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GIVE & TAKE

St. Mary's College of California has a new science building, but the gift to pay for it has yet to materialize.

Four years ago, an anonymous donor pledged \$40.5-million to construct the building and renovate another. The pledge has not been paid.

Michael A. Ferrigno, the college's vice president for planning and advancement, declined to explain the gift's delay, saying only that there was "a transaction that has delayed its receipt." The *San Francisco Chronicle* first reported the matter.

"We still expect to get the gift," Mr. Ferrigno said, adding that the delay had nothing to do with the recent volatility on Wall Street. The gift would be the largest in the 138-year history of the Roman Catholic-affiliated college in Moraga, Calif.

In the meantime, St. Mary's has used money from a physical-plant fund and a loan to finish its new \$21-million, 56,000-square-foot building, which will house the chemistry department. Mr. Ferrigno declined to reveal how much of the project's support had come from the loan.

The gift was also intended to pay for renovating a 40,000-square-foot building for the mathematics, physics, and psychology programs. The renovation, which will reportedly cost \$12-million, is on hold until the money comes through.

Colleges that have vowed to stamp out sweatshops producing their licensed apparel are helping to train factory monitors.

Working through the Fair Labor Association, the institutions have ponied up about \$450,000 for training programs, already under way in El Salvador, Guatemala, Honduras, Indonesia, and Taiwan. That is on top of the \$275,000 in annual dues paid to the labor association by its 150 or so member institutions. Two nongovernmental organizations have been certified as factory monitors by the F.L.A., and several more have applied to be certified.

The labor association, one of two leading anti-sweatshop groups with colleges among their members, has yet to produce its first audit of a factory. But Sam W. Brown Jr., its executive director, expects factory monitoring to begin within 90 days.

Two years ago, 22 colleges and universities gave \$200,000 to get the training program started. Thirty colleges gave an additional \$250,000 in the latest wave of contributions, which will pay to train more groups in each of the five countries, and to extend training to two more. They will be chosen from among China, India, Kenya, Mauritius, Mexico, and South Africa.

The collegiate contributions pay about half the training costs. The International Labor Rights Fund, which coordinates the program, is seeking additional money from the U.S. Agency for International Development and private foundations. Although nine apparel companies belong to the F.L.A., the labor-rights fund does not accept corporate support.

MONEY & MANAGEMENT

<http://chronicle.com/money>

College Fund Raising Reached Record \$23.2-Billion in 1999-2000

A new report shows fifth consecutive year of double-digit percentage increases

BY JOHN L. PULLEY

American colleges and universities set yet another fund-raising record during the 1999-2000 academic year, amassing an estimated \$23.2-billion, a one-year increase of 13.7 percent.

The gains mark a fifth consecutive year of double-digit percentage increases in private giving to higher education, according to preliminary results of a new study, released last week. The complete "Voluntary Support of Higher Education" report is slated for release in June.

Over all, colleges and universities increased their fund-raising totals for the year by an estimated \$2.8-billion, benefiting from the final run-up, in 2000, of the longest bull market in history, according to the Council for Aid to Education, a non-profit organization that provides analytical services to educational institutions, including the annual fund-raising report.

Since March 2000, however, the economy has cooled and markets have plummeted. College officials are reporting that new gifts have slowed, and that some donors are taking longer to fulfill their pledges.

"I think there's a lot more discretion being exercised by donors in making pledge commitments than there was just a year ago," said Vance T. Peterson, the president of the Council for Advancement and Support of Education. "A lot of net worth was lost in the recent decline in the market."

Last year, however, gifts from all sources increased, with the least lucrative stream of gifts growing the fastest: Religious organizations and groups not included in other reporting categories contributed a total of \$1.75-billion last year, an increase of 15.1 percent.

Corporate gifts grew 15 percent last year. Alumni donations surged by almost as much, 14.7 percent; and gifts from non-alumni individuals and foundations grew by 12.7 percent and 12.1 percent.

SUPPORT FOR ENDOWMENTS

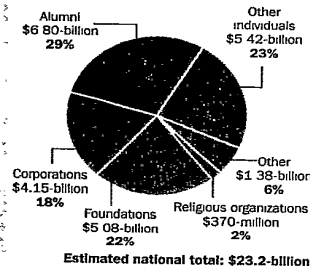
Over the past 20 years, spending by higher education has skyrocketed, but giving to colleges and universities has risen even faster. Last year, voluntary support equaled 9 percent of institutional expenditures, a 50-percent increase from 1980-81. Twenty years ago, total giving to higher education was \$4.2-billion, or 6 percent of expenditures.

