

Capitalizing on the Institution- Foundation Partnership

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West Virginia Higher Education Policy Commission in
cooperation with the Association of Governing Boards of
Universities and Colleges

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- Foundation functions
- Current contexts
- Roles of institution and foundation boards
- Organizational characteristics
- Breakout discussions: Mutual expectations
 1. Institution board members and presidents
 2. Foundation board members and chief executives
- Great expectations: Forging an effective institution-foundation partnership
- Operational issues and other questions

- Opportunities to engage volunteers in significant leadership roles
 - Self-perpetuating boards
 - Long-term perspective
- Securing and fulfilling the trust of donors
- Ability to seize opportunities
 - KU Endowment
- Flexibility in expenditures and management of funds
 - Apply the Vampire test—be able to withstand the light of day

- Gift repository
- Fundraising
- Asset management
- Stewardship
- Real estate and entrepreneurial ventures
- Advisory and consultative role
- Advocacy

- Shifting compact between states and institutions and increased need for private support
- Benefits of segregating development budget
- Increased complexity of asset management
- Heightened standards of accountability for all governing boards
- Heightened standard of transparency for institutionally related foundations

- Senate Finance Committee Hearings, IRS Compliance Project, Revised Form 990
- Iowa Supreme Court Ruling (2005): Focus on function, not independence, cannot evade FOI laws by outsourcing
- Pennsylvania ruling (2010) echoed Iowa ruling
- CA S.B. 8: “Transparency Act”
- Donor control concerns: University of Louisville ruling (McConnell Center), Koch Foundation gifts
- Colorado and Kansas State audits

- Sound business practices are essential: Each entity should conduct its activities and pursue its mission cognizant of the need for clear lines of delineation which require a degree of structure, formality and transparency.
- Understand gift restrictions and have policies and practices in place to insure compliance.
- Clearly and narrowly define donor information which the foundation is constrained from disclosing. Be prepared to voluntarily disclose other information.
- Apply the vampire test to both expenditures and proposed gifts: If it can't stand the light of day you probably don't want to be mixed up with it.

Assets	Wholly Responsible (%)	Foundation Directs (%)	Institution Directs (%)	Little or No Role (%)
<\$10 million	36	26	38	0
\$10-50 million	33	15	42	11
\$51-100 million	40	7	50	3
>\$100 million	43	13	30	13

Assets (millions)	Paid by & Report Inst (%)	Paid by Inst/Dual report (%)	Paid by Both/Dual Report (%)	Paid by Fndn/Dual Report (%)	Paid by & Report Fndn (%)
<\$10	22	46	16	6	9
\$10-50	19	40	14	7	27
\$51-100	20	27	20	7	27
>\$100	7	18	4	14	58

Assets	Dependent (%)	Interdependent (%)	Independent (%)
<\$10 million	46	50	4
\$10-50 million	26	56	18
\$51-100 million	13	70	17
>\$100 million	14	32	54

- Foundation Boards' contribute an average of 14% of total support raised by public institutions
- Foundation board members contributed 21% of funds raised during the quiet phase of campaigns vs. 4% contributed by governing board members
- 88% of foundation boards participate in the cultivation and solicitation of gifts

Caveat: Participation of president and governing board are essential

AGB: 2010

AGB Responsibilities of Public Institution Boards I

1. Ensuring that the institution's mission is kept current and aligned with public purposes;
2. Selecting a chief executive to lead the institution;
3. Supporting and periodically assessing the performance of the chief executive and establishing and reviewing the chief executive's compensation;
4. Charging the chief executive with the task of leading a strategic planning process and participating in this process, approving the strategic plan, and monitoring its progress;

5. Ensuring the institution's fiscal integrity, preserving and protecting its assets for posterity, and engaging in fund raising and philanthropy;
6. Ensuring the educational quality of the institution and its academic programs;
7. Preserving and protecting institutional autonomy, academic freedom, and the public purposes of higher education;

8. Ensuring that institutional policies and processes are current and properly implemented;
9. In concert with senior administration, engaging regularly with the institution's major constituencies; and
10. Conducting the [institution or system] board's business in an exemplary fashion and with appropriate transparency and adhering to the highest ethical standards; ensuring the currency of board governance policies and practices; and periodically assessing the performance of the board, its committee, and its members.

1. Ensure that the foundation's mission is current and aligned with the strategic priorities of the affiliated institution;
2. Participate in institutional planning as appropriate and oversee development of a foundation strategic plan;
3. Provide philanthropic support and engage directly in fund raising;
4. Steward donors and their gifts;
5. Prudently manage endowments and other assets;

6. Serve as advocates on behalf of the institution;
7. Ensure the foundation's fiscal integrity and that the foundation's policies and processes are current, comprehensive, and properly implemented;
8. Provide support and oversight of the chief executive; and
9. Conduct the foundation board's business in an exemplary fashion and periodically assess the performance of the board, its committees, and members.

