



Pergamon

Economics of Education Review 22 (2003) 109–120

Economics of  
Education Review

www.elsevier.com/locate/econedurev

# Alumni giving to elite private colleges and universities

C.T. Clotfelter \*

*Terry Sanford Institute of Public Policy, Duke University, Box 90245, Durham, NC 27708-0245, USA*

Received 19 April 2001; accepted 3 January 2002

## Abstract

This paper examines patterns of alumni giving, using data on two cohorts of former students from a sample of private colleges and universities. Higher levels of contributions are associated with higher income, whether or not the person graduated from the institution where he or she first attended college, and the degree of satisfaction with his or her undergraduate experience. Their satisfaction in turn was a function of particular aspects of that experience, including whether there was someone who took a special interest when he or she was enrolled there. Among the more recent cohort of graduates, those who had received need-based aid tended to give less and those who were related to former alumni tended to give more.

© 2002 Elsevier Science Ltd. All rights reserved.

*JEL classification:* I21

*Keywords:* Educational economics; Educational finance

## 1. Introduction

In the sizable empirical literature on the economics of charitable giving, most studies have examined the importance of income and tax deductibility on total contributions. Owing to the widespread use of tax return data, few studies have examined particular kinds of giving.<sup>1</sup> Nor is it common for these studies to examine any aspects of the connection of the donor to the donee institution. Yet the sociological literature on giving behavior suggests that such personal connections are quite important in determining the pattern and amount of indi-

vidual giving, particularly for the affluent.<sup>2</sup> The current paper utilizes a new data set that makes it possible to examine in more detail one category of charitable giving: the donations of alumni to highly selective private colleges and universities. Although the data do not offer the income and tax detail found in most studies of total contributions, they do provide an unusually rich description of personal connections between donor and donee organization and thus offer new insights on the economics of charitable giving. And, in light of the growing importance of private donations to colleges and universities, the findings are of special importance for higher education in general.

The data are based on the College and Beyond survey, which collected information for three cohorts of individuals who enrolled in a sample of 34 colleges and univer-

\* Tel.: +1-919-613-7361; fax: +1-919-681-8288.

*E-mail address:* charles.clotfelter@duke.edu (C.T. Clotfelter).

<sup>1</sup> For references to this literature, see, for example, Clotfelter (1985). Three exceptions, cited in Clotfelter (1985, Table 2.14, p. 65), cover religious organizations, educational institutions, and health and welfare organizations. See also Kingma (1989) on contributions to public radio.

<sup>2</sup> See, for example, Schervish and Havens (1997). Drawing on the same theme, economist Rose-Ackerman (1996, p. 714) notes the high proportion of contributions to organizations to which donors have close personal ties.

sities in 1951, 1976, and 1989.<sup>3</sup> These individuals were surveyed in 1995 and 1996 and were asked questions covering both their college experience and aspects of their current situation. For a subset of 14 of these institutions (all of them private and most of them quite selective), data were collected from the institution's own administrative files on each person's contributions for a number of years. Although not all of the individuals in this resulting sample graduated from these colleges and universities, the vast majority did, and so they are referred to throughout the paper as alumni.

The resulting data set provides an excellent opportunity not only to supplement our knowledge about the factors that affect charitable giving but also to provide insight into what has become a significant source of revenue for private colleges and universities. In the 1999/2000 academic year, alumni contributed \$4.0 billion to 566 private institutions, representing 8.6% of those institutions' educational and general expenditures (Morgan & Kaplan, 2001, pp. 38–39). And, in light of the decade-long increases in stock prices and the success of university capital campaigns, despite recent reversals, the portion of total income from donations seems likely to grow. Indeed, donations assume a prominent role in Winston's (1999) analysis of finance and market competition in higher education, providing a crucial source of funding for the substantial subsidies to students, particularly at elite institutions. Writes Winston, "The bottom line for any school is its access to the donative wealth that buys quality and position" (p. 30).

The College and Beyond data make it possible to explore the connection between an individual's experience with the institution—in this case, largely the experience of having been a student—and subsequent giving behavior. Analyzed in cross-section equations, the data set offers several possible measures of student experience to use in answering this question. It also affords an opportunity to examine two very pragmatic questions. One issue that has elicited increasing hand-wringing at private institutions is whether those who accumulate debt from student loans will be less likely to make contributions once they graduate, or whether those who receive financial aid will be more generous in the future, in recognition of the financial assistance they received as students. A related issue applies to the preference in admissions commonly accorded to the sons and daughters of alumni. Private institutions may be interested in knowing how these so-called legacies will behave once they become alumni. Although private institutions have, and continue to show, a preference for children of alumni, there is evidence that this and other non-meritocratic cri-

teria may have become less important over time.<sup>4</sup> If this is so, and if it implies a shift in the affluence of students attending private institutions, such changes in admissions policies could have long-term implications for alumni giving.

Because it tracks donations over a number of years, the present data set also makes it possible to examine the effect of factors that may influence changes over time in giving, such as variation in the average tax price of giving caused by changes in the tax law and the performance of the stock market. A third possible temporal effect arises from the common practice among many institutions to place special emphasis on reunion years—those divisible by five.

To provide a background for the present analysis, Section 2 of the paper reviews some of the existing literature regarding alumni giving. Section 3 describes the data set and the definitions of some of the variables used. Section 4 describes regression analysis of alumni satisfaction with their undergraduate college experiences and giving over a five-year period. Section 5 takes advantage of the annual data on gifts by individual alumni to explore the implications for timing of gifts and the effect of changes in stock prices. The concluding section summarizes the findings and notes questions that are not addressed in the paper.

## 2. Research on alumni giving

Studies of giving by alumni constitute a proper subset of a much larger economic literature on charitable giving. Prominent among the general explanations offered for the apparently anomalous act of giving money away include these: donors give because they care about the well-being of recipients (e.g., Becker, 1974); contributions are merely a payment for recognition and organized flattery (e.g., Yoo & Harrison, 1989); donors derive utility from the act of giving itself (e.g., Andreoni, 1990); donors give in response to social pressure (e.g., Keating, Pitts, & Appel, 1981); and giving is motivated by commitment, not utility maximization (Sen, 1978). For the most part, theoretical perspectives such as these are fully consistent with neoclassical models of consumer behavior. Just as empirical demand studies uncover conventional income and price effects for products that may be valued for complex and deeply psychological reasons, empirical work has demonstrated that charitable giving is also sensitive to variations in price and income, in addition to other, more particular factors.

More than a few of the empirical studies of charitable giving have focused on alumni contributions to colleges

<sup>3</sup> See Bowen and Bok (1998, Appendix A) for a description of the survey.

<sup>4</sup> See Cook and Frank (1993).

متن کامل مقاله

دریافت فوری ←

**ISI**Articles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات