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[January 2005](#)

In Search of ...

Fifty years after their debut, corporate matching gift programs continue to evolve

Since their debut in 1954, corporate matching gift programs have generated billions of dollars in gifts to nonprofits (including education institutions). Regarded by some development officers as "free money," matching gift programs help companies of all kinds demonstrate corporate citizenship, improve employee relations, promote broad-based philanthropy, and make giving flexible. This article examines the latest trends in corporate matching gift programs--what's working, what isn't, and what's next.

By [Erin Peterson](#)

When Philip Reed, chair of General Electric's board of directors, introduced the first-ever matching gift program in 1954, it's unlikely that he or anyone else could have foreseen the impact his idea would have on the philanthropic landscape. In the program's first year, the GE Foundation matched nearly \$200,000 in employee gifts to higher education—a success by any measure. Since then, thousands of companies have contributed billions of dollars to education and other nonprofits via corporate matches.

Reed's idea, so novel for its time, stemmed from his desire to see GE employees support their alma maters. He believed his employees would be more likely to give to colleges and universities if the company matched their gifts and that such gifts ultimately would benefit the company because they would help create a better-educated work force. (Reed himself held electrical engineering and law degrees from the University of Wisconsin and Fordham University, respectively.)

Over time, the matching gift concept evolved into a widespread practice that showcases companies' efforts to be socially responsible, improves employee relations, promotes broad-based philanthropy, and makes giving flexible. Although matching gifts generally represent a small fraction of an institution's overall gift income, they can add up to hundreds of thousands—or even millions—of dollars those institutions otherwise would not have received.

According to data compiled by the Council for Aid to Education

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for its annual *Voluntary Support of Education* survey, participating colleges and universities received \$163.5 million in corporate matching gifts in fiscal year 2003 alone. The AAFRC Trust for Philanthropy's *Giving USA 2003* survey, meanwhile, reports that corporate matching gifts accounted for roughly 10 percent of the \$12.2 billion U.S. companies donated to nonprofits in 2002.

"This is free money," says John Taylor, former vice president for research and data services at CASE, now vice president for advancement services consulting and education for RuffaloCODY. "Matching gifts are a phenomenal resource for institutions because it's money that comes almost without effort."

Matching gifts also are one of the last forms of giving that corporations will drop when they're forced to make cuts in their philanthropic programs. "Companies perceive, and rightly so, that matching gifts are a very democratic form of giving—the employees control which nonprofits will receive support," says Scott Sheldon, Arizona regional director of FundraisingINFO.com, an Internet-based fund-raising consulting company. "Many companies consider matching gift programs an employee benefit and would prefer not to cut back in that area."

Since the concept's debut half a century ago, corporate matching gift programs and dollars have grown significantly. A few small-scale changes that companies and institutions are making now might lead to widespread changes in the near future, however.

Taking it to the next level

Matching gift programs have long suffered from a relative lack of visibility and widespread perceptions that they require lengthy and complicated processing—in other words, that they're almost more trouble than they're worth. Luckily, online gift processing, outsourcing, and increased promotion are helping program managers address these issues.

Online gift processing. In 2001, CASE and Arizona State University's Nonprofit Management Institute conducted a survey of nonprofits (including campuses) that receive corporate matching gifts from their constituents. Among other things, the survey reported that less than 10 percent of all matching gifts were being fulfilled entirely online. Three-quarters of survey respondents indicated, however, that they expected most matching gifts to be initiated and fulfilled online by 2010.

"Online options for matching gifts benefit everyone for three reasons," Sheldon says. "They reduce the amount of paperwork employees must complete and companies must manage, they cut the costs associated with processing these forms, and they motivate donors to make matching gifts since the donors don't have to spend a lot of time looking for their employer's matching gift forms."

Outsourcing. According to statistics compiled by CASE's Matching Gifts Clearinghouse, 14 percent of companies that

offer matching gift programs outsourced the administration of their programs in 2003. That number is up from 3 percent 10 years ago. For campuses awash in the paperwork individual corporations require as part of their due diligence and gift distribution processes, outsourcing is a real boon.

"Before, an employee might have to go to different offices within his or her company, where there might be a lot of staff turnover or program rule changes," says Brad May, director of data enrichment services at Blackbaud. "Outsourcing lends a certain degree of standardization to the process.

"For example," he says, "it removes the administrative burden associated with managing the program and results in better-quality service to employees, who work with a program manager whose sole function is to administer the program, rather than a human resources representative who might fulfill many functions within the organization.

"Meanwhile," May continues, "the institutions that receive gifts from companies that outsource their matching gift programs benefit from dealing with a resource devoted solely to administering such programs. They don't have to worry about contact changes, people being out of the office, or new personnel who might not be able to answer their questions. Outsourcers also bring consistency to fund-disbursement schedules."

Increased promotion. Keeping matching gift programs in the minds of donors requires a concerted effort from both employers and campuses, so both sides are doing more to enhance and promote the opportunity.

