Higher Education: Cultivating Major Gifts

A rebounding economy and long-term investment in major gift donors paid off for colleges and universities in 2013, said John Lippincott, president of the Council for Advancement and Support of Education (CASE).

Schools that have shown fundraising success are also doing a good job in their stewardship of donors, including younger donors, by engaging them in their institutions in ongoing ways, he said.

In a CASE survey a year ago, members said they expected 5.8 percent growth in giving in 2013 compared to 2012, a projected pace roughly equivalent to the 20-year average growth for CASE members. “We are now back to normal rates of growth in the aftermath of the recession,” Lippincott said.

Driving that growth has been the recovering economy and the cultivation of major gift donors, or those making gifts of seven figures or more, he said.

In a fundraising campaign with a goal of $1 billion or more, 87 percent of funds typically are given by one percent of donors, and those major gifts generally are a function of “the number of times you ask,” he said.

“What is accounting for the kind of success people are anticipating comes down to the development of the relationships with the major donor community,” Lippincott said. “Those donors are giving as a result of the long-term relationships they have with the institutions.”

Institutions that are doing well “are the ones that spent a lot of time listening to their donors during the worst of the recession,” he said. “And they’re reaping the benefits now.”
A Closer Look: Higher Education

Key to cultivating those donors is finding ways to meet the growing expectation of major donors to have “a level of engagement with the institution beyond simply the transaction of the gift,” he said.

That kind of stewardship, which often can lead to future gifts, typically involves inviting major donors to serve, either formally or informally, in an advisory or governance role at the school so they truly become key advisers and “stakeholders” in the institution, Lippincott said.

Colleges and universities are also looking for ways to maintain relationships with major donors.

Scholarships represent a good opportunity to develop those relationships by providing donors with ongoing interaction with scholarship students, with the donors often serving as mentors for the students.

Schools also have been working to better engage younger donors.

Research shows Millennial donors—or those born between the early 1980s and the early 2000s—are as generous as other generations were at the same age, but that they are “much more focused on wanting to support the things that matter to them,” Lippincott said.

“The appeal that institutions often will make is a very specific appeal to people several years out of the institution,” he said, so those young alumni “can see how this is going to have a meaningful and immediate impact,” he said.

A school might ask recent graduates and even current students to support a bike-sharing program on campus, for example, because it’s “something real that they can relate to, rather than a general appeal,” he said.
In comparison, said Lippincott, a 1971 graduate of Wesleyan University, his annual gifts to his alma mater are made “out of a sense of general obligation, rather than what my money is actually going to.”

Schools are also increasing use of digital media to more effectively reach donors, and not only younger alumni, he said.

For younger donors, who handle many if not all of their transactions online, digital media represents a natural platform for giving.

For those donors, social media also represent a platform that is “more important for donor acquisition than it is for dollar acquisition,” Lippincott said.

“Even if gifts from recent graduates are $10 or $25 gifts using social media, it’s as important that you’ve gotten those recent graduates into the habit of giving, and acquired information about what they’re interested in, and can use that to sharpen the appeal,” he said.

Planned giving also has become a key fundraising program at many colleges and universities. Major donors, who account for most of the recent growth in fundraising revenue, often want to make their gifts through planned giving vehicles, Lippincott said.

And at a time of low interest rates, he said, donors often prefer planned giving strategies, such as annuities that make regular payments to donors, with the remainder of the gift going to the college or university.

“Those annuity payments now are quite appealing,” he said, “because they frequently pay significantly higher interest rates, rather than people parking their money in any fixed income asset.”