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CALIFORNIA EDUCATION FOUNDATIONS:
A MIXED METHODS STUDY

by

Laura J. Deitrick

A dissertation in partial fulfillment
of the Requirements for the Degree of

Doctor of Philosophy

University of San Diego

2009

Dissertation Committee

Robert Donmoyer, Ph.D., Chair
Fred J. Galloway, Ed.D., Member
Frank Kemerer, Ph.D., Member

ABSTRACT

Limited and unstable funding for education has inspired supporters of schools to seek private funds to help pay for public education. Private funds generated at the local level could also, conceivably, reinstate at least a modicum of local control of public schools. Local control, in California at least, has been minimized over the last 30 years as a result of a number of legal decisions related to equity and ballot initiatives such as Proposition 13. One mechanism for channeling private funds to public schools is nonprofit education foundations linked to schools or districts. The total number of these foundations has been growing exponentially throughout California and other states for the last three decades. Over the same period, the total assets of education foundations and the revenue generated for beneficiary schools and districts has grown as well.

As education foundations become more influential in public school systems, questions arise about their impact on issues of equity and the distribution of power, as well as about their overall efficacy in promoting school improvement and student achievement. Before such nuanced questions can be addressed, however, some sort of mapping of existing education foundations and their operations is required. This study represents an initial step in this mapping process and provides baseline information for future policy studies.

The study employed a two-phase, mixed-methods research design. The first phase of the study entailed analyzing both existing databases about nonprofit organizations and the results of a survey administered as part of the study. Data from phase 1 describe general characteristics of nonprofit education foundations in California and identify how different education foundations address the following key

organizational elements identified in the literature on nonprofit organizations:

organizational structure, board governance, fundraising, program delivery, advocacy efforts, and community relationships.

The second phase of the study consisted of case studies of three different education foundations. Findings from this phase complemented the study's quantitative results by providing relatively "thick" description of each organization's mission, structure, external relationships, measures of success, and advocacy efforts. The cases also documented the strengths, weaknesses, opportunities, and threats articulated by key stakeholders.

DEDICATION

This work is dedicated with great love to

Bob, Hayden, Jackson, and Madeline Deitrick

And is published in honor of these exemplary educators:

Jay and Nancy Roberts

Barbara Winn Roberts

Jack and Shirley Foster

Pat Libby

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CHAPTER ONE

OVERVIEW OF THE STUDY

According to the California Department of Education, California currently has more than six million students enrolled in nearly 9,000 public schools that span the Pre-K to 12th grade. Nearly half the student population is eligible for free and reduced lunch (a proxy often used to measure levels of poverty in schools), more than 70 percent are students of color, and 25 percent are classified as English language learners. These schools are grouped into 1,039 distinct school districts. Although each district has its own governing board, the financing system for public schools is controlled largely by the legislature and the governor (Ed-Data, 2009). In 2005, the state expended nearly a third of its annual budget on K-12 education, an amount exceeding \$50 billion.

On March 14, 2007, Stanford University released a collection of 22 research studies on the state of California public schools. Commissioned by Governor Arnold Schwarzenegger through his Governor's Committee on Educational Excellence, the *Getting Down to Facts* reports analyze issues of school finance and governance structures, as well as equity, adequacy, student achievement, and efficiency (Stanford University, 2007). Several of the key findings are not positive. For example, California, once a national leader in quality public education, ranked 43rd in math and 48th in reading on the 2005 National Assessment of Education Progress (NAEP) test. Perhaps even more disturbing is the finding that this substandard level of achievement cuts across demographic groups (Loeb, Byrk, & Hanushek, 2007).

Other relevant findings from the *Getting Down to Facts* study include: a) students in California score near the bottom nationally on standardized tests; b) the current finance

system impedes student achievement and the ability of school districts to meet current accountability standards; c) there is no systematic process to recruit, develop, and maintain high quality teachers; and d) there is no reliable way to track student data longitudinally.

Initially commissioned to provide a road map for future reform, the studies appear to have taken a back-burner to an ongoing state budget crisis that has shifted the focus away from reform and improvement to maintenance of the status quo. Despite current conditions, the key findings from these reports—conducted by top scholars from many of the nation’s most prestigious universities— should not be forgotten or ignored as they serve to validate what so many people, scholars, policymakers, educators, parents, and students alike already know to be true. California schools are not meeting the public’s expectations, some are failing, and the overall system is in need of reform. How this reform will take shape, not to mention be financed, and meet the state’s legal requirements for school funding equity will be an intricate process that in the end will likely boil down to issues of money and politics.

How is it that California, the world’s ninth largest economy, finds itself in such an unenviable situation? One part of the story behind California’s fall from grace in public education is deeply rooted in a series of legal and political events that essentially centralized the financing and regulation of public schools. Under Article 9, Section 5 of the California State Constitution, the legislature is mandated to “provide for a system of common schools by which a free school shall be kept up and supported in each district at least six months in every year, after the first year in which a school has been established”

(State of California, 2007). Thus, the state is established as the party legally responsible for providing public education.

A series of legal challenges and legislative actions beginning in 1971 and continuing to the present have left Californians with a convoluted system of school finance that has severely limited the amount of local control taxpayers may have over their neighborhood school districts. Additionally, it is widely recognized that only a “handful” of experts really understand how the school finance system operates in California (Kirst, Goertz, & Odden, 2007). This lack of local control, funding inequities, low levels of student performance, and an inability to create transparent funding practices have driven people to undertake reform in a number of ways. Efforts to expand school choice options, including the creation of charter schools and voucher initiatives, are prime examples (Kemerer, et al., 2005).

Another strategy for reform is the growing emphasis on the solicitation of private funds to support the public system (Lewis, 2003). It is evident that prevailing conditions have been a driving force behind the incorporation, growth, and professionalization of nonprofit fundraising groups, especially education foundations that provide private funding to supplement kindergarten through grade 12 (K-12) public education throughout California (Brunner & Sonstelie, 1997).

In an attempt to offset the decrease in school funding resulting from the centralization and constriction of funds for local schools, parents, concerned community members, and school districts began to form nonprofit education foundations. For the purposes of this study these organizations will be referred to as local education foundations or LEFs. Classified by the Internal Revenue Service as 501(c)(3) charitable

organizations, LEFs have grown exponentially in California since their inception in the late 1970s (Brunner & Sonstelie, 1997; Brunner & Imazeki, 2003).

There are numerous groups that raise funds on behalf of public schools at both the site and district level, many of which are also classified as nonprofit 501(c)(3)s. These include parent and teacher associations (PTAs and PTOs), booster groups, alumni associations, and scholarship programs. Interestingly, PTAs have been in existence far longer than LEFs, with the bulk of their growth occurring from the 1940s to the 1960s. It is only after the passage of Proposition 13 in 1978 that LEFs exhibited any real growth in terms of number of organizations.

Indeed, a preliminary research paper that this researcher wrote on this topic found that only two such organizations exist in the IRS data files prior to 1980 in San Diego County (Deitrick, 2007). Other researchers have demonstrated a similar pattern elsewhere and believe that it strongly indicates that the formation of this particular school fundraising organization is likely tied more directly to the school finance reform movements of the period than the development and growth of other school support organizations (Brunner & Sonstelie, 1997; Addonizio, 1999; Satter, 2007; Downes & Steinman, 2007).

This background research highlights several problems. First, public schools are in need of reform and much of what is needed will require additional funding. Even as the need for reform is increasingly recognized, continual budget crises make moving forward on reform nearly impossible. Therefore, schools and districts need to develop predictable and sustainable forms of income to maintain their programs and pursue reform.

Second, while the solicitation of private funds through nonprofit LEFs has become a popular solution, not every school or district has an LEF. From a legal standpoint this is an important consideration since LEFs, although different from a tax, generate additional funds for local schools. Thus, issues of equity may come into play as LEFs grow. Third, the capacity for LEFs to effectively raise funds and provide programs ranges widely among those that do exist.

The answers to these problems are not readily available as there has been little empirical study of LEFs to date. Most of what has been published has focused on the issue of equity in particular states or regions. For example, it has been found that the most successful LEFs in San Diego County are located in the most affluent areas (Deitrick, 2007). However, the significance of LEF funding on a per-pupil basis appears to have been minimal in most cases (Kemerer, et al., 2005). Yet, the potential for increased revenue through LEF fundraising suggests that a time may come when the amount of money raised will have a more definitive and measurable per-pupil impact. In turn this may affect financial equity and student outcomes among and within school districts.

To set the stage for addressing these issues, it is necessary to first understand what local education foundations look like, what they do, and what functions they serve. These are simple questions, but the answers undoubtedly will not be simple. That is because education foundations in California, as well as in the rest of the country, come in many shapes and sizes. There is a need, therefore, to make sense of the complexity before other more nuanced policy issues can be addressed intelligently.

Purpose of the Study

The purpose of the proposed study is to begin to respond to the need articulated in the final sentence of the previous section. Although there are many questions that surround LEFs such as the impact of LEF funding on issues of equity across districts, there are simply not enough data available to begin to answer those questions at this time. Rather, the purpose of this study is to provide a mapping of existing education foundations and their functions, which will provide a frame of reference for future and perhaps more targeted studies.

Research Questions

This study proposes to examine several aspects of LEFs in California. The overall purpose is to investigate, compile, and disseminate the findings to nonprofit practitioners, policymakers, academics, and school leaders on a variety of issues related to LEFs that have, until now, received little to no empirical study. The study will focus on the following two research questions:

- 1) What are the characteristics of nonprofit Pre-K–12 LEFs in California?
- 2) What does an in-depth examination of a small sample of both typical and atypical LEFs reveal about their mission, organizational structure, board governance, fundraising and grantmaking processes, involvement in advocacy efforts, community relationships, and operating environment?

Methodological Overview

The study will rely on both primary and secondary data to answer the aforementioned research questions. The study is designed to examine LEFs at three levels, progressing from a macro to a micro perspective. At the macro level, the study defines the overall

population of LEFs in California. This was done by accessing publicly available nonprofit databases from the IRS and California State Attorney General's office and cross-referencing them with membership lists from the California Consortium of Education Foundations and lists provided on school district websites.

