

PENNSSTATE



GG+A

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Summary Report: Post-Campaign Strategic Review
The Pennsylvania State University

September 20, 2013



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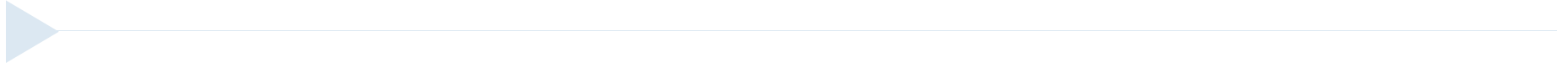
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INTRODUCTION

INSTITUTIONAL CONTEXT

- The Pennsylvania State University (Penn State) is a premier public research university (a member of the Association of American Universities) with 24 campuses across the Commonwealth of Pennsylvania.
- In FY12, Penn State garnered \$807.5 million in sponsored research awards, including nearly \$507.5 million in federal research grants and over \$110 million in industry-sponsored grants.
- The fundraising program at Penn State University has grown remarkably in productivity and effectiveness. The University now stands 11th in the country among public research universities, having made significant progress in its competitive position since the 1980s.
- Despite unprecedented challenges, including the national economic downturn, followed by an extraordinarily difficult period for the University as a whole, the *For the Future Campaign* is on target to meet its \$2 billion goal by June 30, 2014.
- Penn State enjoys a deep level of commitment and support from its alumni population with the largest dues-paying alumni association, the Penn State Alumni Association (PSAA), in the country.

POST-CAMPAIGN STRATEGIC REVIEW

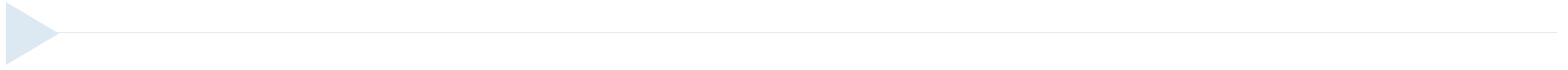
- Recognizing the need for accelerated philanthropic growth post-campaign, the Senior Vice President invited a thorough review of Division of Development and Alumni Relation (DDAR) strategies and tactics during the final year of the campaign.
- Penn State retained Grenzebach Glier and Associates (GG+A) in January 2013 to conduct a Post-Campaign Strategic Review of the Development programs at Penn State focusing upon organizational structures, staffing levels, deployment of resources, program strategies, fundraising history and progress, and investment in the fundraising program across the institution.
- Across the University, GG+A found a strong belief among interviewees in the quality of the education and research underway, and a desire for the University to sustain its position among the best universities in the country.
- The Advisory Committee for Strategic Review of Penn State's Development Program, which includes volunteer leaders, deans, and chancellors, has provided thoughtful review and constructive criticism throughout GG+A's review process, as have the most senior administrators of the University.

STUDY
OBJECTIVES

- Primary objectives for the post-Campaign Strategic Review included the following:
 - An organizational analysis of structure, philanthropic metrics, historical growth, and “cost/yield” performance relative to those of peer institutions and to Penn State’s philanthropic constituencies;
 - Recommendations for new investments, organizational strategies, and program initiatives that might yield higher levels of philanthropic support; and
 - Multi-year projections for potential philanthropic growth that identify investment levels required to achieve such growth.
- Please note that the scope of GG+A’s assignment did not include a full review of the Penn State Alumni Association. Our consideration of the PSAA focused on its interaction with and impact upon fundraising efforts on behalf of the University.

STUDY
METHODOLOGY

- GG+A's program review included the following components:
 - Preparation of a comprehensive Request for Materials (RFM) in February 2013;
 - Thorough review of a self-study prepared by Penn State's Division of Development and Alumni Relations (DDAR) in response to GG+A's RFM;
 - Design and administration of four Web-based surveys to Penn State volunteer leaders, academic and campus leaders, and DDAR staff members;
 - Interviews with 130 individuals, including 25 academic and administrative officers, 37 volunteer leaders, and 68 DDAR staff members;
 - Analysis of Penn State's donor and constituent database; and
 - Benchmarking against relevant cohorts of higher education institutions.



BENCHMARKING

BENCHMARKING METHODOLOGY

- GG+A benchmarked Penn State’s fundraising productivity and budgetary investment against those of peer institutions, including the following sources:
 - Council for Aid to Education (CAE) Voluntary Support of Education (VSE) annual reports of private philanthropic support to public higher education, with special attention to the ten public research universities that have achieved the highest level of private philanthropy (Leading Public Research Universities cohort);
 - A Peer Benchmark Cohort consisting of institutions (UCLA, Florida, Ohio State, Virginia, and University of Washington) that have joined Penn State in deeper programmatic and quantitative benchmarking than that available from public sources; and
 - The Association of American Medical Colleges (AAMC) Annual Development Report, focusing on the medical centers associated with the Big Ten universities.
- All benchmarking is conducted in terms of Total Private Support (TPS), which follows the national standards set by CAE and measures cash receipts.

BENCHMARKING OVERVIEW

- Penn State's compound annual growth rate of 2.1%, as measured FY00-FY02 to FY10-FY12, surpassed the 0.9% rate of growth achieved by all Public Higher Education, but lagged that of both the Leading Public Research Universities Cohort (3.0%) and the Peer Benchmark Cohort (2.4%).
- In real dollars received, Penn State's average TPS of \$215.8 million FY10-FY12 lags the average TPS of both primary cohorts, with Leading Public Research Universities reporting an average of \$292.9 million and the Peer Benchmark Cohort at \$269.3 million.
- Penn State's average gift per alumnus of record in FY10-FY12 is \$159, slightly below the average of \$165 across the Leading Public Research Universities.
- Penn State's overall alumni participation (14%) and undergraduate alumni participation (16%) FY10-FY12 are at the mean of the Leading Public Research Universities cohort.
- Giving by alumni at Penn State from FY10 through FY12 averaged \$86.2 million from 75,501 alumni donors, or \$1,142 per donor, approximately 11% below the average gift of \$1,285 per alumni donor across the Leading Public Research Universities cohort during the same time period.

TABLE 1: FUNDRAISING PERFORMANCE—COMPARATIVE DATA

Institution	Total Private Support		% Change (FY00–FY02) to (FY10–FY12)	Compound Annual Growth Rate (FY00–FY02) to (FY10–FY12)
	FY00–FY02 Average	FY10–FY12 Average		
Penn State University	\$176.2	\$215.8	22.5%	2.1%
All Public Higher Education	\$22.5	\$23.7	5.4%	0.9%
Leading Public Research Universities	\$217.1	\$292.9	34.9%	3.0%
Peer Benchmark Cohort	\$212.0	\$269.3	27.1%	2.4%

Source: Council for Aid to Education (CAE)

Dollars in millions

Total Private Support includes new cash and pledge payments (including realized bequests); new irrevocable planned gifts are counted at net present value.

