

How to Determine Cost Per Dollar Raised

Cost Per Dollar Raised - What Counts as Expenses?

The Advancement Investment Metrics Study (AIMS) strives to analyze and report “advancement investments” to help schools, colleges and universities benchmark their own levels of Cost Per Dollar Raised (CPDR) and compare their results with other institutions. This handout outlines approaches to help make judgments about what expenditures to include and exclude when obtaining and reporting data.

$$\text{CPDR} = \frac{\text{fundraising expenses}}{\text{fundraising revenue}}$$

There are **seven major advancement functions** for which expenditures are requested:

1. Programs
2. Fundraising/Development
3. Alumni Relations/Affairs
4. Communications and Marketing
5. Advancement Services
6. Advancement Leadership/
Advancement Management
7. Personnel Compensation

1. PROGRAMS

Expenditures to be included:

- Expenditures defined as managing relationships in order to increase an institution’s support from all key constituents
- Where the management of these activities has been assigned to someone as part of their job and resources allocated to support them

Expenditures to be excluded:

- Salaries of the president and heads of academic units **EVEN IF** fundraising, alumni relations, and communications/marketing are things they do
- Overhead costs, such as office space, insurance, accounting services, payroll services, IT, etc. **EVEN IF** these costs are related to an off-site location

2. FUNDRAISING/DEVELOPMENT

Expenditures to be included:

- Cultivating and soliciting current and prospective donors, including reimbursement expenditures
- Producing and evaluating fundraising print and electronic marketing materials
- Management of volunteers including costs of meetings, travel, communication mechanisms, etc.
- Volunteer expenses in connection with fundraising functions, but only if billed as a direct cost
- Fundraising special events (luncheons, dinners, golf tournaments, etc.)
- Evaluating philanthropic capacity, including advancement counsel, feasibility studies, organizational assessments, and data screening
- Acceptance of gift instruments, including professional advisors (lawyers, appraisers, etc.)

Expenditures to be excluded:

- Database management, reporting, prospect research, and gift processing. These should be reported under “Advancement Services” below
- Administering gift revenue after it has been received and acknowledged, including costs incurred for accounting and treasurer functions and the use of external services such as realtors and attorneys to liquidate gifts
- Securing revenue other than private gifts, such as contract revenue, government support, auxiliary enterprise income, tuition and fees
- Conducting activities that are not primarily for the purpose of fundraising

3. ALUMNI RELATIONS/AFFAIRS

Expenditures to be included:

- Producing alumni publications (publications that are produced for general audiences should be counted under “Communications and Marketing”)
- Creating websites, Social Media sites, and electronic media platforms that target alumni
- Maintaining memberships in clubs and chapters, including their communications and activities
- Organizing and holding alumni events (class reunions, homecoming, and meetings, etc.)
- Volunteer expenses in connection with alumni relations (only if billed as a direct cost).
- Conducting noncredit instructional programs for alumni
- Providing special programs (alumni travel programs, career counseling, etc.)
- Recognizing achievements and service of alumni

Expenditures to be excluded:

- Providing career counseling for students
- Recruiting students, including scholarship programs supporting student recruitment
- Maintaining alumni facilities
- Developing affinity business relationships
- Soliciting gifts or conducting alumni donor events (include these in Fundraising/Development)
- Advocating the interests of the institution to government agencies and government officials

4. COMMUNICATIONS and MARKETING

Expenditures to be included:

- Media relations
- Print/electronic publications, websites, leaflets, pamphlets, etc. for external audiences (excluding prospective students)
- A marketing unit that promotes brand, image, awareness, reputation and strategic positioning
- Writing, graphic, photographic, and other services for PR purposes
- Maintaining files and archives on persons, press contacts, institutional data, photographs, and printed material, etc. for PR
- Conducting events that serve to cultivate the interest of external constituencies
- Visitor and guest services, including informational materials, tours, and entertainment
- Volunteer expenses in connection with communications/marketing functions, but only if billed as a direct cost
- Research and evaluations that support the PR program (opinion polls, readership surveys, content analysis, and focus groups)
- Developing, producing, or buying media such as print, radio, television and internet ads or features

Expenditures to be excluded:

- Operating television and radio stations, printing plants, and copy, duplicating, or word processing centers that serve more than the communications/marketing function.
- Carrying out public service functions, such as extension service, continuing education, or community service learning
- Conducting communications with federal, state, and local government officials and agencies
- Providing technological equipment, networking or programming that supports the foundational architecture used broadly across the institution
- Providing audio-visual services to instructional, research, and public service programs
- Maintaining programs for the enhancement of student life on campus
- Holding events at which regular institutional business is conducted, such as commencement, opening convocations of students and faculty, and faculty meetings
- Supporting the requirements of the governing board, including the costs of its travel, lodging, meals, and meetings
- Providing services or publications for the recruitment of prospective students
- Producing publications "of record," (catalogs, staff directories, and faculty and staff handbooks and manuals)
- Producing sections of the website focused on academic units and student recruitment as well as sections that are not focused primarily on external audiences
- Conducting institutional research, where the primary function is to provide data that supports management functions or reporting requirements
- Conducting activities that are not primarily for the purpose of public relations

5. ADVANCEMENT SERVICES

Expenditures to be included:

- Accountability, financial and donor reporting for advancement
- Database management for advancement
- Maintaining records and lists of donors and prospective donors
- Identifying prospective donors; information, and materials that assist in this process; gift processing; IT needs if staffed within advancement and not served through a central IT office

Expenditures to be excluded:

- Overhead and general operational support provided by the institution for all functions
- Functions uniquely assigned to advancement at the reporting institution but are not generally considered advancement functions, such as ticket administration

6. ADVANCEMENT LEADERSHIP/ADVANCEMENT MANAGEMENT

Advancement leadership/Advancement management means the expenditures and executive staff who oversee ALL OR MULTIPLE advancement disciplines rather than one discipline exclusively; often these executive-level staff will have a title of vice president and report directly to the institution's president, chancellor or head.

Expenditures to be included:

- Strategic leadership and goal setting in advancement; policy development and oversight; recruitment and retention of advancement personnel; volunteer expenses incurred by advancement leadership and billed as a direct cost; budgeting and resource administration for advancement; HR activities if based in advancement and are not part of a central HR office

Expenditures to be excluded:

- Expenditures intended to benefit only one advancement function
- Functions uniquely assigned to advancement at the reporting institution but not generally considered advancement functions, such as commencement or athletics administration

7. PERSONNEL COMPENSATION

Expenditures to be included:

- Salary costs and wages of full-time, part-time, exempt and non-exempt employees as well as temporary staff and student personnel
- Benefits paid by the institution for salaries and wages including Social Security, medical, disability, life insurance and retirement plan contributions
- Benefits may also include car allowances, housing subsidies, memberships, and other perquisites.

Expenditures to be excluded:

- Exclude salaries of presidents and heads of academic units
- Support staff should be reported under the primary purpose served; i.e. Fundraising/Development, Alumni Relations, Communications and Marketing, Advancement Services and Advancement Leadership/Advancement Management