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**USING SCHOOL FOUNDATIONS
AS A PUBLIC RELATIONS TOOL
TO MARKET SCHOOLS
TO THE COMMUNITY**

by
Linda Y. Sherry

A Thesis

Submitted in partial fulfillment of the requirements of the
Master of Arts Degree in the Graduate Division
of Rowan College of New Jersey
1995

Approved by _____
Professor

Date Approved 5/4/95

ABSTRACT

Sherry, Linda Y.

Using School Foundations as a Public Relations Tool to Market Schools to the Community, 1995, Thesis Advisor: Dr. Donald Bagin, Public Relations.

This study shows how school foundations, created by local school districts to raise additional revenue to supplement their tax-based funding for educational programs and projects, generate benefits beyond the fund-raising aspect.

Existing research was compiled and reviewed to explore what school foundations are, why school districts have foundations, what the extra benefits of foundations are, why foundations are helpful in fund-raising, and what impact foundations have at the polls. Telephone interviews with various experts in the field of school foundations as well as school districts with foundations in place provided further relevant information on guiding principles, keys to success, and recommendations for establishing foundations as a successful marketing tool.

The findings that emerged are arranged into ten questions and answers based on what appeared to be the most important questions to ask in forming a foundation.

The major findings indicate that in addition to providing a margin of excellence, school foundations bridge the gap between school and community. With the school as a resource for the entire community, attitudes, support, and communication improve along with student and staff morale. Successful foundations develop favorable public relations for schools.

MINI ABSTRACT

Sherry, Linda Y.

Using School Foundations as a Public Relations Tool to Market Schools to the Community, 1995, Thesis Advisor: Dr. Donald Bagin, Public Relations.

This study reviews the literature and responses from elementary and secondary public school districts with school foundations. It offers guidelines, keys to success, and pros and cons in a question and answer format for those schools interested in starting their own foundation.

The major findings include: foundations supplement, not supplant, school budgets; they strengthen the relationship between school and business as well as between school and community; they enhance the public relations effort.

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. . . my sons, Kirk and Brian, for making me slow down once in awhile to discover the little joys in life and smile;

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CHAPTER 1

Introduction

Purpose

The purpose of this thesis is to show how school foundations, created by local school districts to raise additional revenue to supplement their tax-based funding for educational programs and projects, extend benefits beyond the fund-raising aspect. Successful foundations can enhance the public relations of the school.

Background

"Public education in the United States has historically struggled for both financial and community support. This struggle continues today."¹ School districts have become increasingly burdened by the financial pressures created by tax-limiting propositions as well as increased expectations from the public. Larry Hayes, the editorial page editor for the Fort Wayne (Ind.) *Journal-Gazette* and president of the Education Writers Association, additionally notes that "the hopes for raising taxes to help schools are dim."² Consequently, over the last fifteen years a number of states have been faced with the

¹James S. Pressley and Maureen S. Markland, "Establishing a Local Education Foundation," Paper presented at the annual meeting of the American Association of School Administrators, Orlando, Florida, 3-6 March 1989, 1, ERIC, ED 307717.

²Larry Hays, "On Finance and Foundations," *Phi Delta Kappan*, Jan. 1992, 412.

difficulty of finding creative ways to fund excellence in public education and equalize the funds among the districts.

Oregon's property tax limitation, known as Measure 5, "restricts the school districts' capacity to raise money from property within their boundaries,"³ making the state responsible for the paying of schools. This shift of responsibility has resulted in budget cuts that have threatened programs as well as jobs. In Texas the state government is attempting a controversial plan to "require wealthier districts to help support poorer ones, drawing more than minimal opposition from individuals in wealthier districts."⁴ Massachusetts began to experience "financial restraints in 1980 as a result of the tax cap, Proposition 2 1/2,"⁵ while the California school districts lost local control over public education as early as the mid-1970's, when Proposition 13 limited the amount of property tax money communities could spend on their schools, leading them to initiate the foundation movement.⁶

This struggle to relieve financial pressures and balance the budget persuaded California to investigate the potential of private fund raising to supplement State revenues. The results of a management consulting study by Peat, Marwick, Mitchell &

³Erin Hoover, "Private Money for Public Schools," *The Oregonian*, 25 April 1994, sec. A, p. 2.

⁴James J. Muro, *Creating and Funding Educational Foundations* (Boston: Allyn and Bacon, 1995), 2.

⁵Sheila Kearney, "SUCCESS INC.: Tips for a Local Education Foundation," *The Delta Kappa Gamma Bulletin* 61, no. 1 (Fall 1994) : 20-21.

⁶Roberta Weiner, *Creating a School Foundation* (Alexandria, Virginia: Capitol Publications Inc., 1992), 7.

Co. on the level of activity and the key issues in fund raising between 1978 and 1982 indicated that fund raising programs to date yielded only modest revenues to the districts, suggesting that this was a relatively new idea for the State-supported school districts. "Neither the districts nor the donors have much experience with the concept of this type of giving." To address this problem, many of the districts set up foundations to handle the task. Survey results showed that districts with foundations were significantly more successful in fund raising than those without foundations. In 1981-1982 the average amount of money raised by California school districts with foundations was \$60,952 while those without foundations was only \$7,540. The growth as well as the success of foundations is apparent.⁷ The Fairfax County Public Schools Education Foundation in Virginia reported that it has raised \$9 million since its establishment in 1983.⁸ Today about 1500 school foundations exist in at least thirty states. "They are following the lead set by the best of our nation's private and public universities. What private funding has done for Harvard University and the University of Texas, it can also accomplish for local public schools."⁹

Thomas Silk, a San Francisco attorney who specializes in laws for nonprofit organizations, stated that "a school foundation is the equivalent of a university's

⁷Scott Hughes, "Fund Raising in California School Districts," in *Guide to Precollege Foundation Support* (New Jersey: Information Interface Institute, 1990), 9-11.

⁸Robert C. Kelly, director of Fairfax County Public Schools Educational Foundation. Telephone conversation with Linda Y. Sherry, 20 December 1994.

⁹Muro, 3.

development office."¹⁰ However, "public high schools, unlike their private counterparts, cannot sponsor a development office; so the tax-free foundation is a viable alternative, allowing citizens to raise funds outside of normal school revenues. Money raised includes gifts from individuals, foundations, and corporations" as indicated by Melvin Zirkes, a principal at Parsippany (NJ) High School and Robert F. Penna, a principal at Leonia (NJ) High School.¹¹

Success stories include "the Williamston, Michigan, School Foundation, which raised \$700,000 to build a new high school performing arts center, and the Palos Verdes Peninsula, California, Education Foundation, which turns more than \$500,000 a year over to its school administrators to use as they please,"¹² while "so far this year the Beaverton, Oregon, Education Foundation has raised \$201,259."¹³

Need for the Study

Foundations, defined as "privately operated, nonprofit, charitable organizations established to raise money for individual public school districts,"¹⁴ serve as an independent third party between the district and its contributors. These supporters of

¹⁰Melvin Zirkes and Robert F. Penna, "The Local Education Foundation-What Are the Dividends?" *NASSP Bulletin* 71, no. 499 (May 1987) : 92.

¹¹Ibid.

¹²Weiner, 7.

¹³Hoover, 2.

¹⁴Kearney, 21.

public education realize "that tax dollars generally support only a fraction of what schools want to do. To be excellent requires additional funds, and it is the spirit of the pursuit of excellence that has been a strong motivating factor in the creation of private foundations for support of public education . . . the wave of the future."¹⁵ According to Kenneth A. Grounds, senior consultant of Educational Foundation Consultants in Williamston, Michigan, "Residents reluctant to pay higher taxes nonetheless realize that schools need private financing. . . . Public money can't do everything, particularly if it's something innovative."¹⁶

Susan Sweeney, executive director of the California Consortium of Education Foundations, sees an added benefit to foundations. She states that "the effort has gotten large numbers of opinion leaders conversant about public education. Foundations have a value beyond their ability to raise money. They heighten the interest in the school community among residents without children."¹⁷ The foundation's co-president, Laura S. Selznick, feels "this is as much about community building and increasing public information as it is about money."¹⁸ This community involvement and support establishes a partnership between the community and the school and strengthens the idea that the school is a resource for the entire community.

