



Campaign Chairs' Conference Calls

Thursday, April 14, 2011

10:30 a.m. – 11:30 a.m.

1:00 p.m. – 2:00 p.m.

MEETING MINUTES

Lee Beard, Vice Chair and Chair of the Campus Committees and Bruce Miller, Vice Chair and Chair of the College Committees welcomed and thanked the chairs for taking time to participate in the conference calls. The conference call was held in two sessions – morning and afternoon with the agenda the same for each session. Lee and Bruce shared reviewing the agenda, meeting materials and call logistics with the participants. Roll call was conducted and the individuals listed below were in attendance. Overall 14 of the 20 campuses and 19 of the 22 college units were represented.

Conference Call Participants - Campuses		Conference Call Participants - Colleges	
Abington	Andy Santacroce (sub)	Ag Sciences	Earl Harbaugh
Beaver	John Hertneky	Arts & Architecture	Anne Klein (sub)
Beaver	John O'Leary	Athletics	Richard Sokolov
Berks	Gene Curry, Jr.	Business	Bryon Deysher
Berks	Steve Weidman	Communications	John Curley
DuBois	Dan Kohlhepp	Dickinson School of Law	Jim Durham
Erie	Kurt Buseck	Earth & Mineral Sciences	Paul Robertson
Erie	Gary Clark	Education	Mark Breedlove
Fayette	Terry McMillen (sub)	Educational Equity	Harold Cheatham
Great Valley	Dina Daniele	Engineering	Joe Monkowski
Harrisburg	George Zoffinger	Hershey	Dennis Brenckle
Hazleton	Pasco Schiavo	Hillel	Elliott Weinstein
New Kensington	Patrick Kopnick	IST	Don Haile
New Kensington	Mardelle Kopnick	Libraries	Steve Faulke (sub)
Schuylkill	Bill Heckman	Nursing	Sara Songer
Shenango	Sam Bernstine	Nursing	Tom Songer
Worthington Scranton	Patrick Sheridan (sub)	Outreach	Mary Ellen Litzinger (sub)
York	Dan Waltersdorff	Schreyer Honors College	Ryan Newman (sub)
		Science	Ken Adelberg
		Student Affairs	Jim Marpe
		Student Affairs	Mary Ellen Marpe

Other Participants:

- E. Lee Beard, Campaign Vice Chair and Chair, Campus Campaign Committees
- Mike Degenhart, Director, Office of Gift Planning
- Dale DiSanto, Executive Director of Development
- Melanie Ekdahl, Administrative Assistant
- Dorothy Greer, Development Assistant
- Liz King, Director, President's Club
- David Lieb, Associate Vice President for Development
- Bruce Miller, Campaign Vice Chair and Chair, College Campaign Committees
- Rod Kirsch, Senior Vice President for Development and Alumni Relations
- Peter Tombros, Campaign Chair
- Dennis Peters, IT Consultant

Peter Tombros Presentation: Campaign Update

- Peter welcomed and thanked the chairs for their participation and provided a campaign update referring to slides/handouts that were sent to the chairs prior to the call.
- Peter reported that 57 percent of the campaign's timeline has elapsed and the overall campaign progress to date is more than \$1.3 billion or 65 percent of the \$2 billion goal. The \$88 million gift from Terry and Kim Pegula has given the campaign a nice boost.
- Peter mentioned a few 'hallmarks' of the campaign. Penn State is now generating on average about \$25 million per month and approximately \$300 million per year in commitments and this is seven times greater than our first major campaign. At the *For the Future: The Campaign for Penn State Students* halfway mark, we have almost surpassed the total of the Grand Destiny Campaign. Penn State is currently raising money at about double the rate of the previous campaign. Other 'hallmarks' include the \$88 million gift from the Pegulas. In addition, total cash receipts last fiscal year exceeded \$200 million. Penn State achieved its best month ever in December 2009 raising \$62 million. Before receiving the Pegula gift in first quarter 2010, the *Chronicle of Higher Education* indicated Penn State was recognized as having the best fundraising quarter among 43 peer institutions that were in active campaigns at that time.
- Peter offered a brief commentary on why the \$334 million state appropriation is so important. The current appropriation is equivalent to a \$7 billion endowment or more than four times our existing endowment. However, unlike our existing endowment, which is 98 percent restricted, state appropriations are used for operating expenses so any reduction in that appropriation has an enormous impact on the education and general core of our business.
- Peter encouraged the chairs to make their concerns known to the governor, their legislative representatives and constituents within their local communities. This is a time to get the message out about Penn State's impact.
- Peter again thanked the chairs for their great work. He looks forward to working with all of chairs over the remainder of our campaign.

