

To: Business Board

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Date: February 17, 2004 for meeting of March 1, 2004

Agenda item: **4(a)**

ITEM IDENTIFICATION:

Guidelines on Fund Raising Strategy and Programs at the University of Toronto

JURISDICTIONAL INFORMATION:

The terms of reference of the Business Board, section 5.5(b), give the Board responsibility for “approval of strategies and policies concerning the general conduct of fundraising.”

PREVIOUS ACTION TAKEN:

At its meeting of May 5, 2003, the Business Board approved a proposal to rescind or (in one case) update a number of outdated policy statements on matters within the jurisdiction of the Vice-President and Chief Advancement Officer. Before considering a recommendation to rescind the policies entitled “Setting Priorities for Raising Private Funds” and “Policy Statement on Fundraising Strategy,” the Board wished to review the new guidelines.

HIGHLIGHTS:

The new Guidelines for fund raising strategy and programs are more up to date and reflect the current practices at the University of Toronto. Key elements include the following:

The University of Toronto requires strong and continuing private support from alumni, friends, corporations and foundations to help achieve its academic objectives. Private funding is part of a resource generation strategy involving government support, tuition revenue and research funding.

As it prepares to build on the strong base of support created during the Campaign, the Division of University Advancement will continue to hold its programs servant to the academic priorities of the University of Toronto, as defined by the academic leadership through the academic planning process and by governance.

In addition:

- The Division of University Advancement, along with University Divisional Advancement staff will raise the private support necessary to help fulfill the University's objectives.
- All fund raising programs will be fully compliant with the terms of the relevant policies and guidelines of the University of Toronto.
- All fundraising programs at the University of Toronto will be organized on a coordinated-decentralized basis, with a strict adherence to prospect clearance and coordination.
- The University will continue with its four month holdback policy in order to help offset the costs of the University-wide advancement program. Donors can be assured that 100% of every dollar of their donations will go to the purposes for which they are intended. Donations are held back for four months, with the interest earnings only being allocated to help offset advancement program costs.
- All fund raising programs at the University of Toronto will emphasize donor stewardship.
- The University will strive to attract and retain high-quality advancement staff and to emphasize the highest standards of professional achievement and accountability.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

The new Guidelines on Fund Raising Strategy and Programs will ensure that fund raising priorities and University planning are harmonized.

RECOMMENDATION:

THAT the proposed Guidelines on Fund Raising Strategy and Programs at the University of Toronto be approved, replacing the Policy Statement on Fundraising Strategy and "Setting Priorities for Raising Private Funds" (both approved by the Business Board on April 17, 1995).

Guidelines on Fund Raising Strategy and Programs at the University of Toronto

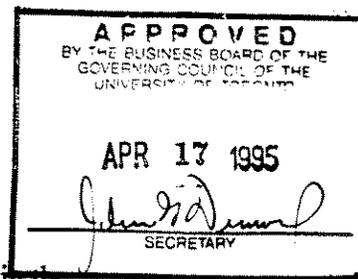
The University of Toronto requires strong and continuing private support from alumni, friends, corporations and foundations to help achieve its academic objectives. Private funding is part of a resource generation strategy involving government support, tuition revenue and research funding.

The success of the \$1 billion University of Toronto Campaign (1997-2004) has created the platform for the continuing strength of fund raising at U of T. As it prepares to build on the strong base of support created during the Campaign, the Division of University Advancement will continue to hold its programs servant to the academic priorities of the University of Toronto, as defined by the academic leadership through the academic planning process and by governance. The Division will continue to be fully accountable to governance as it assists in raising the private support required to provide teaching and research programs competitive with those offered at the world's top public research universities.

University of Toronto Fund Raising Guidelines

- **The Division of University Advancement, along with University Divisional Advancement staff will raise the private support necessary to help fulfill the University's objectives.** The University's fund raising programs (under the leadership of the Vice-President and Chief Advancement Officer) will focus on raising private support for approved academic priorities. The Division of University Advancement, in consultation with the academic leadership, will set annual university-wide and divisional fundraising goals, to enable the University to plan for the realization of its academic priorities, and to provide for ongoing accountability to Business Board.
- **All fund raising programs will be fully compliant with the terms of the relevant policies and guidelines of the University of Toronto,** including (but not limited to) the Provost's Guidelines on Donations, the Provost's Guidelines for Matching Programs, the Provost's Statement on the Role of Advisory Bodies, the Policy on Endowed Chairs, Professorships, Lectureships and Programs, the Policy on Naming, the Policy on Capital Planning & Capital Projects, and the Policy on Student Awards.

