EAB

RESEARCH BRIEF

Alumni Association Membership Model Transitions

Advancement Forum

Hailey Badger
Research Associate

Daniel Gordon
Research Manager

Table of Contents

1) Executive Overview

Key Observations

Low alumni engagement was a significant factor in the decision to transition from a dues-based membership model to a free membership model at profiled institutions. Alumni relations offices use membership model transitions as one of several changes to improve alumni engagement. For example, **Institution E** integrated the alumni association and the foundation in addition to transitioning the association membership model.

Institutional or foundation funds are the main funding sources supplanting lost membership revenue. All profiled institutions whose alumni associations transitioned from a dues-based to a free membership model received funding from the foundation, advancement division, or the general university funds. Revenue from event charges and affinity partnership programs supplement alumni association budgets, but do not result in profits.

Profiled institutions whose alumni associations transitioned from a dues-based to free membership model received minimal negative feedback from alumni, including those who purchased lifetime memberships. Institution E and **Institution G** offered a small number of refunds (i.e., fewer than ten) to lifetime members who expressed the most dissatisfaction. Most lifetime members supported the shift to free membership. Still, profiled institutions made sure to target special benefits or communications to lifetime members during the transition to preclude any difficulties.

Collaboration between annual giving offices and dues-free alumni associations results in higher giving rates from former association members. Alumni relations and annual giving staff partner together to identify and solicit former dues-paying members. These efforts can bring in annual gifts larger in value than membership dues. Contacts at **Institution F** found that solicitations via phone and direct mail to this group yield higher returns than solicitations to the general alumni population.

Contacts at Institution D, Institution F, and Institution G report improved alumni engagement (e.g., event attendance) since transitioning membership models. Contacts at **Institution D** and **Institution F** have seen increased annual giving performance since the transition. However, it is difficult to determine whether membership transitions alone improve participation and giving rates or if other factors are involved, since membership transitions often coincide with other tactical changes.

2) Membership Transition Processes

Summary of Membership Structures

Most Profiled Institutions Transition from a Dues-based to a Free Alumni Association Membership Model

Every profiled institution except **Institution B** transitioned membership models within the last ten years or is currently transitioning.

Membership Model History at Profiled Institutions

Institution	Current Structure	Previous Structure	Approximate Transition Date
Institution A	Free membership	Dues-based membership (annual and lifetime memberships)	Effective September 2015
Institution B	Free membership	Not applicable[1]	Not applicable[1]
Institution C	Dues-based membership (annual, 10-year, and lifetime memberships)	Multiple: **Prior to 2011:** Dues-based membership (annual and lifetime memberships) **2011-2014:** No membership structure[2]	2011 (ended dues) 2014 (reinstated dues)
Institution D	Free membership	Dues-based membership (annual and lifetime memberships)	~2006
Institution E	Free membership	Dues-based membership (annual and lifetime memberships)	Effective July 2016
Institution F	Free membership	Dues-based membership (annual and lifetime memberships)	Effective October 2015
Institution G	Free membership	Dues-based membership (annual and lifetime memberships)	Effective July 2015

In addition to the institution-wide alumni association, select schools at Institution F (e.g., dental school, law school) offer school-specific alumni associations. Some of these associations continue to charge membership dues.

Impetus and Timeline for Membership Transitions

Low Alumni Engagement Motivates Membership Model Transitions at Profiled Institutions

At most profiled institutions, relatively few alumni paid dues for alumni association membership when it was required. With meager membership ranks, alumni association leaders struggled to engage their constituencies.

Additionally, advancement administrators at **Institution A** and **Institution D** report that it was difficult to maintain a dues-based membership structure with only a few staff. At the time of transition, Institution A employed two alumni association staff and Institution D employed one alumni association staff.

Often, membership model transitions were part of a larger organizational effort to improve alumni engagement. Contacts perceive dues-paying membership as an "exclusive" model and free membership as an "inclusive" model. Advancement staff view transitions to an inclusive membership model as an opportunity to reinvigorate alumni relations. Senior leadership encouraged membership transitions to enhance long-term fundraising and engagement goals at Institution A and **Institution F**.

1) The alumni association at Institution B has always been dues-free.
2) Contacts at Institution C share that between 2011 and 2014, the alumni association had no functioning membership model (rather than universal membership).