Much of the new money has gone to endowments, pushing them to new heights. As of last June, 41 colleges and universities reported wealth of \$1-billion or more.

Large institutions, particularly private universities, had the most success in raising money last year. That performance comes on top of superior gains made by those institutions on their endowment investments.

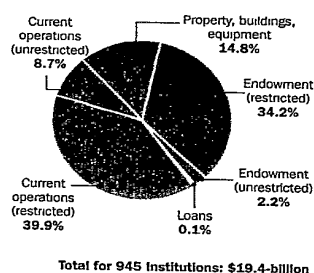
Voluntary Support of Higher Education, 1999-2000

Where the money came from



Note: Figures may not add to 100 percent because of rounding.

How it was used



SOURCE: COUNCIL FOR AID TO EDUCATION

Increases in higher-education fund raising were driven by donations of \$14-billion to research/doctoral institutions. Individual institutions in that group increased their fund-raising totals for the year by an average of 15 percent.

Private research universities increased per-institution gifts by 19.4 percent, with public research institutions showing gains of 12.2 percent.

Masters institutions raised a total of \$1.8-billion, an increase of 7.8 percent per institution; liberal arts colleges collectively brought in \$2.8-billion, an 8.1-percent increase per college; specialized institutions, such as medical and law schools, collected a total of \$700-million, an incremental per-institution increase of less than 1 percent; and two-year institutions

more robust in years to come," she said, noting that two-year institutions face stiff competition from for-profit colleges and on-line providers. "Community colleges are finding themselves having to look for other resources."

Among community colleges, last year's fund-raising title went to Maricopa County Community College District, in Arizona, which raised \$8.3-million, up from \$5.8-million in 1998-99.

LARGE CAMPAIGNS BY TOP UNIVERSITIES

Several of last year's top fund-raisers were research universities in the midst of campaigns to raise \$1-billion or more.

Harvard University, for example, collected \$485-million in private gifts as it wrapped up a \$2.6-billion campaign that closed in December 1999. As of June, Harvard's endowment had swelled to \$19.2-billion, the largest in the country, driven by consistently strong investment returns and annual fund-raising totals. During four of five years between 1994 and 1999, Harvard raised the most private money in higher education.

Last year, though, Stanford University took over the top spot, raising \$580.5-million, an increase from the previous year of 82 percent. The windfall came from many sources, including donations to the early, silent phase of a campaign for undergraduate education. "Everything just came together for us last year," said John B. Ford, Stanford's vice president for development.

Consistent with results in recent years, individual donors in the current national study gave more than half the total value of gifts, with the largest share, 29 percent, coming from alumni. The average alumni gift was \$1,045, an increase of 20 percent since last year.

"I think there's a lot more discretion being exercised by donors in making pledge commitments than there was just a year ago."

brought in \$117-million, a decrease, per institution, of 8 percent, to \$1.4-million from \$1.5-million.

Norma G. Kent, director of communications for the American Association of Community Colleges, suggested that the survey's results, based on data supplied by 83 two-year institutions, may not accurately reflect the fund-raising gains made by 1,151 community colleges.

"I think you'll see those numbers look

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Alumni of private colleges and universities made larger gifts to their alma maters, on average, than their peers from public institutions.

Gifts from individuals, including alumni, totaled \$10.1-billion last year, with bequests and deferred gifts contributing 36 percent of that sum. Not since 1989-90 have those kinds of planned gifts represented a smaller part of the total.

That share could drop further, some fund-raising experts say, if Congress passes proposed legislation to repeal the federal estate tax. Current law encourages charitable contributions to nonprofit organizations, because such gifts are tax deductible.

The Council for Advancement and Support of Education is lobbying against efforts to repeal the estate tax, advocating reform of the law instead.

LOYAL ALUMNI

Approximately 71,400 graduates made gifts to Pennsylvania State University last year, the most alumni gifts to an institution in the survey for the fourth consecutive year. President Graham B. Spanier attributed the success, in part, to the university's \$1-billion Grand Destiny fund-raising campaign, which is to run through 2003. It also didn't hurt that Penn State has some 447,000 living alumni, with the largest dues-paying alumni association in the country.

More than 66,000 Harvard alumni made gifts last year, and the University of Michigan received donations from in excess of 65,000 graduates.

