

Voluntary Support of Education

Key findings from data collected for the 2017–18 academic fiscal year for U.S. higher education



RESEARCH
BRIEF



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ABOUT CASE

CASE believes in advancing education to transform lives and society. As a global nonprofit membership association of educational institutions, CASE helps develop the communities of professional practice that build institutional resilience and success in challenging times. The communities include staff engaged in alumni relations, fundraising, marketing, student recruitment, stakeholder engagement, crisis communications and government relations. CASE is volunteer-led and uses the intellectual capital of senior practitioners to build capacity and capability across the world.

CASE has offices in Washington, D.C., London, Singapore and Mexico City. Member institutions include more than 3,700 colleges and universities, primary and secondary independent and international schools, and nonprofit organizations in 82 countries. CASE serves nearly 91,000 practitioners. For more information about CASE, please visit www.case.org.

AMAtlas

A global resource for educational advancement-related metrics, benchmarks and analytics, providing a comprehensive, data-rich resource for schools, universities and colleges.

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Introduction

Since 1957, the Voluntary Support of Education (VSE) annual survey has collected data on fundraising outcomes in higher education institutions in the United States. It is regarded as the definitive source of information on philanthropic support of those institutions.

In July 2018, the Council for Advancement and Support of Education (CASE) announced the acquisition of the VSE as part of the establishment of AMAtlas, a global resource for educational advancement metrics, benchmarks and analytics. Both marked CASE's commitment to providing more tools, data and insight to support advancement professionals in reaching their institutions' goals.

CASE has been a long-time sponsor of the VSE survey, and CASE's "Reporting Standards and

Management Guidelines" provide the definitions for the instrument.

That alignment continues in the latest survey, which was conducted with the same rigor, protocol and staff as in years past, although the way that results are conveyed and shared is changing.

This research brief—the first in a series—is an example of CASE's ambition to provide high-quality data about educational philanthropy and communicate research findings that are easily digestible, engaging and contextual.

A summary of the key findings from the 2017-2018 academic fiscal year follows. Subsequent research briefs will delve deeper into the details.

The survey data are also available in Data Miner, the online benchmarking program, which is a CASE member benefit and available to others by subscription.

“The VSE Survey has been an important part of advancement benchmarking in the United States for decades. This research brief shows continued commitment from donors to institutions they respect, admire and hold as partners for improving lives and society. This brief, and the VSE full data set, will enable institutions to make intelligent, data-driven decisions for strategic advancement in their institutions.”

— Sue Cunningham
President & CEO, CASE

Key findings

CHARITABLE GIVING TO HIGHER EDUCATION INSTITUTIONS CONTINUES UPWARD TREND

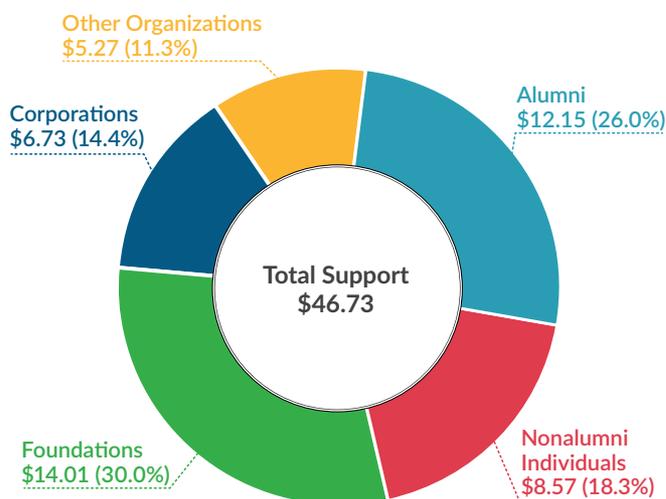
According to the VSE survey, voluntary support of U.S. higher education institutions reached \$46.73 billion in 2018, an increase of 7.2 percent over 2017 and the highest amount ever reported.

This year's increase follows a nine-year trend of growth following the decline in contributions to colleges and universities in fiscal year 2009. Charitable support to higher education institutions grew in each subsequent year. Total estimated support of U.S. higher education institutions rose 67.8 percent between 2009 and 2018.

ACROSS-THE-BOARD INCREASES FROM ALL DONOR TYPES AND FOR ALL GENERAL PURPOSES

Contributions rose from all types of donors and for both current operations and capital purposes. Capital purposes include gifts to endowments, loan funds, property, buildings and equipment.

