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Lacking the usual advantages of donor loyalty and institutional prestige, urban universities can make a case for support on the basis of their regional and statewide impact, as well as the quality, cost effectiveness and value of their academic programs and research. The authors discuss why people give to an urban university, and describe how Portland State University has changed during the past seven years and how these changes have aided fundraising efforts. Rapid change also raises a number of yet unanswered questions for discussion.

Restructuring and Reform in Higher Education: Fundraising and the Urban Advantage

*Fundraising at Urban
Universities: Exploiting the
Local Advantage*

According to a recent study by Cook and Lasher (1996), academic quality and institutional prestige are of critical importance in higher education fundraising, although the specific case for giving must be institution and context or situation specific. Urban and metropolitan universities are relative newcomers to the higher education community

and usually do not have the advantage of long-standing alumni and community loyalties or a reputation for institutional excellence. The traditional criteria for ranking institutions, such as the rankings published yearly by *U.S. News & World Report*, or national rankings of doctoral programs, such as the recent report of the National Academy of Sciences, usually place urban universities in the lower tiers, since these universities tend to have a smaller resource base and young graduate and professional programs that have not yet acquired a national reputation for excellence.

In the absence of the usual advantages of donor loyalty and institutional prestige that older and more traditional colleges and universities enjoy, urban universities can make a case for support on the basis of their regional and statewide impact as well as the quality, cost effectiveness, and value of their academic programs and research. Many donors adopt the local university as a philanthropic target while continuing to support their own alma maters because of the obvious local impact of the institution and its economic, cultural, and social value to the community.

One distinctive advantage that urban universities can exploit is the complex economic and social structure of metropolitan settings. The fundraising repertoire of urban institutions can be quite varied and can include:

- federal grants and contracts for university-community partnerships;
- complex university-agency collaborations and resource sharing to address pressing regional and statewide issues such as child welfare, juvenile justice or the placement of new correctional facilities, mental health, workforce quality and development, health care delivery, environmental quality, or educational reform;
- city-university partnerships for local and regional community development;
- public-private partnerships to support local business development, mixed income housing projects, and transportation; and
- joint fundraising efforts that link university purposes to the goals of local not-for-profit organizations with related activities or constituencies.

The traditional tools of fundraising take unusual directions in urban settings because of the attitudes and actions of alumni of urban institutions, the lack of obvious potential donors with strong institutional loyalties and a habit of giving to the urban university, and the many institutions seeking the attention and support of the local business and civic leadership. These conditions create unusual opportunities as well as a need for fresh approaches.

A significantly higher proportion of urban university alumni are likely to live and work within a reasonable driving distance of the campus. This can be exploited in alumni giving programs in local corporate and community settings that depend upon a critical mass of alumni and in different designs for alumni or homecoming weekends that can emphasize interest in the issues of the region rather than the usual class reunions. Local alumni can also form effective alumni advocacy groups to assist the university in seeking additional local and state financial support. In addition, the presence of many related organizations opens up the possibility of joint fundraising activities that link together the urban university and other service organizations that share similar purposes, such as arts organizations, service groups that work with local children and youth, and community development organizations and neighborhood groups.

Why People Give to an Urban University

There are many reasons for giving to an urban university, and different donors will be motivated by very different goals. Ostrower (1995) defines philanthropy as a broad concept that encompasses any private giving for public purposes—to universities, hospitals, churches, temples and mosques, environmental causes, social service organizations, and so on. People give to urban universities for many reasons—to support the institution itself, to reflect gratitude for support that the donor received at an earlier stage in his or her life, to contribute to the community itself.

Some major donors may respond to the invitation to give to the community concern of their choice *through* the university, rather than to give in order to enhance the institution for its own sake. In this model, the donor is persuaded that the community has needs that the university can address, and that the institution is positioned as a means to a larger societal end—a philanthropic end. These major donors may also be attracted by the fact that their philanthropic gift will have a greater impact because

of the connections that the university has developed with the community. Successful fundraising goals for these donors are:

- related directly to timely and relevant community needs;
- determined through a process involving key community members as well as campus constituents;
- designed to enhance the ability of the university to respond to pressing societal, cultural, and economic needs.

