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2016 donorCentrics Annual Report on Higher Education Alumni Giving

Summary of Annual Giving Key Performance Indicators | July 2015–June 2016

2016: Higher Education Alumni Giving Takes a Pause

Despite a roaring economy and a stock market reaching record highs, 2016 was a questionable year for higher education alumni giving. Alumni donor retention rates were certainly steady and consistent, but beyond this metric, not all the news is good for public and private institutions, with privates seeing an even more difficult and challenging 2016 than public universities.

Reactivation rates were modestly down. Donor acquisition stalled and declined, while there was a negative median change in revenue for private universities and only a modest positive median change (1%) for public universities. This follows several years of strong growth in overall revenue for both public and private institutions. Most of the negative change can be tied to fewer alumni donors (caused mostly by lower reactivation rates and acquisition rates on the decline), which also lead to lower median participation rates and fewer gifts (with median change in number of gifts dipping for publics and privates). Private schools saw the median revenue per donor drop among reactivated and acquired donors, and only saw a modest uptick in the revenue per donor among retained donors, further complicating the revenue picture.

But not all the news was negative. Those retained donors who did give gave more, and that is good for building a major gift pipeline. Retained donors in general were the saving grace for public and private schools last year. Donors who gave were inclined to give more gifts during the year, with the median gifts per donor change growing for the third consecutive year for public and private universities.

To reverse the trends of 2016, public and private schools will really need to rethink strategies for reactivating lapsed donors and acquiring more new alumni donors, without giving up any ground on their retention rates.

Alumni Participation

Median Participation Rate:
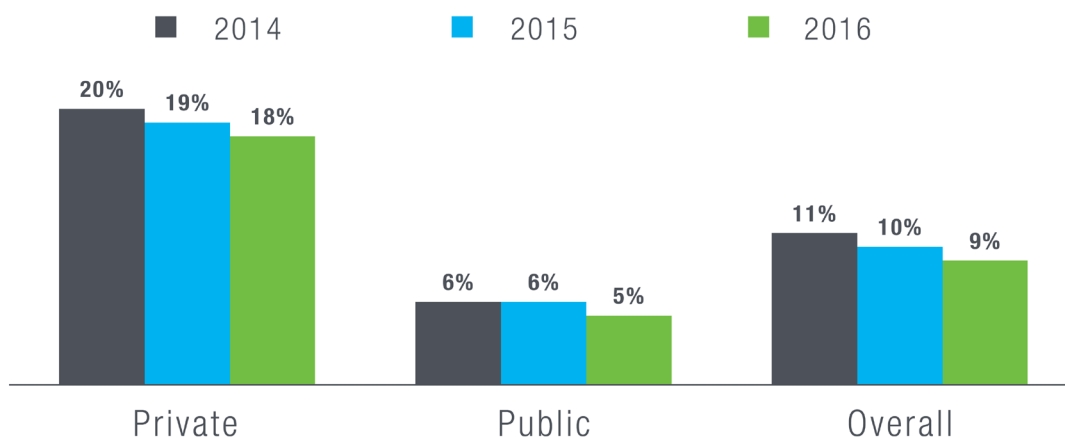
As has been the case in nearly every year in recent history, alumni participation rates continue to decline in general, with the median for private universities slipping another percentage point to 18% and the public universities median also dropping one percent to 5%. As institutions continue to graduate more students and have larger living alumni pools, and transitioning younger alumni into givers continues to be a challenge, this trend is likely to continue. Despite many efforts at increasing recurring gifts, Days of Giving, and crowdfunding, this metric is not moving in the preferred direction.

Donor Retention

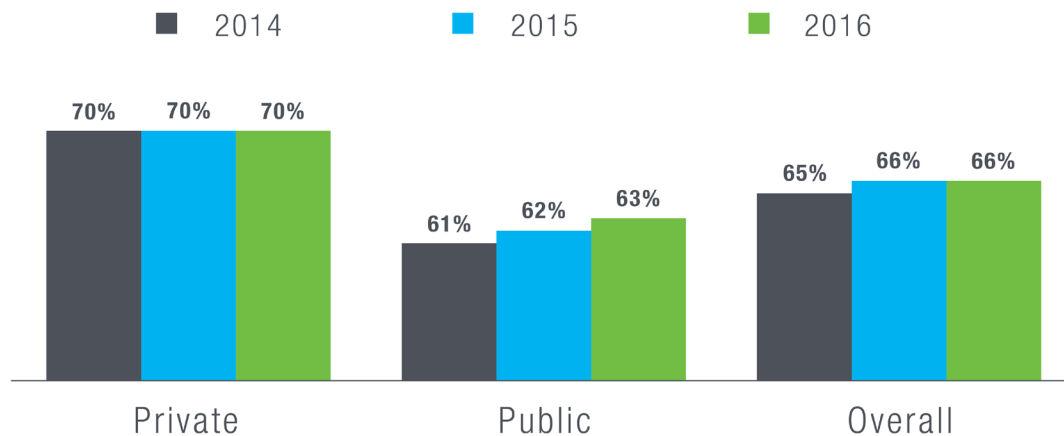**Median Donor Retention Rate:**
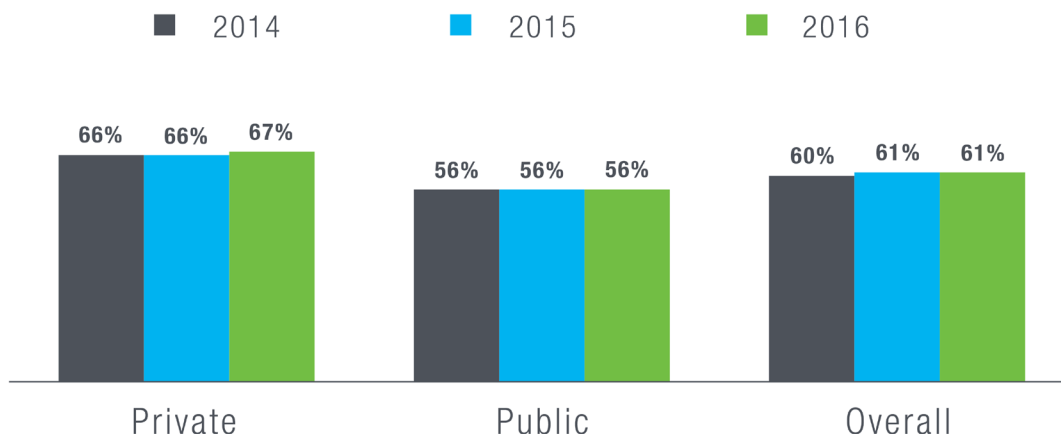
The most consistent measure of alumni annual giving programs has been, and continues to be, retention rates. The median retention rates for public schools held at 56% for the third consecutive year, while private institutions actually saw their median go up one percent to 67%. The very best alumni donors continue to be loyal at a consistent level from year-to-year regardless of institution type.

Median New Donor Retention Rates:
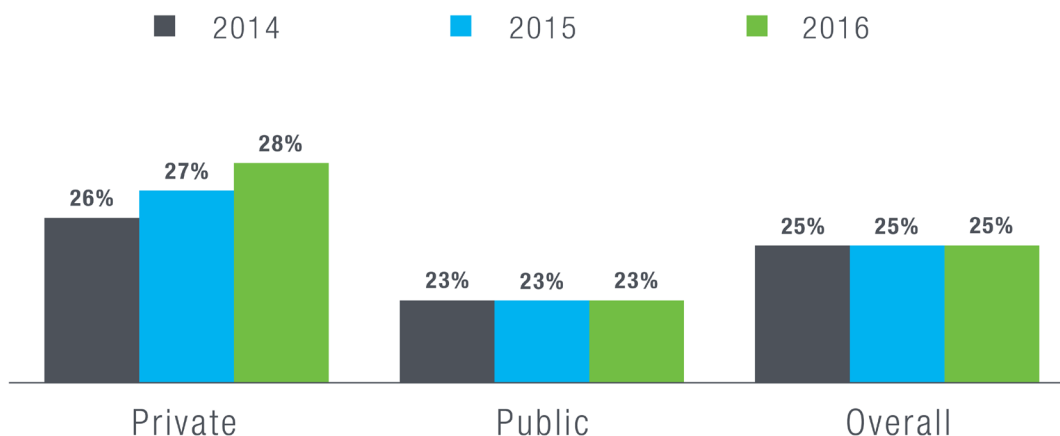
While more challenging than loyal donors, the ability of institutions to retain first time (new) donors has remained consistent over time, fluctuating less than one percent. For private schools, last year this rate rose to 28% from 27%, and remained flat at 23% for public universities.

