

COMPARATIVE STUDY OF INDIANA UNIVERSITY FOUNDATION AND  
PEKING UNIVERISTY EDUCATION FOUNDATION  
WHY THEY ARE DIFFERENT AND WHAT TO LEARN?

Zheng Xu

Submitted to the faculty of the University Graduate School  
in partial fulfillment of the requirements  
for the degree  
Master of Arts  
in the Department of Philanthropic Studies  
Indiana University

May 2010

Accepted by the Faculty of Indiana University, in partial fulfillment of the requirements for the degree of Master of Arts

---

Dwight F. Burlingame, Ph.D., Chair

---

William M. Plater, Ph.D.

Master's Thesis  
Committee

---

Leslie Lenkowsky, Ph.D.

## ACKNOWLEDGEMENTS

I extend my sincere appreciation to Mr. Thomas Herbert, Vice President at IUF who had arranged a wonderful and inspiring internship at IUF for me, allowing me to acquire the knowledge of internal operations of the foundation including attending Board meetings. I am indebted to Mr. Curtis R. Simic, former President of IUF for his permission to observe the IUF and for his stimulating support. Under his leadership, IUF achieved remarkable progress over the last two decades.

I am particularly grateful for Dr. William M. Plater, former Executive Vice Chancellor and Dean of the Faculties, Indiana University-Purdue University Indianapolis (IUPUI), who has always been ready to help and given me profound encouragement. The study would never have been completed without the extensive research assistance and intellectual input of Dr. William M. Plater.

In addition, I wish to express my gratitude to Dr. Leslie Lenkowsky, School of Public and Environmental Affairs and Center on Philanthropy at Indiana University. The thesis has benefited from his inspiring course on why and how people give, and the challenges for both philanthropists and philanthropic organizations. A comparative study of civil society rendered my deeper understanding of the uniqueness of the American traditions of philanthropy and volunteering. Special thanks to Dr. Dwight F. Burlingame, Associate Executive Director and Professor of Philanthropic Studies at IUPUI, for his advice on

various articles on the history of philanthropy in America and for his comments that led me to finish this thesis.

I am much honored to give my gratitude to Mr. Michael A. McRobbie, President of Indiana University, for taking time from his busy schedule to meet with me for four times, offering me precious opportunities to observe his management of the University and to understand his responsibilities.

My sincere thanks go to Dr. Min Weifang, Chairman of University Council of Peking University and Board Chairman of the Peking University Education Foundation. I have to thank Dr. Min for writing a personal recommendation letter, and giving me his attention and care throughout my study. Dr. Min received his Ph.D. in Economics of Education from Stanford University in 1987 and has long acted as a leader of the university and the foundation.

The study was made possible by the financial support of the Peking University Education Foundation (USA), a non-profit organization dedicated to enhancing development of Peking University and promoting exchanges in the field of higher education between China and America.

## TABLE OF CONTENTS

List of Tables	vi
List of Figures	vii
Chapter One: Introduction to IU Foundation and PKU Education Foundation	1
Chapter Two: Comparative Study	21
Chapter Three: Underlying Reasons	43
Chapter Four: Future Development	70
Chapter Five: Conclusion	85
References	88
Curriculum Vitae	

## LIST OF TABLES

Table 1. IU Budgeted Sources of Funds in 2007	8
Table 2. Purposes of Private Giving for the Fiscal Year Ended June 30, 2008	9
Table 3. Sources of Revenues of Peking University from 1994–1998	13
Table 4. Revenue Sources of Higher Education Institutions in China 1978-1987	54
Table 5. Statistics of Per Capita GDP of the United States and China 1820-2007	66

## LIST OF FIGURES

Figure 1. Private Gifts to IU/IUF 1982-2007	6
Figure 2. Total Private Giving to PKU/PKUEF 1985-2008	16
Figure 3. Purposes of Private Giving to PKU/PKUEF 1989-2005	19
Figure 4. Organizational Chart of IUF	25
Figure 5. Organizational Chart of PKUEF	26
Figure 6. Future and Planned Giving Commitments of IUF	33
Figure 7. Giving to IUF in Year 2007-2008	37
Figure 8. PKUEF Major Gifts by Region 2006-2008	38

## **Chapter One: Introduction to IU Foundation and PKU Education Foundation**

Today, few would question the importance of higher education as a way for effecting global changes and improving society and humanity. With the development of university foundations, there is growing appreciation for the unique and potential roles of both the nonprofit sector and private giving. Over the past decades, in the United States, university foundations have become important partners in responding to opportunities and challenges confronted by higher education institutions. In China, university foundations also emerged and participated in the advancement of higher education. University foundations, as philanthropic organizations, are acting as an important channel for raising philanthropic funds for the field. They provide an essential financial backup to ensure educational quality and opportunity, an investment in the future of an individual, a family, a nation and even the world. Indiana University Foundation (IUF) and Peking University Education Foundation (PKUEF), two models of public universities in the United States and China, will be studied from a comparative perspective.

### **Indiana University and Indiana University Foundation**

IU is one of the earliest public universities established by a state. Indiana state government founded Indiana University in 1820 as the State Seminary, four years after Indiana was admitted to the Union as the nineteenth state and changing the name to Indiana University in 1838. The public-private partnership at IU has existed since its foundation. In 1854, the first College building was destroyed by fire, and alumni helped



to rebuild it. In 1883, following a fire at Seminary Square, citizens of Monroe County pledged \$50,000 to the University (Chronology of IU History).

Indiana University was and continues to be the largest university in Indiana. With more than 99,000 students on eight campuses across the state, Indiana University touches the lives of Hoosiers in the mid west of America. Indiana University consists of two core campuses: Bloomington (IUB) and Indianapolis (IUPUI), and another six campuses: Fort Wayne, Gary, Kokomo, New Albany, Richmond and South Bend. Bloomington enjoys the longest history, providing 332 degree programs and 130 majors for 30,394 undergraduate and 7,672 graduate students. Located in the capital city of Indiana, Indiana University-Purdue University Indianapolis (IUPUI) enrolls around 28,000 graduate and undergraduate students representing all 50 states and 122 countries (IU Factbook 2007-2008, n.d.).

The Indiana University Foundation was established in 1936, as one of the earliest university foundations in United States. The mission for IUF is to collect social resources, accept and manage gifts in support of the University, and provide administrative and stewardship services. Designated as the University's central fundraising agency, the Foundation partners with and serves all IU campuses.

Development of IUF.

The development of IUF can be generally divided into three stages.

#### 1. Beginning of Public-Private Partnership (1936-1952)

The first stage began with the establishment of IUF and marked the beginning of public-private partnership from 1936 to 1952. The founders of the Indiana University Foundation cherished the dream of ensuring educational quality and opportunity which is the mission of democracy. The success of the Memorial Fund Drive in 1922 made clear the need for private-sector funding to realize this dream. The celebration of the 100<sup>th</sup> anniversary of IU provided a golden opportunity for the development of IUF. The IU Foundation started with a \$5,000 gift from George A. Ball of Ball Corporation in Muncie, Indiana. John Bradford donated 900 acres of family land to IU in 1938 (by 1956, the Bradford Woods recreational area had been enlarged to 2,300 acres), a great historical contribution to the development space of the University. Now it is serving all campuses of Indiana University and enhancing education for Hoosiers.

#### 2. Steady Development (1952-1987)

IUF enjoyed steady progress in raising private support and preserving a sound tradition during this period. Strong leadership is always one essential element for its development. IUF was mainly led by William S. Armstrong, who had been Executive Director and President of the IU Foundation for 31 years from 1952 to 1983. As fundraiser and Athletic Department consultant, Armstrong aided IU Athletics in many significant ways, such as for soccer and the Little 500 bicycle race. Noted for his

outreach and for connecting alumni and friends with IU, Armstrong made a remarkable contribution to the expansion of the University's development program. By the 1950s, the IU Foundation was recognized nationally for its success.

The 150<sup>th</sup> anniversary of IU in 1970 presents another golden opportunity for the development of IUF. In 1960-1970s, the university had great development with a broad range of educational and research programs and levels of quality comparable to the finest private institutions. IUF undertook the first comprehensive campaign, namely the 150th Birthday Fund. This campaign exceeded its initial goal of \$25 million by more than 100 percent, raising \$51.2 million.

In 1960, the Lilly Library at Bloomington was completed. The Library, named after the most well-known private philanthropist in Indiana, became a permanent mark for the long-term partnership between IU and the Lilly Foundation. Special efforts were made to organize and steward annual fundraising at several schools at IU, greatly promoting program development at the school level. In addition to government support, the Foundation also created specialized programs to attract private-sector funds. For example the President's Circle for lifetime donors of \$100,000 or more, the Well House Society to promote unrestricted giving, the Arbutus Society for planned gift donors, the Parents' Fund, reunion giving, and corporate and foundation programs, to name a few. As the mission and role of public universities have expanded, so have their financial needs.

IUF maintained steady development in the 1960s, 1970s and the first half of 1980s. By 1965, IUF was raising more than \$1 million a year. In 1974, when IUF moved into

Showalter House, its annual contributions totaled \$8 million, eight times that of 1965 (Rededicates Its Home, 2000). In 1985, IUF concluded the calendar year with \$26.17 million in private gifts. With such accomplishments, IUF became a leading institution among public universities in America in fundraising.

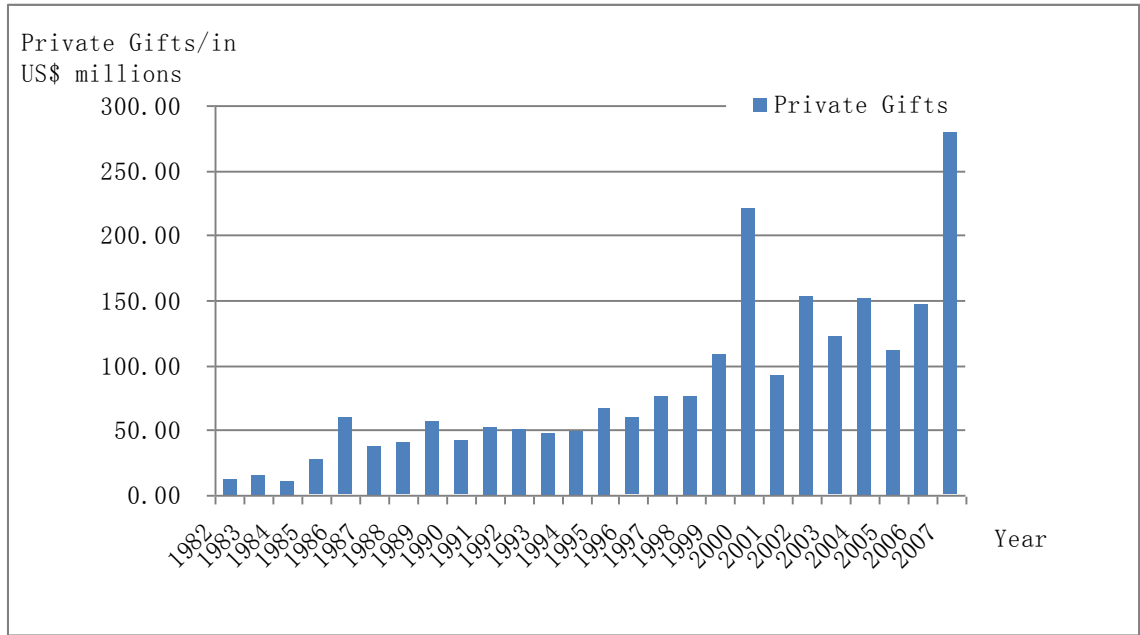
### 3. Higher Goal Campaigns (1986-Present)

The number and size of university foundations in America had a large increase over the past two decades. They achieved remarkable performance and continuously perfected fundraising practices and techniques. The adoption of campaigns greatly enhanced the professional level of fundraising. And campaign goals have been raised again and again.

The Campaign for Indiana University was conducted from 1985 through 1989 and raised \$316.1 million for IU. It changed the Foundation from a small organization that conducted annual campaigns into a multi-dimensional organization handling complex, comprehensive campaigns, major gifts, planned gifts, annual fund campaigns, and a growing endowment, as well as providing all the attendant services that support a successful fundraising and investment program.

IU set a record for fundraising during its campaigns in 2004. In the first \$1 billion campaign, the IUPUI campus raised more than \$1 billion in its Campaign for IUPUI, which concluded in 2004. The IUPUI campaign was the first campaign with a goal of \$1 billion to be completed by a public university in Indiana.

Figure 1. Private Gifts to IU/IUF 1982-2007



Source: IUF Internal Gift Data

Figure 1 shows the consistent growth in private support to IU/IUF since 1980s, from \$35 million / 60,000 donors in 1982 to over \$250 million / 100,000 donors annually in the eight-year period of 2000-2007. The highest annual private giving to IU is \$278.5 million in 2007. With a record \$408.6 million in Total Voluntary Support Indiana University ranked second in the Big Ten<sup>1</sup>, third among public universities, and 11th among all colleges and universities in the nation in the amount of support it received from the private sector in fiscal 2008 (IU Ranks 11th, 2009).

<sup>1</sup> Big Ten refers to the association of eleven representative public universities in Midwestern United States: Indiana University, Michigan State University, Northwestern University, Ohio State University, Penn State University, Purdue University, University of Illinois at Urbana-Champaign, University of Iowa, University of Michigan, University of Minnesota, University of Wisconsin, Madison.

## Contribution of IUF.

The fundraising efforts of IUF have made great contributions to IU. IUF is organized as a not-for-profit corporation under the laws of the State of Indiana for the exclusive purpose of supporting the university by receiving, holding, investing, and administering property and making expenditures to or for the benefit of the university.

A general picture of the revenues of IU helps us see the importance of gifts in the university's budget. The revenues of IU are classified as either operating or non-operating: Operating revenues result from exchange transactions, such as student tuition and fees (net of scholarship discounts and allowances), government and other grants and contracts, and sales and services of auxiliary enterprises; non-operating revenues include those derived from non-exchange transactions such as gifts. Other non-operating revenues include significant revenue sources that are relied upon for operations, such as state appropriations and investment income. Obviously, private funding is an important source of non-operating revenues. Annual major capital projects and gifts of capital, including the endowment management return are significant in recent years. Endowment funds are not included in the IU operating budget, because the principal of endowment funds cannot be expended and must remain intact in perpetuity. Therefore it is not an operating budget component. The interest income earned on the principal amount can be budgeted in the fund groups.

Table 1. IU Budgeted Sources of Funds in 2007

Sources of Funds	Percentage
State appropriations	21%
Student tuition and fees	28%
Grants and contracts	20%
Auxiliary enterprises and Other operating revenues	24%
Gifts and Investment income	6%
Others	1%

To meet the growing needs in annual expenses, IU increased total revenues to \$2.45 billion in 2007, an increase of 7.3% compared to 2006. State appropriations, the largest single source of non-operating revenues for the university, were \$530.6 million in 2005 and decreased to \$527.7 million in 2007. The proportion of state appropriations in total revenues dropped to 21% in 2007. Gifts and grants rose 18% from \$60.4 million in 2006 to \$71.4 million in 2007.

Mature programs and a fundraising system enable IUF to attract support from individuals, corporations and foundations, mostly for donor-restricted purposes. For instance, the 2008 IU Foundation Annual Report shows that, a big portion, about 40%, is for students' aid and scholarships, the second largest part is for the property, buildings, and equipment, 21%, and the third largest amount, is about 20% for the other restricted purposes as shown in Table 2.

