

University Foundations in the United States: Development, Current Status, and Challenges

美国大学基金会：发展、现状、及挑战

Blair Donner

Chien-Chung Huang

University foundations have been playing an increasingly important role in the development of higher education in the United States since 1970s. Despite the contribution, there is not much information on the issue. This study aims to fill the gap by reviewing historical development and current status of university foundations, conducting a case study on function of a university foundation, and demonstrating challenges of the university foundations may face. The results show that university foundations provide timing-need resource to the universities, particularly for public universities that face substantial budget cut in recent years. However, universities foundations face challenges, mainly on the transparency and accountability issues, that may affect development of university foundations in the United States.

Keywords: University Foundation, United States, Transparency, Accountability, Donation, Grants

Introduction

University or College Foundations (hereafter university foundation), are institutionally related foundations and nonprofit organizations that support the mission of a university through fundraising and managing private support. About two-thirds of university foundations are responsible for managing, investing, and soliciting private support while the remaining one-third of university foundations solely manage and invest private support (Council for Advancement and Support of Education, 2014). Although the specific roles and responsibilities of the leadership board of a university foundation varies from institution to institution, an important characteristic of a university foundations is that its leaders share a close relationship with the affiliated university's governing board (Cady, 2005). Ever since the 1970s, in which an influx of baby boomer generation students enrolled in higher education, establishing a university foundation has become an increasingly popular method of managing private funds (Bass, 2010; Campos 2015). Unlike when private funds are collected by a public college or university, university foundations have the ability to protect private donor identity, allocate funds in tandem with the donor's intent, invest in riskier assets, and set up research institutions or scholarships that appeal to specific ideas or minority rights (Cady, 2005; Council for Advancement and Support of Education, 2014; Schaeffer, 2014).

Despite the clear needs for university foundations, challenges remain in determining their roles. In the past, for instance, power conflicts have arisen between a university and its foundation (Cady, 2005). There have also been cases of overwhelmingly affluent donors attempting to influence the agenda of a public college's or university's curriculum through expansive dona-

tions (Schaeffer, 2015). Moreover, the majority of public colleges and universities are strained by a lack of necessary resources and an insufficiently small alumni base to successfully cooperate with a university foundation. Accordingly, the purpose of this paper is to examine the development of university foundations as well as the challenges they face. The paper begins with a brief historical background outlining the development of institutionally related foundations in the United States from the late 1800s until the present day. Following this is a case study exhibiting Rutgers University Foundation, a discussion section, and a challenges section. Private colleges and universities are excluded from this analysis because they are not subject to state laws in the same ways as public colleges and universities (Cady, 2005; National Committee for Institutionally Related Foundations, 2014).

Historical Development

Since the establishment of Harvard University in 1636, American higher education has had a strong tradition of philanthropy and private donations (Chan, 2016). Public universities and colleges, on the other hand, evolved out of the land grant college system practice. Although some public universities already existed in certain states, like University of Georgia (1785) and University of North Carolina (1789), the number of institutions of higher education greatly expanded within the United States during the late 1800s, and especially after the passage of the Morrill Act of 1862 ("220 Years of History", n.d.; National Research Council, 1995; "History of UGA, 2011). Under the provisions of the Morrill Act, states could gain and sell public land for a profit as long as the sale proceeds were used to establish a minimum of one college. Many of these colleges were originally intended to teach subjects related to agriculture or mechanics,

but as the demand for education expanded throughout the twentieth century, educational research and scientific pursuits became more and more standard (National Research Council, 1995). In the early 1960s, it was still not a common practice for public colleges and universities to rely on private support, and state funding consisted of 80% of operational budgets for the majority these institutions (Bass, 2010, p. 18). By 1977, however, private support began to gain traction; public institutions of higher education obtained 25% of private donations to all bodies of higher education. In 1987, this number rose to 34%, by 1997 it equated 42%, and finally by 2007 46% of all private donations were directed toward public colleges and universities (Bass, 2010, p. 18).