Once the total population of active LEFs had been identified, data were gathered about the population. These data were limited to the data that are reported on the IRS form 990 and includes geographic location, date of foundation formation, annual income, annual expenses, and total assets for the fiscal year 1997. (These are the most recent data available from the IRS.)

Next, a survey was used to gather more detailed information about a sub-sample of the entire population. The survey examines key areas of nonprofit activity including mission, organizational structure, board governance, fundraising and grantmaking processes, involvement in advocacy efforts, and community relationships. Finally, the study moves to a more micro level and includes three mini case studies of one typical and two atypical LEFs.

Delimitations and Limitations

It is important to clearly delimit the study and articulate several potential limitations of this study. Specifically, the study is focused only on LEFs affiliated with public schools in the state of California that serve grades Pre-K–12. Therefore, even the survey results will not be generalizable to LEFs in other states or those associated with private schools. Likewise, since the study includes only a small number of selected cases, results from the case studies will also not be generalizable to the larger population. Furthermore, although this study is expected to yield a wealth of new information on an

understudied topic, it does not allow for any direct claims of causality, since the design is not experimental in nature (Weirisma & Jurs, 2009).

Initial research indicates quite a bit of variation in the organizational structures of LEFs. For example, one LEF may be established to support a single school site, while a different LEF may be formed to support an entire school district. Some may be formed by the school or district itself, while others are formed by citizens in the community. These structural variations may limit the ability to classify and compare LEFs, depending on the extent of variation.

Another limitation is related to the use of nonprofit databases that are derived from IRS data. Up until 2008, the IRS did not require organizations with annual incomes of less than \$25,000 to file a form 990 return. Thus, smaller organizations or those that provide extensive volunteer or in-kind support do not always show up in these databases. Although organizations' names will be available from their original incorporation, it is difficult to tell if they have gone dormant or are just generating income below the required reporting threshold. For this reason, a test for dormancy was established for this study and was used to remove defunct organizations from the population. The test for dormancy is explained fully in Chapter 3. To further minimize this limitation, the study does not rely only on IRS data, but includes information from other sources as well as the information gathered through the survey.

The majority of the data gathered in this study is derived from the responses to the survey. Using the survey method of inquiry introduces several additional potential limitations, however, and these should also be acknowledged. Heading the list of limitations is a relatively low response rate (24 percent) and the response bias that a low

response rate often triggers. Fortunately, analysis of key demographics showed that the survey respondents had similar key demographics to the overall population. To further address this issue, nonresponders were asked why they did not participate in the survey. Several responded that they forgot or were away on vacation at the time of the survey. Two responders felt that their organizations were too small for the survey to be applicable.

Because the initial survey was administered using the internet, those organizations that do not have websites, email addresses, or computer access could not participate in the study. To minimize the effects of this limitation, a paper version of the survey was made available but was never requested.

Finally, there is a potential for the study to be influenced by the researcher's own biases. It should be noted that the researcher is familiar with the LEF field, having served as the executive director for the Coronado Schools Foundation for four years. Since that time, the researcher has also worked as a consultant to the Carlsbad Educational Foundation. These experiences may have influenced the researcher's views about LEFs and their operations. Merriam points out the importance of recognizing and naming such biases at the outset of a study and encourages implementing procedures to minimize any potential impact on data collection and analysis (Merriam, 2002). An expert panel was introduced into the study primarily to identify and minimize any areas where bias, conscious or not, may be limiting or otherwise negatively influencing the study.

Significance of the Study

In early 2008, California schools were warned of yet another budget shortfall and dire predictions were made regarding cuts in school staff resulting in larger classroom

sizes and a reduction in programs and services. On November 7, 2008, Governor Schwarzenegger asked the legislature to make an additional \$2.5 billion cut in Proposition 98 funding for schools (Robertson, 2008). Further, the current national economic climate coupled with another major budget crisis at the state level indicates that relief is nowhere in sight. Indeed, these cyclical state budget crises are part of a long-standing roller coaster ride that school leaders have endured as a result of the school finance structure in California. As a result, community and school leaders are looking for new and innovative ways to develop reliable and stable funding streams for their schools.

One way to combat the problem is the injection of private funds into the public system, and LEFs are a vehicle by which this may be accomplished. However, more questions than answers exist about LEFs. To date there has been little to no empirical study of this type of nonprofit organization. Their existence naturally raises questions about equity and related legal and policy issues that as yet have gone unanswered.

There are also power dynamics associated with LEFs that should be explored. For instance, when an LEF begins to provide a substantial amount of money to a district, the ability of the publicly elected school board to deal with the LEF board may be called into question. Who and what gets funded suddenly raises equity concerns within the district, and in turn, may generate turmoil. Additionally, the schools with LEFs may have a bigger voice and greater power within the district than those that do not.

The growth of LEFs also suggests a need for administrators and teachers to have a clear understanding of how LEFs operate. Those who do know are often able to benefit themselves or their own classrooms more so than others who do not. This raises additional questions. How might a school leader and LEFs collaborate as they pursue

their own strategic interests? How will school leaders navigate the politics and power issues previously presented?

The questions around this topic are substantial. However, before such nuanced questions can be addressed, some sort of mapping of existing education foundations and their functions is required. This study, therefore, represents an initial attempt in this mapping process seeking to provide a frame of reference for future and perhaps more targeted studies.

Although it is important to understand the limited scope of this study and not to over promise in terms of what it will deliver, the findings will have an important place in the broader nonprofit literature. Since the field of nonprofit studies is in its infancy, there exists an ongoing need for empirical studies on all aspects of the sector. This study will fill existing gaps in the nonprofit literature by looking, through the LEF lens, at several topics that are important to the overall field; these include governance structures, fundraising practices, program delivery, board composition, involvement in advocacy efforts, and community relationships.

CHAPTER TWO

A REVIEW OF THE LITERATURE

The literature reviewed in this chapter is intended to provide a framework for understanding local education foundations (LEFs). The review covers two distinct bodies of literature: a) California education finance reform and education law literature and b) nonprofit literature. The first part of this chapter will further address, among other things, studies about the linkages between money and student achievement, the differences between equity and advocacy, how the litigation from *Serrano* to *Williams* affected the financing of California schools, and the politics that spurred the formation and growth of LEFs.

The second part of the chapter focuses on existing LEF and nonprofit literature and provides an analysis of the strengths and weaknesses of the studies that have been published in these areas. The literature in this section relates to the areas identified in the research questions, including literature that describes the nonprofit sector as well as bodies of literature that cover board governance, fundraising practices, and advocacy.

California Finance Reform and Education Law

To date, several researchers have identified statewide school funding equalization efforts as the impetus for the formation of LEFs (Addonizio, 1999; Brunner & Sonstelie, 1997; Downes & Steinman, 2007; Sattam, 2007). Therefore, the first section of this review covers literature that outlines the history of legal reform related to school spending in California.

California Law and the History of School Finance Reform

Prior to 1971, the school finance system in California was basically composed of two funding streams: local property taxes and money from the State School Fund. Combined, these two sources accounted for more than 90 percent of school funding (Brunner & Sonstelie, 1997). Although based on a “foundation” plan that was designed to have equalizing effects, the ability of wealthier districts to override set ceilings for acceptable tax rates undermined equalization among districts in per-pupil expenditures.

Since almost all districts in fact did vote to override such ceilings, the value of property became the key factor in determining the amount of money that could be raised for schools through local property taxes. It is important to note that at the time school districts were receiving more than half their funding through local property taxes. Thus, districts located within areas where property had greater value could immediately generate more funds than others not similarly positioned, regardless of a locality’s willingness to tax itself.

The disparity created through this process led to a class action lawsuit filed by John Serrano against the state treasurer and other parties responsible for funding education in California. The California Supreme Court found for the plaintiffs. Despite a variety of efforts by the legislature to comply with *Serrano*, the plaintiffs again filed suit in state court in 1976. In a 4-3 decision for the plaintiffs, the California Supreme Court upheld its decision in *Serrano I* based on various provisions in the California Constitution, including the recently adopted equal protection clause (Kemerer, Sansom, & Kemerer, 2005). The court wrote the following in its *Serrano II* ruling:

The admitted improvements to the system which were wrought by the Legislature following *Serrano I* have not been and will not in the foreseeable future be sufficient to negate those features of the system which operate to perpetuate this inequity. Foremost among these – especially in a period of rising inflation and restrictive revenue limits – is the continued availability of voted tax overrides which, while providing more affluent districts with a ready means for meeting what they conceive as legitimate and proper educational objectives, will be recognized by the poorer districts, unable to support the passage of such overrides in order to meet equally desired objectives, as but a new and more invidious aspect of that ‘Cruel illusion’ we found to be inherent in the former system.

(*Serrano I* at p. 611) In short, what we said in our former opinion in this respect is equally true here. The poor district cannot freely choose to tax itself into an excellence which its tax rolls cannot provide. Far from being necessary to promote local fiscal choice, the present financial system actually deprives the less wealthy districts of that option (*Serrano v. Priest*, 1976, pp. 768-769).

This quotation is presented in its entirety because it demonstrates clearly the court’s feeling that there should be equity between districts with the capacity to generate additional funding and their less fortunate counterparts.

As a result of the aforementioned litigation, it was established that there could be no more than a \$100 variance in per-pupil spending across districts (Timar, 2007). Subsequent to the court’s ruling in *Serrano II* the legislature was again confronted with

devising a more equitable way to fund public education. Before any satisfactory solution could firmly be established, however, the voters passed Proposition 13 in 1978 and the Gann Limit in 1979. Proposition 13 established a system that “taxed everyone at the same low rate and centralized authority over school funding at the state rather than the local level” (Kemerer, et al., p. 103). The Gann Limit restricts the growth of government spending, including funds spent by school districts, to the inflation rate and population growth.

