

Stress-Testing Our Fundraising Ethics

John Lippincott, CASE President

September 21, 2011

Blackbaud Higher Education Executive Forum

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- Why is ethics important?
- What are the key ethical issues?
- How do I apply ethics in my work?



A world map in shades of blue serves as the background. Overlaid on the map are several terms in a serif font: 'Professional Development' and 'ADVOCACY' at the top; 'INTEGRITY' on the right side; 'ETHICS' on the right side, below 'INTEGRITY'; 'INCLUSIVENESS' at the bottom right; 'SERVICE' on the left side; and 'Recognition' at the bottom left. The central text 'Why Is Ethics Important?' is in a large, bold, white sans-serif font.

Why Is Ethics Important?

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LONG-TERM RELATIONSHIPS

- MUTUAL TRUST
- SHARED VALUES

DONOR INVESTMENT

- CONFIDENCE IN LEADERSHIP
- INSTITUTIONAL REPUTATION

- Professional legitimacy, status
- Potential government regulation
- Public attention arising from “shockingly unethical behavior”

Rollins College President Emerita Rita Bornstein
CURRENTS, July/August 2006

- Fewer institutional resources
- Greater need for philanthropic support
- Ever larger campaign goals
- Higher donor expectations
- Lower donor confidence
- More public scrutiny
- Ongoing economic uncertainty

“History shows that where ethics and economics come in conflict, victory is always with economics.”

B.R. Ambedkar

UCLA law professor opposes naming institute after Lowell Milken

Alumnus linked to Wall Street junk bond scandal donates \$10 million to help found a business law institute. Lynn A. Stout says he is not 'an appropriate model' for students and will hurt UCLA's reputation.

UCLA law professor opposes naming institute after Lowell Milken

Alumnus linked to Wall Street junk bond scandal donates \$10 million to law institute. Lynn A. Stout says he is not 'an appropriate namesake' and will hurt UCLA's reputation.

Amid Furor Over 'Gift,' U. of Central Arkansas Buys Out President's Contract

UCLA law professor opposes naming institute after Lowell Milken

Al la **Not Just Florida State**

U June 28, 2011

When the terms of a 2008 grant agreement between Florida State University and the Charles G. Koch Foundation became public last month, the news drew attention to the fund for what some saw as an attempt to exert undue influence over personnel matters.

The foundation has made sizable grants to a number of other colleges and universities -- including six-, seven- and eight-figure gifts to such public institutions as Clemson University, George Mason University, Utah State University and West Virginia University.

Amu
Contract

Out President's

UC
aft

Whose Money Is It, Anyway?

June 8, 2011

To the average faculty member, the life of an endowed chair or director of an endowed program must seem wonderful. Shielded from the somewhat turbulent world of university finances, those professors seem to have a constant stream of revenue for their own intellectual pursuits.

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But Dartmouth College is siphoning more funds out of those streams to irrigate thirsty areas in the rest of the university.

To help patch a \$100 million budget gap, administrators increased the percentage they take from some endowment returns to help pay for administrative costs, a move that has angered some faculty members who have raised questions about the ethics of the move and the lack of information provided to faculty members.

Amu
Contract

The foundation of the University and [West Virginia University](#).

announces naming institute
* President's

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Donor Promise May Have Helped Nemeroff Get Post at U. of Miami

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have raised questions about the ethics of the move and the lack of information provided to faculty members.
The foundation
and eight-figure gifts to support
University and [West Virginia University](#).

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Contract

UC **Whose Money Is It, Anyway?** ...announces naming institute ... President's
June 8, 2011
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Protecting Donor Anonymity: Scandal
...off Get Post at U. of Miami

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**Amu
Contract**

Howard Davies insists Gaddafi gifts did not undermine LSE's independence

Director resigns over 'personal error of judgment' but says school's

academic integrity is untouched by links with Libya

Should universities take donations from tyrants?

- Is it possible for universities to avoid donations - like Gaddafi's to the London School of Economics - that embarrass them later?

