



March 23, 2010

LATE

Aloha Senator Kim,

The University of Hawai'i Foundation supports the passage of HB 2670 which would lift the cap on what the University of Hawai'i may pay the University of Hawai'i Foundation from the tuition and fees special fund. The cap would be raised from \$3 million to \$5 million. Lifting the cap will enable the University to invest more in private fundraising and alumni relations.

The bill does not mandate that any particular level of funding be provided to the Foundation. Instead the bill simply authorizes the University to devote a level of funding that it believes, working with the Foundation, is in the University's best interests

Now more than ever, raising private funds for the University is needed. With more investment in fundraising, UH Foundation can expand operations and raise additional funds. The UH Foundation has a proven track record. Every \$1 expended on fundraising through the University of Hawai'i Foundation has returned \$8 in private support. In turn, private support has leveraged additional monies from other sources.

Through its Centennial Campaign completed June 30, 2009, the University of Hawai'i Foundation raised \$336 million from more than 93,000 donors – the largest private fundraising campaign in the history of our state. Of this total, donors gave \$75 million in endowed gifts – funds that are renewable and sustainable and provide a critical base of on-going support for students and academic programs.

I am attaching our response to the HED Committee's question, "How would the Foundation use the additional \$2 million from the University?" as well as information about the impact of the Centennial Campaign on all UH campuses.

We support this bill and if you have any questions you can reach me at 387-1397. Thank you for your consideration.

Best regards,

A handwritten signature in black ink, appearing to read "Donna Vuchinich".

Donna Vuchinich
President & CEO

Serving the 10 campuses of the UH System

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Increasing Private Support for the University of Hawai'i

The University of Hawai'i Foundation (UHF) plays a vital role in the University of Hawai'i's (UH) health by generating private support for scholarships and a wide range of UH programs. To support this effort, UH currently provides \$3 million to the UH Foundation for fundraising and alumni relations services. UHF has a successful track record of effectively using these funds to exponentially increase private support for UH and to enhance alumni relations activities and services.

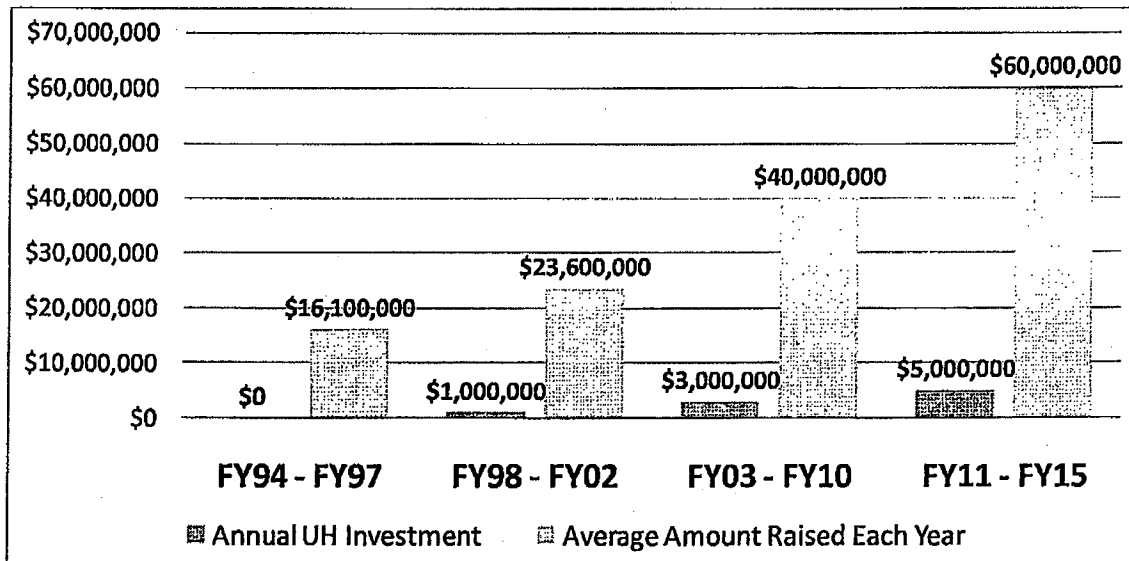
Currently the amount the University can pay for these services is limited to \$3 million by statute 304A-2153. If the \$3 million cap is raised to \$5 million and the Board of Regents chooses to increase its investment in fundraising and alumni relations services, the University of Hawai'i Foundation will be able to raise far more private dollars to benefit UH students and programs as well as expand alumni services throughout the University of Hawai'i System.