Large numbers of alumni gifts, however, did not necessarily provide instant access to the fraternity of fund-raising heavyweights.

Penn State, for example, raised a total of \$171-million—not enough to earn it a spot among the top-20—including alumni contributions of about \$51-million, huge increases from a decade or two ago, when most public institutions barely acknowledged the importance of raising private gifts.

Penn State's entire endowment, for example, had a value of \$38-million in 1983, before the institution got serious about raising money. Last year, the endowment's value passed \$1-billion.

The 1990's ushered in the era of nine-figure donations. Prior to 1990, donors had given universities a total of three gifts valued at \$100-million or more. Since then, colleges and universities have received 32 additional such gifts.

The Massachusetts Institute of Technology moved closer to the top of the big-gifts list last year when an alumnus and his wife pledged \$350-million, over 20 years, to build an institute for brain research. It is the second-largest gift ever to a college or university.

That gift was quickly eclipsed, however, when an anonymous donor pledged \$360-million to Rensselaer Polytechnic Institute. Announced in March, that gift is believed to be the largest donation ever made to an individual university in the United States.

The donor gave the institution full dis-

Continued on Following Page

Voluntary Support of Higher Education, 1999-2000

Gifts by type of institution

	Number of Institutions	1998-99		Number of Institutions	1999-2000		Change in average
		Amount	Average per institution		Amount	Average per institution	
Research	195	\$12,223,617,000	\$62,685,000	194	\$13,987,554,000	\$72,101,000	+15.0%
Private	69	5,902,214,000	85,539,000	67	6,840,560,000	102,098,000	+19.4
Public	126	6,321,403,000	50,170,000	127	7,146,994,000	56,276,000	+12.2
Master's	292	1,718,793,000	5,886,000	290	1,840,627,000	6,347,000	+7.8
Private	152	1,067,976,000	7,026,000	146	1,093,197,000	7,488,000	+6.6
Public	140	650,817,000	4,649,000	144	747,430,000	5,190,000	+11.7
Liberal arts	306	2,529,665,000	8,267,000	310	2,769,877,000	8,935,000	+8.1
Private	291	2,504,518,000	8,607,000	292	2,745,421,000	9,402,000	+9.2
Public	15	25,147,000	1,676,000	18	24,455,000	1,359,000	-19.0
Specialized	61	628,092,000	10,297,000	68	703,796,000	10,350,000	+0.5
Private	47	373,083,000	7,938,000	51	368,271,000	7,221,000	-9.0
Public	14	255,009,000	18,215,000	17	335,525,000	19,737,000	+8.4
Two-year	84	129,026,000	1,536,000	83	117,287,000	1,413,000	-8.0
Private	9	29,915,000	3,324,000	10	28,208,000	2,821,000	-15.1
Public	75	99,111,000	1,321,000	73	89,079,000	1,220,000	-7.7
All institutions	938	\$17,229,193,000	\$18,368,000	945	\$19,419,141,000	\$20,549,000	+11.9%

Top 20 in total giving

Stanford University	\$580,473,838	University of Southern California	\$253,287,793
Harvard University	485,238,498	Massachusetts Institute of Technology	238,426,032
Duke University	407,952,525	New York University	236,620,006
Yale University	358,102,600	University of Michigan	230,605,282
Cornell University	308,676,394	University of Washington	225,575,162
Johns Hopkins University	304,043,508	University of California at San Francisco	218,320,049
Columbia University	292,267,910	Northwestern University	203,069,016
University of Pennsylvania	288,152,160	University of Texas at Austin	201,637,095
University of Wisconsin at Madison	280,182,467	Indiana University	201,594,872
University of California at Los Angeles	253,764,625	University of Virginia	195,284,182

Top 20 in alumni giving

Yale University	\$233,715,511	Columbia University	\$89,171,366
Stanford University	209,897,707	University of Pennsylvania	82,619,531
Harvard University	188,122,681	University of Notre Dame	77,204,870
Cornell University	154,311,052	Dartmouth College	64,445,221
University of Michigan	126,352,492	Northwestern University	63,364,563
Massachusetts Institute of Technology	113,172,036	University of California at Los Angeles	61,300,609
New York University	107,064,230	California Institute of Technology	58,547,272
University of Virginia	99,026,625	University of Chicago	57,405,080
Johns Hopkins University	94,006,637	University of California at Berkeley	56,860,465
Princeton University	89,341,167	Duke University	54,967,908

