TO: The External Affairs Committee:

John L. Nau III, Chair
Frank B. Atkinson
A. Macdonald Caputo
Hunter E. Craig
Allison Cryor DiNardo
Marvin W. Gilliam Jr.
Victoria D. Harker
Bobbie G. Kilberg
Stephen P. Long, M.D.
Helen E. Dragas, Ex Officio
Robert S. Kemp, Consulting Member
Jeffrey C. Walker, Consulting Member

and

The Remaining Members of the Board:

The Hon. Alan A. Diamonstein
George Keith Martin
Vincent J. Mastracco Jr.
Edward D. Miller, M.D.

Timothy B. Robertson
Linwood H. Rose
Hillary A. Hurd
William H. Goodwin Jr.
Leonard W. Sandridge Jr.

FROM: Susan G. Harris

RE: Minutes of the Meeting of the External Affairs Committee on Thursday, November 8, 2012

The External Affairs Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 3:05 p.m., Thursday, November 8, 2012, in the Auditorium of the Harrison Institute/Small Special Collections Library; John L. Nau III, Chair, presided.

Present were Frank B. Atkinson, Hunter E. Craig, Ms. Allison Cryor DiNardo, Marvin W. Gilliam Jr., Ms. Victoria D. Harker,

Present also were The Honorable Alan A. Diamonstein, George Keith Martin, Vincent J. Mastracco Jr., Edward D. Miller, M.D., Linwood H. Rose, William H. Goodwin Jr., and Leonard W. Sandridge Jr.

Also present were Ms. Teresa A. Sullivan, John D. Simon, Patrick D. Hogan, Ms. Susan G. Harris, Paul J. Forch, Ms. Susan A. Carkeek, Steven T. DeKosky, M.D., Ms. Patricia M. Lampkin, Marcus L. Martin, M.D., Ms. Nancy A. Rivers, Ms. Colette Sheehy, Robert D. Sweeney, McGregor McCance, Simeon E. Ewing, John Sanders Huguenin, Anthony P. de Bruyn, and Ms. Debra D. Rinker.

John Campbell, Ms. Elizabeth Bass, and George Cohen were in attendance as presenters.

Committee Chair Remarks

Mr. Nau commented on the change in the name of the committee to the Advancement and Communications Committee. He thanked Ms. Bobbie Kilberg, who has agreed to be the Vice Chair of the committee.

Mr. Nau reported on the October 18 Council of Foundations (Council) meeting: President Sullivan discussed the Strategic Planning Task Force and concerns about competitive faculty salaries, which each school is facing. The College Foundation representatives shared their plans and the work they have done to raise funds for faculty salaries, with a goal of raising $100 million. Mr. Nau reported to the Council on the Board’s Governance Task Force; the Council has a team that is working with the Board on the governance issue. Robert Sweeney provided a report on Annual Giving, and Mr. John Campbell, Director of Development Services for the College of Arts & Sciences, gave a report on a direct marketing approach, which he will share with the Board of Visitors. Mr. Nau said a Career Services Task Force also gave an excellent in-depth report. The Council held Jeffersonian dinners, following the meeting, with faculty, students, Council members, and prospects.

Mr. Nau said the meeting of the External Affairs Committee on October 19, 2012 was to engage more groups from the University and the community in between regular Board meetings. The vital question addressed was “What are we going to do between the end of this campaign and the beginning of the next one?” Two major issues are faculty support and Jefferson’s Academical Village restoration.

Mr. Nau said at the October 19 meeting Mr. Neuman reported on the progress of the restoration and the scale. There is an estimated need for $200 million in funding to encompass the Rotunda restoration, academical village restoration, conservation and interpretation for visitors, and an endowment to help with maintenance and restoration on a continual basis. Mr. Nau said Provost John Simon spoke about faculty recruitment, retention, and compensation. Ms. Christine Nardi
from the Charlottesville Center for Non-Profit Excellence gave a presentation. Three members of the Class of 2013 Trustees also gave a presentation on their efforts to boost class giving.

