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The Characteristics of Donors and Non-Donors Among Alumni of Mississippi State University: A Descriptive Study

Dennis Allen Prescott

THE CHARACTERISTICS OF DONORS AND NON-DONORS AMONG ALUMNI OF MISSISSIPPI STATE UNIVERSITY: A DESCRIPTIVE STUDY

By

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Alumni associations and offices of development play fundamental roles in American higher education, typically having missions which include the generation of financial support for the institution. Alumni associations must develop strategies to encourage alumni to donate money and enable them to build long-term relationships between alumni organizations and the university.

The foundation of any fund raising program is the annual fund. Not only does the annual fund represent a significant percentage of funds raised for most charities, it often comes with the fewest strings attached. If development professionals have a clear understanding of the issues and factors that influence donors to make annual gifts, they may be able to design cultivation and solicitation approaches which raise more money at less cost.

The study uses quantitative methods to analyze data collected from the computer database of the Mississippi State University Foundation and Mississippi State University National Alumni Association to develop a profile of donors and non-donors.

Recommendations for further study include more studies of this type in the region, interview studies with donors, and studying any relationships between giving and other variables, such as income level.

DEDICATION

I would like to dedicate this dissertation to my wife, Ruth Hernandez Prescott and my daughter, Samantha Ruth Prescott, whose patience and encouragement enabled me to compete this work. Sammie, I finally finished writing my "paper."

Mine and Ruth's relationship is best summed up by Dan Fogelberg, who wrote these words:

"Down the miles, through the years, yours is the star by which I steer, the brightest star I've known. And when I feel all hope is gone, yours is the love that leads me on, the light that guides me home."

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CHAPTER I

INTRODUCTION

Background

Alumni associations and offices of development play fundamental roles in American higher education. Alumni associations typically have missions which include the generation of support for the institution. More specifically, associations conduct programs, activities, and events, all designed to fulfill their mission, which often include direct fund raising activities. When exploring alumni activities and development, Singer and Hughey (2002) found that "when colleagues spoke of development, they were talking about raising money" (p. 51). Development offices normally have, as their primary mission, the raising of money to support the institution, exclusive of traditional alumni programs. Effective alumni associations and development offices work together to draw on each other's strengths to accomplish an overall mission of the advancement of the institution.

Alumni associations attempt to promote positive feelings among their alumni through the creation and realization of innovative programs. These organizations also promote lifelong connections between educational institutions and their graduates. An ancillary alumni goal often is to enable partnerships between higher education institutions, communities and businesses as well as advocating lifelong learning. Singer and Hughey (2002) affirm that "within most colleges and universities, alumni affairs professionals engage in a number of different strategies aimed at helping them to become productive partners with other campus groups in their collective goal to enhance and enrich student life" (p. 52). Since financial resources are vital in allowing alumni organizations to accomplish the tasks mentioned above, fund raising becomes an integral part of alumni affairs.

Charitable giving has a long history in the United States, particularly at colleges and universities. At most institutions of higher learning, budgets are lean, and pressures are enormous to find increased sources of revenue. One economist observed that colleges and universities exhibit the following market behavior: 1) each institution raises all the money it can; 2) each institution spends all it raises; 3) the cumulative effect is toward ever-increasing expenditures (Bowen, 1980). As a result, alumni giving has become an increasingly important component of revenue for colleges and universities.

The foundation of any fundraising program is the annual fund. Not only does the annual fund represent a significant percentage of funds raised for most charities, it often comes with the fewest strings attached. In addition, with careful prospect research and cultivation, annual fund donors can often be upgraded to major gift donors. For purposes of this study, the term "alumni associations" can be used interchangeably with the term "development offices," either of which could be responsible for the annual fund at a given institution.

Alumni associations must develop strategies to encourage alumni to donate money and enable them to build long-term relationships between alumni organizations and the university. In discussing fund raising, Brady, Noble, Utter and Smith (2002) indicate that the fund raising strategies employed by higher education institutions coined "charitable hybrids" (p. 920) by the authors, "have been underserved in the literature" (p. 920). Brady et. al. (2002) define such charitable hybrids as organizations that "produce revenues, yet also have to supplement this income with donor gifts" (p. 920). Currently, the authors state, charitable hybrids such as universities cannot rely on commonly used approaches to encourage philanthropic donations, but they must integrate a number of methods provided in existing charity-related literature. (Brady et al, 2002). Brady et al (2002) asserted the need for research to be conducted within university settings with the aim of devising effective strategies to encourage philanthropic giving. Related literature reveals that researchers in the field have recommended a range of strategies that alumni could utilize.

Singer and Hughey (2002) suggest some strategies "to bring students and alumni together for their mutual benefit" through alumni associations "becoming involved extensively in all phases of student recruitment, admissions, and the orientation process" (p. 54). The authors also recommend that alumni might form partnerships with student associations and student affairs departments as well as hold forums in the classroom.

To provide some insight into some effective strategies that could be utilized by alumni associations to encourage charitable giving, Brady et. al. (2002) argued that there is a need for a model that is specifically applicable to higher education institutions. The researchers examined factors that determine "donor behavior in these hybrid organizations" (p. 920) to provide some insight into some effective strategies that could be utilized by alumni associations to encourage charitable giving. Brady et. al. began by creating a model designed to forecast whether a person would make charitable contributions. The model, which is based on existing literature on charitable giving, includes "service variables" (p. 922) which incorporates "quality, value, satisfaction and intent to give" (p. 922) and "traditional philanthropic variables," which include "organizational identification, philanthropic predisposition, and perceived need" (p. 922). The research findings revealed that both the service and traditional philanthropic variables "have significant influence on donors' intent to give" (Brady et al., 2002,) but the authors point out that the findings from the research cannot be generalized to other philanthropic organizations. The researchers acknowledged that further research in this area is required. In contrast, Brittingham and Pezzullo, (1990) state that "studies of institutional effectiveness using institutional, student, and alumni characteristics and analyses of donors' behavior have dominated research in fund raising for the last 20 years" (p. 1). The authors state that "little research is available for guidance on how to spend well" (Brittingham & Pezzullo, 1990, p. 1). Their observation suggests it is essential to examine how alumni associations spend funds to raise money.

Desmet (1999) published an experimental study focused on examining the effect of adjusting the amount requested by a charitable organization ("appeal scale" p. 56), on "donation behavior (yield and average amount of donation), and on the total amount collected" (p. 56). The study separated research participants into two distinct groups which the researcher classified as "regular donors" and "the irregular donors" (p. 59). Desmet used systematically random sampling to select the research participants, and his research findings revealed that the amount of money requested affected donor behavior. "Asking for more increases the amount of average donations and reduces the frequency of donations" (Desmet, 1999, p. 62). In particular, Desmet (1999) determined that the manner in which the donation request is made is vital. As such the researcher concludes that "communication must be placed in a larger context" (p. 63). The researcher goes on to state that in assessing donor behavior, especially that of regular donors, charitable organizations should consider adjusting the donation amount to match the previous amount given by the donor in an attempt to ensure continual offerings.

A related study conducted by Hanson (2000) assessed the relationship between student characteristics (social and academic involvement), "alumni characteristics (demographics, social involvement,) and attitudes toward their institution of higher education and supportive behaviors, either financial donations or promoting the institutions to others" (Hanson, 2000, p. 24). Hanson found that seeking to fully understand alumni members' characteristics and behaviors "positively influences[s] alumni to donate and promote their alma mater" (Hanson, 2000, p. 110).

Although a review of related literature provides some knowledge into how alumni could raise funds effectively, it is evident that there is a need for further research to be conducted in a higher education setting in order to allow alumni organizations to develop efficient methods to promote increased charitable opportunities. It is essential for development professionals to have a clear understanding of the issues and factors that influence donors to make annual gifts in order to design cultivation and solicitation strategies which raise more money at less cost.

Statement of the Problem

While several studies have examined various aspects of donor behavior, there is an absence which examine the different methods donors use to make gifts, or that identify the factors that influence donors to make contributions. Related literature has revealed little understanding and knowledge about examining donor characteristics with the aim of developing a donor profile within higher education institutions. This study will focus on this gap in the knowledge. The purpose of this study is to assess the characteristics of alumni donors to Mississippi State University over a three-year period and to develop a profile of donors and non-donors. The study will explore factors that influence contributions such as method of requesting donations. The study will also examine the relationship among donor behavior and gender, race, age, undergraduate major, and geographic location.

Research Questions

The following research questions guided the study.

1. What are the characteristics that differentiate donors from non-donors?
2. What are the characteristics that differentiate donors who give exclusively through one of the two primary annual giving methods (direct mail and phonathon)?
3. Does area of specialization or undergraduate major influence donor behavior?
4. Does geographic location affect donor behavior?

5. Is it possible to predict which individuals will give, and by which method they should be solicited?

Justification for Study

Fund raising is important to universities for many reasons. An effective fund raising program keeps alumni connected to and supportive of the institution. The private gifts provided by alumni play key roles in student and faculty recruitment, and very often provide institutions with the largest percentage of unrestricted funds available anywhere. Private gifts very often provide a margin of excellence over and above what tuition revenue, or, in the case of state institutions, what the state alone can provide. Research in the area of fund raising and alumni affairs indicates that limited information exists related to the profile of donors and non-donors.

This study seeks to develop a profile of donors and non-donors to better assist alumni associations in targeting alumni who are committed to making frequent philanthropic contributions. The study will produce information that other universities could utilize to develop their own profiles. Furthermore, the study will help development offices and alumni organizations to establish successful strategies that will enable them to generate funds in a more cost effective manner.

Purpose of the Study

A review of literature indicates that the manner in which the donors are approached to make contributions significantly influences the donor's impetus to make contributions (Desmet, 1999). Related literature reveals that little or no research has been conducted with the aim of developing profiles of donors in a university setting. Therefore, the purpose of this study is to examine the characteristics of graduates of Mississippi State University to develop a profile of donors and non-donors. This study will also assess the relationship between the method in which donors are approached and the resulting behavior.

Delimitations

The study was conducted using alumni of Mississippi State University who were of record over the three fiscal years of 2002-2003 through 2004-2005.

Limitations

The study will be limited to one university; thus, it will be difficult to make generalizations to other higher education institutions. This study can only be generalized to this unique population. The study is largely based on the researcher identifying graduate characteristics from a database which may result in researcher bias because the researcher independently determines which characteristics are vital to the study.

Definition of Terms

The following terms that are technical in nature, subject to multiple interpretations, and/or unique to this study are defined as follows:

Alumni – An individual who has earned a baccalaureate, or undergraduate degree from a college or university, in this case Mississippi State University.