Some donors like the idea that their gifts can truly make a demonstrable difference in building the quality and capacity of the institution and can enable it to support additional talented students with genuine financial needs or to develop new and distinctive academic programs that reflect the needs and opportunities of the region. These donors are also motivated by the fact that a gift of any size is more significant to an institution with a younger fundraising effort and a small endowment. These donors often enjoy meeting the students and faculty who are benefiting from their gift and may wish to become personally involved in the programs in some way. For these donors, successful fundraising goals are:

- clearly targeted to create institutional distinctiveness;
- designed to build and support genuine programmatic excellence;
- made to take advantage of the growing tendency toward “active philanthropy,” that is, direct donor participation in programs that they sponsor.

For a third class of donor, a gift must yield direct benefit in the form of the enhanced ability of the donor to do business. For these donors, a gift is more like an investment and there must be a demonstrable return. Major metropolitan areas need a major university as much as they need other cultural and educational organizations, such as art museums, children’s hospitals, historical societies, and performing arts complexes, as a means to attract talented people who will become employees of the growing business and industry workforce. These same people buy homes, seek in-

vestment counselors, and purchase more expensive automobiles. For donors who want to build a more attractive business climate, fundraising goals must be:

- focused on cost-effective access to advanced education of high quality;
- reinforced by clear evidence of institutional accountability and quality control, as well as leveraged by effective management practices;
- designed to enhance the reputation of the university;
- targeted to create distinctive expertise that will serve the needs of local business and industry.

Why the Wealthy Give

Urban universities often have difficulty in attracting the attention and generosity of the most wealthy members of their communities. In a recent book, *Why the Wealthy Give*, Francie Ostrower offered some interesting evidence about “the character, sources and consequences of elite philanthropy,” based on interviews with ninety-nine wealthy donors who live and/or work in the New York City area. Ostrower argues that “giving and volunteerism are distinctive and important aspects of American society” and that “philanthropy is an integral and defining element of elite culture.” (Ostrower, 1995, p. 6)

The cultural boundaries of life for the very wealthy involve patterns of giving that build cohesion within that social class, and in fundamental ways define how the very wealthy participate in society at large. There is a deep connection between shared patterns of giving and a sense of shared identity.

In general, the wealthy distrust government and bureaucracies and seek private solutions to public problems that emphasize private initiative and individualism. This habit creates a problem for public urban universities, which are often viewed as extensions of government, and as large, impersonal “factories” that provide relatively inexpensive education for less well-prepared local students.

According to Ostrower, the very wealthy view their philanthropic activities as a much-needed counterbalance to the effects of government and as a way to balance the power of individualism and the impersonality of government. Appeals to wealthy donors from urban universities must take this deeply held attitude into account. One effective strategy is to demonstrate how contributions to an urban university can en-

courage individual initiative and can permit the university to enhance local community capacity to strengthen its own assets and to identify and respond to its own problems. Another possible strategy is to show how a major gift to the university can continue the pattern of the donor's own community involvement and then expand upon it. Both messages reflect the usual motivations of wealthy donors and link the urban university to the accomplishment of their goals.

The Creation of an Urban Mission at Portland State University

The experience of Portland State University (PSU) since 1990 illustrates many of these challenges and opportunities in urban/metropolitan fundraising. PSU is a medium-sized public university, founded in 1946 as a temporary extension site of the University of Oregon to serve returning veterans with GI benefits. Although the University of Oregon did not want to continue the extension operation, the Portland community fought to keep the institution and it gradually grew into a permanent extension site, becoming a college in 1955 and finally a university in 1969. Between 1969 and 1990, various efforts were made to focus the mission of the institution, but it was not until 1991 that the combination of the report of a citizens' group appointed by Governor Neil Goldschmidt and then a strategic planning process initiated under the leadership of a new president resulted in a clear mission—to be Oregon's urban university. The core components of Portland State's mission are:

- to enhance the intellectual, social, cultural, and economic qualities of urban life by providing access through the life span to a quality liberal education for undergraduates and an appropriate array of graduate and professional programs especially relevant to the metropolitan area;
- to conduct research, especially in areas particularly important to urban and metropolitan life and to the economy;
- to serve the community, both through community-based research and teaching and through the creation of regional partnerships and alliances with other organizations such as schools, public and

private colleges and universities, government agencies, businesses, and community groups.

