



Enhanced And Diversified Resources

Preliminary Report to the Futures Planning and Resources Council

**Goal V
April 29, 2002**



OUTLINE

- Overview
- Resource Drivers in Higher Education
- Benchmarking Survey
- Trend Analysis of Sources of Revenue at A&T
- Total Resource Development Concept
- Recommendations
- Discussion

Goal V

Enhanced And Diversified Resources

GOAL:

- Enhance and diversify the University's resource base through effective fundraising and entrepreneurial initiatives

STRATEGIES:

- Provide the tools and resources necessary to encourage enhancements in the University's core competencies and intellectual capital
- Provide avenues for the commercialization of intellectual property
- Enhance the University's infrastructure for entrepreneurship
- Promote entrepreneurial interdisciplinary research

EXPECTED OUTCOME:

Expand fundraising and entrepreneurship activities that will position A&T as a global leader, redefining and reinvigorating "Aggie Pride", and making the University less vulnerable to fluctuations in state assistance



KEY ISSUES EXAMINED

- What are the current sources of revenue at North Carolina A&T?
- What changes have there been in revenue categories over the past ten years?
- How does this pattern compare to national revenue source trends in higher education?
- What are the barriers to establishing a new financial model for the University?
- How are other institutions enhancing their revenue?
- What are the implications for a new financial model?



FINANCE TRENDS IN HIGHER EDUCATION

- Fluctuation in public funding
- Rising costs of higher education
- Use of funding priorities
- Focus on faculty salary issues
- Use of profit sharing
- Use of multiple financial strategies
- New revenue of for-profit higher education
- Increased marketing



BENCHMARKING SURVEY

- Sources of Revenue: Duke University, North Carolina State University, Yale University, University of Southampton, Carnegie Mellon
- Trend Analyses: Williams Project on the Economics of Higher Education, American Association for State Colleges and University Business Officers, National Center for Educational Statistics
- Revenue Enhancement Strategies: Tulane University, University of Illinois-Urbana, Canisius College, California Polytechnic State University, San Luis Obispo
- Financial Policy: National Association of College and University Business Officers



PRELIMINARY FINDINGS

- Educational programs for life-long learners present significant potential for higher growth rates in tuition income, especially in fields of excellence in the professional schools.
- The development of partnerships with corporations or other entities to provide training, retraining or research collaboration represents another opportunity for growth. (Tulane).



