

**A SPECIAL STUDY AND REPORT ON THE
FUNDRAISING POTENTIAL OF THE
MT. LEBANON SCHOOL DISTRICT
MT. LEBANON, PENNSYLVANIA**

AUGUST 2012



Purpose and Method of the Study

This planning study was conducted by Pursuant Ketchum to assess the feasibility of a \$15 million capital fundraising campaign on behalf of the Mt. Lebanon School District, and to develop a plan for such a campaign. The funds secured during this campaign would be directed toward facilities associated with the new high school expansion and an endowment for educational programs. These needs are detailed in the School District's Case for Support around which this study was conducted and which is included as *Appendix A* of this report.

To implement the study, Pursuant Ketchum Vice President Rand E Chase, CFRE, and Executive Counsel Elliott S. Oshry, CFRE conducted 27 confidential interviews during May and June 2012. Study participants were selected by the School District as individuals whose participation and insight would be critical to the success of the proposed campaign.

The statistical data includes responses from study participants segmented into several categories, (e.g., School Board Members, Alumni/ae, Parents, Suggested Leaders, Potential Top 10 Donors, and Potential Next Tier Donors). Some respondents may fall into multiple categories; therefore, responses that have been charted graphically can be reconciled vertically but not horizontally.

The personal interview format was designed to elicit advice, impressions, opinions, and information relating to the Mt. Lebanon School District, the urgency and desirability of the projects and programs to be funded by philanthropy, the viability of a capital campaign, the availability of leaders and volunteers who will be needed, and the availability of gifts that will be sought. To ensure confidentiality, the interviewers' notes are not included in this report, but remain in Pursuant Ketchum's files.

In preparation for interviews, respondents were asked to review a preliminary draft of the Case for Support. Persons interviewed were also asked to respond to a Chart of Standards (*Appendix B*), which reflects the approximate size and number of gifts required to raise \$15 million. In addition, study participants were asked to suggest possible sources for the top gifts on the Chart of Standards and to recommend those they believe are best qualified to successfully lead the proposed campaign. Those suggestions are summarized in a separate confidential memorandum.

This study is designed to position the School District for philanthropic success, now and in the longer term. A high performing integrated development model features a well-balanced mix of fundraising strategies and techniques and will pay meaningful dividends as they become part of the School District's culture.

Summary of the Observations

Community Perceptions of the Mt. Lebanon School District

The most successful fundraising programs are presented on the basis of urgent needs that, if met, will provide significant returns to the community. In order to successfully complete a major capital fundraising campaign, the School District must enjoy the confidence and respect of the community.

More than seventy (70) percent of those interviewed have a positive or very positive opinion of the Mt. Lebanon School District. Many commented that the Mt. Lebanon community is selected as a place to raise a family due largely to the reputation of the education afforded to its residents. Teachers, administrators and School Board members are well-respected professionals and their accomplishments are appreciated by the community.

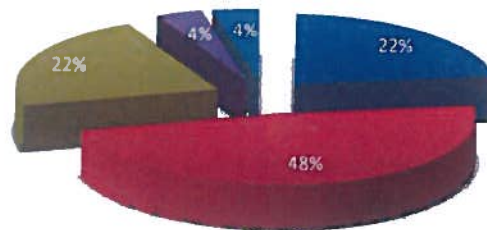
The distinction between the School District and the School Board was repeatedly referenced and should be noted. The School Board is seen as a political body comprised of individuals who from time to time will have opinions or positions that are unpopular with some in the community. The School District is perceived as the iconic institution that has delivered exceptional learning experiences to the community throughout its history.

Public Image of the Mt. Lebanon School District

	Total Interviews (27)	Parent (16)	Alumni (12)	Board Member (9)	Suggested as Leader (11)	Top 10 (1)
Excellent	6	3	2	2	3	1
Good	13	9	6	6	3	0
Average	6	3	3	1	3	0
Poor	1	1	1	0	1	0
Unaware	1	0	0	0	0	0

This chart is a summary of total responses

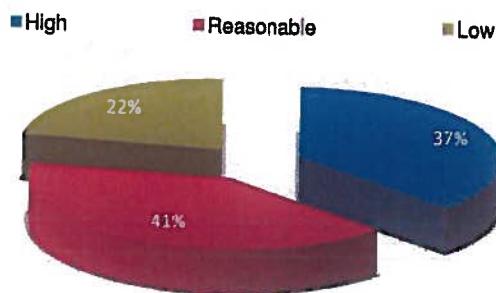
■ Excellent ■ Good ■ Average ■ Poor ■ Unaware



Appraisal of the Project (Priority Rating)

	Total Interviews (27)	Parent (16)	Alumni (12)	Board Member (9)	Suggested as Leader (11)	Top 10 (1)
High	10	7	5	7	4	0
Reasonable	11	6	4	1	2	0
Low	6	3	3	1	4	1

This chart is a summary of total responses



The Plan

Study Participants were asked for their opinion of the plan to create a new state of the art high school, and to endow signature academic and/or extracurricular programs that are in jeopardy as a result of state budget cuts. In order for a major fund raising campaign to succeed, the plan must be seen by those called upon for support as compelling, practical, and appropriate. The study also sought to differentiate a first-hand understanding of the plan as compared with a more passive acceptance based on the opinions of others.

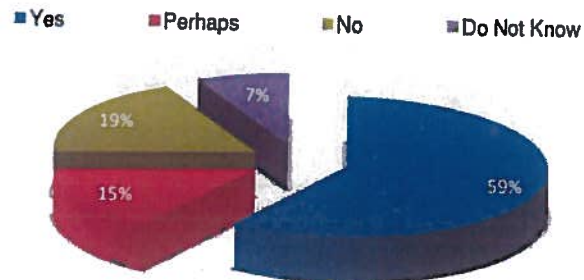
Study participants clearly understand the need for increased investment in the school district, and reveal relatively strong support for the plan to meet that need through a voluntary philanthropic campaign.

The plan to raise philanthropic support for capital and endowment is favored by sixty-seven (67) percent of study participants, and seventy-four (74) percent feel that a volunteer led fundraising campaign is the best available mechanism to accomplish that task. Five (5) participants (nineteen (19) percent of the sample), including four who were suggested as leadership candidates, do not believe a campaign is appropriate. They share the opinion of others that a project such as this should be funded by the entire community through a tax.

Is a Campaign Appropriate?

	Total Interviews (27)	Parent (16)	Alumni (12)	Board Member (9)	Suggested as Leader (11)	Top 10 (1)
Yes	16	11	7	8	4	0
Perhaps	4	2	2	0	1	0
No	5	2	3	1	4	1
Do Not Know	2	1	0	0	1	0

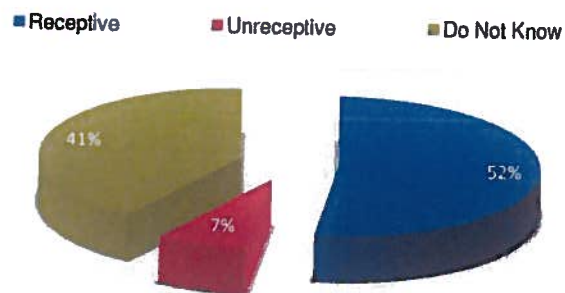
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Receptivity to a Capital Campaign

	Total Interviews (27)	Parent (16)	Alumni (12)	Board Member (9)	Suggested as Leader (11)	Top 10 (1)
Receptive	14	10	7	7	4	0
Unreceptive	2	1	1	0	2	1
Do Not Know	11	5	4	2	4	0

This chart is a summary of total responses



Goal Attainability

An important prerequisite for success in any capital campaign is setting a goal that is considered challenging, but attainable, by those who will be asked to provide leadership and/or to make pacesetting gifts. Experience has shown that while top donors and leaders will support a goal that is ambitious, they may provide only token support for a goal that appears to be unrealistic. Volunteers and donors want and need to be part of a winning effort. Study participants, therefore, were asked if they believe a goal of \$15 million is realistic.

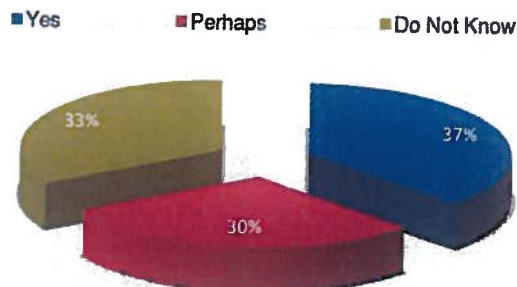
Opinions on the size of the goal are mixed: Sixty-seven (67) percent believe that a \$15 million goal is attainable or could be attainable under specific circumstances: clarity regarding the need for philanthropy, access to 7-figure lead gifts, an investment of time and resources to create a community-wide culture of philanthropy in support of education. Approximately one-third of the sample is unsure about the goal or feels unqualified to respond. Among those interviewees with nonprofit fundraising experience there is a higher degree of confidence that the goal is within reach, yet even those most confident were unable to identify lead-gift sources. No first-hand evidence of those gifts was uncovered during this analysis.

