



Fundraising for Graduate Education Toolkit

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Glossary of Funding Terms:

Annual Fund Gifts: Funds solicited on an annual or recurring basis from the same constituency. These non-endowed gifts are typically used for operating budget support over a short time horizon.

Bequest: A transfer, by will, of personal property such as cash, securities, or other tangible property.

Blended Gifts: A gift that combines a current gift and a planned gift. It allows a donor to see the impact of their giving during their lifetime while leaving a legacy in the future.

Capital Campaign: A targeted fundraising effort that takes place over a defined period of time (often years) with clearly defined goals.

Charitable IRA Rollovers: A giving mechanism allowing taxpayers to transfer their annual required minimum distributions (RMDs) directly to charitable organizations to exclude the distributions from their taxable income while supporting the charities of their choice.

Endowment Funds: Permanent endowment funds received from donors stipulating that the principal remain untouched and that it be invested to produce a never-ending source of support for the purposes specified by the donors.

Expendable/Current Use Funds: Outright gifts that may be spent down in their entirety.

Gifts-in-Kind: Non-monetary donations that support an organization's mission, such as book collections, artwork, equipment, and other items of value.

Life Income Gifts: Gifts that provide funds to the donor now and benefit a charity in the future. These gifts include charitable gift annuities and charitable remainder unitrusts.

Major Gifts: The largest donations received by a nonprofit organization. What qualifies as a major gift varies from organization to organization.

Planned/Legacy/Estate/Deferred Gifts: A donor's intention to contribute a major gift beyond their lifetime, unlimited by their current wealth.

Quasi-endowments: Funds reserved by the nonprofit on a permanent or long-term basis for specific programs or projects critical to the organization's mission. These funds have the same long-term investment strategy as traditional endowments. A primary difference is that the principal balance of a quasi-endowment may be withdrawn and spent entirely, generally after a minimum investment period.



The Cycle of Philanthropy:

Stage 1 - Identification: Finding out who your donors and prospects are. This includes demographic data like age, gender identity, socioeconomic status, and location.

Stage 2 - Qualification: Prioritizing which donors and prospects you want to cultivate, typically based on their giving history, organizational involvement, capacity, and/ or commitment to philanthropy.

Stage 3 - Cultivation: Building relationships with prospects by learning about their interests and giving approaches and by engaging and educating them about how your organization connects to their passions.

Stage 4 - Solicitation: Asking for donations in a way that reflects the donor's interests and capacity and using the appropriate solicitation channel and type of giving.

Stage 5 - Stewardship: Giving donors a positive giving experience inspires them to give again. This includes acknowledging gifts, demonstrating the impact of their support, and using funds as the donor intended.

A healthy development operation continuously engages in each stage of the cycle, executing different strategies depending on the prospect or donor.

Case Statement and Funding Priority Development Prompts:

Making the Case for Support:

- What are your mission, vision, and values?
- What is your track record?
- Why should your institution receive support? Who do you help?
- What is different about you?
- Why will it matter? How will you use financial support?

Prompts to Set Funding Priorities:

- What leading-edge initiative would you like to launch?
- What ideas have not been approved in the budgeting process?
- What happens if you don't reach your goal?
- If a donor asked what they could do to help, what would you ask for?

What Makes a Good Philanthropic Opportunity:

- Vision alignment
- A well articulated vision and compelling need
- Donor interest
- A strong, viable prospect base accessible to you
- Leadership support
- Philanthropy is the best source of funding for the opportunity



Sample Funding Priorities:

In 2019, Rackham identified its areas of greatest need and developed detailed information on impact opportunities which are available on the [school's website](#). The graduate school is in the process of reviewing and updating its funding priorities in preparation for the University of Michigan's upcoming campaign, set to launch in October '24.

A copy of Rackham's Student Support funding priorities document is included at the end of this document.

Considerations in Pricing Funding Priorities:

Two elements of an organization's development of funding priorities are determining pricing and standardizing the pricing for similar giving opportunities (e.g., engaged learning experiences, fellowships, workshops).

Endowed or Expendable?

Donors can support initiatives in a few ways: outright gifts, pledges, or an estate gift. Regardless of how donors fund a gift, they must determine if they want to establish an endowed or expendable fund.

- *Endowment funds* are those received from donors with the stipulation that the principal remain intact and be invested in perpetuity to produce income to be expended for the purposes specified by the donor. Determining *the minimum amount of external funding needed to establish an endowment fund* is essential to the pricing process. This amount might be set at the institutional level, or individual schools may have the discretion to set the level – lower or higher – depending on their needs and the capacity of their donors and prospects.

