

2013 donorCentrics™ Annual Report on Higher Education Alumni Giving

Summary of Annual Fund Key Performance Indicators

July 2012-June 2013

2013: A RETURN TO NORMAL

Before the economic recession, the national trends in higher education were “donors down” and “dollars up.” That all changed in 2009 with both key metrics dipping, and for most schools, dipping sharply. While both metrics have varied since 2009, in both 2012 and 2013 we saw a return to pre-recession patterns and trends. Alumni donors were slightly down, while revenue grew nicely in 2013. For the second year in a row, these trends have held steady, indicating that the impact of the recession has been minimized and that 2013 was not an anomaly.

Relative to key annual giving metrics, donor retention rates continue to be incredibly stable, with minimal variation from any of the most recent years. Donor reactivation continues to be a challenge for many programs, despite some positive trends, and for the most part the ability to reactivate higher percentages of lapsed donors has become more difficult in recent years. Donors continue to make more gifts and give larger gifts, both welcomed trends. Acquiring new donors was slightly stronger last year—but still an overall challenge, although new donors gave slightly higher gift amounts in 2013.

Finally, participation rates continue to dip. Many of the negative trends experienced in 2013 could potentially be improved if and when higher education programs become more aggressive in managing their recurring giving programs. These programs have proven very effective for other nonprofit organization types but are just beginning to gain traction among higher education institutions. Recurring giving programs can significantly impact young alumni giving and dramatically alter the current negative trends.

Notably, no key metric measured double-digit growth (or decline) in 2012. Such positive growth was not uncommon in the years just prior to the recession, and negative growth occurred in 2009 and 2010 for many programs. The swings in metrics have been far more modest (in both directions) over the past two years, suggesting a stabilization among donors.

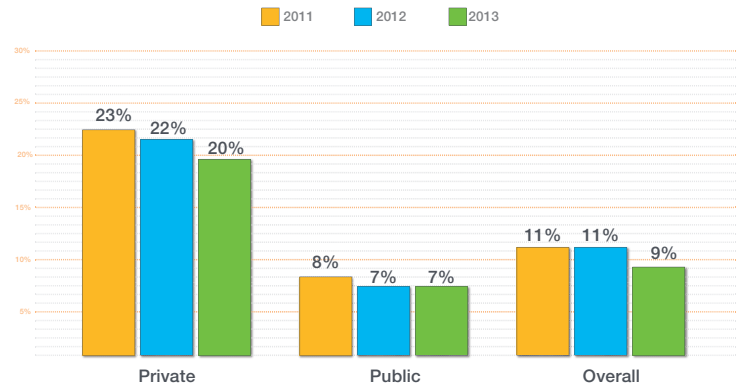
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ALUMNI PARTICIPATION

Median Participation Rates: Generally speaking, in 2013 the trend of previous years continued with a downward movement in participation rates. This was most stark among private institutions, which dropped to 20% for the first time in history—down 3% from two years ago. Public universities were more stable, holding at 7% for a second year, but still displayed a downward trend over time. As institutions graduate larger classes and younger alumni participate at lower rates, these trends will likely continue.

Additionally, until programs can implement aggressive recurring gift programs (sustainer programs) which appeal to younger donors, this trend is likely not reversible.

