

Money & Management

<http://chronicle.com/weekly/v53/i27/27a03301.htm>

From the issue dated March 9, 2007

From Across the Pond, More Hands Reach for American Dollars

Led by the Universities of Cambridge and Oxford, European institutions are increasing their fund raising in the United States

By AISHA LABI

New York

The 23rd-floor cafeteria in Hélène Sostarich-Barsamian's office building features panoramic views of the Manhattan skyline and a bilingual menu with authentic German fare.

Ms. Sostarich-Barsamian's job straddles the same geo-cultural divide. She and a colleague in New York form the entire staff of the Friends of Freie Universität Berlin, the fund-raising arm of the 36,000-student German university. From their base in German House, home to New York City's German Consulate, the German mission to the United Nations, and a host of other German institutions, Ms. Sostarich-Barsamian and her deputy orchestrate all of the university's fund-raising efforts.

Ms. Sostarich-Barsamian's presence in New York, raising money on behalf of a German university that does not even have a development office in Germany, is anomalous but telling. European universities, almost all of which have historically been financed by their governments, are turning to money from private sources to augment diminishing public funds.

European institutions are increasingly turning to the United States to raise money, tempted in part by the lure of America's famously generous philanthropists. So far only the Universities of Cambridge and of Oxford have had great success, and they are among the few European universities with full-time, permanent fund-raising operations in North America. But the number of European institutions coming to these shores with outstretched hands is growing, as development officers look to tap a philanthropic tradition still in its infancy in much of Europe.

"There is definitely a tide running here, and I think it stems from a much greater awareness, pretty much all over the world, that the world's best universities are good at many things, but one of the things they are *very* good at is encouraging philanthropy," says Joanna Motion, vice president for international operations at the Council for Advancement and Support of Education.

Showing the Way

Oxford opened its North American office in the late 1980s, and it has expanded rapidly, moving recently into spacious new offices in midtown Manhattan to accommodate a staff of more than a dozen. Cambridge in America has more than 20 employees at its New York office.

Edward Strauss, director of annual appeals and communications at Cambridge in America, says that as the primary locus of the university's outreach to alumni and friends in the United States, the New York office

plays a central role in the nearly \$2-billion, 10-year capital campaign the university inaugurated in 2005. That is a goal comparable to that of elite American universities, and a former American university leader is primarily responsible.

"The vice chancellor is over here several times a year, as the leader of the university and the leader of this campaign," he says of Alison Richard, a former provost of Yale University. In the fiscal year that ended July 31, Cambridge in America generated more than \$38-million from 1,903 donors.

Cambridge is trying to galvanize support from its 12,000 alumni in the United States, but its greatest fund-raising success here so far has come outside that effort. In 2000, Bill Gates, who famously dropped out of another Cambridge institution, in Massachusetts, gave \$210-million through the Bill & Melinda Gates Foundation to establish a scholarship fund for international graduate students.

The British-born software magnate and Cambridge alumnus David Hibbitt and his wife, Susan, who live in Rhode Island and have also given major gifts to Brown University, recently donated \$4-million to endow a new chair in engineering. Mr. Hibbitt graduated from Cambridge in 1965 and made small contributions to the university over the decades, but despite his growing fortune and his donation to Brown, where he completed his Ph.D., his gift last year to Cambridge was his idea and not the result of outreach from the university's development office.

"There are pockets at Cambridge that are very sophisticated and very good in terms of fund raising," Mr. Hibbitt says, but his experience indicated that there were still holes. "When I was looking at engineering, there were excellent people academically, but they were just not yet up to speed about raising money."

His decades in the United States and ties to American institutions may have given Mr. Hibbitt informed insights into how Cambridge might improve its fund raising, but they have also reinforced his appreciation of what a bargain he got at Cambridge. "The excellent education I received in the U.K. came at no cost to me or my parents because I received scholarships throughout, and has been the foundation of my career as an engineer, in which I have been most fortunate," he said. "So I believed I owed a debt."

