

AGENDA

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Meeting: **11:15 a.m. Tuesday, March 15, 2005**
Glenn S. Dumke Auditorium

Debra S. Farar, Chair
Carol R. Chandler, Vice Chair
Larry L. Adamson
Ricardo F. Icaza
Kathleen E. Kaiser
Shailesh J. Mehta
Melinda Guzman Moore
Kyriakos Tsakopoulos

Consent Item

Approval of Meeting Minutes of January 25, 2005

Discussion Items

1. Naming of an Academic Program – California State University, Long Beach,
Action
2. Naming of an Academic Program - California State University, Long Beach,
Action
3. Measuring Advancement, *Action*

**MINUTES OF MEETING OF
COMMITTEE ON INSTITUTIONAL ADVANCEMENT**

**Trustees of The California State University
Office of the Chancellor
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

January 25, 2005

Members Present

Debra S. Farar, Vice Chair
Herbert L. Carter
Carol R. Chandler
Murray L. Galinson, Chair of the Board
Kathleen Kaiser
Melinda Guzman Moore
Charles B. Reed, Chancellor

Approval of Minutes

Trustee Debra Farar noted that California State University, Stanislaus and Dreamlife Financial terminated their gift agreement to name Warrior Arena and the outdoor athletic playing fields subsequent to the November 16, 2004 meeting. By mutual consent, the parties have agreed that they will not avail themselves of the facilities naming resolution recommended by the Institutional Advancement Committee and approved by the Board of Trustees.

The minutes of November 16, 2004, were approved as submitted.

Naming of Pyramid Events Center – California State University, Long Beach

Mr. Richard P. West, executive vice chancellor and chief financial officer, presented the item. The item requests approval to name the Pyramid Events Center, Building 73 at California State University, Long Beach, the Mike and Arline Walter Pyramid.

The naming recognizes Dean and Mrs. Walter for their \$2.1 million dollar donation to California State University, Long Beach, with \$1.1 million dollars designated for athletic programs and \$1 million dollars designated to the Edge of Excellence endowment for Teaching and Learning.

Dr. Robert C. Maxson, president of California State University, Long Beach commented that Dean and Mrs. Walter have been major donors to the university since Dr. Walter first arrived as dean of the College of Business Administration. The Walters' latest contribution to the university reflects their dedication to its academic mission and enthusiasm for student-athletes and the athletics program.-

The committee unanimously recommended adoption of the resolution to name the Pyramid Events Center at California State University, Long Beach, the Mike and Arline Walter Pyramid (RIA 01-05-01).

2003-2004 Annual Report on External Support

Trustee Farar reported that the California State University's 2003-2004 Annual Report on External Support is prepared for submission to the California Postsecondary Education Commission (CPEC), the Joint Legislative Budget Committee, and the California Department of Finance.

Mr. West highlighted the key points of the 2003-2004 Annual Report on External Support. He reported that philanthropic support to the California State University had grown from \$96 million in charitable contributions in 1990 to \$283 million in 2003-2004. He explained that while the CSU depends on state funds to support core educational functions, the university increasingly relies on the generosity of private donors to enhance the teaching and learning experience.

In addition to charitable gifts, Mr. West reported that the university received \$1 billion in grants and contracts revenue. This includes the investment made by the federal government to support student financial aid of about \$487 million.

Trustee Kathleen Kaiser observed the downturn of foundation and corporate giving versus the increase in individual support. Mr. West responded that major gifts, in this case from individuals, could distort the trend-line for historical giving. The average gift per alumni, which indicates a decline as well, may be a better indicator of condition of the giving environment.

In response to an inquiry from Trustee Melinda Guzman Moore, Mr. West stated that the campus Presidents and Vice Presidents for Advancement are aware of a significant correlation between the number of development staff and the amount of money raised. Campus benchmarks for fundraising success, specifically investment per campus, will be presented at the March 2005 Board of Trustees meeting.

The committee unanimously recommended adoption of the resolution to submit the 2003-2004 Annual Report of External Support to the California State University for submission, as required by law, to the California Postsecondary Education Commission, the California Joint Legislative Budget Committee, and the California Department of Finance (RIA 01-05-02).

