IT’S BECOMING INCREASINGLY DIFFICULT FOR COLLEGES TO COUNT ON FUNDING FROM PUBLIC sources. Last fall, a panel of presenters at the ACCT Leadership Congress discussed new approaches to fundraising that community colleges can adopt. Among the presenters was Timothy Nelson, chief advisor and founder of Nelson Fundraising Advisors, a former senior executive at Fortune 500 companies including IBM and General Electric who now has set his eye on helping community colleges sustain themselves through previously untapped markets. Trustee Quarterly spoke with Nelson about how individual donors can serve as an invaluable source of sustainable income for community colleges.
A BIG REASON TWO-YEAR COLLEGES DO NOT GET THE DONATIONS FROM ALUMNI AND OTHER INDIVIDUALS THAT FOUR-YEAR COLLEGES GET IS BECAUSE THEY NEVER ASK.

Why is it that universities are successful in raising funds from individuals, while community colleges so rarely do it?

Universities are very aware of the statistics on giving. People in this country are philanthropic by nature. They like to give. On average, American people give about 4 percent of their earnings, regardless of their socioeconomic status. Last year that was almost $400 billion, with about $60 billion in giving to education. And about 88 percent of philanthropy in the country comes from individuals when you include family foundations and bequests.

The biggest pool of donors is individuals, and four-year colleges embrace this opportunity… I hate to say it, but the reason universities track alumni isn’t just because they love for you to wear team colors and come to the game. They need your support. Successful four-year colleges excel at understanding what prompts alumni to donate to their colleges. Colleges want alumni who have an affinity to and love for their alma mater. This is foreign to community college leadership.

Community colleges still look to corporations, which last year gave less than 5 percent to all charities. It’s time to rethink the model.

Do you think that many community college leaders aren’t aware of these statistics, or is there another reason community colleges often don’t solicit donations from alumni and other individuals in their communities?

Community colleges historically didn’t have to worry about fundraising because state and local governments took care of them, whether through the tax base or other support. It wasn’t uncommon for community colleges to get 70 to 80 percent of operating capital from the local tax base and government, so the need to raise money simply wasn’t there. It wasn’t until the money from taxes and government support started going away that some two-year colleges started to pay attention. They started foundations. However, even today, these foundations that were initially started to provide scholarships still are not addressing the issue of operations at all because, again, operations were covered. Presidents didn’t have to worry about that. It was a paradigm whose time has passed.

Why do you think community colleges don’t seek donations from alumni?

An ongoing argument at community colleges is who are the alumni? Part of the reason why graduation rates are so low at community colleges is because students transfer to a four-year university and never bother to graduate and earn that degree at the community college. It’s an unfair assessment of success for two-year institutions.

So it’s a fair question: What is a community college alum? I’ve sat in on many debates among two-year college staff. I’ve heard people say, “Well, it’s somebody who’s completed 15 hours.” Or it’s somebody who is a degree holder. Or it’s somebody with a successful outcome — who transferred credits or earned a certificate. So you have to make a decision. There’s no one-shoe-fits-all scenario with this. It’s a proactive decision — make a decision about who alumni are and then reach out.

Once you decide, you have two approaches to collecting demographic or contact information on your alumni. The first approach is to go “all-in.” The cost to identify and to keep up with alumni can be very expensive — and surprisingly effective in terms of the results.

I’ll give you an example: I decided to try to track as many student records as possible. We had three sources. One was microfiche. One was a spreadsheet of students who had taken a class — even a class in photography. And the third was the current student database. When I added these all together, there were over 756,000 students. How could there be so many students when the whole community was about a million people? So then you have to peel back the layers — look for duplicates, etc. By the time we peeled it back, we had less than 100,000 records of legitimate people. This is where the fun begins — then you do searches through national databases, which is also costly, then outreach (visits, mailers, etc.) We saved a good deal of money “cleaning” the data. Imagine the costs of outreach to 700,000-plus instead of 100,000.

Another approach is to be selective and add only those records you know are more likely to have accurate demographic data. I do feel this second approach is a stopgap measure until you raise funds to cover the full costs of complete records.