Our profile of students and graduates is fairly representative of the urban university. Nearly sixty percent of Oregonians are within commuting distance of the campus. We serve over 35,000 students annually, more than 90 percent of them Oregon residents. Nearly 83 percent of our alumni remain in Oregon after they graduate, and many continue to participate in university activities. Our student body reflects a complex mix of ages, educational goals and motivations, ethnic backgrounds, and patterns of attendance. Most of our graduates have to pause a moment to remember what year they graduated, since so many study part-time or stop out intermittently due to family and work commitments.

Changes at Portland State University since 1990

Although there have been no substantial new resources to support our differentiation into an urban research university, we have chosen to proceed anyway, utilizing a combination of strategies, all funded through reallocation of our current base, redesign of our existing programs, the creation of new capacity through partnerships and alliances, new funding strategies that utilize public and private funds to support innovative mixed use facilities, and distinctive academic programs that are built on a strong community base.

Since 1991, the institution has undertaken a number of major changes to create the conditions necessary to achieve this mission and to develop the capacity required to serve the metropolitan region and its rapidly growing need for access to quality higher education. Each of these steps has convinced a fresh group of donors that we are an appropriate target for philanthropy. The following projects are under way:

- a fundamental redesign of undergraduate education, including general education and the major, and the introduction of a significant community base into all aspects of undergraduate learning;
- a study of the contemporary interpretation and significance of liberal learning and the introduction of appropriate changes to

- ensure that all undergraduates receive a true liberal education enhanced in part by the unique qualities of our metropolitan setting;
- a review of the goals, design, and effectiveness of the undergraduate major, starting with mathematics, environmental sciences (an interdisciplinary major), English, computer science, and possibly history and undergraduate business;
 - a review of the goals, design, and effectiveness of graduate education;
 - the reinterpretation of teaching as scholarly work and the introduction of a new faculty-designed support structure to assist faculty who wish to conduct experiments with new approaches to learning, such as the use of multimedia, service learning, teamwork, and electronic communication;
 - the creation of new promotion and tenure guidelines and faculty development programs based on a version of the Boyer (1990) definition of scholarship appropriate for an urban mission, which emphasizes a balanced scholarly agenda of teaching, research, and community-based activities;
 - the development of new partnerships and regional alliances with other colleges and universities, public schools, government agencies, businesses, and community groups;
 - the introduction of new approaches to campus operations using a variety of techniques that include quality initiatives, staff development, the introduction of technology to assist in the management of campus resources and decision-making, the use of campus networks to facilitate communication, and the restructuring of support units to cluster together related activities. These changes are designed to promote better service without increased costs and to release resources to invest in academic programs and community outreach;
 - the design of a plan to develop the 52 blocks that now comprise the University District in downtown Portland through a unique city-university partnership. This plan is part of a larger strategy to revitalize all of Portland through the creation of a number of interrelated districts that will permit the city to build much needed, affordable, and middle-

income housing, establish additional public transportation to circulate people within downtown and between the city and the surrounding counties, stimulate business development and the creation of new jobs, and provide affordable and high quality educational access.

Fundraising in an Era of Declining Public Support

In the past few years, we have found that a growing percentage of our donors want to contribute to Portland State University in order to help us respond to pressing needs that other not-for-profit organizations cannot address as well, or as comprehensively: a workforce prepared for global competition, a workforce better prepared for rapidly developing job opportunities in the local economy, faculty strength that can support rapidly growing local industries, a reduction in crime, a reduction in child abuse, and better management of local social challenges such as homelessness. In addition, more donors want to ensure that Portland State University becomes a university of real distinction and quality and thus an attractive feature that will assist the donors in recruiting new employees and expanding their own businesses.

To appeal to these public-spirited motives, as well as to the more personal interests of donors who have no particular institutional loyalty, public universities must deal directly with the “entitlement” issue; that is, the assumption on the part of potential donors that the institution is already well-supported by taxpayers and that it must, on its own, redirect its already ample resources to meet changing societal expectations. Over the past decade, as public institutions have become more aggressive in seeking private support, the issue of the proper use of major gifts in public colleges and universities, and expectations about the responsibility of the state for maintaining institutional capacity and quality, have been addressed in a variety of ways. Institutions have hastened to assure donors that their contributions would not replace lost tax dollars, that the funds would be used in ways that both serve donor purposes and offer the campus flexibility that tax dollars cannot provide, and that the gifts will create an opportunity to attain a level of excellence that the state cannot and will not support.