TABLE 2: FY10–FY12 ALUMNI PARTICIPATION

Rank	Institution	Total Private Support (FY10–FY12)	Alumni of Record (FY10–FY12)	Alumni Donors (FY10–FY12)	Alumni Participation (FY10–FY12)	Undergraduate Alumni Participation (FY11)
1	University of California, Los Angeles	\$366.5	391,112	33,782	9%	13%
2	University of California, Berkeley	\$332.1	429,749	35,148	8%	12%
3	Indiana University	\$328.9	432,005	68,622	16%	16%
4	University of Wisconsin, Madison	\$314.3	400,991	42,669	11%	10%
5	University of Washington	\$310.2	325,582	49,902	15%	15%
6	University of North Carolina, Chapel Hill	\$276.2	272,564	50,546	19%	22%
7	University of Michigan, Ann Arbor	\$271.3	502,587	57,299	11%	17%
8	Ohio State University	\$268.4	458,778	64,718	14%	15%
9	University of Texas, Austin	\$244.9	454,975	58,067	13%	14%
10	University of Virginia	\$215.9	197,380	36,709	19%	22%
11	Pennsylvania State University	\$215.8	542,503	75,501	14%	16%
NA	Mean	\$292.9	386,572	49,746	13%	16%

Source: Council for Aid to Education (CAE) and *US News and World Report*. Institutions listed in order of FY10–FY12 average Total Private Support.

Total Private Support includes new cash and pledge payments (including realized bequests); new irrevocable planned gifts are counted at net present value.

TABLE 3: FY10–FY12 ALUMNI GIVING

Rank	Institution	Total Giving from Alumni (FY10–FY12)	Total Alumni of Record (FY10–FY12)	Total Alumni Donors (FY10–FY12)	Alumni Giving per Alumnus of Record (FY10–FY12)	Alumni Giving per Alumni Donor (FY10–FY12)
1	University of California, Los Angeles	\$48.8	391,112	68,622	\$125	\$711
2	University of California, Berkeley	\$74.3	429,749	33,782	\$173	\$2,200
3	Indiana University	\$46.9	432,005	35,148	\$109	\$1,335
4	University of Wisconsin, Madison	\$44.0	400,991	49,902	\$110	\$881
5	University of Washington	\$42.9	325,582	50,546	\$132	\$848
6	University of North Carolina, Chapel Hill	\$66.0	272,564	64,718	\$242	\$1,020
7	University of Michigan, Ann Arbor	\$143.4	502,587	57,299	\$285	\$2,502
8	Ohio State University	\$44.5	458,778	42,669	\$97	\$1,043
9	University of Texas, Austin	\$71.5	454,975	58,067	\$157	\$1,231
10	University of Virginia	\$56.9	197,380	36,709	\$288	\$1,549
11	Pennsylvania State University	\$86.2	542,503	75,501	\$159	\$1,142
NA	Mean	\$63.9	386,572	49,746	\$165	\$1,285

Source: Council for Aid to Education (CAE). Institutions listed in order of FY10–FY12 average Total Private Support.

Total Giving from Alumni dollars in millions.

Total Giving from Alumni includes new cash and pledge payments (including realized bequests); new irrevocable planned gifts are counted at net present value.

BENCHMARKING ORGANIZATION AND STAFFING

- Total FTE for DDAR is average among the Peer Benchmark Cohort.
- The proportion of total FTE allocated to Alumni Relations is double the average of the Peer Benchmark Cohort.
- Staffing for Communications and Operations is low both proportionately and in headcount.
- In terms of area of assignment of frontline fundraisers, Penn State is anomalous in the following areas:
 - No leadership annual giving officers, as compared with an average of 16 for the Peer Benchmark Cohort;
 - Less than half the average number of corporate/foundation fundraisers;
 - Three times the average number described as “manager of program area or unit;”
 - A large contingent of staff members described as “stewardship” officers; and
 - Fewer gift officers assigned to Medicine (11, compared with an average of 19) than any of the Peer Benchmark Cohort.

TABLE 4: DISTRIBUTION OF DEVELOPMENT AND ALUMNI RELATIONS STAFF BY FUNCTION (FY11–FY12 AVERAGE)

Distribution of Development and Alumni Relations FTE by Function													
FY11–FY12 Average													
	Executive Management		Development		Alumni Relations		Dev/Alum Communications		Advancement Services		Operations		Total Development and Alumni Relations FTE
Institution	FTE	% Total	FTE	% Total	FTE	% Total	FTE	% Total	FTE	% Total	FTE	% Total	FTE
UCLA	2.9	0.7%	182.9	41.8%	43.9	10.0%	44.8	10.2%	124.7	28.5%	38.2	8.7%	437.4
Florida	3.5	0.8%	133.8	30.6%	24.5	5.6%	17.7	4.0%	60.0	13.7%	23.3	5.3%	268.9
Ohio State	3.4	0.8%	172.0	39.3%	39.3	9.0%	33.0	7.5%	106.9	24.4%	22.3	5.1%	376.9
Virginia	12.9	3.0%	233.2	53.3%	41.5	9.5%	53.0	12.1%	101.2	23.1%	36.5	8.3%	478.1
Washington	6.5	1.5%	165.5	37.8%	20.4	4.7%	63.7	14.6%	79.4	18.2%	13.9	3.2%	378.6
Mean	5.8	1.3%	177.5	40.6%	33.9	7.8%	42.4	9.7%	94.4	21.6%	26.8	6.1%	388.0
Penn State	5.0	1.3%	199.6	51.6%	59.7	15.4%	25.1	6.5%	85.8	22.2%	11.5	3.0%	386.6

Source: Peer Benchmark Cohort

Note: Staffing distribution is defined by function, rather than organizational location.

Staffing counts represent average of positions filled as of 6/30/11 and 6/30/12.

TABLE 5: FY12 DISTRIBUTION OF GIFT OFFICER STAFF BY ROLE

Institution	Major, Leadership, and Principal Gifts	Annual and Reunion Leadership Gifts	Parent Giving	Gift Planning/Planned Giving	Corporations	Foundations	Manager of a Program/Unit	Stewardship	Total Gift Officer Staff
UCLA	100	25	0	2	7	0	0	0	134
Florida	51	7	0	3	1	1	9	0	72
Ohio State	75	20	1	4	3	2	10	1	116
Virginia	67	25	1	5	2	0	17	2	119
Washington	77	5	0	6	7	4	29	0	128
Mean	74	16.4	0.4	4	4	1.4	13	0.6	113.8
Penn State	67	0	1	5	2	0	39	24	138

Source: Peer Benchmark Cohort

Staff totals represent all Development and Alumni Relations staff with prospect assignments.

Note: Staffing distribution is defined by function, rather than organizational location.

Staffing counts represent average of positions filled as of 6/30/11 and 6/30/12.

TABLE 6: FY12 DISTRIBUTION OF GIFT OFFICER STAFF BY AFFILIATION

Institution	Central	Arts & Sciences	Athletics	Business	Education	Engineering	Law	Medicine	Nursing	Other Academic/ Program Unit	Total Gift Officer Staff
UCLA	30	15	11	11	3	4	5	21	1	33	134
Florida	15	5	3	4	6	1	3	15	1	19	72
Ohio State	33	0	9	8	2	4	3	24	1	32	116
Virginia	27	8	9	17	2	5	8	17	3	23	119
Washington	22	30	9	10	2	11	3	21	2	53	163
Mean	25.4	11.6	8.2	10	3	5	4.4	19.6	1.6	32	120.8
Penn State	15	10	7	7	3	7	3	11	0	75	138

Source: Peer Benchmark Cohort

Staff totals represent all Development and Alumni Relations staff with prospect assignments.

Note: Staffing distribution is defined by function, rather than organizational location.

Staffing counts represent average of positions filled as of 6/30/11 and 6/30/12.

