Long-Term Financial Viability Plan

The University of Tennessee Institute for Public Service

*Presented to the Leadership Team on 7/13/2017*

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Purpose

The purpose of this financial plan is to document how IPS intends to reach its micro-goal to “Ensure long-term financial viability by 2022”.

Executive Summary

The University of Tennessee Institute for Public Service (IPS), and its five agencies and administrative office, are currently in sound financial condition. In recent history, IPS has enjoyed relatively diversified sources of funding, adequate reserves, and near-market salaries for its employees. However, as IPS enters into FY 2018 and looks to the future, there are financial challenges and uncertainties, for example, at the national, state, sponsor, and individual donor levels. This five-year plan is designed to address those challenges and is an opportunity for IPS to deliberately position itself financially in order to meet its customers’ expanding needs and expectations.

This plan includes current financial information for IPS overall and for its individual agencies, an economic forecast, a timeline and several action items.

Action items include:
- Implementation of a financial model to assist in decisions,
- Identification, evaluation, and implementation of alternative funding sources,
- Maximization of current funding sources,
- Development of guidelines for strategic use of reserves
- Identification of internal resource needs and constraints, and
- Development of scorecard values to measure financial health.
Background and Current Financial Status

BACKGROUND AND DEFINITIONS
IPS is comprised of three budget entities in the UT system. Budget entity 13, IPS, is comprised of IPS Administration, the Center for Industrial Services (CIS), the Law Enforcement Innovation Center (LEIC), and the Naifeh Center for Effective Leadership (Naifeh). Budget entity 14 is the Municipal Technical Advisory Service (MTAS). Budget entity 15 is the County Technical Assistance Service (CTAS).

- **Fiscal Year** – The fiscal year is July 1 through June 30.
- **Fund Accounting** – IPS has several types of funds that have different purposes and restrictions per UT Fiscal Policy and Generally Accepted Accounting Principles (GAAP).
- **Unrestricted Funds** – These are current income and expense funds for operational expenses that close at the end of each fiscal year.
- **Restricted Funds** – These are current funds that are restricted by an external donor or sponsor for a specific purpose and must be used correctly. They may have an indefinite end date, such as for most gifts, or they may have a specific end date, such as for most grants and contracts.
- **Endowed Funds** – These funds are either from an external donor or are internally-restricted (quasi-endowment). Endowed funds are never directly expended; instead, they generate interest earnings that are deposited on a quarterly basis into spendable restricted funds that must be used in accordance with the donor’s wishes.
- **Reserves** – These balances represent funds that have accumulated over time and are available for use, with some restrictions. These are one-time funds that should not be used for recurring expenses.
  - **Renewal and Replacement Plant Funds** – These funds have been set aside primarily for equipment purchases, capital improvements, and other long-term needs.
  - **Unrestricted Fund Balance** – These funds roll forward and are increased or decreased based upon the results of annual operations. The University limits the percentage allowed in this reserve.
  - **Reserve for Reappropriation** – These funds are a subgroup of the Unrestricted Fund Balance that are designated by IPS for specific, short-term needs. The University limits the percentage allowed in this reserve.
OVERALL IPS FINANCIAL STATUS

FY2018 BUDGET

| REVENUES    | $28,270,486 |
| EXPENSES    | 27,917,989  |
| NET         | $352,497    |

Revenues

- State Appropriations 42.4%
- Local Appropriations 22.2%
- Grant/Contract Sponsors 21.2%
- Fees & Program Income 11.7%
- Endowment & Gift Income 2.6%

Expenses

- IPS Administration 7.2%
- Naifeh Center 2.6%
- CIS 26.4%
- LEIC 10.3%
- MTAS 26.7%
- CTAS 20.2%
- Net Transfers 6.7%

Notes from these graphs:
- The IPS budget is over $28 million
- Revenues primarily come from state appropriations, local appropriations, grants and contracts, and fees.
- MTAS is the largest agency, followed in size by CIS, CTAS, LEIC, and Naifeh.
- Salaries and benefits are the largest expenses, by far.
Change in IPS Funding Sources - 10 Years

Notes from this graph:
- The IPS FY18 budget has grown to surpass the pre-recession level.
- The IPS FY18 budget shows expected increases in all sources of funding.

**IPS Leverage Ratio**
External Funds Generated Per $1 State Appropriation
Notes from this graph:

- IPS provides a good return for every dollar invested by the state

IPS has spendable reserves of about $13.6 million, of which $9.3 million earns interest in quasi-endowments and $4.3 million is not currently earning interest. IPS has the opportunity to increase interest income on its reserves. IPS has the opportunity to strategically leverage its reserves.
AGENCY-SPECIFIC FINANCIAL STATUS

Sources of Funding by IPS Agency
in thousands of dollars

Notes about this graph:
- The current funding model for MTAS and CTAS are similar with heavy dependence on state and local appropriations.
  - Operations would be at risk if either state or local appropriations were cut or stagnated.
  - Opportunities may exist to diversity funding by generating more sponsored project, fees, or gift revenues.
- The current funding model for CIS, LEIC, and Naifeh are similar with balances revenue from state appropriation, grants and contracts, and fees and program income.
  - Operations would be at risk if grants and contracts were cut.
  - Opportunities may exist to increase funding by generating more sponsored project, fees, or gift revenues.
Economic Outlook

The importance of the economic outlook is critical for planning to provide financial viability. An analysis of the economic metrics that correlate with the risks, once the risk factors are identified for constraints and requirement for forecasting and modeling alternatives. Utilizing historical economic trends, we can evaluate the possible outcomes of future changes in identified metrics. Identifying economic metrics for each agency provides the individual agency its own analysis. The agencies projections can combine as an overall IPS organization. Routine analysis of identified metrics is critical to validate the continued correlation of the risks to the metrics.