- **All fundraising programs at the University of Toronto will be organized on a coordinated-decentralized basis, with a strict adherence to prospect clearance and coordination.** This will ensure that all academic divisions continue to have access to central fund raising expertise and services; that all fundraising efforts are carefully coordinated; and that all contacts with prospective benefactors are planned and undertaken in a manner that maximizes donor affinity to and support of the University.
- **The University will continue with its four month holdback policy in order to help offset the costs of the University-wide advancement program.**
- **All fund raising programs at the University of Toronto will emphasize donor stewardship** as a key prerequisite to building and maintaining strong ties with alumni and donors. The success of the University's fund raising programs in the future will be directly determined by its ability to steward its donors and strengthen alumni affinity.
- **The University will strive to attract and retain high-quality advancement staff and to emphasize the highest standards of professional achievement and accountability.** The University will provide employment conditions and training opportunities consistent with this objective, while at the same time basing continuing employment on consistent high performance, as specified through the accountability process for advancement professionals.



Policy Statement on Fundraising Strategy

The strategic direction of fundraising at the University of Toronto takes place in the context of two primary objectives:

- 1. The University will be pre-eminent in fundraising in Canada and stand as a peer among comparable institutions anywhere in the world.**
- 2. By the year 2000, University-wide fundraising, inclusive of campaigns, will annually bring in an amount equal to 10 per cent of the University's operating budget.**

To accomplish this, the organizing concept will be **co-ordinated decentralization**. "Decentralization" speaks not only to the nature of the overall organization of U of T, but also to the principle that the closest "ask" is the best ask. "Co-ordinated" refers to the need for processes that enable the institution as a whole to attract the most valuable private support.

Co-ordinated decentralization enables divisions and federated universities to have as much autonomy as they want, can manage and can use productively, supported by a strong centre. The centre will provide leadership, co-ordination of initiatives and planning, and a full menu of services from which divisions can choose according to their need.

Co-ordinated decentralization requires a flexible, inclusive structure that builds the team but still drives the process by establishing goals, measuring effectiveness against those goals and providing the opportunities to improve operations continuously.

It also requires that priorities be set by the senior academic leadership, that adequate resources be assigned to fundraising, and that every effort be made to ensure that fundraising professionals have access to state-of-the-art programs and processes.

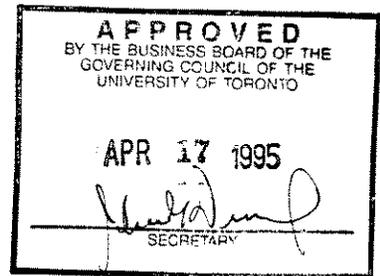
In addition to co-ordinated decentralization, the University's fund-raising strategy should encompass a number of key processes and initiatives in order to achieve the desired objectives:

1. An enhanced focus on major gifts, which are the source of about 80 per cent of dollars donated to the University. This includes a new emphasis in the divisions and federated universities on attracting major gifts.
2. A project priority setting process driven by academic priorities, whether divisional or university-wide.
3. A clear prospect co-ordination process that will eliminate duplication and ensure closely-monitored cultivation and solicitation.
4. Annual goals for each program.
5. A co-ordinating committee, with representation from the Development Office and the divisions, to implement the plan and monitor and guide the fundraising process University-wide.
6. A commitment to offer training and professional development for fundraising staff, centrally and in the divisions and federated universities.

7. A bias for continuous improvement, including research on innovations, to seek out the best ideas in fundraising and adapt them for use at the University.
8. Structures that maximize the benefit to be gained from the expertise and involvement of volunteers.
9. The use of seed money to fund programs on the basis that, after an initial period, the programs will be self-funding.
10. A variety of accountability measures, including regular reports to Business Board by both the senior volunteers and the Development Division.

April 3, 1995

JGD



SETTING PRIORITIES FOR RAISING PRIVATE FUNDS

Experience at many leading educational institutions has demonstrated that successful advancement programs depend on a congruence of institutional initiatives and projects that are priorities of the University and priority interests of prospective donors. All of these initiatives and projects must be part of an overall coherent University vision.

In response to that experience, the plan, *Future Fundraising at the University of Toronto*, was introduced in 1992-93.

The plan is based on the concept of a strong central advancement effort in support of coordinated decentralization with an emphasis on major gifts. It aims to provide an encouraging and comprehensive framework within which divisional initiatives can be pursued promptly in harmony with institutional priorities.

It ensures that fundraising efforts will not be duplicated and that prospective donors will not be confused by divergent positions that might otherwise be taken on behalf of the University.

The central advancement effort (the Division of Development and University Relations) under the leadership of the Vice-President & Chief Development Officer does not itself set priorities for fundraising. It will, however, ensure adherence to a process for setting the priorities. The actual setting of priorities is the responsibility of the Provost.

