

## Creating and Implementing Diverse Development Strategies to Support Extension Centers and Programs

### Abstract

Declining government funding for higher education requires colleges and universities to seek alternative revenue streams, including through philanthropic fund-raising. Extension-based subject matter centers and other programs can benefit from the thoughtful supplementation of traditional revenue sources with individual, corporate, and private foundation philanthropy. In this article, we examine funding strategies identified in existing Extension literature and then describe the development strategy created for the William D. Ruckelshaus Center as a case study, emphasizing the importance of strong board leadership and cultivation of a diverse mix of income streams.

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To meet 21st-century challenges, Extension leaders are developing new programs and structures. These innovations include subject matter centers, which serve as vehicles for applied multidisciplinary research and practice at universities (Bozeman & Boardman, 2003; Ikenberry & Friedman, 1972; Stahler & Tash, 1994). Extension subject matter centers emphasize time-bound, externally funded, deliverable-driven projects and teams engaging new stakeholders versus traditional county-office-based programs with dedicated staff, consistent activities and stakeholders, and longer-term, internal funding (Gaolach, Kern, & Sanders 2017). One such center is the William D. Ruckelshaus Center (Ruckelshaus Center), where parties involved in complex policy challenges use university expertise to develop and implement durable solutions collaboratively. The Ruckelshaus Center is a joint effort of Washington State University (WSU) and the University of Washington (UW). WSU Extension's Community and Economic Development Program hosts and administers the Ruckelshaus Center; at UW, the Evans School of Public Policy and Governance is the center's host (William D. Ruckelshaus Center, 2016).

For the Ruckelshaus Center and other Extension subject matter centers and programs, sustaining organizational

and program effectiveness requires generating external revenues. State investments in higher education have trended downward for the last three decades: The American Council on Education reported that the only two states "to maintain or increase their fiscal 1980 investment through 2011 [were] Wyoming (+2.3 percent) and North Dakota (+0.8 percent)" and that "all other states [had] reduced their support by anywhere from 14.8 percent to 69.4 percent between fiscal 1980 and fiscal 2011" (Mortenson, 2012, "The State Story," paras. 7–8). Extension programs face many challenges in sustaining funding for community projects, and with the decline in state funding, local fund-raising is one of the most important of those challenges (Carroll, Gross, & Leist, 2003).

This downward trend in state funding suggests that leaders of Extension programs and centers should establish and maintain alternative revenue channels (Hughes & Ledbetter, 2009; Jackson & Johnson, 1999; Stiehl, Bessey, & Schmall, 1992). Here, we review literature on how leaders (and staff) can create and implement diverse, sustainable development strategies to build a broad, resilient financial base. We illustrate these strategies through a case study of the Ruckelshaus Center, where staff have successfully created and implemented an external funding strategy. We suggest that the techniques described can be used to benefit other Extension subject matter centers as well as traditional county-based programs.

## **External Funding for Extension-Based Centers and Programs: A Review of the Literature**

Most existing literature on external funding for subject matter centers, Extension county programs, and universities and community colleges focuses on just a few isolated aspects of fund-raising (described below). Other articles advocate for diverse revenue streams but lack depth on how to create and implement broad, sustainable gift development strategies.

Various researchers have explored the idea of capitalizing on external funding sources. On the basis of surveys of Extension faculty and staff, Barth, Stryker, Arrington, and Syed (1999) identified principles for obtaining and managing revenue via grants, agency subcontracts, and user fees. Hachfeld (2014) noted the necessity of procuring alternative Extension program funds and offered the sponsorship model, a single-source funding focus whereby Extension programs are marketed not to participants but to potential sponsors. Tempel, Seiler, and Aldrich (2014) emphasized relationships, planning, and institutional readiness as keys to effectiveness. Brown, Otto, and Quart (2006) discussed Iowa State University Extension's funding model and strategies for recovering the costs incurred responding to private-good requests. Klingaman (2012) emphasized a results-driven approach for higher education development, and Drezner (2011) highlighted emerging areas of concentration for fund-raising in higher education, including nontraditional donors, women in philanthropy, donor motivation, engagement of new donors, and data collection by development offices. Davis et al. (2007) cited characteristics of fund-raising practices by successful 4-H foundations, highlighting the roles of staff resources, trustee involvement, and goal setting.