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Median Multi-Year Donor Retention Rates:

Equally as consistent, private schools achieved a 70% median retention rate for the third consecutive year, while publics actually were up another percentage point to 63%, demonstrating positive growth in the median for the third consecutive year. The long-term trend of consistency for all types of donor retention medians across all types of institutions is remarkable. Retained donors continue to be the staple and driving force of higher education donor counts and dollars raised from alumni.
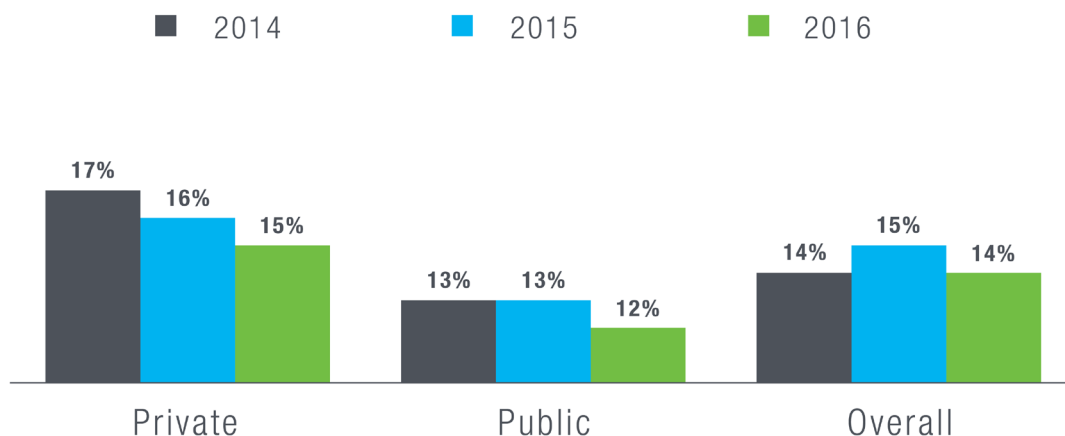
Median Revenue per Retained Donor:
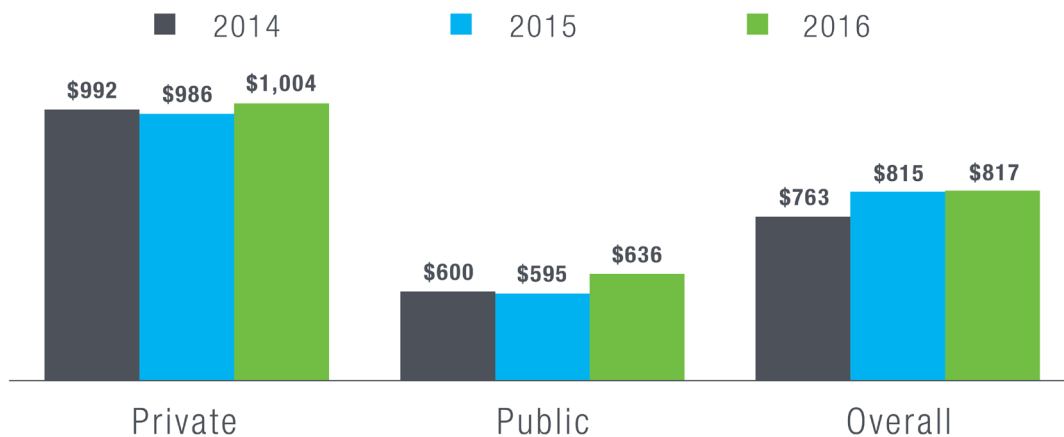
There's more good news here for both public and private universities, with the medians moving up for both. Private schools saw this mean crack $1000 ($1004 to be precise) for the first time, up from $986, while publics moved from $595 to $636. Retained donors continue to give more each year, building that major gift pipeline. A greater focus on high-end annual gifts ($1000 and more) continues to be a national trend.

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Donor Reactivation

Median Donor Reactivation Rates:

■ 2014   ■ 2015   ■ 2016

|	Private	Public	Overall
2014	17%	13%	14%
2015	16%	13%	15%
2016	15%	12%	14%

Less reassuring are donor reactivation rates. As most institutions of higher learning continue to experience growing pools of lapsed donors, the ability to reactivate these prospects got even more complicated last year for private and public schools, with a drop to 15% (from 16% in FY15) for private, and a similar drop to 12% (from 13% in FY15) for public universities. This metric has seen consistent declines since the great recession of 2008 among higher education institutions.

