

The Global Growth of Higher Education Philanthropy Worldwide: Exploring Possible Reasons for the Expansion

Noah D. Drezner

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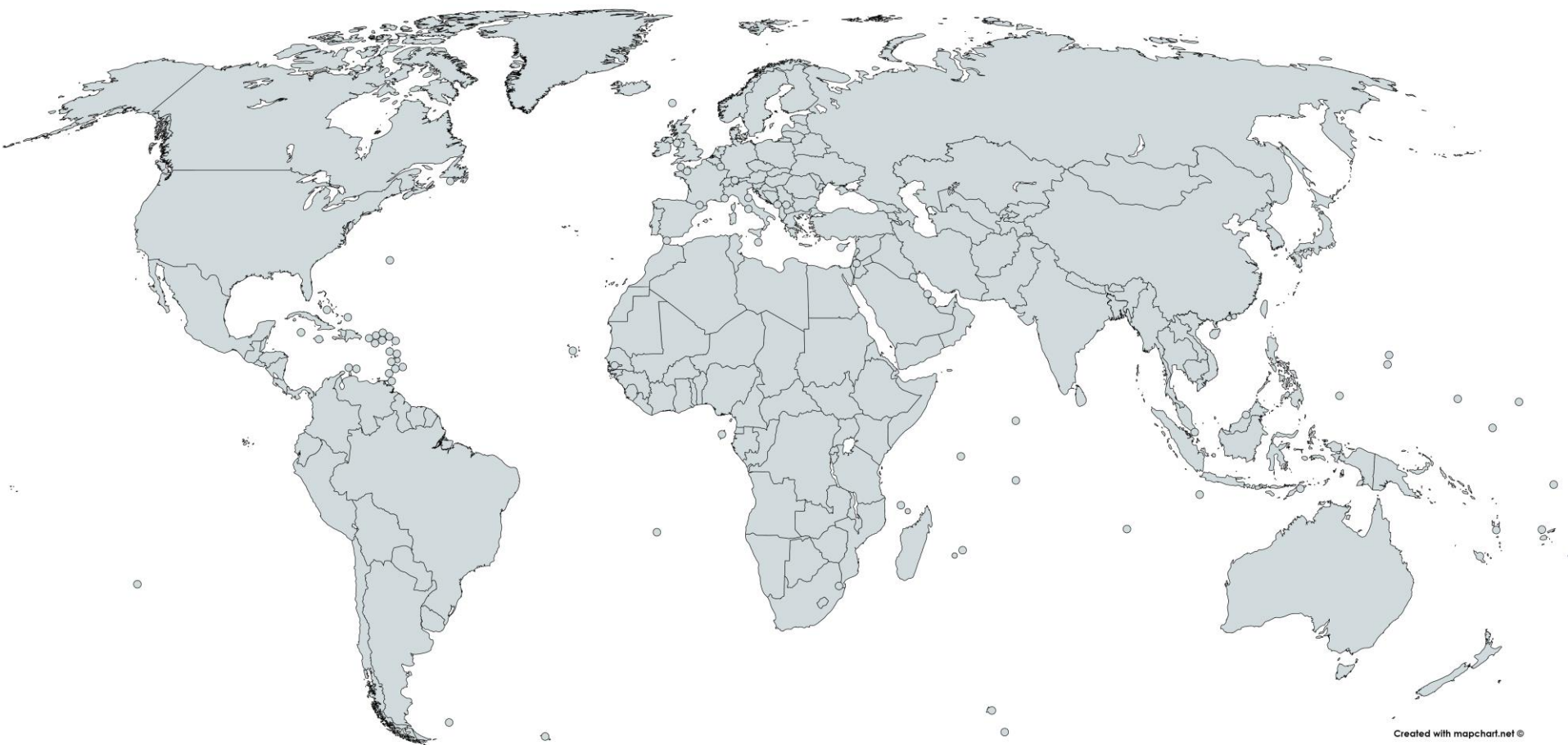
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OVERVIEW

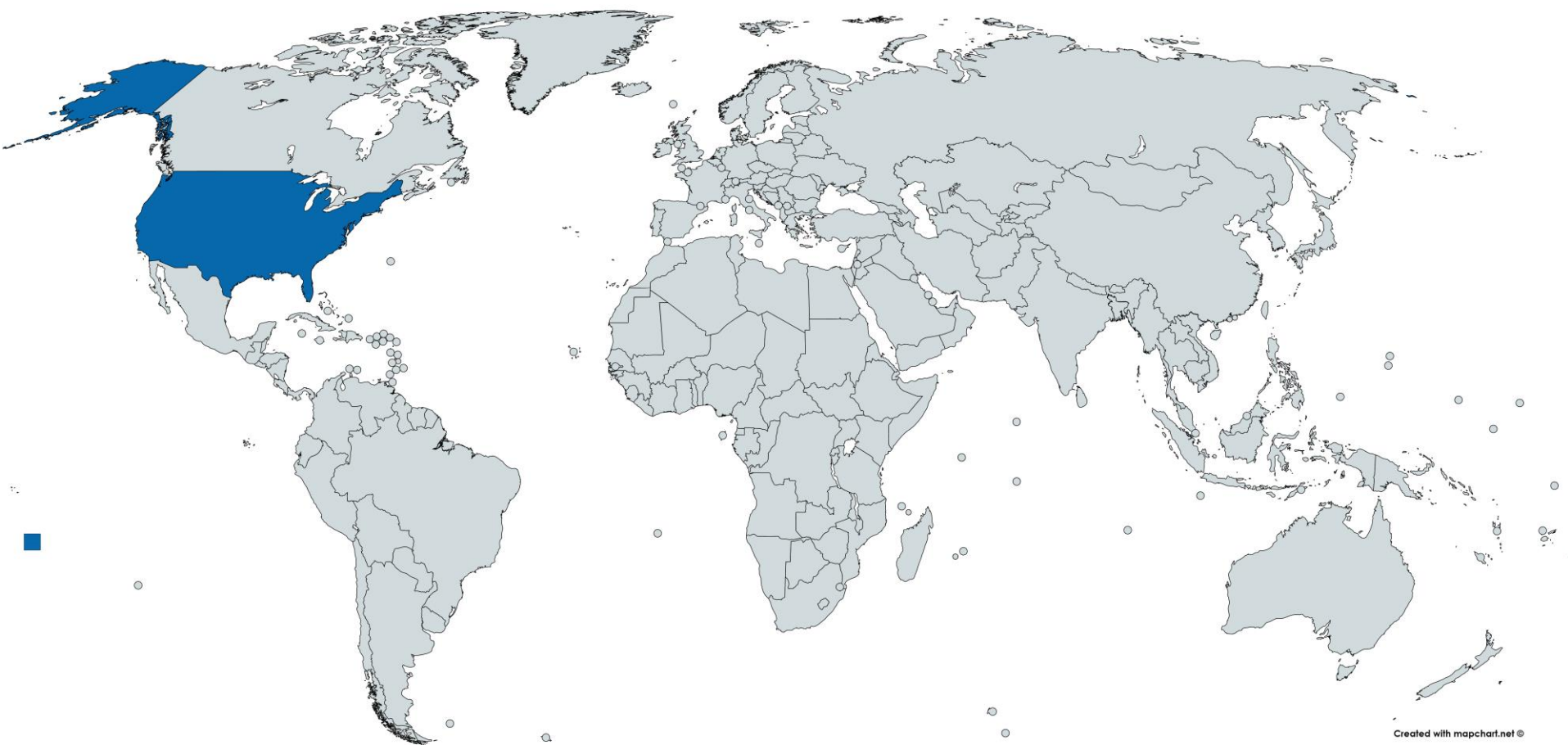
- **The Global Growth of Higher Education Philanthropy**
- **History of U.S. Higher Education Philanthropy – A Case**
- **The Impact of Philanthropy on U.S. Higher Education**
- **Three Possible Explanations of the Global Growth of Institutional Search for Philanthropic Dollars**
- **Larger Questions and Concerns**

