

# Impact of Recent Events on Development Programs, Staffing and Budget Decisions: Australia and New Zealand Schools

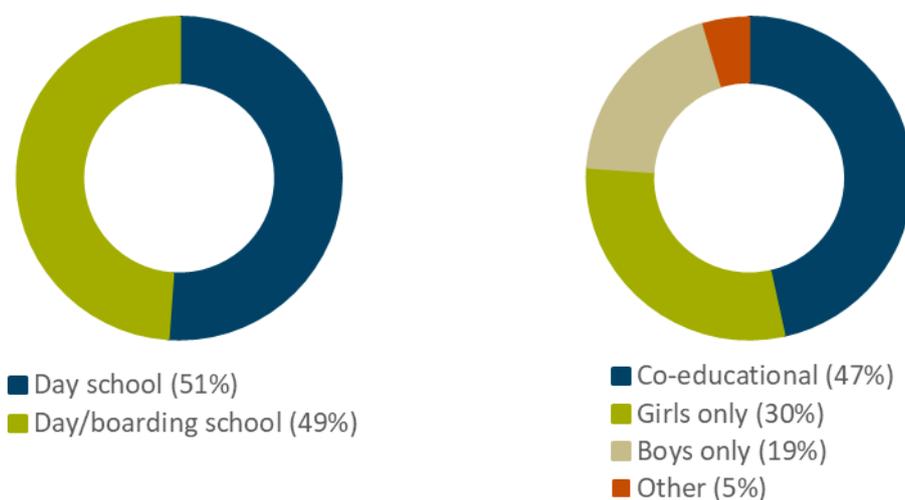
September 2020

# A Survey of How Recent Events Have Impacted Independent School Development Programs, Staffing and Budget Decisions in Australia and New Zealand

As we begin to emerge from the immediate effects of the horrific drought, bushfires and COVID-19 virus pandemic, independent school development teams face operational and financial challenges. Marts & Lundy and Educate Plus developed a brief survey to learn about how recent events have impacted programs, communications, staffing and budget decisions across school development teams. The survey asked participants to report on and categorise their activities, results and adjustments, based on institutional plans as of July 2020.

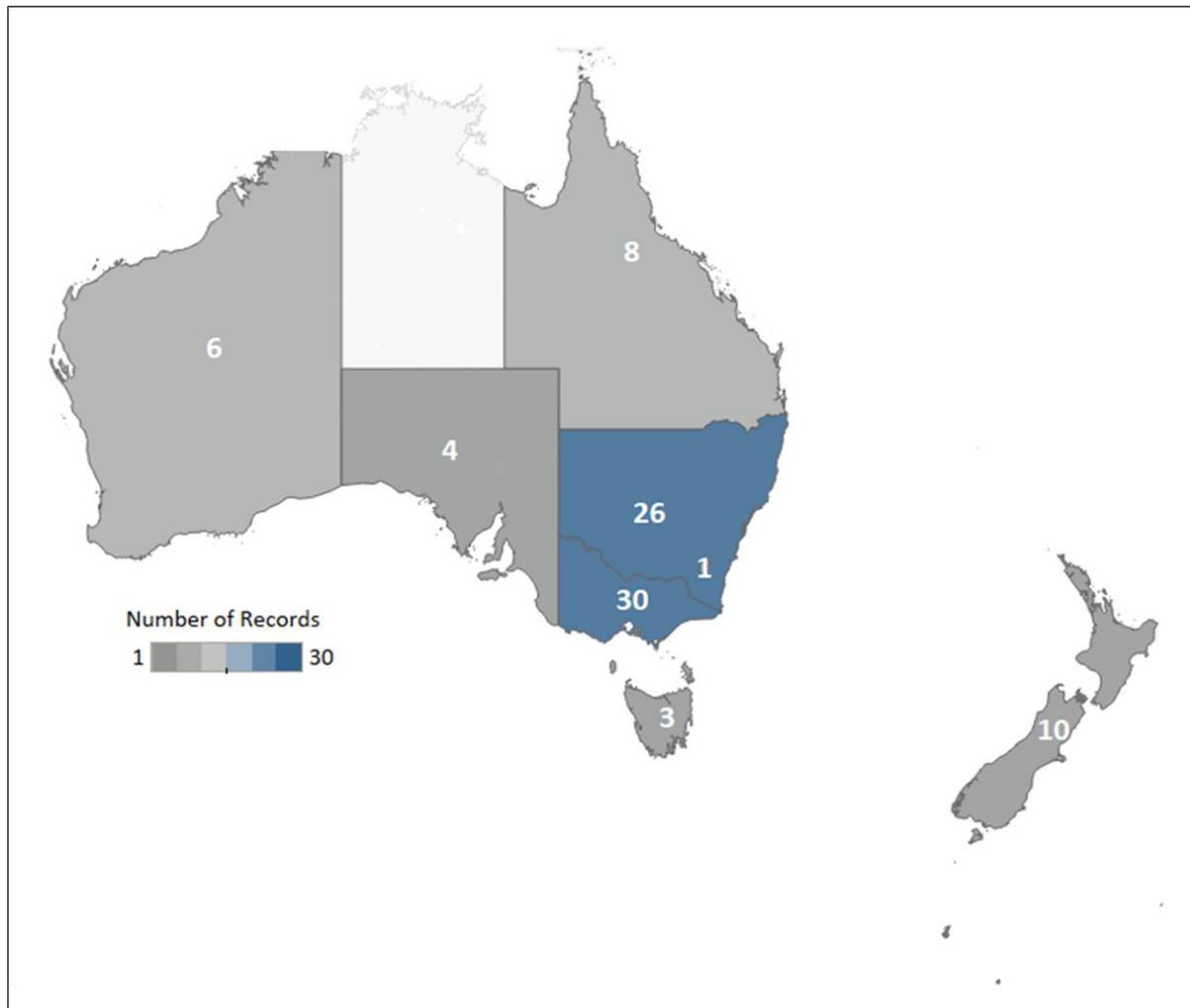
## Respondents by School Type

A total of 88 schools participated in the survey: 51% day schools and 49% day/boarding schools. Nearly half of respondents are co-educational schools. (Note: The data from two University residential colleges who responded has been included in and reported on in the separate higher education survey.)



## Respondents by Location

Eighty-nine percent of respondents are located in Australia, while 11% are in New Zealand. Seven Australian states and territories are represented.



## Summary of Findings

### **Schools are adapting their communications outreach and Case for Support in response to recent events.**

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Schools have adapted their outreach via a variety of methods, including an increase in virtual meetings for selected groups, personalised written communication, stewardship calls, pre-recorded video messages and phone calls to donors. In addition, more than half of schools have reduced general printed materials. Two-thirds of schools have increased the emphasis on financial aid for currently enrolled students in their Case for Support.

Most schools have been able to provide some financial assistance for current students and families impacted by COVID-19 (via their endowment and/or other giving sources). Day/boarding schools have been most likely to be able to provide such assistance.

### **Expectations are low for 2020 philanthropic income, but the 2021 outlook is more positive.**

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On average, schools experienced an 8% *decrease* in philanthropic income from January to 30 June 2020, compared to the same timeframe last year. Day/boarding schools saw an average 2% *increase* in philanthropic income, while day schools experienced an average 20% *decrease*. Only 18% of schools anticipate an *increase* in total fundraising revenue in 2020, with 43% expecting a *decrease*. Given these fluctuations, more than half of schools are adjusting 2020 philanthropic financial targets. Most schools are making those adjustments by program or by overall percentage.

The outlook is more positive for 2021, with 40% of schools anticipating an *increase* and 21% expecting a *decrease* in philanthropic income. Less than one-third of schools plan to adjust 2021 fundraising targets, while most remain undecided at this time. Of those planning to make adjustments, the most common modification is decreasing dollars raised. Most schools plan to focus 2021 fundraising on scholarship or bursary support for future students (60%), capital works projects (51%) or financial assistance for current students (36%).

