We want to express our appreciation to those of you who submitted feedback to the workgroup appointed by Vice Chancellor Steve Olsen that examined the proposed implementation of a 1% gift services and use recovery fee and a new endowed gift escrow. The input was invaluable in helping to refine our path forward.

There was healthy debate about charging fees when gifts are received versus when funds are expended. Clearly there are advantages and disadvantages to either approach, but any solution must be transparent, simple, and efficient. The challenges of creating new processes and systems to support an expenditure fee and escrow were exhaustively explored by the workgroup.

Based upon analysis resulting from the work group’s recommendations, we will raise the administrative fee on new gifts from 5% to 6.5% beginning July 1, 2009. This solution to funding campus advancement activities is simple and straightforward and has been campus practice for more than two decades. The 1% gift services and use recovery fee and the endowed gift escrow will not be implemented. The administrative fee on new gifts will be re-evaluated at the beginning of UCLA’s next campus-wide campaign.

The administrative fee on new gifts has remained at 5% for more than 25 years, since the beginning of UCLA’s first comprehensive campaign. Nationally, this type of fee is commonly used to fund advancement activities, and our peers assess fees in the range of 5% to 20%, depending on institutional needs and culture. Particularly in younger universities like ours that do not have sizeable unrestricted endowments, a fee on new gifts is essential to stimulating growth in fundraising.

Investments in advancement pay handsome dividends, returning approximately seven times the value in new gifts to UCLA. Using nationally accepted efficiency standards, our cost of approximately 15¢ to raise a dollar places us squarely within the range of our peer institutions. The increase in the administrative fee on new gifts will allow new resources to be invested in front-line development officers and donor relations professionals across the campus, support for the alumni relations and communications programming that underlie any strong philanthropic environment, and the infrastructure to support acceptance, processing, and receipting of more than 80,000 gifts each year. Without such expansion, it is unlikely that private giving will keep pace with our need to support students, faculty, programs, and facilities.

We appreciate your patience and active engagement as we have considered our options, and believe that this final plan will best meet UCLA’s needs for the foreseeable future.
Sincerely,

Gene D. Block  
Chancellor

Scott L. Waugh  
Executive Vice Chancellor and Provost