UNIVERSITY OF HAWAIʻI SYSTEM ANNUAL REPORT

REPORT TO THE 2019 LEGISLATURE

Annual Report on
University of Hawaiʻi Tuition & Fees Special Fund Expenditures
for the Purpose of Generating Private Donations

HRS 304A-2153

Fiscal Year 2018

Report to the 2019 Legislature on University of Hawai‘i Tuition and Fees Special Fund Expenditures for the Purpose of Generating Private Donations

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Hawaii Revised Statutes Section 304A-2153 provides that the University of Hawai‘i Board of Regents, “…may authorize expenditures of up to $3,000,000 annually, excluding in-kind services, from this fund *[University of Hawaii tuition and fees special fund]* for the purposes of promoting alumni relations and generating private donations for deposit into the University of Hawai‘i Foundation for the purposes of the University.”

In September 2010, the University of Hawai‘i Foundation and the University of Hawai‘i entered into a revised Agreement for Services to provide private fundraising and alumni relations services for the University. To provide this support, the University of Hawai‘i pays the University of Hawai‘i Foundation $3,000,000 per year.

The statute requires a report “detailing the use of any funds authorized by the board under this subsection…” The following page summarizes the information provided in this report.

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Fundraising Activity

($000)

Attachment 1

	FY2017	FY2018
By Source		
Individuals	$ 38,517	$ 154,342
Corporations	16,285	16,710
Foundations	19,396	7,805
Other (Groups/Consortia, Clubs/Associations, Affiliated Organizations)	3,453	1,403
Total	$ 77,651	$ 180,261

	FY2017	FY2018
By Type		
Gifts and Pledges	$ 43,623	$ 46,182
Deferred Gifts	22,324	129,184
Gifts in Kind	368	692
Grants to UH	11,336	4,202
Total	$ 77,651	$ 180,261

	FY2017	FY2018
By Category		
Endowment	$ 9,594	$ 8,577
Expendable	50,310	41,266
Bequest Intentions	6,043	125,523
Gifts in Kind	368	692
Grants to UH	11,336	4,202
Total	$ 77,651	$ 180,261

	FY2017	FY2018
By Purpose		
Faculty and Academic Support	$ 35,787	$ 33,777
Student Opportunity and Access	11,466	99,769
Research	22,129	23,128
Other - Bldg., Public Svc., Special Projects	8,269	23,587
Total	$ 77,651	$ 180,261

Financial Summary of the Operating Activities of the Foundation

Attachment 2
Fiscal Year 2018

	Results
REVENUES:	
Unrestricted gifts	$ 769,250
Income from expendable accounts	2,616,070
Income from endowment accounts	3,880,510
Service fee on gifts and non-gifts	2,457,788
Alumni Relations revenue	29,780
UH contract for services	3,000,000
Other (Other revenue, svcs pymt and prior yr carryover)	576,256
Total Revenues	$ 13,329,654

EXPENSES:	Results
Development	
Personnel	$ 7,036,045
Program	1,336,844
Campaign	105,734
Alumni Relations	
Personnel	479,949
Program	72,319
Service & Support	
Personnel	2,941,886
Program	1,206,877
UH Support Fund	150,000
Total Expenses	$ 13,329,654
Net Revenues Over Expenses	$ -

Departments Supported by the Moneys from the Fund

Attachment 3

- Development Operations
- Major Gifts - Unit Development Officers
- Annual Giving – Calling Center/Direct Mail
- Scholarship Development
- Foundation and Corporate Relations
- Estate and Gift Planning
- Development Research
- Communications
- Donor Relations and Special Events
- Alumni Relations

Purpose and Activities of Each Department and how They Participate in Fundraising Activities

Attachment 4

Development Operations

Development Operations is the organization under which all work with donors and prospective donors occurs, and is responsible for coordinating with system, campus and department leadership to ensure that compelling philanthropic priorities exist.

The individual departments in this unit are: Annual Giving, Estate and Gift Planning, Research, Communications and Donor Relations, Foundation and Corporate Relations and Major Gifts – Unit Development Officers. Development Operations supports the Foundation's fundraising through the following activities.