The University of Tennessee’s Center for Business and Economic Research is an excellent resource for the data and economic trends. Annually, a report is specifically prepared for the State of Tennessee. This report includes many specific details on various economic metrics and projections for the future. Additional resources are available from the United States Bureau of Economic Analysis, and the Bureau of Labor Statistics.

Below are the links and a few examples of the reports and analysis.

http://cber.haslam.utk.edu/tefslist.htm
https://www.bls.gov
https://www.bea.gov
Constraints and Requirements

IPS is constrained by certain internal and external financial rules, laws, and initiatives that must be recognized in any long-term financial plan:

- UT Fiscal Policies contain rules to ensure proper accounting, internal controls, and good business practice. For example, UTSA requires IPS to maintain an unrestricted fund balance of between 2 and 5% of expenditures and transfers.
- UT Board of Trustees’ Budget Advisory Group (BAG) has several initiatives and goals, including a ten-year “3-3-0” financial model that assumes 3% tuition growth, 3% inflation, and 0% state appropriation growth. The BAG also has goals for an annual strategic reallocation of funds. These require annual evaluation during the upcoming fiscal year’s proposed budget hearing process.
- The UT Board of Trustees and President have an initiative to close the salary gap between UT employees’ current pay and market. IPS must monitor and report its salary gap regularly.
- State of Tennessee law contains rules regarding purchasing and contracting, and others.
- Sponsors have diverse financial rules regarding the grants and contracts that they fund, including matching, allowable costs, etc. Also, donors restrict the use of gift and endowment funds for certain purposes.
**Financial Modeling**

**EVALUATE FINANCIAL MODELING ALTERNATIVES**
Evaluation for the various financial modeling templates or programs should take into consideration a variety of factors. Some of the basic assumptions in looking for a financial modeling tool are: the user friendliness, simple to understand, focus should be on the critical drivers of cash flows, clear conveyance of drivers affecting change and the ability to evaluate the risk associated with the drivers.

The primary purpose of the model to be selected by IPS is for budgeting and forecasting (planning for the future). There are many different templates and models. The funding sources and risks associated with the funding sources vary by agency. In order to meet the needs of each agency, a team should consist of members who are familiar with the business and budgeting from each agency. One alternative is to purchase a program off the shelf developed for not-for-profit organizations. There are consultants who could assist in the development of a custom model for IPS. Training programs in the development of financial modeling which would enable IPS staff to develop a custom program or template to optimize utilization by each of the agencies and to consolidate into an overall IPS model.

The factors to be included in the evaluation would be:

- Various financial statements to be included
- Supporting schedules needed
- Risk analysis associated with drivers
- Various reports, charts, and graphs to be included
- Ratios to be included for use by each agency
- Ability of model to comply with the University’s 3-3-0 model

Specific steps needed for model selection are:

- Identify members of the team
- Determine a reasonable time to determine alternative to adopt
- Establish resources available to meet the cost associated with development’
- Develop plan to acquire or develop model
- Test model

**DECISION GUIDE FOR UNEXPECTED EVENTS**
As a part of the financial modeling process, IPS should develop a decision guide for financially positive or negative unexpected events. The purpose of this guide is to assist management with the decision-making process. The guide should include scenarios that might occur, steps to follow in evaluating the financial impact, alternative action plans, etc.
One of the alternative action plans might be the use of reserves, for example. While reserves are not intended to replace a permanent loss of funds or to eliminate an on-going (recurring) budget gap, from time to time, an agency may need to draw on its reserves to deal with an unanticipated loss of revenue, an increase in expenses, or to take advantage of new programmatic or funding opportunity. For example, an agency may need to access its reserve funds to cover:

- Unexpected cuts in funding
- Significant unexpected costs (e.g. moving expenses)
- Matching funds to support a new federal or state funding opportunity on a short term basis
- Funding to launch a new programmatic offering that will generate revenue over a long-term basis.
- Unexpected staff costs (e.g. a major contract is lost), or
- Unexpected downturn in the economy affecting sources of income.

Specific steps to follow in the evaluation of various alternatives may be included in the guide, such as: In the event an agency is faced with an unexpected change to its financial position, the Executive Director and Chief Business Officer should:

- Identify the need for funding
- Confirm that the use is consistent with the mission of the agency
- Determine the availability of alternate funding sources
- If reserve funds are utilized, evaluate the time period for which the funds will be required and determine a plan for replenishment of funds, if required
- Identify potential long term impacts on the agency’s financial position and develop a plan to address future funding losses or gains.
Additional Funding Sources

GRANTS AND CONTRACTS

The amount of grant and contract funding varies among agencies of the Institute. For some agencies, such as CIS, LEIC, and the Naifeh Center, grant and contract funding account for the largest source of funds (51% of CIS revenue, 43% of LEIC revenue, and 39% of Naifeh Center revenue). Sustainability of grant and contract funding, along with identification and growth of new sources of restricted funding is critical to the long term financial stability of IPS and its agencies, and the ability to respond to new opportunities to address customer needs. Additionally, the Finance and Administrative indirect funding associated with grant and contract funding is an important contributor to agency and institute financial viability as it provides funding to cover agency costs associated with administrative staffing, building and equipment, operating costs, and other non-programmatic expenses.

