



Higher Ed Pay Envy: Incentives for Fundraisers

November 4, 2021 / Myrna Hellerman / Andrea Averill

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| Agenda

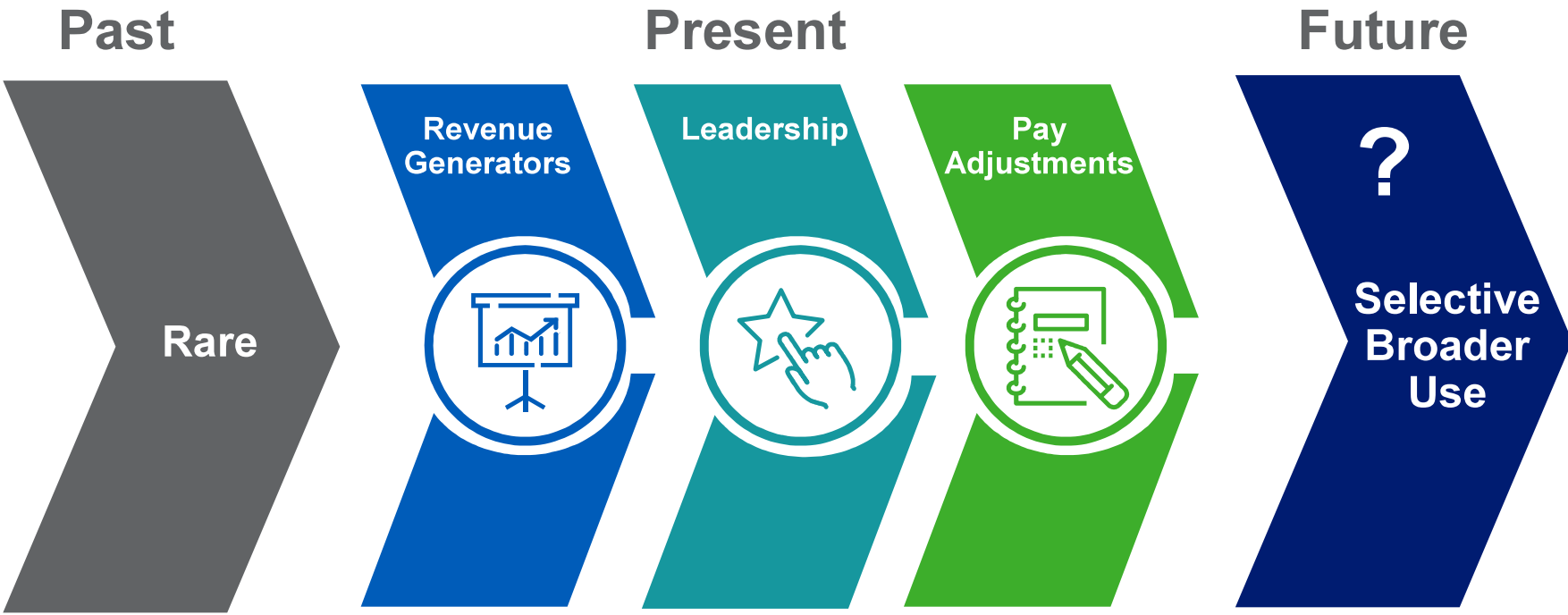
Evolution of Incentives in Higher Education