Rodney Kirsch Presentation: Status of State Appropriation

- Rod referenced the FAQ sheet that was sent to the chairs prior to the meeting regarding information on the governor's proposal for public funding of higher education in Pennsylvania.
- Rod reported that on March 8, the governor proposed that public higher education received a significant cut. As it relates to Penn State that turns into a 50 percent cut in our general appropriation and a 50 percent cut in agricultural research, cooperative extension funding and total elimination of funding for educational assistance grant at the Hershey Medical Center. The governor reported that he would like to have a new budget in place and approved by the end of May.
- He noted that Dr. Spanier announced that salaries would be frozen for the next year. Penn State has slowed down the hiring process, but has not declared a hiring freeze. Senior administrators have been asked to be very cautious in filling open positions that may need to be cut or consolidated once the budget is finalized.
- Penn State's admissions office anticipates that there will be a lower yield rate from freshmen offered admission due to budget discussions. The in-state acceptance rate is down 4 percent from the previous year. The out-of-state acceptance rate is up 4 percent.
- Since last fall, an internal committee at Penn State called the CORE Council, which is composed of administrative and academic leaders, has been looking to cut \$17 million from the University's budget. All of the University's leaders, deans, chancellors and vice presidents were asked to prepare a 2-4 percent

permanent cut in their respective budgets. Executives at the Hershey Medical Center are prepared to reduce up to 8 percent of their permanent funding.

The floor was then opened for questions either on the campaign update or on the state appropriation presentations.

- Pat Sheridan, chair substitute for Worthington Scranton campus, complimented Rod on his update of the state appropriation. Pat asked how Pennsylvania's state funding for education compared to other states.

Rod indicated that the proposed cut is the largest cut that any state has ever seen in a single year. Rod referenced a recent study in the *Chronicle of Higher Education* titled, "State Appropriation for Major Public Universities." Of the 50 institutions that were part of the study, Penn State ranked 49 with \$2,373 per student in terms of the state appropriation. In terms of its support of higher education, Pennsylvania has always been at the bottom tier, between 44 and 48 among the 50 states.

- Lee asked Rod if the appropriations to Penn State and three other colleges in the state are different from the way that there are allocations to other state universities/colleges.

Rod indicated that Penn State has a designation as a state-related institution versus state-owned. Penn State, Temple, University of Pittsburgh and Lincoln University are all state-related. Penn State falls into a category of non-preferred appropriation, which means that after all the other preferred mandates are taken care of the legislature directs its attention to Penn State. The state-owned Universities such as Shippensburg, Slippery Rock, West Chester, etc., are part of the preferred appropriation process. The preferred appropriations only require a majority by the senate and house in terms of their approval of their budgets whereas the state-related institutions like Penn State require a 2/3 approval. Historically, state-owned institutions have received more support as a percentage of their operating budgets than state-related institutions.

- Lee commented on the importance of talking with our local representatives so they understand how significant this is to the state, to the country and to the world that Penn State students continue to be able to have access to Penn State and to the other schools.
- Peter added that focus of the thrust of discussion have been centered around explaining the benefits that Penn State brings to local communities, to the state and even the nation. Peter thinks that our administration and President Spanier have tried to keep this issue on a very positive keel. Peter suggested that if they have the opportunity to talk to our political leaders this approach would pay the biggest benefit.
- Lee mentioned that if there are any questions about a college unit or campus on how possible budget changes within the university might affect a specific unit that the chairs should feel free to talk with their dean, chancellor or development director.

Liz King Presentation: President's Club Membership Criteria Changes

Liz gave the attached presentation on the recent membership criteria changes. She highlighted the following changes:

- The new changes for the President's Club will go into effect July 1, 2011. Membership will include any individuals with cumulative giving of \$2,500 or more per fiscal year to any allocation University-wide. A new giving level called the President's Circle has been added. This level will recognize donors giving \$10,000 or more per fiscal year.
- The President's Club reception will be held on September 23, 2011 at University Park. The reception will recognize fiscal year 2011 President's Club members – those who are giving in the current membership model recognizing unrestricted giving through June 30, 2011.

