

TO : President Lisa A. Rossbacher
FROM : Craig C. Wruck
SUBJECT : Athletics community fund drive

This memo serves as our final report and analysis of the community fund drive mounted in partnership with Athletics boosters in August with the goal of raising \$500,000 per year for five years to support Intercollegiate Athletics. After adhering to the validation process agreed to with Athletics boosters and extending the pledge drive for several weeks beyond the November 1 deadline to have cash in hand, our conclusion is that the fund drive has failed to reach its goal, instead achieving a level of approximately \$300,000 in verifiable offers of support.

As you know, Athletics boosters released an alternative tally on November 22 pointing to \$476,000 in offers of support for the first year and \$350,000 in later years. This tally was not validated according to our agreed-to process and continued to rely on offers when we are weeks past the established deadline for cash in hand. Nevertheless, our preliminary (but unverified) review of this information is that the combination of increased and new amounts now being counted by boosters could be as much as \$85,000. Even if we presume that this entire amount can be collected — and our experience is that at least 20% of verbal commitments go unfulfilled — it does not change our fundamental analysis that the fund drive failed to reach its goal and remains well below \$400,000 in the first year.

Background

In March, 2017, President Rossbacher directed the Intercollegiate Athletics Department and University Advancement to begin a series of regular meetings in order to forge a more positive working relationship, identify areas of synergy and cooperation, and build a collaborative and non-competitive relationship between the two units. The working group was assigned to develop specific programmatic (non-scholarship) needs around which efforts could be organized to raise funds for Intercollegiate Athletics with the goal of helping address the financial shortfall in the Intercollegiate Athletics budget while ensuring accountability and transparency to donors.

Initial work focused on development of a shared vocabulary. Athletics tends to define fundraising broadly to include most forms of external revenue, while Advancement focuses on philanthropy, primarily charitable contributions. Transactional contributions (e.g. sponsorships and premiums) are common in Athletics, while Advancement tends to eschew these types of contributions.

Having reached consensus on definitions, the working group moved on to identify and catalog the various fundraising initiatives conducted throughout the year and build an annual calendar to coordinate efforts and avoid conflicting solicitations and donor fatigue. In addition, the group

worked on developing a clear and convincing case for charitable giving to support the general operations of Intercollegiate Athletics.

The pace of the work accelerated with the appointment of the new Interim Athletic Director in June and the focus shifted to consideration of the potential for short-term fundraising to ameliorate the current financial deficit in Athletics.

Short-term Fund Drive

A plan was developed by staff for a short-term fund drive to help resolve the growing financial deficit in Athletics. A successful fund drive would produce:

- Additional funds for Athletics operations, not additional scholarship support;
- Support for Intercollegiate Athletics generally, not restricted to a specific sport; and,
- Net new contributions, not donors merely redirecting their existing contributions.

The fund drive would focus on new contributions pledged over five years. The five-year commitment was to provide some financial predictability in order to allow Intercollegiate Athletics and the University a period of time for rebuilding. The five-year period would also give student athletes confidence that their programs would remain stable for the duration of their academic careers at HSU.

The initial challenge was to raise \$1 million per year for five years, a total sufficient to cover the anticipated operating deficit in Intercollegiate Athletics while maintaining the current list of sports. Donors would be asked to commit to making a substantial cash payment in the first year and to sign legally binding pledge agreements for future years.

The plan was modeled after a standard fundraising campaign: one-half to two-thirds of funds raised from a handful of donors prior to announcement of the fund drive and 90% or more raised before commencement of mass solicitations.

Volunteer Engagement and Modifications

In July, a series of discussions commenced with individual Athletics boosters. During August the volunteers expressed several concerns about the proposed plan:

- The \$1 million goal was not thought to be attainable
- There would be greater support for a targeted campaign specifically to save football instead of a campaign to support Athletics generally
- Donors would insist that their contributions be refundable in the event that football were to be discontinued
- Donors would be unwilling to sign legally enforceable pledges

After extended discussions with the group of Athletics boosters, several modifications were made to the plan:

- Because of concerns about the feasibility of attaining a \$1 million annual goal, the fund drive would seek to raise a total of \$2.5 million: \$500,000 per year in net new contributions for the general support of Athletics including at least \$500,000 in cash by November 1. This demonstration of public support was intended to provide leverage for the President to seek continuation of up to \$500,000 per year in University general fund support for Athletics.
- It was agreed that the fund drive would solicit offers of support which would then be converted into cash payments binding pledges once success was at hand. It is important to note that the HSU Advancement Foundation will not accept contributions from donors if it is not able to fulfill the donors' wishes and HSU cannot incur financial obligations based upon intended contributions when those commitments are conditional or perhaps fictitious.
- In response to the Athletics boosters' strenuous objections to the language required to make pledges legally enforceable, it was agreed to accumulate offers of support which would need to be converted into cash payments and legally binding pledges.

Timeline and Milestones

In order to test the feasibility of the planned fund drive a series of milestones were adopted:

- Until October 9, a "quiet phase," one without much public notice, would secure a total of \$350,000 per year as follows: \$300,000 per year in commitments of \$10,000 or more and an additional \$50,000 per year in commitments of \$1,000 to \$10,000.
- On October 9, the "public phase" would launch to secure the remaining \$150,000 for a total of \$500,000 per year for five years by November 1, in time to influence the budget discussions on campus. Collection was to commence on the \$350,000 in offers of support already received.
- On November 1, \$500,000 in cash with binding pledges for an additional \$2.0 million payable at \$500,000 per year for each of the following four years would be delivered to HSU.