The following strategies are recommended to ensure long term growth and sustainability of grant and contract funding:

1. Focus on sustainability and expansion of current sources of grant and contract funding.
   a) Assess the status of existing funding sources including sources, amounts, length of funding commitments, and potential for sustainability.
   b) Conduct performance analysis to determine that scope of work and performance measures are on target.
   c) Continue to build relationships with funding sources and program partners to strengthen funding sustainability.
   d) Pursue new funding from current sources and partners.

2. Identify new sources of grant and contract funding.
   a) Build awareness of state and federal priorities and determine alignment with institute and agency mission and goals.
   b) Follow grants.gov Federal Funding Opportunities and other sources of information on government grants and contract funding.
   c) Identify private sector sources of funding that align with agency and institute missions, including companies and foundations.
   d) Continue to build strong relationships with public and private sector partners.
   e) Evaluate political and economic environment relative to grants and other funding opportunities.

3. Develop a model for identifying potential funding opportunities and determining alignment with agency mission.
   a) Evaluate funding opportunity alignment with agency mission and goals.
   b) Evaluate how funding opportunity supports and leverages other programs and sources of funding.
c) Identify alignment of funding opportunities across agency, institute, and university objectives, and where appropriate, collaborate to pursue funding.
d) Determine amount and source of match requirement.
e) Evaluate duration of funding and impacts on staffing, budget, and programmatic resources.

4. Evaluate and address agency and institute capacity to pursue grants and other sponsored project funding.
   a) Evaluate capacity for proposal development and resource needs.
   b) Assess grants administration capacity and needs.
   c) Assess staff capacity and workforce development needs required to pursue and administer new programmatic opportunities.
   d) Based on needs assessment, develop additional staff capacity and capabilities within the institute and/or agencies to focus on development of sponsored project funding and administration.

DEVELOPMENT
The IPS Strategic Plan 2017 specifies the goal to increase non-appropriation funding by at least 5% annually by 2022. The IPS plan for Development is included in the Appendix to this document. The following approach is suggested to support this plan:

1. Build on existing partnerships and programs to identify potential sources and uses for funds.

2. Pursue a public/private partnership model that leverages existing relationships and resources, such as leveraging CIS’s relationship with NISSAN or LEIC’s partnership with BlueCross BlueShield of Tennessee.

3. Identify how desired funds will be used, such as scholarships for students or program participants, creation of a new training program, building a new facility, etc.

4. Identify alignment of institute and agency development goals with those of other University sectors, such as UTIA and UTRF, and work collaboratively to target and pursue development funds. Collaborate across IPS agencies where there is alignment to achieve development goals and priorities.

MAXIMIZE EXISTING RESOURCES
In order to maximize existing resources, both revenue and expenses can be impacted. In addition to the grant and contract revenue and development revenue as described above, IPS agencies have other existing sources of revenue, including state appropriations, local appropriations, fee revenue, and program income. To maximize these revenues, IPS should
1. Continue to work with UT System Administration financial leadership and other UT non-formula funded units to influence and improve non-formula funding recommendations from THEC to the Governor in the State’s budget process.
2. Maintain and improve our relationships with stakeholders and associations that affect local appropriations.
3. Analyze fee revenue and program income for existing and new programs to ensure that fee levels and pricing are set appropriately.

IPS should continue to investigate and consider cost-cutting and other measures that promote the efficient and effective use of existing resources.

EVALUATE NEW IDEAS FROM FEEDBACK SESSIONS
Feedback sessions provided various ideas to be considered. Listed below are the separate areas where ideas were forthcoming.

- Diversification
- Sustainability
- Program Fees
- Association & Partnerships
- Entrepreneurs
- Grants
- State Funding
- Business Model
- Development

Each area had numerous ideas associated with the particular heading and each will be reviewed by the Financial Strategic Planning Team and prioritized for submission to the IPS Leadership Team for potential consideration. A spreadsheet listing the individual items is attached as an amendment to this plan.
Strategic Use of Reserves

Reserves can be more than a safety net for unexpected catastrophic events. While reserves can help maintain financial stability and allow agencies to meet their commitments during difficult economic times, they may also be used to build up funds for long-term goals and future plans. For instance, reserves may be used for the construction, acquisition, and renovation of buildings and training facilities. Reserves may also be used to meet targets or needs that further the mission of the agency such as staff development, research opportunities, or investment in infrastructure that will build long-term capacity.

Investment income derived from quasi-endowments may also be used to support operations, including funding new positions and piloting new programs or initiatives. Generally, funds placed in quasi-endowments earn an annual percentage yield of approximately 4.50%.

This section will be updated from time to time as additional uses of reserves are identified. IPS should develop guidelines for the strategic use of its reserves to propose to the IPS Leadership Team, to include:

- Develop methodology to estimate targeted levels of various reserves, such as an operating reserve or “rainy day” reserve for each agency.
- Develop the structure of appropriate reserve accounts in the UT accounting system to adequately segregate reserves for various purposes and develop a methodology to internally “earmark” reserves as to their intended purpose.
- Match the type of reserve account in the UT accounting system to the estimated timeframe of when the reserve might be used in order to maximize interest earnings.
- Develop formal reserve monitoring procedures to occur on a regular basis.
Scorecard Values for Financial Health

Located on the IPS Balance Scorecard website (https://ut-ips.qs.spiderstrategies.com/cms/spring/authenticate), the scorecard for the strategic plan financial initiatives can be viewed for regular updates of progress. Divided into potential funding sources, the scorecard will reflect the target goal, a minimum goal demonstrating failure to achieve and the actual progress of the goal. Examples of financial initiatives reflected on the scorecard include, but not limited to:

