Fund-raising in times of crisis is a tough balancing act

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The confidential world of high-dollar college fund-raising doesn’t usually make national headlines unless a major donor makes a record-breaking gift. Interactions between those tasked with asking for large sums of money and those proffering it are largely the result of relationships built on tact and propriety -- and above all, privacy. Not doing anything to undermine the deep commitment and affinity alumni and donors have for a given college or university is sacrosanct.

Those normal rules of decorum were recently upended at the University of Maryland, College Park, with the death of Jordan McNair, a 19-year-old offensive lineman for the Terrapins football team, and the subsequent firing of the team’s head coach. The events, which occurred during a $1.5 billion fund-raising campaign, roiled the campus and provided a rare public glimpse into the generally discreet practices of the institution’s main fund-raising foundation and a top benefactor.

The chairman of the foundation angrily complained about the actions of the university system’s Board of Regents in the wake of McNair’s death from heatstroke last June. Among other things, the board forced the university’s president, Wallace Loh, to reinstate the head coach, who had been put on leave. This move didn’t sit well with some students and alumni, and some of McNair’s teammates, who said the university was placing athletics over student safety. The foundation chairman characterized the board’s actions as a “fatal blow” to the campaign. A member of the foundation who'd given the university millions followed suit and said she would withhold any future funding because of the “unacceptable” way the controversy was managed.

The dustup exposed problems that can and do arise when the public relations goals of a carefully choreographed fund-raising campaign and a troubled athletic program collide: universities and colleges are left scrambling to repair their damaged reputation among alumni while also trying to keep sports-loving donors happy with the institutions’ athletic programs.

It’s a tough balancing act for any university with a popular sports program, especially those with nationally recognized football and men's basketball teams such as Pennsylvania State University, Baylor University, Ohio State University, Michigan State University and many others that have experienced all manner of scandals.
Of course, donors can also react to issues having nothing to do with college sports. Just last week, some prominent benefactors of the University of Southern California openly criticized a decision by the interim president to remove the dean of the business school. The dean is "not going anywhere, and neither are we," one donor asserted. Another donor, a billionaire who donated $85 million to USC, hired a lawyer to advocate for the dean.

"Universities have to maintain legitimacy with their stakeholders -- with students who pay tuition, donors/trustees who make contributions, legislators who appropriate funds, etc. Many of them are deeply invested in the institution's success, so they aren't neutral arbiters. Instead, they will bask in the reflected glory of the university's triumphs and find ways to distance themselves (and the university) from perceived failures," Welch Suggs Jr., an associate professor at the Grady College of Journalism and Mass Communication at the University of Georgia, said in an email.

"In the face of scandal, how do such stakeholders respond? Given recent examples, it's surprising when they express concern that a university's response to scandal is not strong enough. More commonly, donors and other stakeholders get upset when they think university officials have been too punitive and are compromising their teams' competitiveness."

The challenge of balancing these competing interests was made all the more difficult at Maryland after the widely criticized reinstatement and then bungled firing of the once popular coach, DJ Durkin. In the aftermath of McNair’s death, team members alleged that Durkin fostered a "toxic" coaching culture. In addition, an investigation of McNair’s death concluded that the athletic department staff didn't follow university procedures that should have diagnosed a heatstroke.

Even as the dust settled on campus, the accusations and recriminations that followed the imbroglio revealed a level of exasperation with the state of affairs not usually expressed so bluntly.

In a letter of complaint to the Board of Regents, Geoff J. Gonella, the foundation chairman, implied the board improperly commandeered the investigation of McNair’s death, bullied Loh to reinstate Durkin and even pushed Loh to announce his retirement.

"Let us remind you that we are in the middle of a $1.5 billion campaign to raise funds for the flagship of the system," Gonella wrote. "And we are deeply distressed that you have not only dented our momentum, but you may have dealt our efforts a fatal blow."

The head of the regents resigned soon after.

Suggs, the University of Georgia professor who is also a former associate director for the Knight Commission on Intercollegiate Athletics, said the outspoken reactions were surprising.

"Most of the time, donors and other stakeholders value competitiveness and the pursuit of excellence more than penitence or corrective action, or even victim support. They want scandals to be over and done with so they can get on with being fans and supporters," he wrote. "So, the Maryland situation seems to be a critical example: Will other donors expect..."
universities to hold themselves deeply accountable for tragedies like the death of Jordan McNair? Or will they try to negotiate settlements and move on? It'll be interesting to see."

