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When You Can't Wait for Money

For a college with a small endowment, fund raising has to yield results now

By ANNE MARIE BORREGO

Dorothy G. Blaney needs money, and she needs it now. As president of Cedar Crest College, in Allentown, Pa., she presides over a women's institution with an enrollment of 1,468 and a modest endowment, \$13.5-million. Unlike colleagues at wealthier institutions, who can take years to court alumni and have no problem waiting years for a bequest to show up, she has adopted a "Give now" approach.

"Small colleges are facing tough economic times," says Ms. Blaney, who has been president since 1989. Cedar Crest already relies heavily on tuition, so it must solicit gifts to cover the rest of its costs. As a result, instead of relying on the time-honored practice of lining up bequests, Ms. Blaney has gone on the offensive.

One recent evening, as she does two or three times a month, she went out to dinner with an alumna with whom she has come to be good friends. Several years earlier, the president notes, this particular alumna had notified the college that she planned to leave Cedar Crest "a substantial sum" when she died.

After dinner, when they had returned to the alumna's home, the conversation turned to Cedar Crest. The woman (who declined to be identified) asked about the college, the students, and what was new on the academic front. When she inquired about finances and asked, "What can I do to help?," Ms. Blaney saw her chance.

"I'm hoping that you will look at our needs and our potential and do what you were planning to do in your will -- today," she said.

The alumna agreed. Shortly thereafter, she wrote a check to Cedar Crest and pledged that more -- a seven-figure sum -- would come during her lifetime.

Ms. Blaney's tactic reflects a new emphasis on "venture philanthropy" -- fund-raising jargon for showing donors what they are getting for their gifts as they make them.

Asking someone who has already pledged a substantial bequest to give the money now might sound rude, but it's not at all unheard of. It's just something that colleges with billion-dollar endowments don't need to think about much, say fund-raising experts.

"It's something a good fund raiser does," says John Lippincott, a spokesman for the Council for Advancement and Support of Education. Naturally, "it is always done with great sensitivity to the

interest of the donors."

Such requests aren't as difficult as one might imagine. "You are starting from a common interest," Mr. Lippincott says. "The donor already indicated that he or she wants to help the institution. That, in some ways, makes the conversation easier than a cold call on someone when you don't know whether or not they have any interest in the institution."

It is not just small colleges that do this. The University of Southern California (which, at the end of the 2001 fiscal year, boasted an endowment of \$2.1-billion), did it as well, says Alan Kreditor, senior vice president for university advancement.

"We don't do it unless we think it's appropriate," he says. For instance, if a donor notifies USC that he or she plans to make a bequest but wants recognition for doing so now, Mr. Kreditor's staff will suggest that the donor release part of the sum right away -- "not only to enjoy the honor, but to enjoy the work it could do."

Other donors put particular degree programs or departments in their wills, but ask the university to institute the new programs during their lifetimes. Doing so, Mr. Kreditor says, can force the institution to subsidize the gifts -- something that even a major university is hardly inclined to do.

Development officials may also approach exceedingly wealthy donors who have already arranged to leave bequests and ask them to give now as well. "If someone is going to leave us \$1-million, and we know they're worth \$300-million, we might go to them now and see if we can encourage them to provide additional support," Mr. Kreditor says.

Such behavior certainly isn't the norm, he adds. "We have to have a good reason, and wanting the money is not a good enough reason."

Small Margins

Cedar Crest is not out for the money, just for the money's sake, but it can argue that its needs are more critical. To be sure, Ms. Blaney has increased the enrollment and strengthened finances since arriving in 1989, when the college could claim just 707 students and a paltry \$3-million endowment. Still, the problems faced by small, liberal-arts colleges -- small enrollments, rising costs, a relatively small donor base -- create a sometimes dire financial scenario.

Making matters tougher at Cedar Crest is its intention to remain a women's college, which means that many students never even consider enrolling.

In the meantime, Cedar Crest must make do with what it has. In the 2001 fiscal year, its operating budget was \$26.6-million. About \$15-million of that money came from tuition, and about \$2-million from room and board, leaving the college to make up the remaining \$9-million-plus in state and federal grants and donations. Last year, Cedar Crest raised about \$7.1-million in gifts.