### **Schools are carrying on with their annual fund but have amended their approaches.**

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More than half of schools have *not* suspended their normal annual fund appeal due to the pandemic, and this finding was consistent across school types. Most schools are conducting an amended annual fund program this year, including a current student fee assistance type appeal ask.

### **Nearly half of Development Offices are sticking with existing KPIs.**

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Nearly half of schools have *not* instituted any new fundraising KPIs as a result of COVID-19, and results were consistent across school types. Those that have introduced new KPIs are most likely to focus on portfolio review/cleanup and/or stewardship of major gift prospects.

### **Most development budgets are stable for the next 12 months but those expecting reductions are faced with steep cuts.**

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Approximately half of schools anticipate being able to maintain their Development Office budget as is for the next 12 months. Forty percent of schools anticipate budget reductions over the same time period. Results were similar across school types.

Schools alerted to budget reductions have been asked to make an average 23% decrease. Day schools are facing an average 28% decrease and day/boarding schools an average 21% decrease.

More than half of schools are most likely to cut program expenses as a result of budget reductions, while only 6% anticipate needing to cut program expenses and staff and 3% staff only. Nearly forty percent of schools have not yet determined what their changes will include. Event programs and domestic travel are most likely to be impacted by budget reductions, followed by conferences and professional development.

### **More than half of school development teams have been able to maintain staffing levels – no reductions or freezes – thus far.**

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Most school development teams (61%) have faced no staffing reductions or freezes, but 20% have placed a hiring freeze for new positions. The majority of teams are already back in the office in person. Only 3% anticipate a return to be delayed until the new year and 13% do not yet know when their return will take place. More day/boarding school development teams are already back than day schools. Ten percent of day/boarding school teams never left the in-person environment. (Note: This information was correct at the time of the survey, which was conducted in mid to late July before the Stage Four lockdowns in Victoria.)

### **Recent events have presented opportunities to modify engagement approaches.**

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Many schools see upsides or potential opportunities created by the pandemic. These include trying new engagement and fundraising approaches and effectively delivering digital communication and online engagement.

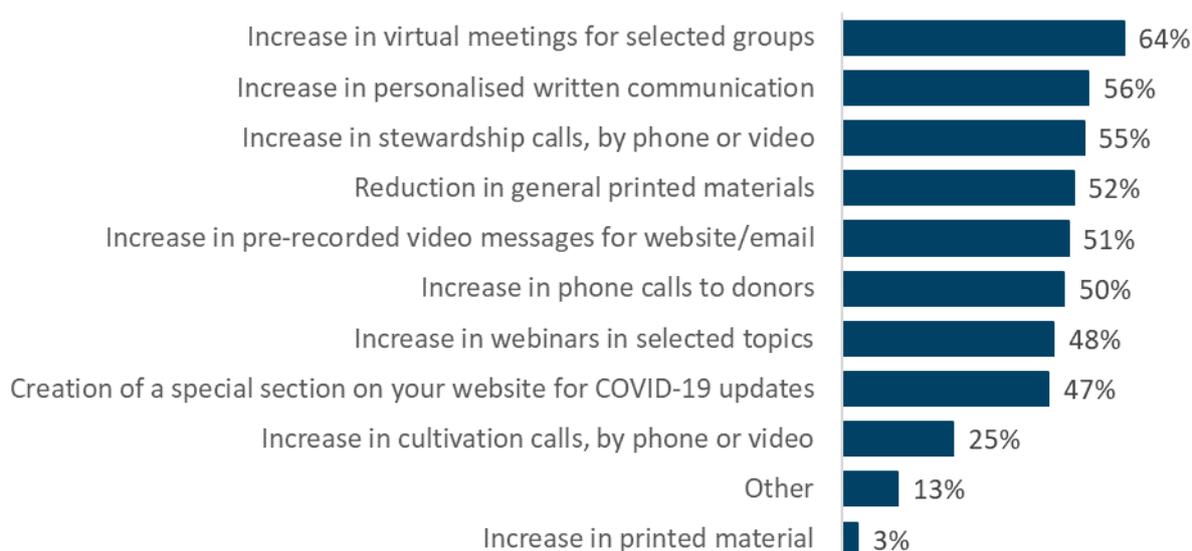
## Detailed Findings and Analysis

All figures are rounded. When a school did not provide a response to a question, its nonresponse is excluded from the findings.

### Schools are adapting their communications outreach and Case for Support in response to recent events.

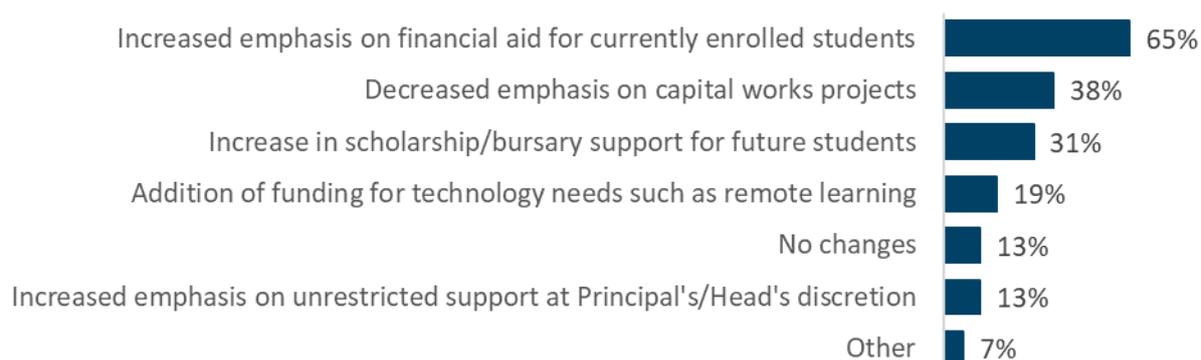
Schools have adapted their outreach via a variety of methods, including an increase in virtual meetings for selected groups (64%), personalised written communication (56%), stewardship calls (55%), pre-recorded video messages (51%) and phone calls to donors (50%). In addition, more than half of schools (52%) have reduced general printed materials.

How have you adapted your communications' outreach during the COVID-19 pandemic?

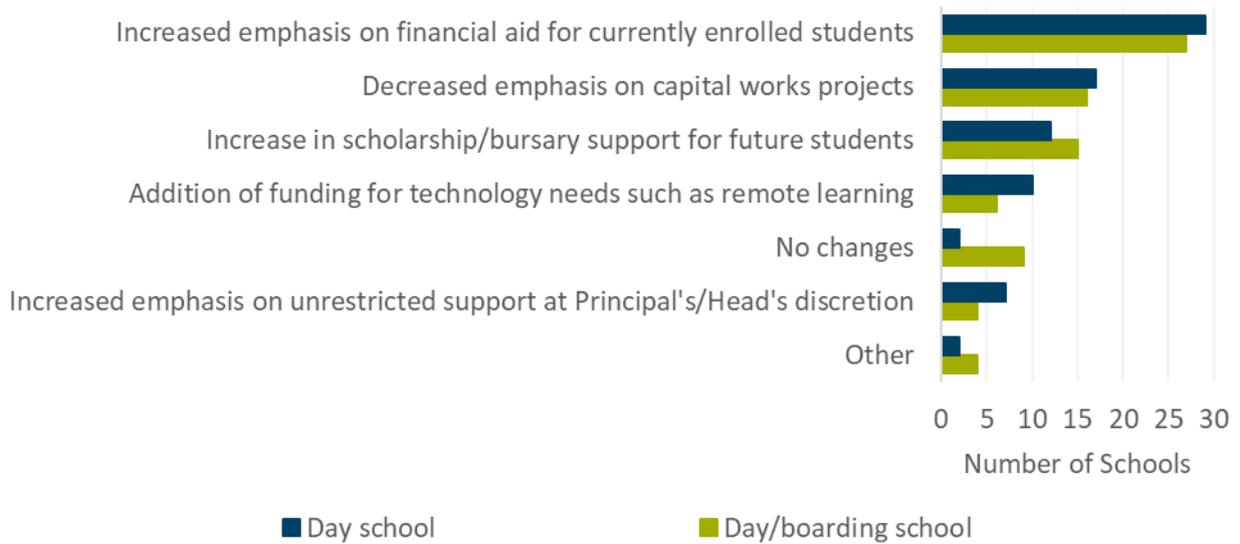


Most schools (65%) have increased the emphasis on financial aid for currently enrolled students in their Case for Support.