The end result of these actions was a far more equitable system of school finance; however, schools experienced a relative decline in the average level of monetary support. In 1995 Silva and Sonstelie attributed about half of the relative decline in education funding to these reform efforts (Brunner & Sonstelie, 1997). Furthermore, since Proposition 13 limits annual increases in property taxes to a 2 percent annual inflation rate, California has not been able to produce a property tax base capable of keeping pace with the growing cost of education (Lockard, 2005). The Serrano rulings and Proposition 13 did not end the debate on school finance reform. During the 1990s the state moved toward a standardized curriculum and established state standards for student achievement. Shortly thereafter, the federal No Child Left Behind Act (NCLB) set mandated thresholds for student achievement nationwide and required reporting to be disaggregated by ethnicity and other key demographics (Kemerer & Sansom, 2009). The Department of Education (2009) website notes that NCLB has highlighted notable differences in achievement, often referred to as the achievement gap, between low-income students, students of color, and their white counterparts.

The move toward standardized education and accountability measures for educational outcomes has shifted the focus of the school reform debate from a focus on providing an equal distribution of resources to the issue of adequacy. The fundamental idea driving the push for adequacy is that some students, such as low-income students and students of color, require more resources to meet state and federal achievement standards than others (Kemerer & Sansom, 2009). The result, Guthrie and Rothstein (1999) report, can be seen in the courts where it appears “that ‘adequacy’ is challenging ‘equity’ as the standard to which state school revenue distribution plans should be held” (p. 209). Indeed, as Guthrie and Rothstein note, adequacy cases have been made successfully in many states across the nation, although a uniform definition of adequacy remains illusive, as it is associated with many subjective variables.

To argue cases based on adequacy, plaintiffs across the nation began relying less on equal protection clauses and, instead, began filing suits based on the education clauses in a state’s constitution (Carr & Furman, 1999), which generally place the responsibility of the providing an adequate education on the state. The ACLU filed one such case in California on May 17, 2000 (American Civil Liberties Union [ACLU], 2009). The plaintiffs, Eliezer Williams et al., sued the state of California, the California Department of Education, and other state agencies, alleging that they had failed in their responsibility to provide equal access to adequate instructional materials, safe school facilities, and qualified teachers (California Department of Education, 2004). The extent to which this was a case decided on the basis of adequacy, however, will never be known since the plaintiffs settled with the state prior to an official ruling. Furthermore, California’s

current economic crisis seems to have dampened the enthusiasm for further reform at this time (Kemerer & Sansom, 2009).

Does Money Matter?

Complicating reform movements even further, advocates have vastly differing opinions on how future reform should be pursued. There are some proponents who look to the research for “the number,” that is, the recommended overall amount of money the state should spend to fix the system. For example, some critics are quick to point out that the per-pupil level of spending on education in California (the amount expended by the government divided by the average daily attendance), relative to other states, has declined over time. Indeed, from 1970 to 1995, per-pupil spending relative to other states declined by 15 percent (Brunner & Sonstelie, 2003). However, 2005-2006 census data place California 29th in the nation, spending \$8,486 per student (US Census Bureau, 2008), compared to a national average of \$9,138. Despite the fact that 29th is more of a middle-ground ranking, there is still a strong cry for increased per-pupil spending as a way to improve student achievement.

Others researchers make the case that simply spending more per pupil will not be enough to guarantee an increase in achievement. Using longitudinal data from the National Assessment of Educational Progress (NAEP), Hanushek and Lindseth (2009) document a lack of student improvement spanning the past 40 years. Specifically, their research shows the nation’s students making no significant improvement in the areas of math and reading and also documents a significant decrease in science scores over that time frame. So, although the nation now spends nearly double what it did in 1970, student achievement has remained relatively flat. Recognizing these findings may be

“counterintuitive,” Hanushek and Lindseth draw further support for their findings from the empirical literature, which has not been able to document a “consistent relationship between more spending and better test scores” (p. 52).

Trying to make sense of the money issue, which appears to be at the core of every reform approach, proves challenging when viewed through either the equity or advocacy lens. This is due in large part to the intricate concepts embedded in each. Reich (2006) points out that when the focus shifts from equity to adequacy, there is a natural inclination to focus less on inputs (per-pupil spending) and more on outputs such as student achievement measures. It is very likely that the elusive solution lies in some combination of the two, but researchers have yet to find that magic formula.

Along these lines, the *Getting Down to Facts* researchers also seem to take a middle-ground position, concluding that policymakers and advocates should pay less attention to the *amount* of money spent and concentrate more on *how* money is spent as a way of at least understanding the potential implications for improving education (Loeb, et al., 2007).

Local Education Foundation and Nonprofit Literature

Local Education Foundation (LEF) Literature

Most of what has been written specifically about Local Education Foundations (LEFs) has appeared mainly in popular media or practitioner literature with very little empirical research published to date. This section of the literature review presents and critiques findings from the existing, albeit scant, scholarly literature on LEFs. This literature speaks to the characteristics of LEFs, their emergence and growth as

organizations, their activities, and the impact of LEF funds on public education over the last 30 years.

Definitions. Several organizational definitions of LEFs appear in the literature. In some places there is commonality in how LEFs are characterized, and in some studies the descriptions diverge, giving rise to potential confusion for the reader. A brief examination of these variations will now be discussed.

First it is helpful to understand what kind of foundation is being discussed. Writing in their book *Creating Foundations for America's Schools*, McCormick, Bauer, and Ferguson (2001) provide an important distinction between school foundations and private foundations by noting that school foundations serve as pass-through foundations and, unlike traditional private foundations, are not required to maintain a specific corpus. Instead, money received by school foundations is generally distributed back to schools or districts. Specifically, “a public school foundation must raise money and give away the money it raises. How long it [a foundation] can hold money is related to its tax status and to its purpose as set forth in the articles of incorporation and bylaws” (p. 2). This money retention distinction is an important clarification for those who may initially be confused by the use of the word “foundation” in the LEF context.

Broadly, LEFs have been defined as “privately operated, nonprofit organizations established to assist public schools” (Clay, Hughes, Seely, & Thayer, 1985, p.1). De Luna (1998) provides a more visual description, calling them third parties operating in a defined space “between the community and the school system to promote educational excellence and innovation” (p. 1).

Brent and Pijanowski (2003) narrow the definition to include only school district-based education foundations (referred to in their study as DEFs), which are described as being third party nonprofits that are “positioned between a district and the community” (p. 6). While this is similar to De Luna’s (1998) description, their study covers only a subset of LEFs: those that serve a single school district.

Increasing the potential for confusion, researchers Lampkin and Stern of the Urban Institute (2003) define the acronym LEF to mean local education *fund*. Since their study—commissioned by the Public Education Network (PEN)—appears as a rather seminal piece of research in the literature, it bears further explanation here. In this study of educational support organizations (which they call ESOs), the researchers acknowledge the existence of schools foundations, such as those that are the focus of this dissertation, but they do not refer to them as LEFs. Rather, they identify two subsets of ESOs: local education funds (LEFs in their study) and schools foundations. They draw distinctions between the two organizational types based on definitions that were provided to them by PEN.

Under their definition, a local education fund will be focused on school districts with low-income students and will have an activist reform agenda. However, they also characterize schools foundations more broadly as being fundraising conduits between private donors and public education that are designed to bridge funding or programmatic gaps and are usually focused on a school district. They describe schools foundations as highly related with school districts, often staffed by district employees with superintendents serving in key board roles, including board chair. Furthermore, they claim that a schools foundation’s resources are not usually directed toward reform.

Based on the existing literature, the accuracy of PEN's definition must be called into question. Indeed, there is ample evidence provided by Zimmer, Krop, Kaganof, Ross, and Brewer (2001) and De Luna (1998) to demonstrate that schools foundations do not limit themselves only to the activities characterized in the PEN study. In actuality, the literature shows them to be engaged in activities that are defined in the Lampkin and Stern study as the purview of education funds.

Zimmer et al. (2001) contribute a more up-to-date and encompassing description to the literature that seems to better reflect the kinds of organization that are the focus of this study. They agree with other scholars that LEFs are nonprofit, charitable, and community-based organizations that "can be started by active parents or by district staff who solicit parent or community member involvement to run the foundation" (p. 15). They also recognize that while many LEFs are typically found at the school district level, single school site organizations also exist, as do LEFs that span multiple districts.

To summarize, different uses of the acronym LEF and contradicting organizational descriptions are prevalent in the literature. Some of these differences can be attributed to the changing nature of these organizations, which are relatively new and expanding rapidly. This dissertation uses the definition provided by the California Consortium of Education Foundations (CCEF). Describing their LEF members on the association's webpage, they write: "These grassroots non-profits exist throughout California. Each supports public education and serves as a link between a community and its schools; however LEFs differ in how they offer support, the programs they provide, and their internal structure" (CCEF, 2009). This definition blends the key organizational characteristics that are found in the literature and, at the same time,

remains broad enough to include a myriad of LEF activities and structures that are worthy of study and might otherwise be missed.

LEF formation. Scholars tend to be in agreement that LEFs began to be established after 1978 and expanded throughout the 1980s in states such as California, Massachusetts, Washington, and Oregon where voters had placed limitations on property tax rates (Addonizio, 1999; Brent and Pijanowski, 2003; Brunner & Sonstelie, 1997; Else, 2002; Merz & Frankel, 1995; Zimmer et al., 2001).

In California, Brunner and Sonstelie (1997) hypothesize that when public schools are faced with restricted funding, parents may either enroll their students in a private school or look for supplemental forms of funding. In their often-cited study of private funding sources for public schools in California, they point out that prior to the 1971 Serrano decision, there were only six LEFs in the state. In the two years after the passage of Proposition 13 in 1978, the number grew dramatically, to 46.

More recently, Downes and Steinman (2007) conducted research on education foundations and private giving to public schools in Vermont. Recent changes to Vermont law aimed at equalizing school expenditures allowed the researchers a unique opportunity to study how changes in school funding impacted the formation, growth, and impact of LEFs in real time. Downes and Steinman's empirical model demonstrates a large jump in miscellaneous income to school districts after the passage of the Equal Educational Opportunity Act (Act 60), which they were able to attribute mostly to LEFs.