- Coordinate relationships system-wide among alumni, donors, and others with institutional leadership to ensure consistently high quality interactions.
- Establish and implement standards of performance based on national best practices for the development process.
- Coordinate and provide continuing training to development staff and academic leadership on campaign development, cultivation and solicitation roles and responsibilities.
- Work to ensure that prospects who have interests in more than one school or campus are actively and appropriately managed, and ensure that the prospects and donors from units who do not have assigned development staff are managed.
- Facilitate the identification of a lead 'prospect manager' whose responsibility is to ensure that there is a solicitation or stewardship strategy for each prospect or donor and that appropriate steps are being taken towards a solicitation.
- Work with the UH System President to implement key elements of prioritized university-wide initiatives and on his portfolio of prospective donors.
- Hold monthly Unit Development Officer meetings to assign new prospects, review and provide collegial input to specific strategies, share successes and lessons learned, and keep each other informed of new projects, events and activities.
- Hold monthly (or as needed) meetings with each Unit Development Officer to review prospect strategies, next steps, resources needed, key relationships, etc.

- Ensure that each Unit Development Officer is working to meet mutually agreed upon performance and fundraising goals.

Major Gifts -- Unit Development Officers

The Unit Development Officers are housed at several campuses and in college units across the system. They are responsible for effectively managing relationships with individual donors and prospective donors across the UH system to achieve the philanthropic goals of both UH and the donor.

Unit Development Officers work in close coordination with Chancellors, Deans and Directors to:

- Identify, cultivate and solicit individuals (alumni, friends, parents, community leaders and others) who have the capacity to make gifts of at least $25,000 annually.
- Engage and provide training to volunteers.
- Steward current donors to ensure that UH remains among their top charities.
- Educate and involve faculty, staff and academic leadership in the fundraising process.
- Coordinate with other colleges, campuses or programs when appropriate.
- Ensure that donors are appropriately recognized.

Annual Giving – Calling Center/Direct Mail

Annual Giving is responsible for raising funds of any size, and instilling a habit of giving annually, from alumni, parents and friends of UH. These gifts are raised via direct-mail appeals, telephone solicitations, online giving (e-philanthropy) and matching gifts.

Annual Giving works closely with Unit Development Officers, Chancellors, Deans and Directors in producing annual giving appeals.

In order to provide an ever-increasing flow of annual gifts to the various units and campuses of UH, Annual Giving provides the following services, categorized into the four Annual Giving solicitation methods.

I. Direct Mail

Annual Giving provides all logistical and technical services for direct-mail appeals system-wide.

- Coordinate all logistical aspects of direct-mail solicitations, including:
  - Obtaining and ensuring accuracy of data files for mailing.
  - Printing of letterhead, envelopes and brochures as needed.
  - Coordinating first-class and third-class (bulk) mailings.

- Tracking and reporting of revenue and expenses from mailings.

- Assist each unit with developing a letter/message for each direct-mail solicitation tailored for that unit.

- Assist each unit with developing a brochure or other support materials for direct-mail solicitations.

- Provide support for other specialized appeals/mailings (such as an appeal for a specific endowment or scholarship fund)

II. Calling Center

Annual Giving operates a year-round calling center staffed by paid and well-trained UH undergraduate and graduate students.

- The calling center reaches out to alumni to re-engage them with their alma mater and asks them to make a gift.

- Annual Giving works closely with each unit to craft “talking points” to be used in calling scripts. Talking points include items such as: exciting faculty or student news; upcoming unit events or other unit news; how funds raised last year through Annual Giving were used; how funds raised in the current year will be used; etc.

- Chancellors, Deans and Directors are invited to meet with the callers and speak about their unit in conjunction with a calling campaign for that unit. Callers often have specific questions for unit representatives that provide callers with additional talking points.

- Callers record feedback and questions from each unit’s alumni and friends – this information is forwarded to the unit for action or information.

- For many alumni, this is the only personal interaction with UH they have so the experience and the interaction with the student callers is valuable.