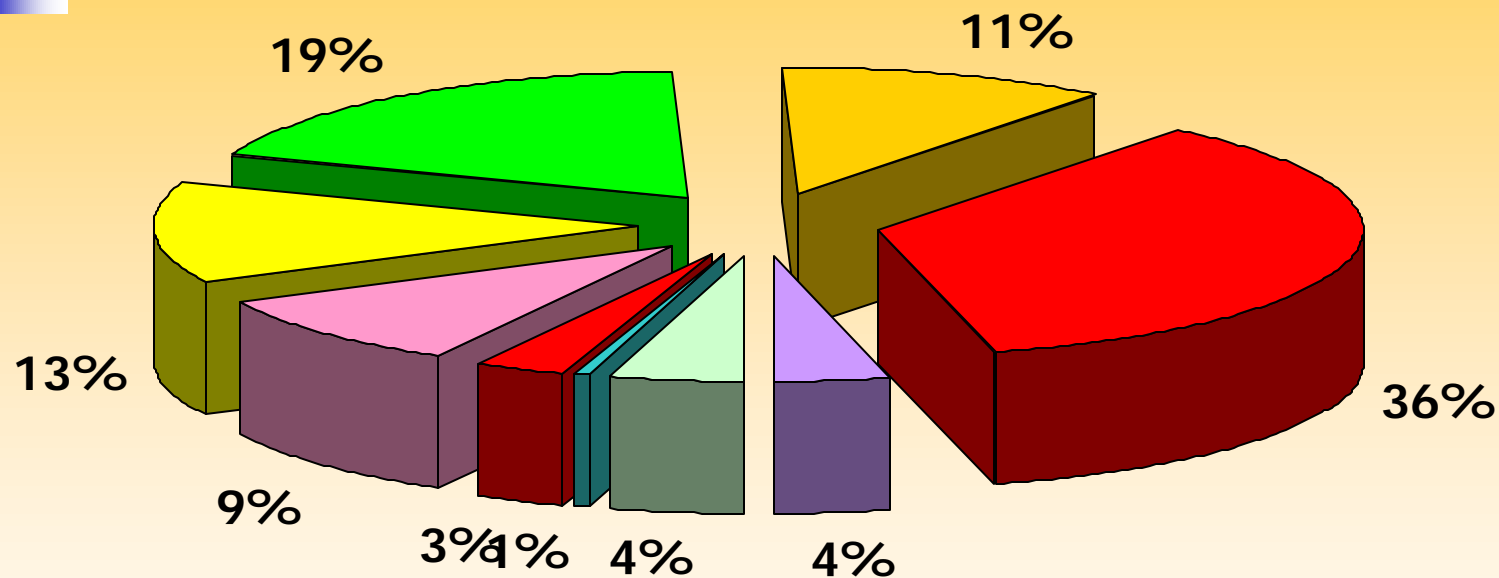
PRELIMINARY FINDINGS

- Income producing gifts (Canisius College) and self supporting accounts (Illinois) are examples of strategies to increase revenue.
- Revenue from tuition and fees has been the most likely candidate to make up reductions in state and local appropriations (Williams Project on the Economics of Higher Education).