¹⁵Muro, 2.

¹⁶Tessa Melvin, "Going the Self-Help Route," *New York Times*, 10 April 1994, sec. Education Life, p. 28.

¹⁷Ibid.

¹⁸Ibid., 28-29.

Norma Paulus, the Oregon state superintendent of public instruction, believes that "we cannot assume that the operation and funding of schools is going to revert to what it was. We have to involve more people at the school site."¹⁹ Betty B. Curvey, executive director of the Homewood-Flossmoor High School Foundation and coordinator of school and community relations, agrees and urges schools to capitalize on foundations as a means of developing favorable public relations. People who have an investment in the school and know where their money is being spent are more likely to vote "yes" on school referendums.²⁰ "Local entrepreneurs, corporate executives, educators, and prominent citizens consider the education foundation a means for positive involvement in the local school system without the debilitating wrangling that often accompanies school board politics . . . a means to ensure the schools stay vibrant and healthy."²¹

Carol Merz, the dean of the School of Education at the University of Puget Sound School of Law, in conjunction with Sheldon S. Frankel, a professor at the School of Law, is looking at foundations as part of a major study of alternative funding sources for schools. At present, their study, funded by the Spencer Foundation and the Kongsgaard-Goldman Foundation, indicates that the interest in foundations is increasing and these

¹⁹Hoover, 1.

²⁰Betty B. Curvey, "Making a Foundation Work for a Small School District: The Homewood-Flossmoor High School Model," (pamphlet), Flossmoor, Illinois: 10 May 1988, 2.

²¹George P. White and Nicholas H. Morgan, "Education Foundations Catalyze Support for Schools," *Education Digest*, January 1991, 1-2, EBSCO-CD, software.

foundations may have a positive effect on school-community relations.²² Merz noted that "with state equalization of funds, community residents don't see what they're getting. They don't see the connection. Foundations involve the community and allow the people to see where their money is going. Once they see this connection, they are willing to support the school. Raising money is only 25 percent of the job of a foundation. More important is how the money is spent. It becomes a local control issue. Foundations are powerful as a community relations tool."²³

In his special report for the National Association of Secondary Principals, George Neill offers three reasons for the growth as well as the success of school foundations based on the study by Peat, Marwick, Mitchell and Co. These include the ideas that the foundation structure is separate from the governing structure of the school, the foundation structure mobilizes community support and allows active participation, and the foundation structure encourages commitment to an active program that appeals to donors.²⁴ W. Ben Nesbitt, a principal at Spring Valley High School in Columbia, South Carolina, corroborates these findings with the results of his survey of thirty-two foundations represented by thirteen states. He reports, "In addition to raising funds, these foundations produced significant benefits for the schools they served. According to

²²Carol Merz and Sheldon S. Frankel, The University of Puget Sound School of Law, (letter to superintendents), July 1994.

²³Carol Merz, Dean of School of Education at the University of Puget Sound School of Law. Telephone conversation with Linda Y. Sherry, 31 October 1994.

²⁴George Neill, "The Local Education Foundation: A New Way to Raise Money for Schools," NASSP Special Report (Reston, Virginia: May 1983), 2, ERIC, ED 234482.

respondents, the three greatest benefits other than financial are: improved attitudes about the school, improved community support, and improved communication between school and community."²⁵ As a result, citizens in the community become more enthusiastic as they experience greater ownership in the schools because they see the results of their contributions.²⁶

The school foundation is a "concept whose time has come and will provide not only school districts , but society with several long range dividends."²⁷ According to Santee Ruffin Jr., director of Urban Services for the National Association of Secondary Principals, "Dividends will appear in the form of a more literate society, better prepared employees, and an America that is proud of its schools."²⁸

Plan of Study

The author's research will attempt to show that foundations extend beyond the common goal of raising money for the schools and serve as an effective public relations tool for marketing local school districts. Foundations raise community involvement, stimulate communication, and develop public trust.

A study of several successful school foundations from various locations of the

²⁵W. Ben Nesbit, "The Local Education Foundation: What Is It, How Is It Established?" *NASSP Bulletin* 71, no. 496 (February 1987) : 86.

²⁶Pressley and Markland, 15.

²⁷Zirkes and Penna, 95.

²⁸Ibid.

United States were used to review common guiding principles and shared keys to success with recommendations for establishing foundations as a successful marketing tool. This thesis describes the author's study and findings along with suggestions from school foundation leaders on using the foundation as a public relations tool to market the school.

To begin this study, the author conducted searches for current, relevant information using various computer databases that listed books and periodicals. Also school foundation consultants and directors, school public relations directors and consultants, and administrators and directors of speakers' bureaus for national and state educational organizations were contacted to solicit information in the form of research and their personal experiences.

Chapter 2, the literature review, examines what a school foundation is, why have a school foundation, what the extra benefits of a school foundation are, why a school foundation is helpful in fundraising, and what impact a school foundation has on bond issues and budgets. In this thesis, the term educational foundation is sometimes used interchangeably with school foundation in quotes. A school foundation is defined as:

school foundation - privately operated, non-profit corporation with a tax-exempt status (section 501(c) (3) of the Internal Revenue code) formed to assist public schools in attracting, managing, and distributing money and other resources.

Chapter 3 describes the procedures used for the compilation of material and lists the names of experts and school districts contacted for the study.

In Chapter 4, the information from the study is arranged into a question/answer

format based on what the author felt are the ten most important questions to ask in forming a school foundation.

In Chapter 5, the author offers insights on key areas of creating and implementing school foundations as well as key recommendations and recommendations for further study.

In this thesis the author hopes to demonstrate the validity in Doris McHugh's (manager of special activities for the Huntsville, Alabama, schools) statement: "Public education has missed the boat by not going to educational foundations sooner."²⁹

Limitations

Research was limited to public schools with school foundations already in place. The author attempted to contact both public elementary and secondary schools from various states across the United States. The information and expert advice provided reflects only the people and school districts interviewed for this study.

²⁹Weiner, 54.

CHAPTER 2

Relevant Literature

The author read through about one hundred books and periodicals and conducted over a dozen telephone interviews nationwide to research school foundations.

The search for this information began with a literature search at the Southern Regional High School District Library, Manahawkin, New Jersey. It included MAS Full Text S (Magazine Article Summaries), Newsbank, SIRS Researcher, Mac Search Plus, New Multimedia (Grolier Encyclopedia), and Encarta. In addition, the Central Jersey Regional Library Cooperative Interlibrary Loan System and the Southern Regional High School District Professional Library provided pertinent materials. The ERIC Search at Rowan College of New Jersey yielded additional articles. Key words used were "foundations," "public education," "secondary schools," "finance," "grants," and "budget." These searches yielded magazine, journal, and newspaper articles but no books.

While the author was waiting for some of this data to arrive, she began her telephone interviews. Dr. Donald Bagin, the author's thesis advisor, provided the names of people associated with national public relations associations as well as national school associations. In addition to pamphlets from districts with school foundations, these associations furnished the author with names and phone numbers of school districts with school foundations and names and numbers of national and state educational

organizations. Their information also yielded the names of two books which the author purchased: *Creating a School Foundation* by Roberta Weiner and *Creating and Funding Educational Foundations* by James J. Muro.

These districts, from various locations around the United States, were contacted by phone and in turn provided the author with more names and phone numbers, printed material, and some of their personal experience.

A review of the key points from the relevant literature and telephone interviews follows. It is organized by main topics concerned in creating a school foundation and its use as a public relations tool.

What is a school foundation?