The first wave of fundraising among the community of those involved in higher education arose in the 1970s. At that time, the baby boomer generation had just reached college enrollment age, which caused the number of college students in the U.S. to steadily proliferate. Although the inflation-adjusted aggregate dollar amounts invested in higher education has increased along with the number of enrolled students, several complex factors have kept the costs of higher education repeatedly rising above inflation since the 1980s (Campos, 2015; Conroy, et al., 2015; Ehrenberg, 2002). One of these factors is the increasingly competitive and selective nature of academic administrators. Selectivity is necessary in order to compete with other colleges and universities. As such, administrators must allocate university resources in ways that improve all facets of the university (classes, faculty, facilities, etc.) while sustaining the steadily rising influx of students (Ehrenberg, 2002; Campos 2015). To put this in perspective consider that between 1965 and 2014 the number of students in public universities rose

from 3.4 million to 14.6 million (Statista, 2014). Instead of cutting back on program budget or faculty budget, which are actions that risk lowering school rankings and discouraging the recruitment of experienced staff, administrators are often left with no choice but to raise tuition rates (Ehrenberg, 2002). Furthermore, at public institutions political bodies often have decision making power over tuition and funding levels, leaving administrators again with no choice but to raise tuition to compensate for state budget cuts (Ehrenberg, 2002).

As a result, from the 1970s onwards, the scope of the responsibilities of university foundations in public education has been expanding. By 1997, a survey of 198 public institutions found that 88% of the surveyed institutions had a university foundation (Bass, 2010, p. 18). As of 2016, it has been found that of the 72,000 foundations established in the United States, over half of all community and corporate foundations were created in order to have some sort of influence on higher education (Chen, 2016, p. 5). Moreover, private giving to higher education has been continuously rising, as in 2014 a total of \$37 billion was given to both private and public colleges and universities, that is a 10% increase from 2012 (Chen, 2016, p. 5). Overall state funding for higher education meanwhile has decreased and federal funding has increased (Campos, 2015; Leachman, et al., 2016). From 2008 until 2013, for example, federal funding for Pell Grant programs and veterans' education benefits rose in real terms by 72% (\$13.2 billion) and 22.5% (\$8.4 billion) respectively. State sponsored general-purpose funds on the other hand fell by 21% (\$14.1 billion) during this time (Conroy, et al., 2015). Additionally, between 2008 and 2013 the number of full time equivalent students rose by 8% (1.2 million) (Conroy, et al., 2015). Public schools

therefore solicit private donations to supplement inadequate public funds, especially inadequate state funds, in order to keep up with the higher demands for a college experience (Applegate, 2012; Conroy, et al., 2015).

Soliciting private fundraising is clearly critical to the survival of a public college or university, and institutionally related foundations are helping ensure this is achieved. The Great Recession of 2008, however, left a detrimental impact on private giving; public institutions of higher education have been receiving approximately 20% less per student from private donations than they had previously been receiving (Tugend, 2016; Campos, 2015). In 2009, a survey of 90 university foundations conducted by the Council for Advancement and Support of Education (CASE) shed further light into the current trends of public colleges and universities that use foundations to help allocate funds. According to the survey results, most university foundations define their relationship with their affiliated public college or university as interdependent. In 2009, the most common way for an institutionally related foundation to bolster a public college or university was by directing the fundraising processes. By contrast, in 2006 the institutionally related foundation mostly played only a supporting role in the university-directed or college-directed fundraising endeavors (Flahaven, 2009, p. 7). Changes like this suggest that university foundations are increasingly taking a leadership role in the fundraising processes of public colleges and universities.