BENCHMARKING

INVESTMENT IN PROGRAM

- Penn State's total Development and Alumni Relations budget is slightly above the Peer Benchmark Cohort average.
- However, when alumni relations expenditures are excluded from the analysis, Penn State falls to the average level.
- Alumni relations staffing at Penn State is larger in proportion to the size of the alumni body than the mean of the Peer Benchmark Cohort.
- At \$0.22, Penn State's Cost Per Dollar Raised (CPDR) is the highest among the Peer Benchmark Cohort, FY10–FY12, and compares with an average cost of \$0.17.
- At \$0.18, Penn State's CPDR for Development only (without Alumni Relations), is above the average for the Peer Benchmark Cohort (\$0.15) and equivalent to that of the University of Virginia.

TABLE 7: DEVELOPMENT AND ALUMNI RELATIONS EXPENDITURES—COMPARATIVE DATA

Institution	Total Private Support		Total Development and Alumni Relations Expenditures		Total Development Expenditures (Alumni Relations Excluded)		Cost Per Dollar Raised (Total Development and Alumni Relations Expenditures)		Cost Per Dollar Raised (Total Development Expenditures)	
	FY10-FY12 Average	FY12	FY10-FY12 Average	FY12	FY10-FY12 Average	FY12	FY10-FY12 Average	FY12	FY10-FY12 Average	FY12
UCLA	\$366.5	\$344.2	\$53.2	\$56.5	\$48.6	\$51.4	\$0.15	\$0.16	\$0.13	\$0.15
Florida	\$185.7	\$173.4	\$33.0	\$35.0	\$27.8	\$30.0	\$0.18	\$0.20	\$0.15	\$0.17
Ohio State	\$268.4	\$334.5	\$50.3	\$55.1	\$44.9	\$47.5	\$0.19	\$0.16	\$0.17	\$0.14
Virginia	\$215.9	\$237.2	\$45.2	\$44.6	\$38.1	\$38.4	\$0.21	\$0.19	\$0.18	\$0.16
Washington	\$310.2	\$310.9	\$42.2	\$44.1	\$38.7	\$42.3	\$0.14	\$0.14	\$0.12	\$0.14
Mean	\$269.3	\$280.0	\$44.8	\$47.1	\$39.6	\$41.9	\$0.17	\$0.17	\$0.15	\$0.15
Penn State	\$215.8	\$181.5	\$47.2	\$49.1	\$39.7	\$39.4	\$0.22	\$0.27	\$0.18	\$0.22

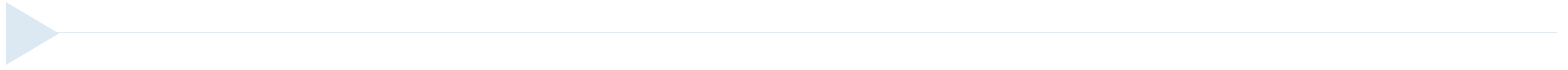
Source: Council for Aid to Education (CAE) and Peer Benchmark Cohort

University of Florida and University of Virginia did not report Alumni Relations expenditures in FY10; FY10–FY12 averages reflect FY11 and FY12 data only.

TABLE 8: ALUMNI PER ALUMNI RELATIONS FTE (FY12)

Institution	Alumni of Record (FY12)	Alumni Relations FTE (FY11–12 Average)	Alumni of Record per Alumni Relations FTE
UCLA	401,293	43.9	9,133
Florida	346,422	24.5	14,154
Ohio State	477,042	39.3	12,138
Virginia	202,073	41.5	4,873
Washington	325,744	20.4	15,968
Mean	350,515	33.9	10,335
Penn State	557,311	59.7	9,339

Source: Council for Aid to Education (CAE) and self-reported



KEY FINDINGS

KEY FINDINGS

FUNDRAISING RESULTS

- The fundraising program at Penn State is admired across the institution as a program that is notable for its collegiality and positive relationships with academic and programmatic leaders.
- The *For the Future* Campaign is on target to meet its \$2 billion goal by June 30, 2014, despite the disruptions of scandal and abrupt institutional leadership transition in 2011 and 2012.
 - Nearly 25% of total gifts recorded against the Campaign represent future commitments (bequest intentions and planned gifts).
- Although corporate fundraising results are positive in comparison with those at peer institutions, support from private foundations is surprisingly low.
- Penn State Milton S. Hershey Medical Center underperforms its peer academic medical centers considerably in Total Private Support.

**TABLE 9: GIVING FROM FOUNDATIONS COMPARATIVE DATA
(MEDICAL CENTER FOUNDATION SUPPORT EXCLUDED)
FY10–FY12 AVERAGE**

Institution	Institutional Total Private Support	Total Private Support from Foundations	Total Foundation Private Support as a Percentage of Institutional Total Private Support	Medical Center Total Private Support from Foundations	Total Non-Medical Foundation Private Support	Total Non-Medical Foundation Private Support as a Percentage of Institutional Total Private Support
Peer Benchmark Cohort	\$269.3	\$94.6	35.1%	\$40.3	\$54.2	20.1%
Leading Public Research Universities	\$293.9	\$102.8	35.0%	\$41.7	\$61.1	20.8%
Penn State University	\$215.8	\$28.0	13.0%	\$7.5	\$20.5	9.5%

Source: Association of American Medical Colleges (AAMC) Annual Development Survey and Council for Aid to Education (CAE)

The University of California, Berkeley, and the University of Texas, Austin, do not have medical centers or schools and have been excluded from the Leading Public Research Universities cohort.

Total Private Support includes new cash and pledge payments (including realized bequests); new irrevocable planned gifts are counted at net present value.

TABLE 10: PENN STATE HERSHEY MEDICAL CENTER: BENCHMARKING SUMMARY DATA (FY10-FY12)

Institution	Year Established	Total Number of Solicitable Alumni	Total Private Support (Institution)	Total Private Support (Medical Center)	Medical Center Total Private Support as a Percentage of Institutional Total Private Support	NIH Research Funding	Faculty Size	Total Number of Beds
Illinois ¹	1883	5,330	\$206.6	\$30.1	14.6%	\$130.4	995	467
Indiana	1911	16,532	\$328.9	\$62.7	19.1%	\$119.5	1,738	1,597
Iowa	1871	20,204	\$113.5	\$34.5	30.4%	\$174.1	986	699
Michigan	1851	18,650	\$271.3	\$71.5	26.4%	\$462.8	1,599	880
Minnesota ²	1891	12,199	\$258.8	\$93.9	36.3%	\$249.1	1,555	806
Northwestern	1860	19,573	\$231.0	\$108.6	47.0%	\$167.2	1,752	854
Ohio State	1834	14,478	\$268.4	\$82.3	30.7%	\$140.1	1,467	976
Wisconsin	1929	6,829	\$314.3	\$60.5	19.2%	\$241.8	1,121	493
Mean	1879	14,224	\$249.1	\$68.0	27.9%	\$210.6	1,402	847
Median	1877	15,505	\$263.6	\$67.1	28.4%	\$170.7	1,511	830
Penn State Hershey	1971	3,172	\$215.8	\$32.6	15.1%	\$54.6	917	443

*All data represents FY10-FY12 Average except for Year Established, which reflects the year that was reported in the 2012 AAMC Annual Development Survey, and Total Number of Beds, which is as of 2012 in the *US News and World Report* Hospital Directory.