Voluntary Support of Higher Education by Source, 2018
(Dollars in Billions)



Historically, alumni and foundations have contributed the largest share of charitable support to higher education institutions in the U.S. Since 2007, foundation support has exceeded alumni giving. Note that more than 40 percent of reported foundation support is from family foundations, some of which is influenced by alumni.

Estimated Voluntary Support of Higher Education by Source and Purpose, 2017 and 2018
(Dollars in Millions)

	2017		2018		Percentage Change 2017 to 2018	
	Amount Raised	Percentage of Total	Amount Raised	Percentage of Total	Current \$	Adj. for Inflation
Total Voluntary Support	\$43,600	100.0	\$46,730	100.0	7.2	4.6
Source						
Alumni	\$11,370	26.1	\$12,154	26.0	6.9	4.3
Nonalumni Individuals	7,860	18.0	8,567	18.3	9.0	6.3
Corporations	6,600	15.1	6,732	14.4	2.0	-0.5
Foundations	13,130	30.1	14,010	30.0	6.7	4.1
Other Organizations	4,640	10.6	5,266	11.3	13.5	10.7
Purpose						
Current Operations	\$25,800	59.2	\$27,400	58.6	6.2	3.6
Capital Purposes	17,800	40.8	19,330	41.4	8.6	5.9

In tables and figures in this report, dollar amounts may not add to totals and percentages may not add to 100, due to rounding.

CONTRIBUTIONS FROM “OTHER ORGANIZATIONS” ROSE SHARPLY, DRIVEN LARGELY BY DONOR-ADVISED FUNDS (DAFS)

Contributions from foundations increased the most in monetary terms, but the category called “Other Organizations” rose 13.5 percent—a double-digit increase even when adjusted for inflation. This category includes religious organizations, fundraising consortia, such as United Way, and payments from other charitable organizations, which include donor-advised funds (DAFs).

The estimate of total support to U.S. colleges and universities is largely based on survey responses from 871 institutions that completed both the 2017 and 2018 surveys. Of that group, 404—46.4 percent—replied to an optional question about DAFs.

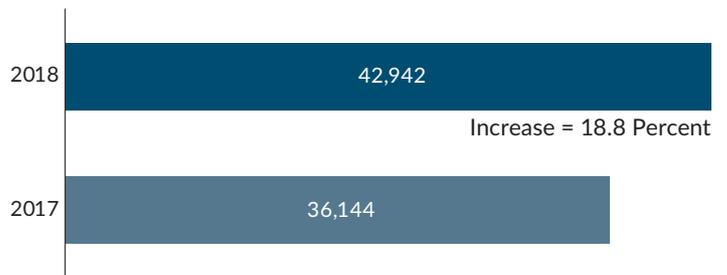
That group of respondents reported that contributions from DAFs increased 65.8 percent in dollar terms. The number of such contributions increased 18.8 percent. The average value of each DAF contribution increased 39.5 percent.

Contributions from Donor-Advised Funds to 404 Reporting Institutions, 2017-2018
(Dollars in Millions)

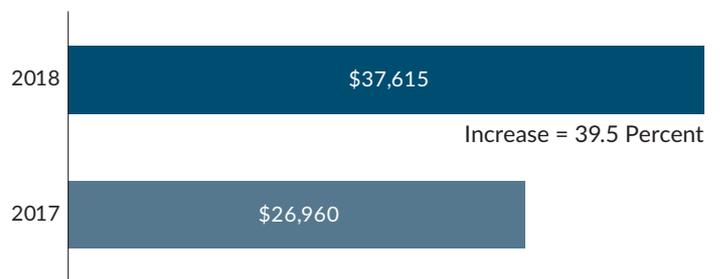


It is likely that the steep increase in DAF contributions was influenced by the Tax Cuts and Jobs Act, the tax reform legislation signed into law on December 22, 2017, about midway through the 2018 academic fiscal year covered in this report. Details of the law were unclear in December, when this survey closed.

Number of Contributions From Donor-Advised Funds to 404 Reporting Institutions, 2017-2018



Average Value of Each Donor-Advised Fund Contribution to 404 Reporting Institutions, 2017-2018



Donors may have increased gifts to DAFs to take advantage of the fact that they would be itemizing their tax returns for the 2017 calendar year but not necessarily the 2018 calendar year, given multiple changes in the tax law. The academic fiscal year covered in this report includes both the second half of 2017 and the first half of 2018.

Gifts to DAFs are tax-deductible. Payments from them are not personal gifts, but payouts from a charitable organization, the DAF. When a university receives a DAF payment, the transaction appears in the category “Other Organizations.”

