



UNIVERSITY
of HAWAII®
SYSTEM

David Lassner
President

DEPT. COMM. NO. 157

December 15, 2020

The Honorable Ronald D. Kouchi,
President and Members of the Senate
Thirty-First State Legislature
Honolulu, Hawai'i 96813

The Honorable Scott Saiki, Speaker
and Members of the House of Representatives
Thirty-First State Legislature
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, the University of Hawai'i is transmitting one copy of the Annual Report on University of Hawai'i Tuition & Fees Special Fund Expenditures for the Purpose of Generating Private Donations (Section 304A-2153, Hawai'i Revised Statutes) as requested by the Legislature.

In accordance with Section 93-16, Hawai'i Revised Statutes, this report may be viewed electronically at: <http://www.hawaii.edu/offices/government-relations/2021-legislative-reports/>.

Should you have any questions about this report, please do not hesitate to contact Stephanie Kim at 956-4250, or via e-mail at scskim@hawaii.edu.

Sincerely,

A handwritten signature in black ink that reads "David Lassner".

David Lassner
President

Enclosure

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UNIVERSITY OF HAWAI'I SYSTEM ANNUAL REPORT



REPORT TO THE 2021 LEGISLATURE

Annual Report on
University of Hawai'i Tuition and Fees Special Fund Expenditures for the
Purpose of Generating Private Donations

HRS 304A-2153

December 2020

Report to the 2021 Legislature on University of Hawai'i Tuition and Fees Special Fund Expenditures for the Purpose of Generating Private Donations

Fiscal Year 2020

Hawaii Revised Statutes Section 304A-2153 provides that the University of Hawai'i Board of Regents, "...may authorize expenditures of up to \$3,000,000 annually, excluding in-kind services, from this fund [*University of Hawai'i tuition and fees special fund*] for the purposes of promoting alumni relations and generating private donations for deposit into the University of Hawai'i Foundation for the purposes of the University."

In September 2010, the University of Hawai'i Foundation and the University of Hawai'i entered into a revised Agreement for Services to provide private fundraising and alumni relations services for the University. To provide this support, the University of Hawai'i pays the University of Hawai'i Foundation \$3,000,000 per year.

The statute requires a report "detailing the use of any funds authorized by the board under this subsection..." The following page summarizes the information provided in this report.

Summary of Attachments

Attachment 1	Fundraising Activity	Page 4
Attachment 2	Financial Summary of the Operating Activities of the Foundation	Page 5
Attachment 3	Departments Supported by the Moneys from the Fund	Page 6
Attachment 4	Purpose and Activities of Each Department and how it Participates in Fundraising Activities	Page 7
Attachment 5	Expenditures of the Funds Authorized by the Board for Each Department by Primary Expense Category	Page 18
Attachment 6	Moneys from the Fund Transferred to Any Fund of the University	Page 19
Attachment 7	Amounts and Purposes of All Expenditures from the UH Support Fund	Page 20

Fundraising Activity
(\$000)
Attachment 1

<u>By Source</u>	FY2019	FY2020
Individuals	\$ 39,045	\$ 45,582
Corporations	\$ 16,978	\$ 16,467
Foundations	\$ 12,203	\$ 19,743
Other (Groups/Consortia; Clubs/Associations; Affiliated Organizations)	\$ 3,391	\$ 2,920
Total	\$ 71,617	\$ 84,712.00

<u>By Type</u>	FY2019	FY2020
Gifts and Pledges	\$ 45,452	\$ 44,114
Deferred Gifts	\$ 19,300	\$ 22,276
Gifts in Kind	\$ 1,005	\$ 669
Grants to UH	\$ 5,860	\$ 17,655
Total	\$ 71,617.00	\$ 84,714.00

<u>By Category</u>	FY2019	FY2020
Endowment	\$ 8,970	\$ 18,997
Expendable	\$ 43,766	\$ 36,665
Bequest Intentions	\$ 12,015	\$ 20,195
Gifts in Kind	\$ 1,005	\$ 669.00
Grants to UH	\$ 5,860	\$ 17,654.00
Total	\$ 71,616	\$ 94,180.00

<u>By Purpose</u>	FY2019	FY2020
Faculty and Academic Support	\$ 15,248	\$ 24,276
Student Opportunity and Access	\$ 27,336	\$ 24,452
Research	\$ 13,217	\$ 20,906
Other - Bldg., Public Svc., Special Projects	\$ 15,816	\$ 15,080
Total	\$ 71,617	\$ 84,714

