

Maximizing Generous Gifts Through Matching & Challenge Grants

Effective ways to maximize the support of generous givers

Large givers that God uses to challenge others to give generously are following a time-tested principle that King David (I Chronicles 29) modeled in the past. The principle is this: large gifts can be strategically used to help others be more generous. Here are a few common ways ethical and godly donors can maximize the impact of their generous gifts to the ministries they care about.

Traditional Matching Grant

The generous donor will promise \$1 for every \$1 given or pledged. For example, a donor may promise \$100,000 to a ministry if they can raise \$100,000 in cash and pledges by a specific date. If it is a \$1 for \$1 match, if they only raise \$93,224 by the specific date, the major donor will only give you \$93,224. The specific "matching formula" (\$1 for \$1, \$2 for \$1, etc.) is typically based on what size gift the major donor is able to give and the financial needs of a project. This is a great method to maximize a generous gift in a way that greatly motivates many other people to increase their giving to a special project or need.

Challenge Grant

The generous donor offers to give \$xxx for every household that makes a specific financial commitment to the ministry. Example: A major donor has \$10,000 to donate. The donor can promise \$100 for every household (up to 100 households) that pledges \$100 or more to the ministry over the next 12 months. Many people will usually give more than the minimum \$100 required. If 100 households give or pledge an average of \$200 (some \$100, some \$200, some higher), the ministry will receive \$20,000 from new donors/pledgers and another \$10,000 from the major donor (a total of \$30,000)! In one ministry, a donor offered a \$2500 Challenge Grant. The conditions were that he would give \$25 for every household (up to 100 households) that promised to support the ministry monthly. One hundred families responded to this challenge within five months. The average household pledged \$20/month. This meant that the major donor's \$2,500 challenge grant helped increased this ministries income over \$24,000 per year!

Last Dollar Challenge Grant

In this scenario, a generous donor may say, "You have a \$500,000 project with \$347,000 in cash and commitments. When you reach the \$450,000 mark, I will give the last \$50,000." Usually the last 20% of the campaign goal is the hardest money to raise. This type of "financial carrot" will often motivate the ministry leadership,

staff and board to make the final push in order to secure the challenge grant that will put the project over the top.

Volunteer Challenge Grant

In this situation, a major donor offers a specific amount of money to help ensure there are enough building volunteers to save thousands and thousands of dollars on building costs for a specific project. In one ministry, a major donor offered a \$30,000 Workers' Challenge Grant. He promised to give \$100 to the building project for every professional tradesman who volunteered one day on the project, \$75 for every day a handyman volunteered, and \$50 for every unskilled person who helped on the effort. The results were that over 100 professional tradesman volunteered over 300 days of labor on the project. The major donor gave the \$30,000 promised (\$100/day building fund donation for every day a tradesman volunteered) and the ministry received over 2400 hours (8 hour days x 300) of volunteer labor! The typical hour wage for tradesman in the area was \$50/hour -- which meant that this major donor's "Tradesman Challenge Grant" saved the ministry over \$120,000 in labor costs on the building project!

When used prayerfully and strategically, matching and challenge grants (or other variations) can greatly enhance the value of a generous major gift. Gifts of this nature can be used by God to greatly stimulate a ministry's leadership and constituency to greater levels of energy, excitement, and financial commitment. This is truly a win-win-win situation. The ministry wins because the project or ministry surges ahead, the constituency wins because their giving helped the ministry reach the goal, and the generous giver wins because their gift was greatly maximized for the glory of God.

Important Note: *Before considering utilizing any of these possible matching or grant ideas, please speak to the key leader of the ministry you want to help to make sure that this will fit within their plans and what they can accomplish. To be used effectively and appropriately, the grant must often represent 25-50% of the total financial need the ministry is facing.*