

# Stronger Together: Building Better Relationships Between Foundations and Universities

By Christopher Connell // Volume 28, Number 1 // January/February 2020

Institutionally Related Foundations and the universities they are connected to can accomplish more with a good relationship. When there is collaboration, strong ties with foundations can yield more than endowments: the local community can benefit and alumni can be more engaged with the institution overall.

It's not unusual for college and university foundation boards to handle gifts of real estate or arrange financing of new dorms. But beyond raising money and managing endowments, boards can play pivotal roles in getting major projects off the ground and steering them to completion. Acting in concert with the university leadership they support, they can spring into action faster than the wheels of an institution usually turn. Relationships with other key business and civic leaders also allow foundation leaders to strengthen ties between universities and the communities they serve to accomplish more together.

An example is the pivotal role that the Georgia State University Foundation played in the purchase of Turner Field, the former home of the Atlanta Braves that was built for the 1996 Olympics, and in partnership with a commercial developer turning the surrounding land into a retail, office, and residential project that Atlanta's mayor calls among the most consequential "in the life of our city."

Likewise, some boards might have shied away from undertaking what the University of Wisconsin-Eau Claire Foundation did in spearheading a public-private partnership that built a showcase, \$55 million community arts center on the banks of the Chippewa River. "WOW!" screamed a banner headline in the hometown paper, the *Leader-Telegram*, after the September 2018 opening. But it came only after a two-year marathon that required patience and savvy as the plan endured 68 public hearings and survived two public referenda.

In an era of tight budgets and increased scrutiny, college and university leaders increasingly are looking to foundation trustees for more than financial help.

AGB Senior Fellow George P. Watt Jr., who advises public university foundation boards, sees “a sea change” taking place among boards that are becoming more proactive and not just managing endowments.

“What I would call the 21st-century foundation is leaning forward,” said Watt, former executive vice president of institutional advancement at the College of Charleston (SC) and executive director of the College of Charleston Foundation and before that president and chief executive officer of the U.S. Naval Academy Foundation and its Alumni Association.

They are taking on work and ventures that the university may not have the expertise on staff to do or by law might not be allowed to go into, he said. “Maybe the procurement regulations in that state are so onerous, they cannot do it. They can’t be nimble. You want your foundations to be nimble.”

At the same time, he added, institutional leaders “are saying, ‘I need more from you ... Can you do a capital project for us? Can you borrow money? Can you float a bond?’ There’s a lot of that coming at the foundations.”

“The nature of people recruited to serve on these boards is that they want more to do. They don’t want to sit idly by and go to four meetings a year. Lots are impact players. [Foundation] Boards are going to the institution and saying, ‘We want to do more for you. Let us take this project off your hands.’”

At Arizona State University (ASU), ranked by U.S. News & World Report as the No. 1 most innovative university, its foundation shares a reputation for innovation too, using data analytics and artificial intelligence to give the university insights into what motivates its 700,000 alumni.

Just as Amazon gleans information about consumers from their purchases, “we learn from the behaviors of alumni on our web platform and what they click on,” said Gretchen E. Buhlig, chief executive officer of the ASU Foundation. The foundation then can customize the website “so every time they come back, they’re going to find articles that resonate with them.”

Arizona State enrolls 72,000 students on its campuses in Tempe and the Phoenix area and thousands more online. Almost half the alumni are millennials under age 40 and the foundation has found new ways to reach out to them and convey the story of what Arizona State is doing to address societal problems that worry millennials such as homelessness and shortages of clean water, she said.

The foundation, now housed under a nonprofit parent organization called Enterprise Partners, also has created a Next Generation Council of successful young alumni and given them a seat at the table with the ASU Foundation Board of Directors. While the eight council members don't vote, they have a voice.

"When you're connected to the most innovative university, we need to be the most innovative university foundation and that goes for our board governance as well as our operational elements," said Buhlig.

"A lot of time foundations hear about a new idea after it's been baked and then they're like, 'Oh, yeah, by the way, you need to raise money,'" she said. The foundation is there at the incubation because it has demonstrated to ASU leadership "that when ideas are being generated, we bring value."