THE GLOBAL GROWTH OF HIGHER EDUCATION PHILANTHROPY

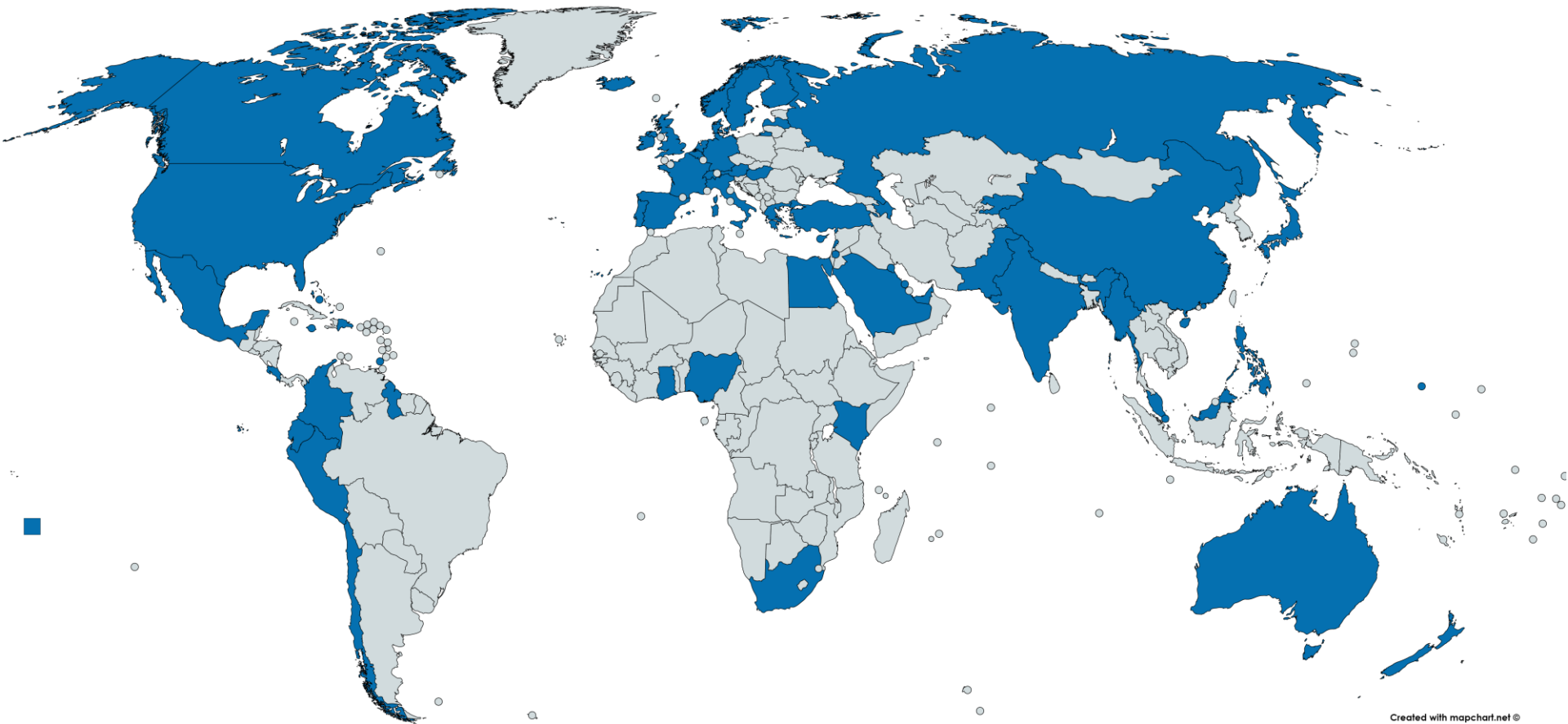
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HISTORY OF U.S. HIGHER EDUCATION PHILANTHROPY – A CASE

Philanthropy all began with Harvard College...



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Blankets to Chickens



Yale College and Philanthropy



The Founding of Teachers College: An Institution for Teachers



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Rise of the Great Research Universities



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THE IMPACT OF PHILANTHROPY ON U.S. HIGHER EDUCATION

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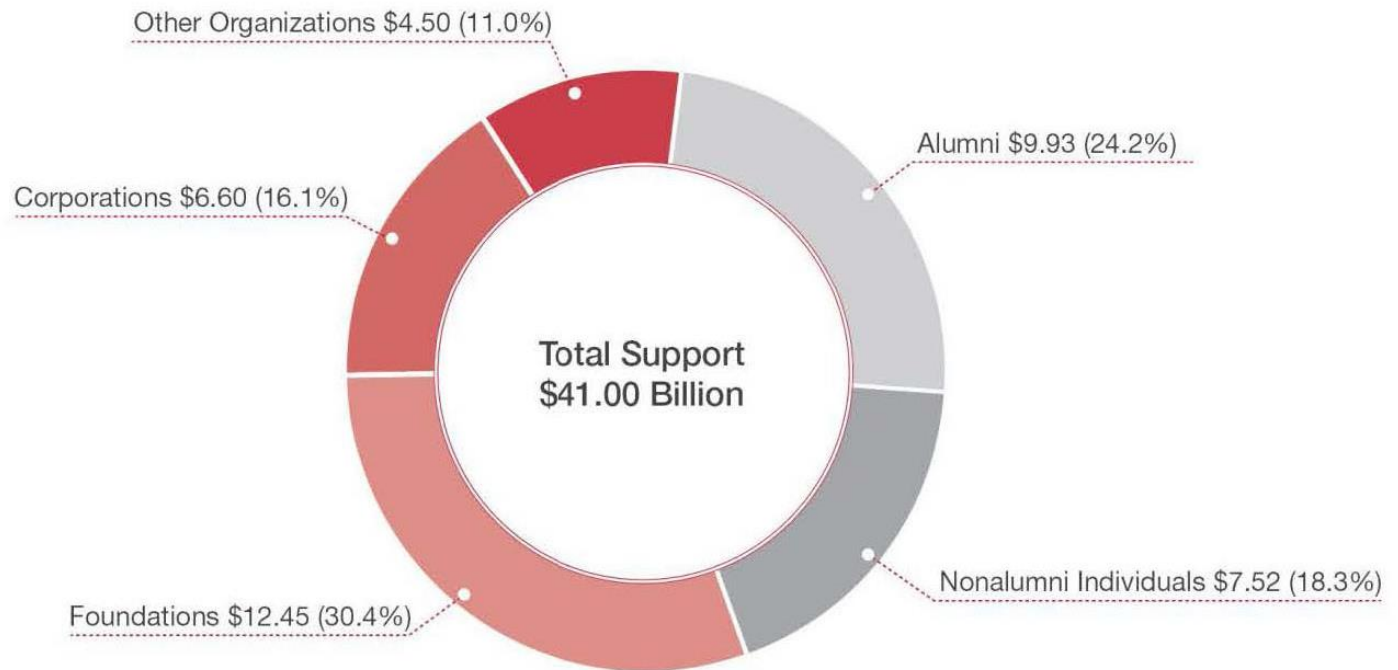
Where are we now?

Multi-Billion Dollar Campaigns



Voluntary Support of Higher Education, by Source, 2016

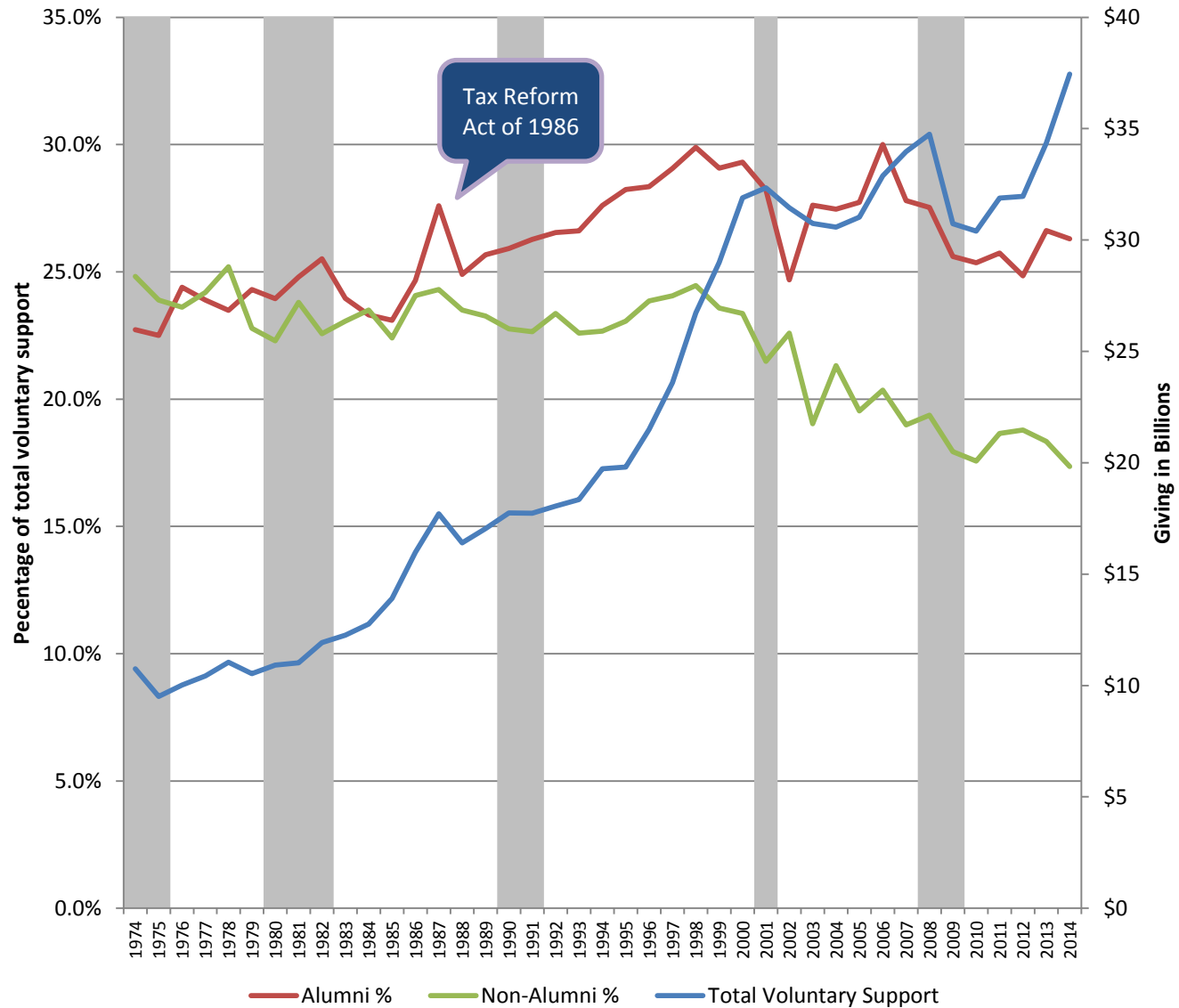
(Source: Council for Aid to Education, 2017)



Percentages may not add to 100 due to rounding.

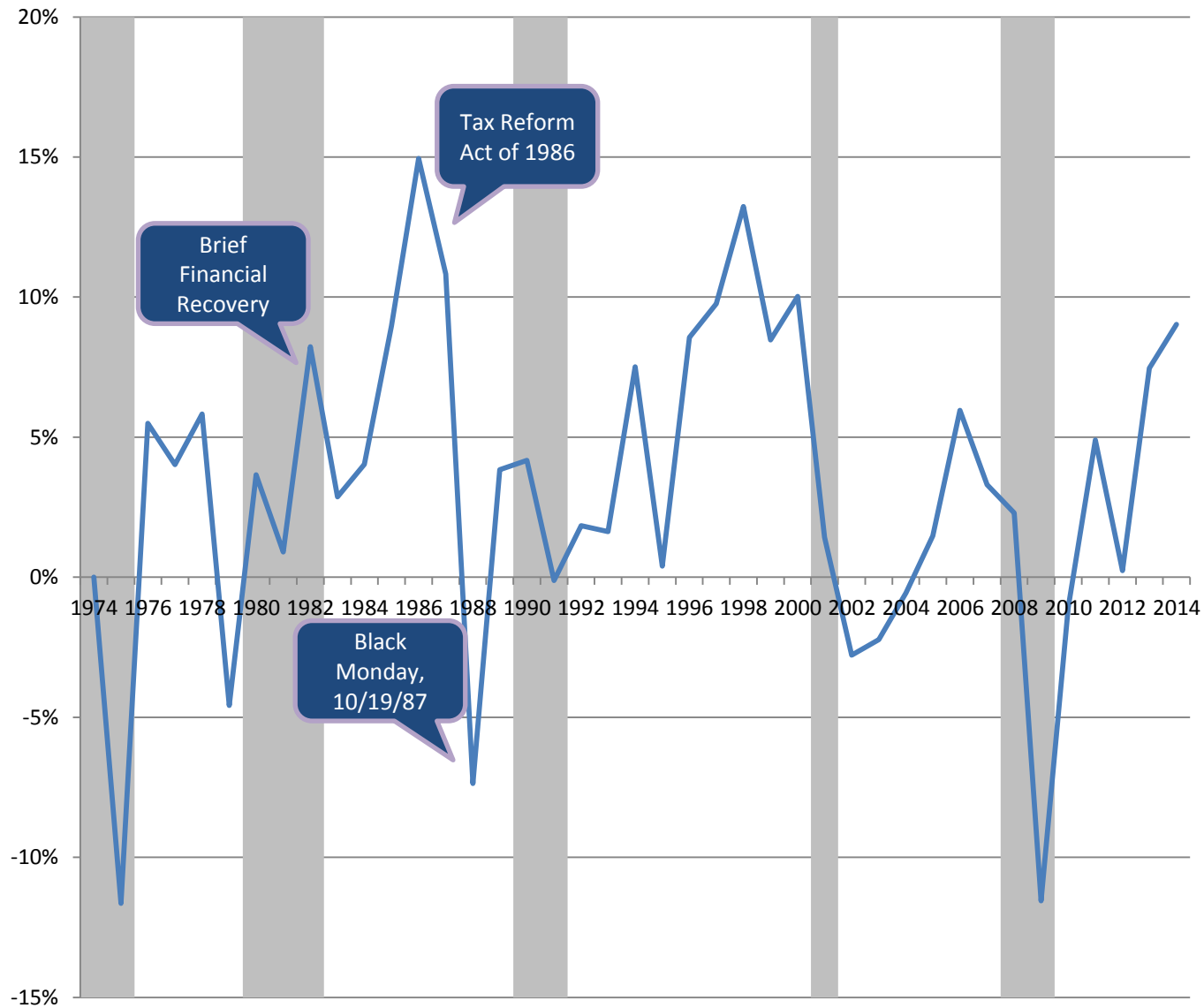
Individual Support of Higher Education, Giving in Billions; 2014 Dollars

(Source: VSE, 1974-2014; Giving USA, 1974-2014)



Percent Change of Giving Over Time in 2014 Dollars

(Source: VSE, 1974-2014; Giving USA, 1974-2014)



