Background

UC Riverside stands poised to achieve greatness on many fronts. Advancement holds unique opportunities for a variety of reasons. First, private giving has reached a plateau in recent years. Second, as the economy recovers, history has shown that there will be a reversion to the mean that will open a window of increased giving. Finally, the completion last year of UCR 2020, which presents a clear, concise, focused academic vision as the basis of a case for giving will raise the bar for philanthropy and prepare the campus for its first full-scale organized fundraising campaign.

As benchmarked against national peers, UC Riverside has had a mixed history of performance in advancement. This history of underperformance has been punctuated by periods of impressive accomplishment and innovation. UC Riverside’s challenge is to create a record of achievement that is decidedly upward sloping, sustainable, and inspiring to its external audiences.

Nature of Advancement

Encompassing alumni relations, communications & marketing, and development, the core mission of advancement is to inspire pride, commitment, and investment in UC Riverside. By its very nature, advancement is an intensive human capital industry, and has undergone professionalism in the relatively recent past. The Council for Advancement and Support of Education, the field’s predominant professional association, was established in 1974, and has grown in 35 years to include nearly 3,400 institutional members in 59 countries serving more than 61,500 individuals.

The component functions of advancement operate in concert, with best-in-class results achieved through smooth integration of alumni relations, communications, and fundraising to build external support. While there are many different ways to organize these departments, the key drivers of high performance are collaboration, innovation, and consistency. In addition, the nature of the continuum that begins with prospective students and ends with engaged alumni demands close partnerships with student affairs and academic units, to ensure that a culture of philanthropy begins early and is reinforced throughout the life of a current/former student.

Advancement at UC Riverside

Although advancement has been practiced for centuries among the nation’s private institutions, public colleges and universities have developed at a slower pace. As a relatively young campus, UC Riverside has lagged even further, with an advancement operation that has experienced most of its growth in the past 20 years. As with many of its public peers, the roots of UC Riverside’s advancement activities began in alumni relations, with inaugural student body president Charles E. Young serving as the Alumni Association’s first volunteer leader. In the ensuing
decades, the Alumni Association built a portfolio of efforts to encourage advocacy, promote engagement, support students, and create networking opportunities.

In the 1990s, the fundraising and marketing areas came into their own, complementing the Association’s programs, building a campus brand, and generating interest among donors to invest in UC Riverside’s future. Based on extensive market research conducted in 2004, a campus-wide brand platform was developed providing the foundation for a national advertising campaign, creation of a graphic identity system, adoption of a standardized logo for non-athletic use, and increased visibility across the country for UC Riverside research and scholars. To reinforce and extend the main campus brand, the campus has worked to put in place distinctive communications plans (including key messages, web and print materials, strategies, identity lines and design components) for each of the colleges and professional schools.

UC Riverside Advancement in A National Context

By many national benchmarks, UC Riverside has a rich field of opportunities. Some metrics that inform the discussion are:

1. Alumni Association membership penetration is approximately 10%, versus 20%-35% for leading public universities with dues-based membership across the country. This is not a symptom of weakness in UC Riverside’s membership program; indeed there are institutions that have eliminated dues-based membership altogether and there is no universal agreement on whether such efforts justify their attendant costs. In addition, there will always be questions of how best to coordinate messages between alumni membership and annual fund development. In fact, alumni association members tend to be exponentially more likely to become donors and have self-selected to receive institutional messages, making them valuable ambassadors.

2. The number of alumni donors is fewer than 4,000 – representing about 6.5% of addressable degreeholders. Nationally, there is a trend toward using “alumni participation” as the benchmark in this area, calculated by dividing the number of alumni donors by contactable alumni. This is largely driven by the U.S. News & World Reports rankings, which allocate 5% of an institution’s score to this factor, using it as a proxy for alumni satisfaction. One can argue whether this approach is sound, but it does serve as one indicator of the health of a school’s relationship with its graduates. Among public research universities, most achieve levels in the teens and twenties, with the University of Virginia as one of the acknowledged leaders at 24%. Private universities and liberal arts colleges enjoy much higher levels of participation for a variety of factors.