Annual fund - normally refers to any formal solicitation which occurs on at least a yearly basis. It can include direct mail, telephone, or face-to-face solicitation. Welch (1980) in Paustenbaugh and Trojahn (2000) states that "annual funds bring in the immediate dollars that help the college or university close the gap between revenues and expenditure" (p. 1). For purposes of this study, only gifts of less than $10,000 per gift will be considered part of the annual fund.

Cultivation - is a term professional fund raisers use to describe the process of promoting or encouraging interest and/or involvement on the part of a potential donor or volunteer leader. It is the educative process to inform about an institution and give reasons why it merits support. (Center for Philanthropy & Nonprofit Leadership).

Fiscal Year – A company or organization's business year. For purposes of this study, Mississippi State University's fiscal year begins each July 1 and ends June 30.

Higher education – sometimes referred to as postsecondary education "is the provision of a formal instructional program whose curriculum is designed primarily for students who are beyond compulsory age for high school. This includes programs whose purpose is academic, vocational and continuing professional education and excludes avocational (leisure) and adult basic programs (U.S. Department of Education. National Center for Education Statistics (NCES), 2001, p. 7).

Donor behavior - refers to "…exchange models which attempt to explain donors' motives based on receipt of 'goods'--perquisites, tokens, or honors--in exchange for the gift, and a repeated disequilibrium that follows, leaving the donor with a need to respond to recognition and acknowledgment with yet more gifts"(Brittingham, & Pezzullo, 1990, p. 2).

CHAPTER II

REVIEW OF LITERATURE

The review of related literature is divided into the following sections: the history of philanthropy, philanthropy in the United States, philanthropy at institutions of higher education in the United States, the role of the annual fund in higher education philanthropy, existing research on annual giving, Mississippi State University and its development program, and justification for research in Mississippi State University's annual giving program.

The History of Philanthropy

The word philanthropy is Greek in origin and its American use owes much to Jewish, Catholic, and Protestant tradition, as well as to the English influence on American culture. The word was originally translated to mean "the love of mankind," but has evolved in its meaning over the years. Philanthropy has been linked with charity, civic spirit, humanitarianism, social control, and social work (Curti, 1973). At one time, charity and philanthropy had the same meaning. Charity is defined as "the religious tradition of altruism, compassion, and empathy, and giving on a one-to-one basis" (Krit, 1993). Philanthropy, on the other hand, can be thought of as "voluntary giving, voluntary service, and voluntary association, primarily for the benefit of others" (Krit, 1993). Implicit in this definition is that the giver helps his fellow men without regard for what he or she may get in return. Another way of explaining the distinction is to say that, in general, charity occurs on an individual level, while philanthropy exists on a larger scale.

This larger scale has existed since the beginning of civilization and this idea of "good will to men" has led individuals to "give voluntarily of their money, time, and strength" to cooperative causes and institutions which serve the welfare, the health, the character, the mind, the soul, and the advancing culture of the human race" (Marts, 1953, p. 3). The manner in which this impulse has evolved, it can be argued, is a measure of our advancement as a civilization.

It seems that from our earliest beginnings, people have had the desire to improve their condition, and have been willing to give of their own resources to help bring about improvements. The early Jewish culture practiced tithing, or giving one-tenth of one's income, typically the yield on crops, to the Lord in order to both glorify him and aid the poor. In addition, farmers were required to allow their fields to lie fallow every seventh year, and the poor were allowed to harvest whatever they could find in them (Marts, 1953).

This tradition has continued through history, with many Jewish people following the command of the Pentateuch that benevolence was a moral duty. In fact, the creation of the State of Israel would not have been possible without the financial assistance in the form of voluntary gifts from Jews around the world (Israel Ministry of Foreign Affairs, 2006).

In another part of the world, Gautama, also known as Buddha, established in 450 B.C. a religion in India based largely on charity to the poor. In Buddha's own words, people should minister to others by "generosity, courtesy, and benevolence, by treating them as he treats himself, and by being as good as his word" (Marts, 1953, p. 5).

Another early example of philanthropy occurred in the fourth century B.C. when King Alexander made his vast library available to scholars from all points of the Western World. Scholars did indeed come to exchange ideas and consult the library's manuscripts. This library, in northern Egypt, was the beginning of Alexandria University. Alexander was also responsible for financing Aristotle's Lyceum, and doing so very generously, for it was said that at one time Aristotle had "more than a thousand men scattered throughout Asia, Egypt, and Greece, seeking data for his writings on natural history" (Marts, 1953, p. 5).

The love of mankind and responsibility to others was central to the teachings of Jesus Christ. There are many examples in Christ's teaching of these principles, with among the best known being "love thy neighbor as thyself." In addition, Jesus advised a rich young ruler that charity was his best hope at salvation, instructing him to go and sell what he had and give to the poor (Garden of Praise, 2006). Early Christians eventually became more organized in their charitable work, with deacons having the responsibility of dispensing funds collected for the poor.

An important event occurred in A. D. 321 when Roman ruler Constantine made it legal to bequeath money to the church. This began the era of significant endowments, almost exclusively within churches in the beginning, but eventually spreading to other charitable causes (Marts, 1953).

During the fourth century, there existed a conflict with the practice of philanthropy between the Catholic Church and the Byzantine empire (Curti, 1973; Fisher, 1986). The Byzantine empire practiced the Greek and Roman approach with an attitude of public philanthropy that did not include concern for the prevention of poverty. On the other hand, the Catholic Church gave almost exclusively to the poor with little attention given to the improvement of society and the root causes of poverty (Curti, 1973; Fisher, 1986). Following the fall of the Greek and Roman states, the Catholic Church stepped up its giving to the poor and unfortunate members of society. Charitable hospitals, colleges, and monasteries were the primary beneficiaries of this largesse (Curti, 1973).

Of these charitable hospitals, St. Basil established the first known hospital in Caesarea in A. D. 369. Historical documents show that it had separate pavilions for various diseases and residences for physicans, prompting St. Gregory to call it "heaven on Earth" (Marts, 1953, p. 7).

As for colleges and universities, the first ones began to appear near centers of religion and charity. Contrary to what one might think, these early institutions were not created by the ruling class, or those with wealth, but instead by the middle class, standing, as Marts (1953) put it, as "a perfect illustration of how people may work together in a voluntary endeavor for the good of all" (p. 8).

Significant universities which began, and their dates of establishment, were Salerno, 850; Bologna, 1088, Paris; and 1130. Significantly, a quarrel among Paris' founders led some to cross the English Channel and establish Oxford University in 1150 and Cambridge in 1190 (Marts, 1953).

Emmanuel College of Cambridge University was founded by Sir Walter Mildmay in 1584 on the site of a former priory of the Dominican Order, also known as the Black Friars or Preachers (Marts, 1953). According to Emmanuel's web site, Mildmay "had a long career of public service to his credit, and was for many years Chancellor of the Exchequer to Queen Elizabeth I. A man of Puritan sympathies, though a staunch upholder of the Elizabethan settlement, he decided to establish a College where Protestant preachers would receive education and training of the same thoroughness as their Dominican predecessors" (Emmanuel College, 2006). The establishment of Emmanuel became significant for the English colonies in America because one of its graduates, The Reverend John Harvard, came to Massachusetts at the age of 29 and eventually planned a college designed to advance learning in the new world (Marts, 1953).

Philanthropy in the United States

It is without question that organized philanthropy supported by systematic fund raising practices is a twentieth century American invention. Prior to 1900, philanthropy was conducted on a small-scale basis and was mostly financed by a few wealthy individuals in response to what they considered "begging appeal." During this period, a small amount of excess wealth was usually given to schools, churches, the pitifully poor, and colleges (Cutlip, 1990).

Philanthropy in the United States is not well understood by people from other countries. As British journalist James Bryce wrote in 1888, "in works of beneficence, no country has surpassed, perhaps none has equaled the United States" (Houghton-Mifflin, 2005). Although our tax laws encourage giving, American philanthropy has increased steadily amidst tax law changes, the Depression and other factors which "can devastate an economy and human attitude" (Wood, 1989).

Many historians date the beginning of organized philanthropy in the United States to 1889, the year in which the great philanthropist Andrew Carnegie authored his "Gospel of Wealth," and the year Jane Addams and her supporters established Hull House in Chicago (Harrah-Conforth & Borsos, 1991). While these events are generally accepted as the beginning of organized philanthropy, charitable giving in America dates to the colonial period.

Although fund raising for higher education will be covered in the following section, it is noteworthy to point out that the first systematic effort to raise money in North America was for Harvard College. The Massachusetts Bay Company in 1641 dispatched three clergymen to England to solicit funds for Harvard. Among other endeavors, the funds were to be used to “educate the heathen Indian” (Cutlip, 1990). Although that was the stated need, a closer examination of Governor Winthrop’s statement of the mission’s objectives included the need to “satisfy our creditors,” and “to make use of any opportunity God should offer for the good of the country” (Cutlip1990, p. 4). The results of the fund raising effort may have disappointed its organizers, because one of the ministers, The Reverend Mr. Hibbens, returned from England with only £ 500. (Cutlip, 1990).

An important 18th Century figure in philanthropy was George Whitfield, a dynamic evangelist from England who played a great role in the religious revival known as the “Great Awakening.” Among other ideals, the movement stressed the importance of philanthropy, especially when directed toward the poorest members of society (Learning to Give, 2005).

Benjamin Franklin, the gifted American writer, thinker, inventor, and patriot also made great contributions to philanthropy. He was known for shrewdly planning his appeal for funds and carefully researching his prospective donors. His advice to the Reverend Gilbert Tennent, who came to seek his input on raising funds to build a Presbyterian church, could serve as good advice to this day. Franklin said, "In the first place I advise you to apply to all those whom you know will give something; next, to those whom you are uncertain whether they will give anything or not, and show them the list of those who have given; and lastly, do not neglect those whom you are sure will give nothing, for in some of them you may be mistaken" (Franklin, 1962, p. 263).

Throughout the 19th Century, philanthropic activities, while widespread, were unorganized, and were a matter of personal solicitation, the staging of special events designed to raise funds, or letter-writing campaigns. A number of worthy projects failed to capture the public's imagination and ended in failure, including efforts to build a monument at Bunker Hill and to pay for the construction of the Washington Monument (Cutlip, 1990).

The Civil War era brought additional attempts at organized fund raising. The noted financier Jay Cooke organized a massive effort to sell government bonds in order to finance the cause of the Union. There were also efforts organized to raise money for bandages for the U. S. Sanitary Commission, the forerunner organization of the American Red Cross (Miller, 2004). The American Red Cross itself seemed destined at the start to play an influential role in American philanthropy, thanks in no small part to the fierce, unyielding dedication and determination of Clara Barton (Cutlip, 1990).