Respondents noted that the School District lacks an established culture of philanthropy and the corresponding philanthropic relationships that are built only through a focused effort over time.

Is the Goal Attainable?

	Total Interviews (27)	Parent (16)	Alumni (12)	Board Member (9)	Suggested as Leader (11)	Top 10 (1)
Yes	10	6	3	4	4	0
Perhaps	8	5	6	2	2	0
Do Not Know	9	5	3	3	4	1

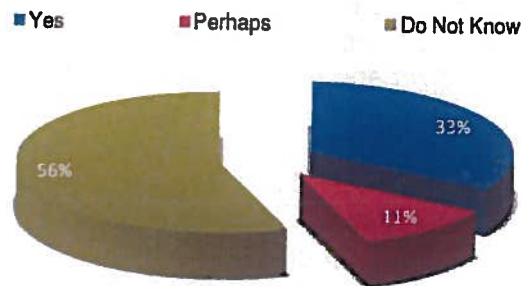
This chart is a summary of total responses



Are the Remaining Top 10 Gifts Available?

	Total Interviews (27)	Parent (16)	Alumni (12)	Board Member (9)	Suggested as Leader (11)	Top 10 (1)
Yes	9	4	4	3	2	0
Perhaps	3	2	1	1	2	0
Do Not Know	15	10	7	5	6	1

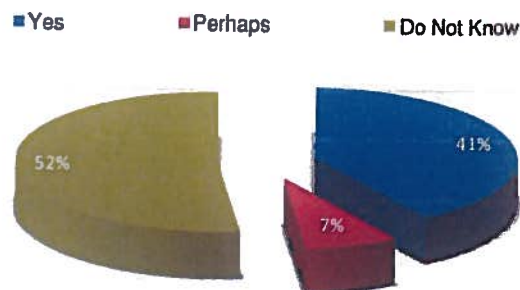
This chart is a summary of total responses



Are the Next Tier Gifts Available?

	Total Interviews (27)	Parent (16)	Alumni (12)	Board Member (9)	Suggested as Leader (11)	Top 10 (1)
Yes	11	6	5	5	3	0
Perhaps	2	1	1	0	1	0
Do Not Know	14	9	6	4	6	1

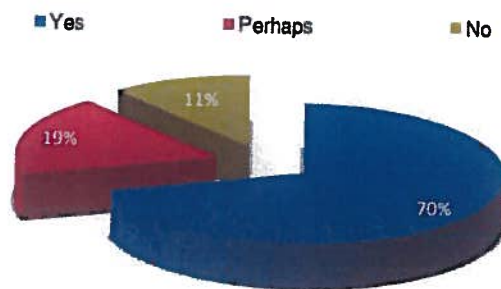
This chart is a summary of total responses



Willing to Consider a Personal Gift?

	Total Interviews (27)	Parent (16)	Alumni (12)	Board Member (9)	Suggested as Leader (11)	Top 10 (1)
Yes	19	10	9	7	6	0
Perhaps	5	5	3	2	2	0
No	3	1	0	0	2	1

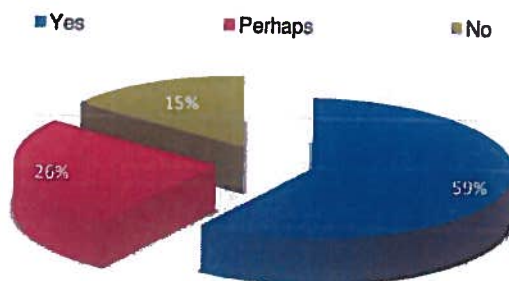
This chart is a summary of *applicable* responses



Willing to Volunteer?