Revenues by Source

Public Institutions

Industry Averages



Tuition & Fees

Federal Government

State Government

Local Government

Private Gifts, Grants, & Contracts

Endowments

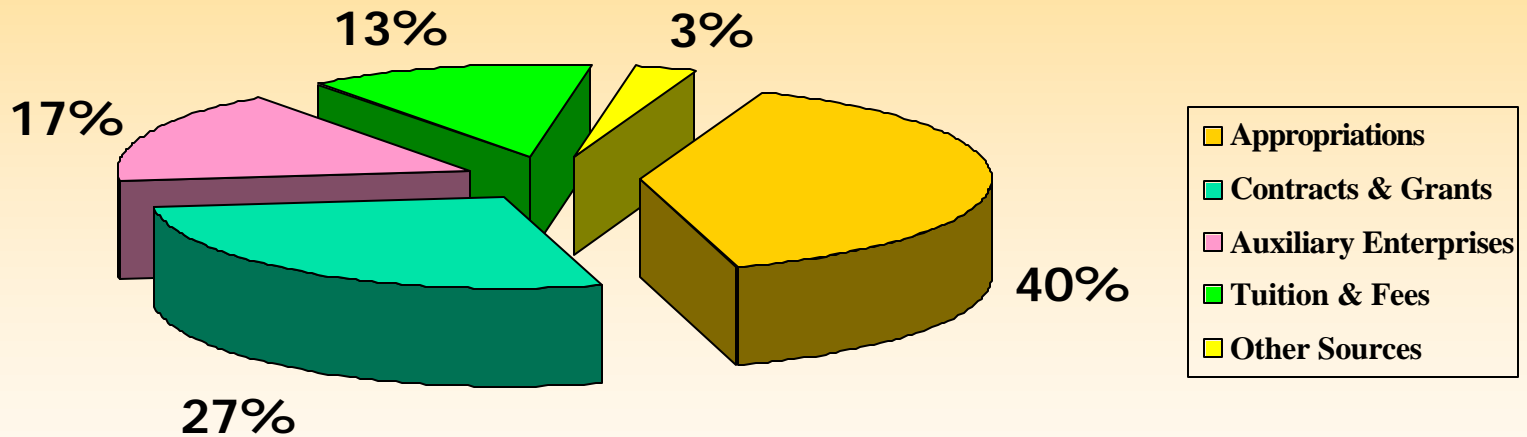
Educational Activities

Auxiliary Enterprises

Hospitals & Other Sources

Revenue by Sources

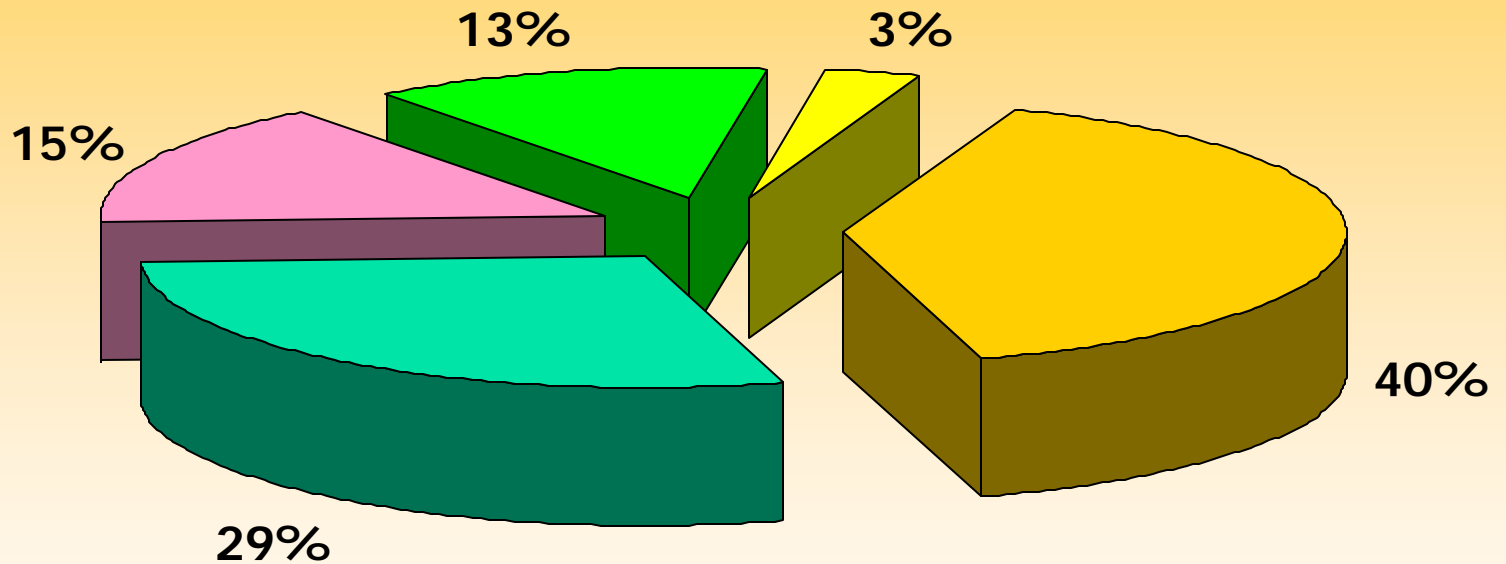
NC A&T SU



Source: NC A&T SU Financial Report. Reporting year 2001

Revenue by Sources

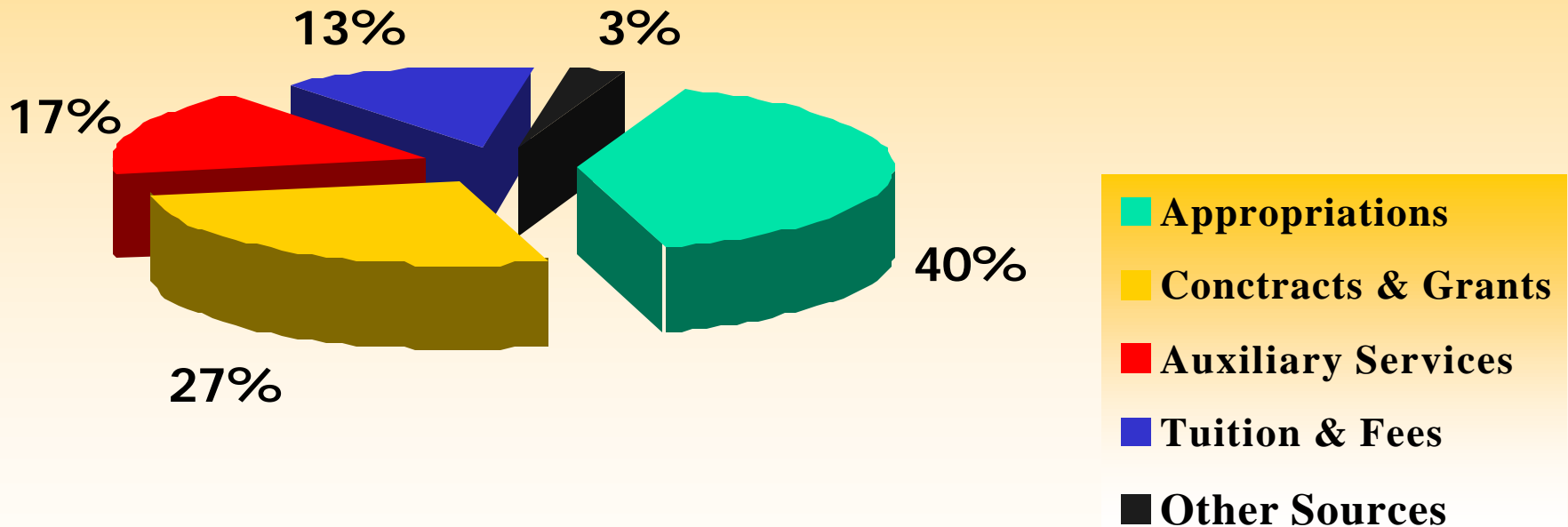
NC A&T SU



■ Appropriations ■ Contracts & Grants ■ Auxiliary Services ■ Tuition & Fees ■ Other Sources

Source: NC A&T SU Financial Report. Reporting year 1996-97

Revenue by Sources NC A&T SU



Source: NC A&T SU Financial Report
Reporting year 2001



Total Resource Development Concept

- *Total Resource Development Concept* represents a dramatic shift for the University where all real and potential resource streams are aligned with the strategic initiatives of the University.
- Seven areas, some new, some old , meet monthly to ascertain ways to maximize and target resources. The seven entities become a council that regularly benchmarks progress towards stated goals to increase funding streams using NACUBO standards of revenue streams to the University.



Total Resource Development Council

The Total Resource Development Council is comprised of seven areas. Some already exist. Some are new suggestions. The seven are:

