

PENNSYLVANIA'S
STATE SYSTEM
OF HIGHER EDUCATION
FOUNDATION

Strategic Plan 2022

JULY 2017

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Introduction

In fiscal year 2017, Pennsylvania's State System of Higher Education Foundation (State System Foundation), with the assistance of the Association of Governing Boards (AGB), undertook a strategic planning process to address the question "How can the Foundation add value and meaningful impact to the Pennsylvania's State System of Higher Education (State System) today, and for the next five years?" Its focus was to further clarify the Foundation's mission, and to develop a vision statement, frame an outline of long-term goals and an annual plan of action to prioritize its efforts in support of the State System. The strategic plan is designed to support growth in private philanthropy, strengthen governance through board engagement, and implement best practices/approaches to meet the needs of the Foundation's work.

The intended audience for the five-year strategic plan is the Foundation's Board of Directors, State System Board of Governors, State System Office of the Chancellor Executive Team, plus donors and prospective donors.

Foundation board chair Kim Lyttle appointed Barbara Bowker to chair an eleven-person strategic planning committee staffed by Foundation President and CEO Jennifer Hartman and Foundation Manager Eileen Showers.

In September of 2016, the board held a strategic planning retreat, facilitated by our AGB consultant, to discuss and frame the issues, context and timeline for the process. Three overarching themes were agreed upon: Becoming A High Value, High Performing Foundation; Sharing Our Story and Communicating; and Aligning with the State System. Following the retreat, working subcommittees were formed to address each of the themes. These subcommittees met numerous times from the fall of 2016 through the spring of 2017.

The strategic planning committee reaffirmed the Foundation's mission, crafted a vision of the Foundation's future, and identified key opportunities on which to focus to create sustainable financial and programmatic models. The subcommittees identified a focused set of strategic goals along with action steps essential for growing private philanthropy in support of the State System. In June of 2017, the Foundation board finalized the goals, action steps and performance indicators associated with each.

This strategic plan is designed to be a living document so that progress for all the goals can be tracked annually, and changes or additions can be made as circumstances dictate. The primary objective is to focus and grow the course of the Foundation's future.

The Foundation's strategic plan has three overarching key opportunities, each of which has specific purpose statements, goals and benchmarks. They are:

1. Becoming a High Value, High Performing Foundation
2. Aligning with the State System
3. Sharing Our Story and Communicating

Meeting the goals set forth in this plan will advance the strategic vision of the State System and help more students in Pennsylvania's Public University System the Foundation serves. The State System Foundation will continue to convene and collaborate with Foundation leaders across the system to help raise the bar on fundraising.

Current Environment

The Foundation has demonstrated considerable success in recent years. Private philanthropic funds raised have more than doubled since fiscal year 2012. The Foundation board has welcomed new directors to its ranks, strengthened the partnership with the State System and the Board of Governors, increased the visibility of the Foundation's partnership, and improved relations with constituent university foundations.

However, this success was achieved against a backdrop of operating with limited resources and a small staff (1.50 FTE), which are anticipated as constant moving forward. The strategic planning committee worked to develop ambitious but reasonable goals in the strategic plan. In effect, the final plan needed to be measurable and doable. Each year's operational plan will prioritize different goals, recognizing that such a small staff cannot handle all the goals at once. Doing this will reconcile capability with staff capacity.

The Foundation enjoys a very dedicated group of board members which provides it with considerable scope and reach throughout the Commonwealth. The board acknowledged that its directors were not being utilized to full capacity and that an opportunity existed to use them more effectively, especially in fundraising and workforce development, in the future. Also, the Foundation's marketing and communications efforts are limited. The strategic plan includes specific strategies designed to address this.

The Board is eager to be further engaged and responsible for continued growth of the Foundation's fundraising and relationship building efforts. Volunteer time, expertise and energy will be crucial to growth as the staff size will remain constrained. Adding an experienced major gifts fundraiser to the staff was considered. It will require a salary range of \$70,000 to \$80,000 plus benefits. Within three years, a major gifts officer can be expected to be raising \$500,000 to \$700,000 annually, based on generally accepted industry fundraising standards. It should be

noted that it is difficult to define specific peer groups for benchmarking purposes because this is a unique foundation in higher education.

Further, the State System is operating in very uncertain times. It's a period marked by declining student enrollments, a volatile political environment, and unprecedented challenges facing the State System.