III. On-Line Giving

Online giving is growing globally. In order to better promote this method of giving, Annual Giving is:

- Using a unique code or custom URL on each piece of communication or email in order to make giving online easier and more accurately tracked.

- Promoting on-line giving in pledge reminders, through all communication, and as an option through all channels.

- Working with UH units to promote giving on unit websites with a prominent link to the on-line giving form to make the transaction seamless and simple.

IV. Matching Gifts

Many corporations will match gifts made by their employees to UH. The office of Annual Giving is exploring methods to enhance this source of revenue. These efforts include:

- Contracting with a nationally-known matching gift data house (HEP Development) to augment the Calling Center matching gift database.
- Implementing a matching gift reminder system to encourage donors who work for a matching gift company, but who have not submitted their employer's matching gift form, to submit their form.
- Promoting the benefits of matching gifts more prominently in print materials.

Scholarship Development

Scholarship Development is responsible for working with donors to establish private scholarship accounts. It serves as the central clearinghouse for Unit Development Officers, and UH administrators, faculty, and staff throughout the system on matters relating to private student aid. The department works closely with the campus based financial aid offices to disburse scholarship funds through the BANNER system.

Student Aid is defined as scholarships, fellowships, and awards. It is the responsibility of Scholarship Development to ensure that all awards made to students are in accordance with the wishes of the donors.

There are two different types of scholarships that UH donors support:

- An *endowed scholarship* creates a permanent fund. Contributions are invested to ensure the scholarship retains its value in perpetuity, and the scholarships created by the endowment are funded through the income generated by the endowment.
- An *annual scholarship* reflects a donor's commitment to support a scholarship for a specific number of semesters or years.

Many steps are necessary to ensure the success of the program:

- In conjunction with the unit development officers, engage donors who have specific interests. Prepare gift agreements to ensure the donor's wishes are captured and clearly defined.
- Facilitate the development of proposals for system-wide student aid initiatives with the respective UH and UHF representatives.
- Ensure student aid opportunities are being advertised to students. Meet annually with high school counselors throughout the state to provide them with information on student aid opportunities for their students.
- Monitor activity in student aid accounts and be sure funds are being awarded

to students who meet the criteria established by our donors.

- Identify student aid accounts with no activity and inquire with colleges/departments experiencing difficulty in making awards.

- Transfer funds to UH and inform the respective Financial Aid Office of students receiving aid so adjustments to student financial aid packages are made to avoid over-awarding of funds.

- Coordinate thank you letters from students and forward to donors.

- Disseminate annual reports to donors notifying them of students who have benefited from their support.

Foundation and Corporate Relations

Foundation and Corporate Relations manages the relationships with private foundations, corporations and corporate foundations in order to increase the amount of private foundation grants made to the research, academic, and community service projects of UH.

Foundation and Corporate Relations works closely with the Chancellors, Deans, Directors and faculty throughout the system to identify priorities and submit professional proposals.

To maximize foundation giving and assist in securing needed resources, Foundation and Corporate Relations carries out several activities. Some are aimed at laying the groundwork for the overall efforts of the University. Other services are provided in support of the development and submission of proposals for specific programs or projects. These include the following:

- Facilitate the development and submission of proposals for system-wide initiatives pertaining to issues that are broadly relevant (e.g., when a coordinated approach would elevate the impact and significance of the project or the level and likelihood of funding).

- Monitor foundation and corporate giving activity and trends, annual reports, news releases, requests for proposals, policy papers and other sources of information about major foundations.

- Connect the staff of national foundations and corporations with UH faculty and leadership to educate them about UH and its programs and to learn more about their programmatic directions and decision-making processes.

- Operate as a central clearinghouse for administrators, faculty, staff, and development officers throughout the system, so that contacts with foundations and corporations are strategically coordinated.

- Identify relevant funding opportunities and actively solicit proposal ideas from UH community to ensure all funding opportunities are thoroughly investigated.

- Monitor and promote relationships w/UH alumni in key corporate positions.

- Gather and share information on lessons learned and successful strategies for working with foundations.

