Sizing Potential. Leading Action.

FSTC Technical Assistance Webinar 2

AASA THE SCHOOL SUPERINTENDENTS ASSOCIATION

Who Are We?

A professional community of more than 10,000 education leaders, AASA and its members are committed to providing high-quality public education to all children.

Your Presenters Today

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With support from our partners at Education Resource Strategies
David Rosenberg and Sharla Horton

Series Schedule: 3:00-4:00PM

Notecatcher and Recording Available at:
http://aasa.org/fstc

1. July 22: Leveraging the New Scholarship Tax Credit: Possibilities and Challenges for Districts
   - What is FSTC? How could it work? How do we decide what to invest in?
2. **August 17: Sizing Potential. Leading Action. - TODAY**
   - ***How can we identify and develop a strong base of donor/participants?***
3. September 2: Approaches to Implementing the Federal Tax Credit — Deciding What Would Work for You
   - How do we operationalize our FSTC strategy? What infrastructure would we need? (Suggested: Superintendent + CFO/Treasurer/CBO)
4. September 22: Putting It All Together: Strategic Roadmapping and Next Steps
   - How will we move forward?

Today’s Learning Objectives

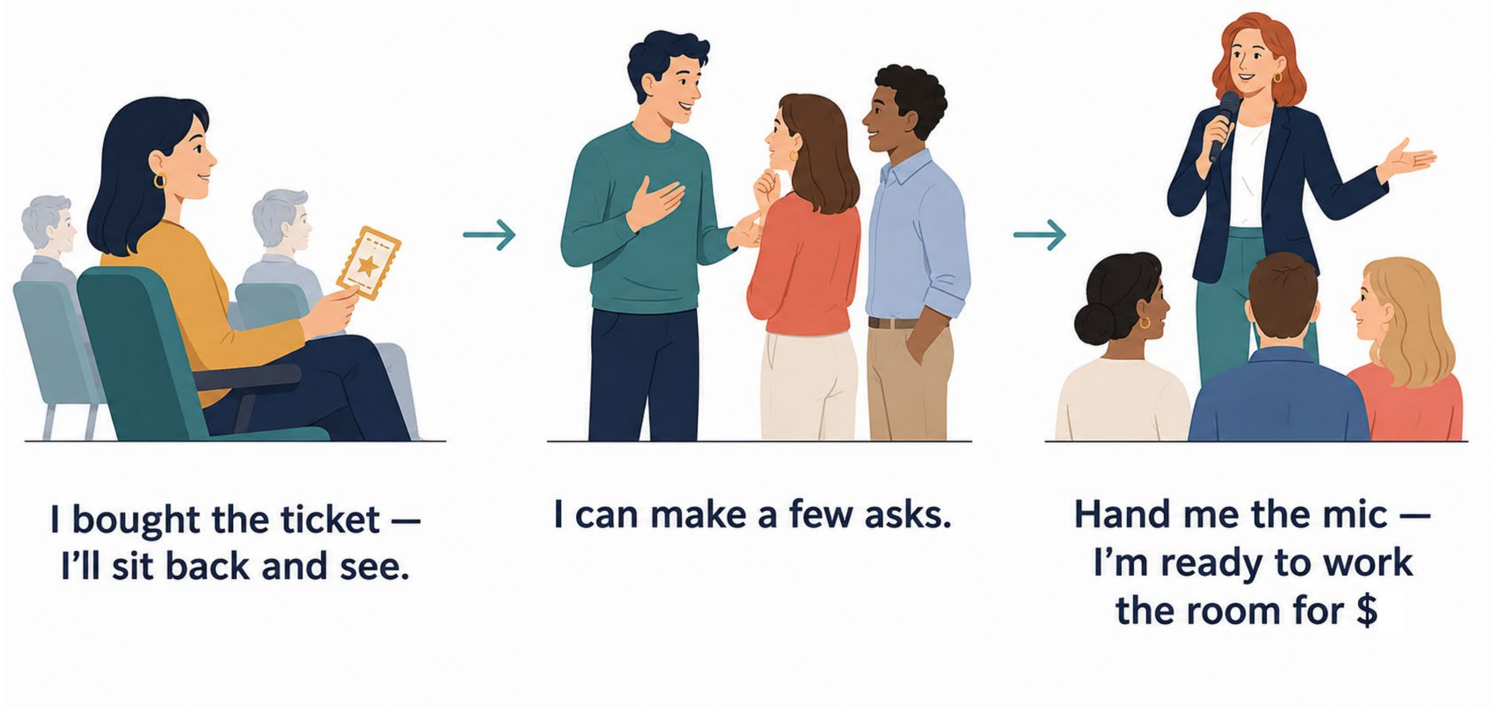
- Know why a tax-credit redirect/contribution is different from a charitable donation — and why that expands who can “donate.”