How has your Case for Support changed in response to recent events? (select all that apply)



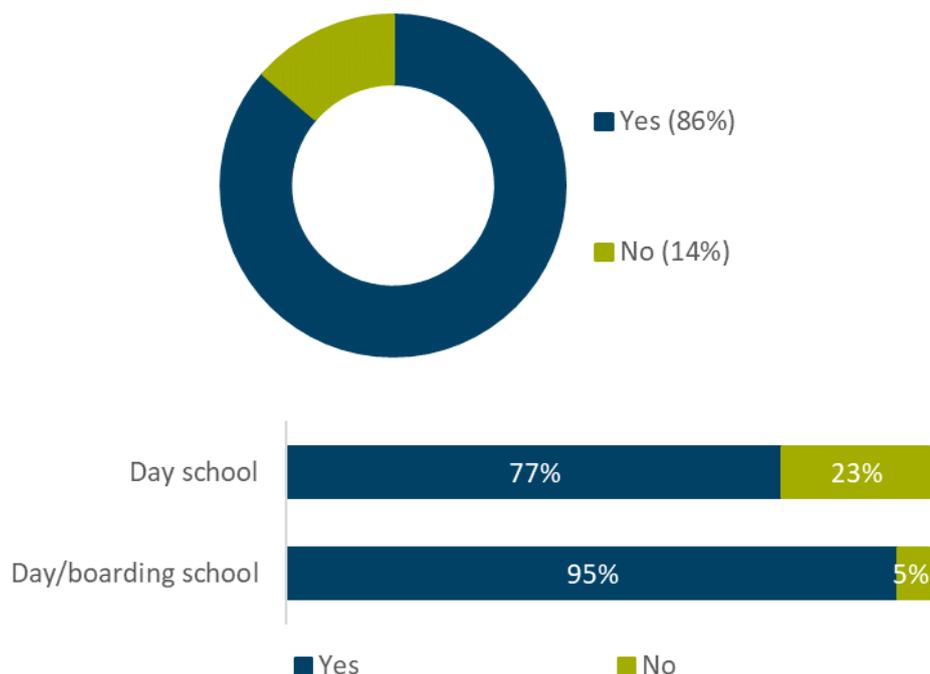
## A Marts & Lundy and Educate Plus Special Report



Seventy-eight percent of US schools have placed an increased emphasis on financial aid, and 56% have increased the importance of unrestricted support in their Case for Support.

Most schools (86%) have been able to provide some financial assistance for current students and families impacted by COVID-19 (via their endowment and/or other giving sources). Day/boarding schools have been more likely to be able to provide such assistance.

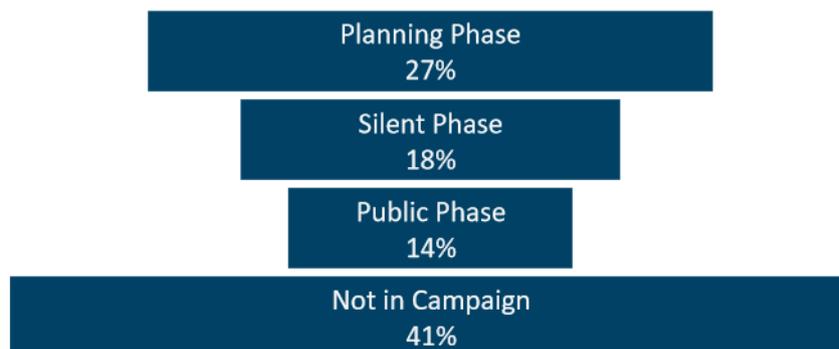
Have you been able to provide some financial assistance for current students and families impacted by COVID-19 from your endowment and/or other giving sources?



**Expectations are low for 2020 philanthropic income, but the 2021 outlook is more positive.**

More than half of schools (59%) are in campaign mode, with only 14% in the public phase of their campaign.

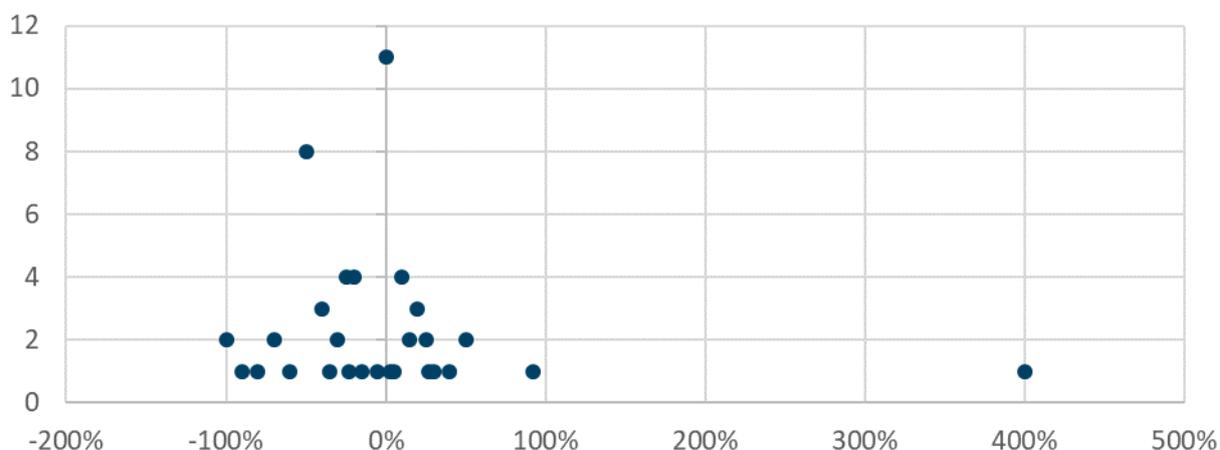
Is your school currently in Campaign mode?



On average, schools experienced a 7% decrease in philanthropic income from January to 30 June 2020, compared to the same timeframe last year. Day/boarding schools saw an average 2% increase in philanthropic income, while day schools experienced an average 20% decrease.

Overall, approximately what % increase or decrease has your institution experienced in philanthropic income from January to 30 June 2020, compared with this time last year?

