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FOR IMMEDIATE RELEASE

Wednesday, February 20, 2008

CONTRIBUTIONS TO COLLEGES AND UNIVERSITIES UP BY 6.3 PERCENT TO \$29.75 BILLION

- **WEALTHY UNIVERSITIES DRIVE NATIONAL TRENDS**
- **ALUMNI GIVING AND ALUMNI PARTICIPATION DECLINE**
- **FOUNDATION GIVING UP 19.7 PERCENT. FAMILY FOUNDATIONS PLAY KEY ROLE IN INCREASE**

Contributions to the Nation's Colleges and Universities Reach \$29.75 Billion

Charitable contributions to colleges and universities in the United States grew by 6.3 percent in 2007, reaching \$29.75 billion, according to results of the annual Voluntary Support of Education (VSE) survey, released today by the Council for Aid to Education (CAE). Over the past ten years, the average increase in contributions to higher education institutions has been 6.5 percent. The \$29.75 billion raised in 2007 is the highest total ever reported.

The 20 institutions that raised the most in 2007 received \$518.34 million more than they did in 2006, which accounts for 29.6 percent of the total 2007 increase. Stanford University raised more money from private donors than any other university, followed by Harvard University and the University of Southern California.

The nation's top twenty fundraising universities (and dollars received) in 2007 are:

1. Stanford University (\$832.35 million)
2. Harvard University (\$613.99 million)
3. University of Southern California (\$469.65 million)
4. Johns Hopkins University (\$430.46 million)
5. Columbia University (\$423.85 million)
6. Cornell University (\$406.93 million)
7. University of Pennsylvania (\$392.42 million)
8. Yale University (\$391.32 million)
9. Duke University (\$372.33 million)
10. University of California, Los Angeles (\$364.78 million)
11. Massachusetts Institute of Technology (\$329.16 million)
12. University of Chicago (\$328.33 million)
13. University of Wisconsin-Madison (\$325.34 million)

14. University of Washington (\$300.20 million)
15. University of Michigan (\$293.40 million)
16. University of Minnesota (\$288.75 million)
17. New York University (\$287.59 million)
18. University of Virginia (\$282.61 million)
19. Indiana University (\$278.55 million)
20. University of California, San Francisco (\$251.95 million)

These top 20 institutions raised \$7.66 billion, 25.8 percent of all the 2007 contributions to higher education institutions. Yet, the top 20 institutions only represent 2 percent of the survey respondents. The results from the nation's wealthiest institutions also affect national alumni giving trends, as detailed below.

Alumni Giving Declines After Big Increase in Prior Year

Alumni giving declined by 1.5 percent. However, alumni giving in 2007 is still 16.5 percent higher than it was in 2005. The 20 institutions that raise the most from alumni account for between 25 and 29 percent of all alumni giving each year. The atypically large increase of 18.3 percent in alumni giving in 2006 set the stage for this year's decline. Over the past decade, alumni giving has never grown more than 18.3 percent and only once—in 1998—grew as steeply.

For example, Stanford University, the institution that raised the most from alumni in 2006 and 2007 and the second most in 2005, had a 34.4 percent decline in alumni giving in 2007, but still raised the second largest amount ever from its alumni. The increase in 2006 led to the university's highest level of alumni giving and represented a 152.8 percent increase over 2005.

According to Martin W. Shell, vice president for development at Stanford, the university conducted two major capital campaigns in this decade. The first was a \$1 billion campaign for undergraduate education that ended December 2005. The Stanford Challenge, a \$4.3 billion campaign, was launched in October 2006. The effect of these two efforts largely contributed to the \$911.16 million Stanford received in 2006 as well as the continued strong results in 2007. Mr. Shell explains, "The response to these initiatives has been very positive over the past three years demonstrating our donors' enthusiasm for the campaign objectives. We do not focus too much attention on year-to-year gift result comparisons. We are much more interested in the giving trend over a multi-year period."

