

Developing Institutional Naming Policies | 12.13.2016

Vincent Duckworth

Leftover Questions & Attendee Chat

Attendees Issues/Challenges in Naming

- The University of Chicago: Tracking historical naming and keeping new naming in line with past practice
- University of Nevada, Reno: Consistency/policies.
- OCAD University: Internal Consistency and valuation
- Nova Southeastern University: we are dealing with the difference between naming a facility and naming a program
- Kendra Tircuit: Determining Value
- Frances Alonso, FIU: Raising minimum naming amounts
- Amy: Our college is only 11 years old so this is new territory for us.
- San Jose State University: We have policies I developed from the last time I saw this presentation, but want a refresher. Duration of namings; gift amounts are top of mind.
- University of Nevada, Reno: We also differentiate between honorific and directional.
- Louisiana State University: Consistent naming in spaces across campus.
- Red Deer College: We have institutional practices related to naming, however as we grow as an organization, we are looking at new policy considerations.
- UCF Foundation, Inc.: Term Limits?
- The University of Chicago: Signage appropriate to gift level
- George Washington University: Enforcing the policy; identifying prospects for the defined thresholds
- University of Colorado Boulder: how do you determine values long-term?
- Franklin & Marshall College: being clear about naming vs. recognizing
- Debra Christian: Use of digital displays
- Old Dominion University: who pays for signage?
- Mikela Bryant: Terms for naming; how long does it stay?
- Ball State University: Ways of determining ownership or decision-making between University, Trustees and Foundation?
- Franklin & Marshall College: what about when you change the name of a building that was named many years ago?
- Mary Carole Starke: consistency, level of gift, guidelines vs. policy
- Audrey Porsche: Balancing the amount required for naming opportunities in terms of capacity without giving anything away
- George Washington University: Looking for recommendations on how to value non-physical naming opportunities such as schools, centers, and institutes

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- Ball State University: Do you treat naming opportunities for individual donors differently from corporate donors?

Attendee Questions – and Answers

Q: We include the naming opportunity in the proposal - thoughts?

A: This is a common practice. We recommend as best practice to keep this inclusion as general as possible in the proposal. You will want to encourage ongoing discussions around recognition with the donor.

Q: How are high-tech spaces, like hospitals valued differently in terms of a percentage of building costs?

A: Generally speaking, the construction and outfitting costs address this. The costs to construct and equip a high-tech modern health facility are much higher than those to construct a classroom wing. Therefore, the baseline naming values are much higher for the health facility than for the classroom wing. Care should be taken to determine the baseline rate (total private sector fundraising / size of naming space in the entire facility) for the overall facility vs. trying to do this on a space by space basis. The baseline rate can then be applied to each space in the facility. It is important to strive for parity in naming values for like spaces within a specific facility even if the costs to equip these like spaces might be very different. For example, having two laboratories beside each other in a facility with one lab costing twice as much as the other to equip should, generally, not be valued higher than the one it is adjacent to.

Q: Kathryn Champion - we also include naming opps in a proposal as incentive

A: As above

Q: Even for private universities the building may have funding from government source or from another local partner.. this also complicates naming opportunities.

A: Agreed that private universities can and do receive funding from a government source (i.e. an NIH grant) however I have not found it to be a complicating factor if you remove government funding from the naming valuation formula. If I have misunderstood your comment, please send me a note directly at vincent@vitreogroup.ca.

Q: So where do you use the utility values?

A: To arrive a naming valuation, we typically multiply the base rate by both the utility and location values (indexes).

Q: How do you handle naming colleges/departments and the buildings in which they're housed for different donors? I.e., signage?

A: I need more information. Please email me at vincent@vitreogroup.ca.

Q: Using this formula, what is the value to name the entire building?

A: The formula shared during the presentation is ideal for individual spaces. It does not apply for naming a building. Typically, for public institutions, the value to name an entire building is in the range of 50% of the total private sector fundraising goal. For example, for a \$100 million building where \$70 million is coming from government sources and the remainder (\$30 million) is being raised through private sector fundraising, the standard value to name the building would be 50% of \$30 million. Specifically, the value to name the building would be approximately \$15 million. For private institutions where most of the \$100 million will be raised privately, this valuation formula often

produces a naming value that is too high (i.e. 50% of the fundraising goal would be \$50 million). In these cases, the value to name a building is typically closer to 30% - 40% of the cost (i.e. \$30 million to \$40 million in this example).

Q: Can you provide recommendations on how you would determine the value for naming a non-building project, such as naming a school, center, or institute?

A: Yes. I covered that later in the presentation. In summary, a good rule of thumb is to start with 3X the operational budget for a school or department. For a department with a \$5 million operating budget, a good place to start for the value to name (in perpetuity) is \$15 million. It is good practice to endow a significant portion (2/3) of this gift.

Q: How do add/value the Maintenance endowment

A: This is an excellent question. Best practice is to include the maintenance endowment as part of the fundraising goal *from the beginning*.

Q: Yes...ditto. What GW asked. We are finding a lot of grey area with program and non facility namings.

A: Yes, it is a very dynamic area. From our extensive environmental scans, and from good practice for long-duration namings, our advice, i.e. 3X operating, has proven to be very durable as a beginning point for valuation.

