

MAGDALENE COLLEGE | CAMBRIDGE | INFORMATION | COMMON MYTHS

SOME COMMON MYTHS ABOUT MAGDALENE'S FINANCES AND FUNDRAISING

Though many Magdalene members appreciate why we are fundraising and are generous in their response to requests for help, a number have, over the years, responded by expressing specific concerns which we are keen to share and to address. Quite often these responses take the form of *"I am willing in principle to give to Magdalene but..."*

Here are some common "buts" and some responses to them. Any member wishing to raise different "buts" is invited to write to Mark Billinge, the Fellow for Development:

I am willing, in principle, to give to Magdalene but...

➤ **MAGDALENE IS RICH**

Objectively, Magdalene is not rich. In endowment terms it is ranked 20th college (the poorest of the "old" colleges). Only the newer colleges are poorer. Though never particularly well-resourced (our founders gave us buildings and a little land, but no real endowment); the College also suffered the estrangement of its most significant assets in the sixteenth century and has struggled ever since.

➤ **MAGDALENE HAS SO MANY FELLOWS WHO ALL COST SO MUCH MONEY**

Magdalene has about 40 Fellows only four of whom are fully salaried by the College (the Senior Bursar and Fellow for Development are two of these together with two College Teaching Fellows). All of the remaining Fellows are salaried by the University: the highest ratio of university:college teaching officers of any Cambridge college.

➤ **MAGDALENE HAS JUST SPENT VAST SUMS OF MONEY ON A NEW BUILDING**

Magdalene has just completed construction of Cripps Court which, as its name suggests, was wholly funded by the Cripps Foundation. The building of Cripps Court made no demands on the Endowment and we are working hard to ensure that increased conferencing activity covers the Court's maintenance and other operating costs.



➤ **THE TOP-UP FEE HAS INJECTED SO MUCH MORE MONEY INTO THE SYSTEM AND SOLVED THE PROBLEM**

The top-up fee is worth about £20 million to the University. A condition of this new money is that the University top-slices about £7 million in support of student hardship, leaving it (the University) with about £12 million (of the £24 million independently derived figures suggest it needs to cover its operating costs).

Though the hardship relief element will benefit some Magdalene students, none of the top-up Fee comes to the College for its own use. On the contrary, Magdalene will continue to “subsidise” every one of its students to the tune of about £1,500 per annum. Such subsidies come from the investment income derived from the Endowment.

➤ **SOME COLLEGES ARE RICH AND SURELY THEY COULD HELP THE OTHERS WHICH AREN'T**

It is true that some colleges have larger endowments than others and that one in particular – Trinity – is wealthy. It is also true that, consistent with their obligations towards their own statutes and the wishes of their own benefactors, these colleges help out the others in several ways. Firstly the Colleges Fund provides income through an internal colleges’ “taxation” system to which the wealthier colleges make contributions and from which the poorer colleges draw grants. Secondly, Trinity College in particular, via the Newton Trust, distributes hardship monies to the students of all colleges and contributes to the salaries of teaching fellows in the poorer colleges. There is, in short, a recognition in Cambridge of the historic imbalance in college endowments and of the relative fortunes of the different institutions. These issues are addressed through the Colleges Fund in particular.

➤ **THE SMALL AMOUNT I COULD AFFORD TO GIVE TO MAGDALENE WOULD MAKE NO DIFFERENCE AT ALL**

Never was it more true to say that “every little helps”. Contributions of any and all sizes do make a difference partly because all such amounts add up to significant sums and partly because the proportion of members giving to the college matters in the arguments we make to potential major individual and particularly major corporate benefactors. The recent launch of the Annual Fund is testimony to this philosophy. If, for example half of the membership was to give just £4 per week, the College would receive (with Gift Aid) some £700,000 per annum: enough to cover the annual shortfall between current fee income and the costs of educating our students.



➤ **THE COLLEGE DOES NOT INVEST T ITS MONEY WISELY**

The College's investments are overseen by a Finance Committee made up of external professionals and financially-knowledgeable Fellows. It is chaired by Dr Stuart Martin, himself an investment expert with extensive knowledge of the city. This Committee determines the College's general strategy and asset mix, leaving the day-to-day management of the portfolio to professional brokers of long and tested experience. The College's return on its investment consistently outperforms the Charities Index and other relevant benchmarks for our sector of activity. The college aims and manages to maximise its investment income consistent with prudence in protecting the integrity of the endowment and our long-term charitable aims.

➤ **CAMBRIDGE IN GENERAL IS RICH AND THE UNIVERSITY HAS A HUGE ENDOWMENT WHICH IT COULD SHARE**

Though the University of Cambridge has the largest endowment of any UK university, it is Objectively poor compared to the international rivals with which it increasing competes for staff, students and research income. Consistently ranked in the top five universities world-wide (and sometimes as high as second) it is the least well-resourced of the elite 10. The university, its trusts and the colleges together have an endowment of under £3 billion compared to MIT's £4 billion, Stanford £5 billion, Yale's £7 billion and Harvard's £12 billion.

