



# Higher Education Philanthropy: What's Next?

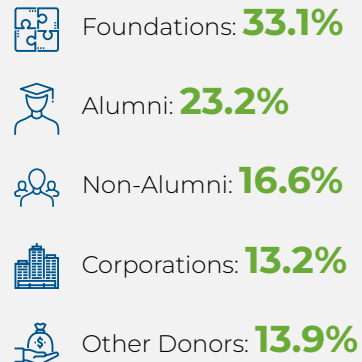
Higher education philanthropy looks very different today than it did a few years ago. After declining in 2020, [giving to academic institutions has since rebounded](#) — and megagifts of \$10 million or more are increasingly common. Here we examine several developments and trends influencing private and public colleges and universities.

## The Complexities of Charitable Giving

Large donations can be transformational, enabling institutions to expand their missions and better serve their communities. [Donations from foundations, alumni, and other leading college and university donors](#) are almost always positive for the receiving institution.

These gifts can have a significant impact on the future, vision, and opportunities of an institution. However, because donors may expect or assume undue influence, a receiving college or university must balance megagift management without compromising its values or mission. Furthermore, institutional leadership may strive to safeguard the future with significant gifts, but if fundamental challenges to the university's business model remain, the institution may ultimately return to an untenable position. Colleges and universities can benefit from considering the nuances, complexities, and risks associated with a megadonation.

## Major Donation Sources



**Figure 1. Leading college and university donor percentages**

Credit: Case, "[Voluntary Support of Education Key Findings, 2020-21](#)"

### Gains and Losses

Philanthropic giving to U.S. higher education [institutions exceeded \\$52 billion in 2021](#), resulting in a 6.9% increase over 2020. The growth in giving was fueled mainly by the stock market, with many significant gifts made as securities. However, [according to Bloomberg](#), college endowments declined a median of 10.2% before fees in the 12 months through June 2022, the most significant drop since 2009.

### Legislative Changes

[In the early 1970s, Pell Grants covered nearly 80%](#) of the cost of a public four-year education.

Today, the award covers less than one-third of the average cost of tuition, fees, and room and board. Recent Pell Grant changes announced last year include increases in the maximum award amount and number of eligible students, availability for short-term skills and job-training programs, and the [exclusion of students enrolled exclusively in online programs](#). These updates have the potential to influence philanthropic giving in multiple ways, including how many dollars are needed to support students in their pursuits of higher education.

### Actions to Consider

Institutional advancement leadership is addressing these and other developments in multiple ways, including:

- **Utilizing descriptive and predictive analytics:** Dashboard visuals and comprehensive data analysis can lead to meaningful process and outreach improvements that streamline the institution's collective outreach efforts, increasing efficiencies and dollars raised.
- **Embracing innovation:** The rise in crowdfunding, point-of-sale fundraisers at retail checkout counters, and other nontraditional forms of giving have increased competition for fundraising efforts. Institutional advancement leaders must continue innovating their approaches and supporting technology platforms for giving.
- **Providing alternatives:** Many donors gravitate toward nonmonetary gifts, such as volunteering their time or talent. These types of gifts should be encouraged, as they provide value to students and cultivate long-term relationships with donors, which may result in continued philanthropy.



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