LEF growth. LEFs have also enjoyed rapid growth across the nation (Addonizio, 1999; Downes & Steinman, 2007; Lampkin & Stern, 2003). In New York, Brent and Pijanowski (2003) document a surge of foundation growth in both California and New

York during the 1990s but suggest that such growth may also be tied to the prosperous economy of the time and to the emergence of new funding sources.

Growth in California LEFs is documented by Brunner and Imazeki's 2003 study, which built on Brunner and Sonstelie's (1997) previous work. In the 2003 update, which used the same data-gathering methods as the 1997 study, Brunner and Imazeki report that 320 total LEFs generated nearly \$97 million in revenue in 2001. This represents an 8 percent increase in total organizations and a 260 percent increase in revenues over a nine-year period (in 2001 dollars). Putting this rather large revenue increase into perspective is difficult. Since no comparative organizational analysis between the LEFs in the 1992 study and the 2001 study is presented, readers are left to wonder if the existing groups increased their overall capacity to fundraise or whether new, more powerful groups emerged while others died off.

Organizational structure. In terms of internal organizational structure, McCormick, Bauer, and Ferguson (2001) describe three specific models of LEFs, which they run along a continuum of control. At one end are the most tightly controlled foundations, which they label "School-Board controlled foundations" (p. 21), where the LEF is established and highly controlled by the school board. The second, the "Totally Autonomous Foundation Board" (p. 23), sits at the other end of the control spectrum. These types of LEFs operate outside of the authority of the school district, where "directors are at-large members who reappoint themselves and elect new directors" (p. 23). In this model, school administrators and school board members may be invited to sit on the board if the LEF chooses to have them in that role. The final structure is the "Embedded Model" (p. 24). This type of LEF has provisions written into its by-laws that

call for some sort of board membership role for school officials, recognizing that “there is an inexorable relationship between the two entities” (p. 24). In the embedded model, the authors suggest school officials should not hold a majority share of the voting slots on the board and further suggest keeping the ratio of school officials low relative to other members.

In a similar vein, Susan Sweeney, executive director of the CCEF, refers to LEFs as “autonomous friends” for schools and districts and recommends a liaison such as the superintendent or other administrator have a nonvoting position on the LEF board to facilitate open communication and coordination of efforts (Boutelle, 2008). In an article for “California Schools,” Sweeney stressed the importance of establishing a board that is “reflective of the whole community” (p. 43).

LEF activity. While Brunner and Sonstelie’s 1996 study included other sources of private funding for public education through nonprofits such as parent-teachers associations/organizations (PTAs and PTOs) and school booster clubs, LEFs were counted in the totals and subtotal data were provided. Their findings showed that the PTA and booster groups were more likely to be found at single school sites, while LEFs were more likely to be working at the district level. The research also indicated that most of the voluntary contributions “went to a few districts, districts that were particularly constrained by school finance reform” (p. 2). Furthermore, they found that districts in high income areas were much more likely to have at least one education foundation. During the year studied (1992), they identified 294 LEFs in California with total net revenues of more than \$28 million.

One potential limitation, which is a common limitation associated with all IRS nonprofit data, must be mentioned. Brunner and Sonstelie used data sets from the State Attorney General's office and nonprofit records from the IRS to conduct their analysis. The authors acknowledge that these numbers account only for the organizations that are registered 501(c)(3) organizations with annual revenues above \$25,000, the legal threshold for filing with the IRS. Since this excludes groups that raise less than that amount annually, in all likelihood they have undercounted the actual financial activities of these organizations.

In a more recent study conducted by the RAND Corporation, researchers focused their attention on 10 elementary schools in Los Angeles school districts (Zimmer et al., 2001). They sought to identify the private givers who support public education, to understand the ways schools are able to seek and get public support, and to identify the kinds of support being given and the ways in which donations are utilized. Like Brunner and Sonstelie, Zimmer et al. included all private fundraising groups, not just LEFs, in their study's sample. They were able to do this because they studied a limited number of sites. A small non-random sample, however, limits the extent to which conclusions about the larger population of LEFs may be drawn, but the qualitative component of the study contributes to an emerging body of detailed descriptions of the topic.

Specifically, Zimmer et al. (2001, p. xi) documented that "a majority of schools rely on parents, local business, corporations, and community-based organizations for support." This support can be either monetary or in-kind, with the wealthier schools seeking more monetary support and the poorer schools having more success in getting in-kind support. Likewise, they found that LEFs were more likely to provide monetary

support. At individual schools, school site/leadership councils determined the needs of the schools, yet they relied on other fundraising groups such as PTAs and LEFs to actually raise the money to meet the needs they identified. This is one of the first studies in the LEF-related literature to discuss methods for establishing funding priorities.

LEFs that functioned at the district level generally had stronger relationships with districts than their counterparts that functioned at the school site level. Private funds raised by all of the groups were used to support current operations, technology, and capital improvements, with LEF funds commonly being used for professional development.

In a case study that was part of the same research, three LEFs reported that they all had formal grantmaking procedures in place to guide the distribution of funds. LEFs also reported having good relationships and open lines of communication with school districts but less so with individual school sites. The idea of competition between fundraising entities was also raised by respondents in this study.

Brent and Pijanowski (2003) provide a unique state-based comparison in their study of district-based education foundations in New York and California. Their findings support the notion that fiscal constraints led to the formation of foundations in California, with twice as many respondents in California saying that “supplementing local revenues” (p. 7) was the driving factor behind their establishment. In general, both the California and the New York respondents reported that the goals of improving the quality of education and improving school and community relationships were contributing factors in their establishment as organizations. Both groups raised the bulk of their funds from individuals.

The study documented other state-based differences as well. New York foundations, for example, were less likely to have paid staff and had less operating expenses on a per-pupil average than did their California counterparts, but they also raised less money. Much of this difference may be attributed to the overall newness of these types of foundations in New York; California education foundations have had a longer period of time to develop, professionalize, and improve their performance. In general, however, education foundation operating expenses in both groups ranged from 6 to 9 percent, which the researchers who conducted the study concluded was evidence of organizational efficiency.

Further findings showed that smaller foundations funded mini-grants, innovative classroom projects, and instructional materials, while larger foundations supported teacher salaries. A third of both groups received in-kind support from their school districts, which included office and meeting space, equipment, and supplies. In both cases, school superintendents reported donating their time to support foundation activities. Superintendents also claimed that having a foundation “improved the quality of the educational program and allowed the district to provide programs that would otherwise be impossible to support” (p. 10). Finally, California school officials reported that the level of support from their foundations exceeded expectations.

Their findings showed the more successful LEFs operated in wealthier communities, had paid staff, and utilized a wider range of fundraising strategies. In the Downes and Steinman model, increased fundraising expenses were positively linked to increased contributions. For example, for every \$1 increase in fundraising expense, organizations in the study brought in at least an additional \$10.70 in contributions.

Having a large corporate presence in a community, however, did not seem to make difference. Likewise, population stability, which conceivably could lead to greater alumni giving, was not significant.

Interestingly, the Downes and Steinman model also showed higher voluntary contributions in areas that were identified as having a larger percentage of students with math proficiency (based on previous test scores). In Michigan, Addonizio (1999) found that test scores were higher in five of the six measures on a state-wide assessment test, and 91 percent of the student body was white in the districts that had foundations.

Qualitative findings from Sattam's 2007 study suggest that parental involvement is an important ingredient to LEF fundraising success. Additionally, the findings showed LEFs to have more professionally defined relationships with schools and districts than other fundraising groups, and those LEFs that raised the most money had paid staff. In the most established Oregon LEFs, expenditures seem to be shifting away from funding small grants and field trips toward support for professional development of staff and salaries for personnel; these latter categories are geared to ultimately improving student achievement. Sattam also documented a movement among LEFs to build endowments.

Consistent with Zimmer et al. (2001) and Brent and Pijanowski (2003), additional literature (e. g., Brooks-Young, 2007; De Luna, 1998) indicates that LEFs raise funds through several common mechanisms including direct mail solicitation, special events, membership drives, auctions, phonathons, and grantwriting. Distribution of funds often takes the form of scholarships, mini-grants, teacher grants, payment of salaries, capital expenditures, and program support. Distribution of resources may be random and not necessarily data-driven or aligned with district goals or needs (Celio, 1996). The

distribution of resources must be done in accordance with nonprofit law and in keeping with the mission of the organization (McCormick et al., 2001).

The literature to date does a reasonably good job of documenting the formation, growth, and activities of LEFs. In fact, California Consortium of Education Foundations currently estimates there are more than 800 registered LEFs in the state and, based on 2006 estimates, CCEF reported more than 35,000 people had volunteered with LEFs, helping them to raise more than \$130 million (CCEF, 2009). All of this success, coupled with the fact that LEFs are often found in wealthier areas, has also raised concerns about the potential for LEFs to have a disequalizing effect on school funding (Lewis, 2003). The following section highlights studies focused on the issue of LEFs' impact on equity.

Issues of equity. The majority of the scholarly literature on LEFs to date has been focused on quantifying the actual dollars raised and expended by LEFs. Much of this inquiry has been driven by a desire to measure the impacts of LEF funding on per-pupil spending and to use the data to assess LEF impact on equity across and between schools and districts in individual states. The basic question that scholars have addressed is this: Do LEFs make wealthy schools and districts wealthier and further disadvantage less affluent districts and schools? Researchers have provided conflicting answers to this question.

Brunner and Sonstelie (1997) and Brunner and Imazeki (2003) have demonstrated that LEF funds, when averaged out on a per-pupil basis, do not amount to all that much—less than \$40 per pupil in 2001. Other scholars concur that LEF funding provided to date has not been substantial when broken down to the per-pupil level (Addonizio, 1999; Downes and Steinman, 2007; Satter, 2007).

Brunner and Imazeki (2003) further explore the per-pupil-expenditure data and acknowledge that voluntary funds are not gathered or distributed equally. To get a better idea of the scope of distribution, they measured the relationship between family income and school contributions, which revealed interesting patterns. For example, their data show that there are only a small number of school fundraising groups (LEFs are part of the overall total in the study) that generate more than \$100 per pupil and that the highest contributions are generated in high income schools and districts with lower enrollments. Yet even in the high income areas, less than 25 percent of the groups raised more than \$100 per pupil. Although inequalities in the distribution of both monetary funds and in fundraising capacity were identified, Brunner and Imazeki dismiss the notion that supplemental contributions can—or will ever—be a “source of wide scale disruptions in the distribution of revenue across communities” (p. 51).

