

Diverse Third Source Funding

Calvary Lutheran High School opened its doors in August 2005. Since its inception, Calvary has depended on fundraisers to make up the difference between tuition income and expenses. Minor fundraisers increased with the school's growth to help offset the increased need. Believing there had to be a better way to fill this financial gap, my goal was to develop a diverse plan for increasing Calvary's third source funding.

Six strategies were identified and implemented to diversify Calvary's third source funding. These strategies include person to person solicitation, congregational support, foundation grants, events, a mailing appeal, and a re-sale store. The plan's implementation increased third source funding and many minor fundraisers have been eliminated.

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History

Opening a Lutheran High School in Jefferson City, Missouri, had been a topic of conversation for the past thirty years. Finally, in 2003, plans were once again discussed and the decision was made to move forward. Six Lutheran Church Missouri Synod congregations formed an association, and now serve as the school's governing body. Calvary opened its doors in 2005 with nine students in grade nine. One grade was added each year until 2008, when Calvary offered grades 9-12. The student enrollment grew from nine students in 2005, to 43 students in 2009. Increased enrollment for the 2010 school year is anticipated, with 22 new students currently enrolled. As a result of growth and the vision to obtain a permanent facility, Calvary Lutheran High School began the "Committing To Succeed" campaign last fall. The campaign will fund the purchase of Calvary's 23-acre campus and Phase I, which is currently under construction.

Project Focus

Prior to Calvary's existence, Jefferson City families had two secondary educational choices. Approximately 2,500 students in grades 9-12 attend the public school. This school tends to offer good academic programs, but is troubled by gangs, drugs, and a reputation of an unsafe environment.

The second option is a Catholic high school that has been in existence for over 50 years and has approximately 850 students in grades 9-12. Over the past 10-15 years, the number of Lutheran elementary school families choosing to send their children to the Catholic high school has increased.

Realizing the Catholic school would be Calvary's "measuring stick," the Delegate Assembly understood tuition would have to be competitive when families compared tuition costs. It is impossible for start-up schools to charge the actual cost of educating a student. Calvary began its first year with one full-time teacher/administrator and several part-time teachers. The part-time teachers were necessitated by the requirement of having trained/certified teachers on staff. The actual per student cost was much greater than the tuition charged due to the large number of empty seats, which continued during Calvary's growth.

Thirty-seven 9th-11th grade students were enrolled in 2008-09, and the budget was set at \$355,251.50. The cost-per-student was \$9,601.39, while the tuition charge was \$5,300 per student. The 2009-10 budget was \$380,039 based on 43 students and a tuition rate of \$5,300. The cost-per-student computed to approximately \$8,838.12. The 2010-11 budget is \$456,613 based on 50 students, with a cost-per-student of \$9,123.26. This figure is slightly higher due to increased expenses affiliated with the move into our new facility. Calvary has maintained the \$5,300 tuition cost, even though it remains slightly higher than the Catholic school charges their families.

In order to meet the difference in the budget between the tuition income and the expenses, the Board of Directors utilized fundraising events. The first and second year these events raised enough funds to make up the difference. As Calvary grew in its third, fourth, and fifth years, the difference also grew to a sizable number. The third source funding amount for the 2008-09 school year was \$91,000. Having followed the "add an event" philosophy, the 2008-09 school year included 11 events ranging from music shows, mum sales, trivia nights, barbeques, golf outings, and tractor pulls.

Methods and Process

Believing there had to be a better way than the "add an event" philosophy, my project develops and implements a diverse plan to grow Calvary's third source funding. Working with Mr. Don Distelberg from The Timothy Group, we identified six strategies that could be implemented in the development of Calvary's third source funding.

The six strategies include:

- *Person to Person Solicitation* –
 - Identify people who have donated more than \$500 to general operations.
 - Meet them face-to-face and invite them to consider giving a larger gift.
- *Church Support* –
 - Since Calvary's inception, each association congregation has paid \$10 per communicant member. This strategy was to raise the per-communicant dues from \$10 to \$15.
- *Foundation Grants* –
 - Identify and pursue available grants.
- *Events* –
 - Identify and focus on three or four major fund raising events which would generate a greater financial return. Eliminate smaller events which take the greatest amount of time and provide a small financial return.
- *Calvary's Gift* –
 - Ladies within the association congregations have opened a re-sale shop. The revenue generated by the shop offsets tuition assistance. At the current time all of the volunteers are donating their time and the building rent is being waived by the property owner.

