

<b>BOARD OF TRUSTEES</b>	<b>INFORMATION</b>
Santa Monica Community College District	November 5, 2013

## MAJOR ITEMS OF BUSINESS

### INFORMATION ITEM 5

**SUBJECT:** **SMC FOUNDATION UPDATE**

**SUBMITTED BY:** Senior Director Institutional Advancement/ SMC Foundation Director

### **STUDENT SUCCESS AND THE FUTURE WORK FORCE**

The Santa Monica College Foundation, in consultation with Santa Monica College, has approved a plan to significantly expand the fundraising efforts of the SMC Foundation. The purpose is to benefit SMC student success initiatives, professional development programs, and other SMC support programs. The effort is driven by the SMC Foundation's desire to make a meaningful contribution to the urgent societal need to increase the number of college graduates and to assist the overall well-being of SMC.

The effort is designed to be a partnership, with the impetus for the partnership coming from the SMC Foundation. Resources are proposed to come both from the SMC Foundation, including the use of reserves, and from the College, as in-kind support during the current year, then as direct funding in future years, if merited by results. The plan establishes benchmarks and identifies the personnel needs for each strategic focus.

This report provides a brief history of the SMC Foundation, an update on current efforts, and additional details regarding the proposed plan.

### **HISTORICAL CONTEXT**

The Santa Monica College Foundation, a California nonprofit public benefit corporation, was founded in 1956.

To provide perspective, Santa Monica College at the time was a program of the Santa Monica-Malibu Unified School District (SMMUSD), governed by the Board of Education. (The College did not become a separate district until 1970 and did not have a separately elected Board of Trustees until 1982.) The College had just moved its academic instruction to the new campus on Pico Boulevard, in 1952.

Tuition was free, and the Board of Education had the authority to raise local property taxes to adequately fund instructional, support, and community service programs.

The plan and original purpose of the Santa Monica College Foundation was to provide scholarship monies for students who had completed their studies at SMC to help them with their expenses at a transfer college. By the 1970s, though, the Foundation's mission had grown to include providing scholarships for students while at SMC.

(On a side note, it wasn't until 1982 that the Board of Education established a foundation for the K-12 program. The Santa Monica-Malibu Education Foundation was created after the passage of Proposition 13 in 1978 and the loss of local taxing authority. The purpose of the Santa Monica-Malibu Foundation has been specifically to enhance and supplement the curriculum of the school district.)

In 1994, Santa Monica College hired the first full-time director of institutional advancement to serve as the executive director of the Santa Monica College Foundation. As of June 30, 1994, the SMC Foundation had assets of \$2,160,185.

A program to encourage planned gifts for Emeritus College was also begun in 1994. In 1997, the SMC Associates program was folded into the SMC Foundation. A capital campaign to fund the construction of the Madison Theater was begun around 1998; and the Chairs of Excellence program was begun in 2000, along with a new fundraising initiative, the President’s Circle. These programs helped expand the mission of the SMC Foundation to include institutional support as well as student scholarships. In 2006, the Madison Theater project was spun off and a separate foundation was established for the program; and in 2009, the SMC Board of Trustees approved the transfer of the David Simon estate bequest funds to the SMC Foundation.

As of June 30, 2013, the SMC Foundation had assets of approximately \$20,300,000. Most of these assets are restricted.

**CONTRIBUTIONS THIS PAST YEAR AND RECENT YEARS**

The past two years have seen an increase in contributions, due in large part to an \$807,500 gift for student scholarships from the Estate of Peggy Bergmann in 2012 and a \$1.025 million gift in support of online education from Conrad Lee Klein and Joan Dempsey Klein in 2013. Contributions for the current year exceeded goal.

<b>Fiscal Year</b>	<b>Total Contributions and Grants</b>
FY 2011	1,312,027
FY 2012	2,208,118
FY 2013	2,578,826

Besides revenues from contributions and grants, ongoing revenues for the SMC Foundation come from interest and dividends from the assets under management and also from an annual transfer in from Santa Monica College’s general fund to fund the Director and Associate Director positions. One-time revenues for the Foundation can include use of reserves, including recognition and use of gains on investments.

**SCHOLARSHIPS AND PROGRAM SERVICES**

Most of the funds available from contributions and grants are restricted for program services and scholarships. The SMC Foundation awarded 792 scholarships totaling about \$660,000 this past year. Other program expenses include distribution of funds to Emeritus College, the SMC Associates, the Margin of Excellence program, the Chair of Excellence program, the Department Innovation Program, Athletics, the Dale Ride Internship, student relief, and other department programs. FY 2013 activity includes the partial funding of Winter 2013 by the Associated Students.

<b>Fiscal Year</b>	<b>Scholarships</b>	<b>Other Program Distributions</b>
FY 2011	\$ 613,742	\$ 442,414
FY 2012	667,923	987,191
FY 2013	660,896	937,901

**A DEVELOPMENT PLAN FOR FY 2013-14 AND BEYOND**

Over the last few months, beginning with a Foundation Board retreat this past February and including many hours of Board explorations and calculations, the Foundation has developed a plan that increases the fundraising potential of the Foundation with the intent to provide a rich educational environment for Santa Monica College students. This plan supports the Board of Trustees priority #10 for the District to pursue and obtain appropriate external funding.