- Grant funds receivable
  - Federal
  - Private
- Development funds
  - Family giving
  - Capital projects
  - Donor support
- Program income
- Other funding sources

- Input on dashboard items will be drawn from the Strategic Planning group assigned to the Alternative Funding Source component (Beth Phillips, Keith Ridley, Don Green and Gail White).
- Each agency and IPS Administration will be able to contribute to the establishment of targeted financial goals and update information as available. The scorecard can be for the Institute with collaborative data, or may be divided between the six entities.
Timeline for Financial Strategic Plan

Past:
- February 9-10, 2017: Strategic Planning meeting to assign micro-goals and team memberships
- March 1, 2017: Team to gather economic forecast information from UTK
- March 14, 2017: Financial overview team meeting on charge
- March 15, 2017: Institute and agency financial overview disseminated to Team
- April 26, 2017: Meeting to determine following items:
  - Develop long term financial model / plan
  - Evaluate funding models
  - Develop reserve guidelines
  - Evaluate alternative funding sources
  - Establish plan to re-evaluate 3-3-0 Plan annually
  - Consider reallocation of resources strategically per BAG guidelines
  - Develop decision guides for unexpected events
  - Develop / review scorecard values for financial health
- April 27, 2017: Assign sections of draft financial plan to Team
- June 6, 2017: Team review of draft plan
- June 16, 2017: Final review of draft plan
- July 13, 2017: Presentation to IPS Leadership Team

Future:
- August 30, 2017: Presentation of financial plan at IPS Annual Conference
- August 2017: Create teams for upcoming action items

1. Work with UTSA and UT non-formula units to influence and improve state appropriations. Estimated start August 2017
2. Increase non-appropriation revenue by 5% annually. Estimated start September 2017
3. Incorporate BAG initiatives into annual propose budget process. Estimated start March 2018
   a. Annual evaluation of 10-year 3-3-0 plan
   b. Annual strategic reallocation of resources
   c. Annual analysis of pricing and profitability of programs
4. Develop guidelines for strategic use of reserves, including expected timeline for major expenditures. Estimated start October 2017
5. Evaluate new ideas from feedback sessions Estimated start May 2018
6. Identify, evaluate, and implement financial modeling tool in all IPS agencies. Estimated start July 2019
   a. Develop decision guide for unexpected events.
7. Maintain and update scorecard values for financial health. Estimated July 2019
Timeline for resources needed for implementation of strategic plan

It is estimated that the following items in the IPS strategic plan may require significant resources, i.e. more than $10,000.

**FY2017:**
January 2017  Strategy 2.4, Integrate minority into public service via internships  
March 2017  Strategy 1.2, Secure LMS contract with a vendor

**FY2018:**
August 2017  Strategy 1.4, Resources for agencies’ website updates  
August 2017  Strategy 1.5, Compliance of accessibility  
September 2017  Strategy 5.3, Evaluate measurement of customers’ perception of IPS  
September 2017  Strategy 4.1, Ask customers if they receive right message timely

**FY2019:**
January 2018  Strategy 4.2, Properly segment customers  
February 2018  Strategy 5.3, Identify “state-of-the-art” training facility  
August 2018  Strategy 2.1, Develop a digital strategy  
February 2019  Strategy 5.1, Collect and promote the right data  
June 2019  Strategy 3.5, Develop external marketing strategy

**FY2020:**
September 2019  Strategy 4.1, Ask customers if they receive right message timely  
December 2019  Strategy 3.6, Tools to track marketing ROI  
January 2020  Strategy 5.5, Renovate, rent, or furnish training space
2017 Development Plan and Calendar

“People, Programs and Productivity – A Multi-Year, Agency-Engaged Strategic Development Plan”

Questions regarding development in IPS can be directed to Steve Thompson, Assistant Vice President in IPS, at steve.thompson@tennessee.edu
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Development in IPS is a team effort, with every member of the staff having a role and taking part. Everyone in IPS has a role in the development of the Strategic Plan, and the Development Plan is linked to and supportive of bringing the Strategic Plan forward. Many members of the IPS staff will also be involved in making contact visits, developing summaries of what we do and why, developing clear descriptions of the need for additional funds to meet the mission of IPS agencies, and contacting or supporting contacts to potential donors. We are also part of a university system with a culture of giving, and members of the staff have been generous in support of the University of Tennessee and the work of the Institute for Public Service.

The single largest issue to be addressed is to articulate the need, and why giving to IPS is important to IPS staff, customers, vendors and other supporters.

**Building the Case for Support – Why Give to IPS**

The key with development is that we’re offering our supporters a chance to support the specific services and projects that they consider important. Gifts already underwrite a small percentage of existing IPS programs, and an expanded investment in people, programs and productivity will help us to continue to provide and to expand critical services.

Compelling reasons to support IPS are taken from the new Strategic Plan, with an outline of present and future programs, plans and needs of the agencies of IPS. These focus on the obvious — supporting the use of technology, creating internships, filling the gaps in staff development and retention, and creating a sustainable funding plans to maintain the future of critical IPS services in a changing environment. While the majority of the programs of IPS are funded in part by state appropriations, private funding is vital to the enhancement of future programs. Initiatives such as the statewide internship program for public service, additional training and scholarships for law enforcement personnel and the use of endowments to support consulting positions, for example, will require support from the private sector, individuals, associations and foundations. Every gift to the Institute for Public Service, no matter the size, makes an impact on the lives of Tennesseans through the institute’s programs and centers.