No discussion of this era would be complete without making further reference to Andrew Carnegie, who probably influenced American philanthropic thought and behavior more than any other person. It is estimated that Carnegie, the richest man in the world during his time, gave away more than 90% of his personal fortune. However, his resources were so vast that it became difficult to give away the money faster than he earned it. This led to the establishment of what we know today as private foundations, which exist for the sole purpose of giving away money. Carnegie had a wide range of charitable interests, foremost among them being the establishment of free public libraries. Carnegie spent over $56 million to build 2,509 libraries throughout the world (Notario, 2005).

Toward the end of the 19th Century, what came to be known as the "campaign method" of fund raising was pioneered by Charles Sumner Ward and Lyman L. Pierce, two employees of the Young Men's Christian Association (YMCA). They were credited with bringing fund raising practices to the broader population, not just to the wealthy, resulting in the production of "larger sums than any known means of fund raising" (Cutlip, 1990, p. 20).

<u>Philanthropy at Institutions of Higher Education in the United States</u>

Harvard University is the oldest institution of higher learning in the United Sates. "Founded 16 years after the arrival of the Pilgrims at Plymouth, it was established in 1636 by vote of the Great and General Court of the Massachusetts

Bay Colony and was named for its first benefactor, John Harvard of Charlestown, a young minister who, upon his death in 1638, left his library and half his estate to the new institution" (Harvard University, 2005).

Following the failed trans-Atlantic fund raising mission undertaken by the three clergymen, and discussed in the previous section, other early American universities received grants from their provincial governments or by the King, including Harvard, Yale, and the College of William and Mary. Colleges occasionally received bequests, but these were most often applied to reducing debt.

Harvard conducted four lotteries between 1775 and 1809, with disastrous results not only in actual funds raised, but in damage to reputation. The university received only 2.3% of the money the public wagered in the lottery pools (Cutlip, 1990) The lengths at which early college administrators went to raise funds would seem to be an indication of how difficult it was to operate a college or university without losing money, and pointed out the need for organized methods of fund raising.

As the young country expanded, the states began to establish public institutions of higher education. Thomas Jefferson was particularly committed to public higher education, evidenced by his involvement in establishing the University of Virginia in the early nineteenth century. Consulting with other architects, he drew the first plans for his "Academical Village" between 1814 and

1823, and the General Assembly appropriated $15,000 for the University of Virginia in 1823 (The University of Virginia, 2005). In writing his own epitaph, Jefferson listed authoring the Declaration of Independence and founding the university, but did not even mention having served as President of the United States.

A watershed event for public higher education came in 1862, when Congress passed the Morrill Act, also known as the Land Grant College Act. This piece of legislation led directly to the establishment of many new universities focused on the teaching of agriculture and the mechanical sciences, or engineering. These so-called “land-grant” universities made a university education possible to an entirely new segment of the population, given their open admission standards and state-subsidized low costs of attendance. By the time many of these institutions were producing highly skilled young graduates, the Industrial Revolution was well under way. In fact, the timing couldn’t have been better for the country as unprecedented growth required these skills in great quantities (Key, 1995).

Given the fact that the states provided the basic operating budgets for the public institutions, there was really no need for formalized fund raising programs until the 1950s and 1960s. Most public institutions had some form of alumni association, but those groups primarily focused on networking, staying in touch with old classmates, and renewing friendships during class reunions. With the boom in college enrollment following World War II, colleges and universities began to face increased costs due to the need for more infrastructure, faculty, staff, and other services. At the same time, states began to experience greater demand for social and other programs. These factors brought about diminished funding for public higher education.

Meanwhile, private higher education, with a 300-year head start in dealing with revenue sources and budgets, had very well-established fund raising programs. Since the two main revenue sources had, for many years, been tuition and charitable giving, the privates, by necessity, had these programs in place. These institutions shrewdly place much of these resources into endowments, guaranteeing a steady stream of income forever. Even today, the private institutions receive the lion's share of the charitable gift dollar, with institutions such as Harvard and Stanford routinely receiving $400 million or more annually. The top performers in the public sector, such as the University of Minnesota, the University of California-Berkeley, and the University of Washington, receive about half that amount (Kaplan, 2004).

As public institutions of higher education began to develop their fund raising programs, they borrowed many techniques from their private counterparts. One of these techniques was the capital campaign, an intensified period of fund raising, marked by increased marketing efforts, specifically stated dollar goals, increased volunteer participation, specified time periods, and public gift announcements. Taking advantage of large numbers of successful alumni and favorable financial markets, this technique, pioneered among public institutions like Michigan, Minnesota, Wisconsin, UCLA, and others, has been hugely successful in the past 25-30 years, resulting in campaigns which have raised in excess of $1 billion for public institutions, rivaling successful campaigns in the private realm. In January, 2006, the *Chronicle of Higher Education* reported 25 institutions involved in capital campaigns with goals in excess of $1 billion. Fourteen of the 25 institutions listed were public universities (Breslow, 2006).

Another factor which led to dramatic increases in charitable giving was the Tax Reform Act of 1969. The piece of legislation not only expanded certain charitable deductions for individuals; it liberalized rules for the establishment of private foundations, expanding greatly the amount of charitable gift dollars available. Perhaps the most significant development from this act were provisions clarifying rules governing deferred gifts known as charitable remainder trusts. Although these life-income arrangements had been sanctioned by Congress and the Internal Revenue Service as far back as 1945 (Commerce Clearing House 1945), the rules governing their establishment were not clear, and were often misinterpreted. These gifts allow a donor to place a valuable asset irrevocably into trust, receive lifetime income from this asset, claim a charitable deduction, all while supporting their favorite cause, often a college or university. Since the assets placed in trust had often appreciated in value (i.e. securities, real estate), the donor also bypassed capital gains, which would have been due had the asset been sold outside the trust. Since marginal estate tax rates during this period were often in excess of 50%, this represented an enormous opportunity for affluent individuals to reduce their estate tax liability, pass along more assets to children and grandchildren, and support their favorite charity (Sharpe, 2004).

These events led directly to an explosion of the specialized field of "planned giving," or "deferred giving." Charities began employing highly trained individuals such as attorneys, certified financial planners, and certified public accountants to assist individual donors in structuring these gifts.

The top issues facing higher education fund raising today include greater competition for the charitable gift dollar, partly brought on by the war on terrorism, unsteady financial markets, and a demand for greater accountability from charities, the "activist" donor, and possible repeal of estate tax laws at the federal level.

The competition for the charitable gift dollar was already intense prior to the events of September 11, 2001. Since that time, some causes have seen their coffers shrink as donors have poured their dollars into relief agencies such as the American Red Cross and others that sprang up in the aftermath of the terrorist attacks. By the first anniversary of the attacks, one estimate of the total raised for relief and recovery tallied approximately $2.6 billion (AAFRC Trust for Philanthropy, 2003). Whether this is a temporary trend or something larger remains to be seen, and is likely to be impacted by the progress made on the War on Terror. Charities, including higher education, have responded to this increased competition in a variety of ways, including more focus on stewardship of current donors, identification of new sources of gift income, and strengthening their case for support. Competition has also come from entities called donor advised funds, often run by brokerage firms, which allow a donor to place gift assets in a fund and then "recommend" their disposition over time. To counter this competition from the well-funded private sector, many universities have established their own version of the donor advised fund and have marketed them effectively to their alumni and other donors (Ball, 2005).

After enjoying more than a decade of healthy, double-digit investment returns, which saw the Dow Jones Industrial average grow from less than 1,000 to more than 11,000, investors in the United States experienced more than two years of flat to sharply negative returns. Although the financial markets have somewhat recovered, virtually no experts forecast a return to double-digit returns any time soon. This negatively impacts higher education and all charities in a couple of ways. First, as potential donors watch their own asset base shrink, they become less inclined to part with their assets. Second, since most charities rely to some degree on earnings from endowment, this protracted downturn in investment return has caused large endowments to lose market value, thus threatening their ability to produce total return. This is particularly true for endowments invested heavily in the equity market, which became quite common in the 1980s and 1990s. Response to the second issue has been varied, but most investment committees for charitable organizations have at least considered suspending or reducing payout from endowments and/or employing an alternative investment strategy, such as hedge fund investing. Response to the first issue is more difficult, and most professionals have simply "hunkered down," being patient with their donors until conditions improve.

The proliferation of new charities, combined with well-publicized abuses of dollars earmarked for worthy causes being diverted to other uses (often the personal gain of executives of not-for-profits), has resulted in the demand for greater accountability from charities. The most well-known of these abuses involved the United Way organization, and led many charities to adopt the "Donor Bill of Rights," which, among other things, guaranteed the donor access to the financial statements of the charitable organization to which they gave, a list of names of the governing body of the charity, and what percentage of all funds collected were applied to administrative overhead. While these developments have probably been a net positive for the charitable community, it has caused organizations to, at times, be diverted from their main mission (AAFRC Trust for Philanthropy, 2003).

A fairly recent trend in charitable giving, particularly in higher education, is that of the "activist," or "hands-on" donor. With the huge increase in wealth in the United States during the last 20 years, gifts have become larger and larger. Even as recently as 1992, there had been only a handful of gifts to higher education in excess of $50 million. Since that time there have been more than 30 in excess of $100 million. Perhaps it is a function of the gift's sheer size which has caused more and more of these donors to demand a direct role in implementing the use of the gift. One well-publicized gift involving the Bass Family and Yale University resulted in the university returning a gift rather than deal with the demands placed on it by the donor (Pieler, 1998). It represents a challenge to a college or university to balance the desire to receive a huge sum of money with the traditions of autonomy and academic freedom. Colleges and universities can respond to this challenge by learning more about their donors prior to the gift, establishing a relationship based on trust, and crafting gift agreements which clearly spell out the terms of a gift.

Looking to the future, charitable giving to higher education is likely to become increasingly important. There is no shortage of worthy programs that can be implemented on campuses across America, if given the resources. Another driver, particularly among public institutions, is the growing crisis of states trying to fund their institutions adequately. Private giving, once thought of as creating the margin of excellence, is now increasingly being relied upon to provide basic operating funds. Whether donors will embrace this view remains to be seen. Some will demand adequate funding from their state leaders before making additional investments in the institutions. This is frustrating for campus leaders since the needs do not go away.

