FUNDRAISING: 4-H FOUNDATION EXECUTIVE DIRECTORS' PERCEPTIONS

Abstract

Cooperative Extension, in many states, is struggling to survive under budget cuts and changing legislative priorities (Hammond, 2004). These cuts and changing priorities have had and will continue to have a direct impact on state 4-H program funding. As a result, seeking private dollars has become a necessity for state 4-H programs. The purpose of this study was to identify successful characteristics and activities of state 4-H foundations which appear successful in fundraising when compared to those 4-H foundations which are not as successful. This study focused on state 4-H foundations associated with Land Grant Universities in the United States. These foundations have had to secure alternative funding sources in a period of declining financial resources from local, state and federal agencies. The population for this study consisted of state 4-H foundation executive directors (n=42) , who held their position in spring 2005. The response rate for the survey was 92.87 percent with 39 questionnaires being completed. Results of the research revealed several significant findings that affect state 4-H foundation fundraising including: a strong relationship between monetary goals and a higher level of total financial support and a significant correlation between 4-H foundations that have conducted a capital campaign and a higher level of total support. In 2004, none of the state 4-H foundations had more than $2,000,000 total support for the fiscal year.

Introduction

Cooperative Extension, in many states, is struggling to survive under budget cuts and changing legislative priorities (Hammond, 2004). These cuts and changing priorities have had and will continue to have a direct impact on state 4-H program funding. Seeking private dollars has become a necessity for state 4-H programs due to decreasing local, state and federal monies and increasing competition for private resources.

The emphasis of this study was directed towards 4-H foundation executive directors (or persons in charge of state 4-H foundations). Presently, 4-H foundations are still in their infancy when compared with university foundations. However, they are very similar to community college foundations in their developmental time line. Research for 4-H foundations was drawn from documented research of community colleges and other sources. Since no prior formal research had been published on state 4-H foundations, this study analyzed literature primarily from community college foundations since both are considered in their infancy.

Theoretical Framework

According to Mentesti, (1998) strong board members are the keys to the success of any organization. This is especially true in fundraising, where board members generally set the tone and lead the way. According to Walk (2004), many 4-H foundation executive directors felt their boards were weak. Some directors felt their board members did not understand their role as fund raisers. Others said they needed members who will have a financial impact - not just serve for their personal recognition. Some directors stated that many 4-H foundation boards are comprised of too many Extension staff members and not enough powerful or influential people.

Herman and Block (1990) arrived at two major conclusions after reviewing the literature on trustees and fundraising: (a) scholars have conducted very little research on how much boards are involved; and (b) evidence strongly suggests that many or even most boards do not meet prescriptive expectations. Herman and Block continued: the board cannot divorce itself from its fiduciary responsibility; thereby it always remains responsible for funding both policy and program decisions. O'Connell (1993) argued that one of the most inappropriate things a board can do is to call for increased income and leave it to the staff to produce. The board is accountable and the board leads. Walk (2004) in an unpublished report discovered similar findings from state 4-H executive directors.

O'Connell (1993) affirmed that good development directors can succeed only to the extent that the board and staff leadership are committed to and involved in the fundraising. O'Connell (1993) differentiated board involvement by fundraising complexity and amount of gifts. If an organization conducted several programs using several techniques and has had a yearly goal of more than $75,000, they usually needed a staff function. The basic rule is for the board to do everything possible on its own and to hire a staff only when that will help the volunteers reach even higher results. Consultants, he maintained, can substitute for staff for all but the annual giving program; however, he advised trustees, to grow and sustain the momentum, they will need an individual who is good and is employed full-time.

The need for private funding to support shortfalls in traditional funding led community colleges to eliminate programs, reduce services, or look for ways to diversify their funding (Glass & Jackson, 1998). This also holds true for state 4-H programs. As community colleges diversified their funding bases, they considered long-term development programs to ensure their continued existence (Glass & Jackson, 1998). Since traditional sources of funding show no signs of increasing, but often are decreasing, private donations seem to hold the most potential for newly-added revenue. Additional funds (a) assure that students have access to scholarships or assistantships, (b) benefit faculty by providing salary supplements and teaching aides, and (c) provide essential technical equipment (Ryan, 1998).