Q: Look at what you want your endowment for that program to cover as a percentage of cost -- 10%, 25%? Then target your naming gift at the amount that would provide yearly endowment for that budget support.

A: Thank you University of Chicago. Your comments echo the practical outcomes of many naming gifts in the market place. An interesting outcome if a naming gift is 3X operating and is 2/3 endowed is that the endowment income (at 5% return) is 10% of the operating budget annually. By way of example, for a \$30 million program (i.e. a medical school), a naming gift that is 3X operating would be \$90 million. If 2/3 (\$60 million) of this was endowed and it produced a 5% return annually, this return would be \$3 million (which is 10% of the current operating budget). Naming gifts, by their nature, are transformational gifts. As such, it is typical to see up to 1/3 of the gift made available to immediately transform the named program or school. Having an extra \$30 million in a single year when your budget is \$30 million allows for significant immediate transformation.

Q: Have you observed a drop in interest/perception of naming value of Libraries for donors?

A: I have seen the opposite. Libraries, on campus and off campus, have seen a resurgence in naming. I am talking about libraries with real books and I am also talking about digital libraries.

Q: Do you suggest calculate naming amounts for existing (not new) space in the same way? What about pre-existing spaces that are not being renovated or who's function is not changing?

A: This is such an important question. Almost all of those of us working in higher ed have this challenge. We have had excellent outcomes when we apply the valuation techniques, as described in the presentation, to existing inventory – with one important caveat. That caveat being that you need to assign a nominal fundraising goal to each existing facility. Even though you are not building new or renovating, you need to imagine that you are. Work with your capital planning folks on this exercise, and they will quickly be able to assign a value to build new or to renovate. Exit out typical government fractions (20% - 80% depending on your jurisdiction) and the rest of the formula works well.

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Q: In planning new building would you recommend inflating the end value to cover deferred maintenance?

A: Yes but I don't see this as 'inflating'. Consolidating future operating and maintenance costs into today's fundraising goal is good fiscal management.

Q: Interested in response to Ball State question.

A: Please see above.

Q: Yes, we are too. Please answer the Ball State question.

A: Please see above

Q: Interested in Ball State question as well

A: Always a hot question. Please see above.

Q: Are you basing these calculations off the assumption that the donation is going towards the cost of construction directly?

A: In general, yes. For new builds and renovations, I assume you are raising money for these explicitly (otherwise why do you need the money?).

Q: Thoughts on giving a donor physical recognition for a scholarship if it is above a certain level.

A: I am not entirely sure I understand the question but if you are asking if scholarships should be named, my answer is an unequivocal yes. Lower limits should be set. Oftentimes these levels are based on the minimum endowment value on your campus (\$10K sometimes, more often \$25K today). If I misunderstood the question, please email me at vincent@vitreogroup.ca.

Q: How do you determine the cost to name the entire building?

A: Please see previously (I believe this is a repeat question from University of Michigan)

Q: Are any excel templates available to begin creating naming opportunities document?

A: If you have some interest in having us develop some specific to your needs, please email me at vincent@vitreogroup.ca.

Q: we have been trying to include some wording in our naming agreements that a portion of the gift can be used to pay for signage. this has been helpful, especially for existing buildings.

C: That is good practice. Thank you for sharing.

Q: How do donors feel about that Nova Southeastern?

C: I love that this was used as an inter-participant chat conversation – a first and a welcome one.

Q: they have been okay about it.

C: As above.

Q: Can you address calculating the value of a Center or Institute? We have Centers that span clinical and research facilities?

A: They are treated like programs or schools. In my answer to University of Michigan previously, I address this in detail. In short, start with 3X the operating budget as an initial naming value.

Q: Are there different considerations for athletics?

A: The naming and valuation of athletics facilities depends very much on your jurisdiction and the importance of athletics to campus life. For example, Ohio State athletics is, arguably, a very important

aspect of institutional life; former Ohio State president E. Gordon Gee remarked that when he joined Brown University as its president after having served at Ohio State, "This is the first place I have worked where I make more than the football coach." Conversely, Harvard Yard, the academic green space at Harvard is deliberately larger than the football field. We have found that using our naming formula to provide a base value for naming is always the first place to start. We then can increase this valuation, often significantly, for athletic spaces at institutions where athletics is very important. Benchmarking (what are the values being used by peer institutions) can take on a much more significant role for athletic spaces as well.

Q: ViTréo Group provide benchmarking studies?

A: Yes, it is a critical component of any naming work that we do.

Q: We have a highly visible auditorium on campus that was named for a donor whose gift was never received. The naming happened 30 years ago. What issues should we keep in mind if we choose to rename the space?

A: This is not easy, mostly because of the elapsed time involved. Today, we try to not let this occur but, in almost every naming engagement we have been involved with, some form of this exists. We have had success with gathering a stakeholder group (staff, students, alumni, donor reps sometimes) to discuss the issues at stake. Getting a sense of the community temperature around a named space is very important. Simply renaming a space that has been around for 30 years without deep consultation can be seen as capricious or mercenary or both. Once you start having conversations, the community will likely begin to rally around your needs and offer some creative solutions on how to address your challenge. Feel free to email me for a longer conversation at vincent@vitreogroup.ca

Thank you all. It was great to spend time with you. Best wishes to all over the holidays and into 2017!