

## *Temple Beth Israel* *Fundraising Development Plan*

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### **Committee**

An advisory group was assembled for the express purpose of drafting a comprehensive development plan for consideration by Temple Beth Israel's Board. The members who were chosen as advisors were specifically targeted so as to have broad representation of the temple's past and current fundraising efforts combined with outside community representation and experienced fundraising professionals.

#### **Chairs:**

Allan and Susan Price

#### **Members:**

Hal Abrams, Tom and Patti Barkin, Harold Feldman, Rabbi Maurice Harris, Nina Korican, Rebecca Kovach, Cary Lieberman, Jean Phelps

### **Current Status**

TBI must rely on fundraising to balance the annual operating budget. Despite a dues increase well in excess of inflation, the current operating budget requires substantial fundraising to cover operating expenses. Looking ahead to next year's budget, reliance on fundraising is likely to increase given the use of one time donated revenue (\$35,000 – Second Clergy Fund) to cover ongoing operating costs. This is not meant to be critical of the current budget but rather to highlight the importance of a systematic, comprehensive approach to fundraising needed to ensure that the temple continues to function and provide the important community, spiritual and cultural activities, which define us.

The current operating budget calls for raising \$134,000 (20 percent of the annual budget) to balance the operating budget which follows:

Auction/Fundraising	\$35,500
Directory	13,000
Religious School Fundraising	4,500
Raffle/Other	5,000
Temple Fund	30,000
Transfers from RS Special Funds	7,000
Preschool Fundraising	4,000
Transfer from 2 <sup>nd</sup> Clergy Fund	35,000
<b>Total Fundraising</b>	<b>\$134,000</b>
<b>Total Other Income</b>	<b>\$540,525</b>
<b>Total Income</b>	<b>\$674,525</b>

This total, however, significantly understates the amount of contributed revenue required to support our communal effort in several ways. First, we must recognize that our budgeted dues revenue for 05/06 of \$343,000 includes \$35,727 of revenue, which is contributed voluntarily by

21 households in the form of patron, benefactor, sustaining and guarantor memberships. While we count this as dues revenue, it is, in fact, a form of annual fundraising. Further, last year we collected \$56,589 in special (restricted) funds, which support various activities such as the library, rabbis' discretionary funds, etc. If we subtract \$16,675 which was contributed to this restricted fund category for the 2<sup>nd</sup> Clergy Fund (which we have already counted in this year's budget as a transfer in) we received \$39,914 of contributed special funds to support congregational activities.

Taken together *these* categories of contribution (annual, voluntary dues upgrades and special funds) total \$209,641 or \$574 per household (365 households). We must recognize that about 50% of TBI member households are on dues assistance, leaving 186 member households paying basic dues or higher. If we assume that our fundraising will be heavily derived from this group our contributed revenue per "full pay member household" is \$1127 just to support our current level of effort.

If one assumes that another substantial general dues increase will not be imposed for the next several years, it is likely that fundraising will grow in importance as an element of the overall operating budget. Reports from other congregations indicate that this trend of looking to fundraising to shoulder a larger share of the burden for the operating budget is not uncommon. We also must recognize the aforementioned \$35,000 increase in fundraising required in next year's budget just to stay even. Further we are likely to see cost increases for basic operating costs and potential increases in operating costs if we move into a larger new facility.

## **I. Case**

The committee felt that the TBI mission statement was a strong basis for fundraising. It states:

*Temple Beth Israel is a center for Jewish life embracing traditional wisdom with contemporary insight. We promote the spiritual, educational, and social well being of our members, the Jewish people of Lane County, and the larger community.*

Beyond that, the committee members discussed the elements of the case, or arguments for, contributing to TBI as outlined below:

### **Educational**

- Talmud Torah
- Preschool
- B'nai mitzvah
- Family and adult education
- Community outreach

### **Traditional or Historical**

- Mitzvah
- Jewish identity/affiliation
- Last one "standing"
- Legacy leaving/making the world a better place
- Life cycle events

### **Communal**

- Socialization/new community
- Improves quality of Eugene
- Progressive religious voice
- Social action/service
- Links other endeavors
- Draws Jews to the community

### **Spiritual**

- Worship
- Meditation
- Connectedness
- Inspiration

### **Practical**

- Tax implications

Business development opportunities  
Primarily Jews give to Jews  
Appreciated stock  
Notoriety - "helped build a temple" -- bricks and mortar

## II. Elements of TBI's Fundraising Plan

The committee felt strongly that a comprehensive plan for fundraising was required to address both the short term and long term needs of the congregation. While the help of a hired professional would be advantageous, the committee acknowledged that it is likely that fundraising will be driven and executed primarily by volunteers.

The plan is conceptualized in four component parts. It is important however to see this as a single plan with multiple elements because coordination between and among these elements will be critical for its success. The elements of the plan include:

- A. **Endowment** – A pool of funds the principle of which is invested (never spent) while a portion of the appreciated value is available for expenditure. The spending rate is set to assure that the growth in value of the endowment equals or exceeds inflation. Building a pool of endowment funds will be critical to providing long term budget stability.
- B. **Planned Giving** – A vehicle for giving which utilizes estates, wills, trusts and other deferred giving techniques. It is a development strategy for building long term support for endowment as well as expendable funds.
- C. **Capital Fundraising** – A targeted effort to obtain funding for the building project. Understanding and collaborating with other related TBI groups and committees is of primary importance to ensure the community's overall success.
- D. **Annual Fundraising** – A targeted effort to support operations as well as restricted funds. As with the capital fundraising effort, collaborative relations are of primary importance, especially given the current annual fundraising needs.

The committee felt that it was important to present to our donors and potential donors a comprehensive fundraising plan, which outlines the range of long and short term needs. The committee also recognized that prioritization of these elements would be required and would change as our congregation's circumstances change. Again, **coordination** of fundraising efforts is critical to long term success.

While pledges and current gifts, beyond annual fund support, can and should be solicited for endowment support (e.g., for memorial gifts), it appears that the emphasis for such gifts over the next several years will be on the building campaign. Toward the end of the capital effort a more complete endowment fundraising plan can be organized.

### A. Endowment

The importance of thinking now about creating an endowment to support TBI operations cannot be overstated. Operating costs are increasing and we have a strong desire to ensure the long term financial viability of TBI. We are increasingly challenged to balance the operating budget solely

on the basis of dues revenue and annual fundraising. Over time the creation of an operating endowment could be a critical element of the formula to bring long term stability to our operating budget.

An endowment(s) can be created to support general operating support as well as specific budget line items (e.g., building maintenance, religious school, rabbinic support). Targeting a limited number of funds, including an unrestricted endowment that can be attractive to potential donors while providing relief to the operating budget, should be considered. TBI currently has a “grandparents endowment” with a market value of \$63,790.

## **B. Planned Giving**

Planned giving can be a very powerful vehicle for building the long term fundraising base for TBI. There are strong incentives for individuals to commit to such gifts including tax incentives, generation of current income (including, as examples assets that currently may be illiquid), intergenerational wealth transfer and legacy to mention a few. Planned gifts also may result in larger gifts in the long term.

One important aspect of planned giving occurs when TBI is named as a beneficiary in a person’s will. This is a relatively simple matter and TBI could develop a system that would include creating a “boilerplate” document for individuals to use to document their intention to remember TBI in their wills. TBI should request that as many congregants as possible make such a provision in their wills, irrespective of the amount. By not requiring a minimum contribution, all are able to participate if they so choose. All individuals who do include TBI in their wills and provide documentation of that intention will become members of the “Tzadek Society.” Annually, a list of all members of this society (with their specific approval) can be published in the newsletter to recognize their commitment to TBI. Further, a Shabbat service and special oneg could be held, to which all members of the society could be invited and thanked for their commitment to TBI.

Further a “planned giving” subcommittee of the development committee should be formed. This group would:

1. Identify those in the community with expertise in this area.
2. Solicit expertise to work with individuals who may want to consider more complex planned gifts such as trusts or annuities.
3. Provide regular articles in the newsletter entitled "gift planning tip of the month." The tips would include themes such as (a) advising "to give stock, not cash", (b) encouraging the inclusion of the temple in one's estate plan, (c) charitable remainder trusts, etc.
4. Hold seminars over the course of the year including the board and other groups (e.g., sisterhood, seniors) to educate people about planned giving options. The seminars should be marketed to nonaffiliated members as well.

5. Ensure that all solicitations to potential donors include a mention of the options of gift planning. This discussion usually leads to a greater understanding of the potential donor's available assets and what personal hurdles they have to make a major gift.
6. Prepare a handbook or brochure on "the many ways one can give to the temple."
7. Include planned giving information on the TBI website.
8. Work with the Oregon Jewish Community Foundation to assist with this effort.

### C. Capital Fundraising

By its very nature, a capital campaign takes on the character of a one-time fundraising activity. It should not be seen in competition with the other fundraising endeavors, but as an effort that will support the appeals for funding for an endowment, planned giving, and annual fundraising.