The process that follows pertains to all private fundraising, including gifts-in-kind and capital projects under \$500,000 but excluding Annual Fund revenue and peer adjudicated awards from private foundations. All projects must follow the University's policy on prospect coordination. Capital projects amounting to more than \$500,000 fall under the *Steps in the Approval of a Capital Project* policy and the Capital Plan.

The Priority Setting Process For All Projects With Targets Above \$30,000

The project is proposed at the departmental or divisional level either collectively or by individuals.

- Step 1. *A project proposal and development plan* is prepared and submitted respectively to the Chair, Director, Principal, or Dean. In proposing a project, the proponents assume a personal commitment to support any fundraising efforts that may ensue in support of the project. The proposal and plan should address the following:
- What are the project's prospects for successful fund-raising?
 - If the private funding target is not met, is there a practicable contingency plan?
 - Timing: When is the best time to initiate fund-raising, in terms of other fund-raising initiatives and of connection to a major University-wide campaign?

- Feasibility: Is there firm evidence of donor interest?
- Resources: Is there a budget -- in terms of dollars, staff time, volunteer time, donor recognition -- for the initiative? Normally the cost of fund-raising should be no more than 15 per cent of the goal.
- Competition: Will the initiative compete with or duplicate other approaches to donors thereby saturating sources of private giving?

Step 2.a. The proposal is assessed, in the case multi-departmental divisions, by the Chair or Director, following the normal academic planning process of the department, institute or centre. When there are multiple proposals or previously approved proposals, priorities must be determined at this level. In the case of non-departmental divisions, the proposal will move directly to Step 2.b.

2.b. The proposal is assessed by the Principal or Dean following the normal academic planning process of the division. When there are multiple proposals or previously approved proposals, priorities must be determined at this level in order to inform the assignment of Development and University Relations and divisional fund-raising support. At this step a proposal that will have University-wide application may be introduced by a Vice-President.

Step 3. If the project is approved respectively at the departmental, divisional, or vice-presidential levels, it will be reviewed by the Development Planning Secretariat (DPS) in terms of planning and resource implications, and "fundability". If additional planning and resource implications are identified, or if priorities have not been satisfactorily set, the project will be referred back to the divisions or department.

If the project is under \$500,000, priorities have been satisfactorily set, there are no additional planning and resource implications, and no specific Governing Council approvals are required (for example, with respect to the Policy on Naming), no further formal approvals (other than prospect co-ordination, which is required for all projects, regardless of size) are needed, and the project will be reported accordingly to the Provost and the Vice-President & Chief Development Officer for information within three weeks of its receipt.

The Priority Setting Process for Projects Costing More Than \$500,000 or Requiring Additional Resources

Step 4. The project will be submitted to the Provost, who will review the project and assign two priorities: one for budgetary priority through the annual budget process or for space through the Accommodation and Facilities Directorate (AFD), and with respect to "fundability".

The Provost's review will employ the following criteria :

- Academic justification: How closely does the proposal relate to the academic plans of the faculty and the University?

- Budgetary impact: Will gifts offset existing demands on operating budgets? Will the proposal create financial obligations once the initial funding expires?

Subject to the need to acquire any formal approvals required by Governing Council policy or Board terms of reference, the Provost will determine which projects are priorities for the University. The level of effort and resources expended on behalf of a project will be directly commensurate with its priority as determined by the Provost. Divisions will be accountable for their development plans to the Vice-President, Development, & Chief Development Officer.

Joint projects

There may instances in which a project involves more than one academic unit, an academic unit and an administrative unit, an academic unit and an affiliated or federated institution. In such cases the normal project priority setting procedures will apply. There should, however, be a clearly designated "lead" proponent of the project. In the case of joint proposals that involve an academic unit and an administrative unit, the "lead" proponent must be the academic unit.

In the case of joint proposals that involve a federated or affiliated institution, the federated or affiliated institution must provide the same information about its portion of the project which the academic unit provides about its portion. While the federated or affiliated institution may have a different procedure for determining its priorities for raising private funds, the proposal must indicate the priority which the federated or affiliated institutions will assign to the proposal.

Divisional academic and budget plans

Divisions should include all fund-raising projects over \$30,000 in their academic and budget plans, either initially or during annual updates. If an academic plan is submitted to the Provost which includes an initiative that will be undertaken with private funds and that project has not passed through the project priority-setting and prospect clearance processes, the plan shall not be acted on.

"Projects of Opportunity"

The *Long-range Guidelines for Planning and Budgeting* address the development and approval of projects in response to unsolicited and unanticipated opportunities for private funding. The *Guidelines*, instead of this priority setting process, will apply to such projects of opportunity.

Revised September 19, 1994