Top 20 in corporate giving

Duke University	\$180,834,867	Michigan State University	\$53,720,920
University of California at San Francisco	81,705,314	Indiana University	52,846,926
University of Washington	73,923,141	Northwestern University	46,818,369
Massachusetts Institute of Technology	69,360,865	University of Utah	43,620,822
Ohio State University	64,245,463	Pennsylvania State University	43,346,544
Stanford University	64,047,294	University of Pennsylvania	41,113,054
University of Illinois	63,828,151	University of North Carolina at Chapel Hill	40,504,434
University of Minnesota	62,162,837	Purdue University	39,972,731
University of Texas at Austin	56,724,727	University of Florida	38,772,969
Clemson University	56,109,909	University of California at Los Angeles	35,696,226

Top 20 community colleges in total giving

Mancopa County Community College District	\$8,311,624	Lorain County Community College	\$2,379,220
Santa Rosa Junior College	6,651,968	Norwalk Community College	2,300,360
Santa Barbara City College	5,620,169	State University of New York	1,891,686
College of Southern Idaho	5,139,631	Westchester Community College	1,738,977
Westark College	3,699,925	Cabrillo College	1,600,763
Somerset Community College	3,615,779	Madisonville Community College	1,476,319
State University of New York College	3,587,064	Long Beach City College	1,403,167
of Technology at Alfred	3,150,355	Kirkwood Community College	1,344,176
Delta College (Mich)	3,089,718	Vincennes University	1,295,463
Greenville Technical College	2,732,123	Sandhills Community College	1,238,557
Montgomery College		Northwestern Michigan College	

SOURCE: COUNCIL FOR AID TO EDUCATION

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MONEY & MANAGEMENT

Continued From Preceding Page

cretion in the use of the money, a move that runs counter to trends. Increasingly, donors insist on having a say in how their donations are used; indeed, more gifts—large and small—are arriving at institutions with strings attached.

Stanford's windfall belies conventional thinking about fund-raising success: To raise big bucks, an institution must be in a comprehensive campaign and concentrate its efforts on so-called megagifts.

Stanford hasn't undertaken a comprehensive campaign since concluding its last such fund-raising effort in 1992.

And the largest cash gift received by Stanford in the 1999-2000 academic year was \$30-million, the first installment of a \$150-million pledge by James H. Clark, a former Stanford professor who went on to found several technology companies, including Silicon Graphics and Netscape.

A BROAD BASE

What Stanford lacked in megagifts, it made up for with a broad base of donations, including 100 contributions of \$1-million or more.

Absent a comprehensive capital campaign, donors made gifts to a handful of focused fund-raising efforts. The university's business school concluded a three-

year fund-raising campaign in August that raised gifts and pledges totaling \$151-million; the same month, the institution's Hoover Institution wrapped up a five-year campaign that brought in cash and commitments of \$102-million.

Money also poured in from donors who had pledged money to the law school's five-year campaign, which had yielded donations and pledges of \$115-million when it

In addition, annual giving to Stanford was strong last year. The Class of 1990, for example, pledged \$7.7-million, \$4.5-million of which has already been collected. And as an example of just how good a year it was, corporate donors contributed about \$20-million to Stanford's endowment, including \$13.8-million from the technology sector.

The current year does not look as rosy

"The last half of the final decade of the 20th century will go down in history as one of the great periods of giving to American higher education."

ended in 1999, as well as from gifts made during the quiet phase of another fund-raising campaign that was just getting started.

That \$1-billion effort, announced in October, is believed to be the largest campaign ever undertaken to raise money exclusively for undergraduate education.

Stanford also benefited from a "distinct rise" in gifts from California's technology sector, which employs many Stanford graduates, Mr. Ford said. Even so, all that glittered was not silicon. "We have a lot of traditional old Stanford wealth in these totals," he added.

for Stanford. Fund-raising totals are expected to be down by as much as \$100-million, predicted Mr. Ford, who began seeing a slowdown in new pledges during the second half of the current academic year. He is not concerned, however, about \$400-million in unfulfilled pledges that were on the books at the end of last year, he said. So far, only a couple of donors have indicated that making good on their obligations "may take a little more time" than expected, no more so than usual, he said.

The Council for Aid to Education esti-

mated total giving to higher education by extrapolating data provided by 945 colleges and universities that answered its fund-raising survey. Those institutions reported gifts of \$19.4-billion.