As public higher education adapts to meet the needs of the 21st century, the Foundation also needs to remain flexible in order to adjust as necessary to evolving changes.

The Foundation recognized that the needs of the State System were many and that alignment with the State System's priorities and goals was imperative. Philanthropic priorities were articulated as student affordability, program quality, and student success. It was decided to focus on two areas that mattered the most to the State System:

- 1) Financial awards/scholarships to improve student success, persistence and completion rates.
- 2) Workforce development special initiatives

Going forward, the Foundation intends to do more "telling and selling" of its story in its effort to expand its fundraising reach to build relationships with key stakeholders.

Strategic Planning Committee 2016 – 2017

- Barbara Bowker, Committee Chair, Vice President of Marketing, PSECU
- Marion Alexander, Community Leader
- Nathan Douty, Retired, Hershey Entertainment & Resorts
- Wayne Failor, Retired, Vice Chancellor for Administration and Finance, Pennsylvania's State System of Higher Education
- Michael Gossert, Vice President, M&T Bank Middle Market Division
- John Havas, Esquire
- David Kerr, Executive Director, External Affairs, AT&T Services Inc.
- Kelly Lieblein, Retired, Vice President of Strategic Accounts, Highmark Blue Shield
- Kim Lyttle, Senior Vice President, Government Banking, Huntington National Bank
- Lynn Miller, Executive Vice President, Clinical Operations, Geisinger Health Systems
- Matt Steck, Owner/Partner, Greenlee Partners, LLC
- John Bolger, Community Leader, Retired, Pennsylvania Bankers Association
- Peter Garland, Executive Vice Chancellor, Pennsylvania's State System of Higher Education

Staff

- Jennifer Hartman, President and CEO, Pennsylvania's State System of Higher Education Foundation
- Eileen Showers, Manager, Pennsylvania's State System of Higher Education Foundation

AGB Consultant

- Leonard Raley, AGB Senior Consultant

Sub-Committee Members

Becoming a High Value High Performing Foundation:

- Kelly Lieblein, Chair, Retired, Vice President of Strategies Accounts, High mark Blue Shield
- Barbara Bowker, Vice President of Marketing, PSECU
- Nathan Douty, Retired, Hershey Entertainment & Resorts
- Lynn Miller, Executive Vice President, Clinical Operations, Geisinger Health System

Sharing Our Story and Communicating:

- David Kerr, Chair, Executive Director, External Affairs, AT&T Services Inc.
- Marion Alexander, Community Leader
- Michael Gossert, Vice President, M&T Bank Middle Market Division
- John Havas, Esquire
- Matt Steck, Owner/Partner, Greenlee Partners, LLC

Aligning with the State System:

- Kim Lyttle, Chair, Senior Vice President, Government Banking, Huntington National Bank
- John Bolger, Community Leader, Retired, Pennsylvania Bankers Association
- Wayne Failor, Retired, Vice Chancellor for Administration and Finance, Pennsylvania's State System of Higher Education
- Peter Garland, Executive Vice Chancellor, Pennsylvania's State System of Higher Education

Mission Statement

The Foundation is responsible for securing and disbursing public and private funds that enhance and support the goals of the Board of Governors and Pennsylvania's State System of Higher Education.

In fulfillment of this mission, the Foundation seeks to provide the charitable aid in the form of monetary funding, property and services from individuals, public and corporate organizations that support our mission.

The Foundation conducts an active program of information, cultivation, and solicitation among individuals, corporations, foundations and public organizations. Board membership includes outstanding business, professional, and civic leaders from throughout the Commonwealth.

New Vision Statement

Our vision is to be a partner to Pennsylvania's State System of Higher Education by providing resources to impact student success, cultivating lifelong learning opportunities, strengthening our communities and better equipping the future workforce of the Commonwealth.

Five Year Strategic Plan: State System Foundation Strategic Plan Themes and Purpose Statements

I. Becoming a High Value, High Performing Foundation

According to AGB, the best board structures that foster good governance are those that do not have too many layers. The average board size for institutionally related foundations (IRFs) is 29, and 95% of them set terms for board members, with an average term of three years and a maximum of three terms.

The vast majority of funds raised by IRFs are restricted. The American Council on Education states that donors typically restrict their gifts to specific purposes such as establishing new scholarships, creating professorships or instituting new programs. Return on investment in fundraising can vary greatly depending upon the size and history of an organization. A generally accepted standard in the profession is that a full-time major gifts officer should raise seven to ten times their annual salary. Fundraising efforts today are enhanced by the use of technology and new levels of research that are possible.