Oxford's Ambition

The University of Oxford is still in the quiet phase of a capital campaign that will be announced later this year. It is expected to have a goal at least as ambitious as Cambridge's.

Oxford's benefactors in the United States have already demonstrated their generosity. Michael G. Cunningham, director of the University of Oxford North American Office, says that over the past four years, his office has received gifts and pledges totaling more than \$115-million.

About a dozen of the university's 39 colleges, whose individual assets range from \$8.8-million to nearly \$547-million, have also established charitable arms in the United States. Mr. Cunningham emphasizes that the \$115-million figure does not include money raised by individual colleges.

One donor, Edward W. Scott Jr., graduated from Michigan State University and then earned a second bachelor's degree from University College, Oxford's oldest college. "My father was a New Zealander, and I think I wanted to please him," he says of his decision to enroll at Oxford.

Mr. Scott co-founded BEA Systems, a Silicon Valley software company that had revenue of \$1.4-billion last year. In recent years he has shifted his focus to philanthropy, but until Mr. Cunningham sought him out a few years ago, he had not been approached by Oxford or his college about donating.

He has since given millions, tailoring his gifts to his interests and concerns. Mr. Scott has a son with

Asperger's syndrome, and he has endowed a chair at the university for the study of autism. He has also endowed two junior research fellowships at University College, one of which provides support to the professorship he created. As a condition of his gifts, University College is required to admit two severely disabled students each year, and he pays for whatever additional modifications or support those students require.

Some Irish universities, and European business schools like Insead and the École Supérieure des Sciences Economiques et Commerciales, both based in France, are also actively raising money in the United States, as are a smattering of other continental universities.

Insead had to learn quickly how to solicit donations. It is private and receives no government money. When it was founded in 1957, its main source of revenue was student fees. "The school soon realized that to compete on a global scale, it needed to be much more financially secure to attract faculty, funding, and scholarships," says Soumitra Dutta, Insead's dean of external relations.

Insead's first capital campaign, which generated \$130-million, ended in 2000. A second, with a goal of \$260-million over five years, is under way. With more than 2,000 largely affluent alumni in the United States and advisory councils on both coasts, the school is well positioned to generate a substantial proportion of its target here.

École Polytechnique, one of France's leading universities, will soon begin its first major fund-raising campaign, which organizers say will focus on the nearly 400 alumni the institution has in the United States.

American university fund raising has become increasingly global in the last decade, and officials from top U.S. institutions frequently tap donors and meet with alumni groups in business centers around the world.

But the increased interest in American fund raising by foreign colleges is, to date, largely a European phenomenon. Universities in Asia are also beginning to turn to private fund raising, and CASE recently announced it would open an Asian office. So far, however, Asian universities have not tried to raise much money in the United States.

Wine and Canapés

In January representatives of Lincoln College, Oxford, played host to the first college event to be held in Oxford's new North American headquarters. Brightly colored banners of Oxford's colleges and photographs of the university's iconic buildings formed the backdrop as Lincoln alumni mingled, wine glasses and canapés in hand, with the college's rector, Paul Langford, and director of development, Susan Harrison.

In their remarks to the gathering, both called attention to the increasingly straitened circumstances of higher education in Britain, where, they said, tuition covers only a portion of the shortfall from diminished government funds. "There is no doubt that while government regulations get worse, government money becomes less," Mr. Langford said ruefully.

Both speakers also highlighted the key fund-raising role of the college's American contingent. About 13 percent of the more than \$45-million raised by the recently completed five-year Lincoln Fellowship Campaign came from the United States. But even as he lauded their generosity, Mr. Langford warned his listeners against resting on their laurels. "I'm afraid that, as we are beginning to learn from our North American colleagues, the campaign will go on," he said, to knowing laughter from his listeners.

An Immense Pot

The success of Cambridge and Oxford is paving the way for other European institutions. Ms.

Sostarich-Barsamian, who has raised \$1.5-million over the past three years on behalf of the Freie Universität Berlin, represents the only German institution raising money here so far.