Additionally, several articles have addressed challenges related to external revenue sources. Barth et al. (1999) noted that alternative revenue generation could (a) influence the programming, mission, and focus of Extension; (b) be overlooked for inclusion as a responsibility listed in job descriptions; and/or (c) place additional demands on staff. They suggested strategies to minimize such potential negative effects (Barth et al., 1999). Jackson and Johnson (1999) also cautioned against potential influence from external funders, noting that community members might perceive and dislike such influence. Schmitt and Castleberry (2010) also discussed ethical dilemmas resulting from funding from external partners.

The literature raises questions and reasoning that might underpin a plan for external funding proposals (Hughes & Ledbetter, 2009). Although most articles tout a limited number of specific tactical fund-raising approaches, a few exceptions exist. Carroll et al. (2003) acknowledged that a diversified income base represents the most stable fiscal position for any organization. Angima, Etuk, and King (2014) noted that in the 21st-century economy, Extension funding efforts must transcend a specific issue, audience, or program and can benefit from a broad, inclusive strategy and the tapping of sources such as individual and corporate donors in addition to grants and contracts.

We seek to augment these tactical suggestions with a broad case study of the Ruckelshaus Center's approach. We emphasize the strength provided by a diverse array of funding sources and provide guidance for implementing each area of potential revenue generation.

## **Lessons Learned from Designing and Implementing the Ruckelshaus Center's Development Strategy**

At the Ruckelshaus Center's founding in 2004, those of us on the center's leadership team recognized that diverse funding could provide financial sustainability. To create a multifaceted funding strategy, we tapped university fund-raising expertise and recruited a development committee from philanthropically experienced members of the center's advisory board. Major elements of our strategy include (a) working to maintain university and legislative funding, (b) pursuing fee-for-service contracts, and (c) soliciting individual contributions from business and civic leaders (including advisory board members). This strategy can work for other Extension programs—especially if the aforementioned sources are complemented by other funding sources. Extension's in-the-community, trusted culture provides opportunities to establish relationships with multiple types of donors. Herein, we provide observations and suggestions on an array of funding sources Extension program leaders might incorporate into a customized, sustainable funding strategy.

### **Core Funding from Universities**

Core funding can be defined as a consistent dollar amount provided annually. Few university-based centers maintain success without core funding. Through legislative allocation, WSU and UW provide about 10% of the center's annual budget (Washington State University Budget Office, 2012). As the two universities have dealt with budget cuts, the center's leaders have worked to maintain this core by seeking opportunities to demonstrate to the governor, legislature, university leadership, and private sector leaders how investment in the center brings positive outcomes in the state and region.

### **Legislatively Funded Projects/Fee-for-Service Contracts**

The Ruckelshaus Center's experience shows that projects funded by state legislative funding and fee-for-service contracts can provide vital revenues for subject matter centers and other Extension programs. Since 2010, Ruckelshaus Center staff have secured more than 45 grants, contracts, or amendments worth millions of dollars. A portion goes to faculty, staff, and students at other university units, thereby extending the benefits of participating on center projects.

### **University Fund-Raising Assistance**

We worked with university fund-raising professionals and our development committee to develop fund-raising

strategies, targets, and timelines. University staff assist with donor research and cultivation, identification of charitable foundations worth approaching, donor stewardship strategies, and other services vital to developing and sustaining diverse revenue sources.

## **Advisory Board Leadership and Development Committee**

To generate external funding consistently, an Extension program or center needs influential advocates in the public, nonprofit, and private sectors. In these realms, an advisory board can play a crucial role in fund development. Board donations generate revenue and inspire other donors as board members represent a center's most informed and high-profile advocates. For these reasons, the Ruckelshaus Center's founders established an advisory board and recruited influential community leaders to serve on it. This board has no management or fiduciary responsibility but provides important program guidance and vital connections to public, private, and nongovernmental leaders. Such leaders often have capacity to make significant donations, and most recognize how much universities contribute to a region's quality of life.

### ***Board Giving—Lead and Annual Gifts***

Extension center and program leaders should approach potential board members in part on the basis of their capacity to donate, informing them that an annual gift is expected and urging them to make a significant initial or "lead" gift. Participation by every board member in annual giving is a metric potential funders use to gauge organizational leaders' commitment to a mission. We learned that if the expectation of making a gift each year is established early, it can be easily maintained. However, if board culture develops without that expectation, instituting it later can be challenging.