Median Change in Reactivated Donors:

■ 2014   ■ 2015   ■ 2016

	Private	Public	Overall
2014	-0.6%	1.4%	0.3%
2015	-3.7%	0.1%	-0.3%
2016	-3%	-4.8%	-4.4%
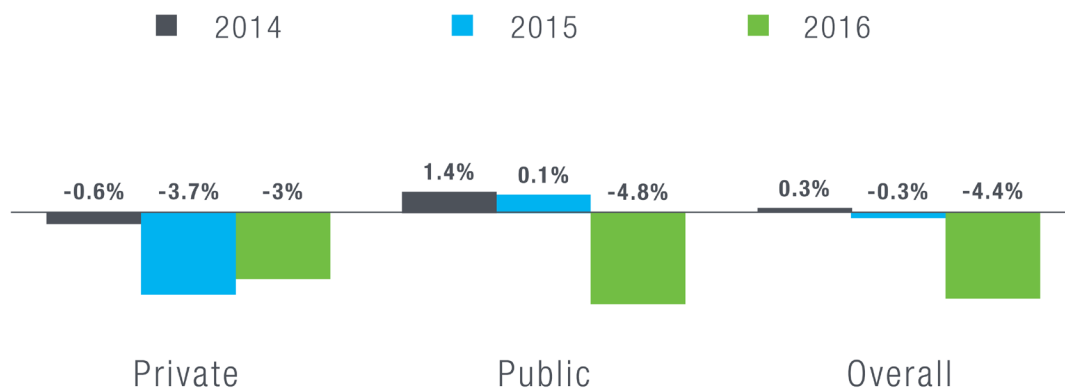
Reactiviation continues to be a challenge for both public and private schools, with private universities experiencing a negative 3% median change, a third consecutive down year. Public universities which saw modest growth to flat results for two years had a significant downturn with a medium change of negative 4.8% in reactivating donors.

Median Revenue per Reactivated Donor:

Legend: ■ 2014 ■ 2015 ■ 2016

Private: $444, $508, $483
Public: $315, $314, $321
Overall: $374, $387, $406
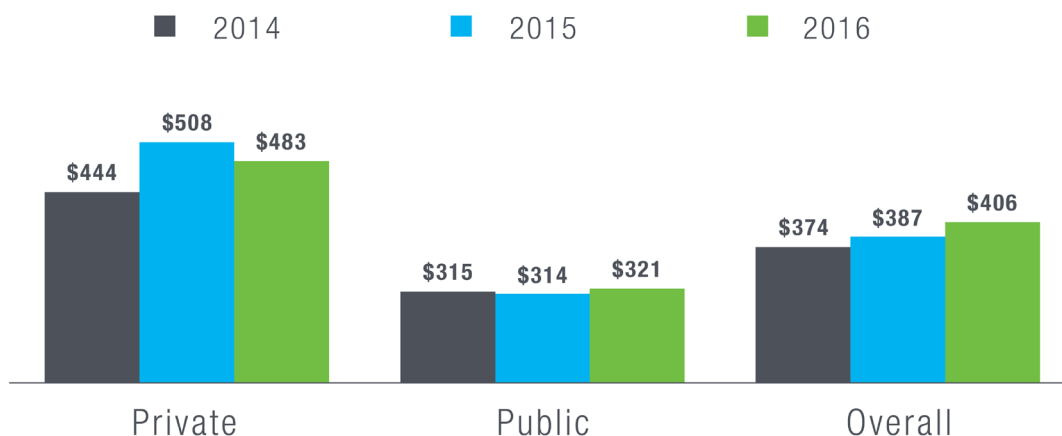
While the median revenue per donor has always been different between private and public schools, the direction at which this revenue is trending is also interesting. For private institutions, the median revenue per reactivated donor was down from $508 in FY15 to $483 in FY16. The opposite trend occurred for public universities, with the median revenue moving up from $314 to $321.

Acquisition

Median Change in New Donors:

Legend: ■ 2014 ■ 2015 ■ 2016

Private: -3.4%, -1%, -8.5%
Public: -2.5%, 0.1%, 0.7%
Overall: -2.7%, -0.8%, -5.2%
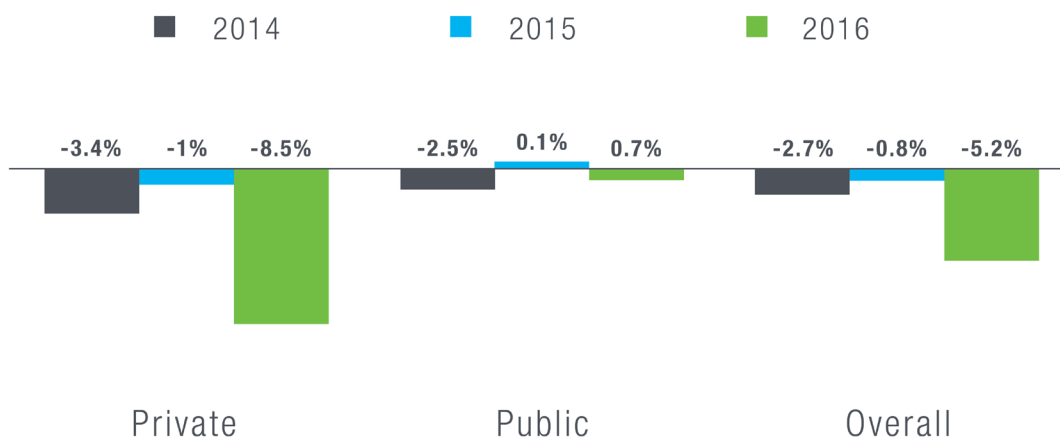
Donor acquisition for private schools took a significant dip last year and continues its third consecutive year of downward trends, showing acquiring new alumni donors at private institutions continues to be a challenge. Public universities saw a second year with modest uptick in new alumni donors, demonstrating at least some upside potential for getting alumni to make their first gifts ever.

Median Revenue per New Donor:
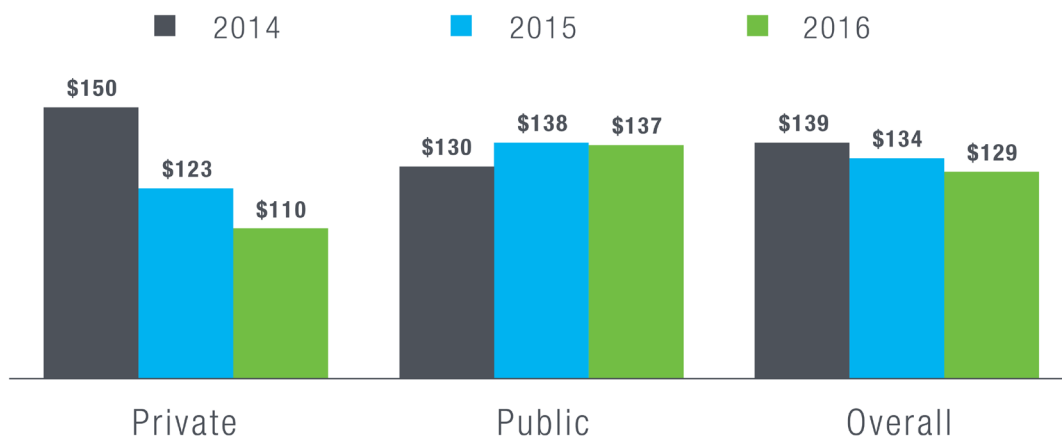
Public and private schools experienced a decline in the median revenue per new donor in 2016. Private universities saw a sharp decline to $110, down from $123 in 2015 and $150 in 2014. Senior class gifts are growing, and, in some instances, more schools are relying on senior gift programs to drive acquisition counts, which generally has a negative impact on revenue per donor since seniors tend to give smaller gifts than their alumni counterparts. For public institutions, the dip was more modest, down from $138 in 2014 to $137 in 2015—relatively flat. This is one of the few metrics where public universities outperform privates, and where the trend is moving in different directions.

## Conclusions: Performance Overall

Median Change in Revenue:
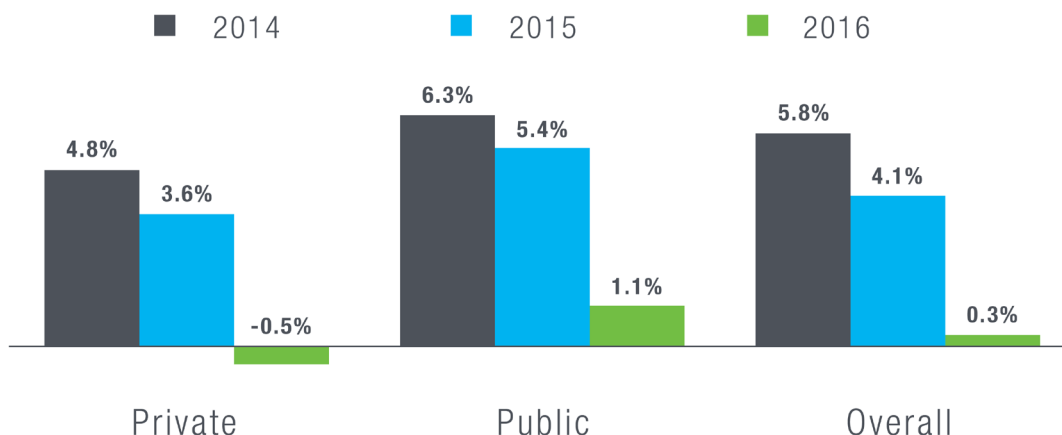
For the first time since the impact of the great recession, private institutions experienced a negative median change in revenue. This change was, albeit, a modest dip of -.5%, but that follows two strong years where the median change was positive 3.6% and 4.8%. Public schools continued to grow, though more modestly with only a 1.1% positive median change in revenue, following years of 5.4% and 6.3%. These revenue changes are surprising given the strength of the economy and very strong stock market, not to mention strong and consistent growth in revenue for the past six years (post-recession) among higher education programs. This change is tied mostly to donor counts, however.

