Inside **Philanthropy**

The State of American Philanthropy

Giving for Higher Education

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ABOUT THE STATE OF AMERICAN PHILANTHROPY

The State of American Philanthropy is a series of background papers on important topics and trends in U.S. philanthropy. The papers draw on past research and reporting by IP writers, as well as new interviews, grantmaking data, and other sources. Learn more at insidephilanthropy.com/state-of-american-philanthropy.

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EXECUTIVE SUMMARY

This brief explores the giving of major donors, smaller alumni givers, private foundations, corporations and community foundations to U.S. based colleges and universities.

Philanthropy has historically constituted approximately **10%** of total college and university revenues. The field's largest source of funding comprises affluent alumni whose support falls within the top of the development department's giving pyramid.

In the past decade, buoyed by the sustained growth in the stock market, colleges and universities raised historic amounts of money. The pandemic temporarily slowed this trajectory, but recent research suggests that fundraisers have regained pre-crisis momentum.

This brief explores the following long-term factors and trends affecting higher education funders and fundraisers:

Who's Giving

- Individual donors and affluent alumni in particular play a leading role in the nonprofit higher education ecosystem. These donors focus on priorities like constructing new buildings and institutes, financial aid, academic divisions, and research. Within this demographic is a subset of less affluent "middle-of-the-pyramid" alumni who represent a smaller segment of the donor base and provide comparatively less support for construction projects.
- Private foundations provide less financial support than individuals but often play leading roles influencing priorities and advocating for changes within higher education systems. For these funders, supporting low-income students and students of color to begin and complete a postsecondary degree is the dominant grantmaking priority.
- Corporate support for universities most frequently takes the form of partnerships in fields like research and workforce development.
- Community foundations fund universities through discretionary offerings and provide scholarships from individuals or corporations through donor-advised funds.

Who's Getting

- An outsized portion of charitable dollars flow to elite private institutions and large public universities, although in recent years, a growing number of comparatively less wealthy schools have raised historic amounts of money thanks to the explosion of regional philanthropy.
- Historically Black colleges and universities (HBCUs) and community colleges, which predominantly serve low-income and first-generation students, have received considerably less funding from non-institutional grantmakers in relation to other four-year institutions.

The Big Issues and Funding Trends

- As universities emerge from the pandemic era, funders' top priorities include boosting student access and success, supporting STEM-related initiatives, and addressing the student mental health crisis.
- The sector's dominant funding strategy is restricted giving, whereby a donor earmarks a gift for a specific purpose, like a new research institute, financial aid, an MBA program or a football practice facility.
- Rather than directly funding universities, some institutional grantmakers support specialized intermediary organizations focused on serving historically underrepresented students, boosting student success and equipping workers with in-demand skills.

Equity in the Sector

- In an effort to address disparities across the sector, funders are ramping up efforts to boost racial diversity in the STEM field, the ranks of university faculty, and the broader student body.
- Public awareness of social justice issues related to the pandemic and murder of George Floyd amplified discussions of long-standing funding disparities across the sector and galvanized grantmakers to provide unprecedented support to HBCUs, community colleges, and tribal colleges.

Fundraising Now

- According to experts we interviewed, many colleges and universities continued to meet their fundraising goals throughout the COVID era.
- While giving may have simultaneously increased to support immediate pandemic-related needs, neither individual institutions nor industry trends indicate that donations to higher education suffered overall as a result.
- Other phenomena fundraisers are observing include the increasing importance of online giving campaigns, trepidatious navigation of contentious social issues, and openness to revising fundraising strategies amidst ongoing uncertainties.

Funders and higher education advancement professionals IP spoke with identified a set of emerging opportunities for grantmakers like public/private partnerships, impact investing, and climate change initiatives. As with every philanthropic ecosystem, higher education funders must respond to developments across the sector and society. The pandemic compelled grantmakers to dial back giving for capital projects and athletics and prioritize emergency student aid and mental health initiatives. Similarly, some funders provided unprecedentedly large donations to HBCUs and other historically undercapitalized institutions after the murder of George Floyd; these could be truly transformative.

With colleges looking cautiously toward emergence from the pandemic, a big question moving forward is the extent to which funders and sector's philanthropic engine—affluent alumni—permanently alter their priorities, revert to a pre-crisis posture, or attempt to strike a balance between these two poles.

Introduction

Coinciding with the longest bull market in U.S. history, colleges and universities have raised a staggering amount of money in recent years.

According to the Council for Advancement and Support of Education (CASE), colleges and universities recovered from the pandemic and raised a record-breaking $52.9 billion in the fiscal year beginning July 1, 2020, and ending June 30, 2021. This figure is a 6.9% and 6.7% increase over 2020 and 2019, respectively. CASE attributes this growth to the surging stock market and relatively low inflation during the period studied.

To be clear, the rising tide didn't lift all boats. "Many institutions reported a decline, and it was only because the increases were so large that we had the overall increase in support," said Ann Kaplan, the study's author and CASE's senior director. "It's a mixed environment that the larger numbers don't reveal."

That said, other sources anecdotally corroborate CASE's larger takeaway. For example, the Chronicle of Philanthropy's Big Gifts database reveals that individuals made 159 gifts, pledges or commitments equaling or exceeding $10 million in 2021, totaling $6.7 billion. This represents a significant increase over 2020, when individuals gave 69 gifts in the same dollar range, totaling $3.2 billion. Two years since the pandemic began, university advancement teams are launching ambitious multibillion-dollar capital campaigns and securing massive gifts, all while applying best practices in virtual engagement.

This surge in giving 2021 underscores the dominant role of affluent alumni. Driven by the impulse to make an impact and leave a legacy, this demographic earmarks support to what CASE calls "current operations" purposes, which can include academic divisions, faculty and staff compensation, research, athletics, and student financial aid; restricted endowments, which are often earmarked for financial aid; and property, buildings, and equipment.

Support from these "top-of-the-pyramid" alumni comes at a time when only 5% and 18% of alumni from public and private universities, respectively, donate to their alma maters, and giving from less-affluent "middle-of-the-pyramid" alumni has remained flat.

CASE's 2018 Volunteer Support for Education survey found that 28% of the $46.73 billion raised by colleges in the academic year flowed to 20 colleges that served just 1.6% of the U.S. student population. This disconnect is all the more acute among historically black colleges and universities and community colleges. Despite their proven track record in boosting economic mobility, these institutions have raised considerably less money compared to most four-year universities.

While substantial support has flowed to the nation's most elite schools, many public universities located far from affluent coastal enclaves have dramatically expanded their fundraising footprint in recent years thanks to the boom in regional wealth, increasingly sophisticated advancement operations, and donors' desire to position their alma mater as a national leader in fields like STEM, global health, and medical research.

Yet the staggering amount of money pouring into university coffers hasn't moved the needle on some of the most critical challenges facing the field. In

2020, borrowers owed over $1.7 trillion in student debt—a 102% increase over ten years. Meanwhile, 32.1% of Americans held a bachelor's degree from 2015-2019. While the figure was up 2.8% over 2010-2014, it remains disproportionately lower for certain racial, ethnic and income groups.

For many funders—institutional grantmakers in particular—boosting access to higher education for a more diverse population of learners and student retention have become top priorities. Success hinges on funders' willingness to make college more affordable so students can attain a degree without significant debt. This would require a profound shift in philanthropic priorities. In 2018, TIAA Institute found that the proportion of gifts directed toward institutional-level student financial aid remained relatively flat over the last fifteen years, peaking at 13% in 2018.

This challenge is even more pressing as it applies to alumni donors, whose giving far surpasses that of institutional funders. Many experts have argued that this demographic's support of big-ticket construction projects exacerbates the debt crisis by creating a new set of downstream maintenance costs that administrators ultimately pass on to students in the form of higher tuition. CASE's report on higher ed giving in the fiscal year beginning July 1, 2020 and ending June 30, 2021 reveals that alumni have been incrementally dialing back support for gifts earmarked for construction and renovation projects over previous two fiscal years. The extent to which this trend holds in 2022 and beyond remains an open question.

As the higher education field navigates the post-pandemic landscape, philanthropy will be more important than ever. The big challenge facing fundraisers will be balancing the dual pressures of accommodating the wishes of critical affluent alumni and cultivating gifts that align with key strategic priorities like boosting access, funding innovative research, equipping students with in-demand skills and reducing the debt burden.

The Lay of the Land

Who's Giving

The ecosystem of philanthropy supporting the complex higher education system of institutions consists of private and family foundations, donor-advised fund managers, individual donors, and corporations.

Alumni Lead the Way. CASE found that colleges and universities raised $52.9 billion in the fiscal year beginning July 1, 2020 and ending June 30, 2021. Of this amount, the top source of funding was foundations at 33.1%, followed by alumni (23.2%), non-alumni individuals (16.6%), other organizations (13.9%) and corporations (13.2%).

At first glance, it may seem as though private foundations are the sector's dominant charitable force, but a closer look shows that individual donors are the dominant funding source—combined giving from alumni and non-alumni made up 39.8% of the total.

CASE's analysis is corroborated by Amy Holmes, a director at Rockefeller Philanthropy Advisors, who notes that most giving to colleges and universities is driven by "living engaged donors, whether they're giving through their own checkbook or through a donor-advised fund or through a private foundation."

In addition, CASE's "foundations" category includes family foundations, while the "other organizations" category consists of giving from donor-advised funds (DAFs). Both vehicles are basically conduits for individual giving, with the report specifically citing a big increase in funding from DAFs.

Lastly, while each funding source gave more than the previous fiscal year, alumni led the way with an increase of 10.8% in giving—or 8.9% when adjusted for inflation—over the previous year.

According to CASE, donations make up nearly 19% of the budget spent on students at private not-for-profit four-year colleges but only 8% for public research universities.

Similarly, the American Academy of Arts and Sciences found that philanthropy supports an average of 7.5% of core institutional budgets at public research universities. The academy conducted a related analysis into the revenue models of four public research institutions as of 2015—the University of Colorado Boulder, University of Michigan, University of Pittsburgh and University of Washington. On average, the top revenue source was tuition and fees (33.5%), followed by grants and contracts from federal, state and local governments (32.5%), and auxiliary activities such as housing, university presses and bookstores, and food service (14.5%). "Gifts" comprised only 4.5%.

While philanthropy is a small portion of the higher education revenue mix, big gifts get lots of public attention. Major donors making news include real estate developer Stephen Ross, who provided $100 million for the University of Michigan—Ann Arbor's capital campaign to build the Detroit Center for Innovation; real estate developer John Arrillaga, who pledged $55 million to eliminate medical school loans for incoming Stanford students with demonstrated financial need; Netflix founder Reed Hastings and his wife Patty Quillin, who gave $120 million distributed equally between Spelman and Morehouse Colleges and the United Negro College Fund (UNCF); and most notably, MacKenzie Scott, who gave a total of $842 million in unrestricted gifts to 42 historically undercapitalized institutions.

Despite these funders' broad influence across the sector, most unaffiliated advancement teams cannot engage with them—nor have these donors shown any desire to become more accessible to a wide range of institutions. As one higher education fundraising professional told IP, "I don't think there are particular major donors in higher education, because most donors give to their own alma maters, rarely to other higher education institutions."

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> *"Commercial partnerships between universities and corporations have taken the place of corporate philanthropy and banks in particular-and particularly now, with COVID-are less likely to fund universities. Donor Advised Funds are blurring the lines between corporate giving and individual giving."*
>
> —Fundraiser, Philadelphia, Pennsylvania

CASE's 2018 report on trends in alumni giving provides a useful look into how the engine of the higher education fundraising machinery—alumni donors—allocate support. In fiscal 2018, alumni contributed $12.15 billion—26% of the $46.73 billion raised by U.S. colleges and universities that year. According to CASE, "much of the growth in alumni giving has been in the form of capital-purpose gifts, which are gifts for endowment, property, buildings, equipment and loan funds." Gifts toward endowments tend to be restricted to scholarships and faculty and staff compensation.

CASE found that 58% of alumni support flowed to capital purpose gifts versus 42% for "current operations," which is used as a proxy for the annual fund. Alumni earmarked 25.3% of "current operations" gifts for academic divisions—defined as "departments of study within a university"—followed by athletics (24%), financial aid (16.7%) and research (6.6%).

CASE found that alumni giving priorities differ from "all donors"—a field that includes foundations, corporations and non-alumni individuals. The latter category prefer gifts earmarked for research (33.1%), academic divisions (21.4%), student financial aid (10.3%) and athletics (8.2%).

A closer look at CASE's analysis in subsequent fiscal years reveals a subtle shift in alumni priorities. The top three areas of support cited by the 864 reporting institutions for the 2020-21 fiscal year were restricted gifts for current operations (52.4%), restricted endowments (27.5%), and property, buildings and equipment (10.7%).

Alumni giving for the broader "capital purposes" category jumped 23.4% over the previous year—a figure that CASE's Ann Kaplan called "staggering." Most of that increase was driven by a surge in giving for restricted endowments, which, as noted, are often earmarked for financial aid. Put it all together, and "alumni are stepping up to the plate to primarily fund scholarships and not buildings," Kaplan said.