How UHF Would Use the Additional \$2 Million

The University of Hawai'i Foundation would use the additional \$2 million to hire 21 positions. Four of these positions would be dedicated to engaging alumni across all campuses and providing support for alumni programs. The remaining 17 positions would be fundraising staff whose sole responsibility would be raising additional private support for the University of Hawai'i. Our experience confirms the fundraising maxim that people give to people; that is why we would invest the additional funds in people whose personal productivity will produce the greatest returns for UH.

A Proven Track Record of Success/ Promising Returns

The UHF track record demonstrates that as the university's investment in the Foundation grows, the amount raised for the 10 campuses increases. When UH first invested \$1 million, philanthropic support grew 43%. When UH increased its investment to \$3 million, donations grew nearly 70%. We project that increasing the investment in UHF from \$3 million to \$5 million will stimulate growth in contributions by another \$20 million – a 50% percent increase.



This increase in private support is experienced across all 10 campuses as illustrated by comparing the past two campaigns. The Board of Regents provided \$1 million in support of UHF development operations during the Comprehensive Campaign (FY97-01) and \$3 million in support of the Centennial Campaign (FY02-09). All campuses received significantly more philanthropic dollars during the Centennial Campaign:

Campus	Comprehensive Campaign (4 years)	Centennial Campaign (7 years)	Percentage Increase
UH Manoa	\$83.3 million	\$205.8 million	+247%
UH Hilo	\$4.1 million	\$15.4 million	+376%
UH West Oahu	\$1.1 million	\$1.5 million	+136%
Community Colleges	\$9.3 million	\$31.9 million	+343%
System-wide	\$18.6 million	\$27.1 million	+146%

Centennial Campaign Summary

Building on the earlier Comprehensive Campaign, UHF partnered with friends and supporters to successfully complete the Centennial Campaign - the most ambitious fundraising campaign to date in the state of Hawai'i. The Centennial Campaign, completed June 30, 2009, raised \$336 million from more than 93,000 donors. Of this total, donors gave \$75 million in endowed gifts – funds that are renewable and sustainable and provide a critical base of on-going support for students and academic programs. Here are campaign highlights:

Actual cash and pledges raised: \$282 million
 Bequest intentions: \$ 54 million
 Campaign grand total: \$336 million

Number of donors: over 93,000

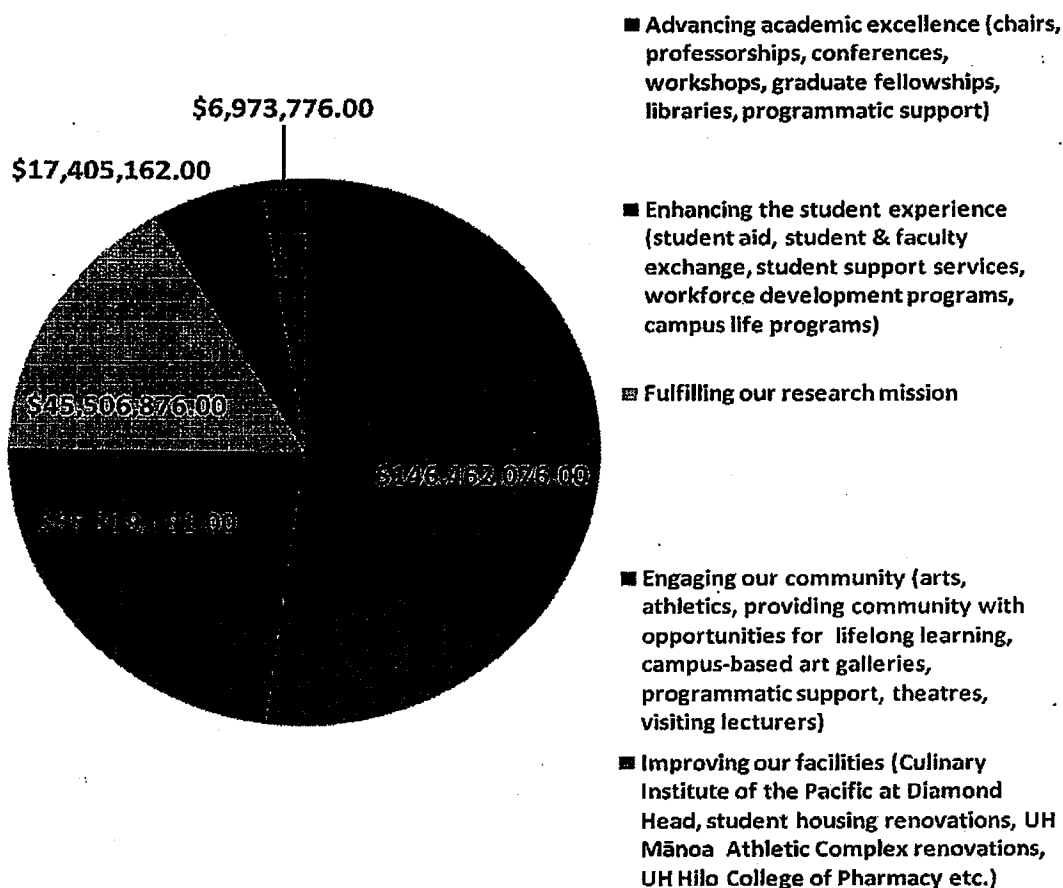
- More than 55% of these gave to UH for the first time during the Campaign.
- 50 gifts were \$1 million+
- \$75.3 million in endowed gifts which are carefully invested. Income generated from these investments provides annual support in perpetuity