Incentive Trends Gleaned from Segal's Fundraiser Survey

Case Study: Breaking with Tradition

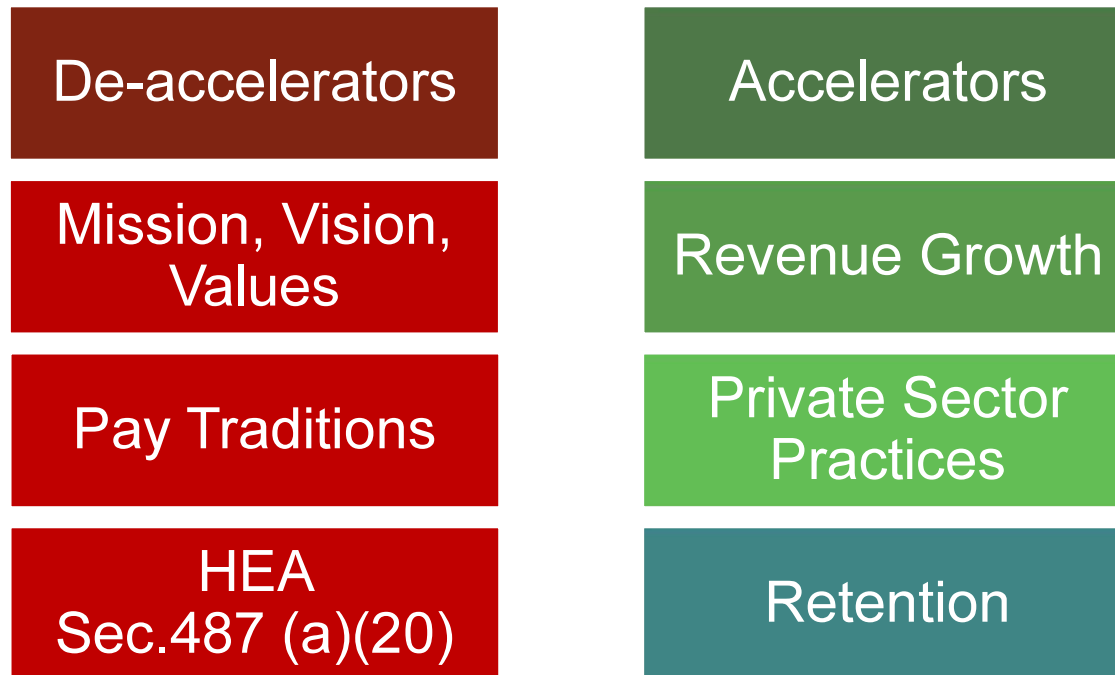
Readiness Checklist : Fundraiser Incentives

Evolution of Incentives in Higher Education



Evolution of Incentives in Higher Education

Influencers to the Evolution



Evolution of Incentives in Higher Education

Important Definitions/Guidelines Section 487(a)(20) Higher Education Act (2010)

Incentive compensation includes:

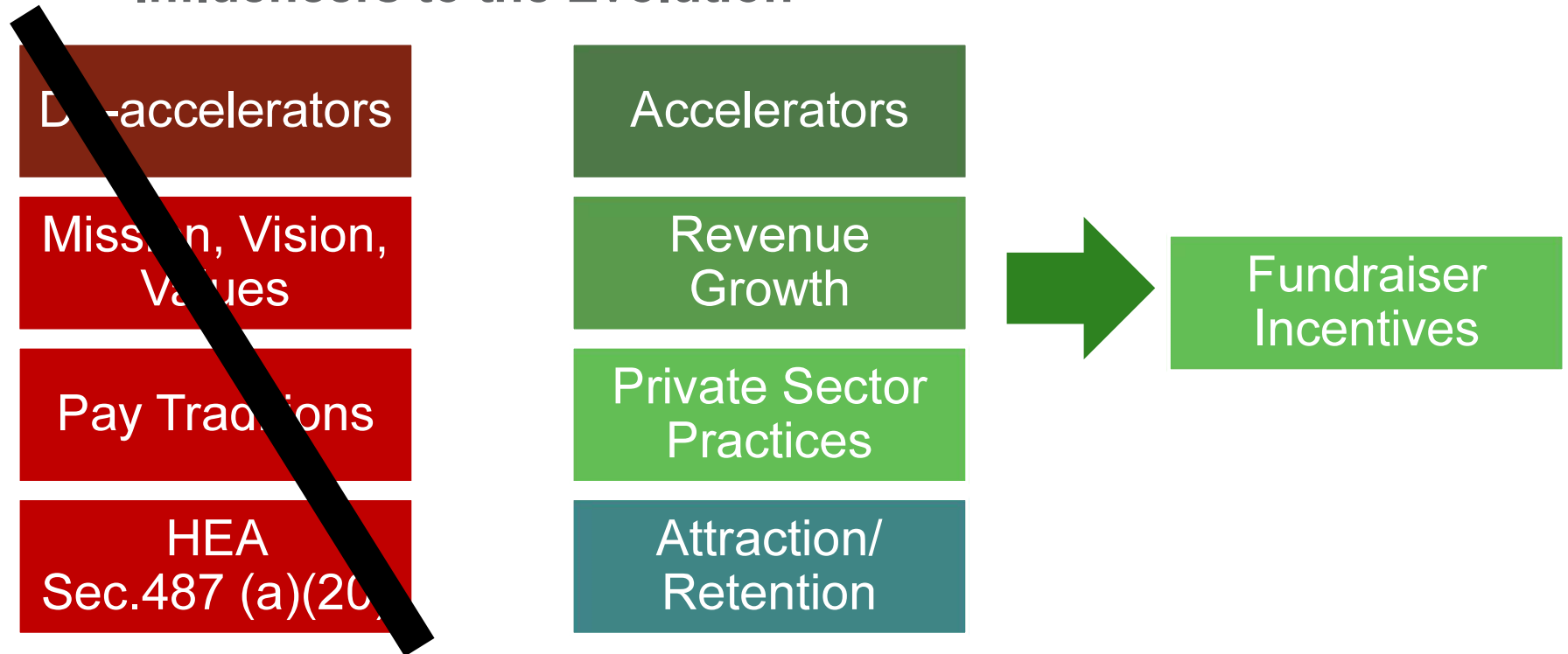
- Commissions, bonus payments, merit salary adjustments, and promotion decisions
- Payments made to recruiters based on student academic performance is considered incentive compensation

Excluded from incentive compensation:

- Fixed salary or wage
- Adjustments to fixed salary or wage if they are related to cost of living, length of service, OR for the performance factors identified in the Act and only one salary adjustment a year
- Payments to faculty based on the size of classes taught or on student achievement

Evolution of Incentives in Higher Education

Influencers to the Evolution



Fundraiser Incentive Trends



Here are learnings from a recent Segal survey of Fundraiser Incentives at 27 high profile institutions

Fundraiser Incentive Trends

Study Overview

- A custom study of 23 fundraiser positions at R1 universities
- Included: approaches to competitive pay levels and pay practices, bonus and incentive practices
- Thirty-seven universities invited; twenty-seven participated

Key Findings

- 38% of the survey participants provide incentives to fundraising staff:
 - 23% have a formal incentive plan¹ and
 - 15% have a discretionary incentive plan²
- Fundraiser compensation primarily is delivered through base salary; the amount of the bonus/incentives is small (e.g., 3–10% of base salary)
- Although incentives are not prevalent, some institutions consider offering incentives as a competitive advantage in attracting and retaining talent

¹ Incentives have predetermined and communicated goals or targets with target incentive payouts.

² Bonuses have no predetermined performance goals or target payouts; lump sums paid at the end of the fiscal year at the discretion of management.