- Feel confident your community has untapped participation potential, regardless of concentrated donor wealth

- Build and prioritize your participant map, estimate its potential, and identify your first ask

Where are you starting today?

How comfortable are you engaging donors / participants?



Count the F's

FINISHED FILES ARE THE RE-
SULT OF YEARS OF SCIENTIFIC
STUDY COMBINED WITH
THE EXPERIENCE OF YEARS.

How many did you get?
Quick Poll.

How many did you count?

- 1?
- 2?
- **3?**
- 4?
- 5?
- **6?**
- **7?**

Count the F's

FINISHED FILES ARE THE RE-
SULT OF YEARS OF SCIENTIFIC
STUDY COMBINED WITH
THE EXPERIENCE OF YEARS.

Who is a Donor?

When you hear the word "donor"

what comes to mind?

Lilly Family School of Philanthropy

- Median donor household income: $98,000
- Median donor age: 56
- Most gifts are $500 or less

The Resistance

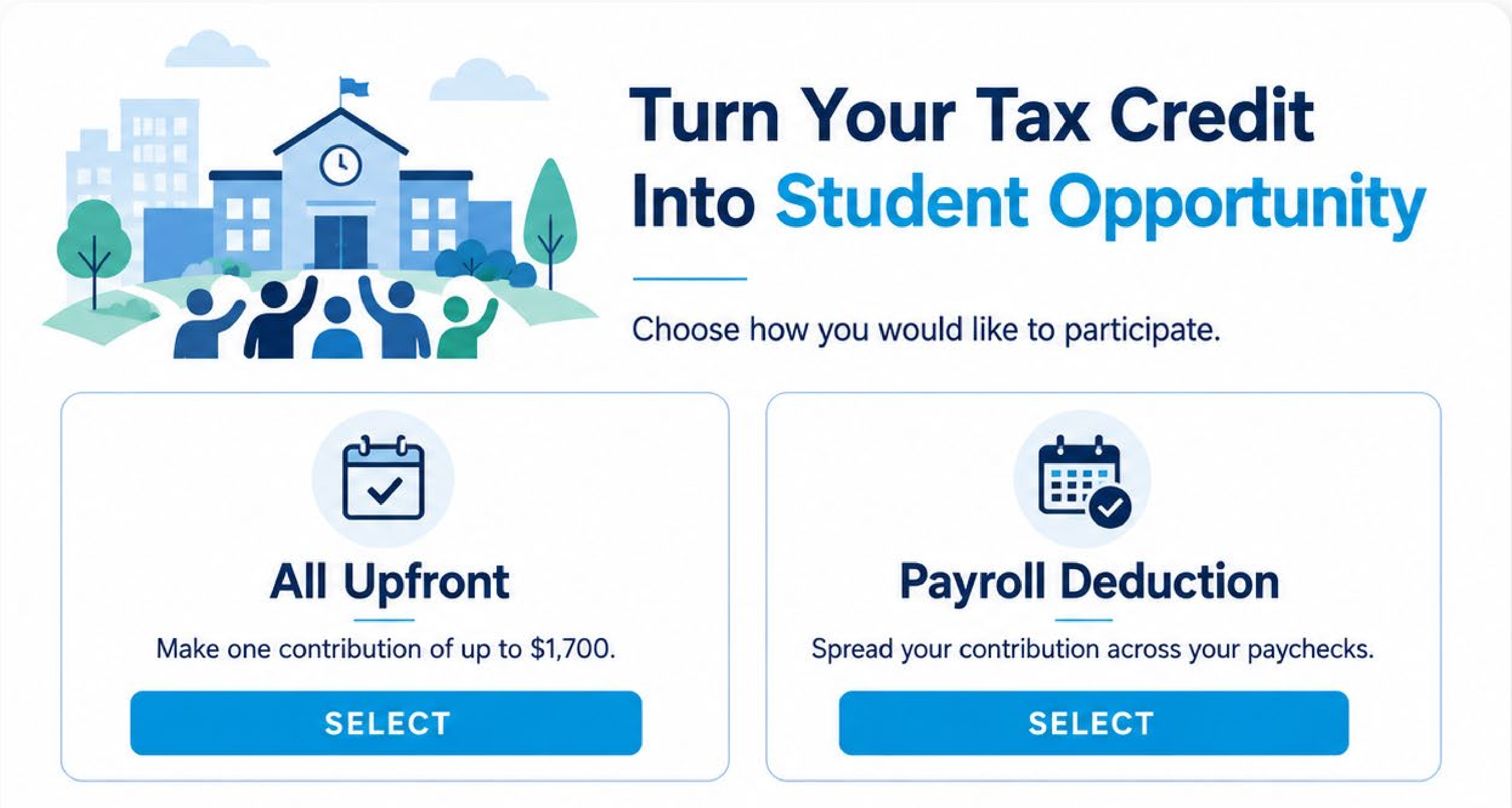
Resistance is Futile

1. Only a few big donors can move the needle, so asking everyone isn't worth the effort.
2. You have to be wealthy to be philanthropic.
3. Our community is too rural / too low-income to have a donor base.
4. This is really development-office work, not something superintendents, principals, teachers or parents do.
5. We already tried a fundraising campaign, and it fell flat. This will too.
6. People will feel like we're asking them to pay more, on top of taxes.
7. Retirees / fixed-income folks can't participate.
8. Businesses only care about PR-sized gifts, not a $1,700 credit.

Donor → Participant

Monetizing without Penalizing

Let’s Monetize - Mechanics

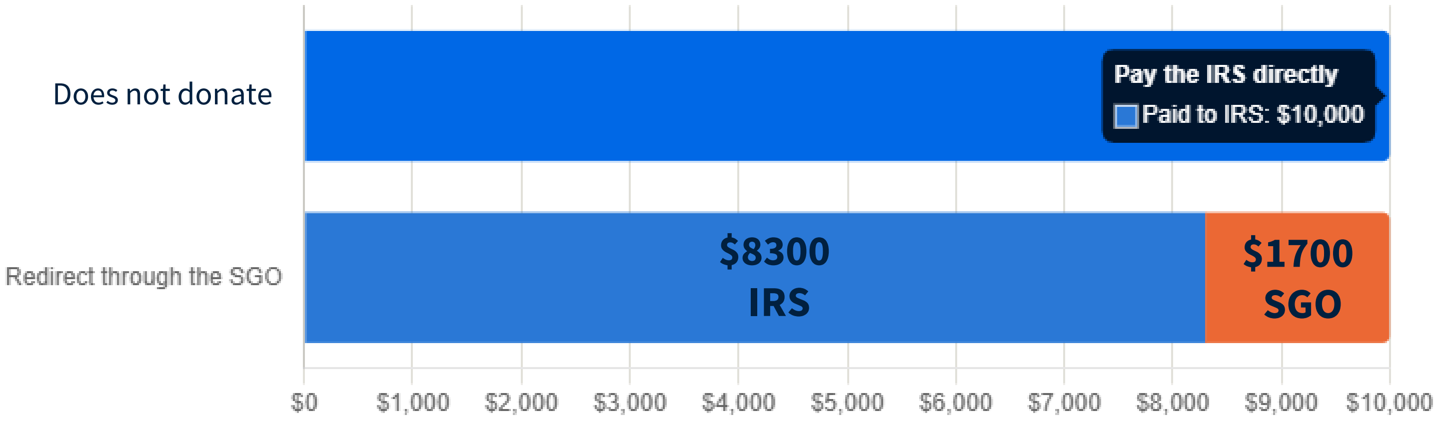


Participate: Donate All Upfront

	Do not Participate	Participate
Federal tax liability/withholding	$10,000	$10,000
Check to SGO (2027)	—	$1,700
Total Out-of-Pocket	—	$11,700
Paid to IRS	$10,000	$8,300
Net	**$10,000**	**$10,000** **+1700 Refund**

Monetizing

Without Penalizing



Same Amount.
Different Impact.

Payroll Deductions

	No participation	Payroll deduction, withholding unchanged, credit results in refund potential	Payroll deduction + withholding adjusted; Zero impact
	Owe $10,000 to IRS as usual	Elect $65/pay SGO deduction; withholding stays the same; credit claimed at filing	Elect $65/pay SGO deduction; withholding reduced by $65/pay to offset it
Per-pay federal withholding	$384.62	$384.62 *(unchanged)*	$319.24 *(reduced by $65.38)*
Per-pay SGO deduction	—	$65.38	$65.38
Take-Home Pay Impact	$0	**–$65.38** *(take-home drops each check)*	**$0**
Total Tax Liability	$10,000	$10,000	$10,000
Tax Withheld	$10,000	$10,000 + $1,700 credit	$8,300
Net to IRS	$10,000	$8,300	$8,300
Net to SGO	$0	$1,700	$1,700
Total	$10,000	$10,000 *(refund +$1,700)*	$10,000

Who might be your *Participants*?