MEDIAN PARTICIPATION RATES

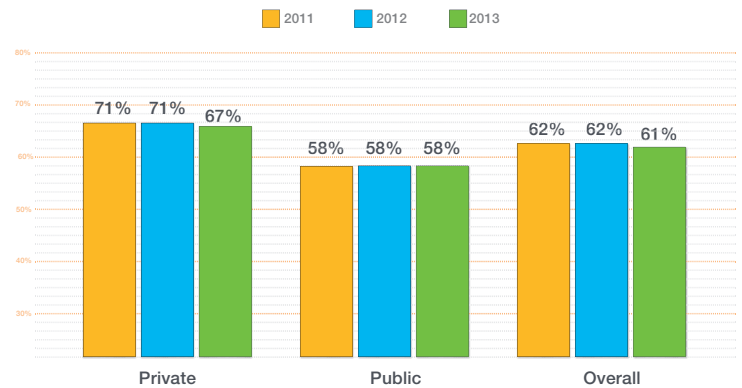


DONOR RETENTION

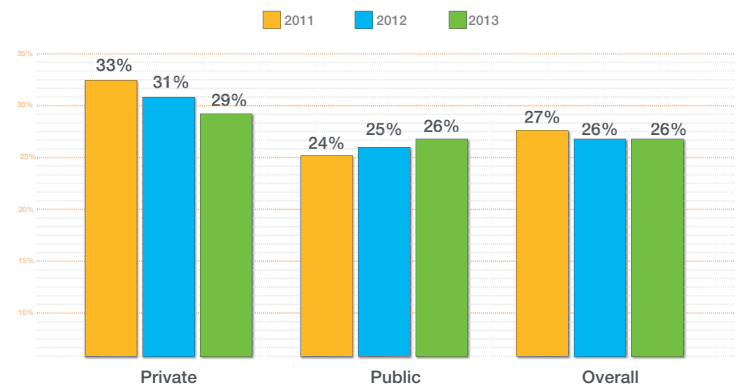
Median Donor Retention Rates: Overall retention rates have remained very steady over time. This is one metric that continues to be incredibly stable, with the exception of 2009. The overall rate dropped 1% to 61%, while public universities remained flat at 58%, and private institutions experienced a dip of 1% in 2013. The stability of retention rates has been one very bright spot among the key metrics that measure the strength of annual giving programs.

Median New Donor Retention Rates: First-time donors have always been the most challenging group to retain in the second year of giving. Over the past decade, the ability to retain these donors has declined, mostly due to more robust senior giving programs (as seniors are the most difficult group to retain in year two). In 2013, the overall median new donor retention rates held steady at 26%, with a 1% increase among public institutions and a two percent drop among private institutions.

MEDIAN DONOR RETENTION RATES



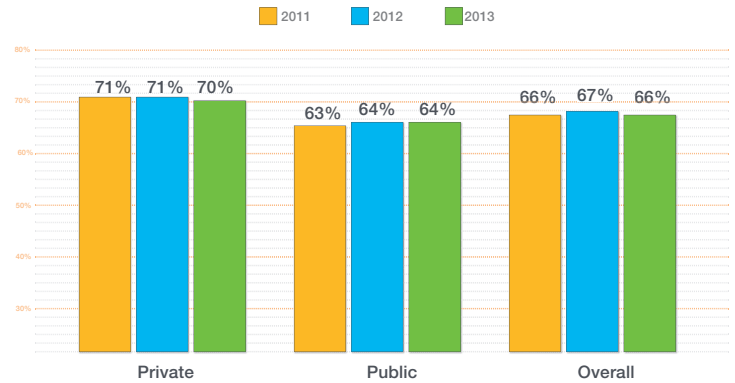
MEDIAN NEW DONOR RETENTION RATES



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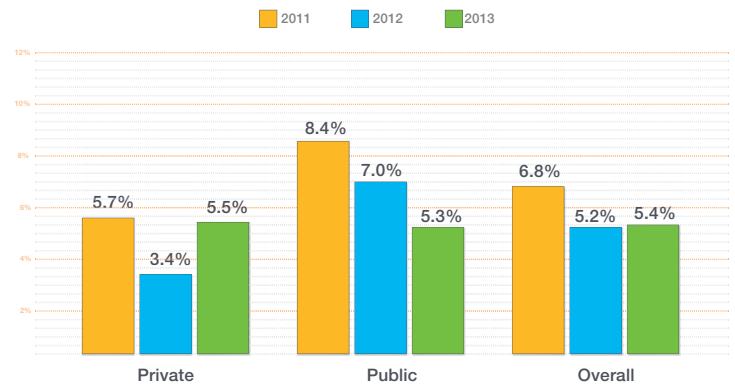
Median Multi-Year Donor Retention Rates: As stated earlier, the consistency among donor retention rates is a strength for most programs. Multi-year donors continue to be the most consistent donors to all programs. In 2013, the rates dipped 1% to 2011 levels of 66%, but most noteworthy is that the rate has only moved 1% in either direction in the past three years—which is also true for both public and private institutions. This provides some indication that regardless of program changes, shifts in economic sentiment, and other internal and external factors, our most loyal donors maintain their loyalty.