Fundraiser Incentive Trends

University Survey Participants

Boston University

Brown University

Carnegie Mellon University

Columbia University

Cornell University

Dartmouth College

Duke University

Emory University

Georgetown University

Harvard University

Johns Hopkins University

Massachusetts Institute
of Technology

Princeton University

Rice University

Stanford University

Tulane University

UC Berkeley

UC San Diego

University of Chicago

University of Miami

University of North Carolina,
Chapel Hill

University of Notre Dame

University of Pennsylvania

University of Southern California

Washington University in St. Louis

Vanderbilt University

Yale University

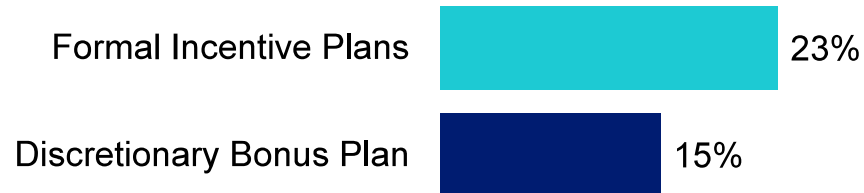
Fundraiser Incentive Trends

Bonus/Annual Incentive Practices

Over a third or 38% of participating universities provide monetary incentives/awards¹ for Development positions, while 15% of participating universities provide non-monetary² incentives/ awards for Development positions and 19% provide spot awards.



Some universities (23%) have formal incentive plans, while others (15%) have discretionary bonus plans. None have a commission type incentive plan.



¹ Monetary incentives include bonuses and incentives. Bonuses have no predetermined performance goals or target payouts; lump sums paid at the end of the fiscal year at the discretion of management. Incentives have predetermined and communicated goals or targets with target incentive payouts.

² Some examples of non-monetary awards include peer-to-peer spot recognition; various low cost/no cost rewards, long service awards with gift catalogs, flexible work arrangements, time off, professional development.

Fundraiser Incentive Trends

Bonus/Annual Incentive Opportunity (excerpt)

Survey Job Title	# of Orgs	# of Inc.	% Bonus Eligible	Median Bonus Target %	Median Bonus Target \$	Median Actual Bonus \$
Top Development Executive	20	20	45%	10%	\$82.2	\$35.0
2nd Level Development Executive	22	37	27%	6%	\$26.2	N/A
Head of Corporate Giving	18	18	44%	6%	\$7.8	\$4.1
Head of Stewardship/Donor Relations	24	25	33%	4%	\$5.2	\$4.1
2nd Level Stewardship/Donor Relations	18	41	33%	3%	\$3.2	\$3.0
Head of Major Gifts	25	50	36%	4%	\$8.8	\$8.4
2nd Level Major Gifts	20	74	30%	4%	\$5.9	\$5.9
Senior Major Gifts Officer	21	222	29%	3%	\$4.9	\$3.6
Major Gifts Officer	21	336	29%	3%	\$3.6	\$1.4

Fundraiser Incentive Trends

Typical Fundraiser Incentive Plan Design Solution



Annual Division Goal

+



Team Dollars Raised Toward Goal

+



Individual Strategic Objectives

	Performance	Award
Excellence	120%	150%
Target	100%	100%
Threshold	80%	50%
< Threshold	< 80%	0%
Failsafe	50% or higher	Plan Funded

Weighting: 25%

	Performance	Award
Excellence	130%	150%
Target	100%	100%
Threshold	70%	50%
< Threshold	< 70%	0%

25%

	Performance	Award
Excellence	3 Goals	150%
Target	2 Goals	100%
Threshold	1 Goal	50%
< Threshold	< 1 Goal	0%

