Organizational, Funding, and Governance Structures of Alumni Associations
Business Affairs Forum

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**1) Executive Overview**

### Key Observations

A decline in public expenditures on higher education drives closer alignment between institutions and alumni associations. Although most alumni associations maintain status as independent 501(c)(3) organizations, they are moving towards advancement models in which associations and institutions operate under a unified strategic plan to increase alumni engagement and philanthropic contribution to institutions.

Integration increases operational efficiency by leveraging institutional resources and reducing donor confusion; integrated associations receive greater financial support from institutions. Integrated associations gain access to resources through university contracts, and associations and institutions with a common objective eliminate duplicative fundraising efforts. Institutions increase financial support to integrated associations by up to 42 percent among those profiled. Disadvantages of integration include resistance to institutional dependency.

Independence relieves associations of institutional bureaucratic constraints and affords the freedom to determine actions without university input. Independent associations represent alumni’s interests to universities and advocate in state legislatures on behalf of institutions. Disadvantages of independence include institution employees’ hesitation to collaborate with association staff they perceive as “outsiders.”

Associations adopt free membership models to focus on alumni engagement rather than membership sales. Free membership models are best suited to interdependent or dependent associations at institutions with the capacity to contribute significant financial resources. Independent associations that have succeeded in engaging and growing membership under dues-payment models are unlikely to benefit from transition to free membership.

Independent boards lead alumni associations but fulfill an advisory rather than policy-making role in fully-integrated associations. Association board members participate in search committees and serve on institutional boards after completing association board terms. University board members hold seats on boards of integrated associations; association board members serve on university board committees. No contacts report formal interaction between association and foundation boards.

All associations supplement institutional contributions and membership dues; sources include affinity programs, income from investments, corporate sponsorship, and event fees.
2) Association Models

Organizational Structures

**Most Alumni Associations Maintain Separate Corporate Status**

Three profiled associations are 501(c)(3) not-for-profit organizations; only University D incorporates the alumni association into the institution as a division of the Office of Alumni Relations within the Department of University Advancement. Associations structured as corporate entities separate from institutions may maintain independent governing boards. This continues a historical tradition at University A’s alumni association; the Board of Directors also serves as a powerful tool for engaging alumni through the personal relationships of its members.

**Profiled Associations Trend towards Institutional Integration**

Associations can be categorized into three primary groups based on organization and relationship with institutions:

- **Independent**: association maintains separate corporate status, association staff are employed by association, association and institution operate under separate strategic plans
- **Interdependent**: association maintains separate corporate status but may also be considered a division of the institution, association staff are institution employees, association and institution have common strategic goal
- **Dependent**: association is fully integrated part of institution

**Institutional Integration across Profiled Associations**

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<thead>
<tr>
<th>Independent</th>
<th>Interdependent</th>
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<tbody>
<tr>
<td>University C</td>
<td>▪ Separate 501(c)(3) ▪ Most staff employed by General Alumni Association</td>
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<td>▪ Division of Office of Alumni Relations ▪ Staff employed by institution</td>
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**Independence Affords Freedom; Integration Provides Resources and Increased Efficiency**

A tradition of alumni self-governance fuels University C’s alumni association’s pride in its independence. Contacts emphasize the benefits independence affords to both the association and the institution; for example, the alumni association organizes prominent

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alumni to advocate in the institution’s interest in the state legislature in a manner that would not be permissible for the institution.

In addition to increased financial contribution from institutions, integrated alumni associations may enjoy inclusion in university fundraising campaigns, subsidized maintenance services and utilities, and greater access to campus resources.