Agency-wide support for private fundraising translates into sustainability for many
years to come. The combination of the Strategic Plan and an on-going and successful development effort will raise energy, excitement and support for the missions and agencies of IPS.

Accepting and Using Gifts – Making Stewardship a Priority

In IPS stewardship is considered both an internal and external activity. We raise funds for specific uses that sustain the mission of IPS, and we make certain that funds provided by donors are used in the way that the donor intended. In doing so we are good stewards and safeguard donated assets from mishandling and misuse. Using the funds as the donor intended is both an issue of integrity and an important part of maintaining long-term donor relations, and in IPS we treat stewardship and donor relations as interchangeable terms.

The gift acceptance and use process is important to this effort, and typically we follow the following steps:

1. **Accept the donation.** We accept appropriate donations (cash, checks and pledge letters) and forward these immediately to the Vice President’s office in IPS Administration:
   a. Checks should be addressed to the UT Foundation, with either IPS or the individual agency listed in the memo line.
   b. Gifts-in-kind may be accepted through the Vice President for Institutional Advancement with the UT Foundation.

The office staff makes certain that the donor is entered into ANDI, the UT Foundation’s tracking system, and forwards the contribution and paperwork to the Foundation. The office also notifies the assistant vice president and executive director of the gift received, with the donor’s name and amount of the gift.

2. **Thank the donor.** Anyone can and should thank the donor immediately, and both the Vice President and the agency director will follow up with thank you notes.

3. **Recognize the donor throughout the year.** Recognition is the public form of

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**Successful Campaigns Show:**

Donors respond better to a specific appeal, with a compelling project or service to support and a timely reason to do so.

Be sure you have a clear goal that is tied to a specific project or outcome, even if it’s just keeping the lights on: our goal is 100% participation, so we ask that everyone participate.

Donors like to know that we are accountable and are focused. Be sure you let donors know your track record of producing measurable results. That may be the single greatest reason some donors will choose us over another organization.
donor acknowledgement. Some donors prefer anonymity, others have a preference on how their name is formatted, and all of these will be recognized based on their preferences. IPS offers extensive opportunities for recognition with a Gift Matrix:

a. The IPS Public Service Society has been established for the Family Campaign, with recognition for members of staff donating at the silver ($500-$999) and gold ($1,000 and greater) levels. Giving societies and honor rolls are also under development for each of the campaigns, with tiers to recognize different levels of gifts.

b. Donor walls and named facilities or spaces are used as appropriate to recognize substantial and lifelong giving. One recent example is the naming of the Robert L. Watson, Jr. Research and Information Center within the Knoxville MTAS offices.

All naming opportunities for facilities and programs are submitted through the Foundation for consideration prior to approval.

c. IPS also recognizes donors through donor profiles in newsletters and other publications.

d. On an annual basis and often combined with campaigns, IPS recognizes donor recognition events and provides awards, mementos and volunteer engagement opportunities.

4. Monitor expenses. The assistant vice president and executive directors are responsible for monitoring expenditure from gifts to ensure that they are being used according to donors' intentions.

5. Reporting to donors. This is a critical final step in the process of accepting gifts. On an annual basis we send a formal note of thanks to donors and include a summary of how their gift has been used to improve the work of the Institute for Public Service.

The Leadership Role
The Executive Director's support in development activities is critical to the success of private fundraising, and typically this support includes the following commitments:

1. Work with the Vice President and through the Strategic Plan to develop a compelling reason to give to the agency.

2. Provide 5 contacts per month. Potential contacts include, at a minimum, association members and volunteers, customers, supporters, private consultants, corporations, and vendors supporting our associations and customers.

3. Participate in donor visits.
4. Thank donors with calls and notes.
5. Lead by example with Legacy and annual donations.
6. Encourage giving:
   a. Staff, including new employees in orientation.
   b. Advisory committee members.
   c. Agency customers and stakeholders.
   d. Agency and customer vendors.

Development Support
There is a role for central development support. This role includes planning the process, coaching and accompanying staff, and summarizing the results:

1. Serve as the process manager – keep the process and participants on task.
2. Work with the IPS Leadership Team to create and implement a development plan.
3. Work with agencies to develop visit packets and materials.
4. Work with Foundation for donor research.
5. Monitor, evaluate and adapt all fundraising activities.
6. Improve Foundation reports.
7. Provide summary reports for monthly team discussions – donations to agencies and endowments or gift funds.
8. Coach and coordinate meetings.
9. Accompany directors and staff on call.

Who Does What and How - Making the Ask
Visits and requests are critical to thoughtful engagement with potential donors, and provide an opportunity to both highlight the good work of IPS and to outline the programs and services that need and deserve support.

Each visit requires coordination of staff and the donor or potential donor with a focus on building relationships and establishing a foundation for current and future development. Agency directors have been asked to identify up to 5 contacts per month and to make the connection for visits with these contacts. The administrative staff uses this contact list to prepare background information on donors to support personal visits, develops a visit packet, and assists with the personal visit.

There are a number of steps and messages to be delivered in each visit to help create a supportive relationship with potential donors:

- In advance of the visit always ask knowledgeable staff about the interests of the
donor and potential donors with similar interests.

