Executive summary

This investigation examines 30-year trends in U.S. higher education philanthropy, specifically exploring the questions: How have the purposes that donors support changed over time? How and for what purposes do different groups of donors give across institutions? We used a longitudinal national sample (1988 to 2018) of about 400 public and private institutions from the Council for Advancement and Support of Education’s (CASE) Voluntary Support for Education survey (VSE). Findings from the sample, constituted primarily of 4-year institutions, include:

- Giving increased by an inflation-adjusted annual average of 3.6% (175.1% overall) from $9.1 billion to $25.1 billion.
- Contemporary donors were more prone to direct their giving to restricted rather than unrestricted purposes, and to current operations rather than to capital/endowment purposes.
- Research received at least one-third of the restricted current operations dollars at each of the four study intervals (1988, 1998, 2008, 2018). Academic divisions consistently received about one-fifth of the funding.
- Student financial aid received a maximum of one-eighth of the restricted current operations funding, which decreased to about one-tenth of support by 2018.
- Between 1988 and 2018, the proportion of giving shifted from closely divided between organizations (51.1%) and individuals (49.8%) to a larger proportion from organizations (55.3%), relative to individuals (44.7%).

---

1 This report summarizes the full study available from the TIAA Institute, which includes a complete description of the literature, data and methods, results and tables, discussion, and implications.

We gratefully recognize TIAA Institute's support of this research. We also thank Indiana graduate students Pat Danahey Janin and Yu Hu for their contributions.

Any opinions expressed herein are those of the authors, and do not necessarily represent the views of TIAA, the TIAA Institute or any other organization with which the authors are affiliated.
Although all donor types increased their giving over time, by the end of the study in 2018 foundations were giving the most, overtaking alumni. Corporate donations as a proportion of the whole declined by the largest percentage.

By 2018, public institutions ultimately received more dollars than private ones, a reversal from 1988.

Private institutions in the sample received more of their donated funds from individuals (as compared to organizations) than public institutions throughout the 30-year period studied.

In 2018, public institutions received close to two-thirds of philanthropy for current operations, compared to private ones for whom just over one-half of philanthropy was directed for current operations uses. Capital/endowments received about one-third and one-half of the dollars, respectively.

Organizational donors’ giving grew most at institutions with endowments of $100 million and greater.

Adapting to ongoing changes in donor behavior will require institutions to be increasingly tactical and data-driven. Postsecondary revenue models are changing substantially, and public approval of higher education is currently experiencing a decline. Institutions, therefore, must attend carefully to complex external forces while maintaining mission-driven philanthropic strategies.

Key takeaways

- Donors increased their support for U.S. higher education during the study, especially for public institutions. By 2018, public institutions received a greater share of the philanthropic dollars than private ones. Organizational donors gave more to public colleges and universities compared to individual donors, who gave more to privates. Institutions will do well to continue to study donor types’ differing preferences and to learn from one another’s successes.
- Donors showed an increasing desire to limit their gifts by choosing restricted giving and supporting current operations rather than capital/endowment purposes. Looking ahead, institutions can expect that most donors will prefer supporting specific and current initiatives rather than providing flexible and long-term funding.
- Research was the most popular recipient of the current operations support at each time period studied. As government support for research flattens or declines, institutions will likely continue to turn more toward philanthropy for this mission-related work. This may require cultural shifts in academe related to framing research goals and supporting faculty development.
- Student financial aid received one-eighth or less of the restricted current operations support. In 2018, although more dollars were given than in 1988, donors gave a smaller proportion of their money to student aid. This phenomenon warrants additional attention.
- All donor types gave more over time, but organizational donors increased their giving more because of a steeper rise in foundation giving. Corporations and other individuals’ share of the giving declined the most. Individual institutions can make structural changes to their fundraising programs to adapt to changing donor behaviors.

Giving to education (and primarily higher education) is second only to religious giving as the largest recipient of donations in the United States. Individual and organizational donors gave $46.7 billion to higher education in 2018—an increase of 7.2% (or 4.6% inflation adjusted) from the prior year. Fundraising powerhouses are fielding campaigns with billion-dollar goals at once-impossible levels—and they are achieving those goals. Higher education philanthropy is at a high point.