To this point, the $4.4 billion institutions raised for gifts earmarked for property, buildings and equipment in the 2020-2021 fiscal year represented a 1.1% decrease over the previous one. This suggests that universities' remote or hybrid arrangements and urgent financial aid needs compelled funders to deprioritize "shovel-ready" gifts. That could mean that the drop was a pandemic-related anomaly. And yet, the $4.4 billion figure is 6% less than the $4.7 billion universities raised for property, buildings and equipment in pre-pandemic 2019, when 913 institutions participated in CASE's survey.

CASE's analysis suggests that funders—and alumni in particular—have been gradually dialing back support for renovation and construction projects across the past three fiscal years.

While higher education experts believe that the pandemic will heighten fundraisers' reliance on major donors, there's less consensus on whether or not advancement teams will be able to bring previously disengaged middle-of-the-pyramid alumni—broadly defined as donors who give between $100,000 and $999,999 annually—permanently back in the fold. In the early days of the pandemic, small donors organized to crowdfund emergency support for students at an unprecedented scale.

However, Jeff Martin, the senior director at education consulting firm EAB, told IP that the drop-off in fundraising across 2020 was especially acute for smaller donors who concluded they would have more of an impact donating $50 to other kinds of organizations. "There often seems to be a clear answer in their minds, and it's not higher ed," he said. Other experts worry that hundreds of small colleges across the county will shut down in the years ahead due to diminished alumni support, steep pandemic-related deficits, and alarming demographic trends.

A Few Large Private Foundations Provide Significant Funding. According to Candid data,10 of the largest higher education funders from 2014–2018 were some of the largest institutional funders that come up in top funder lists in many subject areas, including Gates, Mellon, Lilly and Ford. The Candid data is not comprehensive, as it does not include support from many off-the-radar family foundations and non-DAF individual donors and alumni.

10 Institutional Funders to Know: Higher Education[1]

- Bill and Melinda Gates Foundation
- Andrew W. Mellon Foundation
- Lilly Endowment
- Silicon Valley Community Foundation
- Simons Foundation
- Robert Wood Johnson Foundation
- Ford Foundation
- Gordon and Betty Moore Foundation
- John Templeton Foundation
- Susan Thompson Buffett Foundation

Source: Candid

In IP's analysis of Candid data, we excluded certain funder types like university foundations that support a specific college rather than a broad set of unaffiliated schools. There are over 1,400 college and university foundations in the United States—900 are affiliated with community colleges, while 500 are affiliated with public four-year colleges and universities. If these foundations were included, the Gothic Corporation, which supports Duke University, and the UCLA Foundation, would have ranked first and sixth, respectively. Similarly, we excluded foundations that provide support exclusively to colleges within an athletic conference. Examples include the Atlantic Coast Conference and Big 12 Conference, which would have ranked seventh and eighth, respectively.

Financial services corporations operating donor-advised funds (DAFs) like Fidelity, Vanguard and Schwab also channel a large portion of the total philanthropic support for higher education. By funding colleges and universities recommended by donors, DAFs essentially act as proxies for individuals. We have excluded data for these corporations since nonprofit fundraisers often have difficulty directly engaging DAF donors or the fund's operators. If for-profit DAF providers were included in Candid's analysis from 2014–2018, the Fidelity Investment Charitable Fund would have ranked as the third-largest grantmaker.

Who's Getting

The bulk of higher education giving flows to elite private institutions and large public universities. According to Candid data, the 10 institutions among those receiving the most institutional funding from 2014–2018 were:

10 Higher Education Recipients to Watch[1]
Duke University
University of Florida
Presidents and Fellows of Harvard College
University of California, Los Angeles
Stanford University
Georgia Institute of Technology
University of California at Berkeley
Johns Hopkins University
Columbia University
Massachusetts Institute of Technology

Source: Candid

This data is reflective of a larger trend. CASE's 2018 Voluntary Support for Education survey found that 28% of the $46.73 billion raised by colleges in the academic year flowed to 20 institutions. These colleges, which included Harvard, Stanford University and Columbia University served just 1.6% of the U.S. student population. A Morgantown, West Virginia-based fundraiser who responded to IP's survey on the state of higher education fundraising summed up this dynamic accordingly: "From my perspective, there is plentiful funding for Harvard, Michigan, UVA, and the UCs, but little for those of us not fundraising for those storied institutions."

Funders argue that donations to elite institutions—which often support campus hospitals, museums and research institutions—benefit society at large. For example, in 2018, Harvard Medical School received a pledge of $200 million from billionaire businessman Len Blavatnik's family foundation with the aim of transforming new medical discoveries into patient treatments. A year later, he met the school's scientists to learn more about research taking place on campus. "I already saw progress stemming from the gift," he said.

Regional universities raised historic amounts of money over the past decade, as wealthy alumni made huge gifts to support research, engineering and other STEM-related programs. Oil industry executive Paul M. Rady gave Western Colorado State University an $80 million gift to create the Paul M. Rady School of Computer Science and Engineering. Clemson University's business school received $60 million from South Carolina businessman W.O. "Billy" Powers. These are just two of countless examples of pre-and post-pandemic gifts flowing to universities located far from affluent coastal enclaves.

Fundraisers often secure these kinds of mega-gifts as part of ambitious multi-year capital campaigns.

"Higher ed is all about ideas, and it needs vehicles to create discipline to support these ideas," said Don Hasseltine, a senior consultant and vice president at the Aspen Leadership Group. "Leaders have to make choices, and campaigns are one of the only ways to create discipline to have a transformative impact. That's the primary reason for campaigns."

Two types of institutions that have received considerably less private support—community colleges and historically Black colleges and universities (HBCUs)—have made significant fundraising strides in recent years.

Carol Krumbach, the executive director of the Cerritos College Foundation, told IP that community college foundations have been methodically rolling out the requisite infrastructure and alumni relations initiatives needed to consistently secure big gifts. "Many community colleges in California were founded in the 1950s and '60s, so it makes some sense that we're just now starting to see more realized planned gifts from alumni," Krumbach said.

In 2017, funders made 462 gifts of $1 million or more to higher education. HBCUs received two of them. At that time, the largest gift ever made to an HBCU was Bill Cosby's $20 million gift to Spelman College in 1998. The tide began to turn in 2018, when Ronda Stryker and William Johnston made a $30 million donation to Spelman. HBCUs started to secure the kinds of gifts normally received by predominantly white institutions as funders began to respond to changing social, political and economic conditions.

Assessing this upsurge in support in 2018, the *Atlanta Journal-Constitution*'s Eric Stirgus made the connection to "national conversations about racially charged issues such as deadly police encounters with African Americans." The Movement for Black Lives was on the rise, the Trump era was serving as a reminder to mainstream Americans of the prevalence of racism, and donors were looking to HBCUs as a versatile way to advance equity. The Perspectives in Equity section of this brief explores how the pandemic and the murder of George Floyd further galvanized funder support for HBCUs.

Giving & Getting Deeper Dive

The Individual Donor Pyramid. Giving from top-of-the-pyramid donors—and alumni, in particular—are the engine of higher education fundraising, not private foundations. In order to demonstrate the full breadth of this giving, we calculated the number of gifts, commitments and bequests from alumni and non-alumni totaling or exceeding $20 million to colleges and universities from 2016-2020 as cited in the Chronicle of Philanthropy's Big Charitable Gifts database.

Year	Number of gifts	Total amount of gifts
2018	88	$5.8 billion*
2019	87	$4.6 billion
2020*	69	$3.2 billion
2021	123	$6.6 billion

*Includes Michael Bloomberg's $1.8 billion financial aid gift to Johns Hopkins University

A confluence of factors has contributed to university advancement teams' increasing reliance on top-of-the-pyramid donors in recent years. Most notably, these donors have benefited from a surging stock market. According to Goldman Sachs, between 2010 and 2020, the S&P 500 had an annual average return of 13.6%, outpacing the historic 10-year average of 9.2%.

Top-of-the-pyramid donors are "still making money and doing better than the rest of the world," said Don Hasseltine, a senior consultant and vice president at the Aspen Leadership Group. In many cases, "95% of the money raised in a capital campaign will come from 5% of the donors, and 50% is going to come from 30 donors."

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> *"Food, housing, basic healthcare, and adequate funding for the essentials of public higher education should not be dependent on UHNW (ultra high net worth) philanthropy. There are multiples roles for philanthropic giving in these fields, but the responsibility of providing the fundamental foundations for a decent life lie with the government, as a representative of all of us, not a few individuals in the philanthropic sector."*
>
> —Prospect researcher, New York, New York

Of course, middle-of-the-pyramid donors have also reaped gains from the bull market, yet they remain a relatively small component of the higher education fundraising model. Experts cite a handful of factors for this disconnect. For starters, a segment of younger middle-of-the-pyramid donors grappling with higher housing costs and student loan debt have less disposable income than their older counterparts. Research suggests that when younger donors do reach for their checkbooks, it's usually to support organizations in fields like education, civil rights and activism, and the environment, rather than their alma maters.

Other economic factors are at play, including stagnating middle-class incomes and impact of the 2017 Tax Cuts and Jobs Act, which "ended the ability of middle-income Americans to itemize deductions on their tax filing, further discouraging philanthropy from this less-elevated source," writes *Times Higher Education's* Paul Basken. A year after President Trump signed this legislation, Hanover Research report found that only 5% of alumni from public universities donate to their alma maters. That figure jumps to 18% for private universities. Faced with these stark fundraising realities, advancement officials prioritize cultivating high-yield gifts from top-of-the-pyramid donors rather than attempting to achieve a similar return through hundreds of smaller gifts from less affluent alumni.

In February 2021, EAB surveyed 104 university advancement teams and found that more than 1 in 4 respondents saw fundraising revenues decline by more than 30%. Senior Director Jeff Martin told IP that top-of-the-pyramid donors—and first-time major donors, in particular—were taking a wait-and-see approach, given ongoing market volatility.

However, CASE's report on higher education giving in fiscal year 2020-21 shows that a surging stock market compelled funders to reactivate giving. The S&P 500 Index increased 38.4% during the fiscal year beginning July 1, 2020 and ending June 30, 2021.

The Differing Priorities of Large Legacy Foundations. One of the most urgent post-pandemic priorities for institutional funders is boosting student access and success, especially for low-income students and students of color.

As the largest private foundation focused exclusively on higher education, the Lumina Foundation seeks to increase the U.S. higher education attainment rate to 60% by 2025, which would represent an increase of 23 million graduates above current levels. The foundation focuses on attainment, defined as completing post-secondary certificates, (52% of all certificates were awarded by public two-year colleges and 44% were awarded by private for-profit schools), associate and baccalaureate degrees and credentials.

Other prominent funders looking to boost student access and success include the Gates Foundation, the Susan Thompson Buffett Foundation, Arnold Ventures, Kresge Foundation, Joyce Foundation and Michael & Susan Dell Foundation, and a wide array of corporate funders, community foundations, and individual donors.

Funders earmark gifts for universities' scientific and medical research, hospitals, public health, data sciences, and other STEM-related activities. Some of these kinds of gifts include a capital component in the form of construction projects. Fundraisers cultivate this support in close partnership with long-standing funders looking to boost the university's profile, attract and upskill high-performing students, inspire other donors and support regional economic development.

Interest in these kinds of gifts spans the entire funding ecosystem, and includes prominent regional foundations (Allegheny Foundation, Grainger Foundation, Moody Foundation), corporations (Boeing, Amazon, Microsoft), countless alumni and mega-donors, loosely defined as those making gifts exceeding $10 million. A December 2019 Public Administration Review study exploring the motivations for mega-donor giving cited the "desire to have an impact" by increasing "the quality and/or reputation" of a university as the "most common motivation" for this affluent demographic.

In the early days of the pandemic, higher education experts predicted the crisis would force fundraisers to pivot away from costly construction projects and amenities and toward what Jeffrey Wolfman, Fitchburg State University's vice president for institutional advancement, calls "an essential-only" model built on increased support for access, financial aid, online learning and student success. As previously noted, CASE's study of giving in the 2020-2021 suggests that funders have incrementally ramped up support for financial aid while gradually decreasing support for buildings and property. That said, big gifts for "shovel-ready" projects will continue to be a significant component of the higher ed fundraising model. "It's how you stay in the game, for good or bad," said Hasseltine of the Aspen Leadership Group.

The pandemic has compelled funders to accelerate support for other pre-2020 efforts, like university "transformation," as grantmakers like the Lilly Endowment and Gates and Kresge foundations are helping universities reduce costs, explore partnerships and embrace technological innovation. Funders like the Teagle Foundation and the Henry Luce Foundation are ramping up efforts to redefine the liberal arts and the humanities in a post-pandemic world. George Soros, through his Open Society Foundations, launched the $1 billion Open Society University Network, an international educational collaboration that gives students the benefits of a liberal arts education and equips them with values and critical thinking skills. Soros said he considered the network to be "the most important and enduring project of my life and I should like to see it implemented while I am still around."

