Fall 2012

GG+A Quarterly Review

Philanthropic News & Analysis

Prolonged Economic Recovery Creates Challenging Fundraising Environment

Donors Seek Greater Gift Impact and Return on Investment

As the global economy inches toward recovery, messages remain mixed about the effect of the Great Recession on donors and their capacity to give. Recent *Giving USA* data (see pg. 8) show that charitable giving is up 4 percent in current dollars and 0.9 percent in inflation-adjusted dollars in 2011 over 2010–representing the second year in a row of growth overall, but not yet regaining the high point of 2007.

At the same time, overall financial wealth of high net-worth individuals declined in 2011 across all regions except the Middle East, according to *The World Wealth Report 2012* (Cap Gemini and RBC Wealth Management). As 2012 reached its midpoint, the number of donations of $1 million or more dropped 8 percent compared with the same period last year, according to a tally by *The Chronicle of Philanthropy* ("Million-dollar Donations Are on the Decline in 2012," June 19, 2012). Yet other indicators are quite positive: Fundraisers estimate that giving to education grew 4.9 percent during the 2011-12 academic year and will grow an additional 5.9 percent in the year now underway, according to the Council for Advancement and Support of Education (CASE) Fundraising Index. And GG+A's own survey of client results for the

continued on page 2

In this Issue

Boards Become Stronger Advocates for Nonprofits

The struggling economy has placed greater pressure on board members to ensure the institutions they serve remain financially sustainable. "Boards are recognizing that the stakes of higher education have risen. The challenges are more difficult, the public trust is more uncertain, and as a bridge between the institution and the public, they're now responsible for an increased level of accountability," says Rick Legon, president of the Association of Governing Boards of Universities and Colleges (AGB) in a recent *Inside Higher Ed* article ("What's Up with Boards These Days? Trustees Are Different Than They Used to Be, and U. Va.-like Clashes Will Be More Common," July 2, 2012).

Board members from the business world are often frustrated by the bureaucracy and committee approach of colleges and universities. "Our board members are more fully trying to understand the financial model of higher education. Most of these individuals come from industry with a set of assumptions, some of which do not fit our model," explains

continued on page 11

Prolonged Economic Recovery Creates Challenging Fundraising Environment

continued from page 1

most recent fiscal year indicated 3 percent growth overall in new gift commitments and a 5 percent increase overall in cash received from 2011 to 2012.

How are nonprofits and donors faring during this prolonged economic recovery? In this issue, interviewees discuss how their institutions have weathered the economic storm and its impact on the behavior and expectations of donors, boards, and institutional funders.

GG+A Quarterly Review
Philanthropic News and Analysis
Fall 2012, Vol. 9, No. 1

An international leader in philanthropic management consulting, Grenzebach Glier and Associates (GG+A) has more than 50 years of experience with educational, cultural, medical, and other non-profit institutions. The goal of the *Review* is to provide timely information about issues and events that are relevant to philanthropy.

The *Review* is available for download at www.grenzebachglier.com and via e-mail upon request. Comments, questions, suggestions, and topics of interest are welcome. E-mail us at contactus@grenzglier.com.

Global headquarters
401 North Michigan Avenue
Suite 2800
Chicago IL 60611
P 312.372.4040
F 312.589.6358

Institutions Reach Goals, But Proceed with Caution

While interviewees report donors continue to make gifts, and most institutions are reaching or exceeding campaign and annual fundraising goals, many report that a climate of concern still tempers donor confidence and willingness to engage in philanthropic conversations.

When **Emory University** assembled its initial "wish list" for *Campaign Emory: Leadership Takes Courage*, which launched publicly as the economy crashed in September 2008, funding priorities totaled $3 billion. "We looked at needs for which we could reasonably but aggressively pursue funding, and we set the goal at $1.6 billion," explains Susan Cruse, senior vice president for development and alumni relations. Emory is on target to reach that goal by December 31, as planned, but donors are still cautious about giving. "Donors want to support us, but they also want a better understanding of the tax situation, pending healthcare laws, and what will be happening in the White House later this year."

Realizing the precarious timing of Emory's campaign, Cruse says, "We thought about reducing our goal still further, but the needs remained. In today's environment, an institution can hardly wait for the right time to launch a campaign."