According to Kelly (1998), the board of trustees generally serves as the volunteer committee for the major gifts program. The staff manager, who must have full access to members, directs the board’s participation in all fundraising steps. For larger boards, a fundraising committee, headed by the board's chair, spearheads the work. Howe (1991) emphasized that unlike other board responsibilities that stick to a policy-only role, development committee members get directly involved in fundraising activities. The role of trustees has three parts: to lead by example, to endorse objectives, and to provide a network for reaching prospective donors.

Explaining the first part, according to Murray (1995) there is only one standard for board participation as donors: 100 percent. Boards cannot ask people to give without those who hold the organization in trust first expressing their commitment. Trustees also must make gifts at a level proportionate to their involvement to set appropriate gift levels for other donors. They are the most involved; therefore, they must give the most. Indeed, they expected the board to donate many of the largest gifts raised through the major gifts program.

Panas (1984) interviewed thirty persons who gave $1 million or more. Of those thirty, he reported that twenty were on the recipient organization's board of directors. Murray (1995) argued that trustees have an obligation to be actively involved in fund raising because their involvement lends legitimacy to the programs. Participation is their stamp of approval, which can be powerful in motivating others to support the organization. Trustees must use their knowledge and contacts to identify, cultivate, and solicit prospects for major gifts. Murray (1995) admitted that although trustees might not participate in all steps of the process, they must be willing to help in some.

Similarly, Rosso (1991) presented four ways trustees are of value to fund raising—none of which involve solicitation. Trustees testify to the worth of the organization's services, attract other volunteers to work, identify and help cultivate potential donors, and serve as door openers. He explained that personal contacts which many trustees have with major prospects are valuable assets for the fund raising program.

According to Kelly (1998), volunteer leadership for the annual giving program commonly consisted of one committee. The committee had a volunteer chair who served as spokesperson and a small group of ten to fifteen individuals who personally solicited prospects for the program's largest gifts. Consultants recommended a mixture of board members and non-board members. It was strategically unsound to occupy all or even most trustees with raising lower level gifts because of their pivotal role in the major gifts program. Furthermore, recruiting non-board members for the annual giving program provided an opportunity to build a closer relationship with volunteers who may later become trustees.

Mentesti (1998) stated that no single formula for fundraising exists, and seven key elements are usually present in any type of successful fundraising effort.

1. Know your mission.
2. Become an effective slaver in the economic development arena. Build relationships in a wide area.
3. Build from within. Strong members are the keys to the success of any organization.
4. Remember who will be the biggest beneficiary of the campaign. Typically, banks and utility companies are natural partners in economic development.
5. Optimize your operating environment..
    A. What other regional or non-regional organizations are involved in fundraising activities in your area?
    B. Are you working with them synergistically rather than working against them territorially?
6. Give donors a good return on their investment.
7. Simplify things. Today, too many fund raisers are focusing on technological issues, forgetting that their job is to speak and help on a personal level.

Ryan (1988) stated that the age of a foundation often affects its success. The longer a foundation had been around, the more success it seemed to garner. This suggested that longevity of a fundraising plan was a key factor in fundraising.

Purpose and Objectives

The purpose of this study was to identify characteristics and activities of state 4-H foundations which appear successful in fundraising when compared to those 4-H foundations which are not as successful. The study surveyed 4-H foundation executive directors of state 4-H foundations. The purpose of this study was achieved by meeting the following research objectives: described the critical components that lead to successful fundraising in state 4-H programs, described the critical components that can be detrimental to fundraising efforts of the state 4-H foundations, and identified the essential characteristics of successful state 4-H foundations.

Methods and Procedures

The research design consisted of one instrument for 4-H executive directors. The instrument was determined to be the best method for data collection from the group. The instrument was both descriptive and correlative in design. The population for the 4-H executive director survey consisted of 42 recipients, thus a census survey was employed. The response rate for the 4-H Executive directors survey was 92.87 percent with 39 questionnaires being completed.

Questions for the 4-H executive director survey instrument was designed using information from the literature review. Questions were formulated to discover which development components encouraged successful fundraising and which components limited fundraising in state 4-H foundations. The questions targeted key functions of state foundation 4-H executive directors' daily job activities and their development offices, state 4-H programs' fundamental missions, and perceptions of the executive director. To assure the validity of questions for the state 4-H foundation director's instrument, it was administered to former state 4-H foundation directors and other development officers familiar with 4-H foundation work to assure accuracy and understandability. The questionnaire was also reviewed by agricultural education faculty members from two universities. Modifications were made to the instrument to increase validity and reliability.