Donors to the Centennial Campaign by Region

Hawai'i	70%	(Hawai'i gave more than \$197 million to this campaign)
California	12%	
US – other	16%	
International	2%	

Alumni Participation in the campaign: 16%. One in six alumni contributed to this 7-year Centennial Campaign. We have more than 162,000 alumni in the state of Hawai'i who belong to the UHAA on-line community where they receive news updates, career and job placement information, and social networking opportunities at <http://www.UHalumni.org>.

The Centennial Campaign Supported Key UH Priorities



Examples of campaign impact:

- **74 new professorship & department chairs accounts** -- Giving faculty the resources they need to develop the programs that best serve the students
- **705 new student aid accounts** -- Providing new program funds, awards, fellowships, scholarships, and grants. (UHF manages nearly 1,500 student aid accounts system-wide.)
- **\$70.5 million for financial aid** – Distributing \$42.8 million to 14,331 students over the course of the Centennial Campaign.

Current Return on Investment

For the campaign period, approximately \$5 million a year was spent on fundraising activities. From these activities an average of \$40 million per year was raised.

Every \$1 expended on fundraising through the University of Hawai'i Foundation has returned \$8 in private support.

Twenty-seven percent of funds raised are for the endowment and thus provide a dedicated, ongoing source of support. Today, the UH Foundation manages more than 860 endowed accounts with a combined market value of \$166 million. These accounts pay out more than \$6 million a year for scholarships, faculty support, research and programs.

Vision/Goal

The resounding success of the Centennial Campaign is testament to the commitment of our community to support our university's aspirations for the benefit of our state and beyond. Students, faculty and engaged community members are already benefiting from the impact of the campaign.

The powerful impact private support makes on the lives of students, and the current need to build ongoing, dedicated sources of funding for the university make the case for UHF to go from a \$40 million a year fundraising organization to \$60 million a year.

Conclusion

The University of Hawai'i plays an integral role in shaping a sustainable future for our island residents. Students are our future, and our unique integrated university system educates our workforce for sectors as diverse as the trades, healthcare, education and hospitality and tourism. They are not only the workers but the innovators who create future industry and economy.

The need for private support for our public universities during these challenging economic times remains great. The UH Foundation is working hard and leveraging the momentum created through the Centennial Campaign to help our university and students fulfill their potential.

Investing to build the capacity of the UH Foundation to raise more private support for the university and to continue to build programs that engage and benefit our alumni, friends, and communities is one component in securing a brighter future for our state of Hawai'i.

Attachment: Impact of Centennial Campaign by Campus

UHF website: www.uhf.hawaii.edu

UHAA website: www.UHAlumni.org