**All**  
 Range: 100% decrease to 400% increase  
 Average: 8% decrease  
 Median: 5% decrease



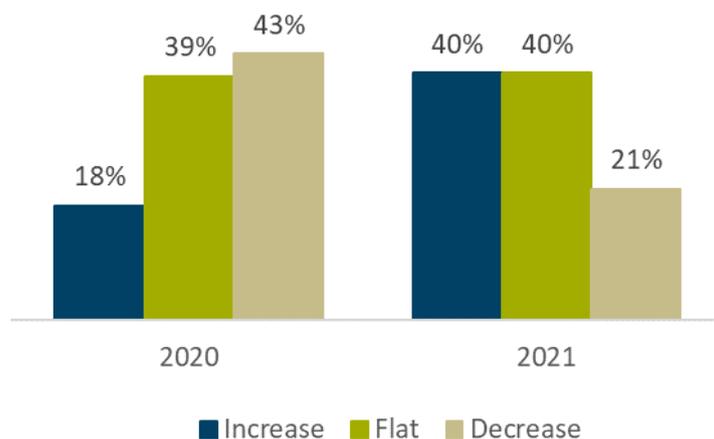
**Day school**  
 Range: 100% decrease to 40% increase  
 Average: 20% decrease  
 Median: 23% decrease

**Day/boarding school**  
 Range: 100% decrease to 400% increase  
 Average: 2% increase  
 Median: 0%

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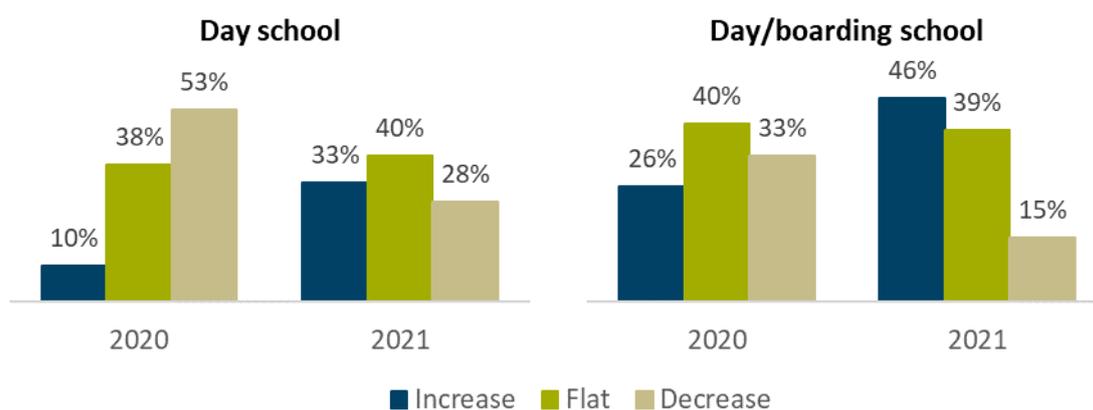
Only 18% of schools anticipate an *increase* in total fundraising revenue in 2020, with 43% expecting a *decrease*. The outlook is more positive for 2021, with 40% of schools anticipating an *increase* and 21% expecting a *decrease*.

What do you anticipate will happen to your total fundraising revenue in 2020 and 2021?



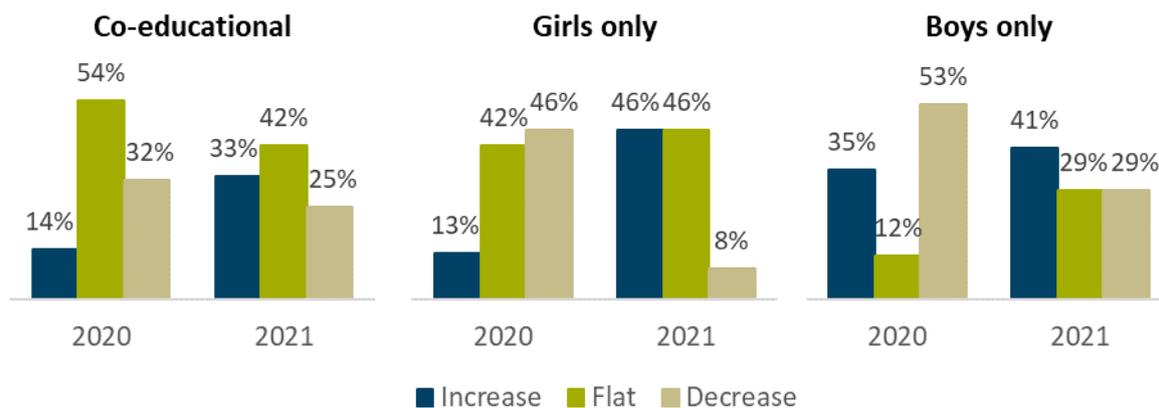
Acknowledging that fiscal years are different between the countries, 34% of US schools saw a decrease in FY20 total gift revenues, and 53% expect a decrease in FY21. (US fiscal year is typically 1 July-30 June.)

While approximately 40% of day and day/boarding schools expect total fundraising revenue to remain *flat* in 2020 and 2021, more day/boarding schools are expecting *increases* than day schools.



Boys' schools are more than twice as likely to expect an *increase* in 2020 total fundraising revenue. Girls' schools are three times less likely to anticipate a *decrease* in 2021 total fundraising revenue.

## A Marts & Lundy and Educate Plus Special Report

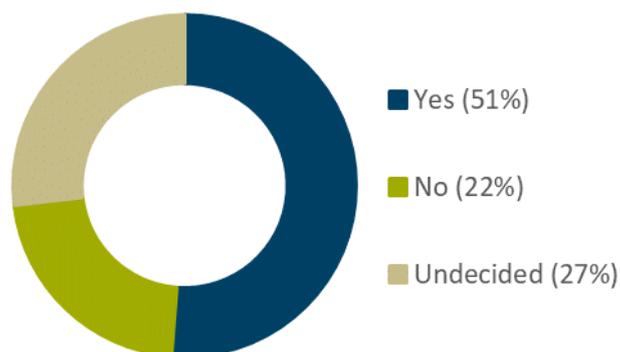


Most New Zealand schools expect total fundraising revenue to remain *flat* in 2020 and 2021. While half of New South Wales and Victorian schools anticipate a *decrease* in 2020 total fundraising revenue, nearly half (44%) expect an *increase* in 2021.

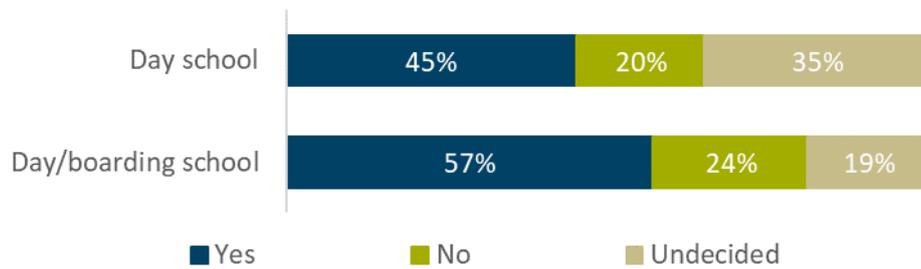


More than half of schools (51%) are adjusting 2020 philanthropic financial targets, given the impact of COVID-19 on their operation. Most schools are making those adjustments by program (39%) or by overall percentage (32%), and all school types are adjusting by similar means.

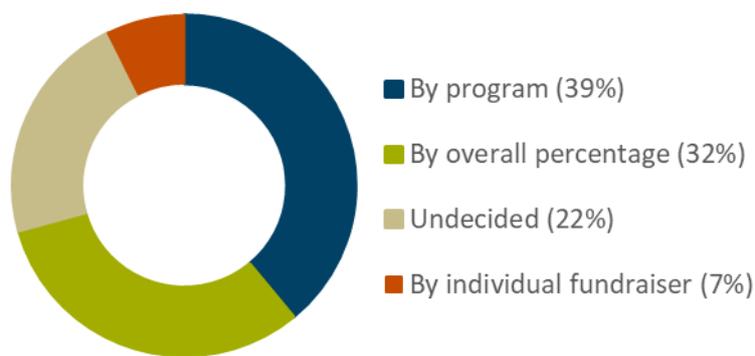
Are you adjusting this year's (2020) philanthropic financial targets given the impact of COVID-19 on your fundraising operation?



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### How are you adjusting 2020 fundraising targets?