Alumni Participation Continues to Decline

Alumni participation also declined, from 11.9 percent to 11.7 percent, a decline caused by a 4.1 percent increase in the number of alumni of record but only a 1.9 percent increase in the number of alumni donors.

Both VSE data and data from the National Center for Educational Statistics (NCES) show that enrollment at the nation's colleges and universities has been increasing steeply. NCES reports that enrollment increased by 17 percent between 1984 and 1994; between 1994 and 2004, enrollment increased by 21 percent. NCES adds that the number of younger students has been growing more rapidly than the number of older students. These enrollment patterns, of course, affect the age characteristics of college alumni. As enrollments increase, the age of the average alumnus declines.

Ann E. Kaplan, director of the VSE survey, says, “Younger individuals tend to give less frequently, and they make smaller contributions. This demographic shift in the composition of the alumni pool helps to explain the decline in participation. It also explains why giving from alumni in dollar terms does not decline every year, even when participation steadily drops. As alumni age, they have the capacity and inclination to make more frequent and larger charitable contributions. The challenge to colleges is to engage their young alumni early so that when they have the capacity to make more substantial gifts, they will include their alma maters in their philanthropic plans.”

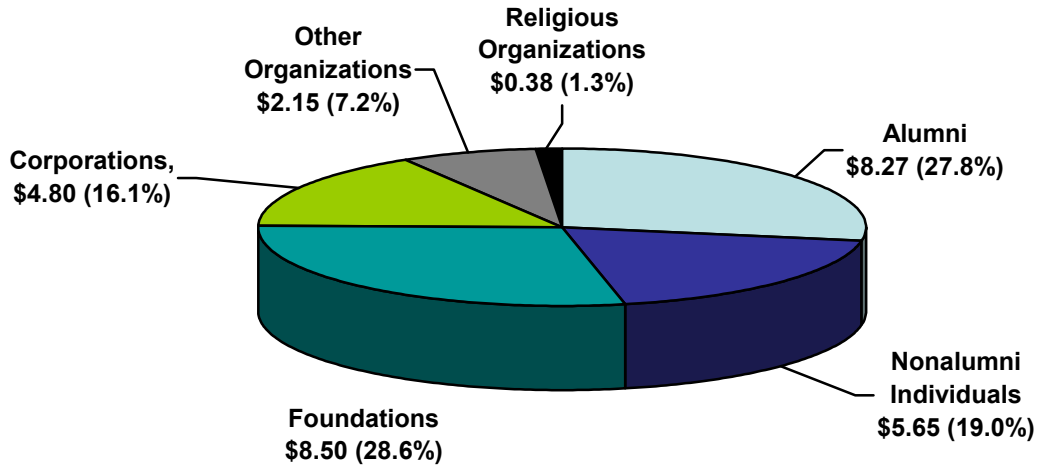
Foundation Giving Up Most Among Sources of Gifts

Foundation giving increased by 19.7 percent, reaching \$8.5 billion. Over a third of the foundation giving to VSE survey respondents is from family foundations. This indicates that a portion of the foundation giving is determined by alumni and other friends of reporting institutions. A core group of 634 institutions that provided details about family foundation gifts reported that the value of such grants increased 31.5 percent between 2006 and 2007. While family foundation grants are not as large as those from traditional foundations, this sharp increase fueled the overall increase in foundation giving reported on the 2007 survey.

These findings are from the annual Voluntary Support of Education (VSE) survey, which has tracked giving to higher education for more than 50 years. The 1,023 institutions that participated in the 2007 survey accounted for 84.9 percent of the voluntary support CAE estimates was raised by all colleges and universities.