Sponsor Research

Development

NC A&T Foundation

NC A&T Research Foundation

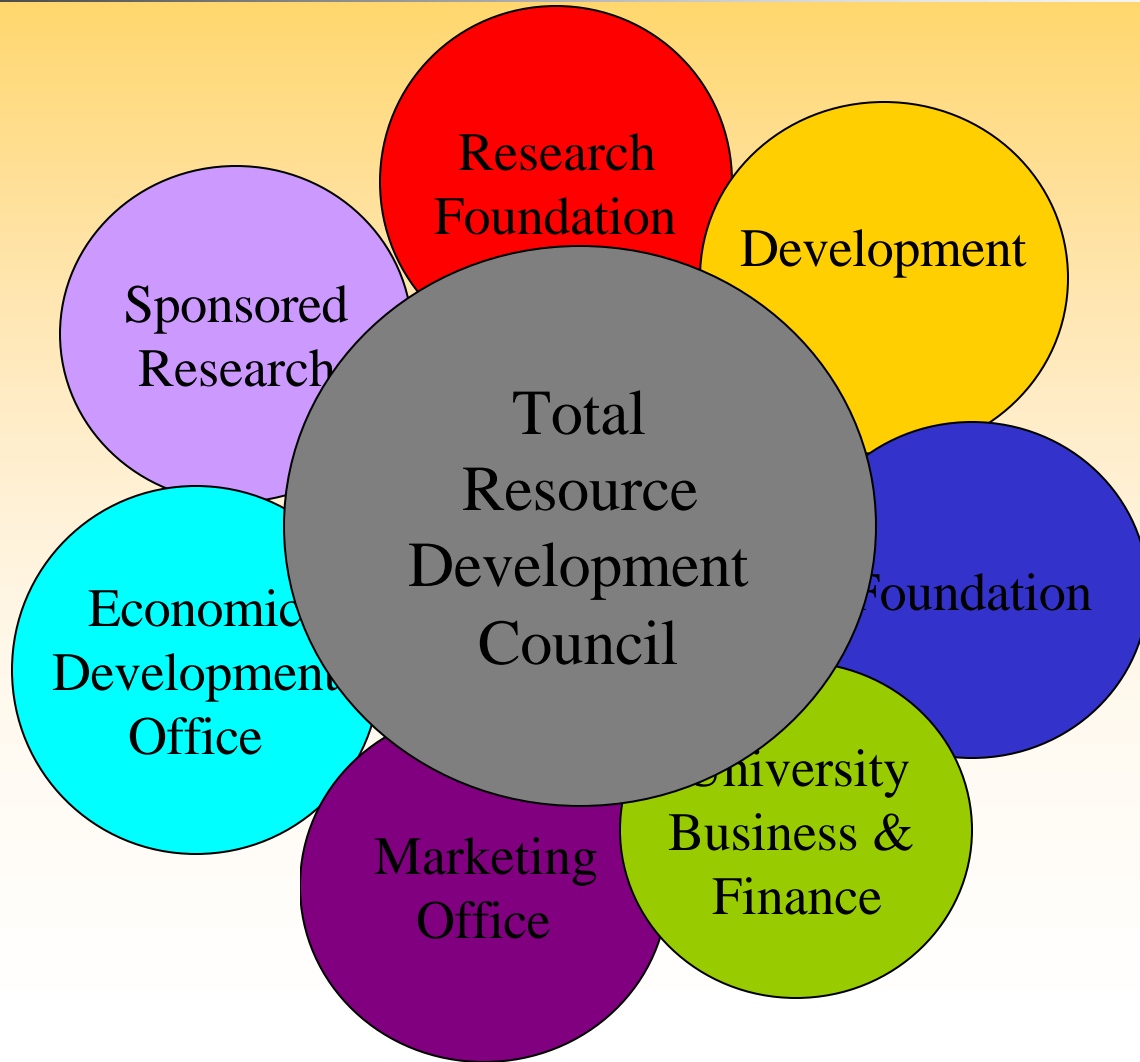
University Business and Finance

Economic Development Office

Marketing Office



Total Resource Development Concept





Principles of the TRDC

- Funding initiatives reflects “*Futures*” initiatives and principles.
- Values stated in the *Futures* process and vision statement stand as guidelines as to whether something is funded or not through this process
- Strong accounting practices, which are open to all, underpins the process.
- Best business practices are applied to cost center-i.e., for every \$1 million invested in development the return is \$12 million to the University.
- Keep tuition low so we remain competitive.
- Share resources to maximize efficiencies.



The Activities of the Components of the Total Resource Development Council

1. Sponsored Research

Responsible for traditional research opportunities involving faculty through contracts and grants, through federal, state, land agencies, corporations, and foundations. Technology transfer is another important component that could be transferred to the Research Foundation.

2. Development Office

Responsible for gifts from individuals, corporations, foundations, organizations and churches. Getting ready for a \$100 - \$125 million capital campaign. Prospect research, stewardship and alumni affairs are critical components.

3. NC A&T Foundation

Serves as a fundraising agent for certain gifts and grants. Responsible for entrepreneurial activities involving projected department including Real Estate, Aggie Productions, Aggie Marketplace and Aggie College. Endowment management also falls under the Foundation.



Total Resource Development Council (Continued)

4. Research Foundation

Representatives involve the creation and management of a research park, technology transfer agreement, business development and even manufacturing agreements. Certain contracts and grants could also go through this foundation. Accountability, speed and efficiency will be the hallmarks of this foundations.

5. University Business and Finance

Traditional financial accountability is held within this division. Diversifying resources through entrepreneurial practices will become its hallmark.



Total Resource Development Council Continued

6. Economics Development Office

This new office will work with entities such as, East Market Street Development Corporation, the Small Business Development Center and other entities to:

- a) Keep track of A&T economic impact within the community.
- b) Serve as a resource to other economic development agencies for referrals.
- c) Publish reports about the University's economic impact.

7. Marketing Office

This office, housed within Development and University Relations, markets the University's assets to enhance diversification of resources. Marketing is targeted and segmented for diverse audience, which is very different from media relations. This office services the other seven areas.