Throughout the fund drive the University would endeavor to confirm commitments and offers of support and validate them as collectible pledges from credible sources.

On-line Pledge Page and Progress Meter

At the request of the Athletics boosters, HSU provided a website for individuals to commit their support along with a graphic pledge thermometer to show progress. In order to avoid duplication

of effort or double counting, it was agreed that the on-line pledge page would be the official tally for the fundraising effort.

Almost immediately, the on-line pledge page was the target of multiple false entries, some of them for large amounts. In response, HSU began attempting to validate pledges as they were made and found false entries including bad email addresses and telephone number and names that could not be verified in University or online databases. As a consequence of the false entries, the on-line pledge total was not reliable. It showed more than was actually collected in valid commitments from credible sources.

Points of Contention and Conflict

Unfortunately, the initial meetings with the group of Athletics boosters grew contentious and, as a result of extended negotiations, the fundraising effort did not gain momentum until September. In addition, premature media coverage emanating from meetings with the Athletics booster group eliminated the opportunity for a “quiet phase” feasibility test. Extensive press coverage and social postings with derogatory comments about HSU Athletics, the fund drive, and HSU administration hampered efforts throughout the fund drive. As frustrations mounted, trust and clarity among the group of Athletics boosters was diminished.

Early in the planning, the group of Athletics boosters expressed concerns that HSU had lost track of former football athletes and was not soliciting them for charitable contributions. In response, the University reviewed a full list of former athletes, including an indication of the range of their lifetime total giving to HSU with some members of the Athletics booster group.

Prior to sharing this information volunteers were required to sign a standard confidentiality agreement. They accepted responsibility for keeping confidential all private information and acknowledging that the information was being provided to them solely for use in their role as a volunteer for the HSU Advancement Foundation and for use only to conduct Foundation business.

Confusion Regarding ‘Save HSU Athletics’ Effort

Unfortunately, the private information that had been shared with the group of Athletics boosters was subsequently used in ways that were not consistent with the confidentiality agreement making it unwise for HSU to share additional information (e.g. current donor pledges and information) with the Athletics boosters. Despite the confidentiality agreement, the private information was used to solicit contributions to the Rotary Club of Arcata Sunrise Community Foundation, to a GoFundMe site not affiliated with HSU, and to an unincorporated group called Save HSU Athletics.

The Save HSU Athletics group created a web site using design elements and text suggesting it was affiliated with HSU. For a period of time the site directed potential donors to make checks payable to “HSU Athletics” and mail them to a private post office box.

At HSU’s request the Save HSU Athletics web site was modified and the group has been asked by HSU to forward any contributions intended for HSU. Thus far, no contributions have been forwarded to HSU although the Athletics booster group reports that more than \$30,000 in cash has been received.

Missed Fundraising Deadlines

Although the fundraising effort failed to achieve its October 9 milestone, solicitation of offers of support continued after the November 1 deadline. Cash collection was not initiated by HSU Advancement Foundation because the amount of commitments from credible sources never reached the \$350,000 threshold. Ultimately the November 1 goal was not achieved (i.e. the collection of \$500,000 in cash plus an additional \$2.0 million payable at \$500,000 each year for four years). Consequently, these resources were not available when the President began her consultative process with the Chancellor, Associated Students, University Senate and the Cabinet and the University budget committee (URPC).

The Athletics booster group continued to solicit pledges after November 1 and HSU continued to update the pledge thermometer until November 15, by which time there were significant concerns about the total shown by the thermometer.

Alternative Tally

On November 22, the group of Athletics boosters submitted a new alternative tally of offers of support to the President and the Athletic Director asserting that totals could be as much as \$476,000 for the first year and \$350,000 for later years. The alternative tally was the result of the November push by the Athletics boosters to gather promises of support via social media. The alternative tally has not been fully correlated with the on-line pledge tally but it appears to include many previously recorded commitments. Significant work would need to be done to fully validate the alternative tally, but it appears that nearly half of the entries on the alternative tally are individuals who are new to the process (although offering smaller amounts) and/or from prior entries but now with significantly higher dollar amounts than previously entered via the on-line pledge form. In total the “new” amounts appear to be as much as \$85,000.

Report and Recommendation

On November 3, the Interim Athletic Director presented to the President his best understanding of the fundraising drive through November 1: that the total online commitments were estimated to be as much as \$300,000 for year one, less for later years, and that no cash had been collected.

This information was utilized by the President in the subsequent consultation meetings with University groups.

(Note: The \$300,000 total was the result of efforts to validate credible offers of support. A modest discount (10%) for uncollectible pledges was applied although a larger discount (20% or more) would typically be applied to fundraising pledges. Non-credible sources included over \$120,000 from apparently false entries where emails bounced, phones numbers were not listed, and names were not identifiable in various databases. An additional \$30,000 was deemed uncollectible due to issues like timing and donor circumstances.)

While efforts by the group of Athletics boosters were heroic, the alternative tally delivered to the President on November 22 came well after the campus consultation and deliberation process had concluded and would still likely result in net cash collections lower than needed: less than \$400,000 for the first year and significantly less (under \$250,000) for years two through five.