

## **PHILANTHROPIC GIVING TO BISHOP WATTERSON HIGH SCHOOL**

Central to the mission of Catholic education is to be available to anyone who wants it. That particular objective yields a challenging business model. Using traditional business language, it requires that the school 'sell' their 'product' for less than it costs to 'produce'. In the language of education, it means the tuition charged is less than the actual cost of educating a student. That reality results in what Catholic secondary education administrators call the funding "gap".

In order to "fill" the funding gap, Catholic high schools must seek philanthropic funding/raise money. Quite often, that results in much confusion, misunderstanding and frustration among donors and giving prospects. And, unintentionally but frequently, the school's fundraising methodology contributes to the confusion.

In order to avoid confusion, misunderstanding and/or frustration among the BWHS family, what follows is a summary explanation of each of the components of our fundraising strategy and process.

There are **three components** of the BWHS fundraising strategy:

- 1) ANNUAL GIVING**
- 2) MAJOR GIFTS**
- 3) PLANNED GIVING**

### **DEFINITIONS AND PURPOSES:**

**1) Annual Giving - Definition:** "annual giving" is a term that refers to the sum total of all fundraising elements, the sole purpose of which are to ***support the annual operating budget***. "Annual giving" is required because of the "funding gap" (identified above) that exists. Each year, the school starts off in the red because the tuition charged will not cover the school's operating expenses ***for that year***. Therefore, the school must implement an annual giving program in order to balance its budget.

**Purpose:** Annual giving is comprised of the annual fund, the auction and all other 'fundraisers' held by various clubs and associations during the school year. The money raised from each of these elements goes directly to support the ***annual operating budget*** (at Bishop Watterson, there are a few minor exceptions to this). Without a successful annual giving program, Catholic schools would be unable to keep their doors open because they would not be able to meet their yearly financial operating obligations.

**Summary:** Annual Giving is 100% focused on **THIS YEAR'S OPERATING BUDGET**.

2) **Major Gifts – Definition:** major gifts can be defined in two ways: a) by their amount (usually a gift of \$10,000 or more in one year) or, b) by their purpose – to fund **capital needs**.

**Purpose:** The purpose of major gifts for Catholic secondary schools is to fund **capital needs** such as new building, facilities renovation and expansion, major technology upgrades, and endowment. They are called major gifts because they are larger amounts (\$25,000+) committed over a period of three to five years – typically referred to as a “pledge period”. Their sole purpose is to fund the **capital needs** of the school. Major gifts are traditionally sought during capital campaigns or special funding initiatives/projects and have a specific dollar goal and a specific funding purpose – new gym, renovated classrooms, smart boards for classrooms, upgraded athletic fields, increased endowment, for example.

Without a successful major gift program and/or occasional capital campaign, Catholic high schools would be unable to address their ever-present capital improvement needs which would affect their ability to offer the best education possible and to compete effectively for students and faculty in today’s demanding and competitive world of secondary education.

**Summary:** Major gifts are 100% focused on the school’s **capital needs that will be completed within a specific time period – usually 3-5 years.**

3) **Planned Giving – Definition:** a planned gift is defined as any major gift, made in lifetime or at death as part of a donor’s overall financial and/or estate planning. There are two primary types of planned gifts:

➤ gifts that return income or other financial benefits to the donor in return for the contribution

and

➤ gifts payable upon the donor’s death – inclusion in the donor’s will

In the Catholic high school context, the latter (inclusion in the donor’s will) would be, by far, the most common. Planned gifts are focused on the future – usually many years into the future (10, 15, 20+ years) since they are only realized upon the donor’s death.

**Purpose:** Planned gifts cannot build buildings or increase your annual fund (in the short term) but when realized, they can substantially increase your endowment or provide unbudgeted financial support when realized and are, therefore, an excellent method of providing future income to the school. Planned gifts are a critical element of the financial **future** of the school and must be included in the school's overall development strategy.

**Summary:** Planned gifts are 100% focused on the financial **FUTURE** of the school typically (not exclusively) earmarked for the endowment.

**Overall Summary:** Annual giving is focused on the **now**, the current operating year; major gifts are focused on **capital needs for the short-term future** (3-5 years); planned gifts are typically earmarked for the endowment and are fundamental to the school's **long-term future** (10, 15 20+ years).