Alpha reliability coefficients are calculations using the overall relationship among the answers to determine a reliability coefficient for an instrument (Frey, Botan, & Kreps, 2000). The internal consistency of the instrument in this study was determined by using Cronbach's alpha for reliability. The questionnaire had an alpha coefficient of 0.96 with.90 is considered excellent.

Since reliability coefficients of 0.80 or greater are generally considered high (Vierra, Pollock, & Golez, 1998), and reliability coefficients of 0.70 or greater could be considered acceptable when measuring complex variables (Kirk, 1999), it was concluded that the instrument used in this study was reliable.

All statistical data analyses were completed using Statistical Package for the Social Sciences, SPSS, Version 11.0 for Microsoft Windows. The data collected were both descriptive and comparative. Numerical values were given to each variable. Data were assigned names and values based on statistical treatment. The collected information was compiled by comparing similarities and differences among 4-H state foundation fundraising styles. This determined the characteristics of the foundations success in fundraising.

Frequency distributions and descriptive statistics were used to make frequency tables for all questionnaire items. Frequency counts, percentages, cumulative percentages, mean, median, mode, sum, standard deviation, range, minimum and maximum values, standard error of mean, skewness and bivariate correlations were calculated with this analysis. Davis (1971) descriptors were used to describe strength of association.

Table 1 outlines the total methodology on data collection. An e-mail was sent to state 4-H leaders from the state 4-H office to encourage their state's participation in the study. Initial contact with state 4-H foundation executive directors was made by email concerning the research project and asked if they would participate in an online survey to reduce the cost of mailing the questionnaire. The following week, personalized emails were sent to executive directors who did not respond to the initial email. Also, questionnaires were mailed to individuals who either didn't respond to the e-mail or requested that the survey be mailed.

Table 1
Contact Procedures Time Line

Time line	Action
October 7, 2004	Initial Contact with Executive Director
March 7, 2005	Electronic Notification of study
March 7-15, 2005	Email with Survey Link and Respondent Numbers
March 8, 2005	Encouragement of Participation
March 11-14, 2005	Personalized emails - followup
March 11, 2005	Mailed surveys to those that requested a hard copy or didn't have email
March 16, 2005	Mailed all surveys to those that did not respond to email
March 16-17, 2005	Emailed respondent numbers and appropriate internet link to all that had not completed online survey
March 25, 2005	Emailed response status of survey and encouragement of participation
March 30-31, 2005	Reminder of deadline
April 1, 2005	Scheduled Deadline
April 12, 2005	Called non-responsive executive directors
April 12, 2005	E-mail to non-responsive executive directors

Findings

The majority of state 4-H foundations surveyed in this study were created before 1970. Of the thirty-nine 4-H foundations which responded, three 4-H foundations were created prior to 1950, 14 were created during the 1950's, nine in the 1960's, seven in the 1970s, three in the 1980's, two in the 1990's and only one was created after 2000. The correlation coefficients computed between the decade a 4-H foundation was created and the monetary value of their endowment were significant at the .05 level. The result of the correlation analysis was significant at 0.382. The correlation of the monetary value of their endowment and the decade their 4-H foundation was created was significant at a moderate level (Davis, 1971).

Table 2 displays the total support received by individual state 4-H foundation in 2004 or the most recently completed fiscal year. Only four (10.5%) received between $1,000,000 to $1,999,999 in the most recent fiscal year. No foundations reported total support over $2,000,000.

Table 2
Total Support Received in 2004 by State 4-H Foundations (n=39)

Total Support	Frequency	Percent (%)
Less than $100,000	6	15.8
$100,000 to $299,999	9	23.7
$300,000 to $499,000	8	21.1
$500,000 to $999,999	11	28.9
$1,000,000 to $1,999,999	4	10.5
$2,000,000 to $4,999,999	0	0.0
$5,000,000 or greater	0	0.0
Total	38*	100.0

*Note. Value does not equal 39 due to missing data.

Correlation coefficients computed between total support and monetary goal of annual fund in the most recent fiscal year were significant at the .01 level . The result of the correlation was significant at 0.672. The correlation of and total support and monetary goal of annual fund in the most recent fiscal year was significant at a substantial level (Davis, 1971). 4-H foundations that have higher monetary goals for their annual fund had a higher level of total support.