As has been the practice of the Foundation, these resources will augment programs at the College, and are not intended to supplant existing funding.

The plan identifies the personnel needed for a program four to six times the scale of the current program, over a timeline of seven years—a horizon long enough to establish ongoing efforts in the areas of major gifts, annual giving, corporate giving, other foundations, and planned giving.

The Foundation Board earlier this month approved the use of more than \$300,000 of reserve funds for the first year funding of this increased effort. The total revenue sources of \$1.6 million includes the continuing use of funds from SMC for the executive director and associate director positions, \$200,000 new of in-kind services provided by the College, and \$316,000 new absorbed by the SMC Foundation's reserves to balance the \$1.6 million operating budget.

Professional management and staffing requirements are central to achieving the fundraising goals. New systems have either been employed or are in development for (i) financial control of costs and revenues, (ii) sorting of funding opportunities, (iii) managing endowments, and (iv) communicating periodically with the SMC Foundation's various publics.

The SMC Foundation staff at this time includes Vanessa Butler, Executive Director, with responsibilities for major gifts and other foundations; Lizzy Moore, Vice President of Strategic Partnerships, with responsibilities for major gifts and corporate programs; Sandra Barsoum, Director, Annual Fund, with responsibilities for major gifts, SMC Associates, and President's Circle; and Chip Potts, Associate Director and Chief Financial Officer.

## **STRATEGIES**

The following strategies will be employed to achieve the funding outcomes.

### **• MAJOR GIFTS—NAMING OF NEW BUILDINGS and PROGRAMS**

Five major buildings are scheduled to open in the next four years, including two buildings at the Academy campus, an east wing at the Performing Arts Campus, and the Student Services and Physical Education/Dance buildings on the main campus. These are strong candidates for naming opportunities. In addition there are new and expanded programs such as First Year Experience, Center for Teaching Excellence, EMERGE, Promo Pathways, Emeritus, Film, Public Policy, and more that are likely to attract donor interest. The SMC Foundation will develop collateral materials for presentation to affluent individuals and corporations for potential naming of buildings and programs. Major Gifts requires a personal approach with the potential giver. The Foundation plans to source affluent individuals through board affiliation and known leaders in the community.

The SMC Foundation recently used philanthropic analytic software to review the giving potential of its existing donors, with results that appear to validate the feasibility of this approach.

### **• FOUNDATIONS and PLANNED GIVING**

The Foundation intends to mail its first year-end appeal tied to planned giving, to inform the community that SMC supports a planned giving platform.

In addition, the Foundation, in partnership with the College's Grants Office, closed a first grant with the Parsons Foundation for SMC's Veterans program. The adopted 2013-14 plan includes increased grant applications covering EMERGE, Promo Pathways, First Year Experience, GRIT, and Technology. The plan includes a researcher and additional grant writer to work with SMC's Grants Office. The goal is to reach out to 100 regional foundations.

### **• BOARD OF DIRECTOR DEVELOPMENT**

The SMC Foundation has re-worked its bylaws and intends to bring on 30 new board members over the next two years and up to 100 over the next five years. The SMC Foundation is currently at nine voting members now. Current giving levels are at \$1,000 per Board member. Under the new bylaws, the nominating committee will set levels for board donations.

## • ANNUAL GIVING

Both the President's Circle and SMC Associates programs are vital to allowing broad participation in the activities of the SMC Foundation, and core to successful funding outcomes.

A fall campaign and a spring campaign will emphasize new levels of giving from \$100 up to \$10,000 this year and will be supported through a telemarketing effort. If possible, the campaigns will be timed to allow for on-air radio support from the College's radio station. Other activities being planned include opportunities to interact with members of the SMC faculty and program staff, possibly through dinners at Board members' homes.

## EVOLVING ISSUES

A number of issues, most of which have counterparts in the College's ongoing activities, were identified in the SMC Foundation's recent planning discussions. Staff has prepared preliminary notes on each of these, and will also be interacting with SMC staff as solutions are proposed. One issue is *communications*, including the broad issue of defining and communicating who SMC is to the community at large. Another is *segmentation*, tailoring appeals and language to patrons in meaningful ways. A third is enhanced *public relations*, including a higher profile of the President's office and of SMC faculty and programs. SMC as a successful and innovative institution has much to offer in the public dialogue about efforts to improve student outcomes. Among other things, a public relations effort can embrace social media, place importance on visuals and mini-stories, establish a regular communications vehicle to philanthropists and other foundations, and can establish a national presence for the institution. The SMC Foundation will be a vital partner in the ongoing work of the College to establish an integrated communications team. Fourthly, the SMC Foundation must *improve data*, both in collection, evaluation, and activity. Lastly, the SMC Foundation must move *beyond traditional media*, to establish itself in social media, mobile communications, and electronic media.

## CONCLUSION

New beginnings are a time of great optimism. On behalf of the members of the SMC Foundation Board of Directors, staff wishes to extend great appreciation for the support of Santa Monica College in this planning effort, and looks forward to many exciting days ahead.