The robust stock market of the period studied for this survey may have contributed to the increase in DAF contributions, too. DAF assets are often invested in the stock market, meaning these entities had increased resources when they made payments to education institutions.

In tables and figures in this report, dollar amounts may not add to totals and percentages may not add to 100, due to rounding.

RESPONDENTS AT EVERY INSTITUTION TYPE REPORTED INCREASES IN GIVING

Among the core group of 871 respondents that participated in 2017 and 2018, all six basic categories of colleges and universities reported increased support, as did both public and private institutions. Note that these findings are not

national estimates of support to various types of institutions; they are the amounts reported by survey participants. The sample in each category varies, and categories cannot be compared in monetary terms as if they represented all institutions or even the same percentage of all institutions in the category.

Voluntary Support by Type of Institution, 2017 and 2018 (Dollars in Thousands)

Type of Institution	Number Reporting	2017		2018		% Change in Total Support
		Amount	Average per Institution	Amount	Average per Institution	
Multiple Campuses						
Public	16	\$3,434,877	\$214,680	\$3,808,719	\$238,045	10.9
Research/Doctoral	226	23,636,421	104,586	25,175,873	111,398	6.5
Private	76	13,575,312	178,623	14,020,184	184,476	3.3
Public	150	10,061,108	67,074	11,155,689	74,371	10.9
Master's	277	2,280,698	8,234	2,446,559	8,832	7.3
Private	135	1,344,231	9,957	1,419,686	10,516	5.6
Public	142	936,467	6,595	1,026,873	7,232	9.7
Baccalaureate	213	2,911,482	13,669	3,160,111	14,836	8.5
Private	185	2,799,264	15,131	3,038,397	16,424	8.5
Public	28	112,218	4,008	121,714	4,347	8.5
Specialized	35	1,400,092	40,003	1,739,564	49,702	24.2
Private	20	224,367	11,218	252,772	12,639	12.7
Public	15	1,175,725	78,382	1,486,792	99,119	26.5
Associate's	104	161,590	1,554	174,509	1,678	8.0
Private	0					
Public	104	161,590	1,554	174,509	1,678	8.0
Total All Institutions	871	\$33,825,160	\$38,835	\$36,505,335	\$41,912	7.9

These statistics reflect amounts reported by 871 institutions providing complete data both years.

SEVEN INSTITUTIONS RECEIVED SINGLE GIFTS OF \$100 MILLION OR MORE, MORE THAN ANY OTHER YEAR

Seven different institutions each reported one gift of \$100 million or more. That is the largest number of distinct institutions in a single year to report gifts of that magnitude. It is the largest number of such gifts ever reported as well, with the exception of 2015, when eight \$100 million+ gifts went to four institutions. In 2018, six of the seven gift recipients

were also among the top 20 fundraising institutions. Several gifts were payments on previous multi-year commitments. Nonetheless, nine-digit payments are rare and noteworthy.

One institution not in the top 20, the University of Arkansas, also received a gift of this magnitude. The university received \$120 million from the Walton Family Charitable Support Foundation to establish the School of Art.

LOOKING AHEAD

Charitable giving, as a part of the overall economy, increases with stock market gains and Gross Domestic Product (GDP) expansion. Increases in the stock market particularly affect gifts for capital purposes, including endowments and buildings. Such gifts are usually large and in the form of securities.

Gifts for current operations, which are usually smaller and greater in number, are influenced by the overall economy and track with GDP. With only a few exceptions, if both factors are growing, gifts to colleges and universities increase. Historically, when both declined, support of higher education institutions also declined.