## **Unfettered Discussions at Georgia College**

At Georgia College & State University, the trustees of the GCSU Foundation have forged unusually tight bonds with President Steve M. Dorman and his team. Georgia College is the state's designated public liberal arts university, and most of the nearly 7,000 students on the Milledgeville, Georgia, campus are undergraduates.

As is the case with many foundation boards, the president is an ex-officio member and a full participant in its three annual meetings as well as a two-day summer retreat, said Monica Delisa, vice president for university advancement and executive director of the foundation board.

"One thing we did was throw wide open all of our board meetings. All the university leadership, from the president and provost to the deans, as well as library director and athletic director, come to the meetings," said Delisa, a former Texas A&M University fundraiser. "That has increased the [foundation] trustees' knowledge and understanding of the university, its mission and vision, as well as its needs."

"Our level of transparency and commitment to working together is much higher than most other institution-related foundations that I've ever interacted with," said Delisa.

The board's roster includes prominent Georgia business and civic leaders, many of them alumni, including Mike Garrett '76, retired president of Georgia Power. She recalled a moment at one of the first retreats where Garrett, who would later chair the board, "asked Dr. Dorman flat out, 'What keeps you up at night? Talk to us about that.' That started the most healthy conversation I've ever witnessed in a higher education

setting between volunteers and administration” about challenges the college faced in serving its students.

It set the template for further frank discussions. “We now leave time at every retreat for that kind of dialogue,” said Delisa. “Dr. Dorman doesn’t do a PowerPoint but throws it wide open for an honest and open conversation. Hands down that is the thing board members talk about being the best part of the retreat.”

She believes there’s not a single trustee who “wouldn’t feel perfectly comfortable picking up the phone and calling any member of the administration just to chat.” Peers at other institutional foundations have asked her if they’re going to have to rein trustees in if they’re given that much access. “We’ve just not approached it that way,” she said. “It takes faith in your trustees and trust that your trustees are going to have your best interests at heart and be good partners.”

## **Smaller Is Better for Oregon State’s Board**

Candor also characterizes longtime Oregon State University (OSU) President Edward J. Ray’s relationship with the OSU Foundation’s 38-member board, which manages a half-billion-dollar endowment and has a staff of 170.

J. Michael Goodwin, retiring after 15 years as foundation president and CEO—his successor is Shawn L. Scoville, stepping up from executive vice president—said the board once was much bigger, but purposely downsized to increase its agility and effectiveness.

“We had 100 members. The theory was that this was a great experience and we should bring in a lot of people who would benefit from it and grow closer to OSU,” said Goodwin. In an era of increased scrutiny of corporate boards of directors, OSU Foundation trustees from the business world “brought that perspective to us. They wanted the board to go smaller, to be more dialed in to fiduciary responsibilities.”

The foundation board, chaired by John Stirek ’82, president of western operations for the real estate company Trammel Crow, is self-perpetuating. “We look for people committed to the institution and its mission,” said Goodwin. “Clarity about our mission is important. We realize we don’t have any purpose other than to support OSU through our fundraising and engagement in other activities.”

The key to a good relationship is “respect between the foundation and the university,” he said. “Our president has a terrific understanding of what is his territory and what is the foundation’s territory and we have the reverse.”

When the board had to make decisions that could affect the payout from the endowment, the president “made us aware how that would impact OSU, but he was always crystal clear that it was always our decision,” said Goodwin.

He noted that OSU takes a very disciplined approach to strategic planning and the priorities it sets for fundraising, he said. “The foundation’s role in that is to advise on whether they are things donors would support or not.”

## **Data Analytics Shape Fundraising and Outreach at Iowa**

The University of Iowa merged its foundation and alumni organization two years ago into what is now called the University of Iowa Center for Advancement. President and CEO Lynette Marshall leads a staff of 285 that includes 65 fundraisers who helped raise \$232 million in the 2018 fiscal year.