### ***Advisory Board Development Committee***

Targeting committed, connected, and resourceful board members, the center's board chair and director established a development committee to provide advice and connections. This committee's cochairs work with staff to encourage community members to donate and to communicate giving expectations to board members. Tools include an annual solicitation letter, follow-up emails, calls, and in-person meetings.

## **Major Donors and Corporate/Organizational Support**

### ***Major Donors***

An Extension center or program, assisted by a well-connected development committee, can benefit significantly from identifying, approaching, and securing contributions from individuals and/or businesses capable of major gifts (e.g., greater than \$1,000 per year). Likely donors possess four attributes:

- understanding of how university programs support quality of life,
- passion for civic and community vitality,
- financial resources to make a meaningful contribution, and
- a personal relationship with someone affiliated with the organization.

## ***Corporations and Organizations***

Businesses and governments benefit from demonstrating good citizenship. High-ranking individuals within these entities may value association with a state university that is showing positive program outcomes or may desire interaction with members of a center's or program's board. A membership arrangement can provide organizations contributing above a certain amount affiliation with a center and/or services such as on-demand consulting, strategic planning guidance, and facilitation services. This approach may not fit all programs; at the Ruckelshaus Center, we do not feel we can offer affiliation or service to only select members while maintaining the center's reputation for neutrality as entities not receiving such services could perceive such an arrangement as favoritism.

## ***Requests for Donations***

Advisory board members, who should believe in the mission of the center or program and have strong relationships within the community, can help identify individual or corporate donor prospects. Ideally, board members have strong enough connections to the Extension center or program, its founders, or its staff that they participate in "pitch meetings" with potential donors they know. Such relationship-based pitches are compelling and effective. Staff should provide talking points, case statements, correspondence, stories, and other support materials, with the director joining pitch meetings with major donors if possible. Combining board testimonials and staff descriptions of successes can prove inspiring, creating meaningful giving opportunities for donors.

Staff and committee members must steward major donors, inviting them to events (see the "Events" section below) and engaging them in other ways. For example, one engagement strategy involves establishing an affinity group, whereby donors (organizations or individuals) above a certain level receive recognition and get complementary entry to annual events. The Ruckelshaus Center's development committee established such a group for its major donors (\$1,000+) under the title "Chairman's Circle." From 2011 to 2016, development staff efforts grew the Chairman's Circle from six to 84 members.

## **Medium/Small Donors, Annual Fund-Raising Drives, and Lapsed Donors**

Extension center or program leaders, and their board members, can invite support from medium (\$100–\$500) and small (<\$100) donors annually via letter (and/or email), highlighting successes and encouraging individuals to "invest" in the work. Taylor and Anderson (2008) pointed out that individuals represent the largest source of charitable funding in the United States. Depending on circumstances, an annual giving campaign may add up to significant funding or may represent a lot of work for little gain. Even with modest returns, efforts with smaller donors can provide an important communications tool for reaching a larger circle of stakeholders and a way for anyone to connect to and support the Extension program. A center's mission and purpose and other revenue streams will dictate how much time and effort should be dedicated to smaller donors. Because it is not a "member" organization (as mentioned above), the Ruckelshaus Center does not focus on medium or small donors.

Annual solicitations can come from development committee chairs or the center or program director, and the development committee can help expand the pool of recipients. Additionally, university fund-raising staff might assist with donor research. Garecht (2013) articulated what to expect from direct mailings. To gain the best

possible returns, organizations must target the recipients of mailings carefully. They may consider purchasing mailing lists from like-minded organizations and tracking returns from each by using mailing codes and then reusing those that generate more donations. With a good list and a well-written letter, lapsed-donor mailings can be productive as well; someone who has given to an organization is likely to give again.

## Endowments

Leaders of the Ruckelshaus Center created an Endowment for Excellence. Annual expendables from the endowment balance combine with university core funding to provide financial stability. These funds allow us to respond swiftly and flexibly to emerging needs. To protect endowment funds from reallocation, an endowment agreement should state that expendables can fund only the work for which the principal was raised.

## Private Foundation Grants

Private foundations can provide vital support for Extension centers or programs. Soon after its founding, a program or center can qualify for start-up grants. Later, program or center leaders can apply for capacity-building grants and/or project support. Foundation relationships can last many years; our largest source of foundation support has lasted 8 years. However, it takes time to research, cultivate relationships with, apply to, and report to foundations, and they can lose interest or change priorities suddenly. University fund-raising staff can assist in identifying and cultivating foundation prospects.