For the **University of Vermont**, January 2012 was the right time to launch its foundation, which has created new excitement about fundraising at the university. "We see private philanthropy as one of our last opportunities for significant institutional financial growth," says Rich Bundy, president and CEO of the University of Vermont Foundation. Support has been brisk so far this year, with $45 million raised in 2012 compared to $20 million in 2011. "Donors are getting back into the mindset of making major commitments without fear that they will be at a disadvantage later without those resources."

Steve Rum, vice president for development and alumni relations for **The Fund for Johns Hopkins Medicine**, is also seeing increased donor activity, although he recalls that "we really hunkered down in fiscal 2010. There just wasn't a pleasant philanthropic environment anywhere in this country." In the last two years, the fund has rebounded with $276 million in commitments in fiscal 2011, up

> "With job and stock market losses, people are more sensitive and predisposed to supporting financial aid. Many former financial aid recipients are now donors who believe deeply in the importance of access and affordability."
>
> Michael Kiefer, Haverford College

21 percent over 2010, and jumped another 15 percent to $318 million in fiscal 2012, the fund's second-best year ever for fundraising.

Still, Rum remains cautious when forecasting future giving. "We are not predicting double-digit growth this year. We prefer to over-deliver, rather than over-promise, in this economy, and we want to continue to be humble until we see stronger signs of a recovery."

Harvard University's $32 billion endowment is up from its 2009 drop to $26 billion, but has not yet regained its pre-recession 2008 value of $36.9 billion. Construction of a science center, tabled in 2009, will resume in 2014 but at half the originally planned size, according to *The Wall Street Journal* ("Economy Tests Harvard," July 31, 2012). "All our revenue sources are under pressure, whether the endowment, tuition, or federal research dollars," says Katie Lapp, executive vice president at Harvard. The article cites one area where Harvard continues to spend money: budget allocations for financial aid to undergraduates have risen by more than 78 percent since 2007.

Harvard is not alone in that respect. Michael Kiefer, vice president for institutional advancement and assistant secretary of the Corporation of **Haverford College**, notes, "Institutional commitment remains steadfast to our need-blind admissions practice," says Kiefer. "With job and stock market losses, people are more sensitive and predisposed to supporting financial aid. Many former financial aid recipients are now donors who believe deeply in the importance of access and affordability."

Readjusting Short-Term Goals

The timing is never right for launching any campaign. When the economy began its downward slide, **Mercersburg Academy**, an independent boarding and day school in south central Pennsylvania, was finalizing its strategic plan and preparing for a $130 to $150 million campaign. "After fall 2008, trustees had difficulty thinking about a campaign of that magnitude," explains Mary Carrasco, former assistant head of school for external affairs and chief development officer for Mercersburg, who joined **Sidwell Friends School**, an independent day school with campuses in Washington, D.C., and Bethesda, Maryland, as director of institutional advancement this summer. "We did not back off priorities, but broke the strategic plan into four initiatives with smaller goals. We wanted donors to know we were not sitting on our hands." From 2007 to 2012 Mercersburg raised just under $80 million, and is now reconsidering a comprehensive campaign.

Following its campaign planning study, Haverford College reduced the number of new capital projects in its plans in favor of more building renovations. "We learned the campaign must be student-centric," says Kiefer. "Our case must be about preparing our students for lives of leadership in a world that needs them." The public announcement of the *Lives that Speak* campaign has been delayed by about a year as Haverford continues to build support during an extended quiet phase. The delay brings good news: Haverford has received more $1 million-plus pledges in its quiet phase than during the entire five-year, $200 million *Educating to Lead, Educating to Serve* campaign that concluded in 2005.

continued on page 4

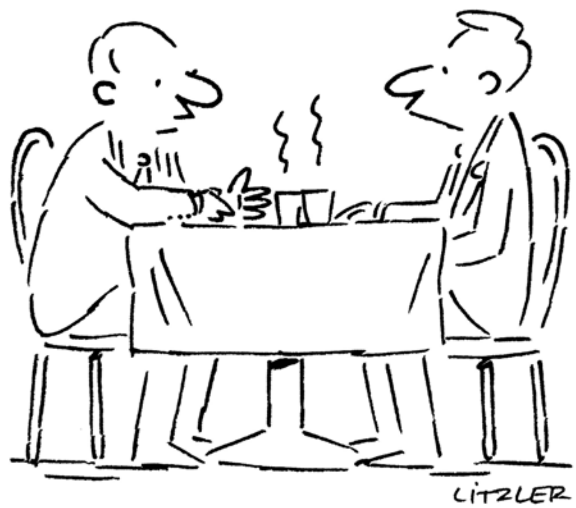
Prolonged Economic Recovery Creates Challenging Fundraising Environment

continued from page 3

The **Philadelphia Museum of Art** was preparing to launch a campaign in 2009 when the sudden death of its long-time director in July 2008 set major organizational changes in motion. Over the following 18 months, a new director, a new board chair, and a new chief development officer were in place. In addition, the chief operating officer was promoted to the new position of president. "It became hard to differentiate between the effects of the drop in the market and the effects of a major reorganization," says Kelly O'Brien, who was named the museum's executive director of development in 2010.