In a study of Michigan education foundations, Addonizio (1999) found that districts that had education foundations were associated with an average increase in household income of 20 percent and had a lower percentage of students who qualified for the free and reduced lunch program. However, an ANOVA analysis demonstrated that there was no measurable impact to school spending equalization between foundation and non-foundation districts.

Thus far the literature does not acknowledge that LEFs have a measurable impact on school funding equity. In fact, funds raised by LEFs appear to be but a drop in the bucket when compared to government funding for education (Addonizio, 1999; Brunner and Sonstelie, 1997; Brunner and Imazeki, 2003; Sattam, 2007). Brent and Pijanowski’s (2003) research provides additional support for these claims. In their study of district-

based foundations, they documented that foundation contributions accounted for .13 percent of district expenditures in New York and 1.6 percent in California. Else (2002) estimated nationally funds raised by school foundations represented .3 percent of a district's budget. As a methodological reminder, Sattam (2007) rightfully cautions that using "funds raised" as a measure of impact may be misleading since amounts raised may not necessarily equal funds contributed if foundations have large expenses or carry-overs.

In a study of Oregon LEFs, Sattam (2007) found LEFs expended between \$0.84 per student up to a high of \$240 per student with a median expenditure of nearly \$8.50. This wide variation between the median and the high point of Sattam's data reflect what Downes and Steinman (2007) and others have also documented: There is wide disparity in the capacity of LEFs to raise money.

Similar to others studies, the most successful Oregon foundations were found to be working in higher income areas and had less than 50 percent of their students eligible for free and reduced lunch. Sattam (2007) documented notable equity differences when studying the case of a single urban school district, the Portland School District. There, funds raised by LEFs led to a hiring disparity within the district that allowed one school the ability to hire the equivalent of 5 full-time employees, while others could not afford to do the same. Issues of equity were also acknowledged as important by those who were interviewed for Sattam's study, with some schools, districts, and LEFs reporting the establishment of guidelines to help minimize effects between schools.

Although LEF fundraising amounts are low enough to not make a significant difference when compared to total school spending, researchers are beginning to acknowledge that funds from foundations may be important in other ways. Zimmer et al.

(2001) notes that “every additional dollar that comes in through LEFs is highly valued” (p. 92). Addonizio (1997) suggests that very existence of a school foundation “provides a potential source of supplemental revenue and suggests a heightened community interest in local public schools” (p. 102). Brent and Pijanowski’s study suggests that the presence of an LEF improves overall community and school relations, which may further positively impact the district in a variety of ways.

Sattam (2007) posits that the ability to form and run an LEF may indicate a higher level of social capital and networks of professional expertise at work in the community. The researcher hypothesizes that schools and districts that do not have LEFs lack access to such networks and may therefore be disadvantaged. This is an interesting line of inquiry worthy of further study.

To more fully explore the relationship between LEFs and equity, researchers likely need to move beyond per-pupil dollars as the unit of analysis. It may very well be the case that LEF dollars provide a source of flexible funding and access to community resources that increases the purchasing power of schools and districts where LEFs exist.

Additional Nonprofit Literature

Since the literature that speaks specifically about LEFs is both limited and emerging, not much is known about many of the essential functions required to lead and manage a nonprofit organization. Missing to a large degree are essential topics such as board governance, fundraising, and advocacy. To address this gap, the literature reviewed in the final sections of this chapter covers studies and articles that describe common characteristics shared by those organizations that comprise the nonprofit sector. The goal is to set the stage for this study’s efforts to provide a broader understanding of

LEFs as nonprofit organizations. The next section, therefore, highlights research in areas of nonprofit structure, governance, advocacy, and fundraising.

Literature That Describes the Nonprofit Sector

The literature defines nonprofits first and foremost in economic and legal terms as organizations that are precluded by federal and state law and by their governance documents from distributing earnings to any individual who exercises control over that organization (Powell & Steinberg, 2006). Other common characteristics found in the literature refer to the private, voluntary, and nongovernmental nature of these organizations (Salamon, 2002). Legal definitions require nonprofits to have a public service mission and a tax-exempt status, and be organized as charitable corporations in the states in which they operate (Wolf, 1999). The LEFs included in this study meet all of these requirements, and, more specifically, fall under the specific IRS 501(c)(3) classification, which allows them to receive donations that are tax-deductible for the donor (Powell & Steinberg, 2006).

Silk (2005) further fleshes out the legal framework of nonprofits and the associated issues they often face. Through a hypothetical case study, Silk demonstrates that legally, 501(c)(3) nonprofits, such as those that are the focus of this study, will have a legal name, will be incorporated at the state level, and will be recognized as tax-exempt at the federal level. In terms of their operations, nonprofits will have a programmatic function, a governing body, and financial concerns. Depending on the size of the organization, they may also have members and paid staff. The obvious weakness of Silk's article—that a hypothetical nonprofit was the subject of the case—will not be an issue in this study, which will focus on actual LEFs.

The nonprofit literature defines several common areas of organizational functions that relate directly to the questions asked in this study. Salamon (2002) divides the roles of nonprofits into five categories: (a) the service role, as providers of actual services and programs; (b) the advocacy role, which involves giving a voice to community concerns or desires and may include activities such as lobbying or political activism; (c) the expressive role, in which nonprofits function as organizations that enrich their communities culturally or otherwise; (d) the community building role, where they may serve to connect people and ideas together or where they serve as builders of social networks; and (e) the value guardian role, where nonprofits serve to join national values of individualism and solidarity by providing a space where the needs of individuals and the greater good may be pursued simultaneously.

Preliminary research indicates that LEFs do perform these functions. What is not known, and therefore is examined during this study, is the extent to which LEFs take up these roles and how the roles are manifested organizationally.

Finally, Herman and Associates (2005) further define the sector in a study that identifies key leadership issues faced by nonprofits. These leadership issues include board leadership and board development, executive leadership, strategic planning, ethics, lobbying, and strategic alliances/collaborations. Although framed in their study as leadership issues, these five categories give further insight into the activities in which LEFs may be engaged. Furthermore, the literature also recognizes revenue generation, volunteer recruitment and management, government relations, and program design and evaluation as areas of nonprofit activity common to most nonprofits (Herman, 2005; Salamon, 2002; Wolf, 1999). These generally accepted areas of nonprofit activity

provide additional support for the research questions that were developed to guide this study and to bring to light additional areas of nonprofit literature worthy of further review.

Board governance. The vast majority of nonprofit organizations are governed by voluntary boards of directors. While the actual structure and composition of the board may vary across organizations, all directors have full legal responsibility for the organization and must adhere to the duties of care, loyalty, and obedience as they carry out the work of the organization. All three of these duties are deeply rooted in common law (Salamon & Flaherty, 1996). The duty of care mandates that board members must take a reasonable level of care when governing the organization and in the stewardship of its assets. The duty of loyalty calls on directors to avoid conflicts of interest, while the duty of obedience requires that directors follow all laws that may be applicable to the organization, even those that may not be familiar to them (1996).

The bulk of the scholarly board governance literature has been focused on the relationship between board behaviors and composition as they may, or may not, relate to overall organizational effectiveness. Two such studies will be discussed here; both serve to affirm common constructs related to nonprofit board activity that often appear in the normative literature.

In a study of 400 Canadian nonprofits, Bradshaw, Murray, and Wolpin developed a conceptual framework of 13 key variables found in the literature on board effectiveness, including a common shared vision, board involvement in strategic planning and operations, meeting management, conflict within the board and between the board and staff, and reliance on a core group to carry out the work of the board. Eleven of the

13 variables were found to be significantly related to perceptions of effectiveness. Specifically, board involvement in strategic planning represented 30 percent of the variance.

In a subsequent study of social service nonprofits, Green and Griesinger (1996) used a goal model to determine that the end product of “quality and sustainability of needed services to the client” (p. 384) would serve as the measurable criteria for organizational success. Taking into account the measures of board success used in the aforementioned Bradshaw, Murray, and Wolpin study, and drawing on the practitioner literature, which they call “more fully developed” (p. 386), nine areas of board activity were identified for measurement.

Overall they were able to demonstrate “significant correlations between board performance and organizational effectiveness” (p. 398). Their findings suggest that boards of more highly effective organizations were more likely to be fully involved in activities such as policy formation, strategic planning, board and resource development, financial planning and control, and program assessment. Although the non-experimental nature of the study does not allow for claims of causality, the findings are useful to the extent they affirm that certain areas of board activity are correlated with an organization’s ability to meet its goals.

Although findings in this area are not definitive, as they contain a broad range of potential variables that may influence effectiveness (Bradshaw, Murray, & Wolpin, 1992) and do not identify definitive measures for success, emerging literature suggests that the actions of the board do have an impact on effectiveness, although exactly how remains unclear (Herman & Rentz, 2004). Additionally, Azburg and Galaskiewicz (2001) assert

that as trustees, board members are often seen as the face of the organization in the community, serving as a legitimizing force for the organization. Therefore, composition of the board is an important organizational consideration in a nonprofit organization.

Millesen and Lakey (1999) further contributed to the board governance literature, through their study of board behaviors utilizing the Board Self-Assessment Survey Questionnaire developed by Slesinger (1991) for BoardSource (formerly the National Center for Nonprofit Boards). In this study the researchers analyzed the completed questionnaires of 672 nonprofit board members from 33 distinct nonprofit organizations.

The areas addressed in the questionnaire reflect the best practices referred to in previous studies as well as the practitioner literature. Three open-ended questions at the end of the questionnaire yielded new findings that are of particular interest, especially as they relate to this study. Specifically, participants reported being particularly aware of the need for increased attention to four specific responsibilities. These were a desire to have a better understanding of the organization's finances and its fundraising needs, a desire to have greater involvement in strategic planning processes, the need for greater board member participation in program review, and more engagement in board development.