¹Illinois did not participate in the 2010 or 2011 AAMC Annual Development Survey; Total Solicitable Alumni and Total Private Support (Medical Center) represent FY12.

²Minnesota did not participate in the 2012 AAMC Annual Development Survey; Total Solicitable Alumni and Total Private Support represent average of FY10-FY11.

Source: Association of American Medical Colleges (AAMC) Annual Development Survey; AAMC Faculty Roster 2010-2012; Institutional Total Private Support from Council for Aid to Education (CAE); Total Number of Beds figures from *US News and World Report* 2012 Hospital Directory.

KEY FINDINGS

VOLUNTEER ENGAGEMENT

- Penn State enjoys remarkably loyal and engaged volunteers. Many of those who serve on campaign committees have been active volunteers for two or three campaigns, with several who have been involved continually for more than 25 years.
- Nearly every academic unit at the University reports having an active campaign committee in place. Most academic leaders believe that their committees have helped to achieve fundraising objectives.
- Volunteers are typically deeply engaged with their unit campaign efforts and have significant “insider” knowledge of how Development and Alumni Relations functions at Penn State.
- Volunteers demonstrate a deep affection for and loyalty to Penn State, even as they offer constructive criticism. Several perceive a culture of “conservative goal setting” and “reactivity” across DDAR.
- Nearly all volunteers interviewed are consistent leadership annual fund donors, and most are major or leadership gift donors.
 - No expectation of philanthropic support is defined for PSAA volunteers, including the members of the Alumni Association Board.
 - One-third of volunteers report that gift expectations for their committees are unclear or not stated.

KEY FINDINGS

VOLUNTEER ENGAGEMENT

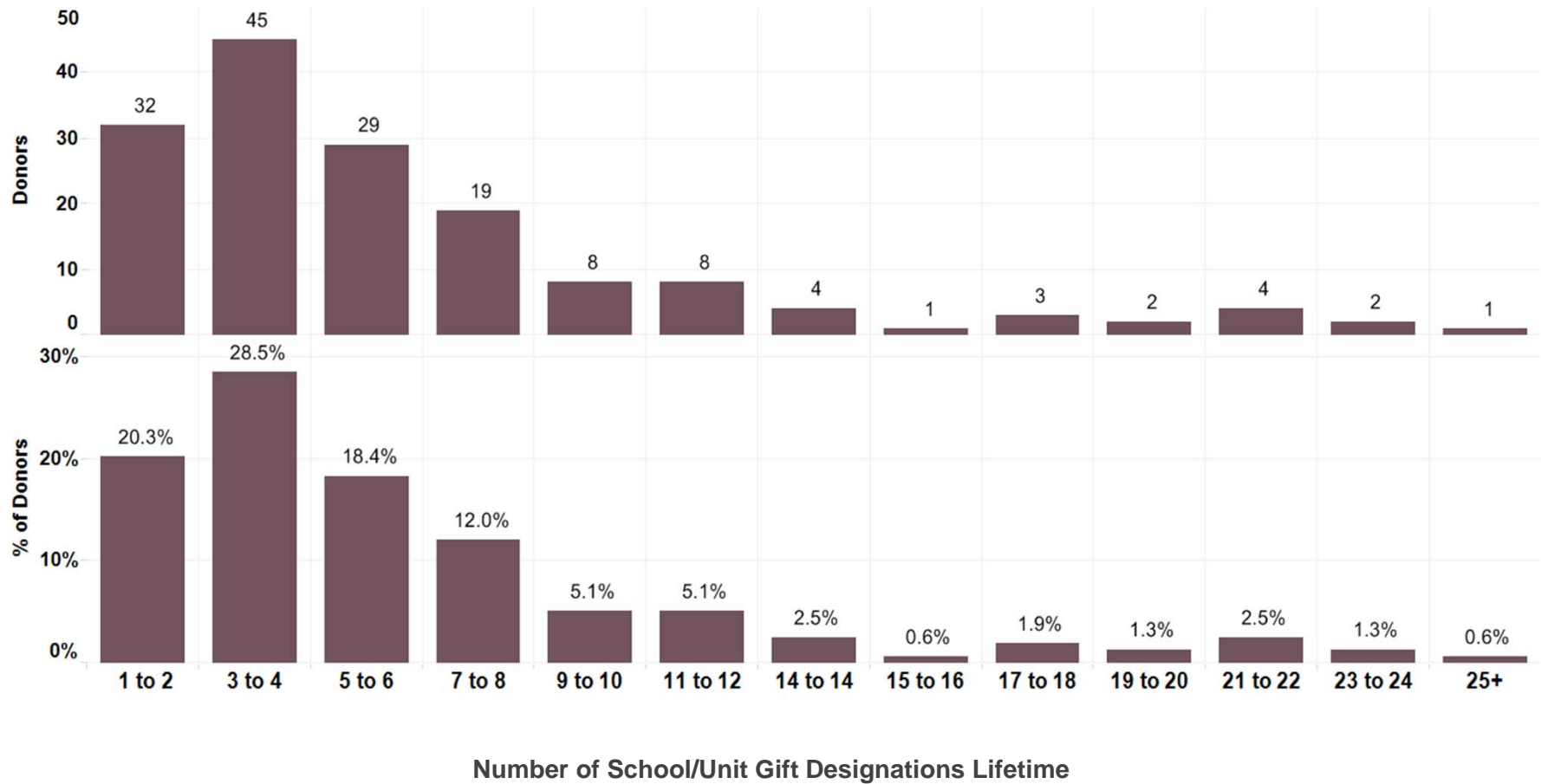
- Despite their general enthusiasm and engagement, volunteers report spending little actual time cultivating and soliciting major gift prospects. Several long-term volunteers report having had a more active role in donor cultivation and solicitation during previous campaigns.
- A strong majority (85%) of volunteers would be willing to do more if asked, and one out of three believes that his or her time/talents/expertise has been used effectively only some of the time or not at all.
- During GG+A's interviews, several volunteers identified University Relations as lacking at Penn State and not effective in promoting positive messages about the University.

KEY FINDINGS

STRATEGY AND STRUCTURE

- Definitions of fundraising objectives and prospect assignment are heavily weighted to the units (colleges, campuses, and programs), and DDAR relies on a highly structured annual goal-setting process.
- The DDAR organizational structure is quite flat and equitable in the assignment of staffing in that each unit has at least one full-time DDAR staff member.
- Frontline fundraisers would benefit from significantly more hands-on coaching and strategy discussion than can be provided within the current organizational structure.
- There is very little cross-unit collaboration on strategy or prospect development and no dedicated staff support focused on the “big ideas” that were identified at the outset of the Campaign. In fact, deans and chancellors report only occasional collaboration across units in terms of academic or programmatic planning.
- The leadership gifts (principal gifts) program at Penn State is underperforming.
- Leadership gifts prospects are typically assigned and managed at the unit level, although evidence suggests that many of PSU’s most generous donors have supported multiple units across the institution.

CHART A: PATTERNS OF SUPPORT FROM LEADERSHIP DONORS



Source: Self-reported
 Currently living donors who have made single gifts of \$1,000,000+ since 2003
 Giving data represents new gift commitments (outright gifts and pledges).