A dark blue background featuring a faint world map. Several text elements are scattered across the map: 'Professional Development' and 'ADVOCACY' at the top; 'INTEGRITY' on the right side; 'ETHICS' on the right side; 'INCLUSIVENESS' at the bottom right; 'SERVICE' on the left side; 'Recognition' on the left side; and 'Resources' on the right side.

What Are the Key Issues?

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Institutional Mission/Values

“Individuals will ... pursue only gifts that fall within, or advance, the institution's mission and/or approved priorities.”

CASE Principles of Practice for
Fundraising Professionals

Donor Control

“A donor may not retain any explicit or implicit control over the use of a gift after acceptance by the institution.”

CASE Reporting Standards &
Management Guidelines

Donor Rights

- To be assured their gifts will be used for the purposes for which they were given.
- To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

Donor Bill of Rights

Public Right to Know

Fundraising professionals will “provide prompt, responsive and truthful replies to donor and public inquiry in accordance with the organization's stated policies.”

CASE Principles of Practice for
Fundraising Professionals

Conflicts of Interest

“Conflicts of interest may occur when the interests of the institution differ from those of a constituent or when the interests of an institutional representative differ from those of a constituent or the institution itself. “

CASE Statement on Management of
Conflicts of Interest

Professional
Development
ADVOCACY

INTEGRITY

ETHICS

INCLUSIVENESS

How Do I Apply This to My Work?

Recognition
SERVICE

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“Action indeed is the sole medium of expression for ethics.”

Jane Addams

Preparation

Gift Agreement: Endowed Chair
DRAFT

Gift Agreement: (Name) Endowed Chair

I. Introduction

The purpose of this agreement ("Agreement") is to summarize the mutual understanding of _____ ("Donor") and the California State University, Fresno Foundation ("Foundation") regarding the establishment of an endowed chair for the benefit of the California State University, Fresno ("Fresno State") School/College of _____ ("School" or "College"). This Agreement will be made a part of the Foundation's permanent records and is intended as a guide to those who will administer the fund in the future.

II. Description of the Gift

The Donor hereby transfers [pledges to transfer] to the Foundation \$ _____ (_____ dollars) to establish an endowed chair as described by this document. Pledge payments will be made as follows:

- \$ _____ due and payable on or before _____ [date]
- \$ _____ due and payable on or before _____ [date]
- \$ _____ due and payable on or before _____ [date]

OR: [IF CONTRIBUTIONS ARE TO BE MADE THROUGH THE DONOR'S WILL: The DONOR has established a bequest naming the Foundation as a beneficiary. Should funds be transferred to the Foundation through this bequest, the terms of this Agreement shall apply.]

III. Purpose and Administration of the Fund

A. The purpose of this gift is to establish a true endowment Fund within the Foundation to be identified as the _____ [name] (hereinafter "Fund") to support the establishment of an endowed chair in the Department of _____ within the School/College. [OPTIONAL: Use if name is different from Fund name] *The chair shall be named the _____.*

B. The Donor is aware that establishment and selection of the chair must at all times comply with policy and administrative guidelines of Fresno State and that the chair is subject to approval by the Provost and Vice President for Academic Affairs, with subsequent approval by the President.

C. The Donor understands that there will be a one-time administrative fee (currently 5 percent) that will be deducted from each contribution made by the Donor under this Agreement.

D. From time to time (generally annually), the Foundation shall disburse monies from the Fund to support the teaching, research, service and other activities of the chair holder.

Gift Agreement - Endowed Chair 1 5 09
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SAMPLE CASEInfoCenter

Transparency



Education



The screenshot shows the CASE website interface. At the top, a navigation bar includes the CASE logo and the text 'COUNCIL FOR ADVANCEMENT AND SUPPORT OF EDUCATION'. Below this is a secondary navigation menu with items like 'About CASE', 'Membership', 'Samples, Research & Tools', 'Publications & Products', 'Public Policy', 'Award Programs', and 'Conferences & Training'. A large red arrow points down from the top of the slide to the 'Samples, Research & Tools' menu item.

