Council for Aid to Education
215 Lexington Avenue
New York, NY 10016
www.cae.org

Contact: Ann E. Kaplan
212-217-0875
akaplan@cae.org

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CONTRIBUTIONS TO COLLEGES AND UNIVERSITIES UP 6.2 PERCENT TO $31.60 BILLION

- **GIVING TO TOP TWENTY INSTITUTIONS UP 11.5 PERCENT**
- **GIVING TO OTHER INSTITUTIONS DOWN 4.2 PERCENT**
- **GIVING MAY DECLINE IN 2009**
- **EARLIER DECLINES WERE SHORT-LIVED**

Contributions to the Nation's Colleges and Universities Reach $31.60 Billion
Charitable contributions to colleges and universities in the United States grew by 6.2 percent in 2008, reaching $31.60 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 annual increase in contributions to higher education institutions has been 5.7 percent. The $31.60 billion raised in 2008 is the highest total ever reported.

The twenty institutions that raised the most in 2008 received $8.41 billion—$745.31 million more than the top twenty institutions raised in 2007. Stanford University raised more money from private donors than any other university, followed by Harvard University and Columbia University.

The nation's top twenty fundraising universities (and dollars received) in 2008 are:
1. Stanford University ($785.04 million)
2. Harvard University ($650.63 million)
3. Columbia University ($495.11 million)
4. Yale University ($486.61 million)
5. University of Pennsylvania ($475.96 million)
6. University of California, Los Angeles ($456.65 million)
7. Johns Hopkins University ($ 448.96 million)
8. University of Wisconsin-Madison ($410.23 million)
9. Cornell University ($409.42 million)
10. University of Southern California ($409.18 million)
11. Indiana University ($408.62 million)
12. New York University ($387.61 million)
13. Duke University ($385.67 million)

14. University of California, San Francisco ($366.07 million)
15. University of Michigan ($333.45 million)
16. Massachusetts Institute of Technology ($311.90 million)
17. University of Minnesota ($307.61 million)
18. University of Washington ($302.77 million)
19. University of North Carolina at Chapel Hill ($292.39 million)
20. University of California, Berkeley ($285.35 million)

The top twenty institutions represent 1.9 percent of the 1,052 survey respondents. However, contributions to these twenty institutions account for 26.6 percent of all 2008 gifts to higher education institutions. In addition, the increase in gifts to these twenty institutions accounts for 46.9 percent of the national increase.

In fact, if the contributions received by these twenty institutions were taken out of the data, giving declined by 4.2 percent. Among the individual institutions remaining, experiences varied. About half posted increases in support, and half reported declines.

What about FY2009?

How are institutions doing now? What will the data say about the fiscal year ending June 30, 2009? If giving declines, as many say it will, how long will the decline persist?

Historical Patterns

Historically, three factors play major roles in annual VSE results. First, the strength of the stock market has a powerful effect on capital purpose gifts to higher education. These include gifts to endowments and gifts for buildings and equipment.