Foundations are privately operated, non-profit corporations with a tax-exempt status formed to assist public schools in the "attraction, management, and dissemination of money and resources."¹ Gifts (charitable contributions) are tax deductible under section 501(c) (3) of the Internal Revenue code, and donors may "deduct up to 50 percent of gifts or contributions to the foundation" for personal income tax purposes. The requirements for qualifying for 501(c) (3) include: exclusively charitable operation, no distribution of earnings to individuals (does not include reasonable salaries for services performed), distribution of assets upon dissolution (dedicate property to charitable

¹ Educational Foundation Consultants, "The Leader in Foundation Development," (pamphlet), Williamston, Michigan, n.d.

purposes), no partisan electoral activity, and no "substantial" legislative activity.² This tax-free status attracts additional revenues from individuals as well as corporations.

Former Superintendent Phillip E. Geiger of the Galloway Township School District in Smithville, New Jersey, tells us that when people are asked to donate money, it should be made reasonably simple for them. "We looked at the tax code and found many individuals and companies could receive a greater tax benefit if they donated to a foundation than they could if they contributed directly to the public schools."³

George Neill, in his special report for the NASSP on school foundations, points out that Article III in Ogden, Utah, Weber School District's articles of incorporation states the foundation's purpose as: "to promote, sponsor, and carry out educational, scientific, and charitable purposes and objectives. . . . The foundation may receive, hold, own, manage, use, purchase, mortgage, pledge, and dispose of property of all kinds, real, personal, and intangible, whether held absolutely in trust, or by way of agency or likewise, for the benefit of Weber County School District and the educational, scientific, and charitable activities and any or all of them that may be conducted by the Weber School District."⁴

Roberta Weiner, in *Creating a School Foundation*, sees a foundation as a way to

²Katherine Clay et al., "Public School Foundations: Their Organization and Operation" (Arlington, Virginia: Educational Research Services, Inc., 1985), 35-37.

³Jerome Cranmer, "Foundations Can Add Polish to Your Image and Cash to the Coffer," *The American School Board Journal*, October 1983, 36.

⁴George Neill, "The Local Education Foundation: A New Way to Raise Money for Schools," NASSP Special Report (Reston, Virginia: May 1983), 5, ERIC, ED 234482.

obtain "extra resources to supplement tax-based funding." She states that the "district establishes a wholly separate, tax-exempt organization whose mission is to direct money, resources, and public attention to benefit its schools. The foundation becomes an independent middle man between the district and outside contributors."⁵

In a paper presented at the annual meeting of the American Association of School Administrators, James S. Pressley and Maureen S. Markland wrote that education foundations are "privately operated, nonprofit organizations formed to support the school beyond local, state, and federal appropriations." The funds raised "supplement, not supplant, existing programs." In addition, they noted that most foundations usually focus their energies on fund raising.⁶

Betty B. Curvey, director of the Homewood-Flossmoor High School Foundation, agrees in her handout, "Making a Foundation Work for a Small School District," that a foundation provides money for a school district beyond tax money and its tax-free status is attractive to donors of charitable contributions and their accountants but adds that it "mobilizes volunteers who become friends of the school." She states, "If well-planned, the fund-raising projects and grants made from their profits can enhance the public relations of the school."⁷

⁵Roberta Weiner, *Creating a School Foundation* (Alexandria, Virginia: Capitol Publications Inc., 1992), 7.

⁶James S. Pressley and Maureen S. Markland, "Establishing a Local Education Foundation," Paper presented at the annual meeting of the American Association of School Administrators, Orlando, Florida, 3-6 March 1989, 3-4, ERIC, ED 307717.

⁷Betty B. Curvey, "Making a Foundation Work for a Small School District: The Homewood-Flossmoor High School Model," (pamphlet), Flossmoor, Illinois: 10 May 1988, 1.

Why have a school foundation?

Research indicates that school districts establish foundations primarily as an innovative way to finance quality education. Neill tells us that "not since the Great Depression of the 1930's have public schools found themselves confronted with the need to cut their programs so severely. And, of all the approaches . . . the local nonprofit education foundation has been the most successful."⁸

Educational Foundation Consultants supports this statement with some statistics. "Philanthropy is a \$120 Billion industry in this country. Foundations have been successfully attracting resources since the early 1900's. Colleges, universities, churches, hospitals, and other such arenas prove that a Foundation properly directed can produce major financial support." Since the "power and profitability is well-documented," they feel it is wise to implement this idea in school districts where funds are needed.⁹

James J. Muro, in *Creating and Funding Educational Foundations*, reminds the reader that "private support should not be an attempt to replace budget shortfalls that plague many districts." He suggests that the newly-sought funds target quality programs and feels that all districts are able to raise money.¹⁰

Susan Silvester, director of the Mary Lyon Education Fund in Shelburne Falls, Massachusetts, cautions the reader against the perception some people have about the role

⁸Neill, 1.

⁹Educational Foundation Consultants, 1.

¹⁰James J. Muro, *Creating and Funding Educational Foundations* (Boston: Allyn and Bacon, 1995), 45-46.

of foundations and taxes when she noted that foundations cannot replace school budgets.¹¹

Gail Richardson of the Lambertville Education Foundation concurs when she indicates that the public must understand that "public tax support will always be necessary."¹²

Another supporter of this concept is Edmund S. Tijerina in "Foundations Giving School Districts a Lift." He agrees that a foundation is a viable way to enrich the education of students and notes that it is a way to add extra programs, "not a substitute for basic tax funding."¹³

In Mary Jo Layton's article, "School Board Considers Private Fund-Raising," Dr. Ronald P. Verdicchio, executive director of the Ridgewood (NJ) Foundation, states that creating foundations for the money aspect is the wrong approach. The focus should be on increasing community support for public schools. "You'll never raise enough money to make a difference in taxes. It's a way to bring new people into the schools."¹⁴

Ridgewood (NJ) School Superintendent Frederick Stokely agrees with Verdicchio in "How Local Foundations Can Nurture Education" and adds that foundations present

¹¹Dennis Kelly and Salle Richards Crooks, "School Foundations Bridge Budget Gaps," *USA Today*, 29 October 1991, sec. D, p. 8.

¹²Kyra Duran, "A Cause for the 90's," *School Leader*, March/April 1994, 30.

¹³Edmund S. Tijerina, "Foundations Giving School Districts a Lift," *Chicago (Illinois) Tribune*, 3 January 1992.

¹⁴Mary Jo Layton, "School Board Considers Private Fund-Raising," *Hackensack (NJ) Record*, sec. B, p. 2.

the opportunity to supply innovative ideas and programs. They should not be used as a means to restore programs and services eliminated by fiscal restraints. He claims, "The emphasis is on originality, creativity . . . on providing things not normally in the budget."¹⁵

Beth Dilley, executive director of the Grand Rapids (Michigan) Public Education Fund, indicates in "Foundations Help Schools Raise Funds in Tough Times" that since budget cuts, the fund has received requests to restore items or programs lost. Like many others involved with overseeing foundation funds, she does not feel this is the true purpose of the dollars and cents raised. "We say, 'No.' We were not formed to supplement or supplant school programs, to buy textbooks and supplies. We are here to promote innovation."¹⁶

What are the extra benefits of a school foundation?

School districts have noted benefits beyond the money aspect as seen in an earlier statement by Betty Curvey. Educational Foundation Consultants outlines three major benefits of a foundation: produces funds, creates partnerships with business and community, and enhances public relations among members of the community, school board, and staff. Their clients believe that the strengthened community and business

¹⁵"How Local Foundations Can Nurture Education," *Lambertville (NJ) Beacon Record*, 22 February 1993.

¹⁶Diane Brockett, "Foundations Help Schools Raise Funds in Tough Times," *School Board News*, 4 February 1992.

partnerships are more valuable than the money.¹⁷

Most foundations are established to provide funds to improve the quality of education as indicated by the Laguna Beach, California, Education Foundation: "to be born with intelligence is a lucky accident. To have a quality school education is a blessed opportunity. To ensure future generations a quality school education is our responsibility."¹⁸ These same districts also enthusiastically note the unexpected added benefits of school foundations.