Although the study covered a wide variety of topics and served to verify findings in previous studies, the addition of these four findings is an important development in the literature. As a result, specific questions from the actual BoardSource Self-Assessment tool were added to the survey for this dissertation to ensure these four areas of board activity were adequately addressed.

The Millesen and Lakey study does not include a description of the demographics associated with the organizations that participated in the study. Therefore, the extent to which factors such as organization age, size, and type may or may not have influenced the findings is unclear. However, the findings provide useful information for consideration in this dissertation in terms of board behaviors and provide a starting place for measuring those behaviors in LEFs.

In summary, the board governance literature suggests that boards have a legal responsibility to govern, that the governance activities they pursue have impacts on the organization, and that the composition of the board is important for the sake of organizational legitimacy.

Advocacy. As previously mentioned, the majority of California public school funds come from the state, and the prioritization of how the funds are spent rests primarily with the legislature. It seems likely therefore, that LEFs would engage in some level of advocacy as a potential strategy to increase funding or to influence policy related to the schools that they serve. The extent to which LEFs do or do not engage in advocacy, although not known at this time, is an important component of this dissertation. Indeed, the role of nonprofits in the advocacy arena has become the subject of scholarly inquiry, albeit only recently.

In a recent study, Schmid, Bar, and Nirel (2008) found a “significant positive correlation between advocacy and political activity in nonprofit organizations and their perceived influence on setting the public agenda” (p. 581). For the purposes of their study, they defined advocacy as any effort that endeavors to “change policies or influence

the decisions of any institutional elite, government, and state institutions through enhancement of civic participation to promote a collective goal or interest” (p. 581).

Based on these findings and their definition of advocacy, it seems probable that LEF organizations would be engaged in advocacy at some level since their mission and organizational purpose are focused on the welfare of public education, which itself is tied directly to a variety of political entities. For example, one might expect to see LEFs engaged in advocacy activities aimed at influencing local school boards and city governments, as well as state and federal agencies with authority over public education. However, despite their reported success at influencing the public agenda, respondents to Schmid, Bar, and Nirel’s study reported that they only engaged in advocacy at a moderate level. The matter will be explored further in this study.

The advocacy research is useful because it provides a framework for conceptualizing how and why LEFs may be engaged in advocacy efforts. However, the extent to which further generalizations can be drawn from Schmid, Bar, and Nirel’s study to the LEF population or to nonprofits in general is limited for several reasons. First, the study was conducted in Israel, where there are no legal restrictions placed on nonprofit advocacy and lobbying efforts. Although nonprofits in the United States are allowed to engage in advocacy and lobbying activities, there are some legal guidelines that constrain such activity, at least to some degree.

Second, the nonprofits that participated in their study were health and human service agencies, which receive a substantial amount of government funding. Preliminary research shows LEFs, on the other hand, generate the bulk of their revenue from nongovernmental sources. Such organizational differences further limit the ability

to draw comparisons. Finally, it is important to note the relatively small sample size, 96 organizations, used in this advocacy study may call into question the strength of the correlations. The researchers do note that the final sampling distribution was found to be representative of the overall health and human service sector in Israel in terms of organizational age, size, and location. However, it does call into question the overall generalizability of the findings.

Furthermore, the findings in this study contradict both Salamon (1995) and Mosley (2006), who found the relationship between funding dependence and political activity to be positive. Such contradictions in the literature call for further examination, and the LEF survey instrument for this study was designed to gather additional data in this area.

Fundraising. As the LEF literature demonstrated, the core mission of LEFs is to raise money from individuals, corporations, foundations, and in some cases government. Much of what has been written about nonprofit fundraising has focused on the economics of fundraising and less on the actual activities and strategies employed. Hager, Rooney, and Pollak (2002), however, have contributed some initial work to the literature in this area, which is useful to understanding LEFs as fundraising organizations and for shaping the research questions in this study.

Based on the findings of a nationwide survey of 3,082 nonprofits, the researchers describe three domains of fundraising. The first domain contains the organization's formal fundraising operations and includes resources such as paid development staff. The second domain comprises the nonprofit's internal operations separate from the first domain, such as board members, volunteers, or other staff who are not considered to be

part of a formal development staff. The third domain contains the external environment, which includes professional fundraising consultants or third parties such as the United Way that solicit funds on behalf of the nonprofit in question.

More detailed findings reveal information that is germane to the study of LEFs. Specifically, the researchers reported that 63 percent of the organizations did not have full-time staff whose sole job responsibility was fundraising. The researchers point out, however, that the majority of organizations with annual grants and contributions in excess of \$1 million did have at least one, and usually more than one, staff person dedicated to fundraising. What is not possible to determine from this cross-sectional study is the extent to which the presence of professional staff contributed to the organization's ability to generate annual contributions over the \$1 million mark. In other words, does hiring paid fundraising staff generate more fundraising, or does the hiring of paid fundraising staff happen only after the organization has the funds to do so? This is an important consideration for LEFs and all nonprofits as they make staffing and budget decisions for their organizations.

One additional finding from the Hager et al. study may provide LEFs information to help frame such decisions. The researchers did find that having professional fundraising staff actually increased the amount of fundraising done by senior staff, board members, and volunteers. This may seem counterintuitive, as it may be assumed that hiring staff dedicated to this area would mitigate the need for others in the organization to engage in fundraising. Rather, what the researchers found is the presence of such staff promotes fundraising activities across the entire organization. This finding has

interesting implications for this study and for LEFs that may be considering hiring paid staff as part of a fundraising strategy.

Conclusion to the Review of the Literature

The review of the literature provided in this chapter draws on several bodies of literature that are related to the study of LEFs. The first part of the review presented pertinent literature related to the history of school finance reform and California public education law, the educational equity and adequacy movements, and the relationship between student achievement and per-pupil spending. The second part of the review focused on previous LEF studies and literature about nonprofit structure, governance, advocacy, and fundraising. By presenting literature from these two types of sources, the reader has a more complete picture of the events that have led to the creation and proliferation of LEFs in California and the activities in which they may be engaged by virtue of the fact that they are nonprofit organizations. Examining literature from a historical perspective and analyzing data from the limited studies of LEFs that have been conducted provides context for understanding the design and findings of this study.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

The purpose of this study was to map existing California local education foundations (LEFs) and their functions. The goal was to lay a foundation for more targeted studies in the future. This chapter provides a detailed description of the research design and methods used in the study.

The study was designed to take place in two phases, each phase corresponding directly with one of the two research questions presented in the first chapter. Phase 1 of the study takes a macro approach and provides a means for answering research question 1: What are the characteristics of nonprofit Pre-K–12 LEFs in California? Phase 2 takes a micro approach and seeks to answer research question 2: What does an in-depth examination of a small sample of both typical and atypical LEFs reveal about their mission, organizational structure, board governance, fundraising and grantmaking processes, program delivery, involvement in advocacy efforts, community relationships, and operating environment?

Phase One

Component One: Identifying Active LEFs

There are two components to phase 1 of this study. The activities in the first component are intended to define the population of active LEFs included in the study by generating a list of all active LEFs in the state. To compile this master list, a search of the nonprofit database at the National Center for Charitable Statistics (NCCS) was conducted. The records provided by NCCS are based on the information provided by nonprofit organizations to the IRS through the filing of federal tax form 990 and are

found in the IRS Business Master File (BMF). The BMF data provide a good source of information as to when nonprofit organizations are formed, where they are located, and if they have filed any 990 tax returns.

The IRS has developed a system for categorizing nonprofits called the National Taxonomy of Exempt Entities, known as NTEE codes. The NTEE code for education-related organizations is the letter B. It should be expected that most LEFs would be classified in this category. Running the list of all NTEE category B organizations in the state produced a list of 16,318 organizations.

The sub-classification for an LEF should be *B-11* or *B-12*, which indicates a fundraising education-related organization. The list was sorted for all of these to begin the formation of a master list. Unfortunately, this classification system is not perfect and many organizations are not coded correctly. Therefore, a keyword search was done of the remaining organizations using the words “foundation,” “educational,” and/or “friends of” followed by the name of a school. These organizations were added to the potential master list for further review.

From that point all organizations that were obviously not LEFs were removed. These included private schools, colleges, and universities, and other education-related nonprofits that were not associated with public schools. Next, the remaining records were cross-referenced against a membership list of the California Consortium of Education Foundations (CCEF). CCEF is a statewide affinity membership organization whose mission is to build the capacity of Pre-K–12 education foundations throughout California. The organization currently has a list of more than 300 education foundations

posted on their website and estimate there to be more than 600 LEFs operating in California (CCEF, 2009).

The cross-referencing produced three distinct lists. The first list comprised those organizations common to both sources, a total of 289. This became the master list. The second list contained organizations that were not in the original NCCS data file but did appear in the CCEF mailing list. It was generally the case that these organizations had been assigned an NTEE code other than B, which is why they did not turn up in the initial database query. These organizations were then located in the broader NCCS BMF file and added to the master list.

The final list contained organizations that were in the NCCS files but not recognized by CCEF. This list totaled more than 500 additional organizations. Each one of these organizations was individually searched on Guidestar.org. Guidestar is an online database of nonprofit organizations. Guidestar uses a variety of sources, including IRS data and self-reported data, to provide profiles on nonprofit organizations. These profiles may contain information about the organization, its mission, finances, and staff. Direct links to PDF files of an organization's actual IRS form 990 are also available if the organization has filed with the IRS.

When a potential LEF was located using Guidestar, the data provided in the Guidestar database, including the organization's IRS form, were reviewed. If the mission and purpose looked like that of an LEF, then additional Google searches were conducted to find reference to the LEF on either free-standing or school-based websites. If there was supporting evidence, the LEF was added to the master list. If the mission and purpose did not match—for example many of the foundations in the original data run

from NCCS were actually private foundations or were not supporting Pre-K–12 education—then the LEF was removed from the list. Occasionally Google searches turned up additional LEFs that were not found in either the IRS files or the CCEF list. When this happened and the organizations were clearly LEFs, they were also added to the list. This and the other processes described in this section produced a final list of 842 LEFs.