The Andrew W. Mellon Foundation is another influential humanities supporter. In June 2020, its board of trustees approved a plan to boost giving in 2020 from $300 million to $500 million. Later in the month, the foundation, which has a $6.5 billion endowment, announced it would prioritize social justice in all of its grantmaking. Over the past two years, the foundation's Higher Learning program "has sharpened its social justice focus," said director Phillip Brian Harper. He told IP that going forward, the program "will accelerate a more deliberate distribution of resources to expand access and redress inequities throughout the system of higher education." Central to the program's work are "the imperatives of building diverse student bodies and faculties, nurturing a diverse cadre of inspired institutional leaders, supporting the creation of inclusive narratives and generating new knowledge."

Harper cited other important foundations in his chat with IP, such as the Luce Foundation, a funding and thought partner that has supported "important projects for public humanities and tribal colleges and universities"; the Jack Kent Cooke Foundation, "as both a scholarship provider for high-achieving students with financial need and a grantmaker to organizations that support such students"; the Ford Foundation for its Ford Fellows program, a "key pipeline initiative aiding increasing faculty diversity"; and the Sloan Foundation, "a key player and counterpart in diversifying the American professoriate, with a focus on the STEM fields, and in building bridges between the sciences and humanities."

Some funders support colleges and universities to advance broader education imperatives. Chan Zuckerberg Initiative Strategic Communications Leader Amy Dudley told IP that while the majority of the funder's education grantmaking is focused on K-12, "we have worked with institutions of higher education to advance the science of learning and human development in service of students in K-12. For example, CZI has provided support to theUniversity of California, San Francisco's Healthy Environments and Response to Traumas at Schools program to expand professional learning for educators in trauma-informed practices that promote equity and help schools reduce suspension rates and incidents of violence.

Foundations like the Simons Foundation, the John Templeton Foundation, Gordon and Betty Moore Foundation and the David and Lucile Packard Foundation do not list higher education as a key grantmaking area nor does this giving constitute a significant portion of their grantmaking portfolio. Rather, these funders earmark support to universities to complement broader missions like advancing scientific, medical and climate research.

"I think there is an elitism in areas of philanthropy where higher ed funders have this belief that they have to support elite institutions and if they're going to do anything about equity, they'll make it possible for underrepresented populations to go to those elite institutions."

—Hilary Pennington, vice president of programs, Ford Foundation

Other prominent higher education grantmakers include the Carnegie Corporation of New York, Educational Credit Management Corporation (ECMC) Foundation, Einhorn Family Charitable Trust, Annenberg Foundation, Geraldine R. Dodge Foundation, Ewing Marion Kauffman Foundation John D. and Catherine T. MacArthur Foundation, Rockefeller Foundation, W.K. Kellogg Foundation, and the Walton Family Foundation.

The funder space has experienced some churn in the past five years. Ford Foundation began phasing out its discretionary higher education support after a strategic pivot to combating inequality in 2015. The Robert Wood Johnson Foundation primarily focuses on child care movements, caregiving and early nutrition. While the James Irvine Foundation has made grants to community colleges, higher education has become less of a priority since 2016, according to a foundation official.

Broader fundraising trends. Candid research shows that total support to colleges and universities jumped significantly from 2014 to 2015, and then held relatively steady from 2015 to 2018. (Again, note that the Candid data does not include the full breadth of support from family foundations and non-DAF individual donors, or alumni.)

Funding jumped 109% from 2014 to 2015, thanks in part to 6,578 new grantmakers entering the space during that period. Moreover, 66 funders that did not provide any higher education support in 2014 gave approximately $6.4 billion in the following year. This amount accounted for 62% of the $10.2 billion increase in support between 2014and 2015. Giving was strong from Q1-Q3 2015, but began to slow significantly in Q4, reflecting broader trends across the U.S. economy.

Candid categorizes foundation and DAF grants to the Higher Education field from 2014–2018 in the following ways:

Priority	Amount	% of Total
University education	$7.2 billion	66%
Higher education	$1.5 billion	14%
Graduate and professional education	$6.1 billion	12%
Undergraduate education	$456 million	4%
Medical education	$382 million	4%

This support comes against the backdrop of diminished state and local funding for public higher education. A report by the State Higher Education Executive Officers Association found that while federal stimulus helped to boost public appropriations per full-time student by nearly 3% between fiscal years 2019 and 2020, overall public funding has not fully recovered from cuts made during the 2008 recession. "Although we did have an increase this year, it just wasn't quite enough to make up for all of the cuts in the last two recessions," said Sophia Laderman, a senior policy analyst at the association and lead author of the report.

Cumulative Funding: Higher Education 2014 - 2018[2]

Year	Grantmakers	Grants Awarded	Recipients	Dollar Value of Grants	Percentage Change
2014	30,852	175,938	16,616	$9.40 billion	--
2015	37,430	262,580	19,248	$19.6 billion	+109
2016	37,528	267,775	20,333	$18.4 billion	-6
2017	35,489	180,181	19,430	$22.0 billion	+20
2018	36,630	193,820	23,841	$22.0 billion	0

Source: Candid

The Council for Advancement and Support of Education's (CASE) report of higher ed giving in fiscal year 2020-2021 found that 7.4% of charitable dollars were earmarked as unrestricted gifts for current operations. The figure represented a 30.2% increase over the previous fiscal year, representing the largest increase by support area in the study.

The report's author Ann Kaplan attributes this increase almost exclusively to MacKenzie Scott. "We knew that her gifts would start to show up in the study, but we didn't think it would swing things to such a surprising degree," she told IP. "These donations had absolutely no restrictions, and that's a pretty rare occurrence, since larger gifts tend to be driven by a specific interest on the part of the donor."

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"[There has been a] *Reduction of the size of a viable donor prospect pool to HNWI and UHNW.* [There is a] *Growing dominance of DAFs behind which donors "hide", so the relational dynamic of fundraising is damaged severely."*

—Fundraiser, New York, New York

An IP survey listed 12 sources of unearned revenue and asked higher education funders and fundraising professionals whether the importance of that source of revenue is increasing in importance, decreasing, or staying the same. Most respondents who focus on higher education said private and family foundations were increasing in importance (a little over half of respondents), followed by support from large individual donors (half) and donor-advised funds (4 in 10).

IP's survey also asked respondents their thoughts on which pre-defined trends would have the most pronounced effect on nonprofit fundraising. Close to 6 in 10 respondents cited the "current economic downturn and the long-term effects of a recession on populations with the greatest need." Approximately 2 in 10 respondents cited four additional trends—"the increasing ratio of charitable funds being directed to donor-advised funds," "the changing priorities of the philanthropic sector as it moves more resources toward justice and equity issues," "the change in levels of giving from smaller individual donors to big gifts from the mega-wealthy," and "the continued shrinking of government funding for social programs."

A May 2021 survey by fundraising consultancy Washburn & McGoldrick found that 8 in 10 responding college fundraisers said they were confident they would meet their fundraising goals for the fiscal year. Financial aid, unrestricted annual operating support, and endowments were top priorities. In addition, half of chief advancement officers cited diversity, equity and inclusion as a top priority, up from 4 in 10 respondents the year prior.

The Big Issues and Beyond

As universities and colleges look toward emergence from the pandemic, the most pressing issues for the field revolve around boosting student access and success, supporting STEM-related initiatives, and addressing the student mental health crisis. Two big open questions will be the extent to which athletics remains a top priority for donors and if historically undercapitalized HBCUs and community colleges can close the fundraising gap with more affluent four-year universities and private schools.

Boosting student access and success. The issue of expanding access for low-income, first-generation, and historically underrepresented students has emerged as a top funding priority for individual donors and private foundations.

Examples of these kinds of gifts from individual donors include a $40 million gift to the University of Michigan from alumni Judy and Fred Wilson to endow the Kessler Presidential Scholars Program, which provides first-generation, limited-income students with academic, social and career support; and $8 million from alumnus John Dains to establish and endow an undergraduate success fund at Washington University for students with financial need that fall outside of the parameters of standard financial aid packages, such as family emergencies.

In 2020, billionaires Michael and Susan Dell announced a $100 million commitment to the University of Texas Austin to expand individualized support services for students and every Pell Grant recipient on campus. Student support includes real-time customized tutoring, advising, mentorship and counseling, financial planning services, and textbook and technology assistance.

Partnership Spotlight

Stand Together | Arizona State University

Charles Koch is one of higher education's biggest and most controversial donors. For years, critics have argued that he uses his philanthropy to advance his libertarian agenda on American campuses. In 2020, Stand Together, the philanthropic entity founded by Koch and formerly known as the Koch Network, announced a partnership with Arizona State University to "redesign American higher education" by "helping universities change their current models, achieve greater scale, and remove financial and geographic and generational barriers to education."

"It's easy to assume that it's money that keeps students from graduating from college," Dell Foundation Executive Director Janet Mountain said. "We know that it's often other personal challenges—challenges that are mostly solvable with the right support at the right time—that derail students from achieving a degree."

Funders have also launched initiatives to help undocumented immigrants attain a college degree. In 2018, Jeff Bezos and his then-wife, MacKenzie Scott, gave $33 million to TheDream.US in support of college scholarships for undocumented immigrant students. At the time, it was the largest gift ever to the organization. Most notably, in April 2021, billionaire biotech entrepreneur and investor Jack Schuler announced plans to commit $500 million to the Schuler Access Initiative, which will award funds to liberal arts schools that pledge to increase their enrollment of undocumented immigrants and students with financial need to 6% over 10 years.

In 2019, Rockefeller Philanthropy Advisors and the TIAA Institute released a study titled "Philanthropy in Higher Education: Priorities and Approaches of Private Foundations." Participants included members of Grantmakers for Education and 76 foundations and ranged from $1 million to well over $1 billion in assets.

Nine in 10 respondents cited "student access and success" as a key issue area, followed by policy, advocacy and system reform (half of respondents); pedagogy/educational activities and infrastructure on campus, "other" (2 in 10), and institutional sustainability (1 in 10.) The report defined "student access and success" as supporting "low-income students and students of color to begin and complete a postsecondary degree." This priority area, which the study calls "the dominant trend in private philanthropy," was consistent across local, regional and national funders of all sizes.

Commenting on respondents' surging interest in this area, especially for first-generation and low-income students, RPA Director Amy Holmes said, "That was really something that we didn't hear as much two and three years ago when we were doing our first round of research," while noting an uptick in funder interest for community colleges.

The pandemic and heightened public outcry for social justice throughout 2020 further intensified support for student access and success. Kresge's Bill Moses told IP that the funder has been "explicitly committed to supporting college access and success for underrepresented and BIPOC students" since 2010 by "improving pathways to college in urban areas, helping institutions build better capacity, and strengthening and aligning urban higher education ecosystems."

In 2021, the foundation adjusted its grantmaking tactics to respond to pandemic-related challenges and opportunities emerging from the new federal administration. "Those include mitigating declines in first-time college enrollment, strengthening college promise programs, sustaining and securing equity-driven student success solutions, prioritizing student persistence, and supporting comebacker and transfer students," Moses said.

Funders also sought to boost graduation rates across a space where, according to a 2018 report from the Pell Institute, just 1 in 10 students from the lowest-income quartile earn bachelor's degrees within six years compared to close to 6 in 10 students who come from the highest-income group.

In 2008, the Gates Foundation began identifying strategies and practices to expand educational opportunities after high school. Over time, it "followed the evidence to focus on innovations such as redesigning developmental education, strengthening student advising, and creating high-quality digital learning tools to address some of the most prevalent causes of attrition," said Patrick Methvin, director of the Postsecondary Success in the United States Program.

THE AMERICAN PROSPECT IDEAS, POLITICS & POWER

"Few institutions have exposed the absurdity of our COVID-era inequality more aggressively than the country's elite private university systems, which, not unlike the country's cabal of centibillionaires, have entered a runaway-train phase of capital accumulation."

– Alexander Sammon, The American Prospect

In May 2021, a Gates Foundation report titled "Equitable Value: Promoting Economic Mobility and Social Justice Through Post Secondary Education" sketched out a roadmap for equity-minded foundations, encouraging leaders to eliminate "completion gaps" and remove "affordability as an impediment to postsecondary value" while putting racial and gender equity front and center.

It remains to be seen if grantmakers follow Gates' lead. "I'm skeptical about whether or not funders will stay the course," said Hilary Pennington, Ford Foundation's executive vice president of programs. As the former director of education, postsecondary success, and special initiatives at Gates Foundation, Pennington oversaw the funder's community college portfolio. "It's not that we don't know how to restructure community colleges and resource them so that students will succeed," she told IP. "We do know, but the temptation continues to be to the wishful thinking that we can do it on the cheap."

Supporting STEM-related initiatives. One of the biggest areas of support earmarked for "research" is gifts for STEM education and related fields like artificial intelligence, public health, and data science and analytics. Funders are driven by an array of motivations, including helping the university meet projected demand for 11.5 million data science/analytics workers by 2026 or transforming recipient institutions into nationally renowned research destinations that attract new investors, businesses and residents.

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"Girls in STEM - this is where the jobs are in the future, and we are leaving our girls out of the running for these growing, high paying, innovative jobs that will design the solutions of tomorrow."