The correlation coefficients computed between monetary goal of capital campaign and total support in the most recent fiscal year were significant at the .01 level. The result of the correlation analysis was significant at 0.829. The correlation of capital campaign monetary goal

and total support in the most recent fiscal year was significant at a substantial level (Davis, 1971).

The correlation coefficients computed between large corporations as a major source of gifts and total support in the most recent fiscal year were significant at the .05 level. The result of the correlation analysis was significant at 0.323.The correlation of large corporation donations and total support in the most recent fiscal year was significant at a moderate level (Davis, 1971). 4-H foundations that had large corporations as a major source of gifts had a higher level of annual total support.

The correlation coefficients computed between foundation board members, as a major source of gifts and donations, and total support in the most recent fiscal year were significant at the .05 level. The result of the correlation was significant at 0.376. The correlation of foundation board member donations and total support in the most recent fiscal year was significant at a moderate level (Davis, 1971). 4-H foundations that had trustees who made major donations indicated a higher level of annual support.

State 4-H executive directors reported the percent of their total support that was restricted as displayed in Table 4. The majority of the respondents (57.6%) reported 51% or greater of their total support was restricted. A range type scale was provided for respondents to indicate the percentage of total support that was restricted in the most recent fiscal year based on the following scale: 1 = less than 10 percent, 2 = 10 to 25 percent, 3 = 26 to 50 percent, 4 = 51 to 75 percent, 5 = More than 75 percent. The correlation coefficients computed between percent of annual financial support that is restricted and total support in the most recent fiscal year were significant at the .01 level. The result of the correlation analysis was significant at 0.522. The correlation of percent of annual financial support that is restricted by donors and total support in the most recent fiscal year was significant at a substantial level (Davis, 1971).

Table 3
Total Annual Support of State 4-H Foundations
Restricted by Donors (n=39)

Percent restricted	Frequency	Valid Percent
<10%	2	7.7
10% to 25%	2	7.7
26% to 50%	7	26.9
51% to 75%	9	34.6
>75%	6	23.1
Total	26*	100.0

*Note. Value does not equal 39 due to missing data.
Mean = 3.577 Standard Deviation = 1.1721

State 4-H executive directors rated statements, based on their knowledge and observations, regarding their perceptions of resource allocation and awareness of fundraising as shown in table 4. The statements “resources spent are related to the amount of money raised” and “resources are sufficient for meeting fundraising goals” received the highest rating of 2.595 (SD = .8647). The statement “need for fundraising is understood” received the lowest rating of 2.472 (SD = .9996). A four point Likert-type scale, with a default of zero for no basis to judge, was provided for respondents to indicate their perceptions.

Table 4
Executive Directors’ Perception of Resource Allocation and Fundraising Awareness (n=39)

Resources/Awareness	N	Mean	Standard Deviation
Resources spent are related to the amount of money raised	37	2.595	.8647
Resources are sufficient for meeting fundraising goals	37	2.595	.8647
Need for fundraising is understood	36	2.472	.9996

Note. Values do not equal 39 due to missing data. Rate scale was 0 = No basis to judge, 1 = Strongly disagree, 2 = Disagree, 3 = Agree, and 4= Strongly agree.

State 4-H executive directors rated statements, based on their knowledge and observations, regarding their perception of 4-H foundation trustees and the execution of their responsibilities in the area of fundraising as shown in table 5. The statement “state 4-H foundation trustees should identify and solicit donors” received the highest with a rating of 3.868 (SD = .5287), closely followed by the statement “trustees should be donors” with a rating of 3.8 16 (SD = .6087). The statement “4-H foundation trustees are adequately trained in fundraising” received the lowest rating of 2.500 (SD = .7970). A four point Likert-type scale, with a default of zero for no basis to judge, was provided for respondents to indicate their perceptions.

Table 5
Executive Directors' Perception of 4-H Foundation Trustees (n=39)

Trustees	N	Mean	Standard Deviation
Should identify and solicit donors	38	3.868	.5287
Should be donors	38	3.816	.6087
Development officer supports trustee involvement in fundraising activities	35	3.629	.5983
Encourage experimentation in fundraising	37	3.568	.6472
Understanding of fundraising in policy making	37	3.405	.7979
Adequately trained in fundraising	38	2.500	.7970

Note. Values do not equal 39 due to missing data. Rate scale was 0 = No basis to judge, 1 = Strongly disagree, 2 = Disagree, 3 = Agree, and 4= Strongly agree.