50%

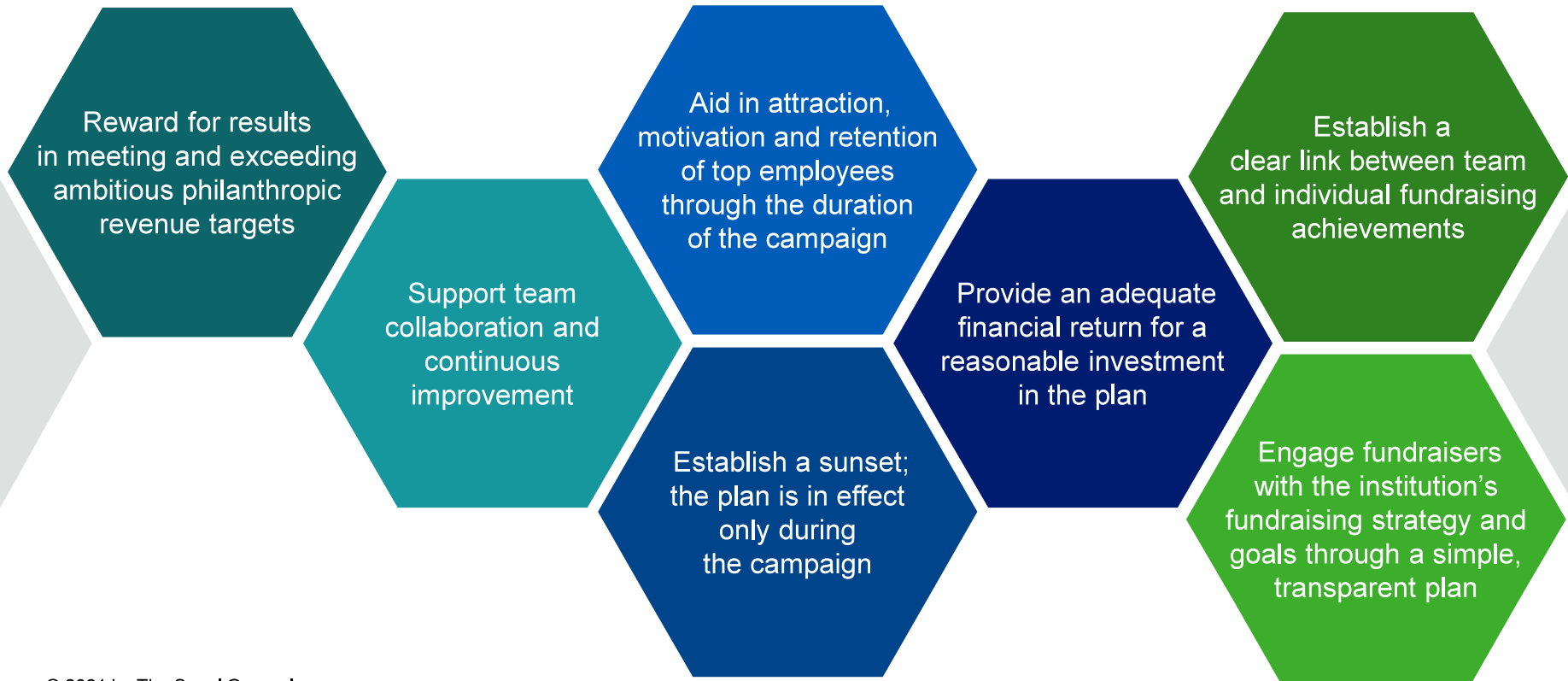
Case Study: Breaking with Tradition



Let's examine a Higher Education Institution chose to diverge from the "typical" fundraiser incentive plan design solution

