

The Fuss about Scrip

It's got a funny name and a relatively short history, but scrip fundraising can be a powerful tool. Want the scoop on scrip? Read on.

By Alicia Miller with Tim Sullivan

Picture this: You make your usual weekly visit to the grocery store. You fill your cart as always — with fresh fruit or frozen french fries, tenderloin or tofu — and head up front to check out. Your purchases are scanned and bagged, you get your total, and you pay your \$100. Guess what? You just made \$5 for your kids' school. On the way home, you pick up a video and a pizza. There's another \$1.10 for good old AnySchool Elementary. How's that possible? Welcome to scrip, a decade-old fundraising concept with roots in California and a large, national future. The concept is simple. Schools purchase gift certificates, or scrip, from popular retailers (like Pizza Hut and Blockbuster and grocery chains) at a discount, which the retailers are happy to give because they're guaranteeing themselves customers and some goodwill advertising. Parents then buy the gift certificates from the school at face value. The difference in price is kept by the school. Parents then spend the scrip at the retailer, where it's worth the full face value; they haven't spent an extra dime to help the school, nor have they had to change stores.

And school earnings can really add up. The most successful scrip schools earn hundreds of thousands of dollars per year from scrip. Typical schools with modest programs can earn \$3,000–\$10,000 without an undue amount of effort. Some quick math is the best way to demonstrate the earning potential of scrip. An average family spends \$5,000 at the grocery store (\$100 per week). The school gets a 5 percent discount on grocery scrip. Over the course of the year, the school makes \$250 (5 percent of \$5,000) just from one family's grocery bill. Now consider what that family might spend on pizza and gas and toys, items with typically higher discount percentages. And don't forget holiday shopping. Multiply that family's earnings by, say, 20 families and you've got \$10,000 for your school. With the right support, scrip earnings can really add up.

Started by Necessity

Scrip programs got their start in 1988 with a plan to raise desperately needed funds for Petaluma, California's St. Vincent High School, which was facing closure due to financial difficulties. Store gift certificates had been around for a while, but no one had ever really tried to use them as a way to make money for nonprofit organizations. Participating in a grocery scrip program paid off to the tune of \$30,000 for St. Vincent, and the National Scrip Center (NSC), the first and still the largest scrip broker, was born. As more and more schools tried to emulate St. Vincent's success, the NSC stepped in to facilitate the process for northern California Catholic schools. Since its beginnings, the National Scrip Center has helped schools and other nonprofits (Catholic, public, and private alike) raise more than \$98 million.

The NSC's success spawned competitors both within California and across the country, and today thousands of schools (heavily weighted toward the West Coast and northern Midwest) participate. Most schools today choose to work with a scrip broker such as the NSC to avoid the coordination nightmare of trying to enlist merchants on their own and to ensure the deep discounts obtained when a scrip center buys gift certificates in large volume. Scrip brokers retain a small portion of the school's profits in exchange for their services.

"I believe that scrip can be a very successful ongoing fundraiser for any group," says Donita Hammerstein, who coordinates the scrip program at All Saints Catholic School (ASCS) in Canton, Michigan. ASCS has used scrip since 1997 and works with the Great Lakes Scrip Center, as well as buying scrip directly from several area grocery stores. "We have seven volunteers assisting with our program," Hammerstein says. "On Tuesdays they spend approximately two hours processing the orders, including entering them into our computer and doing the banking paperwork. The order is received on Thursdays, at which time the volunteers check in the scrip certificates and then fill the orders for that week. On Friday mornings and afternoons, we have a volunteer at the school to hand out the filled orders."

The Catch

While the impressive returns from scrip are very real, there's still no such thing as completely pain-free fundraising. Where scrip gets high grades for its earning potential and for the fact that parents don't have to spend an extra penny to help your school (they don't have to buy or pay more; they just have to buy differently), successful scrip volunteers do spend a lot of time on their programs.

Unlike a chocolate or cookie dough sale with maybe four weeks of concerted effort and a definite end date, scrip programs run year-round. While most anyone will buy a roll of gift-wrap from your group, it takes an especially supportive parent to go through the gift certificate process every week or even just once per month. As a program grows larger, earnings grow, as well, but program administration can become a chore.

Knowing that, the scrip centers try to make life for scrip coordinators as simple as possible. Most recommend setting up your scrip program with a software management system for tracking all aspects of ordering, delivery, and accounting. Several desktop packages are available for purchase, and the newest tracking option — from California-based IntelliScrip Solutions — operates completely online. IntelliScrip enables supporters to place and pay for their orders with the school online, allows scrip coordinators to generate purchase orders with the various scrip vendors automatically, and keeps track of a school's inventory, according to IntelliScrip's Dean Benjamin.