The correlation coefficients computed between the satisfaction with trustees' involvement in donor prospect referrals and total support in the most recent fiscal year were significant at the .05 level. The result of the correlation analysis was significant at 0.345. The correlation of satisfaction with trustees' involvement in donor prospect referrals and total support in the most recent fiscal year was significant at a moderate level (Davis, 1971). 4-H foundation executive directors who were satisfied with their trustees' donor prospect referrals had a higher level of annual total support.

The correlation coefficients computed between foundation board members, as a major source of gifts and donations, and total support in the most recent fiscal year were significant at the .05 level. The result of the correlation analysis was significant at 0.376. The correlation of foundation board member donations and total support in the most recent fiscal year was significant at a moderate level (Davis, 1971). 4-H foundations that had trustees who made major donations indicated a higher level of annual support.

Conclusions

From the findings of this study, it was concluded that 4-H foundations that are older had a higher monetary value in their endowment, thus supporting research conducted by Ryan (1988) who stated that the age of a foundation often impacts success. The older the foundation, the more success it seems to garner. This indicates that longevity of a foundation is a key factor in successful fundraising.

The 4-H foundations that had a higher percentage of their annual giving restricted by donors had a higher level of total support. This finding implies that donors more likely to give

when able to specify the use of their donation. This agrees with Nichols (2004) who found that donors are demanding that they guide the giving process.

Results from the evaluation also found that 4-H foundations that have higher monetary goals for their annual fund and capital campaign receive a higher level of total support annually. 4-H foundations that had large corporations as a major source of gifts also had a higher level of total annual support . Finally, 4-H foundations that had trustees who made major donations received a higher level of annual support.

The majority of state 4-H leaders or department heads do not provide adequate funding for fundraising activities. Unfortunately, according to CASE (1989), failure to provide appropriate funding to establish an active foundation is common. There is a lack of knowledge and understanding of stakeholders regarding the need for fundraising. Communication is necessary for stakeholders to know and understand the need for fundraising. Previous research by Kelley (1998) and Lawson (1995) concurs that communication with stakeholders is a necessity.

Executive directors' revealed that they believe 4-H foundation trustees should identify, solicit donors and that trustees should be donors. The research of Lord(1983) and Rosso (1991) supports the findings that trustees should identify and solicit donors. That trustees should be donors is also supported by previous research conducted by Herman and Block (1990), Lord (1983), Murray (1995), Panas (1984), and Weick (1979).

Implications and Recommendations

The results of this study will help state 4-H foundation executive directors and state 4-H leaders or department heads identify fundraising strategies that will lead to successful fundraising for 4-H foundations. Recommendations are specific to and suited for state 4-H foundations. However, other youth serving organizations may also benefit from the findings and suggestions.

According to the findings, the majority of donations that are given to 4-H foundations are restricted. Donors should be given the opportunity to determine how their donation will be used. 4-H Foundations should have a needs list so donors can specify which program they would like to benefit; for example, scholarships, leadership programs, camping programs or other areas.

As supported by the theoretical framework, all 4-H foundation trustees should be encouraged to solicit new donors for the 4-H foundation and must also be donors themselves. As Murray (1995) stated, "There is only one standard for board participation as donors: 100 percent. We cannot ask people to give without those who hold the organization in trust first expressing their commitment." (p. 22)

Foundations must set attainable fundraising goals, but those goals should not be set at low or easy levels. As demonstrated by the research, the higher the monetary goal for either an annual

fund or a capital campaign, the more money foundations raised for their annual fund. Planning and goal setting for the foundation is essential to successful fundraising.

This research indicated that there must be an increase stakeholders' awareness about the need for fundraising. The needs of the 4-H program must be effectively communicated to all stakeholders. The research findings of Kelly (1998) and Lawson (1995) agree that communication with stakeholders is essential. State 4-H leaders or department heads must provide sufficient funding for fundraising activities. Without adequate funding, fundraising activities will not be as successful. The old saying, "It takes money to make money" is very true when it comes to fundraising.

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