Mr. Nau asked President Sullivan to comment on the communication element of the committee’s work. At the October 19th meeting she introduced a plan to separate the communications function from the development and public affairs portfolio, and appointed an interim Chief Public Affairs Officer, Mr. Anthony de Bruyn, whom she introduced.

Mr. Nau turned to the meeting agenda. He introduced Ms. Elizabeth Bass, the Executive Director of Madison House. Ms. Bass began with the mission of Madison House: to develop student leaders, coordinate volunteers, build community partnerships, and promote lifelong volunteer service. It’s 42 year history has produced 20,000 alumni with volunteer experience. Madison House is organized as a non-profit and is run by students; it began in the 1969-70 school year with a reorganization of the YMCA at UVA. Some of the first volunteers helped Nelson County during Hurricane Camille.

Ms. Bass said Madison House has grown from 100 students to more than 3000 volunteers each year. They have a staff of seven people, and a Board of Directors comprised of 1/3 students, 1/3 community members, and 1/3 University faculty and staff. They also have an Alumni Council that includes alumni from all over the country and world with the objective to reach out beyond University Grounds. They have many student leaders active in recruiting, managing, matching, and motivating their peers. Madison House had 3,564 students volunteer weekly in the last school year, which totaled over 105,000 hours in the community, worth more than $2 million of service. They try to match the volunteer activity with the student’s interests. More than 50% of the programs work with children and youth; the largest program is the Medical Services Program, which placed 500 students at the University Medical Center, Martha Jefferson Hospital, and the Charlottesville Free Clinic.

In answer to a question, Ms. Bass said that students have initiated some service projects based on their own interests. Because they are an independent non-profit Madison House does not fall under the University’s liability insurance or governance.

Ms. Bass elaborated on organization and funding: half of their income is from donors, the other half comes from grants, rental income because they own the building, and an endowment created in 1969. Donations are from alumni, parents, and local community members. Madison House has an annual budget of between $550,000 and $600,000, with personnel, building maintenance, and direct program expenses accounting for most of their expenses.

Ms. Bass highlighted the impact Madison House has on the community: they have over 100 community partner agencies in the Charlottesville and Albemarle County area that receive student
volunteers. Annual evaluations show that the student volunteers improve the overall quality of life of their clients and are essential to the success of their missions. There is shared responsibility for training, management, and liability of the volunteers. Examples of these agencies are nursing homes, day care centers, homeless programs, animal shelters, schools, hospitals and clinics, environmental organizations, afterschool programs, and other non-profit agencies.

Ms. Bass also touched on the impact Madison House has had on the student experience. Approximately 50% of each graduating class has volunteered with Madison House at some point during their time at UVA. Madison House continues to be an "entry point" for students to volunteer and then continue on with academic engagement, research, and international service.

Report on Annual Giving

Mr. Nau stressed the importance of improving the performance in annual giving through direct marketing. He said annual giving provides unrestricted funds to the deans. He believes that direct marketing is more efficient and effective in targeting the message and will free up the annual giving staff to focus on the larger donations.

Mr. Nau turned the meeting over to Mr. Robert Sweeney, Senior Vice President for Development and Public Affairs. Mr. Sweeney said the University has had success in receiving leadership gifts in the $1000 and the $100,000 gift levels, and leads all other public universities significantly. They have received initial gifts from 51% of all alumni during the campaign, but he would like to motivate these individuals to become lifelong donors.

Mr. Sweeney introduced Mr. John Campbell, Director of Development Services for the College of Arts and Sciences. Mr. Campbell undertook a study on creating a "Best in Class" direct marketing services organization with staffing phased in starting in January 2013 and reaching full staffing within four years. He estimated the costs after full implementation will be $2.2 million, or a net of $1.4 million after factoring in costs currently incurred by schools/units. These include fully loaded salary expenses, a phonathon, and additional new space costs. Production costs were not included because they will be absorbed by the school/unit. He did a breakeven analysis to see what participation level would be required using the College as his source and their mean average direct response donation amount of $297. Gifts attributable to direct mail were 26% of total gifts.