**Association Independence**

**Benefits to Association**
- Associations are free from institutional bureaucratic restraints
- Alumni magazine journalism maintains greater credibility
- Members are more engaged as they must make deliberate choice to join

**Benefits to Institution**
- Associations act as independent bodies on behalf of institutions
- Institutions hold less financial responsibility for associations

**Association Integration**

**Benefits to Association**
- Associations receive greater financial support from institutions
- Association staff hold equal status to other employees, assuaging institutional employees’ hesitation to collaborate with “outsiders”
- Access to institutional infrastructure eliminates duplicative expenses

**Benefits to Institution**
- Common fundraising goal reduces confusion among donors and increases funding to institution from alumni engaged by the association
- Association assumes responsibility for functions within its area of expertise (e.g., registration for large events)

**Financial Constraints Drive Associations and Institutions Closer**

As funding from state appropriations and other public sources decrease, universities develop closer alignments with alumni associations. Even as associations maintain their 501(c)(3) status, they create strategic alignments with institutional leadership and development offices to increase alumni engagement and financial support for institutions. As associations move towards this advancement model, whereby institutions and associations collaboratively develop common objectives, historically independent alumni associations become more interdependent.  

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2) Ibid.

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**An Inevitable Transition**

“I don’t see how a large public institution with an independent alumni association that does not contribute directly to the philanthropic support of the university can avoid the transition to an advancement model. State support will only continue to decline, and institutions need associations’ help procuring financial support.”

- Forum Interview
Transition to Advancement Model at University A

University A’s alumni association recently underwent a five-year transition in which the historically independent association established closer ties to the institution. Changes include:

- Both entities now secure financial support for a common fund;
- Both entities utilize a consolidated database;
- Both entities operate under a unified strategy;
- The office of alumni giving moved under the purview of the alumni association;
- Association staff are now institutional employees.

Contacts report that the association’s importance and value to the university has increased significantly. To encourage support and build trust among members and staff, the association held town hall meetings, solicited input from employees and alumni, and kept stakeholders informed with timely emails after meetings and decisions.

All Institutions Maintain Connections with Associations through Alumni Relations Offices

Regardless of profiled associations’ degree of institutional integration, association directors or presidents also hold positions within institutional alumni relations offices and report to association governing boards and institutional presidents or senior administrators. Because of the association director’s dual accountability, University C and the University C General Alumni Association each contribute 50 percent of the salaries for the director and his or her assistant.

Some associations also provide services to alumni relations offices; the University C General Alumni Association manages all alumni records in a system that is also accessible to institution employees. The institution provides funding for eight association staff members to perform these duties, and the association interprets institutional funding as reimbursement for record-keeping services.

Separate Governing Boards Lead Most Associations

All profiled alumni associations maintain independent governing boards; the Board of Governors of the University D Alumni Association acts as an advisory council rather than as a fiduciary body. Large boards of alumni officially govern the associations at University C and University B (55 and 86 members, respectively), but smaller executive councils make most decisions. Boards meet twice annually on average; executive boards at some institutions meet quarterly.

The members of the Board of Directors of the University C General Alumni Association are presented on the following page as an example of board composition. The association’s independence results in the exclusion of a representative from institution’s board of trustees.
Limited Board Interaction Increases under Advancement Models

Interaction between association and institutional boards is largely limited to association board leaders’ participation in institutional search committees and member overlap. For example, the Past President of the University D Alumni Association is eligible and consistently nominated for a five-year term on the institution’s Board of Trustees.

In the past two years, the University A Alumni Association Board of Directors has reserved two seats for university representatives, and two members of the association board now sit on the advancement committee of the institution’s Board of Trustees. The President of the University B Alumni Association now sits on one of five committees on the institution’s Board of Trustees and attends Board meetings; this change was prompted by a desire to establish a formal role for the association on the institution’s board.
Association and Foundation Boards Do Not Interact Formally

Two profiled institutions have university foundations; contacts at both report no formal interaction between association and foundation boards. Administrators at University A intend to organize an annual meeting of the boards of the alumni association, institution, and university foundation.

Funding Models

Two Institutions Offer Free Membership to All Alumni

The University D Alumni Association transitioned to a free membership model in the early 1990s to offer membership benefits (e.g., special offers on insurance, career services, travel programs) to all alumni. University A’s Alumni Association implemented free membership in 2012 to shift employees’ focus from selling memberships to increasing alumni engagement.

Association Integration and Funding Models across Profiled Institutions

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Membership Dues Model | Free Membership Model

Institutions Gain Control under Free Membership Models

Institutions or university foundations often increase financial support to free membership associations to compensate for the loss of funding from dues. Increased financial support leads to closer ties and greater institutional control of associations; advancement models sometimes incorporate free membership as these ties already exist or are desired.