Higher education, however, is simultaneously under fire. Some believe that colleges and universities are not doing enough to serve society and that too much support goes to wealthy institutions and well-heeled students. Commentators are questioning the limited amount of interest expended from their endowments. In 2017, Congress adopted legislation that taxes the endowments of some of the wealthiest private institutions. The new
tax law also increased the individual exemption, leading fewer taxpayers to itemize their deductions, which could be affecting charitable giving.7

Change may be on the horizon. Institutions need to be strategic in their future fundraising, drawing on knowledge of contextual trends and changes in donors’ purposes and institution’s preferences.

A history of philanthropic support

Philanthropic influence on U.S. higher education is extensive, stretching back to the founding of the nation’s first colleges, and has evolved over time.8 Donors have provided funds for economic development (such as education and, in particular, fulfilling workforce needs) to improve the economy, create opportunity for under-represented populations, build awe-inspiring physical spaces, develop new disciplines, extend practical and professional education, foster faculty research, and many other purposes.9

In the early days, donor gifts were critical to college finances, and institutions counted on philanthropic funds to keep the doors open.10 Today, philanthropy provides funds for an average of just 10% of institutional expenditures.11 For the public sector, enrolling 75% of all students, philanthropy supports an average of 3% of expenditures; in the private sector, enrolling 25% of students, philanthropy finances 16% of expenditures.12 Still, many modern institutions prioritize fundraising, suggesting that philanthropy remains important.13 Fundraising is now a highly formalized, permanent, and growing institutional function.14

Contextualizing philanthropy

American higher education has transformed in the last 50 years. The number of institutions more than doubled between 1973 and 2018, and enrollments rose 33% between 1998 and 2018.15 State appropriations have fluctuated since the 1970s, with declines typically larger than the recoveries.16 Tuition costs have risen significantly at public and private institutions alike, while federal financial aid grants have remained stagnant.17 Most recently, the sector as a whole is experiencing enrollment declines; many institutions are struggling and 80 have closed since 2016.18

Trends in higher education, societal trends (i.e., economic changes), and differences among institutions can affect fundraising outcomes.19 For example, researchers have found philanthropic giving to be related to:

- Public or private institutional control and Carnegie classification20
- Institutional prestige, selectivity, and wealth21
- Levels of investment in fundraising staff and strategy22

Donor support for higher education

Individual donors’ (especially alumni) characteristics and motivations are of central interest to both researchers and fundraisers.23 Alumni with more means are more likely to give, as are older alumni,24 and to make larger gifts. Giving is higher among alumni who were active in student activities,25 participated in social organizations (i.e., Greek life),26 lived on campus,27 and were satisfied and had positive experiences.28 Alumni (and non-alumni) may be charitably motivated by institutional need, social educational benefits, and educational quality.29

Research about foundation philanthropy for higher education is often historical and explores funding priorities;20 relationships between foundation aims and institutional priorities;31 and effects (or lack thereof) of foundation funding on society and institutions.32 Data show a preference among foundations for giving to the largest and most prestigious institutions (i.e., research universities)33 perhaps because of prestigious institutions’ social capital and resources for philanthropic administration.34 Patterns of large foundation support may be moving toward agenda setting and advocacy (often for people with economic disadvantages) and away from capital purposes and scholarships.35

Corporate philanthropy aligns with companies’ profitmaking needs.36 One older study of mostly larger companies (1974 to 1984) found growing philanthropic funding for university research and concluded that it
was a strategic, long-term investment aligned with corporate goals. Relationships between universities and corporations are based on mutual interests, an exchange of benefits, and enlightened self-interest. Scholars have found connections between corporate philanthropy and economic conditions, social perceptions, and higher education. In one study, institutions that received more in state dollars also received more corporate funds.

**A longitudinal analysis of higher education giving**

To explore donor giving to U.S. higher education over the past three decades, this study employs data from the CASE VSE survey supplemented with data from the NCES Integrated Postsecondary Education Data System (IPEDS). The VSE survey has been conducted annually since 1957, is completed by institutions from across the nation, and is considered the definitive source for examining philanthropic contributions to higher education in the United States. The most recent VSE survey encompasses 79.7% of total voluntary support for higher education and represents about one-third of colleges and universities. The NCES surveys began in the 1980s and provide comprehensive institutional portraits.

To explore changes in giving over time by donor type and purpose, we identified a longitudinal sample of 395 postsecondary institutions, including several large systems that comprise multiple institutions, thus representing around 430 individually accredited postsecondary institutions. These institutions all completed the VSE survey in the fiscal years 1988, 1998, 2008 and 2018, providing 30-year trend information. The institutions studied do not represent proportionately the entire higher education landscape, but are reasonably representative of the institutions that complete the VSE survey. Our sample skewed heavily toward four-year institutions and included only a handful of two-year institutions. In comparison to the landscape of higher education generally, the sample over-represented public institutions.