Ms. Blaney is realistic. "We're never going to be like Harvard. We have to look at resilience and responsiveness and a sense of focus." Rather than try to be all things to all students, Cedar Crest has positioned itself as a niche player, hoping to capitalize on its good reputation in the sciences, particularly genetic engineering. Already, nearly 60 percent of the Class of 2005 is majoring in the sciences.

Demonstrating that sharp focus is part of Ms. Blaney's fund-raising strategy. The key is showing potential benefactors exactly how their funds would make a difference.

In venture philanthropy, a donor gives money within his or her lifetime, then works directly with the beneficiary organization to direct the funds toward specified programs or goals. Cedar Crest opened its Venture Fund for Innovation and Excellence in 2001.

"It's what I call a living endowment," says Ms. Blaney.

Helping the Living

In her pitch for the fund, she suggests that donors ask themselves whether Cedar Crest will have greater needs today or 50 years from now. "It's the people that are alive whom you're helping," she tells them.

In September, the development office sent out a solicitation letter in which it described the fund's main objectives: increase scholarship funds; provide academic resources; and enhance facilities, technology, library resources, and specialized equipment.

"In a highly competitive environment," the letter says, "for Cedar Crest to survive and excel over the next decade, it is necessary to invest now."

Cedar Crest will use the new fund for maintenance of its nearly century-old buildings and to erect new ones, like the Rodale Aquatic Center for Civic Health, begun some 15 years ago, which will finally open in August. The swimming facility, financed by the owners of Rodale Press, which publishes in the health-and-fitness field, will be open to local residents as well.

In addition, the venture fund will go toward strengthening academic offerings, adding programs and improving popular ones -- like genetic engineering -- by acquiring new technology, and dropping those that are less popular, like French.

This fall, pending final state approval, Cedar Crest will enroll students for a new master's degree in education, its first graduate program.

Immediate Gratification

The assertive approach seems to be working. "Donors respond to seeing change now," Ms. Blaney says. They are also pleased that Cedar Crest has remained faithful to its original mission as a women's college, she says, especially since so many former women's institutions have admitted men. Others are attracted to the tangible results that their gifts can show so quickly.

Of the \$7.1-million that the college raised last year, Ms. Blaney says, some \$2-million was given to the venture fund.

Alice Anne Miller, a Cedar Crest trustee and a major donor, says she has stepped up her own giving.

"I really agree with the college's philosophy that we need to do it now," she says. In the past, she would give to anything but the annual fund, she says. Now she's both increased the amount of her donations and changed the type, so that she can give to current projects.

"The ones who can afford to make major gifts at this time need to be asked to do that," she says.

"We know that planned giving, in other words, through estates, will follow. But most people don't realize the immediate needs." Ms. Miller, who graduated from Mount Holyoke College but whose

mother graduated from Cedar Crest, had arranged through her will to give a percentage of her estate to the college after her death. Now, since she has increased her annual giving, her posthumous donation will most certainly be smaller.

Kathleen M. Kowalczyk, director of development, says Cedar Crest's immediate needs don't translate into pressure on donors to change their wills. "If someone wants to make a difference through their estate, there's usually no changing their mind," she says.

So, in order to receive new commitments, Cedar Crest reminds donors -- including those who have already made bequests -- about other, more-immediate ways that they can give.

"We will continue to solicit for annual gifts unless they ask us not to," Ms. Kowalczyk says. "And we will do that for people who have indicated that they will donate with a planned gift." Most of those donors, she adds, already give on an annual basis. "If they're used to doing that, generally they'll continue."

The college also tries to raise awareness for those who don't know about current opportunities, like an option to give \$50,000 to endow a four-year scholarship for a student of their choosing. "Donors can meet those students every year," Ms. Kowalczyk says. "It brings so much joy to them."

As Cedar Crest spreads the word about immediate gifts, trustees are expected to set the pace.

"In order to encourage the larger gifts, we have to be willing to ask," Ms. Miller says, "and we have to be willing to put our gifts in place first."

"Last year and this year, I really stretched beyond what is reasonable," she says, declining to be more specific. "But I'll probably have to keep doing that."

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