—Fundraiser, Brooklyn, New York

Examples of this kind of "destination" philanthropy include Philip and Nancy Anschutz's $120 million gift to the University of Colorado Anschutz Medical Campus and T. Denny Sanford's support for the construction of the Madison Cyber Labs at Dakota State University in South Dakota. These gifts often find universities partnering with government and industry entities. For example, the DSU's Madison Cyber Labs works closely with the National Security Agency, Department of Homeland Security, and the U.S. National Science Foundation.

Institutional funders actively supporting university data science initiatives include the Washington Research Foundation, Alleghany Foundation, Starr Foundation, Gordon and Betty Moore Foundation, Alfred P. Sloan Foundation and the Grainger Foundation, which has provided more than $300 million in total support for the University of Illinois at Urbana-Champaign's College of Engineering.

Individual donors with an expansive footprint in data-heavy sectors like science, technology and finance are driving the STEM gold rush. Former Facebook engineer Taner Halicioglu gave his alma mater UC San Diego $75 million for a new datascience institute. Information technology pioneer Fred Luddy donated $60 million to establish a multidisciplinary AI initiative based in his alma mater Indiana University with the goal of using AI to revolutionize health care. Other funders supporting AI research include the Chan Zuckerberg Initiative, corporate turnaround pioneer Jay Alix, and IBM Watson Health.

Thanks to the explosion of regional wealth and a surging stock market, this STEM giving trend has extended far beyond affluent coastal enclaves. Examples of donors providing STEM support to regional schools include business leaders Jim and

Thomas Duff's $26 million gift to build a new STEM facility at the University of Mississippi, and Fred Kaiser and Grace Borsari's $10 million commitment to fund the construction of a new STEM building at Western Washington University.

Once the dust settles, some experts believe the pandemic may accelerate grantmakers' support for medical and scientific research, global health initiatives and medical/nursing programs, providing some advancement teams with a new set of promising funding opportunities. The crisis, wrote *New York Times*' Frank Bruni, provided "extra incentive for schools to redirect money from the humanities to the sciences, because that's where big grants for biomedical research are."

Tackling the student mental health crisis. In a 2017 Chronicle of Higher Education survey, college presidents and student-affairs leaders cited student mental health as their top concern (7 in 10), followed by diversity and multicultural services (4in 10) and campus safety (roughly 3 in10). "Approximately 1 in 3 students meet criteria for a clinically significant mental health problem (depression, anxiety, eating disorder, or self-injury)," the report read. "This translates to nearly 7 million students nationwide."

Despite these statistics, funders provided relatively scant pre-2020 support for university mental health initiatives. In 2019, financier Clifford Chiu and his wife Leigh made a big gift to the nonprofit healthcare system Ascension Seton to support mental healthcare initiatives for college students in Central Texas. "There's a huge mental health crisis, and it's under-researched," Chiu told IP.

Later that year, however, one of philanthropy's most affluent families entered the fray. In November, the Huntsman Family, whose wealth derives from the Huntsman Corporation, a global manufacturer and marketer of specialty chemicals, announced a $150 million gift to the University of Utah to fund a new institute focused on mental healthcare in the state. "We need to stop the stigma," said Christena Huntsman Durham, Huntsman Foundation vice chairwoman and executive vice president. Around the same time, Highmark Health, the Pittsburgh-based nonprofit health company, announced a $35 million grant from Highmark Inc. to support the construction of a new student health, wellness and athletics center at Carnegie Mellon University.

Individual donors kept the gifts flowing in 2021. Examples include a $10.15 million commitment from the Jay & Jeanie Schottenstein Foundation to launch a student mental health program at Ohio State University and a $10.2 million gift to Kansas State University from alumni Charlie and Debbie Morrison in support of student well-being initiatives.

Grantee Spotlight

HUNTSMAN MENTAL HEALTH INSTITUTE
UNIVERSITY OF UTAH

After receiving a $150 million donation from the Huntsman Family in 2019, the University of Utah created the Huntsman Mental Health Institute (formerly the University Neuropathic Institute). Its initial focus is on research informed treatment of mental illness, improving mental health services for college aged students, increasing access to mental health services in rural communities and identifying genetic foundations for mental illness. The university and the Huntsman family plan to continue to work together to raise additional funds for the facility.

According to a survey by Active Minds, a national mental health advocacy group, 8 in 10 responding college students say the COVID-19 crisis has negatively affected their mental health. One-fifth say it has "significantly worsened."

IP's survey of higher education fundraising professionals revealed a similar sense of urgency. When asked to name "two or three most important trends in your field," multiple respondents cited variants on the student mental health crisis, including "social, mental, and emotional health," and "health services moving online post-pandemic."

An uncertain future for athletic gifts. Before the pandemic, equity-focused commentators questioned the utility of donors' support for athletics. Writing in Bloomberg in 2017, Eben Novy-Williams noted that the athletic departments of at least 13 schools in the country had long-term debt obligations of over $150 million as of 2014.

Funders often acknowledged critics' arguments. After giving the University of Kansas $50 million to kickstart a $350 million plan to overhaul its football stadium, billionaire investor David Booth said, "I'm familiar with the argument as to why you might not want to have a serious athletic program... I don't agree with them." Proponents of athletic gifts argue that this kind of support creates construction jobs, supports economically disenfranchised students, and raises the school's profile, which in turn generates more donations.

Funding Under Fire: Athletic Donations

Large gifts to athletic programs—like Phil Knight's $800 million to the University of Oregon and Stephen Ross's $400 million to the University of Michigan—seem like they would be a boon for the entire school. However, a study by Gi-Yong Koo and Stephen W. Dittmore found that an increase in athletic giving results in a decrease in academic operating dollars.

According to Koo and Dittmore, for every $1 increase in athletic giving, academic operating dollars decrease by $1.40. Although the study does not fully explain the complexities of higher eductation funding, Koo hopes it will help schools gain a better understanding of the relationship between athletic and academic giving in general.

Critics remain unconvinced. In 2020, an anonymous donor gave New York's Binghamton University $60 million for the construction of a new baseball stadium complex. Michael Poliakoff, president of the American Council of Trustees and Alumni, noted that for that amount, the school could give full rides to 6,089 low-income, in-state students or endow 20 to 60 professorships. "All these options are preferable to a $60 million baseball stadium for a team that plays roughly 10 home games a year," he said.

One of the big questions moving forward is the extent to which funders will revisit athletic support in a post-pandemic world. Jeffrey Wolfman, Fitchburg State University's vice president for institutional advancement, told IP that fundraisers will have to "arm-wrestle" football-loving donors to give to the campus library. "It's just not in their id. It'll take a lot of educating and leadership from administrators."

To Wolfman's point, in October 2020, the Portland, Maine-based Harold Alfond Foundation announced a $500 million investment in the state's institutions, including $90 million to the University of Maine's athletics program. Foundation Chairman Greg Powell said the funder's deceased namesake "believed deeply in the UMaine athletic program. It's our only Division I program and he [always] felt a need to make a major contribution to lift the program to a whole new level."

Calls for increased funding for HBCUs and community colleges. Before the pandemic struck, experts questioned the utility of funders funneling tens of billions to elite universities and even some large public institutions. In his extensive 2017 analysis of higher education and economic mobility, Harvard economics professor Raj Chetty and his team of research partners found that not a single "elite institution" ranked among the top 300 institutions for promoting economic mobility.

In contrast, of the nation's 5 million students enrolled at community colleges, about 40% are Black or Latino and nearly half are low-income. Yet according to the Council for Aid to Education, only 1.5% of the $43.6 billion raised by colleges and universities in 2017 flowed to two-year institutions. "To counterbalance the tide of giving to elite institutions," wrote Forbes' Allison Dulin Salisbury, "billionaires like Bloomberg should look to the non-elite sector—places like City College and Cal State L.A., and hundreds of others like them that promote economic mobility—which is the way to drive change at scale."

Equity advocates have made similar arguments about funders' lackluster pre-2020 support for historically black colleges and universities (HBCUs), many of which were established in the years after the Civil War during the period of segregation before the Civil Rights Act of 1964. In 2019, the top seven predominantly white institutions landed $2.94 billion in donations, versus just $43 million for the nation's approximately 100 HBCUs.

At the outset of the pandemic, higher education experts wondered if funders would step up and provide a financial lifeline to historically undercapitalized institutions. Many of them did, including, most notably, MacKenzie Scott, who gave $560 million to HBCUs, $147 million to Hispanic-serving institutions, and $5 million to tribal colleges in 2020. We'll take a closer look at this trend in the "Perspectives on Equity" section of this brief.

Ethical Questions Around Endowments. Especially in the early days of the pandemic, an increasing number of commentators began calling on administrators to increase their universities' annual endowment distribution rate, which, according to the American Council on Education (ACE), is usually between 4 and 5%, to plug budget gaps and provide emergency student support. (In contrast, foundations are legally required to pay out at least 5% of their assets annually.)

HBCU Spotlight

North Carolina Agricultural and Technical State University

NC A&T—the country's largest HBCU by enrollment—launched a major capital campaign in 2012 with the goal of raising $85 million (later increased to $100 milion) by the campaign's end. With a historic $45 million gift from MacKenzie Scott and donations from over 20,000 donors, NC A&T raised over $180 million by December 2021. The school's previous fundrasing record in a fiscal year was $18.1 million. Though it was a banner fundraising year for NC A&T, this is not the case among HBCUs which remain chronically underfunded. In 2020, the combined endowments of all HBCUs in the U.S. was less than $4 billion. For comparison, Harvard University's endowment is around $42 billion.

The debate applied to a limited number of institutions. According to ACE, of the nation's approximately 4,000 public and private nonprofit colleges and universities, only 657—or about 16%—had endowments over $50 million. Only 62 institutions—1.6% of all colleges and universities—had endowments exceeding $1 billion. Of these, 46 were private and 16 were public.

Administrators who refused to increase the distribution rate noted that the university's endowment consists of hundreds, if not thousands, of smaller funds set up by donors, many of which have restrictions on how they can be used. That said, administrators can boost the payout of unrestricted

Some academics cite other reasons that administrators do not increase endowment distribution rates. "Universities use their endowments as a symbol of prestige and a point of competition between peer institutions," wrote Wharton School's Peter Conti-Brown. As a result, "universities will strive to avoid endowment liquidation to the fullest extent possible, even in times of crisis."

Endowments dipped in the spring of 2020, but quickly rebounded. Universities that invested in conservative index funds saw the S&P 500 increase roughly 40% in the 12 months preceding June 2021. This period brought impressive endowment returns for schools like Yale (40%), Dartmouth (47%) and Duke (56%). As of mid-December 2021, these universities' endowments stood at roughly $31 billion, $9 billion and $13 billion, respectively.

These developments have reignited debates about the extent to which university officials should increase the endowment distribution rate to advance key priorities or earmark large payout proceeds for equity-oriented structural reforms.

"Few institutions have exposed the absurdity of our COVID-era inequality more aggressively than the country's elite private university systems, which, not unlike the country's cabal of centibillionaires, have entered a runaway-train phase of capital accumulation," wrote The American Prospect's Alexander Sammon. "There's simply nothing that these institutions can do to meaningfully spend down that total, without investing in assets that appreciate in value (aside from, of course, making tuition free, paying workers well, massively expanding enrollment, and submitting themselves to heavy taxation, all of which seems to be off the table)."

Funder Trends and Strategies

Most support for colleges and universities takes the form of restricted giving, whereby the funder earmarks a grant for a specific purpose like medical or research institutes, new buildings, financial aid, an MBA program or a football practice facility. TIAA Institute classified 93% of dollars donated to higher education from 1988-2018 as "restricted." This approach finds donors proactively making a restricted gift to a university or advancement officials developing a proposal that aligns with an alumni's interests.

A less conventional strategy is emerging from the institution funding space. Rather than directly funding universities, these grantmakers are supporting specialized intermediary organizations focused on serving historically underrepresented students, boosting student success, and equipping workers with in-demand skills.

More restricted gifts. In 2017, aviation industry veteran Kenneth Ricci gave his alma mater, the University of Notre Dame, a $100 million unrestricted gift. The donation was newsworthy not for its size—donors gave at least 13 gifts exceeding $100 million to universities that year—but because Ricci empowered Notre Dame to use the money however it saw fit. This is increasingly rare. And this trend toward more restricted giving in higher education runs counter to trends in many other areas like giving for climate change, criminal justice reform, public media and grassroots organizing in which there are solid movements toward increasing general operating support and "trust-based philanthropy."

"Donors want to give to a specific project or university activity," John Aubrey Douglass, a senior research fellow at UC Berkeley's Center for Studies in Higher Education told IP. Douglass noted that 99% of gifts to Berkeley are restricted by donors.

While restricted gifts are the lifeblood of the higher education fundraising model, they "only partially help with general operating costs," Douglass said. They can also compel administrators to prioritize a donor's pet project over less flashy programs that serve more students or align with the university's mission. Gifts earmarked for capital projects can be especially problematic, as they can pass downstream construction and maintenance costs onto students in the form of higher tuition.

