

Alumni association pitches may mislead contributors

By Carlton Purvis

February 2009

College alumni associations commonly use student scholarships as selling points when seeking members, but according to tax records, member dues and donation totals may not be an accurate reflection of the amount of scholarship money actually given.

990 forms from North Carolina's five largest colleges show that even with thousands of dollars annually from membership dues, the amount disbursed for scholarships is just a small percentage of the money that actually comes in. In some cases, the amount given for scholarships is less than any other expenses reported.

At UNC Chapel Hill, over \$1.5 million was received in membership dues and donations, but the amount of scholarship money disbursed, available online, was less than \$100,000. East Carolina University reported \$86,000 in member dues and public support and gave \$23,000 in scholarships. UNC Charlotte gave \$23,000 in scholarships for the 2007 – 2008 school year but was exempt from filing taxes because its total revenue was less than \$25,000.

Many alumni feel like member dues and contributions go directly toward helping current students in the form of financial aid. Claire Murphy, an ECU graduate and alumni association member, said, "I joined for the benefits that it has for members, but it also feels good to know that the money that I do give is going to help current students. I made it out, so I wanted to pull other people up, too."

The N.C. State Alumni Association Web site lists the number one reason to join the alumni association is "the association awards more than \$740,000 in merit and need-based scholarships." On the ECU Web site scholarships for students are listed as the number three reason.

What most alumni members don't realize is that thousands of dollars are needed to actually keep these organizations running. Most of the revenue for alumni associations actually comes from fundraisers and events held to help raise money for future programs. According to ECU's alumni programs and marketing assistant, Stephanie Bunn, member dues don't actually go toward scholarships at all, but administrative fees.

N.C. State reported almost \$3 million from direct public support — five times as much as what was received by member dues — but also spent \$1.3 million on staff salaries. UNC Greensboro brought in almost \$100,000 from direct public support and member dues combined, but spent 13 times this on salaries and wages of employees.

Scholarship funds come from money raised at alumni association events. ECU's Bunn said, "The association provides scholarships to students and a way for the alumni to give

back. A lot of the events though the year, the goal is to raise the money that goes towards these scholarships.”

Potential alumni association members are giving money with the best intentions but often don't realize the overhead costs the associations must meet first. Murphy said she first realized that her dues probably weren't assisting students like she thought they were when she saw the dollar amounts for awarded scholarships. “ I knew there was no way that my annual payments and the payments from all the other members could possibly finance all the activities the alumni association puts on and those scholarships — the cost just to rent some of the places they use seems like it would drain that money really quick,” she said.

Jacqueline Wright, program assistant for membership services for N.C. State's alumni association, says the reason scholarships are used as a selling point for recruiting alumni members is because the alumni like to give back to the students, and most people should know that most of the events are used to raise money for the alumni association, not just scholarships.

Bunn said alumni associations try to attract members with membership appeals and programs that would be beneficial to alumni, but Murphy says she remembers getting a brochure after she graduated, that made her feel her donations would actually be going to help other students financially. “I was interested in helping other people out,” she said. “It didn't say anywhere what your member dues actually go to, but I just assumed. I didn't stop to think about how many other expenses the alumni association probably had, but it didn't mention anything about it either.”