The budget base for Portland State University has changed dramatically in recent years. Since 1990, higher education’s share of the state general fund in Oregon has dropped from approximately 16 percent to roughly 8 percent while the proportion of the state general fund going to corrections has increased from 3 percent to over 9

percent, now more than higher education. This drastic reduction in higher education funding, combined with the dramatic increase in funds for corrections, was caused by the convergence of two ballot initiatives in Oregon—one to limit increases in property taxes and divert funds from the state to cover the lost revenues to local schools and community colleges (1991) and the other a brace of “get tough on crime” initiatives that are forcing the construction of new prison beds and increased costs in the criminal justice system (1995).

In cases where other local external factors, such as major budget cuts or attempts at system-wide restructuring, may place the stability or direction of the institution in doubt, the case for the local value and impact of a campus may be difficult to develop. At the same time, properly handled, these external threats may serve as a rallying cry for enhancing local support in order to protect the campus from the consequences of rivalries and political decisions that would favor institutions that do not have a strong commitment to serving the metropolitan region.

The impact of budget cuts on PSU has been especially severe for several reasons. We are not well funded in the first place, due in part to our relative youth and to public policy toward education at the time we were founded. In addition, political pressures from other institutions in Oregon have effectively kept PSU underfunded over the years, even when new resources were available. This pattern is quite common for urban institutions that are seeking to develop during periods of budgetary constraint and changing public priorities, and whose very existence is viewed as a threat by more established public institutions in the state. In some cases, we have been able to use our situation and the political environment as a basis for the argument that a major gift would make a major difference at PSU because of our accountability, our effective use of state resources, and our focused mission.

Fundraising in an Era of Rapid Change: Unanswered Questions

Changes in Student Profile and Attendance Patterns

The rapid changes that have been occurring in the educational environment and in patterns of attendance will have implications for fundraising strategies in the future. Many students now put together an educational strategy by utilizing the re-

sources of several institutions. Fewer and fewer students attend a single institution from the time they enter college until the time they graduate. In addition, in some states increased collaboration among institutions has resulted in the delivery of advanced education through a variety of mechanisms, including interinstitutional collaboration and distance learning. What effect will these changing patterns of attendance and the changing sources of educational programming have on institutional loyalties?

In addition, the composition of the student body is changing. To what extent will the increasing involvement of older and part-time students alter the giving patterns of alumni? Interestingly, Ruffalo, Cody, and associates have recently completed a study showing that alumni of “commuter schools” (defined by Al Ruffalo as schools with more than 50 percent of their students coming from off-campus housing) give more than the graduates of traditional institutions (donor average, \$90.48 vs. \$81.72), but fewer commuter school alumni give (58 percent vs. 62 percent). He explains the larger gifts by suggesting that commuter students have more disposable income because they have less debt due to paying less for college, often up to 60 percent less than students who live on campus. At the same time, they have less loyalty to their institutions because they believe that they paid their own way through school.

We do not know how important a campus-based experience will be in inspiring later loyalties on the part of alumni, but we must attend to the question as additional students obtain the bulk of their education through distance learning. We also must assess the impact of restructuring, mission realignment, and strategic positioning on donor confidence and willingness to contribute. In many instances, alumni from different eras went to very different institutions and may even have different institutional names on their diplomas. To what extent will they ask themselves whether the institution now soliciting their donation is really still “their” institution? This is certainly an issue for urban and metropolitan universities that arose from extension sites, community colleges, normal schools, small private schools, or municipal colleges.

Changes in State Allocations

The rapid shift of state allocated funds from higher educational purposes to other functions, such as corrections and school equity funding, has also dramatically affected the construction of new educational facilities in Oregon and compounded the

difficulty of obtaining major gifts for capital projects. There has been no state-supported major construction on a public college or university campus in this state since 1990, although some renovations and expansions of existing facilities do continue. To adapt to changing realities, the universities have designed new financing models to permit the construction of new academic facilities in the absence of state general fund support.