Contacts at **Institution B** and Institution F believe membership dues may discourage alumni from giving above the rate of their dues, even if they exhibit the capacity and affinity for the institution to do so.

Several Factors Influenced Multiple Membership Transitions at Institution C

The alumni board at **Institution C** reinstated membership dues in 2014 after approximately three years without collecting dues. During the interim, alumni relations ceased programming and engagement efforts due to staff turnover and greater focus on annual giving. The return to a dues-based membership model in October 2014 coincided with new alumni relations staff joining. It was intended to reinvigorate the alumni association and should not be understood as an indication of a failure of the previous model. However, their current budget is highly dependent on membership revenue and they could not sustain current programming levels without membership revenue.

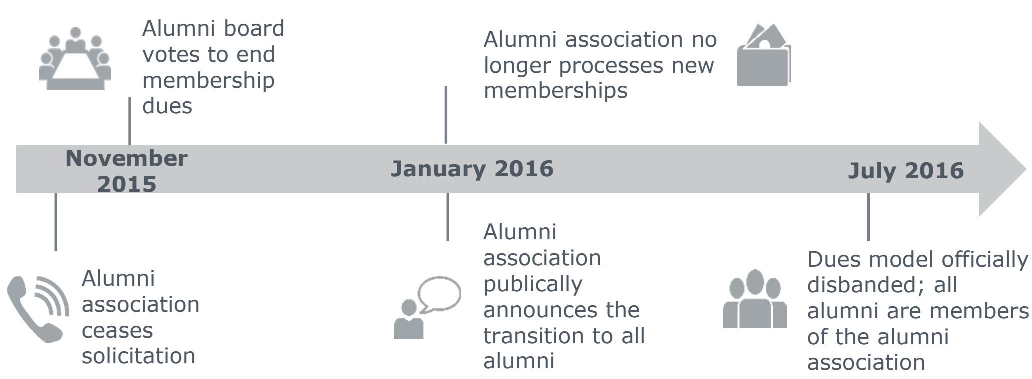
Membership Model Transitions Require Approximately Six Months to One Year to Implement

At most profiled institutions, an alumni board oversees the association and makes decisions about the association's membership structure. Alumni association staff or other university staff typically propose the structural change for membership models, but sometimes the board and staff work together on a proposal. Contacts report that alumni boards were amenable to the change. Transition timelines vary by institution, but most transition processes at contact institutions occur over six to twelve months. Contacts advise that the process allow ample time to craft a detailed communications plan for alumni and finalize logistics of a free membership model, including association budget and staff modifications.

Contacts Allocate a Relatively Small Budget for Transition Expenses

Initial expenses for transitions include marketing materials/design work and mailings. Costs typically do not exceed $10,000.

Membership Transition Timeline at Institution E



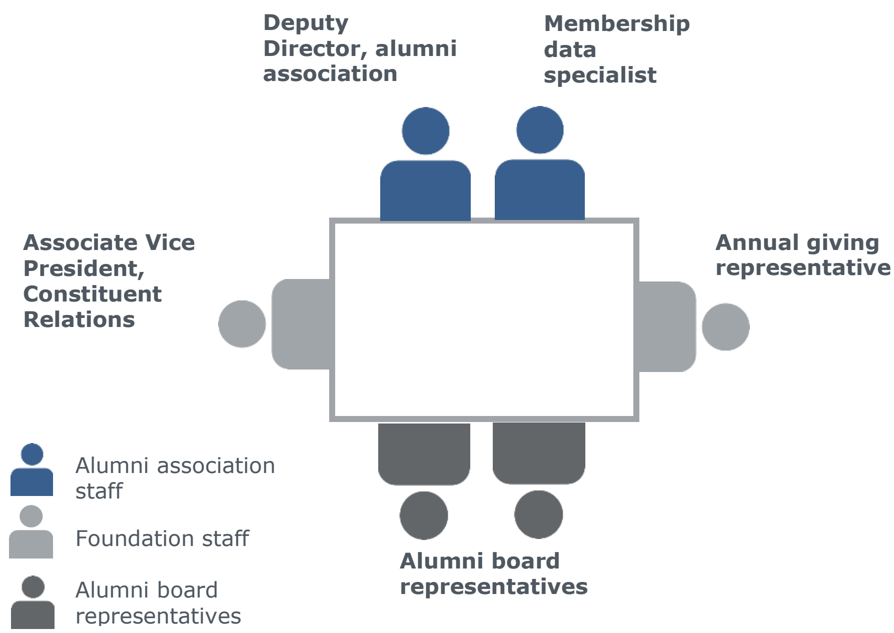
3) Membership Model Implementation and Assessment

Transition Planning

Assemble One or More Committees to Guide the Transition Process

Institution E assembled two planning committees to prepare for the transition to a free membership model. One committee addressed membership-related issues, including the logistics of a new membership model, strategies to serve lifetime members, and sources of funding to replace lost membership dues. The other subcommittee created a communications strategy. These committees met one to two times per month during the transition period.