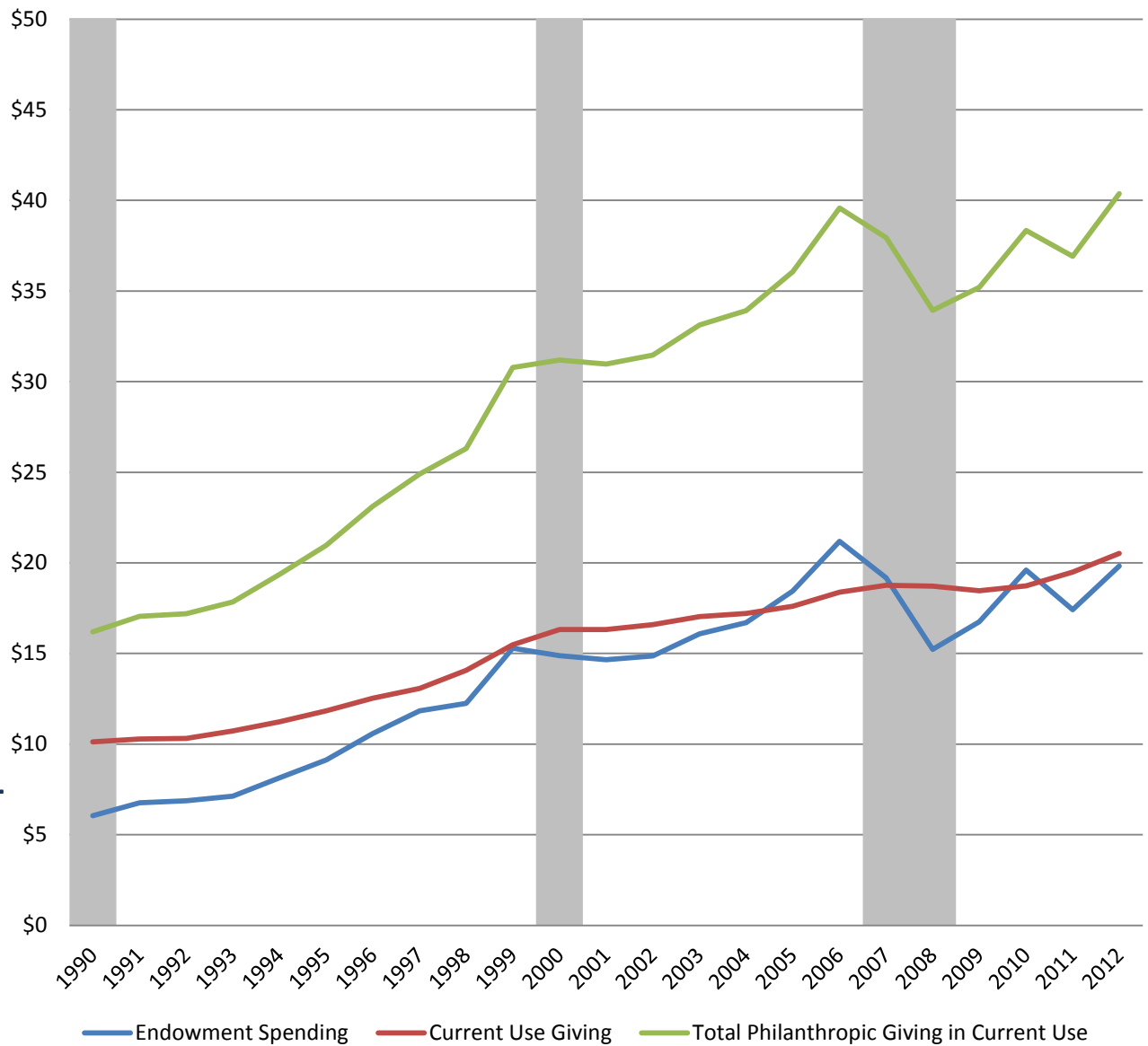
Philanthropic Dollars Matter

- Unrestricted annual giving programs make up more than 10% of current operations at US colleges and universities.
- Combined with restricted gifts and interest from endowment—a result of prior philanthropy—the percentage of annual budgets stemming from giving increases dramatically.

ENDOWMENTS VS. CURRENT USE GIFTS

Prior & Present Philanthropic Giving Used in Current Spending in Billions; 2014 Dollars

(Source: NACUBO, 1990-2013; VSE, 1974-2014)

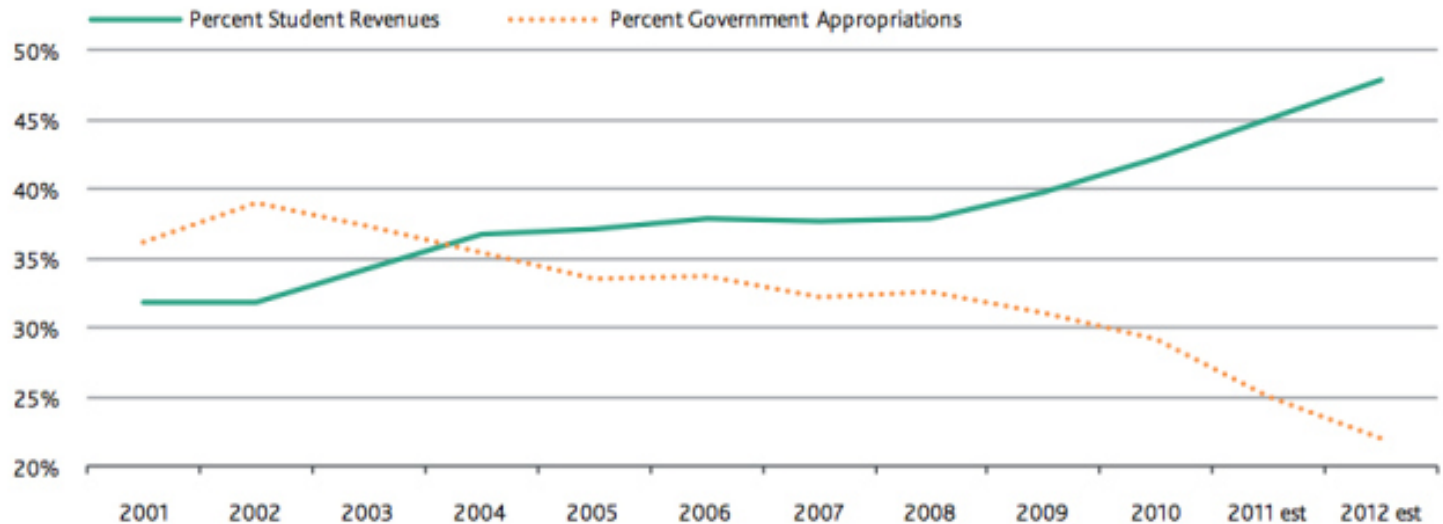


**THE GLOBAL GROWTH OF
INSTITUTIONAL SEARCH FOR
PHILANTHROPIC DOLLARS: THREE
POSSIBLE EXPLANATIONS –
FUNCTIONAL, ISOMORPHIC, AND
BORROWING & LENDING**

**THE FUNCTIONAL ARGUMENT:
THE GROWING NEED FOR
PHILANTHROPIC DOLLARS**

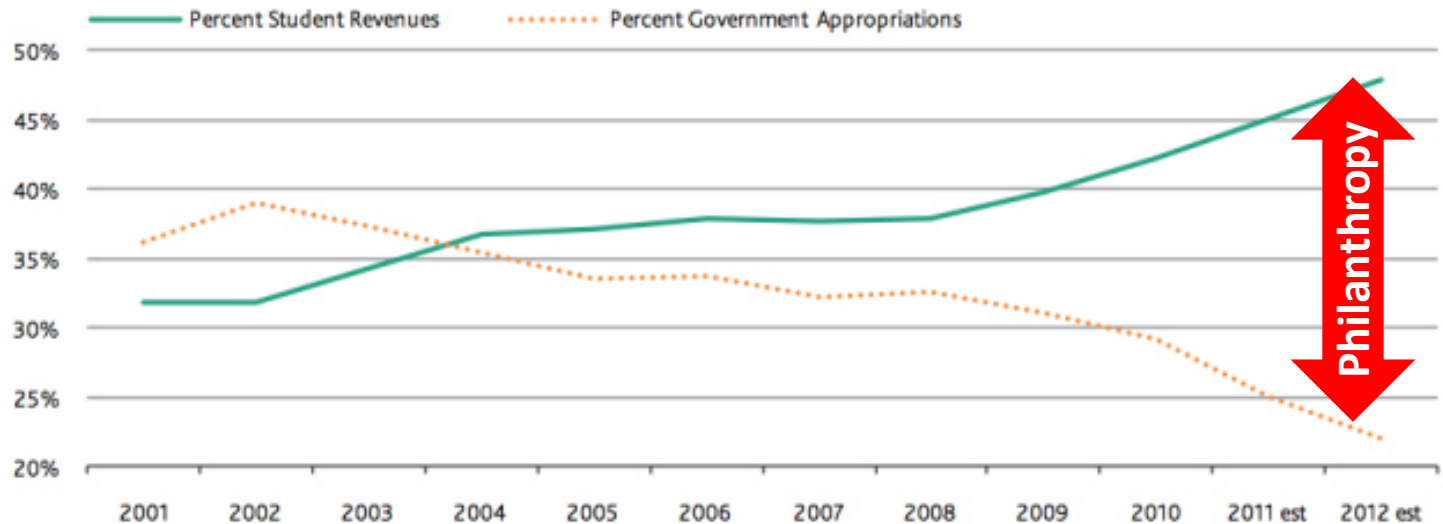
Why the need for private philanthropy?

