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FOR IMMEDIATE RELEASE
Tuesday, February 7, 2017
12:00 a.m., Eastern Standard Time

Colleges and Universities Raise \$41 Billion in 2016

Personal Giving Declines as Support from Organizations Rises

Majority of Gifts Go to Current Operations, Not Endowments

Trends in Giving for Financial Aid Show Little Change

Contributions to the Nation's Colleges and Universities Reach \$41 Billion

Charitable contributions to colleges and universities in the United States increased only 1.7 percent in 2016, according to the Voluntary Support of Education (VSE) survey, conducted annually by the Council for Aid to Education (CAE). At \$41 billion, the total is higher than the \$40.30 billion raised in 2015, but the gain is nearly eliminated when adjusting for inflation.

Top 20 Fundraising Institutions – Less than 1 Percent of the Nation's Colleges – Raise 27.1 Percent of All 2016 Gifts. Gifts to These 20 Institutions Fell 2.1 Percent in 2016.

The Top 20 fundraising institutions together raised \$11.12 billion, 27.1 percent of the 2016 total. In 2015, the same 20 institutions raised \$11.36 billion.

Institutions that Raised the Most (and Amount Raised), 2016

1. Harvard University (\$1.19 billion)
2. Stanford University (\$951.15 million)
3. University of Southern California (\$666.64 million)
4. Johns Hopkins University (\$657.29 million)
5. University of California-San Francisco (\$595.94 million)
6. Cornell University (\$588.26 million)
7. Columbia University (\$584.81 million)
8. University of Pennsylvania (\$542.85 million)
9. University of Washington (\$541.44 million)
10. Yale University (\$519.15 million)
11. Duke University (\$506.44 million)
12. University of California-Los Angeles (\$498.80 million)
13. New York University (\$461.15 million)
14. University of Chicago (\$443.30 million)
15. University of Michigan (\$433.78 million)
16. Massachusetts Institute of Technology (\$419.75 million)

17. Northwestern University	(\$401.68 million)
18. Ohio State University	(\$386.11 million)
19. University of Notre Dame	(\$371.76 million)
20. Indiana University	(\$360.94 million)

Personal Giving Declines in 2016

Gifts from alumni declined 8.5 percent, and gifts from nonalumni individuals declined 6 percent. These declines come on the heels of strong growth (10.2 percent and 23.1 percent, respectively) in 2015.

Organizations Gave More in 2016 and Stabilized Total Support

Giving from corporations, foundations, and other organizations increased in 2016. Corporate charitable support of higher education institutions increased 14.8 percent. Foundations (including family foundations) contributed 7.3 percent more in 2016 than in 2015. Contributions from other types of organizations (including donor-advised funds, which are vehicles for personal giving) increased 9.8 percent.

Foundations and corporations represented the largest monetary increases — \$850 million, each — of the studied sources of support. Foundations are the largest source of support, representing 30.4 percent of the 2016 total. Alumni are the second-largest source of support, providing 24.2 percent of the total.

Estimated Voluntary Support of Higher Education by Source and Purpose, 2015 and 2016

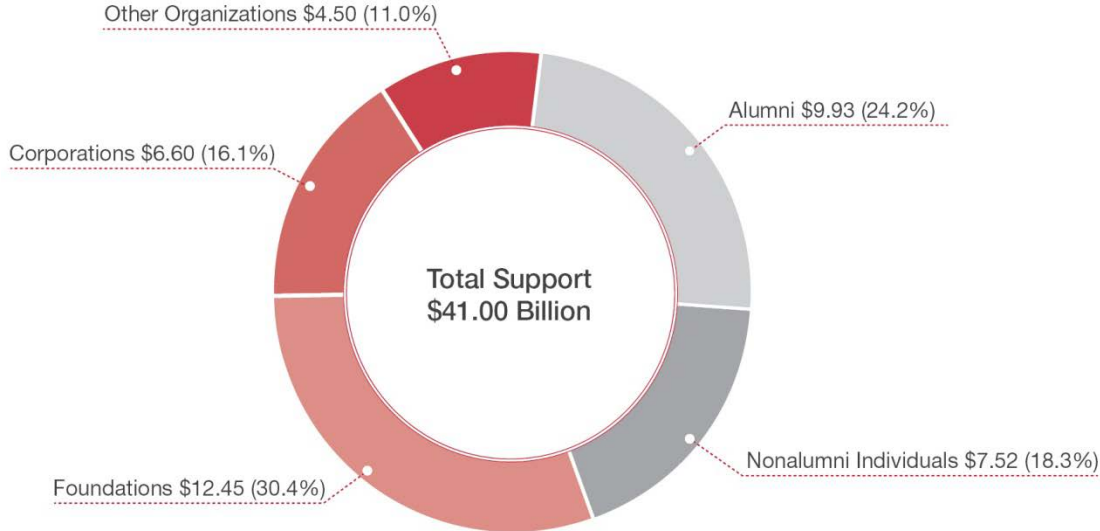
(Dollars in Millions)