Below the navigation bar, a featured section displays a quote from Ernestina Snead, Director of Research Communications at Cornell University. The main heading is 'Samples, Research & Tools'. A breadcrumb trail reads 'Home > Samples, Research & Tools > Ethics Resources & Issues'. A 'Share' button is visible next to the breadcrumb.

On the left side, there is a vertical sidebar menu with the following items: 'Samples', 'Benchmarking & Research', 'Ethics Resources & Issues' (highlighted in orange), 'CASE Statement of Ethics', 'CASE Statement on Conflicts of Interest', 'Principles of Practice', 'Management Checklists', 'CASE Reporting Standards & Management Guidelines', 'CASE Files', and 'Good Question Archive'. A large red arrow points from the left towards the 'Ethics Resources & Issues' menu item.

On the right side, a dropdown menu is open under the heading 'Browse by Professional Interest'. The menu items include: 'Advancement History & Trends', 'Advancement Services', 'Alumni Relations', 'Campus & External Relations', 'Career & Professional Development', 'Communications', 'Community Colleges', 'Education & Campus Issues', 'Ethics & Accountability' (highlighted in blue), 'Financial Management', 'Fundraising', 'Human Resources', 'Institutionally Related Foundations', 'Legal, Regulatory & Postal Issues', 'Marketing', 'Organizational Issues', and 'Special Events'. A large red arrow points from the right towards the 'Ethics & Accountability' menu item.

The main content area is titled 'Ethics Resources & Issues'. Under the sub-heading 'Ethics Resources', the text states: 'CASE supports ethical practice in all of the advancement disciplines—advancement services, alumni relations, communications, fundraising, marketing and allied fields—in a number of ways:'. Below this, there are two bullet points:

- Through the development and sharing of ethical principles of practice, resources on managing conflicts of interest, and management checklists (see [Online Resources](#) below)
- Through conference sessions dedicated specifically to ethical practice or that incorporate aspects of ethical practice into larger presentations or discussions

For All Advancement Professionals

- CASE Statement of Ethics
- CASE Statement on Management of Conflicts of Interest
- CASE management checklists
- Independent Sector Statement of Values and Code of Ethics for Nonprofit and Philanthropic Organizations
- Samples, case studies and other resources

For Alumni Relations

- Principles of Practice for Alumni Relations Professionals

For Communications/Marketing

- Principles of Practice for Communications and Marketing Professionals
- Principles of Practice for College and University Editors

For Fundraising Professionals

- Principles of Practice for Fundraising Professionals
- Statements on Compensation for Fundraising Performance
- Management Guidelines/Reporting Standards
- Stewardship Program Checklist
- Donor Bill of Rights
- ePhilanthropy Code of Online Philanthropic Practices

Online Sample Collections

- Gift agreements
- Naming policies and opportunities
- Ethics and conflict of interest policies
- Records retention policies
- Gift fee policies and disclosure statements
- Whistleblower policies
- Memoranda of understanding between IRFs and host institutions

Practice



“... the questions that truly test our ethics are not questions of right vs. wrong but rather of right vs. right.

“They are [ethical] dilemmas precisely because each side is firmly rooted in one of our basic, core values,” says ethicist Rushworth Kidder.

“Doing the Right Thing,” CURRENTS, May 1999

Four central perspectives that influence and inform ethical decision-making:

- Public trust/values
- Organizational mission
- Professional relationships
- Personal integrity

Augsburg College President Paul Pribbenow

- What broad social norms are at play?
- How do the stated values of our institution apply to this situation?
- What guidance can we take from our professional standards?
- How can I live up to my personal ideals in this situation?

Augsburg College President Paul Pribbenow

- Is your staff aware of professional principles and ethical standards?
- Are principles and ethics part of new staff orientation, staff meetings, professional development programs?
- Are you familiar with the standards for the other advancement disciplines?
- How well do you listen when colleagues or staff raise ethical concerns?
- Do you communicate your profession's principles and standards to others at your institution?

“Personal leadership is the process of keeping your vision and values before you and aligning your life to be congruent with them .”

Stephen Covey

Professional
Development
ADVOCACY

INTEGRITY

Thank you!

lippincott@case.org

ETHICS

INCLUSIVENESS

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