	Total Interviews (27)	Parent (16)	Alumni (12)	Board Member (9)	Suggested as Leader (11)	Top 10 (1)
Yes	16	11	6	7	5	0
Perhaps	7	4	4	1	3	0
No	4	1	2	1	2	1

This chart is a summary of *applicable* responses



Fundraising Strength of the School Board

In most campaigns, it is the governing body of the institution that has studied, reviewed, planned, and ultimately authorized the fundraising effort. Such bodies must, therefore, take ownership of both the project and the campaign to finance the project. To assume that the donor constituency will embrace the campaign without the full financial and voluntary participation of the Board is a doubtful proposition. Yet unlike other self-perpetuating not-for-profit boards, School Board members are not elected for their fund raising capacity, wealth or philanthropic inclination.

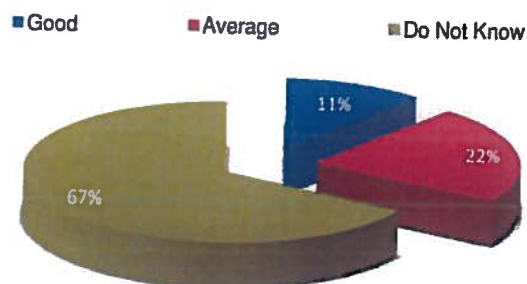
During each interview, respondents were asked for their assessments regarding the ability of the School Board to effectively function in a fundraising role.

The fundraising strength of the School Board is seen as relatively untested and/or unknown. Because the School Board was not elected for their fund raising capacity or personal wealth, and because the Board has not been asked to serve in such a capacity before, study participants believe it is likely that additional volunteer leadership will be needed to assist the Board in moving the campaign forward.

Fundraising Strength of the Board

	Total Interviews (27)	Parent (16)	Alumni (12)	Board Member (9)	Suggested as Leader (11)	Top 10 (1)
Good	3	3	2	1	1	0
Average	6	4	3	2	2	0
Do Not Know	18	9	7	6	7	1

This chart is a summary of total responses



Recommendations

1. Proceed with Campaign Planning and Set a Goal of \$6 Million for a combined Capital and Endowment Campaign

While a \$15 million campaign seems to be beyond the reach of the Mt. Lebanon School District at this time, a major philanthropic initiative for both capital and endowment will be well received by a segment of the donor population, and a goal of \$6 million is recommended as challenging but attainable.

A successful \$6 million campaign will begin to build a culture of philanthropy in support of the School District, and will provide staff and volunteers with the "field experience" necessary to enhance that culture of philanthropy in the future. This campaign will allow time to educate, cultivate, and motivate additional funding sources and volunteer resources essential to raise funds needed for future endowment growth and special facility needs.

2. Address the Internal Structure that can Support Philanthropic Initiatives

There is an important role for the Mt. Lebanon Foundation for Education and for the Mt. Lebanon Community Endowment as a culture of philanthropic support for the School District is developed. But ambiguity and duplication of mission must be addressed at the outset of this campaign. It seems appropriate that the staff and volunteer support of the campaign should be built within the MLFE (see staffing recommendations below) but it is not so clear where campaign proceeds – especially endowments – should be managed. A small committee or task force should be appointed to address these issues. Regardless of the outcome, both organizations must be seen as fully supportive of the campaign and be positioned for a long-term role in enhancing philanthropic support for the School District.

3. Revise the Case for Support

A new and expanded case for philanthropic support of the School District should be developed from the preliminary case used during the study. Based on a \$6 million goal – perhaps \$3 million for endowment and \$3 million for capital – a new rationale is needed for how the money will be spent.

- What will the School District do with income from \$3 million in endowment (\$150,000 per year) that it cannot do without such an income stream?
- How will \$3 million in capital impact construction, debt or cash flow?
- Why should philanthropic support of the School District be a priority goal of the community going forward?

The duties of the Campaign Cabinet include, but are not restricted to, the following:

- Provide overall executive guidance to the campaign.
- Establish policies and strategies.
- Evaluate campaign progress and ensure a disciplined approach to implementing the campaign plan.
- Review and make recommendations on unusual gifts or terms of payment.
- Review and modify as needed the campaign plan, timetable, policies, procedures, and budget.
- Participate in prospect review.

5. Formalize Endowment Policy and Practices

The Study clearly validated support for the endowment component of the campaign. In order to attract and accept significant investments, however, policies must be formalized and consistently applied. The School District's current endowment policies should be updated and expanded to address issues related to the campaign:

- Crediting value vs. recognition value for gifts other than cash.
- Age requirements for acceptance of deferred gifts.
- Investment and spending policies.
- Roles and responsibilities, if any, for the MLFE and MLCE.