Table 2. Purposes of Private Giving for the Fiscal Year Ended June 30, 2008

	Purposes of Private Giving	Amount(\$ millions)	Percent
1	Student Financial Aid	99.0	40.0
2	Property, Buildings, and Equipment	52.6	21.0
3	Other Restricted Purposes	50.9	20.0
4	Academic Divisions	23.4	9.0
5	Faculty and Staff Compensation	10.1	4.0
6	Research	7.5	2.8
7	Unrestricted	3.7	1.5
8	Library	2.3	0.9
9	Others	1.9	0.8
	Total	251.4	100.0

Source: IU Foundation Annual Report 2008

Campaigns are critical to increasing of accessibility of IU for students from low-and moderate-income families and sustaining IU’s competitiveness to attract and retain qualified graduate students and top faculty members. For example, more than \$300 million of contributions and gifts raised so far in the Matching the Promise Campaign are being used for scholarships and fellowships at IU Bloomington. “Endowments created through the Matching the Promise Campaign double the impact of a donor's already generous gift”, said Jacobs School Dean Gwyn Richards, “These endowments strengthen our school and allow us to put Indiana University education within reach of many talented and deserving students.” (IU's Matching the Promise campaign, 2008). Endowments help the University to sustain its preeminence on many fronts. For example,



the scholarship endowments are helping to keep IU accessible to all Hoosiers, to attract and retain the brightest and most motivated students. In December 1, 2005, news reports a \$15 million gift from a loyal alumnus who was enrolled at IU Bloomington in the fall of 1939, and a record-setting \$70 million gift from an anonymous donor, bringing total giving for scholarships in the past 12 months to \$155 million.<sup>2</sup>

#### Summary.

Over the past seven decades, IUF has become a national leader among foundations and development programs in partnership with a leading institution of higher education. A sound private-public partnership has evolved during the development of IU. In the last two decades from 1985-2001, state appropriation has decreased in percentage compared to student fees.<sup>3</sup> Faced with the decreasing government appropriations and increasing financial needs of the university, IUF has made enormous contributions to the development of the university through attracting private resources in support of higher education.

### **Peking University and Peking University Education Foundation**

Compared to their American counterparts, Chinese university foundations started only a decade ago. Established in 1995, Peking University Education Foundation

---

<sup>2</sup> <http://newsinfo.iu.edu/news/page/normal/1733.html>

<sup>3</sup> Indiana University Factbook, State Appropriation and Student Fee Income Over Time; Indiana University, Financial Report 2006-07. Appropriation as a percentage of total fees and appropriation was 68% in 1985-86, decreasing to 53% in 2000-01.

(PKUEF) is one of the earliest university foundations founded in China. The short period from 1995 to present witnessed rapid increases in gifts received annually by PKUEF and the expansion of the foundation's fundraising capacity.

PKU within the context of Reform and Opening-up of China.

## 1. PKU History

The founding and development of PKUEF is closely linked to the long history and special position of Peking University (PKU). Established in 1898, PKU is the first comprehensive and national university in Chinese modern history as well as the first Chinese university in the true sense of modern. The University was originally named "Imperial University of Peking". At the time of its founding, PKU was not only the most preeminent university but also an education administrative unit at the highest level in China. After the Reform Movement of 1898<sup>4</sup> failed, all new policies and administrative measures were abolished except the university. Cai Yuanpei became PKU President in 1917, a milestone in the University's history. Embracing an educational philosophy based on democracy and science, PKU has become one of the most prominent higher education institutions in China, producing numerous masters in all fields.

The development of Peking University has always been associated with the progress of the nation since 1898. PKU has become a center for teaching and research, embracing

---

<sup>4</sup> Reform Movement of 1898 refers to a short-lived movement (Weixin Yundong) of 103 days led by Kang Youwei and Liang Qichao that tried to win the support of the Guangxu Emperor. State examinations, administration, state budget, ministries, education, jurisdiction, and military are fields they tried to develop.

diverse branches of learning such as basic and applied sciences, social sciences and the humanities, and sciences of medicine, management, and education.

## 2. PKU - the Most Preeminent University in China

PKU enrolls the best and brightest of a country with the largest population in the world. According to the regulations of the Ministry of Education, every high school graduate student takes the national College Entrance Examination (CEE). Admission to colleges depends on their scores on the exam. There were 10.5 million students registered for the exam in 2008. Only the very best of 3,500 were enrolled into PKU.

Currently, PKU enrolls over 14,000 undergraduates, around 10,000 postgraduates and about 5,000 Ph.D. candidates within 41 schools and departments, including the Medical Department, 271 institutes and centers, 13 national laboratories and two state-level engineering research centers.

PKU is the most international university in China. Its superior location in the nation's capitol presented PKU with many advantages, particularly in promoting exchanges between China and the world. PKU has established exchange relationships with 240 universities from over 50 countries and regions. The number of its international exchange programs ranks the top in the country. Every year about 30-40 presidents of world's leading universities attend and make high-level exchanges in the Beijing Forum sponsored by PKU. Over 140 international academic conferences have been held; over 1,700 scholars at PKU have gone abroad for visiting, education and research exchanges, and international conferences; and PKU received over 1,200 international experts. It is

frequently visited by Nobel Prize winners, presidents of world leading universities, and foreign officials. PKU enjoys a high academic reputation at home and abroad. The number of applications from international students also ranks the highest in China.

Table 3. Sources of Revenues of Peking University from 1994-1998

Sources	Amount in RMB Yuan Million	Percentage
Government funding	1066	36.64
Tuition and others	766	26.33
Research Grants	520	17.88
Gifts	334	11.49
Affiliated Corporations	153	5.26
Tuition from Overseas Students	70	2.41
Total	2909	100

Source: Chen, 2006

Before the middle of 1980s, the revenue of PKU was completely from government appropriations. Since the second half of 1980s, the university was given partial autonomy. The proportion of the state appropriation in the university's total revenue has been decreasing each year. The sources of the university have become more and more diversified. The top six sources of revenues for Peking University include the government, tuition fees, research grants, charitable contributions, and earnings from the affiliated corporations of the University. Now, about one third of the university's operating funds are from state appropriations as shown in Table 3. This financial information about Peking University, released by Chen, Xuefei in 2006 is the only

available published information about university finance in China. While the government remains the biggest sponsor, its percentage has dropped to only 36.64%. Other social forces have been more actively involved.

PKU receives key supplemental support from the state. On the occasion of its 100th anniversary celebration, the former Chinese President Jiang Zemin delivered a speech in which he announced the goal of building PKU into a world-class university in the 21<sup>st</sup> century. To accomplish the goal, PKU has received special support from the state over the past decade and the total annual appropriation for PKU is RMB 300 million. Apart from continuing government appropriations, PKU received special grants from the government. For example, PKU received a grant of RMB 125 million from Project “211”<sup>5</sup> and RMB 1.8 billion from Project “985”<sup>6</sup>. Special grants for student stipends received by PKU since 2007 reached RMB 4 million. Although limited in social resources as a developing country, China has strived to concentrate its financial power to support the development of the leading universities. The goal of building world-class universities conforms to the plans for national strategic development.

---

<sup>5</sup> The Chinese government’s new endeavor aimed at strengthening about 100 institutions of higher education and key disciplinary areas as a national priority for the 21<sup>st</sup> century.

<sup>6</sup> A project initiated in May 1998 by the Ministry of Education aimed at building world-leading universities in China; subsequently, several top universities received special three-year grants for quality improvement under the “985” Project.

## Founding of PKUEF.

It was only after “Reform and Opening-up” that non-governmental funds began to take part in supporting universities. Reform and Opening-up gave rise to an era of international academic and cultural exchanges in the 1980s. Particularly in 1988, Peking University received many gifts from international organizations and friends in Japan, Europe and other regions. Overseas gifts have grown from a few scholarship programs to about 20 programs. The need for receiving and managing major capital gifts directly led to the establishment of university foundations in China.

In May 1993, the State Education Commission of China approved the application from PKU to establish a foundation as a special agency to receive and manage overseas gifts. The charter of PKUEF was reviewed and approved by the People’s Bank of China. PKUEF was officially registered with the Ministry of Civil Affairs in July 1995, one of the earliest university foundations based in China<sup>7</sup>. It was subject to the audit, supervision and review of the Ministry of Civil Affairs and the People’s Bank of China.

As a non-profit organization in the field of higher education, PKUEF is dedicated to receiving and managing private gifts to foster the development of PKU in various aspects including teaching, research, scholarships, financial aid and campus construction. As a bridge connecting the University and the community, PKUEF strives not only to maintain the current ties and cooperation with donors, but also to open up more channels for alumni and friends. Its development until now could be roughly divided into two stages.

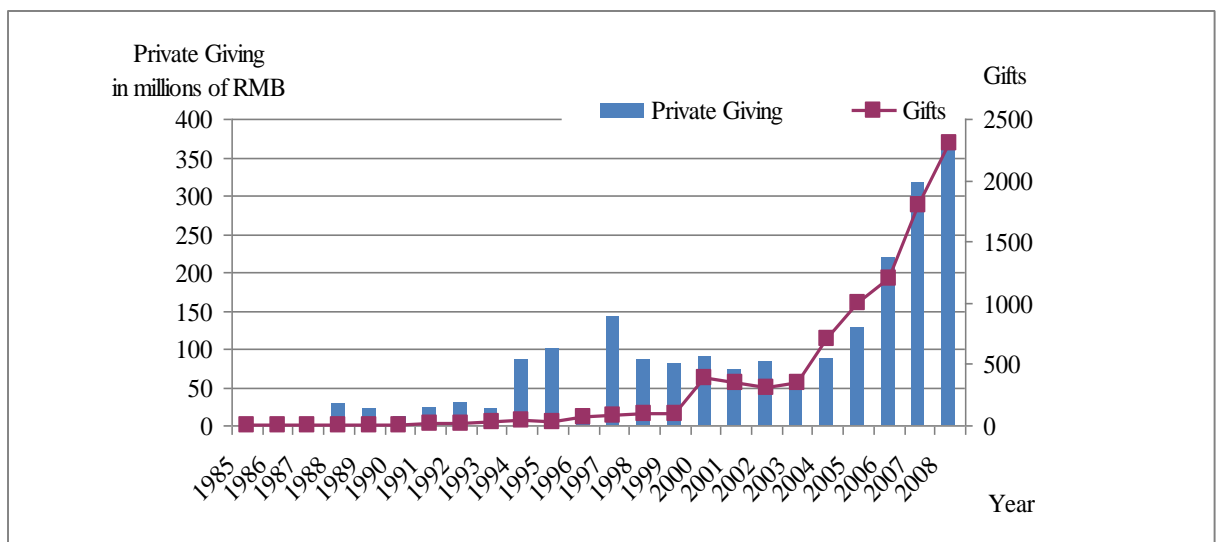
---

<sup>7</sup> Tsinghua University Education Foundation was founded in 1994.

## 1. First Stage (1995-2004)

The Foundation has made steady progress in the first decade after its registration. During this stage PKUEF received most of its gifts passively instead of soliciting them. The celebration of the 100<sup>th</sup> anniversary of PKU in 1998 facilitated fundraising of the foundation. During this phase, gifts received by PKUEF shifted from sporadic gifts to steadily increasing gifts. The foundation has now taken the initiative to conduct brand-building fundraising events. Progress can be seen in the standardization of program design, institutionalization of program management, better publicity and donor service, data collection and maintenance, clearer division of responsibilities among departments, and, most obviously, the growth in private support and donors as Figure 2 shows.

Figure 2. Total Private Giving to PKU/PKUEF 1985-2008



## 2. Rapid Development (2005-Present)

Since 2005, PKUEF has accelerated its development and achieved substantial results as evidenced by the surging of private gifts, from RMB 128 million in 2005 to RMB 317

million in 2007. The amount of gifts set a new record in 2008, topping RMB 358 million. The number of donors also increased from 1,000 in 2005 to 2,000 in 2008.

This remarkable performance is largely attributed to the 2008 Olympics and increases in gifts from friends and alumni. In 2006, an estate in Singapore donated a sum of more than RMB 170 million (\$34 million) to the PKU Gymnasium, the largest single gift ever received by PKU and PKUEF. The Leo KoGuan Foundation (the United States) made consecutive donations in five years, giving \$1 million each year, to support construction and multidisciplinary research as well as fellowships and scholarships. In addition, the Leo KoGuan Foundation pledged to make donations of \$60 million in the coming 50 years. In 2008, the HSBC Foundation made a donation of RMB 150 million to set up the PKU HSBC Financial Research Fund. In the same year, PKUEF also received two major gifts from alumni: Huang Nubo, President of Zhongkun Real Estate Company made a real estate donation worth RMB 1 million to set up the PKU Zhongkun Education Fund; and Huang Jingguang contributed RMB 210 million to set up the PKU Jingguang Research Fund in support of scientific research at the National School of Development, PKU.

Over the past decade, PKUEF has continuously established new records in private gifts annually. In 1996, PKUEF received RMB 60 million from 40 organizations and individuals. Private gifts to PKUEF rose from RMB 87 million from 480 donors in 2004 to more than RMB 359 million from over 2300 donors in 2008. Over 500 gifts were for earthquake relief programs, prompting a significant growth in the number of donors.



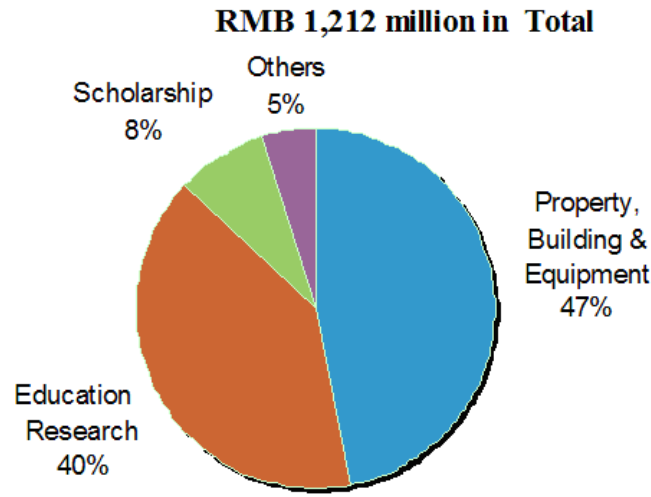
However, it is worth noting that major gifts were still from a limited number of organizations and individuals. Compared with over 120,000 donors of IUF, the donor base of PKUEF is quite small and thus corresponding to its status as a very young organization.

#### Contribution of PKUEF.

Even though it was founded less than 15 years ago, PKUEF has played a critical role in advancing the development of PKU. Gifts are mainly used to support the development of PKU in four endeavors, namely, infrastructure construction, education and research, scholarships and financial aid for students, and development funds. Figure 3 shows the purposes of private giving to PKU/PKUEF from 1989-2005. Out of the total RMB 1,212 million, 580 million (47%) has been used for property, buildings and equipment; 481 million (40%) has been used for education and research; 94 million (8%) for student aid; and the rest 57 million (5%) for unrestricted purposes.

Campus construction is always the largest portion, making up 40.7% in 2007 and 44% in 2008. The past decade witnessed the biggest changes ever made to the campus. Since 1995, PKU constructed many new facilities, such as the new Centennial Hall, new PKU Library, Olympic Ping Pong Sports Complex (PKU Gymnasium), as well as a great number of teaching and living facilities. All of these buildings required enormous capital investments. They would not be possible without private gifts to PKUEF.

Figure 3. Purposes of Private Giving to PKU/PKUEF 1989-2005



Over the last few years, infrastructure appropriations from the state only accounted for around 10% of funds needed by PKU. The huge gap was largely filled by the generous support of society. Studying, research and the living environment of PKU have been greatly improved. A substantial part of the 29 new facilities on PKU campus built from 1995 to 2009, including those under construction, are supported by private gifts, totaling RMB 1 billion with a construction area of over 400,000 square kilometers, 30% of the entire campus construction area. Most of the facilities are named after donors.

Faced with the expansion of the University and the decrease of the proportion of government appropriations, PKU takes the initiative to seek private support to resolve its increasing financial needs. Private gifts allow PKU to attract the best students of the country (and remain affordable to students from financially-disadvantaged backgrounds), attract and retain top faculty, and provide top-notch facilities for faculty and students.

## Summary.

Though with a late starting point, PKUEF has made rapid progress on many fronts including the establishment of an organizational structure, expansion of foundation staff and donor base, as well as continuously surpassing its records in fundraising. Major gifts received by PKUEF are usually at the pinnacle of the major gifts range in Chinese higher education<sup>8</sup>. Through collecting private gifts, PKUEF has helped the university address pressing needs in a timely manner.