MEDIAN MULTI-YEAR DONOR RETENTION RATES



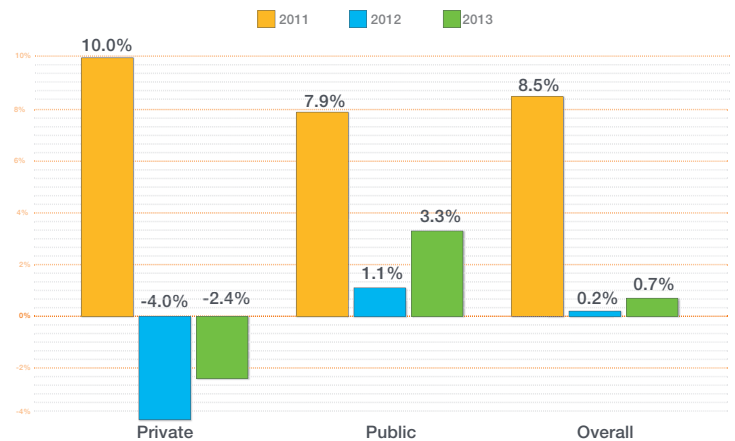
Median Change in Retained Donors: The actual number of retained donors, and the percentage change, was in positive territory for both public and private institutions for the third consecutive year—again demonstrating the importance of this key group of donors. The overall median change in retained donors was a positive 5.4% in 2013 (compared to 2012). The three-year trend shows a significant bounce back post-recession, and it also demonstrates the likeliness that many of the most loyal donors who were lost during 2009 and 2010 are now coming back to active donor status.

MEDIAN CHANGE IN RETAINED DONORS



Median Revenue Retention Rate Change: On a more positive note, the overall revenue retention rate change was a positive .7% last year, with public institutions showing a 3.3% increase in their ability to retain revenue, and privates dipping for the second year in a row, down 2.4% in 2013. In general, the donors who are retained with most programs are the higher level donors, of which a great percentage of them upgrade each year (typically 1/3 of all retained donors). Therefore, higher median revenue retention rates are a demonstration of the best, higher-level donors, who are also the most likely to be retained and to give at higher levels, allowing for a better positive change in revenue retention than in actual donor retention.

MEDIAN REVENUE RETENTION RATE CHANGE



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Median Multi-Year Revenue Retention Change: Even stronger were the percentage changes in the revenue retention rates among multi-year donors. As mentioned earlier, this group of most loyal donors not only is retained in very consistent ways from year to year, but their revenue also increases more significantly. Overall, the change was a positive .9%, with private institutions seeing a 1.8% positive change in revenue among this group of donors (compared to a negative 2.4% change in revenue retention overall).

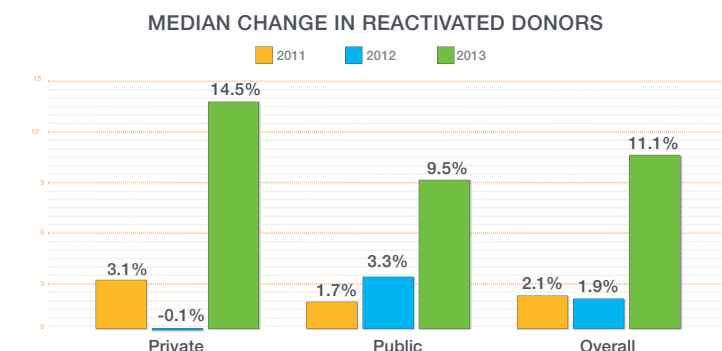
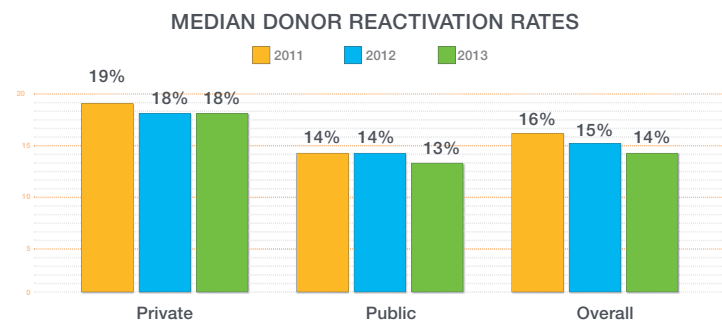
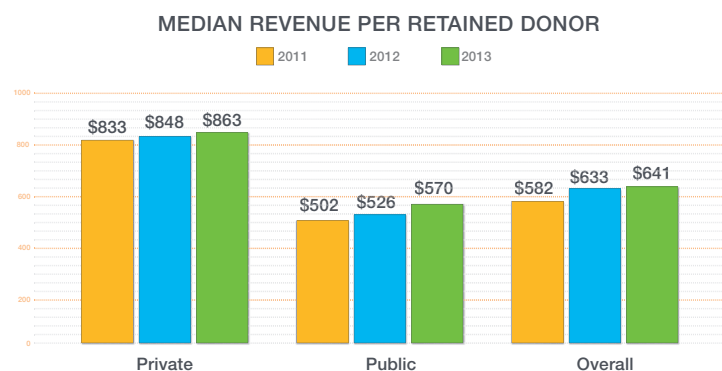
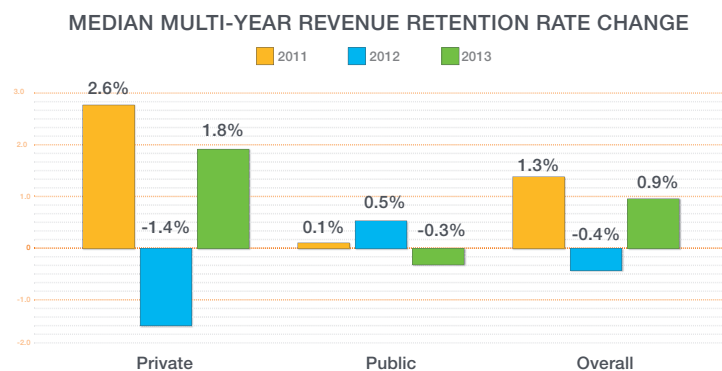
Median Revenue per Retained Donor: The actual median revenue per retained donor was up from \$633 in 2012 to \$641 in 2013, and both public and private institutions experienced positive growth in the median revenue per retained donor. Public institutions in particular saw tremendous growth from \$526 to \$570.