Universities that do take prompt and unequivocal responsibility for tragic mistakes and embarrassing scandals are likely to fare better, said Brian Gawor, vice president for research and strategy in the fund-raising management division at consulting firm Ruffalo Noel Levitz.

“What we find is if the university is standing up and taking responsibility, and is not shy about talking to and listening, really listening, to the alumni, and providing very clear plans as to what they’re doing to address the situation, they will be able to move on from the controversy,” he said.

Bruce Levenson, a wealthy businessman and philanthropist who along with his wife is a major donor to the University of Maryland, agreed that acknowledgment of fault followed by tangible corrective action can help restore university boosters’ faith in an institution.

“The way Maryland reacts to this will affect how it’s judged in the broader academic community,” he said. “So how they react is very, very important.”

Levenson, former co-owner of the Atlanta Hawks and his wife, Karen, a Maryland alumna and member of the fund-raising foundation Board of Trustees, gave Maryland $75 million in 2016 to help launch the Do Good Institute at the School of Public Policy to promote philanthropy and entrepreneurial innovation among students. He said he was speaking for both himself and his wife.

Karen Levenson, who also co-chairs a campaign steering committee that helps Maryland administrators plan fund-raising campaigns, wrote the letter about withholding future donations to the university.

She said in the letter that she felt compelled to speak out after keeping “quiet about the extent of my very significant financial commitment” to the university.

“I have directed the halting of future funding to the university until such time as I am convinced the university will be governed in the manner I was led to believe it would be governed when I made my commitment,” she wrote.

Bruce Levenson said Maryland’s actions going forward would be key to determining future support from him and his wife. He said he was heartened that Governor Larry Hogan and other state lawmakers called on University of Maryland administrators to do more “to restore the public trust.”

“For me, assuming that there’s now follow-through, my inclination would be to be even more generous,” he said.

Another major donor who gave Maryland money to help build a $152 million computer science building and fund scholarships also criticized the regents' handling of the events and called on Hogan and lawmakers to protect Loh’s job, according to The Baltimore Sun.

University of Maryland officials declined to make the chairman of the Board of Trustees for the College Park Foundation available for an interview. Instead, Jackie Lewis, vice president for university relations, issued a written statement.

"While a tragedy on campus has the potential to impact fundraising, it’s more important than ever that we continue to reach out to our stakeholders and supporters. We need to listen to their concerns, provide accurate information directly to our community, and be responsive," she wrote. "During a campaign, our critical work of raising private dollars continues. It is our hope that our alumni and strongest supporters continue to believe in the transformative impact higher education and the University of Maryland has on our students, community and world. The campaign is raising private funds to provide academic scholarships, support faculty positions, build new facilities, and support research projects that discover new knowledge."

**Other Universities**

When a shocking child sex abuse case rocked Pennsylvania State University's hugely popular football program in 2011, the condemnations and repercussions were swift and far-reaching. The story was at the center of a media maelstrom for several weeks, and the fallout continues [16] to this day. Like Maryland, Penn State was also in the midst of a fundraising campaign when the scandal exploded.

Joe Paterno, the widely beloved longtime head coach of the Nittany Lions, was ousted in disgrace. (He died in 2012.) Jerry Sandusky, an assistant coach, was eventually convicted of more than 40 counts of child molestation and was sentenced to a jail term of 30 to 60 years. The university president, vice president and athletic director were charged with various crimes, including obstruction of justice and child endangerment, for not intervening to stop the abuse, and given short prison sentences. Penn State's costs related to the scandal, including settlement payments to Sandusky's victims, have reportedly reached $237 million [17] and counting.

The campus was emotionally riven by the scandal; students who supported the team and those outraged by the handling and attempted cover-up of the allegations protested on opposing sides. Alumni spoke out in defense of the school or harshly criticized it.

The university decided to proactively cease some of the activities of the seven-year, $2 billion fund-raising campaign [18]. Development officers were advised "to move more slowly in major donor solicitations," O. Richard Bundy III, Penn State's vice president of development and alumni relations, said in an email. Solicitation calls from the Lion Line [19], Penn State's "telefund" organization, were suspended for a time, and development staff members went on a "listening tour" in the months immediately after the crisis broke.