Like the Arizona State foundation, it’s bringing data analytics to the task of connecting with Iowa’s 285,000 alumni and convincing them to support the university. “It has really helped us,” said Tiffani Shaw ‘92, executive vice president and chief operating officer. “Every university and every foundation has robust data on alumni. We brought on three data scientists from the for-profit world to help us maximize our efforts” and better identify prospects.

They’ve developed an alumni engagement score to identify “our most engaged alumni, based not just on making a gift but if they’re buying a ticket to go to a sporting or performing arts event, coming back and talking to a class or recruiting from our campus, or engaging with us on social media” by liking or sharing a foundation post, she said. Shaw said they are building a data warehouse that pulls in all the information that the university’s colleges have on their own graduates. “That’s siloed in most universities. Our information will be so much powerful if we work together than if we keep it siloed in Excel spreadsheets.”

Merging with the alumni association, which President Bruce Harreld encouraged, has made the advancement center even more valuable to the university and its mission, said Shaw, a veteran of 22 years with the foundation. “We have always had a strong relationship, but we are being seen more now as a strategic partner.”

## **Helping Atlanta and GSU grow**

Foundation boards allow institutions to tap expertise and talents from a circle wider than the confines of any campus. They are doers accustomed to making things happen. That’s certainly been the case at Georgia State University, which began in

1913 as the evening commerce school for Georgia Tech, and has grown into a Research-1 university with a major presence in downtown Atlanta and a national leader in graduating minority and low-income students. Its enterprising foundation has played a central part in expanding the university's footprint and stature.

Walter Massey, vice president for development and alumni affairs and president of the GSU Foundation, said the university has built or bought and converted 17 buildings in downtown Atlanta since 2007 for dorms, classrooms, and other purposes and "the foundation has had its hand in most of those purchases." Three were \$100 million-plus projects, including purchase of the 26-story Sun Trust tower, now brimming with lecture halls. The high-powered board includes the president and CEO of Cox enterprises, the finance chief for CNN, and a Coca-Cola Co. vice president as well as real estate and financial executives.

"We really have done a good job of recruiting to the strengths we needed on the board," particularly to the financial committees, said Massey. "We've relied on them for most of the purchases we've made to help the university."

While the board meets four times a year, the committees dealing with real estate and finance "met almost weekly until the Turner Field deal was done," he said. With the Georgia Dome slated for demolition, the university needed a new home for its football team. It landed Turner Field and 68 valuable acres for \$30 million, sold the stadium and most of the land to the university and its development partner, and leased the rest. Now Turner Field is Georgia State Stadium, home of the Panthers.

"The university wanted the stadium but knew it would take some time to put together the funding so they came to us," said Massey. "We've proved we can do things like this. One of the real keys is the relationship we've had with President [Mark] Becker and the university cabinet. We work extremely closely together."

## **Gluttons for Collaborations in Eau Claire**

The 337-acre campus of the University of Wisconsin-Eau Claire sits on the bank of the Chippewa River in the heart of a historic neighborhood that allows little space for expansion. "Our ability to grow the campus footprint is very limited. We've had to think creatively about how does the campus grow and meet the community's needs," said Kimera Way, executive director of university advancement and president of the UW-Eau Claire Foundation. As a consequence, "we're gluttons for collaborations."

The university, with 10,000 students, is accustomed to space-sharing with the city of 68,000. "Our hockey team plays in a city rink and the football team plays in a historic

park that is also home to the high school football team. We turn over some of our recreation fields to the city in summertime,” she said.

So it was only natural that when the university outgrew a small theater on campus and sought a new home for the arts, it looked to do so in partnership with the city and county, and relied on its foundation to help make the \$60 million Pablo Center at the Confluence a reality. (Pablo is the name of a business that made a major gift for the theater complex.) The university and the foundation partnered with the city, the county, a regional arts council, the state, and others to make it happen after navigating political shoals and some local opposition.

“It was a very difficult road to get to this,” said Way. “Our original goal for philanthropy was \$13.5 million. We ended up raising close to \$30 million.”