During the visit:
- Always thank current donors.
- Approach the first visit as an “I’d love to hear your story” visit.
- Take the time during each visit to share information on specific projects and efforts.
- Inform and get advice from donors. Provide an informational overview of agency topics, issues and concerns, and request and follow the advice. Ask for opinions and feedback on new initiatives, projects and issues.
- Ask about project and development strategies – how can we be more effective while we raise funds for these or other services and projects that we provide?
- Ask about other potential donors that they can suggest or introduce us to that may have the same goals and interests.
- Ask specifically for their support. Are the services that we’ve covered one that they can support, or are there other services or projects that make sense for IPS agencies to provide that they can suggest and support?
- Don’t forget multi-year gifts. We can better plan when we know what to expect – can the donor consider making gifts over 3 or 5 years.
- This is a great time to ask about other potential donors that share the same interest as the person of company included in the visit.
- Again, thank the donor for their time. Make sure that we know how they want to be contacted so that we can update them on the status of projects that reflect their interest, and discuss the schedule for a follow-up visit.

The visit should focus on the relationship, not the request. Remember the old but true cliché – fundraising is friend raising, as we match potential donors with services that they consider important.

Giving to the University of Tennessee and IPS
The mission of IPS is quite simple – to serve and improve the state of Tennessee. We do so through five agencies, a staff of hard-working and knowledgeable professionals, and with the support of the university and the stakeholders that we serve.

Giving to support the agencies and work of IPS isn’t complicated and should be enjoyable as we work to continue critical services to exceptional employers and agencies. There are many different ways to give to IPS, including through specific campaigns, through on-going gifts, and through donations to areas of importance to the donor. The donation of time and volunteer services can be an important benefit to the services of IPS and are always welcome. IPS will acknowledge a gift of time and volunteer services, and recognize the value of actual expenses incurred (mileage, supplies, etc.)
IPS has established 5 different campaigns:

1. Family Campaign – biennially, with leadership society and annual reception.
2. Corporate/Vendor Campaign – annually. These include vendors for cities, counties, law enforcement agencies and industries, and are coordinated with the Foundation to avoid potential conflicts in donor calls.
3. Political Pool Campaign – conduct in campaign years. Agencies identify office holders or candidates with campaign funds remaining, and the campaign includes a structured follow up with candidates that lose or choose against running for re-election.
4. Legacy Campaign – On-going. The Legacy Society is the IPS planned giving campaign, and is summarized below.
5. Industrial Campaign – annually with customers of CIS.

While generally these campaigns are self-explanatory, this development plan specifically elaborates on the Family Campaign and the Legacy Society. The Corporate, Political and Industrial Campaigns are targeted to specific customers and supporters, and follow similar steps and guides.

The Family Campaign
The members of the IPS staff have shown their commitment to Institute services every day through both hard work and through a commitment of resources through the family campaign. The family campaign should include all full- and part-time staff of IPS, including contract workers and special appointments.

In 2017 IPS combined the Family Campaign with that of the UT System, and the discussion is the same – we highlight the good work going on, we talk about our personal financial commitment to IPS services and projects, and we encourage our family to support our work:

Agency directors show their support in comments in agency-wide and team meetings. These comments often include a summary of what the director hopes for the agency to accomplish, how universities and agencies such as ours count on donor support, and about some of the projects that you personally support. Agency talks also and typically:

1. Summarize some of the projects completed over the past year with staff donations.
2. Aim for a goal of 100% participation.
3. Talk about giving through payroll deduction, and mention personal support.

The Family Campaign helps to shows the staff commitment to better services and projects, and is important when we talk about giving to other customers, companies and
supporters. The Legacy Society offers staff and supporters a meaningful way to expand this support through a future gift from their estate.

The Legacy Society
IPS launched the Public Service Legacy Society in 2010 to honor individuals who remember the institute or one of its agencies – CIS, CTAS, LEIC, MTAS or the Naifeh Center for Effective Leadership - in their estate plans. Membership is extended to anyone who includes the institute and its agencies in their will, or makes the institute or agencies the beneficiary or owner of a paid-up insurance policy or retirement plan. Donors who participate in various lifetime income plans the university has available also are eligible for membership.

Membership in the society is permanent; that is, it continues from year to year throughout the member’s lifetime. The membership roster is displayed prominently in the institute’s annual report with permission granted by the donor and as the Society grows members will be treated to special events and gatherings through the year as special guests of the institute.

Examples of donor estate plans include:

1. Making a bequest in a will or living trust.
2. Naming the institute as a full or partial beneficiary of a life insurance policy, IRA or other retirement plan, commercial annuity, bank account or brokerage account.
3. Creating a life income gift such as a charitable gift annuity or charitable remainder trust.

For further information, forms and assistance with becoming a Legacy Society member, please contact the assistant vice president responsible for development, or contact the Vice President’s office in IPS Administration.

Volunteers and Donation of Volunteer Hours
IPS volunteers are individuals who contribute their skills, services or advice to IPS agencies. While non-profits often use volunteers to fulfill their mission, IPS does count on volunteers for specific roles, including service on advisory committees and with assistance to IPS staff and leadership with their perspectives and resources.

The donation of time and volunteer services can be an important benefit to the services of IPS and are always welcome. IPS will acknowledge a gift of time and volunteer services, and recognize the value of actual expenses incurred (mileage,
supplies, etc.)

Volunteers are also usually donors making an investment in time and leadership, and we hope to expand the use of volunteers in IPS as the strategic plan moves forward and as the development program grows. IPS volunteers could come from program alumni, retirees, strong customer supporters and former employees.