Sample Planning Committee based on Institution E



Profiled institutions report little or no alumni backlash in response to the transition

Create a Plan to Serve Lifetime Members

Alumni associations should anticipate concerns from paying members and communicate directly with existing members before membership model transitions occur. Associations typically anticipate greater resistance from lifetime members, who may perceive that the benefits they earned from donating a large, one-time sum will now be given away without charge, devaluing their past contributions. Association staff serve lifetime members with retention of special status and exclusive benefits.

Consider Long-term Sustainability of Service Plan for Lifetime Members

Contacts state that it is important to construct a plan to ensure that lifetime members feel valued after the membership transition, but **any benefits planned should be sustainable** (i.e., not overly demanding of resources or staff time).

The extent of retained benefits varies by institution. Contact institutions that expect strong dissatisfaction from lifetime members (e.g., because their lifetime members are very engaged) offer more extensive post-transition benefits to lifetime members.

Service Plans for Lifetime Members at Profiled Institutions

From Most Extensive to Least Extensive Benefits Offered

Institution E created a lifetime alumni club to recognize lifetime members. **Members share input on the strategic direction of the alumni association through an annual meeting with advancement leadership.** For example, the alumni association will host a meeting with the alumni board, alumni club members, and the president during their alumni weekend. Alumni association staff spoke with lifetime members with whom they had good relationships to ask for their input on possible service options.

Members of the alumni association at **Institution F** initially joined for the membership benefits, including free parking on campus. Under the dues-based membership model, all members received these benefits, but under the free membership model, only lifetime members **retained the privilege of free parking on campus**. Institution F offered a **promotional rate for those who wish to upgrade from an annual to a lifetime membership** to retain exclusive benefits after the transition to a free membership model.

Institution G surveyed their lifetime members via email and direct mail to gauge their attitudes toward the transition and understand how these alumni wish to be served in the future. Lifetime members responded very positively about the change. The alumni association **published an online honor roll** with members' names and **dedicated a bench on campus** to honor the legacy of lifetime members' support.

Communication Strategies

Employ Multiple Communication Platforms to Inform Alumni Population of Transition

Contacts recommend that alumni association staff communicate with annual dues-paying members and the entire alumni population to promote awareness about the inclusive membership model and the benefits it will provide for all alumni.

Strategies for Alumni Communications

Advertise Alumni Membership Change in All Published Materials

Alumni associations feature membership model changes in association magazines, physical mailings, and newsletters. **Institution A, Institution E, Institution F,** and **Institution G** and placed stories in the alumni association magazine to spotlight the transition to an inclusive membership model. Mailed notices prominently advertised the motivations for and benefits of the change.

Update Websites to Focus on Membership Model Transition Policies and Motivations

Contacts emphasize investment in website redesigns prior to transitions. Association websites serve as the main portal into information about and engagement with the association. Home webpages outline the membership model change, the reasons for ending dues, and any impacts on existing members. **Institution E** published both a letter from the alumni association president and a comprehensive FAQ page.

Send a Preliminary Transition Announcement to Select Members to Test Messaging

Following the October 2014 vote to end membership dues, **Institution F** alumni association contacted alumni whose memberships were expiring within three months to explain the recent decision to transition membership models. Association staff intended to test the messaging and adjust if they received calls from confused or angry alumni, but they received virtually no feedback.

Select Trusted Person on Campus to Announce the Transition

The letter announcing the membership transition came from the Chancellor's Office at **Institution D**. Receiving a letter from a trusted person on campus (e.g., popular president or provost) may assuage the concerns of skeptical alumni. Additionally, involving actors from outside advancement reinforces an image of institutional unity.

