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**CONTRIBUTIONS TO COLLEGES AND UNIVERSITIES
UP BY 4.9 PERCENT TO \$25.6 BILLION
SECOND YEAR OF GROWTH FOLLOWING TWO-YEAR SLUMP**

Contributions to colleges and universities in the United States grew by 4.9 percent in 2005, reaching \$25.6 billion, according to an annual survey released today by the Council for Aid to Education (CAE). The increase was driven in part by gifts from alumni. Also, giving from foundations and other supporting organizations increased strongly. On the other hand, corporate charitable support of higher education institutions did not increase in 2005; it remains to be seen if this is a trend.

Nearly half the \$25.6 billion raised in 2005 came directly from individuals. Alumni giving—the traditional base of higher education giving—grew by 6 percent in 2005. Individuals other than alumni drove personal giving up 21.5 percent in 2004, but in 2005 their support declined by 3.8 percent. Over the past decade, annual changes in nonalumni giving have been highly variable.

“The results indicate that giving to higher education continues to recover from the weak performances of 2002 and 2003,” said Ann E. Kaplan, director of the survey. She added, “The increase in giving to just the top ten universities accounts for half of the total growth in higher education giving in 2005.”

Stanford University raised more money from private donors than any other university, followed by the University of Wisconsin–Madison and then Harvard.

The nation’s top ten fundraising universities and dollars received are:

- Stanford University (\$603.59 million)
- University of Wisconsin–Madison (\$595.22 million)
- Harvard University (\$589.86 million)
- University of Pennsylvania (\$394.25 million)
- Cornell University (\$353.93 million)
- Columbia University (\$341.14 million)
- University of Southern California (\$331.75 million)

- Johns Hopkins University (\$323.10 million)
- Indiana University (\$301.06 million)
- University of California, San Francisco (\$292.93 million)

The University of Wisconsin–Madison received a \$296 million foundation grant that was the result of the conversion of Blue Cross & Blue Shield United of Wisconsin from nonprofit to for-profit status. The University of Wisconsin Medical School was the ultimate recipient of the funds. This grant represents more than a third of the growth in foundation giving to higher education institutions.

These findings are from the annual Voluntary Support of Education (VSE) survey, which has tracked giving to higher education and private K-12 schools for more than 50 years. The 1,005 institutions that participated in the 2005 survey represent nearly two-thirds of the nation’s four-year institutions, including 90 percent of research and doctoral institutions. Respondents generally account for about 85 percent of the voluntary support raised by all colleges and universities.

Historically, alumni and foundations are the biggest sources of voluntary support to higher education. In concert with this pattern, each of those sources represented just over 27 percent of higher education support in 2005. Among survey respondents, a third of foundation giving is from family foundations, underscoring the fact that personal giving, whether given directly or through a foundation, is the backbone of voluntary support of higher education.

Corporate giving represents a smaller share of giving to higher education institutions—17.2 percent in 2005. It is important to bear in mind, however, that companies support colleges and universities in many ways that are not counted on the VSE survey, including sponsorships, partnerships, and clinical trials.

While the total amount of alumni giving increased, the percentage of alumni making gifts declined to 12.4 percent, according to the survey results. The rate has declined each year since 2001, when it stood at 13.8 percent. Even when two-year institutions, which have much lower participation rates than do four-year institutions, are eliminated from the calculations, there is still a decline in participation. Total giving by alumni increased in 2004 and 2005 because of a rise in the value of the average gift, not because more alumni gave to their alma maters.

Kaplan cited several plausible explanations for the decline in alumni participation. These include better software and methods to clean and maintain address records in university databases. Since the number of alumni of record is defined as the number of living alumni for whom the institution has a good address, such improvements would render the number of alumni of record higher, without necessarily increasing the number of donors.

“Also, if institutions focus less on the number of gifts they receive and more on securing larger gifts, this could contribute to a decrease in alumni participation and an increase in alumni giving,” Kaplan said. It is also possible that fewer alumni were inclined to make contributions.

Gifts for capital purposes, such as endowments, buildings, and equipment, declined in 2002 and 2003 but increased by almost 1 percent in 2004. Then in 2005, they increased a healthy 5.6 percent. Giving for current operations fared almost as well, increasing by 4.4 percent.

Voluntary support is an important component of higher education funding, but it accounted for under 10 percent of expenditures for the past three years, and has never represented much more than that. “While some types of institutions, notably private liberal arts institutions, rely much more on voluntary support than do institutions overall, results from our survey suggest that voluntary support could never grow sufficiently to become the primary solution to budgeting challenges,” Kaplan said. “Public liberal arts institutions and public two-year institutions, for example, rely on voluntary support for less than 3 percent of their expenses.”