3. UC Riverside’s development program has hit a plateau in the low $20 million range for the past decade. With the exception of two gifts that were unusually large and skewed annual totals, the campus has not created momentum to raise the bar on private support. During development of UCR 2020 11 comparison universities were identified, all members of the Association of American Universities, against which to measure current and future performance. Using cash totals for fundraising as defined by the Council for Aid to Education, UC Riverside lags the group. Similarly, even within the UC System, UC Riverside trails virtually all of its sister campuses over the same time period:
UCR 2020 Recommendations

The following broad recommendations were defined in UCR’s 2010 strategic plan:

1. **Build a sustainable culture of philanthropy**
   In order to raise the bar on private support, UCR must adopt the posture, language, and practices of the nation’s most successful fundraising institutions. Private and elite public universities understand the critical need to focus on fundamentals. A culture of philanthropy creates a warm and inviting environment for prospective students; treats current students like valued members of the family; works to keep alumni engaged, involved, and committed to the institution; treats donors and prospects with respect and demonstrating value and impact in stewardship of their gifts; and constantly conveys to the general public the profound and distinctive value to society promised by a world-class research enterprise.

   Among alumni, early philanthropic behavior in the first five to ten years post-graduation is a key predictive measure for long-term involvement as donors, members, and volunteers. But work must begin long before graduation. From the moment a prospective student inquires about attending UCR, the messages must be crisp and clear: UCR represents a special opportunity that is only available because others who came before them invested in the future. Educating students about the importance of giving back and the legacy they create with their involvement and commitment will fundamentally change the prospects of philanthropic success in the future.

2. **Grow the national profile of UC Riverside and increase awareness and pride among stakeholders**
   Developing a national profile for UC Riverside is essential for a range of reasons. Whether the goal is increasing Federal and grant-making foundation support, securing membership in the Association of American Universities, or simply ensuring that UC Riverside is recognized as a national leader in the delivery of research, teaching, and service, education is key to raising the campus to preeminence. UC Riverside has invested substantial resources in recent years to define its brand/institutional reputation.

   To successfully build UCR’s reputation among academic opinion leaders, prospective students, faculty recruits, alumni, funders, legislators and industry affiliates, UCR must sustain a strategic, disciplined, campus-wide, multi-year effort to reinforce consistent key elements of our brand in a coordinated way across campus. We must strive to increase media visibility measured both qualitatively and quantitatively on a national and international level and expand understanding of the UCR brand among all constituencies.

3. **Plan and Execute a Comprehensive Campaign**
   A comprehensive fundraising campaign will be required to organize myriad initiatives under unifying headings that make the UCR story understandable, compelling, and provocative. Effort will be directed toward goals that coincide with UCR 2020 and the academic, programmatic, and administrative goals of campus units. Objectives will be formulated to achieve balance among scholarships, fellowships, endowments, capital, and other needs and to deploy fundraising resources in appropriate proportion.
UCR will seek expansion of annual giving; prospect pipeline breadth, depth, and quality; and effective, strategic prospect development. Launch of the School of Medicine is a key initiative that will receive thoughtful consideration and disciplined focus, without impinging on the goals of other campus needs.

The Challenge – Strategic Reduction

University Advancement is in recovery mode after many years of disruptive leadership transitions. When the current vice chancellor arrived, there were 16 vacancies out of 90 positions (18% vacancy rate) and two impending senior staff retirements. The past two years have been spent rebuilding the team, creating appropriate systems to track progress, and creating a pipeline of support at all levels, but scarcity of resources has constrained the level of growth required to mount a comprehensive campaign.

Given these factors, the organization is very vulnerable at this moment. Cut decisions must be made with an eye toward sustaining the momentum that exists. The critical thought process involved finding areas where cuts will be least impactful on generation of support. Most of the units are extremely lean and, as with other units across campus, previous years’ cuts have reduced the staff to a suboptimal level.

The rationale for where the cuts are being made is that they allow UA to further its strategic goals of building a sustainable culture of philanthropy, developing the national brand of UCR, and preparing for a campaign, while honoring our obligation to participate in the overall campus budget reduction process.

Priorities

- **Building and strengthening the donor pipeline.** It’s the only way we will be prepared to mount a successful fundraising campaign.
- **Keeping alumni engaged and connected to UCR.** Nationally, alumni are the more reliable source of philanthropic dollars and volunteer leadership for a college or university campus. At UCR, the participation of this key constituency has historically been low, but is gradually improving.
- **Maintaining the consistency, quality, and penetration of messaging and communication.** Clear and accessible messages are essential in advancing the campus; for fundraising, advocacy, and recruitment of faculty and students.
- **Modernizing infrastructure and increasing the sophistication of administrative processes and procedures.** The front-line functions critically rely on such functions as gift processing, research, IT, budget, and HR in order to be effective. In the absence of such robust services, productivity will continue to lag.
### Specific Cut Proposals/Rationale *(rounded numbers)*

