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Finance minutes 11/15/2012

Finance Committee

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UMM Finance Committee Minutes 11.15.2012

Members Present: Michael Korth, Brad Deane, Gwen Rudney, Sara Haugen, Pierranna Garavaso, Timna Wyckoff, Tara Winchester, Reed Olmscheid, Laura Thielke, Mary Zosel

Members Absent: Dennis Stewart, Bryce Blankenfeld, Lowell Rasmussen

Guest: Colleen Miller, Maddy Maxeiner

Approval of the November 1, 2012 minutes

Michael: Suggests an amendment as the 3 words with the strikethrough were intended to be deleted. Minutes from 11.01.2012 unanimously approved as amended.

Michael: Vice Chancellor Maddy Maxeiner will present reports on gifts to UMM for FY 2012 and on the status of UMM's endowments.

Maddy: Began by distributing the handout, *Fiscal Year 2012 Year End Closing Report of Fixed Data; External Report, Sept. 17, 2012*, and crediting Laura Thielke who was involved in the creation of this report.

Because of the unpredictability of major gifts, Total Dollars (commitments) have varied over the past 5 years. So far, in FY13 (as of 11-14-12), \$1,175,977 has been raised. There are differences between “cash in the door” and Total Dollars (commitments). Total Dollars refer to the official way of counting which includes pledges and bequests (i.e. cash that is not here yet.) “Cash in the door” is both cash gifts and pledge payments that have been collected.

As you would suspect, most of our gifts go toward scholarships. This is the place our donors tend to invest most readily. There were 1,991 total donor households.

You’ll note that we have not had a capital campaign for a long time. The University was organizing for another capital campaign (3 or so years ago) but pulled away from this because of the economic downturn in FY08.

Gwen: Even without a recent campaign, does this look good?

Maddy: Yes, everything we do is in tight correspondence with the University Foundation. They say that UMM is performing very close to its capacity.

Michael: Approximately how many major gifts do we get per year (major gift is defined as \$25,000 and above)?

Maddy: Some years we have one and some years ten ...

Colleen: You said that most of the gifts go toward scholarships. Is this because of matching programs that offer incentives to donors?

Maddy: Yes, often it is.

Maddy: There are annual and endowed gifts. Annual means ‘here is the check, give it to the student, end of conversation,’ whereas an endowed gift has a requirement to be established at a minimum (\$25,000) and means the fund is set up to give in perpetuity.

The number of Presidents Club members (including Heritage Society) increased by 13 in FY12, a 4% increase from FY11.

Annual Giving Benchmarks:

Annual giving is an “en masse” type of giving (includes direct mail, email, phone-a-thons)

Carla Riley, Director of Alumni Relations and Annual Giving, is responsible for developing non-major gifts (under \$25,000).

Susan Schmidgall, Major Gifts Officer, responsible for development of gifts above \$25,000.

A note about our Alumni Participation Rate: 13.5%, which is the highest of the U of MN (other U of MN range from 6-8%), yet is low when compared to our private institution competitors.

Gwen: What would a private school have?

Maddy: Gustavus would be reputed for having around 60%, but generally, the private institutions are around 30-40%.

Brad: What about COPLAC?

Maddy: We are in pretty good standing when compared with COPLAC.

Michael: Why the steady decrease in participation rate?

Maddy: Well, it’s not for lack of asking ... participation rates are down nationally and we are paying close attention to it.

Timna: Not just the economy?

Maddy: Yes, the economy is probably the largest factor but our decline in participation rate was worse than the – Carla and I are in contact with the U of MN Foundation about this.

The Young Alumni Program idea is to build participation with alumni from the last 5 years. This investment was founded on the research that came in a couple of years ago showing that alumni who gave within 5-10 years of graduating gave at much higher rates than those who didn’t...Maddy wasn’t able to remember the exact statistic.

Erin Christensen works with UMM seniors and alumni 5 years out. We have seen an increase in participation in young alumni – before they weren't participating in events and they weren't giving. We needed to be proactive and focused in building this group, and it is working. Some of our regular events are over 50% young alumni attendance when previously it would be around zero.

Faculty/retiree participation hovers around 25%. For this group we are focused on enthusiasm for our mission and money – really focusing on participation no matter the dollar amount. A very ambitious goal has been set for this year.

Finally, the number of gifts this year was up 2% which seems counterintuitive with participation going down. The average gift size was also up 3% this year.

Gwen: You talked about the figure \$1.5 million; does this include the work of Carla Riley?

Maddy: the \$1.5 million is only major gift giving so it does not include Carla's area of non-major giving.

Brad: You talked about annual giving in relation to rates within the University, but could you talk about major giving in relation to peer institutions (COPLAC, etc...)?

Maddy: It's hard to compare, but some institutions raise a LOT more money, which is directly correlated with the number of staff dedicated to fundraising. There are model differences too...our \$1.2 million per year is pretty low for a COPLAC institution.

Laura Thielke began speaking about Endowments

Laura: The Endowment totals have been around \$10 million the last few years, which is now back on an upward trajectory. Most of these funds are invested in the U of MN Foundation.

We budget around \$750,000/year for disbursements to UMM budgets. Scholarship disbursements account for over half: \$479,000.

Timna: What is the rest of it is for?

Laura: Program support, Lee/Latterell/Driggs/Barber lectures, etc.

Michael: This refers to transfers and not expenditures?

Laura: Yes

Michael: Are we observing the % recommended?

Laura: We are taking slightly less than the 4.5%; some departments take less, some more.

Maddy: The Alumni Annual Fund (in lieu of membership dues) – goes into Alumni Association budget which pays for (Alumni on the road, Young Alumni programs, and other programs, etc...)

Annual giving varies a lot less than the major gift giving.

Timna: Was there just no major gift in FY04 because you just got done with the capital fund?

Brad: Any new ideas/programs?

Maddy: There is one. A new program called *Fast Start 4 Impact*. The U of MN Foundation has put up a pot of money (\$10 million) where an endowment fund gift or pledge will be given to students right away instead of waiting the typical 4 years for it to become endowed. The initial gift or pledge must be \$50,000 or greater, but we do not have a lot of prospective donors (at Morris) for this amount.

We operate under the pyramid of development where the base is composed of a lot of small gifts and it's the fundraisers' job to move the donors up through the pyramid over a span of time.

The largest gift at Morris was \$1.2 million, which is considered a relatively small gift at the U of MN (Twin Cities campus).

Brad: What about annual giving?

Maddy: We have put a lot into the faculty/staff drive this year but we are in a precarious position because we have to raise the entire Alumni budget. (Referring to the graph, *Total Fiving by Fiscal Year*) We just switched things around in the marketing side to emphasize that the "blue" section of the bar graph pays for the networking, *Profile*, raising dollars.

We also have a new student-driven program: Morris Connect. Current students came to us saying that the process of connecting with alumni and recent grads is not student centered, not as good as what students are getting at private schools, and they wanted a better way to connect with Alumni. Morris Connect is a networking tool, focused on connecting alumni and current students.

We are also trying to get better at putting donor and student stories out.

End of presentation by Vice Chancellor Maddy Maxeiner.

Michael: We have one more meeting scheduled for the semester. I was notified yesterday that we should add a meeting due to the fast progressing nature of the One Stop and a possible physical space renovation. We will put One Stop on the agenda for our next meeting, and add a meeting on December 6. We will devote this entire meeting (Dec. 6) to a continued discussion on the carry forward funds and Contingency reserve.

Meeting adjourned.

Next meeting is November 29 in the Moccasin Flower Room at 8AM.