The subcommittee addressed three questions during their deliberations. They include:

- What does success look like?
- How will the Foundation know if it is adding value?
- What would happen if the Foundation did not exist?

Ultimately, five goals were decided upon to support Becoming a High Value, High Performing Foundation. They are: Fundraising; Endowment; Investment Portfolio; Operations; and Governance.

Purpose Statement: Build and nurture the Foundation as a high value, high performing organization that advances the vision and mission of the State System through excellence in fundraising for the purpose of enhancing student persistence and success, meaningful donor stewardship, and passionate advocacy throughout the Commonwealth.

Goal 1: Fundraising

Increase fundraising by 10% or more annually, growing from \$705,000 in fiscal 2017 to \$1.13 million by fiscal 2022.

Goal 2: Endowment

Grow the endowment by 5% annually from \$1.13 million in fiscal 2017 to \$1.50 million in fiscal 2022. Increase the number of endowed scholarships from 44 in fiscal 2017 to 64 in fiscal 2022.

Goal 3: Investment Portfolio

Improve sustainability by managing investment strategies that grow the investment portfolio, which has increased at an average rate of 8% annually since fiscal year 2012.

Goal 4: Operations

Determine the optimal size of the board and staff to meet the performance needs and expectations of the State System.

Goal 5: Governance

Determine the optimal governance structure of the Foundation to effectively carry out its commitments.

II. Sharing Our Story and Communicating

The Foundation is regarded by many as a best kept secret and there is a desire to increase the visibility of its important work. This will be accomplished through various means including working closely with the State System Communications Office and seeking speaking opportunities for board members and the president of the Foundation.

The subcommittee discussed many questions including:

- What is the Foundation's current brand?
- What is the vision for the Foundation?
- Who are the Foundation's stakeholders?
- Who will tell the Foundation's story?
- How will the story be told?
- What is the potential power and use of social media?

Four goals are outlined in support of the theme: Sharing Our Story and Communicating. They are: Messaging, Branding and Tools; Sharing Our Story; Constituents/Sources of Giving; and Engaging Constituents to Share Story and Partner with the Foundation.

Purpose Statement: The State System Foundation shares its mission through strategic engagement and stories of success for the benefit of the students of the public university system.

Goal 1: Messaging, Branding and Tools

Define State System Foundation message, align its brand with the State System and develop tools for advocates to share with various constituents.

Goal 2: Sharing Our Story

Increase the number of donors by 10% a year, from 36 donors in fiscal 2017 to 55 in fiscal 2022.

Goal 3: Constituents/Sources of Giving

Grow the number of constituents and the amount of giving in order to increase revenue generated via philanthropy.

Goal 4: Engaging Constituents to Share Story and Partner with the Foundation

Increase the number of volunteers and opportunities to effectively share the Foundation's story.

III. Aligning with the State System

The Foundation has a strong relationship with the State System and it recognizes the importance of matching or aligning its goals to the State System strategic plan. It seeks to identify important, shared goals between the State System and the Foundation, including State System philanthropic priorities. Also, as a best practice, the Foundation will periodically review its memorandum of understanding (MOU) with the State System to determine if it needs to be updated to reflect changes regarding enhancement of the alignment. The subcommittee determined that it is important to continue to develop and enhance productive relationships that lead to the support and alignment of goals and needs of the System enterprise and university communities.

Two goals emerged from the planning process regarding the theme: Aligning with the State System. They are: State System Partnership; and Philanthropic Impact.

Purpose Statement: The Foundation is committed to exclusively supporting the mission and vision of Pennsylvania's State System of Higher Education and its constituent universities. Our focused fundraising and relationship building efforts will align with System priorities and needs.

Goal 1: State System Partnership

Focus fundraising efforts on State System needs and priorities, in particular, student success. Increase the number of scholarships available to rising juniors and seniors by 20% annually from 296 in fiscal 2017 to 613 in fiscal 2022.

Goal 2: Philanthropic Impact

Increase funding for all other scholarships, workforce development and system events by 50% in five years.

Conclusion

The Foundation looks forward to the opportunities that lie ahead to help grow philanthropic support for the State System. Executing, achieving and tracking the goals in this plan over the next five years will take this Foundation to a new level, fulfilling its vision to be a partner to Pennsylvania's State System of Higher Education.