The investment of resources to pay for the cost of fundraising at Penn State has been a wise one over the years. As an example, during the *For the Future* campaign (2007 - 2014), the University raised $8.17 in gifts and new pledges for every $1 it expended, an excellent return on investment by any standard. Over 22,000 privately funded scholarships are now awarded to students on an annual basis, we can offer more than 300 faculty members the support and recognition of a privately endowed position, and tens of millions of dollars have been raised for new buildings on campuses across the Commonwealth. The University has come to rely upon private funds to help create a world-class learning environment, and donors at Penn State have recognized that it costs money to raise money.

Public universities employ a variety of methods to support the increasingly important mission of private fundraising. These methods for funding development costs include using operating monies available to the institution, levying a percentage “tax” on every gift, and using a modest portion of the institution’s endowment.

Penn State uses several sources to pay for the cost of fundraising. The majority of budgetary revenue, 70 percent, comes from the University’s general operating budget. About 9 percent of the development budget is derived from unrestricted gift funds. Approximately 21 percent comes from the University’s $2.376 billion privately funded endowment, amounting to slightly less than one-half of one percent of the endowment’s total value. Finally, all gifts of $5,000 or more are held for 90 days in a special account where they earn short-term interest before being transferred at their full-gift value to the purpose designated by the donor. This last source provided less than one percent of the total development budget for the year ended June 30, 2015.

Penn State pledges to its donors, and those who benefit from private support, to be a vigilant steward of donor gifts; to be judicious and efficient in expenditures of funds for development purposes; and to be transparent and ethical in the methods it employs to raise funds to support our students, faculty, and programs.