6. Plan and Initiate a Targeted Awareness-Building and Cultivation Program

In concert with creating communications materials that explain the strategic vision, the School District must heighten the community's awareness of the importance of philanthropy, now and in the future. An integrated and multifaceted Awareness and Cultivation Program should be planned and implemented as an integral part of pre-campaign activities and procedures. Specifically, the District should:

- Implement a series of meetings with segments of the District's internal "family" - the PTA, School administrators, and faculty and staff - and selected top prospective leaders and donors. The objectives of these meetings are to generate enthusiasm and create common ground, improve internal as well as external communication, and begin building early support and momentum for the campaign.

10. Develop and Adopt an Aggressive 36-Month Timetable

- ***Phase I - Organizational and Pre-Campaign Activity (September 2012 through February 2013)***
 - ♦ Share the results of the planning study with those who participated and those who were invited but declined
 - ♦ Develop plan to engage the Mt. Lebanon Foundation for Education and the Mt. Lebanon Community Endowment in appropriate campaign roles
 - ♦ Create a detailed campaign plan and day-by-day calendar
 - ♦ Draft campaign expense budget
 - ♦ Refine and expand the Case for Support
 - ♦ Develop a pre-campaign briefing schedule; enlist hosts/hostesses
 - ♦ Enlist the Campaign Steering Committee
 - ♦ Begin prospect identification and review as well as leadership identification
 - ♦ Add professional staff and clerical staff dedicated to the campaign
 - ♦ Begin to develop campaign marketing materials
 - ♦ Enlist a campaign chair or co-chairs
 - ♦ Begin formation of a campaign cabinet
 - ♦ Begin creation of a planned giving program
- ***Phase II - Stakeholder Phase (March 2013 through December 2013)***
 - ♦ Enlist remaining campaign leadership team
 - ♦ Continue prospect research and review
 - ♦ Conduct volunteer orientation and training
 - ♦ Conduct the Leadership Phase of the campaign, soliciting Board members and the campaign leadership team
 - ♦ Organize volunteers for the Principal Gifts Phase of the campaign
- ***Phase III - Public Phase (January 2014 – March 2015)***
 - ♦ Campaign kickoff for all constituencies
 - ♦ Intensive solicitation, all prospects



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Acknowledgments

Pursuant Ketchum wishes to express its appreciation to Mt. Lebanon School District for the privilege of conducting this Planning Study to assess its potential for conducting an endowment campaign.

We are especially grateful to the respondents who participated in this process and gave so thoughtfully of their time and opinions, helping to ensure an accurate report that is truly reflective of MLSD's fundraising future. We particularly thank Superintendant Dr. Timothy Steinhauer and Cissy Bowman, Director of Communications for their outstanding preparation in information gathering.

We hope that our services have been helpful to everyone involved in the Mt. Lebanon School District. We look forward to being of assistance in the coming months and to working with your committed staff as you seek to increase your level of philanthropic support.

Respectfully submitted,

PURSUANT KETCHUM

Elliott S. Oshry, CFRE
Executive Counsel

Rand E Chase, CFRE
Vice President



APPENDIX A – Case Statement

**Mt. Lebanon School District
Case Statement**

The Case for Philanthropic Support of Mt. Lebanon High School

Mt. Lebanon School District Centennial Campaign: Continuing the Tradition of Excellence in Education

Overview

When Mt. Lebanon was founded in 1912, a priority for the town was educating its children. The foundation for a strong, community supported school system was put in place. As the reputation of the schools grew, the community prospered. Since that time, generations of children have reaped the benefits of a Mt. Lebanon education, and the resulting tradition of academic excellence is a legacy that has spanned 100 years. Mt. Lebanon continues to be a very desirable place to live, attracting new families in large part because of the decisions made early in its history to invest in education.

The High School

The center piece of the school district, and the community's greatest asset, is the high school. Also celebrating its centennial, the high school is a source of pride for the community, students, staff, and alumni. The high school's reputation as a leader in secondary education was built on a rigorous college preparatory curriculum, a nationally recognized fine and performing arts program, and a highly successful athletic program that emphasizes the scholar athlete.