**Public
University
Funding
Burden
Shift to
Students**
(Moody's, 2011)



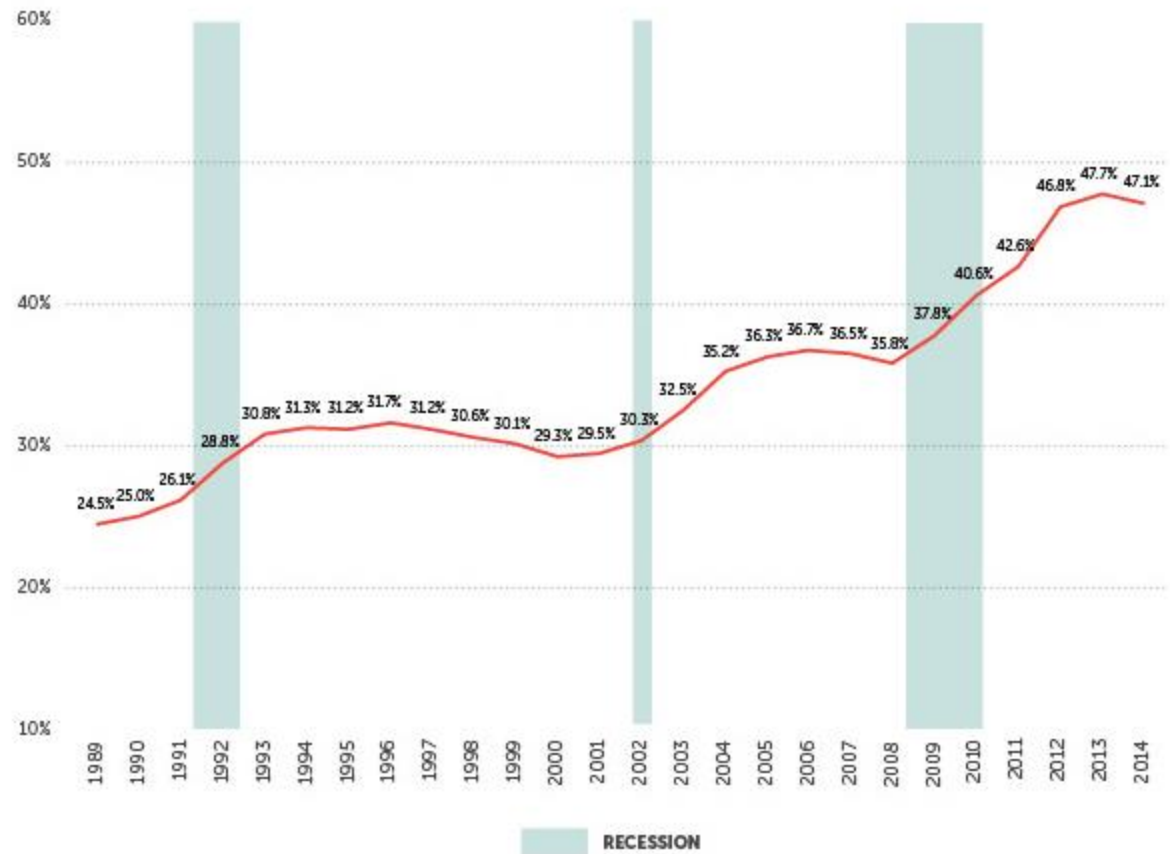
Why the need for private philanthropy?

Public University Funding Burden Shift to Students
(Moody's, 2011)



Net Tuition as a Percent of Public Higher Education Revenue, 1989-2014

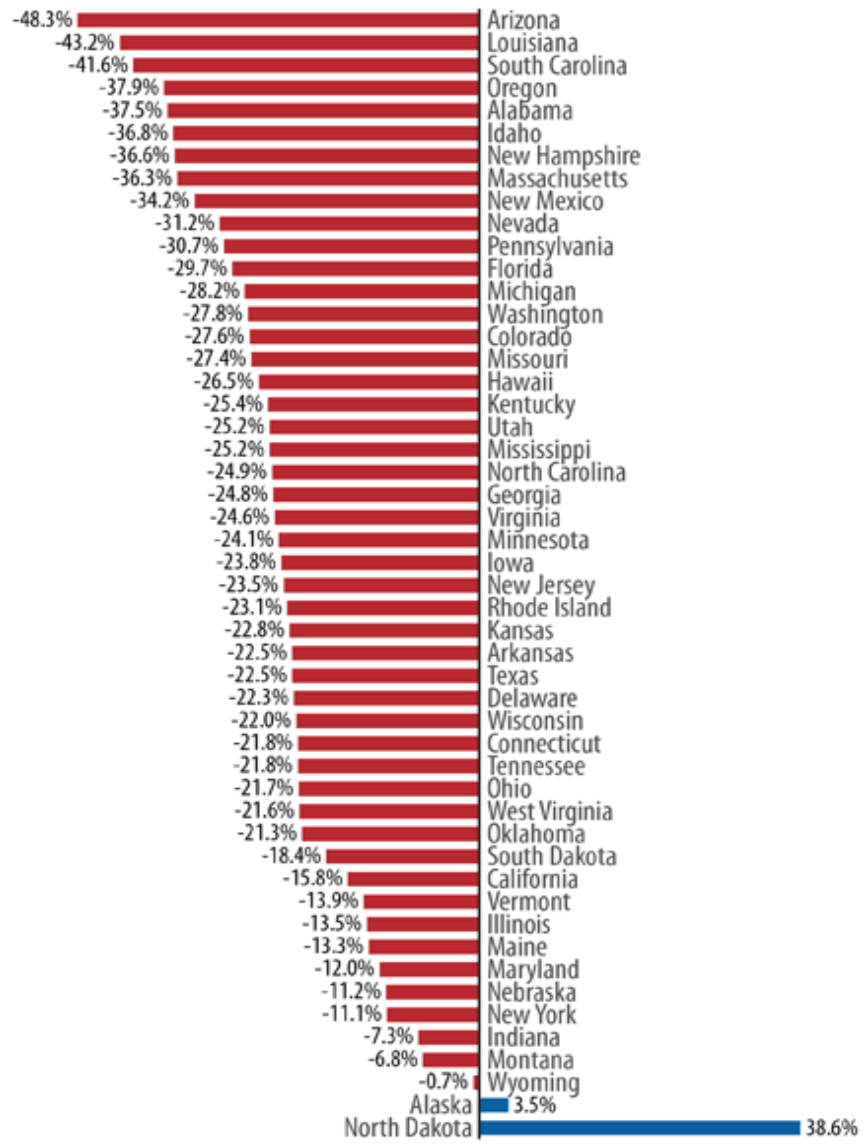
(SHEEO, 2014)



NOTE: Net tuition revenue used for capital debt service is included in net tuition revenue, but excluded from total educational revenue in calculating the above figures.

Percent Change in State Higher Education Spending Per Student, Adjusted, 2008-2014

(Center on Budget and Policy Priorities, 2014)



THE ISOMORPHIC ARGUMENT: STRIVING FOR PRESTIGE & LEGITIMACY

The Isomorphic Argument: Striving for Prestige & Legitimacy

- "As an innovation spreads, a threshold is reached beyond which adaptation provides legitimacy rather than improves performance" (DiMaggio & Powell, 1983)

Institutions Striving for Prestige & Legitimacy: The Rankings Pursuit

US News & World Report ranking formula:

- Explicit use of philanthropy: Alumni giving (5%) as a means to determine graduate “satisfaction”
- Implicit use of philanthropy:
 - Financial resources (10%)
 - Academic reputation (22.5%)

Institutions Striving for Prestige & Legitimacy: The Rankings Pursuit

Global rankings such as *The Times of Higher Education*:

- Explicit use of philanthropy: None
- Implicit use of philanthropy:
 - Academic reputation (33%)

Institutions Striving for Prestige & Legitimacy

- United States:
 - 75% of the \$500 billion in endowment wealth these days is held by just 11% of colleges (Congressional Research Service, 2015)
 - More than 25% of the \$41 billion raised by colleges last year went to just 20 institutions (VSE, 2017)
- United Kingdom
 - 78% of new philanthropic gifts secured by 18 institutions (ROSS-CASE, 2016)

Striving for Prestige & Legitimacy

- Universities in Hong Kong, Singapore, and China are well-funded by their governments yet institutions are seeking endowment funding for research and scholarships for ranking purposes (Sharma, 2011)
- All three governments encourage giving by matching gifts with government funding
 - Singapore - 1.5 times match
- "People do not give to poor universities, they give to excellent universities." – Peter Cheung, Hong Kong Secretary General for Continuing Education in Tertiary Institutions

**THE BORROWING & LENDING
ARGUMENT:
ADOPTION OF “BEST PRACTICES”**

The Borrowing & Lending Argument: Adoption of “Best Practices”

- Institutions and countries are “Borrowing and Lending” (Steiner-Khamsi, 2004; 2015) best practices of fundraising mostly from the United States
 - The proliferation of CASE offices, memberships, and conferences around the world
 - Investment of The Carnegie Corporation in fundraising training and infrastructure

**LARGER QUESTIONS AND CONCERNS
WITH THE GLOBAL GROWTH OF
EDUCATION PHILANTHROPY BY
INDIVIDUALS WORLDWIDE**

Larger Questions and Concerns

- Different Cultures of Philanthropy
 - The Absence of Culturally Sensitive Solicitation Strategies
- Different Socio-logics of Higher Education
 - The Public Good – Private Good Continuum
 - What Does Fundraising for Higher Education Mean Within a Neoliberal Context vs. a Welfare State Context?