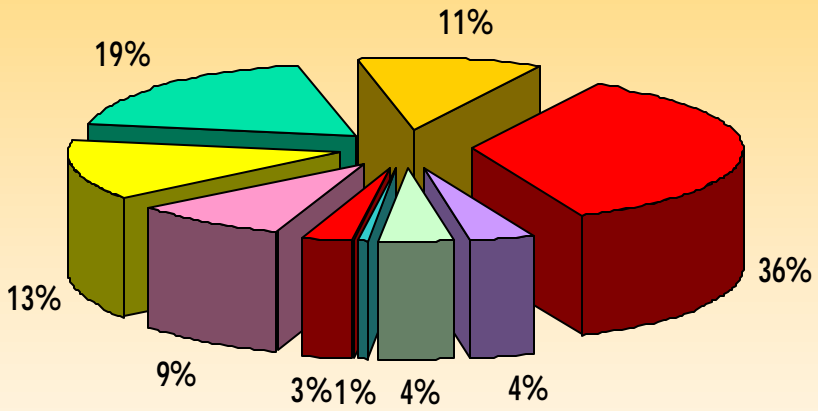
An Example of Support of Total Resource Development

Goal: \$100 million Endowment in 5 years (with base of \$15 million)

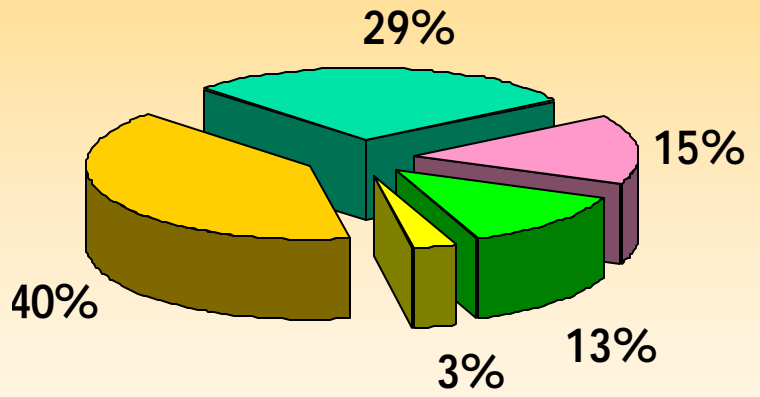
Funding Source	Yearly Goal	Five-Year Goal
A. Investment Returns	\$1.5 million/at 10%	\$7.5 million
B. Fundraising Efforts	\$14 million	\$70 million
C. Auxiliary	\$500,000	\$2.5 million
D. Research Foundation	\$500,000	\$2.5 million
E. Indirect Costs	\$500,000	\$2.5 million
Sub Totals	\$17,500.000	\$85 million
Pre-existing Endowment		\$15 million
	Grand Total	\$100 million