Council for Advancement and Support of Education (CASE) District VII 2004 Awards of Excellence

Mr. West presented the 2004 Council for Advancement and Support of Education (CASE) District VII Awards of Excellence, which honor superior achievement in the field of university advancement. As in prior years, the CSU made an impressive showing, winning one-fifth of all awards given in CASE District VII. Mr. West encouraged everyone to note the awardees listed in the agenda. Trustee Farar added that the California State University's accomplishments in this area were very impressive. Trustee Kathleen Kaiser complimented President Warren Baker and Karen Yelverton-Zamarripa for their distinguished service awards.

Name Change for California State University, Hayward

Chancellor Reed reiterated the reasoning for the proposal to change the name of California State University, Hayward to California State University, East Bay. The name change will confirm the university's identity and role with the regional community it serves, as well as help the university connect with potential students, potential donors, and the larger business community. He reported that he had received endorsements from members of the assembly and senate from the East Bay region who supported the name change, as well as support from Dr. Fred F. Harclerode, the founding president of California State University, Hayward and Trustee Shailesh Mehta.

Dr. Norma S. Rees, president of California State University, Hayward, addressed the committee and provided additional details and research in support of the name change. She assured the committee that the name change is just *one* element of an overall strategy to build awareness and improve the university's image. At the conclusion of the presentation, Trustee Farar read a letter of support from Shailesh Mehta in support of the proposed naming.

Trustee Farar opened the floor for discussion of the action item followed by public comments in support of, and opposed to the proposed naming and thanked all speakers in advance for their comments. Trustee Kathleen Kaiser and Trustee Melinda Guzman Moore voiced concerns whether the singular act of renaming California State University, Hayward would advance the image and mission of the university and queried Dr. Rees for a specific outline of activities that would assist the campus in attaining this goal. Student trustees Eric Guerra and Corey Jackson highlighted the importance of keeping students engaged and informed throughout such a process.

The following individuals offered public comments:

D. McKinney, Chair, Associated Students Inc., California State University, Hayward
Tina Phillips
Charles Cole III
Chris Shackelford
Roberta Cooper, Mayor, City of Hayward
Kevin Dowling, Hayward City Council
Jesus Armas, City Manager
Gail Steele, Alameda County Board of Supervisors

Jay L. Tontz, former Dean College of Business and Economics

Steve Flynn, Setec Security

Monica Pacheco

Richard Spees

Krista Kohlberg

Deborah Taylor

Julie Norton

James Kelly

Dr. Horace Mitchell, President, California State University, Bakersfield and Trustee George Gowgani also commented in support of the name change.

At the conclusion of public comments, the committee recommended adoption of the proposed resolution to rename California State University, Hayward as California State University, East Bay (RIA 01-05-03).

Chair Farar concluded the meeting.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Naming of an Academic Program – California State University, Long Beach

Presentation by

Richard P. West
Executive Vice Chancellor and
Chief Financial Officer

Summary

This item will consider renaming the Center for the Commercial Deployment of Transportation Technologies (CCDoTT) in honor of the late James Ackerman.

This proposal, submitted by California State University, Long Beach, meets the criteria and other conditions specified in the Board of Trustees Policy on Naming California State University Academic Programs, including approval by the system review panel and the campus academic senate.

Background

The proposed naming recognizes the late James Ackerman for his outstanding leadership. First, for proposing the establishment of the Center for the Commercial Deployment of Transportation Technologies (CCDoTT) in 1995, and then for assisting the center with securing significant federal grants. Mr. Ackerman developed the concept and framework for CCDoTT that enabled the university to engage in research and development related to transportation, particularly as it relates to the Long Beach and Los Angeles ports. He assisted in more than \$30 million in federal appropriations won by CCDoTT.

Mr. Ackerman was an internationally renowned maritime lawyer who practiced for 50 years in Long Beach. An example of his impact on international trade and shipping was the worldwide standardization of cargo containers. A graduate of the University of Southern California and the United States Merchant Marine Academy, he was as well known for his philanthropy as he was for his legal prowess. He died in July 2004 at the age of 87.