---

<sup>8</sup> On the list of the Top 14 Foundations in China 2006, PKUEF ranked the second in total assets while Tsinghua University Education Foundation ranked the third on the list. They are the only two higher education institutions listed. PKUEF topped the list in private giving received in 2006, RMB 219,086,901 in 2006 while Tsinghua University Education Foundation received RMB 151,633,935 in the same year.

## **Chapter Two: Comparative Study**

As non-profit organizations widely recognized in the world, university foundations are making significant contributions to the development of universities. They partner with universities through accepting and managing private gifts from organizations and individuals (non-governmental). The emergence and growth of IUF and PKUEF are both the direct results of increasing financial needs in university development and decreasing funding resources from their respective governments. Besides, IU and PKU have much in common. Both universities are public universities with government support comprising the largest source of their revenues. As non-profit organizations in higher education, IUF and PKUEF have a large role in sustaining the excellence of their universities. While viewing their similarities, we cannot fail to see their striking differences, which will be elaborated on in this part to render us a deeper understanding of them.

### **Nature of Foundations**

Although both foundations are legally independent non-profit organizations, they are different in nature. A U.S. philanthropic foundation is defined as a “nongovernmental, nonprofit organization, having a principal fund of its own, managed by its own trustees or directors, and established to maintain or aid social, educational, charitable, religious, or other activities serving the common welfare” (Xie, 2005, 97). American foundations are the legal descendants of the foundation principle in that they are endowed with private funds to serve the public welfare. The fundamental nature of a U.S. philanthropic

foundation could be summed up as a non-profit and nongovernmental organization for the public good. The voluntary support to a public foundation is not only from a single wealthy individual or family, but from a broad group of people.

As philanthropic organizations in the field of higher education, university foundations also contain the salient features such as partnership with the university; most funds are from alumni, friends, parents, foundations, corporations, and other organizations; and they have voluntarism as the basis. IUF is independent of IU. Independent university foundations are intended to directly receive private gifts and provide better service to donors. They embody the attributes of professional foundations under corporate management.

For philanthropic organizations in China, the main legal basis is *Regulation on Foundation Administration*, which was approved by the State Council on February 4, 2004 and took effect on June 1, 2004. According to the *Regulation*, a foundation is a non-profit incorporated entity with civil rights and obligations and affiliated with an administrative unit responsible for its management. Foundations in China are subject to a dual administration system of the registration unit and the business administration unit. The former is responsible for the review and approval of the foundation's application and registration; the latter is responsible for guiding and supervising foundations to ensure that they conduct public welfare activities in line with relevant laws and charters. Accordingly, PKUEF is a nonprofit organization in the field of higher education with the aim of serving the public welfare. PKU is the administration unit of PKUEF.

PKU is a “public institution”, subordinated to the Ministry of Education. In China, “public institution” refers to a social organization sponsored by state departments or other organizations using state-owned assets to provide public services. They are sponsored and directly managed by the government and usually subordinated to a government department at a certain level. In this sense PKUEF is equivalent to an administrative department of PKU. The foundation’s staff is similar to public servants, enjoying the allowances, and other treatments of administrative staff of a university.

The *Regulation* further divides foundations into two categories, namely, public collecting foundations and non-public collecting foundations. The difference lies in the source of funds: the former is entitled to raise funds from the public while the latter is prohibited from doing so; the latter can only collect funds from some particular organizations or individuals. University foundations in China fall into the second category.

Foundations in China are subject to public supervision. They must report to the appropriate registration administration unit on their financial status, auditing, and annual gifts as well as the use of funds. Meanwhile, foundations must publish this information in the media designated by the registration administration unit, such as the newspaper *China Philanthropy Times* and the website of China’s civil organizations.

PKUEF is certified as an “AAAA organization” based on government assessment, and it qualifies for tax deduction. Every year PKUEF is required to publish an annual report and meet auditing and assessment requirements from the government. The PKUEF

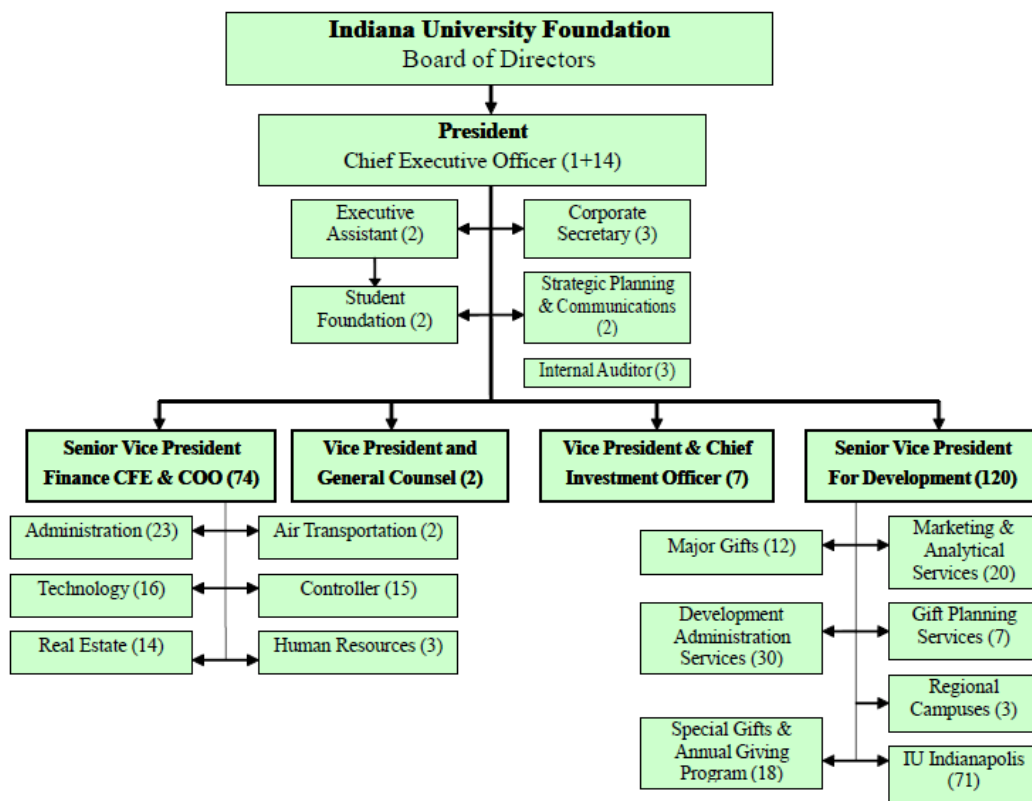
Charter has specified the use of its funds. The assets and income of the foundation are protected by laws. Board directors not working full-time may not claim payment from the foundation. Annual expenditure to fulfill the mission of the foundation may not be less than 8% of the endowment balance of the previous year. Salaries, welfare of staff, and administrative expenditures may not exceed 10% of the total expenses for the year.

### **Governance and Organizational Structure**

The structure of an organization determines how efficiently it operates. A good structure is always critical to a foundation's work and its relationship with donors. IUF has a very healthy infrastructure as shown in Figure 4. This organizational structure helps ensure open communication, professionalism, expertise, and trust.

IUF is governed by a Board of Directors which is responsible for providing overarching directions and plans for the Foundation. The board's primary mission is to assist the University in securing gifts, trusts, and bequests to nourish programs throughout the campuses. The board provides support and advice to a broad spectrum of fundraising programs and activities; manages endowment funds and oversees the finances, operations, and policies of the organization; helps develop a collaborative partnership with senior management; seeks agreement between key stakeholders on vision, values, goals and expectations and ensures that its board members have the required skills and experience to perform their duties and that all members fully understand and fulfill their governance duties acting for the benefit of the organization and for its public purpose.

Figure 4. Organizational Chart of IUF



The IUF Board is characterized by the diverse backgrounds of its board members. Out of 86 members, only 3 are from the University including the IU president who chairs the IUF Board of Directors. Such a composition helps ensure a formal channel of communication among the foundation, the university, and those outside the university.

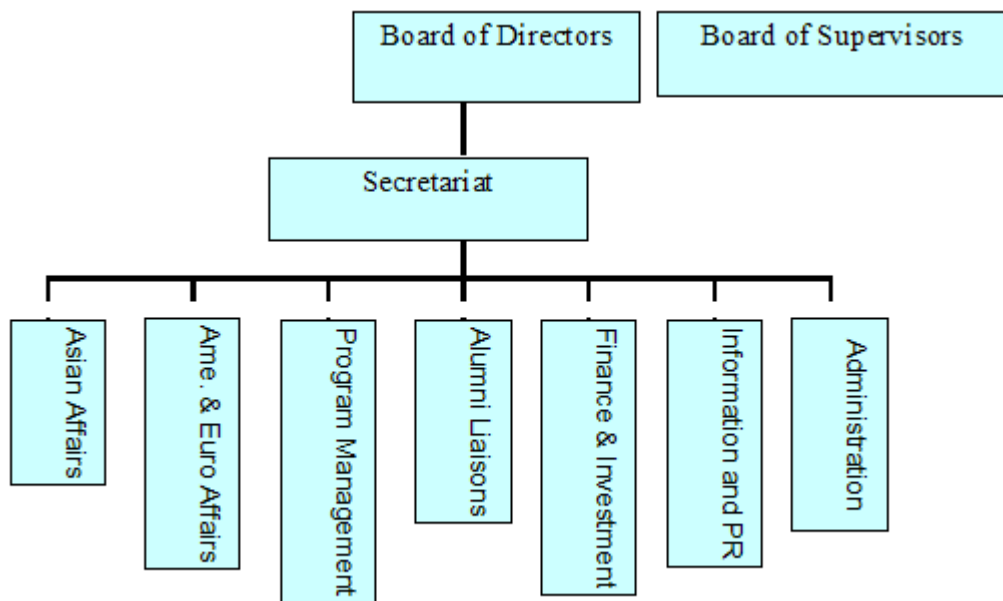
Under the leadership of its Board of Directors, there are three major departments in IUF: the Finance department, the Investment department, and the Development department.

The organizational structure of PKUEF is much different from that of IUF as shown in Figure 5. The key element of PKUEF is its Board of Directors, which is responsible for the decision-making of the foundation. According to the *Regulation*, the boards of



foundations shall be composed of 19 to 25 directors. Currently, the PKUEF Board has 23 directors, including leaders and famous professors in the University, and friends from society. The Chairman of the University Council chairs the Board; 65% of its members are from the University; and the rest (35%) are alumni and individuals outside the university.

Figure 5. Organizational Chart of PKUEF



Under the Board of PKUEF, there is the Secretariat responsible for daily administration and fundraising work. PKUEF typically holds two board meetings every year for decision-making regarding major issues. During the meetings, board members review the work report presented by the Secretariat and make proposals for important issues, including fundraising, financial management, program implementation and initiation, etc. There are seven departments in PKUEF, which include the Department of Domestic Affairs and Asian Affairs, Department of European and American Affairs,

Department of Scholarship Program Management, Department of Alumni Contact, Department of Finance and Investment, and Department of Information and Administration. Obviously, these departments are partly divided in terms of region rather than function.

The organizational structure of the two foundations differs in the autonomy and independence of the Board of Directors represented in the composition of the board, rights of board members, and their formal responsibilities - as well as those of the division of duties reflected in the departments in the organization.

### **Professionalization of Fundraising**

Professionalization is a representative feature distinguishing IUF from PKUEF. A strong professional team is one of the essential elements ensuring the success of IUF. To use the terms of Leslie Lenkowsky (2002), like the larger foundations, IUF has sizable, highly professional staff, a well-developed organization, and a long-standing mission.

Professionalization of IUF.

The remarkable performance of IUF is inseparable from an inner fundraising mechanism with the strong leadership of experts and scholars, a sizable and professional team of over 200 staff, and mature program management with rich practices and experience accumulated over a long time.

### 1. Experts as Leadership

Leadership is crucial to the success of an organization. Those undertaking leadership or management roles at IUF are mainly experts with extensive experience in fundraising, particularly in conducting campaign programs. Curt R. Simic (IUF president, 1988-2008) and Kent E. Dove (IUF senior vice president, 1997-2008) are renowned experts and long-term partners, a rare occurrence in American foundations. Both Simic and Dove spent more than 40 years in fundraising. They jointly brought IU into the ranks of the nation's top colleges and transformed IUF "from one that relied mostly on modest annual gifts into a well-oiled fund-raising machine that routinely attracts multimillion-dollar gifts from individuals and families who have been associated with the university for decades" (Hall, 2009).

### 2. Sizeable and Professional Officers and Staff

There are over 200 officers and staff professionally implementing fundraising programs at IUF. After Mr. Simic joined IUF in 1988, the first thing he worked on was the expansion of the team. Now, the size of IUF has grown from around 80 to 214 staff with three offices. The senior staffs are mainly philanthropy experts or consultants with extensive experience in fundraising, particularly in conducting campaign programs. The team helps the organization function well.

### 3. Two-level Cooperative Fundraising Mechanism

Moreover, IUF has established an effective and efficient cooperative mechanism with colleges of the university. In the 1980s, the Foundation again evolved when it placed

fundraisers, known as development officers, in the academic units on each of the campuses. These development officers were solely dedicated to the priorities established by their deans. While keeping a fundraising staff in-house, IUF also focused on providing services, specialists, and supportive oversight for the fundraisers in the academic units and for their deans and chancellors. IUF worked hard to provide an infrastructure that could keep pace with the tremendous growth in fundraising.

#### 4. Professional Research, Teaching and Training

Professional research, education and training are vital to the professionalization of the field. The Center on Philanthropy at Indiana University was founded in 1987 with initial funding from Lilly Endowment. The Center is a leading academic center dedicated to increasing the understanding of philanthropy, perfecting its practice, and enhancing philanthropic participation through research, teaching, public service and public affairs programs in philanthropy, fundraising, and management of nonprofit organizations. The Center helps nonprofit professionals and volunteers ensure that their organizations accomplish their missions and are ethical, efficient and well-run in doing so. Its Fund Raising School trains more than 8,000 professionals and volunteers annually.

The Center's services for individual philanthropists and foundations teach them to be more strategic about their giving to create maximum impact. The Center helps the news media, nonprofit professionals, policy makers and the public better understand the crucial role nonprofits and philanthropy play in our daily lives. By offering training on practices and applications but also conducts research from the perspectives of social development,

history and culture, the Center supports one of the largest concentrations of graduate students in the country studying philanthropy and nonprofit management. As commented by Curt Simic, president of Indiana University Foundation, “The Center on Philanthropy is a great source of pride for all of us at IU”.

#### 5. Army of Volunteers

The army of volunteers largely composed of alumni is an indispensable force for successful campaigns of IU. In regular annual fundraising, volunteers talk with old and new alumni across the world via telephone and provide a myriad of services to the donors they attract through telemarketing, including email interactions and help with tedious paper work. When it comes to campaigns, the preparation, organization, implementation and management cannot be separated from volunteers’ participation and contribution. Volunteers’ service and participation not only effectively reduces campaign costs for IU but also provides students and alumni with opportunities to become involved in affairs of their alma mater.

In appreciating the contribution of volunteers, Dean Lauren K. Robel paid special thanks to the army of volunteers at the outset of the *2006-2007 Dean’s Report* of the IU School of Law-Bloomington. The School’s Honor Roll is not only to acknowledge donors of funds but also to acknowledge volunteers who give time and talent to the school in various ways. IUF President Simic also said, “Our volunteer boards, along with deans and development officers at IU and the IU Foundation, are incredibly effective in telling potential donors what can be accomplished with private support. Their efforts

have been very successful” (Indiana University School of Law-Bloomington, 2006-2007 Dean’s Report).

#### Professionalization of PKUEF.

Compared with IUF, PKUEF is limited in the size of staff and expertise in fundraising. Currently, PKUEF has 21 staff members, approximately one tenth of that of IUF. The foundation started with 4 staff and over 40 programs. Five staff participated in the whole course of fundraising for the 100th anniversary of PKU in 1998, constituting the core members of fundraising. PKUEF also values the professional level of officer and staff, and sends officers to the United States for study and training in the field. In addition, through many practices in fundraising, officers and staff of the foundation have acquired a better understanding of the role of fundraising in the development of a university, as well as the internal construction of the organization.