REACTIVATION

Median Donor Reactivation Rates: Reactivation rates continue to be slightly down. Over the past decade, the rates have experienced a significant decline, but in recent years they have stabilized somewhat. In 2013, the overall median was down 1% to 14%, compared to 15% in 2012 and 16% in 2011. Private institutions are down 1% compared to 2011 levels, and the rate for public institutions dropped 1% since 2012.

Many factors contribute to the ongoing challenge to reactivate lapsed donors. First, most programs have a record number of lapsed donors (and it's a growing pool of all institutions' prospect pools), making it a significant area for devoting resources. As more young alumni comprise these pools, this "harder to reach" group isn't reactivating at rates experienced by older generations in the past. Until aggressive recurring gift programs are implemented, these trends are likely not reversible.

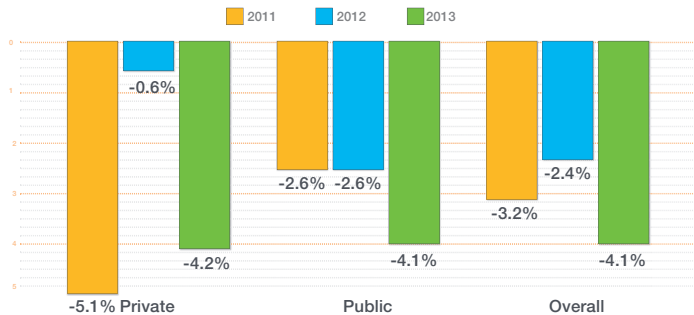
Median Change in Reactivated Donors: Despite the reality that more lapsed donors exist in the prospect pools, and that the actual success rates of reactivating these former donors has dipped slightly, the actual change in the number of donors who reactivated experienced strength in 2013. Overall, the median change in the number of reactivated donors (not the reactivation rate itself)



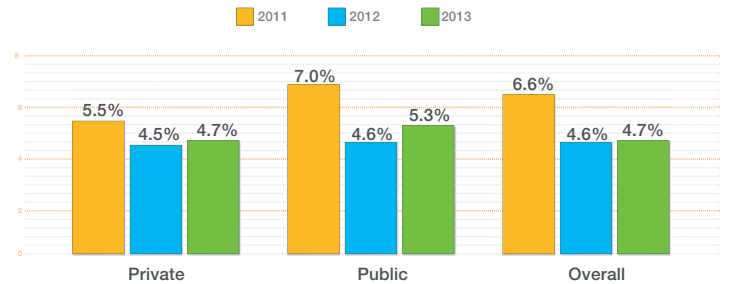
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experienced a positive 11.1% change, with private institutions up 14.5% and public institutions up 9.5%. This is evidence that the ability to reactivate the mass pools of lapsed donors was slightly better in 2013 than in 2012 and 2011.

