

## Key Themes

### Need:

UM is leading the development of a new paradigm in higher education, the “privately financed” public university.

Today, almost 90% of its support comes from self-generated revenues rather than state appropriation.

Key in this is a dramatic increase in private fund-raising.

### Goals:

Although we have always been a leader among public universities in private support, our goal in the past was to use private giving to provide “the margin of excellence”.

Today, our goal is more basic: To recognize that private giving will increasingly not simply augment but replace an eroding base of state appropriation.

More specifically, we set the goal in 1990 that by the end of the decade, the annual level of private support, meaning the total of private giving and payout on endowment, would exceed our state appropriation.

More specifically, this meant that we would build private support to over \$300 million per year.

In 1996, we are well on course toward this goal:

...private giving will be \$160 million this year

...our endowment is now \$1.6 billion; hence providing \$72 million per year in payout (at 4.5%)

We are well on track toward our goal for 2000

...private giving at \$200 million per year

...endowment payout at \$100 million per year (\$2.2 billion endowment)

(both in 1996 dollars)

(Actually, we have an even more ambitious goal for the year 2010

...building endowment to the point at which its payout exceeds our state appropriation (\$7 billion...)

### Method:

Launch a sequence of University-wide fund-raising campaigns

Why?

To gain the commitment of University faculty and staff to private fundraising.

To activate the necessary volunteer network

To allow us to change the culture

...more aggressive endowment management

...more sophisticated deferred giving programs

...more awareness among alumni and friends that although public in governance and service, Michigan is predominantly private in support.

### **Unusual Characteristics of Michigan**

Highly decentralized culture

...Hence schools and colleges (...deans...) carry much of the fund-raising load

Large size of giving population

...Unlike major privates who receive a small number of very large gifts, our experience has been to receive a large number of more modest gifts

...Hence our approach is more mass marketing than individual cultivation

Irrelevance of trustees

...We have politically elected Regents, with little capacity or interest in private fund-raising

...Hence we have to build "surrogate" trustee groups of alumni and friends to help us