KEY FINDINGS

MAJOR GIFTS PROGRAM

- Comparison with the Peer Benchmark Cohort indicates the following:
 - Gift officer productivity is high on some measures (numbers of prospect visits, number of proposals submitted).
 - But low on others (size of average proposal, number of proposals closed, and yield per FTE).
- The results suggest that Penn State fundraisers may be setting donor sights low and misjudging the optimal timing of proposals, resulting in a preponderance of proposals below \$100,000 and proposal close rates significantly below that of peer institutions.
- Overall, Penn State fundraisers lag their peers by \$2.4 million in average total proposal value and by \$1.5 million in dollars raised per FTE.
- It should be noted that these proposal and fundraising results include corporate and foundation support, as well as individual giving. As such, the productivity gap must be reviewed across both individual and organizational fundraising teams at Penn State.

TABLE 11: MAJOR GIFTS: GIFT STAFF PERFORMANCE METRICS (FY11–FY12)

Institution	Gift Staff Performance Metrics (FY11–FY12 Average)							
	Major Gift Staff FTE	Prospect Assignments (Unique)	Visits Completed	Number of Proposals Submitted (\$50,000+)	Visits per Major Gift Staff FTE	Proposals per Major Gifts Staff FTE	Proposal Value per FTE	Dollars Raised per FTE
UCLA	84.8	5,685	6,088	992.5	71.8	11.7	\$9.5	\$2.7
Florida	43.0	3,127	7,277	430.5	170.2	9.8	\$3.9	\$2.5
Ohio State	62.2	6,301	8,580	583.5	137.9	9.4	\$4.8	\$2.5
Virginia	54.3	6,830	7,708	497.5	143.7	9.3	\$6.6	\$3.3
Washington	62.4	9,423	7,930	835.5	127.1	13.4	\$11.7	\$3.4
Mean	61.3	6,273	7,516	667.9	130.1	10.7	\$7.3	\$2.9
Penn State	82.9	8,154	13,930	965.0	168.5	11.7	\$4.9	\$1.4

Source: Peer Benchmark Cohort

Major Gift Staff FTE based on the amount of time each gift officer is expected to spend in direct work with prospects.

TABLE 12: MAJOR GIFTS: DISTRIBUTION OF PROPOSALS SUBMITTED BY PROPOSAL VALUE (FY11–FY12)

Institution	Distribution of Proposals Submitted by Proposal Value (FY11–FY12 Average)			
	\$50,000 to \$99,999	\$100,000 to \$999,999	\$1,000,000 to \$9,999,999	\$10,000,000+
UCLA	25.7%	58.4%	14.5%	1.5%
Florida	21.2%	59.8%	18.3%	0.9%
Ohio State	41.5%	47.1%	10.7%	0.8%
Virginia	21.1%	63.2%	14.5%	1.1%
Washington	29.7%	54.9%	14.2%	1.3%
Mean	27.8%	56.7%	14.4%	1.1%
Penn State	51.0%	39.5%	9.1%	0.5%

Source: Peer Benchmark Cohort

TABLE 13: MAJOR GIFTS: PROPOSAL SUCCESS RATES BY PROPOSAL VALUE (FY11–FY12)

Proposal Success Rate by Proposal Value (FY11–FY12 Averages)												
Institution	\$50,000 to \$99,999			\$100,000 to \$999,999			\$1,000,000 to \$9,999,999			\$10,000,000+		
	Total Value	Dollars Raised	Yield Rate	Total Value	Dollars Raised	Yield Rate	Total Value	Dollars Raised	Yield Rate	Total Value	Dollars Raised	Yield Rate
UCLA	\$14.1	\$7.8	55.5%	\$122.3	\$50.3	41.1%	\$311.2	\$78.4	25.2%	\$358.5	\$94.8	26.4%
Florida	\$5.2	\$3.9	75.2%	\$59.0	\$25.8	43.8%	\$129.0	\$39.4	30.5%	\$62.5	\$40.4	64.6%
Ohio State	\$12.8	\$7.2	56.4%	\$60.5	\$37.1	61.3%	\$118.1	\$50.5	42.8%	\$104.5	\$61.4	58.8%
Virginia	\$6.5	\$4.5	69.2%	\$69.8	\$46.8	67.0%	\$190.8	\$101.5	53.2%	\$77.0	\$19.5	25.3%
Washington	\$13.9	\$8.8	63.7%	\$107.5	\$61.8	57.4%	\$229.9	\$115.8	50.3%	\$379.0	\$24.3	6.4%
Mean	\$10.5	\$6.5	61.5%	\$83.8	\$44.3	52.9%	\$195.8	\$77.1	39.4%	\$196.3	\$48.1	24.5%
Penn State	\$25.5	\$8.7	34.1%	\$80.0	\$31.6	39.4%	\$191.0	\$60.9	31.9%	\$106.5	\$72.5	68.1%

Source: Peer Benchmark Cohort

Dollars in millions

KEY FINDINGS

PROSPECT POOL

ANALYTICS

- GG+A analyzed Penn State’s database in the spring of 2013, reviewing all records of living individuals to assess likelihood and capacity of philanthropic support, using internal and external data. GG+A’s predictive modeling relies on experience in analyzing over 200 million records since 1986.
- The DonorScape® findings are promising and indicate that a rebalancing of assignments across major gifts officers may be fruitful:
 - Although 2,280 currently assigned near-term major gift prospects show gift capacity of \$100,000+, GG+A also identified 1,368 assigned households who have *little or no identifiable hard asset data* and do not appear to be current major gift prospects.
 - Another 936 *unassigned* near-term Major Gift prospects show capacity of \$100,000+.
- GG+A recommends use of the results of our Analytics to undertake a thorough review and possible rebalancing of assigned portfolios in anticipation of the end of the campaign.

TABLE 14: PROSPECT POOL: MAJOR GIFT RATINGS BY GIFT CAPACITY—ASSIGNED HOUSEHOLDS

Gift Capacity Rating	Major Gift Ratings, Percent of Households										Total	% of Total
	A	%	B	%	C	%	D	%	E	%		
\$10,000,000+ (1)	15	1.8%	3	0.2%	0	0.0%	1	0.1%	3	0.1%	22	0.3%
\$1,000,000 - \$9,999,999 (2)	244	29.2%	16	0.9%	10	0.6%	10	0.5%	11	0.4%	291	3.4%
\$250,000 - \$999,999 (3)	475	56.8%	136	7.9%	23	1.5%	23	1.2%	36	1.4%	693	8.1%
\$100,000 - \$249,999 (4)	103	12.3%	1080	62.6%	175	11.2%	85	4.3%	95	3.8%	1,538	17.9%
\$25,000 - \$99,999 (5)	0	0.0%	489	28.4%	1,333	85.6%	1,445	73.5%	1,404	55.8%	4,671	54.3%
\$10,000 - \$24,999 (6)	0	0.0%	0	0.0%	17	1.1%	374	19.0%	664	26.4%	1,055	12.3%
\$2,500 - \$9,999 (7)	0	0.0%	0	0.0%	0	0.0%	29	1.5%	216	8.6%	245	2.8%
Less Than \$2,500 (8)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	85	3.4%	85	1.0%
Total	837	100.0%	1,724	100.0%	1,558	100.0%	1,967	100.0%	2,514	100.0%	8,600	100.0%

Source: Grenzebach Glier and Associates (GG+A)