Universities do not seem to be backing off their need to raise larger and larger sums from the private sector. The State University of New York (SUNY) in 2004 announced plans to raise $3 billion by 2012, with each of its 64 campuses having an individual goal as a part of this largest-ever capital campaign (Lewis, 2004).

Finally, all charities keep their eyes on houses of Congress, especially in the area of tax reform. In 2000, Congress enacted laws reducing the estate tax over time, until its eventual removal in 2011. However, Congress further stated that unless it acted again before 2011 to make the change permanent, estate tax laws would revert to their 2000 levels. This could have a negative impact on planned and deferred giving programs, with potential donors relying on Congress to make the cuts permanent. However, since many studies have shown that tax reasons are far down the list of why people choose to give, it may simply be a matter of charities needing to modify their methods for seeking gift support in the future. Only time will tell.

The Role of the Annual Fund in Higher Education Philanthropy

The foundation of any fund raising program is the annual fund. Not only does the annual fund represent a significant percentage of funds raised for most charities, it often comes with the fewest strings attached. In addition, with careful prospect research and cultivation, annual fund donors can often be upgraded to major gift donors. If development professionals have a clear understanding of the issues and factors that influence donors to make annual gifts, they may be able to design cultivation and solicitation approaches which raise more money at less cost.

Although specialized efforts were sometimes undertaken, the first organized effort at institutionalizing the annual fund occurred at Yale University in 1890, when a few alumni established the Alumni Fund. Some 385 alumni gave in excess of $11,000, and the annual fund was born (Curti & Nash, 1990). The Yale alumni agreed on these principles: "that the funds should be unrestricted; that the appeal should be universal; that emphasis on numbers would actually encourage larger special gifts; and that the primary objective should be to persuade the alumni to give annually" (Seymour, 1966, p. 63).

As more and more institutions began annual giving programs, institutions became more skilled at keeping their alumni informed on campus happenings as a way to stir interest in supporting the cause. The Association of Alumni Secretaries was formed in 1913, and two years later appeared the Alumni Magazines Association, followed by the Association of Alumni Associations. The three associations merged to form the American Alumni Council (AAC) in

1927. Membership grew rapidly, with the presence of a central office lending leadership and coherence to the efforts of the council (Curti & Nash, 1990).

As colleges and universities became more sophisticated with their fund raising, further consolidation of groups continued. In 1955, the American College Public Relations Association (ACPRA) and the Council for Financial Aid to Education began a nationwide survey of gifts and grants to American colleges and universities. This was the first serious attempt in creating a common set of fund raising results (Council for Advancement and Support of Education, 2005).

In 1958, the AAC and the ACPRA held what came to be known as the first Greenbrier Conference on Advancing Understanding and Support for Higher Education, with a goal of increasing professionalism in the field and encouraging cooperation among members. In 1974 these same two organizations merged to form the Council for Advancement and Support of Education (CASE), an organization which exists to this day and boasts more than 3,000 member institutions and more than 25,000 individual professional members from all 50 states and more than 50 countries worldwide (Council for Advancement and Support of Education, 2005).

All annual funds strive to gain the highest percentage participation possible, while maximizing funds raised. There is typically some tradeoff involved, since individual attention to large numbers of people is quite expensive. What successful annual fund managers have learned over time is that borrowing some wisdom from their major gift counterparts is in order, and that is to pay particular attention to those who give the most to the annual fund, and to those who give the most regularly (Seymour, 1966).

Existing Research on Annual Giving

There is a growing body of research on philanthropy and the fund raising process, and there have been a number of studies focused on the annual giving process. Most have focused on a single charity, college or university and attempt to identify characteristics which distinguish donors from non-donors or find those characteristics within the pool of donors that further distinguish that set of individuals.

Korvas (1984) investigated distinguishing characteristics of alumni donors and non-donors at Rockhurst College (MO) during one fiscal year. The donors were examined at three levels of magnitude of giving. Characteristics included student life experiences and academic experiences as well as demographic measures. The study revealed nine characteristics discriminating between donors and non-donors and ten between the three levels of giving magnitude.

A study of Butler University alumni donors and non-donors by Haddad (1986) set out to prove the hypothesis that there were no significant demographic differences between the groups or among donors in various contribution levels. Instead, the study revealed significant differences in a number of characteristics, including age, number of children, type of degree earned, fraternity or sorority affiliation, and others.

House (1987), in a study of University of Florida alumni, attempted "to identify variables that could be used by public college and university leaders and fund raisers to predict the extent of alumni giving." His study revealed that the best predictors were those which appeared in each of three prediction equations and were male alumni with higher degrees, who perceived a greater need of private financial support, and whose graduation year was further removed from the study.

In another study of a large public university, Grill (1988) studied alumni of the Pennsylvania State University and found that gender was not a significant discriminating factor, but that the most powerful variable between donors and non-donors within the population examined was "the degree of postgraduate involvement with the institution; particularly as manifested by membership in the alumni association."

Burgess-Getts (1992), noting that most studies of this type had been done in a larger university setting, attempted to determine to what extent selected demographic, academic, behavioral, and attitudinal variables would discriminate between donors and non-donors in a smaller university setting, in this case the College of William and Mary. Her study revealed the most discriminating variables between donors and non-donors were planned visits, household income, designation of funds to a particular purpose (the university library), year of graduation, identification with the institution, and attendance of family members.

Another study by Calvario (1996) probed the level of satisfaction with the educational experience at the University of Northern Colorado, using two existing survey instruments developed for that purpose. The study suggested that satisfaction with the college experience would impact the likelihood of making a gift to one's institution of graduation and discriminated potential donors and non-donors with 80% accuracy.

Rosser (1997), in a study of three decades of Texas A&M graduates, determined that alumni involvement was the variable most highly correlated with donor level. Interestingly, participation in Greek letter organizations and having family members who attended the university had no relationship to donor level, contradicting similar studies at other institutions.

Another study designed to identify individuals more likely to provide monetary gifts focused on alumni of the University of Nevada, Las Vegas. Belanger (1999) attempted to build a predictive model from three study groups from a population of 35,000 alumni. The study groups were those who had given between $10 and $1,000 at least one time, those who had never made a gift, and those who had given more than $1,000 at least one time. Results of the study revealed small differences between the three study groups, with only moderate predictive ability, in terms of repeat giving for those in the group of over-$1,000 donors.

Hanson (2000) developed a conceptual model, based on previous research in the field, to predict alumni support at the University of North Dakota. The study analyzed 22 independent variables, with a set of dependent variables, notably gift-giving. The model correctly predicted gift-giving more than 70% of the time. Further, predictors of individual giving were identified, and they included individual income, perception of financial need, years since graduation, attendance at alumni activities, and number of children.

Schmidt (2001) used methodology similar to other studies in trying to identify characteristics of likely alumni donors at Winona State University (MN), but also tested another data mining technique developed by a publishing company which ranked alumni based on demographic and biographic information obtained by the company. The study found that the ranking system produced by this technique predicted alumni giving, along with six additional variables, including gender, years since degree, and average household income.

A survey-based study by Van Horn (2002) examined the relationship between satisfaction with the undergraduate experience, annual family income and smaller dollar gift-giving. This study involved alumni of two private colleges in North Carolina. The study concluded that a strong relationship exists between satisfaction with the undergraduate experience and alumni giving, but that the relationship is not significant enough to predict with any precision. In addition, family income had no predictive relationship with giving.

In summary, research in alumni giving to colleges and universities is an evolving field. Those studies which examine demographic and other variables that exist within the databases seem to have some similar findings, while those which are based more on survey responses seem to share some findings. However, similarly-designed studies have produced strikingly different results, and additional research and refinement of methods would seem to be in order. Significantly, no studies were located which examine the various demographic and other variables from the perspective of the method of gift-giving as in this study.

Mississippi State University and its Alumni and Development Programs

Mississippi State University was established as the Agricultural and Mechanical College of Mississippi on February 28, 1878. The institution is a land-grant institution, one of many established by the Morrill Act of 1862. The college enrolled 354 students during its first semester in operation in the fall of 1880. The enrollment was all-male and operated with military-style discipline. In fact, its first president, Stephen D. Lee, had been a Confederate General during the Civil War. He led the college during its first 19 years in existence. The first academic degrees were awarded in 1883, and the first female graduated in 1888 (Bettersworth, 1980).

Mississippi A&M became Mississippi State College in 1932, and began the transition to a modern university shortly thereafter. Like many universities, Mississippi State's enrollment grew during the period following World War II, and the enrollment topped 5,000 during the 1950s. The university awarded its first doctoral degrees in 1950, and became Mississippi State University in 1958 (Bettersworth, 1980).

The university continued to grow and prosper in the 1980s and 1990s and is now the state's largest institution of higher learning, with more than 16,000 students representing every county in Mississippi, every state in the nation, and many countries throughout the world. It operates a robust research program, and ranks high among institutions nationally in research expenditures (Mississippi State University, 2006).

Like many state universities, Mississippi State University did not have a sophisticated or active giving program until the 1980s. The basic needs were available from direct state appropriations and modest tuition, unlike the private universities, which have always depended heavily on private gift support. However, and again like most other state universities, the percentage of revenues from the state began to shrink in the 1970s, as state legislatures began feeling pressure to attend to other areas of the state budget, including social programs, prisons, highways, and other infrastructure needs. As a result, universities began to get more serious about the development of aggressive giving programs to bridge the gap between educational needs and state appropriations.

Mississippi State University, through its alumni association, had been operating an annual fund for many years with modest success under a dues-based approach. Each alumnus was asked to pay annual dues, much like to a social club, and these funds were used to help defray expenses of the alumni association in promoting the lifelong attachment of alumni to the university. This dues-based program operated by the alumni association continued until 1994, when the association converted from a dues-based approach to a true annual fund.

In 1956, a group of alumni established an organization known as the Mississippi State University Alumni Foundation, whose mission was to raise scholarship funds for students attending the university. In 1960, University President Dean W. Colvard convened a group of alumni businessmen to explore the possibility of establishing a new foundation with an even broader mission of "providing a margin of excellence, that extra support which can make the difference between mediocrity and distinction" (Bettersworth, 1980) The foundation, established as the Mississippi State University Development Foundation in 1962, had an initial three-year goal to raise $120,000 to "underwrite the operating funds of the development program." Once this goal was achieved, loftier goals were established, and in 1965, again under the leadership of President Colvard, the Development Foundation was asked to play a leadership role in a new development effort known as the "Patrons of Excellence." Under this program, alumni would be asked to pledge $1,000 over a ten-year period. It was President Colvard's intention to not only raise much-needed funds for the university, but to establish a base of loyal alumni donors who could be counted on to provide funds each year. The Patrons program coexisted with the alumni dues program for almost 30 years, and was successful, but became viewed as more of a competing annual giving program when the alumni association made the switch to an annual giving program in 1994. Adding to the confusion in the minds of some alumni was the advent of the Bulldog Club in the early 1970s, which sought funds to support intercollegiate athletics at the university (Bettersworth, 1980).

