

Cost of Funds

A well-established major giving program will have a lower cost of funds than any other development activity. The following chart compares a range of reasonable costs for four development activities in typical public television stations. These figures include both personnel and direct expenses, though they do not include indirect expenses, such as studio time for on-air drives.

Range of Reasonableness	
Activity	Range
Membership	\$.28-\$.35
Corporate Support	\$.25-\$.35
Auction, Special Events	\$.30-\$.50
Major Giving	\$.10-\$.15

The experience of your station may vary due to such factors as market size and the expenses included in the calculation, but in almost all cases, an established major donor program will have a lower cost of funds and a higher return on investment.

In addition, a well-conceived major gift program will generally produce a net return within its first twelve months. This means that if a program is established at the beginning of a fiscal year, the station will not have to invest resources.

In calculating the cost of funds, however, it is important to recognize only the *upgraded* revenue from current donors, rather than the entire gift. If a current \$350 contributor upgrades to \$1,000, the net increase in the gift is \$650.