

ALUMNI GIVING

Madison Kryswada had been director of alumni relationships at State University for two years before she shared her frustrations about alumni giving with her staff. Kryswada's team was responsible for all aspects of alumni relationships at State University, but the only thing the president's office seemed to care about was money.

"Not only is there extra pressure to increase *total* giving now that state support has been cut back," she lamented, "but we are also pressured to increase the *percentage* of alumni who give (in any period)." Kryswada continued:

This new metric is called *average alumni giving rate* by *U.S. News & World Report*, and it constitutes 5% of the overall rating the publication gives to colleges and universities. In today's competitive market for students, those ratings, as flawed as they are, are tremendously important. The average alumni giving rate is used as a measure of student satisfaction, and our 8% rate is in the low category. Analysis done by folks in the president's office suggest that raising it is one of the easier ways to improve our overall #132 *U.S. News* ranking in the National Universities category.

Not that I'm looking for excuses, but it always seemed to me that 8% was a very reasonable rate for a school like ours. We are not a small liberal-arts college that can cater to its students. We are a large public university that serves students from a wide variety of backgrounds. Although we do have a first-rate football team, our campus life is not, shall we say, as "memorable" as some of the football-powerhouse schools in the South. Our faculty members do a lot of research, and classes tend to be large and are often taught by graduate students. A substantial percentage of our students commute. All of this suggests to me that convincing 8% of alums to give something to good old State University in any year is actually something to be proud of. Or, excuse me, something of which we should be proud.

This case was prepared by Phillip E. Pfeifer, Richard S. Reynolds Professor of Business Administration. It was written as a basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation. It should not be used as a source of primary research. Although the characters and situation are fictional, the data are not. Copyright © 2012 by the University of Virginia Darden School Foundation, Charlottesville, VA. All rights reserved. To order copies, send an e-mail to sales@dardenbusinesspublishing.com. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of the Darden School.

Alumni Giving Rate Data

To investigate further, Kryswada asked her assistant to assemble data on class sizes, graduation rates, and, most important, alumni giving rates for a selection of peer schools. Rather than spend a lot of energy defining the set of peer schools, Kryswada suggested using the list of U.S. schools that fielded football teams in the Football Bowl Subdivision (the highest competitive division for U.S. college football). Within a day, the assistant (with the help of a \$34.99 subscription to premier content on the *U.S. News & World Report* website), assembled relevant data on 123 U.S. schools. **Exhibit 1** describes the variables in the database, **Exhibit 2** shows the first and last three entities in the database, and **Exhibit 3** provides summary statistics for each of the six variables.

The Research Questions

Kryswada was eager to learn what these data could tell her. As she saw it, this was an opportunity to uncover “the drivers of alumni giving rate.” To help her assistant take the next steps, Kryswada compiled a list of very specific questions:

1. School A’s graduation rate is 10 points higher than school B’s. How much higher do we expect A’s giving rate to be?
2. How does the answer to question 1 change if we learn that A and B have identical student-to-faculty ratios?
3. Which of the 123 schools has the most (least) impressive giving rate?
4. Consider a school similar to ours. We have a 67% graduation rate and a student–faculty ratio of 17:1, 34% of the classes have fewer than 20 students, 23% of the classes have more than 50 students, and we have a freshman retention rate of 77%. Should this school’s giving rate be greater than or less than 8%?

“We’ll meet first thing in the morning,” Kryswada told her assistant. “You can give me the answers, and we’ll take it from there. You find this exciting, right?”

Exhibit 1

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Descriptions of Variables

<i>Variable</i>	<i>Description</i>
ID	An identifier running from 1 to 123 (schools are listed in alphabetical order)
School	Name of the school
SFR	Student-to-faculty ratio
LT20	Percentage of classes with fewer than 20 students
GT50	Percentage of classes with greater than 50 students
GRAD	Average six-year graduation rate
FRR	Freshman retention rate
GIVE	Average alumni giving rate

Source: Created by case writer.

Exhibit 2

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Alumni Giving Database

ID	School	SFR	LT20	GT50	GRAD	FRR	GIVE
1	Arizona State University	24	42%	16%	59%	81%	8%
2	Arkansas State University	19	49%	4%	37%	69%	11%
3	Auburn University	18	24%	17%	66%	87%	31%
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121	West Virginia University	23	32%	19%	59%	80%	12%
122	Western Kentucky University	19	43%	6%	49%	73%	13%
123	Western Michigan University	19	36%	11%	52%	74%	10%

Data source: *U.S. News & World Report*, 2010 survey data, <http://premium.usnews.com/best-colleges> (accessed May 22, 2012).

Exhibit 3

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Summary Statistics

StatTools Report

Analysis: One Variable Summary
 Performed By: Pfeifer, Phil
 Date: Thursday, April 17, 2014
 Updating: Live

	SFR	LT20	GT50	GRAD	FRR	GIVE
<i>One Variable Summary</i>	Alumni Giving Data	Alumni Giving Data	Alumni Giving Data	Alumni Giving Data	Alumni Giving Data	Alumni Giving Data
Mean	17.772	0.4037	0.13628	0.6452	0.84114	0.14179
Variance	20.407	0.0179	0.00361	0.0288	0.00705	0.00651
Std. Dev.	4.517	0.1339	0.06006	0.1698	0.08394	0.08067
Skewness	-0.3623	1.1068	-0.0129	-0.0459	-0.2427	1.1040
Median	18.000	0.3800	0.13000	0.6400	0.84000	0.13000
Mode	19.000	0.3400	0.16000	0.8000	0.97000	0.13000
Minimum	6.000	0.1400	0.00000	0.2600	0.58000	0.02000
Maximum	31.000	0.9500	0.31000	0.9600	0.98000	0.41000
Count	123	123	123	123	123	123

Source: Created by the case writer using StatTools, a statistics toolkit from the Palisade Corporation.