Note: Gift Capacity Rating at Exact & Near match quality

TABLE 15: PROSPECT POOL: MAJOR GIFT RATINGS BY GIFT CAPACITY—UNASSIGNED HOUSEHOLDS

Gift Capacity Rating	Major Gift Ratings, Percent of Households											
	A	%	B	%	C	%	D	%	E	%	Total	% of Total
\$10,000,000+ (1)	0	0.0%	1	0.1%	0	0.0%	0	0.0%	11	0.0%	12	0.0%
\$1,000,000 - \$9,999,999 (2)	10	11.9%	2	0.2%	3	0.1%	5	0.0%	57	0.0%	77	0.0%
\$250,000 - \$999,999 (3)	60	71.4%	30	2.9%	13	0.3%	46	0.3%	467	0.3%	616	0.4%
\$100,000 - \$249,999 (4)	14	16.7%	569	54.7%	234	5.9%	277	1.7%	2,091	1.4%	3,185	1.8%
\$25,000 - \$99,999 (5)	0	0.0%	438	42.1%	3,668	92.4%	10,582	64.3%	69,104	44.8%	83,792	47.7%
\$10,000 - \$24,999 (6)	0	0.0%	0	0.0%	52	1.3%	5,102	31.0%	62,902	40.8%	68,056	38.7%
\$2,500 - \$9,999 (7)	0	0.0%	0	0.0%	0	0.0%	449	2.7%	18,937	12.3%	19,386	11.0%
Less Than \$2,500 (8)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	555	0.4%	555	0.3%
Total	84	100.0%	1,040	100.0%	3,970	100.0%	16,461	100.0%	154,124	100.0%	175,679	100.0%

Source: Grenzebach Glier and Associates (GG+A)

Note: Gift Capacity Rating at Exact & Near match quality

KEY FINDINGS

PROSPECT POOL

BENCHMARKING

- GG+A has also reviewed the presence of High Net Worth and Ultra High Net Worth alumni within the Peer Benchmark Cohort. This data is based on publicly available information, and may understate the true totals both for Penn State and the other institutions. It serves, however, as a reasonable proxy for measuring capacity across large cohorts of individuals.
 - Although Penn State is fourth out of six in the raw number of Ultra High Net Worth alumni, the total number (142) identified represents a considerable level of capacity for future Principal Gifts work.
 - The percentage of High Net Worth alumni (9.0%) is low in proportion to the Peer Benchmark Cohort. The raw number (50,992) of such alumni, however, places Penn State third among the Peer Benchmark Cohort. Only UCLA and University of Washington have greater numbers.
 - Donor penetration—both overall and at the \$1,000 gift level—is average among the Peer Benchmark Cohort, but the penetration level at \$10,000 (2.2%, compared with an average of 2.7%) suggests that Penn State may be under-asking in comparison with its peers.

TABLE 16: HIGH NET WORTH ALUMNI—COMPARATIVE DATA

Institution	Living Alumni	Ultra-HNW Alumni	HNW Alumni		HNW Alumni Donors (Any Amount, Any Time)		HNW Alumni Who Made a \$1,000+ Gift in Last 5 Years		HNW Alumni Who Made a \$10,000+ Gift in Last 5 Years	
	#	# (Rank)	#	%	#	%	#	%	#	%
Florida	358,522	125 (5)	46,955	13.1%	13,395	28.53%	3,411	7.3%	1,044	2.2%
Ohio State	488,027	98 (6)	38,485	7.9%	13,318	34.61%	3,139	8.2%	1,083	2.8%
UCLA	398,411	341 (2)	86,437	21.7%	22,443	25.96%	6,163	7.1%	1,568	1.8%
Virginia	197,845	499 (1)	44,809	22.6%	18,468	41.21%	7,075	15.8%	1,946	4.3%
Washington	304,195	187 (3)	61,923	20.4%	20,586	33.24%	5,604	9.0%	1,510	2.4%
Cohort Mean	349,400	250	55,722	17.1%	17,642	32.71%	5,078	9.1%	1,430	2.7%
Penn State	563,480	142 (4)	50,992	9.0%	16,332	32.03%	4,087	8.0%	1,130	2.2%

Ultra High Net Worth represents alumni with estimated net worth in excess of \$30 million, using data from the *February 2013 WealthX University UHNW Alumni Ranking*. High Net Worth represents alumni with estimated net worth in excess of \$2 million, using data from Acxiom's NetWorth Gold predictive model. Giving data represents new gift commitments (outright gifts and pledges).

KEY FINDINGS

DEVELOPMENT PROGRAM

- The cost of fundraising at the Commonwealth Campuses is more than double the cost for DDAR as a whole.
- The parents program at Penn State is relatively new, focused primarily on lower levels of giving, and hampered by a lack of access to parental data that is typically available to development programs at colleges and universities.
- The Penn State Annual Fund is managed entirely as a mail/phone program with no “leadership annual giving” program aimed at increasing support at the \$1,000, \$5,000, and \$10,000 levels.
- Penn State invests significantly less in “talent management” (recruitment and professional development) than is typical of programs of its size.

TABLE 17: COST PER DOLLAR RAISED—TOTAL PROGRAM, COMMONWEALTH CAMPUSES, AND HERSHEY MEDICAL CENTER

Institution	Total Private Support (FY10–FY12 Average)	Development Expenditures FY12	Total Private Support FY12	Cost per Dollar Raised FY12	Cost per Dollar Raised (FY10–FY12 Average) ¹
Penn State University (University Park)	\$166.2	\$26.4	\$137.1	\$0.19	\$0.16
Commonwealth Campuses	\$16.3	\$7.2	\$13.1	\$0.55	\$0.44
Penn State Hershey Medical Center	\$33.3	\$5.0	\$31.3	\$0.16	\$0.15
Total	\$215.8	\$38.6	\$181.5	\$0.21	\$0.18

Source: Council for Aid to Education (CAE), and self-reported.

Penn State University (University Park) Total Private Support and Development and Alumni Relations Expenditures exclude Commonwealth Campuses and Hershey Medical Center.

Total Private Support and Total Development and Alumni Relations Expenditures reported in millions.

Total Private Support includes new cash and pledge payments (including realized bequests); new irrevocable planned gifts are counted at net present value.

¹Cost per Dollar Raised (FY10–FY12 Average) calculated by comparing FY12 Development and Alumni Relations Expenditures with Total Private Support (FY10–FY12 Average)

KEY FINDINGS COMMUNICATIONS

- Although many teams across DDAR and the University are communicating with alumni, parents, and friends, there is little to no coordination at either the strategic or tactical level.
- Despite collegial relationships between the Alumni Association and University Development, there is little direct collaborative planning or alignment of messages.
- Development Communications provides support to units across the institution; some units choose to use this central resource, and others do not. Most of the work, while important and well done, appears to be tactical and reactive, rather than strategic, in nature.
- Management of alumni and development Web sites is widely dispersed, and functionality is inconsistent. There is no coordinated social media strategy; DDAR's social media presence exists primarily in the Alumni Association and Annual Giving.



STRATEGIC RECOMMENDATIONS

STRATEGIC RECOMMENDATIONS

- GG+A's recommendations regarding post-campaign fundraising at Penn State fall into four major categories:
 - Staffing structure and management;
 - Institutional planning;
 - Volunteer engagement; and
 - Future investment.

- These four key areas, if addressed in combination, will represent the greatest opportunities for growth of private philanthropy to the University.