Funding Impact

Alumni Associations Receive Foundation and/or Institutional Funding to Supplant Lost Membership Revenue

Prior to their transitions, alumni associations received funding through a combination of membership revenue, foundation funds, institutional funds, and state revenue. However, unsustainably low membership rates consistently threatened funding levels for profiled alumni associations.

Following their transitions, all profiled associations received supplemental funding from the institution or foundation. At **Institution F**, institutional leaders agreed to provide funding to the alumni association equal to the average of the last four years of membership revenue.

Contacts report that internal stakeholders agree to provide funding (either from central or foundation funds) when they believe membership model transitions will lead to enhanced giving performance and increased alumni engagement. The return from a more inclusive engagement model would outweigh the costs of funding the membership-free alumni association.

Approximately 50 percent of Institution C's alumni relations budget is derived from membership dues; advancement staff expect this number to rise as high as 80 percent as the program continues to grow.

Alumni Association Funding Sources

Institution	Pre-transition Funding Sources	Post-transition Funding Sources
Institution A	Foundation allocation; membership revenue	Foundation allocation
Institution B	Foundation allocation; state funding; affinity partner programs (e.g., insurance partnership)	Not applicable[3]
Institution C	State funding; foundation allocation; membership revenue	Not applicable[4]
Institution D	University allocation	University allocation
Institution E	Membership revenue; foundation allocation; university allocation (approximately one-third each)	Foundation allocation; university allocation
Institution F	University allocation; membership revenue	University allocation; revenue from affinity partner programs (e.g. credit card partnership) Institution agreed to provide funding equal to the average of the last four years of revenue.
Institution G	University allocation	Approximately 90 percent university allocation and ten percent investment income

Approach Membership Transition as a Fundraising Opportunity

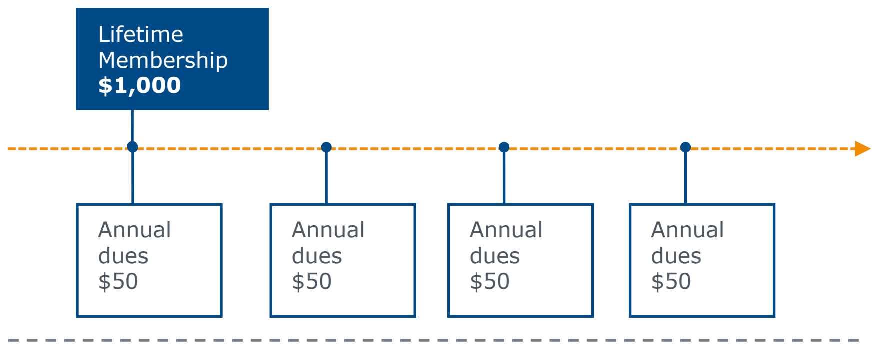
Strategic advancement organizations leverage partnerships between alumni relations and development operations that naturally form during a membership transition. Contacts at **Institution D** emphasize that close collaboration between the alumni association and the annual fund is the most important factor in sustaining an alumni association without membership fees. Additional annual giving enhances the overall development goals of the institution and covers lost membership revenue.

Charging membership dues is not conducive to additional giving beyond the cost of membership, according to several contacts. If an alumnus pays $50 per year for an alumni association membership, they may view that as their gift for the year and not consider making an additional gift.

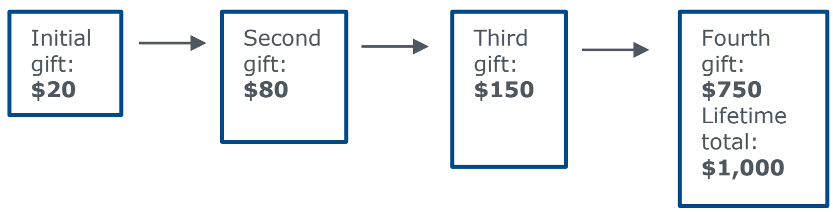
3) The alumni association at Institution B has not undergone a membership transition
4) Institution C's alumni association currently has a dues-based membership structure

Alumni Giving Behavior by Model

Dues-Based Model: Membership Cost Acts as Ceiling Limiting Alumni Giving



Non-Dues Model: Alumni Upgrade Their Giving Past Previous Dues Amount



Strategies to Enhance Development Following Membership Transition

Following membership transition at **Institution F**, alumni association and annual fund staff collaborated to identify and solicit former dues-paying members when they would normally renew their membership. Advancement staff crafted targeted communications for these alumni and report better-than-average yield for phone solicitations.