	2015		2016		Percentage Change 2015 to 2016	
	Amount Raised	Percentage of Total	Amount Raised	Percentage of Total	Current \$	Adj. for Inflation
Total Voluntary Support	\$40,300	100.0	\$41,000	100.0	1.7	0.4
Source						
Alumni	\$10,850	26.9	\$9,930	24.2	-8.5	-9.6
Nonalumni Individuals	8,000	19.9	7,520	18.3	-6.0	-7.2
Corporations	5,750	14.3	6,600	16.1	14.8	13.3
Foundations	11,600	28.8	12,450	30.4	7.3	6.0
Other Organizations	4,100	10.2	4,500	11.0	9.8	8.4
Purpose						
Current Operations	\$24,650	61.2	\$25,150	61.3	2.0	0.7
Capital Purposes	15,650	38.8	15,850	38.7	1.3	0.0

Percentages may not add to 100, and details may not sum to totals, due to rounding.

Source: Council for Aid to Education, 2017

Voluntary Support of Higher Education by Source, 2016



Percentages may not add to 100 due to rounding.
Source: Council for Aid to Education, 2017

Weak Stock Market a Factor in Lower Personal Giving

Stock market performance and personal philanthropy — especially larger gifts — usually fluctuate in tandem. There is a lag between the performance of the market and organizational support because decisions organizations make about gifts and grants are often made a year ahead and based on previous-year assets.

The weak stock market during the 2016 fiscal year likely depressed personal giving, while giving from organizations was buoyed by commitments made amid strong market conditions in the 2015 fiscal year.

However, there are other reasons for the decline in personal giving to colleges. Among those is the robust level of personal giving in 2015, which created a high benchmark. Personal contributions to higher education institutions grew 6.7 percent between 2014 and 2016.

In 2015, eight gifts of \$100 million or more were reported on the survey, many of those in the form of art and other tangible property. Seven of those were personal gifts; one was from a foundation. In 2016, there were only two gifts of that magnitude, one of which was a personal gift.

Another finding is based on 630 institutions that divided their foundation contributions into grants from family foundations and other foundations. In those institutions, 40.6 percent of the foundation contributions reported were from family foundations. Personal gifts to those institutions would be 29.1 percent higher if family foundation grants were considered personal gifts.

In addition, a subset of 223 institutions reported on contributions credited to types of organizations that are often used by individuals as vehicles to fund their personal philanthropic intentions. These include closely held companies and donor advised funds. If such contributions were counted as personal gifts to these responding institutions, their recorded personal giving would be 10.9 percent higher.

Legally, family foundations, private companies, and donor advised funds are organizations, but individuals often receive what is called soft credit for gifts from these organizations.

University Assets Also Affected by Stock Market

Endowment values at universities that responded to the 2015 and 2016 surveys by the time of this release declined 4.4 percent. When institutions' own assets decline, so do those held by supporting organizations and individuals. This is why drawing down on assets in robust economic climates may be deleterious to the long-term financial vitality of both universities and their supporters.

Value of Stock Indexes from Beginning of Fiscal Year to End of Calendar Year

	Dow Jones Industrial Average	NASDAQ Composite	New York Stock Exchange Composite	Standard & Poor's 500
July 1, 2015	17,638.12	5,029.05	10,844.46	2,067.00
December 31, 2015	17,425.03	5,007.41	10,143.42	2,043.94
Percentage Change	-1.2%	-0.4%	-6.5%	-1.1%

