of funds
- ✗ Relies on unrestricted gifts, which are less common than other types of gifts (e.g., donating to a faculty)
- ✗ Creates competition with other units who may seek to use unrestricted gifts

Drawbacks of Administrative Fees

- ✗ Diverts from typical practice; universities in Canada rarely charge administrative fees
- ✗ Discourages donors from donating, due to the additional fee charged

Drawbacks of Interest Generated from Institutional Endowments

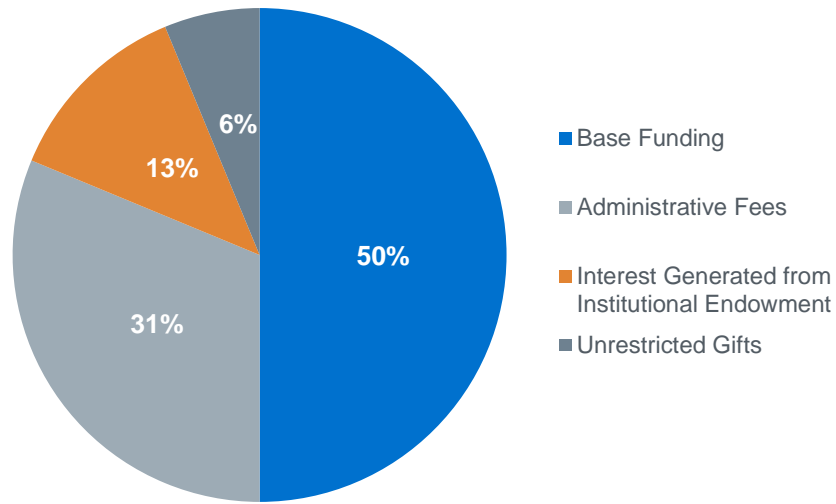
- ✗ May not generate a large amount of funds due to low endowment interest rate

Drawbacks of Holding Gifts

- ✗ May not generate a large amount of funds due to low interest rates

Contacts at **Institution B** note that they would prefer downsizing the size of their unit to holding gifts.

Expected Funding Sources for Capital Campaign Operations, *Institution D*
Percent of 16 Million Dollar Budget



All contacts note that they would prefer to downsize the size of the advancement unit or raise tuition costs by a small percentage to introducing a student fee.

Avoid Charging a Student Fee to Help Finance Capital Campaign

Across profiled institutions, contacts caution against charging a student fee to help finance a capital campaign; charging the fee would likely result in student discontent and could damage potential student donations. Other reasons for seeking alternatives to a student fee include:

- Difficulty of introducing and marketing a new fee
- Low support from faculty, senior leadership, staff, and alumni
- Desire to separate philanthropic efforts from institutional fees
- Desire to position all student contributions as voluntary gifts, encourage students to leave a legacy

4) Research Methodology

Project Challenge

Leadership at a member institution approached the Forum with the following questions:

- What was the context (e.g., motivation to launch campaign) for previous billion dollar capital campaigns at contact institutions?
- Prior to a one billion dollar benchmark, what dollar goals did institutions pursue through capital campaigns? What motivated a significant leap in dollar goal?
- What staffing changes or additions did contacts make to support the one billion dollar capital campaign?
- What was the length of the campaign and the timeline for its preparation?
- How do institutions fund one billion dollar capital campaigns (e.g., an operating budget, a small annual percent levy on endowments funds, alumni donations, small share interest earned in cash)? How are these funding sources determined, and by whom? What are some of their advantages and drawbacks?
- What other models or alternative funding strategies did administrators use to support capital campaigns?
- Did contacts employ a student fee to help finance capital campaigns? If so, what were the motivations main challenges associated with a student fee?
- What challenges did institutions experience in terms of funding one billion dollar plus capital campaigns? How were these challenges addressed?

Project Sources

The Forum consulted the following sources for this report:

- EAB's internal and online research libraries (<http://eab.com>)
- Finn, Leah, "Supporting a Capital Campaign: Strategies for Adding and Funding Staff Positions," Education Advisory Board, 2012. Accessed March 22 2014. <http://www.eab.com/~media/EAB/Research-and-Insights/BAF/Custom/2012/08/Supporting-a-Capital-Campaign-Strategies-for-Adding-and-Funding-Staff-Positions.pdf>
- The Chronicle of Higher Education (<http://chronicle.com>)
- Institution Websites

The Forum interviewed senior advancement administrators at large, public universities in Canada

A Guide to Institutions Profiled in this Brief

Institution	Location	Approximate Institutional Enrollment (Undergraduate/Total)	Classification
Institution A	Western Canada	46,00/57,000	Medical Doctoral University
Institution B	Central Canada	25,900/34,800	Medical Doctoral University
Institution C	Western Canada	31,900/39,500	Medical Doctoral University
Institution D	Western Canada	26,000/31,400	Medical Doctoral University
Institution E	Central Canada	33,800/47,300	Medical Doctoral University
Institution F	Central Canada	27,00/31,400	Comprehensive

Source: National Center for Education Statistics