The size of volunteers is small at PKUEF. PKUEF recruits students as voluntary office assistants and recruits volunteers for big events. For example, during the celebration of the 110<sup>th</sup> anniversary of PKU in 2008, many prominent donors and alumni representatives were invited to visit the campus. PKUEF recruited dozens of volunteers to participate in the preparation and reception work. This greatly reduced the workload on staff and offered students opportunities to participate in big campus events.

The fundraising mechanism of PKUEF is still under development. For the past decade, fundraising was largely conducted by PKUEF. Recognizing the importance of

collaboration with academic units, the University started the establishment of a university-school, two-level fundraising system in 2008. Now every school or department has designated one or two persons to take charge of fundraising. PKUEF provides necessary support to fundraising at the school-level. To motivate fundraising at academic units, PKU allocates a special fund of RMB 60 million to match any gift raised by academic units.

### **Giving Programs and Campaign**

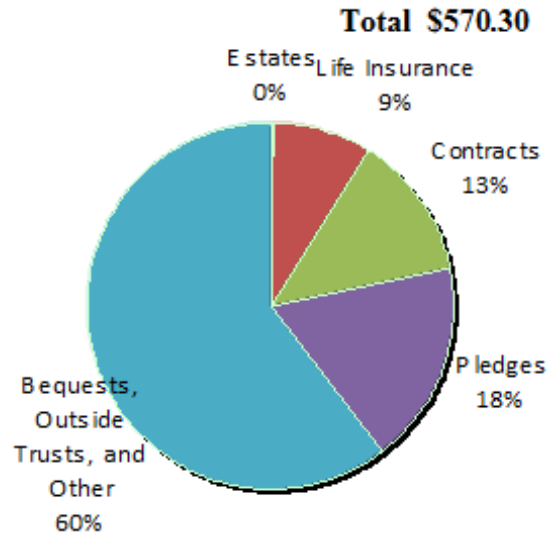
IUF and PKUEF have different features in their giving program, campaign, and endowment management. The major sources of their giving programs are also different.

#### **Giving programs.**

The size and organization of giving programs is another indicator of the soundness of a foundation. IUF has various giving programs to suit people of different ages and interests, such as annual giving, major gifts, and planned gifts. The planned gifts integrate personal, financial, and estate-planning goals with the donor's lifetime or testamentary (will) giving. It ensures the continuous acquisition of major gifts and steady growth in annual giving. As of June 30, 2008, the future and planned giving commitments of IUF reached \$570.3 million. Figure 6 reflects the total value of all planned gifts where the donor has communicated their intentions to give (IU Foundation Annual Report 07-08, 2009).

Figure 6. Future and Planned Giving Commitments of IUF

As of June 30, 2008 (in millions of dollars)



Compared with the sophisticated giving programs of IUF composed of annual gifts, major gifts and planned gifts, the programs of PKUEF are still at the beginning stage. The staff is organized according to regions instead of the categories of programs. Most private gifts are major gifts. There are not enough human resources to promote annual gifts. In addition, legal provisions on inheritance in China have led to the absence of planned gifts due to the absence of an inheritance tax.

The programs of PKUEF are still limited in terms of form and management. Giving programs of PKUEF are divided into four categories mainly according to their use, namely scholarships, education and research, campus construction, and development funds. Scholarships are further divided into merit-based scholarships and need-based scholarships. The latter are provided to ensure that no qualified student is ever turned away solely for financial reasons. Education and research programs are provided to



enhance teaching excellence and to address critical problems in the cutting-edge research. Campus construction programs are aimed at improving living and studying environments and development funds are provided to collect unrestricted gifts. These programs offer multiple choices to donors and help PKU respond to new opportunities and challenges in its development.

### Campaign.

The campaign is another common mechanism for foundations to plan and raise funds. A campaign is an organized (there is a structure), intentional (there is a plan), systematic (volunteer enlistment and prospect cultivation and solicitation are top down), strategic (movement and progress are plotted) approach to fundraising stated publicly in priorities to be met and dollars to be raised in a specific period of time (Dove, Lindauer & Madvig, 2001).

The 150<sup>th</sup> Birthday Fund was the earliest fundraising campaign undertaken by a public university. Campaigns became more professional in the twentieth-first century and the goal was set at \$1 billion. The 7-year campaign at the IUPUI campus raised \$1.039 billion. It was the first \$1 billion campaign to be completed by a public university in Indiana.

Compared to IUF, the concept of a campaign is still a blank area for PKUEF. The good thing is that people have already realized the importance of campaigns. PKU plans to undertake the first comprehensive campaign with a goal of increasing the size of its

endowment from the current RMB 600-700 million to 2 billion in 3-4 years; annual giving will grow by 10% each year from RMB 300 million in 2008 to 400 million in 2013.

#### Endowment management.

IUF's budget is supported by itself, and its endowment is an important resource. The income from both the unrestricted endowment and restricted funds will allow support of core academic programs that provide critical infrastructure as well as facilities essential to the university's academic mission. The payout of endowment funds is managed pursuant to an Investment Agency Agreement between the Trustees of Indiana University and the IU Foundation. The university delegates investment management responsibilities to the IU Foundation, subject to the university's investment policy. The spending policy is to distribute 5% of the twelve-quarter rolling average of pooled fund values. Indiana Code 30-2-12-8, Uniform Management of Institutional Funds, sets forth the provisions governing the expenditure of endowment fund appreciation, consistent with donor intent (IUF Financial Report 2006-07, 2008).

IUF entrusts professionals in capital markets with endowment operation for preservation and appreciation of its market value, a source of endowment growth. The majority of invested gift funds are managed by outside managers, selected and hired by the investment committee of the IUF board of directors. Separated from IU, IUF could thus realize a higher investment return. During the period of 1990 to 2007, the return rate

of the endowment averages 9%, which means 2-3% will be reinvested to grow the endowment.

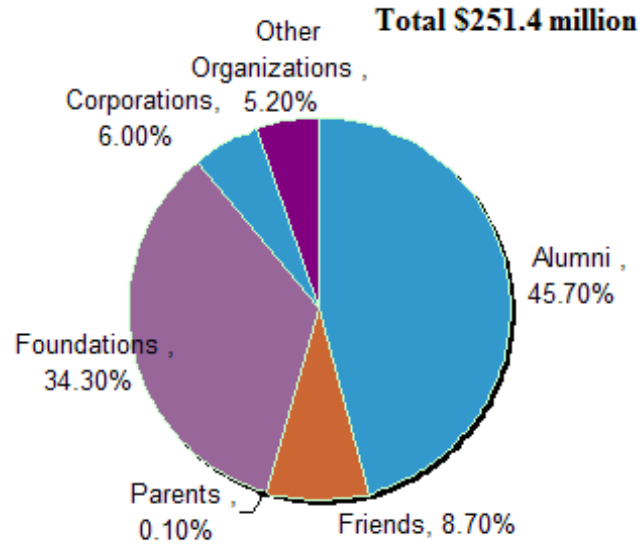
The size of the endowment of PKUEF is much smaller than that of IUF. PKUEF fully respects donor intention, including endowment investment directions. Since the capital market in China has just started, the financial regulation is very strict. Only domestic capital investment is allowed. PKUEF gives priority to the safety of capital and thus pursues conservative strategies, with over two third of the total endowment invested in fixed income products. Besides, PKUEF lack the professional investors to help endowment management. There is no investment committee that helps ensure the long-term growth in endowment investment. But, the endowment of each university has to undergo the process of growing from small to big. With the increasing development of capital market in China and the professionalization of endowment investment, the endowment of PKUEF is expected to grow and play more important role in advancing the development of the university.

Major source of giving.

A closer look at the sources of gifts would reveal that the most important parts of gifts received by IUF come from alumni, the local community, and the local state while for a long time, the major gifts received by PKUEF came from overseas Chinese.

Figure 7. Giving to IUF in Year 2007-2008

For the Fiscal Year Ended June 30, 2008 (in millions of dollars)



Source: IUF Annual Report 2007-2008

As shown in Figure 7, giving from 57,000 alumni individuals topped \$114.9 million (45.7%) of total giving. For IU, alumni giving is the largest source to support its development. Alumni donations occupy a stable proportion in the assets of the Foundation and maintain a trend of continuous growth. The annual donor data of the IUF suggested that since 1999-2007, more than 60% of donors were alumni and alumni donations accounted for 26%-35% of the total annual gifts to IUF. According to *Five Year Giving Trends Report* by IUF, alumni giving to IUF averaged \$28.53 million, 26% of total giving, from 50,546 alumni in 1999-2004 (“IU Development Program”, 2004).

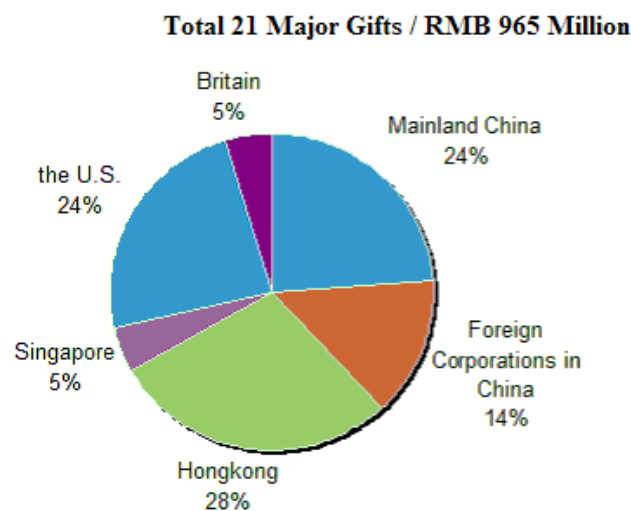
Different from IUF, PKUEF has received a substantial part of its gifts from individuals and foundations overseas, which are not alumni associated. Many of them are entrepreneurs of Chinese descent residing in foreign countries. This is a direct result from

the Diaspora phenomenon, in which individuals residing outside their countries maintain strong ties to their homelands and are more willing to give for public good in their home countries.

In 1995, PKUEF received 26 gifts with a total of RMB 90 million. Around 95% of the gifts are from overseas non-alumni foundations and individuals. Fifty-three percent of private giving received in 2006 was from overseas. The main countries and regions of the overseas sources are shown in Figure 8. From 2006 to 2008, 21 major gifts of PKUEF are over RMB 4 million. Over 90% of them were from overseas as shown in Figure 8.

Gifts from overseas had been the largest source of gifts until 2008. However, from Figure 8 we could also see that major gifts from Mainland China made up 24% of the total funds, which is already a considerable proportion. This is due to two major gifts that were made by alumni from Mainland China in 2008. For the first time overseas donors are not the sole source of major gifts.

Figure 8. PKUEF Major Gifts by Region 2006-2008



## **Relationship with Alumni Association**

The alumni association can play an important role in the development of a university. The IU Alumni Association (IUAA) is another important cornerstone for the growth of IU. The goal for IUAA is not to do fundraising for IU, but to connect alumni and serve IU. It is dedicated to serving the university and its diverse alumni, students, and friends. It strives daily to actively engage all alumni in the success of the university.

IUAA is organized by chapters, having more than 100 chapters throughout the world. Most chapter bylaws follow a similar format and structure and adopt a mission statement, which reflects the goals and overall vision of IUAA. Alumni chapters serve as the local arm of IUAA through a variety of services appealing to alumni.

The achievement of IUAA in collecting alumni information is quite impressive. With more than 990,000 active records for alumni (graduates and former students), friends, parents, corporations, and foundations, the database of IUAA ranks among the largest for the nation's colleges and universities. More than 94 percent of the records for people are addressable. Every year, the alumni records department updates the alumni records with new address, employment, and university-related information for the benefit of Indiana University (IU Fact Book 2007-2008). The more alumni it contacts the bigger is the resource for the university to grow.

IUAA has developed into a mature organization and a close partner of IUF in fundraising. IUF provides financial support to IUAA, which in turn establishes the rich alumni network securing the long-term development of IUF. Resource-sharing is

another important aspect of the partnership between IUAA and IUF. One key thing essential for the success of alumni associations and foundations is to have access to full and accurate records of all alumni around the world. IUAA, IUF, and even each school of IU share the same database to track and maintain alumni information. The IUF and the IUAA have combined their databases to improve the accuracy and efficiency of the University's alumni and donor records since 1994. In this way all concerned parties can work together to maximize the impact of information.

The Peking University Alumni Association (PKUAA) is very young and small. Established in 1982 as a Chinese association registered with Ministry of Civil Affairs, PKUAA now has three formal staff. Though legally independent, it is not strong enough to truly effectively and continuously undertake all alumni work on its own. PKUAA is self-initiated by PKU alumni and registered with the Ministry of Affairs, P.R.C. Its organizational structure and expansion of staff require further efforts. Due to the absence of a special agency responsible for contacting and serving alumni, the alumni materials are not as comprehensive as those of IUAA.

It is estimated that roughly 20% of PKU graduates studied abroad in 1990s. PKU alumni in the United States have received American educations and are influenced by American tradition and culture such as alumni giving to their alma maters. Living far away from their motherland, they have deep emotional attachments to their motherland and their alma maters and have the desire to give back. They have a unique place in promoting the communication and understanding between China and the United States.

PKUAA has 15 alumni chapters in the United States. To strengthen the communication with overseas alumni, a PKUAA-US Conference is held every two years in the United States. Each chapter in the U.S. sends alumni representatives to attend the Conference to exchange and share experiences in alumni work. A PKU delegation headed by the PKU President attends the Conference to inform alumni of the latest developments of PKU and to listen to their ideas and suggestions. The interaction makes overseas alumni feel that they are closely connected with and cared about by their alma mater, to encourage them to care about and support the development of PKU.

### **Summary**

IUF and PKUEF vary from each other in the nature of foundations, organizational structure, professionalization, giving programs, major sources of gifts, as well as their respective relationships with their alumni associations. With strong leadership from experts in the IUF and IU and with competent professionals and close attention from the IU President, IUF has developed a sound internal mechanism and perfected fundraising techniques and forged a good partnership with IUAA.

PKUEF is a young non-public collecting foundation under dual administration by Peking University and Ministry of Education. The process of establishing the PKUEF and its early fundraising practices forged the first professional staffs. Alumni work, as the basis for fundraising, has not been well planned, organized and fully developed, resulting in the limited and relatively weaker donor base for the PKUEF. The growth of a



professional team requires long-term fundraising experience and cultural fostering in social progress. More importantly, university foundations need more support from government policy and elites in society as well as attention from its alumni and the general public.

The development of IUF and PKUEF are associated with the larger social context. By comparing the two foundations, we hope to explore why they are different and what PKUEF and university foundations in China can draw from their American counterparts. In the third part, the reasons will be examined.

### **Chapter Three: Underlying Reasons**

Giving to higher education constitutes an important part of the philanthropy in the whole society. The field of nonprofit studies has become a revealing vantage point from which to observe a wide variety of social, economic, religious, and cultural differences among countries (Salamon & Anheier, 1998). As Johnson (2007) put it in concise words, philanthropy is framed by strong cultural constructs; philanthropy emerges from the religious, historic, and cultural traditions of a society and is continually being shaped by changing political currents and economic trends. The differences of IUF and PKUEF do not just lie in the length of history, size of endowment from fundraising, or the number of staff. Rather they reflect differences in social context, traditions, culture, political systems and levels of economic development in the two nations.

#### **Culture and Beliefs of the Society**

American culture.

The growth of nonprofit organizations such as IUF has benefited significantly from the culture and beliefs of the society. There are three major elements, which are very critical to the appearance and development of American nonprofit organizations.