The CASE survey also indicated that as a result of the economic recession in 2008, the budgets of university foundations have declined in value. In fact, while the average size of the university foundation budget has approximately risen from \$6.9 million in 2008 to \$7.4 million in 2010 the median size

of the university foundation budget has been kept stable at \$1.9 million (Flahaven, 2009, p. 10). The data implies that the wealthier foundations have not been affected so much by the recent financial crisis whereas the operating budgets of smaller sized institutionally related foundations have been unable to grow or have shrunk. According to a Council for Aid to Education survey conducted in 2012, that is four years after the recession, charitable contributions to both public and private universities have been increasing. The public institutions UCLA (increase of \$400 million), University of Texas at Austin (increase of \$350 million), and University of Washington (increase of \$300 million) rank among the top 20 institutions who have secured the largest amount of private funding (Applegate, 2012). Despite the overall increases in university foundation endowments, smaller public schools, and especially community colleges, still struggle to solicit private donations.

Current Status

University foundations support both public and private colleges and universities of all sizes, from institutions as local as community colleges to internationally recognized research universities. As such, the 2015 data book survey on university foundations published by the Council for Advancement and Support of Education in 2017 interviewed 103 representative university foundations affiliated with public institutions over a course of five years. Of the university foundation survey participants, 59.2% were affiliated with research and doctoral institutions, 17.1% were affiliated with master's institutions, 18.2% are community colleges, and 5.6% belonged to other institutions such as specialty and trade schools (Bakerman, 2017). Within the past five years, staff size for these representative foundations have increased

by 58.3% and development staff size has increased by 81.8% (Bakerman, 2017). Development expenses, expressed as a percentage of overall expenses, had also increased simultaneously by approximately 3% (Bakerman, 2017). The survey results imply that as the need for private funding has intensified within recent years, so has the need for well-developed university foundations. As a greater number of Americans enroll in higher education, it can be expected that these trends will continue. Later, through the Rutgers University Foundation case study, an example of such expansion will be presented.

During the early twentieth century, the most common endowments gifted to universities took the form of real estate. Now that the system of university foundations has evolved, current endowment assets also include commodities and private equity, and even more recently venture capital, commercial real estate, and foreign securities (American Council on Education, 2014, p. 7). Accordingly, the modern endowment is a conglomerate of different funds that usually aims to achieve an 8% return on investment each year. Each fund comes with unique stipulation per the donator's decision (American Council on Education, 2014, p. 10).

Currently, there are two main types of private donations which contribute to a university's endowment; a gift for which the principal may not be spent and a gift for which the principle may be spent. In the former case, it is expected that the principal amount gifted by the private donor will be re-invested for a profit. In the second case, a private donor's gift is classified as a funds functioning endowment. Regardless of the type of gift the private donor selected, he or she has the right to stipulate the cause for which the donation is spent (American Council on Education, 2014, p. 4).

According to a survey of 805 U.S. colleges and universities by the National Association of College and University Business Officers, public and private colleges and universities continue to seek ways to increase their endowment even though the average return on endowments during 2016 was -1.9% (Edmonds, et al., 2017, p.1). Most public colleges and universities do not enjoy a sizable endowment, and only 33% of the top 100 colleges and universities ranked by largest endowment were public (American Council on Education, 2014, p. 9). Of the 805 U.S. colleges and universities surveyed, asset classes with highest returns included fixed income assets (3.6%) and short term securities (0.2%) whereas asset classes with the lowest returns included non-U.S. equities (-7.8%) and alternative strategy investments (-1.4%) (Edmonds, et al., 2017, p. 2). In considering a longer term perspective of the endowment data, ten year returns as of 2016 for the 805 surveyed colleges and universities averaged 5%, slightly below the returns targets of 7% or 8% (Edmonds, et al, 2017, p. 4). Furthermore, the average spending rate of endowment per the surveyed colleges and universities was 4.3%. Surveyed institutions also shared that endowment spending consists of an average of 9.7% of their institutional operation budget (Edmonds, et al., 2017 p. 7, 8).