COVID-19 further amplified frustration among higher education fundraisers. One respondent to IP's survey lamented "the disconnect between what higher education is asking for—i.e., foundation support for endowment, scholarship, and endowed professorships—and what funders want to give." Another said, "The wealth is still concentrated in the hands of few, and thus, we fundraisers are still subject to the whims of donors/their foundations. The philanthropic sector needs to give out unrestricted funds to organizations and stop funding programs that we all know have to be contrived to satisfy the philanthropists."

"[Philanthropy should consider] *what real public benefit institutions are providing to students and the world at large. Are the institutions they support perpetuating inequality or enhancing opportunity? Are they supporting the needs of today's students, who are often juggling families and jobs and may be suffering from poverty? And are they considering how technology, not as a fad, but as a tool, could be helping to make higher education more just, adaptive and higher-quality to meet the needs of a modern era?*"

—Bill Moses, managing director, Education program, Kresge Foundation

This context explains why equity advocates across the higher education space universally lauded MacKenzie Scott's higher education grantmaking in 2020. All of her gifts were unrestricted to provide recipients with what Scott called "maximal flexibility." Once the money is transferred into the university's account, her stated intention was to "get out of their way."

The pandemic has provided fundraisers with an opening to communicate to donors how unrestricted funding can best address the institution's complex and evolving needs. Beyond making the explicit "ask," advancement teams can push donors toward unrestricted giving by engaging alumni who contributed emergency pandemic support and asking them to give to the university's annual fund, putting "hybrid asks" in front of major donors by adding an unrestricted gift on top of the restricted portion of the proposal, and creating "social stewardship opportunities" for donors who make an unrestricted donation.

Funding intermediaries. The higher education sector is being shaped by the growth of organizations that act as intermediaries between partner groups and colleges working to meet increased demand for workers, provide affordable education and improve student success.

In 2019, the Bill & Melinda Gates Foundation announced "Intermediaries for Scale," a $20 million grant program to support organizations that help colleges and universities become more student-centered and more attuned to helping "low-income and first-generation students, students of color, and working adults achieve their educational goals." A year later, the foundation announced the 12 inaugural recipient organizations. Recipients that provide direct financial support to institutions or students include the United Negro College Fund, the American Indian Higher Education Consortium and Achieving the Dream, a nonprofit organization focused on community college success.

In February 2021, Achieving the Dream announced the seven institutions participating in a new initiative called "Building Resiliency in Rural Communities for the Future of Work." The initiative, whose funders include JPMorgan Chase & Co., Walmart.org, and the Community Focus Fund at the Chicago Community Foundation, seeks to increase rural colleges' capacity to provide students with in-demand skills that lead to well-paying jobs.

Achieving the Dream serves as an instructive case study of an intermediary working to address a funding blind spot across the higher education sector: Fewer than 1 in 5 rural adults aged 25 and older have college degrees. "Only a handful of four-year universities and colleges provide financial and academic support to rural students along the same lines as what many offer urban ones," wrote The Hechinger Report's Jon Marcus.

Funders also work with intermediaries to fund competitive fellowships and institutional awards. For example, a number of fellowships sponsored by the Andrew W. Mellon Foundation are administered by scholarly societies like the American Council of Learned Societies, the Social Science Research Council, and the Council on Library and Information Resources.

Program Spotlight

Los Angeles Scholars Investment Fund

In 2012, the California Community Foundation (CCF) launched its flagship discretionary offering, Los Angeles Scholars Investment Fund (LASIF), in partnership with the College Futures Foundation. LASIF supports community-based organizations that help low-income students prepare for and complete a degree. Its holistic approach targets Angeleno students with support programs and agencies that "increase college readiness, help students and families access all available public financial support and provide counseling, mentorship and other supports designed to get students to and through college," said senior program officer Kelly King. CCF has granted over $25 million to 46 LASIF nonprofit partners.

Perspectives on Equity

While the "Big Issues" section of this brief explored how funders are working to boost access, affordability and student success across the broader higher education space, this section will focus on funders' perspectives on racial equity and how this thinking informs grantmaking in fields like STEM education and faculty hiring. We'll also discuss how the pandemic and growing calls for racial justice compelled funders to support community colleges, HBCUs and tribal colleges that serve larger shares of low-income and minority students.

Pre-2020 priorities. In addition to boosting access and student success, equity-minded funders' pre-pandemic priorities included boosting diversity in the STEM field, faculty in the humanities, and the broader student body. Funders like the Henry Luce Foundation, Google, Intel and the Chan Zuckerberg Initiative sought to remedy inequities in the STEM field, where, according to the Pew Research Center, 69% of workers in the U.S. are white and the median earnings of African-American and Latinx workers in STEM occupations are less than those of white and Asian workers.

"The key to accelerating discoveries in science or the next tech breakthrough will be dependent on our ability to bring fresh perspectives to STEM fields," said Priscilla Chan, co-founder and co-CEO of CZI, upon announcing the grantmaker's $6.9 million initiative to support underrepresented students pursuing careers in STEM to UC Berkeley and San Diego.

The Andrew W. Mellon's Pathways to a Diverse Faculty project supported universities' diversity efforts, including making enhancements to the curriculum and improving the hiring and retention of diverse faculty in the humanities. "The number of professors from underrepresented groups in American higher education remains stubbornly low," said Mellon Foundation Senior Program Officer Armando Bengochea. "College and university students have every right to demand better." Marilyn Hawrys Simons, co-founder and president of the Simons Foundation, gave $25 million to her alma mater Stony Brook University to recruit and retain female and minority senior and mid-career economics faculty.

Wealthy alumni of color are emerging as a promising source of support for advancement officials. In 2020, Kwanza Jones and José E. Feliciano gave Princeton University a $20 million donation to fund the construction of two dormitories as part of the school's plan to expand the undergraduate student body and allow it to admit more economically disadvantaged and racially diverse applicants.

"We see this gift as the color of commitment. It demonstrates that people of color belong in the room and sit at the same table as patrons and co-creators to help the university to continue to do the work of service to humanity. Most importantly, during this time of national reckoning on race and racial injustice, it highlights the benefits that diversity, inclusion and belonging can bring."

—Kwanza Jones on her and José E. Feliciano's $20 million gift to Princeton University

"We see this gift as the color of commitment," she said. "It demonstrates that people of color belong in the room and sit at the same table as patrons and co-creators to help the university to continue to do the work of service to humanity. Most importantly, during this time of national reckoning on race and racial injustice, it highlights the benefits that diversity, inclusion and belonging can bring."

Community colleges, tribal schools and HBCUs. While equity advocates applauded these types of gifts, they also argued that funders could achieve a greater impact at scale by directing their billions toward historically undercapitalized community colleges, HBCUs and tribal colleges.

"I think there is an elitism in areas of philanthropy where higher ed funders have this belief that they have to support elite institutions and if they're going to do anything about equity, they'll make it possible for underrepresented populations to go to those elite institutions," said Hilary Pennington, executive vice president of the Ford Foundation, and former director of education, postsecondary success, and special initiatives at the Gates Foundation.

These kinds of gifts clearly have an impact on the students attending these schools, Pennington said, but funders also need to support "woefully underfunded" community colleges—"the workhorses of the system where most people who are at an economic disadvantage go for their education."

Higher education experts believe that community colleges will continue to need substantial private support should the Biden administration succeed in its plan to make the institutions free for all Americans. Experts have posited many reasons that community colleges, HBCUs and tribal colleges receive considerably less philanthropic support compared to "elite" universities. The institutions have fewer affluent alumni, smaller endowments, and, in the case with HBCUs, have had to grapple with funders' unwillingness to "trust African Americans to manage their money," said Marybeth Gasman, professor of education at Rutgers.

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"So many organizations working in racial justice and equity need funds especially those in education and health where the racial equity gap right now between black and white children/students/adults is staggering and deplorable."

—Fundraising consultant, San Francisco, California

Despite formidable challenges, these institutions were able to rack up substantial support before 2020. Community colleges enjoyed reliable support from funders like the Gates, Kresge and Mellon foundations, plus donors like Herb Alpert, who gave Los Angeles City College a $10.1 million donation to provide all music majors at the school with a tuition-free education. In December 2019, the Cerritos College Foundation received its largest gift ever, a $2.3 million bequest from alumnus John B. Smith of Paso Robles, California. That same month, the estate of Eva Gordon, a former legal secretary, left $10 million to 17 community and technical colleges in Washington state.

From 2015 to 2019, the American Indian College Fund realized 15-35% year-over-year revenue growth thanks to improved outreach efforts that zeroed in on what chief marketing and development officer NancyJo Houk called "the idea of what an education really means and what it does for individuals, communities and the world."

The outlook was especially encouraging for HBCUs, many of which secured large gifts in the run-up to 2020. In 2019, private equity billionaire Robert F. Smith pledged to pay for Morehouse College graduates' student debt and the Karsh Family Foundation gave Howard University a $10 million gift to address racial inequities in the STEM field.

The end of 2019 found Lodriguez Murray, the United Negro College Fund's senior vice president of public policy and government affairs, in a bullish mood. "You're starting to see just the precipice of the... renaissance that these institutions can undergo so that students who need this type of investment are receiving it and getting the proper outcomes they deserve," he said.

Impact Investing Spotlight

Lumina Impact Ventures

Lumina Impact Ventures (LIV) extends the Lumina Foundation's reach beyond its traditional grantmaking structure. The program aims "to create a better-educated country by utilizing a range of investment tools to invest in social enterprises," whose work closely aligns with Lumina's mission. While Lumina expects financial returns, its main focus is on social returns. In the higher education space, LIV has invested in multiple organizations, including Noodle, EduNav, Edquity, and Acadeum.

Post-2020 progress. The pandemic adversely affected community colleges, HBCUs and tribal colleges, institutions that disproportionately relied on tuition revenue to cover costs. Institutions also lacked the resources to pivot quickly to virtual learning. "Trying to move 38 tribal colleges to online learning in geographic areas with limited internet access was incredibly challenging," the American Indian College Fund's Houk told IP. "Many of our students sat in parking lots at their college to get Wi-Fi, or attended class on their phones."

Equity experts wondered if funders would step up and support these institutions. In many cases—and to the surprise of many—they did. According to Kestrel Linder, co-founder and CEO of GiveCampus, a digital fundraising platform for nonprofit educational institutions, community colleges raised 47% more in the first nine months of 2020 than they did in 2019, outperforming other education sectors.

In October 2020, the Jay Pritzker Foundation, named after the founder of Hyatt Hotels, pledged $100 million for scholarships and emergency financial aid to the Foundation for California Community Colleges to be spent over the next two decades. It's the largest gift ever made to a community college system. "We believe community colleges are a great underutilized resource that can help close the widening education gap, income gap, and make our country more equitable," said foundation President Daniel Pritzker, whose daughter attended a community college in the state.

The American Indian College Fund received donations from an array of funders in 2020, including the Andrew W. Mellon Foundation, Exxon Mobil, AT&T, Henry Luce Foundation and United Health Foundation. In November, the Federated Indians of Graton Rancheria, a restored tribe serving Marin and Sonoma counties in Northern California, gave the UCLA School of Law $15 million to advance the study and practice of Native American law. The gift, the largest-ever contribution made by a tribe to a law school, and one of the biggest ever from a tribe to a university, suggested native funders are poised to be influential players in a post-pandemic world.

Galvanized by growing calls for racial justice in the aftermath of George Floyd's death, billionaires, corporations, alumni and first-time donors recognized that HBCUs "are incredible institutions worthy of investment and worthy of public support," said UNCF President Michael L. Lomax. The combined 2020 HBCU giving from Robert Smith, Michael Bloomberg, Reed Hastings and wife Patty Quillin and MacKenzie Scott stood at approximately $830 million.

Speaking to IP, Andrew W. Mellon Foundation Higher Learning Program Director Phillip Brian Harper said Scott's gifts "signaled to the world just how important those institutions are to American higher education and how deserving they are of significant support, the likes of which has traditionally targeted only well-endowed institutions."

In the fall of 2021, Student Freedom Initiative, seeded by Robert Smith with a $50 million personal gift and $50 million through his Fund II Foundation, will begin providing discounted or free tuition to STEM students at select HBCUs. Smith told IP he was looking for more funding for the initiative so that every STEM student at every HBCU across the country can participate. "That will probably liberate the Black community more effectively than anything else I could think about," he said.

Some HBCUs have successfully broadened the donor base over the past 18 months. The United Negro College Fund engaged 100,000 new donors in 2020. "Our fundraising has increased by over 400%," said President Michael L. Lomax. In March 2021, Spelman College President Dr. Mary Schmidt Campbell announced the school had reached 96% of its $250 million campaign goal. The campaign, "Spelman Ascends," is scheduled to end in 2024.

Looking ahead, Kresge Foundation Managing Director Bill Moses encourages funders to focus on reform-minded institutions that cost-effectively serve historically disadvantaged students. Philanthropy should consider "what real public benefit institutions are providing to students and the world at large," he told IP. "Are the institutions they support perpetuating inequality or enhancing opportunity? Are they supporting the needs of today's students, who are often juggling families and jobs and may be suffering from poverty? And are they considering how technology, not as a fad, but as a tool, could be helping to make higher education more just, adaptive and higher-quality to meet the needs of a modern era?"

