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ABSTRACT

As contributions to community colleges from traditional sources such as government agencies and alumni have declined in the current economic climate, corporations have emerged as a significant source of potential revenue. The task of securing gifts from corporations usually falls to the college president, who must understand that: (1) corporations do not see any particular college as a high priority; (2) fund raising is very competitive; (3) corporations have strong preferences for charitable giving that enhances consumer loyalty and corporate image or affects community welfare; (4) charitable giving requires a series of necessary approvals; (5) the tax benefits from typical contributions may be quite small; (6) corporate donors are impressed with evidence of a college's fiduciary responsibility, and must be provided with documentation that a college is truly tax exempt and in good standing with state agencies; (7) promoting corporate giving requires patience and nurturing; (8) requests should be made through appropriate channels; (9) corporations often make gifts in response to employee initiative and interest; and (10) once a gift is made, the college must exercise good stewardship in its use. With these guidelines in mind, college presidents should first prime the target corporation by sending a speech, brochure, newspaper clipping, or some other statement of what the college does and follow up on contacts made at civic events. The president should develop a set of specific selling points about the college, but should also be able to answer any question a corporate contact might have about the college and alternative ways of giving. Community colleges' success in workforce training and economic development help make the best case for corporate giving. (ECC)

leadership abstracts

A COMMUNITY COLLEGE PRESIDENT'S GUIDE TO CORPORATE CONTRIBUTIONS

Herrington J. Bryce

Faced with declining support from traditional sources of revenue, community colleges, as well as public institutions of all kinds, have been called upon to do more with less. As state appropriations have declined in real dollars, many colleges have initiated a broad range of efficiency measures, and a few have even experimented with strategies for increasing productivity not only in administrative operations, but also in the delivery of instruction. Yet, despite some success in achieving new efficiencies, it is clear that community colleges can not balance their budgets while increasing the services they provide to constituents by cost cutting alone. Colleges need also to address the revenue side of the equation. In particular, they need to seek additional revenues from nontraditional sources.

Colleges have already discovered that user fees, that is, tuition, laboratory fees, and so forth, can only be raised so high before such increases begin to threaten access, a bedrock value of most community colleges. Others have found that foundations and government agencies which have previously been the source of grant funds have targeted their efforts on priorities other than higher education or decreased the amount of funding available. Traditional development efforts focusing on alumni have been hurt by lean economic times. As a result, corporations have emerged as a significant source of potential revenue, yet most community colleges have little experience in raising funds from corporate giving.

Understanding Corporations

The task of securing gifts from corporations usually falls to the college president, supported by well-selected staff. To be successful, however, presidents and other development officers need to come to understand the psyche of those in corporations who control discretionary giving. Perhaps the greatest obstacles in seeking funds from corporations are the misunderstandings that many community college leaders have about corporate giving. The following cautions can help inform a successful effort in raising funds from corporations.

Priorities. It is important to remember that corporations, no matter how benevolent, do not see any particular college as a high priority. Each dollar that goes to a college is one less to shareholders in the form of dividends, to executives and employees in the form of compensation, retained by the corporations for reinvestment, or to pay its debt.

Competition. College leaders must recognize that fund raising is very competitive. The average corporation gives less than two percent of its net annual income to charity—of all types. The presumption that the capacity to give is automatically increased by the profitability of a corporation is simply not valid. A community college is competing for a share of a small pie that rises slowly and has many claimants.

Specific Preferences. Corporations have strong preferences for specific charities. Each operates under sets of preferences of its directors, employees, executives, and shareholders. Corporations often give to enhance loyalty by consumers, to enhance corporate image, and to participate in the welfare of the communities in which they are located or want to do business. It helps for a college to link its request for funds to a strong business interest. A case needs to be made that the existence of the college results in specific benefits to the corporation.

Necessary Approvals. In the final analysis, corporate assets belong to shareholders. They are not any corporate officer's to give. It is helpful to appreciate that the person to whom a request is directed usually cannot make the decision alone. The case made to the corporate contact must be persuasive at every level that the appeal travels, and college leaders must be prepared to help their corporate contacts to sell the case for giving to the college to internal decision makers.

Tax Benefits. For most corporations, the actual tax benefit from making the typical contribution may be small unless it is a major type of research equipment given to a college for educational purposes. Furthermore, there are some types of gifts that cannot be deducted and some types of property that can only bring a very low, if any, tax deduction. Some assets are better being disposed of in discount sales rather than given away. Therefore, any appeal should not rest solely on so-called tax write-offs. Tax benefits are important, but not as important as the clarity of a college's mission and usefulness to the community. While it is useful to be well informed about tax law related to corporate giving, it is even more important to understand the limited appeal of arguments based upon this rationale.