##### **1. Philanthropic Culture in America**

“Philanthropy is a social institution that takes on meaning in the context of a cultural emphasis on individualism and private initiative and a mistrust of governmental power and large-scale bureaucracy” (Ostrower, 1995). American culture and values provide a

framework in terms of which philanthropy as a social institution makes sense. The philanthropic culture and the flourishing of the nonprofit sector are closely related to values and beliefs held by Americans: individualism, association and volunteerism. They are the fundamental things that have been influencing American people generation after generation. As Salamon (2002) argued, these organizations carry a life-force that has long been a core of American culture - “a faith in the capacity of individual action to improve the quality of human life”. Thus two impulses embodied the heart of the American national character: a deep-seated commitment to freedom and individual initiative and an equally fundamental realization that people have responsibilities that extend beyond themselves to fellow human beings and the community which they form a part (Salamon, 2002).

Giving and voluntarism are distinctive and important aspects of American culture. According to *Giving USA 2008*, charitable giving in the US exceeded \$300 billion for the first time in 2007. The total volunteering time is 12.8 billion hours with 26.7% of the population participated. More than 70% of the households in the country make over \$650 in donations to charities each year. Nearly 90% of the wealthiest Americans respond that the primary motivation for their giving is their belief in specific causes and their desire to “give back” to society (Michaels, 2007). Giving embodies the values that have been widely recognized by the wealthy class in America and the American society at large.

Elites have traditionally played a major role in founding, sustaining, and overseeing nonprofit organizations (Ostrower, 1995). Industrial elites represented by Carnegie

(1835-1919) and John .D. Rockefeller (1837-1937) in the “gilded age” created modern philanthropy as they questioned the wisdom and effectiveness of “almsgiving” and sought instead to “maximize human potential” (Kass, 2002, 105). The wealth ethic embodied by them became important as an outgrowth of spiritual wealth, playing a guiding role in the ultimate formation of a unique philanthropic culture. Over the years, many wealthy Americans have broadly followed the blueprint laid out by Andrew Carnegie in Carnegie’s essay *Gospel of Wealth* (1889) which is a prominent reflection of his wealth ethic (The Business of Giving: A Survey of Wealth and Philanthropy. February 23, 2006. *The Economist*). They believe that God gave them money to benefit human beings, not for personal luxury, and institutional philanthropy is for curing ills at their source.

When participating in philanthropy, elites share a set of activities and values that are widespread in American society. Philanthropy becomes “a mark of class status” that helps define and maintain the cultural and organizational boundaries of elite life. Philanthropy is a way of being part of society and one of the avenues by which society makes its connections (Ostrower, 1995). A vision of human connectedness is central to the history of philanthropy. As Ellen Condliffe Lagemann has written, American philanthropy represents, “a long tradition of ...efforts to establish the values, shape the beliefs, and define the behaviors that would join people to one another” (Kass, 2002).

Foundations embody the wishes of elites to solve social problems and build a better society, attracting participation and voluntary services of common people. They are more

concerned with improvement rather than relief. As Amanda Porterfield writes, “The American pioneers of scientific philanthropy came out of a culture saturated with an energetic commitment to world reform that had its roots in Calvinism and Protestant Christianity. ... These evangelists of scientific philanthropy were less concerned with religious conversion than with improving the social conditions, educational opportunities” (Friedman & McGarvie, 2003). Philanthropic science and culture has become a highlight in American culture. Philanthropy is more than a cause. More precisely, philanthropy is a self-initiated and voluntary culture, as well as a habit and a part of American life.

## 2. Religion

Religion has laid a foundation for the American culture and values and formation of American society. Particularly, religion has always played a critical role in giving as Christians, Jews and Muslims etc. all traditionally aim to give away a set proportion of their income (Business of Giving, 2006). According to Center on Philanthropy Panel Study, 46.1% of all U.S. households gave to religious organizations in 2004.<sup>9</sup> Protestantism made a great contribution to the formation of philanthropic culture in the United States. It’s role in shaping American culture including philanthropy is recognized by many writers. Writers from Tocqueville onward have elaborated on the pivotal role of religion, especially Protestant sectarianism, in promoting voluntary action in the United States.

---

<sup>9</sup> Overview of Religious Giving, based on data collected in 2005 about giving in 2004.

In a country primarily composed of immigrants, religion has a vital role in shaping the interpersonal relationship. In the famous sermon *A Model of Christian Charity*, the Puritan leader John Winthrop (1588-1649) developed the notion that all true Christians are of one body in Christ and thus have the responsibility to offer assistance to those in need on the basis of brotherly love (Hammack, 1998). The embedded belief drove the earliest form of self-organized voluntary associations and giving was one of the basic requirements of people in the local community. Winthrop's model of Christian charity presented New England with a useful way to envision charitable relationships (Grimm Jr., 2002, 350). The tradition of charity has been an essential part of American philanthropy from Winthrop's day forward, and it continues today to animate philanthropies large and small.

Different religions or belief systems give rise to different ethics. Protestantism is frequently contrasted with "the more corporatist, hierarchical, and often state-financed religions, most notably Catholicism, but also Orthodox Christianity, Islam, and Confucianism" (Curtis, Baer & Grabb, 2001, 785). Protestantism promotes an ethic that encourages individualism, association and volunteerism. Rather than relying on the state or the church establishment to provide for the needs of the community, people are encouraged to voluntarily join together to fulfill various societal functions, including philanthropy and the preservation of public morality (Curtis, Baer & Grabb, 2001). Compared with Catholic churches, Protestant churches provide better training grounds for people to experience various forms of voluntarism including political and community

activity since Protestant churches are more egalitarian and participatory, while Catholic churches are more hierarchical or elitist as discussed by McMullen (1994).

### 3. Voluntarism

The volunteering tradition has long been inherited and carried forward by Americans. The high percentage of volunteers in America is very impressive. According to Bureau of Labor Statistics, a total of 63.4 million Americans, or 26.8% of the population volunteered through or for an organization at least once between September 2008 and September 2009. A survey of reasons for voluntary association suggested that religious belief is a very important reason for volunteering among American respondents (Hwang, Grabb & Curtis, 2005).

Generally, the volunteering tradition is better preserved in Midwest states where local culture is less impacted by immigrant culture, as the study found that Midwest states led in volunteering (Corporation for National and Community Service, 2007). Based on the data of 2006-2008, Indiana has 1.5 million volunteers; 30.5% of its residents volunteered 45.8 hours per resident - ranking it 19th and 6th respectively among the 50 states and Washington, DC. The volunteering rate in Indiana has been higher than the average of the USA for three consecutive years from 2006 to 2009 (Corporation for National and Community Service, 2008). Fundraising is the first activity in the top four activities to which volunteers donated time. The percentage of Indiana volunteers involved in fundraising is 31.4%, which is higher than other states. The tradition of volunteering is even higher in Bloomington where the largest and oldest IU campus is located, and this

tradition helps promote a philanthropic culture across IU. Based on an average using 2004 and 2008 data, Bloomington metropolitan statistical area embraces 76,300 people and 32.6% of its residents volunteer.<sup>10</sup>

With a clear appreciation for how a culture of citizenship, service and responsibility enrich a nation and its citizenry, the federal and state governments have supported volunteering and community service in a variety of ways during the past century. Particularly in 1990, President George H.W. Bush created the Commission on National and Community Service to administer grants to schools to support service-learning in schools, higher education institutions, and community-based organizations and to support full-time service across the nation.

Traditional Chinese culture.

Compared to American society, the culture and beliefs of Chinese society have made a very limited contribution to the growth of nonprofit organizations, especially in the past centuries.

The traditional Chinese culture is largely shaped and represented by the Five Cardinal Human Relations Principles of Confucianism, which were promoted by Confucius (551-479 BC) and Mencius (372-289 BC). The Five Principles refer to the principle between the ruler and subject, between parents and children, between siblings, between husband and wife, and between friends. Mencius said that, between father and son, there

---

<sup>10</sup> <http://www.volunteeringinamerica.gov/IN/Bloomington>



should be affection; between sovereign and minister, righteousness; between husband and wife, attention to their separate functions; between old and young, a proper order; and between friends, fidelity (*Mengzi*: Teng Wen Gong I).

The Five Principles are the guides for human morality and social life, providing rules for daily behaviors of men and the sense of hierarchy. It resulted in two important values in Chinese culture – honor their parents and be loyal to their rulers.

On one hand, the purpose of the Principles was to maintain a harmonious relationship among humans in the long term and the ethic derived from Confucianism was fundamentally featured by blood relations (He, 1940). You have to love people close to you first and then love others. In contrast to Western cultures, people attach greater value to their family and relatives than their fellow human beings and the community which they form a part. Community is much less important than family.

On the other hand, contrasted with the egalitarian beliefs held by Protestantism, society had a pattern of hierarchy in the ideology of Confucianism (He, 1940). The Five Principles as the norms of behaviors formed the unique Chinese culture. The great unification ideology is a good representation. Everyone was educated to be loyal to the rulers, listen and follow the rulers with no questions. People attach greater value to justice than personal interests. There is not much democracy and self interest or opinion is rarely being considered.

With the two values above, it is very hard for civil society to appear in China. It also resulted in that most philanthropic causes were performed by the centralized state and

many charity organizations were established and dominated by the government (Meng, 2005). Philanthropy was incorporated in governance of the state. And most of the philanthropic efforts were directed to the establishment of senior houses and orphanages. Therefore common people did not have the habit of giving to charity organizations, let alone higher education.

### **The Role of Government in Higher Education**

The role of government in a nation has much to do with the development of higher education and university foundations.

The role of government in higher education in America.

The history of the American Revolution made clear the overarching choice of the new nation regarding the role of government in the United States. Against a big government like the British government, American people insisted that honest citizens wished only to be left alone to work in peace and to enjoy the fruits of their labors. The U.S. Constitution imposes restrictions on the functions of government through a separation of powers and checks and balances. American people do not want a powerful government, which continuously exploits taxes from citizens to commit corruption or abuse power. They demand that government shall function based on a contract with and by the consent of citizens. The role of government is limited in American society and this trait has promoted private giving to the higher education.

The Dartmouth College case in 1819 is a well-known case defining the autonomous relationship between private universities and government. The decision by the US Supreme Court recognized the private nature of Dartmouth College and secured its legal right as a private school. After the Dartmouth decision, no longer could states control private enterprises the responsibility for educating young people, or caring for the poor since states could no longer exercise control over the way private entities fulfilled their duties (Friedman & McGarvie, 2003, 102). The Dartmouth College case, by requiring formal legal structures for religious and philanthropic organizations, encouraged American culture to move from the colonial model toward a modern society premised on contracts and formal institutional structures. By securing contract rights for a private school, the case protected the rights of voluntary associations to be free from governmental control and ensured their continued existence and functional role in American society.

As private universities got adequate independence and autonomy, public universities also developed their own path. In 1795, the first state university was founded in North Carolina. The growth of public universities received much aid and funds from private giving. Particularly with the westward movement of immigrants, the middle and western regions were quickly developed. To meet the demands of new immigrant communities and economic development, local public universities were founded with the approval of state legislatures, mainly relying on educational appropriations of state government. The earliest public university founded in middle and western regions is Miami University,

founded in 1809. Since it was not viable for state government to take over private schools and transform them into state schools, citizens insisted that higher education be administered by government, which gave rise to the birth of the state university. After the Morrill Act promulgated in 1862, many universities in new states were established to provide equal educational opportunity to lower-income citizens. As a university of the state, Indiana University was established, first as a seminary, to give priority to provide cheap, mostly free, higher education to citizens of the State. Education was mainly about educating practical talents in agriculture and industrial technology. And for this reason Purdue University was established as Indiana's land grant university under the Morrill Act.

The role of government and higher education in China.

Unlike the American tradition oriented toward individualism and associational life, the Chinese heritage has been a story of undisputed authority of a centralized state. The tradition of civil society was not prevalent in China. Nearly all of the public functions have been taken care of by the state for a long time.

From the foundation of the new Republic to the eve of Reform and Opening-up (1949-1979), China implemented a planned economy. The government established the higher education system according to the Soviet model. The higher education system was highly centralized and the investment mechanism is characterized by a free higher education relying on the sole support of government investment. All universities were

public, subordinated to the Ministry of Education. Government was the decision maker for all administrative matters. Students did not have to pay tuition or fees, but rather almost everyone would receive a scholarship of one kind or another as financial support. As shown in Table 4, higher education institutions largely relied on government appropriations from the end of 1970s to the middle of 1980s. Only a small proportion of funds were from their self-financing (Ding, Li & Sun, 2008).

Table 4. Revenue Sources of Higher Education Institutions in China 1978-1987

Year	Government Appropriations	Self-financing of Higher Education Institutions
1978	95.7%	4.3%
1985	91.5%	8.5%
1987	91.4%	8.6%

Government-funded free higher education was the immediate and efficient solution required at the particular times. Since 1982, China has launched five large-scale reforms in governmental organization. These reforms have not only injected vigor into the government system but also changed the traditional thoughts of governmental officials and the public. The role of government in higher education has also changed.

With the growing number of universities, and with the average cost of higher education per student soaring up, it has become increasingly impossible for the government to be supplying 100% of financial support. A series of investment mechanism reforms in higher education were conducted from the late 1980s through the 1990s. *China Educational Reform and Development Program* was issued by the State

Council in 1993, which has become the guiding document for reform and development of China education. In this document, the central government proposed that “by 2004, the proportion of government input in education should reach 4 percentage points of the country’s GDP value.” (Chinese Education, 2007).

It clearly provided that the government's fiscal input in education should increase at a much higher rate than any other regular revenue stream and governments shall increase appropriations according to the increase of average educational expenditure per student. Particularly, the document further specified the division of management responsibilities in education between central and provincial government, conveying the intention of the central government to release control and give the provincial government more power to make decisions (Ding, Li & Sun, 2008). In addition, the document also officially announced the charging of tuition and incidental fees for non-compulsory education. It clearly specified that tuition, school-sponsored industry and high tech enterprises, social service, private giving to education, and financial credit are the main measures for raising educational funds. It encouraged higher education institutions to explore more sources of funds according to their own initiatives.

As a state-sponsored public university in China, PKU receives enormous support from the government, particularly recently in fundraising. Government’s support means a lot in China and helps establish a meaningful relationship with donors and drives donor retention. Government’s recognition encourages donors to feel that their contributions are really valued by the university as well as the government, and they really have a place in

shaping the future of the university. This would help strengthen donor loyalty - as evidenced by some major donors enlarging their gifts more than once. While providing guides for overarching direction, the government gives more space to the university and provides necessary resources and support to keep its goals on track.

### **Tradition of Private Giving to Higher Education**

Tradition of private-funded education in America.

Higher education in America has traditionally been valued and well supported by philanthropy. Looking at the historical origins of the nonprofit role in higher education in America, Harvard College, the start of America higher education, received the first gift of real estate from its alumni in 1649. Since then, Harvard College, and the other eight “colonial colleges” created before 1770, were all supported by private giving and gifts. During their development, these private schools have fostered life-long relationships with their alumni. Donations from alumni and friends have been the major resource for the schools to grow. Following this tradition, alumni associations and education foundations in today’s American universities are derived from this tradition.

The tradition has been well preserved and carried forward generation after generation. According to the estimates in *Giving USA 2007*, the annual tally of American philanthropy, in 2006, donors gave an estimated \$40.98 billion to educational organizations, or 13.9 percent of the total, or \$295.02 billion (*Giving USA 2007*). Several institutions raised record amounts in 2006. The Council for Aid to Education reported

that the top 10 higher education institutions in its survey of more than 1,000 raised \$4.56 billion (Giving USA 2007). According to results of the annual Voluntary Support of Education (VSE) survey, charitable contributions to colleges and universities in the United States grew by 6.3% in 2007, reaching \$29.75 billion (Council for Aid to Education, 2008). Over the past decade, the average increase in contributions to higher education institutions has been 6.5%.

Alumni giving is another important part of private giving for universities. A big portion of charitable giving to US colleges and universities comes from alumni, and the number keeps increasing. Alumni giving in 2007 is 16.5% higher than it was in 2005. Alumni giving accounts for between 25.6% to 30.0% of voluntary support of higher education from 2005-2009<sup>11</sup>.