Case Study

Rutgers University

Rutgers University, the State University of New Jersey, is the state's public flagship university. Chartered in 1766 as the Queen's College in honor of King George III's wife, the university became affiliated with the Dutch Reformed Church upon the signing of a second charter in 1782. The institution was renamed Rutgers College in 1825 upon the donation of Colonel Henry Rutgers, and was an

official land-grant institution per the Morrill Act of 1862 (Rutgers College Trustees, 2010; National Research Council, 1995). Between the years 1945 and 1956, Rutgers was officially designated as a New Jersey public institution, that is The State University of New Jersey (Rutgers Through the Years, 2016). In 2016, Rutgers University hosted over 68,000 students and faculty and spread over three campuses throughout New Jersey in the cities of Camden, Newark, and New Brunswick (Rutgers Through the Years, 2016). The associated Rutgers University Foundation was created in 1973, the same decade in which public colleges and universities began to seriously campaign for private donations (Rutgers University Foundation, n.d.-a; Chen, 2016). The mission of Rutgers University Foundation is to, "advance Rutgers' pursuit of excellence in education, research, and public service" by "providing the bridge between donors and the academic programs and faculty, as well as students" (GuideStar, n.d.). All money intended to be used by Rutgers University, whether the gift originally be for athletics, a specific school, or a scholarship, is accordingly collected first by the Rutgers University Foundation and then allocated to the university's endeavors (Heyboer and Sherman, 2014).

During the fiscal year of 2016 to 2017, the projected operating budget and total revenue of Rutgers University was calculated to be approximately \$3.9 billion. The total expenditure of Rutgers University during this fiscal year was likewise calculated to be a number slightly less than the \$3.9 billion budget and revenue figure (Rutgers University, 2016). Student tuition and fees consisted of 29.3% of the projected operating budget and total revenue, state support consisted of approximately 20.3%, and foundation support consisted approximately 2% (Rutgers University, 2016). The

amount of federal support is unclear as categories on the 2017 budget such as grant and contract revenue might be derived from both the federal government and other parties such as corporations. While state support comprises of one-fifth of Rutgers University's operating budget, the amount of financial support New Jersey allocates towards its flagship university has been dwindling every year since the Great Recession (Rutgers University, 2016; Rutgers University Foundation, n.d.-a). In 2008, New Jersey appropriations for Rutgers University equated approximately \$340 million whereas by 2010 it equated approximately \$290 million and by 2013 \$260 million, which was lower than the amount in 1995, as shown in Figure 1 (Rutgers University, n.d.-a). As the amount of state support Rutgers University receives dwindles, the level of their endowment is ever more critical for funding the university's student aid, research, teaching programs, and technologies as well as in sustaining experienced faculty and supporting university facilities (libraries, laboratories, classrooms, etc.) (Rutgers University, n.d.-b).

Nevin Kessler, President of Rutgers University Foundation, indicated that, even though the Rutgers University Foundation had been in existence since the early 1970s, Rutgers University did not seriously invest resources in fundraising until the middle of the 1990s (Heyboer and Sherman, 2014). Since President Kessler's leadership in 2013, the Rutgers University Foundation has undertaken a more active role in contacting alumni and potential private donors. Before Kessler arrived, for instance, top donors had to reach out on their own behalf to the Rutgers community, like U.S. Trust President Keith Banks who donated approximately \$300,000 between 2005 and 2015 on his own initiative (Hall, 2015). While Rutgers University officials fo-

cus on soliciting financial help from wealthy elite and major corporations, the Rutgers University Foundation has also invested in student labor to solicit smaller contributions. As part of the \$1 billion fundraising campaign launched in 2010 entitled "Our Rutgers, Our Future", students have been hired to work in a rented call center and contact alumni, students, and their families for contributions (Hall, 2015; Heyboer and Sherman, 2014). Ultimately, "Our Rutgers, Our Future" was more than successful; a total of \$1.03 billion was raised instead of just \$1 billion (Merrill, 2015).