Initiative Spotlight

STUDENT FREEDOM INITIATIVE
HONORING THE PAST, GUIDING OUR FUTURE.

The Student Freedom Initiative's mission is to "provide a catalyst for freedom in professional and life choices for students attending Minority Serving Institutions by increasing their social and economic mobility." It offers an income-contingent alternative to Parent Plus private loans, tutoring, mentorships and other services such as resume writing. The initiative recently recieved a $1.8 million grant from Prudential Financial for the launch of its Handling Everyday Problems for Students program.

A Closer Look at Funder Types

The higher education fundraising ecosystem is dominated by affluent alumni and billionaire donors. Less wealthy middle-of-the-pyramid donors play an important role, as well, and their giving priorities frequently differ from their more affluent counterparts. Private and family foundations have a relatively smaller philanthropic footprint, but serve as critical thought leaders and policy advocates, especially around boosting access and success for historically underrepresented and low-income students. Corporate support for higher education typically takes the form of discrete partnerships, while community foundations channel giving through discretionary grantmaking programs and donor-advised funds.

Major Donors

The most prominent type of major donors, affluent alumni, earmark gifts for new buildings, research initiatives, endowments, faculty support, financial aid and athletics. Fundraising experts anticipate advancement teams will continue to rely on major donors in the post-pandemic era.

As previously noted in the "Who's Giving" section of this brief, a 2019 Public Administration Review study cited the "desire to have an impact" by increasing "the quality and/or reputation" of a university as the top motivating factor behind mega-donor gifts. Other key motivations include altruism, exchange (i.e., "self-interest), and leaving a legacy. The study's authors acknowledge that many mega-donors also have "mixed motives, combining altruism and self-interest." Donors' desire to make an impact typically manifests itself in what the study's authors called "innovation and entrepreneurship programs and cross-disciplinary approaches to solving social problems." We explored these kinds of programs in the "Big Issues" section of this brief.

The Billionaire Class. The term "major donors" includes billionaires—alumni and non-alumni—who represent a who's who of the country's most prominent financiers, businessmen, tech moguls and entertainment stars: Phil Knight, Michael Bloomberg, Charles Munger, Larry Ellison, Oprah Winfrey, Sanford Weill, John Paulson, Eric Schmidt, Stephen Schwarzman, Jack Dorsey, David Geffen, Gordon Moore, George Lucas, Kenneth Griffin, Pierre Omidyar, Robert F. Smith, Reed Hastings, Ken Langone, Mark Zuckerberg, George Soros, Mackenzie Scott and Michael Dell.

The donors are astonishingly wealthy, influential, and frustratingly inaccessible. When IP asked survey respondents to comment on the role of major donors in their work, one fundraiser said, "Not mentioned was a serious issue, which is how to access these large donors. The terrible trend of 'don't call us, we'll call you' is partly responsible for the inequities in philanthropy. If one's board is not 'connected,' it is nearly impossible for small organizations to access resources."

Non-Billionaire Donors. Beneath the top strata of the mega-wealthy is a deep and broad network of affluent individuals and alumni who may not be household names but are nonetheless an important part of the donor mix. These are often regional "major donors" and alumni who went on to build a successful business but never forgot their roots. The size of their donations may not make the news, but they frequently make gifts in the $10-50 million range and serve as the charitable backbone for universities' multibillion-dollar capital campaigns.

A big question facing fundraisers is the extent to which giving priorities fundamentally differ based on a donor's income bracket. In an effort to provide more clarity around this issue, IP analyzed gifts, pledges and bequests to colleges and universities from alumni and non-alumni in 2021, tracked in the Chronicle of Philanthropy's Big Charitable Gifts database.

The exercise was not methodologically precise. Since we don't have access to every donor's income, the analysis uses the gift's size as a proxy for the donor's relative affluence—the larger the gift, the wealthier the donor is assumed to be. Moreover, some gifts served multiple purposes (e.g., funding for scholarships and endowing a professorship).

Grantee Spotlight

UNIVERSITY OF MICHIGAN

University of Michigan alumnus Stephen Ross gave $100 million to the university for its Detroit Center for Innovation (DCI). Slated to be built in the District Detroit, the DCI will provide space for the university to engage with key community stakeholders to develop relevant, interdisciplinary, and flexible academic programs at U of M. When completed, it will include an academic and research center, technology and business incubators, startup support services, and co-working spaces for businesses.

Despite these limitations, a few broad themes emerged. For example, of the 159 individual gifts totaling $10 million or higher, at least 25% of them were earmarked for the construction of new buildings. This figure was fairly consistent across gifts exceeding $10 million. Of the 75 gifts between $20 million and $49 million, 32% were slated for new buildings. That figure dropped slightly to 29% for gifts totaling $50 million and higher. For most of these gifts, the university bestowed naming rights on the donor.

In contrast, the Chronicle's database cited 24 gifts totaling $1 million from individuals in 2021. Only one of these gifts—or 0.4% of gifts of that amount—was earmarked for the construction of a new building. This finding corroborates those from CASE's 2018 study on alumni giving, which noted that capital-purpose gifts like those slated for construction projects "tend to be larger gifts than current operations gifts and are the result of both donors' capacity to contribute and the relationship between the donor and the institution."

Our analysis revealed a divergence in terms of endowment gifts for professorships, department chairs and scholarship funds. Approximately 58% of the $1 million gifts were earmarked for this purpose, compared to 19% of gifts totaling or exceeding $10 million. On the other hand, the percentage of $1 million gifts and those at or exceeding $10 million that individuals earmarked for student financial aid tended to be relatively similar—roughly 16%. This figure is in line with CASE's report on 2018 alumni giving, which found that 17% of "current operations" gifts from alumni were designated for financial aid.

EAB's Jeff Martin told IP that he is seeing a convergence between the motivations of major and principal gift donors and mid-level donors in recent years. As noted, "top-of-the-pyramid" donors tend to be hands-on and focused on generating measurable impact. But "what people tend to pay less attention to," Martin said, "is that donors giving far smaller gifts—$10,000, $1,000, $100—are looking for the same degree of ownership, hands-on involvement and ROI from their philanthropy."

Martin said that this shift is proving difficult for many college and university advancement teams. “It’s hard enough to offer bespoke giving opportunities and hands-on cultivation to principal gift donors,” he said. “When their numbers swell into the hundreds or thousands, as they do with mid-level donors, it can be nigh impossible.”

Colgate University provides an instructive example of how mid-level alumni donors supported a critical university fundraising priority. In 2021, the school announced it would replace federal loans with grants for students with family incomes up to $150,000 beginning with members of the class of 2022, thanks to “record-setting giving” from alumni. Jennifer Stone, Colgate’s assistant vice president for advancement, annual giving and professional networks, told IP her team encouraged donors to support the no-loan initiative by giving to the university’s unrestricted annual fund, the Colgate Fund. “Tying the Colgate Fund to an initiative like No-Loan is one of the reasons that there has been such strong growth in the Colgate Fund in recent years,” she said. Colgate saw an 8.1% increase in support to the fund between 2019 and 2020.

It’s important to contextualize the scope of giving from less-affluent donors with their top-of-the-pyramid peers. Around the same time Stone and her team were engaging Colgate donors, another alumnus, hedge fund investor Daniel Benton, announced a $25 million gift, $20 million of which was earmarked for the construction of the Benton Center for Creativity and Innovation to house computer science, film and media studies. This archetypal top-of-the-pyramid gift, focused on constructing a new building, is 185% larger than the $8.76 million donated to Colgate’s unrestricted fund by thousands of alumni across all of 2020.

Colgate joined other affluent private institutions like Brown, Duke, Harvard and Stanford that have eliminated tuition for students below a certain household income threshold, thanks, in part, to alumni support.

Initiative Spotlight

The Colgate Commitment

The Colgate Commitment is an expansion of its No Loan Initiative and aims to make attending the school “affordable to as many talented, high-achieving students as possible, regardless of their socioeconomic background.” The commitment either eliminates tuition, reduces student debt, or adjusts tuition costs based on family income levels for eligible students. It also replaces federal loans with grants for students with annual family income levels up to $150,000. In 2021, it awarded over $1.5 million to students in financial aid.

Alumni also frequently assume the role of fundraisers themselves. University of Dayton alumni “peer-to-peer ambassadors” partner with the school’s advancement team to raise money from the broader university community. Class Agents is a peer-to-peer fundraising network of Columbia College alumni tasked with generating support for the Columbia College Fund. And through Williams College’s Biggest Little Community campaign, alumni make a gift to the school’s alumni fund and volunteer for a local organization over a 10-day challenge period. At the conclusion of the period, the alumni multiply the gift amount by the number of volunteer hours, upon which a set of separate alumni donors provide a challenge gift for that new figure.

The Recalibration of Expectations. Beyond their wealth, billionaire donors and millionaire alumni share a key characteristic: They almost uniformly move their philanthropy through restricted gifts. Sometimes, however, these gifts find revenue-starved administrators bending to the donors' whims in exchange for the prestige that comes with a large commitment. These kinds of gifts find advancement officers sacrificing 'mission' in exchange for 'margin,'" EAB's Jeff Martin told IP.

It is against this backdrop that we revisit the giving of the person who may become higher education's new most influential major donor, MacKenzie Scott, who made exclusively unrestricted gifts to a range of historically undercapitalized institutions. Our analysis of the 159 gifts made in 2021 from the Chronicle of Philanthropy's database revealed that only 24—or 13% of the total—were characterized by donors as "unrestricted." Of the 24 unrestricted gifts, MacKenzie Scott provided all but one of them.

Unlike practically every major donor, Scott had no preexisting connection with the recipient schools. Instead, she outsourced the solicitation work to a team of advisors. While equity advocates applaud Scott's philanthropic priorities, fundraising professionals have expressed familiar concerns with what they consider to be an opaque grantmaking model. Organizations had no way to approach Scott; rather, her team contacted university officials after identifying grantees.

Looking ahead, not a single higher education expert IP spoke with anticipates that major donors will give up their penchant for restricted gifts or the impulse to bankroll new STEM centers, football stadiums or cancer research institutes. But some of these major donor priorities may no longer align with the needs of universities looking to restrain costs and boost student access and success.

Former University of Vermont Provost and Senior Vice President David Rosowsky says this shift suggests a "need for a re-calibration of expectations for philanthropy at some schools if they find they are unable to (re-)enter the 'arms race' that has characterized so much of higher ed in the last two decades." This "re-calibration," Rosowsky said, will require development teams to identify "the new sweet spot between institutional need and donor interest."

EAB's Martin told IP that advancement officers he has spoken with "have either started questioning or are feeling pressure from their presidents questioning whether all dollars are created equal." To identify and strike a balance between donor intent and university need, officers are devising and presenting major donors with "fundraising opportunities that speak to donors' deepest, most motivating passions—fundraising opportunities that promise to transform the world but also align the university's mission."

Funding Spotlight

Tribal Colleges and Universities (TCUs) have been perpetually underfunded since they first opened their doors in the 1960s. Having a long history of receiving little to no attention from mega-donors, many were surprised when they learned that six tribal colleges were among the recipients of MacKenzie Scott's $4.2 billion in donations in 2020. Recipients include Blackfeet Community College, Chief Dull Knife College, the Institute of American Indian Arts, Navajo Technical University, Salish Kootenai College, and Turtle Mountain Community College.

Private and Family Foundations

Private and family foundations predominantly focus on boosting access and success for historically underrepresented and low-income students, aligning the humanities to students' career aspirations, strengthening urban higher education ecosystems, making college more affordable, and supporting research. Some higher education fundraisers told IP that support from major foundations remains frustratingly out of reach for smaller and more regionally focused institutions.

Phillip Brian Harper, program director for Andrew W. Mellon's Higher Learning program, told IP that over the past year, the foundation "revised its overall grantmaking strategy to center the social justice objectives that are core to the foundation's mission." The program is now explicitly dedicated to "creating broader access to humanities higher learning opportunities, supporting undergraduate and graduate humanities education that builds on and centers more complete and accurate narratives, elevating the ideas and knowledge that help inspire and illuminate our shared human experience, and accelerating the demographic transformation of the academy across the U.S.—including the faculty and institutional leaders—to better reflect the population."

Programs that help the foundation meet these goals include the foundation's Community College-University Partnership, which aims to ease the transfer pathway from community colleges to universities for students in the humanities, and the Higher Education in Prison initiative, which supports degree-granting programs for current and formerly incarcerated students.

The Teagle Foundation's mission is to ensure that "the benefits of liberal arts education reach students of all backgrounds, including those who have historically been underrepresented in higher education." In partnership with the National Endowment for the Humanities, the foundation launched Cornerstone: Learning for Living, a grant initiative that seeks to make general education more attentive to student concerns and career aspirations.