#### Tradition of state-sponsored education in China.

Chinese universities have been traditionally sponsored by government. People are accustomed to treating education as a pure public good, a responsibility of the government and supported by public finance (Lao, 2009). Private giving has a very short history in China. In the first 85 years of PKU (1898-1984), there are only two instances of private giving. Both of them were the result of studying abroad. One gift was contributed by Mr. Mu Ou-Chu, a famous Chinese industrialist and a forerunner of

---

<sup>11</sup> Council for Aid to Education, alumni giving as a percentage of total voluntary support of higher education is 27.7% in 2005, 30.0% in 2006, 27.8% in 2007, 27.5% in 2008, 25.6% in 2009. [www.cae.org](http://www.cae.org).



scientific management of enterprises in China. Mu left China for America in 1909 and studied the science of agriculture at the University of Illinois and Texas A&M University. After obtaining a M.A. degree in the summer of 1914, he returned to China that year and founded cotton mills and factories. In the early 1920s, Mu donated a large amount of money to support talented students of PKU to study in the United States and Europe. Over 20 students benefited from Mu's donation. Later, 10 of them set up a scholarship in honor of Mr. Mu in 1937, which became the second instance of private giving in PKU.

Beginning of private giving to higher education in China.

Since late 1980s, along with the reforms of Chinese government, non-profit organizations started to appear in China and private giving gradually emerged. Statistics from the Ministry of Civil Affairs suggested that, as of June 30, 2008, there were 386,400 non-government organizations registered in China (Yu, 2008). Charitable donations reached 107 billion RMB in 2008 and the number of volunteers increased by 14,720,000 (China Philanthropy Report 2008). The year 2008 was a special year and over 70% of donations were for disaster relief, even though giving to higher education also constitutes an important part.

PKU also began to make efforts to cultivate alumni's emotional attachment to their alma mater. The past several years have witnessed gradual increases in alumni giving in both size and amount. Particularly in 2008, two major gifts from alumni greatly contributed to the growth of total donations to PKU. An alumna donated RMB 100

million worth of real estate to the University as a present for the 110th anniversary of his alma mater. So far, this donation is the largest single gift from PKU alumni. It also indicates that some entrepreneurs in China have started to explore their own ways of philanthropy, and they value their contribution to their alma maters.

### **Legal Institutions**

American legal system for philanthropy.

The United States is distinctive in the degree to which it subsidizes the nonprofit sector through its tax system. As Clotfelter (1985) said, American provisions for the deductibility of charitable gifts, in addition to the tax exemptions accorded to nonprofit institutions, are unparalleled in scope. In an overview of the tax policy for the nonprofit sector, Clotfelter asserted that there are two cornerstones underlying U.S. tax policy toward charitable activity: 1) the deductions for contributions allowed in major federal taxes, namely, the personal income tax, the corporate tax, and 2) the estate tax, and the tax-exempt status generally accorded nonprofit institutions.

There are four sets of provisions directly affecting charitable contributions (Clotfelter, 1985). First, the size of individual giving suggests that the charitable deduction in the personal income tax is of preeminent importance. Individual donations could enjoy a deduction as high as 50% of his or her taxable income. (IRS Publication 526, Charitable Introduction for Return 2007) Second, charitable bequests made as part of the disposition of estates are deductible without limit in calculating the federal estate tax. Inheritance tax

is charged on taxable inheritance and the greater the inheritance, the higher the tax rate, with the maximum reaching 55%. The high inheritance tax rate encourages people to be actively involved in charitable giving. Individuals wealthy enough to be subject to the estate tax may choose between making deductible contributions during their life or deductible charitable bequests at death. Third, contributions made by corporations are deductible up to a limit in calculating the corporate income tax. For a company donating to nonprofit organizations recognized by the IRS, it is entitled to a tax deduction as high as 10% of its payable tax (IRS 170 (b) (2)).

In addition to these provisions, the tax law allows individuals to establish foundations or charitable trusts and gifts made to them to be tax deductible. Further, the tax-exempt status accorded to eligible nonprofit organizations impact charitable contributions in an indirect yet significant way. Generally, nonprofit organizations are exempt from income taxation and property taxation. The structure and performance of the nonprofit sector are influenced by the whole landscape of relevant laws and regulations and this in turn may affect the level of private charitable contributions.

The Tax Reform Act of 1969 made an important distinction between public charities and private foundations. Under the act, gifts to public charities under section 501 (c) (3) of the Internal Revenue Code, are fully tax deductible; and to qualify as a public charity. They must meet the public support test and prove that in any given four-year period, public support equals or exceeds one-third of total eligible support (Fishman & Schwarz, 2006, 541). University foundations are among public-serving organizations classified

under section 501(c) (3) of the IRS code, which means that the IUF needs to raise money from the public to pass the test.

Many laws including the Uniform Common Trust Fund Act 1938, the Revised Model Nonprofit Corporations Act 1987, and the Charitable Giving Law set provisions concerning foundations. These laws and regulations provide the legal basis and safeguards for charitable giving and help promote the standardization of charitable giving for higher education. There are specified and detailed provisions on rights and obligations of donors and university foundations. Foundations must effectively manage and operate funds under strict legal supervision. High transparency and effectiveness have won them public trust, which in turn creates favorable public opinion for more donations.

New Chinese legal regulations for philanthropy.

Foundations in China are rather newly emerging entities and relevant legal institutions are still in the process of being established. The laws and regulations regarding the administration of foundations in China basically started from zero and have been amended and improved with the development and practices of public welfare in society.

Promulgated by the State Council in 1988, *Measures on the Administration of Foundations* was the first administrative regulation of its kind. It played an important role in regulating the behaviors of foundations and promoting the healthy development of foundations in China. The State Council enacted *Regulation on the Administration of*

*Foundations* in 1999, providing that the Ministry of Civil Affairs would be responsible for the registration and administration of foundations. In 2004, a new *Regulation on the Administration of Foundations* was promulgated, setting clear favorable tax provisions and strengthening tax support and supervision intensity. These regulations have been formulated for the purpose of regulating organizations and activities of foundations, maintaining legitimate rights and interests of foundations, donors and beneficiaries, as well as fostering the participation in the public good by various social forces (Regulations, 2006). A foundation was clearly defined as “non-profit legal persons incorporated for the purpose of doing public good, with the use of properties donated by natural persons, legal persons or other organizations in compliance with these regulations”, stressing the “public benefit” nature of foundations (Regulations, 2006). By the end of 2007, the number of foundations had reached 1,369. Among them, 900 were public collecting foundations and 469 were non-public collecting foundations. According to China’s Regulation of Foundations (2004), only the former can raise money in public, while the latter can only raise funds through private channels.

To further encourage charitable giving, the Chinese government enacted two laws in 2008, *Enterprise Income Tax Law of the People's Republic of China* and *Individual Income Tax Law of the People's Republic of China*, granting a tax deduction to those who contribute to qualifying nonprofits and governments. In addition, the Ministry of Finance released the *Notice of the Ministry of Finance and the State Administration on Issues about Pre-tax Deduction of Charitable Contributions* on December 31, 2008, setting

forth clear provisions on the amount of tax deduction for charitable contributions. Different from America, tax deductions are not only granted to charitable contributions to nonprofit organizations but also to those made to governments at county and above levels. The maximum tax deduction is 12% of the annual profits for corporation donation, and 30% for individual donation (Department of Policy and Legal Affairs, Guide, 2009).

To offer tax deductions for charitable contributions, nonprofit organizations are certified by the Ministry of Civil Affairs as AAA or above. Four criteria are used to assess foundations, including organization structure, program design and efficiency, social impact and financial situation. In the end of 2008, the Ministry of Civil Affairs assessed 69 out of the 107 foundations registered, and awarded 38 the AAA status. Only three out of the 38 were university foundations, including PKUEF. These qualifying foundations could apply for tax deduction status. If an organization fails to pass an annual review of AAA certification in the recent assessment, it will be deprived of the tax deduction status.

### **Economic Development**

America, an industrialized power.

“In order to give money away, you first have to have it.” (Business of Giving, 2006).

The level of economic development affects the growth of the non-profit sector and people’s giving capacity. Many writers have emphasized the effects of economic organizations’ asserting that the greater, and the earlier, the industrialization of a society,

the greater the voluntary association activity, e.g. Almond & Verba (1963), Lipset (1994), Smith (1972), and Curtis, Baer & Grabb (2001).

The United States and China vary in the overall level of GDP and their respective wealth structures. Industrialization and urbanization took place much earlier in the United States and contributed to the accumulation of wealth and a large middle class much earlier than in China. As Lipset (1994) noted, economic development contributes to the establishment of a sizeable middle class “that can stand up against the state and provide the resources for independent groups”. The resources available to the average citizen in industrialized societies like America include greater material affluence as well as more time and training, thus facilitating high levels of community group activity. Common citizens in the United States not only have the habit of giving but also have the capacity to give, contributing to the stable growth of giving in the United States. According to an annual survey, the percentage of GDP that giving takes up from 1966-2006 is relatively steady, around 2%, with the lowest 1.7% and highest 2.3% (Giving USA 2007). The percentage of disposable personal income that individual giving takes from 1966-2006 is mostly over 2%, with the lowest 1.8% and highest 2.4% (Giving USA 2007).

In the twentieth century, the United States became the strongest industrial country in the world. During the Second Industrial Revolution and westward movement in the middle of nineteenth century, a large number of private land owners and entrepreneurs reaped enormous wealth. The social structure of the United States went through great

changes and urbanization, and industrialization was completed. In 1894, industrial output value of the United States reached US \$9.498 billion, ranking first in the world (Chen Zhiwu, 2006). In 1900, America's per capita GDP reached \$4,096. Before the Great Depression in 1929, per capita GDP reached \$6,000. American society became moderately prosperous in all aspects.

The number of millionaires in the United States catapulted from around one hundred in the late 1870s to more than forty thousand by 1916. By the start of the 1890s, the New York Tribune figured the number of persons in the millionaire class at 4,047 (Bremner, 2<sup>nd</sup> Edition, 103). The size of some fortunes that the post-war industrial boom had created was also remarkable (Friedman & McGarvie, 2003, 218). It can be seen from the United States Philanthropist List that the wealthiest play a major part in philanthropy. Modern corporate giving programs originated in the early decades of the twentieth century in America. This industrial boom was also accompanied by the appearances of many philanthropists like Carnegie and Rockefeller.

Nowadays, giving away money has become a fashionable but also ordinary thing among the rich and famous (Business of Giving, 2006). The new super wealthy further moved philanthropy to a new era. Bill Gates, the richest person of the world, is not only a technology giant, but also a top philanthropist. He quit his position as CEO for Microsoft and moved full time to direct the Gates Foundation, the largest charitable fund in the United States. Warren Buffett, who has long said that his wealth would go to philanthropy, has pledged to gradually give 85% of his Berkshire stock to five



foundations. A dominant five-sixths of the shares will go to the Gates Foundation. The next generation of technology leaders, represented by the founders of eBay and Google, are already embracing the same ethos and each of them is putting billions to work to “make the world a better place”. The new enthusiasm for philanthropists is acknowledged in large part as a consequence of the rapid wealth creation of recent years (Business of Giving, 2006).

Table 5. Statistics of Per Capita GDP of the United States and China 1820- 2007

materials (Dai, 2006)

Year	Per Capita GDP the U.S. (US \$)	Per Capita GDP China (US \$)	% of the U.S.’s GDP in the World %	% of China’s GDP in the World %
1820	1,260	600		
1870	3,340		0.9%	
1900	4,096		23.6%	6%
1929	6,000			
1945	1,720	230	56%	4%
1952	10,645	537		
1980	27,956	65		
1995	23,377	615		
2000	33,330	856		
2005	37,610	1,700	30%	
2007	45,594	2,460	25.3%	5.9%

Source: Paul Bairoch, *International Industrialization Levels from 1750 to 1980*

The growing newly wealthy in fast-developing economy in China.

China has enjoyed a rapid and sustained economic development over the past three decades. Its Total GDP grew from RMB 364.52 billion in 1978 to RMB 24.66 trillion in

2007, with an average annual growth rate of nearly 10% (Wang, 2008). As shown in Table 4, per capita GDP of China grew from \$65 in 1980 to \$2,460 in 2007.

However, common Chinese people do not control many assets. Due to the reforms in the social distribution system (and the social security system is not fully completed), the income distribution gap between the rich and the poor in China is increasing and the gap between the urban and rural areas keeps widening. The past decade has witnessed an ever-expanding newly wealthy class in China.

When the first China Rich List created by Rupert Hoogewerf, a young Englishman, was published in 1999, there were just 50 business people on the list who met the minimal requirement of RMB 50 million (US\$ 60 million, using the 1999 USD/RMB exchange rate) and the richest owned \$1.9 billion in assets. On the 2008 Rich List, the individual threshold rose to RMB 1 billion (US\$ 147 million, using the 2008 USD/RMB exchange rate) and 1,000 people were listed. The average age of entrepreneurs listed was 50 and the average age of 94 wealthy people was below 40, 15 years younger than their American or European counterparts. Nearly all of them were first-generation-wealth, who started from nothing (Hoogewerf & Zhang, 2008).

A survey over 1,500 wealthy people on China's Rich List 1999-2008 shows that 30% of them received higher education from over 140 colleges and universities in China. PKU ranks first nationally in the number of such graduates. There are 35 millionaires and billionaires who graduated from PKU. Famous PKU alumni, including Robin Li, founder, Chairman and CEO of Baidu, Inc. and Yu Minhong, founder and President of New

Oriental Education & Technology Group, have started to donate resources to PKU and set up alumni funds to support scholarships and other student programs. They demonstrate their social responsibility by contributing to public welfare.

The current level of economic development of China is about the same as that of the America at the beginning of the twentieth century. The size of newly wealthy individuals is small and most of them remain at the early stages of the accumulation of capital. They are still concerned about the risks of the market and assets and still preoccupied with creating wealth instead of distributing wealth. The enactment of the Real Right Law in 2008 marked the beginning of legal protection of private assets in China. Under the influence of the elite philanthropists in America, some newly wealthy in China began to participate in and even lead philanthropic efforts. Philanthropy in China is bound to experience a phase of small-scale participation in which elites act as the main body. With the growth of moderately prosperous middle class, more individuals will manifest their personal participation and influence in social reforms by donating to areas like education, environmental protection, and medical care.

## **Summary**

A rich cultural tradition and a well-developed civil society provide a favorable environment for the development of university foundations in America. The growth of IUF is deeply rooted in the American culture, values, tradition and social structure. There are elites leading philanthropic efforts. The economic development supports the growth

of philanthropy. Moreover, tax policy provides incentives to charitable giving and helps regulate philanthropic behaviors. The study of IUF helps us understand the pivotal role of the private sector to universities in America. The growth of university foundations reflects the cooperative and complementary relationship among the market place, government, and individuals. Each part plays an important, yet different role in promoting social progress.

The development of PKUEF is largely attributed to the social and economic transformation brought by Reform and Opening-up and the trend of globalization. The construction of laws and regulations concerning charitable giving are still at a preliminary state in China. PKUEF mirrors the overall situation in China where there is no tradition of charitable giving and few non-profit organizations based on individual activities. With the gradual opening of society and economic development of China, the growing new generation of entrepreneurs and young alumni will play an increasingly important part in enhancing university development.

## **Chapter Four: Future Development**

After viewing their differences and the reasons, we might ask a critical question: what can PKUEF, a Chinese university foundation, learn from its American counterpart? And how will PKUEF attract greater support from alumni, friends, and the diaspora of overseas Chinese elites so as to develop into a more mature organization to better serve the development of the University?

### **Civil Society Appeared in China**

It is meaningful to conduct a comparative study on the growth and development of the two university foundations and an investigation into their different social contexts, cultural backgrounds and institutional developments. This study of IUF demonstrates the highly mature and institutionalized civil society in America, ensuring the healthy operation of foundations. And the study of PKUEF helps us observe and understand the basic situation of the development of civil society in China.

#### **Evaluation of civil society in China.**

As stated by Li, Jingpeng in the preface of Gao & Yuan (2008), the growth of civil society is intertwined with the freedom of expression and freedom of speech and fundamentally the development of democracy. There are many definitions for civil society. Civil society is a realistic society that naturally grows within the context of a market economy. Theoretically, it represents a particular relationship between a country

and its people, i.e. a country recognizes equal citizenship of every individual and guarantees citizen freedom and political rights through a constitution and law. Citizens fulfill their rights and obligations. And all these are accomplished through an institutional means, which is democracy and rule of law.