Financial Summary of the Operating Activities of the Foundation
Attachment 2
Fiscal Year 2020

REVENUES:	Results
Unrestricted gifts	\$ 396,833
Income from expendable accounts	\$ 3,600,040
Income from endowment accounts	\$ 4,298,459
Service fee on gifts and non-gifts	\$ 2,979,757
Alumni Relations revenue	\$ -
UH contract for services	\$ 3,078,539
Other payments for services from UH	\$ 456,772
Total Revenues	\$ 14,810,400

EXPENSES:	Results
<u>Development</u>	
Personnel	\$ 6,378,614
Program	\$ 1,539,928
Campaign	\$ 3,200
<u>Alumni Relations</u>	
Personnel	\$ 565,290
Program	\$ 81,904
<u>Service & Support</u>	
Personnel	2,884,745
Program	646,498
Office Rent	\$ 550,016
UH Support Fund	\$ 150,000
Atherton	\$ 20,223
Total Expenses	\$ 12,820,416

Net Revenue Over Expenses	\$ 1,989,984
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Departments Supported by the Moneys from the Fund

Attachment 3

- Development Operations
- Major Gifts - Unit Development Officers
- Annual Giving – Calling Center/Direct Mail
- Scholarship Development
- Foundation and Corporate Relations
- Estate and Gift Planning
- Development Research
- Communications
- Donor Relations and Special Events
- Alumni Relations

Purpose and Activities of Each Department and how They Participate in Fundraising Activities

Attachment 4

Development Operations

Development Operations is the unit under which all departments work together to ensure compelling philanthropic opportunities exist.

Development Operations is comprised of the following individual departments: Annual Giving, Estate and Gift Planning, Prospect & Relationship Management, Communications and Donor Relations, Foundation and Corporate Relations, and Major Gift Unit Development Officers. Development Operations supports the Foundation's fundraising efforts through the following activities:

- Coordinate with institutional leadership to develop relationships system-wide with alumni, donors, and other constituents to ensure consistent, meaningful, and strategic interactions.
- Establish and implement standards for the development process based on national best practices.
- Coordinate and provide continuous training for development staff and academic leadership on campaign development; identify cultivation and solicitation roles and responsibilities.
- Ensure prospects are appropriately managed, especially those who have interests in multiple departments, schools, or campuses and in instances when there is no unit development staff assigned.
- Facilitate the identification of a lead 'prospect manager,' a solicitation or stewardship strategy, and the steps taken towards a solicitation.
- Work with the UH System President to implement key elements of prioritized university-wide initiatives and update the President's portfolio of prospective donors.
- Hold monthly Advancement Team meetings to discuss new projects, strategies, events, and deadlines; share successes and lessons learned.

- Hold monthly (or as needed) meetings with each Development Officer to review prospect strategies, next steps, resources needed, key relationships, etc.
- Ensure that each Development Officer is working to meet mutually agreed upon performance and fundraising goals.

Major Gifts – Development Officers

The Development Officers are housed at several campuses and in college units across the system. They are responsible for effectively managing relationships with individual donors and prospective donors across the UH system to achieve the philanthropic goals of both UH and the donor.

Unit Development Officers work in close coordination with Chancellors, Deans and Directors to:

- Identify, cultivate and solicit individuals (alumni, friends, parents, community leaders and others) who have the capacity to make gifts of at least \$25,000 annually.
- Engage and provide training to volunteers.
- Steward current donors to ensure that UH remains among their top charities.
- Educate and involve faculty, staff and academic leadership in the fundraising process.
- Coordinate with other colleges, campuses or programs when appropriate.
- Ensure that donors are appropriately recognized.

Annual Giving – Calling Center/Direct Mail

Annual Giving is responsible for raising funds of any size, and instilling a habit of giving annually, from alumni, parents and friends of UH. These gifts are raised via direct-mail appeals, telephone solicitations, online giving (e-philanthropy) and matching gifts.

Annual Giving works closely with Unit Development Officers, Chancellors, Deans and Directors in producing annual giving appeals.

In order to provide an ever-increasing flow of annual gifts to the various units and campuses of UH, Annual Giving provides the following services, categorized into the four Annual Giving solicitation methods.

I. Direct Mail

Annual Giving provides all logistical and technical services for direct-mail appeals system-wide.

- Coordinate all logistical aspects of direct-mail solicitations, including:
 - Obtaining and ensuring accuracy of data files for mailing.
 - Printing of letterhead, envelopes and brochures as needed.
 - Coordinating first-class and third-class (bulk) mailings.
 - Tracking and reporting of revenue and expenses from mailings.
- Assist each unit with developing a letter/message for each direct-mail solicitation tailored for that unit.
- Assist each unit with developing a brochure or other support materials for direct-mail solicitations.
- Provide support for other specialized appeals/mailings (such as an appeal for a specific endowment or scholarship fund).