Using VSE responses, we explored patterns in giving for different types of donors (i.e., alumni, other individuals, corporations, foundations, and other organizations) and gift purposes (i.e., current operations (unrestricted, restricted) and capital/endowment (restricted, unrestricted)). We used several standard characteristics to examine differentiation by institutional type generally for two- and four-year institutions and more specifically among four-year higher education institutions, of which a far greater proportion complete the VSE. These characteristics include whether the institution was public or private, its Carnegie Classification category (Doctoral/Research, Master’s, Baccalaureate, Specialized Four-year, Associate), and endowment size (based on fiscal year 1990).

**Findings**

**Donor type.** Figure 1 shows that over the thirty-year study period (1988 through 2018), unadjusted dollar giving to the institutions in the sample increased by an average annual rate of 6.3%, for an overall increase of 488% in unadjusted dollars from $4.3 billion to $25.1 billion. When adjusted for inflation to 2018 dollars, the increase was still dramatic, at 3.6% average annually and 175% overall, from $9.1 billion to $25.1 billion. For the remaining analysis, we present inflation-adjusted dollar values.
In 1988, individuals and organizations donated at near identical financial levels (see Figure 2). This changed over time, as organizational philanthropy grew more quickly after 1998. In the 2018 analysis, foundations gave more than any other donor type (30.0%/$7.5 billion), followed by alumni (26.0%/$6.5 billion) and other individuals (18.6%/$4.7 billion).

The proportion given by foundations grew the most, by a nearly 10 percentage point increase, to 30.0% of the total over the period studied. Corporate giving declined most notably, by about 8 percentage points to 14.3% of the contributions. Other organizations gave the fewest dollars but had the second fastest annual rate of change with 4.5% average increases. Alumni support has been the most consistent across the decades, beginning at 26.8% of donated dollars and ending at 26.0%. Alumni and other individuals’ proportion of support declined as organizational donors giving increased more quickly.

**Gift purpose.** Figure 3 shows that donors in the sample consistently prioritized current operational needs over capital/endowment\(^2\) purposes, except in 1998 when the two categories of gifts converged and received similar support. From 1988 to 2018, current operations and capital/endowment increased from $5.1 billion to $14.4 billion and $4.0 billion to $10.7 billion, respectively.

---

\(^2\) The capital/endowment purposes category includes gifts of property or gifts related to buildings or land; funds that are held in endowments and whose income serves restricted or unrestricted uses; and moneys designated by donors for loans to students, faculty, and staff.
In the category of capital/endowment, restricted endowment purposes received the majority of dollars throughout the study period, as shown in Figure 4. Unrestricted endowment giving showed an inconsistent pattern, declining, rising, and declining again in the 30-year period. Donor support for buildings and equipment, which represented over 36% of capital/endowment purpose funding in 1988, dropped to about 30% in 1998 and remained at that level through 2018.

Figure 5 shows a deeper analysis of the current operations and capital/endowment categories, and reveals a strong trend toward restricting gifts for limited purposes, as opposed to favoring institutional discretion in determining gift fund use.

Of the funds for current operations, research purposes were dominant, receiving the largest share of funding across the decades albeit decreasing slightly as a proportion of the total (from 37.8% in 1988 to 33.4% in 2018). The second most prominent priority, academic divisions, maintained a more stable proportion of funding (approximately 20%). Student athletics, meanwhile, increased as a proportion of support (7.8% on average annually) from when it first appeared in the survey (1998). Student aid increased more slowly (3.3%) and received a shrinking proportion of the gifts (dropping from a high of 12.1% in 1988 to 8.7% in 1998 and 8.3% in 2008, and then moving back up slightly to 9.4% in 2018). Only after 2008 did gifts for this purpose reach the $1 billion mark.
Gift purpose by donor type

**Current operations unrestricted giving.** Figure 6 shows that individuals have been more likely than organizations to make unrestricted gifts. Of all the donor types, alumni give the most unrestricted gifts, dedicating 50.9% ($558.4 million) of their current operations support to this purpose in 1988. However, by 2018, alumni left only 25.8% of their gift dollars unrestricted ($715.9 million). Other individuals’ unrestricted giving also declined in proportion. Foundations, corporations, and other organizations followed a similar downward trajectory in unrestricted giving.

