2015: ANOTHER CONSISTENT YEAR FOR HIGHER EDUCATION

A strong economy and stock market, coupled with new techniques that appear to be taking hold, helped lead higher education annual giving programs to another year of revenue growth in 2015, with an overall 4% median positive change in revenue. In fact, the revenue growth across the board and in nearly every key metric speaks to the ability of annual giving programs to secure multiple gifts from donors during the year, upgrade donors, and grow revenue. Annual giving programs are thriving in their ability to secure more dollars and larger gifts for their purpose.

This past year was another good one—the second in a row—for alumni donor participation in annual giving programs. The overall change in the number of donors was flat compared to 2014. This is good news, considering the declines most programs have posted over the past several years. Retention rates were again steady, reactivation rates were flat or slightly up, and acquisition efforts generated stronger results with a median change in new donors of 1.9%.

More programs report successful implementation of giving days, which help to retain donors, reactivate donors, and acquire new donors, as well as provide some forward momentum for sustainer programs. These new (at least to higher education) strategies are continuing to move the needle for many programs, while reversing or staving off some negative trends of just two to three years ago.

In all, with modest movement in either direction among most key metrics, 2015 is best described as a stable year in higher education fundraising. However, that consistency is allowing programs to grow for the most part, particularly in the dollars they raise.

ALUMNI PARTICIPATION

Median Participation Rates

Participation rates, after a steady decline for a few years, have appeared to stabilize with private school medians slightly dropping to 18% and public institutions holding at 6% for the third consecutive year. The increased activity among student giving programs, particularly senior class gifts, has allowed some universities and colleges to keep pace with alumni donor counts and therefore participation rates. As more programs implement giving days and sustainer programs, each are likely to create a safety net for participation rates.
DONOR RETENTION

Median Donor Retention Rates

As always, among the most consistent metrics year over year, the median donor retention rates remain steady. Private institutions held at 66% for the third year, and public institutions dropped slightly to 56% from 2014. Over the course of the last decade, these rates have typically varied by less than one percent from any given year to another, marking an incredible consistency among alumni donors and annual giving programs in retaining their best donors.

Median Change in Retained Donors

While overall retention rates remain steady, the median change in the number of retained donors (versus the rates) was positive at 3.7% for private schools and a strong 7.8% for public schools. The overall median change for all institutions was 5.4%, demonstrating a greater number of retained donors in 2015 compared to 2014.

Median New Donor Retention Rates

Median new donor retention rates were precisely flat for public and private institutions. The overall rate of 25% was the same in 2015 as it was in 2014. The rate has varied by no more than 1% in any given year over the previous three years.
Median Multi-Year Donor Retention Rates

Much like overall retention rates, multi-year donor rates were incredibly consistent compared to 2014 levels. For private institutions, the rates dropped from 70% to 69%, while public institutions increased modestly to 63%. This stable, loyal group of donors continues to perform similarly from year to year.

Median Revenue per Retained Donor

While retention rates held steady for the most part, retained donors gave more in 2015 than in 2014. For private schools, the median moved from $960 in 2014 to $962 in 2015. Public schools saw a more significant jump, from $576 to $608. A stronger economy, aggressive ask programs, giving days, and specific upgrade strategies paved the way for this growth.
DONOR REACTIVATION

Median Reactivation Rates

Like the previous year, reactivation rates were stable in 2015. After an extended period of steady decline, it appears that reactivation of lapsed donors (one to five years) plateaued among public and private institutions. Private institutions dropped to 16% while public universities held steady at 13% overall. The three-year trends now demonstrate consistency, with less than 1% fluctuations between the three years. Sustainer programs can also significantly influence this group of donors over time as more programs implement recurring giving as a standard practice. Young alumni—specifically senior class giving programs—have created more instability over time among reactivation rates, but again this seems to be leveling off.