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Rationale</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reduce marketing initiatives in campus units</td>
<td>$350,000</td>
<td>Funds were provided for external consulting services (print and web design and production) that support the schools and colleges. This represents a 50% cut in that funding, as demand now outstrips adequate staffing in Strategic Communications and the units to support these activities.</td>
<td>Moderate – although there will be some lessening of frequency of external communications devoted solely to individual units, attention will be paid to increasing visibility of units within campus-wide publications.</td>
</tr>
<tr>
<td>2. Elimination of senior gift planning position</td>
<td>130,000</td>
<td>This is a very technical area of fundraising that has not proven to be consistently productive for UCR relative to investment. There are three staff people in this unit, but the campus is too young to have a robust pool of prospects. The actual donor cultivation and stewardship tends to be performed in the units with central staff consulting as needed. While it will be important to staff up in this area during the campaign the senior position represents excess capacity that is not cost-effective at this point.</td>
<td>High – although the short-term implications of eliminating this position are manageable, the campaign planning timeline currently calls for a ramp-up of staffing that will be hampered if the role cannot be restored in the future.</td>
</tr>
<tr>
<td>3. Elimination of director of development, health sciences position</td>
<td>110,000</td>
<td>A senior director of development position was filled this month. The priority for that individual is front-line fundraising. Although we will require additional assistance in this area during the campaign, the current senior director needs to be out raising money and not managing another fundraiser. In addition, cultivation, solicitation, and stewardship of medicine prospects is being shared by the chancellor, vice chancellor for advancement, and the associate vice chancellor for development. The dean supports this decision.</td>
<td>High – although the short-term implications of eliminating this position are manageable, the campaign planning timeline currently calls for a ramp-up of staffing that will be hampered if the role cannot be restored in the future.</td>
</tr>
<tr>
<td>4. Eliminate Chancellor’s Associates “Gala Program”</td>
<td>63,000</td>
<td>This represents a prudent scaling back of targeted stewardship of an audience that is already engaged in a number of other ways throughout the year.</td>
<td>Moderate – because Chancellor’s Associates are invited to so many campus activities, many of them may not notice the drop-off in specific programming, but stewardship of this loyal base of donors will be crucial as we prepare for a campaign.</td>
</tr>
<tr>
<td>Description</td>
<td>Amount</td>
<td>Rationale</td>
<td>Impact</td>
</tr>
<tr>
<td>-------------------------------------------------------</td>
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<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>5. Reduce student salary funding</td>
<td>28,000</td>
<td>Student employees provide assistance with making photocopies, answering phones, taking RSVP, assembling meeting materials, and similar tasks that will be reassigned to full-time staff. Although this creates additional burden, student employees don’t provide the level of consistently reliable support required to run the advancement operation.</td>
<td>High – staffing is already stretched thin, but to preserve the quality and consistency of output, use of full-time employees for these tasks reduces the organization’s exposure to errors and missteps. Management of students can be very time-intensive for full-time staff members.</td>
</tr>
<tr>
<td>6. Eliminate funding for increase in quantity and quality of photos</td>
<td>25,000</td>
<td>Central funding has been provided to build a library of campus images for print and online publications and media use to raise the professionalism and quality of our external communications. The existing collection was outdated and incomplete. The catalog is now up-to-date and additions can be suspended for the time being.</td>
<td>Low – because we have added so many photo assets to our library in recent years, much of which with multiple uses in mind, existing inventory will sustain the program for the immediate future. However, photos quickly become dated and the collection will eventually need to be freshened up.</td>
</tr>
<tr>
<td>7. Reduce staff travel and professional development</td>
<td>15,000</td>
<td>These items represent a luxury that cannot be sustained under current conditions.</td>
<td>Moderate – with fewer positions and more demands, staff members have less time for such activities, and expectations across campus are low in terms of funding in this area. Professional development is a major component of staff retention, so this will over time have an impact on our ability to retain top talent.</td>
</tr>
<tr>
<td>8. Eliminate funding for campus/communit y relations</td>
<td>10,000</td>
<td>Although community engagement is an essential part of UCR’s mission, the campus cannot afford to sponsor dinners and events it has in the past. Continuing external support at past levels creates unintended appearance of prosperity at a time when the University is advocating for sustained funding.</td>
<td>Low – all organizations are scaling back in this area, so UCR’s critics will be less harsh. There is risk of missed opportunity for campus visibility and contact with high-potential supporters.</td>
</tr>
<tr>
<td>9. Reduce funding for advancement database systems (Blackbaud®)</td>
<td>10,000</td>
<td>Some programming capacity will be brought in-house. Scheduled enhancements that will improve the usability of the system, but are not essential for functioning will be postponed.</td>
<td>Moderate – the campus has invested significant resources in the advancement database in the past 36 months, but such systems require frequent updates and enhancements.</td>
</tr>
<tr>
<td>10. Eliminate funding for UCR homepage</td>
<td>5,000</td>
<td>An overhaul of the main gateway site was scheduled for this year but will be postponed until the budget situation improves.</td>
<td>Low – although the look of the homepage is getting stale, there is low likelihood that it will negatively impact external support of UCR.</td>
</tr>
</tbody>
</table>
Budget Discussion
University Advancement
May 26, 2011
Vice Chancellor Peter Hayashida