A respondent in W. Ben Nesbit's survey, which included thirty-two foundations in thirteen states across the nation, sums up his feelings this way: "We feel that the financial crunch that has hit education may well hold the silver lining of making education better than money could buy. It has brought people out. It has made us get involved in what is happening in the classroom. Even if the good fairy should suddenly arrive with unlimited funds, there is a very positive place for foundations in our schools."¹⁹

Beth Dilley of the Grand Rapids Public Education Fund sees foundations as a "tool for education reform," a way to get people talking in a "meaningful and tangible way" about the improvement of public education in their community.²⁰

Kyra Duran, in "A Cause for the 90's," states that Lambertville, New Jersey,

¹⁷Educational Foundation Consultants, "Benefits of a Foundation," (handout), Williamston, Michigan, n.d.

¹⁸Neill, 16.

¹⁹W. Ben Nesbit, "The Local Foundation: What Is It, How Is It Established?" *NASSP Bulletin* 71, no. 496 (February 1987) : 89.

²⁰Brockett.

Educational Foundation, President Gail Richardson feels the "most important extra has been newfound supporters of education. 'The biggest benefit has not just been the equipment, but the fact that we've opened a dialogue with business and community people who were never included before.'" Her foundation looks beyond the usual supporters and draws upon new sources. For example, a local resident, working on his doctorate in paleontology, visits schools to discuss dinosaurs, his area of expertise.²¹

In this same article, Paterson, New Jersey, Education Foundation Executive Director Irene Sterling points out that foundations aren't just for small or wealthy districts. Poorer districts like Paterson can also benefit. She does not see fundraising as the foundation's major role; consequently, she sees benefits that extend beyond the money issue. "We reach out to a variety of communities that make up Paterson, and they make education a part of their agenda. By reaching out to retired people and businesses, foundations can spread the message of the importance of education better than school board members and employees, who are busy with school matters."²²

Wayne Padover, superintendent of the Pleasant Valley School District in Penn Valley (California), shares his experiences beyond the increased funds in "A Foundation for Quality." He agrees that the money raised is appreciated and beneficial but feels the most impressive angle is the "spirit and enthusiasm of community members as they support children." He concludes by saying that for "public education to flourish, we need to awaken the 'sleeping giant' of latent human talents and skills available in all school

²¹ Duran, 30.

²²Ibid.

communities." Educational foundations are the vehicle to accomplish this task.²³

Anne C. Lewis, in *Partnerships Connecting School and Community*, also sees foundations as a hope for the future and a way to involve more community members in the school to ensure its success. She quotes "Time for Results," the 1986 National Governors Association report on Education: "If schools are to improve, the 'wider public' must be involved-not merely to gain new ideas, but more important 'to tap and focus energy and commitment.'" She also states that Richard Miller, American Association of School Administrators executive director, feels that schools need the commitment of the entire community. "To be as successful as possible, everyone must be a part of the educational team," and partnerships created by foundations have a way of doing just that.²⁴

According to the article "How Local Foundations Can Nurture Education," foundations raise money for worthwhile educational programs as well as boost community involvement in the schools. This involvement comes "not just from residents and small businesses, but from far-flung alumni and area corporations."²⁵

Wichita High School East Educational Foundation agrees with these benefits in its literature. They indicate that their foundation eases the financial burden that once prevented the advancement of valuable programs and increases the overall appeal of the

²³Wayne Padover, "A Foundation for Quality," *Thrust for Educational Leadership*, January 1993, 23.

²⁴Anne C. Lewis, *Partnerships Connecting School and Community*, (Arlington, Virginia: AASA Publications, 1986), 14.

²⁵ "How Local Foundations Can Nurture Education."

school. In addition to the community as a whole, the foundation enhances the school's image specifically with alumni, faculty, and students.²⁶

Pressley and Mackland point to this same benefit and indicate that it is a result of increased community, staff, and student morale. When the community members see a direct result of their contributions, they become excited and feel more connected to the schools. As for the staff, "improved staff morale leads to a higher quality of education, which contributes to a more positive school image as seen by the public." Students now have a variety of role models in the community. Because they are "exposed to a system of loyalty and faith in the public schools," they learn the importance of personal responsibility and good citizenship. The public begins to see educational foundations as a "good investment" with everybody benefiting.²⁷

Silvester supports this when she says, "The real advantage to this stuff is that you see people in the community becoming excited about schools."²⁸

Mary Jo Layton of the Hackensack (NJ) *Record* in her article, "School Board Considers Private Fund-Raising," reports that Assistant Superintendent John Weaver from Wall, New Jersey, told her, "It's very exciting. It brings community leaders together with school people. It's the greatest thing I've done in 33 years of education."²⁹

Doris McHugh, manager of special activities for the Huntsville, Alabama, schools

²⁶Wichita Falls East Educational Foundation, (handout), n.d.

²⁷Pressley and Markland, 17-18.

²⁸Kelly and Crooks, 8.

²⁹Layton, 2.

echoes Weaver's sentiment in Roberta Weiner's book, *Creating a School Foundation*. She feels that the community response was "overwhelmingly positive" with good publicity as another plus when Wal-Mart contributed. The foundation not only improves students' self-image but also teachers' creativity and morale with such extras as science fair prizes for students and \$500 grants for teachers. "This is one of the most exciting things I've ever done in education."³⁰

Totowa (NJ) and Egg Harbor Township (NJ) School Districts add another benefit to improved communications between the school and community. With this new attitude and increased confidence level and community support, both districts are able to pass school budgets which rarely have been approved by the voters in the past.

Viktor Joganow, executive director of the Totowa School Foundation and superintendent of the Totowa School District, told the author that before the foundation was successfully implemented in his district, they lost the budget vote; however, since then four consecutive budgets and a building referendum have passed.³¹

Debbie Garwood, school information coordinator of the Egg Harbor Township Schools, noted to the author in a telephone interview that her district had a failed budget for ten years. Since the foundation, the budget has passed every year.³² Both Garwood and Joganow feel this is due to the positive public relations that the foundation generates

³⁰Weiner, 54.

³¹Viktor Joganow, executive director of the Totowa Education Foundation and superintendent of the Totowa School District. Telephone interview by author, 25 January 1995.

³²Debbie Garwood, school information coordinator of the Egg Harbor Township Schools. Telephone interview by author, 17 November 1995.

within the community and the school.

Curvey, in her literature from the Homewood-Flossmoor High School Foundation, supports the public relations angle of foundations. She suggests that once the value of the foundation is promoted to the community, then the school district could capitalize on the foundation as a public relations tool. Her comments include two main ideas: foundation volunteers "reinforce the idea that the high school is a resource for the whole community," and local residents "who are well-acquainted with the school are a likely core of 'yes' votes for a referendum."³³

If school districts want foundations to provide the funds to improve the quality of education as well as increase positive public relations, then they must, as Clay said, use the foundation effectively once it is set up. "Creating a foundation is a relatively easy task, predominantly a structural and legal process. So the real challenge is not in setting up the foundation; the challenge is to use the foundation as an effective fundraising and community relations device once it is established."³⁴

Why is a school foundation helpful in fundraising?

In "Our Schools Look to New Sources for Fund-Raising," Maribeth Vander Weele, education writer for the *Chicago Sun-Times*, refers to foundations as "a fundraising idea that is boosting public schools nationwide." She adds that the independent boards are mostly made up of executives "who volunteer as ambassadors to the corporate

³³Curvey, 2.

³⁴Clay et al., 9.

community." To further her point, she quotes Dan H. McCormick, president of Educational Foundation Consultants, Williamston, Michigan. "Unlike PTA's, the boards focus entirely on fundraising . . . on more sophisticated gifts-a smaller amount of donors giving larger amounts of money. Nationally, school foundations take in an average of \$82,000 a year each."³⁵

In Jerome Cramer's article, "Foundations Can Add Polish to Your Image and Cash to Your Coffer," Eve Bressler, assistant superintendent for business and personnel for the Piedmont, California (an affluent area in suburban San Francisco), school district, indicates that the financial possibilities with foundations as fund-raisers could be mind-boggling. "When the foundation was launched, checkbooks all over the district flapped open, and in the first year the Piedmont Education Foundation raised \$300,000." By its third year of operation that dollar figure was up to \$502,000. The majority of their charitable gifts are the result of individual donations accepted during a fundraising drive at the beginning of each school year. In 1982, thirty-nine percent of all school district residents (70 percent of the parents and 26 percent of the residents without children) contributed to the foundation.³⁶

As the result of a study conducted by Pear, Marwick, Mitchell & Co., *Education Interface: Guide to Precollege Foundation Support* is able to share three main reasons why a foundation is beneficial to the fund-raising efforts of a school district. First, the

³⁵Maribeth Vander Weele, "Our Schools Look to New Sources for Fund-Raising," *Chicago (Illinois) Sun-Times*, 19 January 1992.