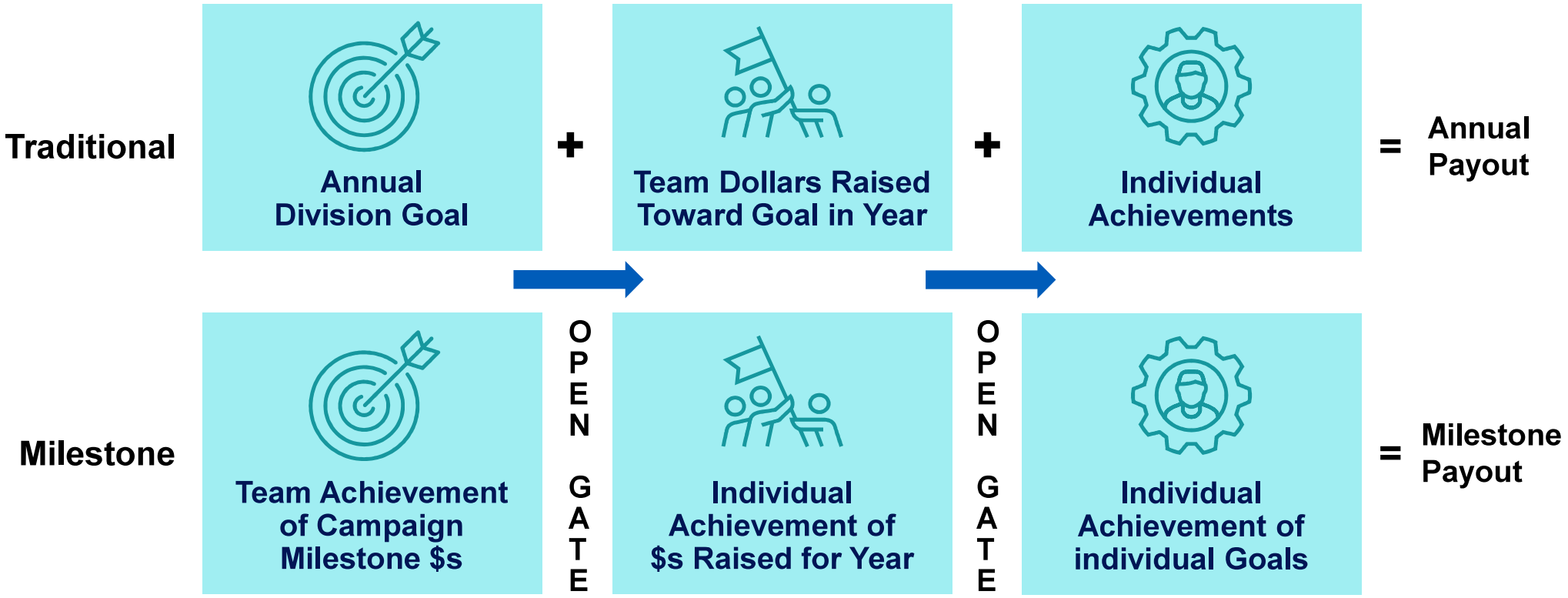
Case Study: Breaking With Tradition

Objectives for the Fundraiser Incentive Plan



Case Study: Breaking with Tradition

Comparison of Traditional and Milestone Fundraiser Incentive Plan Designs



Case Study: Breaking with Tradition

Plan Award Opportunity and Payout Timing

Target Award Opportunity: Calculated flat dollar amount equal to 10% of the average pay of all individuals at the specified Fundraiser Level through the duration of the campaign period

Award Payout Timing: Dependent upon when the Milestone is achieved

Milestones (Total TEAM \$M's raised)	% of overall Target Award eligible for payout
\$250 M total raised	20%
\$400 M total raised	20%
\$600 M total raised	20%
\$750 M total raised	40%

Case Study: Breaking with Tradition

Example: Fundraiser Level #3 (1st payout)

- 20% of Target Award Opportunity for first milestone achievement
- Target Award Opportunity for position is \$64,000
- 20% of Target Award Opportunity is \$12,800