MEDIAN CHANGE IN REACTIVATED DONOR REVENUE



MEDIAN CHANGE IN REVENUE PER REACTIVATED DONOR



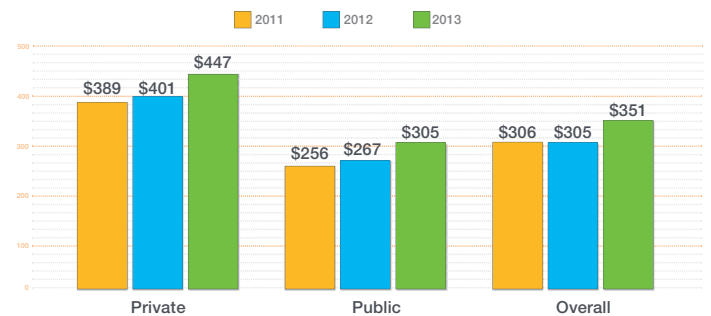
Median Change in Reactivated Donor Revenue and Median Change in Revenue per Reactivated Donor: Not only have reactivation rates been a challenge, but the revenue affiliated with these reactivated donors has also continued to slip. In each of the last three years, institutions overall have experienced negative declines in the median change in reactivated donor revenue, down 4.1% in 2013 (compared to 2012), and both public and private institutions were down by comparable levels.

However, while the overall trends are slightly down, the good news is that when looking at Median Change in Revenue per Reactivated Donors, the numbers are more positive, which demonstrates those donors who did choose to reactivate actually increased their giving levels.

Overall, the median change in revenue per reactivated donor was up 4.7%, with both public and private institutions seeing positive growth.

Median Revenue per Reactivated Donor: Looking at this in actual numbers, the median revenue per reactivated donor experienced significant positive growth in 2013. This metric moved from \$305 in 2012 to \$351 in 2013, with both private and public universities experiencing strong growth.

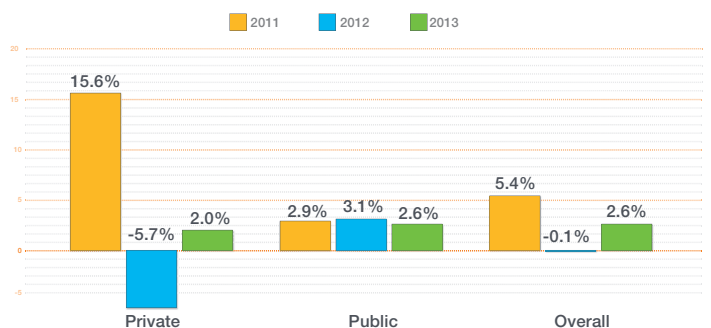
MEDIAN REVENUE PER REACTIVATED DONOR



DONOR ACQUISITION (NEW DONORS)

Median Change in New Donors: Alumni donor acquisition has been a challenge over the past decade, but after a slight dip in 2012, the median change in new donors rebounded in 2013, with a positive 2.6% change. Both public and private institutions experienced positive change in 2013. Senior giving programs and student philanthropy in general continues to mature and does account for some of the positive change experienced in new donors.

MEDIAN CHANGE IN NEW DONORS



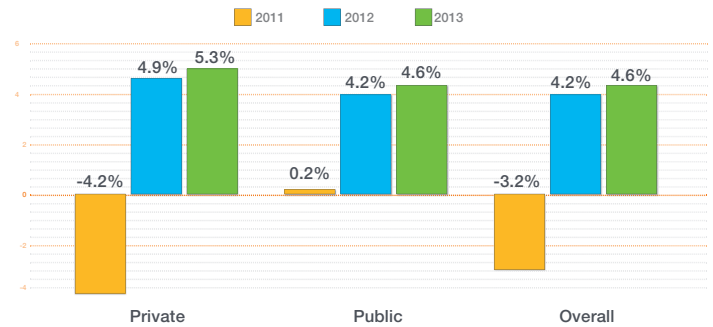
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Median Revenue per New Donor Change: The actual revenue from new donors also increased, with an overall 4.6% positive change in revenue per new donor. In the advent of evolving senior class giving programs, this metric had dipped for several years, but over the past two years it has experienced positive change. Given the correlation between the gift size and ability to retain donors, this positive change is welcome news for the ability to retain these first time donors.

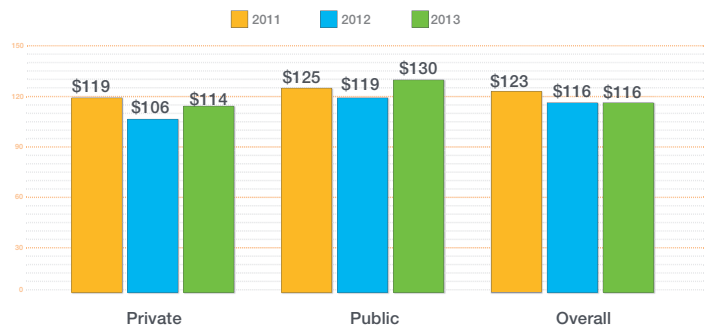
Median Revenue per New Donor: Private institutions' actual median revenue per donor was \$114, up from \$106 in 2012, and for public institutions it moved from \$119 in 2012 to \$130 in 2013. Again, this growth in revenue per new donor is a positive trend for both public and private institutions.

