Private Giving to Colleges Surpassed Expectations in 2000-1

By JOHN L. PULLEY

Giving to higher education was surprisingly robust in the 2000-1 academic year, growing 4.3 percent over the previous 12-month period, despite a tanking stock market and an economy that had slipped into recession. Some analysts had projected that overall giving would be stagnant.

"I had expected everything to be flat or rising with the rate of inflation," said Anne E. Kaplan, who conducts an annual fund-raising survey for the Council for Aid to Education. "I didn't expect much growth."

Private contributions to America's colleges and universities totaled a record $24.2-billion for the year ending June 30, an increase over the previous year of about $1-billion, the council reports in the 2001 version of its annual survey, "Voluntary Support of Education," which was released last week.

Despite the solid showing, the survey's results chronicle the end of a fund-raising bonanza that had generated billions of dollars for higher education since the mid-1990s.

Against the backdrop of that recent past, 2001 "wasn't a great year, but it was as good as could be expected under the circumstances," Ms. Kaplan said. "Fund raising can only be as good as the economy allows it to be."

In 1999-2000, by comparison, with the economy humming along at a brisk clip, private contributions to higher education increased almost 14 percent over the previous year, marking the fifth consecutive year of double-digit growth. Despite the slowdown in 2001, annual voluntary support of higher education has doubled since 1994, when total giving was about $12-billion.

"No one reasonably expected that we could keep that kind of growth up," says Kent E. Dove, vice president for development of the Indiana University System, which raised $302-million last year, the most of any public institution. Mr. Dove attributes Indiana's success to a surge of giving in the final year of its capital campaign, including the university's largest gift ever, $105-million from the Lilly Endowment. "Most of us are grateful that we were able to hold our own and grow a little this year."

Giving by noncorporate foundations to higher education totaled $6-billion in 2000-1, an increase of 18.1 percent from the previous year. Those contributions accounted for 25 percent of higher education's total voluntary support in 2000-1, up from 20 percent in 1995-96. During the same five-year period, giving to higher education from each of the survey's other sources -- alumni, other individuals, corporations, religious organizations, and other groups -- has declined or was flat, as a percentage of total higher-education giving.
Paradoxically, traditional private foundations have in recent years allocated a smaller share of their philanthropy to higher education, while shifting a greater proportion of their support to elementary and secondary education, health care, and environmental issues. (See a related article from this week's issue of The Chronicle.) At the same time, however, the sector's total assets have risen sharply, driven up by the creation of wealthy new foundations, as well as the spectacular appreciation of many older foundations' endowments.

As a group, foundations gave away almost $120-billion in 2000, the latest year for which statistics are available, up from $78-billion in 1996. With giving by foundations expanding rapidly, higher education's narrowing slice of the pie nonetheless represents substantial growth.

The largest share of support in 2001, $6.83-billion, came from alumni, whose gifts made up 28 percent of total support, the same share as in 1996. That apparent continuity, however, may be misleading. A growing number of alumni gifts are being funneled through newly created family foundations and donor-advised funds, and are not counted as alumni gifts. Ms. Kaplan estimates, for example, that approximately 20 percent of foundation gifts come not from large, well-established foundations such as Lilly, Kellogg, and Ford, but from smaller family foundations.

The value of gifts of appreciated property, typically in the form of stock, declined by 8 percent in fiscal 2001. Donors concerned about the economy made fewer such gifts, and the gifts they did make tended to be of less value because of the flagging stock market. "Some people are delaying gifts of stock until the value of stock goes up," Ms. Kaplan says.

The perennial fund-raising powerhouse Harvard University raised $683-million in 2001, regaining the top spot it had relinquished in 2000 to Stanford University. Among the top-20 fund raisers last year, half were public institutions. Private institutions, however, claimed 8 of the top 10 spots.

Gone from last year's top-20 list are Northwestern University, the University of Virginia, the Massachusetts Institute of Technology, New York University, and the University of Texas at Austin. Taking their places are Michigan State and Ohio State Universities, the University of Minnesota system, Emory University, and the University of California at Berkeley.