“We are trying to be part of a renaissance of our university and our community, and I have a board that recognizes we can be a catalyst to get these things to happen,” said Way. “We’ve been very thoughtful about everything we do. I have to go through a risk matrix to ask, why are we doing this? How does this align with the (university) strategic plan? What’s the benefit and what’s our exit strategy?”

“This is the way campuses are going to have to operate in the future,” she said. Chancellor James Schmidt, a former vice president for advancement at Winona State University and head of its foundation, “is fond of saying, ‘I didn’t get a drawer full of money when I came here. We’re much better working together than trying to stand alone.’ He’s constantly asking, ‘How can we bring everyone to the table who would benefit from this?’”

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## **A Stronger Union? Some Foundations and Alumni Associations Become One**

### **Are mergers of institutional foundations and alumni associations the wave of the future?**

There are no hard statistics, but it appears to be a trend, said AGB Senior Fellow George P. Watt Jr., who will moderate a discussion on this topic at the AGB Foundation Leadership Forum in San Diego on January 27.

Institutions cherish relations with their alumni for good reasons. Alumni organizations are a direct conduit to their most loyal supporters and provide a channel for fervent

alumni to stay connected to the life of the institution that shaped their own lives. They organize class reunions and often serve on advisory boards to the president or chancellor.

They also galvanize financial support, which is the primary purpose of foundations. Both organizations may enjoy 501(c)(3) tax-exempt status. Some operate independently of the institution they support, with their own staffs, while others are university employees reporting to a vice president or vice provost for advancement.

“We are seeing more and more campuses go to some type of (unified) model where they either go all the way and the foundation actually absorbs the alumni association and they merge their boards, or they move together to a place somewhere along a continuum of integration,” said Watt, who himself was tapped by the U.S. Naval Academy in 2000 to serve as the first CEO of both the USNA Alumni Association and its foundation. (The two remain separate 501(c)(3)s under one CEO.)

That was unusual back then but is less so these days, Watt said.

The University of Iowa merged its foundation and alumni association in 2017 under a new Center for Advancement, as have the University of Wisconsin and Montana State University. The Virginia Military Institute (VMI) Foundation and the VMI Alumni Association now are two of four volunteer associations each with its own board of trustees or governors. Oregon State University aligned its alumni association and foundation more closely; both remained independent nonprofits, but the finance and human resource functions were brought together.

The driving force toward merger in some instances may be the arrival of a new president or chancellor already accustomed to dealing with a unified organization for advancement and alumni relations, Watt said.

There may also be financial benefits, he added. “Sometimes the alumni association is the financially weaker entity. Very few alumni pay dues and revenues from affinity credit cards have gone away.”

Arguments can be made that a unified organization will be both more efficient—including sending out a single magazine instead of two overlapping publications—and stronger, he said.

But successful mergers face cultural obstacles. Alumni boards are usually composed entirely of alumni, while that is not a prerequisite for foundation board membership. Both can attract a diverse array of talents, but foundation boards in particular look for



trustees with the capability to discharge their fiduciary responsibilities. Self-perpetuating foundation boards may be able to cast a wider net for wealth, wisdom, and talent, Watt said.

At the same time, a merged board may stipulate that a minimum number of seats be occupied by alumni, he noted. “When we see these integrations, typically it’s not unlike a bank merger. There’s negotiation about seats on the board. The question is, how many?”

—**Christopher Connell**

## **Takeaways**

- Collaboration between Institutionally Related Foundations and their connected universities can result in benefits for the local community and an increase in alumni engagement. By working together, big projects can be accomplished to impact the university and its community.
- The “21st-century foundation” is taking on work and various ventures that the university staff may not have the expertise to do or by law cannot do. Various institutions act as examples of how working together with their foundation boards can have excellent results and lead to big accomplishments for the respective institutions.
- Both Arizona State University and the University of Iowa have proven more specifically how data analytics can have a big impact on alumni engagement. Other examples show how coming together with the foundation can increase the ability to find funding for projects such as building new dorms or a stadium.