Ranked second among high schools in the region and among the top five in the state, Mt. Lebanon High School provides students the opportunities of a private school campus in a public school setting. A Mt. Lebanon education prepares well-rounded students who make a positive difference in the world. Graduates have gone on to conduct important scientific and medical research. They are innovators in the technology industry, nationally recognized in the performing arts, and are leaders in business and government. They have made major contributions to humanitarian efforts that significantly improve the lives of others.

Our Need

Graduating students prepared for college and beyond requires an environment that is conducive to success. Since 1928, the High School has undergone five renovations and additions to improve the school as our educational programs changed. Praised as "one of the most modern educational plants in the state" in 1930, a 2001 facility assessment found that, even with continued good maintenance, many of its systems are at the end of their useful life. Further study indicated that:



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with increased classroom and study spaces to support 21st century learning practices.

The existing competition gym will be renovated into a new Center Court with cafeteria, library, writing lab, math lab and student activities office. All academic areas will intersect at this space, creating a vibrant school center.

New construction will connect the Center Court to a state-of-the-art science wing along Horsman Drive. Current and future technology needs will be addressed with a new fiber-optic infrastructure throughout the building to support digital learning. The auditorium and fine arts theater will be completely renovated. A glass and metal enclosed bridge over Horsman Drive will connect Center Court with a new athletic field house that includes a competition gym, two auxiliary gyms, locker rooms for men and women's sports, and an eight-lane pool.

The high school is a major community asset: Sixty-five (65) percent of after-hours use of the school is by community groups. The design team gave great consideration to create a plan that improves community access to key areas of the building

The total cost of the project is estimated at \$109,690,125. A bond issued in 2009 will cover approximately seventy (70) percent of this cost, and an additional bond will be needed as the project moves forward.

Opportunity

The School District must look to the future and plan for the financial resources necessary to support a strong educational program for the 21st Century that our students deserve and our community expects. A private-sector voluntary capital campaign to raise \$15 million is being considered by the School Board to help reduce the amount required for the second bond to fund the high school project and to establish an endowment to sustain and grow academic and fine arts programs throughout the District. This model is often used by private schools and because of current state K-12 funding decreases, likely will become the model for public schools in the future.

Donors' philanthropic contributions may reflect their personal interest in the new high school, their desire to invest in the future of the community, their sense of legacy in giving back to an institution that has contributed to their success, and their capacity to give.

Endowment

As state funding for public education continues to decline and mandated costs continue to rise, educational programs that are essential to maintain our reputation of educating well-rounded students are at risk. The proposed campaign will create a fund specifically designed to protect and enhance the academic, fine arts, and athletic programs that define the Mt. Lebanon education.



APPENDIX B – Tested Chart of Standards

MT. LEBANON SCHOOL DISTRICT
MT. LEBANON, PENNSYLVANIA

CHART OF STANDARDS

OBJECTIVE: \$15,000,000

GUIDELINES

Top Investment	15-20% of Objective
Top 10 Investments	50-55% of Objective
Next 45-50 Investments	35-40% of Objective

No.	Amount	Total	Cumulative Total	% of Objective
1	\$3,000,000	\$3,000,000	\$3,000,000	20.0%
2	\$1,000,000	\$2,000,000	\$5,000,000	
3	\$500,000	\$1,500,000	\$6,500,000	
4	\$300,000	\$1,200,000	\$7,700,000	51.0%
30	\$100,000	\$3,000,000	\$10,700,000	
40	\$50,000	\$2,000,000	\$12,700,000	
50	\$25,000	\$1,250,000	\$13,950,000	
60	\$15,000	\$900,000	\$14,850,000	99.0%
Many	Below \$10,000	\$150,000	\$15,000,000	100.0%

APPENDIX D – Campaign Expense Budget

**Mt. Lebanon School District
Campaign Expense Budget
D R A F T**

Expense	2012	2013	2014	2015
Campaign manager, salary and benefits		\$120,000	\$120,000	\$60,000
Administrative assistant	\$10,000	\$50,000	\$50,000	\$25,000
Collateral materials		\$60,000	\$60,000	\$15,000
Meetings and events	\$3,000	\$5,000	\$50,000	\$25,000
Fund Raising Consulting	\$25,000	\$100,000	\$50,000	
Prospect research	\$4,000	\$5,000		
Travel		\$10,000	\$10,000	
Postage				\$5,000
Recognition				\$10,000
	\$42,000	\$350,000	\$340,000	\$140,000
\$872,000 = 14% of \$6 million				