**Capital/endowment.** Figure 7 shows that alumni, who gave the most of all the donor types for unrestricted endowment purposes in 1988 (19.6%), gave only 4.0% for this use in 2018. Individuals, especially alumni, were most participatory in this kind of giving initially, but the differences among donor types constricted over time. Other organizations was the only population whose giving for this purpose grew proportionately (if modestly). Total unrestricted endowment giving equaled just $323.6 million in 2018, making it a very small share of the more than $25 billion donated that year.

Restricted endowment gifts, meanwhile, accounted for $7.3 billion in 2018 and ranged from over one-half to over three-fourths of the donors’ capital/endowment gifts. This compares to 1988 when gifts for property, buildings, and equipment were more significant, especially from organizational donors, which gave around half of capital/endowment gifts for these purposes. Changes in individual giving to property, buildings, and equipment have been less dramatic, with support hovering around 20% to 25%.

**Current operations restricted giving.** Individuals and organizations vary significantly in their restricted giving for current operations. Organizational donors directed more than 40% of their giving to research at each study interval, compared to individuals, whose research supported peaked at 16.1% in 1988. Figure 8 shows that between 1998 and 2018, foundation funding for research quadrupled. Alumni giving for research increased an average of 4.8% during the study, but this meant going from just $34.8 million in 1988 to $135.3 million in 2018. Corporate research contributions have increased, but a large decline between 1998 and 2008 affected funding trends.
**Figure 6.** Giving for current operations unrestricted and restricted purposes by donor type

- **Alumni:**
  - 1988: 49.1% Restricted, 50.9% Unrestricted
  - 2018: 74.2% Restricted, 25.8% Unrestricted

- **Other Individuals:**
  - 1988: 49.1% Restricted, 50.9% Unrestricted
  - 2018: 74.2% Restricted, 25.8% Unrestricted

- **Foundations:**
  - 1988: 33.4% Unrestricted, 66.6% Restricted
  - 2018: 11.7% Unrestricted, 88.3% Restricted

- **Corporations:**
  - 1988: 14.4% Unrestricted, 85.6% Restricted
  - 2018: 5.3% Unrestricted, 94.7% Restricted

- **Other Organizations:**
  - 1988: 19.1% Unrestricted, 80.9% Restricted
  - 2018: 5.0% Unrestricted, 95.0% Restricted

**Figure 7.** Capital/endowment giving detail by donor type

- **Alumni:**
  - 1988: 53.9% Restricted endow, 46.1% Unrestricted endow
  - 2018: 59.3% Restricted endow, 40.7% Unrestricted endow

- **Other Individuals:**
  - 1988: 58.7% Restricted endow, 41.3% Unrestricted endow
  - 2018: 75.5% Restricted endow, 24.5% Unrestricted endow
Athletics, which became a category in 1998, was by 2018 much more popular with alumni and other individual donors than with organizations. Alumni prioritized giving to academic divisions more than any other donor group, though this emphasis declined steadily over the 30-year timeframe (from 36.8% to 26.1%). Student aid funding increased in dollars but decreased in proportion of giving as the years passed, declining in proportion of support across all donor categories. Organizations gave more for student aid than did individuals.

**Gift purpose by institutional control.** Table 1 shows donor giving by institutional control. Private institutions received more funding in 1988 than public institutions ($5.3 billion vs. $3.9 billion), but by 2018 public institutions received more than the private ones, by about $700 million ($12.8 billion vs. $12.1 billion). Public institutions consistently received more gifts for current operations (more than 60%) than private institutions, for whom current operations and endowment/capital support were split more equally.
Philanthropic support from donors varied by institutional type and wealth, and in most cases these differences were magnified over time. For example, for public and private institutions a smaller proportion of dollars came from individuals in 2018 than in 1988. By 2018, private institutions consistently relied more on individuals, and public institutions received a larger share of donations from organizations. During the study period, the wealthiest institutions ($100 million endowment and up) shifted most toward organizational donors (a 5.3% gain in proportion).