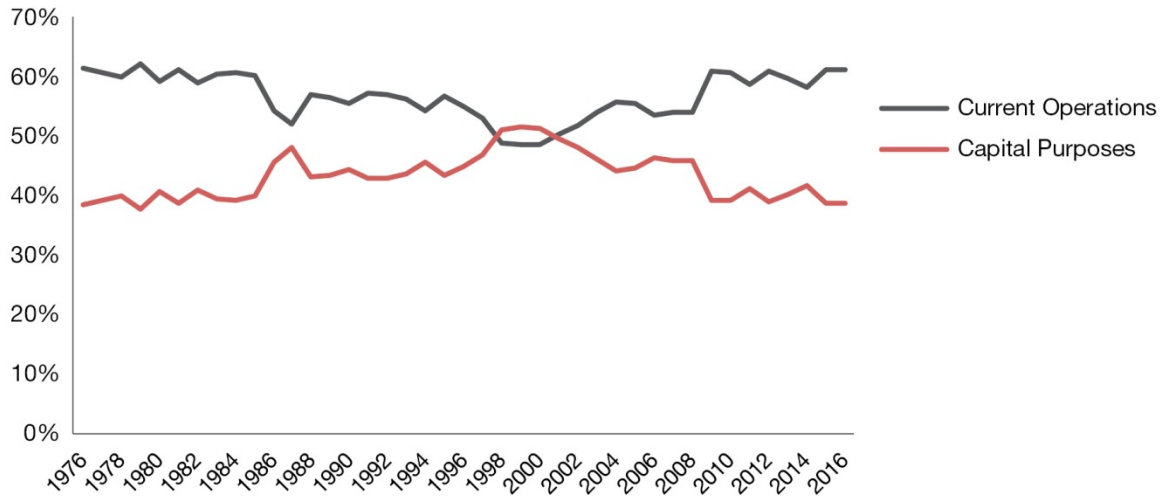
Value of Stock Indexes from Beginning to End of the 2016 Fiscal Year

	Dow Jones Industrial Average	NASDAQ Composite	New York Stock Exchange Composite	Standard & Poor's 500
July 1, 2015	17,638.12	5,029.05	10,844.46	2,067.00
June 30, 2016	17,929.99	4,842.67	10,489.76	2,098.86
Percentage Change	1.7%	-3.7%	-3.3%	1.5%

Gifts for Current Operations Exceed Those for Endowments

Contributions for current operations represented 61.3 percent of total support in 2016, nearly the same percentage as 2015. In the past four decades, contributions for capital purposes, including, but not limited to, endowments, exceeded those for current operations in only three years — 1998, 1999, and 2000.

Current Operations and Capital Purpose Contributions as a Percentage of Total Support, 1976–2016

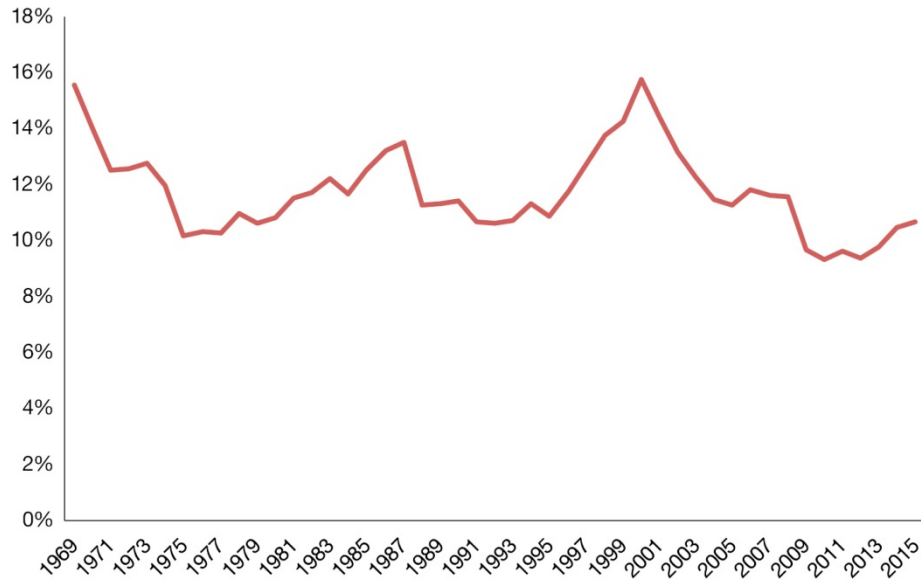


Source: Council for Aid to Education, 2017

Charitable Contributions Amount to 10 Percent of Expenditures

Charitable gifts are important to programs they fund. However, philanthropic support represented only about 10 percent of responding universities' expenditures in recent years. In 2000, charitable support represented 15.7 percent of the expenditures of institutions that participated in the survey. This was the highest recorded percentage.