³⁶Cramer, 36.

foundation is separate from the school board; therefore, it can "independently argue the financial case for the district." Second, the foundation has the ability to organize community patrons and "provide a forum for active participation." Third, its dedication to current programs appeals to potential donors.³⁷

In addition, comments from school districts responding to the Peat, Marwick, Mitchell & Co. mail survey indicate some common themes or "keys to success" for school foundations as fund raisers. One "key to success" is to "establish a not-for-profit foundation to undertake the fund raising program with the leadership of the foundation independent of the governing structure of the school." Independently governed foundations are able to appeal to a larger segment of the community for support, offer a more credible argument than the school board for the district's financial needs, and solicit people from diverse professions for their leadership skills to complement those in the district. A second suggests the "design of the fundraising program includes both general and specific program support." This type of approach obtains sponsors for academic or athletic teams with apparent benefits for the donors - favorable exposure and publicity for their business. A third idea is for school foundations to accept non-monetary gifts as well as cash and securities. Non-monetary gifts include computers, musical instruments, vehicles, and professional time.

The San Marino, California, United School District Foundation recently reported success in the non-monetary gift area in *Link*, a quarterly publication published by the

³⁷Scott Hughes, "Fund Raising in California School Districts," in *Guide to Precollege Foundation Support* (New Jersey: Information Interface Institute, 1990), 11.

California Consortium of Education Foundations. San Marino's foundation initiated a Partners in Education program between the district's four schools and its senior citizens. More than sixty seniors not only provide assistance to classroom teachers but also share their own talents with the children.³⁸ This last theme supports the idea that communicating the need of the district to everyone is extremely important.³⁹

What impact does a school foundation have on bond issues and budgets?

Several sources voiced a positive correlation between having a successful foundation in place and having their bond issues and budgets pass. However, most school districts contacted could not make a definitive statement between the two. Either the foundation was too new to make a determination, or their budgets usually passed. Consequently, the evidence in this area is inconclusive.

The districts that did not have difficulty with community support at the polls felt it was due to the positive light that an active Parents and Teachers Association placed on the issue, drawing support from the public as well as businesses. In addition, some felt their school board members were education good-will ambassadors for the district and generated a climate of support within the community.

The Galloway Township Education Foundation was among those where the relationship between foundations and the polls could be noted. Established in 1979, the

³⁸John P. Abbott, ed., "Apple Award Winners Honored at Conference," *Link 1*, no. 1 (February 1995) : 4.

³⁹Hughes, 11.

Galloway Township Education Foundation, near Atlantic City (NJ), was led by board members along with Superintendent of Galloway Township Schools Phillip E. Geiger. In 1982, the foundation paid for advertisements and other literature supporting a referendum to issue bonds for a \$2 million addition to the middle school. The bond issue was approved, the first such issue to receive support in seventeen years.⁴⁰

Viktor Joganow, like Philip Geiger, is not only superintendent of his district (Totowa, NJ) but also the executive director of the Totowa Education Foundation, created in 1991. Joganow sees positive public relations in his community as a result of the foundation. Individuals as well as businesses are more involved in education and more aware of what is going on in the district. He feels that the foundation has built a sense of pride within the school and the community. His foundation goes beyond the needs of the children and reaches into the community. Providing something special for all, the foundation leaves no group untouched and sponsors everything from dances for older residents to community health fairs to afterschool and summer enrichment for students to the Totowa Parent University for parents and community residents. An additional benefit to all of this is that since its creation four years ago, four consecutive budgets and building referendums have passed.⁴¹

Debbie Garwood, the school information coordinator for the Egg Harbor Township (NJ) Schools, stated that prior to the foundation in her district, their budget

⁴⁰Edward B. Fiske, "Private Foundations Helping Schools Replace Funds," *New York Times*, 15 November 1983.

⁴¹Viktor Joganow, interview.

failed for ten years. However, since the community has become more involved in education through the foundation, the budget has passed every year. She sees the foundation as a public relations tool, a way to market the school to the public.⁴²

Gail Richardson, founding member and president of the Lambertville Education Foundation, feels school foundations have a positive impact on bond issues and budgets. For three consecutive years since the inception of the foundation, their school budgets have passed. Because foundations are non-partisan and non-political, she views them as an ideal vehicle to educate the community about education. "Foundations create a relationship between the school and the community. With this newfound energy and excitement about education, it is easy to garner support in terms of money, equipment, and time. From a philosophical standpoint, everyone has something to do to educate children."⁴³

⁴²Debbie Garwood, interview.

⁴³Gail Richardson, founding member and president of the Lambertville Education Foundation. Telephone interview by author, 20 March 1995.

CHAPTER 3

Procedures

This thesis procedures began with database searches of current and relevant topics to determine the existence and amount of relevant information on local educational foundations for public high schools.

Key words used were "foundations," "public education," "secondary schools," "finance," "grants," and "budget." The literature searches at the Southern Regional High School District Library, Manahawkin, New Jersey, included MAS Full Text S (Magazine Article Summaries), Newsbank, SIRS Researcher, Mac Search Plus, New Multimedia (Grolier Encyclopedia), and Encarta. In addition, the Central Jersey Regional Library Cooperative Interlibrary Loan System and the Southern Regional High School District Professional Library provided pertinent materials. The ERIC Search at Rowan College of New Jersey yielded additional articles.

Most of the books addressed the topic of creating a school foundation but not how it is viable as a public relations tool or its effect on the community. This information was found primarily in magazine, journal, and newspaper articles and through telephone interviews and included both public elementary and public high schools. Review of this information led to the next step of the process.

Rich Bagin, executive director of the National School Public Relations

Association in Arlington, Virginia, and Virginia Ross, a school public relations consultant from Virginia, were contacted by phone. In addition to providing several pamphlets from districts with foundations, Bagin and Ross were able to furnish the researcher with names and phone numbers of school districts with educational foundations and names and phone numbers of national and state educational organizations. These districts, from various locations around the United States, were then contacted by phone in hopes of obtaining data in the form of personal experience.

The following people were contacted: Ken Grounds, educational foundation consultant, Williamson, Michigan; Susan Sweeney, California Consortium for Educational Foundations, Stanford, California; Gary Marx, American Association of School Administrators, Arlington, Virginia; Law Armistead, National Association of Secondary School Principals, Reston, Virginia; Robert C. Kelly, Fairfax County (Virginia) Public Schools Education Foundation; Dr. Harold Seaman, executive director, National School Boards Association, Virginia; Francine Case and Patricia A. Petracco, senior associate director of the policy unit for the New Jersey School Boards Association (Trenton); Donna Harrington-Leuker, managing editor of *The American School Board Journal*, Alexandria, Virginia; and Wendy R. Lewis, member services associate of the Public Education Fund Network, Washington, D.C.

In addition, the speakers' bureaus of national school associations were contacted to locate experts in the field of educational foundations. A letter to the Southern Regional High School District from Professor Sheldon S. Frankel and Dean Carol Merz from the University of Puget Sound School of Law, Tacoma, Washington, who are doing

research on foundations, provided another source. These people were contacted by phone and a brief interview followed where additional ideas, names, and phone numbers were shared.

Further information came from; D. James P. Gelatt, director of planning for the American Speech-Language-Hearing Association, Rockville, Maryland; Barbara Long, Topeka, Kansas, Education Foundation; Viktor Joganow, superintendent of the Totowa (NJ) School District and executive director of the education foundation; Barbara Bartles, Lincoln, Nebraska, Education Foundation; Gail Richardson, founding member and president of the Lambertville (NJ) Education Foundation; and Debbie Garwood, school information coordinator of the Egg Harbor (NJ) Township Schools.