The development of civil society in China is primarily attributed to the Reform and Opening-up. According to Yu Keping (2008), one of the most important changes brought by the Reform and Opening-up is the rapid development of a relatively independent civil society, which has exerted profound influence on social and economic development and political democracy in China. Meanwhile, as Yu pointed out, civil society in which private organizations function as the main body, is still in its preliminary stage. The development of China's market economy is a victory for civil society.

Private economy resulted in the emergence of a newly wealthy class, which provides the soil for civil society development. Individuals are free to choose their lifestyle and cultural preferences leading to pluralistic values. The free and independent will and autonomy spontaneously accumulated for a long time in life have become a giant force which is driving the market economy, deconstructs the unitary culture of totalitarianism, shapes cultural diversity and reduces citizens' dependence on government (Li, 2008). The role of the private sector was recognized by Wang Ming, Director of NPO Research Center at Tsinghua University (Wang, 2009). He pointed out that the sector enjoys certain public space and becomes an important force in improving public governance and offering public service. Wang further proposed three paths for future development of

civil society in China. The first type refers to the development dominated by political elites through authority; the second is led by intellectual elites who advocate democracy; and the third is led by economic elites through wealth. The three forces are the main drivers and builders in developing a civil society with political democracy, economic prosperity, social harmony, cultural vitality and highly developed public welfare in China.

The development of PKUEF exactly followed the model described by Wang Ming. Intellectual elites are the dominating and primary force. Both the chairman of PKUEF and the president of PKU earned Ph.D. degrees from American universities. As “academic” senior administrators with international educational backgrounds, they are equipped with a vision for higher education development and a deep understanding of the function and role of university foundations. PKU scholars have long embraced the tradition of being liberal-minded and have a strong sense of democracy and autonomy. Administrators, faculty, students and alumni are intellectual elites enthusiastic about enhancing education, and they actively participate in advocating cultural tradition represented by a democratic spirit.

#### Prospect of civil society in China

The massive Sichuan earthquake in May, 2008 aroused the Chinese people’s enthusiasm for participating in philanthropy as evidenced by the surge both in the amount of charitable contributions and the size of volunteers in China. Giving from individual

citizens on mainland China reached RMB 45.8 billion, accounting for 54% of the total RMB 86.12 billion contributions in money from domestic and abroad to China in 2008. Plus the donations of goods, the total contributions reached RMB 107 billion, 0.365% of total GDP. The average donation per person is RMB 34.66. The size of volunteers has increased to nearly 100 million, an increase of 14.72 million in 2008 (Department of Policy and Legal Regulations, Selected Reading, 2009). The public expected enterprisers to shoulder social responsibility while pursuing market interests as evidenced by media publicity and the high participation rate of enterprisers in contributing to earthquake relief. Responsible economic elites will become an active force for the growth of civil society and elite philanthropic culture in China. The proportion of gifts from domestic enterprises, particularly private entrepreneurs, in total private giving to PKUEF will gradually increase. More and more individuals will engage in public welfare. Both public and non-public collecting foundations have experienced a rapid growth over the past five years. According to China Private Foundation Report 2008<sup>12</sup>, the number of non-public collecting foundations registered with local governments has risen from 183 in 2005 to 604 in 2008. Most of the foundations are founded by entrepreneurs, whose experiences in the market also foster the independence of the individual will and excellent management ability. With the accumulation of wealth and the growth of private rights, these economic elites will become the backbone of China's civil society and its biggest philanthropists. Yet it is hard to say who will become the "Chinese Carnegie".

---

<sup>12</sup> <http://file.ws.126.net/cnews/goingyi/baogao.doc>



Further, civil society development in China is, in part, a consequence of globalization. First, from the economic perspective, globalization allows money, goods, and people to flow across the boundaries of the international political system. Second, from the social perspective, globalization introduces different cultures across country borders, leading to changes of lifestyle. People start to question old ways and accept new ideas. With accelerated migration and movement of people, and with the ease of travel and communication, the world becomes smaller and smaller. Globalization increases exchanges and collaborations among higher education institutions and allows Chinese university foundations to draw from the rich experience, classic practices, and brand programs of their counterparts elsewhere. It also spreads professional knowledge and management methods of nonprofits and civil society.

In a nutshell, China's reform in economic and other social fields allows more freedom for the development of the private sector. With development of a market economy and social pluralism, citizens will become more enthusiastic and have more opportunities to participate in economic, social and political processes. All these combined will lay a solid cultural foundation for the development of civil society in China. For sure, the future development of civil society in China will not progress smoothly. Rather, it is bound to meet setbacks and difficulties. Nonetheless, "it is absolutely certain that civil society in China will continue to move forward, develop and mature" (Li, 2008). The development of civil society in China envisioned by scholars will definitely be reflected in the development of university foundations.

## **Advocate Giving for Higher Education**

Who will pay for higher education's costs? Education is for the public benefit, not only government's responsibility. The proportion of educational appropriations from government in total GDP government appropriations could hardly satisfy the emergent needs of higher education today. For a long time, the proportion of government input in education had remained insufficient and far below the target education expense of 4% of the GDP.<sup>13</sup> In 2008, the proportion reached 3.48%, higher than the previous year of 3.22%, but still far below the 4% target. Fund diversification is a necessary and inevitable trend, and private giving will play an increasingly important role in supporting higher education. To accomplish this, a reform of the Chinese higher educational system is needed to increase information transparency of universities to the public.

Reform of Chinese education system.

To motivate people to participate in private giving, we need to first reform the Chinese higher educational system to let people recognize that education belongs to the public and everyone should contribute to it. With government reform moving forward, the reform in the educational system has become a hotspot issue for the public. The mainstream public opinion demands that educational institutions should not be controlled as public institutions by government, and education is for the public benefit. With multiple social economies in the market economy it is an inevitable trend to restore

---

<sup>13</sup> China Education Reform and Development Program, 1993.

autonomy and vitality to schools, enhance the quality and efficiency of education, and increase the diversity of education. Some scholars maintain that higher education in China should pursue a new development road. Today, it is impossible for any government to be the sole sponsor of the expensive higher education system. A new relation between government and universities has to be constructed. The core part of Chinese education system reform is to change the administrative nature of education.

Two steps are essential to achieve this change. The first is to build a new university appropriation mechanism. In this proposition, appropriations will not be directly made by administrative departments of education. Instead, an intermediary organization like a universities appropriation committee will conduct performance assessment, review the budgets of universities and approve appropriation plans. The second is to change the selection mechanism of university presidents. Instead of being appointed by the higher level department like other government officials, university presidents will be selected by a special committee from society and report to the Ministry of Education for approval (Yang, 2009). Throughout the world, reforms in higher education are characterized by the release of government control and granting autonomy to the university. The essence is to maximize autonomy of universities, enable educators to sponsor education and increase vitality, quality and diversity of universities to meet various educational demands.

In addition, university foundations of China are currently categorized as non-public foundations, which restrict them from raising funds from the public. In foreseeable future, the category of university foundations will be changed to public foundations and thus

would allow university foundations to raise funds from the public. Attracting social resources to education also conforms to China's big picture of building a scientific and innovative university that is beneficial to civil society growth in China.

The necessity for information transparency of higher education.

Information transparency is necessary to inform the public of the development and financial needs of universities and therefore provide support to universities via various channels. For a long time, people in China have had a very limited knowledge about the development and financial needs of universities and the public is unaware of the pressure and difficulties faced by universities.

One of the unknown facts is that the ever-widening gap between rich and poor has imposed great pressure on the universities to provide financial assistance to students from low-income families. Even though government has increased its financial investment in universities by setting up need-based scholarships for students from low income families, the scholarship can only cover 25% of the tuition, boarding fees, and living expenses of a financially-disadvantaged student. Private giving from society is crucial to help universities address financial difficulties and help students from low income families.

Another unknown fact is that the expansion of enrolled students and campus buildings has also led to serious financial shortages in Chinese universities. Most universities resorted to bank loans to solve the emergency. A survey released by the Standing Committee of the Chinese People's Political Consultative Conference (CPPCC)

in 2007 revealed a striking fact that loans of colleges and universities in China reached RMB 250 billion and some colleges and universities were at high financial risk.

Jilin University case-triggering information disclosure of higher education.

On March 19<sup>th</sup>, 2007, Jilin University published a notice on its campus website, calling a meeting to collect suggestions to address financial difficulties of the university. The notice said that loans of the university reached RMB 3 billion and interest expense cost RMB 150 million to 170 million each year. Annual operating cost of the university was 1.8-2.0 billion, and faculty and staff salaries cost RMB 600 million. The Ministry of Education made an appropriation of RMB 700 million. Plus tuitions, the total revenues of the university stood at RMB 1 billion, 50% short of its normal financial requirements (Chinese-Style Debt 2007). This notice from Jilin University revealed the critical financial situation of Chinese universities to the public and made people recognize the positive role of university foundations from another perspective. Private giving from society is crucial to help universities address financial difficulties.

Government's matching fund to promote giving to higher education.

Faced with the increasing financial deficit in higher education, Members of CPPCC discussed this issue and agreed that there were only three ways out: government appropriations, university revenues and private giving from the society (Lu, 2008). It is commonly held that educational costs of higher education should be covered by

government appropriation, tuition and private giving. As government appropriation and tuition are not determined by universities, private giving is an important source of educational funds.

The role of government cannot be undervalued in promoting private giving. During disasters, central and local governments made a lot of efforts in calling on donations, greatly driving people's motivation to donate. To encourage private giving to higher education, a joint statement by the Ministry of Education and the Ministry of Finance was released in October, 2009, providing funds to match gifts to higher education institutions. Colleges and universities could report gifts, (single gift reaching RMB 100,000) received in 2008 and apply for matching funds. These funds will be used as unrestricted appropriation to universities. Seventy-six colleges and universities made applications totaling RMB 1.7 billion. Finally, six universities got the match at different ratios with those in developed regions matched 1: 0.45 and those in developing regions 1:1. Setting up a matching program is a positive response and an effective means to leverage government funds, encourage universities to raise funds, and attract social resources to education to optimize resource distribution. This program is of historical significance in the development of university foundations.

Government reforms continue to address the autonomy of universities. With the appealing from more and more university foundations, it is foreseeable that in near future administrative departments of government will change the category of university foundations from non-public collecting foundations to public collecting foundations,

allowing university foundations to raise funds from the public. Attracting social resources to education conforms to the national strategy of building a scientific and innovative university, and is beneficial for civil society growth in China.

### **Professionalization of Fundraising in Higher Education**

All materials about Chinese university foundations and the China Philanthropy List indicated that charitable giving is growing in China. However, what's not occurring is a corresponding growth in education and training of practitioners in the field. Efforts should be made to improve both the internal mechanisms and external environments of university foundations to facilitate professionalization of fundraising. The profession needs a new perspective, and new ideas for philanthropy to flourish in the future.

Internal improvement.

PKUEF has been following the example of American counterparts, getting inspiration from learning, adopting practices and drawing from experience. The Foundation's internal fundraising operations could be further improved including building a well-trained professional team through research and training, and constructing the mechanism to work with colleges and departments of the university. The foundation would be focused on providing guiding opinions and knowledge of program management, promoting exchanges among fundraisers in academic units and, more importantly, motivating deans and chancellors, who are the core figures of schools.

A more reasonable board structure has to be developed and responsibilities of directors have to be further clarified to promote effective governance. The board of a charitable organization should include members with diverse backgrounds (including but not limited to, ethnic, racial and gender perspectives), experience, and organizational and financial skills necessary to ensure legal compliance and to advance the mission of the organization. PKUEF could trust endowment investment with a more professional team to increase its market value. Mature fundraising practices like campaigns could be a strong engine for achieving development goals of universities.

The alumni association can be a strong partner in fundraising through maintaining lifetime relations with alumni. PKUAA has to enlarge the base of alumni contacted, provide services and programs tailored to the interests of alumni, and win their loyalty. To cultivate alumni loyalty and promote alumni giving is a task for universities in the long term. An alumni association with wide support and participation will become an important basis to ensure sustainable development of foundations in the long term.

External improvement.

Chinese university foundations are trying to create a better external environment. University foundations enjoy unique advantages in competing for social resources with other foundations as they are aimed at educating talented youth for society, on the forefront of science and technology. The newly established university foundations share common features and the most prominent one is being related to a university. To promote



exchanges, learning and discussions, based on a joint proposal of several university foundations, the first Seminar on China's University Foundations was held in 1998. Since then, every year one university is responsible for sponsoring the Seminar, centered on common concerns of university foundations such as organizational structure, strategies and methods in fundraising, program management and endowment investment, professionalization of staff, and policy support. The Seminar helps foundations at different stages address issues, providing preliminary exploration and research and focusing on exchanges of practice and techniques. In the long run, an alliance of nonprofit organizations of the same field will provide a good platform for advancing university foundations to a more scientific, standard, competent with those at the professional and international level. It will become an independent and influential force through cooperation with government and open up a regular channel to dialogue and communicate with government.

A complementary research and education platform is also essential to the overall development of philanthropy in China. Founded in 2005, Peking University's Center for Civil Society Studies (PKU-CCSS) is a research institute sponsored by a Chinese university on philanthropy, integrating research, education and training. CCSS conducts multidisciplinary academic research from various perspectives including sociology, government and politics. The Center conducts research on philanthropic development within the context of government reform as well as building, developing and supervising nonprofit organizations, representing pioneering efforts in China.

The institute actively cooperates with other world leading institutions. In 2008 IU Center on Philanthropy (IUCP) and PKU-CCSS made a collaboration aimed advancing the capacity of both centers as the leading intellectual bases for civil society development in China and globally through a long-term agreement. IUCP helps develop executive education workshops for Chinese nonprofit organization leaders and philanthropists, such as advanced workshops in partnership with PKU-CCSS and Sun Culture Foundation in China, and also supports relevant policy making and system building in China so as to enhance awareness of and advocacy of philanthropic culture. Besides, PKU-CCSS works with Harvard University to set up a joint program, China Nonprofit Organization Capacity Building Program Sector, to provide training. Li Jingpeng, Dean of CCSS remarked, “We not only need to participate in all kinds of practices of civil society. More importantly, we have responsibility to provide soul to civil society through our academic research.” (Li, Jingpeng, 2008, Blue Book on Civil Society Development in China).

A national information platform is essential to foster philanthropic habit in the whole society and promote philanthropy among the elite. This platform would be similar to the chronicle of philanthropy, functioning as the top information source for charity leaders, foundation executives, fund raisers, and other people involved in philanthropy. Giving USA has estimated the giving of philanthropy and the charitable receipts in each year for over 40 years. China also needs a platform to record social progress and develop a respected, credible and independent organization to evaluate the capacity and organizational effectiveness of NGOs and NPOs, so as to enhance autonomy and

self-governance of nonprofits and improve public awareness of philanthropy. Highly professional foundations will become an intellectual and organizational force for driving charitable contributions and volunteering service, further motivating vitality and creativity of private organizations and fostering a highly developed civil society in China.

## **Chapter Five: Conclusion**

The Indiana University Foundation and the Peking University Education Foundation are quite representative of American and Chinese university foundations. The Indiana University is a representative model of American public university and the Peking University is a typical state-sponsored university in China. A comparative study of the two university foundations is intended to render better understanding of the current situation of university foundations in the two countries. The young yet promising university foundations in China could learn from the long-established tradition and rich experience of their American counterparts.

Philanthropy is old and traditional in the United States. IUF has a long history of over 70 years. Particularly in the past two decades the development of IUF gained momentum and resulted in a high-level of professionalization. The growth of IUF is a natural product of American society, rooted in the local culture, and history, a long-established tradition of association, volunteerism and giving. The development of elite foundations over a long time has laid a solid wealth foundation for the development of university foundations in America. Broad participation from over ten thousand donors at IUF reflects American people's understanding of civil society, i.e. citizens are free to choose and participate in addressing public issues for public interests. Education is regarded as a public area and giving to education embodies citizens' ideal of creating a better society through personal efforts. The fundamental element underlying the broad public participation is the spirit of democracy.