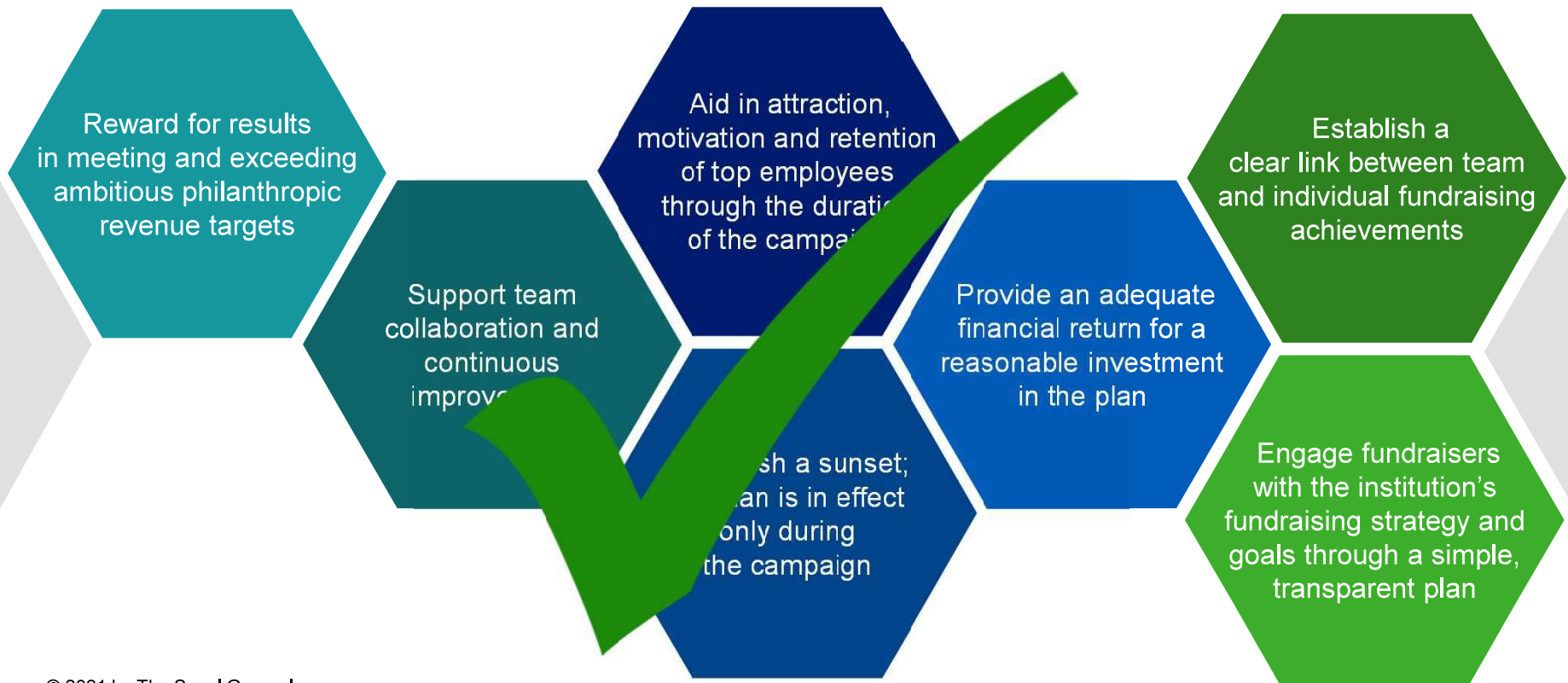
Achievement Analysis:

	Required	Required	At least 1 out of 3 required		
	Team \$ Raised (\$M's)	Individual \$ Raised Goal (\$M's)	Major Gifts Closed Goal	# of New Major Gifts closed	Total Major Gift \$ M's solicited
Target	\$250	\$1.8	10	4	\$4.5
Actual	\$252	\$2.2	8	3	\$4.8
Outcome	Met	Met	Not Met	Not Met	Met

Payout achieved = \$12,800

Case Study: Breaking With Tradition

Objectives Supported by Fundraiser Incentive Plan Design



Readiness Checklist: Fundraiser Incentives



**Now is the time to evaluate
your institution's readiness
for fundraising incentives.**

Readiness Checklist: Fundraiser Incentives

A Mosaic of Challenges and Imperatives to Resolve Before You Start to Design

**Campaign
Size and
Duration**

**Institutional
Culture**

**Leadership
Appetite and
Performance
Management
Skills**

**Key
Stakeholder
Perspective**

**Plan Design
Objective and
Goals**

**Economics
and Fiscal
Discipline**

**Pay Envy
Management**

Thank
You

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