In searching for information to determine the impact of school foundations on bond issues and budgets, the New Jersey School Boards Association provided names of fifty local education foundations, which the author contacted by telephone. Even though twenty responded, the evidence in this area was inconclusive.

The information provided by educational foundation consultants, school public relations personnel and consultants, administrators and representatives of speakers' bureaus from state and national educational organizations, and school districts with successful foundations along with the information from the database searches was compiled, analyzed, and used to create the ten most important questions to ask in forming a foundation focusing on common guiding principles, shared keys to success, and community support. Information applies to both public elementary and secondary schools, that is, kindergarten through twelfth grade.

A final chapter contains the author's insights on key areas of creating and implementing school foundations as well as key recommendations and recommendations for further study.

CHAPTER 4

Results of Research

This study focused on a compilation of data and opinions from newspaper, magazine, and journal articles as well as telephone conversations with experts and professionals in education with experience in school foundations. Among the experts and professionals in the field were people from the National School Public Relations Association, the National School Boards Association, the New Jersey School Boards Association, the National Association of Secondary School Principals, the California Consortium for Educational Foundations, Educational Foundation Consultants, the Public Education Fund Network, and the American Association of School Administrators. In addition, superintendents, directors of foundations, and public relations personnel from several districts across the United States were contacted.

The telephone interview with school districts consisted of the following questions: how long has your foundation been in place; has it been successful as a fundraiser; what types of fundraising activities has it sponsored; what has the money been used for; what benefits have they noticed beyond the fundraising aspect; and what do they attribute their success (or lack of success) to. Also, they were asked if they felt their foundation has an impact on budget and bond issues and if they have any suggestions for districts without school foundations.

All of the state and national associations responded with material on school foundations along with names of other people and school districts to contact. Of the fifty schools contacted, twenty offered information. Results of the research and telephone interviews are arranged into ten questions and answers. They are arranged in the order a school district, interested in forming a foundation, might follow.

Analysis of Research

Most schools agreed that with the loss of state funds and stiffer resistance from taxpayers to higher taxes, they have had to find creative ways to fund excellence in public education that they felt was directly related to financial support. With no relief in sight for the economy, they were motivated to look for something that provided them with long term benefits. The school foundation accomplished all of that plus more.

Most soon discovered the extra benefits of the foundation. In addition to raising money, the community became more involved, creating a partnership between the school and the community. Several attributed their success at the polls to this newfound positive partnership, a more likely core of "yes" votes on bond issues and budgets. Many also viewed it as a powerful public relations tool for both the internal and external publics of the district.

The reasons for successful foundations varied, but most agreed that setting up the foundation was the easy part. The real test was in keeping it an effective fundraising entity as well as a public relations tool. As a result, their first two goals focused on establishing a clear statement of purpose and creating a strong leadership to carry out

their purpose.

Fundraising activities ranged from membership dues for members of the board of directors to celebrity concerts to auctions to dinner dances to raffles. However, no one indicated involvement with planned giving programs, such as: charitable remainder trusts (CRT), endowments, or pooled income funds (PIF).

The following pages profile the compilation of information gathered through research and telephone interviews using a question and answer format.

Ten Questions and Answers

Q. What is a school foundation?

A. A school foundation is a privately operated, non-political, non-partisan, non-profit corporation with a tax-exempt status under section 501(c) (3) of the Internal Revenue Code and subject to all the regulations under that law. Charitable contributions are tax deductible. Donors may deduct up to 50 percent of gifts/contributions for personal income tax purposes. In addition, a foundation "may receive, hold, own, manage, use, purchase, mortgage, pledge, and dispose of property of all kinds, real and personal, and intangible, whether held absolutely in trust, or by way of agency or likewise, for . . . the educational, scientific, and charitable activities" conducted by the school district.¹ Because the foundation provides private funds for public education, public schools use them as a way to supplement their tax-based funding. They function

¹George Neill, "The Local Education Foundation: A New Way to Raise Money for Schools," NASSP Special Report (Reston, Virginia: May 1983), 5, ERIC, ED 234482.

in all types of districts - large and small, rich and poor. Their benefits are well-supported through private institutions that have been using them for a long time.

Q. Why have a school foundation?

A. Educational Foundation Consultants lists four major reasons for creating a foundation: additional funds, strengthened business and community partnerships, increased positive public relations, and creative school district fiscal leadership.² Because foundations serve as an independent intermediary, they can address the problems of declining financial support and quality education without the hassles that usually follow school board politics. Consequently, private and corporate donors, as well as local businesses and citizens, are more willing to get involved. Once this happens, communication and attitudes improve. The additional revenue supports innovative ideas and programs in the schools, increasing student performance and student and staff morale. The foundation is perceived as a good investment, and a more positive school image results. Everyone benefits.

Q. How do school foundations raise money?

A. The first step in fundraising is establishing the importance of the foundation in the community. In a well-thought-out plan, the district sets its educational goals and objectives, focusing on excellence and the community's needs. A survey of the community's perceptions about the role of the school in the district can accomplish this task. James Muro, director of the Center for the Private Support of Nonprofit

²Educational Foundation Consultants, "Benefits of a Foundation," (flyer), Williamston, Michigan, n.d.

Organizations at the University of North Texas, suggests the following questions:

- Why is my school district important?
- In what ways does my school district serve our community
- What individuals in the community does it serve?
- What does our school do and why?
- Why does our school district deserve support?³

In addition, the California Consortium of Education Foundations recommends these questions:

- How do the community members rate the quality of the education system?
- What are the pressing needs of the school system?
- How does the community feel about raising funds for public education?
- Are community members willing to contribute funds or volunteer hours?⁴

Once the case is made for a foundation, then start asking for money. Muro states that the cardinal rule of fundraising, "excellence breeds excellence, and excellence garners support," holds for almost any organization seeking money from the private sector.⁵

Fundraising activities generally focus on parents, alumni, senior citizens, universities, businesses and corporations and are received through direct solicitation and special events. Annual fund drives include these direct solicitation methods: person-to-

³James J. Muro, *Creating and Funding Educational Foundations* (Boston: Allyn and Bacon, 1995), 50.

⁴Susan Sweeney, comp., "Starting an Education Foundation" (Stanford, California: California Consortium of Education Foundations, 1994), 7.

⁵Muro, 44.

person, direct mail, phonothons, and telethons on public access cable television. Class gifts, reunion gifts, and gift clubs are often used to encourage giving. Some foundations, like the Fairfax County (Virginia) Public School Education Foundation, charge the members of their board of directors membership dues.

Special events range from the typical to the unusual. They can be as simple as a raffle, an auction, a dinner dance, a car wash, or a bake sale or as extravagant as a ball or celebrity concert. Whether a foundation aggressively or passively seeks funds, money is raised and the foundation becomes a part of the community's agenda.

Q. Can school foundations establish planned giving programs as an additional fundraising opportunity the way colleges and universities do?

A. Planned giving, which refers to gifts of money, securities, or other property for future considerations, gives a foundation stability by allowing the recipient to use the interest from the capital instead of the capital itself while the donor earns tax benefits. Because of the advantages they present for the donor and the recipient, planned giving programs should be encouraged at this level. However, except for The Temple Education Foundation in Temple, Texas, and the Bartlesville Public School Foundation and the Weatherford Public School Foundation in Oklahoma, planned giving programs at this level are unheard of. Mark Gorski, a product manager for charitable trusts, Wells Fargo Bank, Los Angeles, feels this apparent lack of interest is due to the time, resources, and expertise needed to develop a planned giving program. He further states that another

reason is relatively few people are aware of the potential benefits.⁶

Gary Kline, a partner with the Chicago law firm of Wilson and McIlvane where he practices in the area of tax-exempt organization law and federal income taxation, encourages school foundations to aim a part of their fundraising program toward people interested in making charitable bequests in their wills or in establishing trust funds. He suggests a "simple letter from your education foundation to community members discussing the desirability of making a bequest in support of your school system could ultimately pay huge dividends. Encouraging parents of graduates to make small gifts in honor of their children's graduations could also produce substantial contributions over time."⁷

The most common planned giving techniques include: bequests in wills, charitable remainder trusts, pooled income funds, endowments, life insurance, charitable gift annuities, and gifts of property. Since these programs can be legally complex, potential donors should consult their accountants and attorneys to set one up.