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Median Change in Revenue per Donor:
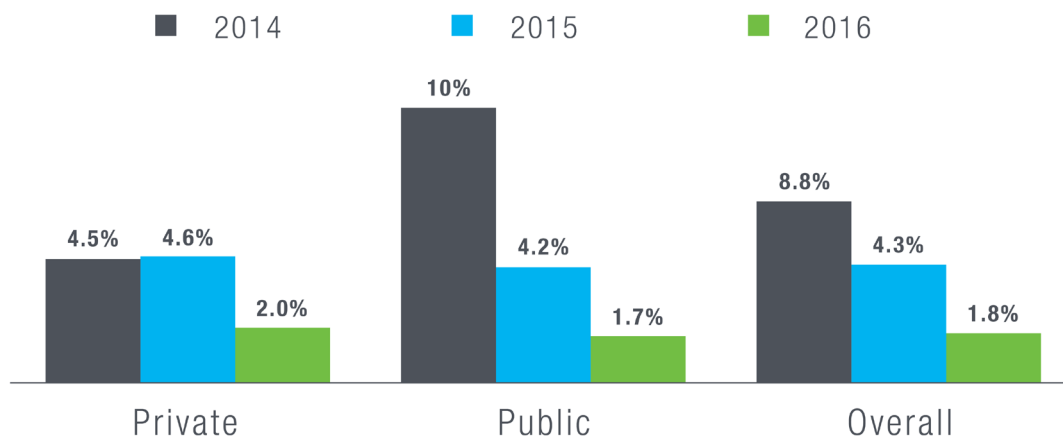
Despite the slight declines in median change in revenue for privates and modest uptick for publics, the median change in revenue per donor was more positive, up 2% and 1.8% respectively. This demonstrates that while the overall revenue results were weaker last year, those donors that chose to give, on average, gave slightly more, pinpointing the likely challenge with revenue was more tied to the number of donors to the programs than the size of gifts given by those that chose to give in 2016.
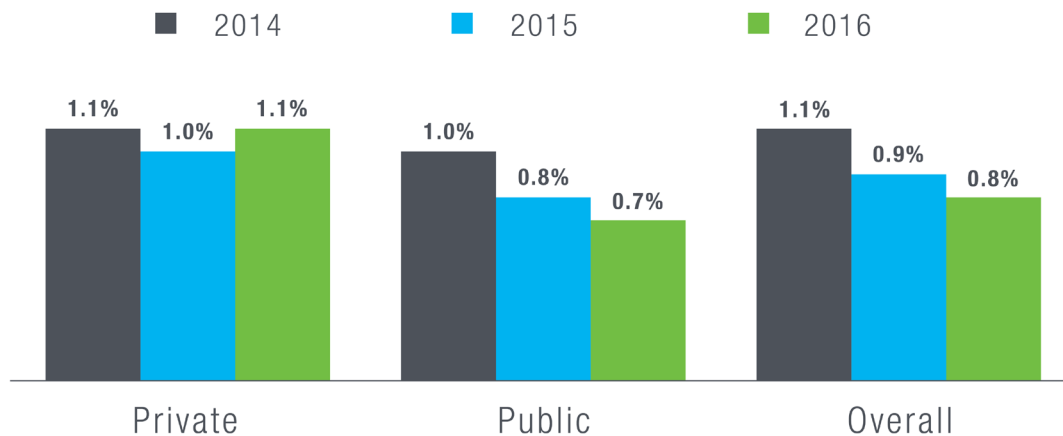
Median Change in Donor Counts:
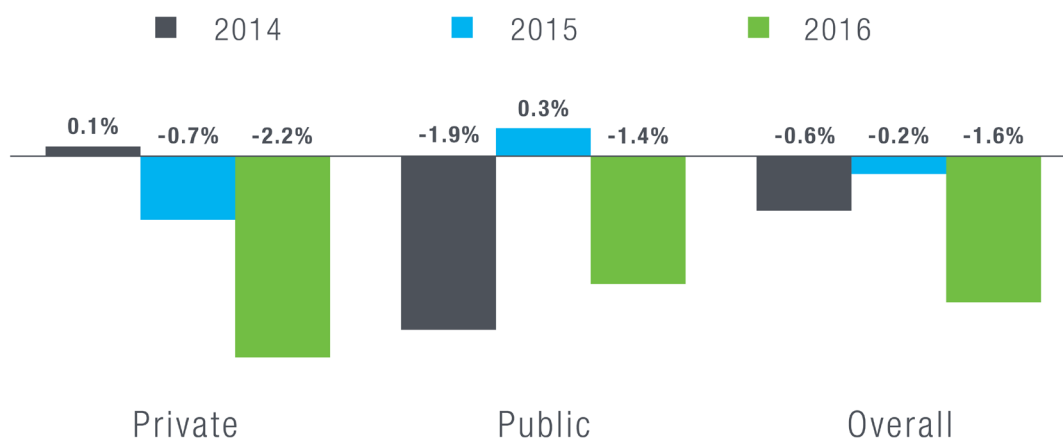
The median change in donor counts was negative in 2016. Private schools saw a median change of -2.2% and public schools saw a -1.4% median change. In general, public and privates saw fewer alumni donors last year than in the previous year. This is true despite increased efforts at securing more recurring gifts, using Days of Giving and crowdfunding to reach more and different audiences while creating a sense of urgency for giving.

