

External Affairs Leadership in the 21st Century 2005 CASE District III Conference Keynote • Hyatt Regency, Atlanta

Good evening, and thank you, Matt, for that introduction. On behalf of the flagship institution of this state, it is my pleasure to welcome you to the great state of Georgia. I am confident that you will find your stay here very pleasant and the conference beneficial, as always.

I want to add a little bit to the introduction that you have already heard. I started out on the academic side of this life, earning a doctorate in political communications at The Ohio State University and teaching there for two years. Through happenstance, chance or fate, I landed in external affairs through politics.

I was chief of staff for Senator Howard Baker in the late 1970s. One Monday, after I had spent the weekend in Florida and the Senator had been home in Tennessee, he called me into his office. At the time, he was in some political trouble because of his stand on the Panama Canal.

He told me that he was sending me to Tennessee to run his campaign – and by the way, I had to raise \$2.5 million. Now, keep in mind that this was 1978, and \$2.5 million was a lot of money. It seemed an impossible task to me.

But I learned that I was a pretty good fundraiser. That, coupled with the Ph.D. and my academic experience, made me attractive to academic institutions, and in 1982 I was named Vice President for University Affairs at Pepperdine University.

Having been a vice president or president for more than 20 years now, I have spent some time in preparation for this speech trying to project what is going to happen in higher ed in the next 10 years. I would like to share five thoughts with you.

One, this will be the decade of External Affairs leadership. Show me a small and weak External Affairs program at an institution and I will show you a university or college that is making little progress. But if you show me an institution with a large and aggressive External Affairs program, I will show you a university or college that is making great progress.

You are the key to your school's success.

There is a new paradigm in university funding, particularly on the public side, but much of what I

will discuss applies to the private side as well. There is little chance that government at any level is going to increase support for higher education substantially, and private school tuitions are reaching the outer limits of what people will, or can, pay.

Even federal research funding is leveling off.

A personal aside: I am fortunate enough to have a salary that is well above the average. But I have put two sons through college, and one through law school, and for much of that time all I worked for was to pay for college. It was an investment in my children and their future, and I would do it again, but when cost reaches \$40,000 to \$50,000 per year, that is a very narrow market.

Over the past 10 years, the Consumer Price Index has risen at an average annual rate of 2.4 percent, while tuition at public four-year colleges and universities has risen at an average annual rate of 6.6 percent. We will not be able to maintain that differential going forward – families won't accept it and legislators won't accept it.

All of this adds up to the fact that the work of External Affairs people – in development, in alumni relations and in public affairs – is critical to progress at our institutions. Institutions – public and private – will have to depend more on annual fundraising and endowment earnings.

Two years ago, state spending on higher education fell for the first time in more than a decade. Over the past four years, state budgets have seen a shortfall of \$235 billion. Those are trend lines that do not bode well for those who hope that funding will return to previous levels.

It is probably too strong to say that there is a budget crisis in higher education, although the past few years have been difficult for public institutions. But there will be an entirely different funding mix moving forward, and that is a reality that everyone in higher education is going to have to understand, accept and address.

The places that really commit to strong development programs will do well – the rich will get richer.

Two, all of this means more pressure on the president, provost, vice presidents and deans to

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commit time to fundraising. That commitment can lead to tension among the faculty, many of whom do not yet fully understand the changing role of the president, in particular.

Many faculty are still operating with the model of people in university leadership positions having come up through the faculty ranks. Yet even those who do so find that once they are in the position of president that the demands have more and more to do with External Affairs issues and somewhat less to do with academic issues. More and more, academic issues fall into the hands of the Provost.

In many ways, on most of the major university campuses in America, provosts are doing much of what the faculty think the president ought to be doing – curriculum issues, research funding, admissions, financial aid, public service and outreach.

Every vice president and dean must accept the development responsibilities that come with those positions. At the University of Georgia, I ask of my administrative team that one-third of their time be spent in friend-raising and fundraising. That may not be a conventional model, but it is a 21st century model.

At the University of Georgia, we are about to go public with a \$500 million capital campaign. I did the math recently: Over the seven-year span of the campaign, we need to raise \$195,618 per day. If that doesn't quantify the pressure that we all are feeling, I don't know what does. (In FY04, we raised almost \$78 million, which comes out to \$213,000 per day.)

Three, creative ways of giving are going to be more the norm than ever before.

The days of sitting across a table from a major gift prospect and asking for a check are still applicable, but more and more fundraising is a complicated process where presidents and provosts and vice presidents and deans are going to have become familiar with other methods of giving. The significant gifts that are moving institutions forward today come with a layer of lawyers and accountants and financial advisors that we didn't have to deal with much 10 or 20 years ago.

Let me share a couple of examples from UGA.

Eugene Odum, a long-time faculty member known as "The Father of Modern Ecology" owned a 25-acre plot of land along the Middle Oconee River in a part of Athens known as Beechwood. In the Beechwood area are apartments, a vibrant shopping district and a number of restaurants.