Endowment income is another source of funding for higher education institutions. In 2005, the market value of the endowments at institutions included in the VSE survey increased by an average of 9 percent. In 2004, the average value increased by 18.7 percent, but in 2003, respondents’ endowments grew by only 4.3 percent on average.

The assets of individual and institutional donors also impact university receipts because large gifts often are made from assets, such as securities. In 2005, the average number of gifts of securities that respondent institutions received was virtually unchanged from the previous year. However, the average value of those gifts increased by 9.1 percent. This indicates that fewer people made gifts of appreciated securities, but that the value of the gifts was higher.

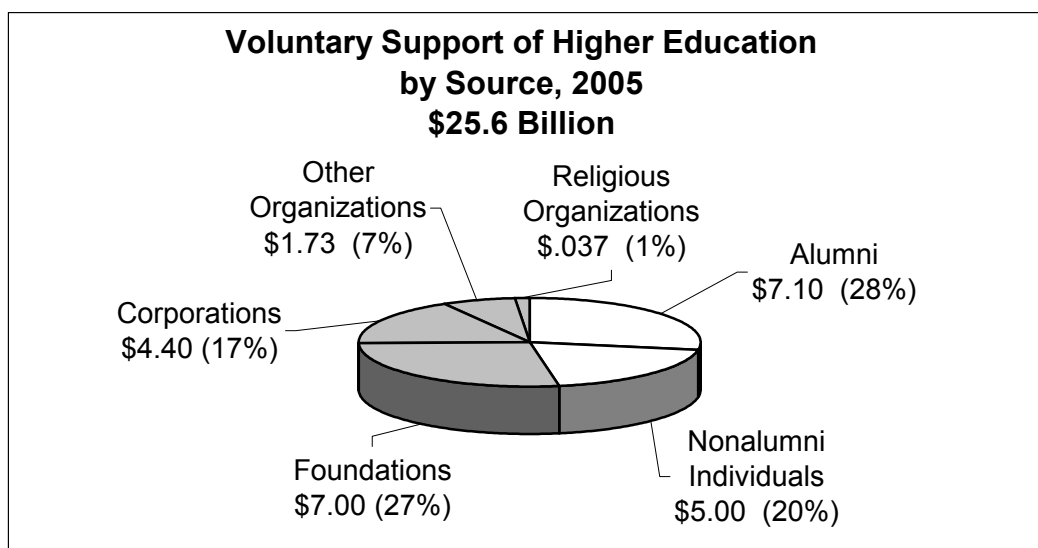
These gifts are important because they tend to be among the larger gifts an institution receives. In 1993, when institutions were first asked to report the number and value of such contributions, the average value of a gift of appreciated securities was \$23,000. The average value reached \$43,000 in 2000. Then it declined, along with the state of the economy, and by 2003 the average was down to \$34,000. In 2004 and 2005, the value increased again, and reached \$45,000, the highest reported value since CAE started keeping records of gifts of stock.

“The 2005 survey results indicate that higher education fundraising has firmly recovered from weak performances in 2002 and 2003. The growth over the past two years is a positive sign that individuals and institutions respond to increases in their own capacity to give by increasing their support for the nation’s colleges and universities” Kaplan said.

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.

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The results of the survey along with a full analysis of the trends will be published in the spring of 2006. The publication, *Voluntary Support of Education, 2005*, can be ordered by calling 212-217-0875 or by downloading an order form at www.cae.org. Cost: \$100 (\$65 for survey respondents), plus \$6 shipping and handling.



Estimated Voluntary Support of Higher Education by Source and Purpose, 2005

(Dollars in Millions)

	2004		2005		Percentage Change 2004 to 2005	
	Current \$	Adjusted for CPI	Current \$	Adjusted for CPI	Current \$	Adjusted for CPI
Total Voluntary Support	\$24,400	(100)	\$25,600	(100)	4.9	1.6
Sources						
Alumni	\$6,700	(27.5)	\$7,100	(27.7)	6.0	2.6
Nonalumni Individuals	5,200	(21.3)	5,000	(19.5)	-3.8	-6.9
Corporations	4,400	(18.0)	4,400	(17.2)	0.0	-3.2
Foundations	6,200	(25.4)	7,000	(27.3)	12.9	9.3
Religious Organizations	350	(1.4)	370	(1.4)	5.7	2.3
Other Organizations	1,550	(6.4)	1,730	(6.8)	11.6	8.0
Purposes						
Current Operations	\$13,600	(55.7)	\$14,200	(55.5)	4.4	1.1
Capital Purposes	10,800	(44.3)	11,400	(44.5)	5.6	2.2

Figures in parentheses are percentages of total and may not add to 100% due to rounding.