A Star-Ledger analysis of Rutgers University Foundation's records reveals that the vast majority of donations go to research and academia. Within the past ten years, for instance, the Rutgers National Institute for Early Education Research has received \$33.8 million, the Charles and Johanna Busch Memorial Fund for biomedical research has received \$24.8 million, and the Rutgers Fine Arts department has received \$18.8 million (Heyboer and Sherman, 2014). The most generous corporate donors include the Robert Wood Johnson Foundation which gave \$84 million, the Pew Charitable Trusts which gave \$33.6 million, and Novartis Pharmaceuticals which gave \$14.6 million (Heyboer and Sherman, 2014). Now that Rutgers that has entered the Big Ten Conference, there have also been increased efforts by the university to solicit donations from donors who support university sports. As part of The Big Ten Build program, the Rutgers University Foundation aims to attract 10,000 donors who will pledge donations for five years. One successful sub-initiative of the Big Ten Build program has been the "Captains Program" of 2016 which is entirely organized by the Rutgers University Foundation and aims to raise \$100 million by finding 100 leaders to not only donate at regular monthly intervals,

but also recruit a team of donors as well (Sargeant, 2016). As of June 2016, the Rutgers University Foundation has attracted 1,168 donors to make five year pledges and has raised \$55 million (Sargeant, 2016).

Even with advancements in the university's fundraising strategies that successfully solicit donations, the Rutgers University Foundation still faces many challenges. Fortunately for the Rutgers University community, there have been no known public or legal disputes between the university and its affiliated foundation. However, since the Rutgers University did not fundraise as actively as other university foundations affiliated with institutions of public higher education, its endowment size is much lower in comparison to that of other public institutions of higher education. In fact, it is especially low for a public university as large as Rutgers University. The Rutgers University endowment as of 2016 was worth approximately \$1.07 billion (Rutgers University Foundation, 2017). Approximately 60% of Rutgers University's endowments are restricted, mostly towards special scholarship funds (Rutgers University, n.d.-b). The Rutgers University Foundation also may not exceed a spending rate of 4.3%, a number slightly below the average number reported by the National Association of College and University Business Officers survey of 805 colleges and universities (Rutgers' Endowment 2017).

While this number may seem impressive, consider that in 2016 other Big Ten schools that are similar in size and scope to Rutgers University boast much higher endowments. The University of Michigan, for instance, has an endowment of \$9.7 billion and the University of Wisconsin Foundation has an endowment of \$2.4 billion (National Association of College and University Business Officers and Commonfund Institute, 2017). Although

Rutgers University's endowment rankings rose from 102nd place in 2013 to 86th place in 2016, the university still has much to develop before it can catch up to its Big Ten counterparts (Rutgers' Endowment, 2017; National Association of College and University Business Officers and Commonfund Institute, 2017). By some estimates, if University of Michigan froze its current endowment size, it would still take Rutgers University twenty years to match its own endowment to that of University of Michigan (Heyboer and Sherman, 2014). The lesson here is that public colleges and universities that started to solicit private donations earlier have an advantage.

Discussion

Public colleges and universities, born out of a land grant system, were originally established to train citizens for jobs in agricultural and mechanics. For many American families during the late nineteenth and early twentieth centuries, such training through higher education was more of an auxiliary option rather than an expected next step (National Research Council, 1995). The influx of baby boomer generation students eager to be trained in higher skilled jobs toward the mid-late twentieth century was thus a contributing factor to the financial challenges faced by public colleges and universities along with political pressures and an increasingly selective academic culture (Bass, 2010; Campos, 2015; Ehrenberg, 2002). Although public funding in real terms for public institutions of higher education has increased, the allocated funds are not enough to support the number of students. In particular state schools, like Rutgers University, who are heavily dependent on state appropriations, have suffered due to state budget cuts (Rutgers University Foundation, n.d.-b; Conroy, et al, 2015). Under this context, public universities and colleges are seeking alternative

financing methods such as raising tuition prices and, of course, leveraging university foundations (Campos, 2015).