Teagle Foundation President Andrew Delbanco told IP that while COVID-19 may further incentivize donors to support STEM projects, the humanities will still play a vital role in a post-pandemic world. The foundation's initiative, he said, helps "students appreciate that technical problems cannot be addressed exclusively through technical solutions—that everything they will be doing in life takes place in a human context."

The Lilly Endowment's grantmaking priorities include tackling the underlying financial, demographic and operational challenges facing universities in its home state of Indiana. Launched

Foundation Spotlight

THE ANDREW W. MELLON FOUNDATION

Mellon's Higher Learning program supports inclusive humanities education programs and works with academic institutions that focus on equity and "historically underserved populations, including nontraditional and incarcerated students." Recent grantees include Cornell University, which received a $1.7 million grant for its Prison Education Program (Phase III); and Occidental College, which received a $1.5 million grant to support its Humanities for Just Communities program.

in 2020, the funder's $108.2 million Charting the Future initiative aims to help schools reverse the decline in enrollment, reduce costs and expand online learning opportunities, among other goals. "We expect that the issues relating to affordability and sustainability will be addressed by many, if not all, of the proposals we receive and efforts we fund," Communications Director Judith Cebula told IP. "If colleges and universities are not paying attention to affordability, their long-term sustainability is at risk."

With a focus on the Great Lakes region, the Joyce Foundation's top higher education grantmaking priority is "addressing the widening gap in who is able to get a college degree" by funding research, public policy development, advocacy and litigation on how the nation's higher education system can increase economic mobility and racial equity, said Senior Program Officer Sameer Gadkaree.

Foundations affiliated with the Waltons focus on the family's home state of Arkansas. The Walton Family Charitable Support Foundation gave $120 million to establish a school of art at the University of Arkansas and a $194.7 million grant in 2020 to create the University of Arkansas Institute for Integrative and Innovative Research as part of the school's $1.25 billion Campaign Arkansas.

The San Francisco-based Koret Foundation, which splits its giving between Jewish causes and Bay Area organizations, has solidified its position as one of the region's most important funders since 2016, when it made a $50 million commitment to the region's higher education institutions. In 2020, it provided another wave of $50 million in grants to Bay Area institutions after conferring with university leaders around their top challenges. Foundation President Michael Boskin told IP he identified some overarching areas of need, such as student success, retention and graduation, and job training, especially for first-generation students. The foundation subsequently earmarked the funding for scholarships, research grants, mentorship programs, career preparation and other services.

Lilly Endowment Inc.
A Private Philanthropic Foundation

"We expect that the issues relating to affordability and sustainability will be addressed by many, if not all, of the proposals we receive and efforts we fund. If colleges and universities are not paying attention to affordability, their long-term sustainability is at risk."

—Judith Cebula, communications director, Lilly Endowment

Some higher education fundraising professionals who responded to IP's August 2020 survey lamented their inability to access funding from many of the sector's more prominent and nationally focused grantmakers. "I would say some of the biggest funders in our field are the Gates Foundation, Dell Foundation," said one based in Highland Park, Illinois. "However, these funders are looking at scale and we are 'small potatoes' to these large funders." A fundraiser in Alabama said, "In the Deep South we still have not had a large investment from some of the big-name foundations such as Ford, Open Society Foundations, McKenzie Scott and Gates."

Corporate Giving

Corporate support for institutions typically takes the form of discrete partnerships. These funders approach philanthropy from a different vantage point than institutional grantmakers, community foundations and individual donors.

"A lot of corporations have questions about 'what do you have in terms of programs that I can put my name and logo on now?' and that's just different than a private foundation," said Ben Cameron, Jerome Foundation president and former manager of community relations at Target. "A private foundation isn't looking for market share. Corporations, though, have a bottom-line responsibility to shareholders."

These funders are driven by a common set of motivators, such as how a gift aligns with its broader social agenda, creates a pipeline for future workers, burnishes its brand, and differentiates it from its competitors. Advancement officers are encouraged to create gift proposals that align with these types of motivators.

DIAGEO
NORTH AMERICA

"The world has changed, and many corporations are looking to include all segments of our society, especially our HBCUs, because they are the foundation of the Black community and one of the key components in leveling the playing field."

—Danielle Robinson, head of corporate responsibility, Diageo North America

Research partnerships between universities and corporations have increased dramatically in the last 20 years as companies have been "reducing their spending on early-stage research" and outsourcing the work to universities, writes Harvard Business Review's Kenneth R. Lutchen. Moreover, companies have recognized that "top talent is not confined to just a handful of schools."

There are various ways in which corporations can provide research funding to universities. "Sometimes, the money goes into a school department dedicated to soliciting and working with corporate partners for research purposes," writes The Atlantic's Molly McCluskey. "Other times, funds go into the university's foundation." These funds are tax-deductible and, "depending on the state, may or may not be subject to public records laws."

One of the countless examples of a corporate partnership comes to us from Boeing, which announced a $50 million, multi-year commitment in support of a new Innovation Campus at Virginia Tech in May 2021. The planned 65-acre campus in Alexandria, Virginia, is a major component of the university's commitment to the state's Tech Talent Investment Program, which, in partnership with 11 universities, aims to produce 31,000 computer science and computer engineering graduates over 20 years.

To help build successful workforce development partnerships with corporate funders, experts advise advancement leaders to engage with alumni employed at local companies to establish a line of communication with key decision-makers who explicitly understand what the corporation wants out of a partnership—e.g., access to student talent and faculty research—and maintain a dialogue with employers around skills needed for current and future positions.

Some commentators have questioned the utility of corporate partnerships. "Because public education budgets are increasingly reliant on large private donations, the competition ends up being fierce for them," said Michael Halpern, the deputy director for the Center for Science and Democracy with the Union of Concerned Scientists. "And that can be a significant threat to both academic freedom and public faith in the independence of higher education." A respondent to IP's survey of higher education fundraising professionals picked up on this theme, noting that "commercial partnerships between universities and corporations have taken the place of corporate philanthropy."

Corporate funders are increasingly integrating their higher education grantmaking with broader commitments to equity, diversity and inclusion. A compelling example of this phenomenon is corporate funders' surging support for HBCUs in the aftermath of George Floyd's murder and the growth of the Movement for Black Lives.

HBCUs received support from Morgan Stanley, IBM, AT&T, Dominion Energy, TikTok, Southern Company and many other corporations. In February 2021, global beverage company Diageo made its first-ever HBCU gift in the form of a $10 million pledge to 25 universities. "The world has changed, and many corporations are looking to include all segments of our society, especially our HBCUs, because they are the foundation of the Black community and one of the key components in leveling the playing field," Danielle Robinson, head of corporate responsibility at Diageo North America, told IP.

A broad range of corporations including Amazon, Burger King, General Electric, Raytheon and Facebook provide philanthropic resources for scholarships, which, according to the IRS, are "usually administered by company-created private foundations." Under IRS Section 127, employers can deduct up to $5,250 per employee for tuition reimbursements made through qualified education assistance programs. These deductions are considered conventional tax benefits for employers, since reimbursements are excluded from the employee's income on Form W-2.

Community Foundations

Community foundations make grants to colleges and universities through discretionary programs and, more substantially, donor-advised funds directed by individuals or corporations.

This funding frequently takes the form of scholarships. The National College Access Network says, "The easiest and most effective way" for community foundations "to demonstrate measurable impact in their community and to attract donors is to transform their scholarship programs as a part of a strategic postsecondary attainment initiative."

For example, scholarship funds at the Tulsa Community Foundation annually provide approximately $20 million in educational aid for students at institutions of higher learning. The Greater Kansas City Community Foundation offers over 100 collegiate undergraduate and graduate scholarships for students in and around the city.

The California Community Foundation's (CCF) discretionary postsecondary priorities include improving access and attainment for low-income, first-generation, and historically underrepresented students in L.A. County through targeted investments in advising and aid supports, affordability and basic needs, and institutional reforms. Senior Program Director Kelly King told IP that the foundation's individual donors support institutions for which they have a personal connection. These donors "are active in supporting diverse research activities based in regional colleges and universities and various efforts to ensure more students, especially students of color and those from low-income backgrounds, have greater access to postsecondary opportunities."

Kerry McCarthy, vice president for philanthropic initiatives at the New York Community Trust, told IP that "many of our donor advisors give general operating dollars regularly to their alma maters. The trust's professional grantmakers complement this generosity by supporting colleges and universities as research centers and incubators of great ideas." McCarthy said NYCT "also has made a number of grants to ensure a pool of diverse students reap the benefits of a great education and become ready to enter the skilled workforce."

Silicon Valley Community Foundation, which data shows directs major amounts to higher education, does not have a specific focus area for this issue, nor does it have a discretionary grant program for colleges and universities. Rather, the foundation's support for these institutions comes from the directives of individual donors.

In July 2020, the Community Foundation of Greater Memphis made a $40 million gift to HBCU LeMoyne-Owen College. It made the announcement after Netflix CEO Reed Hastings and his wife Patty Quillin pledged a total of $120 million to the United Negro College Fund and two of Atlanta's historically Black colleges. "We were so inspired by the recent gifts to Spelman and Morehouse—and that they each received $40 million—and we looked at that and said, 'Well, we can do that, too, we have the resources to do that," said foundation President Bob Fockler.

Experts advise fundraisers to reach out to their local community foundations to discuss any discretionary funding opportunities, explore potential partnerships or collaboration, and identify ways to alert individual donors about the outlets' value to the broader region.

Associations and Intermediaries

The Council for Advancement and Support of Education (CASE) is a global nonprofit association dedicated to educational advancement—alumni relations, communications, development, marketing and advancement services. CASE's research provides fundraisers with a critical look at changes in foundation, corporate and individual giving and a window into where the money is flowing. CASE does not distribute grants or host collaborative funds for colleges and universities, but it is a critical source of knowledge and fundraising insights.

The American Council on Education is a membership organization that mobilizes the higher education community to shape effective public policy and foster innovative, high-quality practice. The council partners with TIAA Institute to provide members with research and insights on trends in higher ed giving. It does not distribute grants or host collaborative funds.

Fundraising Platform Spotlight

GIVECAMPUS

The stated mission of GiveCampus is "advancing the quality, the affordability, and the accessibility of education." The organization has made over $1 billion in donations to 1,000 independent academic institutions since it was established in 2014. In 2020, GiveCampus announced that it was donating $1 million in free fundraising support to academic institutions with programs and initiatives supporting student social mobility. The Social Mobility initiative focuses on low-income, first-generation, and underrepresented minority students.

The mission of the National Scholarship Providers Association is to advance the collective impact of scholarship providers and the scholarships they award. Providers include colleges and universities, private and community foundations, public charities, and corporate giving programs. Members receive access to networking opportunities, professional development and scholarship program resources. It does not directly distribute grants or host collaborative funds.

Program Spotlight

INTERMEDIARIES FOR SCALE

Intermediaries for Scale is a program of the Gates Foundation focusing on transforming higher education institutions by making fundamental changes in organizational structure, culture, business models and operations to become more student-centered and inclusive. Gates has chosen 12 intermediary organizations to particpate in the program, including Complete College America, Achieving the Dream, and Excelencia in Education.

Universities work with local organizations and associations to support fundraising efforts. For example, a professional society may provide financial support for academic fellowships or faculty research. Advancement officers told IP that these partnerships most frequently find an organization providing annual support through endowed scholarships.

Fundraisers also tap a broad network of national federations that support special causes. Examples include the Jewish Federation (women's rights) and the American Cancer Society (research projects).

Higher education advancement officers told IP that women's collectives focused on grassroots leadership and civic engagement are becoming increasingly important sources of support. Advancement officers are also exploring and broadening partnerships with alumni giving circles.

There is no funder affinity group that focuses exclusively on higher education. Grantmakers for Education has many members that support higher education institutions and programs that help vulnerable students get into and through college. GFE has a Postsecondary Access and Attainment Impact Group, whose mission is to "deepen GFE member learning and facilitate collaboration." But the vast majority of GFE's attention is on K-12, and there is no funder affinity group focused on higher education affordability, reform and other broader topics.

One group focused on higher education reform, the American Council of Trustees and Alumni (ACTA), launched in 1985. Its leader says it is "the only organization that works with alumni, donors, trustees and education leaders across the United States to support liberal arts education, uphold high academic standards, safeguard the free exchange of ideas on campus, and ensure that the next generation receives an intellectually rich, high-quality college education at an affordable price." It's a right-leaning organization questioning why universities have raised tuition at a rate far exceeding inflation, pushing back against things like expensive student amenities and $32 million donor-funded baseball complexes. ACTA often works directly with alumni who want to make a gift but are concerned that their alma mater has lost its way.

Fundraising Now

Like most other nonprofits, higher education institutions—and their fundraisers—entered into the pandemic era in a state of elevated trepidation over the flow of donor dollars. Of course, education has been disrupted in significant ways by the ongoing pandemic. Higher education fundraising is also changing. But at the same time, many fundraisers are upbeat about the state of the field, and about donor support through the crisis.

While frequent major gifts make headlines, it is more important that many colleges and universities continued to meet their fundraising goals throughout the COVID era, according to experts IP interviewed. While giving may have simultaneously increased to support other immediate, pandemic-related needs, neither individual institutions nor industry trends indicate that donations to higher education suffered overall as a result.