You must also understand your institution's *endowment distribution policy and current distribution rate*. For example, if the distributions from endowment funds are typically 5% of the principal:

- A \$100,000 endowment would yield approximately \$5,000 each year
- A \$1,000,000 endowment would yield approximately \$50,000 each year
- *Expendable funds* are those received from donors to be entirely spent on activities consistent with donor intent. You must also determine the *minimum amount of external funding needed to establish an expendable fund*.



How to Price Funding Priorities:

- *For programmatic priorities*, determine the annual cost to execute the program or initiative, including incremental staff costs.
- *For student support priorities*, determine the annual per-student expenses associated with the individual experience or need. Increase the total annual operating cost or per-student expenses by 20-25% to establish the price for the priority. The ‘mark up’ will cover inflation and unforeseen expenses and allow your organization to present the priorities to prospects and colleagues without making annual updates.
- An expendable gift amount is the same as the estimated annual cost of programs or student support.
- An endowed gift amount is determined using the following formula:

$$\frac{\textit{Annual Cost}}{\textit{Annual Endowment Distribution Rate}}$$

For example, if the cost to cover a graduate student stipend for a term is \$12,500 and your institution’s annual distribution endowment distribution rate is 5%, the endowment amount is:

$$\frac{\$12,500}{5\%} = \$250,000$$

- *To name schools, physical spaces, and deanships*, consult with your institution’s development team to determine what policies and practices are in place and the gift amounts for similar gifts your institution has received.

A Final Thought on Pricing:

Before finalizing your fund minimums, priorities, and pricing, reflect on the “*What Makes a Good Philanthropic Opportunity (page 3).*” Also, consider that smaller endowed gift funds can be difficult to steward because the annual impact is limited.



Resource List:

Books:

- The Artful Journey: Cultivating and Soliciting the Major Gift by William T. Sturtevant
- Asking: A 59-Minute Guide to Everything Board Members, Volunteers, and Staff Must Know to Secure the Gift by Jerold Panas
- Digital Fundraising Blueprint by Jeremy Haselwood
- Donor-Centered Fundraising by Penelope Burk
- The 4 Pillars of Donor Relations by Lynne M. Wester
- Moves Management Fundraising by James A. Johnson

LinkedIn Groups and Experts to Follow:

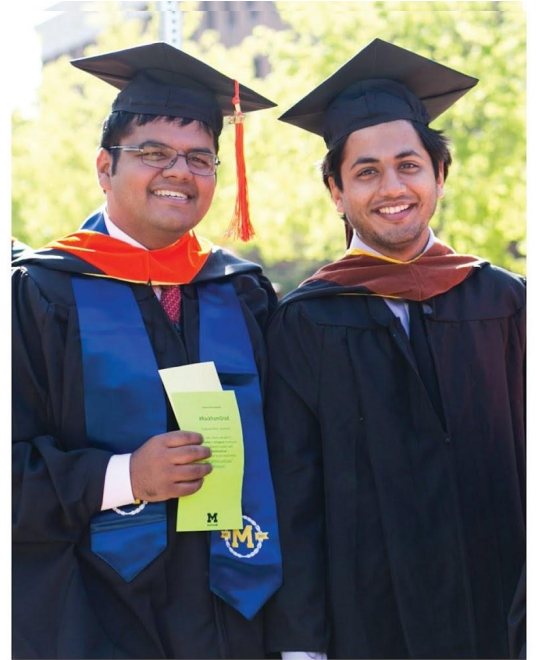
- Shari Fox, CAP, Philanthropic Advisor
- Russel James, J.D., Ph.D., CFP, Professor, Texas Tech
- Major and Planned Gift Marketers
- On Fundraising: Official Group of the Association of Fundraising Professionals

Organizations:

- Association of Donor Relations Professionals (ADRP)
- Association of Fundraising Professionals (AFP)
- Council for Advancement and Support of Higher Education (CASE)

Blogs and Websites

- [Lilly Family School of Philanthropy](#)
- [The Planned Giving Blog/Crescendo](#)
- [The Donor Participation Project](#)



IMPACT OPPORTUNITIES FOR **Student Support**

Rackham serves more than 8,500 graduate students, pursuing master’s and doctoral degrees at all of the University of Michigan’s 19 schools and colleges. Teaching, research, and service sit firmly at the center of the university’s mission, and Rackham graduate students illustrate those tenets in their work every day. They ask the startling and creative questions that power much of the innovation and interdisciplinary study on campus. When breakthrough research puts U-M in the national news, it is, in many cases, because graduate students have dedicated their time to supporting these advancements. They share and continue to grow their knowledge as they teach undergraduate courses and nurture emerging academic interests in those they mentor.