Mr. Campbell broke down the approach to direct marketing into four groups: marketing, data analytics, creative development, and campaign management, with each group requiring one to four employees. Fiscal year 2013 would begin with up to five staff members and increase gradually over the years, with new staff growing up to 20, along with new clients. The benefits of using this direct marketing services organization include providing a consultative approach that
differentiates the messaging for each school or unit; the ability to use experts in a variety of channels; greater coordination and execution of integrated content on timing, messaging, and reach; “test and learn” experiences that can be expanded to other schools or units; and a sharper focus on data analytics to deliver a more meaningful, intelligent user relationship.

Mr. Campbell showed a chart analyzing the costs, offset by existing personnel available and contributions from schools or units, which start in FY13 at $177,096 and project out to FY17 at $1.4 million. Using the College and Graduate School of Arts and Sciences as an example, he projected that the added investment in a direct marketing approach would nearly triple the participation rate of donors, from 1.87% to 5.51%.

Mr. Campbell summarized by saying the advantages include greater effectiveness, expanded capacity, strengthened competency, and learning that can be leveraged across units. The disadvantages are that it is expensive, there is no guarantee of success, and the University would need to determine the point of diminishing returns. He said strategy drives participation but creates a high threshold for financial justification.

Mr. Nau commented that an investment of $1.4 million would change the dynamic and he thought it was a good approach. Ms. Sullivan said having a more unified message is advantageous; US News rates how happy alumni are by their giving. The University currently rates high compared to other public universities but not as well as private universities. Mr. Sweeney said that some schools are outsourcing their direct marketing and would be looking for quality if they were to turn to internal sources. Mr. Nau said the most difficult dollars to receive are the unrestricted dollars, which this approach would generate.

Report by the Senior Vice President For Development and Public Affairs

Mr. Sweeney said the Campaign is on track to meet its goal of $3 billion this spring. Even though this campaign was conducted under the most difficult financial circumstances, each school or unit has achieved at least double, and sometimes triple, what was achieved in the previous campaign. Development has been active in individual meetings with key donors, and alumni lunch and dinner meetings over the east coast and in Texas. They have focused on completing the campaign, the strategic direction of the University, and the need for raising money for future faculty. This is accomplished through the solicitation of targeted donors and negotiations for large gifts, which can be time consuming. The University is beginning to see the benefit of 20 years of nurturing bequests. Mr. Sweeney said donors are driven by their passion or an institutional need. He is looking forward to the Bicentennial Campaign, which will need a large gift to start things off.
Mr. Sweeney mentioned changes in the Office of Public Affairs. He is working with Anthony de Bruyn and McGregor McCance to move communications from a print based media to a social media format and to provide more interactive communication with alumni, parents, and friends. The Office of Engagement is involved in Alumni Education, Cavalier Travels, UVaClubs, UVaFamilies, and the Engagement Community of U.Va. Professionals. They have expanded the University of Virginia Club to include not only alumni, but also parents and friends, which has increased their volunteers by 10%. Engagement and involvement in the University community is the best element for giving; 46% of those involved in the U.Va Club participate in annual giving. Everything is interrelated.

Mr. Long asked Mr. Sweeney to predict the effects of federal tax law changes on future giving. Mr. Sweeney said there has always been a philanthropic motivation in this country, that it is not dependent on the tax laws, however, there will be a negative effect if deductions for charitable giving are changed.

On motion, the meeting was adjourned at 4:20 p.m.

SGH:lah
These minutes have been posted to the University of Virginia Board of Visitors website.
http://www.virginia.edu/bov/externalminutes.html