Limitations of IRS financial data. As was mentioned previously, the IRS data set is a good source for finding organizations that have received tax-exempt status at some point in time. This data set, however, has significant limitations when used to access more detailed organizational data. For example, until 2008 the IRS only required organizations with annual incomes in excess of \$25,000 to file returns. Thus, little or no financial data are available for organizations under this threshold via data sets built around IRS data. More than one-third of the 842 organizations in the file had no recent 990 data available.

It becomes very difficult, therefore, to determine if organizations that have no recorded 990 data are functioning but not generating annual income above \$25,000, or if they have gone dormant or been dissolved. Therefore, a test for dormancy was designed to get the most accurate count of active LEFs in the state.

Test for dormancy. Although nonprofit organizations may be exempt from filing with the IRS, in California they must maintain their charitable status by filing annually with the State Attorney General’s Register of Charitable Trusts. Since 2000, all registered charities in the state have been required to file a form RRF-1 along with an annual fee (State Attorney General California, 2009). A searchable database on the State

Attorney General website provides information on the registration status of California nonprofits.

To test for dormancy, all organizations that had not filed with the IRS for the 2007 tax year were individually searched in the Registry of Charitable Trusts electronic file. If they were coded as *active* or *pending* they remained on the master list. It was assumed that these are active organizations that are just not generating more than \$25,000 in annual income and therefore are exempt from filing with the IRS. If the organization being searched was coded as *delinquent* or *dissolved*, it was deemed to be inactive for purposes of this study and removed from the LEF master list. This process yielded 674 active LEFs and 190 non-active LEFs.

Analyzing the master list of LEFs. All nonprofits that are registered with the IRS have one unique numerical identifier called the Employer Identification Number (EIN). This number was used to differentiate all organizations on the list and to further query the NCCS database for additional organizational information such as annual income, expenses, and assets. Here, the NCCS Core file for 2007 was used, which is the most current year available. Any other missing data were gathered through a review of an organization's actual form 990 provided on Guidestar. These data were analyzed in Excel and in the Statistical Package for the Social Sciences (SPSS). Statistical analysis included Pearson Correlation, ANOVA, and regression analysis.

Component Two: Survey of LEFs

Not all questions about the characteristics of LEFs can be answered through publicly available data sets. Therefore, the second component of this phase included a written survey that was delivered to all LEFs for whom an email address was identified.

This was a purposeful sample and was accomplished by CCEF, who agreed to send out requests for survey participation to their members. Whenever email addresses were found for organizations that were not known to CCEF, the organization received a direct solicitation for participation from the researcher. Participants were also given the option to receive a printed version of the survey via the mail, but none were requested.

The survey was designed as a self-administered questionnaire (Creswell, 2003) and was directed to either the executive director, or if the organization did not have paid staff, to the board president. The survey was not anonymous; each survey was coded with the organization's EIN number, thus allowing for further data gathering and analysis once the surveys had been returned. For example, the survey did not ask for financial information. This was gathered after the fact using the organization's EIN and NCCS data.

Development of the survey instrument. The survey instrument (Appendix A) was developed by modifying questions from three widely deployed surveys used to study nonprofit activity: The Indiana Nonprofit Survey, the BoardSource Self Assessment, and The Johns Hopkins Listening Post Project Advocacy Survey. Although not directed at LEFs per se, the questions in these instruments provided an excellent framework on which to base the survey for this study. Permission to modify these instruments was granted by authors or representatives of all three organizations.

The first survey, The Indiana Nonprofit Survey, was developed by researchers at The Center on Philanthropy at Indiana University (Gronbjerg & Clerkin, 2003). Questions related to mission, programs, and organizational structure were derived from this survey. Questions related to board practices were drawn from the Self Assessment

for Nonprofit Boards available through BoardSource, formerly The National Center for Nonprofit Boards.). Questions about advocacy activity and civic engagement were adapted from a survey developed by The Center for Civil Society Studies at Johns Hopkins University (Salamon & Geller, 2008).

Finally, several original questions were written specifically for this study based on information gathered from participants at the annual meeting of the California Consortium of Education Foundations held on December 8, 2008 and from the findings presented in the literature review in Chapter 2.

Since the study is focused on both organizational attributes and on beliefs and attitudes about LEFs, the survey contains both open- and close-ended questions. Salant and Dillman (1994) make the point that open-ended questions have many drawbacks, including the numerous responses they generate, issues of accuracy, and the time it takes to code them. However, these researchers point out that using open-ended questions can be useful in studies such as this one where little is known about the organizations in advance of the study and, therefore, specific responses are difficult to predict.

Pilot-testing the survey instrument. Prior to circulation, the survey was piloted to test for readability, functionality, and time needed to complete the survey, to identify any problematic questions. More specifically, the pilot study served to make sure all of the collector functions were working as intended and that the meaning of the questions was clear to those responding. So as not to taint the actual survey results, the pilot study was conducted with a group of past presidents of the Coronado Schools Foundation, past LEF board members from other communities, and with two LEF executive directors, who are now employed in other fields. They all received the instrument over the internet.

The pilot study took place over a two-week period. Suggestions were considered and final corrections to the survey were made. No questions were eliminated but some of the skip-logic functions were refined. On average it took the pilot study participants 15 to 20 minutes to complete the survey.

Conducting the survey. Once the pilot study and revisions to the instrument were completed, the survey was sent to the members of CCEF and others in an electronic format using the SurveyMonkey platform. Participants who received the survey from CCEF received an email letter of introduction from CCEF's executive director, Susan Sweeney, and board chair, Caroline Boitano, explaining the nature of the study, endorsing it, and requesting their participation. Those individuals who received the survey directly from the researcher got a similar request for participation. These requests to participate emails (Appendix B) provided a brief explanation of why the survey was being conducted and examples of the kind of information that would be shared with participants at the end of the study. The email also expressed appreciation for their potential participation.

Email reminders were sent at regular intervals by CCEF and the researcher. Originally it was thought that the entire population of LEFs had been identified. As the process unfolded, however, some new organizations were identified via web searches and referrals from other LEFs. When this happened, the newly identified LEFs were also sent the survey. To boost the response rate, follow-up phone calls were made by the CCEF staff and by the researcher.

To promote participation in the study, a survey incentive was offered. Specifically, at the end of the survey the respondents had the opportunity to enter their

organization into a drawing for the chance to win a \$100 charitable donation to their LEF as well as a \$100 gift card for themselves. Additionally, all respondents were told they would receive a copy of the final survey results.

Analyzing the survey data. Once the survey responses were collected, the data were downloaded from SurveyMonkey into an Excel spreadsheet. Blank or duplicate responses were eliminated. The data were then transferred into a Statistical Package for the Social Sciences (SPSS) software file where variables were labeled, recoded appropriately, and checked again for accuracy. Final data analysis consisted of descriptive statistics, Pearson correlations, crosstabs, ANOVA, and regression analysis to identify any significant or interesting relationships between variables.

Phase Two

A Qualitative Research Approach

Ultimately, this study seeks to move beyond merely characterizing aspects of the education foundations currently operating in California. It also is oriented toward understanding and explaining the formation and functioning of LEFs. Therefore a qualitative approach was taken in phase 2 of this study. While the literature provides a wide body of support for the use of qualitative methods, the focus here is on those characteristics of qualitative research that propel this study beyond the thin description orientation of phase 1 (Geertz, 1973).

Creswell (2003) lists several instances in which it is appropriate to utilize qualitative research methods; most of these relate directly to this study. First, Creswell notes that qualitative research is often utilized to build on quantitative research and to aid in the identification of previously undiscovered variables. In this study, qualitative

methodology was used for this purpose and to further clarify findings from the online survey.

Second, Creswell notes that qualitative research may be used when the study requires a multifaceted understanding of an issue that surpasses the information that can be gathered through a survey. In this case it was used to provide a more detailed description of the complex environments in which LEFs operate, to demonstrate variations in organizational form and function, and to illuminate the strategies that they are employing to combat the public education funding crisis in California.

Finally, according to Creswell, qualitative research offers a mechanism to deepen the overall understanding of a topic beyond the consideration of means and medians by providing a methodology for the study of potential outliers. In this study, a small sample of three cases that represent both typical and atypical LEFs was purposely sampled for further study. The findings are presented as a series of mini case studies.

This use of case study is supported by the literature in that case studies allow for the study of complex systems that are bounded in some way as are LEFs (Merriam, 2002). Yin (2003) elaborates, justifying the use of the case study method when the researcher wants to define topics broadly, examine contextual conditions, and utilize multiple data sources. While phase 1 of the study is designed to answer the who, what, when, and where questions associated with LEFs, the case study method is called upon here to seek answers to what Yin (1993) refers to as the “how” and “why” questions.

Case study protocol. The sample cases were selected purposefully based on initial research, personal contacts, and recommendations from CCEF staff. Using these resources, the researcher identified what could be considered a typical LEF, the Carlsbad

Educational Foundation; an atypical LEF, the Ravenswood Education Foundation; and the Silicon Valley Education Foundation (SVEF), which falls somewhere in the middle of the typical/atypical continuum. Ravenswood was identified as atypical because it is focused on serving low-income schools. The Silicon Valley Education Foundation may be considered typical in terms of goals and objectives but, as the case study revealed, SVEF is also atypical in several areas.

Once the cases were selected, the executive director of each organization was approached and asked to participate in the case study research. After verbal interest was expressed, all three were sent a letter detailing the participation requirements and each was asked to get board approval for participation. Each site was visited by the researcher, and all but 3 of the 12 interviews were also conducted in person. When an in-person interview could not be arranged, data gathering occurred over the phone. Interviews for each case study were conducted with at least one board member, one staff member or key volunteer, and either the superintendent, assistant superintendent, or a principal from the district associated with the LEF. The interviews allowed the respondents to provide contextual information that did not surface through the survey.

The interview questions were based on findings from the survey and the literature review and were constructed into an interview guide. Using an interview guide format (Patton, 2001) allowed for loosely structured interviews where pre-determined questions were asked but latitude was given to take the conversation in other directions when unexpected topics of interest were raised. Interview notes were taken, and most interviews were recorded. (The three phone interviews were not recorded.)