Throughout the transition and the turbulent economy, the museum's chief financial officer was always available to speak with donors. "If donors had questions about our financial challenges, our CFO offered to speak with them. Just knowing they had access to him seemed to allay some of their concerns," says O'Brien.

Following a feasibility study this fall, the museum will launch a major comprehensive campaign, which will seek support for capital projects, endowment, and programmatic needs that grow out of the museum's strategic plan and facilities master plan.



"MY FINANCES HAVE RE-COVERED BUT MY ENTHUSIASM HASN'T."

Sticking to the Fundamentals

When external support falls short, institutions may look for internal ways to strengthen the donor pipeline. Emory was pleasantly surprised by the results of the campus component of *Campaign Emory*. "We delayed the faculty/staff effort by about six months, and there was some talk of eliminating it, but the results were amazing. We had some 4,000 donors and raised nearly $90 million. Faculty chairs were appointed in each school, and people were comfortable talking about and getting involved in philanthropy," says Cruse.

Recognizing that Hopkins faculty members are data driven, Rum led a study to determine the best way to bring the faculty into the development fold. "Our pipeline will only increase when more faculty members are engaged in fundraising," he attests.

"We found the best way to engage the faculty is through one-on-one coaching sessions and follow-up meetings with development officers." The approach is already yielding results: the neurology department of 60-plus physicians yielded 150 referrals of potential donors in fiscal 2012, up from only 15 the previous year. "With 2,200 physicians throughout Hopkins, we have so much room to grow," says Rum.

More than ever, fundraisers must be prepared to weather economic ups and downs, and Bundy believes that means sticking to the

> “We still need to build a solid case for support, identify a set of fundraising priorities that are strategic for institutions and attractive to donors, then execute a plan to stay in front of donors and solicit gifts when the time is right.”
>
> Rich Bundy, University of Vermont Foundation

fundamentals. “We still need to build a solid case for support, identify a set of fundraising priorities that are strategic for institutions and attractive to donors, then execute a plan to stay in front of donors and solicit gifts when the time is right,” says Bundy, who in his former position as vice president for development for the **Iowa State Foundation** watched the market turn in 2008 in the middle of the $800 million *Campaign for Iowa State*. “We used that time to do solid cultivation work and let donors know we were still with them, and they responded in positive ways. You have to resist the temptation to use a down economy as an excuse.”

Kiefer agrees, “Successful development programs find ways to clear the decks and let major gifts officers focus on conversations with donors about their philanthropy that transcend economic factors.”

Donors Adjust Giving Behavior

Many donors have used the down economy as an opportunity to rethink their long-term philanthropic plans as they review their investment portfolios. In some cases, donors have pared down their list of priority institutions, extended commitment terms, and shifted their focus to programs and projects that provide more immediate results.

“One donor recently told me that his accountant suggested he find a 12-step program to bring his philanthropic activities under control,” says Cruse. “Donors are really identifying priorities that matter most to them, then deciding to wait and expand their influence in other areas of the institution a bit later.”

Kiefer acknowledges that while donors continue to be enthusiastic in their support of Haverford, the pace has slowed. “Individuals are making new gifts, but the time between the first solicitation and their definitive response has increased.”

Caution on the part of Philadelphia Museum of Arts donors “has translated into our donors making current-use gifts, but delaying five-year pledges until they are comfortable with where markets are headed and the potential changes in the tax law,” says O’Brien, who affirms that donor expectations may shift momentum to the middle of the traditional giving pyramid. “Our lead donors, who are making transformational gifts, want to know they will have company. They want to see a groundswell of support throughout the donor base.”

Bundy has noticed that gift agreements are becoming increasingly complex, particularly for planned gifts. “More donors are directing estates into family foundations or into structures that provide an annuity payment to children. When the children are gone, the remainder of the gift goes to the university.”