Annual Giving and Direct Mail
Annual giving has been a foundation for giving to many organizations, and with this development plan IPS has also implemented a direct mail campaign. With this campaign IPS will be contacting customers, companies and other supporters with direct response campaigns each year. These solicitations will allow either direct or electronic responses and seek smaller gifts from a broad base of constituents.

The message for these contacts will be that every gift makes a difference, no matter the amount, and provide a greater opportunity to talk about the good work and how IPS agencies are making a difference for customers, clients and the people of Tennessee.

So Why Give, and Why Raise Funds through Development?

The mission of IPS is quite simple – to serve and improve the state of Tennessee. The services of the agencies of IPS also require constant change, and as we work to expand internships, specialties, and services we also work to keep the funding streams that support IPS services sustainable.

People, Programs and Productivity represents what we do and why we raise funds. These funds are important for today and critical for tomorrow.
2017 Development Calendar
The UT Institute for Public Service

January — For 2017 It’s Information Time

In future years this should be thank you time, with letters responding to a flood of gifts from December and particularly at year’s end. For 2017 we are focusing on updating Foundation information and preparing material for the development year.

Agency directors are identifying up to 5 contacts per month and schedule and participate in visits with these contacts. The administrative staff prepares background information on donors to support personal visits. Each visit focuses on building relationships and establish the foundation for current and future development.

February - March — Time for the Family Campaign

The members of the IPS staff have shown their commitment to Institute services every day through both hard work and through a commitment of resources through the family campaign. The family campaign should include all full- and part-time staff of IPS, including contract workers and special appointments.

The campaign meetings are the same as a visit to other potential contacts – we highlight the good work going on, we talk about out personal financial commitment to IPS services and projects, and we encourage our family to support our work.

May – Advisory Committee Meetings

We’re planning for an all-inclusive meeting of advisory committees – let’s be ready!

- Prepare for meetings of your committee during the same time as the large group meetings. Consider the agenda to cover both issues important to your agency and issues affecting all of IPS.
- Talk about the new strategic plan and about their role and schedule. Talk about the most important strategic issues facing your agency, and how these issues are or can be addressed through the new plan. Bring the members into this discussion.

Online donations:
Nationwide 40 percent of online donors make their gifts in December, and 40-60 percent of those donors give on December 30 or 31.
• Schedule time for a discussion about unmet needs and development opportunities. Ask about other potential but unidentified donors. Talk about the development process, and what they can expect – visits, contact lists and support. Invite them to give!

August – It’s Annual Conference Time

• During agency meetings plan to discuss the success of the family campaign, and thank the donors.
• Again highlight some of the projects completed over the past year with staff donations.
• Discuss the plans and issues facing your agency over the next 6 months and the most important strategic issues facing your agency. How are you going to deal with them?
• Thank the donors again!

September—Time for the Corporate Vendor Campaign

Using the lists prepared in July we’ll start a campaign of personal visits and letters. We’ll need:
• Descriptions about how their products and services are used in Tennessee
• Customer testimonials, with customers and consultants on the visit that can speak from first-hand knowledge.
• And what else?

October—What about the Legacy Society?

• During agency meetings discuss planned giving and the Legacy Society.
• During advisory committee meetings do the same - discuss planned giving and the Legacy Society.
• Aim for a goal of 100% participation.
• Mention your personal support.
• Distribute material and talk about will amendments.
• Set a deadline date for response.

November — How’d We Do?
We are wrapping up the year, so it’s time to evaluate our success over the past year, take a breath, and plan.
• Evaluate everything—our approach, our donor recognition events, and the support of the volunteers and staff involved in development for IPS.
• Reconfirm our fundraising priorities. What are we really raising money for? Are these compelling, even emotional needs? What else do we need to promote? Can we find some new special donor—friendly projects to promote?”

Consider changing your Web page to simply say, “Your gifts at work,” and ...
- List your advisory committee members
- Include testimonials
- Add any endorsements

December—Celebrate and Thank Our Donors!
This month the focus will be with year-end wrap up, and thanking those that need us, support us and make us necessary.
So this month focus on appreciating everybody! Send holiday wishes to staff and to donors who help make our work possible. Take time out to thank your advisory committee members for all they do for the cause.