Q. What is the money raised by school foundations used for?

A. Money raised by foundations is used to supplement, not supplant, money lost to tight economic times. They cannot replace school budgets because public tax support will always be needed. Instead they promote quality programs and fund enterprising projects. Muro tells us that excellence in education is not possible without adequate

⁶Mark Gorski, "Consider the Merits of a CRT," *The American School Board Journal*, November 1992, 31.

⁷Gary H. Kline, "Build a Solid Foundation," *The American School Board Journal*, November 1992, 30.

funding. He uses institutions like Harvard, Yale, and Duke as examples and traces their excellence to financial support.⁸

Funds may be appropriated by the foundation several ways once the needs are evaluated. Clay, Hughes Seely, and Thayer suggest these four as the most common: the foundation turns over all the money to the board with no restrictions; the board and the foundation agree on programs ahead of time and money goes to those particular areas; the foundation gives money to programs it decides on; minigrants are awarded to teachers usually in the \$100 to \$500 range based on an application process.⁹

Areas typically targeted for funds are scholarships, youth leadership conferences, field trips, cultural performances, guest lecturers, and electronic technology. The important thing to remember is to target all grade levels. Roberta Weiner concurs and adds, "It's critical that as many people as possible in the community see the results of their giving or their neighbor's giving."¹⁰ For example, the Lambertville (NJ) Education Foundation supplied mobile science lab stations, an electronic keyboard, and a computer with software for music classes. Edison (NJ) financed authors' visits, a garden laboratory, and a weather computer with software while Central Bucks (PA) supported an artist-in-residence program, a computer writing lab, a computer-aided design lab, and an Asian studies program. Some foundations, like the Williamston (Michigan) School Foundation,

⁸Muro, 44-46.

⁹Katherine Clay et al., "Public School Foundations: Their Organization and Operation" (Arlington, Virginia: Educational Research Services, Inc., 1985), 19.

¹⁰Roberta Weiner. *Creating a School Foundation* (Alexandria, Virginia: Capitol Publications Inc., 1992), 9.

which built a new high school performing arts center, are able to support large projects. Dan McCormick, President of Education Foundation Consultants, states, "Foundations can give money to just about anything. They're only limited by their imagination and interest."¹¹

Q. What are the potential problems a school foundation faces?

A. The biggest problem school foundations face is the complaint that they perpetuate inequity among the districts. Many feel they jeopardize efforts to equalize spending and undercut the law in those states with school finance equalization laws. Because of their population and rich tax-base, the affluent districts would receive greater financial support and be able to provide educational programs far beyond those of poor school districts, increasing the disparity even more. This issue has resulted in twenty-two school equity lawsuits.

Another common problem is the perception that the role of foundations is to lower taxes and that government and/or boards of education will feel less obligated to provide adequate funding for quality educational programs.

Some critics also feel the private contributions given to public schools will take away from the private schools that depend almost totally on these gifts. Others fear that large contributors to the foundation might be influential in decisions affecting the local district's curriculum.

Additional problems to consider are: the extra work load for staff, administrators, and school attorneys; the enormous amount of time and effort to support a successful

¹¹Ibid., 9.

foundation; intrusion by foundation board members into school board matters; and the strict financial management of contributions and distribution of funds.

Q. How is a school foundation established?

A. Research varies on what should be done first in establishing a school foundation. However, it does agree that regardless of the manner in which it operates, cooperation must exist between the school and the foundation. The majority of sources indicated that the first step should be to clearly define the purpose of the foundation and create its mission statement. This should reflect the interests and needs of the particular district. Formal and informal surveys of opinion leaders, as well as households in the district, can help determine those interests and needs. Next, they suggested investigating state and federal incorporation procedures and having an attorney who specializes in this to guide the foundation through the maze of paperwork and procedures for incorporation and tax-exempt status. Appointing a board of directors was third, followed by determining the school's needs and then how funds should be raised and allocated. At this point, directors could target those groups in the community that would support the foundation and use them to develop a marketing plan for fundraising and publicity. Once these areas have been addressed, staffing must be decided. If possible, a professional staff should be employed to manage and coordinate foundation responsibilities. Finally, structure a volunteer network along with committees to carry out the activities the staff has prepared. A great deal of planning is necessary when setting up the foundation to help ensure its success.

Q. What makes a successful foundation?

A. According to speakers at a Ford Foundation conference, a strong board of directors is the key element in a school foundation's success. Mary Mason, a trustee of the Mountain View-Los Altos (California) Union High School District Foundation and a speaker at the conference, stated, "A school foundation is only as good as the board you pick to run it."¹²

The respondents in W. Ben Nesbit's survey supported Mason and added what they felt were the three most important characteristics of board members: time to work with the foundation, credibility in the community, and loyalty to the schools.¹³ The Central Bucks (PA) Education Foundation also supported this idea. In fact, it recruits its members with the "four W's test": wealth--the ability to support the mission of the foundation with both financial and human resources; work--the ability to carry out the duties of the foundation; wisdom--understanding of local problems, the community, and education, or specific skills such as public relations or finance; and 'with-it-ness'--ties to the community through networks of associations, friendships, churches, clubs, etc."¹⁴

The literature, supported by Peat, Marwick, Mitchell & Co.'s survey, follows this up with several additional factors leading to success. Foundations are separate from yet associated with a school district which builds trust, confidence, credibility, and allows them to pull in leadership from a variety of professions. Other factors leading to the

¹²Neill, 9.

¹³W. Ben Nesbit, "The Local Education Foundation: What Is It, How Is It Established?" *NASSP Bulletin* 71, no. 496 (February 1987) : 85.

¹⁴George P. White and Nicholas H. Morgan, "Education Foundations Catalyze Support for Schools." *Education Digest*, January 1991, 3, EBSCO-CD, software.

success of a foundation include: its fundraising program; non-monetary gifts which include time, talent, and equipment; and communication of the district's needs.

Dr. James P. Gelatt, the director of planning at the American Speech-Language-Hearing Association in Rockville, Maryland, formulated a series of original questions for nonprofit organizations based on the Success Index developed by Robert H. Waterman Jr., Thomas J. Peters, and Julien R. Phillips. The premise is that success cannot be attributed to any one item but rather to a series of interrelated qualities: structure, strategy, systems, style, staffing skills, and superordinate goals. The results of his survey, "The Seven Habits of Highly Successful Foundations," are:

1. Mission/Focus - clearly defined and fulfills district's needs.
2. Volunteer Leadership - board and volunteers support foundation and give time, talent, and money.
3. and 4. (a tie) Staff - committed, respected, competent; works well with volunteers.
3. and 4. (a tie) Financial Stability - solid donor base plus potential funding sources, successful fundraising programs, funds support foundation's mission, and good recordkeeping.
5. Relationship with the Association - based on a shared vision, good communication between the two.
6. and 7. (a tie) Visibility - strong public relations program.
6. and 7. (a tie) Value - foundation is appreciated and valued.¹⁵

¹⁵James P. Gelatt, Ph.D., "Does Your Nonprofit Have What It Takes to Succeed?" (paper), Rockville, Maryland, n.d., 1-6.

Q. What are the benefits of a school foundation beyond the fundraising aspect?

A. All research indicates that the school foundation is a powerful public relations tool that markets the school to the public. Foundations generate enthusiasm and involvement in the community among all people. The foundation's fundraising activities and grants put the school on the community's agenda. People are more aware of what is going on in the school. This heightened awareness leads to support from the community and businesses in money, time, talents, and equipment and builds long lasting relationships between the interested parties. Additional support comes from alumni, senior citizens, and residents without children. These people are now more likely to vote "yes" at the polls for budgets and bond issues.