By the 1980s, the university was still relying largely on the Patrons of Excellence Program for private gift support, and most of the funds were raised through a network of alumni volunteers, including members of the board of directors of the Development Foundation. Donald Zacharias, who became president of the university in 1985, sought to organize a more professional development operation, with the burden of raising funds shifted more toward professional staff, and with an ultimate goal of raising more private gift support for the university. To help achieve this goal, the university hired its first vice president for advancement, who was charged with carrying out this mission and readying the university for its first-ever capital campaign. Additional university resources were put in place, and a professional staff was assembled. By 1990, a fund raising consulting firm was retained, and a feasibility study was conducted to determine whether the university was ready to launch a major gifts capital campaign. The result of that study was a recommendation that the university enter into a campaign, which was conducted between 1992 and 1997. It had an initial goal of $78 million, which must have been a staggering figure at the time. However, the campaign was well-organized and alumni and friends responded well with gifts. After increasing the initial goal to $125 million, the campaign closed with $143 million in gifts and pledges, making it a rousing success by any measure (Wagnon, 1997).

The success of the campaign, as is the case with most successful campaigns, put Mississippi State University in the mode of having a major gift fund-raising focus, even after the campaign's conclusion. In subsequent years, many more major gifts have been made, including the university's largest gift in 2002—a $25 million endowment earmarked for the College of Engineering. This gift helped launch the university's second capital campaign—this one with a much more ambitious goal of raising $400 million by the close of 2008.

The annual fund is an important component of any charitable organization. It can help establish giving patterns, increase loyalty, improve the percentage of participation, and other accompanying benefits. In fact, most major donors start out as loyal annual givers. However, operating an annual fund has some significant drawbacks as well. First, it is extremely labor-intensive. Mass mailings and sophisticated phone-calling programs require significantly more staff than do major gift efforts. This results in the annual fund dollar being more costly to raise than the major gift dollar. It is not uncommon for annual giving programs to cost more than 50 cents for each dollar raised. This is due to the cost of labor, postage, long distance phone calling, supplies, and other factors. On the other hand, it is quite common for major gift programs to operate in a very cost-efficient manner, routinely operating at fewer than 20 cents for each dollar raised, or in the case of some institutions, under 10 cents. This might cause one to legitimately ask the question of "why bother operating an annual fund at all?" The answer lies in an explanation of the annual fund's benefits. It can serve as the "training ground" for major gift prospects, so a charitable organization would eliminate its annual giving operation at its own peril—cease to operate one and one day the organization may cease to have major gift donors.

Charitable organizations have been forced to accept that the annual fund is here to stay, and that its dollar is the most expensive to secure. Managers of charitable organizations have turned their attention to how to make the annual fund operate at peak efficiency and "squeeze" the most possible from each dollar raised.

The overall success of Mississippi State University's development program has already been summarized. While the major gift effort has flourished, the annual fund has been relatively disappointing. For example, since 1985, major gift totals at the university have increased from $4.3 million to $51 million in fiscal 2005, a twelve-fold increase, while annual fund totals have increased from $448,615 to just under $2.8 million, only half as much as overall giving.

In 1999, in an attempt to make the annual fund more efficient, the university moved that function from the MSU Alumni Association and merged it with the Patrons of Excellence program operated by the MSU Foundation, which officially changed its name from the Mississippi State University Development Foundation in 1993. The combined program was given a new name and is now called the "Fund for Excellence." This move had positive results, with annual gift receipts growing from $2.0 million in 1998 to $2.4 million in 2001. However, growth in the program has flattened, and management is faced once again with the issue of how to grow the annual giving program while holding the line on expenses.

The Fund for Excellence solicits gifts using three methods. The oldest method is the direct mail piece, which usually consists of a letter from a university or Foundation employee asking for gift support, and is always accompanied by a gift return card, on which a donor indicates the amount of his/her gift, and the area of the university he/she wishes to support.

The second-oldest method of Fund for Excellence solicitation is the telefunding program, sometimes referred to as a "phonathon" program. This method of solicitation was begun when the Alumni Association operated the annual giving program, and has been modified and enhanced by telecommunications and computer technology. In its infancy, telephone solicitors, who were MSU students, called alumni and friends using traditional land-based telephone lines, while working from printed lists of telephone numbers. Callers were trained to be friendly and upbeat to those they reached by telephone, and even if they did not secure a gift commitment, were encouraged to thank the person on the other end of the call for talking with them. An added benefit of a calling program is that it can serve as an excellent way to update the alumni database, since callers can verify a person's address while on the phone call. Today's callers sit at automated computer workstations, and instead of manually dialing a phone number, the computer software automatically dials the number for them and "feeds" the prospective donor's biographical and giving information directly on the computer screen for the caller to view during the call.

The newest and most intriguing method of solicitation is via electronic mail. While this specialized form of direct mail is far less labor intensive and less expensive than either traditional direct mail or telephone solicitation, it lacks the personal touch of the latter, and Mississippi State University only has email addresses for fewer than half its otherwise addressable alumni and friends.

In summary, philanthropy dates from the earliest times, but has evolved over the years. Organized philanthropy is a relatively recent American invention, and has advanced rapidly, particularly within institutions of higher education. Although there is a growing body of research on philanthropy and the fund raising process, room exists for additional research. No research has ever focused on the annual giving program at Mississippi State University, which this study undertakes in an attempt to determine more effective ways to raise funds for the institution.

CHAPTER III

METHODOLOGY

Introduction

Chapter III is divided into the following sections: research design, population, data collection, procedure and data analysis. The study uses quantitative methods to analyze data collected from the computer database of the Mississippi State University Foundation and Mississippi State University National Alumni Association to develop a profile of donors and non-donors.

Research Design

Descriptive and inferential research methodologies are used to analyze the data collected for this study. Gall, Gall and Borg (1992) affirm that "descriptive research involves the collection and analysis of quantitative data in order to develop a precise description of a sample's behavior or personal characteristics," (p. 173). Descriptive research is instrumental to this study because it enables a researcher to provide a precise picture of an occurrence or characteristic (Johnson & Christensen, 2004). Best and Kahn (2003) affirm that "descriptive research uses quantitative methods to describe what is, describing, recording, analyzing and interpreting conditions that exist" (p. 22).

Like most research methodologies, descriptive research is not without its limitations. Variables cannot be manipulated or controlled, which makes it difficult to understand the exact basis for the behavior or phenomenon. Descriptive research cannot establish cause and effect relationships. Best and Kahn (2003) assert that "causes are often multiple and complex rather than single and simple." (p. 173). As such, the authors suggest caution when interpreting research findings.

On the other hand, inferential statistics "consist of techniques that allow the study of samples," or subsets of a population, and then "make generalizations about the populations from which they were selected" (Gravetter & Wallnau, 2000, p. 8). Unlike descriptive statistics, inferential statistics can be quite useful in establishing relationships between variables. In this study, the inferential statistics of ordinary least squares and logistic regression are used.

Population

The participants for this study were living alumni of Mississippi State University for whom valid addresses were available over a period of time beginning in July 2001 and ending June 30, 2004. The subjects were obtained from the computer database of the Mississippi State University Foundation and the Mississippi State University National Alumni Association, which contains all information relevant to this study. Permission to access the records of this database was obtained in advance of the study. The individual alumni were identified only by a unique number, rather than by name. Thus, the researcher never knew the identity of individual alumni.

The initial population of non-donors and donors numbered 98,865. A total of 13,529 records were excluded due to one or more missing variables of race, gender, or age, resulting in an "adjusted" population of 85,336 records, or a loss of 13.6%. The missing variables were distributed evenly across the three years examined. For the purposes of this study, the alumni fell into one of three categories:

- Those that made no gift to the university for the particular year in question (N = 67,988).
- Those that made one or more gifts to the university during a particular year, but only made their gift in response to a direct mail appeal from the development office (N = 8,096).
- Those that made one or more gifts to the university during a particular year, but only made their gift in response to a telephone call received from the university as part of the annual telefunding campaign (N = 9,252).

Certain alumni donors made gifts to the university in response to nothing detectable. Others made gifts in response to both direct mail and the telefunding appeal. In relation to the population, these numbers are very small and were excluded from the analyses conducted.

Data Collection and Procedure

Data were collected from the computer database of the Mississippi State University Foundation and Mississippi State University National Alumni Association. The database contains demographic, academic and personal information about the research participants. The characteristics that were selected for the study are listed in the computer databases and were used to compile data on each research participant. The researcher categorized each characteristic under distinct headings such as age, gender, geographic location (Mississippi resident or non-Mississippi resident), gift-giving method (direct mail or phone), and race. Based on the research questions, the researcher developed a set of guidelines to ensure that the data collected from each research participant in the database was evaluated in the same way. Great care was taken to protect the personal data of each individual alumni donor. Lists of donors and non-donors never contained names or Social Security numbers. The database shared by the MSU Foundation and MSU Alumni Association is set up in such a way that each donor record has a unique personal identification master number (PIDM) which was used for purposes of this study, but is of no value by itself. In other words, no individual can use that number to look up a giving record or even detect an individual's identity using the computer database. The PIDM is only useful at the structured query language (SQL) level.

Data Analysis

The data from the study were analyzed using both descriptive and inferential statistics. The suitability of using associational statistics such as correlation coefficients and Chi-Square was also examined. Mean scores, standard deviation, percentages, analysis of variance, and linear and logistic methods of multiple regression were used to determine the relationship and differences of variables pertinent to this study.

Linear regression attempts to explain this relationship with a straight line to fit the data. Logistic regression can be used to predict a dependent variable on the basis of continuous and/or categorical independents and to determine the percent of variance in the dependent variable explained by the independents; to rank the relative importance independents; to assess interaction effects; and to understand the impact of covariate control variables.

The regression produces a value known as "r^2" which is the correlation coefficient, and ranges between -1 and +1. The closer the r^2 value lies to -1, the more negative the relationship, and the closer the r^2 value lies to +1, the more positive the relationship. Chi-Square is a non-parametric test of statistical significance for bivariate tabular analysis (also known as crossbreaks). A non-parametric test like Chi-Square is a rough estimate of confidence. It accepts weaker, less accurate data as input than parametric tests (like t-tests and analysis of variance, for example) and therefore has less status in the pantheon of statistical tests. Nonetheless, its limitations are also its strengths because Chi-Square is more "forgiving" in the data it will accept. Bivariate tabular (crossbreak) analysis is used when trying to summarize the intersections of independent and dependent variables and to understand the relationship (if any) between those variables. The Chi-Square statistic is expressed by "X^2". In this particular study, although the Chi-Square statistics were calculated, a decision was made to not display the tables associated with them since all results were significant based on the size of the adjusted population, another frequently noted problem associated with the Chi-Square test statistic.