Call out the troops; put your board members and key volunteers making plans for the New Year, and thank them, thank them, thank them.
<table>
<thead>
<tr>
<th>Financial Sustainability</th>
<th>Sustainability</th>
<th>Program Fees</th>
<th>Association &amp; Partnerships</th>
<th>Entrepreneurs</th>
<th>Grants</th>
<th>State Funding</th>
<th>Business Model</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>balanced</td>
<td>be known as good stewards</td>
<td>be known as good stewards</td>
<td>Can we lottery dollar be expanded?</td>
<td>allow advertisements on JS sites</td>
<td>develop grant development expertise</td>
<td>funded 100% by state</td>
<td>budget reviews</td>
<td>alumni solicitation</td>
</tr>
<tr>
<td>business support sponsors</td>
<td>better/up to date offices across state</td>
<td>better/up to date offices across state</td>
<td>Can we sell/promote services for revenue on partner/association sites/platforms/brochures?</td>
<td>association endorsements</td>
<td>development of new revenue streams</td>
<td>increase state allocation</td>
<td>best practices survey</td>
<td>support from donors</td>
</tr>
<tr>
<td>corporate endowment dollars</td>
<td>funding for capital projects</td>
<td>county employees pay monthly for training</td>
<td>customer vendor partnership</td>
<td>broaden outreach beyond 70%</td>
<td>federal and state grants</td>
<td>federal funding</td>
<td>consistent annual campaign</td>
<td>offer grants to students</td>
</tr>
<tr>
<td>diversity/diversification</td>
<td>increases to keep up with inflation</td>
<td>fair to customers</td>
<td>ensure relationship with associations</td>
<td>business opportunities</td>
<td>federal and state grants</td>
<td>federal funding</td>
<td>consistent annual campaign</td>
<td>employee giving at death</td>
</tr>
<tr>
<td>donations</td>
<td>inflation sensitive</td>
<td>fee structures</td>
<td>gifts from associations</td>
<td>consider new funding streams</td>
<td>federal and state grants</td>
<td>federal funding</td>
<td>employee giving at death</td>
<td>employee giving at death</td>
</tr>
<tr>
<td>established FTE endowments</td>
<td>maximize existing funding sources</td>
<td>funding for capital projects</td>
<td>give customers opportunities to invest corporate sponsors</td>
<td>get/sell grants (3)</td>
<td>federal state and private grants and contributions</td>
<td>federal and state grants</td>
<td>employee giving at death</td>
<td>employee giving at death</td>
</tr>
<tr>
<td>expand market base</td>
<td>maximize programmatic spending</td>
<td>graduated fee schedule</td>
<td>increase partnerships</td>
<td>federal state and private grants and contributions</td>
<td>federal state and private grants and contributions</td>
<td>federal state and private grants and contributions</td>
<td>employee giving at death</td>
<td>employee giving at death</td>
</tr>
<tr>
<td>find creative options</td>
<td>more outreach</td>
<td>income from training services provided</td>
<td>private/public partnerships</td>
<td>developing product (intellectual property)</td>
<td>part of grant writer</td>
<td>grant training</td>
<td>employee giving at death</td>
<td>employee giving at death</td>
</tr>
<tr>
<td>hire a grant writer</td>
<td>plan on how to best utilize</td>
<td>increases to keep up with inflation</td>
<td>private/public partnerships</td>
<td>developing product (intellectual property)</td>
<td>part of grant writer</td>
<td>grant training</td>
<td>employee giving at death</td>
<td>employee giving at death</td>
</tr>
<tr>
<td>increase state funding</td>
<td>plans for growth</td>
<td>inflation sensitive</td>
<td>share costs with traditional &amp; non-traditional partners</td>
<td>exhaust possibilities, think through options to grow financially</td>
<td>share costs with traditional &amp; non-traditional partners</td>
<td>state legislature</td>
<td>foundation funding</td>
<td>foundation funding</td>
</tr>
<tr>
<td>look for growing funding sources</td>
<td>plans for growth</td>
<td>invested to produce a return to customers &amp; UT</td>
<td>identify new revenue sources from heavy users of our services</td>
<td>internet &quot;Go Fund Me&quot;</td>
<td>identify new revenue sources from heavy users of our services</td>
<td>state legislature</td>
<td>foundation funding</td>
<td>foundation funding</td>
</tr>
<tr>
<td>more flexibility regarding grants</td>
<td>reasonable reserves</td>
<td>maximize existing funding sources</td>
<td>maximize existing funding sources</td>
<td>online crowd-sourcing</td>
<td>maximize existing funding sources</td>
<td>state legislature</td>
<td>foundation funding</td>
<td>foundation funding</td>
</tr>
<tr>
<td>more state and federal grants</td>
<td>recession proof funding</td>
<td>maximize programmatic spending</td>
<td>maximize programmatic spending</td>
<td>package existing online programs to others outside our state</td>
<td>maximize programmatic spending</td>
<td>state legislature</td>
<td>foundation funding</td>
<td>foundation funding</td>
</tr>
<tr>
<td>more state partnerships, more diverse partnerships</td>
<td>reliable funding</td>
<td>more outreach</td>
<td>plan on how to best utilize</td>
<td>plans for growth</td>
<td>plans for growth</td>
<td>state legislature</td>
<td>foundation funding</td>
<td>foundation funding</td>
</tr>
<tr>
<td>more state support multiple sources needed</td>
<td>reserve funding to cover any downturn in cash flow</td>
<td>plans for growth</td>
<td>plans for growth</td>
<td>plans for growth</td>
<td>plans for growth</td>
<td>state legislature</td>
<td>foundation funding</td>
<td>foundation funding</td>
</tr>
<tr>
<td>private funding</td>
<td>solid base to grow from</td>
<td>program fees</td>
<td>provides for both current status and growth</td>
<td>available funding resource workshops</td>
<td>available funding resource workshops</td>
<td>state legislature</td>
<td>foundation funding</td>
<td>foundation funding</td>
</tr>
<tr>
<td>private/public balance</td>
<td>strategic budget allocation</td>
<td>reasonable reserves</td>
<td>recession proof funding</td>
<td>strategic budget allocation</td>
<td>strategic budget allocation</td>
<td>state legislature</td>
<td>foundation funding</td>
<td>foundation funding</td>
</tr>
<tr>
<td>receiving grant awards</td>
<td>sustainable/sustainability (3)</td>
<td>reasonable reserves</td>
<td>recession proof funding</td>
<td>strategic budget allocation</td>
<td>strategic budget allocation</td>
<td>state legislature</td>
<td>foundation funding</td>
<td>foundation funding</td>
</tr>
<tr>
<td>shared SPF partnerships</td>
<td>sustainable/sustainability (3)</td>
<td>reasonable reserves</td>
<td>recession proof funding</td>
<td>strategic budget allocation</td>
<td>strategic budget allocation</td>
<td>state legislature</td>
<td>foundation funding</td>
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