II. Calling Center

Annual Giving operates a year-round calling center staffed by paid and well-trained UH undergraduate and graduate students.

- The calling center reaches out to alumni to re-engage them with their alma mater and asks them to make a gift.
- Annual Giving works closely with each unit to craft “talking points” to be used in calling scripts. Talking points include items such as: exciting faculty or student news; upcoming unit events or other unit news; how funds raised last year through Annual Giving were used; how funds raised in the current year will be used; etc.
- Chancellors, Deans and Directors are invited to meet with the student fundraisers and speak about their unit in conjunction with a calling campaign for that unit. Student fundraisers often have specific questions for unit representatives that provide callers with additional talking points.
- Student fundraisers record feedback and questions from each unit’s alumni and friends – this information is forwarded to the unit for action or information.
- For many alumni, this is the only personal interaction with UH they have so the experience and the interaction with the student fundraisers is valuable.

III. On-Line Giving

Online giving is growing globally. In order to better promote this method of giving:

- Use a unique code or custom URL on each piece of communication or email in order to make giving online easier and more accurately tracked.
- Promote on-line giving in pledge reminders, through all communication, and as an option through all channels.
- Work with UH units to promote giving on unit websites with a prominent link to the on-line giving form to make the transaction seamless and simple.

IV. Matching Gifts

Many corporations will match gifts made by their employees to UH. The office of Annual Giving is exploring methods to enhance this source of revenue. These efforts include:

- Implement a matching gift reminder system to encourage donors who work for a matching gift company, but who have not submitted their employer's matching gift form, to submit their form.
- Promote the benefits of matching gifts more prominently in print materials.

Scholarship Development

The Scholarship Development Office works with donors to establish private student aid accounts. It serves as the central clearinghouse for Unit Development Officers, and UH administrators, faculty, and staff throughout the system on matters relating to private student aid. The department works closely with the campus based financial aid offices to disburse scholarship funds through the BANNER system, and other types of student aid requiring alternative payment methods.

Student Aid is defined as scholarships, fellowships, awards, study abroad, and emergency assistance. It is the responsibility of the Scholarship Development Office to ensure that all awards made to students are in accordance with the wishes of the donors, and in compliance with University and IRS regulations.

There are two different types of accounts that UH donors support:

- An *endowed account* creates a permanent fund. Contributions are invested to ensure the scholarship retains its value in perpetuity, and the scholarships created by the endowment are funded through

the income generated by the endowment.

- An *annual account* reflects a donor's commitment to support a scholarship for a specific number of semesters or years.

Many steps are necessary to ensure the success of the program:

- In conjunction with the unit development officers, engage donors who have specific interests. Prepare gift agreements to ensure the donor's wishes are captured and clearly defined.
- Facilitate the development of proposals for system-wide student aid initiatives with the respective UH and UHF representatives.
- Work with the university to ensure student aid opportunities are being advertised to students, which may include meeting annually with high school counselors throughout the state to provide them with information on student aid opportunities for their students.
- Monitor activity in student aid accounts and be sure funds are being awarded to students who meet the criteria established by our donors.
- Identify student aid accounts with no activity and inquire with colleges/departments experiencing difficulty in making awards.
- Transfer funds to UH and inform the respective Financial Aid Office of students receiving aid so adjustments to student financial aid packages are made to avoid over-awarding of funds.
- Coordinate letters of gratitude from student recipients to donors.
- Disseminate annual reports to donors notifying them of student recipients who have benefited from their support.
- Facilitate and/or support scholarship events that provide the opportunity for engagement between donors and student recipients.

Foundation and Corporate Relations

The Office of Corporate & Foundation Relations raises funds from corporations and private foundations for faculty research, academic excellence, and community outreach. We are guided by the academic priorities identified by chancellors and deans across the 10 UH campuses. Activities that support the University of Hawai'i:

- Work with faculty and academic leaders to develop funding opportunities.

- Assist in identifying potential funders.
- Build relationships with funders and serving as a point of contact.
- Review proposals and budgets before they are submitted to ensure that funders' guidelines are followed.
- Develop stewardship plans to encourage continued or new funding.