The need for scrip management programs becomes quite clear when you consider how much coordination is involved at the most successful scrip schools. Typical returns for schools are in the range of \$20,000 to \$25,000 a year, a sizeable sum that requires sizeable effort. Even a smaller program might make 26 scrip orders per year with 15–20 families involved in each order.

Scrip Tips

While the prospect of starting a huge new fundraising effort may be daunting, a scrip program can be run more simply. You can get your feet wet slowly but surely. Follow these *PTOtoday* pointers and you'll be on your way:

- **Choose your scrip broker carefully.** Scrip from national retailers like T.J. Maxx and Pizza Hut and Blockbuster can be purchased at very similar discount percentages from all the scrip centers, but the real differences crop up on the list of second-tier or regional retailers. Be sure a scrip center's retailer list is a good fit for the shopping habits of your supporters before deciding on a scrip vendor.
- **Start small.** The beauty of scrip is that it doesn't take hundreds of supporters to see solid rewards. Nearly every school has 10–15 folks who take on the bulk of the volunteer duties. If you can get this core group to purchase just grocery certificates and perhaps gas cards through scrip ("Who doesn't eat and drive?" is the sales pitch), you can earn thousands. And from that success you can slowly add more people and more retailers to your mix.
- **Grow slowly.** Add to your core group one friendly face at a time. It makes managing your program easier, and it's realistic. You may be a regular Shakespeare when it comes to writing fundraising letters, but folks don't readily just send in weekly checks in exchange for gift certificates. There's a show-and-tell element and some hand-holding required for each new regular. Remember: You're asking supporters to change a long-held pattern. It's not nearly as simple or as widely recognized as a candle sale.
- **Grocery stores are your scrip bread and butter.** As your scrip program grows, you may do well to get your grocery scrip directly from your local grocer. By cutting out the middleman, you may get 5–6 percent on your grocery scrip rather than the 3–4 percent typically available from the scrip centers. That difference can mean thousands of dollars for your school, depending on your volume. You could do the same with other retailers, but it's typically very difficult to reach the required minimums for volume discounts, and it's often not worth the headaches.
- **Consider profit sharing.** The big scrip schools — those making \$50,000-plus per year in scrip earnings — almost all use some element of profit sharing to encourage/require participation. A typical scenario allows a family to apply 10 or 20 percent of the dollars it raises toward school tuition or an activity fund. This option is obviously more common in parochial and private schools, but it has been attempted in public schools where the "share" percentage can be credited toward a particular homeroom or activity. Some schools even require that families purchase a certain amount of scrip or else face an additional activity fee. Such programs certainly increase participation and earnings.

What's Ahead

Scrip centers are constantly looking to expand and improve their programs. Fundability — one of the smaller scrip centers, based in Illinois — is gearing up for its new Neighborhood Scrip. According to co-founder Lisa Ross, “Clients call us on a regular basis asking us to get their local hardware store, grocery store, etc. We can’t carry all these retailers, so we’ve come up with a new program to allow our clients to approach their local merchants and ask them to accept Neighborhood Scrip.”

But, as with most paper-based institutions, the next big step for scrip will likely be electronic. Each of the country’s scrip centers is preparing for a potentially paperless future. Much scrip already looks more like credit cards than traditional gift certificates. The National Scrip Center recently unveiled its own co-branded credit card, allowing scrip users to send automatic rewards to schools with every credit card purchase. Though its retailer list currently is heavily weighted to the West Coast, California-based newcomer eScrip is also making strides in credit, debit, and loyalty card sign-up programs. As eScrip Executive Vice President Joanne Remillard puts it, “We want to deliver a convenient program that fits the lifestyle of busy parents and volunteers.” Indeed, the goal of all new scrip efforts is to reduce the administration burden on coordinators and supporters without adversely affecting earnings.

Addison Elementary School in Palo Alto, California, has worked with paper scrip for about seven years and with eScrip for a year and a half. “Our paper scrip program was set up with the effort of one very dedicated volunteer,” says PTA treasurer and scrip coordinator Denise Pitsch. “Until last year, we had a scrip table open daily staffed by parent volunteers, with one person still handling most of the work. Paper scrip sales, however, have decreased dramatically with the advent of eScrip. One person, me, now handles our paper and eScrip programs.” Pitsch considers scrip a successful fundraiser that’s worth the time and effort she spends, but she says the school is thinking of dropping paper scrip. “We have about 10 people, out of a school population of more than 280 families, who use paper scrip regularly,” she says.

Despite the initial difficulty of getting people to change their shopping routine, in the end, scrip works for two reasons: 1. The participating retailers are stores where your supporters already shop all the time, and 2. Your supporters can help your school without spending an extra dime. It’s a nice combination. If you can find a group of supporters (even just a small core group, at first) willing to change their shopping habits, you could be on your way to a successful scrip fundraiser. And your shopping trips may never be the same.