



UNIVERSITY OF HAWAI'I SYSTEM

REPORT

REPORT TO THE 2003 LEGISLATURE

UNIVERSITY OF HAWAII TUITION AND FEES SPECIAL FUND
EXPENDITURES FOR THE PURPOSE OF
GENERATING PRIVATE DONATIONS
FY 2001-2002

SECTION 304-16.5(c), HAWAII REVISED STATUTES

January 2003

**Report to the 2003 Legislature on
University of Hawai'i Tuition and Fees Special Fund
Expenditures for the Purpose of Generating Private Donations
FY 2002**

Section 304-16.5(c), Hawai'i Revised Statutes

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Section 304-16.5(c), Hawai'i Revised Statutes, authorizes the Board of Regents to expend receipts from the University of Hawai'i (UH) Tuition and Fees Special Fund "for the purpose of generating private donations for deposit into the University of Hawai'i Foundation for the purposes of the University."

The UH had previously designated the University of Hawai'i Foundation (UHF) as its central fundraising organization and, accordingly, provided \$1 million to the UHF in FY 2002 which enabled the Foundation to:

- Maintain a reduced administrative gift fee assessment against each gift, thereby making more funds available to the donor-designated University program.
- Develop fundraising materials such as brochures, direct mail pieces, and marketing items that aid in the cultivation and solicitation of gifts.
- Continually upgrade gift and data processing capabilities to facilitate increased activity and reporting, and to streamline operations.
- Support University units in their fundraising activities by providing advice and/or major gift officers to assist in raising additional private gifts.
- Provide central advancement services that benefit all units, such as maintaining offices of planned giving and annual giving, as well as the University calling center.

The UH Foundation received a total of \$5 million from the UH Tuition and Fees Special Fund over the past five fiscal years, at the rate of \$1 million per year during FY 1998 through FY 2002. According to the UHF, the total cost of the UHF fundraising programs over the last five years was \$10 million, of which UH funded 50% in tuition special funds. Following is a description of each of the UHF's fundraising programs. Attachment 1 details the employee headcount, personnel costs, and non-personnel costs as provided by the UH Foundation.

Major Gifts

Costs in this category are incurred primarily for development officers. A development officer is assigned to a college, community college campus, or other major unit of the UH system. The development officer works closely with the dean, director, or senior administrator of the assigned unit, to plan and implement fundraising activities. The development officer helps highlight major activities which have fund raising appeal, and coordinates communication and interactions between faculty and potential donors.

Typically, a development officer actively manages a portfolio of major gift prospects; identifies, cultivates, and solicits prospective donors for major gifts of \$10,000 or more; meets annual and long-term campaign goals for the unit; participates actively and consistently in the UH Foundation's prospect management process; develops cooperative working relationships with faculty, staff, students, administrators, and alumni in the unit; recruits, trains, and manages faculty, staff, and volunteers in major gift fundraising activities, and provides acknowledgement and recognition for their participation; and stewards current and past donors to the unit's programs to ensure ongoing involvement and increased giving.

This category also includes the solicitation of gifts from corporations and foundations. Opportunities are identified and proposals for specific programs or projects are developed and submitted.

Annual Giving

Annual giving activities include direct mail, telemarketing, and special events. There is a broad donor participation in these activities. The telemarketing function is supported by up to 30 UH students in the afternoons and evenings. Special events are coordinated with colleges and other units to cultivate existing donors and prospects around unique and meaningful events of significance to both parties. The funds raised through these activities allow deans and provosts to take advantage of a wide range of opportunities--bringing in visiting lecturers, sending faculty members to conferences, supporting student affinity groups, or providing seed money to a promising program--where the opportunity would otherwise be lost. Additionally, these funds support many scholarships, including the administration of the scholarship program.

Planned Gifts

This group focuses on gifts that will provide funds to the UH Foundation either currently for a term of years, or in the future as part of the distribution of an estate. There are many categories in this area--bequests, life income gifts (such as pooled income fund, charitable remainder trusts, charitable gift annuities), charitable lead trusts, gifts of residence or vacation home with retained life estate, and gifts from qualified retirement plans and life insurance.

Development Research

The activities of this group support the others. A key objective is to identify prospects from a wide variety of available information. This includes using manual and electronic methods to research and prepare biographical profiles on prospective and current major gift donors; researching and preparing specific background research reports on various entities, companies, other organizations, alumni, etc.; and identifying potential major gift donor prospects for the president or senior executives to meet with when traveling to the mainland and other parts of the world.

Activities also support special events--identifying guests based on specific themes or interests (e.g., conservation biology, film, music); researching and preparing one-paragraph biographical sketches

on guests attending special events; and tracking followup activity on prospective and current major donor invitees and attendees of events.

Additional activities include alerting development officers of changes or corrections to major donor and prospect information including obituary, employment, and family information; and managing and maintaining the prospect management system including tracking the development officer contacts and current status with prospects.