Median New Donor Revenue Change: However, despite stronger revenue per donor, the overall median new donor revenue change was actually down in 2013, meaning less revenue was realized overall. The 5.1% negative change highlights the ongoing challenge of acquiring new alumni donors and bringing them on board in a way that increases revenue each year. Many programs are focusing additional acquisition efforts on non-alumni prospects not reported here (such as parents and friends) and are generating even better results than are realized with their alumni prospects.

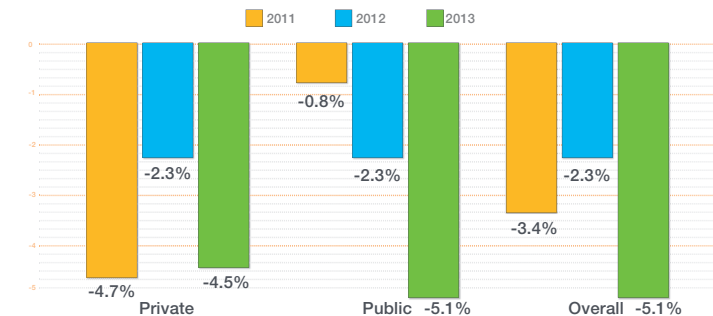
MEDIAN REVENUE PER NEW DONOR CHANGE



MEDIAN REVENUE PER NEW DONOR



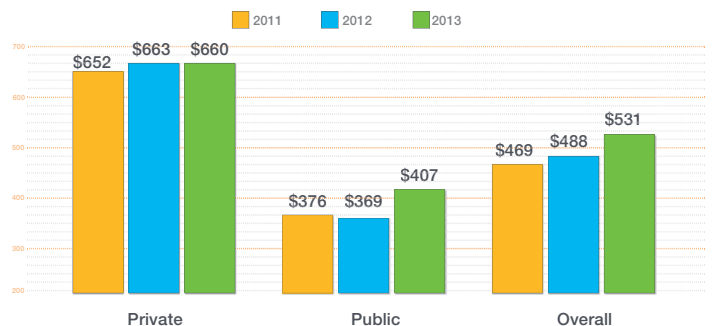
MEDIAN NEW DONOR REVENUE CHANGE



CONCLUSIONS: PERFORMANCE OVERALL

Median Revenue per Donor: In looking at all donors and revenue per donor, public and private institutions performed differently in 2013. Public institutions moved positively from \$369 in 2012 to \$407 in 2013, while private institutions were down slightly from \$662 to \$660 in 2013. Both public and private institutions posted higher revenue per donor than in 2011, which shows that as the economy has improved, the revenue per donor has also improved.

MEDIAN REVENUE PER DONOR



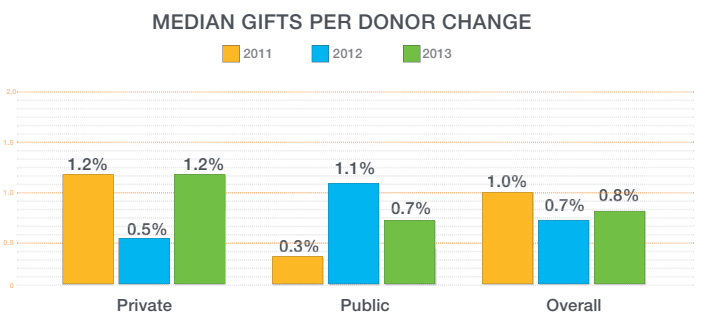
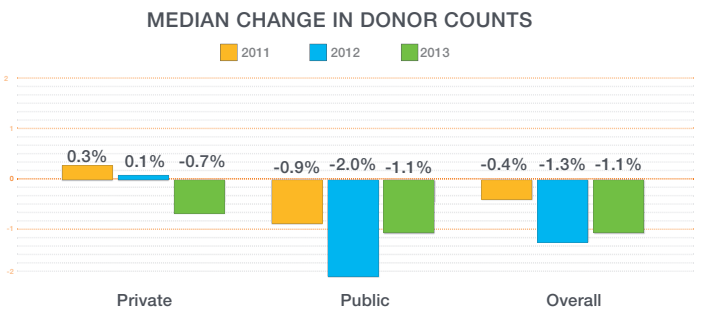
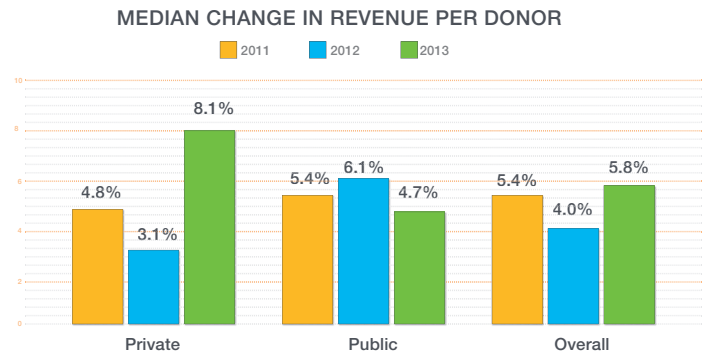
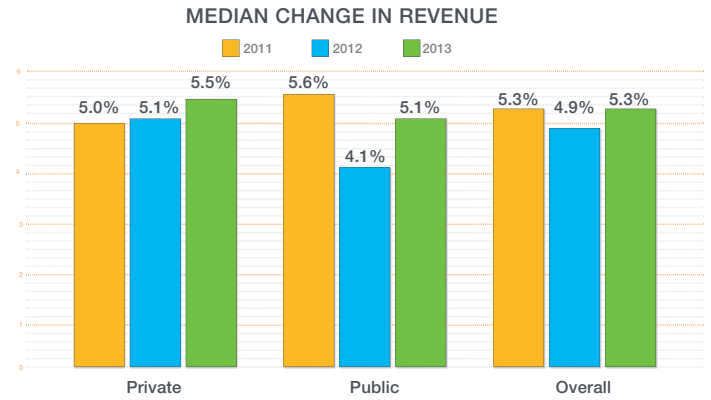
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Median Change in Revenue: Overall revenue is up, with a positive change of 5.3% compared to 2012. This marks the third consecutive year of positive change in revenue for both public and private institutions, after tougher years in 2009 and 2010, showing that the impact of the recession has subsided.

Median Change in Revenue per Donor : The actual median change in revenue per donor in 2013 was even more impressive, with a 5.8% positive change overall. Private institutions did particularly well, with an 8.1% positive change in revenue per donor.

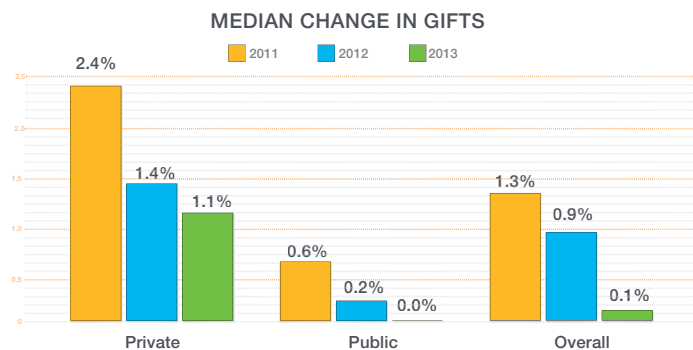
Median Change in Donor Counts: Overall, alumni donors were slightly down for both public and private institutions. The overall median change in donor counts was down 1.1%, with private institutions dipping .7% and public institutions down 1.1%. This is a trend that existed prior to the Great Recession of 2009, and while numbers improved slightly post-recession, (mostly the reactivation of loyal lapsed donors), the trend of “donors down and dollars up” returned to the higher education index in 2012 and continues again this year.

Median Gifts per Donor Change: As second ask (and multiple ask) programs continue to grow within higher education, a continued positive change in gifts per donors was realized in 2013, with a positive change of .8% compared to 2012. This marks three consecutive years of positive change for both public and private institutions, tied in large part to these second-ask efforts. For this report, multiple pledge payments, recurring gifts, or payroll deduction throughout the fiscal year are aggregated into one transaction. Therefore, this figure reports specifically on donors responding to more than one appeal at institutions.



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Median Change in Gifts: Overall, higher education institutions are getting more gifts than ever before (even if they have few alumni donors). The median change in overall gifts was flat for public institutions and up 1.1 percent for private institutions.



FURTHER INFORMATION

Participation: For more information about participation in higher education benchmarking, contact Jenny Cooke Smith at Jenny.Cooke@blackbaud.com or 843.654.3762.

Media Contact: For press inquiries or permission to reproduce, contact Melanie Mathos at Melanie.Mathos@blackbaud.com or 843.216.6200, extension 3307.

► Findings from recent and future reports can be found at www.blackbaud.com/nonprofit-resources/industry-research.aspx.

