Community colleges were created and continue to be supported by local and state
appropriations, however, this public support is gradually declining, making financial support one of the most pressing issues for community colleges. To balance out this decline, community colleges have formalized their fundraising efforts by creating institutional foundations as recipients of tax-deductible contributions under Section 501c(3) of the Internal Revenue Code. These foundations are independent legal entities, guided by the mission of soliciting private monetary contributions and investing them for the benefit of their affiliated colleges.

THE HISTORY OF COMMUNITY COLLEGE FOUNDATIONS

The first community college foundation may date from 1922 at Long Beach City College. A handful were established between the 1940s and the 1950s, but the majority were begun after the late 1960s (Robison, 1984). The large-scale, organized, external fundraising now common at community colleges began as a result of the 1965 Higher Education Act and the federal funding opportunities that it offered (Keener, 1984). Community colleges began by tapping into the sources of external federal support offered through grant and contract competitions. In the mid 1970s the colleges began adapting the university and liberal arts college model of engaging other external contributors for private gifts (Keener, 1984).

RECENT STATISTICS

The National Council for Resource Development (NCRD) has studied the characteristics of community college foundations. In a 1993 survey of the 1,140 member institutions of the American Association for Community Colleges (AACC), 542 of the 550 institutions responding reported having a foundation (Adams, Keener, McGee, 1994). Almost 30 percent reported endowments in excess of $1 million in 1993. The wealthier foundations were: older; had one person specifically responsible for resource development; and relied more on contributions from non-college-affiliated individuals. Size of institution was unrelated to size of endowment; only 10 percent of the wealthier foundations were affiliated with colleges with student enrollment of over 20,000.

THE BROADENING OF MISSIONS & FUNDRAISING STRATEGIES

Originally, community college foundations focused almost exclusively on soliciting contributions toward capital campaigns. Now, their mission has expanded to include other objectives, such as “friendraising,” involving community leaders in college activities, and enhancing the image and visibility of the college (Anderson & Snyder, 1993).

As the mission has broadened, so has the repertoire of fundraising strategies. Practices common to four-year colleges and universities are being adapted to the community college. Annual fund drives, planned and deferred giving, capital campaigns, special
events, business partnerships, and grants acquisition have all been undertaken. Planned giving programs and the cultivation of business partnerships have recently gained attention.

PLANNED GIVING

Edwards and Tueller (1991) describe planned giving as the future of fundraising. Planned gifts are generally large contributions of accumulated assets, real estate, stocks, bonds, trusts, and paid-up insurance policies that require the oversight of a contributor's financial advisors. One form is the charitable remainder trust, where the community college foundation is allowed to sell a donor's stock and reinvest it to produce a higher return for the donor, without paying capital gains tax. Upon the death of the final beneficiary, the foundation receives the remaining assets in the trust while the donor receives a tax deduction for the estimated remaining amount at the time of the gift. These kinds of giving programs are appealing to donors because they provide a service, allowing the foundation to share its tax-exempt status with donors.

Green River Community College, a case in point, was able to work with a potential contributor to design a mutually beneficial plan for giving. The college obtained 20 acres of land contiguous to its campus through a bargain sale agreement. The agreement required the college to pay only one-quarter of the value of the appraised value of the land, allowing the donor to receive a tax deduction for the difference between the bargain price and the appraised value (Edwards and Tueller, 1991).

BUSINESS PARTNERSHIPS & CATEGORIZED FUNDING

Many examples of collaboration exist between private businesses and community colleges. One such innovative partnership is found at Sacramento City College. Teaming up with Pacific Bell, students in the college's electronics and computer science programs refurbish aging computers provided by the company, which are in turn passed on to local school systems for use (Adams, Keener, and McGee, 1991). At Long Beach City College, a collaboration with McDonnell Douglas Employees Community Fund has led to the development of an adapted physical education program for elderly stroke victims. The program relies on the combination of special equipment provided by McDonnell Douglas and customized physical education courses offered at the college.

The business community can be solicited for contributions by placing emphasis on the beneficial returns in the form of graduates who are equipped with skills in demand in the workforce (Scott, 1991). Through partnership, a community college foundation and a company can develop plans of funding that cover the costs of equipment or training students in areas pertinent to that company. While such collaborations may be developed without the involvement of the community college foundation, the expertise of the fundraising staff along with the benefits of the tax-exempt status make the foundation a valuable participant.
Beyond the development and implementation of a mutually beneficial plan for funding, recognition of benefactors for their contribution is fundamental. Going beyond saying thank you, community college foundations should tailor their recognition efforts to what would "thrill the donor." Formal recognition through awards, banquets in the donor's honor, as well as media exposure cultivate long-lasting and financially fruitful relationships with individuals and businesses in the private sector (Adams, Keener, and McGee, 1991). On the other hand, there are cases where donors may request to remain anonymous; this must be respected to maintain the relationship and not jeopardize future contributions.

**INVESTMENT POLICIES**

How well are community college foundations using the money that they have raised? Typically, their investment policies are very conservative, limiting an investment portfolio to "direct obligations of U.S. government-sponsored agencies, certificates of deposit up to the maximum insured at federally insured financial institutions, and mutual funds that invest in securities" (Riggs and Helweg, 1996). However, many conservative organizations such as Eastman Kodak, the Illinois Teachers' Retirement System, and the World Bank are utilizing derivatives such as commodity futures in their portfolios. Community college foundations can consider these options, while carefully weighing the trade-off between more risky investments and the corresponding reward. The Butte College Foundation accomplishes this by convening its Finance Committee quarterly to discuss portfolio diversification and the target rate of return of investments, and consulting outside professional brokers and agents at its discretion (Anderson & Snyder, 1993). Another investment option is that provided by the Common Fund, a 25-year old organization that offers investment advice and management to colleges and schools. With 1,300 members, the Common Fund oversees more than $17 billion of its member's assets (Nicklin, 1997).

**MARKETING & RESOURCE DEVELOPMENT**

No matter how sophisticated the fundraising strategy or investment policy, the effectiveness of the community college foundation is contingent on the institutional image. According to Keener, Ryan, and Smith (1991), important elements in the development of a positive institutional image are:

Involvement of the college trustees, president, faculty, and staff in the community;

Experiences of local employers with students;

Services that are responsive to the needs of students and the community;

An attractive campus with well-groomed grounds and well-maintained buildings; and

Most importantly, the quality of education received from the college.
The significance of marketing and institutional image is further reinforced by a six-year study of community college fundraising, sponsored by the Council for the Advancement and Support of Education. The study found that those colleges that are the most successful in fundraising have two characteristics in common--a strong marketing program and widespread community support (Keener, Ryan, Smith, 1991).

CONCLUSION

Community college foundations play an essential role in the future of community colleges. Garnering private financial support, they function to bring together and formalize the relationship between the institution and the community. Details in the organization and the fundraising strategies of the foundation are important, yet more critical are the human factors - the establishment of mutual relationships with individuals and businesses, the appropriate recognition of contributors, and the advancement of positive perceptions of the college in the community. All in all, development professionals specifically trained in both the technical aspects and the human factors of fundraising are essential to the success of the foundation.

REFERENCES


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