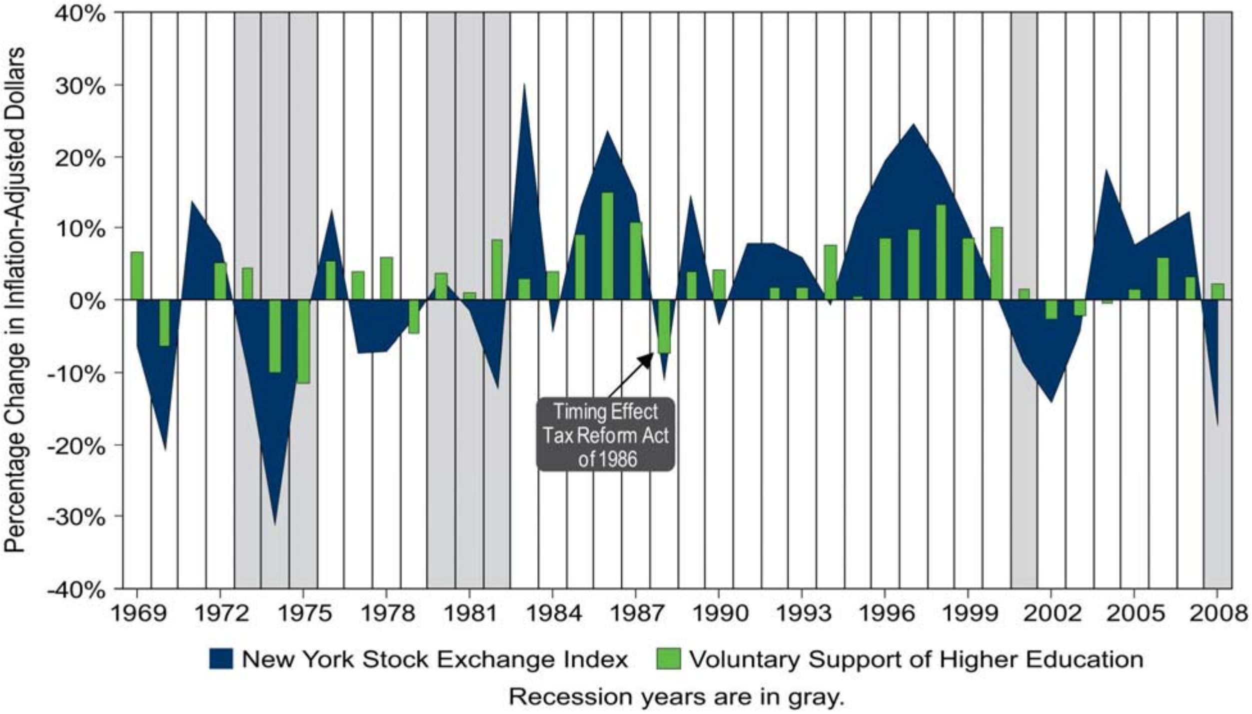
Second, the overall health of the economy as measured by Gross Domestic Product (GDP) also affects contributions, and it has a strong effect on contributions for current operations. So, during recessions, we expect gifts, especially gifts for current operations, to decline or grow more slowly than usual. When the country is in a recession while the stock market is also declining, the scene is set for a decline in overall support.

The third factor that can affect giving, especially the timing of gifts, is tax law. When the Tax Reform Act of 1986 was passed, many gifts were paid in calendar 1986 to take advantage of the relatively better tax climate for giving. This caused a prepayment of gifts that were originally being contemplated for December 1987. So, in the fiscal year 1987–1988, giving to colleges and universities went down, but only in relation to the previous year. The level of giving quickly rebounded.

Compounding the tax law change were the events of October 19, 1987, known as Black Monday, when stock markets crashed worldwide. However, its effect on giving was secondary. The Tax Reform Act of 1986 is said to have played a bigger role. The effects of the tax law change were anticipated and were well managed by the advancement profession.

In the chart below, periods of recession are shown in gray. The data here are adjusted for inflation because during periods of high inflation, such as in 1973–1975, the effect upon recipient institutions of a decline in giving is exaggerated. If it were not for the high rate of inflation, that period would closely resemble the current economic climate. If so, we would expect giving to decline in 2009 and 2010. But then we would expect it to recover.

Changes in Giving to Higher Education Institutions Related to the Stock Market and Recessions



Source: Council for Aid to Education, 2009

In the recession of 2001–2003, the decline in giving is only attributable to inflation. Without the effect of inflation, giving was fairly stable over that period. Considering the events of September 11, 2001, and their effect on the economy, giving was actually resilient.

Endowment Values

A compounding problem facing universities is that of sharply declining endowments. The value of endowments dropped because of the performance of the stock market and, in certain cases, questionable investments. Endowments are often a cushion for lean years, even if they decline somewhat during market downturns. In today's environment, endowments are not able to play as protective a role.

In 2007, the endowments of institutions reporting to the survey for two consecutive years increased by 19.7 percent. In 2008, the core group of 967 institutions reported less than a percentage gain, meaning that the value of endowments had been eroded by inflation. Bearing in mind that the value of endowments was probably higher at the end of the fiscal year (June 30, 2008) than it was at the end of the calendar year (December 31, 2008), endowments will probably decline further, and some evidence recently reported in the news already attests to this trend.

Giving May Decline in 2009

CAE researchers interviewed advancement professionals and college presidents at several institutions that fared particularly well in fiscal 2008. Many institutions posting double-digit percentage increases in giving were finishing capital campaigns in 2007 and 2008, which meant a large share of the contributions they reported on the 2008 VSE survey was received in November and December of 2007. Many individuals make the bulk of their charitable contributions at the end of the calendar year.

Institutions reported that some multiyear pledges had been renegotiated to give contributors more time to complete them. Extending the due date of pledges is a common practice during difficult economic circumstances and has been part of ongoing negotiations in early 2009.

Ann E. Kaplan, director of the Voluntary Support of Education survey said, “Even at institutions that reported healthy gains in fiscal 2008, advancement professionals told us they had “hit a wall” in January 2009 and that the decline was substantial. Both the number and value of contributions dropped early in the calendar year.”

The full extent and effect of this decline will be reported and verified in the 2009 report. And there is speculation that 2010 will be another down year. In the first half of fiscal 2009 (July through December 2008), the climate for giving was stronger than it has been since then. January 2009 was much bleaker, and the expectation is that this will continue. If so, then fiscal 2010 will be worse than fiscal 2009.

OTHER FINDINGS:

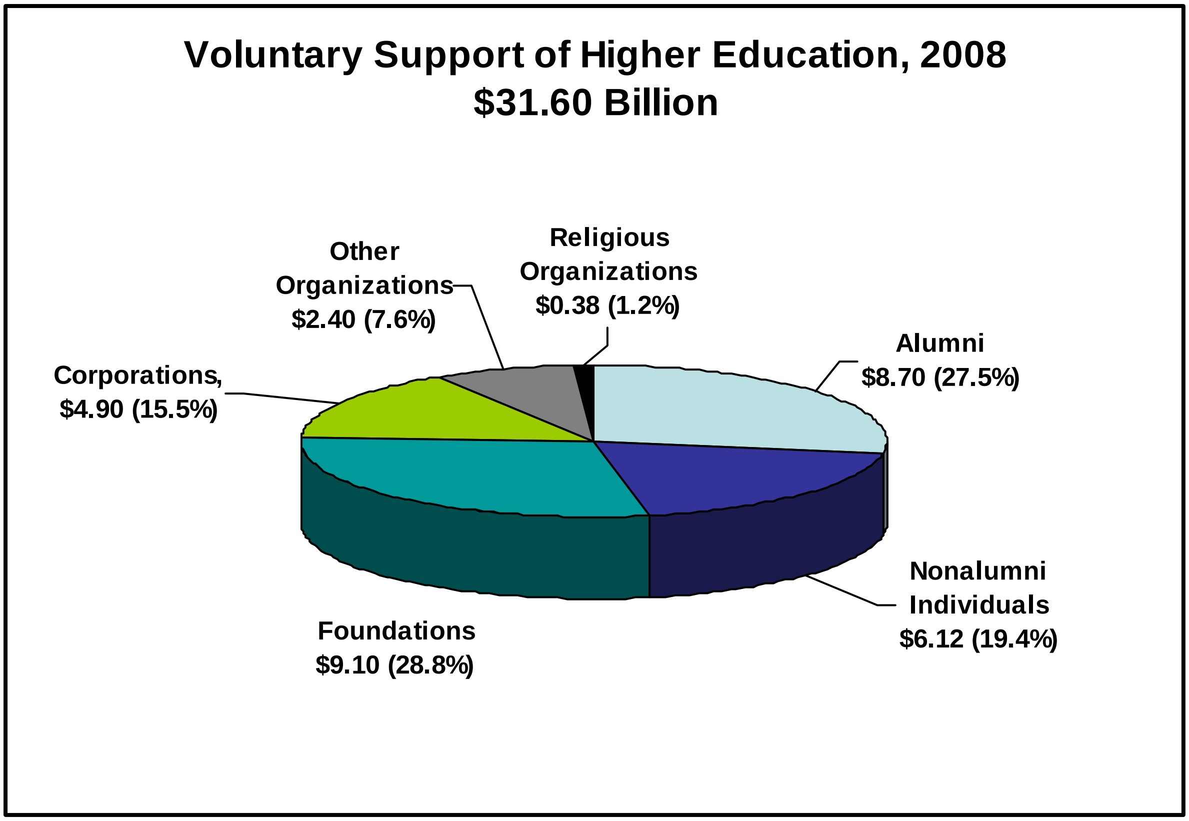
Gifts of Securities Decline

A group of 534 institutions replied to the VSE question about the frequency and value of gifts of securities for two consecutive years. Among these institutions, the number of gifts made in the form of stock declined by 11.5 percent and the value of gifts of stock declined by 10.6 percent.