Median Change in Reactivated Donors

While rates were relatively stable, the number of reactivated donors increased in part due to the larger body of reactivated donors that most universities have. The median change in reactivated donors for private schools was a very strong 9.3% (after a decline in 2014) and the median change for public schools was a positive 1.8%, leading to an overall median change in higher education reactivated donors of 5.9% in 2015.

Median Revenue per Reactivated Donor

The median revenue per reactivated donor moved in different directions for public and private institutions in 2015. For private colleges and universities, the median rose from $439 to $478. For public institutions, the median dipped from $327 to $324. Given the stronger economy and general upward trends in giving over the past several years, it is unusual that the median revenue per donor would actually decline, even with reactivated donors.
DONOR ACQUISITION

Median Change in New Donors

Acquisition continues to be an important element of many higher education programs. The continual focus of acquiring new alumni donors led to positive growth this past year. The median change in the number of new donors was a positive 2.6% for private schools and a positive 1.9% for public schools, leading to a 1.9% overall median change in new donors at all higher education combined.

Median Revenue per New Donor

Revenue per donor went from $109 in 2014 to $116 in 2015 for private schools, and public schools—which have outpaced private schools in this metric in recent years—also saw growth from $141 to $144. More aggressive ask strategies (including second ask programs for first-time donors) have helped push this metric higher in each of the past three years.

Median Revenue per New Donor Change

The change in median revenue per new donor was also positive in 2015. For private institutions, the percentage change was 5.3% and for public institutions, a strong 4.6%. New donors are giving more, and this trend occurs despite the growing number of new, low-level donors giving via senior class gift programs.
CONCLUSIONS: OVERALL PERFORMANCE

Median Change in Revenue

With the stronger economy, the overall revenue for public and private programs continues to move in a positive direction. The median percent change in revenue for public universities was 4%, while private schools changed by 3.9%. For many schools, revenue growth of 5% or more was not unusual in 2015.

Median Revenue per Donor

While overall revenue was up last year for the vast majority of schools, the same can be said for overall median revenue per donor, which climbed from $730 to $746 for private institutions and from $421 to $451 for public institutions. This represents strong growth and again points to a very good year for revenue in 2014 across the board.
Overall Donor Counts

The median change in overall donor counts was mostly flat, with a -.6% dip for private schools and a positive .1% for public schools. The overall median change in donor counts was off a modest -.2%, suggesting a flat trend in the number of donors that year, even as the number of gifts per donor rose modestly.

Median Change in Gifts per Donor*

As more programs adopt and promote aggressive second ask programs, multiple asks during the year, and giving days, the median change in gifts per donor continues to rise with a positive 1% change for private schools and a .9% change for public schools. This movement demonstrates the ongoing and potentially increasing willingness of donors to make multiple gifts during the year.

Median Change in Gifts*

The number of gifts continues to increase due in part to more donors making multiple gifts during the year. For private institutions, the median change was 2.3% and public institutions had a positive median change of 1.1%. Despite challenges in recent years related to the number of donors, the number of gifts to institutions continues to rise.

*Pledge payments, recurring gifts, and payroll deductions are counted as one gift for this analysis.
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<th>Participating Private Institutions</th>
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Ohio Wesleyan University
Oral Roberts University
Phillips Academy Andover
Point Loma Nazarene University
Presbyterian College
Rensselaer Polytechnic Institute
Rice University
Rice University Jones School of Business
Rollins University
Samford University
Saint Louis University
Saint Mary’s College of California
Sarah Lawrence College
Siena College
Smith College
Southern Methodist University
St. John’s University
St. Joseph’s University
St. Mark’s School
St. Olaf University
Stanford Law School
Syracuse University
Texas Christian University
The Principia