The purpose of the present campaign is to complete the excellent work of TBI volunteers, leaders, and donors who brought in the original pledge amount of \$2.7 million. It also provides a wonderful opportunity to move that initial energy and hard work and turn it to final success. The projected goal of the campaign is to raise an additional \$2,7 million based on the following schedules:

#### SILENT PHASE

WORK FUNCTION	2005			
	<i>Sept</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>
Establish campaign strategy	•	•	•	
Establish campaign committees		•	•	
Establish office procedures and communications systems	•	•	•	
Establish pledge tracking and reporting systems	•	•	•	•
CCC co-chairs solicit TBI Board		•	•	
Identify lead donors			•	•
Prepare solicitor and donor materials		•	•	•
Schedule committee and solicitor meetings			•	•
Provide solicitor orientation				•
Solicitation: lead donors				•

## ACTIVE CAPITAL CAMPAIGN

WORK FUNCTION	2006											
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Solicitation: lead donors	•											
<b>EVENT: Campaign Kick-off</b>		•										
I. Solicitation: high donors (members)		•	•	•								
II. Solicitation: mid-level donors (members)			•	•	•	•						
Campaign review, refocus as necessary					•	•	•					
Mid-campaign event						•						
Solicitation: all members, all levels						•	•	•	•			
Solicitation: non-members, outside sources						•	•	•	•	•		
Campaign review, refocus as necessary									•	•		
<b>EVENT: Groundbreaking</b>									•			
Final campaign activities											•	•

## CAMPAIGN COMPLETION

WORK FUNCTION	2007	
	Jan	Feb
EVENT: End of campaign event, congregation		•
EVENT: End of campaign party, solicitors/volunteers		•
Final reports	•	•

Capital campaign leadership is encouraged to consider incorporating an endowment amount as part of the total campaign's goal, so that that amount remains dedicated to the maintenance of the new structure. The question of how a general TBI endowment and TBI planned giving program can benefit, and be benefited by the capital campaign is addressed within this section.

### D. Annual Fundraising

For the foreseeable future annual fundraising will be of increasing importance to the financial health of TBI. An effort must be made to distinguish annual fundraising from special fundraising

efforts such as the building campaign. Annual fundraising must be sustained and grown even as the capital campaign is reinvigorated. Strong consideration should be given to collaboration between these two efforts and solicitations which include both components (annual and capital) should be undertaken when appropriate. Committee members and others have expressed a great deal of concern regarding the lack of coordination between various fundraising efforts as well as the number of times over the course of the year members are being “nickel and dimed.”

There also is concern that we recognize the direct relationship between dues, both amount and structure, and fundraising. As noted earlier, 21 households (out of 365) were responsible for \$61,452 in dues revenue (about twice what this group would have produced had they paid base dues).

In order to increase annual fundraising the following is recommended:

1. The development committee must be comprised of individuals who are focused on raising a specific amount of funds as part of the operating budget.
2. The chair of the committee must be included in the annual budget discussion so the committee is involved and agrees to the revenue expectations. Responsibility to reach this goal must be shared by the development committee and the board.
3. All fundraising efforts should be coordinated through the chair of the development committee. In this way individual solicitations can be planned and calendaring coordinated. This should not be taken to imply that the capital campaign would be directed by the development committee chair but only ensures that the appropriate conversations are occurring to allow for thoughtful approaches that take annual fundraising into account.
4. Consideration should be given to focusing significant effort on the creation of an “annual giving circle”. This program would involve setting a giving level (or levels) above basic dues with a package of benefits that would recognize the significant contributions of these individuals and thank them for doing so. Giving levels might be set at \$2500, \$5000 and \$10,000 above base dues. Participation in these circles must be solicited on a peer-to-peer basis, ideally with the solicitors having already made their own contribution to the circles. Solicitation should be done at the time of dues renewal. Small coffees could be organized at circle members’ homes to recruit new members. Mailings could also be used to reinforce the solicitations. The President’s column in the newsletter should also be used periodically to inform congregants about the importance of giving generally as well as speaking specifically about the importance of those able to participate in the circle. Benefits to circle members could include some of those already in place but could also include:
  - Tickets to the auction or other fundraising events (this also has the effect of encouraging those individuals to attend the events and invite their friends);
  - Annual thank you dinner with the rabbis, board, development committee (or some subset of the above);

- Book with recognition plaque placed in the library or prayer book;
- Commitment that these individuals would not be asked for additional funds in that year for routine, scheduled annual fundraising (special funds, emergencies, capital funds, etc., would be exempt);
- Book from rabbis selected each year for this purpose.