Donors are also imposing more constraints on the use of their gifts and looking for solid evidence of impact. “More than 90 percent of our gifts have at least one restriction and half probably have at least two restrictions on use. We respect donor desire to have control over the use of funds, but it creates a challenge,” admits Mike Morsberger, vice president for development and alumni relations at **George Washington University**. “When the president has the flexibility with unrestricted funds, he or she has

continued on page 6

Prolonged Economic Recovery Creates Challenging Fundraising Environment

continued from page 5

more opportunity to make quick decisions or to seize an opportunity. When donors make restrictions, it can make fundraising trickier."

At The Fund for Johns Hopkins Medicine, where donor commitment is so often tied to a specific aspect of medical research, "If we are asking someone for $1 million or more, we must be prepared to review line-by-line how we will spend those funds in the allotted time frame and to describe the potential return," says Rum.

Much like their attitude toward finances, donors are becoming more prudent about time management as well. "Generally, people are rushed with greater demands on their time. They want to know the purpose of a meeting and the outcomes you expect. There aren't too many drop-in meetings for a cup of coffee," says Carrasco.

> "Physician time is at a premium, and development officers must be strategic and thoughtful in their discussions. They don't need an hour of a doctor's time when a 15-minute meeting will suffice."
>
> Steven Rum, The Fund for Johns Hopkins Medicine

Rum counsels front-line fundraisers to keep it short, simple, and focused on outcomes when meeting with physicians. "Physician time is at a premium, and development officers must be strategic and thoughtful in their discussions. They don't need an hour of a doctor's time when a 15-minute meeting will suffice."

Heightened Expectations

Gone are the days when donor expectations were limited to a thank-you note from the president

Engage, Engage, Engage

Extraordinary giving is deeply rooted in engagement, and growing numbers of current and prospective donors want more relevant and authentic ways to interact with nonprofits and ensure their talents and expertise are put to good use. Interviewees offer a sampling of engagement initiatives:

"We designed a student-to-alumni experience at Emory to bring students into the philanthropic family early and to broaden their understanding of the role of philanthropy in their education. Through the program, alumni volunteer as mentors for student organizations or mock interviewers for the career services area. We have found it is a great way to engage alumni, and we know good volunteers become better donors."

~ Susan Cruse

"George Washington University attracts students from 50 states and more than 100 countries, and when they return home we want them to connect with GW alumni. We are creating a program that pairs students with alumni in their hometowns to allow students to begin building a network and allow us to gather more intelligence about how alumni want to be involved with the university.

We are also holding more grassroots events in first- and second-tier cities where George Washington has a critical mass. We place lots of value in events hosted by a trustee or benefactor with a small group of influencers. These types of events have the greatest impact on our ability to be successful in a campaign."

~ Mike Morsberger

and an annual financial report on endowment performance. With increasing donor scrutiny of both investment and philanthropic portfolios comes heightened expectations for nonprofits to provide regular financial reporting, more communications about the institution, and a clear demonstration of the impact of gifts.

"Donors now expect the same type of philanthropic reporting that they receive from their investment companies," says Carrasco. "They want the numbers in hand to enable them to assess the financial performance of the gift directly." Cruse notes, "High-net-worth individuals are increasingly being advised about what they should expect from philanthropic organizations in terms of reporting. It makes the case for greater accountability on our part. But if we are good stewards, it makes a strong case for the next gift."

That case is further strengthened if nonprofits exercise sound fiscal management. "Our donors expect us to mind the shop and avoid excess spending through thoughtful and conservative planning. They want Haverford to be very careful about expanding its budgetary footprint," says Kiefer.

O'Brien has witnessed a growing interest for all types of information about the museum, including plans and programming. "Donors want to know about our ambitions and how we are re-engineering as a result of the economy. They want a sign that we understand it is not business as usual."

Donors also are seeking reassurance that when they fund a museum special exhibit, visitors will come. "Donors recognize that museum audiences have changed, and they want to see how we are positioning the museum and using all the technology and social media tools

continued on page 10

"Curators, conservators, and members of our education staff have always been among our best fundraisers. We are looking at creative ways to engage other staff members with donors. In conjunction with making the museum's collection more accessible online, we held an event for donors to meet the information technology staff, visit our photo lab, and see how works of art and supporting information are prepared. When the works were added online, we followed up with an email inviting those donors to view the website.

Earlier this year, the museum had wonderful crowds for our Van Gogh exhibit, which gave us a reason to contact select donors and invite them to arrange early morning visits and avoid the long lines. We want to use these personal, special touches more frequently."