Development officers at the University of Virginia, for example, say matching gift income has increased 40 percent in the last decade—a gain they attribute to increased communication and marketing efforts. "Campuses need to be more proactive in getting matching gifts rather than just reacting to them as they come in," says Michael Lutz, director of gift accounting. "Institution leaders can increase the campus's cash flow from matching gifts just by reminding donors that the option is available to them."

The University of Hawaii Foundation has taken a similar approach. "We have been much more aggressive in promoting our matching gifts program over the past year and we are beginning to see some results from this effort," says Travis N. Gray, senior director of annual programs and community colleges. "In the first four months of the current fiscal year, for example, we have raised \$85,000 in matching gifts. This compares to the \$120,000 we raised in all of FY 04."

Gray attributes these gains to several simple initiatives the university has implemented to raise the program's profile among constituents. "We have subscribed to a matching gifts database that integrates with our calling center software to assist callers in identifying potential matching gifts," he explains. "We also have beefed up the wording about matching gifts in our calling scripts, [we] are doing a better job of promoting matching gifts in our confirmation letters and pledge reminders, and [we] have subscribed to an online

matching gifts service that integrates with our online giving site and allows donors to see instantly if their gifts will be matched. The service also provides information about matching gift policies and procedures at a variety of companies."

Brigham Young University's development office also has enhanced the online visibility of matching gift opportunities. According to Jeremiah Christenot, associate director of corporate matching gifts, the university has a link on its Web site that allows alumni to check whether their company matches gifts. BYU also sends personalized letters to donors to encourage them to obtain and complete the appropriate forms from their employers that would enable them to make such gifts.

Companies also are doing more to promote their online programs. As Heather Cave, director of employee volunteerism at the Verizon Foundation, points out, philanthropy doesn't happen only during business hours, so companies need to provide employees with online resources that allow them to give when it's convenient for them to do so. "Our philanthropic programs are accessible online 24 hours a day, seven days a week," she says of the self-described "cyber-foundation," which operates entirely online. "Employees can track their charitable contributions anytime they want."

FundraisingINFO.com's Sheldon adds that "some companies are even trying time-specific, targeted campaigns that benefit campuses. The institution and the company work together," he says, "to identify company employees who have a relationship with the institution, and then they create a matching gift incentive for a specific project, program, or campaign."

Setting limits

Corporate leaders might resist cutting matching gift programs entirely, but they increasingly are restricting their generosity. Although the vast majority of companies—about 85 percent—match at a one-to-one ratio, the percentage that gives at a higher ratio has crept steadily downward since 1999.

Christenot says the change has been noticeable but not overly worrisome, as it was in the early 1990s. "Ten years ago, there were a lot more companies matching at two-to-one or three-to-one ratios," he says. "There's been some slimming in the programs during the past two years, but I don't think we've been overly affected. The good news is that programs, for the most part, aren't being completely disbanded."

Even so, most companies now have capped the amounts they will match. According to CASE Matching Gifts Clearinghouse data, 8 percent of companies surveyed in 1999 had not designated a maximum amount for the gifts they would match, but by 2003 every company had imposed a maximum. About a quarter of them have limited their matches to \$1,000 or less.

"There's a finite amount of money available, and some companies are going to want to control how it's disbursed," RuffaloCODY's Taylor says.

The good news for institutions, however, is that the corporate world's newly restricted generosity hasn't stopped people from giving. According to VSE survey data, the average size payment companies made to match employee gifts jumped from nearly \$316 in 1994 to \$882 in 2003. (CAE will release 2004 data in March.)

In fact, one type of corporate match is actually on the rise. Because there's more to giving than money, some companies are matching gifts of time that employees devote to charitable causes.

In 1980, Levi Strauss and Co. became the first company to provide \$500 grants to any nonprofit for which an employee volunteered at least 40 hours annually. By 2003, 8 percent of companies had volunteer matching programs, according to CASE Matching Gifts Clearinghouse statistics.

The Verizon Volunteers program, for example, encourages Verizon employees to give back to their communities—either in time or money—and provides matching gifts and foundation grants to the nonprofits those employees support. According to Cave, Verizon has provided \$500 grants to several education institutions, including Bowling Green State, Illinois State, and Ohio universities; Bentley and Wellesley colleges; and several community colleges. Verizon's program also encourages employees to join teams for events such as walkathons and marathons, to which Verizon will match up to \$25,000 per team.

New priorities?

While some worry that the aggressive pursuit of matching gifts in slow economic times might eventually tap out available funding, history suggests that over time, corporate matching gift programs will continue to hold steady or increase, rather than decline. "There are programs that have been suspended, but we learn about new companies and programs all the time," Taylor says.

Whether institutions will use their resources to make the most of these opportunities remains to be seen. "If we don't remind donors that matching gifts are there," Lutz says, "we're leaving money on the table."

This article is from the January 2005 CURRENTS. Read the related sidebars, "[A Game of Numbers](#)" and "[Cultural Values](#)."

About the Author

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