Advancement models do not necessitate free membership, however. University B has successfully maintained the largest dues-paying alumni association in the world, even as the institution and the alumni association have drawn closer and work towards common goals.

Institutions contemplating transition to a free membership model should consider the challenges and benefits of transition, as well as the association characteristics delineated on the following page.
Considerations for Transition to Free Membership

- Are membership sales efforts detracting from the association’s ability to engage alumni and secure financial support?
- Is the association struggling to grow membership?
- Is the association willing and able to cede autonomy and increase collaboration with the institution?
- Is the institution capable of replacing lost funding from membership dues?

If you answered YES to most of the above questions, a free membership model may be appropriate for your association.

Free membership models relieve alumni association employees of membership sales responsibilities, allowing for increased focus on alumni engagement and more effective fundraising. Contacts also cite the ability to offer membership benefits to all alumni as a primary advantage to this model.

If you answered NO to most of the above questions, your association may not be well-suited for a free membership model.

The inherent gain in institutional control over free membership associations may cause conflict in traditionally independent associations. Common motivations for pursuing a free membership model include difficulty growing memberships and engaging alumni under a dues-payment model; in the absence of these challenges, the benefits of a free membership model may not be worth the institution’s additional investment of resources.

Transition to Free Membership at University A

As part of its transition to an advancement model, University A’s alumni association eliminated membership dues and adopted a free membership model. The association, which received no institutional funding prior to this transition, now offers a tiered membership structure. While all alumni enjoy free association membership, those who contribute $75 annually to an institutional department receive additional membership benefits (e.g., eligibility for bowl tickets and golf course membership, a print version of the alumni magazine, access to the online classmate search); pre-existing lifetime members also receive these benefits. Since implementation eight months ago, 10,000 alumni have made these $75 donations to become “sustaining members.”
All Institutions Seek Additional Funding Sources

Regardless of funding model, all profiled institutions receive funds from sources in addition to institutions and membership dues. Common funding sources include affinity programs (e.g., credit cards), corporate sponsorships, income from endowments and other investments, and registration fees from association events.

An approximate breakdown of profiled associations’ funding sources is presented below.

Association Funding Sources across Profiled Institutions

*At University C, this includes income from the association’s lifetime membership endowment fund. All lifetime member dues are placed immediately into this fund; interest is used towards the association’s operating costs.
3) Research Methodology

Leadership at a member institution approached the Forum with the following questions:

- What are the various organizational models for alumni associations? What are the advantages and disadvantages of each?
- How are alumni associations governed? How do alumni association boards interact with institution and foundation boards?
- What is the relationship between alumni associations, institutions, and foundations under each model?
- How are alumni associations funded? Do associations offer graduates free membership? What are the advantages and disadvantages of each funding model?
- What motivates alumni associations to change organizational or funding models? How are these decisions made, and how are changes implemented? What outcomes do associations experience after restructuring?

The Forum consulted the following sources for this report:

- Advisory Board’s internal and online research libraries (eab.com)
- National Center for Education Statistics (NCES) (http://nces.ed.gov/)
- Institutional websites
The Forum interviewed alumni association administrators at four public institutions.

### A Guide to Institutions Profiled in this Brief

<table>
<thead>
<tr>
<th>Institution</th>
<th>Location</th>
<th>Approximate Institutional Enrollment (Undergraduate/Total)</th>
<th>Classification</th>
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</thead>
<tbody>
<tr>
<td>University A</td>
<td>Midwest (Large City)</td>
<td>43,000/57,000</td>
<td>Research Universities (very high research activity)</td>
</tr>
<tr>
<td>University B</td>
<td>Mid-Atlantic (Small City)</td>
<td>39,000/45,500</td>
<td>Research Universities (very high research activity)</td>
</tr>
<tr>
<td>University C</td>
<td>South (Small City)</td>
<td>18,500/29,000</td>
<td>Research Universities (very high research activity)</td>
</tr>
<tr>
<td>University D</td>
<td>Pacific West (Large City)</td>
<td>17,500/38,000</td>
<td>Research Universities (very high research activity)</td>
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