AASA

Name it. Size it. Scale it.

Highlander County Schools				Y1		Y2		Y3
Channel:	**Audience**	**Qty**	**Convert**	**Donors**	**Convert**	**Donors**	**Convert**	**Donors**
Educators & Administrators	Employees	600	10%	60	25%	150	50%	300
Families	Parents	1,200	0%	-	5%	60	10%	120
	Grandparents	2,400	0%	-	5%	120	10%	240
School Board	Board Members	7	10%	1	25%	2	40%	3
Business/Community Leaders	City/County Govt	500	5%	25	10%	50	20%	100
	Contractors	100	2%	2	10%	10	35%	35
Communities of Faith	Parishioners	1,000	0%	-	5%	50	15%	150
Social Service Agencies	Children's Services	50	0%	-	5%	3	15%	8
Higher Education	Ed Professors	20	5%	1	10%	2	60%	12
				89		446		967
	Revenue	$ 1,700		$ 150,790		$ 758,625		$ 1,644,410
	Admin	$ 170		$ 15,079		$ 75,863		$ 164,441
	Student Benefit	$ 1,530		**$ 135,711**		**$ 682,763**		**$ 1,479,969**

$2,298,443 Cumulative Student Benefit

Who is your first ask?

Conversation to Commitment

The Difference is a Check

Convers ion
at

Daniel Pink – *To Sell is Human*

People do not convert because they appear in a spreadsheet.

They participate because a trusted leader connects the opportunity to something they value.

- Who's the story for?
- What do they value?
- What value are you creating?
- What's your story or your pitch?
- How do you move them to **take action** (donate/participate)?

After School Tutoring:
Same investment. Different audience.
Different reason to care.

Audience	Reason to Care
Educators and administrators	Give students the additional time and support they need without asking classroom teachers to solve every unfinished-learning challenge during the school day. Create additional earning opportunities for teachers as tutors and homework/team project facilitators.
Families	Make sure a child who needs extra help can get it, regardless of whether their family can afford private tutoring. Alleviate some daycare.
Business and community leaders	Strengthen the math, literacy and problem-solving foundation your future workforce will depend on. Provide opportunities for employees to focus on work knowing their kids are in school care.
Social-service partners	Give students consistent academic support while reducing one of the pressures facing families already navigating multiple challenges. Integrate after/beyond school programming.

Donor to Participant

- There is one “do” in ***DOnate***.
- Participants have multiple options
  - Donation is a form of participation.
    - There are multiple forms of donation (monetizing without penalizing).
      - All at once
      - Incremental
      - Payroll Deduction
        - Incremental
        - Modified Withholdings
- What are other forms of participation?

Tell all your
friends and family
to participate!
Rule of 250

That’s a Wrap

Revisiting our Learning Objectives

- Know why a tax-credit redirect/contribution is different from a charitable donation — and why that expands who can "**donate**" **to who can participate.**

- Feel confident your community has untapped **participation potential**, regardless of concentrated donor wealth

- Build and prioritize your participant map, estimate its potential, and identify your first ask.

Futile Resistance

1. Only a few big donors can move the needle, so asking everyone isn't worth the effort.
   - Counter: The $1,700 cap rewards breadth. You do not need a few $10,000 checks; you need a few hundred eligible taxpayers. Breadth beats size here.
2. You have to be wealthy to be philanthropic.
   - This is not a major-donor number. Many taxpayers with sufficient federal income-tax liability can participate, including people who would never call themselves philanthropists.
3. Our community is too rural / too low-income to have a donor base.
   - Disposable income and federal tax liability are not the same thing. The planning question is how many eligible taxpayers and trusted channels exist—not whether the community has visible concentrations of wealth.
4. This is really development-office work, not something superintendents, principals, teachers or parents do.
   - No gala or major-gift cultivation is required. The core work is leadership, communication, payroll engagement, and making participation easy—capabilities already present in districts and employers.