Alumni Participation Continues to Decline, But Is Up Among Undergraduate-Degreed Alumni

Alumni participation also declined, from 11.7 percent to 11 percent, a decline caused by a 5.3 percent increase in the number of alumni of record and only a 1 percent increase in the number of alumni donors.

However, among a group of 429 institutions that reported as a separate line item contributions from undergraduate-degreed alumni (separate from those earning only a graduate degree at the institution or merely enrolling for one or more courses), the participation rate was up slightly, from 13.4 percent to 13.9 percent.



Source: Council for Aid to Education, 2009

Estimated Voluntary Support of Higher Education by Source and Purpose, 2008

(Dollars in Millions)	2007		2008		Percentage Change 2007 to 2008 Current $	Percentage Change 2007 to 2008 Adjusted for CPI
Total Voluntary Support	**$29,750**	**(100%)**	**$31,600**	**(100%)**	**6.2**	**2.3**
Sources						
Alumni	$8,270	(27.8)	$8,700	(27.5)	5.2	1.3
Nonalumni Individuals	5,650	(19.0)	6,120	(19.4)	8.3	4.3
Corporations	4,800	(16.1)	4,900	(15.5)	2.1	-1.7
Foundations	8,500	(28.6)	9,100	(28.8)	7.1	3.1
Religious Organizations	380	(1.3)	380	(1.2)	0.0	-3.7
Other Organizations	2,150	(7.2)	2,400	(7.6)	11.6	7.5
Purposes						
Current Operations	$16,100	(54.1)	$17,070	(54.0)	6.0	2.1
Capital Purposes	13,650	(45.9)	$14,530	(46.0)	6.4	2.5

Source: Council for Aid to Education, 2009

ADDITIONAL DETAILS

Sources of Contributions

Just under half (46.9 percent) of the $31.60 billion raised in 2008 came directly from individuals. Alumni giving increased by 5.2 percent, and contributions from nonalumni individuals increased by 8.3 percent.

Foundation and Corporate Giving

Foundation giving increased by 7.1 percent. Just over one-third of foundation giving reported on the VSE is from family foundations and represents support caused to be given to the institutions by individuals, including alumni and other friends. Corporate giving represents a smaller share of giving to higher education institutions—15.5 percent of all gifts or $4.9 billion in 2008. This is an increase of 2.1 percent over the 2007 amount but represents a decline of 1.7 percent when adjusted for inflation. 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 28.6 percent among 334 institutions that answered an optional survey question in both 2007 and 2008. Many donor-advised funds are categorized as other organizations, although some are included in the foundation category. Gifts from other organizations increased by 11.6 percent in 2008, a larger percentage increase than any other category of contributor. Donor-advised fund contributions also divert legal and survey credit from individuals to organizations as sources of charitable gifts. Alumni and other friends of the institution use donor-advised funds to manage their charitable contributions even though they do not receive IRS recognition for distributions from those funds. The charitable gift deduction is taken when the fund is established or added to, not when the fund makes distributions.

Purposes of Contributions

Gifts for capital purposes—such as endowments, buildings, and equipment—increased by 6.4 percent in 2008, reaching $14.53 billion. Current operations gifts also grew in 2008—by 6 percent. Contributions earmarked for current operations reached $17.07 billion. Both increases are ahead of inflation, and both played a role in the year's increase.

Voluntary Support and Expenditures

In 2008, voluntary support amounted to 8.5 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 22.5 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, and those challenges will be especially significant in the near future.

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The Council for Aid to Education is grateful to the **Council for Advancement and Support of Education (CASE)** for its sponsorship 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 2009. The publication, *Voluntary Support of Education, 2008,* 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.

Additional tables follow.