CCDoTT is now a highly successful research and development center located within the College of Engineering at California State University, Long Beach. Its foci are problems, requirements and opportunities associated with commercial and military transportation.

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Recommended Action

The following resolution is recommended for approval:

RESOLVED, By the Board of Trustees of the California State University that the Center for the Commercial Deployment of Transportation Technologies at California State University, Long Beach be renamed the James Ackerman Center for the Commercial Deployment of Transportation Technologies.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Naming of an Academic Program - California State University, Long Beach

Presentation By

Richard P. West
Executive Vice Chancellor and
Chief Financial Officer

Summary

This item will consider naming the newly endowed Center for Ethical Leadership at California State University, Long Beach as the Ukleja Center for Ethical Leadership.

This proposal, submitted by California State University, Long Beach, meets the criteria and other conditions specified in the Board of Trustees Policy on Naming California State University Academic Programs including approval by the system review panel and the campus Academic Senate.

Background

The proposed naming recognizes Mick and Louise Ukleja for their substantial gift toward a \$2.5 million endowment to establish the Center for Ethical Leadership and their commitment to assist in raising additional funds for the center's continued support. The Uklejas are long-time supporters of the university, and have always been involved in the causes to which they have contributed. Past gifts to the university have been directed toward the athletics program, Disabled Student Services, the President's Scholars Program and the College of Business Administration.

Dr. Ukleja is the founder and president of LeadershipTraQ, a member of California State University, Long Beach's Board of Governors and former pastor of Grace Church in Cypress. An esteemed alumnus of California State University, Long Beach, he has a Ph.D. from the University of Dallas. Louise Ukleja is president of Opportunity Schools, which delivers programs for private school students with learning challenges. In 2001, the Uklejas received the President's Award for Distinguished Service from California State University, Long Beach.

With a goal to serve as the preeminent center of thought regarding applied ethics in leadership in business and the professions among public universities in the western United States, the center will be established in California State University, Long Beach's College of Business Administration. Designed as an interdisciplinary organization drawing upon the collective

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expertise of the university's faculty and administration, the center will assist companies and not-for-profit organizations in the practice of ethical leadership.

Recommended Action

The following resolution is recommended for approval:

RESOLVED, By the Board of Trustees of the California State University, that the Center for Ethical Leadership at California State University, Long Beach be named the Ukleja Center for Ethical Leadership.

COMMITTEE ON INSTITUTIONAL ADVANCEMENT

Measuring Advancement

Presentation By

Richard P. West
Executive Vice Chancellor and
Chief Financial Officer

Peter N. Smits
Vice President for Advancement
California State University, Fresno

Summary

The item will recommend the adoption of a set of guiding principles for advancement operations, as well as, goals for performance. The presentation will include a history of the development of California State University advancement programs.

Background

In a report commissioned by the Board of Trustees in 1993, Ketchum Inc. provided a comprehensive review of the status of institutional advancement activities in the California State University. The Ketchum Report was issued in January of 1994 and provided the stimulus for a sea change in advancement work in the CSU. The outcomes of the report have exceeded the expectations of most, and the effects are still being realized.

The Ketchum Report advanced four specific themes:

1. Acknowledgement of the progress made in university advancement programs on campuses by the attention and support of presidents, the chancellor, faculty and students.
2. A further affirmation and enhancement of the power of the presidents to make investments in the growth of advancement programs at the campuses, along with the need for the continuing support of the chancellor to facilitate that process.
3. The establishment of a set of quantifiable goals and objectives benchmarked against the net General Fund, appropriate to the particular characteristics of the campus. These goals would be reached over time and would involve a focus on producing substantial financial

resources for the support of academic and faculty programs. A concurrent theme was the need to build campus endowments for scholarships, programs and related endeavors.

4. Guidance to the chancellor and trustees on criteria that could be used for the evaluation of presidential activities in the advancement area. The Board of Trustees resolved to include advancement performance in presidential evaluations in 1991 (RPG-09-91).