STRATEGIC RECOMMENDATIONS

STAFFING

- Restructure and expand the Leadership Gifts Program to a unified Principal Gifts Program focusing on gifts of \$5 million+ that reports directly to the Senior Vice President.
- Restructure Commonwealth Campuses fundraising support to enable more effective management and oversight of frontline staff and align resources in proportion to potential fundraising yield.
- Elevate Communications and Donor Engagement to a higher level of functionality by appointing a senior officer to lead a program that guides strategy and messaging across the division as well as providing tactical services and support to the units.
- Build a stronger parents program, including focused attention on \$1 million+ current parent prospects, which will require appropriately experienced staff support and increased access to demographic information about parents.
- Expand the corporate and foundation relations function with focus on a strategy to engage national and regional foundations effectively.

STRATEGIC RECOMMENDATIONS

STAFFING

- Build additional management functionality into the Central Development operation.
- Create a single unified Research and Prospect Management unit to guide and analyze fundraising activity across DDAR.
- Complement the mail/phone annual giving program with a team of frontline leadership annual giving officers whose focus will be geographic areas of highest potential.
- Strengthen talent management and professional development functions by providing increased staff resources for recruitment, retention, and ongoing training opportunities.

STRATEGIC RECOMMENDATIONS

MANAGEMENT

- Acknowledge the likelihood that Principal Gifts prospects will have strong interests in multiple units and that interests may shift over time. Coordinate relationships with top prospects centrally, engaging deans, chancellors, and senior gift officers appropriately over time.
- Increase major gifts threshold to \$100,000.
- Provide intensive coaching to frontline staff to ensure growth in the level of proposals submitted and gifts closed across the University.
- Consider implementing stronger performance-based incentive programs, which will yield greater retention and growth of top performers.
- Adjust the annual goal-setting process to encourage mid- and long-term focus, while retaining strength in meeting short-term priorities.
 - Encourage gift officers to incorporate new prospects into their portfolios as opportunities arise.
 - Establish performance metrics for collaborative activity and celebrate cross-unit collaboration across DDAR.

STRATEGIC RECOMMENDATIONS

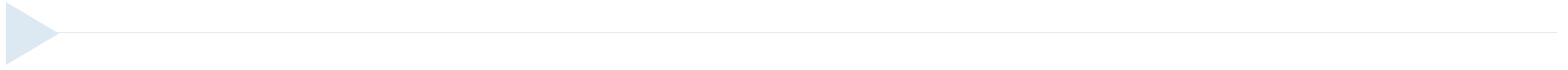
INSTITUTIONAL PLANNING

- Use institutional strategic planning, spearheaded by the newly appointed Provost and endorsed by the University's next President, as the foundation for University-wide fundraising objectives.
- Work with the Chief Financial Officer to identify budgetary incentives for academic leaders (deans and chancellors) who participate productively in fundraising for shared objectives.

STRATEGIC RECOMMENDATIONS

VOLUNTEER ENGAGEMENT

- Build a pipeline of younger volunteers.
- Create a Volunteer “Road Map” by encouraging more frequent shifts in volunteer assignment.
- Encourage opportunities for project-based and task-specific volunteer engagement, as well as long-term committee service.
- Develop clear giving expectations for “development/campaign” committees and work with deans/chancellors to put these expectations into effect.
- Clarify expectations for philanthropy across the ranks of volunteers, including PSAA volunteers.
- Develop more frequent volunteer training opportunities.



GROWTH SCENARIOS

GROWTH SCENARIOS

- GG+A considered the following factors in projecting growth for private support of Penn State:
 - Benchmarks of Penn State’s Peer Benchmark Cohort and the Leading Public Research Universities cohort;
 - Assessment of current strategies, staffing, and resources; and
 - Potential to improve fundraising productivity through strategic enhancements and organization of Penn State’s program.
- The projected growth is contingent upon building a performance-oriented management structure at the campus and college levels; strengthened principal, major, and annual gift programs; new and more highly focused levels of volunteer engagement; and infrastructure that supports best practices.
- The growth model summarized in this report has been developed without consideration or prediction of economic trends, with the exception that the base for Total Private Support has been adjusted to a level that reflects Penn State’s average results from FY10–FY12.

**TABLE 18: BENCHMARK COMPARISON:
TOTAL PRIVATE SUPPORT ((FY00–FY02) TO (FY10–FY12))**

Institution	FY00-FY02	FY05-FY07	FY10-FY12	10-Year % Change (FY00–FY02) to (FY10–FY12)	10-Year CAGR (FY00–FY02) to (FY10–FY12)
Peer Benchmark Cohort	\$212.0	\$241.7	\$269.3	27.1%	2.4%
Leading Public Research Universities	\$217.1	\$264.0	\$292.9	34.9%	3.0%
Penn State University	\$176.2	\$157.1	\$215.8	22.5%	2.1%

Source: Council for Aid to Education (CAE)

Note: CAGR is Compound Annual Growth Rate

Dollars in millions

Total private support includes new cash and pledge payments (including realized bequests); new irrevocable planned gifts are counted at net present value.

GROWTH SCENARIO 1:
CONSERVATIVE

- Penn State's ten-year Total Private Support compound annual growth rate, as measured FY00–02 to FY10–12, was 2.1%, versus the mean of the Leading Public Research Universities cohort of 3.0%.
- If Penn State were to continue steady state growth (2.1%) for the next decade, TPS would grow from an average base of \$215.8 million to \$264.4 million by FY23.
- Total Development Expenditures (not including Alumni Relations) would be expected to increase modestly, from an average base of \$39.6 million to \$47.6 million, with cost per dollar raised constant at \$0.18.
- GG+A believes that 2.1% represents the lowest compound annual growth rate Penn State is likely to achieve over the forthcoming decade, as it assumes that the current rate of fundraising productivity and deployment of staff remain static.

PENN STATE SCENARIO 1: CONSERVATIVE (CAGR OF 2.1%)

Compound Annual Growth Rate	Penn State University	FY13 Baseline (FY10–FY12 Average)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
2.1%	Total Private Support	\$215.8	\$220.2	\$224.8	\$229.4	\$234.1	\$238.9	\$243.8	\$248.8	\$253.9	\$259.1	\$264.4
	Total Development Expenditures	\$39.7	\$40.5	\$41.3	\$42.2	\$43.0	\$43.9	\$44.8	\$45.7	\$46.7	\$47.6	\$48.6
	Net Yield	\$176.1	\$179.7	\$183.4	\$187.2	\$191.0	\$195.0	\$199.0	\$203.0	\$207.2	\$211.4	\$215.8
	Cost per Dollar Raised	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18

Total Private Support and Total Development Expenditures in millions.

Note: \$0.18 Cost per Dollar Raised equals Penn State's FY10–FY12 average, excluding Alumni Relations expenditures.

GROWTH SCENARIO 2:
AGGRESSIVE

- Over the past 40 years, the Leading Public Research Universities cohort achieved a mean compound annual growth rate of 9.2%, slightly less than Penn State's mean growth rate of 9.7% over the same time period.
- Penn State's three-year (FY10–12) Total Private Support per Frontline Fundraiser FTE averaged \$1.9 million versus a Peer Benchmark Cohort mean of \$3.0 million.
- If Penn State were to sustain a compound annual growth rate of 9.2%, it would achieve the Peer Benchmark Cohort mean of \$3.0 million TPS/Fundraiser FTE by FY19, and exceed the benchmark average with a productivity/fundraiser level of \$3.5 million by FY23.
- Total Private Support would increase from an average base of \$215.8 million to \$520.5 million by FY23.
- Total Development Expenditures (not including Alumni Relations) would nearly double over ten years, from a base of \$39.7 million to \$78.2 million, and Frontline Fundraising staffing would grow from 111.4 FTE to 147.2 by FY23. At the same time, Penn State would reduce its CPDR (not including Alumni Relations) from \$0.18 to the Peer Benchmark Cohort average of \$0.15.