Outline
- Organizational overview
- Proposed reductions
- Impact of reductions
- The view forward
University Advancement Structure

Vice Chancellor
University Advancement
Peter Hayashida

Assistant Vice Chancellor
Strategic Communications
James Grant

Assistant Vice Chancellor
Alumni & Constituent Rel.
Kyla Hoffman

Assistant Vice Chancellor
Development
Joel Munson

Assistant Vice Chancellor
Unit Finance & Administration
Jan Woldman

Executive Director
Advancement & Institutional Support Services
Lisa Woltjen

Alumni Relations

- Engage and mobilize alumni in support of UCR
  - 80,000 living alumni
  - Chapters, clubs
  - Homecoming
  - Scholarships
  - Student Alumni Association
  - Regional events
  - Travel programs
  - Commencement
Development

- Develop enduring relationships that result in major gifts to UCR
  - $31.4 million YTD
  - Hybrid centralized/decentralized structure
  - Individual major gift focused
  - Coordinated prospect management
  - Major components: annual, special, major giving; gift planning; corporate & foundation relations; stewardship
  - Pipeline development

Strategic Communications

- Position UCR’s brand through consistent messaging, compelling storytelling, and strategic media management
  - Marketing and branding
  - Media relations
  - Web management
  - Video production
  - Campus communications
  - Crisis management
  - Creative design services
Strategic Plan Priorities

- Building a sustainable culture of philanthropy
- Heightening UCR’s national profile
- Planning and executing a comprehensive campaign

Expenditures/Revenues

[Graph showing financial data from FY07 to FY10]
Cut Proposal – 8.64%

<table>
<thead>
<tr>
<th>Budget item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community events</td>
<td>$10,000</td>
</tr>
<tr>
<td>Student staffing</td>
<td>$27,596</td>
</tr>
<tr>
<td>Database development</td>
<td>$10,000</td>
</tr>
<tr>
<td>Eliminate filled positions</td>
<td>$129,975</td>
</tr>
<tr>
<td>Eliminate vacant positions</td>
<td>$110,529</td>
</tr>
<tr>
<td>Event support</td>
<td>$62,790</td>
</tr>
<tr>
<td>Professional development</td>
<td>$15,000</td>
</tr>
<tr>
<td>Marketing/branding</td>
<td>$380,250</td>
</tr>
<tr>
<td></td>
<td><strong>$746,140</strong></td>
</tr>
</tbody>
</table>

Impact of Reductions

- Less community visibility
- More clerical burden on staff
- Slower pace to address/resolve database functionality issues
- Delayed ramp-up for campaign
- Fewer opportunities to tell the UCR story
- Less exposure for staff to industry best practices
15-Year Fundraising Trend

\[ y = 678,472 \times + 13,964,640 \]

Fiscal Year Comparison

To April 12th
UCR 2020 Comparison Institutions

For purposes of UCR 2020, the campus identified 11 AAU comparison institutions:

- University of Arizona
- UC Davis
- UC Irvine
- UC Santa Barbara
- Iowa State University
- University of Kansas
- University of Missouri-Columbia
- University of Oregon
- SUNY Buffalo
- SUNY Stony Brook
- Texas A&M

Total Gifts, Average FY06-FY10

The cohort average of total giving over a 5-year period is $91M. (All values shown in millions.)