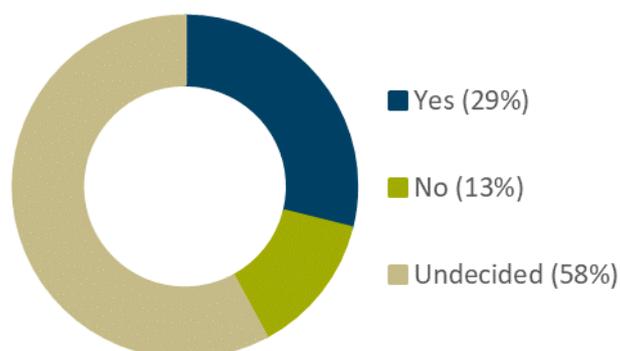


Forty-five percent of US schools adjusted FY20 fundraising targets. Most schools made those adjustments by individual fundraiser (31%) or by overall percentage (26%).

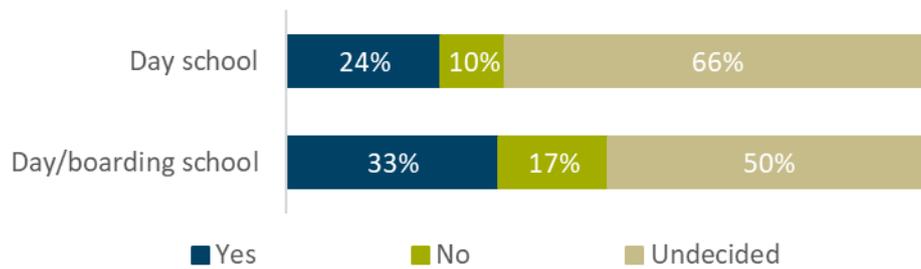
Fifty-seven percent of Canadian schools adjusted FY20 fundraising targets. Most schools made those adjustments by overall percentage (47%).

Less than one-third of schools plan to adjust 2021 fundraising targets, while most (58%) remain undecided at this time. Of those planning to make adjustments, the most common modification is decreasing dollars raised (46%).

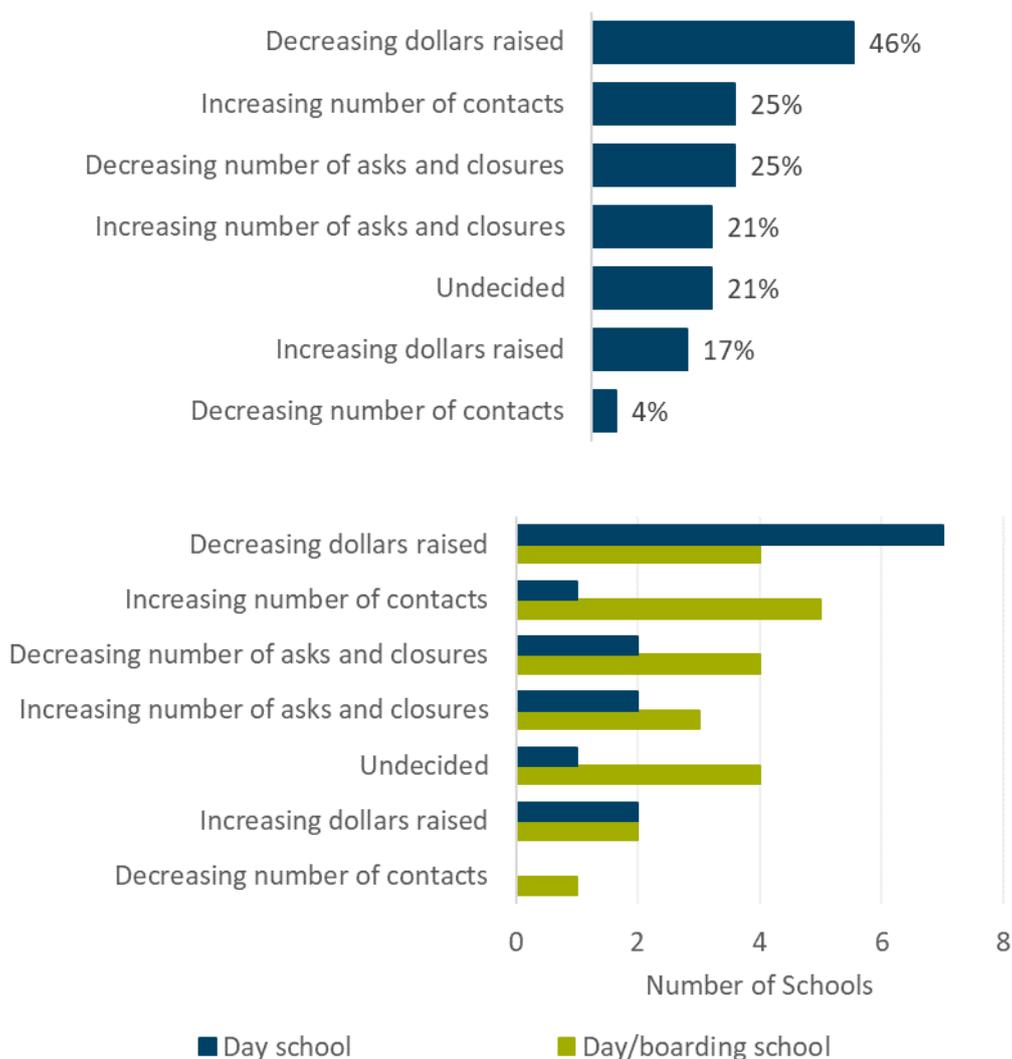
### Are you planning to adjust next year's (2021) fundraising targets?



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How are you specifically planning to adjust 2021 fundraising targets? (select all that apply)



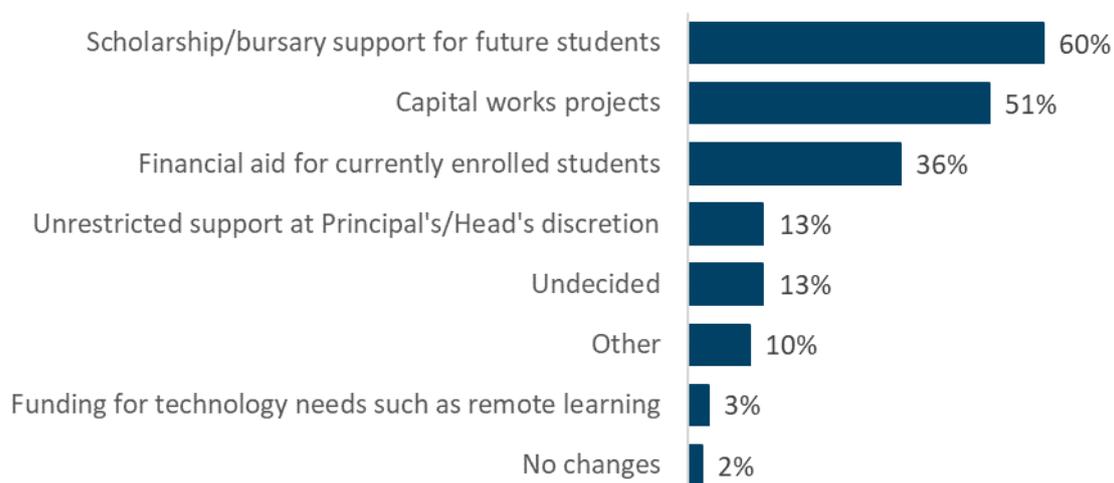
Twenty-eight percent of US schools anticipated adjustments to FY21 fundraising targets. Of those planning to make adjustments, the most common modification was decreasing dollars raised (63%).

Forty-three percent of Canadian school anticipated adjustments to FY21 fundraising targets. Of those planning to made adjustments, the most common modification was decreasing dollars raised (62%).

## A Marts & Lundy and Educate Plus Special Report

Most schools plan to focus 2021 fundraising on scholarship or bursary support for future students (60%) or capital works projects (51%).