ANNUAL REPORT METHODOLOGY

Target Analytics applied the following rules to standardize data from each of the institutions participating in the 2013 *donorCentrics Annual Report on Higher Education Alumni Giving*:

Soft credits and matching gift payments are excluded. Direct mail, telemarketing, and the Internet 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. 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.

DEFINITIONS

Medians are the middle values in a ranked order of numbers. The Annual Report utilizes this statistical practice to measure trends because it minimizes distortion caused by the wide range of organizations' file size or extreme changes at a few organizations. Gifts or donors are defined as new, retained, or reactivated according to relative gift dates rather than organization-specific business rules or source codes. Revenue per donor refers to cumulative giving per donor per year.

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ABOUT TARGET ANALYTICS

Target Analytics provides nonprofits with the only comprehensive donor analytics solutions for acquisition, prospect research, and performance benchmarking—so organizations can maximize fundraising results at every stage of the donor lifecycle. You can rely on Target Analytics' decades of experience to replenish your donor pool, identify best prospects, assess donor performance, and measure your success. Target Analytics combines software, data, and analytics to bring our clients greater perspective on their constituents; we help them make smarter, data-driven decisions—which result in far more successful fundraising programs.

[Learn more about Target Analytics.](#)

ABOUT DONORCENTRICS PERFORMANCE BENCHMARKING SERVICE

donorCentrics Collaborative Benchmarking helps nonprofits assess past strategies and identify opportunities for growth. The service includes a series of comprehensive performance analysis reports and an innovative benchmarking workshop where participants share their best practices in fundraising. donorCentrics metrics are based on historical transactional information and are standardized across organizations to provide the most accurate, unbiased comparative performance information available today. There are direct marketing benchmarking groups based on market, sector, mission, and organization size, and specialty benchmarking groups that focus on key fundraising areas such as events, premiums, online/digital marketing, and recurring giving.

[Learn more about donorCentrics Performance Benchmarking Service.](#)

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PARTICIPATING PRIVATE INSTITUTIONS

Benedictine College
Boston College
Boston University
Brandeis University
Carroll College
Case Western University School of Medicine
Colby College
College of St. Benedict
College of Wooster
Columbia University
Concordia College
Cornell University
Creighton University
Dartmouth College
Emory University
Furman University
Gettysburg College
George Washington University
Grinnell College
Harvard Medical School
Johns Hopkins University
Luther Seminary
Marquette University
Massachusetts Institute of Technology
Meharry Medical College
Mount St. Mary's College
Northwestern University
New York University
New York University Law School
New York University Stern School of Business
Ohio Wesleyan University
Oral Roberts University
Point Loma Nazarene University
Rensselaer Polytechnic Institute
Rice University
Rockhurst University
Saint Mary's College of California
Sarah Lawrence College
Smith College
Southern Methodist University
St. Catherine University
St. Joseph's University
Syracuse University
Texas Christian University
The Geisel School of Medicine at Dartmouth-Hitchcock
Union College
University of Chicago
University of Miami
University of Pennsylvania
University of Pennsylvania Law School
University of San Francisco
University of San Diego Law School
Wentworth Institute of Technology
Wake Forest University
Wofford College
Yale School of Management

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PARTICIPATING PUBLIC INSTITUTIONS

Arizona State University	University of California, LA School of Law
Bowling Green State University	University of California, Riverside
Carleton University	University of California, Santa Cruz
Colorado School of Mines	University of California, San Diego
Colorado State University	University of California, Santa Cruz
College of William and Mary	University of Cincinnati
Dalhousie University	University of Delaware
Darden School of Business	University of Florida
Iowa State University	University of Georgia
Indiana University	University of Guelph
Indiana University of Pennsylvania	University of Houston
James Madison University	University of Kentucky
Kansas University	University of Maryland
Kent State University	University of Michigan
Louisiana State University	University of Minnesota
Loyola University Chicago	University of Nebraska
McMaster University	University of North Carolina, Chapel Hill
Michigan State University	University of North Carolina, Greensboro
Montclair State University	University of North Carolina, Wilmington
North Carolina State University	University of Northern Colorado
New Jersey Institute of Technology	University of Oklahoma
Ohio University	University of Oregon
Oregon State University	University of South Dakota
Pennsylvania State University	University of Tennessee
Queens University	University of Texas at Austin
Radford University	University of Toronto
Rutgers University	University of Virginia
Simon Fraser University	University of Waterloo
Southern Alberta Institute of Technology	University of Wisconsin
Texas A&M University	Virginia Tech University
Texas State University	Washington State University
The Ohio State University	Western University
University of Arizona	Wilfrid Laurier University
University of California, Berkeley Haas School of Business	York University
University of California, Davis	