Larger Questions and Concerns

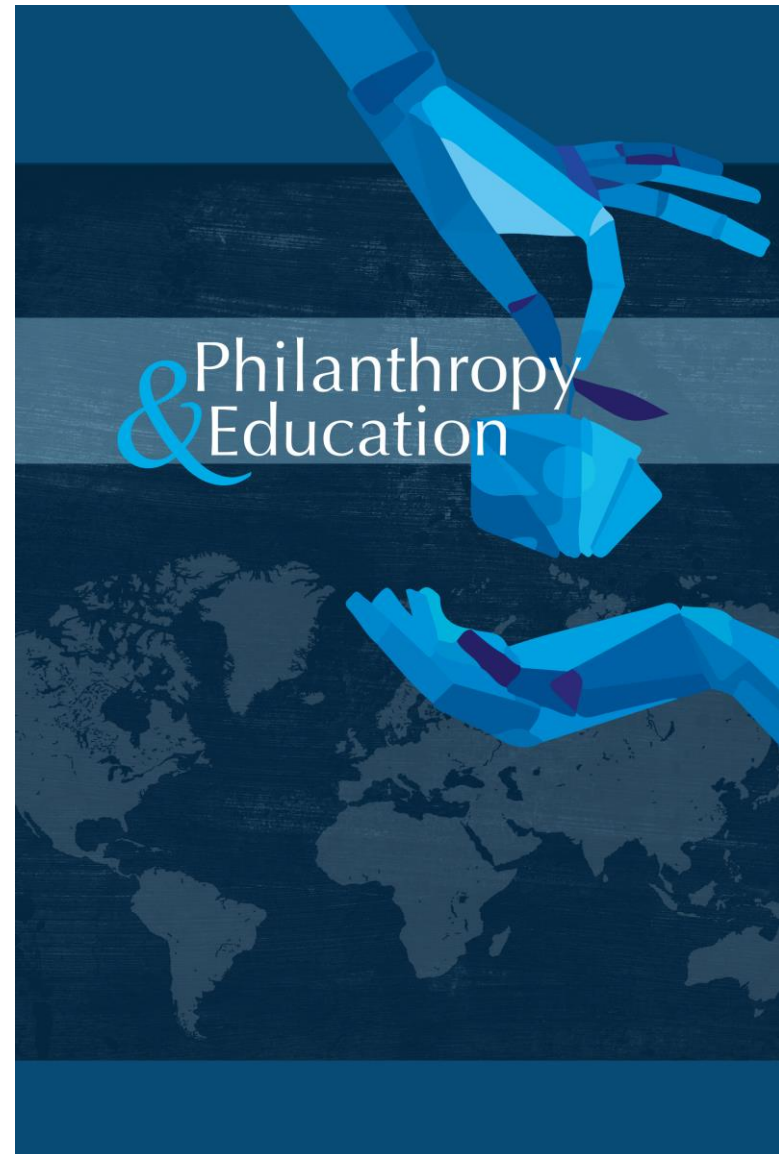
- Currently Little Research on Individual Giving Outside of the U.S. Context
 - Gap in Our Knowledge
 - How does individual education philanthropy look in different Socio-logics, i.e.; Individualist Societies (U.S.) or Collectivist Societies (China)?
 - Impact on Development of Practice and Limits From Which Contexts “Borrowing & Lending” Is Happening

**New Teachers College
Sponsored Journal
published by
Indiana University Press**

The journal's mission is to promote scholarship and inform practice around philanthropy, which is broadly defined as including, but not limited to: fundraising, volunteerism, civic engagement, alumni relations, corporate social responsibility, prosocial behavior development, and the professionalization of the field of practice.

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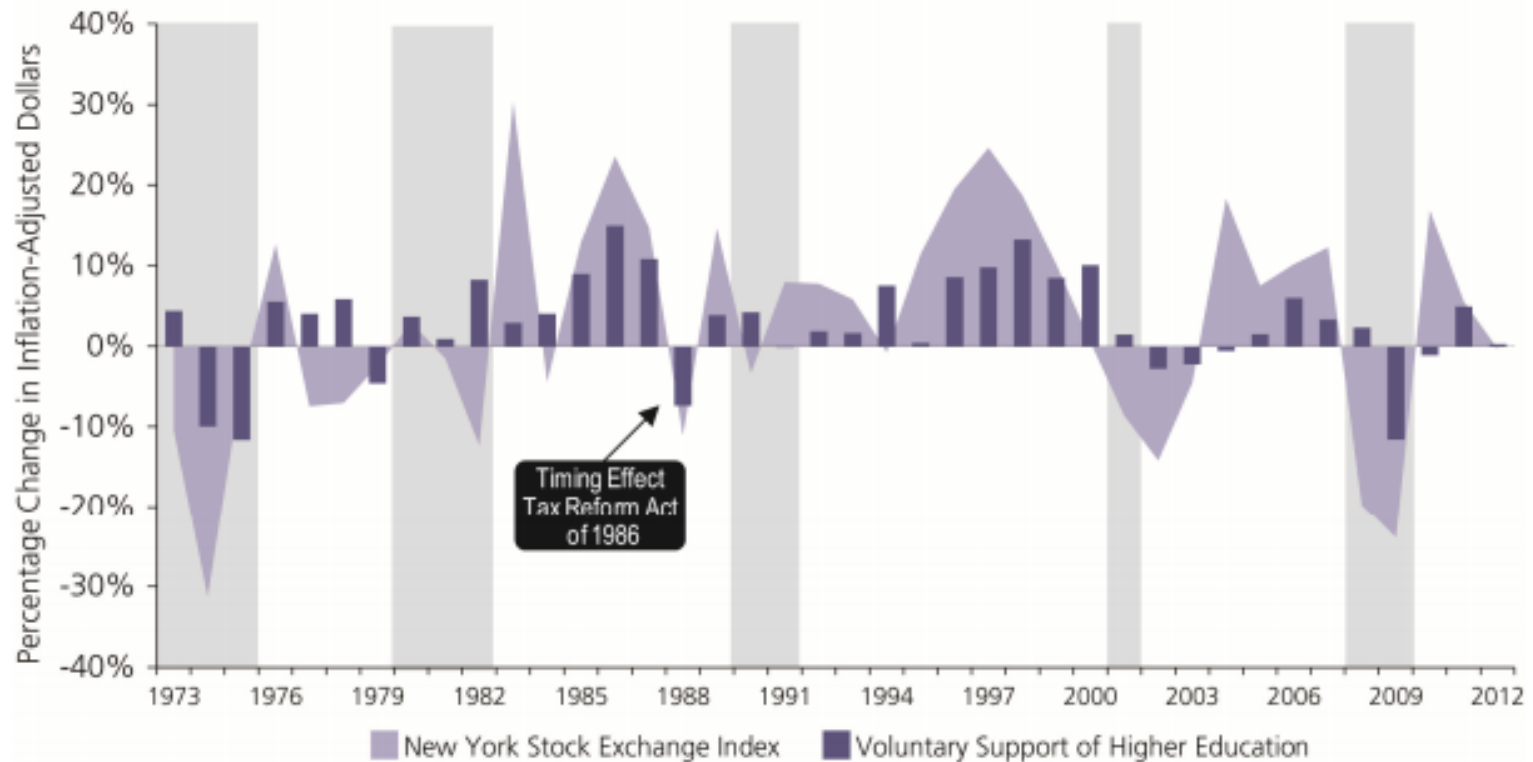
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Giving highly sensitive to the stock market

Changes in Giving to Higher Education Institutions Related to the Stock Market and Recessions

