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OFFICE OF THE STATE COMPTROLLER

November 16, 2001

Mr. Robert L. King
Chancellor
State University of New York
State University Plaza
Albany, New York 12246

Dr. Matthew Goldstein
Chancellor
City University of New York
535 East 80th Street
New York, New York 10021

Re: Report 2001-F-11

Dear Mr. King and Dr. Goldstein:

Pursuant to the State Comptroller's authority as set in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law we have reviewed the actions taken by officials of the State University of New York (SUNY) and the City University of New York (CUNY) as of September 27, 2001, to address the issues contained in our study, *Private Fundraising at SUNY and CUNY* (Report 96-D-1). Our study, which was issued on May 12, 1998, reviewed the private fundraising practices and results of SUNY and CUNY.

Background

Created as a public university system in 1948, SUNY consists of 29 State-operated campuses, five statutory and contract colleges, 30 community colleges and System Administration. According to SUNY officials, SUNY is the largest comprehensive system of public higher education in the nation.

Created as a public university system in 1961, CUNY comprises ten senior colleges, six community colleges, one technical school, a graduate school, a law school, Hunter College High School and CUNY Central. According to CUNY officials, CUNY ranks third among public university systems in the nation in terms of student enrollment.

As government support for public higher education systems has declined in recent years, SUNY and CUNY, like other systems of public higher education, increasingly look to private contributions to help support special programs and facilities that bring distinction to their campuses, provide educational opportunities for their students and attract and retain faculty. SUNY and CUNY view private donations as a supplement to – not a substitute for – New York State and (for CUNY) New York City support.

Summary Conclusions

In our prior study, we identified several issues that SUNY and CUNY needed to consider for enhancing private fundraising practices. Our study had found that both systems raised significantly less private funds than the top fundraising university systems in the nation, and SUNY and CUNY private fundraising was less than some of their peer institutions.

Summary of Status of Prior Issues for Consideration

Two of the issues for consideration that were identified in our prior study were addressed to SUNY and both have now been addressed. Three of the issues for consideration that were identified in our prior study were addressed to CUNY. Two of these issues have been addressed and one has been partially addressed.

Follow-up Observations

Issue 1

SUNY System Administration should consider encouraging all its campuses to carry out the fund raising best practices identified in this study.

Status - Addressed

Agency Action - The Executive Vice Chancellor disseminated our study results of best fundraising practices to all College Presidents, Business Officers and Chief Development Officers. In addition, the overall actions taken by the University and its current Chancellor, as outlined under issue number 2 below, show a commitment to enhancing the private fundraising activities of University.

Issue 2

SUNY campuses should consider pursuing the following steps to improve fundraising performance:

- *make a commitment to fundraising by providing the resources to support the necessary fundraising programs;*
- *make campus fundraising efforts an institutional priority; and*
- *strive to meet the private fundraising averages of their development and academic peers.*

Status - Addressed

Agency Action - The Chancellor, in his State of the State University of New York address in December 2000, outlined a plan to raise one billion dollars in fundraising over the ensuing five years from private sources. In addition, the Chancellor has informed all presidents that he considers success in obtaining external funding for the campuses a prime criterion in measuring presidential job performance. Furthermore, all campuses are now expected to conduct regular annual giving campaigns and periodic capital campaigns. The following are additional actions in support of private fundraising:

- It is now possible to name buildings or grounds after a person who makes a significant contribution for the benefit of SUNY either directly or through a campus-related foundation.
- A new office has been created in the Research Foundation of SUNY to assist campuses in fundraising. Specifically, a Vice President for Philanthropy position was created to share best practices and develop major multi-campus and University-wide fundraising proposals.
- SUNY, in conjunction with a private consultant produced and issued an Administrative Guidebook and a development Campaign Guidebook.
- Various fundraising workshops have been held University-wide, including a September 2000 conference with the State University of New York Confederation of Alumni Association. In December 2000, the Institute for Community College Development organized a workshop to train community college presidents in fundraising.
- State University employees can arrange to have salary deductions made to support a campus-related foundation.

Issue 3

CUNY Central Administration should consider carrying out the following steps to improve fund raising results:

- *establish a central development office as a resource of fundraising ideas and information for all CUNY campuses;*
- *provide campuses with the needed resources to fund development programs;*
- *provide leadership and guidance to CUNY campuses in the area of private fundraising;*
- *ensure that each CUNY campus has at least one full-time staff dedicated to development at all times;*
- *require campuses to report the results of private fundraising, from all sources, to a central development office; and*

- *encourage all CUNY campuses to carry out the fundraising best practices identified in this study.*

Status - Addressed

Agency Action - The University has established a Central Development Office as a resource of fundraising ideas and information for all CUNY campuses. Currently, the office is staffed with two full time professionals and a secretary. Each CUNY campus has at least one full-time staff dedicated to development at all times.

The University reports that it generally has not had the resources necessary to devote to fundraising. The University's 2001-2002 budget request recognizes the need for resources to support various programmatic initiatives. Officials report that CUNY has renewed its commitment to identify external sources to offset partially the cost of new and ongoing initiatives. Securing additional support for operations will allow the college presidents the flexibility to allocate funds to priority areas.

The Office of Development sponsors two annual development conferences for CUNY development officers. At the conferences, various issues regarding development activities are discussed. The Office is working on the feasibility of and developing services such as the establishment of a list service for development officers; establishing a resource library for use by all colleges; on-line donor/alumni giving through campus websites; and system-wide coordinated annual fundraising campaigns. Furthermore, the Chancellor stressed that fundraising activities at the community colleges need to be enhanced and meet the level of the efforts at the four-year colleges.

CUNY officials have assigned developmental staff to each of the campuses. The Chancellor has made it known the importance of fundraising and the college presidents annual evaluations will include a review of fundraising activities at each college. Goals include developing five-year fundraising plans, with annual goals.

The Chancellor required each campus to complete the Council for Aid to Education Voluntary Support to Education survey. Every campus is now required to send a copy of their survey to Central office.

CUNY officials shared the results of our study with their college presidents. A representative of the Comptroller's Office made a presentation to the CUNY Development Officers and presented an overview of the best practices identified in the study.

Issue 4

CUNY campuses should consider working together effectively to raise private funds.

Status - Addressed

Agency Action - The CUNY Master Plan addresses the need for CUNY to become an integrated university that capitalizes on the combined strengths of each institution. Central Office has worked on coordinating fundraising for programs that span a number of campuses.

Issue 5

CUNY campuses should strive to meet the fund raising averages of their development and academic peers.

Status - Partially Addressed

Agency Action - The CUNY Master Plan indicates that targets for goal setting will include, amongst other things, “boosting revenues from fundraising and grants.” However, this concept is still only in the planning stage and is not predicated on striving to meet the fundraising averages of development and academic peers. The immediate goals of the colleges will be to build their own institutional strengths and to establish track records of successful fundraising practices.

Major contributors to this report were Orin Ninvalle and Tony Carbonelli.

We would appreciate your response to this report within 30 days, indicating any actions planned or taken to address any unresolved matters discussed in this report. We also thank the managements and staff of SUNY System Administration and CUNY Central for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Jerry Barber
Audit Director

cc: John Murphy, Office of SUNY Internal Audit
Louis Chiacchere, Office of CUNY Internal Audit
Deirdre A. Taylor, Division of the Budget