Regardless of the approach, you must stay on top of it, and you must be proactive with the database. When we launched an alumni association, we provided benefits to participating alumni at a minimum cost to the school. And that allowed us to be able to get people to register and gave them a reason to stay active. Building your database is doable and worth it.
Are there any data about returns on investment for individual fundraising?
Alumni giving is all over the board, even for the most prestigious institutions. For example, *U.S. News & World Report* reports that 63 percent of Princeton alumni in 2015 were donors, while only low single digits of alums donated at many other schools.

You’d often be surprised at how difficult it is to target what that is. I can tell you, however, that alumni giving is a critical component to four-year institutions, which is why they do it.

There’s probably a significant up-front investment, but how important are infrastructure and staff to a quality development operation?
From a development perspective, I would probably do what I need to do — take whatever measures — to close individual gifts as soon as possible. Whatever return I get, I would then invest that into building more data, building quality operations, and seeing more prospects face-to-face. So if your community college reaches out to you, and you say yeah, I can give a thousand dollars…if a hundred people say that, then you’ve got a hundred thousand dollars. As tempting as it is to give students scholarships with that money, take that $100,000 and plow at least some of it back into the operation to keep building it. It may take time, it may also happen quickly, but in time, those donations will multiply — giving you more money to support and serve students.

What are the qualities of the type of person who would make fundraising a successful effort?
This can be very interesting at community colleges. Because the focus has never been on major gift development, you could potentially have people who are really good at grant writing now being asked to do a job they are simply not comfortable or qualified to do. My good friend Dr. Bill Crowe said to me once, “you may think a retired local coach, or someone who was a fantastic insurance agent, or just your local good person should be your development person, but that doesn’t mean that they necessarily understand fundraising.”

I feel that there are the three elements to being a quality fundraiser at a community college. First, a college is a business. Think about it. You have a product, education, and you have revenue and a cost side. Development leaders need to be part of the president’s leadership team, and they need to work hand in hand with college leadership to understand the entire business of the college. Also, it would be great if you were entrepreneurial and you knew what needs to be built to run an effective operation and what can wait. For example, I guarantee that 90 percent of people who come in would say you need a customer relationship management (CRM) system — maybe so, but maybe not in the beginning. An entrepreneur may come in and say, yeah, you do need that, but not necessarily yet. And lastly, you need to understand true relationships. Too many people leave money on the table because they think there’s a process you’ve got to go through. A relationship is about listening and about empathy. It’s about communicating the passion of the college and those you serve. You are the conduit between the college and the donor prospect. It has to develop. And so yes, a history of effective grant writing is great when you need to apply to a request for proposals and secure a grant. But effective fundraising, and particularly individual fundraising, is really about understanding the college as a business, having an entrepreneurial perspective, and about understanding, relating to, and engaging with people. Some fundraising efforts fail to take off because people don’t understand the difference between securing grants and this type of effort.

Are there any potential liabilities a board or executive team should be concerned with related to individual fundraising?
The first liability may be that you poke a stick at it rather engage in it fully. I believe a college should go all in, then smile as success happens. Number two, you may have the wrong people in place to lead it. Too many people hire the wrong people to raise money. If you’re going to raise money, then do it right.

How would establishing an individual outreach fundraising program at an institution benefit students?
It will radically change the way that you are doing business. As I said earlier, college is nothing more than a business. At successful four-year institutions, a nice percentage of revenue comes from philanthropic giving. When you look at two-year institutions, on a per-student basis, it’s abysmal. In order to do better to provide the things you need, whether it’s reasonable increases in salary, better student services or scholarships, programmatic changes and additions, you’re going to need to ask folks to step up philanthropically. If you make any effort toward a four-year model of seeking individual donations, you will see an increase in revenue. Period. It just will happen. It cannot not happen. And remember, a big reason two-year colleges do not get money is because they never ask.

If you don’t take action, nothing’s going to change in your situation — constant worries of penny taxes, property values, enrollment woes, asking your people to do more with less, worrying about whether you can do the maintenance on the ground. Or can you even afford to keep the doors open? You name the issue, one thing is for sure: nothing is going to change if you do nothing to change it.