Breakout Discussions: Mutual Expectations

Breakout Follow-up: Great Expectations

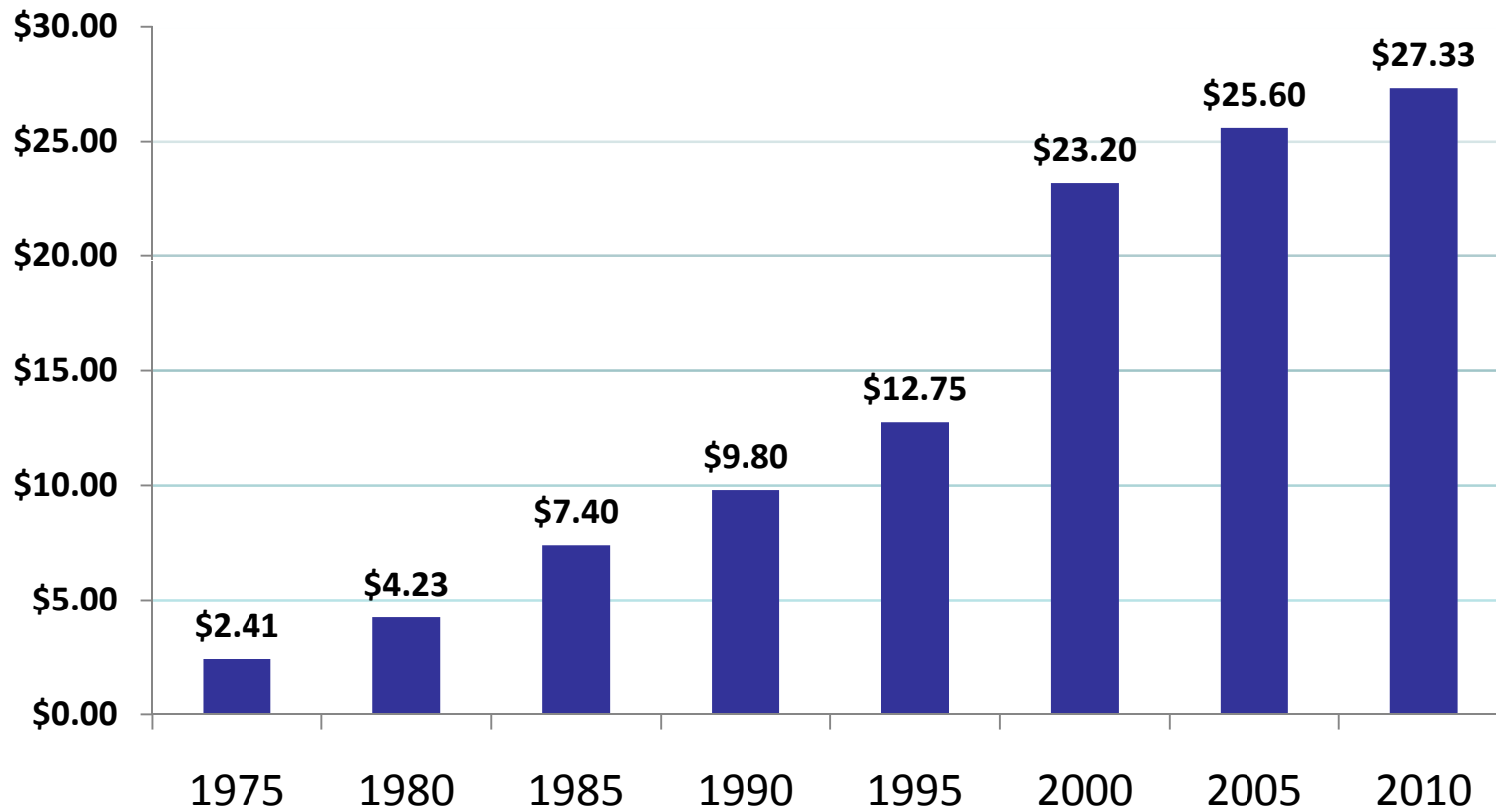
- Institution board – Foundation board
- Institution president – Foundation chief executive
- Institution president – Foundation board
- Foundation chief executive – Institution board
- Foundation chief executive – Alumni association and other affiliated entities