- Assure positive, productive and coordinated communication – from the initial inquiry about a program through the submission of a final report and beyond – with external foundation staff.

- Assist the unit in determining whether – and which – foundations are the right sources of funding for specific projects.

- Perform background research on foundations, their interests, approaches to giving, limitations, and requirements.

- Share information about foundations that have been researched and/or visited, including the latest Request for Proposals, giving histories, special considerations, and pertinent relationships with staff.

- Assist in preparing proposals; review, edit and provide consultation on proposal format and content; offer guidance on particular foundations and their preferences; and compile necessary background documentation and cover letters.

- Manage post-award grant requirement process and coordinate stewardship plans.

Estate and Gift Planning

Estate and Gift Planning assists prospects and donors in making deferred and outright gifts, and assists development officers with prospects and donors interested in making a gift through charitable planning.

They accomplish this by:

- Meeting personally with individuals and professional advisors to explain opportunities in which they have an interest; assisting individuals to assess their giving options, including outright gifts, bequests, charitable gift annuities, charitable remainder trusts, charitable lead trusts, gifts of qualified retirement plan assets or life insurance, and gifts of personal residence or vacation home with retained life estate.

- Providing illustrations of the benefits of specific gift plans.

- Publishing newsletters and making presentations for donors, prospects, and advisors; assisting the development officers to market gift planning

opportunities in University of Hawaii publications and offering unit-based seminars on gift planning.

- Estate and Gift Planning manages the Heritage Society, a donor club that honors and recognizes donors who have informed the Foundation that they have named the University of Hawaii Foundation in their estate plan.

Development Research

Development Research provides accurate, timely, and relevant information essential to the success of the Foundation's fundraising goals. The services of Development Research are available to UH officials and Unit Development Officers.

Applying a unique set of skills and resources, the staff of Development Research gathers, interprets, analyzes, disseminates, and manages prospect data critical to securing grants and contributions, offering support at each stage of the development process. Services include:

- Research and prepare briefing bios for cultivation, solicitation or stewardship visits and contacts.

- Research and prepare prospect giving reports summarizing giving history, philanthropic interests and activities, private foundation details, and board affiliations.

- Research and prepare reports on wealth indicators through public sources, including real estate properties, insider stockholding data, and private foundations.

- Prepare brief bios on guests attending strategic cultivation, and stewardship, friend-building and/or fundraising special events.

- Prepare summary report on multi-interest or system-wide prospects to facilitate strategic planning of next steps, detailing historical and current UH contacts, connections, and other key information.

- Prepare various prospect lists segmenting specific demographic or target groups, including unit or theme-focused prospect lists and regional prospect lists for advancement trip planning.

- Identify new prospects through electronic database screening, list segmentation and other strategies.

- Review, evaluate and rate prospects and assign preliminary capacity ratings.

- Add new prospects to an electronic prospect pool, distributing names to appropriate development officers.

- Manage and maintain an electronic Prospect Management System and facilitate the assignment of prospects to Unit Development Officers.

- Track and record data on alumni, donor or prospect interests, community and UH affiliations, gifts to other organizations, and board directorships.

- Maintain inventory of participation (invitation and attendance) in strategic alumni, donor or prospect cultivation and stewardship events.

- Respond to queries on prospects and other fund-raising-related issues and requests for prospect research from development officers.

- Track current news, reviewing local, national and international on-line and print materials, for UH related issues and alumni, donor and prospect information.

- Provide daily alerts on UH related news to Unit Development Officers and others and timely prospect alerts to appropriate fundraisers.

- Provide resource library for use by Unit Development Officers.

- Provide overview of the services available through the Development Research to new Unit Development Officers and assist in development services training as needed.

- Deliver meaningful service and products based on best available information by keeping up-to-date on current fund-raising trends and philosophy and by using the latest prospect research techniques, strategies and trends.

Communications

Communications develops and implements comprehensive communication strategies that highlight the impact private giving has on the University of Hawaii and its students, build affinity and pride in UH, and inspire support. Messages are delivered via the UHF website, a UH Alumni magazine print and electronic publication, a targeted donor and friends quarterly digital and print newsletter 'Kupono', the UHF Annual Report, donor stewardship e-blasts, annual endowment report, media relations and social networking. UH excellence and the impact of private support are also showcased through video.