It is understood that such a program may be controversial within the congregation. Educating the entire congregation about the importance of fundraising to the future of TBI is critical as is positioning these “benefits” as ways to recognize and thank those whose generosity is supporting the congregation in this way. The simplest way to strengthen annual giving is to be sure those that give feel appreciated and thanked.

5. The development committee should examine the proposed “circle” levels and adjust them as appropriate. Target numbers of households at each level should be established with specific names attached to each group. Responsibility for solicitations should be assigned individually. A script and collateral material should be prepared in advance. The rabbis will be important in reinforcing the message that philanthropy is important and recognition of that generosity is appropriate and within our tradition.
6. An annual fundraising campaign should be organized. The goal of the campaign should be raising revenue to support the fundraising goals set during the budget process. The focus of the campaign should also include a target participation rate. Increasing the baseline for participation is critical to sustaining and growing annual giving. Phone solicitations over a short period of time may be the most effective and cost effective manner to proceed. Giving to specific initiatives can be more effective than a general appeal for unrestricted support. The development committee may want to identify several options for annual giving (e.g., support for religious school) which would have the effect of supporting the operating budget while allowing individuals to select an area they wish to support. A letter from the board, development committee chair, and rabbis should precede the calling effort as should information in the newsletter.
7. The development committee should appoint a subcommittee to stage the annual auction. The location of the event should be reviewed to be sure that it is large enough to accommodate the number of people who may attend. In addition it must allow easy movement of people in and around the silent auction area. Encouraging attendance through early and constant notification of the event is important. A focus on expanding attendance by individuals with the capacity and inclination to provide financial support to TBI should be stressed. This could be an opportunity to increase the involvement of nonaffiliated members of the Jewish community. Ensuring the needed attendance at the event must be seen as a priority.
8. The development committee should work with the board to prioritize fundraising efforts and to examine the number of special funds (restricted funds). At this point there seems to be an inordinately large number of special funds many of which are quite small. Focusing on a smaller number of special funds would make sense and increase the impact of these funds.

## Other Important Considerations

### A. Dues

The current discussions regarding the structure of TBI dues could have a profound impact on the viability of fundraising at the temple. If the earlier assumption is accurate that 186 full-pay households contribute the majority of voluntary additional dues and philanthropic revenue then the temple already has a dues system that in some key ways resembles a “fair share” model. The main resemblance is that the current system results in many people of lesser economic means paying less, and many people of greater means paying more.

Of course, the current dues system is not the same as “fair share.” It has two features that differ from a “fair share” model: (1) people of greater economic means *volunteer* to pay more than the stated dues, whereas in “fair share” they would be *required* to pay the higher amount and pay it all *as dues*; and (2) people of lesser economic means are forced to seek a dues reduction, whereas in “fair share” many would not need to go through this procedure because their “fair share” dues amount would be within their financial reach.

Both systems have merits and drawbacks. From the perspective of our understanding of successful development strategy, the committee is very concerned that a change to “fair share” could diminish TBI’s revenue raising capability. The effect on higher income households who currently make voluntary contributions beyond their dues obligation is our main concern. There is some evidence that turning the voluntary contributions of higher income households into higher dues under “fair share” could diminish, rather than enhance, TBI’s ability to solicit those households for greater financial support. Under the current dues system, people paying more than their dues obligation are doing so as a voluntary contribution, which could serve TBI’s development strategy well if our solicitors were to approach these members and ask them to consider increasing the voluntary contributions they are already in the habit of making. The opportunity exists to appeal to the pride and joy that many of these people probably feel about their generosity when they elect to contribute more than their dues obligation. A shift to “fair share” could cost TBI this opportunity. The committee is happy to discuss these concerns in greater detail.

### B. Board and Rabbinic Support for Fundraising

The committee felt strongly that the responsibility for fundraising must be shared between the board and the development committee. Active engagement by the board in fundraising is critical. Similarly, the rabbis must be openly supportive of the value and benefit of fundraising including recognition in thanking those who contribute. Education of the congregation about the value, joy and necessity of fundraising will be an important precursor to building a culture of philanthropy at TBI.

## **C. Fiscal Integrity**

Building a sustained fundraising effort will require that the congregation and the Jewish community at-large have faith in the financial management and health of the temple. This year's budget process, community parlor events and congregational meetings demonstrated how access to information can build confidence in the face of difficult budget choices.

Solicitors and fundraising materials must speak to the strength of the financial management of the temple and demonstrate how fundraising fits into the overall budget. In particular, questions about the new building, its effect on the operating budget and the temple's current operating deficit must be addressed.

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