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Median Gifts per Donor Change*:

Legend: ■ 2014 ■ 2015 ■ 2016

Private: 1.1%, 1.0%, 1.1%
Public: 1.0%, 0.8%, 0.7%
Overall: 1.1%, 0.9%, 0.8%

While donor counts may be down, those alumni donors that do give are more willing to give multiple gifts. With the more aggressive second (and now third and more) ask programs, coupled with projects like Days of Giving and crowdfunding, donors are finding more reasons to give multiple times during the year. For the third year, there was a positive median gift-per-donor change for public (1.1%) and private (.7%) schools. Programs aimed at securing multiple gifts from donors during the year are essential because these donors who give several times during a fiscal year have subsequently higher reactivation rates, retention rates, and simply give significantly more money.

Pledge Payments, Recurring Gifts, and Payroll Deduction are rolled up and counted as one gift for this analysis.

Median Change in Gifts*:

Legend: ■ 2014 ■ 2015 ■ 2016

Private: 1.5%, 0.4%, -1.2%
Public: 0.0%, 1.7%, -0.5%
Overall: 0.5%, 0.9%, -0.9%
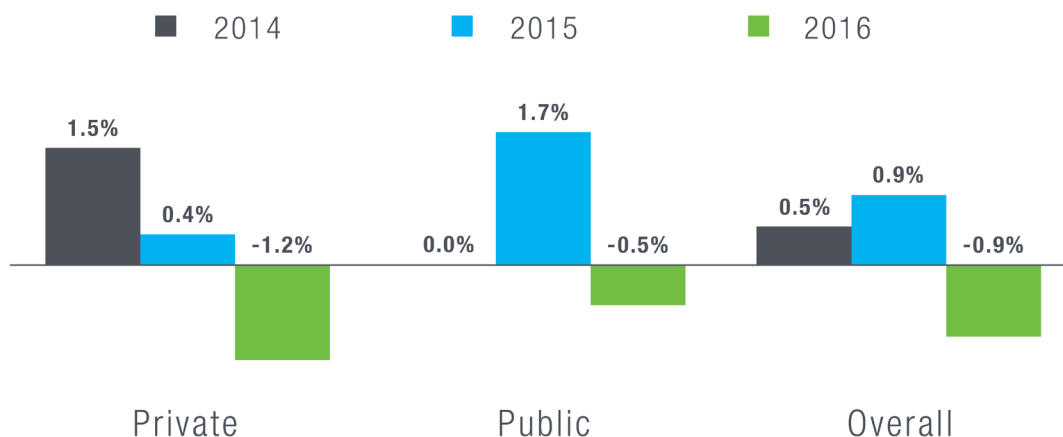
Despite the good news that more donors are giving more gifts during the year, the overall median change in the number of gifts to programs, in general, experienced a negative trend last year after positive trending years in 2014 and 2015 for public and private universities. In 2016, this median change in gifts was -1.2% for privates and -.5% for publics. Again, this is likely tied to few donors overall.