- *Mail appeal*–
 - A mailing would be sent to previous donors who were not contacted personally. They would be asked to partner again with Calvary through financial assistance.

Target Audiences were identified and a timeline was set in place for each strategy. Contribution Goals were developed as well as the projected expense for each strategy. These elements combined to provide a systematic approach to diversify Calvary's third source funding.

Project Results

The plan was to be implemented over a certain period of time. Due to the length of the time it took to develop the plan, several strategies were not implemented, but are in place for the coming fiscal year. Having this plan in place for the coming fiscal year will allow for the complete implementation and evaluation of this diverse funding model. Results of the implementation of the six strategies are:

- *Person to person solicitation*-
 - Calvary's list of large-dollar donors is very small compared to schools that have a long history. Over the past three years, 27 individuals have given gifts larger than \$500. Twenty-three of the 27 have given gifts this year, with several giving more than in previous years. Three of the four who did not give have passed away, and the fourth one is disenchanted with the school at this time. Several new families have stepped forward this year and one has given our first large gift of \$30,000. As we continue to grow, the person to person solicitation will grow and provide a substantial portion of our third source funding.

- *Church Support*-
 - The church support strategy is currently under consideration by the Board of Directors and Delegate Assembly, and thus has not been implemented. Several association congregations are struggling to meet their own budgets, therefore, the implementation of this strategy has been slow. Currently, the general thought is to broach the subject of increased dues when Calvary moves into its new facility. There has been discussion regarding raising the dues over a span of several years.

- *Foundation Grants*-
 - Grants for a Lutheran high school in the middle of Missouri are small in number. Several national grants are currently being explored and

applications will be made when possible. These grants would be extra financial support, not something to be expected on a regular basis. It is known that grants cannot solve our third source funding needs.

- *Events-*
 - Calvary-sponsored events were narrowed to four, and they generated more revenue than all the previous years' events combined. Due to a limited pool of volunteers and resources, focusing on four larger events permitted better results. Constituents were not solicited as often and the community was immune to unending fund raisers. Calvary's focus is to retain its reputation as a school with high academic expectations, not one with its hand out.

- *Calvary's Gift-*
 - In April 2009, a small group of ladies envisioned opening a re-sale store as a mission outreach and to financially support Calvary. A local church stepped forward and rented their vacant parsonage for \$1 per month. Named Calvary's Gift, the store opened in November 2009, and is manned by volunteers. Calvary's Gift donates funds specifically for tuition assistance when the amount of one student's tuition is raised. To date, three donations have been made and the fourth one is expected in July. The Lutheran churches and the community have embraced Calvary's Gift.

- *Mail Appeal –*
 - The first mail appeal will happen in the fall of 2010. Calvary implemented its Capital Campaign, "Committing to Succeed" in July 2009. Because this campaign was so important to Calvary's growth, and in an effort to not confuse or negatively impact the capital campaign, the mail appeal was postponed. With an ever increasing donor base, a larger number of people will be asked to prayerfully consider a gift. An Annual Appeal Fund Drive and its affect on third source funding is currently being considered.

Observations

- In an effort to ensure the capital campaign's success, implementation of several aspects of the master plan were postponed. Introducing too many new things at one time would negatively impact the total program's success.
- Diversity is necessary in the third source funding program because it will reach out to more people.

- Building relationships must be accomplished before asking for funds. The stronger the relationship, the greater the opportunity to secure a gift. A new school requires a greater amount of time to build long-lasting relationships.
- The success of Calvary's Gift is a true blessing and has far exceeded expectations. Since it is manned by volunteers, it is an avenue of income that does not require planning or implementation by the school. The financial impact is considerable as it provides great third source funding.
- Changing the culture of adding another fundraiser to raise money is hard to break. Helping people see other possibilities to generate funds takes time and effort.
- We need to make third source funding appeals more ministry-driven rather than money-driven. Ultimately we exist to share Christ with the world and we do it through quality Christian education. This must remain the central theme of the school.
- Above all, pray! Trusting and knowing that God will give you what you need in His time, is paramount. It is not about what we are doing, but rather what He is doing through each of us.