The Ketchum Report issued nine recommendations:

1. Commend the chancellor and the presidents for the strides they have already made in advancement.
2. Continue to ensure the ability of each campus to secure private resources by providing presidents maximum flexibility in the resourcing and structuring of advancement programs.
3. Support the president's authority to allocate state resources to maximize return on investment.
4. Encourage campuses to establish the following fundraising objectives that might be achieved over time:
 - a. Achieve private sector support that approximates 10 percent annually over and above an amount equal to their annual net general fund (NGF) allocation.
 - b. At least 30 percent of the 10 percent goal should be in the form of enhancement to the general operating budget.
 - c. Stress the importance of building endowment for programs, scholarships, faculty positions and special projects.
5. Encourage the chancellor to create a special fund as an additional means by which advancement programs can be strengthened.
6. Consider the value of a public relations and promotional campaign to assist the campuses in involving alumni and prestigious volunteers.
7. Consider evaluation criteria for presidents about their fundraising/advancement programs.

8. Change the reporting time for campus annual advancement plans to the start of the fiscal year.
9. Support the need of presidents to have access to sufficient resources and appropriate campus-furnished facilities to cultivate, solicit, and honor major donors.

The Trustees adopted the Ketchum Report recommendation in March 1994 and advancement efforts on the campuses were on their way to dramatic change.

Ten Years Later

The results of the past ten years of advancement activity in the CSU suggest that the recommendations of the Ketchum Report were well received and created a surge in private support. Since 1994, the CSU campuses have raised \$2.3 billion from charitable gifts. Endowments have grown from \$153 million to \$621 million for an increase of over 400 percent. Campuses have invested more in advancement operations, and the anticipated increase in the overall return on investment has been realized.

Measuring Success

The general standard for measuring the success of advancement programs in the CSU has been the “10% rule.” Ketchum recommended in 1994 that campuses be encouraged “...to establish fundraising objectives for private sector giving that might be achieved over time, with the understanding that said objectives are not intended to provide funds that replace funds received from the state.”

Specifically, campuses adopted the following Ketchum recommendations:

1. Campuses should achieve private sector support that approximates 10 percent per annum over and above an amount equal to their net general fund allocation (exclusive of fees and other income);
2. At least 30 percent of that 10 percent goal should be in the form of program enhancement for their general operating budgets; and
3. Building endowment for programs, scholarships, faculty positions and special projects should be stressed.

Over the years, it has become apparent that the “10% rule” has become practically the single standard of measurement for advancement success, although other measures have been collected at various times. It has also become clear that the complexity of advancement programs has

grown considerably in the past ten years. For example, not all advancement programs are at the same stage of maturity and the level of resources allocated varies widely, even if measured in terms of the percentage of net general fund (NGF) allocated to each advancement program. Therefore, measuring success by a single "one size fits all" standard may no longer serve our programs.

The re-examination of success measures was prompted by a publication sponsored by the Association of Governing Boards (AGB) and the Council for Advancement and Support of Education (CASE) which defines three typologies of fundraising programs: start-up, emerging, and mature. According to this AGB/CASE study, the three most prominent measures of the maturity of an advancement program are:

1. Fundraising (philanthropic) productivity
2. Fundraising investment
3. Endowment market value

The study suggested that the classification of advancement programs incorporate the level of program maturity and the three measures of productivity. The AGB/CASE study initiated the dialogue to consider various levels of program maturity to develop new standards for measuring advancement success in the CSU.

Richard P. West, executive vice chancellor and chief financial officer, appointed a task force of CSU chief advancement officers who conducted an internal analysis of advancement programs in the CSU. The study revealed that there were three independent variables that significantly correlated with fundraising productivity:

- Total number of fundraising staff (investment)
- Value of the endowment
- The number of donors

These factors are consistent with the findings of the AGB/CASE study.

Recommendations

In consideration of the research, the Council of Chief Advancement Officers adopted a set of guiding principles that move the CSU away from the "10% rule" and develop a more sophisticated approach that measures the productivity of, and investment in, advancement operations. The recommendations were discussed with the Presidents, who endorsed the principles and recommended them to the chancellor.