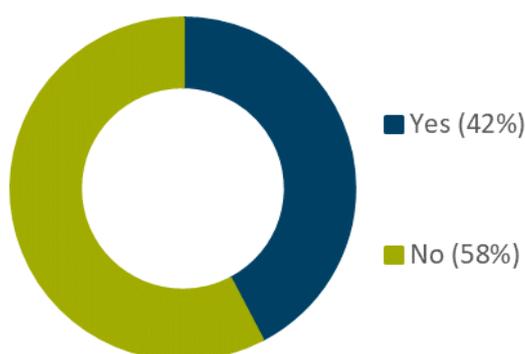
On what areas do you think you will focus fundraising in 2021? (select all that apply)



### Most schools have carried on with their annual fund but have amended their approach.

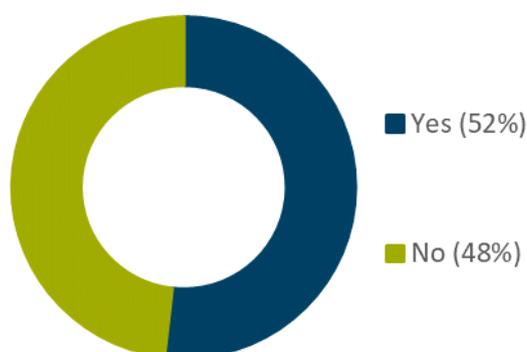
Most schools (58%) have not suspended their normal annual fund appeal due to the pandemic. Results were consistent across school types.

Have you suspended your normal annual fund appeal this year because of the pandemic?



More than half of schools (52%) are conducting an amended annual fund program this year, including a fee assistance type appeal ask.

Did your institution conduct (or is it planning to conduct) an amended annual fund program this year, including a fee assistance type appeal ask?



### Nearly half of development offices are sticking with existing KPIs.

Nearly half of schools (46%) have not instituted any new fundraising KPIs as a result of COVID-19. Those that have are most likely to focus on portfolio review/cleanup (29%) or stewardship of major gift prospects (26%). Results were consistent across school types.

Have you instituted any new fundraising KPIs as a result of COVID-19? (select all that apply)



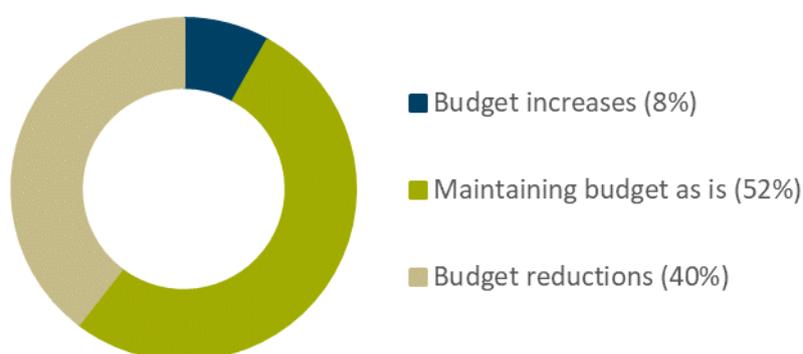
Twenty-three percent of US schools have not added new KPIs as a result of the pandemic. Of those that have, most added a KPI for stewardship of major gift prospects (63%) or are counting meaningful contacts instead of visits (55%).

Thirty percent of Canadian schools have not introduced new KPIs. Of those that have, conducting portfolio reviews/cleanup (76%), measuring stewardship of major gift prospects (71%) or counting meaningful contacts instead of visits are new additions.

## **More than half of schools expect to maintain or increase their development budgets for the next 12 months but those expecting reductions are faced with steep cuts.**

Approximately half (52%) of schools anticipate being able to maintain their Development Office budget as is for the next 12 months. Forty percent of schools anticipate budget reductions over the same time period. Results were similar across school types. From a geographical perspective, no New Zealand schools anticipate budget increases but 60% expect to maintain their budget as is. Only 30% New South Wales schools anticipate budget reductions, while 60% expect to maintain their budget. In other regions where the respondent size was representative, patterns reflect those of the overall cohort.

**What are the anticipated budget implications for your Development Office for the next 12 months?**



Fifty-four percent of US schools expect budget reductions, while 41% anticipate being able to maintain their Development Office budget as is. Five percent expect a budget increase.

Schools alerted to budget reductions have been asked to make an average 23% decrease. Day schools are facing an average 28% decrease and day/boarding schools an average 21% decrease.

**If you have been alerted to budget reductions, what is the approximate percentage budget reduction that you have been asked to make for the next 12 months?**

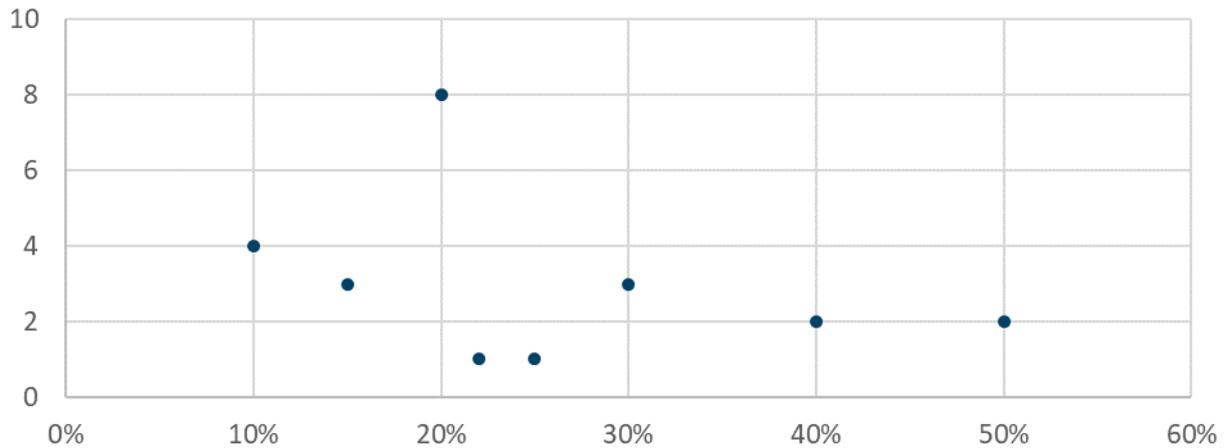
### **All**

Range: 10% to 50% decrease

Average: 23% decrease

Median: 20% decrease

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### Day school

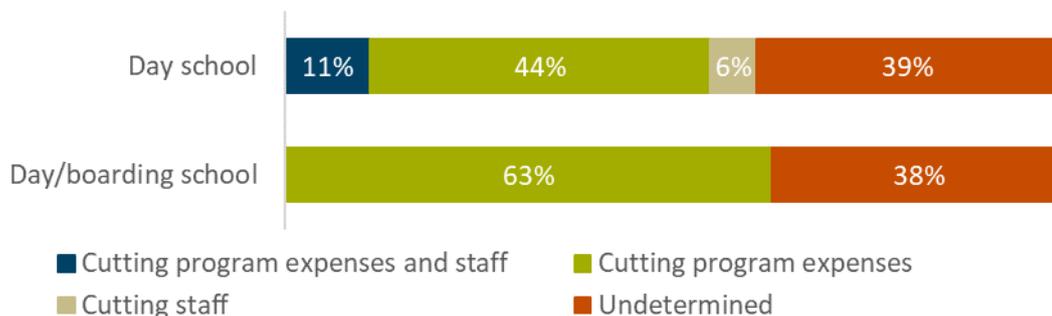
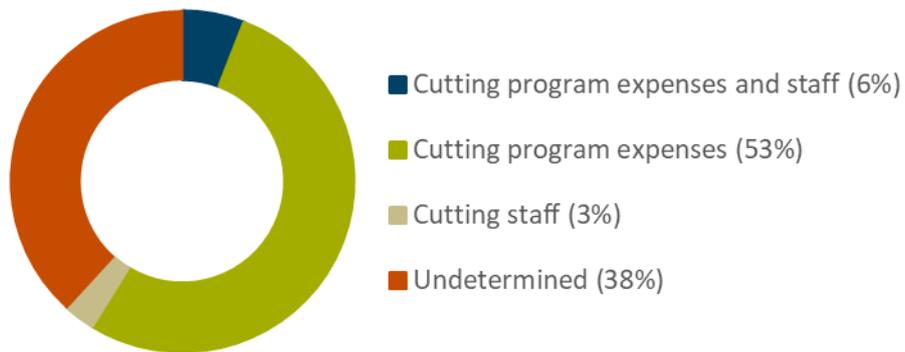
Range: 10% to 50% decrease  
 Average: 28% decrease  
 Median: 23% decrease