Given the critical importance of private donations to the financial health of a public college or university, it is expected that the ways in which endowments with restricted principals are invested will expand. Over the last century, endowment assets have evolved from land grants to commodities and private equity to venture capital, commercial real estate, and foreign securities (American Council on Education, 2014, p. 7). As the trend in favor of supporting university foundations continues, it is expected that institutions managing the growth and investment of privately donated funds will continue to both experiment with and seek out new financial products. Moreover, although the past decade's Great Recession impacted private giving patterns and endowment values, especially for smaller public colleges and universities, post-recession reports strongly indicate that private fundraising for institutions of higher education will continue to expand (Applegate, 2012; Flahaven, 2009, p. 10). Lesser known public colleges and universities with smaller student body sizes, however, are not as likely to build a strong fundraising program. So while larger and more renowned public colleges and universities might be able to utilize private donations for achieving long term strategic visions, the public colleges and universities that lack resources and connections (which are the majority) will find relying on private donations through a university foundation is not reliable (Mitchell, 2015).

Without public funds for higher education on the federal and state level, the growth of public colleges and universities in the United States as well as the higher educational opportunities for citizens will be limited. For all of its benefits, however, state fund-

ing also imposes restrictions on the asset allocation freedoms of public colleges and universities. States often require, for instance, that public funds are allocated towards financial investments that are less risky with lower returns, which severely limits an institution's ability to achieve an educational vision (National Committee for Institutionally Related Foundations, 2014). In a similar way, although a university might experience greater freedom in investing and spending private donations, stipulations on private donations have potential to prevent the leadership boards of public colleges and universities from fully directing the development of the school's curriculums and research facilities among other facets (Schaeffer, 2015). Nevertheless, if leadership of a public college or university neglects the importance of soliciting private donations, then it is likely that they will be unable to match the financial capabilities of their competitors. After all, if the Rutgers University Foundation leadership had begun to emphasize private fundraising in the 1970s rather than the 1990s, then their endowment size would not be so behind that of other similar public state schools like University of Michigan (Heyboer and Sherman, 2014). Particularly collecting private donations through a university foundation is advantageous in that institutionally related foundations are not required to publish private donor identities. This enables their affiliated public college or university to attract a broader range of private donors, even those from out of state (Schaeffer, 2015).

Present Challenges

Unclear provisions in the contract between public colleges and universities and their affiliated foundations can lead to major challenges. It is therefore very important that when establishing an institutionally related foundation,

the contract between the newly established organization and the university is detail-oriented and clear to all involved parties, otherwise issues over contract language may arise. Blurred transparency requirements in a contract are one contributing factor to legal disputes over institutional identity and power. For instance, during the early 2000s the Clark College in Vancouver, Washington engaged with its institutionally related foundation Clark College Foundation (CCF) in heated debate over the details of the contract language between them (Cady, 2005). Clark College demanded full access to the CCF's records, especially since the CCF had acquired a substantial amount of assets (\$59 million) and since the CCF president's salary was higher than that of Clark College's president. In turn, the CCF refused to share their financial records, asserting its own authority, its responsibility to protect private donor identity, and the fact that the contract did not require such transparency (Cady, 2005). At the conclusion of the dispute, the CCF refused to modify the contract language and moved its office to a nearby county property (Cady, 2005). The CCF incident shows the importance of investing time in clearly outlining the transparency requirements of the contract between a public institution of higher education and its institutionally related foundation. If the leadership of Clark College foresaw the importance of clearly defined transparency requirements with the CCF when the contract was first drafted, then it is possible that the dispute between Clark College and the CCF could have been avoided, or at least alleviated. Both parties would have had clear expectations as to which financial reports and documents are eligible for sharing and which are private.