The result has been the establishment of complex multistream funding packages involving public and private resources and the design of mixed function facilities that combine academic purposes with other purposes, such as community development and commercialization. The management of these mixed strategies is extraordinarily complex. Major donors wait to see if the federal or state component is in place before committing a gift, and the state legislature waits for pledges of private gifts before acting on the public component. Managing these different sets of motivations and anxieties about the workability of carefully timed public and private components requires a new kind of expertise for capital projects.

Changes in Public Policy

We must also adapt our fundraising strategies in light of the implications of the changing nature of public policy toward both public and independent higher education and the role of state and federal appropriations in providing a base for higher education in this country. For example, the policy of supporting mass access to higher education that was created first by the GI Bill and then by the growth of federal Title IV programs has gradually eroded. The pressure toward high tuition/high aid at public institutions results from a growing belief that students should pay their own way through college because they will ultimately benefit from the additional education they receive. This approach conveniently leaves out a consideration of the benefit to a community of having a better educated citizenry. The shift has been gradual, and many of our potential donors are unaware of how little of our instructional or capital budget now comes from the taxpayers. As the responsibilities of students and their families, the taxpayers, and private donors shift, what should we expect of donors and what should we ask them to support?

Changes in Public Confidence

Another important issue is the effect of significant budget reductions at public institutions on donor confidence. As our state general fund appropriation has dropped dramatically in Oregon, we have had to reassure donors that we will not use their gifts to replace what the legislature was unwilling to fund, and we have had to explain why our appropriation has fallen. Potential donors tend to insist that they have already given to public higher education anyway through their taxes, often confusing local property taxes that generally do not support four year institutions with state income and business taxes that may contribute to the state general fund base that supports higher education. This pattern of disinvestment in access to public higher education has occurred without much public debate or even public recognition. As a result, donors often have very mistaken ideas about the proportion of the instructional budget that comes from the taxpayers, the benefits that accrue to the community from the operations and community involvement of the institution and its faculty, staff and students, and the reasons for recent and accelerating tuition increases.

Another interesting question arises as more of our curriculum becomes a collective responsibility and as more students seek an education that is brokered in some way in their own community by either a local institution that collaborates with another college or university elsewhere to deliver a particular degree: Will graduates of interdisciplinary programs be as inclined to give to particular departments or schools and colleges within a university as the graduates of the more traditional fields?

Finally, we need to understand the effect of the introduction of new distance learning strategies, especially programs packaged from material developed at several institutions. In Oregon, for example, Eastern Oregon University (EOU) serves as a broker for degrees delivered in eastern Oregon by faculty from several other Oregon institutions, including Portland State University. Students in these programs appear to develop clear dual loyalties—to the campus that serves as their home and to the institution from which they actually obtain their degrees. What impact will this have on where these graduates choose to contribute—to EOU or to PSU, or to both?

Conclusions

The urban university is in an unusual position with respect to fundraising. When examined in the context of traditional development strategies, urban and metropolitan institutions are at a disadvantage. They are generally young institutions with a limited alumni base. They have often experienced significant shifts in institutional purpose and identity and lack a nationally recognized claim to institutional excellence. These institutions do not generally attract the attention and philanthropic interests of traditionally wealthy members of their communities.

On the other hand, a growing emphasis on active philanthropy and donor interest in more personal involvement in the programs that they sponsor, as well as new opportunities to seek collaborative fundraising opportunities with other cultural and educational institutions, have given urban and metropolitan institutions a distinctive advantage in a changing philanthropic climate. Furthermore, urban institutions can make a genuine claim to be community-building organizations and can attract public-minded major donors who may be persuaded to give to public purposes through the university, even though their primary loyalty is to another institution. Urban universities can create public-private partnerships that accomplish institutional purposes while also addressing significant community development needs, and can, through these new models, obtain support for university programs from new sources not available to more traditional institutions.

Suggested Readings

Boyer, Ernest, *Scholarship Reconsidered: Priorities for the Professoriate* (Princeton, NJ: The Carnegie Foundation for the Advancement of Learning, 1990.)

Cook, W. B., and Lasher W. F., "Toward a Theory of Fund Raising in Higher Education." *The Review of Higher Education* 20 (1, Fall 1996): 33-51.

Ostrower, Francie, *Why the Wealthy Give: The Culture of Elite Philanthropy* (Princeton, NJ: Princeton University Press, 1995.)