PKUEF represents the young university foundations in China and reflects their attempts, efforts and achievements over the past decade since they first emerged in China. Under the influence of international philanthropy, PKU has served as a window for global Chinese to observe and support the development and progress of China. University foundations in China have made much progress within such a short period. Nevertheless, it is important to note that university foundations in China are imported goods in essence. Their organizational structure, major programs, and investment operations were adopted as a result of learning from American counterparts. They are characterized by a small donor base, limited alumni and voluntary participation, which are attributed to its culture, highly centralized political system, and top-down organizational model.

As a hub for international exchanges in China, PKU has become a base for educating young generations and a cradle of research and development of innovative technologies in China. PKUEF will inevitably display international attributes, such as relying on overseas Chinese as its major resource and increasing international exchange programs promoting mutual understanding among various cultures. Government has been reducing its role in sponsoring education, giving play to colleges and universities and contributing to revenue diversification and fundraising of universities.

The nonprofit sector in China is at an unprecedented historical moment. Under the trend of globalization and Reform and Opening-up as well as American philanthropy, the elite class is growing. Designing revisions of laws and regulations is under way. Awareness of private rights brought by social reforms lays the foundation for civil

society. With the outburst of public philanthropic awareness and actions unleashed by the 2008 earthquake and the Olympic Games and government reforms, the year of 2008 is deemed as “the First Year of Philanthropic China” (Nonprofits in China, n.d.). While continuing to learn from American counterparts, PKUEF will pursue a development road of Chinese-style university foundations tailored to the local conditions. Practices of university foundations will greatly promote civil society development in China.

## REFERENCES

- Almond, Gabriel A. and Sidney Verba (1963), *The Civic Culture; Political Attitudes and Democracy in Five Nations*, Princeton University Press.
- Bremner, Robert H., *American Philanthropy*, Second Edition, The University of Chicago Press, 1988, 103.
- Chen, Xuefei. (2006). Ideal orientation policy-making: Analysis on “985 Project” policy process. *Peking University Education Review*, 1, 148-157.
- Chen, Zhiwu. (2006, December). The ending of Confucian filial culture and the emerging of Chinese financial industry. *New Fortune*, 12. (陈志武 (2006年12月)。儒家“孝道”文化的终结与中国金融业兴起。新财富。)
- China Philanthropy Report 2008, by the Department of Social Welfare & Charity Promotion, Ministry of Civil Affairs of China, and Information Center of Charity Giving of China, March 12, 2009. Retrieved from <http://www.chinagate.com.cn>. (2008年中国慈善报告。中国民政部社会福利和慈善事业促进司、中国慈善捐助信息中心。 [http://cn.chinagate.cn/reports/2009-03/12/content\\_17430785.htm](http://cn.chinagate.cn/reports/2009-03/12/content_17430785.htm))
- Chinese Education Input Far From Sufficient. (2007, October 25). Retrieved from [http://eduzhai.net/yingyu/598/624/yingyu\\_205704.html](http://eduzhai.net/yingyu/598/624/yingyu_205704.html).
- “Chinese-Style Debt” of Higher Education Institutions: A Sample Survey of Jilin University in Debt. (2007, April 6). *China News Weekly*. Retrieved from [http://news.xinhuanet.com/edu/2007-04/06/content\\_5942273.htm](http://news.xinhuanet.com/edu/2007-04/06/content_5942273.htm) (高校的“中国式负债”：吉林大学欠债样本调查。中国新闻周刊，2007年4月6日。)

Chronology of Indiana University history, 1816-2006, Retrieved from

<http://www.indiana.edu/~libarch/iuchron/iuchron.html>

Clotfelter, C. T. (1985). Tax Policy and Support for the Nonprofit Sector: An

Overview. *Federal Tax Policy and Charitable Giving* (pp.1-15). Retrieved from

National Bureau of Economic Research Books

Corporation for National and Community Service. (2007). *Volunteering in America 2007, city trends and rankings*. Retrieved from

[http://www.nationalservice.gov/pdf/VIA\\_CITIES/VIA\\_cities\\_fullreport.pdf](http://www.nationalservice.gov/pdf/VIA_CITIES/VIA_cities_fullreport.pdf).

Corporation for National and Community Service. (2009). *Volunteering in India*. H

Retrieved from <http://www.volunteeringinamerica.gov/IN>

Council for Aid to Education. (2008, February 20). *Contributions to colleges and universities up by 6.3 percent to \$29.75 billion*. Retrieved from

[www.cae.org/content/pdf/VSE%202007%20Survey%20Press%20Release.pdf](http://www.cae.org/content/pdf/VSE%202007%20Survey%20Press%20Release.pdf)

Curtis, J. E., Baer, D. E., & Grabb, E. G. (2001). Nations of Joiners: Explaining

Voluntary Association Membership in Democratic Societies. *American Sociological Review*, 66, 783-805.

Dai, Y. (2006, March 21). Century-retrospective: Beginning with China's GDP of RMB1.82 billion in 2005. Retrieved from

<http://theory.people.com.cn/GB/49157/49163/4221462.html> (戴逸 (2006年3月)。

世纪反思：从2005年我国GDP达18.2万亿元说起。)

Department of Policy and Legal Affairs, Ministry of Civil Affairs. (2009). Selected



- reading of research report on philanthropic legislation in China. Beijing: Publishing House of Chinese Society. (民政部政策法规司 (2009)。中国慈善立法课题研究报告选编。北京: 中国社会出版社。)
- Department of Policy and Legal Affairs, Ministry of Civil Affairs. (2010). Guide to tax preferential policies and legal regulations on philanthropy. Beijing: Publishing House of Chinese Society. (民政部政策法规司(2010)。慈善事业税收优惠政策法规指南。北京: 中国社会出版社。)
- Dove, K. E., Lindauer, J. A., & Madvig C. (Eds.). (2001). *Conducting a successful annual giving program* (2nd ed.). San Francisco, CA: Jossey-Bass.
- Fishman, J. J., & Schwarz, S. (2006). *Taxation of nonprofit organizations: Cases and materials* (2nd ed.). New York, NY: Foundation Press, 541-544.
- Friedman, L. J., & McGarvie, M. D. (Eds.). (2003). The Dartmouth College case and the legal design of civil society. *Charity, philanthropy, and civility in American history* (pp.91-105). Cambridge, NY: Cambridge University Press.
- Gao, Bingzhong and Yuan, Ruijun, (Ed.), 2008, Blue Book on Civil Society Development in China, Peking University Press.
- Giving USA Foundation, Giving USA 2007.
- Grimm Jr., R. T. (Ed.). (2002). *Notable American philanthropists: Biographies of giving and volunteering*. Westport, CT: Greenwood Press.
- Hall, H. (2009, March 26). The sum of their work. *The Chronicle of Philanthropy*. Retrieved from <http://philanthropy.com/free/articles/v21/i11/11002701.htm>

Hammack, D. C. (Ed.). (1998). *Making the nonprofit sector in the United States.*

Bloomington, IA: Indiana University Press.

He, Lin. (1940). *A New Review of Wu Lun.* (贺麟 (1940) 。五伦观念的新检讨。)

Hoogewerf, R. & Zhang, H. (2008). A ten-year retrospective-Hu Run 100 Rich List in

China. China Citic Press. (胡润、东方愚 (2008) 。胡润百富榜—中国富豪这十年。

北京: 中信出版社。)

Hwang, M., Grabb, E., & Curtis, J. (2005). Why get involved: Reasons for

voluntary-association activity among Americans and Canadians. *Nonprofit and*

*Voluntary Sector Quarterly*, 2005, 34(3), 387-403. DOI: 10.1177/0899764005276435

Indiana University School of Law-Bloomington. (2008). *2006-2007 Dean's report.*

Retrieved from <http://www.law.indiana.edu/alumni/publications/deans/doc/06-07.pdf>

IRS Publication 526, Charitable Introduction for Return 2007.

IU development program five year giving trends report total giving for IU (ALL),

07/01/2004.

IU Factbook 2007-2008. Retrieved from

[http://www.iu.edu/~upira/reports/standard/doc/fact%20book/fact\\_book\\_0708.pdf](http://www.iu.edu/~upira/reports/standard/doc/fact%20book/fact_book_0708.pdf)

IU Foundation Annual Report 2007-2008. Retrieved from

[http://iufoundation.iu.edu/annualreport/financials/Giving\\_alum\\_etc.html](http://iufoundation.iu.edu/annualreport/financials/Giving_alum_etc.html)

IU Foundation rededicates its home on Friday. (2000, October 20). *IU Newsroom.*

Retrieved from <http://iufoundation.iu.edu/newsroom/news-archives.html>

IU ranks 11th nationally for total voluntary support. (2009, February 24). *IU Newsroom*.

Retrieved from

<http://homepages.indiana.edu/web/page/normal/10087.html>

IU's Matching the Promise Campaign has raised more than \$60 million for Graduate

fellowships. (2008, June 11). *IU Newsroom*. Retrieved from

<http://newsinfo.iu.edu/news/page/normal/8367.html>

Johnson, P. D. (2007). *Diaspora philanthropy: Influences, initiatives, and issues* [PDF

document]. The Philanthropic Initiative, Inc. & The Global Equity Initiative, Harvard

University. Retrieved from

[http://www.tpi.org/downloads/pdfs/Diaspora\\_Philanthropy\\_Final.pdf](http://www.tpi.org/downloads/pdfs/Diaspora_Philanthropy_Final.pdf)

Kass, A. A. (Ed.) (2002). *The perfect gift*. Bloomington, IN: Indiana University Press,

105.

Lao, Kaisheng. (2009 October). Two hundred-year of public schools: Problems and

reforms. *Peking University Education Review*, 17. (劳凯声(2009)。公立学校 200 年：

问题与变革。北京大学教育评论，2009 年 10 月。)

Lenkowsky, L. (2002). Foundations and corporate philanthropy. In Lester M. Salamon

(Ed.), *The state of nonprofit America* (pp.355-386). Washington, D. C.: Brookings

Institution Press.

Li, Jingpeng. (2008). Preface, In Gao Bingzhong & Yuan Ruijun (Eds.), *Blue book on*

*civil society development in China* (pp.1-2). Beijing: Peking University Press. (李景

鹏 (2008)，序言，中国公民社会发展蓝皮书，北京：北京大学出版社，1-2。)

- Li Yi-Yu. (2004). Discussion on the contemporary development of civil society in China. *Journal of Beijing Administrative College*, (2), 94-95. (李熠煜(2004)。当代中国公民社会问题研究评述。北京行政学院学报, 2004 年第 2 期, 94-95。)
- Lipset, S. M. (1994). The social requisites of democracy revisited. *American Sociological Review*, 59, 1-22.
- Lu, Xinan. (2008). Chain debts among students, higher education institutions and banks. *Reporter's Notes*, (4). (鲁西南(2008)。学生高校银行之间的三角债。记者观察, 2008 年 4 期。)
- McMullen, Mike. (1994). Religious Politics as Institutions. *Social Forces* 73(2): 709-28
- Meng Changjiang. (2005). Historical development and realistic challenges of the traditional philanthropic culture of China. *Journal of Southwest University for Nationalities (Humanities & Social Sciences)*, 26(1). (蒙长江(2005)。中国传统慈善文化的历史沿革及现实挑战。西南民族大学学报(人文社科版), 2005 年第 26 卷第 1 期。)
- Mengzi: Teng Wen Gong I. *Chinese Text Project*. Retrieved from <http://chinese.dsturgeon.net/text.pl?node=1653&if=en>
- Michaels, M. (2007, April 24). New survey shows why the wealthy give to charity. *The Chronicle of Philanthropy*. Retrieved from <http://philanthropy.com/free/update/2007/04/2007042401.htm>

- Ministry of Civil Affairs. (2000). Survey report on issues concerning American foundations. *China Social Newspaper*. (民政部赴美基金会立法问题考察团,对美国基金会若干问题的考察报告[N], 中国社会报, 2000212226 (6) 。 )
- Nonprofits in China. (n.d.). Hauser Center for Nonprofit Organizations at Harvard University. Retrieved from <http://www.hks.harvard.edu/hauser/engage/nonprofitsinchina/>
- Ostrower, Francie. (1995), *Why the wealthy give: The culture of elite philanthropy*. Retrieved from <http://www.questia.com/PM.qst?a=o&d=103227338>
- Peking University Education Foundation Annual Report 2003, 2004, 2005, 2006, 2007, 2008.
- Regulations on the administration of foundations. Retrieved from [http://temp.cdpj.cn/jjh/2006-05/24/content\\_6415.htm](http://temp.cdpj.cn/jjh/2006-05/24/content_6415.htm)
- Salamon, L. M. (2002). The Resilient Sector: The State of Nonprofit America. In Lester M. Salamon (Ed.), *the state of nonprofit America* (pp.3-61). Washington, D. C.: Brookings Institution Press.
- Salamon, L. M. & Anheier, H. K. (1998). Social Origins of Civil Society: Explaining the Nonprofit Sector Cross-nationally. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 9(3): 213-247.
- The Business of Giving: A Survey of Wealth and Philanthropy. February 23, 2006. *The Economist*. Retrieved from [http://www.economist.com/surveys/displaystory.cfm?story\\_id=E1\\_VVTSGDV](http://www.economist.com/surveys/displaystory.cfm?story_id=E1_VVTSGDV)

- Wang, H. (2008, November 23). Forum on China's reform and opening-up: Celebrating the 30th anniversary [PDF document]. Retrieved from <http://www.caep.org.cn/uploadfile/%E7%8E%8B%E5%8D%8E-30-Year-Reform-and-Opening-Up.pdf>
- Wang, Ming. (2009). Towards Civil Society - the History and New Trends of China's NGO, *Jilin University Journal of Social Sciences*, Issue 4. (王名(2009)。走向公民社会—我国社会组织发展的历史及趋势。吉林大学社会科学学报, 2009年第4期。)
- Xie Qiukui. (2005). Foundations: Great Driving Force for the Development of American Higher Education. *Higher Education Research*, 3, 97. (谢秋葵(2005)。基金会：美国高等教育发展的重大推动力。高等教育研究, 3, 97。)
- Yang, Dongping. (2009, March 10). Educational Reform in China has been Long Delayed. *The Economic Observer*. Retrieved from <http://star.news.sohu.com/20090310/n262705276.shtml> (杨东平(2009年3月10日), 中国的教育改革被延误的太久了, 经济观察报。)
- Yu, Keping. (2008). On Several Issues Concerning Civil Society in China. In Gao Bingzhong & Yuan Ruijun (Eds.), *Blue book on civil society development in China* (pp.15-27). Beijing: Peking University Press. (俞可平(2008)。对中国的公民社会若干问题的管见, 中国公民社会发展蓝皮书, 北京: 北京大学出版社, 15-27。)

## CURRICULUM VITAE

Zheng Xu

### EDUCATION

M. A., Philanthropic Studies 2010

Indiana University, Indianapolis

M. A., Library and Information Science 1995

Peking University, Beijing, China

B. A., Philosophy 1989

Peking University, Beijing, China

B. A., History 1976

Hebei University, Baoding, China

### PROFESSIONAL EXPERIENCE

Peking University Education Foundation, Beijing, China 2007-2010

Professor and Deputy Secretary-General

Peking University Alumni Association, Beijing, China 2007-2010

Professor and Deputy Secretary-General

Peking University Education Foundation (USA), CA Director of Development	2002-2010
Peking University Education Foundation, Beijing, China Associate Professor and Director of Development	1999-2006
University of California, Berkeley, CA Visiting scholar, Asian American Studies	2002-2003
Dept. of Library & Information Science, Peking University, Beijing, China Associate Professor	1994-1997
Dept. of Library & Information Science, Peking University, Beijing, China Deputy Director	1985-1994
High School of San-Jia-Dian, Beijing, China Teacher of History	1976-1985