~ Kelly O'Brien

"At Mercersburg Academy, we invited a group of young alumni leaders to connect directly with faculty members in areas of interest through on-campus visits, e-mails, or Skype. They built relationships as they shared experiences in the workplace and in the classroom. Other graduates who wanted to make communication with the school more interactive led us to make changes to the school's website and purchase a mobile application.

To engage a board member in the finance field who had served on various committees but did not have many meaningful student interactions, I invited him to attend an advanced math class. He had a great experience providing feedback to students on projects they presented."

~Mary Carrasco

U.S. Charitable Giving Tops $298 Billion in 2011

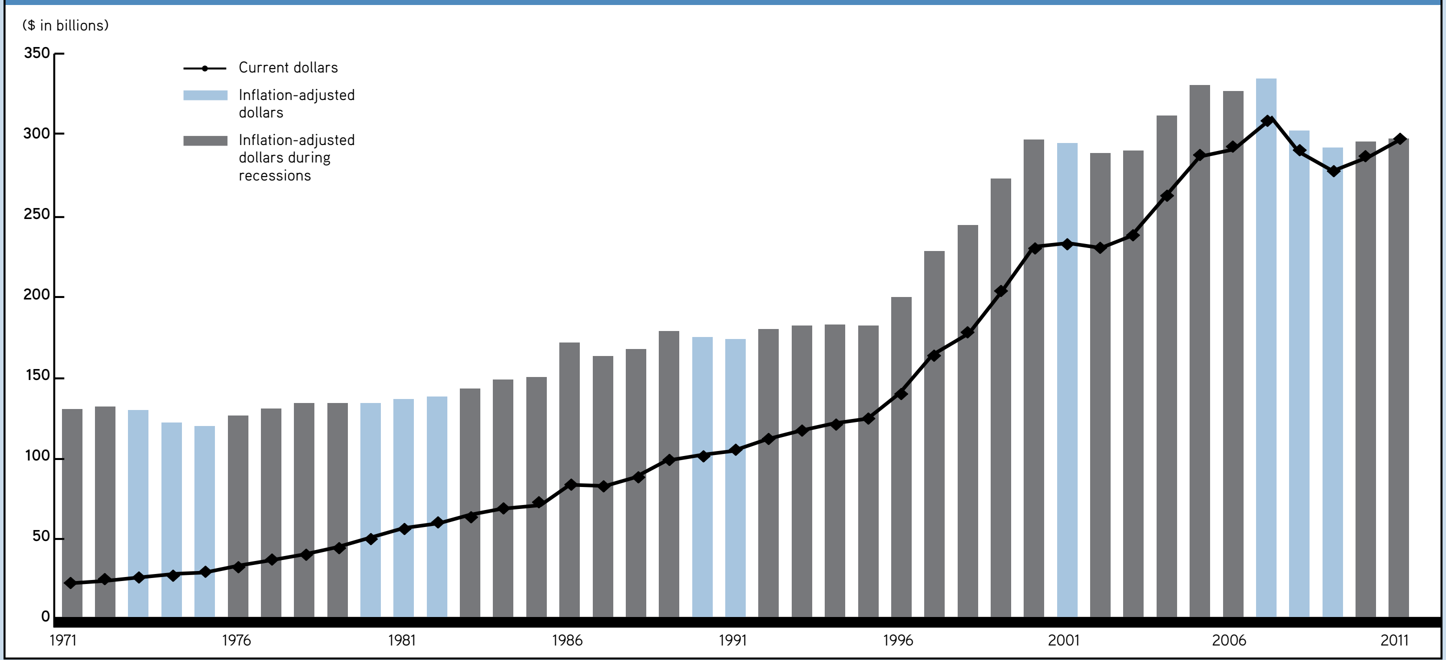
GG+A Client Survey Shows Slight Increases in Fundraising in Recent Fiscal Year

A review of annual *Giving USA* data released in June and a more recent client survey conducted by GG+A demonstrates the continued generosity of donors as the economy continues to rebound. Interesting comparisons have emerged in analyzing the two sets of data, which reflect different populations and timetables. *Giving USA* collects data from hundreds of institutions and compares calendar-year giving results. This summer, GG+A polled a widely diverse group of client institutions, in the U.S. and abroad, who reported their fundraising results for fiscal year 2011 compared to fiscal 2012.