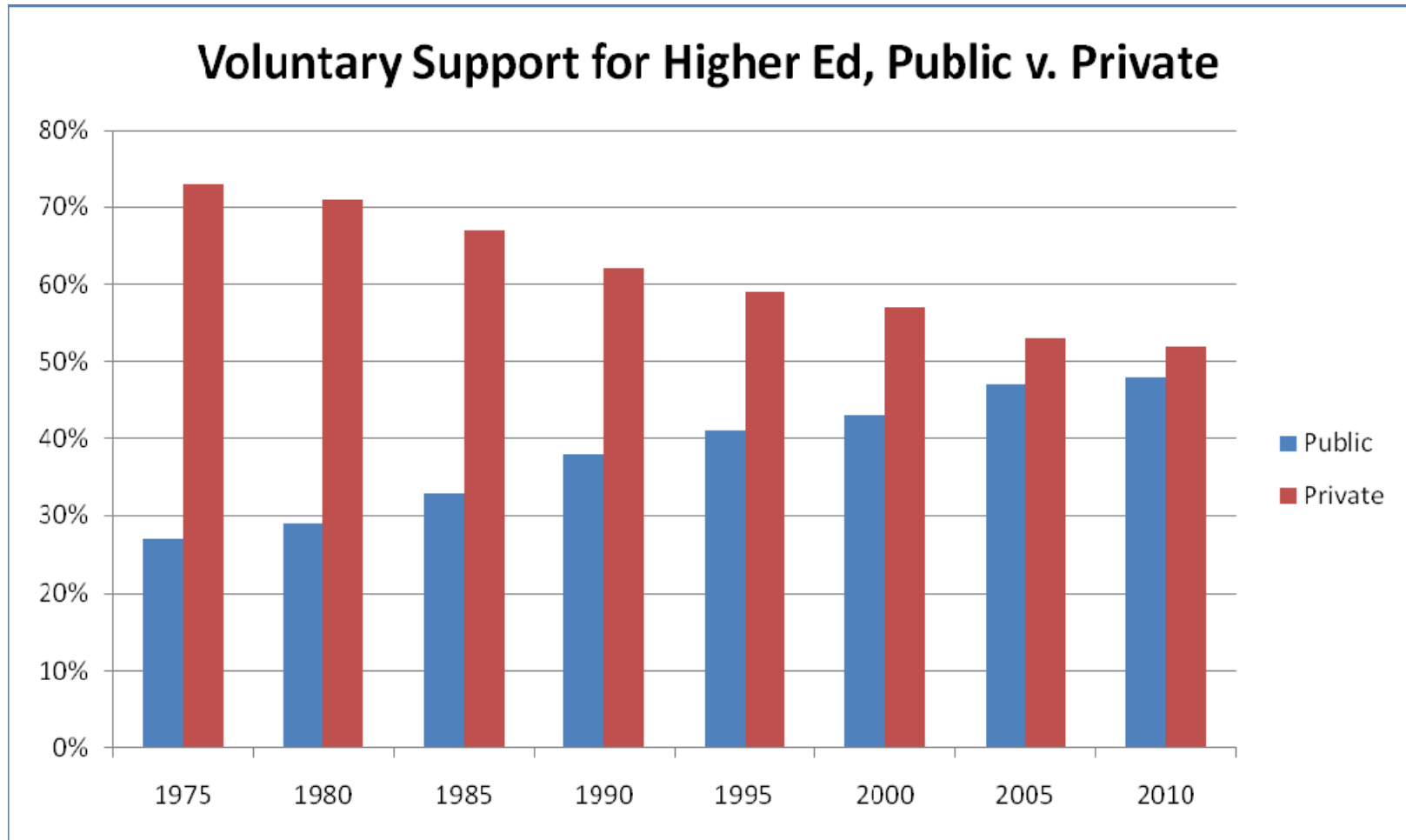
- Thoughtful MOU process (maps and memorializes relationship)
- Collaboratively developed business practices and policies
- Alignment of institution and foundation planning
- Overlapping board membership and joint meetings
- Institution board development committee
- Orientation and ongoing education for institution and foundation board members
- Regular reciprocal reporting
- Accountability and transparency

Other Questions

Giving to Higher Education 1975 - 2010

(in billions)





“... by and large, what we’re working on today is going to have the greatest benefit to the university 15, 20, 25 years from now.”

Gary Bloom, founding chair, Cal Poly Foundation

“Working Toward a Working Foundation Board”

- Foundation Leadership Forum, January 22-25, 2012 La Jolla, CA
- Trusteeship Magazine
- AGB Knowledge Center
- Research reports, books, and other publications
- Illustrative Memorandum of Understanding and other sample documents and policies
- Foundation consulting service and consultant on call
- If you have a question please just give us a call.

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