Two years ago, 35 German universities opened a joint office in New York, on the same floor of German House that she occupies. She believes it is inevitable that the others will incorporate fund raising into their operations, which are now concentrated on encouraging more American students to study in Germany. She is undaunted by that prospect. "I'm not afraid that we'll be stepping on each others' toes in fund raising," she says. "The pot is large enough."

Jean-Paul Warmoes, is executive secretary of the American branch of the King Baudouin Foundation, a Belgian charity whose New York office was established in 2002 to serve as an intermediary between American donors and not-for-profit organizations in Europe and Africa. "The U.S. market is an important market. It's a big market and a generous market," says Mr. Warmoes, who is organizing "Factors Critical to Success in Fund-Raising and Development — the American Model," a four-day symposium in New York in April.

The event, billed as a "study visit for trustees and senior professionals of European universities and cultural institutions," will include among its participants senior administrators from up to 12 European universities, who will hear advice from development staff with experience at institutions like Columbia and St. John's Universities, and Baruch College of the City University of New York.

Utter Disinterest

Despite coaching them to adopt American tactics, Mr. Warmoes isn't encouraging the Europeans to begin by directing their energies toward the United States. "My feeling is that too many European institutions don't realize that good fund-raising strategy starts at home," he says.

If that is the case, then the Freie Universität Berlin began its fund-raising efforts several thousand miles off target.

The university was established in 1948 and has always had strong American ties. Its New York development office opened in 2003 and is the Freie University's sole fund-raising arm.

The initial outreach to alumni was disappointing, and instructive. Ms. Sostarich-Barsamian managed to reach only about 700 people from a list of 1,500, and the response was utter disinterest. "The German mentality is that the state provides, and the state has been providing for the past 50 to 60 years," she says.

Germans feel little sentimental attachment to the university they attended, for several reasons. They often go to whichever institution is closest to their home, and many students take years to graduate, lingering in a system that before a 2005 constitutional court ruling was prohibited from charging tuition. Until recently the government insisted that all the nation's universities were of comparable quality.

"We realized it was going to be a long, strenuous process to bring around the alumni because they have been neglected until now," says Ms. Sostarich-Barsamian.

Tax Advantages?

American tax laws, which allow tax exemptions and other benefits for donors, are often assumed to be a driving force behind the fund-raising activities of European institutions in the United States. Ms. Sostarich-Barsamian believes the differences between American and European tax rules have played an important role in her efforts, particularly with corporate donors, but others discount their overall impact.

"In most countries, you have a certain degree of tax benefit, so I think that is more an excuse," says Mr. Warmoes of the King Baudouin Foundation. "I think it's a factor, but I don't think it's the main factor. To be honest, I think it's a question of culture and especially of institutional culture."

Ms. Motion, of CASE, agrees that taxation is used as a "sort of cloak" and often obscures the fact that several European countries, such as France, have recently put in place more donor-friendly tax laws. Like Mr. Warmoes, she thinks the main hindrance to philanthropic success for European universities is more deep-seated. "There is some cultural diffidence in many parts of the world, including Europe, and people who are nervous about asking for money tend to produce a series of reasons for why they can't do this," she explains.

Headline-grabbing gifts like the \$250-million last November from a foundation overseen by Klaus J. Jacobs, a Bremen-born Swiss businessman, to the International University Bremen (it will be renamed Jacobs University Bremen), have helped to heighten public appreciation in Europe of the transformative potential of philanthropy in higher education.

Donations of that magnitude are still almost unheard of in Europe. But as Europeans grapple with how to ensure that their once dominant universities remain competitive, increased reliance on private philanthropy seems inevitable. If Ms. Sostarich-Barsamian and her fellow fund raisers have their way, much of that money will be coming from America.

<http://chronicle.com>

Section: Money & Management

Volume 53, Issue 27, Page A33

[Copyright](#) © 2006 by [The Chronicle of Higher Education](#)

[Subscribe](#) | [About The Chronicle](#) | [Contact us](#) | [Terms of use](#) | [Privacy policy](#) | [Help](#)