Top 20 Fundraising Institutions, 2008	Amount Raised in Millions 2008	2007	2003	Percentage Change 2007–08	2003–08	Rank 2008	2007	2003
Stanford University (CA)	$785.04	$832.34	$486.08	-5.7%	61.5%	1	1	2
Harvard University (MA)	$650.63	$613.99	$555.64	6.0%	17.1%	2	2	1
Columbia University (NY)	$495.11	$423.85	$281.50	16.8%	75.9%	3	5	13
Yale University (CT)	$486.61	$391.32	$222.09	24.4%	119.1%	4	8	19
University of Pennsylvania (PA)	$475.96	$392.42	$399.64	21.3%	19.1%	5	7	3
University of California, Los Angeles (CA)	$456.65	$364.78	$319.46	25.2%	42.9%	6	10	6
Johns Hopkins University (MD)	$448.96	$430.46	$319.55	4.3%	40.5%	7	4	5
University of Wisconsin-Madison (WI)	$410.23	$325.34	$286.91	26.1%	43.0%	8	13	12
Cornell University (NY)	$409.42	$406.93	$317.04	0.6%	29.1%	9	6	7
University of Southern California (CA)	$409.18	$469.65	$305.98	-12.9%	33.7%	10	3	10
Indiana University (IN)	$408.62	$278.55	$249.99	46.7%	63.5%	11	19	15
New York University (NY)	$387.61	$287.59	$207.93	34.8%	86.4%	12	17	20
Duke University (NC)	$385.67	$372.33	$296.83	3.6%	29.9%	13	9	11
University of California, San Francisco (CA)	$366.07	$251.95	$225.60	45.3%	62.3%	14	20	18
University of Michigan (MI)	$333.45	$293.40	$183.90	13.6%	81.3%	15	15	25
Massachusetts Institute of Technology (MA)	$311.90	$329.16	$191.46	-5.2%	62.9%	16	11	22
University of Minnesota (MN)	$307.61	$288.75	$244.85	6.5%	25.6%	17	16	16
University of Washington (WA)	$302.77	$300.20	$311.25	0.9%	-2.7%	18	14	8
University of North Carolina at Chapel Hill (NC)	$292.39	$246.86	$163.62	18.4%	78.7%	19	21	29
University of California, Berkeley (CA)	$285.35	$242.60	$190.71	17.6%	49.6%	20	22	23

Voluntary Support by Type of Institution, 2007 and 2008

(Dollars in Thousands)

	All Institutions Reporting							Core Group	
	2007			2008				% Change	
Type of Institution	No.	Amount	Average per Institution	No.	Amount	Average per Institution	% Change	in Total Support	No.
Research/Doctoral	**216**	**$18,585,611**	**$86,044**	**218**	**$20,216,048**	**$92,734**	**7.8**	**8.1**	**209**
Private	76	9,051,816	119,103	76	9,558,758	125,773	5.6	5.8	73
Public	140	9,533,795	68,099	142	10,657,290	75,051	10.2	10.3	136
Master's	**336**	**2,388,474**	**7,109**	**342**	**2,501,020**	**7,313**	**2.9**	**5.6**	**323**
Private	181	1,542,501	8,522	185	1,564,443	8,456	-0.8	1.1	177
Public	155	845,973	5,458	157	936,577	5,965	9.3	14.2	146
Baccalaureate	**263**	**2,814,474**	**10,701**	**268**	**2,874,842**	**10,727**	**0.2**	**1.9**	**221**
Private	234	2,694,739	11,516	232	2,722,112	11,733	1.9	1.9	221
Public	29	119,735	4,129	36	152,730	4,243	2.8	13.2	50
Specialized	**52**	**1,207,604**	**23,223**	**56**	**1,469,795**	**26,246**	**13.0**	**13.2**	**50**
Private	34	385,831	11,348	39	450,214	11,544	1.7	7.7	34
Public	18	821,773	45,654	17	1,019,581	59,975	31.4	15.8	16
Associate's	**156**	**250,487**	**1,606**	**168**	**261,080**	**1,554**	**-3.2**	**6.5**	**136**
Private	3	5,526	1,842	4	10,620	2,655	44.1	61.6	3
Public	153	244,961	1,601	164	250,460	1,527	-4.6	4.7	133
Total All Institutions	**1,023**	**$25,246,650**	**$24,679**	**1,052**	**$27,322,785**	**$25,972**	**5.2**	**7.4**	**967**

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 967 institutions that replied to both the 2007 and 2008 surveys.