### Day/boarding school

Range: 10% to 50% decrease  
 Average: 21% decrease  
 Median: 20% decrease

More than half (53%) of schools are most likely to cut program expenses as a result of budget reductions, while only 6% anticipate needing to cut program expenses and staff and 3% staff only. Nearly forty percent of schools have not yet determined what their changes will include.

What changes are you most likely to make as a result of budget reductions? (select all that apply)

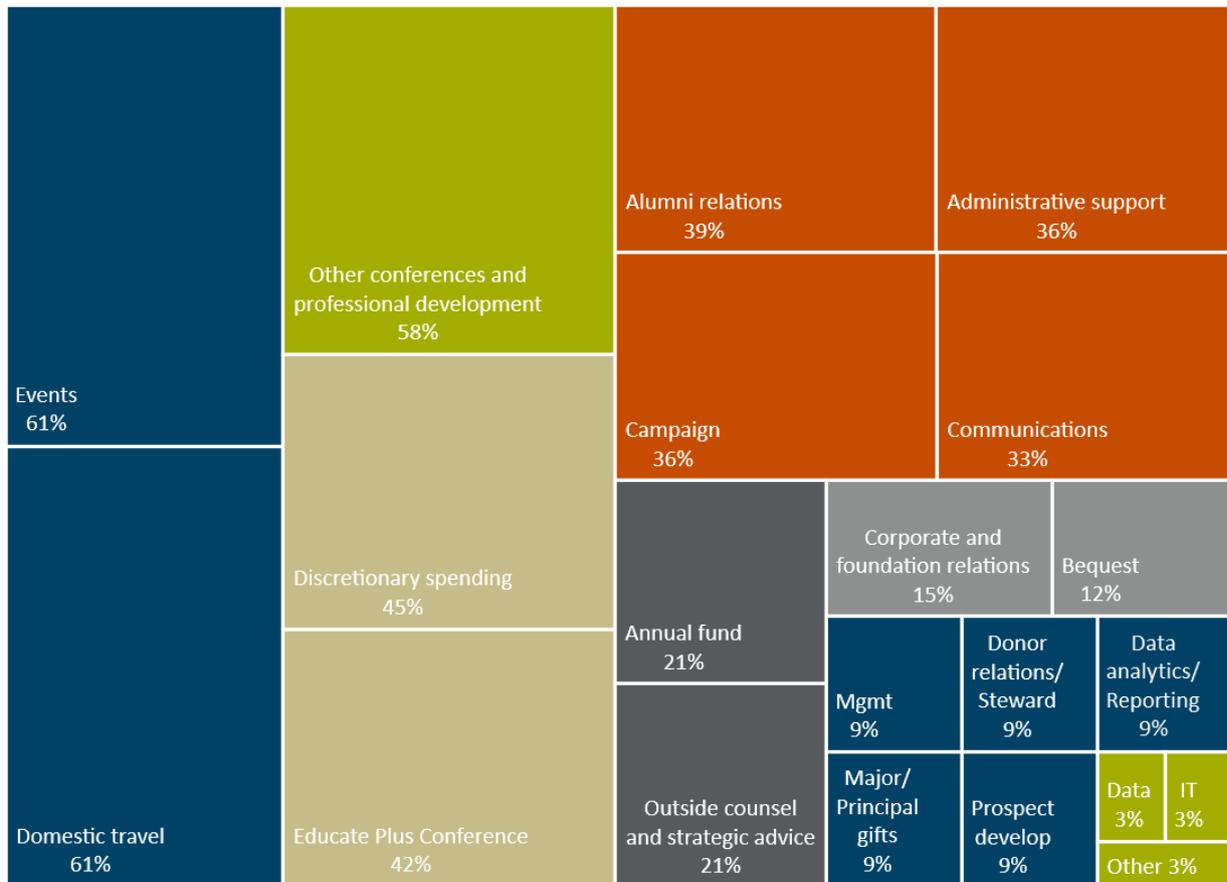


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Twenty-eight percent of US schools will need to cut program expenses and staff, while 41% are cutting program expenses and 6% staff only.

Event programs (61%) and domestic travel (61%) are most likely to be impacted by budget reductions, followed by conferences and professional development (58%).

Which programs are most likely to be or have already been impacted by budget reductions?  
(select all that apply)

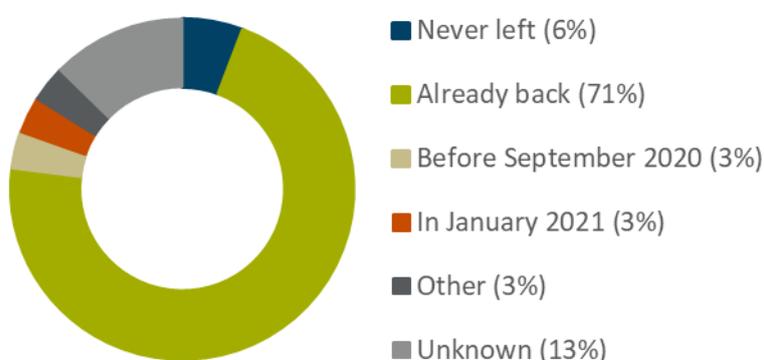


Events were also most likely to be impacted in US schools but at a higher frequency (73%). Approximately one-third of US schools are making reductions to administrative support, alumni relations or the annual fund.

### Most schools have been able to maintain staffing levels – no reductions or freezes – thus far.

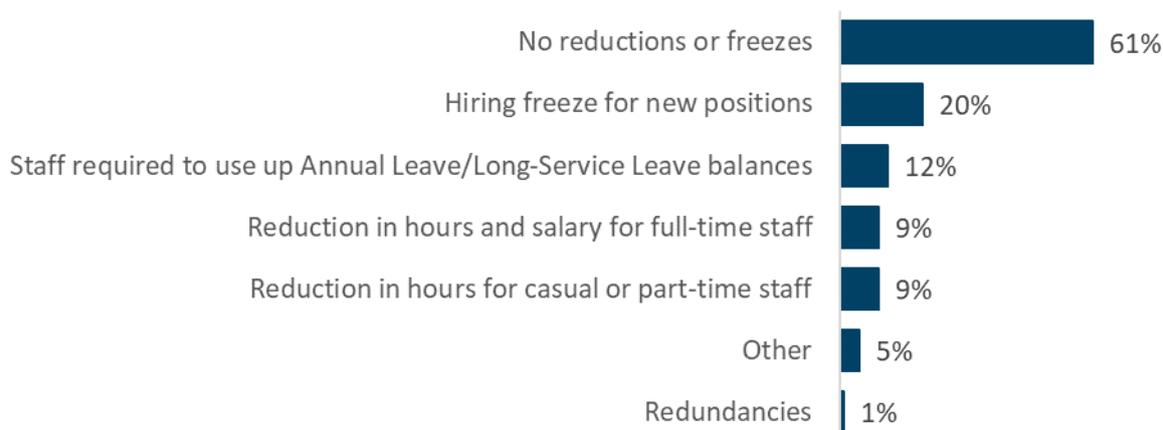
Most school development teams (71%) are already back in the office in person (Note: this was correct at the time of the survey which was deployed before Stage Four lockdowns in Victoria). Only 3% anticipate a return to be delayed until the new year and 13% do not yet know when their return will take place. Slightly more day/boarding school development teams are already back (74%) than day schools (69%). Ten percent of day/boarding school teams never left the in-person environment (vs 2% day schools).