The chancellor recommends the adoption of four guiding principles:

1. Campuses should ensure that the advancement enterprise has resources sufficient to achieve goals. Goals and results should be consistent with the investment.
2. Campuses should establish and evaluate performance goals annually. Goals should reflect percentage increases in private support and growth in endowments, with recognition that fluctuations will occur because of the somewhat unpredictable flow of very large gifts.
3. Campuses should operate a well-rounded development program. Over time, a full range of advancement functions should be created to increase opportunities for success. These functions should include major gifts, planned giving, corporate and foundation relations, and an active annual fund.
4. A culture of philanthropy should be nurtured on each campus. Advancement goals should find their way into strategic plans, faculty at all levels should be engaged in advancement, the role of private support should be highlighted in campus communications, and volunteers should find ways for meaningful involvement in the quest by campuses to increase private support.

With the guidance of these principles, the chancellor should set annual goals and performance review recommendations as follows:

1. There should be recognition of the varying levels of program maturity on the campuses by adopting a classification scheme involving three groups. It is recommended that Group I campuses set fundraising productivity goals of up to 10% of net general fund (NGF) allocation, Group II campuses set goals in the range of 10-15% of NGF, and Group III campuses set goals exceeding 15% of NGF.

The following chart shows the classification system utilizing data for a three-year average of activity. The classifications take into consideration current capacity based on the indicators of success (number of fundraising staff, value of endowment, and number of donors):

CSU Advancement Classification Model

Campus	3 Year Average Percent of net General Fund
<i>Group I</i>	
Bakersfield	4%
Channel Islands	20%
Dominguez Hills	8%
East Bay	3%
Humboldt	6%
Maritime Academy	11%
Monterey Bay	11%
San Bernardino	5%
Stanislaus	8%
<i>Group II</i>	
Chico	6%
Fullerton	5%
Los Angeles	7%
Northridge	13%
Pomona	9%
Sacramento	8%
San Francisco	11%
San Jose	9%
San Marcos	9%
Sonoma	19%
<i>Group III</i>	
Fresno	19%
Long Beach	17%
San Diego	32%
San Luis Obispo	27%

2. Campuses should create a productivity baseline, a starting point that measures the current maturity of the program and from which future goals and aspirations might be measured. This baseline should be reset every five years to reflect actual growth.
3. Total productivity should be calculated annually, as well as on a three-year average. Averaging productivity can be a useful tool to smooth out typical fluctuations in fundraising caused by significant gifts.

4. Each campus should annually identify a percentage rate of growth it wishes to achieve and compare it to the actual percentage growth achieved. Growth targets should take into account the expected impact of starting, continuing, or completing a campaign.
5. Campuses should track annual and three-year average investment in all advancement activities, investment per dollar of productivity, the sources of the investment, and the percentage of NGF allocated to advancement by the campus.
6. Growth rates in alumni membership and the number of alumni donors should be tracked.
7. The chancellor should integrate fund raising goals and fund raising performance into the periodic three-year evaluations of Presidents.

Conclusion and Next Steps

The Ketchum Report stimulated the growth of advancement programs and private support to the CSU in ways perhaps even the authors could not imagine. A decade later, it is clear that presidents and campus leaders throughout the CSU have responded positively to the challenges and have strengthened our campuses dramatically by securing private support in unprecedented amounts.

As CSU advancement programs have grown in sophistication and complexity, and more campuses are making preparations for exciting comprehensive campaigns, it is time to adopt more meaningful standards for goal setting, applying resources to the enterprise, and evaluating the return on our investment.

Beginning in 2006, presidents will submit to the chancellor an annual strategic plan that will outline goals and measurable objectives. The plan will include a matrix of quantifiable data that can be benchmarked to report progress. The matrix includes the prior two years of data, the estimated results for the year in progress, and a projected goal for the year ahead. The chancellor shall report annually to the Board of Trustees on fundraising performance.

Recommended Action

The following resolution is recommended for approval:

RESOLVED, By the Board of Trustees of the California State University, to adopt the guiding principles for advancement and accept the goal setting and performance review recommendations as presented in Item 3 of the March 15-16, 2005 Board of Trustees' meeting of the Committee on Institutional Advancement.