Revenue by Source

Public Institution Industry Average

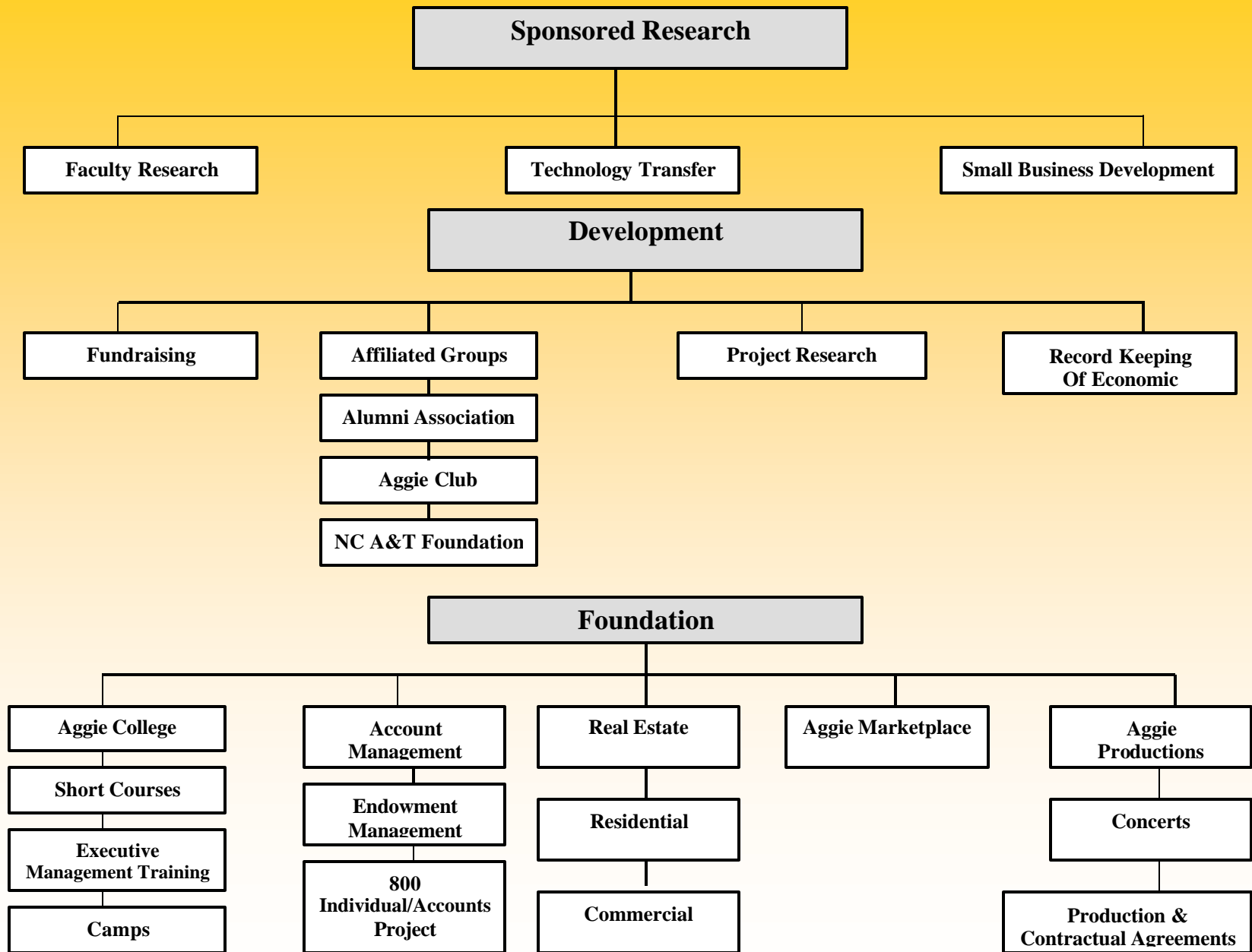


NC A&T SU

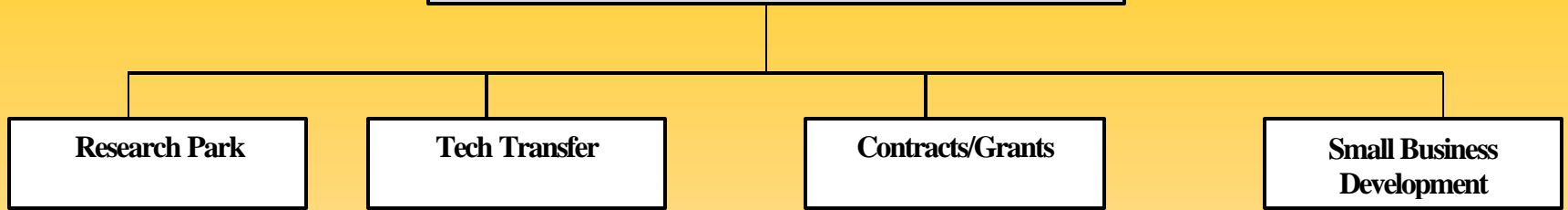


- Tuition & Fees
- Fed. Govt.
- State Govt.
- Local Govt.
- Private Gifts, Grants, & Contracts
- Endowments
- Edu. Activities
- Auxiliary Enterprises
- Hospitals & Other Sources

- Appropriations
- Contracts & Grants
- Auxiliary Services
- Tuition & Fees
- Other Sources



RESEARCH FOUNDATION



ECONOMIC DEVELOPMENT



University Business & Finance