Futile Resistance

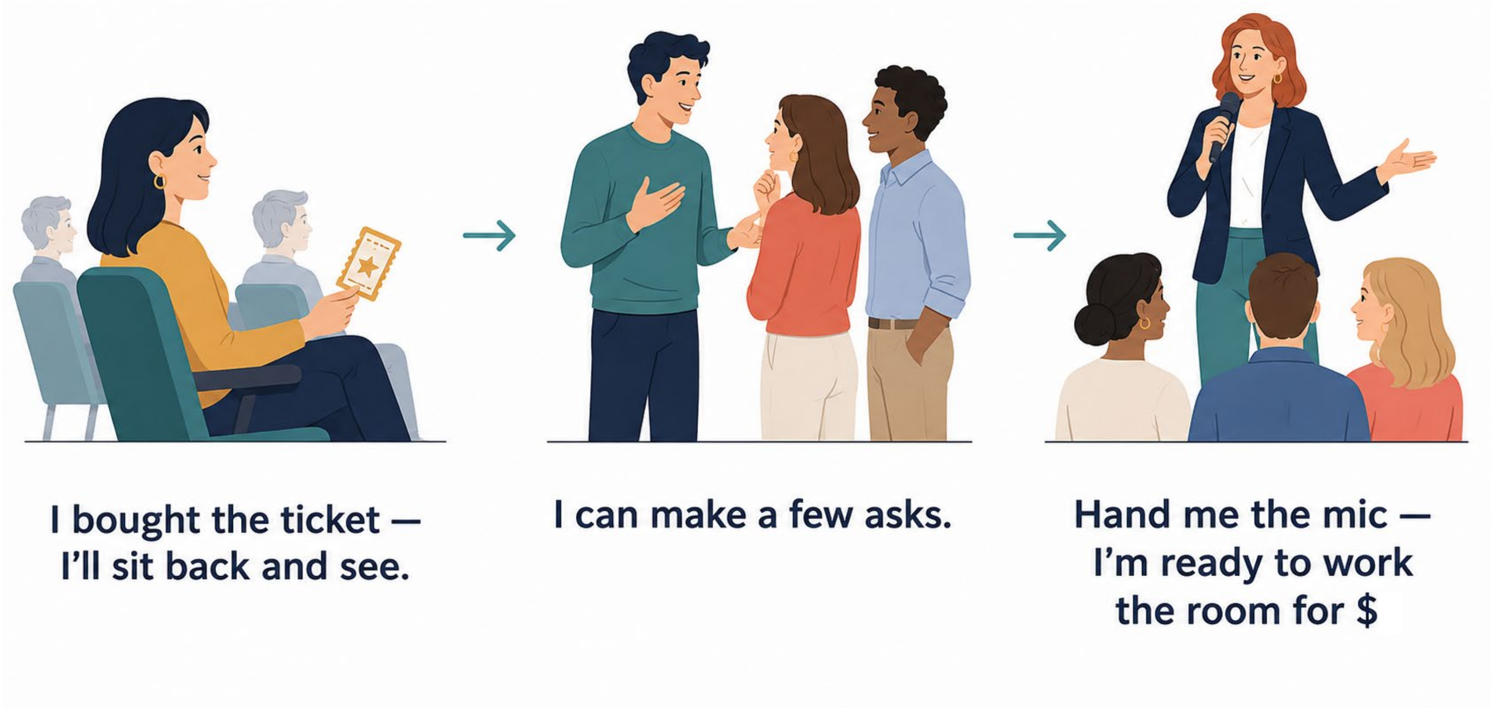
6. People will feel like we're asking them to pay more, on top of taxes.
   - Show the transaction. With sufficient eligible liability, the credit can offset the contribution. With an appropriate withholding adjustment and payroll contribution, paycheck impact can be approximately zero. It’s putting what would have been their fed tax dollars to work at the local level to benefit your schools and students.
7. Retirees / fixed-income folks can't participate.
   - Retirement does not eliminate federal income-tax liability. Retirees with sufficient eligible liability may participate; the question is tax liability, not whether someone currently receives a paycheck.
8. Businesses only care about PR-sized gifts, not a $1,700 credit.
   - A business cannot claim the credit. An employer’s largest value may not be its own check. It can become the channel and infrastructure that activates an entire workforce.

The resistance was reasonable. It was simply built on the wrong psychology and default thinking. Hopefully, we have built your intuition on this program further today and increased your confidence in how to lead.

Regardless of how you choose to go forward, your success will depend on your leadership.

Where did you end today?

- ***How comfortable are you engaging donors / participants?***



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