Video and photographic content is constantly being developed in-house and distributed through newsletters, social networks, and other web-based and traditional channels. 30 second PSA’s are produced and distributed to local television stations as a means of communicating the impact of private philanthropy at UH at no or very low cost.

Donor Relations and Special Events

The Office of Donor Relations is responsible for managing the UH Foundation's stewardship activities and representing the interests of major donors to all 10 campuses of the University of Hawai‘i. The Office of Donor Relations works with UH Foundation central and unit-based development officers and university personnel to ensure that donors are engaged in the life of the university, thanked in appropriate, distinctive, visible and memorable ways, and are informed about how their gifts are being used.

The Office of Donor Relations engages in many activities to support development staff and academic leadership in the stewardship process, including:

- Ensuring that the intent of a gift is observed and a donor's interests are represented.
- Overseeing all activities for the President’s, Founder’s and Hoku giving programs.
- Coordinating with the Office of Annual Giving and Office of Estate and Gift Planning to ensure coordinated stewardship efforts among gift club-level donors.
- Working with the Director of Special Events to plan and conduct recognition and cultivation events for gift club members.
- Establishing a structured, systematic program of stewardship at the UH Foundation that will ensure perpetual and fruitful relations with donors.

Donor Relations also designs and executes special events. From highly personalized Gift Agreement signing and recognition events, to stewardship events for current donors and cultivation events featuring key campaign priorities for prospective donors, a well-executed event can enhance the University’s reputation among its constituents. UHF coordinates events throughout the State, on the mainland and occasionally internationally. The UHF central calendar is maintained in this office.

Alumni Relations

The Alumni Relations department in partnership with the University of Hawaii Alumni Association is creating an alumni program that enhances and develops the relationship between UH alumni (system-wide) and builds pride in their alma mater through:

- Educational programming
- Networking and reunion opportunities
- Electronic communication and outreach services
- Career services
- Membership and affinity programs
- Promoting and enhancing the reputation of the University

Expenditures of the Funds Authorized by the Board for Each Department by Primary Expense Category

Attachment 5
Fiscal Year 2018

	Revenue and Expenditures
Fund Sources for Payroll Expenses	
From University - Service Agreement	$ 3,000,000
From Other Sources	4,089,685
Total Sources for Payroll Expenses	**$ 7,089,685**

Funds Expended for Payroll Expenses	Revenue and Expenditures
Major Gifts - Unit Development Officers	3,517,165
Development Operations	188,903
Annual Giving - Calling Ctr/Direct Mail	289,097
Scholarship Development	300,742
Foundation & Corporate Relations	504,735
Estate and Gift Planning	427,280
Development Research	247,713
Donor Relations & Special Events	1,134,101
Alumni Relations	479,949
Total Funds Expended for Payroll Expenses	**$ 7,089,685**

Moneys from the Fund Transferred to Any Fund of the University

Attachment 6

No moneys from this fund were transferred to any fund of the university.

Amounts and Purpose of All Expenditures from the UH Support Fund

Attachment 7
Fiscal Year 2018

Purpose:	**UH Support Fund**
Engagement and cultivation	$ 70,904
Travel	33,273
Receptions	15,098
Membership dues and professional Meetings	6,290
Business meetings	5,097
Other services	4,012
Advertising	1,000
Materials and supplies	905
Repairs and maintenance	112
Mileage and parking	90
Rental	83
Duplicating and printing	26
Office Supplies	18
Total	$ 136,908

UH Support Fund Balance	**UH Support Fund**
Beginning Balance at 7/1/17	$ 123,354
Amount transferred in this year	150,000
UH Support Fund expenditures (see above)	(136,908)
Transfer to Board of Regents	(15,000)
Transfer to Vice President Student Affairs	(5,000)
Transfer to Vice President Academics	(5,000)
Transfer to Atherton Enrichment	(2,432)
Ending Balance at 6/30/18	$ 109,014