- Texas A&M: $188
- UA: $143
- KU: $112
- Univ. of Oregon: $100
- UC Davis: $96
- Missouri: $93
- UC Irvine: $84
- COHORT AVERAGE: $91
- Iowa State: $65
- UC Santa Barbara: $58
- SUNY, Stony Brook: $38
- SUNY, Buffalo: $28
- UC Riverside: $25
Endowment Market Value FY2010

The cohort average of the Market Value of Endowment for FY 10 is $890M. Without Texas A&M figures, the cohort average is $496M. (All values shown in millions.)

<table>
<thead>
<tr>
<th>Institution</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas A&amp;M</td>
<td>$5,224</td>
</tr>
<tr>
<td>KU</td>
<td>$1,055</td>
</tr>
<tr>
<td>COHORT AVG.</td>
<td>$890</td>
</tr>
<tr>
<td>UC Davis</td>
<td>$598</td>
</tr>
<tr>
<td>Iowa State</td>
<td>$509</td>
</tr>
<tr>
<td>Missouri</td>
<td>$509</td>
</tr>
<tr>
<td>COHORT AVG. (w/out Texas A&amp;M)</td>
<td>$496</td>
</tr>
<tr>
<td>UA</td>
<td>$480</td>
</tr>
<tr>
<td>Univ. of Oregon</td>
<td>$463</td>
</tr>
<tr>
<td>SUNY, Buffalo</td>
<td>$429</td>
</tr>
<tr>
<td>UC Irvine</td>
<td>$246</td>
</tr>
<tr>
<td>UC Santa Barbara</td>
<td>$178</td>
</tr>
<tr>
<td>UC Riverside</td>
<td>$110</td>
</tr>
<tr>
<td>SUNY, Stony Brook</td>
<td>$101</td>
</tr>
</tbody>
</table>

Enrollment FY10

The cohort average of the Enrollment for FY 10 is 27,805 FTE. Without Texas A&M figures, the cohort average is 26,319 FTE. (Actual values shown.)

<table>
<thead>
<tr>
<th>Institution</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas A&amp;M</td>
<td>44,152</td>
</tr>
<tr>
<td>UA</td>
<td>36,527</td>
</tr>
<tr>
<td>UC Davis</td>
<td>30,390</td>
</tr>
<tr>
<td>COHORT AVG.</td>
<td>27,805</td>
</tr>
<tr>
<td>UC Irvine</td>
<td>27,368</td>
</tr>
<tr>
<td>Iowa State</td>
<td>27,044</td>
</tr>
<tr>
<td>Missouri</td>
<td>26,798</td>
</tr>
<tr>
<td>SUNY, Buffalo</td>
<td>26,575</td>
</tr>
<tr>
<td>COHORT AVG. (w/out Texas A&amp;M)</td>
<td>26,319</td>
</tr>
<tr>
<td>KU</td>
<td>24,340</td>
</tr>
<tr>
<td>UC Santa Barbara</td>
<td>22,347</td>
</tr>
<tr>
<td>SUNY, Stony Brook</td>
<td>21,506</td>
</tr>
<tr>
<td>UC Riverside</td>
<td>19,150</td>
</tr>
<tr>
<td>Univ. of Oregon</td>
<td>18,808</td>
</tr>
</tbody>
</table>
Endowment per FTE, FY10

The cohort average of the Endowment per FTE for FY 10 is $26,789 per FTE. Without Texas A&M figures, the cohort average is $18,468 per FTE. (Actual values shown.)

- Texas A&M: $118,320
- KU: $43,334
- COHORT AVG.: $26,789
- Univ. of Oregon: $24,641
- UC Davis: $19,666
- Missouri: $18,977
- COHORT AVG. (w/out Texas A&M): $18,468
- Iowa State: $18,817
- SUNY, Buffalo: $16,137
- UA: $13,147
- UC Irvine: $8,971
- UC Santa Barbara: $7,970
- UC Riverside: $5,746
- SUNY, Stony Brook: $4,703

The View Forward

- Campaign Timeline - HYPOTHETICAL
  - Fall 2011 – Case statement development
  - 2011-2012 – Feasibility study, volunteer recruitment
  - 2012-13 – Silent phase begins
  - 2015-16 – Public launch, assuming progress toward goal is one-third to one-half
  - 2020 – Campaign closes
The View Forward

- Assume increased sustainable annual production from $23 million (FY2009-10) to $60 million (FY2019-20)
  - Addition of SOM and overall growth across campus
  - Requires 10% sustained annual growth in private support

Alternative Cut Options

- Restructuring will shift resources to higher priority uses
- Transferring responsibility for activities that are not core to University Advancement’s mission to appropriate units
- Move more publications to online format
- Centralize and constrain professional development activities