"As a result, there was a significant decrease in the number of major gift proposals we delivered in the first six months of 2012," Bundy wrote. "All of these measures were a significant departure from standard practice during any fundraising campaign."

The university also adopted “aggressive reforms in compliance and reporting protocols [20]” focused on fighting child abuse and sexual misconduct, “all of which were key factors in maintaining donor support,” he said.
The campaign still managed to eventually surpass its fund-raising goal with the help of 167,500 alumni “at the time believed to be the most alumni donors to any campaign in the country,” said Bundy. He was not in his current position at the time of the abuse crisis, but he doesn’t believe it motivated donors to give as a way to show support for the university.

“I think there are more significant factors that drive our philanthropic success,” he said. “Our alumni and friends care deeply about this institution. Our alumni surveys have consistently demonstrated confidence in the university’s priorities.”

He said while Penn State football was likely a factor, it was not the only reason for donors’ largesse.

“It’s true that many of our donors also are fans of Penn State athletics,” he said. “At a minimum, our athletic successes give our development staff an icebreaker when starting conversations with prospective donors. Having said that, we’re a university with a depth and breadth of offerings, and there are many more motivations for giving that go well beyond athletics. That includes patrons of the arts, for example, and grateful patients, and first generation [students] to go to college, many of whom have no interest in sports.”

Bundy said Penn State’s donor base has increased by more than 20 percent since 2011 and is now at record highs. Donors to intercollegiate athletics have also returned to pre-recession highs.

The university’s current five-year, $1.6 billion campaign, launched on June 30, 2016, raised more than $713 million -- more than 44 percent of its goal -- in the first two years and now stands at $845 million. Bundy said more than 375,000 “alumni and friends” of Penn State donated.

Kenon A. Brown, an assistant professor in the University of Alabama’s program in sports communication, said what happened at Maryland is just the latest in a string of controversial incidents in college sports programs that the National Collegiate Athletic Association has not given sufficient attention.

“At what point does it become a systemic problem for the NCAA?” he said. “How many schools need to get in trouble like this before you say what you’re going to do as a governing institution to sort of minimize this? They’re not holding up their end of the bargain … They’re too lenient for their own good.”

Brown said the NCAA is not holding its member institutions accountable, and he questions whether Maryland would have reinstated a coach who ran a seriously troubled football program if the NCAA had stepped in and said, “This can’t happen -- you’re not going to reinstate this coach.”

Still, he said, there was plenty of blame to go around, including with administrators at the University of Maryland.

Brown said donors such as the Levensons stepping up and demanding accountability as a condition of their financial support is a result of NCAA inaction.
“The donors have a lot of power, and money talks as soon as they start pulling back their checks,” he said. “It’s like any business -- once you start losing revenue then you have a problem. That’s when institutions start asking themselves the hard questions.”

Linda Durant, vice president for development at the Council for Advancement and Support of Education, said donors often continue to support institutions despite scandals because the time and effort university administrators, particularly presidents and senior development personnel, spend cultivating and nurturing relationships with big donors often pays off over the long term.

“So when a controversy or scandal erupts, the donors are often willing to give the university administrators the benefit of the doubt,” she said. “The good news is when you’re talking about a major campaign, these donors are the individuals who are closest to the university. They have long-standing and trusting relationships with the leadership of the university, they care deeply about the university, and this is what inspires and motivates them.”

Durant, who formerly was senior vice president for advancement at Widener University in Pennsylvania and vice president for advancement at Dean College in Massachusetts, said universities facing a major scandal will often reach out to major donors and schedule meetings, phone calls and one-on-one conversations to reassure them that administrators “have the best interest of the university, alumni and friends of the university at hand, and are working to protect the mission of the university.”

“As someone who was in that world for a very long time, I know that the university is always aware that anything can happen during a fund-raising campaign,” she said. “There can be an economic downturn or a controversial event on campus. That’s why they’re always talking to donors. If there’s a time when they feel they can’t move in the direction they wanted to with the campaign, they may pause and say, ‘Let’s just stop for a while. Let’s assess the situation and let’s address it and communicate with our alumni and donors.’”


Links:
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