
Financial Aid and Development Offices: Opportunities and Challenges

McMaster
University



McMaster University



- 17,691 full-time undergraduate students (Nov 2004)
- 2,290 full-time graduate students (Nov 2004)
- 1,398 full-time faculty
- 6 faculties.
- 112,000 alumni in 128 countries

Scholarships & Bursaries Awarded/Granted



Undergraduate (2004/05)

- Scholarships > 1,200 + 2,800 Honour Awards
- Bursaries > 4,600

Graduate (2002/03)

- Scholarships Approx. 200 (includes OGS, OGSST etc)
- Bursaries Approx. 12

Undergraduate Scholarship & Bursary Budget (2005/06)



- Scholarships \$5.9M (\$3.6 Honour Awards program)
- Bursaries \$7.5M
- McWork \$950k

How much from donor funds?

- Scholarships \$650k from donor funds
 - Bursaries \$1.3M from donor funds
 - McWork \$50k from donor funds
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- McMaster has more than 1,200 donor-funded scholarship and bursary funds

McMaster Fundraising for Scholarships & Bursaries 1995-2004 (approximate)



- Total raised for Scholarships \$11M
- Total raised for Bursaries \$19.6M
- Total raised for Scholarships and Bursaries \$30.6M
(With matched dollars, this total is \$44.5M)
- McMaster has increased its endowments held for student awards from \$19M in 1995 to \$82M in 2004/05

Why our success?



- Institutional commitment to fundraising for Scholarships & Bursaries
- Dedicated staff person, and well-informed and well-staffed development team
- Matching programs, matching programs & matching programs

Why our success?



- Good systems, including TFAIS
- Good communication between development team and financial aid office
- Scholarship & Bursary administration is (generally) centralized at McMaster

Why Do Donors Give to Scholarships & Bursaries?



- Gratitude
 - For opportunities made possible by education they received
 - May be past recipients of student awards

- Naming Opportunity
 - In honour or in memory of a person
 - Create a permanent family fund/legacy

- Capitalize on government matching programs

Why Do Donors Give to Scholarships & Bursaries?



- Corporations: alignment with business and charitable giving objectives, publicity and recruitment
- Foundations: alignment with giving guidelines
- Individuals: “People give to people”

Current Minimums to Establish a Scholarship or Bursary Fund at McMaster



- Minimum to establish an *annual* award
\$1,000 for minimum of 5 years
- Minimum to establish an *endowed* student award
\$20,000 (generating a disbursement of \$800/year)
- The University's current disbursement policy is 4% (of the three-year average market value of the fund)
- Current minimum to establish an endowed trust fund @
McMaster is \$10,000

OSOTF



- Established in 1996 by the Government of Ontario to help universities and colleges augment their permanent endowments for student financial aid
- Provided a *dollar-for-dollar* match for all donations designated to endowed funds for students in financial need
- The investment income used to provide bursaries to Ontario students who demonstrate financial need (as determined by the institution)

OSOTF



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- Phase I: McMaster raised approx \$14 million (\$28 million with the dollar for dollar match)
 - Phase II: announced in June 2003
 - July 2004: Universities notified by the Government that the continuation of the program would be put on hold pending the outcome of a review on the design and funding of Ontario's post-secondary system

OSOTF / OTSS



- In the 2005 Ontario budget the Government of Ontario renewed its commitment to a matching program for donations to student financial aid - the *Ontario Trust for Student Support*
- The Government will provide \$50 million annually to match funds raised by colleges and universities to establish endowments for student support
- At McMaster - limited OTSS fundraising due to early success with program but limited annual ceiling

Ontario Graduate Scholarship Matching Program



- Matching program designed to encourage excellence in graduate education
- Under legislation, universities must provide one-third of the funding for each \$15,000 scholarship
- Provides opportunity for donors to have gift matched 2:1 or 5:1 (internal match available)
- A \$5,000 gift leverages \$10,000 from the Province, providing each recipient with annual scholarship of \$15,000

Stewardship Strategies



- Student thank you letters and meetings - nothing speaks better to the need to support students than students themselves
- Thank you letters from President, Dean, Vice President etc
- Membership in donor recognition clubs
- Named award appears in appropriate marketing materials and web site
- Public gift announcement for gifts of \$500,000+

Donor Accountability



- Gift agreements
- Annual Endowed Trust Fund Statement outlining financial performance of the fund and reporting on recipient(s)

Academic Grants



- Donors often wish to establish a scholarship but wish to ensure that it is being awarded to "a student that needs the money" and/or capitalize on bursary matching programs
- New model allows combination of academic merit and financial need
- Academic merit criteria should be listed first with a secondary reference that the student must "demonstrate financial need"
- Will have own section in undergraduate calendar

Merit and Need?



- Province specific – matching programs
- Often donors discussions re need vs. merit is driven by institutional definitions of Scholarships & Bursaries, not necessarily donor wishes
- Tightrope between donor wishes and university policies and procedures

Key Issues when establishing new awards



- Restrictive criteria
 - Reaching minimums (especially memorials) and consequences
 - Legal and Human Rights issues
 - Confidentiality (recipient)
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Opportunities



There are no challenges...

Capitalize on a Philanthropic Trend



- Donors are increasingly donating to “people & program” causes vs. “bricks and mortar” projects
- KCI currently recommends that university fundraising campaigns feature *no more than 25%* “bricks and mortar”
- In McMaster’s last fundraising campaign (1998-2001), and post campaign, 13% of donations went to “capital” – the remainder to faculty, programs, research, students (35%), library and “unrestricted”
- U of T’s last campaign – 17% went to capital

Future Opportunities



- Future and estate planning
- Increased role of “allied professionals” (lawyers, financial advisors, accountants)

Donor Engagement



- “Donor involvement is becoming **the** key issue that is most likely to define philanthropy in the future.” (The Philanthropist, Vol. 19, No. 2)
- Close to 50% of donors reported in 2000 that they “think the money will not be used efficiently” (KCI) – a big issue for stewardship of scholarship and bursary donors

Opportunities for Communication



- Clear messages regarding needs (i.e. merit vs. financial need) – there are often unclear / conflicting institutional messages regarding areas of need
- Clear communication regarding new or changing awards policies
- Share interesting stories, statistics and research

Other Opportunities



- Consider both sides (development and administration)
- Help with donor reporting
- Try new models of awards, if possible
- Consider additional effort to support fundraising matching program campaigns

Campaign Opportunities



- When planning for future campaigns, or considering fundraising priorities – lobby to have your area “at the table” when planning for priorities
- Ensure that “student support” areas are represented with faculty –based priorities