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# Institutional Factors Promoting Community College Fundraising

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*The purpose of this study was to examine the annual revenue received by United States public community college foundations from 2008-2009 in relation to selected variables associated with successful foundation performance. This study replicated and expanded upon the work of Dr. Sharon McEntee Carrier a decade earlier.*

*Linear regression analysis was used to collect descriptive statistics about the frequencies, central tendencies, and distribution of the data. The researchers used linear regression and analysis of variances (ANOVA) to study the relationship between revenue gained in connection with private giving and college foundation operations for fiscal year 2008-2009, the degree to which the college president, chief resource development officer, and foundation board members were rated as playing a critical role in the foundation's operation, the degree to which meeting institutional strategic goals was rated as an important, the institution's geographic location, size (based on FTE enrollment), size of endowment, and organizational structure.*

*Variables found to promote fundraising are reported. These include operating budget, campus location, campus enrollment, chief development officer's engagement, endowment size, and development officer's sense of satisfaction with the work.*

*Keywords: chief resource development officer (CDO), college fund raising, college foundations, endowments, community college revenue*

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The dismal economic climate of the past four years has prompted thousands of people to attend college (Nevada, 2009), seeking educational programs to prepare them for a rapid return to the workforce. Many enroll at local community colleges because of their affordability and their ability to provide training sought by employers (Jacobson, 2005; Washington, 2002). Public community colleges are the workhorse of American higher education, educating a majority of students enrolled. From 2000 to 2008, enrollment at these institutions increased 17%, from 5.7 to 6.6 million students (United States Department of Education [USDE], 2010). Despite this growth, community college funding has steadily declined over the past 20 years (Fitzpatrick, 2009).

Community colleges have traditionally relied on three funding sources--state appropriations, local taxes, and tuition--with each source supplying about one-third of the school's budget. Over the years state appropriations have declined radically (Matonak, 2008). In the early 1990s, 12% to 15% of all state appropriations went to higher education nationally, but by mid-decade appropriations had declined to approximately 8% to 11% (Carrier, 2002). This problem has led community colleges to explore other ways of generating revenue and has sparked a lively interest in fundraising. This purpose of this study is to identify institutional factors affecting community college fundraising positively.

## LITERATURE REVIEW

Colleges have responded to growing costs by establishing 501(c)(3) nonprofit foundations to receive donations from alumni, donors, and other philanthropic agencies (Cohen & Brawer, 2002). Although community college foundations were rare before the 1970s, by the end of the 1980s some 649 colleges had them (Angel & Gares, 1989). Community college foundations help institutions raise money and increase volunteer involvement, yielding additional flexibility in administrative and investment decisions (Carrier, 2002). Funds raised typically supplement operating budgets, but some community colleges have begun to build endowments (Moore, 2000; Van der Werf, 1999).

Over the last decade, almost every community college in America has become a fundraiser (Van der Werf), but 2-year institutions are not as advanced as 4-year colleges in establishing successful development programs. As a result these institutions have received less than 2% of all funds given to higher education (Anderson, 2003; Fund Raising, 2008). As community college foundations gain experience in fundraising, they enjoy greater success (Weiger, 1999) and are important to their institutions. They will continue to grow as colleges seek to counter the negative economic climate (Anderson, 2003; Council for Advancement and Support of Education [CASE], 2007).

As community college foundations mature and meet with greater success, they are the subject of more research studies. However, few researchers have revisited previous studies, so little new information is available to confirm past results. Researchers contacted the Council for Resource Development (CRD) to discuss the present project and were directed to the work of Sharon M. Carrier, Barbara J. Keener, and Sherry J. Meaders in 2002. Their research, considered groundbreaking at the time, showed how community colleges implemented the principles of resource development.

The Carrier study (2002) was the first to examine the annual revenue of United States public community college foundations in relation to selected variables associated with successful fundraising. The present study was designed to replicate and expand upon the Carrier study, to examine new longitudinal data and assess if the significance of the variables established a decade earlier had changed in relation to annual revenue. The study sought to determine the relationship of fundraising to foundation budget, president's role, chief development officer's role, foundation board members' role, institutional strategic goals, campus location, college size, endowment size, and foundation organizational structure.

## METHOD OF PROCEDURE

The researchers examined the annual revenue received by U. S. public community college foundations from 2008-2009 and studied the variables described above in relation to revenue earned. Researchers used a modified and expanded version of Carrier's original survey which was validated through an expert panel drawn primarily from the CRD Board.

Subjects were community college foundation directors, whose institutions were members of the Council for Resource Development (CRD) from 2008-2010. The CRD serves community college development professionals and is affiliated with the American Association of Community Colleges (AACC). CRD serves over 1,600 members at more than 700 institutions.