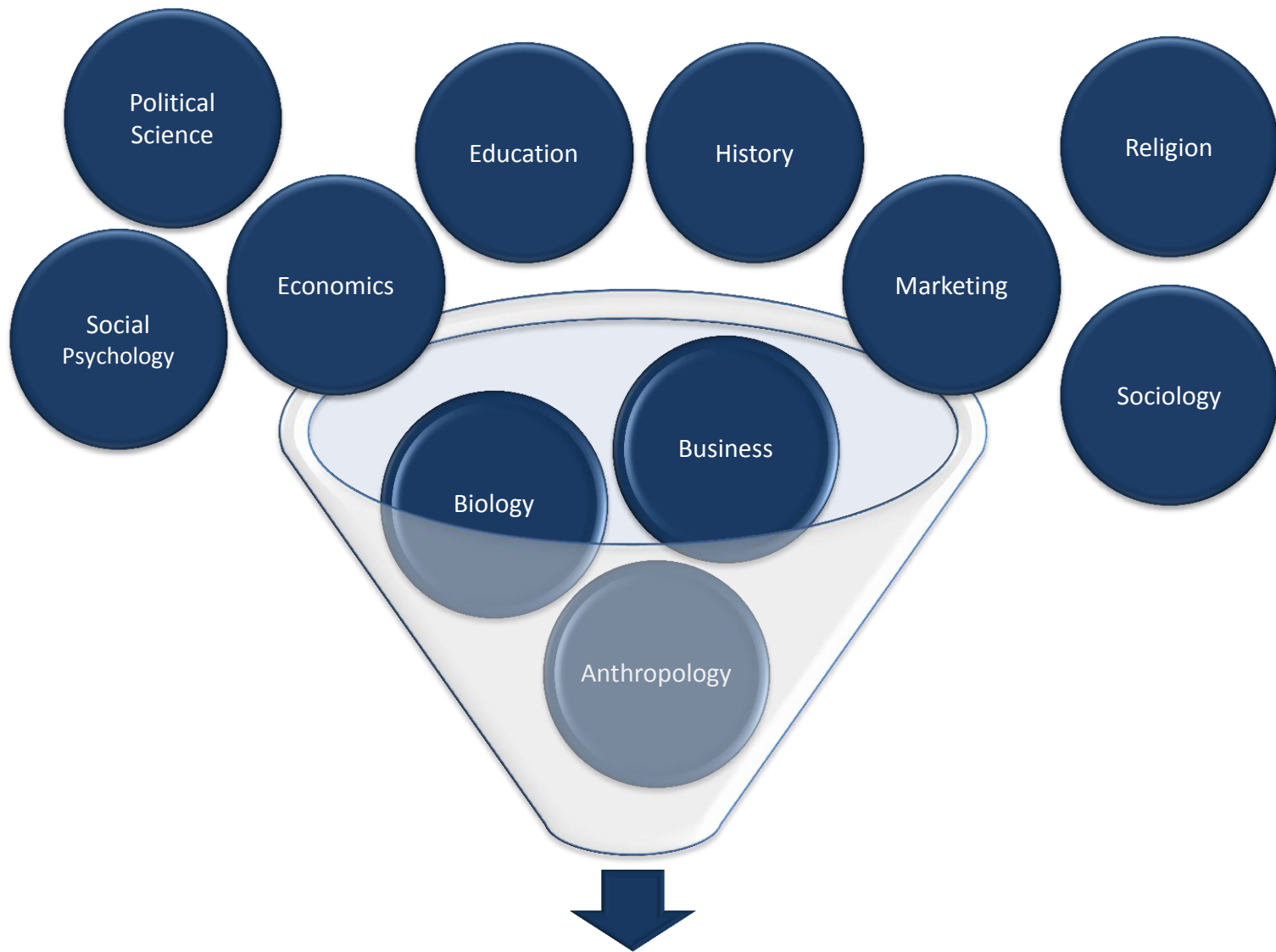


Recession years are in gray.

Source: Council for Aid to Education, 2013

CONTEXT

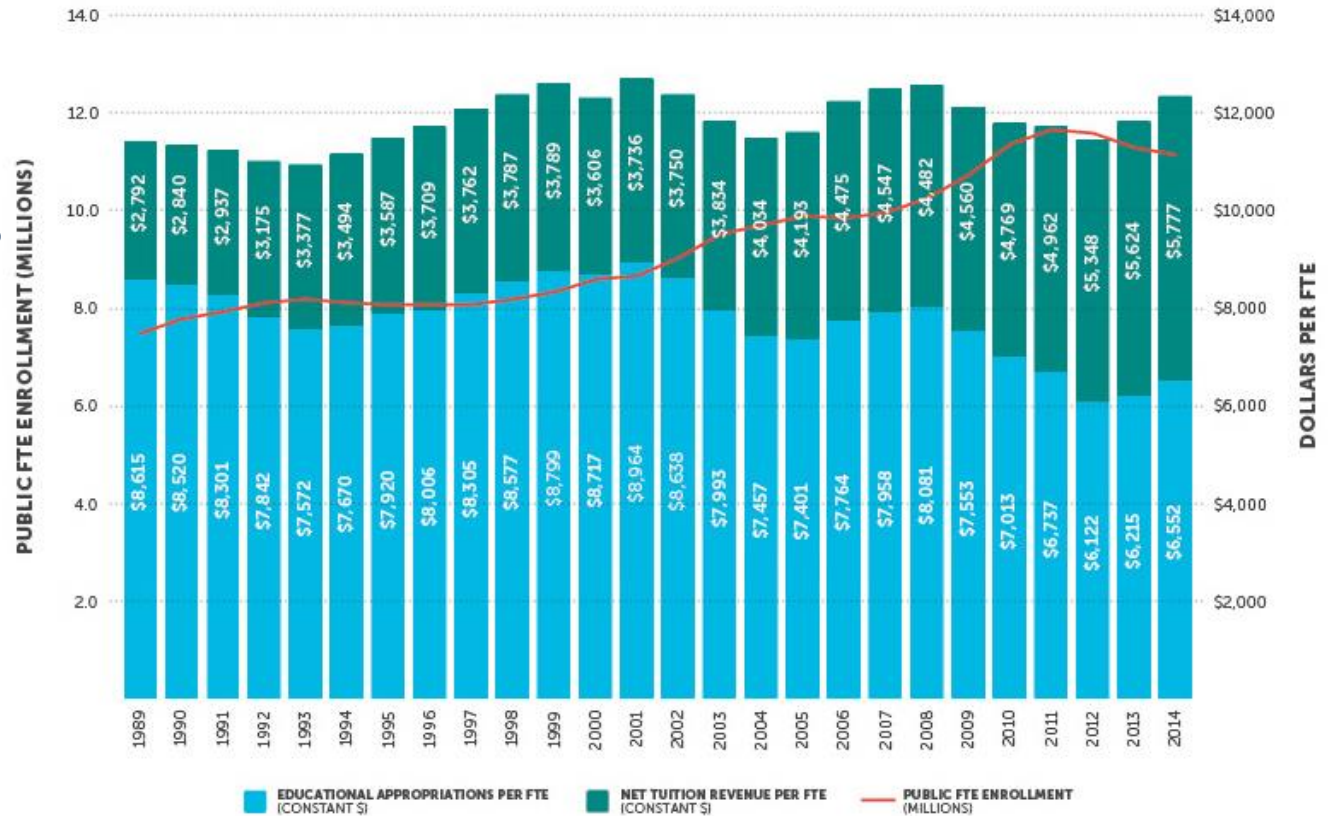
**THEORETICAL PERSPECTIVES &
APPROACHES
TO THE STUDY OF PHILANTHROPY &
FUNDRAISING**



Philanthropic Studies

Public FTE Enrollment & Educational Appropriations Per FTE, 1989-2014; 2014 Dollars