Institution E partially merged its alumni association and foundation, previously separate 501(c)3 organizations, in conjunction with the membership transition. The alumni association retains its 501(c)3 status but its staff are now employees of the foundation, which houses all development efforts (e.g., constituent relations, annual giving, corporate and foundation relations, major gifts, prospect research). One organization now manages all giving, which minimizes multiple solicitations.

Alumni Association and Annual Fund No Longer Compete for Donors

Contacts warn that uncoordinated communications from multiple offices can overwhelm and confuse alumni. Prior to the transition at **Institution E**, some alumni did not understand the difference between the alumni association and the annual fund office, and viewed a gift to either organization as a gift to the institution. Alumni were frustrated to receive a solicitation from the alumni association shortly after making a gift to the annual fund, and vice versa. Now, because giving is streamlined through one organization, giving is more convenient and direct.

Assessment and Outcomes

Track Giving Totals and Alumni Engagement to Measure Success

Alumni association staff track event attendance, giving numbers, and alumni satisfaction to assess the success of the alumni association for internal and external advocacy purposes. The alumni engagement office at **Institution G** surveys its alumni every two years to assess perception of the institution. Staff will compare results from before and after the transition to gauge the success of the alumni association and its membership model. However, membership transitions often occur in concurrence with a range of other strategic shifts, so it is difficult to assign causation. Further, many contact institutions implemented a free membership model recently and outcomes are difficult to determine immediately.

Institution F and Institution G observe increased event attendance and engagement since their transitions in 2015. Annual giving increased at **Institution D** after the institution transitioned membership models ten years ago. Anecdotally, contacts observe more effective and strategic alumni engagement and stronger office collaboration with development.

4) Research Methodology

Project Challenge

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

- What are the advantages and disadvantages of paid, tiered, and non-dues alumni association membership models?
- What are the funding models for each of these systems?
- How do alumni associations that transition from a paid to a non-dues model make up for the lost funding (specific sources of funding)?
- Are there any emerging trends or promising programs that produce revenue for operations?
- What ROI or ROE (Return on Engagement) metrics are being used to communicate value and benefit to the Foundation and institution?
- What strategies do alumni associations use when transitioning to a tiered or non-dues model?
- How did these alumni associations communicate with and serve current dues-paying members, especially lifetime members?
- What was the timeline for transition (including any specific stages or steps)?
- What campus constituents (alumni, students, staff, faculty, etc.) did the alumni association engage and dialogue with as they decided to transition?
- What is the overall cost to the association for the transition and how is it typically funded?
- Are there examples of alumni associations that have transitioned from a dues paying model to a tiered or non-dues model that have failed and what are they doing to correct this course?
- How did the alumni associations communicate with and serve current dues-paying members, especially lifetime members?
- What metrics or indicators are used at other institutions to monitor the success of the new model over the old model?
- What lessons and advice can alumni associations that transitioned to a non-dues or tiered model provide on communication with constituents?
- What are the key tactics, programs, staff resources and structures (including fees) of successful student alumni associations? And are the costs shared? Are successful models beginning with admission to the university as the initial outreach to the students and/or parents for student alumni association membership?

Project Sources

The Forum consulted the following sources for this report:

- EAB's internal and online research libraries ([eab.com](eab.com))
- The Chronicle of Higher Education (http://chronicle.com)
- National Center for Education Statistics (NCES) (http://nces.ed.gov/)
- Institutional websites

Research Parameters

The Forum interviewed directors of the alumni association or alumni relations offices at the following institutions.

A Guide to Institutions Profiled in this Brief

Institution	Location	Approximate Institutional Enrollment (Undergraduate/Total)	Classification
Institution A	Midwest	5,500/5,500	Baccalaureate Colleges: Diverse Fields
Institution B	South	16,500/18,000	Master's Colleges & Universities: Larger Programs
Institution C	Pacific West	11,000/12,000	Master's Colleges & Universities: Larger Programs
Institution D	Mountain West	10,000/12,000	Master's Colleges & Universities: Larger Programs
Institution E	Mountain West	4,500/6,000	Doctoral Universities: Higher Research Activity
Institution F	Northeast	20,000/30,000	Doctoral Universities: Highest Research Activity
Institution G	Pacific West	16,500/18,000	Doctoral Universities: Highest Research Activity