The Thacher School
Union College
University of Chicago
University of Chicago Booth School of Business
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University of Chicago School of Medicine
University of Denver
University of Miami
University of Pennsylvania
University of Pennsylvania Law School
University of Richmond
University of Richmond School of Law
University of San Francisco
University of San Diego Law School
University of Scranton
Wake Forest University
Webb Schools
Whitman College
Whitworth University
Willamette University
Woodberry Forest School
Yale Law School
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Arizona State University
Augusta University
Augusta University Medical College of Georgia
Bowling Green State University
Cal Poly Pomona
Cal Poly San Luis Obispo
California State University Bakersfield
California State University Fresno
California State University Fullerton
California State University Los Angeles
California State University Northridge
California State University Sacramento
California State University Stanislaus
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Clemson University
Colorado School of Mines
Colorado State University
College of William and Mary
Dalhousie University
Darden School of Business at the University of Virginia
East Carolina University
Ferris State University
Georgia Southern University
Georgia State University
Humboldt State University
Iowa State University
Indiana University of Pennsylvania
James Madison University
Kansas University
Kent State University
McMaster University
McMaster University Faculty of Health Sciences
Michigan State University
Montclair State University
North Carolina State University
New Jersey Institute of Technology
Ohio University
Oklahoma State University
Oregon State University
Pennsylvania State University
Purdue University
Queens University
Richard Ivey School of Business at Western University
Rutgers University
San Francisco State University
San Jose State University
Sonoma State University
Southern Alberta Institute of Technology
Texas A&M University
The College of New Jersey
The Ohio State University
The Ohio State University College of Medicine
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University of California, Berkeley
University of California, Berkeley Haas School of Business
University of California, Davis
University of California, LA Anderson School of Management
University of California, LA School of Law
University of California, Riverside
University of California, Santa Barbara
University of California, Santa Cruz
University of California, San Diego
University of Cincinnati
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University of Georgia
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University of Northern Colorado
University of Oregon
University of Saskatchewan
University of Tennessee
University of Toronto
University of Texas, Austin
University of Texas, Dallas
University of Virginia
University of Waterloo
University of Wisconsin
Washington State University
Western Carolina University
Western University
Wichita State University
Wilfrid Laurier University
York University
FURTHER INFORMATION

Participation: For more information about participating in the 2015 donorCentrics™ Annual Report on Higher Education Alumni Giving, contact Jenny Cooke Smith at jenny.cooke@blackbaud.com or 843.654.3762.

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ANNUAL REPORT METHODOLOGY

Target Analytics applied the following rules to standardize data from each of the institutions participating in the 2015 donorCentrics Annual Report on Higher Education Alumni Giving.

Soft credits and matching gift payments are excluded. Direct mail, telemarketing, and digital giving are by far the dominant revenue sources for most schools; however events, personal solicitation, and other sources are included. Indicators are calculated on a cash payment basis, as opposed to a pledge basis. Gifts or donors are defined as new, retained, or reactivated according to relative gift dates rather than organization-specific business rules or source codes. Retention rates are calculated by dividing the number of donors giving in the current year who also gave during the previous year by the total number of donors who gave in the previous year. Revenue per donor refers to the cumulative giving per donor per year.

The 2015 donorCentrics Annual Report on Higher Education Alumni Giving uses medians (the middle values in a ranked order of numbers) to measure trends, because it minimizes distortion caused by the wide range of organizations’ file sizes or extreme changes at a few organizations.

About Blackbaud

Serving the worldwide philanthropic community for 35 years, Blackbaud (NASDAQ: BLKB) combines innovative software, services, and expertise to help organizations achieve their missions. Blackbaud works in over 60 countries to power the passion of approximately 35,000 customers, including nonprofits, K-12 private and higher education institutions, healthcare organizations, corporations, foundations, and other charitable giving entities. The company offers a full spectrum of cloud and on-premise solutions, as well as a resource network that empowers and connects organizations of all sizes. Blackbaud’s portfolio of software and services supports nonprofit fundraising and relationship management, eMarketing, advocacy, accounting, payments and analytics, as well as grant management, corporate social responsibility, and education.

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