Before developing and submitting a proposal, organizational leaders or staff should contact a foundation's program officer to ascertain whether the foundation will welcome a proposal along particular lines. A development committee can help build relationships with foundation trustees and program officers and work to identify a short list of foundations to target. The Ruckelshaus Center has raised approximately \$1.9 million from private foundations by applying for grants opportunistically while strategically leveraging board relationships.

## Events

Conducting effective events requires substantial staff time, an investment merited only after careful consideration and planning. Auctions, although popular among nonprofits, require immense board member commitment (to procure auction items and attendees) and staff time (to label, track, and fulfill auction items). Nonetheless, Extension programs and centers may gain from hosting targeted events for donors to raise money and to introduce the organization to new audiences.

We host an annual Chairman's Circle Luncheon featuring high-profile speakers secured through advisory board members' connections and an annual Statespersonship Luncheon featuring political leaders. These events bring direct and indirect returns. Since 2011, we have grown the Chairman's Circle Luncheon from 100 annual attendees to more than 300 by providing engaging dialogue on current, important topics and tapping advisory board members to solicit sponsorships and fill tables.

Extension center or program staff should look for opportunities to sponsor or cosponsor conferences, forums, or workshops presenting outreach, communication, marketing, and/or leveraging opportunities. We have introduced our work to new audiences by partnering with like-minded organizations to cosponsor events, and individuals from these audiences have joined the center's donor base over time.

## Messaging

Clear, compelling messages displayed consistently in regularly updated communications materials encourage philanthropic giving. The Ruckelshaus Center's printed and electronic materials focus on collaborative policy making that contributes to quality of life in the Pacific Northwest. Project stories are highlighted in case statements, letters, presentations, and proposals for implementing the fund-raising strategy.

Extension programs and centers may consider publishing a printed annual report augmented by periodic electronic newsletters outlining accomplishments. With donors of any level, this type of stewardship plays a central role in retaining support. For example, in a recent survey of 22,000 donors across the United States, a majority cited "achieving and communicating measurable results" as a major factor in maintaining their giving (Burk, 2011, p. 8). An online search for "basics of donor stewardship" returns myriad resources for ensuring that those who make donations feel a real relationship with a program or center and know that their giving makes a difference (e.g., Chisholm, 2013; Olsen, 2011). In today's information-rich environment, electronic communications should be short, contain pictures, and provide an easy way—and compelling reason—to donate.

## Requests for Proposals, Requests for Qualifications, and Other Competitive Grant Opportunities

Private firms, nonprofits, and some academic centers or programs regularly review and respond to requests for proposals, requests for qualifications, and/or grant opportunities from federal, state, tribal, and local agencies. Doing so can garner important funding. But monitoring and applying for these opportunities takes time, and it is difficult to determine the likelihood of success, or even whether the process is truly "open" (i.e., sometimes there is a preestablished frontrunner likely to receive the contract or award). Extension center and program personnel should give careful consideration to pursuing such opportunities. The Ruckelshaus Center does not typically respond to these competitive bids, both for the above reasons and because we do not want to compete with private and nongovernmental sector practitioners in our field. Doing so could generate ill will within that community; for programs whose effectiveness depends on partnerships and collaboration, such relational dynamics merit consideration.

## Conclusion

Though we tailored our center's development strategy to its particular situation and circumstances, many of its components can benefit other subject matter centers and Extension programs. Every situation is unique, and the tools we describe can be tailored to suit the needs of any Extension program. Whatever funding sources are most easily instituted after thoughtful analysis, the primary message is that the more diverse the array of funding sources a center or program has, the stronger its prospects for sustaining a healthy revenue base over time.

Although this article fills gaps in the literature about external fund-raising for Extension centers and programs, there is much more to explore. Professional fund-raising consultants are available for advice or assistance in crafting or implementing a broad and thoughtful development strategy. Additional, related research questions arising from this examination include these: (a) With what approaches have Extension centers and programs most successfully generated revenues? (b) What combinations of funding sources have proved most common? Most lucrative? Most sustainable? (c) How do Extension development strategies compare to nonprofit fund-raising? Answering such questions is a key to long-term sustainability of Extension endeavors.

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