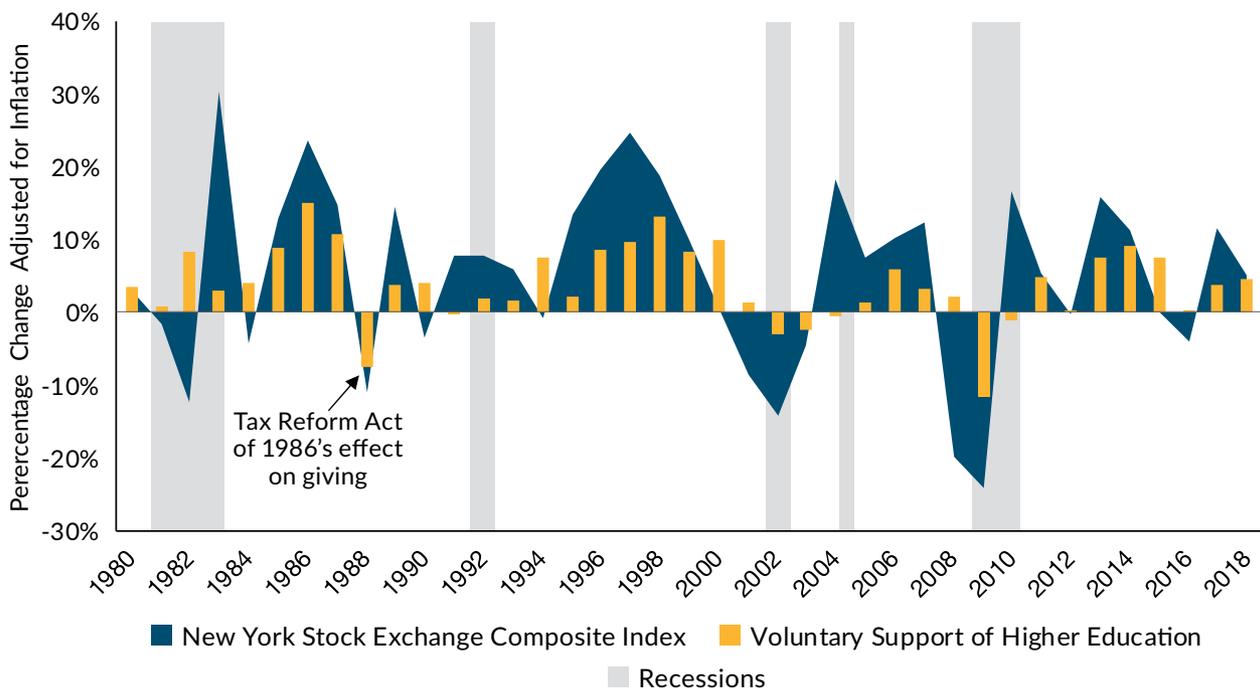
The fiscal 2019 year ends on June 30, 2019, and we do not know precisely what the economy will look like at that time. However, there are signs that charitable contributions to U.S. colleges and universities will soften or decline in the next year reported.

The overall economy as measured by GDP has been expanding since June 2009 and is approaching, but has not reached, its longest expansion—of 120 months—in post-World War II U.S. history, leading some to speculate that a contraction is on the horizon. If that should occur, even if the National Bureau of Economic Research does not determine the nation is in a recession, contributions to U.S. higher education institutions for current operations may slow or decline.

As of the date of this report, the stock market was in negative territory compared to the start of the fiscal year. Historically, this is a bellwether for the softening or reduction in gifts for capital purposes.

The nexus of the stock market, GDP and charitable giving will be explored in another research brief later this year.

Changes in Voluntary Support of Higher Education Institutions Related to the Stock Market and Recessions, 1980–2018



In tables and figures in this report, dollar amounts may not add to totals and percentages may not add to 100, due to rounding.

Methodology

The 2018 survey collected data on charitable gifts and grants raised from private sources for the fiscal year beginning July 1, 2017, and ending June 30, 2018 (with a few institutions reporting on different fiscal calendars). Participation varied considerably by type of institution. The number of U.S. higher education participants in 2018 was 929. They represent about a third of colleges and universities in the U.S. but raised 79.7 percent of total voluntary support of U.S. higher education institutions in the 2017–2018 academic fiscal year.

Note there are key differences between the amounts reported as national estimates and those that summarize survey responses, from which the national estimates are derived. By developing national estimates each year, CASE can correct for annual differences in participation.

CASE approaches the estimation process in two ways. First, CASE considers the percentage change in support by source group and by major purpose category among institutions that participate for two consecutive years—the core group of institutions. Since the core group’s gift income typically represents more than 90 percent of all reported gift income, the group’s data provide a robust set

of benchmarks on year-to-year changes, which can be applied to the previous year’s national estimates. However, because the core-group results may be more positive than those we would get were the survey to achieve full participation, CASE adjusts the degree of change in the national estimates downward as appropriate by comparison with the core group.

Second, CASE looks at participation by Carnegie classification, which groups higher education institutions into basic types. The average total support per type of nonparticipating institution varies from 15 to 40 percent of what was reported on average by participating institutions. Nonparticipants tend to be smaller, and there is a tendency not to participate after a weak year. In addition, the response rate varies by Carnegie classification. Participation is highest among research/doctoral institutions and lowest among associate’s (two-year) institutions. CASE derives estimates of support among nonparticipants by Carnegie classification. The sum of these estimates and the survey results are generally close to the national estimates arrived at by the first method described. If not, CASE reviews and adjusts factors and weights until there is reasonable consistency across the entire model.

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