Stipulations on private donations present another challenge for institu-

tions of higher education. A private donor with enough capital has potential to influence the curriculum and teaching agenda of a public college or university. Billionaires David and Charles Koch, for instance, are renowned for making large donations which promote conservative causes. In the past, they have actively funded academic research and programs to spread libertarian ideologies (Schaeffer, 2015). At Kansas University, infiltration of the Koch brothers' ideologies in the Center for Applied Economics was met with pushback (Shulman, 2015). A student-run organization called Students for a Sustainable Future accused the Kansas University's foundation as utilizing the Koch brothers' resources to politically influence the economic center's curriculum. In short, the Kansas University's foundation was sued by the student group for access to its nonprofit records, and countersued by Economics Department Director Art Hall who demanded that the records be kept private (Schaeffer, 2015). On August 28, 2015, the court settled that University of Kansas would publish a select number of financial documents and emails related to the Koch brothers' donation (Shulman, 2015). Indeed, from the perspective of a public college or university, accepting private donations and using them in accordance with the donor's wishes is a unique balancing act. On one hand, public institutions of higher education want to encourage donations by giving private donors flexibility. On the other hand, as seen in the Kansas University example, private donors have potential to disproportionately encourage one ideology over another in a school's curriculum.

Beyond this, building a culture among alumni and current students that value gifting the college or university with private donations is a challenging task. As explored in previous sections, most public colleges and uni-

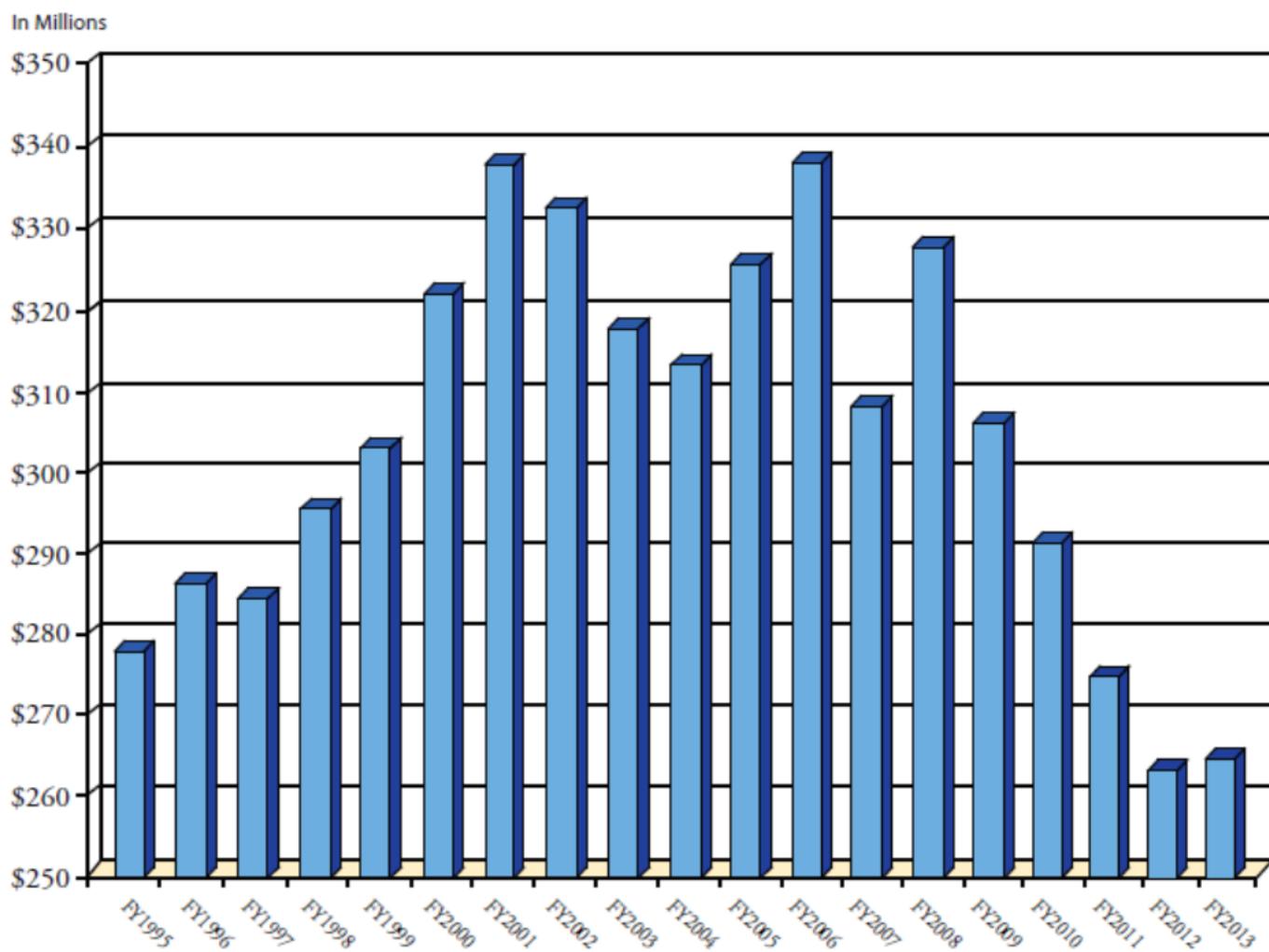
versities lack the resources, personnel, and alumni base to launch successful fundraising campaigns (Mitchell, 2015). Under the leadership of President Nevin Kessler, the Rutgers University Foundation might have been able to greatly advance its ability to fundraise effectively, but it is also important to remember that Rutgers University has a very large alumni base and ample facilities among other resources that might have contributed to the success of its recent campaigns (Heyboer and Sherman, 2014). In the United States, community colleges are especially at risk for experiencing difficulties in soliciting private donations. For example, LaGuardia Community College hosts 50,000 students (nearly as much as Rutgers), but approximately 66% of these students come from families that earn \$25,000 a year or less. The largest donation LaGuardia Community College had ever received since its establishment over 45 years ago was a \$100,000 donation from Arthur Stamm, husband of LaGuardia alumni Marilyn Stamm (Bellafante, 2014). In community colleges and smaller public schools, the chances of producing wealthy alumni or attracting students from affluent families are slimmer than that of public institutions for higher education with an established name. Moreover, students who complete an associate's degree at community college and then transfer to complete a bachelor's degree at a four-year institution often feel a closer connection with the four-year institution rather than the community college. They are therefore more likely to donate to the four-year institution, which further lowers the chances for community colleges like LaGuardia Community College to solicit private donations (Bellafante, 2014).

