Five Questions to Consider Before Drafting a Gift Agreement

by Emily Koons Jae, Director

When making a major gift to a university, the first question on a donor’s mind may be, “How much?” This important question will be front and center for universities, too. Intelligent giving, however, requires further planning. Before beginning to draft a gift agreement with the university and your lawyer, we recommend thinking through the following five questions:

What do I hope to achieve through this gift? Starting with the end goal in mind will help you to chart a successful path forward. What difference do you hope your gift makes? What change do you think is most urgent? You could begin by drafting a statement of purpose for your gift, to be included in your gift agreement with the university. Being clear about the vision of your gift from the outset will help your recipient faithfully to execute your intent.

Where should I direct my gift? Once you know what you hope to accomplish, think carefully about where your gift will have the greatest impact. Most college donors give first and foremost to their alma mater. However, another institution may align more closely with your values. If you are committed to making a gift to a particular university, consider what department or program can best carry out your vision.

When Angelo Pizzagalli decided that he wanted to expand opportunities for University of Vermont students to learn about the principles of a free market, he explored options beyond the College of Liberal Arts. After talking with faculty and administrators, he found that the School of Business was more in line with his interests. This fall, the Pizzagalli Chair of Free Enterprise taught his first course at the University of Vermont’s Grossman School of Business.

Who do I know and trust to carry out my vision on campus? Finding a faculty ally will help ensure that your gift has the impact you seek. FAR can help you identify excellent faculty to work with. If your conversations on campus are limited to the development office, you could consider meeting with faculty, students, and administrators.

Contact FAR for more information or to begin your journey towards a transformational gift. We can help you find the best fit for your values and vision.

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In the spring issue of the College Donor Quarterly, we featured an interview with Sandy and Ginny MacNeil, founding donors of the Tocqueville Program at Furman University. Before making a financial commitment, the MacNeils developed close working relationships with Furman University faculty. They shared a common goal of inspiring students to engage seriously with multiple points of view. Furman faculty founded the Tocqueville Program thanks to the support of the MacNeils and other donors, and it has flourished in the years since.

**How can I structure my gift to achieve my purpose?** Your purpose should guide how you give. Too many donors are left disappointed when they start with the structure of the gift—endowed chair, scholarship, etc.—rather than clarifying their intent in order to find the proper structure. If you aim to introduce students to a field of study not currently offered on campus, consider whether a lecture series or endowed chair will better serve your vision.

Several years ago, Peter Sulick began a conversation with his alma mater, The Citadel, about creating an endowed chair of accountancy. He did not feel that a traditional endowed chair would fulfill his goal of providing Citadel students with the opportunity to learn from a leader with recent experience in the accounting field. Instead, with help from FAR, Mr. Sulick structured his gift as an endowed visiting position. The Sulick Chair of Accountancy will be held for three years, with the outgoing chair serving on the committee to select the next recipient.

**When should I give and over what time period?** Universities almost always have at least an implicit picture of what they hope their gift achieves. Thinking through the answers to these questions will help you clarify and communicate your goals to your recipient.

In the 1980s, the UMBC administration noticed that African American students did well in liberal arts studies but were failing in the natural sciences. Students attributed the low success rate to racism and a lack of support for minority students. Upon investigating, Dr. Hrabowski and his colleagues found that the rate of failure in the natural sciences was unacceptably high for students across demographic lines. If students were struggling universally, the issue most likely lay with the academic preparedness of the students and the teaching methodology. The administration took several steps to rectify the situation: They increased their admission standards, incentivized professors to innovate their teaching styles, and established the Meyerhoff Scholars Program in order to address the racial disparity.

The Meyerhoff Scholars Program began in 1989 with a $500,000 gift from Robert (Bob) Meyerhoff, a real estate developer and local philanthropist. He and Dr. Hrabowski sought to empower black students. The program provides...
always prefer endowed gifts over annual gifts. However, endowed gifts carry the greatest risk for donors. If the university fails to implement the gift as agreed, the donor has little recourse to enforce the agreement or recover the funds. Making an annual contribution, even over an extended time frame, better protects your intent. In some cases, an endowed gift may be the only way to secure an institutional match. Then, the donor must evaluate whether the benefit of the match outweighs the risk.

All donors have at least an implicit picture of what they hope their gift achieves. Thinking through the answers to these questions will help you clarify and communicate your goals to your recipient. By presenting a clear vision, ideally within a well-crafted gift agreement, you empower the university to adhere to the intent of your gift.
During the Great Recession, community colleges saw an influx of students taking advantage of lower costs and greater flexibility. The coronavirus will likely cause a similar phenomenon this fall. Yet, community colleges often lack sufficient federal funding and the infrastructure to fundraise. Donors who wish to improve higher education should consider stepping in to fill the gap at their local institutions. A gift that would be inconsequential at a traditional or relatively wealthy university could have a profound effect at a community college.

There are many ways for donors to make a creative and long-lasting impact. One important area is funding programs that introduce students to the liberal arts. A liberal arts education cultivates critical thinking skills, civic awareness, and the ability to communicate well. A strong liberal arts foundation will advantage students who seek to transfer to a four-year school and will prepare all students to be excellent job candidates in any field they pursue. Donors could fund a full, two-year Great Books program or simply a course that exposes students to the liberal arts and the value of lifelong learning.

For donors who seek to support STEM fields, many community colleges would benefit from updated lab equipment and technology in order to provide their students with the same resources that students at four-year schools often enjoy. As many community colleges focus on technical education, high-quality instruction and equipment is paramount to ensuring that their graduates are ready for successful careers. Alternatively, donors could help establish apprenticeship programs for students to learn technical skills from current professionals in addition to coursework.

Today, in the face of the economic crisis brought on by the pandemic, students are exploring options beyond a traditional, four-year university. Enrolling at a local community college is a fiscally responsible move. Private philanthropy could make that move educationally responsible as well.