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Voluntary Support to Higher Education, 2007 \$29.75 Billion



Source: Council for Aid to Education, 2008

Estimated Voluntary Support of Higher Education by Source and Purpose, 2007

(Dollars in Millions)

	2006		2007		Percentage Change 2006 to 2007	
					Current \$	Adjusted for CPI
Total Voluntary Support	\$28,000	(100%)	\$29,750	(100%)	6.3	3.4
Sources						
Alumni	\$8,400	(30.0)	\$8,270	(27.8)	-1.5	-4.2
Nonalumni Individuals	5,700	(20.4)	5,650	(19.0)	-0.9	-3.5
Corporations	4,600	(16.4)	4,800	(16.1)	4.3	1.6
Foundations	7,100	(25.4)	8,500	(28.6)	19.7	16.5
Religious Organizations	375	(1.3)	380	(1.3)	1.3	-1.4
Other Organizations	1,825	(6.5)	2,150	(7.2)	17.8	14.7
Purposes						
Current Operations	\$15,000	(53.6)	\$16,100	(54.1)	7.3	4.5
Capital Purposes	13,000	(46.4)	13,650	(45.9)	5.0	2.2

Source: Council for Aid to Education, 2008

ADDITIONAL DETAILS

Sources of Contributions

Just under half (46.8 percent) of the \$29.75 billion raised in 2007 came directly from individuals. Alumni giving declined by 1.5 percent, to \$8.27 billion. However, over the past five years, alumni giving has increased by 25.3 percent.

As noted earlier, the decline in alumni support can be explained by viewing 2007 in the context of 2006, a year when alumni giving soared by 18.3 percent. Several large institutions were closing capital campaigns that augmented 2006 data and, relative to that, depressed 2007 giving. Giving to those 20 institutions that raised the most from alumni in 2007 (which includes 13 of the 20 institutions that raised the most from all sources) declined 2.7 percent between 2006 and 2007. However, between 2005 and 2007, alumni giving to the same institutions increased by 37.3 percent.

Alumni Participation Also Down

Alumni participation declined from 11.9 percent to 11.7 percent. A core group of 434 institutions reported alumni data in enough detail to ascertain if this pattern holds up among the subset of alumni who earned an undergraduate degree at the institution. (Total alumni participation also includes students who earned a graduate degree, but not an undergraduate degree, at an institution as well as those who took courses but did not receive a degree.) Within this subset of alumni, the participation rate still declined from 14.3 percent to 13.9 percent. Participation also declined when two-year colleges, which tend to have very low participation rates and large numbers of non-degreed alumni, are not included in these calculations.

Why is Participation Declining?

As stated earlier, age composition of the alumni pool is probably depressing participation rates. Additional factors could contribute to this downward trend. Institutions have access to ever-better methods of cleaning address records and finding alumni addresses. This makes the “alumni of record” part of the equation grow faster than alumni donor acquisition, which takes longer and is more difficult to achieve. Also, increasingly individuals are managing their charitable contributions with family foundations, donor-advised funds, and other institutional arrangements, and gifts from these entities are not credited legally or on the VSE survey to alumni. It could also be that institutions’ relationships with their alumni explain some of the decline. Any of these factors or a combination of them could contribute to the trend.

Foundation and Corporate Giving

Foundation giving increased by 19.7 percent after increasing 1.4 percent in 2006. This is a steep increase, augmented by a family foundation giving. Corporate giving represents a smaller share of giving to higher education institutions—16.1 percent of all gifts or \$4.8 billion in 2007. This is an increase of 4.3 percent over the 2006 amount. It is important to bear in mind that companies support colleges and universities in many ways that are not counted by the VSE survey, including sponsorships, partnerships, and clinical trials.

Donor-Advised Funds

Giving via donor-advised funds increased 5.1 percent among 365 institutions that answered an optional survey question. Donor-advised fund contributions also divert legal and survey credit from individuals to organizations as sources of charitable gifts.

Purposes of Contributions

Gifts for capital purposes—such as endowments, buildings, and equipment—increased by 5 percent in 2007, reaching \$13.65 billion. Current operations gifts also grew in 2007—by 7.3 percent. Contributions earmarked for current operations reached \$16.10 billion. Both increases are ahead of inflation, and both played a role in the year's increase.