The purpose of examining these relationships is to develop models which predict donor behavior: in other words, which characteristics describe: 1) the non-donor; 2) the donor; 3) the donor who prefers to give to a direct mail appeal; and 4) the donor who prefers to give via a telephone campaign? Alumni associations and development offices may achieve cost efficiencies and raise more private gift support if these models are valid and reliable. Professionals may determine that resources should not be spent on certain segments of the alumni, and may choose to redirect those resources to more cost-effective fund raising methods.

CHAPTER IV

RESULTS AND DISCUSSION

The primary purpose of this study was to examine the characteristics in which alumni donors to Mississippi State University differ from non-donors. In examining donors, it is also desirable to examine characteristics which differentiate donors who give through one of two primary giving vehicles, direct mail and telephone solicitation. Careful analysis of the results should assist annual giving professionals in designing more effective appeals for private gift support from Mississippi State University alumni. The years 2002, 2003 and 2004 were selected for analysis. These years were selected because they represented the most recent three complete fiscal years for which data was available and in which the Fund for Excellence annual giving program conducted both direct mail and phone appeals. The fiscal year of Mississippi State University begins July 1 and ends June 30 of each year.

After analyzing the number of non-donors and donors for each of the three years, the researcher combined all cases for purposes of further statistical analysis since an almost identical number of records existed in each of the three years and the variables of interest displayed similar characteristics for each of the three years.

The data were analyzed through the Statistical Package for the Social Sciences (SPSS) software, which produces descriptive as well as inferential statistics. As described in the previous chapter, the initial population of 98,965 was adjusted to 85,336 after 13,529 records were removed due to missing data. Information pertaining to the non-donors and donors appears in Table 1, and includes demographics as well as whether the individual lived in Mississippi along with undergraduate major. Mississippi State University is organized into the following eight academic units, or colleges: Agriculture & Life Sciences; Architecture, Art & Design; Arts & Sciences; Business & Industry; Education; Engineering (Bagley); Forest Resources; and Veterinary Medicine. Each individual in the population earned an undergraduate degree from one of these academic units. The small numbers associated with the Colleges of Architecture, Art & Design and Veterinary Medicine have an explanation. Architecture was not established as a degree-granting unit until 1973, first as the School of Architecture, and always with very small classes. The College of Veterinary Medicine was established in the same time frame, and the first students were admitted in 1977. It has primarily been a professional school, which only recently began granting undergraduate degrees. Since this study focuses on only those alumni with undergraduate degrees, they have been omitted from further discussion, although the numbers associated with this college are included in some of the analyses because they were sufficient to include. The lower portion of the table beginning with the line “Percent of population who were donors” includes gender breakdown, method of gift, and gift ranges of the donor group.

Table 1

Descriptive Statistics for All Contacted Alumni (N=85,336)

Variable	**Percent**
Race	
Black	8.8%
White	89.2%
Other	2.1%
Gender	
Female	42.5%
Male	57.5%
Age	
Under 30	25.0%
30-39	35.5%
40-49	20.1%
50-59	12.1%
60-69	5.5%
70 and above	2.0%
MS Resident (1 = Yes)	61.4%
College or School	
Business and Industry and Accountancy	25.1%
Agriculture and Life Sciences	12.8%
Art, Architecture and Design	1.0%
Arts and Sciences	18.3%
Education	23.0%
Engineering	17.0%
Forestry	2.8%
Veterinary Medicine	0.1%
Percent of Population who were Donors	20.3%
Donation Method	
Mail	46.7%

Table 1 Continued.

Telephone	53.3%
Donation Amount ($)	
Less than $100	55.2%
$100-249.99	26.5%
$250-499.99	7.1%
$500-999.99	4.0%
$1000-2499.99	5.3%
$2500-4999.99	1.6%
$5000 and above	0.4%

A total of 17,348 individuals made gifts over the three-year period, or 20.3% of the adjusted population, with 8,096 or 46.7% making their gifts only in response to a direct mail appeal, and 9,252 or 53.3% making their gifts in response to a phonathon appeal.

Almost 96% of the donor group was Caucasian, compared to 89.2% of the population. Seventy-three percent of the donors were male and 55% of the donor group lives inside the state of Mississippi. It should be noted that although the donor group is more than two-thirds male, caution should be taken before conclusions are drawn based on gender. This is due to the fact that the MSU Foundation, which processes Fund for Excellence gifts, gives donor credit, in the case of two Mississippi State University alumni being married, to the person who signs the check. This could indicate that in most marriages between two MSU graduates, more males are signing the checks than females. This is especially suggested since the percentage of males in the population is 57% and 53% in the non-donor group. It is impractical to determine how many cases to which this phenomenon applies, since the Foundation does not retain copies of checks for gifts less than $100, a category that includes 55% of all the gifts made during the time period covered.

The mean size of gift was $224.54, with a standard deviation of $584.58. Direct mail donors had a mean gift of $386.90 with a standard deviation of $813.04 and phone donors had a mean gift of $82.44 and a standard deviation of $138.24.

Fifty-five percent of the gifts were less than $100, while only seven percent of the gifts were more than $1,000. Seventy-four percent of the gifts came from those in the age groups on 30-39, 40-49, and 50-59, but while those 65 and older only accounted for four percent of the gifts, they accounted for more than 10% of the funds given.

Graduates of the College of Business & Industry gave 31.4% of the gifts, followed by engineering graduates at 22.5%. The full set of descriptive statistics for the donor group can be found in Table 2.

Table 2

Descriptive Statistics for Donor Alumni (N=17,348)

Variable	**Mean**	**Std. Dev.**	**Percent**
Donation Amount	$224.54	$584.58	
Donation Amount by Type			
Phone	$82.44	$138.24	
Mail	$386.90	$813.04	
Race			
Black			3.1%
White			95.7%
Other			1.2%
Gender (1=Female)			26.4%
Age			
Under 30			7.1%
30-39			23.2%
40-49			27.0%
50-59			24.0%
60-69			14.5%
70 and above			4.2%
MS Resident (1=Yes)			55.5%
College or School			
Business and Industry and Accountancy			31.5%
Agriculture and Life Sciences			12.9%
Art, Architecture and Design			1.0%
Arts and Sciences			14.4%
Education			14.7%
Engineering			22.5%
Forestry			2.7%
Veterinary Medicine			0.5%

Table 3 contains the descriptive statistics for the group of donors who gave in response to a direct mail appeal and Table 4 contains the same information for those who gave in response to a telephone solicitation. It is interesting to note that more than 68% of the direct mail gifts were less than $250, while more than 93% of the phonathon gifts were for gifts in that range. At the upper range, almost 15% of direct mail gifts were for more than $1,000 while less than one percent of phonathon gifts were at the same level. Other than gift levels, the groups exhibited fairly similar characteristics, except that females gave at a higher percentage in response to telephone appeals.

Table 3

Descriptive Statistics for Mail Donors (N=8,096)

Variable	**Percent**
Donation Amount ($)	
Less than $100	40.1%
$100-249.99	28.4%
$250-499.99	9.7%
$500-999.99	7.1%
$1000-2499.99	10.5%
$2500-4999.99	3.4%
$5000 and above	0.8%
Race	
Black	2.9%
White	95.6%
Other	1.5%
Gender (1=Female)	22.1%
Age	
Under 30	7.5%
30-39	22.7%
40-49	23.9%
50-59	24.7%
60-69	17.3%
70 and above	4.0%
MS Resident (1=Yes)	59.0%

Table 3 Continued.

College or School	
Business and Industry and Accountancy	32.5%
Agriculture and Life Sciences	12.4%
Art, Architecture and Design	1.0%
Arts and Sciences	14.4%
Education	13.9%
Engineering	22.3%
Forestry	2.5%
Veterinary Medicine	1.0%

Table 4

Descriptive Statistics for Phone Donors (N=9,252)

Variable	**Percent**
Donation Amount ($)	
Less than $100	68.4%
$100-249.99	24.8%
$250-499.99	4.8%
$500-999.99	1.2%
$1000-2499.99	0.8%
$2500-4999.99	0.1%
Race	
Black	3.2%
White	95.8%
Other	1.0%
Gender (1=Female)	30.2%
Age	
Under 30	6.8%
30-39	23.6%
40-49	29.7%
50-59	23.5%
60-69	12.0%
70 and above	4.4%
MS Resident (1=Yes)	52.4%
College or School	

Table 4 Continued.

Business and Industry and Accountancy	30.5%
Agriculture and Life Sciences	13.3%
Art, Architecture and Design	1.0%
Arts and Sciences	14.3%
Education	15.3%
Engineering	22.7%
Forestry	2.8%
Veterinary Medicine	0.1%

Research Questions Answered

At the outset of this study, the following research questions were posed in an attempt to examine donor behavior among Mississippi State University alumni for the purpose of having a better understanding of the differences between donors and non-donors and differences within the donor group. Based on the statistical results, the questions may now be addressed individually.

1. What are the characteristics that differentiate donors from non-donors? The descriptive results indicate that the typical profile of donors are Caucasian male Mississippi residents over 30 years of age, although caution should be used regarding gender, for the reason previously stated. Almost nine percent of the population is African-American, but the percentage of donors who are African-American is only slightly greater than three percent. Twenty-five percent of the population is under 30 years of age, but only about seven percent of the donors are under 30. The 50-59 age group represents only about 12% of the population

but twice that percentage of donors. Graduates of the Colleges of Business and Industry and Engineering have a higher percentage of donors relative to the population, while graduates of the College of Education lag in the percentage of donors relative to its percentage in the population.

2. What are the characteristics that differentiate donors who give exclusively through one of the two primary annual giving methods (direct mail and phonathon)? The most striking difference is in the mean amount of the gift, with direct mail donors making a mean gift of $386 versus phonathon donors making a mean gift of $82. Ninety-nine percent of the gifts in excess of $1,000 were received via direct mail. The 40-49 age group gave most often via direct mail, although this diminishes when the age groups are tri-categorized, or grouped into three ranges rather than six. Although more males give through either method, females are more likely to give via phonathon. Again, caution should be given in drawing strong conclusions based on gender. Mississippi residents gave more often through direct mail, and those in the 60-69 age group gave less often in response to a telephone solicitation than through direct mail.