Barbara Long of the Topeka, Kansas, Education Foundation also mentions the aspect of internal public relations. She sees this when her foundation awards grants to teachers for innovative programs or sponsors the summer academy for students in grades five through eight.¹⁶

Ginny Eager, executive director of Forward in the Fifth (refers to the Fifth Congressional District located in the Appalachian Mountains of Kentucky, one of the state's poorest regions), said that the money raised helps, but "the greatest difference has been made by communities involved in their schools. The greatest educational gains have come in those counties with the highest number of volunteers." Since their foundation began seven years ago, it has raised \$700,000, enlisted the aid of two thousand

¹⁶Barbara Long, director of the Topeka Education Foundation. Telephone interview by author, 25 January 1995.

volunteers, and raised the graduation rate from 38 percent in 1980 to 50 percent in 1990. This supports the findings of a regional study commission that stated "conditions would improve when schools improved and when the community got involved."¹⁷ The foundation did just this in Kentucky's Fifth Congressional District. It involved the community and the schools improved.

Santee Ruffin, Jr. sums up the long-term benefits this way, "Dividends will appear in the form of a more literate society, better prepared employees, and an America that is proud of its schools."¹⁸

Q. What is the difference between a school foundation and a local education fund?

A. In its literature, the Public Education Fund Network (PEFNet) indicates that a local education fund (LEF) is "a third-party, nonprofit entity whose agenda, at least in part, consists in developing supportive community and private sector relationships with a public school system."¹⁹ The steps for establishing the LEF are similar to those of the school foundation. Both the school foundation and the LEF are third-party nonprofit organizations committed to achieving quality education. However, LEFs are community-based rather than school-district based and concentrate on school reform. Their goal is to achieve "high-quality public education for all American children, especially the

¹⁷Tessa Melvin, "Going the Self-Help Route," *New York Times*, 10 April 1994, sec. Education Life, p. 29.

¹⁸Melvin Zirkes and Robert F. Penna, "The Local Education Foundation-What Are the Dividends?" *NASSP Bulletin* 71, no. 499 (May 1987) : 95.

¹⁹Muro, 3.

disadvantaged."²⁰

Roberta Weiner adds these ideas to the list of differences between a school foundation and a local education fund:

- LEFs have strong backing and financial support from businesses and community groups and can be more creative.
- Created by community interaction, LEFs have better checks and balances on ideas and activities.
- LEFs do not share the power of awarding grants with individual districts as some foundations may.
- LEFs cannot raise money for one special program the way a foundation can.²¹

Even though differences exist between the school foundation and the local education fund, both build the support for education from the community and businesses. Each community must decide for itself which option - the school foundation or the local education fund - is better suited to its needs.

²⁰PEFNet, "Mission Statement," (flyer), Washington, D.C. : Public Education Fund Network, n.d..

²¹Weiner, 55-59.

CHAPTER 5

Summary and Recommendations

Public education needs both financial and community support. Over the last fifteen years this struggle for support has increased. Both federal money and state funds provided to local school districts have been cut, and the prospect of this improving in the future looks dim. The public school foundation movement responds to these tough times.

The foundation allows public schools to raise money beyond tax dollars to pursue excellence in education by supporting quality programs. These private organizations also boost teachers' and students' morale and get the community involved in education, leading to positive attitudes and improved communication between the school and community.

If we look at the long range dividends, the school as well as society benefits with better educated people, better trained employees, and a nation that is involved in its schools. For this reason, we must treat foundations seriously. They do much more than raise funds. "They are educational advocates, constructive critics, and a talent pool dedicated to the cause of improving public schools."¹

To ensure their success requires a board of directors with strong leaders and a variety of skills including public relations and finance, careful planning, and good

¹James J. Muro, *Creating and Funding Educational Foundations* (Boston: Allyn and Bacon, 1995), 158.

organization.

Public school foundations have earned a positive place in education - past, present, and future - and are here to stay.

Key Recommendations

Getting Started

Before undertaking the project, school districts should first determine if a school foundation is appropriate for their district. A local education fund or other alternative means of fundraising to support quality programs may serve their particular needs better.

If funds permit it, districts can contact consultants that specialize in setting up foundations. They will do everything from developing the mission statement to the legal paperwork to setting up the board of directors and fund raising campaigns.

School districts establishing foundations on their own need to work with an attorney. They should also contact other districts with foundations in place to investigate how they created their foundations and how they gained community support and involvement. Examining other districts' successes and failures will allow these school districts to determine what will work for their district.

Community members interested in a foundation should organize a core group of between five and ten people representing various segments of the community, such as; school administrators, board members, parents, and community leaders. These people do the preliminary work which includes composing bylaws and formulating a mission statement and clearly defined objectives.

Informal as well as formal surveys of opinion leaders and households in the community should be employed to help the community better understand the foundation and its role and generate community support.

A strong board of directors is critical to the success of the school foundation. Using the mission statement as a starting point, the board should be comprised of people who represent the following categories: understanding of programmatic needs, understanding of school fiscal issues, parental representation, fundraising expertise, organizing strength, hardworking, and dedicated.²

To make the most of their time and efforts, boards need to identify which community groups will most likely be a basis of support and then develop a marketing plan to raise funds around them.

The board of directors must set up the rules it will follow to collect, distribute, and administer the money and resources collected.

If possible, foundations should consider hiring a professional staff, especially someone with experience in professional fundraising. These people need to be supported by committees run by a network of volunteers.

Legal Issues

Establishing the school foundation as a nonprofit organization is a critical step and requires an attorney. Once the foundation has one, Roberta Weiner suggests that legal counsel cover these areas: applying for tax-exempt status, registering with the state,

²Katherine Clay et al., "Public School Foundations: Their Organization and Operation" (Arlington, Virginia: Educational Research Services, Inc., 1985), 16.

creating bylaws, filing tax returns, and guarding against theft.

Fundraising

Before setting up a fundraising program, foundations should determine which groups will most likely offer support. Also, foundations should know the demographics of the community and the distribution of capital and property. Once this is known, foundations should design a variety of activities that will appeal to all groups.

"Foundations are better off giving their money to programs that have the biggest impact on the most number of students. It's critical that as many people as possible in the community see the results of their giving or their neighbor's giving."³

The typical fundraising activities include: direct mail, phonothons, telethons, person-to-person, raffles, auctions, and dinner dances. In addition to these, foundations should consider endowments and other planned giving avenues: wills, bequests, charitable gift annuities, charitable remainder trusts, pooled income funds, gifts of property, and life insurance.

Another untapped source for public school foundations to consider for donations are the nation's private and corporate foundations like the Charles A. Dana Foundation, the Lilly Endowment, the Pew Charitable Trusts, and the Rockefeller Brothers Fund. Many of these organizations are beginning to focus their grant making on pre-college education.⁴

³Roberta Weiner, *Creating a School Foundation*, (Alexandria, Virginia: Capitol Publications Inc., 1992), 9.

⁴Liz McMillen, "Several Big Foundations Revise Their Grant Making to Focus on Elementary and Secondary Education," *Chronicle of Higher Education*, 19 December 1990, 23.

Alumni are another valuable resource and should be added to the list of potential donors, especially at reunion time.

Some schools form partnerships with the business community. Another approach is to simply involve businesses by asking for surplus equipment or for employees to share their time and talents.

Recommendations for Further Study

Public school foundations provide both financial and community support for education. This support fosters and promotes excellence in education. As a result, foundations also provide society with several long range dividends - a more literate society and a better prepared workforce. So, even if federal and state funding to local school districts increased, foundations would still play an important role in American education. Since they are here to stay, foundations should be used to their fullest potential. This topic lends itself to several special areas of study.

Future studies might include:

- surveying schools with and without public school foundations to determine if there is a correlation between foundations and successful budget and bond issues.
- studying planned giving programs and a way to sell them to public school foundations as a means of obtaining stable funds as well as a way for the foundation to convince the community to buy into the program.
- comparing and contrasting school foundations established by consultants with school foundations set up by communities.
- surveying schools with public school foundations and those with local education

funds and comparing the circumstances that prompted their establishment and whether or not it was the appropriate vehicle to use for that community.

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