Office of Estate and Gift Planning

The Estate and Gift Planning team assists prospective and current donors in making deferred and outright gifts, and assists development officers with prospects and donors interested in expanding their philanthropy through charitable gift planning. Donor stewardship:

- Meet personally with individuals and professional advisors to explain opportunities in which they have an interest; assisting individuals to assess their giving options, including outright gifts, bequests, charitable gift annuities, charitable remainder trusts, charitable lead trusts, gifts of qualified retirement plan assets or life insurance, and gifts of personal residence or vacation home with retained life estate.
- Provide benefit illustrations of specific gift plans.
- Publish newsletters and providing presentations for donors, prospects, and advisors; assisting development officers with market gift planning opportunities in University of Hawai'i publications and offering unit-based seminars on gift planning.
- Manage the Heritage Society, a donor club that honors and recognizes donors who have informed the Foundation that they have named the University of Hawai'i Foundation in their estate plan.

Development Research

Development Research provides accurate, timely, and relevant information essential to the success of the Foundation's fundraising goals. The services of Development Research are available to UH officials and Unit Development Officers.

Applying a unique set of skills and resources, the staff of Development Research gathers, interprets, analyzes, disseminates, and manages prospect data critical to securing grants and contributions, offering support at each stage of the development process. Services include:

- Research and prepare briefing bios for cultivation, solicitation or stewardship visits and contacts.

- Research and prepare prospect giving reports summarizing giving history, philanthropic interests and activities, private foundation details, and board affiliations.
- Research and prepare reports on wealth indicators through public sources, including real estate properties, insider stockholding data, and private foundations.
- Prepare brief bios on guests attending strategic cultivation, and stewardship, friend-building and/or fundraising special events.
- Prepare summary report on multi-interest or system-wide prospects to facilitate strategic planning of next steps, detailing historical and current UH contacts, connections, and other key information.
- Prepare various prospect lists segmenting specific demographic or target groups, including unit or theme-focused prospect lists and regional prospect lists for advancement trip planning.
- Identify new prospects through electronic database screening, list segmentation and other strategies.
- Review, evaluate and rate prospects and assign preliminary capacity ratings.
- Add new prospects to an electronic prospect pool, distributing names to appropriate development officers.
- Manage and maintain an electronic Prospect Management System and facilitate the assignment of prospects to Unit Development Officers.
- Track and record data on alumni, donor or prospect interests, community and UH affiliations, gifts to other organizations, and board directorships.
- Maintain inventory of participation (invitation and attendance) in strategic alumni, donor or prospect cultivation and stewardship events.
- Respond to queries on prospects and other fund-raising-related issues and requests for prospect research from development officers.

- Track current news, reviewing local, national and international on-line and print materials, for UH related issues and alumni, donor and prospect information.
- Provide daily alerts on UH related news to Unit Development Officers and others and timely prospect alerts to appropriate fundraisers.
- Provide resource library for use by Unit Development Officers.
- Provide overview of the services available through the Development Research to new Unit Development Officers and assist in development services training as needed.
- Deliver meaningful service and products based on best available information by keeping up-to-date on current fund-raising trends and philosophy and by using the latest prospect research techniques, strategies and trends.

Communications

Communications develops and implements comprehensive communication strategies that highlight the impact private giving has on the University of Hawai'i and its students, build affinity and pride in UH, and inspire philanthropic support.

- Donor recognition, strategic messaging, and gift impact stories are delivered via the UHF website, the *UH Magazine* - a UH Alumni magazine (print and electronic), a targeted donor and friends quarterly digital and print newsletter *Kupono*, the UHF Annual Report, annual endowment report, media relations, and social networking.
- UH students, research and programs, and the impact of private support are also showcased through video.
- Strategic marketing initiatives reinforce the importance of private investment in UH for donors, for the university and its students, and for Hawai'i's future.

Donor Relations and Special Events

The Donor Relations Office is committed to providing high-level donor engagement and donor-centered recognition of charitable gifts made in support of the University of Hawai'i's students and programs. The team plays a critical role in the lifecycle of major gift donors, ensuring that through their giving, they are engaged and invested for a lifetime.

I. DONOR STEWARDSHIP

Stewardship serves as the foundation for building lasting relationships between donors and the University of Hawai'i and University of Hawai'i Foundation. Donors trust that the University and Foundation will recognize and manage their charitable gifts in a fiscally responsible and timely manner:

- Manage timely and appropriate written acknowledgment of charitable gifts for our most generous donors.
- Collaborate with communications and fiscal teams to provide an annual report on the overall investment pool and individual endowed funds.
- In conjunction with development officers/units/communications, develop personalized stewardship for our most generous donors, providing them with a critical sense of impact and investment through their giving.
- Provide templates, guidelines and guidance for development officers and units for donor stewardship needs.