Fiduciary Responsibility. Savvy corporate donors are more impressed by well-presented balance sheets and revenue and expense statements than they are by budgets. Budgets tell the corporate donor something

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about the ambition of the college and what it proposes to do with its gift. However, financial statements reveal much more about a college's actual performance and track record. Corporate donors want to know whether a college is capable and can be trusted to complete successfully any project for which it seeks funding. They will not invest in a college that has a bad financial record.

Documentation. Colleges should be prepared to document that they are truly tax exempt and in good standing with the IRS and the state. Corporations may also request proof that the college is a qualified donee, a 501 (c) (3) organization in good standing. Such documentation is needed to support deductibility of their gifts. In addition, the corporation may ask a donee to warrant that its gift would be used strictly for educational purposes. This too is needed to permit favorable treatment as a business deduction. This warrant will also protect the college from having to pay taxes on earnings associated with the gift.

Patience. Corporate giving, except in extraordinary situations such as disasters, comes from patience and nurturing. Emotional appeals are usually unproductive and distracting to what is essentially a business decision. Patience and grace are more likely to be rewarded.

Appropriate Channels. Most corporations give through a corporate foundation. These foundations are normally required to make certain levels of contributions every year so as to maintain their status. They are also the primary source of information about the types of programs that interest the corporation. Development professionals should always obtain a copy of the annual report of the corporate foundation and read it thoroughly. Any appeal for corporate giving should be carefully tailored to the guidelines of its foundation and informed by its report of past activities and preferences.

Employee Influence. Corporations often make gifts in response to employee initiative and interest. Some are in the form of matching gifts. It is important not to underestimate the influence that employees can have. In fact, many successful appeals are not initiated with corporate officers but at other employee levels. A college can enhance its contacts with a corporation in a number of ways, including having a corporate employee serve as a college faculty member or administrator. Such a link can prove invaluable to a successful request for funds.

Stewardship. Once a gift is made, it is absolutely critical that the college exercise good stewardship in its use, especially if the college hopes to seek additional funds from the corporation or its corporate associates for other purposes. No corporation wants to be embarrassed or disappointed. The college must deliver on any promises associated with the gift, routinely report to the donor how its gift is being used, and document the specific outcomes of the gift.

Implementing a Corporate Giving Campaign

With these guidelines in mind, colleges should approach corporate giving as it would any other ambitious project. Goals need to be established, a target group of corporations needs to be identified, strategies for gaining access to corporations on the list need to be formulated, staff must be selected and trained, and resources need to be set aside to implement the plan. However, a corporate fund-raising campaign involves a lot more than sending out mail solicitations. Most involve the college president and put the prestige of both the institution and the person on the line. The following steps can help a college president succeed in such an effort:

1. Prime the targeted corporation by sending a speech, a brochure, newspaper clippings, a catalog, or some other documentation of what the college does. Follow up with contacts met at civic events by sending college material or an invitation to visit the campus.
2. Know everything about the college. Be prepared to answer any question a corporate contact may have. Develop a list of programs and activities that might appeal to the donative instincts of the corporation.
3. Develop a set of specific selling points about the college. None may eventually prevail, but they help begin a productive conversation. The key is to avoid pushing points too hard; do not foreclose the discussion of different ideas that a corporate contact may have.
4. Become familiar with alternative ways of giving and the different assets a corporation may give to fund specific college priorities. The implications of giving inventory instead of cash or stock are quite different, but it is important not to lose a sale by being unprepared to counter any offer.
5. Learn about the corporation. Read the corporation's annual report and find out if it already has some connection to the college. Show sincere interest in the company's business, personalities, and problems as a means of establishing rapport with its representatives.

None of these strategies can guarantee a successful corporate giving campaign, but all will greatly increase a college's and president's chances of success.

Community colleges have probably never been so well positioned to succeed in raising needed funds from corporate gifts. For the first time, individuals who have attended community colleges are emerging in responsible positions in corporations. Even more important, community colleges are increasingly providing workforce training to employees of local business and industry and assisting communities with economic development. These efforts help make the most important case for community colleges: they are vital to the health and prosperity of their communities, and to the businesses that serve and are supported by them.

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