A DECADE-LONG BONANZA

The study focuses primarily on aggregate data. Other than listing the top performers in various categories, survey results do not provide information on individual institutions.

The good times last year continued a decade-long bonanza of giving to colleges and universities that accelerated during the latter half of the 1990's. As the economy sizzled and markets climbed to all-time highs, giving grew 81 percent. By comparison, in the five years between 1990-91 and 1994-95, total giving to higher education increased 25 percent, to \$12.8-billion.

"It's been a great run," said Mr. Peterson, CASE's president. "The last half of the final decade of the 20th century will go down in history as one of the great periods of giving to American higher education."

The report will be available in late June. The cost is \$65 for survey participants and \$100 for others. To obtain a copy, contact the Council for Aid to Education, 215 Lexington Avenue, 21st Floor, New York 10016; (212) 661-5800. ■

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Rules on Use of Student-Aid Funds Upset College Officials

'Last dollar' requirement said to limit institutions' flexibility

BY SARA HEBEL

COLLEGE OFFICIALS remain uneasy and angry about rules attached in the last two years to some federal financial-aid programs that dictate how institutions must allocate money to students. They argue that those demands could hurt needy students and put at legal risk any institutions that make even well-intentioned decisions to deviate from the rules.

College lobbyists and financial-aid officials also say the rules fundamentally shift federal policy on student aid in an abhorrent way, and so make it difficult for them to embrace programs whose goals they support.

The disputed rules require institutions to use money from certain federal programs only as a last resort when assembling aid packages. The requirement is attached to the GEAR UP program for disadvantaged students, the tuition-assistance program for residents of the District of Columbia, the National Early Intervention Scholarship and Partnership Program, and a veterans' benefit program.

Congress and Education Department officials put the rules in place as those programs were enacted in recent years to try to ensure that students who receive grants through those programs would not see their campus aid reduced as a result.

Department officials note that institutions did not complain several years ago when similar rules were attached to the National Early Intervention Scholarship and Partnership Program. Including the last-dollar requirement with GEAR UP and the other programs was merely following precedent, they say. In addition, the regulations do allow for some flexibility in exceptional circumstances.

"We are really aiming to fulfill the federal role, to help provide access to needy students," says Maureen A. McLaughlin, deputy assistant secretary in the Office of Postsecondary Education. "It is important to make sure that this aid will in fact increase what those students would have gotten."

Nevertheless, college officials contend that the regulations fundamentally change federal-aid policy. "My view of the federal government has always been that they come first, that their aid is the equivalent of a father's checkbook," says Sarah A. Flanagan, vice president for government relations and policy development at the National Association of Independent Colleges and Universities. "That's the premise of it, that's the beauty of it. But now we don't get their money until after the whole package is done."

AN AWKWARD POSITION

The rules on GEAR UP, the District program, and other aid also put colleges in an awkward position, because thousands of private scholarships have the same requirement, financial-aid officers say. Aid officials also say the regulations force colleges to distribute their own institutional aid in ways that might not result in the

greatest benefit to the greatest number of students.

Last fall, about 25 public universities initially declined to participate in the District of Columbia program, which allows residents of the nation's capital to pay in-state tuition rates at public colleges across the country. The last-dollar rule was one of their major objections; the colleges had to agree to that provision if they wanted students from the District to be able to use the federal aid at their institutions.

Since then, administrators of the program have adjusted other rules that college officials had opposed, and the universities that had objected have now signed on.

Meanwhile, Ms. Flanagan reports that a "handful" of private institutions do not plan to accept GEAR UP scholarships when students in that program begin entering college in the fall of 2005. She declined to name the institutions.

Those colleges feel that they have a legal obligation to private scholarship programs that also require that their dollars be allocated last, she says. Moreover, if a federal official were to find that an institution did not strictly abide by the complex and sometimes conflicting last-dollar rules, the institution would risk losing eligibility for all federal Title IV aid, which includes major programs like Pell Grants and Perkins loans.

Fighting the last-dollar requirement is one of the top priorities of the independent-college group, Ms. Flanagan says. But that stance makes it difficult for the associ-

"My view of the federal government has always been that they come first, that their aid is the equivalent of a father's checkbook."