3. Does area of specialization or undergraduate major influence donor behavior? Graduates of the College of Business & Industry gave at the highest rate, whether through direct mail or phone.

4. Does geographic location affect donor behavior? Mississippians gave more frequently overall, and more often at gift levels more than $1,000. Non-

Mississippi residents responded better to phone solicitation than to direct mail, though Mississippi residents are still gave more often in response to that method as well.

5. Is it possible to predict which individuals will give, and by which method they should be solicited? In general, the regression analyses performed reveal that the answer is similar to the answer to the first question, though the ability to control for multiple variables simultaneously alters the relationships somewhat. In Table 5, results for the regression of donor status on potential predictors are provided.

The logistic regression models were built in stages, or as the table reveals, models one, two and three. The first model was constructed using only race, gender, and age. The second model added Mississippi residency status to those used in the first model, and the third model added undergraduate major to those variables used in the second model. The purpose of the three models was to determine which variables had the most effect on the regression equation. As Table 5 reveals, almost 21% of the effect, or the fact that a person is a donor, is based on the variables of race, gender, and age (Model One). When Models two and three are displayed, we see that the effect goes up only slightly.

Table 5

Logistic Regression Models of Donor Status on Potential Predictors

DV: Donor Status (1 = Yes)						
	Model One		Model Two		Model Three	
	β	Odds Ratio	B	Odds Ratio	β	Odds Ratio
Intercept	-2.43***	---	-2.32***	---	-2.11***	---
Race (White reference)						
African American	-0.81***	0.44	-0.81***	0.44	-0.82***	0.44
Other	-0.49***	0.61	-0.53***	0.59	-0.59***	0.55
Female	-0.70***	0.50	-0.69***	0.50	0.50***	0.61
Age (Under 30 reference)						
30-39 years old	0.89***	2.44	0.88***	2.42	0.91***	2.49
40-49 years old	1.81***	6.10	1.79***	5.99	1.81***	6.09
50-59 years old	2.32***	10.16	2.31***	10.08	2.44***	11.51
60-69 years old	2.71***	15.09	2.70***	14.85	2.81***	16.65
70 and above	2.25***	9.51	2.24***	9.42	2.36***	10.56
MS Resident	---	---	-0.18***	0.84	-0.11***	0.90
College (COBI reference)						
Ag & Life Science	---	---	---	---	-0.48***	0.62
Art, Arc & Design	---	---	---	---	-0.22*	0.80
Arts & Sciences	---	---	---	---	-0.43***	0.65
Education	---	---	---	---	-0.94***	0.39
Engineering	---	---	---	---	-0.21***	0.81
Forestry	---	---	---	---	-0.52***	0.59
Vet Med	---	---	---	---	2.75***	15.61
-2 Log Likelihood	74061.57		73971.13		72681.19	
Nagelkerke R^2	.208		.210		.230	

Significance: * p <.05; ** p <.01; *** p <.001

African-Americans are 56% less likely to make a donation compared to Caucasians, holding all other variables constant. Those of racial ethnic groups other than Caucasians and African-Americans are 39% less likely to make a donation than are Caucasians. Females are half as likely than males to make a donation, while all groups over the age of 30 are several times more likely than those under 30 to make a donation, with the most significant being the 60-69 age group, which is more than 16 times as likely to give than the under 30 age group. Mississippi residents are slightly less likely to make a donation than are non-residents, when controlling for the other variables in the model. While this seems at odds with earlier findings, more than 61% of the potential donors in the population were Mississippi residents, while only about 55% of the donors were Mississippi residents. Graduates of COBI are more likely to give than are graduates of other colleges or schools, excepting Veterinary Medicine, and as was noted earlier, given the small sample size, the results for Vet Med should be viewed with caution.

Table 6 shows the logistic regression results for the regression of direct mail donation status on potential predictors. African-American donors are only slightly more likely to give via direct mail. The results reveal that the "Other" demographic (non-Caucasian and non-African-American) is 55% more likely to give in response to a direct mail piece. Females are 31% less likely to give via direct mail, but again, the phenomenon of how gifts are booked seems to be at play here, so the results should be viewed with caution. Among the age groups, the only significance was that those between 40 and 49 were 28% less likely to make a gift via direct mail than those under 30, again holding all other variables constant. As for geographic location, holding all other factors constant, Mississippi residents are 31% more likely to give via direct mail than non-residents. Among the colleges, differences were shown to be slight.

Table 6

Logistic Regression Models of Mail Donation Status on Potential Predictors

	DV: Mail Donation Status (1 = Yes)					
	Model One		Model Two		Model Three	
	β	Odds Ratio	B	Odds Ratio	β	Odds Ratio
Intercept	0.09	---	-0.06	---	-0.02	---
Race (White reference)						
African American	0.39	1.04	0.39	1.04	0.53	1.05
Other	0.44**	1.55	0.52***	1.68	0.54***	1.71
Female	-0.38***	-0.69	-0.38***	0.69	-0.41***	0.66
Age (Under 30 reference)						
30-39 years old	-0.15*	0.86	-0.15*	0.86	-0.16*	0.85
40-49 years old	-0.33***	0.72	-0.33***	0.72	-0.33***	0.72
50-59 years old	-0.09	0.91	-0.10	0.90	-0.09	0.91
60-69 years old	0.17*	1.19	0.17*	1.18	0.18*	1.20
70 and above	-0.31**	0.74	-0.32**	0.72	-0.29**	0.75
MS Resident	---	---	0.27***	1.31	0.28***	1.33
College (COBI reference)						
Ag & Life Science	---	---	---	---	-0.14**	0.87
Art, Arc & Design	---	---	---	---	0.03	1.03
Arts & Sciences	---	---	---	---	0.03	1.03

Table 6 Continued.

Education	---	---	---	---	-0.06	0.94
Engineering	---	---	---	---	-0.09*	0.91
Forestry	---	---	---	---	-0.29**	0.75
Vet Med	---	---	---	---	4.84***	126.2
-2 Log Likelihood	23706.89		23632.29		23468.71	
Nagelkerke R^2	.020		.026		.038	

Significance: * p <.05; ** p <.01; *** p <.001

Tables 7 and 8 display the logistic regression results of larger ($1,000 or more) donations on potential predictors and larger ($1,000 or more) direct mail gifts respectively. Overall, the results were similar to those observed when examining all giving levels, although it is interesting to note that while donors over 30 are also more likely to give $1,000 or more both overall and through direct mail, the differences are not as pronounced when larger gifts are involved.

Table 7

Logistic Regression Models of Large Donation on Potential Predictors

	DV: Large Donation (1 = $1000 or above)					
	Model One		Model Two		Model Three	
	β	Odds Ratio	β	Odds Ratio	β	Odds Ratio
Intercept	-3.32***	---	-3.67***	---	-3.47***	---
Race (White reference)						
African American	-0.86**	0.42	-0.85**	0.43	-0.85**	0.43
Other	-1.36**	0.26	-1.17*	0.31	-1.13*	0.32
Female	-1.32***	0.27	-1.31***	0.27	-1.32***	0.27

Table 7 Continued.

Age (Under 30 reference)						
30-39 years old	0.72***	2.05	0.71***	2.03	0.70***	2.01
40-49 years old	1.05***	2.87	1.06***	2.88	1.08***	2.96
50-59 years old	1.17***	3.21	1.15***	3.15	1.18***	3.24
60-69 years old	1.35***	3.84	1.34***	3.83	1.37***	3.94
70 and above	1.23***	3.43	1.20***	3.33	1.28***	3.61
MS Resident	---	---	0.58***	1.78	0.58***	1.78
College (COBI reference)						
Ag & Life Science	---	---	---	---	-0.47***	0.63
Art, Arc & Design	---	---	---	---	-0.22	0.80
Arts & Sciences	---	---	---	---	-0.08	0.92
Education	---	---	---	---	-0.38***	0.69
Engineering	---	---	---	---	-0.38***	0.69
Forestry	---	---	---	---	-0.91***	0.40
Vet Med	---	---	---	---	0.13	1.14
-2 Log Likelihood	8702.40		8614.69		8560.46	
Nagelkerke R^2	.057		.069		.076	

Significance: * p <.05; ** p <.01; *** p <.001

Table 8

Logistic Regression Models of Large Donation by Mail Donors on Potential Predictors

	DV: Large Donation (1 = $1000 or above)					
	Model One		Model Two		Model Three	
	β	Odds Ratio	β	Odds Ratio	β	Odds Ratio
Intercept	-2.64***	---	-2.98***	---	-2.79***	---
Race (White reference)						
African American	-1.02**	0.36	-0.99**	0.37	-0.92**	0.38
Other	-1.64**	0.20	-1.42**	0.24	-1.41**	0.25
Female	-1.17***	0.31	-1.16***	0.32	-1.13***	0.32

Table 8 Continued.

Age (Under 30 reference)						
30-39 years old	0.79***	2.20	0.77***	2.17	0.76***	2.14
40-49 years old	1.24***	3.46	1.24***	3.47	1.26***	3.54
50-59 years old	1.23***	3.43	1.22***	3.38	1.24***	3.46
60-69 years old	1.29***	3.63	1.30***	3.65	1.32***	3.74
70 and above	1.22***	3.40	1.19***	3.28	1.25***	3.49
MS Resident	---	---	0.54***	1.72	0.53***	1.70
College (COBI reference)						
Ag & Life Science	---	---	---	---	-0.41***	0.67
Art, Arc & Design	---	---	---	---	-0.02	0.98
Arts & Sciences	---	---	---	---	-0.13	0.88
Education	---	---	---	---	-0.37**	0.69
Engineering	---	---	---	---	-0.34***	0.71
Forestry	---	---	---	---	-0.74**	0.48
Vet Med	---	---	---	---	-0.71	0.49
-2 Log Likelihood	6484.80		6420.25		6384.39	
Nagelkerke R^2	.065		.078		.086	

Significance: * p <.05; ** p <.01; *** p <.001

Table 9 displays the ordinary least squares regression models of amount donated on potential predictors. The results reveal that Caucasian male graduates of the College of Business & Industry gave an average gift of $126.50, while African Americans gave an average gift of $61.64 less, females $143.50 less and Mississippi residents $68.65 more. Most of the other colleges had graduates who gave significantly less, with the most significant being graduates of the Colleges of Agriculture & Life Sciences, Education, Engineering, and Forest Resources.

Tables 10 and 11 repeat these models for direct mail and phonathon givers, with similar results.