- It is anticipated that President's Club membership will increase by 40 percent with these membership changes, which will require the logistics for the University Park reception to be reviewed and perhaps modified. They will look at where they have large concentrations of President's Club members and consider hosting regional receptions inside and outside of Pennsylvania.
- Lee Beard indicated that there would be a regional reception at the Berks Campus. She also noted that invitations to the September 2011 reception will be based on the current criteria for unrestricted gifts of \$2,500 and above through June 30, 2011.
- Bruce Miller suggested that the chairs talk to their development officers or respective deans and chancellors to schedule at least five minutes during their fall campaign meetings to discuss the new changes to President's Club membership criteria. He also mentioned that when the membership criteria changed there were some committee members and donors who were dissatisfied with the policy change. He added that the chairs might want to reach out to these donors, even though they received President Spanier's letter, to let them know that all gifts of \$2,500 and above will qualify for President's Club membership.

Mike Degenhart Presentation: Penn State's Charitable Gift Fund

Mike gave the attached presentation on Penn State's New Charitable Gift Fund. He highlighted the following:

- The Penn State University Charitable Gift Fund (PSUCGF) is a donor advised fund that is convenient, flexible and cost-effective way to support Penn State and other causes that matter to donors. Donors may take advantage of immediate tax benefits.
- The minimum contribution is \$25,000 and may be in the form of cash, securities, real estate, or most other asset types. At least 50 percent of all contributions must be gifted to Penn State. The remainder may be distributed to Penn State or to other qualified charities.
- Donors will receive campaign credit at the time they make a grant and distribute funds to the University from a donor advised fund account.
- The Web site and press release will launch on April 18 and the Office of Gift Planning has begun to market the material.
- Gift Planning can now accept gifts, but it is not their intent that the volunteers become experts. Gift Planning has the experts on staff and are available to provide assistance to the campuses and colleges with prospects that are interested in this fund.
- If interested in testing the web platform, donors may contact the Office of Gift Planning at 888-880-9170 to receive a user name and password that will allow them to create a "dummy account" where one can make fake grants to charities to see how the program operates.

Earl and Kay Harbaugh, co-chairs of the College of Agricultural Sciences Campaign Committee, are Penn State's first donors to establish a Charitable Gift Fund. Earl, who participated in the morning session, was asked to make a few comments regarding why he and Kay decided to establish a donor advised fund.

- Earl thanked the University for creating the fund and said that Penn State has taken a gigantic step forward by tapping into the donor advised funds that are available elsewhere. He indicated that last December they did a test run of the web platform, which was critical because of the timing of where they are in their estate planning and, in particular, taking 401K retirement funds and converting them and preparing their family legacy in the philanthropic area. He also said that it is an excellent opportunity for his family to be able to tap into the funds to provide future support for their respective areas of interest.

- Mike Degenhart added that families could build a tradition of giving and teach their children and grandchildren the value of philanthropy by involving them in the decision-making process.
- Earl responded by saying that members of the Harbaugh family currently serve as advisors and are aware of what he and Kay have done and that he is proud that the children are involved in the decision.
- Joe Monkowski, College of Engineering, asked how much this mechanism will bring in new money that otherwise would not have been brought in via a different mechanism.

Mike Degenhart responded by saying that Notre Dame started a donor advised fund in 2007 (before the recession) and they received \$17M in new gifts, half of which have been earmarked for the university. He said that it is his belief that donors will be setting up these funds when they have a tax event and this will allow Penn State the ability to talk to these donors about projects and priorities at the campus and college levels. He stressed that they are not taking money away from other current uses or gifts from the University, but helping donors to build a philanthropic base. Penn State wants to be involved in helping donors to make grants to the charities and communities that they support and engage them in these conversations.

Bruce Miller agreed with Mike's closing remarks that the volunteers are not expected to become experts on the Charitable Gift Fund and the volunteers should use the Office of Gift Planning as a resource for information or assistance. He also said that the volunteers should have a supply of the wallet-sized "Named Endowment Levels" cards that have the toll-free number for the Office of Gift Planning and Endowments and the various giving levels. Please contact Melanie Ekdahl (mse1@psu.edu), if you wish to receive a supply of the cards.

Closing remarks:

Bruce and Lee thanked the chairs for their participation in the respective conference calls and for their ongoing support of Penn State.

They mentioned that the chairs will receive their first supplement to the *Guide to Major Gift Fundraising Procedures and Best Practices at Penn State*, a best practice in the College of Agricultural Sciences. The best practice and supporting pages will be sent via e-mail after the conference call and they asked the chairs to insert this material into their three-ring binder.

Bruce and Lee asked the chairs to send them agenda items for suggestions or topics for the fall campaign chairs' meeting, as they will be working on the agenda over the summer.

Meeting adjourned.

****REMINDER****

**Next Chairs' Meeting
Friday, October 7, 2011 at University Park
Iowa Football Game Weekend**

*Respectfully submitted:
Office of University Development
5/31/11*