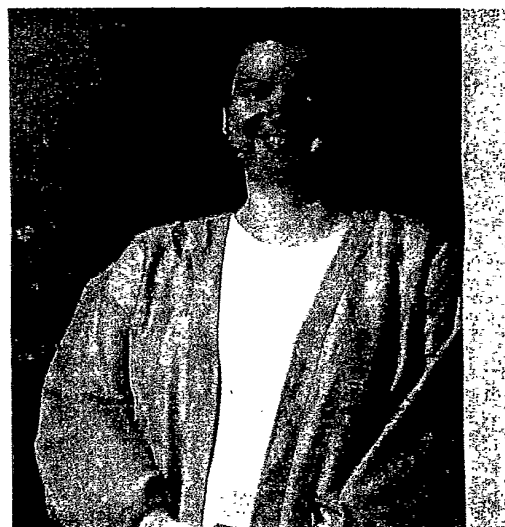
ation to take a position on GEAR UP, whose goals the group otherwise supports. The program pays for college mentors and establishes academic programs to help prepare low-income middle-school and high-school students for college. It also includes some funds for college scholarships.

"Early intervention is really, really important," Ms. Flanagan says. "So we are in a position of not advocating against it, but we sure can't push for it. It's a real tragedy."

GEAR UP could use the support of college associations, as it faces a shaky future quite apart from the last-dollar issue. In his budget, President Bush proposed cutting the program—which was created under President Bill Clinton's administration—by 23 percent, to \$227-million. That would be enough money to support only existing projects.

Ms. Flanagan and others also worry that

Catherine H. Geier, of Washington's Trinity College. The requirement "is forcing us to give more money to the GEAR UP student just because the student is in that program."



RON ARA FOR THE CHRONICLE

donors interested in establishing scholarships might instead use their money for other purposes if aid from certain federal programs is required to be used only as a last resort. The donors might feel that their contributions would just replace federal aid that otherwise would have gone to the student.

Here's how such a predicament might arise: A given student is eligible for the GEAR UP program, for a private scholarship whose sponsors require that it be used as a last resort, for institutional grants, and for a Pell Grant, which is not subject to the last-dollar requirement.

Under the last-dollar rules, an institution would have to use its own money, the Pell Grant, and the private scholarship before tapping into the GEAR UP scholarship. If the student were eligible for more aid than the formulas indicate that he or she needs, then a portion of the GEAR UP aid might not be used.

DENYING AID TO THE NEEDIEST

Financial-aid officers argue that the restrictions imposed by the last-dollar regulations prevent colleges from equitably distributing their own limited pools of grant money to students who need it the most.

Catherine H. Geier, director of student financial services for Trinity College, in Washington, says she would prefer to provide less institutional aid to students who qualify for other assistance, like the GEAR UP or District of Columbia scholarships, so that the institution could use its own money to help needy students who don't benefit from those programs. Trinity spends about \$1-million of its funds each year on financial aid, but that still does not cover the full needs of its many students from low-income families.

"This wouldn't allow us to use our judgment," Ms. Geier says of the last-dollar rule. "It is forcing us to give more money to the GEAR UP student just because the student is in that program."

Ms. McLaughlin, of the Education Department, points out that if a student in the GEAR UP program is eligible for more aid than he or she can use, the funds saved by

GEAR UP could be used for other needy students in the program.

College officials, however, say their philosophical objections to the last-dollar policies are even stronger than their practical objections to them. "I don't think any other agency has the right to tell me what to do with my money," argues Karen Fooks, financial-aid director at the University of Florida.

Florida didn't have any students last year who used the District tuition grant, but she anticipates that as many as five might enroll as freshmen this fall. When students in GEAR UP begin to enter college, and as more students take advantage of the District aid, she and other college officials expect last-dollar conflicts to increase.

Eventually, "it leaves you out of compliance with something," Ms. Fooks says.

Daniel Davenport, financial-aid director at the University of Idaho, says policy makers and aid-program administrators must do a better job of analyzing how the myriad aid programs work together. "We need to make sure that we have the flexibility we need to package all the different types of resources to give students the best package of aid that we can," he says.

There is little hope that the federal regulations will be changed soon. College officials say it is hard to get Congress to revisit the issue; many lawmakers suspect that without such safeguards, institutions will take advantage of the federal grants and reduce their own aid to students. In addition, there are no current legislative proposals to which such a change might easily be added, college officials say.

"Because this is predominantly a legal argument, and few schools have as yet been pressed to implement these packaging rules, it will be difficult to place this issue of principle above the immediate pressing need for more funds for poor students to attend college," says Nancy C. Coolidge, who handles government relations on student aid for the University of California system. "This is not the only injustice that enjoys the codification of the law, and it may well remain in law for some time to come."