Figure 8. Alumni and foundation donations for current operations purposes

![Alumni and Foundation Donations Graphs]

Note: All Other Purposes includes: Faculty/Staff Compensation, Public Service/Extension, Libraries, and Other Restricted Purposes
Implications

From 1988 to 2018 and within the sample examined, a sea change is evident in who gave the most, for what purpose, and to which institutions. Select findings and their implications include:

- Donors showed a desire to limit gift use by restricting their giving and favoring current purposes. Restricted current operations and restricted endowments support vastly outpaced other gift forms as the study period progressed. The desire for funds to serve near-term, non-perpetual purposes solidified after 2008, perhaps reflecting growing doubts about endowment management, use, and appropriateness. Noting that changes in institutional fundraising emphases may also have played a role in these changes, institutional hopes for enhancing long-term stability through endowment funds may become ever more difficult to attain. This makes ongoing, annual, and multiyear support from donors at all levels even more important to understand and generate.

- Foundation support rose the most quickly over the study period: by 2018, foundations gave more than any other donor group. In total, organizations gave more money than did individuals. This may be occurring due to growing numbers of private family foundations, growing foundation assets, and more grant making in the last 20-plus years. Foundations and the individuals who lead them are increasingly stringent in their expectations for funds use and outcomes reporting. Consequently, institutions would do well to prepare for additional reporting and accountability.

- Research funding was the foremost funding priority for restricted current operations throughout the study, primarily due to organizational donors’ interests. Scholars could investigate the types of research that philanthropy is supporting to help guide institutional strategic planning.
Alumni fundraising, which resulted in more giving at private institutions, remains a fruitful activity, while fundraising among other individuals has been less successful of late. Alumni tended to be most open to providing support that was unrestricted at the institutional or academic division level. Differentiated fundraising approaches may be helpful in approaching other individuals in new ways.

Corporate philanthropy had a slower growth rate during the study and declined as a proportion of giving. Corporate growth is far behind other donor types—even as critics assert that universities are more “business-like” than ever, and as some big donors like Jeff Bezos and Mark Zuckerberg are moving into nontraditional corporate structures for their philanthropies. Corporate higher education philanthropy is an area ripe for additional attention in research and practice.

Student financial aid did not receive as much current operations support as some of the other purposes, even in the face of dramatic increases in college tuition and fees. In fact, donors gave a smaller proportion of their money to student aid recently than they did 30 years ago. This phenomenon warrants additional analysis to discover if donors are directing more endowment support to this purpose or if research and academic division donations are being directed to supporting access, retention, and graduation goals.

While originally private institutions received more donations, by 2018 that trend had reversed. Additional analyses could track how state funding declines relate to the growth in public institutions’ philanthropy and examine fundraising investments at public institutions. Moreover, private and public institutions alike could examine opportunities that their fundraising programs might be overlooking.

**Conclusion**

Public support for higher education throughout the past three decades has been positive, responding well in strong economic times and progressing through jolts such as the 2008 recession and vicissitudes of unemployment and wages. The trend lines in this study align with optimistic news about big philanthropy, big campaigns, and big hopes for higher education philanthropy moving forward. Nevertheless, there are equally important questions relating to endowments (management, function, and tax exemptions); donors (gift purposes, restrictions, and institutional choices); and tax legislation. Institutional leaders need to be vigilant, strategic, and data-driven as they develop fundraising strategies and structures. Through constant attention to events inside and outside the institution, future leaders can prepare to optimize philanthropic performance and help their donors achieve the greatest good.
About the authors

Genevieve G. Shaker, Ph.D., is associate professor of philanthropic studies in the Indiana University Lilly Family School of Philanthropy at IUPUI. Previously, she was an advancement officer for 20 years, most recently as associate dean for development and external affairs for the Indiana University School of Liberal Arts. Professor Shaker’s research focuses on fundraising; higher education advancement; philanthropy in the workplace; and philanthropy, public good, and faculty work. She is a fellow of the TIAA Institute and was recognized nationally as the Association of Fundraising Professional’s Emerging Scholar. She is associate editor of the journal Philanthropy & Education.

Victor M. H. Borden, Ph.D. is professor of higher education and student affairs in the Indiana University Bloomington School of Education, where he also directs the Carnegie Classification of Institutions of Higher Education and serves as a senior advisor to the Executive Vice President for University Academic Affairs. Previously, he directed a campus and the university-wide institutional research offices at Indiana University and worked in IR offices at two other universities. Dr. Borden’s general area of scholarship is on using research and analysis for planning, evaluating and improving higher education institutions and systems. Dr. Borden was a Fulbright Specialist in South Africa and is an active contributor to several professional associations, most notably, the Association for Institutional Research, of which he is a Past President.