Table 9

Ordinary Least Squares Regression Models of Amount Donated on Potential Predictors

	DV: Amount Donated ($)		
	Model One	Model Two	Model Three
	B	β	β
Intercept	134.74***	100.33***	126.50***
Race (White reference)			
African American	-61.17*	-61.54*	-61.64*
Other	-87.07*	-67.34	-65.31
Female	-146.15***	-145.05***	-143.50***
Age	2.77***	2.70***	2.93***
MS Resident	---	66.74***	68.65***
College (COBI reference)			
Ag & Life Science	---	---	-75.62***
Art, Arc & Design	---	---	-20.65
Arts & Sciences	---	---	-21.66
Education	---	---	-67.85***
Engineering	---	---	-52.23***
Forestry	---	---	-150.87***
Vet Med	---	---	-6.44
R^2	.020	.023	.026

Significance: * p <.05; ** p <.01; *** p <.001

Table 10

Ordinary Least Squares Regression Models of Amount Donated by Mail on Potential Predictors

	DV: Amount Donated ($)		
	Model One	Model Two	Model Three
	B	β	β
Intercept	265.50***	199.59***	243.43***
Race (White reference)			
African American	-121.23*	-119.91*	-114.80*
Other	-214.30**	-173.08*	-170.64*
Female	-248.36***	-245.56***	-236.87***
Age	3.81***	3.73***	4.12***
MS Resident	---	116.42***	116.98***
College (COBI reference)			
Ag & Life Science	---	---	-118.78***
Art, Arc & Design	---	---	7.58
Arts & Sciences	---	---	-47.39
Education	---	---	-115.39***
Engineering	---	---	-90.48***
Forestry	---	---	-238.64***
Vet Med	---	---	-144.07
R^2	.025	.030	.034

Significance: * p <.05; ** p <.01; *** p <.001

Table 11

Ordinary Least Squares Regression Models of Amount Donated
by Phone on Potential Predictors

	DV: Amount Donated ($)		
	Model One	Model Two	Model Three
	β	β	β
Intercept	32.47***	38.47***	37.44***
Race (White reference)			
African American	-8.11	-7.86	-9.40
Other	-2.67	-5.66	-7.78
Female	-26.11***	-26.10***	-22.94***
Age	1.24***	1.25***	1.30***
MS Resident	---	-12.73***	-10.54***
College (COBI reference)			
Ag & Life Science	---	---	-8.67
Art, Arc & Design	---	---	-16.44
Arts & Sciences	---	---	0.94
Education	---	---	-15.14**
Engineering	---	---	4.24
Forestry	---	---	-30.25**
R^2	.024	.026	.029

Significance: * p <.05; ** p <.01; *** p <.001

CHAPTER V

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Summary

Private gift support is more critical than ever to colleges and universities in the United States. The annual fund or annual giving program, while rarely producing a large percentage of overall funds raised, often results in the most precious type of funds—those which are unrestricted in nature, thus providing the most flexibility to university administrators. Responsibility for raising annual fund dollars lies with the alumni organization, or the office of development, or some combination of the two offices. If annual giving professionals have a better understanding of the characteristics of their alumni base, they may be able to more effectively design fund raising approaches. This study explored those characteristics, comparing non-donors to donors, and further examined whether there were differences in donors who gave through the two principal methods of giving, direct mail and phonathon.

Philanthropy has ancient beginnings, with evidence of philanthropic behavior existing since mankind first walked the Earth. In Europe and Asia, philanthropic activity was first associated with religions of the day. Philanthropic activity in the United States is greater than anywhere else in the world, and is not well understood by people from other nations. In this country, early philanthropic activity centered around churches and educational institutions, with organized philanthropy emerging in the late 19th Century.

Higher education philanthropy began with Harvard University, which was founded on the basis of a private gift. Serious organized philanthropy in colleges and universities was dominated by the private institutions until the latter half of the 20th Century. The proliferation of professionalism in fund raising for higher education has led to staggering fund raising totals being reported at both public and private institutions, with capital campaigns of more than $1 billion becoming commonplace.

Research in philanthropy is an evolving field, but most research is still confined to single institutions. Results are not consistent across studies, with results from one university running counter to those from another. However, single-campus studies can still prove valuable to those institutions.

Mississippi State University, a product of the Morrill Act of 1862, did not begin a serious annual giving program until 1994. The annual fund staff solicits funds in three ways: 1) direct mail, 2) telephone solicitation, or "phonathon" efforts, and 3) electronic mail. While the major gift program has grown dramatically, the annual fund has experience much slower growth.

This study examined all living alumni with complete records for the period of July 2002 through June 2005. Three sub-groups were extracted, which included: 1) those who made no gift to the university during the period; 2) those who made one or more gifts, but only gave in response to a direct mail appeal; and 3) those who made one or more gifts but only gave in response to a telephone solicitation. Data were analyzed using descriptive, inferential and correlational statistics.

This was the first study of its type ever conducted on alumni of Mississippi State University. The results revealed interesting descriptive and inferential statistics, which annual giving professionals employed by Mississippi State University may wish to study further. The results may also be interesting to other practitioners in the field. The following conclusions and recommendations are offered.

Significant findings of the study included differences in donor behavior by gender (with qualifications), age-group, undergraduate major, giving method and resident status.

Conclusions and Recommendations

1. The results reveal that 55% of the gifts received by Mississippi State University during the three fiscal years in the study were less than $100 each. Annual giving professionals at MSU should make every attempt to encourage alumni to give at higher levels in the future, perhaps always asking for a minimum gift of $100. To test the effectiveness of this effort, annual giving staff could segment the database and test with one group receiving direct mail and

phone appeals to consider the higher minimum gift, and another group receiving no recommended minimum, and then results could be analyzed to justify asking for a higher gift amount, if the results were favorable, and if a true experiment research protocol was followed. If such an effort is warranted, an educational campaign for donors should be developed and both full-time staff and student callers should be trained to increase the minimum level of a gift solicitation.

2. The mean gift from direct mail donors is $304 more than from phonathon donors. Staff should consider more direct mail appeals, especially to those segments of the donor base which the results here indicate exhibit a greater propensity to give through direct mail. Also, in these mailings, donors should be asked to consider a higher gift amount than before. For example, $1,000 donors should be asked to upgrade to the next level of giving of $2,500. For the phonathon effort, as stated previously, callers should be trained to begin the solicitation amount at a higher level. These efforts should be monitored and measured, and if direct mail continues to outperform phonathon, management should consider shifting resources away from phone efforts and focus more attention on direct mail.

3. Seventy-four percent of the donors are between the ages of 30 and 59, and those over 30 are the more likely to give, regardless of their undergraduate major. Staff should spend even more time and attention cultivating relationships, and soliciting gifts from this group. Examples could include handwritten notes to

individuals within this group, special functions on and off campus, and other methods. Attention should also be paid to individuals younger than 30 and older than 59, but this attention should be focused more on cultivating relationships and staying connected to the university. The older group should begin receiving more information on deferred gifts such as bequests, charitable remainder trusts, and other life-income plans.

4. Three percent of the donors are African-American compared to 8.75% of the alumni population, which is a growing number since the university's enrollment today is almost 20 percent African-American. The university should explore ways to become more connected with African-American alumni, perhaps utilizing existing groups which advise the alumni association on African-American alumni relations. In addition, more effort should be placed on connecting with African-American students, cementing relationships prior to graduation.

5. Although graduates of the College of Business & Industry are more likely to make a gift to the university, others are not far behind. The university and its development staff should focus even more attention on COBI graduates, perhaps adding mailings and phone calls, and considering cultivation events targeted to this group. As for graduates of other colleges, staff could consider some sort of "challenge" among graduates of the colleges to spark interest in the annual fund, and perhaps increase participation and gift levels.

6. Phone solicitations have more of an impact on alumni living outside the state of Mississippi. Direct mail pieces are sent throughout the fiscal year. Phone solicitation occurs year-round also. Schedules are developed during the summer months, and the database could easily be configured such that out-of-state alumni receive their first appeal of the fiscal year via phone solicitation. Staff might also want to consider a second phone call during the fiscal year to the same group.

7. Alumni who are Mississippi residents show a greater tendency to give $1,000 annually than do those living in other states. The annual fund staff may consider a special appeal to Mississippi residents to join the Patrons of Excellence, which is a donor recognition group with a threshold gift level of $1,000. In addition, and as previously mentioned, out-of-state alumni should be asked for a higher gift amount, especially by telephone.

8. Direct mail donors gave gifts of $1,000 or above14 times more frequently than did phonathon donors. Special direct mail pieces designed to encourage alumni to join the Patrons of Excellence group should be designed and tested, especially to Mississippi residents, for the reasons previously stated.

In general, the findings of this study support prior research, particularly those which found that age and undergraduate major predicted whether or not an individual would be a donor. A few studies suggested that those two variables did not predict donor status, but four times as many studies located found that age was a predictor and twice as many found that undergraduate major was a predictor. No studies were found which looked at differences among donors by method of giving. This study revealed that direct mail donors gave a much higher mean gift than did phonathon donors. The regression models revealed that race, gender, and age accounted for almost 21% of the effect, while Mississippi residency and undergraduate major increased the effect only slightly.

Recommendations for Further Study

Athough this study produced potentially valuable findings for Mississippi State University and its annual fund program, further study in the field is recommended.

1. Similar studies have been scattered across all parts of the United States. It would be useful if similar studies were conducted at institutions throughout the Southeastern states, in an attempt to regionalize the results. Perhaps the member institutions of the Southeastern conference could encourage graduate students at their institutions to conduct similar studies over time in an attempt to better understand the similarities and differences between alumni of the region's universities.

2. It is recommended that another study be undertaken at Mississippi State University and results analyzed after any changes suggested as a result of this study have been implemented.

3. Another recommendation would involve a qualitative study involving interviews of alumni donors to ask them the reasons they give to the university. This type of study would help describe the variables and motivations relating to alumni giving.

4. Another interesting study for Mississippi State would be to compare donors and non-donors in a study examining the relationship between the number of activities a student was involved in as a student and donor behavior. The results of such a study could greatly assist student affairs and alumni professionals in program planning, and could result in greater gift income in future years.

5. A study using a sample of donors and seeking their level of income would be most useful in determining to what degree income level affects donor behavior. This would be especially useful in validating or refuting some of the findings of this study related to undergraduate major.

This study revealed much information which should prove useful to the professional staff of the Mississippi State University Foundation and Mississippi State University Alumni Association. Although the overall giving program at the university has made significant gains in the early part of the 21st Century, the annual fund can still make improvements, raising more dollars for the university, and creating a future generation of donors.

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