CRD encouraged members to participate in the study, and a survey was made available via Survey Monkey. A computer program called G\*Power determined that at least 114 completed surveys were needed to ensure the likelihood of finding statistical significance if it existed. When the minimum number of surveys was received, the data were downloaded and entered into a Statistical Package for the Social Sciences (SPSS) spreadsheet. Responses to the Community College External Funding Survey were coded and analyzed. A linear regression analysis was used to test hypotheses at the .05 level of significance to determine the degree of association between the dependent variable, the amount of foundation revenue gained in 2008-09, and the independent variables. The researchers used analysis of variances (ANOVA) to study the relationship between revenue gained and variables in connection with foundation operations for fiscal year 2008-2009.

## FINDINGS

The study sought input from 408 chief development officers (CDO), and 115 completed the survey, representing 41 states. Of the institutions represented 53.8% were located in a rural setting, 24.2% were in suburban locations, and 22.0%, were in an urban environment. CDOs estimated service area wealth as follows: 6.1% located in a wealthy service area, 44.3% in areas of average wealth, and 49.6% of below average wealth. Lines of CDO reporting varied but more than 91% reported to their institution's chief executive, and 81.5% indicated that their position was at the senior or cabinet level.

For this study, the researchers examined nine variables, but only those that showed positive relation to fundraising are presented. First, data indicated that the size of a foundation's operating budget influenced its ability to raise revenue: the larger the operating budget, the more successful the fundraising. The mean operating budget in this study was found to be \$521,256, more than twice the average operating budget of \$232,479 reported by Carrier in 2002. Data also showed that 28.2% of community college foundations now operate on budgets in excess of \$500,000 while 15.4% have operating budgets between \$500,001 and \$1,000,000, 9.4% have operating budgets between \$1,000,001 and \$2,000,000, and 3.4% have budgets between \$2 and 5 million. An exceptional two institutions (1.7%) reported budgets in excess of \$10,000,000. These findings support the contention that if community colleges are going to raise private donations successfully, they must make investments in fundraising comparable to those made by 4-year institutions decades earlier (Summers, 2006).

Second, analysis revealed that if the chief development officer (CDO) played a critical role in the institution's foundation operation, this factor had a positive influence on fundraising and foundation revenue. These findings reinforce the literature on the importance of having a well-qualified and experienced, full-time chief development officer on staff (Anderson, 2003; Fisher, 1989; Sygielski & Carter, 2009; Wong, 2007). Care must also be taken not to overload development officers with additional duties: a majority of respondents (56.4%) "strongly agreed" or "agreed" that "The chief development officer is over burdened with other institutional work."

Third, a college's geographic location was found to play a significant role in its ability to raise revenue. Foundations in urban locations raised on average more money than those in either suburban or rural settings. Data also showed that foundations in rural locations out-performed foundations in suburban locations, which supports previous studies indicating that a college's geographic location may influence its foundation's ability to raise money (Fife, 2004; Jenkins & Glass, 1999; Meaders, 2002).

Fourth, FTE enrollment influences the foundation's ability to raise revenue: larger institutions were better able to fundraise than were smaller ones. Utilizing the Katsinas typology, 7 colleges in this study were designated as small, 31 as medium, and 81 as large. On average, the small community colleges raised \$662,036, medium colleges raised \$689,512, and large schools raised \$1,954,029.

Fifth, findings indicated that a sizeable endowment facilitates fundraising. A significant and positive relationship exists between endowment size and foundation revenue, which confirms work of other researchers (Carrier, 2002; Weir, 2002). The average endowment of the colleges participating in this study was \$6,895,231 (See Table 2) or more than triple the average endowment of \$2,220,437 discovered by Carrier just a decade earlier.

Finally, the study considered the chief development officer's perceptions of how well his or her efforts are appreciated. The CDO's perception is highly influential to successful fundraising. An analysis of the data showed a significant and positive relationship between how a development officer perceived his or her efforts were appreciated and foundation revenue. The finding supports previous literature linking this variable to turnover rates and productivity in the advancement area (Fisher, 1989; Sygielski & Carter, 2009).

## CONCLUSIONS

Many variables influence a community college foundation's ability to raise funds. One outcome which surprised researchers related to the president's role. No significant relationship was found to exist between the amount of money raised by a foundation and how CDOs rated the role the college president played in fundraising. This finding emerged despite the fact that respondents believed that the president played a very critical or critical role in the foundation's operation. To gather additional detail about the role of the president in fundraising, the researchers probed three additional areas: the president's engagement in fundraising, the president's familiarity with the solicitation process, and the president's cooperation with the CDO, foundation board members, and volunteers. CDOs responded between strongly agree and agree, indicating a belief in presidential influence despite the lack of statistical validation. Chief development officers as a group view their presidents' endeavors to help raise money for the foundation positively. Even though the results of this research question were not found to be statistically significant, the data support the literature on the subject.

Finally, the benefits a community college can derive from a substantial endowment fund are numerous, allowing them to offer additional scholarships (Weir, 2002), purchase equipment, or maintain their physical plants. In today's economic climate, it is imperative that colleges build toward their futures, and with the help of their foundations it is possible to create an endowment to ensure future stability and growth.

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