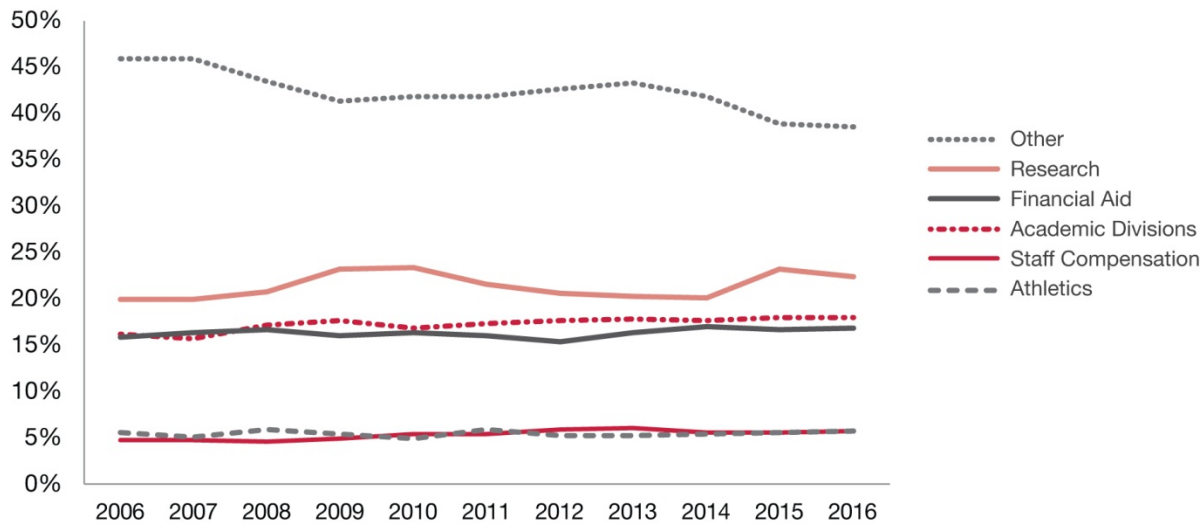
Total Support as a Percentage of Expenditures Among Survey Respondents, 1969–2015



Charitable Support for Student Financial Aid Steady, but Unchanged

Over the past ten years, charitable support (outright or endowed) for student financial aid hovered around 16 percent of total support among institutions that provide such details on their surveys. In 2006, contributions for financial aid represented 15.9 percent of total support. Ten years later, it represented 16.8 percent.

The largest share of support reported on the survey is earmarked by donors for research. The role of the nation's research institutions in advancing fields such as medicine and technology drives this preference. Academic divisions are also well-funded by charitable contributions. Supporting athletics and faculty and staff compensation are a lower priorities for donors.



Does not include gifts of or for property, buildings, or equipment.

Other includes: Library, Physical Plant, Public Service & Extension, and Other Purposes

Economic and Public Policy Environments for 2017 Contributions

Charitable support for colleges and universities is likely to increase in 2017 if the stock market continues to gain ground through June 30, 2017, the end of the fiscal year.

The level of such growth could be tempered, though, by the same factor that buoyed organizations' philanthropy in 2016. The assets of organizations that support colleges and universities likely declined in 2016 due to the weak financial markets that year. Organizations' 2016 financial positions fuel their 2017 contributions.

Tax policy also affects philanthropy. Legislation that lowers the top marginal tax rate or that limits deductibility of charitable contributions tends to depress charitable giving, but not necessarily in the year the law is passed. If new tax law is passed in 2017, its effect on charitable giving will depend on whether that happens before the end of the fiscal year and, if so, whether the law is applied retroactively to January 2017. It is also possible that donors, expecting a reduction in the income tax rate, made additional gifts in November or December, 2016, a period that is part of the 2017 academic fiscal year.

Contributions should continue to increase, at least modestly. The environment for charitable giving is too uncertain to forecast with confidence.

The Council for Aid to Education (CAE) is grateful to the Council for Advancement and Support of Education (CASE) for its sponsorship of the Voluntary Support of Education (VSE) survey.

About CAE

CAE is a national nonprofit organization based in New York City. It is the nation's sole source of empirical data on private giving to education, through the annual VSE survey and its Data Miner interactive database.

In addition, CAE is committed to improving the quality of education, with a specific focus on 21st-century skills, such as critical thinking, problem solving, and effective communication. The Collegiate Learning Assessment (CLA+)—for institutions of higher education—and College & Work Readiness Assessment (CWRA+)—for middle and high schools—are central to that focus. CAE created a performance-based assessment model and developed direct measures of critical thinking and written communication skills. University and precollege administrators and faculty use the results of these two assessments to guide improvements to academic programs. Students use the results to illustrate to college admissions offices and prospective employers that they possess the in-demand skills necessary for college and career success. CAE also develops tests for online college programs, government agencies, and test publishers.

Published Survey Results

The comprehensive results of the VSE survey will be published in spring 2017. *Voluntary Support of Education, 2016*, can be ordered in advance at <https://shop.cae.org> or by calling 212-217-0878. Price: \$121 (\$86 for survey respondents). The 2016 VSE PowerPoint Presentation featuring all the figures and numbered tables (but not tables of institution-specific data) from the report, along with speaking points, can also be ordered in advance. Price: \$78 (\$28 when ordered with the report). An online Executive Summary is available in advance of the book publication date. The password to this summary will be provided after purchase. Please go to <http://cae.org/vsepublication> for information on our other research products and tools.