II. DONOR RELATIONS

Strategic and thoughtful donor relations serve to more deeply engage the Foundation's and University's most generous donors and demonstrates their importance in the fulfillment of the mission and advancement of the University of Hawai'i. Through strategic activities and communications, donors become philanthropic partners, personally invested in the priorities and progress of an institution:

- Be a source of support for our donors as they navigate and engage with the UH and UH Foundation systems.
- In conjunction with development officers/units/communications, develop personalized engagement plans for our most generous donors, cultivating a deep level of engagement with the university and foundation.
- Provide guidelines, support and/or guidance for development officers and units in their donor engagement efforts.
- Support the recognition and engagement of UHF's most generous donors through the use of donor societies.

III. DONOR EVENTS

The Special Events Office plans and implements events hosted by the University of Hawai'i Foundation. Functions include donor engagement and/or recognition ceremonies, receptions and dinners; Office of Estate and Gift Planning seminars and events; campaign roll-outs, kick-offs and other events as directed by the President of the Foundation. In addition, our special events staff may lend their support to other Foundation or University of Hawai'i Units in the strategic planning, budgeting, negotiating, organizing, and coordinating of events which benefit the Foundation and the University of Hawai'i campuses and system. Special Events works to:

- Offer unique experiences to recognize the Foundation's largest donors, highlighting the University of Hawai'i's programs and accomplishments.
- Showcase the positive impacts of philanthropic gifts to the University.
- Host presentations to encourage donors to consider making planned gifts in their estates.
- Work with Donor Relations and Development Operations departments to handle logistics for gatherings that honor specific donors.
- Coordinate gatherings of donors and prospects are coordinated in conjunction with the University of Hawai'i and Foundation Presidents' travel.
- Support unit-based events in which both the University of Hawai'i and Foundation are involved, and functions held at College Hill.
- Provide support or guidance to Development Officers (or with the unit directly) as needed to: create budgets, support logistics, manage lists and reservations, process invitations, and offer additional resources.

Alumni Relations

The Alumni Relations team works in partnership with the University of Hawai'i leadership and with the help of alumni volunteers to create alumni programming that enhances and develops the relationship between UH alumni (system-wide) and builds pride in their alma mater through:

- Educational programming

- Networking opportunities
- Electronic communication and outreach services
- Career services
- Promoting and enhancing the reputation of the University

Expenditures of the Funds Authorized by the Board for Each
Department by Primary Expense Category

Attachment 5
Fiscal Year 2020

Fund Sources for Payroll Expenses	Revenue and Expenditures
From University - Service Agreement	\$ 3,000,000
From Other Sources	3,278,680
Total Sources for Payroll Expenses	\$ 6,278,680

Funds Expended for Payroll Expenses	Revenue and Expenditures
Major Gifts - Unit Development Officers	\$ 2,663,572
Development Operations	343,656
Annual Giving - Calling Ctr/Direct Mail	201,960
Scholarship Development	402,308
Foundation & Corporate Relations	557,748
Estate and Gift Planning	375,450
Development Research	205,474
Donor Relations & Special Events	963,222
Alumni Relations	565,290
Total Funds Expended for Payroll Expenses	\$ 6,278,680

Moneys from the Fund Transferred to Any Fund of the University

Attachment 6

No moneys from this fund were transferred to any fund of the university.

Amounts and Purpose of All Expenditures
from the UH Support Fund
Attachment 7
Fiscal Year 2020

Purpose:	UH Support Fund
Engagement and cultivation	\$ 44,761
Travel	\$ 14,740
Receptions	\$ 2,620
Membership dues and professional meetings	\$ 15,256
Business meetings	\$ 7,515
Other services	\$ 1,758
Materials and supplies	\$ 237
Recruitment/Relocation	\$ 158
Mileage and parking	\$ 230
Duplicating and printing	\$ 130
Books/Subscriptions	\$ 220
Other admin expense	\$ 297
Registration fees	\$ 7,845
Total	\$ 95,767

UH Support Fund Balance

Beginning Balance at 7/1/19	\$ 61,159
Amount transferred in this year	\$ 150,000
UH Support Fund expenditures (see above)	\$ (95,767)
Transfer to Board of Regents	\$ (2,500)
Transfer to UH Commission LGBTQ+Equality	\$ (2,000)
Transfer to Vice President Academics	\$ (5,000)
Ending Balance at 6/30/20	\$ 105,892