When do you anticipate your full development team returning to the office in person?

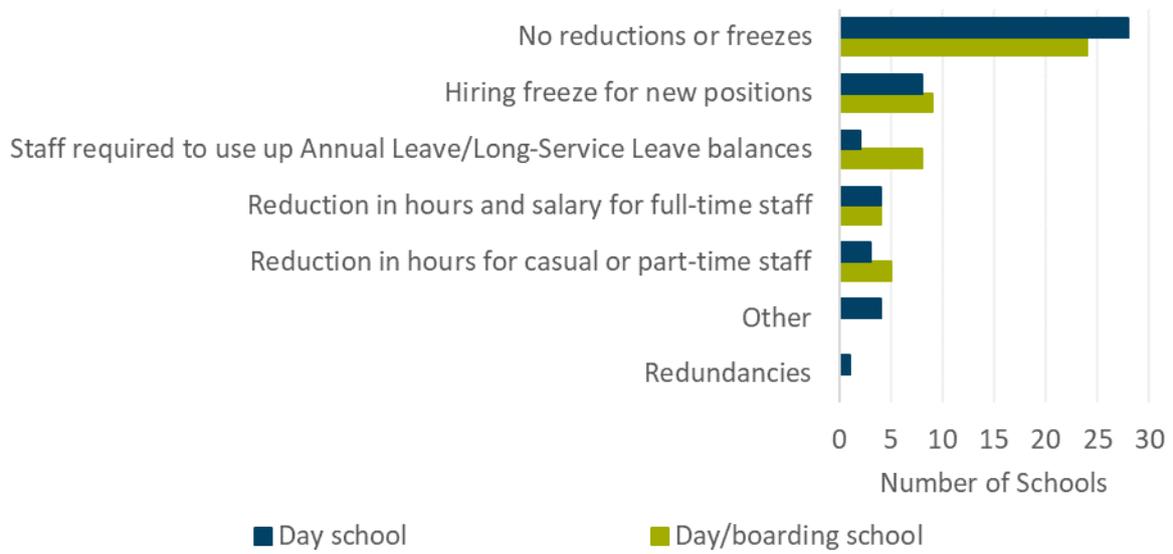


Most schools (61%) have faced no staffing reductions or freezes. Twenty percent have placed a hiring freeze for new positions.

How has staffing in your Development Office been impacted? (select all that apply)



## A Marts & Lundy and Educate Plus Special Report



Fifty-three percent of US schools anticipating no staffing reductions or freezes. Those implementing measures to manage or reduce expenses have most commonly instituted hiring freezes (26%). Furloughs (temporary leave without pay) and/or layoffs are taking place at 14% of US schools.

## Recent events have presented opportunities to modify engagement approaches.

Many schools see upsides or potential opportunities created by the pandemic. These include trying new engagement and fundraising approaches (73%) and effectively delivering digital communication and online engagement (52%).

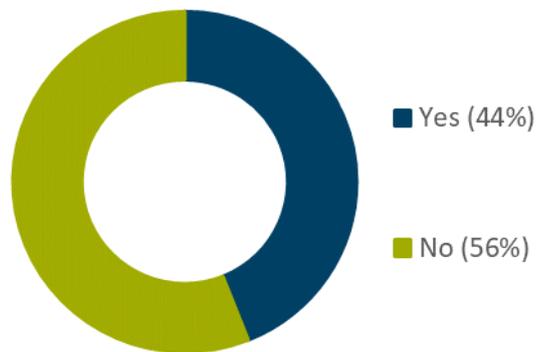
In your opinion what, if any, are the upsides or potential opportunities created by the pandemic with regard to institutions' fundraising and alumni relations over the next 12 months? (select top three)



## A Marts & Lundy and Educate Plus Special Report

Less than half of schools (44%) have sought assistance or guidance on any aspect of their operations from an Educate Plus mentor, external colleague or consultant/advisor during 2020.

**Have you sought assistance or guidance on any aspect of your operations from an Educate Plus mentor, external colleague or consultant/advisor during 2020?**

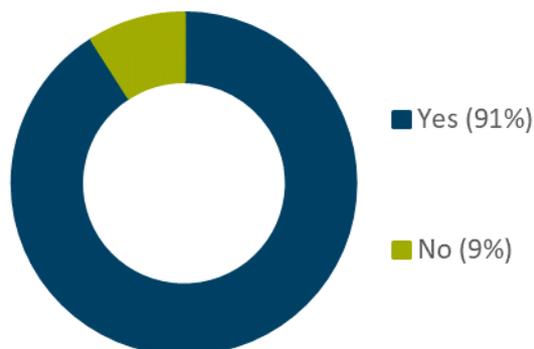


Many survey participants had participated in Educate Plus webinars and there was very positive feedback on many of these, especially those focused on the practical, the “how to” and those in which members generously shared their experiences and innovative practices.

“I found them incredibly useful for motivation with my work especially when working from home.”

“All content has been excellent, very useful. Some of the 'show and tell' SIGs were useful in providing tangible examples and experiences. As always, people are very generous in sharing.”

**Have you registered and accessed any of the Educate Plus webinars, SIG broadcasts or Podcasts this year?**



## Closing

We are all living and working in a time of uncertainty. These survey results demonstrate that many schools are pivoting to adapt to the changing environment and are showing agility in their outreach, communication and engagement.

Survey results show that schools are:

- prioritising authentic and tailored communications with constituents
- using significantly increased online and digital technology to reach out to their constituents
- ensuring that their giving messages are focused primarily on supporting students
- focusing on soft outreach with donors and prospects to maintain engagement
- increasing focus on meaningful engagement
- paying more attention to donor stewardship
- understanding that carefully phrased and appropriately sensitive invitations to give are generally well received by their communities
- viewing this as an opportunity to innovate and make significant changes to event planning
- maintaining and strengthening their outreach, especially to older and vulnerable community members, during this challenging period
- seeing this as a time for their community to come together, support each other and assist where it is needed

It is our hope that the survey data, analysis and findings will help members in briefing their Heads, Boards and Foundations/Committees in an informed manner on trends, programs and activities, staffing and results within the region, as well as internationally. This information will enable evidence-based decisions about the key areas of communication, programs, staffing, fundraising focus and outreach during this challenging period.

As we move through the remainder of the current school year and into the next, it is impossible to predict how long we will face challenges in meeting with potential donors and benefactors in-person. Even when the varying restrictions across Australia and New Zealand are lifted and events and travel become the norm again, there may be prospects who remain unwilling or reluctant to meet, especially those who are older or more vulnerable. Authentic outreach and ongoing communication will continue to be vital as we seek philanthropic funds to advance our schools.

More than 60% of those who completed this survey indicated a potential interest in sharing their institution's 2020 fundraising financial results (as reported to their community) in a follow-up survey on 2020 fundraising results and the actual impact of recent events. Given that the biennial Educate Plus conference in Adelaide is now scheduled for September 2021, a follow up survey measuring the extended impact of these factors may take place in early July 2021 to provide deeper insights into this period and to share successful practices. Such data would be

## A Marts & Lundy and Educate Plus **Special Report**

invaluable in helping to inform Educate Plus members more fully as they make key strategic planning decisions for 2022 and beyond.

For further information on the survey or our findings, please contact:

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