TABLE 19: LEADING PUBLIC RESEARCH UNIVERSITIES 40-YEAR GROWTH IN CASH GIVING

Institution	10-year Compound Annual Growth Rate				Minimum	Mean	Median	Maximum
	(FY70–FY72) to (FY80–FY82)	(FY80–FY82) to (FY90–FY92)	(FY90–FY92) to (FY00–FY02)	(FY00–FY02) to (FY10–FY12)				
University of California, Berkeley	5.0%	19.4%	6.4%	5.3%	5.0%	9.0%	5.8%	19.4%
Indiana University ¹	10.7%	13.3%	9.4%	3.7%	3.7%	9.3%	10.0%	13.3%
University of California, Los Angeles	16.5%	7.2%	12.3%	3.2%	3.2%	9.8%	9.8%	16.5%
Ohio State University	10.8%	16.6%	10.4%	3.6%	3.6%	10.4%	10.6%	16.6%
University of Wisconsin, Madison	7.2%	14.2%	8.4%	0.7%	0.7%	7.6%	7.8%	14.2%
University of Washington ²	14.8%	14.6%	8.8%	3.0%	3.0%	10.3%	11.7%	14.8%
University of Michigan	5.4%	9.0%	8.9%	2.8%	2.8%	6.5%	7.1%	9.0%
University of North Carolina, Chapel Hill	15.6%	12.2%	11.8%	5.1%	5.1%	11.1%	12.0%	15.6%
University of Texas, Austin ³	NA	10.1%	9.8%	3.2%	3.2%	7.7%	9.8%	10.1%
University of Virginia	10.1%	12.9%	15.1%	0.1%	0.1%	9.5%	11.5%	15.1%
Minimum	5.0%	7.2%	6.4%	0.1%	0.1%	4.7%	5.7%	7.2%
Mean	10.7%	12.9%	10.1%	3.1%	3.1%	9.2%	10.4%	12.9%
Maximum	16.5%	19.4%	15.1%	5.3%	5.3%	14.1%	15.8%	19.4%
Penn State University⁴	8.1% (#7)	17.8% (#2)	11.0% (#4)	2.1% (#9)	2.1%	9.7%	9.5%	17.8%

Source: Council for Aid to Education and self-reported. Institutions sorted by FY12 total private support.

¹Indiana University did not report total private support in FY80; growth rates calculated with respect to FY81 and FY82 average.

²University of Washington did not report FY81 total private support; growth rates calculated with respect to the average of FY80 and FY82.

³University of Texas, Austin did not report total private support from FY70 to FY72.

⁴Penn State University did not report FY70 and FY72 total private support figures; growth rates calculated with respect to FY71 reported total private support.

TABLE 20: PEER BENCHMARK COHORT
FUNDRAISING PRODUCTIVITY (FY10–FY12 AVERAGE)

Institution	Total Private Support (FY10–FY12)	Total Frontline Fundraiser FTE (FY10–FY12)	Total Private Support per Frontline Fundraiser FTE (FY10–FY12)
UCLA	\$366.5	103.6	\$3.5
Florida	\$185.7	58.1	\$3.2
Ohio State	\$268.4	101.7	\$2.6
Virginia	\$215.9	115.4	\$1.9
Washington	\$310.2	81.6	\$3.8
Mean	\$269.3	90.4	\$3.0
Penn State	\$215.8	111.4	\$1.9

Source: Council for Aid to Education (CAE) and Peer Benchmark Cohort
Dollars in millions.

The University of Virginia did not report staffing information for FY10. Total Frontline Fundraiser FTE are based on FY11–FY12 figures.

Total Private Support includes new cash and pledge payments (including realized bequests); new irrevocable planned gifts are counted at net present value.

PENN STATE SCENARIO 2: AGGRESSIVE (CAGR OF 9.2%)

Compound Annual Growth Rate	Penn State University	FY13 Baseline (FY10–FY12 Average)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
9.2%	Total Private Support	\$215.8	\$235.7	\$257.4	\$281.0	\$306.9	\$335.2	\$366.0	\$399.7	\$436.5	\$476.6	\$520.5
	Total Development Expenditures	\$39.6	\$43.3	\$47.3	\$51.7	\$56.4	\$59.9	\$63.6	\$67.5	\$71.6	\$76.0	\$78.2
	Net Yield	\$176.2	\$192.3	\$210.0	\$229.4	\$250.5	\$275.3	\$302.4	\$332.2	\$364.9	\$400.6	\$442.3
	Cost per Dollar Raised	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.17	\$0.17	\$0.16	\$0.16

Total Private Support and Total Development Expenditures in millions.

Note: \$0.15 Cost per Dollar Raised equal to the Peer Benchmark Cohort mean, FY10–FY12, excluding Alumni Relations expenditures.

PENN STATE SCENARIO 2: DEVELOPMENT STAFF PRODUCTIVITY

Compound Annual Growth Rate	Penn State University	FY13 Baseline (FY10–FY12 Average)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
9.2%	Total Private Support	\$215.8	\$235.7	\$257.4	\$281.0	\$306.9	\$335.2	\$366.0	\$399.7	\$436.5	\$476.6	\$520.5
	Total Frontline FTE	111.4	113.1	114.7	116.4	118.1	119.9	121.6	127.6	133.8	140.3	147.2
	Total Private Support per Frontline FTE	\$1.9	\$2.1	\$2.2	\$2.4	\$2.6	\$2.8	\$3.0	\$3.1	\$3.3	\$3.4	\$3.5

Dollars in millions

Note: \$3.0 million Total Private Support per Frontline FTE is equal to the Peer Benchmark Cohort Mean, FY10–FY12.

GROWTH SCENARIO 2

- GG+A believes that 9.2% represents the highest compound annual growth rate Penn State is likely to achieve over the forthcoming decade, as a result of the following:
 - Implementing recommended near-term staffing adjustments;
 - Improved fundraising productivity (particularly at the major and principal gift levels); and
 - Growth of frontline fundraising staff from 111.4 FTE to 147.2 FTE.
- This aggressive rate of growth presumes the launch of a next comprehensive campaign at the mid-point of this ten-year projection.

KEY NEXT STEPS

- Our assumptions for growth are based on several key decisions:
 - New investment levels in Development and Communications, particularly in senior talent, and around “Principal” Gifts;
 - Some reallocation of current resources, especially around unit/campus deployment of staff; and
 - Increased resources for talent management, recruitment, retention, and training, as well as consideration of various models of performance-based compensation to reward high performers within the program.
- Key management/change initiatives will also play a critical role:
 - Strategic focus on Penn State’s best prospects;
 - Further emphasis on Hershey Medical Center fundraising; and
 - More aggressive performance metrics adopted for major gifts staff across the University.
- Finally, several “cultural” initiatives that have driven growth at peer institutions:
 - A higher level of “ownership” by the deans of their philanthropic goals and yearly targets.
 - Stronger alignment across the University of priority-setting around transformational/interdisciplinary initiatives.
 - Raising the bar on volunteer engagement.