Crowdfunding: An Opportunity for Shrewsbury Public Schools

Presentation to School Committee

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Definition of Crowdfunding

"The practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the internet."

Source: www.dictionary.com

About Crowdfunding

- Concept emerged in late 1990s
- $34 billion has been raised globally
- Projects include anything you can imagine
  - Business start ups, research, product development, arts, charities, events, personal needs
- Expected to raise almost $300 billion globally by 2025

Sourcehttps://blog.fundly.com/crowdfunding-statistics/

Crowdfunding for Public Education

- Evolved over the last ten years
- No official estimates, but 3 largest US platforms claim $200 million in donations in 2017 alone
- Results vary but one popular platform reports:
  - 69% of projects are fully funded
  - 75% of funds come from donors who never met the teacher they are supporting
  - Average total cost of a project is $590
  - Average donation size is $55
  - Average time to fully fund a project is 27 days

Source: www.donorschoose.org

Appeal of Crowdfunding

- Funds classroom needs that cannot be funded through district operating budgets
- Expands pool of potential donors
- Projects can be put forward at any time during the year
- Projects can be for anything a teacher envisions (and district approves)

Key Considerations for Schools

- Implications of accepting cash vs product
  - Massachusetts laws and regulations have restrictions
- Financial transparency & accountability
- Protecting student privacy
- Ownership of purchased goods
- Ethical considerations

Finding the Best Platform for SPS

- Researched 17 platforms that articles named as successful for schools
  - 4 are no longer in operation
  - 3 specialize in areas other than schools
  - 3 are software packages
  - 1 focuses only on technology purchases
  - 4 only distribute money
  - 2 distribute products
    - 1 distributes money <u>or</u> product and product selection is very limited
- Preferred platform: DonorsChoose.org

About DonorsChoose

Founded	2000
Ownership	Non-profit
Volume	Over $756 million raised; Over 80,000 schools participate; Almost 1.3 million projects funded
Money or Product?	Primarily distribute products. Cash payments are secondary and only available to fund speakers or trips.

About DonorsChoose

Products	Impressive array of products available from 22 vendors including Amazon, Staples, School Specialty
Partnerships	Strong foundation and donor partnerships, marketing and promotion. Grant and matching funds available throughout the year.
Tools	Robust website full of helpful information and tools for users and donors
Project Fulfillment	*Only fulfill projects that are fully funded. Donations can be redirected or turned into gift cards for future projects on DonorsChoose.*

SPS Pilot Program

- Assessment objectives
  - Ease of use for teachers
  - Quantity & quality of materials in vendor catalogues
  - Availability of grants / matching funds
  - Timeframe for funding
  - Pool of donors
  - Turnaround time to receive funded materials
  - Sufficiency of reporting

SPS Pilot Program

- Projects posted late fall thru early January

- Different schools, different grade levels
  - One project each at Floral Street School, Sherwood Middle School and SHS

- Range of funding amounts
  - $260 - $1,150

- Varied teacher experiences with fundraising and crowdfunding

DonorsChoose

www.donorschoose.org

SPS Pilot Results

- All teachers reported that DonorsChoose was easy to use and offered a great selection of vendors and products
- All wished more grants or matching funds were available for their projects
  - One project received a nominal corporate grant
  - One opportunity became available after a project was fully funded
- All had a different experience with project funding

SPS Pilot Results

- One project was fully funded in 2 weeks
  - Teacher was very comfortable promoting her project on social media to friends & family
  - $450 donated by12 donors
    - $0 grants or matching funds at the time
    - 11 donors were family & friends of the teacher
  - Felt this was much easier than applying for a grant & would definitely use again
  - Took 2-3 weeks to receive materials from DonorsChoose

SPS Pilot Results

- 2 projects remain open
  - One has $29 in funding out of $261
  - One has $0 in funding out of $1,132
  - Teachers reported they are not comfortable promoting these projects to friends & family
  - One teacher said she prefers the grant process because you write the grant and forget about it; knowing the project is open is one more thing to think/worry about

SPS Pilot Results

- District level reporting was timely and adequate for knowing project status
- Administrator reporting was adequate to track delivery of funded materials
- Teachers were notified if match or grant opportunities become available
- Teachers received weekly suggestions from DonorsChoose for moving their projects forward

Conclusions

- DonorsChoose works
- It won't work for everyone
  - Best for teachers comfortable on social media
- Teachers will have to advocate for their projects to make them successful
  - You can't go into it thinking the money will just come to you
- Best to keep to a $250-$500 range
- It fits as another tool / funding option for teachers

Recommendations

- Allow teachers to use crowdfunding sites that distribute products, not cash
  - Highlight DonorsChoose as preferred site
- Implement a policy that protects teachers, students and the District
  - Requires prior Principal and IT approval of any campaigns
  - Clearly states the District has ownership of any products received through crowdfunding
  - Prohibits the use of identifiable pictures of District students when applicable
  - Prevents teachers from soliciting donations directly from current students or their families