Conclusion

Ultimately, it is unlikely that the need for public colleges and universi-

ties to solicit private donations will disappear as well as the need for university foundations. Although overall public funding in inflation-adjusted terms has increased, the funding per student has reduced over time. Public colleges and universities have realized that establishing university foundations are necessary to solicit enough private funds that meet the rising demands for a higher education (Campos, 2015; Leachman, et al, 2016; Bass 2010). While university foundations are advantageous in that they protect donor identity and provide more flexibility for donated capital, they are also limited in that donations are subject to the stipulations of the private donor (National Committee for Institutionally Related Foundations, 2014). Moreover, public universities often must engage in a power balancing act with university foundations, unless the contract terms and transparency requirements between each institution are clearly outlined (Cady, 2005). If a public university is interested in establishing or developing an already existing institutionally related foundation, it is certainly important to be aware of these components. As university foundations continue to bolster university operations, it can be expected for there to be progress in terms of their investment patterns, fundraising strategies, and especially in terms of managing their relationship with the associated college or university.

Figure 1: Trends in New Jersey Appropriations for Rutgers FY1995–2013



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華民研究中心
Huamin Research Center

Rutgers, The State University of New Jersey
School of Social Work
390 George Street, Room 503
New Brunswick, NJ 08901
848-932-7520, ext. 28256
socialwork.rutgers.edu/huamin