Total estimated charitable giving in the United States increased 4.0 percent in 2011 over 2010 to $289.42 billion, or 0.9 percent when adjusted for inflation. Giving to sectors varied: Gifts to education increased 4.0 percent to $38.87 billion with strong growth in contributions to higher education institutions, and giving to the arts, culture, and humanities increased 4.1 percent in 2011 to $13.2 billion. Sectors reporting smaller gains include health organizations, increasing just 2.7 percent to $24.75 billion, and human services, increasing 2.5 percent to $35.39 billion.

In 2011, giving by individuals increased 3.9 percent, or 0.8 percent when adjusted for inflation. While Americans gave a greater amount in 2011, the value these dollars held for charities was on par with the dollars they received in 2010, which could be problematic as many organizations continue to experience increased demands for services and programming since the recession.

Total Giving, 1971-2011



Source: Giving USA Foundation TM/ Giving USA 2012, an annual publication of the Giving USA Foundation that is researched and written by the Center on Philanthropy at Indiana University.

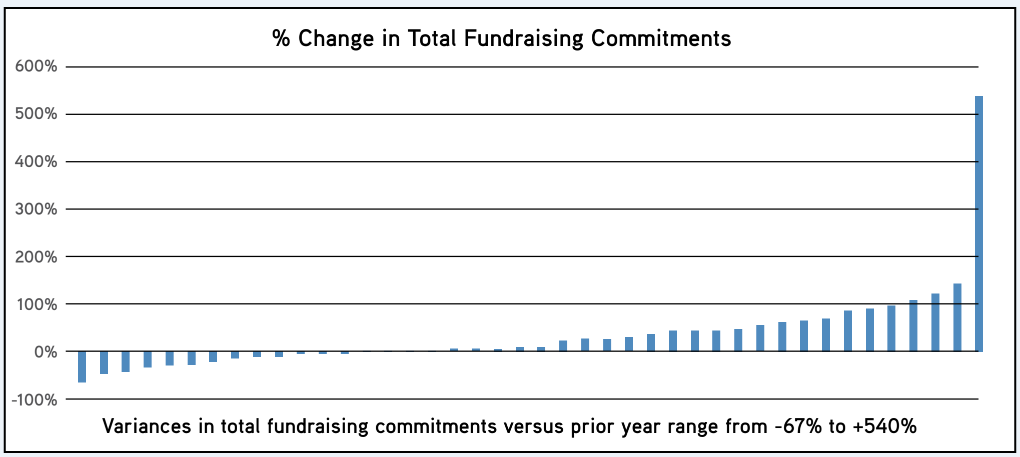
GG+A results provide a more recent picture of fundraising results from a representative mix of clients, including higher education institutions, independent schools, health care, cultural, and other institutions. Total fundraising productivity within the group ranged from $3.9 million to $777 million, with a median of $42 million and an average of $113 million.

As fiscal 2012 drew to a close, we saw that donors are regaining confidence in the economic recovery and continuing to support those institutions of greatest interest to them. GG+A clients attribute giving gains, in part, to ongoing strong support of comprehensive campaigns and an increase in planned giving activity.

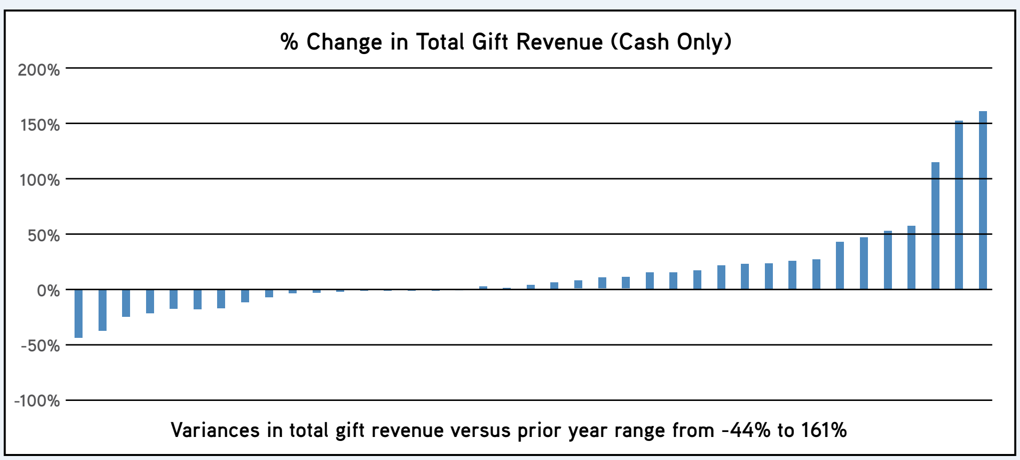
Fundraising Results
2011 vs. 2012 (July to June)