According to Ann Kaplan, a senior director at CASE, overall donations to higher education during the pandemic remained relatively static. Kaplan directs CASE's extensive and authoritative Voluntary Support for Education research program. Kaplan directs CASE's extensive and authoritative Voluntary Support for Education research program. "It is important to keep in mind that charitable giving is not the biggest revenue stream for higher education; at public institutions, it comprises 10% of revenue, while at private, it goes up to 19%," Kaplan said. "The biggest revenue streams are tuition/room and board, followed by government funding and income from endowments. So while the tuition/room and board segment may have turned down during the pandemic for any given institution, the other two resources remained steady."

That is not to say there are not interesting and meaningful changes within the overall results—there are. One, which Kaplan pointed out, is an increase in revenues from donor-advised funds. In fact, she said, "they grew larger than corporate giving as a category of donation sources. Rather than write personal checks, alums and other philanthropists are passing their wealth on through these funds." While that data point has changed, she added, the necessity of maintaining the relationship with the donor has not.

Online Giving Campaigns Gain Greater Importance. What changed for everyone was the absolute necessity to take fundraising online, a particular challenge for many fundraisers whose successes have been built on the strength of relationships, events and in-person interactions. Building online fundraising capacity brought undeniable benefits in many cases.

Belmont University, a private Christian institution in Nashville, Tennessee, founded in 1890, has 8,000 students. In May 2021, it successfully completed the largest fundraising campaign in its history—a seven-year push in which Belmont raised $300 million from 23,000 donors. While Belmont is a small school, alumni include notables such as country music artists Brad Paisley and Trisha Yearwood. Dr. Perry Moulds, VP for development and external relations at Belmont University, said, "We were more comfortable than expected in terms of virtual. It gave us an opportunity to showcase our leaders online in a new way. It's not going away as a strategy or as a touchpoint, especially for those not in the immediate vicinity. It gave us a broader engagement, both across campus and beyond."

Larger schools have also leveraged online fundraising to good effect. Texas A&M, for example, has seen considerable online fundraising success for its Health Science Center, a professional school of 1,954 students that is forging its own fundraising path. Created in 1999 and still partly in start-up mode, it is home to a Center for Research and the Schools of Dentistry, Medicine, Nursing, Pharmacy and Public Health. In June 2021, it received a $2 million planned gift for scholarships, eclipsing previous giving. According to Assistant Vice President of Development Karen Slater, it has enjoyed strong success with virtual events.

Inside Philanthropy
August 2020 Survey

"It may not be the most significant, but the change in philosophy in the people doing the fundraising is going to be a huge change for the field in the coming years as the boomers retire and new generation takes over."

—Fundraiser, Madison, South Dakota

Slater said that leveraging National Nurses Week in May 2020 generated a robust virtual fundraising response by announcing that the school would graduate nurses early to help with the pandemic. Similarly, the College of Medicine had success highlighting the research it was doing on tuberculosis that had applications to COVID. The School of Public Health did four virtual events. Slater added, "All the traditional banquets went virtual. We had great, positive feedback on these, and the results were successful financially, as well. We kept our previous donors and added new ones. We will definitely be doing more of this."

Rob Henry, VP of development, culture and talent at CASE, believes working in the virtual space helped the advancement profession. "It forced an industry that is 'people-centric' to see that engagement could occur on a virtual platform," Henry said. "Major gifts officers could close gifts virtually. Alumni offices could have amazing engagement opportunities virtually."
Henry added that for the current generation of new alums, this is their normal—virtual learning has already changed alumni relations programs. And it is also more budget-friendly.

The tough question, Henry said, is about going forward. "Will we embrace what we learned over the last 18 months, or convert back?" he asked. "If we do, it would be a sad loss. The virtual space allowed us to connect with non-traditional and diverse individuals within our communities. Hopefully, we will embrace a hybrid model in the future."

Careful Navigation of Contentious Issues. We often hear about impassioned campus conversations inspired by ongoing issues of the day, including campus freedom of speech, carbon-footprint and climate initiatives, and the entire spectrum of questions around social justice and diversity, equity, inclusion and belonging. The effect of these hot-button issues on donor conversations seems to be more subtle and nuanced. For example, while Slater doesn't bring up student debt specifically, she does point out to potential donors that tuition is $30,000, because she knows that the desire to help students is of prime importance to many donors.

Belmont University's successful "We Believe" fundraising campaign had five established priorities: scholarships, faculty support, mission, athletics and annual giving. Moulds said these issues were identified because of their importance to donors, and that the vast majority of gift conversations were about endowed scholarships.

While there is awareness of the need to provide diverse populations greater access to higher education, which is integrated into the mission and scholarship priorities of the campaign, that didn't change the gift conversations, he indicated.

Looking at the field through a wide lens, CASE's Henry said, "The killing of George Floyd and other horrifying murders have had lasting impact, unveiling systemic issues and social justice issues that are now driving the priorities and conversations from healthcare to voting rights. Most organizations are focused now on diversity, equity, inclusion and belonging efforts. In the advancement space, professionals are asking the question, 'How do we unlearn our behaviors that limit DEIB?' While that conversation occurs, we also ask, what does freedom of speech, and the critical need for both sides to hear each other and have empathy for one another, look like now?" Institutions, he said, are sensitive to all of this, and students are demanding that they be.

Revising Strategies Amidst Ongoing Uncertainty. "The first six months of 2021 were more difficult because the pipeline that took us through 2020 was depleted and foundations seemed to be on hold. But looking ahead, public health is in the spotlight," said Slater of Texas A&M's Health Science Center. Now, the center has a strong pipeline, a well-defined strategy and the research it didn't have before. It is continuing its new virtual strategy, making monthly presentations on public health topics as an awareness-building tactic and working on storytelling efforts. The goal is to raise $5 to $6 million to establish a new chair in epidemiology.

For Slater, funds for student scholarships remain the easiest—and strongest—case to make. "When we needed 58 scholarships, we made optimal use of an Aggie family foundation endowment that provides matching funds. They were all matched in 30 days, which was outstanding. Matching is always a great motivator," she said.

Corporate Funder Spotlight

BOEING

When aerospace company Boeing announced its $50 million multi-year commitment to Virginia Tech, it became the first foundational partner of the Virginia Tech Innovation Campus. The gift—equal to the largest gift ever made to the school—will provide scholarships, foster faculty and researcher recruitment and fund STEM pathway programs to underserved K-12 students. With a planned opening in 2024, the campus will serve as an anchor to a 65-acre "innovation district" in Alexandria, Virginia.

Moulds, too, said there were tense, stressful times when COVID intruded on the final year of Belmont's We Believe campaign. "We were not certain we were going to meet our goal, as giving activity decreased in 2020. But what happened was, major gifts and planned gifts increased." Meanwhile, he said, the school's priority areas are shifting. Rather than endowment-building, Belmont is seeking scholarships and immediately expendable dollars that can impact students quickly. "What we found," Moulds said, "is that philanthropic people are philanthropic despite circumstances. They still want to make an impact while dealing with their own situation. They felt the need to step up in challenging times. Their personal examinations prompted them to look at their estates, and as a result, planned giving increased."

This is consistent with findings from CASE. According to Kaplan, "COVID activated people who want to help in a crisis." From her perspective, because the stock market was relatively stable during this time, and because these types of gifts tend to come from wealth rather than current earnings, donors felt comfortable continuing to give, and continuing to make plans to give.

CASE's Henry sees three trends. The first is that organizations and institutions are still embarking on large campaigns, with many conducting the largest campaigns in their histories. A second trend is that campaigns are becoming more inclusive. That includes engaging diverse constituencies and their communities while embracing the power of their global reach. During the pandemic, shifting advancement efforts to virtual platforms allowed institutions to engage their constituencies more broadly than ever before. As for the third, he said, "A trend that won't change is that a priority for donors is to help students."

The Joyce Foundation

"Both the initial college affordability challenges and problems surrounding student debt continue to get worse. Data is showing that the median Black student borrower owes more than the student borrowed. And data show that the share of student loan balances increasing over time is growing. Existing debt forgiveness programs at the federal level, including public service loan forgiveness and loan discharges, are not working as well as we might hope."

– Sameer Gadkaree, senior program officer, Joyce Foundation

An Analysis of Opportunities & Challenges

Funding professionals are calling on philanthropy to address emerging opportunities across the larger higher education ecosystem, such as public/private partnerships, impact investing and climate change initiatives. While these areas have yet to reach critical mass across the funding ecosystem, they nonetheless represent a growing area of opportunity for higher education advancement teams.

The most pressing challenge facing funders falls outside of their direct purview. Grantmakers tell IP they are finding it increasingly difficult to advance their top priority—boosting student access at scale—as long as tuition continues to rise and students remain reluctant to assume debt to pay for tuition not covered by financial aid.

IP's August 2020 survey of funders and fundraisers across all program areas presented respondents with a list of 11 funding strategies and asked which ones merited increasing attention and commitment from the philanthropic sector. Among funders and fundraisers who said they focus on higher education, the top strategies named were public/private partnerships, impact investing and centering racial justice (4 in 10 respondents), followed by climate change (3 in 10).

The "Corporate Funders" section of this brief explored the proliferation of corporate partnerships, particularly in fields like research and engineering. The pandemic also forced university leaders to partner with public and private entities on a host of other issues, such as health and safety procedures, emergency student aid and student food insecurity. Experts believe universities will maintain and expand these partnerships, particularly in areas like remote learning and collaborative research.

In addition, funders like the Kresge Foundation and the Educational Credit Management Corporation (ECMC) are encouraging university leaders to explore cross-institution partnerships, including mergers and consolidated academic offerings, to reduce costs and improve student outcomes.

Impact investing is a relatively untapped area for higher education funders. One grantmaker with a large footprint in the higher education impact investing space is the Lumina Foundation. In 2016, it rolled out a venture capital arm, Lumina Impact Ventures, to complement its broader grantmaking priorities like policy work, developing talent pathways, and boosting student support. The fund has invested in Upswing, which provides student support services like tutoring.

The fourth strategy warranting greater philanthropic attention was centering racial justice. This brief explores this topic in greater detail in the "Perspectives on Equity" section. It details how an increasing number of funders—private, family and community foundations, along with the many major donors supporting scholarship funds – are seeking funding opportunities that increase equity in higher education, especially in the areas of access and retention.

"Philanthropy is increasingly paying more attention to the issue" of climate change, according to Tim Carter, president of Second Nature, an organization committed to accelerating climate action in higher education. "Especially during this time when there is a lack of federal leadership on climate action, it is critical for philanthropic support to not only continue, but increase as the crisis becomes more acute." And some funders of higher education are integrating this imperative into their support for universities. In September 2019, Lynda and Stewart Resnick, California agriculture moguls and owners of Fiji Water, made a historic $750 million climate change research gift to Caltech.

CHARLES KOCH FOUNDATION

"To reach more learners in new ways, universities are going to need to address their cost structure. They cannot scale to the level that meets the unmet needs of millions of learners at the current cost. The current system of higher education has far more barriers to access than just cost. It is not yet flexible to meet all learners where they may be in their lives and engage them in how they learn best."

—Ryan Stowers, executive director, Charles Koch Foundation

Fundraisers can rest assured that they needn't present donors with a Resnick-sized mega-gift to secure this support. In early 2020, Second Nature and the Intentional Endowments Network (IEN), a peer-learning network of universities and other mission-driven institutional investors, launched the Climate Solutions Acceleration Fund to support universities seeking to implement climate solutions.

Advancement teams will want to accentuate how the universities' research can scale to "drive climate solutions that are directly responsive to the needs in their communities, including cities and states, not just producing academic knowledge," Carter told IP. "Funders are recognizing that campuses play a significant role as institutional climate actors, not only supportive agents of change."

Arguably the most vexing challenge facing funders is the extent to which escalating tuition and exploding student debt restricts their ability to advance one of their most pressing priorities—boosting student access at scale. "Both the initial college affordability challenges and problems surrounding student debt continue to get worse," Joyce Foundation Senior Program Officer Sameer Gadkaree told IP. Most troubling, he said, "is data showing that the median Black student borrower owes more than the student borrowed. And data show that the share of student loan balances increasing over time is growing. Existing debt forgiveness programs at the federal level, including public service loan forgiveness and loan discharges, are not working as well as we might hope."

Meaningful progress won't come from the philanthropic sector alone, but in partnership with state and federal legislators, Gadkaree said. "We will support efforts toward defining a new approach, one that builds an equitable and affordable higher education system, rather than one with unsustainable and inequitable debt burdens that stay with people for decades."

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[1] Based on available grantmaker data from Candid. Excludes federal funding.

[2] Based on available grant recipient data from Candid. Excludes government organizations.

Feedback?

The State of American Philanthropy is an ongoing project, each SAP brief will be updated periodically to integrate new information, additional data and evolving perspectives. This brief was originally posted to Inside Philanthropy in November 2020. It has not yet been updated. If you have comments or information you'd like to share with us, please email us at managingeditor@insidephilanthropy.org.