Dr. Odum, who died in 2002 and who built a house on the property, was very specific in his desires that the land be protected. He did not forbid development on the land, but was clear that the natural character of the property be preserved.

The UGA Foundation put the property up for sale with Dr. Odum's wishes clearly spelled out in the conservation subdivision regulations. The property has sold for \$1.25 million, which goes to advance the mission of the University of Georgia, and Dr. Odum's wishes have been honored.

Many donors, particularly those at or near retirement age, want to make a gift but are also concerned about maintaining an income stream from the asset. Charitable gift annuities and charitable remainder trusts are two of the methods that have become very popular among UGA's supporters.

Carolyn and Don Carter are two friends of the university who wanted to make a gift in support of the Grady College of Journalism and Mass Communication, but they also had concerns about tax liability and income. Our development staff helped them create a charitable gift annuity through the gift of appreciated stock.

But the Carters are so devoted to the ideals of fairness, balance, accuracy and credibility – traits which they exhibited during their long careers in journalism – that they also made a present gift to create a professorship. The charitable gift annuity will roll into that endowment and the position will become a full academic chair at some point in the future.

It has been my experience that the art of development has become more complicated over the past decade – and it is my prediction that it will become even more so in the coming years.

These creative and more complex, ways of giving become even more important in light of the demographic shifts facing this country.

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We are sitting on the largest run-up of appreciated property in U.S. history. American Demographics magazine reported in 2003 that a Boston College sociologist had estimated that \$41 trillion – yes, TRILLION – could change hands over the next 50 years.

The men and women of the “Greatest Generation,” as Tom Brokaw dubbed it, are in their 70s and 80s, and will, in the next two decades for the most part, divest themselves of resources in a wealth transfer unlike any the world has seen. This transfer is going to take place whether it is planned or unplanned.

The second event with the potential to impact higher education is the retirement of the Baby Boomers – let’s say those born between 1946-1956. I was born in 1948 and, at age 56, I am starting to think that I’ve probably got 10 more years in the workplace. How do I prepare?

While the media has focused on the unprepared Boomers, many have made fabulous amounts of money, which raises hard questions for alma maters and adopted alma maters. If your institution has not identified those people in your database, let me suggest that that be your first task when you get home after this conference.

Four, since so much big money is dependent upon relationship-building, I am concerned about the lack of job security and consistency in External Affairs. In short, there is too much job-hopping and too little institutional loyalty.

Sometimes, staying power and commitment are as important, or more important, than ability. Some of the most effective fundraisers I have known were all highly talented people, but their most important credential might well have been the fact that they stayed at one place for 15 or 20 or 30 years – Charlie Runnels at Pepperdine, Dan Heinlen at Ohio State, Doug Dibbert at North Carolina, Betty Siegel at Kennesaw State, Tom Landrum at Georgia, Bill Breeze at Centre College.

All of them have built up a reservoir of relationships, memory and good will which drive the development process at their institutions.

I cannot tell you how many development resumes I have seen in the past year or so with a move every 24 months. There are too many people

concerned with resume-building instead of relationship-building.

Five, I would encourage external affairs people to have some academic credibility.

I don’t think I have to tell you that the academic world operates on its own set of rules, and that occasionally the way campuses operate can be maddening, especially for people in External Affairs, who by definition like to get things done and get them done quickly.

It is in your best interests – as an advocate for the needs of your institution – that you understand those needs as fully as you can. A master’s degree is a good start, because graduate school provides one with a deeper level of experience in higher education. Graduate students are exposed to the “inner workings” of academic departments and, in many cases, have the opportunity to teach introductory classes.

A doctorate carries that level of experience even further, and if you have had the chance to be a member of the faculty at a college or university, I know from my own experience that you will be a more effective member of the development team on campus.

What we do is not like raising money for a hospital or the Boy Scouts. Fundraising in higher education requires the support of the faculty and it requires a level of understanding about what the faculty do.

Finally, people in External Affairs must understand that the government’s role in higher education is going to be less financial and more regulatory in the coming years, whether we like it or not. There will be more challenges, more red tape and more intrusion into our daily lives.

Much of what the federal government has done in higher education has been very beneficial – the 1862 Morrill Act, the 1890 HBCU land-grant legislation, the GI Bill, the Pell Grant, TRIO, the NIH and the NSF – have contributed to the progress of American higher education in ways that none of us can fully comprehend or appreciate.

Total federal spending on higher education this year will be \$75 billion. That’s the equivalent

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of 50 UGA budgets. But with that money comes an army of lawyers and rules and inspectors and controllers and rules interpreters and I-dotters and T-crossers.

I do not believe there will be significant increases in the money coming to higher education from the government, but I do believe that the issue of accountability will continue to grow in significance.

External Affairs leadership on your campus. Pressure on presidents to devote time to fundraising. Creative ways of giving. Committing to a position over time. Academic credibility. These are the components.

This will be the decade of External Affairs leadership. The success of your institutions depends on you. It is your job to find the financial resources that provide the margin of excellence which separates your school from its peers.

Thank you again for the opportunity to speak with you today, and for all that you do for your institutions and for higher education in America.