Economic Climate for Giving

The performance of the stock market affects charitable giving, and it affects capital purpose gifts more than gifts for current operations. During the 2006-07 fiscal year the stock indexes used to gauge market performance increased by over 20 percent. However, most gifts are made either at calendar-year end or fiscal-year end, and there was a mixed picture there. The market was down for the first half of the fiscal year (July 2006 through December 2006), and it rose during the second half (December 2006 through July 2007). The 5 percent increase in capital purpose gifts was solid but not nearly as strong as the 14 percent increase in 2006.

As noted above, current operations giving increased by 7.3 percent. The overall economy, as measured by Gross Domestic Product (GDP), increased by only 4.3 percent over the calendar year, and by 4.7 percent from the second quarter of 2006 to the second quarter of 2007, approximately the academic fiscal year. Increasing GDP tends to be a good indicator of, though not necessarily a cause of, increases in annual contributions to higher education, especially gifts for current operations.

Endowments

Endowments provide an important source of funding for higher education institutions. In 2007, the market value of the endowments of 953 institutions that replied to the VSE survey for two consecutive years increased by 19.2 percent. The endowments of the 20 institutions that have the highest funds increased by 22.9 percent.

Just as is the case with contributions, the institutions with the largest endowments hold most of the endowment value in the nation. The institutions with the 20 largest endowments have 49.1 percent of all the endowments on the VSE survey (and a larger proportion of all the endowments in the country). The top 50 account for 64.6 percent of the endowments reported on the VSE survey.

Voluntary Support and Expenditures

In 2007, voluntary support amounted to 7.3 percent of expenditures overall, though in some types of institutions voluntary support was more pivotal. For example, among private baccalaureate institutions that replied to the survey, charitable giving accounted for 23.5 percent of expenditures.

While a useful benchmark, it is important to clarify that almost half of all voluntary support is earmarked by donors for endowments and other capital purpose uses and cannot be used to offset current-year expenditures. So, for annual operating expenses, institutions must look

elsewhere for revenue. Voluntary support could never grow sufficiently to become the primary solution to budgeting challenges.

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The Council for Aid to Education is grateful to **Council for Advancement and Support of Education (CASE)** for providing sponsorship support of the VSE survey.

About the Council for Aid to Education

The Council for Aid to Education conducts research on higher education policy, develops assessment and planning tools for colleges and universities, collects and disseminates data on private giving to education, and promotes effective corporate support of education.

Published Survey Results

The results of the survey, along with a full analysis of the trends, will be published in the spring of 2008. The publication, *Voluntary Support of Education, 2007*, can be pre-ordered by calling 212-217-0878 or by downloading an order form at www.cae.org. Price: \$100 (\$65 for survey respondents), plus \$6 shipping and handling.

The NCES Report on Enrollment Trends can be found at <http://nces.ed.gov>.

Additional tables follow.