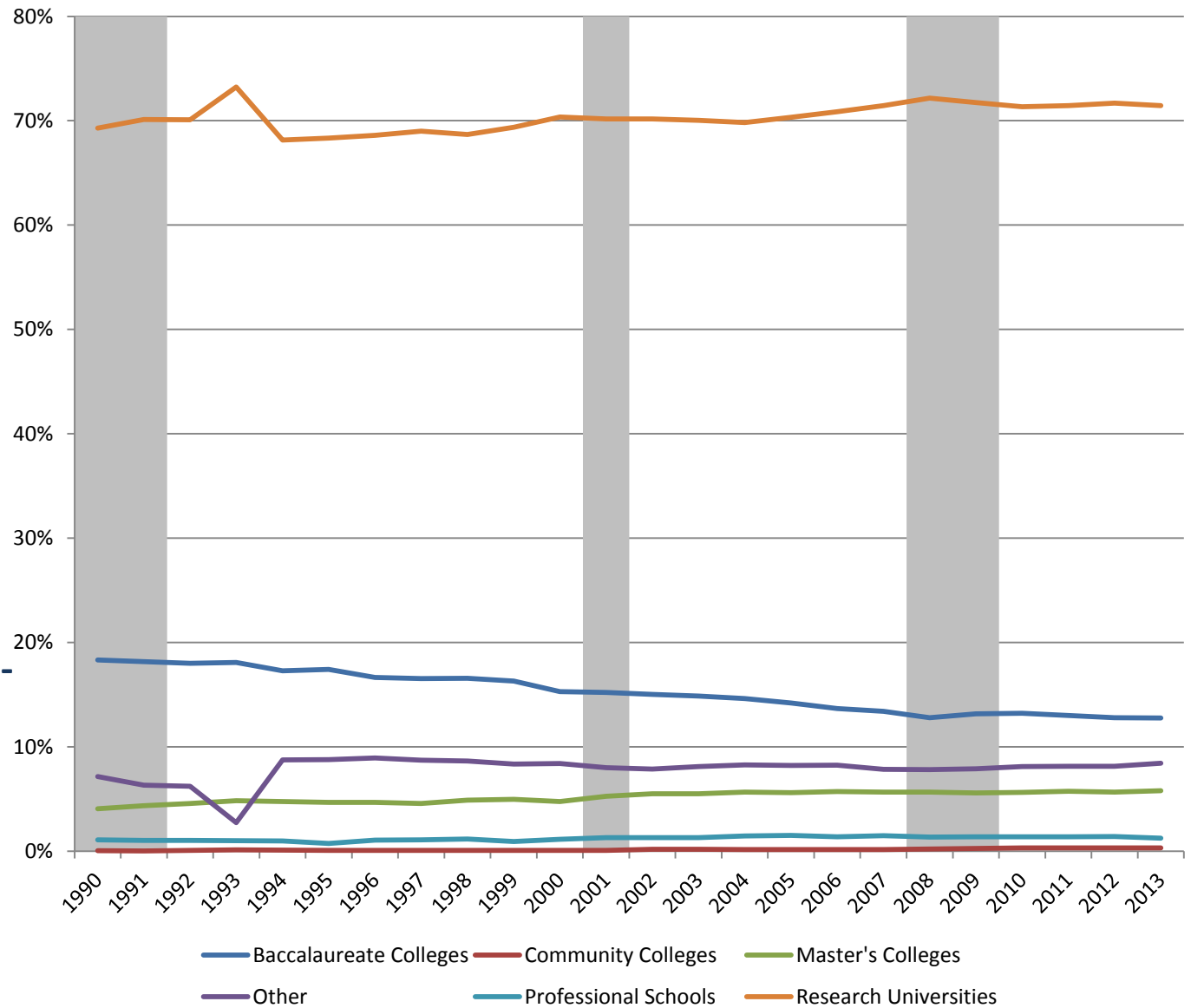
(SHEEO, 2014)



NOTE: Net tuition revenue used for capital debt service included in the above figures. Constant 2014 dollars adjusted by SHEEO Higher Education Cost Adjustment (HECA).

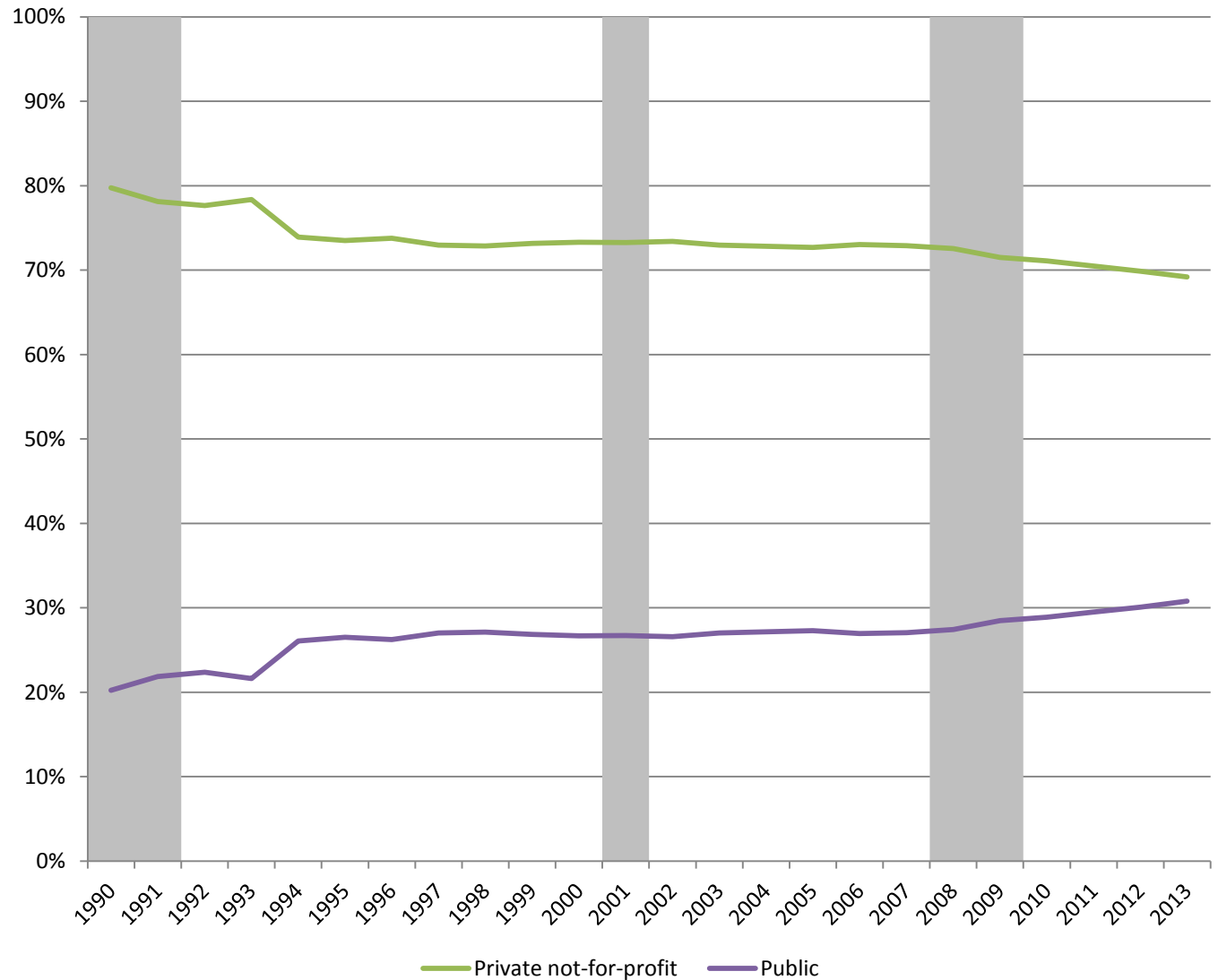
Percent of Total Endowment Value by Institutional Type, 1990-2013

(Source: NACUBO, 1990-2013)



Percent of Total Endowment Values, Public vs. Private, 1990-2013

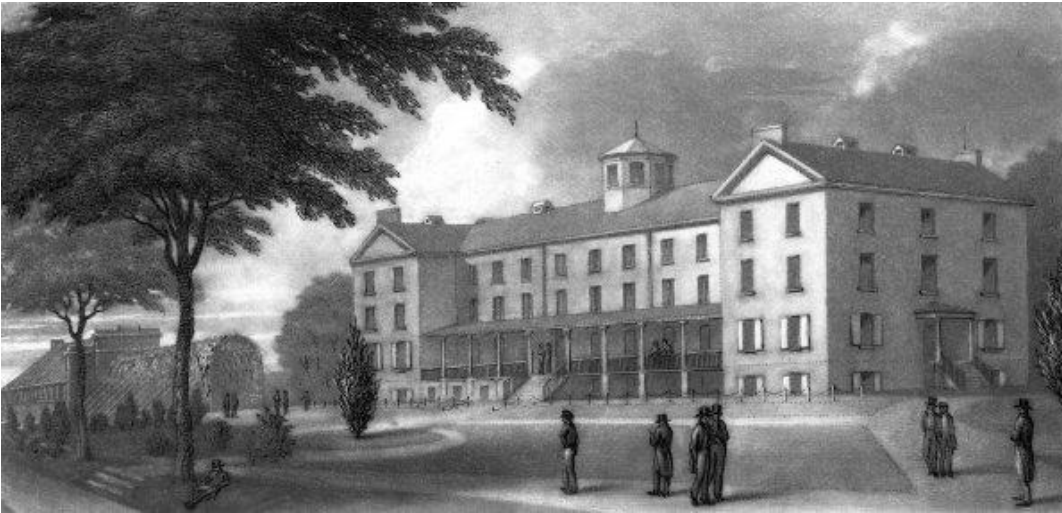
(Source: NACUBO, 1990-2013)



THE ROLE OF IDENTITY IN HIGHER EDUCATION PHILANTHROPY

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Denominational Philanthropy



Post Civil War Philanthropy: The Creation of Black Colleges



Support of Women's Colleges



COURTESY SMITH COLLEGE ARCH



Larger Questions and Concerns

- Ethics
- Donor Control