2011 (000s)	2012 (000s)	Growth
	Fundraising Commitments (New Cash & Pledges)	
$4,609,176	$4,754,678	+3%
	Gift Revenue (Cash Only)	
$3,601,580	$3,791,461	+5%

Source: GG+A Client Survey, Summer 2012



Source: GG+A Client Survey, Summer 2012



Source: GG+A Client Survey, Summer 2012

Prolonged Economic Recovery Creates Challenging Fundraising Environment

continued from page 7

to attract the next generation of visitors. They expect us to reach as many potential visitors as possible, personally and virtually."

In an effort to provide more information on gift impact, the museum has changed course with its annual stewardship reports. "Rather than sending the usual personalized, detailed stewardship report to our top 150 donors, we are sending a shorter letter that focuses on the big-picture financials of the museum, including business planning and investment policies," says O'Brien. "The letter closes with an invitation to meet personally with a curator or representative from the departments their gifts have supported."

Donor desire to measure gift impact, in some cases, means direct involvement. "Hands-on philanthropy is overstating it, but donors are much more involved in ensuring money is used effectively and efficiently," says Cruse.

Bundy cites multiple donors who helped to fund a food security program in Uganda coordinated by his former employer, **Iowa State University**. Several of these donors traveled to the site to participate in the program's activities, including a service project during which they spent a full day painting a school in the rural countryside. "More and more donors want direct access to the student, faculty member, or program they are supporting. They want to conduct their own assessment of the impact of their gifts."

> "We must show restraint in creating schools, departments, centers, or programs that are not aligned with our institutional mission."
>
> Mike Morsberger, George Washington University

Carrasco suggests highlighting gift impact in qualitative ways. "You can send donors a video of a classroom interaction so they can see the connection between teachers and students in a program they supported," says Carrasco. "Give them opportunities to talk to scholarship recipients who benefited from their generosity." But, she warns, "Today's donors question and carefully reconsider any communication that is hyperbolic or overly enthusiastic."

The desire to see immediate impact may be driving some donors away from traditional endowment gifts to new philanthropic strategies. "People understand the need for perpetual support for financial aid, but they no longer feel that all programs need to be perpetual," says Morsberger. Increasingly, he finds donors are interested in creating new programs rather than supporting traditional areas.

"Institutions need to show restraint in creating schools, departments, centers, or programs that are not aligned with the institutional mission. If the institution doesn't have a perpetuity plan for a program and only has received funding for a few years, the program might not be sustained," he adds, noting that fundraisers must be disciplined in responding to those types of donor requests.

Grateful patients and their families, too, are eager for fast results and new discoveries. "Patients and their families quickly realize the obstacles faculty members face when it comes to treating diseases, and they are eager to make a difference as quickly as possible," says Rum, who contrasts this accelerated gift process with donor behavior on the academic side of the institution. "Donors may have a great love for their alma mater, but they are willing to wait five years until the economy turns around to endow a professorship." ❖

Boards Become Stronger Advocates for Nonprofits

continued from page 1

Susan Cruse of **Emory University**. "The more educated they become, the more they will understand the need for philanthropy."

In an effort to engage a group of the university's most committed stakeholders, the **University of Vermont Foundation** created a board that had "real responsibility for the philanthropic enterprise and full fiduciary responsibility for the organization," offers the foundation's Rich Bundy.

While the university's initial instinct was to recruit only board members who had made $1 million commitments or more to the university, Bundy enlarged the criteria "because we did not want to exclude some very good prospective donors whose giving had not reached that level but who could contribute in other ways to our success."

Thirty individuals were invited to join the board, and twenty accepted. Bundy was surprised by the frequency of their questions about insurance for directors, availability of legal counsel, and risk exposure. "Savvy donors do not want to put significant personal wealth and reputation at risk through board service without first doing their due diligence," he notes.

When it comes to board member selection, Steve Rum of **The Fund for Johns Hopkins Medicine**, remains strategic "with clear philanthropic expectations for new members and a scorecard for existing board members." He is called on more frequently to prepare presentations to educate the board about the power and importance of philanthropy "and strengthen their ability to advocate for Hopkins," explains Rum. In recent months, he met with two board recruits: "I was clear that this institution must be a philanthropic priority, and this is the level of giving we want you to consider on an annual basis, in a major gift, and a planned gift."