ADDITIONAL TABLES

Top 20 Fundraising Institutions (State), 2007	Amount Raised in Millions			Percentage Change		Rank	
	2007	2006	2002	2006-07	2002-07	2007	2006
Stanford University (CA)	\$832.34	\$911.16	\$454.77	-8.7%	83.0%	1	1
Harvard University (MA)	\$613.99	\$594.94	\$477.62	3.2%	28.6%	2	2
University of Southern California (CA)	\$469.65	\$405.75	\$585.16	15.7%	-19.7%	3	6
Johns Hopkins University (MD)	\$430.46	\$377.34	\$318.69	14.1%	35.1%	4	7
Columbia University (NY)	\$423.85	\$377.28	\$271.23	12.3%	56.3%	5	8
Cornell University (NY)	\$406.93	\$406.23	\$363.03	0.2%	12.1%	6	5
University of Pennsylvania (PA)	\$392.42	\$409.49	\$319.74	-4.2%	22.7%	7	4
Yale University (CT)	\$391.32	\$433.46	\$256.34	-9.7%	52.7%	8	3
Duke University (NC)	\$372.33	\$332.03	\$264.58	12.1%	40.7%	9	10
University of California, Los Angeles (CA)	\$364.78	\$319.58	\$282.34	14.1%	29.2%	10	11
Massachusetts Institute of Technology (MA)	\$329.16	\$235.55	\$220.57	39.7%	49.2%	11	21
University of Chicago (IL)	\$328.33	\$237.12	\$183.77	38.5%	78.7%	12	19
University of Wisconsin-Madison (WI)	\$325.34	\$325.94	\$307.21	-0.2%	5.9%	13	10
University of Washington (WA)	\$300.20	\$316.25	\$231.81	-5.1%	29.5%	14	12
University of Michigan (MI)	\$293.40	\$251.48	\$168.11	16.7%	74.5%	15	16
University of Minnesota (MN)	\$288.75	\$266.99	\$233.34	8.1%	23.7%	16	14
New York University (NY)	\$287.59	\$279.92	\$251.41	2.7%	14.4%	17	13
University of Virginia (VA)	\$282.61	\$216.35	\$255.04	30.6%	10.8%	18	22
Indiana University (IN)	\$278.55	\$247.52	\$183.62	12.5%	51.7%	19	17
University of California, San Francisco (CA)	\$251.95	\$201.21	\$207.23	25.2%	21.6%	20	26

The University of Southern California raised an unusually large amount in 2002, including a single \$100 million foundation grant.

Voluntary Support by Type of Institution, 2006 and 2007

(Dollars in Thousands)

Type of Institution	All Institutions Reporting										Core Group	
	2006					2007						% Change in Total Support
	No.	Amount	Average per Institution	No.	Amount	Average per Institution	No.	Amount	Average per Institution	% Change		
Research/Doctoral	217	\$17,246,803	\$79,478	216	\$18,585,611	\$86,044	207	\$18,585,611	\$86,044	8.3	6.6	
Private	77	8,457,876	109,843	76	9,051,816	119,103	71	9,051,816	119,103	8.4	4.8	
Public	140	8,788,927	62,778	140	9,533,795	68,099	136	9,533,795	68,099	8.5	8.3	
Masters	342	2,450,630	7,166	336	2,388,474	7,109	317	2,388,474	7,109	-0.8	0.9	
Private	191	1,578,524	8,265	181	1,542,501	8,522	174	1,542,501	8,522	3.1	2.0	
Public	151	872,107	5,776	155	845,973	5,458	143	845,973	5,458	-5.5	-1.0	
Baccalaureate	261	2,544,814	9,750	263	2,814,474	10,701	248	2,814,474	10,701	9.8	7.0	
Private	235	2,442,554	10,394	234	2,694,739	11,516	224	2,694,739	11,516	10.8	7.0	
Public	26	102,260	3,933	29	119,735	4,129	24	119,735	4,129	5.0	8.0	
Specialized	52	1,035,781	19,919	52	1,207,604	23,223	48	1,207,604	23,223	16.6	15.9	
Private	37	378,113	10,219	34	385,831	11,348	32	385,831	11,348	11.0	0.2	
Public	15	657,668	43,845	18	821,773	45,654	16	821,773	45,654	4.1	24.1	
Associate's	142	197,430	1,390	156	250,487	1,606	133	250,487	1,606	15.5	-0.3	
Private	3	5,010	1,670	3	5,526	1,842	3	5,526	1,842	10.3	-34.0	
Public	139	192,420	1,384	153	244,961	1,601	130	244,961	1,601	15.7	1.3	
Total All Institutions	1,014	\$23,475,459	\$23,151	1,023	\$25,246,650	\$24,679	953	\$25,246,650	\$24,679	6.6	6.4	

This table includes only institutions that replied to the survey and is not the same as the national estimate based on the survey results. The core group represents 953 institutions that replied to both the 2006 and 2007 surveys.