

Scrambling for Scrip

With scrip sales surging, schools and charities are raising more cash. How long will the boom continue?

By Ken Ellingwood and Peter Y. Hong

The bake sale is toast, the jog-a-thon tired. When it comes to raising cash for schools, churches and other grass-roots charities, the hottest game around these days is scrip.

Using currency similar to gift certificates and blending charity with consumerism, the scrip system has revolutionized the way thousands of small organizations raise cash to support themselves. The certificates are sold at a slight discount to the charity, which makes its money by reselling them at full value to parents and other supporters.

Who needs cash when this popular form of currency – reaching an estimated \$600 million to \$1 billion in sales nationwide – can buy groceries, clothes, restaurant meals, household goods, toys, flowers and even airline tickets?

The degree to which schools, churches and synagogues now rely on the certificates became clear last winter when one of the nation's biggest scrip distributors abruptly shut its doors, sending volunteers of about 4,000 organizations nationwide scrambling to find another supplier.

Loretta Joseph, a parent who runs weekly scrip orders for Our Lady of Grace School in Encino, Calif., said panic broke out among parents and volunteers at other schools after the scrip supply was cut off. Purchases of scrip have raised \$25,000 for the school since July, Joseph said.

"I had a lot of phone calls asking, 'What are we going to do now?'" she said. "We based our whole new funding program on scrip."

The charitable currency crisis should be short-lived. The shuttered firm, a company called Scrip Plus, is referring clients to its main competitor while former company officials reorganize. The scrip issued by the firm before it closed can still be used.

The firm enjoyed acclaim – it was named by Inc. magazine as the fourth-fastest-growing private company in the United States last year – until its

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corporate parent closed it amid a nasty legal dispute with former owners who have remained involved in the company.

The turmoil's quick spread to thousands of nonprofit groups reveals just how fast this fundraising niche has grown – fueled by the consumer tastes of baby boomers and their weariness with conventional donation schemes that seem a relentless feature of modern parenting.

Scrip sales have come to dwarf some of the more familiar fundraising methods, including sales of Girl Scout cookies, which totaled an estimated \$450 million nationwide last year.

Unlike sales of gift-wrapping paper or candy bars, scrip allows contributors to give by purchasing certificates for goods they would normally buy.

Companies such as Scrip Plus and National Scrip Center, a nonprofit operation run by the Catholic diocese of Santa Rosa, Calif., buy discounted scrip in bulk from stores such as Vons, The Gap or any of 300 participating businesses nationwide, and keep a small handling fee. The charity's profit is the leftover discount – a sum that can vary from 2% to 26%, depending on the retailer. The buyers use scrip instead of cash at the stores.

Some groups buy scrip straight from the store chains, but most organizations are too small to afford the minimum direct-purchase requirements.

National Scrip Center, the largest distributor, provides scrip to more than 6,200 groups in 27 states. [For information, call (800) 538-1222.] Before Scrip Plus closed, combined sales by the two suppliers put about \$24 million into charities' coffers last year, according to figures provided by the centers. In addition, there are untold numbers of grass-roots organizations that run their own scrip programs.

"It's really exploded," said Bob Coyle Jr., whose family started Scrip Plus in 1991.

Fans of the scrip method, which was pioneered a decade ago but achieved mania status in the past couple of years, say the sales can raise more cash than candy drives and car washes, while relieving parents of constant pitches for money. Parents are even supplied with special scrip wallets to accommodate certificates that come in a wide variety of shapes and sizes.

"You're getting what you want at Macy's, and the temple's getting something too," said Sari Scheer, a volunteer who oversees scrip sales at Temple Kol Tikvah in Los Angeles.

Congregants at Kol Tikvah were just getting accustomed to scrip when news came that Scrip Plus, the temple's supplier, had closed. The synagogue had raised more than \$4,000 through the sales since it started selling scrip for 105 vendors, from California Pizza Kitchen to Bloomingdale's, four months earlier.

"It's been frustrating – we just hit our stride," Scheer said.

Officials at First Lutheran School in Torrance, Calif., where gross scrip sales are projected to reach \$1 million this year, also were thrown off balance by the supplier's closing. The school is hoping to get its scrip trade back on track soon by reopening an account with National Script Center, said Guy Kramer, special programs coordinator. The school has earmarked scrip profits, a projected \$50,000 this year, to build classrooms.

So ingrained has the use of scrip become, some feel guilty making purchases without it. Some private schools even require parents to buy scrip as a condition of enrollment.

"Many parents say they feel funny going to the store and not using it," said Kramer.

At religious and other private schools, which rely heavily on tuition payments, tapped-out parents welcome such alternatives. Scrip is "an easy way for schools to make money without too much sacrifice from parents," said Jerome Porath, superintendent of schools for the Roman Catholic Archdiocese of Los Angeles.

Scrip is also in vogue at public schools. Parents at Monterey Hills Elementary School in South Pasadena raise about \$10,000 annually selling scrip for supermarkets and smaller chains. Scrip sales represent a fifth of parent fund-raising at the 480-student elementary school. Proceeds have bought computers, playground equipment and a marquee at the school's entrance.

But not everyone is sweet on scrip. Some school officials complain that the discounts offered by stores and restaurants have dwindled, eating into the amounts that charities get to keep. One retail chain ended its scrip program

because it was too costly, and several stores trimmed their discounts and placed limits on how much one group could buy after they were swamped by purchases with the certificates.

"It was becoming increasingly difficult to manage. We didn't anticipate that huge growth," said Susan Eich, a spokeswoman for the Minneapolis-based Dayton Hudson Corp. retail chain, which stopped selling scrip in 1996 and launched its own school donations program.

Peter Lucey, who runs the scrip program at the Westridge School for Girls in Pasadena, praises scrip sales as a "silent fundraiser," but fears that chances for growth are limited. Lucey said Westridge's sales of supermarket scrip have been hurt by consumers' growing use of credit cards, which are easy to use and offer incentives like airline frequent-flier miles. At some stores, he said, cashiers haven't seen scrip or don't know how to handle it.

One mother who has run a scrip program wondered why parents were increasingly being called on to raise money for public schools.

"Public schools more and more have to fund-raise, but these things should be covered [by public funding]," said Betsy Richman, who does public relations work for the South Pasadena and other school districts. "Computers should be in the classrooms; playgrounds should be safe and to code."

One status-conscious parent described a more personal objection to paying with scrip: "It feels just like food stamps."

The script movement caught on in the late 1980s when the Santa Rosa diocese helped a Catholic school dig itself out of debt by using scrip from a local supermarket. The National Scrip Center was later joined by Scrip Plus as go-betweens, recruiting retailers and assembling fists of participating businesses for the charities. Since then, scrip has become a way of life for many parents.

Monsignor Tom Keys, CEO of National Scrip Center, said more than 1,200 calls from schools and charity groups have swamped the operation since Scrip Plus closed.

The rise of scrip also fits a more established trend marrying corporate giving with marketing. A restaurant may win fresh customers because a parent bought its scrip through a nonprofit charity, said Daniel Langan, spokesman for the National Charities Information Bureau in New York. Businesses can

also benefit because they are paid in advance, providing ready cash before goods and services are delivered.

And, scrip boosters point out, having the right scrip on hand might rescue you in a way no roll of gift paper ever could.

"It has happened to me on more than one occasion where I didn't have a dollar in my wallet," said Joseph, the parent volunteer. "But I did have scrip to buy the kids lunch at Burger King or El Torito."