The **Philadelphia Museum of Art** Board of Trustees launched its new Committee on Philanthropy in 2008, a group that is actively engaged in monitoring progress towards annual fundraising goals and reviewing giving programs and new initiatives. Even as the museum tightened its belt in other areas, the trustees remained strong advocates for the development operation. "We have grown significantly since 2008 from a staff of 28 to a staff of 37, largely because the trustees understood that contributed income is where we have the greatest opportunity," says the museum's Kelly O'Brien.

Attracting Younger Board Members

Other institutions are looking to prime board pipelines as the mantle of board leadership changes. "We are seeing more board members from classes in the 1970s and 1980s, and younger members are more engaged in finance conversations, more benchmark-oriented, and more eager to learn how their specific area of expertise can benefit the institution," says Mary Carrasco of **Sidwell Friends School**.

Haverford College is creating adjunct positions on its board for young alumni and is forming task forces to help advise board members on key issues. "The board is so agenda-bound, it is hard for members to step back and look at some big issues," explains Michael Kiefer of Haverford. "These task forces include alumni, faculty members, and an administrator who meet for an intense discussion of a topic within a limited period of time. For example, a task force could provide a thoughtful review of our international footprint and assess international recruitment efforts."

Bundy had the future in mind when he created a Foundation Leadership Council to anticipate gender, professional, geographic, and other imbalances on the board and engage a core group of future board members. When Vermont publicly launches its next campaign in 2015, four council cohort groups of 25 key supporters each will be in place. ❖

Institutional Support Shifts Its Focus

Institutional funders are still adjusting to the economic downturn. The Foundation Center reports inflation-adjusted giving by foundations was down in 2011 compared to 2010 ("Foundation Giving Did Not Keep Pace with Inflation," *The Chronicle of Philanthropy*, June 7, 2012), and a March 2012 survey by *The Chronicle of Philanthropy* found that most of the nation's biggest foundations are not increasing grant making in 2012 ("Big Grant Makers Don't Expect to Increase Giving in 2012," March 18, 2012).

While sluggish asset growth is the main reason foundations are not expanding budgets, some are simply pulling back after making big increases in the share of assets they distributed during the downturn, in many cases to help meet gaps in federal program support, according to the article. Yet a majority of corporations worldwide increased their giving in 2011, according to the annual Corporate Giving Standard Survey.

Nonprofits Respond

As institutional support wavers, nonprofit institutions have had to make adjustments. "When the recession hit, many foundations refocused their missions to meet rising social needs. They are slowly beginning to return to their bedrock missions," explains Susan Cruse of **Emory University**, where foundation funding last year was the highest since the recession even though it has remained flat nationally.

> "We want to make sure the museum is recognized by corporate supporters and others as a provider of education and a place that everyone can access."
>
> Kelly O'Brien, Philadelphia Museum of Art

"**Iowa State University**, which saw double digit percentage increases in foundation and corporate support during its recent campaign, benefited from its strong agricultural and engineering colleges and a high level of interest in research," says Rich Bundy, formerly with the Iowa State Foundation and now with the University of Vermont Foundation.

"It makes it more challenging for universities with established relationships with foundations because they need to reposition themselves in the market," adds Bundy, who has found it challenging for the **University of Vermont** "to break into the portfolios of companies and foundations that already have identified strategic partners. We need a very compelling program or project to be of interest to them."

As corporations rushed to provide a social services safety net during the economy's downfall, the **Philadelphia Museum of Art** placed renewed emphasis on its educational mission and its commitment to the community to stay in the funding loop. "We want to make sure the museum is recognized by corporate supporters and others as a provider of education and a place that everyone can access," explains the museum's Kelly O'Brien. "We are an active partner with schools and teachers and a resource for the entire community."

Larger national foundations that support Haverford are increasingly interested in funding partnership projects. The Mellon Foundation, which has been supporting collaborative higher education projects since the 1980s, is supporting a bachelor of science program with a concentration in environmental science at **Haverford College**, contingent on collaboration with neighboring Bryn Mawr.

"Institutional funders feel that in the age of the university, the small liberal arts college can only flourish if collaboration becomes an integral part of our tool kit, and we can leverage efficiencies and effectiveness across institutions," says Michael Kiefer of Haverford College.