Graduate education is crucial to Michigan’s excellence as a research university. The university’s ability to attract and retain outstanding students is essential to our continued success and national leadership. For many prospective graduate students, the prospect of daunting loans can deter them from pursuing an advanced degree. Philanthropic gifts for graduate student support make a Rackham degree accessible for many talented students who might otherwise not be able to fulfill their potential and advance the university’s mission of challenging the present and enriching the future.



ENDOWED AND EXPANDABLE STUDENT SUPPORT FUNDS - LASTING LEGACY AND IMMEDIATE IMPACT

Endowed funds ensure our graduate students' continued access to the world-class faculty and resources at the University of Michigan. Through a named endowment, donors create both a lasting legacy and a fellowship fund that will support graduate education in perpetuity, benefiting generations to come. A minimum gift of \$50,000 will endow a student fund, and donors will have an opportunity to learn about the student beneficiaries of their support to better understand exactly how their gifts have made a difference.

Expendable gifts of all sizes make it possible for thousands of graduate students to continue their research and coursework each year. These gifts are made immediately available in order to provide tuition support, fund research fellowships, or help cover other educational costs. A minimum gift of \$25,000 will establish an expendable graduate student support fund, and as a donor, you will have an opportunity to hear about the students who receive support because of your generosity, illustrating the true impact of your philanthropy

Graduate Student Fellowships

\$100,000 endowed/\$5,000 - \$50,000 expendable

Graduate students play an essential role at the University of Michigan, working closely with faculty to provide outstanding teaching to our undergraduates, conducting research with our faculty, and carrying out their own independent research. Fellowship funding provides crucial support for graduate students, reducing their need to seek outside employment while they are learning and conducting research. Second, it lowers the amount of debt they incur, particularly for master's degree students. Third, donor supported fellowships allow the university to attract and recruit the best graduate students in the country to Michigan.

How Your Support Helps How Your Support Helps

Donor-established endowments for fellowships provide financial support to students while they are pursuing graduate studies without associated teaching or research responsibilities. Fellowships are generally merit-based internal or external awards to support a student in a full-time course of study.

Graduate Internship Awards

\$250,000 endowed/\$10,000 to \$50,000 expendable

Internships prepare Rackham students to tackle the world's most complex problems, gather information from many sources, and communicate solutions to experts and



non-experts alike. Students hone their practical skills in real-world situations by participating in internships across the United States and in countries around the world. These opportunities allow students to apply their skills in tangible ways, and gain experience and exposure that lead to future career possibilities, while linking their academic work with important practical challenges.

How Your Support Helps

Funding allows graduate students to collect data, accept unpaid internships in their area of professional expertise, or pursue partnerships with government, industry, or community organizations. Your gift will help to provide stipends to ease the stress of travel and living expenses.

Conference Travel Grants

\$50,000 endowed/\$10,000 expendable

Domestic and international conferences provide important learning and professional development opportunities for graduate students. Funding, beyond standard financial support, is crucial for a student's involvement in these activities and the opportunity to participate in the life of their academic professions.

How Your Support Helps

Your gift to establish a conference travel grant fund will help Rackham graduate students defray registration, travel, food, and/or lodging costs associated with conferences and will enhance each student's professional and academic development.

Rackham Annual Strategic Funds

\$50,000 endowed/\$10,000 to \$50,000 expendable

Expendable, undesignated gifts are extraordinarily important to transforming the graduate student experience at Michigan. Contributions to one of Rackham's annual strategic funds make it possible to meet a variety of needs and challenges, including academic scholarship, research, equitable access, and experiential learning for Rackham students at the master or doctoral level and help them prepare for careers of quality and impact.

Ways to Fund Your Gift

Your gifts of cash, pledges, appreciated securities, qualified charitable contributions, or gifts from donor advised funds change lives. Wills, estate, and planned gifts allow you to create a



lasting legacy that will make it possible for the best and brightest minds to complete a graduate degree, solve problems in a changing world, and yield ideas and innovations that will make a difference in Michigan and around the globe.

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Fundraising for Graduate Education: 6/18/36 Month Fundraising Planning Tool



Instructions: Review your Development Quiz to identify quick wins and short term goals. Next, determine achievable mid term goals. Finish with longer term plans that rely on work to build infrastructure and a pipeline of donors. At each phase, consider what is possible with and without additional resources and where you can build partners and allies to advance your efforts.

	6 Months Short Term	18 Months Mid Term	36 Months Long Term
Cycle of Philanthropy Stage:			
Identification			
Qualification			
Cultivation			
Solicitation			
Stewardship			
Other Considerations:			
What, if any resources are needed?			
Who are potential allies and partners?			

CGS Workshop: Fundraising for Graduate Schools, 12/6/2023