Pledge Payments, Recurring Gifts, and Payroll Deduction are rolled up and counted as one gift for this analysis.

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 Nicole McGougan at nicole.mcgougan@blackbaud.com or 843.654.3307.

Findings from recent and future reports can be found at **https://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 2016 Annual Report on 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 Annual Report utilizes 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 size or extreme changes at a few organizations.

Participating Private Institutions

Alfred University

Azusa Pacific University

Barnard College

Benedictine College

Boston College

Boston College Law School

Boston University

Boston University School of Law

Brandeis University

Brown University

Carroll College

Chatham University

Carnegie Mellon University Tepper School of Business

Clark University

College of St. Benedict

College of Wooster

Colorado College

Columbia University

Columbia University Business School

Columbia University School of Law

Columbia University School of Medicine

Cornell University

Cornell University Johnson Graduate School of Management

Cornell University School of Law

Dana Hall School

Emma Willard School

Emory University

Episcopal High School

Furman University

Gettysburg College

George Washington University

Gonzaga University

Grinnell College

Harvard Law School

Harvard Medical School

Holderness School

Johns Hopkins University

Lake Forest Academy

Lake Forest College

Lewis and Clark College

Luther College

Luther Seminary

Marquette University

Massachusetts Institute of Technology

Meharry Medical College

Meredith College

Milton Academy

MIT Sloan School of Management

Mount St. Mary's University

Muhlenberg College

Northeastern University

Northwestern University

Northwestern University Kellogg School of Management

New York University

New York University Law School

New York University Stern School of Business

Occidental College

Ohio Northern University

Ohio Wesleyan University

Phillips Academy Andover

Point Loma Nazarene University

Presbyterian College

Rensselaer Polytechnic Institute

Rice University

Rice University Jones School of Business

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

University of Chicago Law School

University of Chicago School of Medicine

University of Denver

University of Miami

University of Pennsylvania

University of Redlands

University of Richmond

University of San Francisco

University of Scranton

Wake Forest University

Webb Schools

Whitworth University

Willamette University

Wofford College

Woodberry Forest School

Yale University

Yale Law School

Participating Public Institutions

Arizona State University

Bowling Green State University

Cal Poly Pomona

Cal Poly San Luis Obispo

California State University Bakersfield

California State University Fresno

California State University Fullerton

Colorado State University Long Beach

California State University Los Angeles

California State University Northridge

California State University Stanislaus

Carleton University

Clemson University

Colorado School of Mines

Colorado State University

College of William and Mary

Dalhousie University

East Carolina University

Ferris State University

Georgia Southern University

Georgia State University

Humboldt State University

Indiana University

Indiana University of Pennsylvania

Iowa State University

James Madison University

Kansas University

Louisiana State University

McMaster University

McMaster University Faculty of Health Sciences

Metropolitan State University

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

Saint Mary's University

San Francisco State University

San Jose State University

Simon Fraser University

Sonoma State University

Southern Alberta Institute of Technology

Stony Brook University

Texas A&M University

The College of New Jersey

The Ohio State University

University of Alberta

University of Arizona

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, San Francisco

University of California, Santa Barbara

University of California, Santa Cruz

University of California, San Diego

University of Cincinnati

University of Colorado Anschutz

University of Colorado Boulder

University of Colorado Colorado Springs

University of Colorado Denver

University of Delaware

University of Florida

University of Georgia

University of Guelph

University of Iowa

University of Illinois

University of Kentucky

University of Maine

University of Manitoba

University of Maryland

University of Massachusetts Lowell

University of Memphis

University of Michigan

University of Michigan Ross School of

Business

University of Michigan School of Law

University of Minnesota

University of Minnesota Carlson School of Management

University of Nebraska

University of North Carolina, Chapel Hill

University of North Carolina, Flagler School of Business

University of North Carolina, Charlotte

University of North Carolina, Greensboro

University of North Carolina, Wilmington

University of Northern Colorado

University of Oklahoma

University of Oregon

University of Regina

University of Saskatchewan

University of South Carolina

University of Tennessee

University of Texas Austin

University of Texas Dallas

University of Utah

University of Virginia

University of Virginia Law School

University of Waterloo

University of Wisconsin Madison

University of Wisconsin School of Business

Virginia Tech University

Washington State University

Western Carolina University

Western University

Wilfrid Laurier University

York University

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