Document analysis was the second source of data for the case studies. In each instance the annual reports, websites, strategic plans, and public relations materials related to the selected LEFs were reviewed. Each organization's most recent IRS form 990 was also reviewed.

Analysis of case studies. Once the interviews were conducted, they were transcribed into written notes; the researcher's initial observations also were recorded. Following standard case study protocol, the details of the interviews were analyzed for key themes (Creswell, 2003). In the interviews the participants were asked to discuss the history of the organization, make an assessment of the organization's strengths and weaknesses, identify potential opportunities and threats, describe how they measured success, talk about equity, and discuss future directions for the organization. These became the categories initially used in the coding process and around which the cases were eventually constructed. As a final component to the design, a brief cross-case analysis was conducted.

Validity and Reliability/Trustworthiness and Triangulation

Any empirical investigation must address issues of accuracy. In the case of a mixed-methods design such as this one, the tools for maximizing validity and reliability were pursued throughout the investigation, although they differed slightly between the two phases of the study (Creswell, 2003).

Several precautionary steps were taken in the first phase of data collection while generating the master list of LEFs. This included double-checking against other nonprofit data sources such as Guidestar, the State Attorney General's Registry of Charitable Trusts, the CCEF membership list, and additional Google searches. Numerous

keyword searches were conducted and the results were checked against the master list. More than 600 organizations were located individually in Guidestar to further cross-reference.

The survey instrument used in this study was based on instruments that have been developed and utilized by recognized experts in the field of nonprofit research. Although no scores for reliability of the instruments have been made public, the findings from these surveys have been widely published in the nonprofit literature. Additionally, since the survey had been adapted from these other instruments to meet the needs of this research study, with questions modified and added, it was also reviewed by the panel of experts, who have extensive firsthand knowledge of LEFs.

For the case study portion of the study, several steps were taken to promote the accuracy of findings. An interview protocol was developed, and all interviewees were asked the same core questions. Findings were recorded either on tape or in note format. Triangulation of the data was utilized as a way to support the key themes (Creswell, 2003). Whenever possible, the information provided through the interviews was cross-checked with other interviews related to the same entity and to findings from the document analysis. When more than one source is in agreement the triangulation has been established, increasing the validity of the qualitative findings.

Finally, participants were given the opportunity to review and comment on the accuracy of the findings once they were compiled. Copies of their case studies were provided via email, and the researcher offered participants the opportunity to provide feedback either over the phone or by email.

Conclusion to the Chapter

This chapter outlined the research design and methods used for this study. The two-phased approach allowed for a more thorough examination of LEFs. It provided the opportunity to learn something at the macro level about the entire population by accessing publicly available data sets. The survey instrument then generated even more detailed macro-level data of a subset of LEFs. This first-phase data is further supported and brought to life in phase 2 of the study through the three mini case studies that are designed to provide contextualized, micro-level phenomena about variables identified at the macro level. In the process of doing this, additional insights about LEFs were generated. By studying an atypical LEF, as well as two that are more typical in nature, a richer picture of the scope and range of LEFs emerges.

CHAPTER FOUR

RESEARCH QUESTION 1: DATABASE AND SURVEY FINDINGS

This chapter presents the data gathered to answer research question 1: What are the characteristics of nonprofit Pre-K–12 education foundations? These data were generated in the largely quantitative phase of the study. There were two components to this first phase of the study. The research done in the first component entailed analyzing existing databases and defining the population of active LEFs included in the study; this phase produced demographic and financial data for the population of active LEFs. The second research component included a written survey that was delivered to all LEFs for whom an email address was identified in the first component. The survey asked both predetermined-response and open-response questions.

This chapter presents findings from the two components that made up the first phase of this study. Initially, the focus is on the demographic and financial data; the demographics of the overall population are presented. Next, longitudinal data about the number of organizations over time and changes in the financial status of the organizations are discussed. Then the results of a correlation analysis that explored relationships between variables in the population are discussed. Subsequently, the survey results are discussed. In this part of the discussion, the demographics of the sample are presented and compared to the overall population; then, survey results are presented. Finally, the sample is analyzed using additional statistical techniques.

All of the financial data for both the population and sample were derived from IRS data; therefore, it is worthwhile to briefly revisit the limitations of this data source here. All organizations that receive Internal Revenue Code 501(c)(3) nonprofit status are

initially recorded by the IRS and assigned a unique identifier called an employer identification number (EIN). However, only organizations with annual revenue in excess of \$25,000 are required to file an annual tax return (IRS Form 990) with the IRS.

Organizations that fall below this \$25,000 revenue threshold, and are thereby exempt from filing a return, are categorized as *non-filers*. When an organization is classified as a non-filer it can mean (a) the organization has gone dormant, (b) the organization may have been dissolved without notifying the IRS, (c) the organization is religious in nature,¹ (d) the organization is functioning but not generating annual revenue over \$25,000, or (e) the organization did not comply with IRS regulations. It is impossible to distinguish from the publicly available data sets which non-filers fall into which of these five categories.

To help overcome this data limitation, a test for dormancy was established for this study, and organizations that were deemed dormant or dissolved were not included in the total population of active LEFs. The test for dormancy is described in detail in Chapter 3. Because they passed the dormancy test, 195 non-filer organizations were included in the population identified by this study. Although these active non-filer organizations have been captured in the total count, there are no financial data available for these LEFs. Therefore, all of the financial data that are reported in this findings chapter only capture the 479 organizations who filed in the fiscal years studied.

¹ Nonprofit organizations that are classified as religious are not required to file tax returns with the IRS.

Population Demographics

Current Revenues, Expenditures, and Assets

Using IRS filing data and the test for dormancy described in Chapter 3, there are 674 active local education foundations located throughout the state of California. Of those, 479 filed an IRS form 990 in 2007, the year for which complete filing data were available when the analysis was conducted. In that year, those organizations reported total revenues of \$213,144,392 and total expenses of \$195,677,337. Those LEFs also reported holding \$396,555,363 in assets.

Trends over Time

Figure 1 demonstrates a steady increase in the total number of LEFs over a 10-year period. At the same time, LEF revenues, expenses, and assets grew steadily as well.

Figure 2 demonstrates that the growth of LEF revenue has stayed ahead of expenses, which is a sign of fiscal health for nonprofit organizations such as LEFs. Figure 2 also indicates that total assets have been growing at a faster rate than revenues and expenses. However, it is important to note that these numbers, which are the most recently available, are measured through fiscal year 2007 and do not reflect the 2008 economic downturn.

Figure 1

Growth of LEF Organizations over Time

Figure 2

Growth of LEF Revenues, Expenses, and Assets over Time

Relationships between Five Population Variables

Further study was done of the population data by running a correlation of five continuous variables. Table 1 presents data in the form of a correlation matrix. In this matrix the Pearson correlation coefficient measures the direction and strength of the relationship between the two selected variables. The closer the coefficient is to positive or negative 1, the stronger the magnitude of the relationship. The strongest positive relationship in Table 1 is found between total organizational revenues and total organizational expenses. This strong positive relationship is to be expected in organizations like LEFs as they are nonprofit entities and therefore are designed to expend the bulk of their revenue in pursuit of their organizational mission. Similarly, total organizational revenue and expenses are significantly related (positively) with total end of year assets.

To better understand the relationship between the LEFs and the wealth of the surrounding community, adjusted gross income was included as a population variable. To approximate the wealth of an LEF's community, adjusted gross income was included for each zip code associated with an LEF. In Table 1, the Pearson correlation coefficient for adjusted gross income is also positively related with total revenue and total expenses; however, significance is at the .05 level. Age of organization is also positively correlated with total revenues and total expenses at the .01 significance level. These findings indicate that LEFs, especially older LEFs, are more likely to be found in wealthier communities. This relationship between community wealth and LEFs is consistent with previous studies (Brunner & Imazeki, 2005; Brunner & Sonstenlie, 1997). However, older organizations are also the LEFs more likely to be located in wealthier areas.

Therefore it is possible that younger or emerging LEFs are being formed in more moderate and even low-income communities. Furthermore, the positive and significant relationship between revenue and age of organization shown in Table 1 also suggests that newer organizations generate less revenue (and therefore fewer expenses).

Table 1

Pearson Correlation Coefficients for Five Independent Variables

		Correlations				
		Total Revenue	Expenses	End of Year Assets	AjdInc	LEF Age
Total	Pearson Correlation					
Revenue	Sig. (2-tailed)					
	N					
Expenses	Pearson Correlation	.988(**)				
	Sig. (2-tailed)	.000				
	N	478	478			
End of	Pearson Correlation	.713(**)	.669(**)			
Year	Sig. (2-tailed)	.000	.000			
Assets	N	478	478	478		
AjdInc	Pearson Correlation	.105(*)	.104(*)	.061		
	Sig. (2-tailed)	.022	.023	.181		
	N	478	478	478	674	
LEF Age	Pearson Correlation	.136(**)	.122(**)	.058	.112(*)	
	Sig. (2-tailed)	.003	.007	.203	.003	
	N	478	478	478	673	

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Survey Results

Sample Characteristics

As was previously mentioned, LEFs were surveyed by email for this study. The survey respondents are a sample of 117 California LEFs. To determine the extent to which the sample is representative of the general population, Table 2 presents comparative data about both population and sample LEFs. In each category the sample mean is greater than the population mean. Based on this analysis, it can be concluded that the survey respondents represent organizations that are wealthier and somewhat older than the overall population of LEFs.

Table 2

Comparison of Population and Sample Means Across Four Measurable Categories

	Revenues	Expenses	Assets	Organization Age in Years
Population	\$445,908	\$409,366	\$826,913	12.75
Sample	\$627,824	\$564,876	\$888,366	14.5
<i>TBD</i>				

In some respects it is understandable that the sample data may be skewed toward larger and more established LEFs. The survey instrument was sent to organizations that had accessible email contact information. This group was undoubtedly skewed toward larger and more established LEFs rather than smaller grassroots organizations for which email contact information was not readily available. The survey results, therefore, almost

certainly are more generalizable to larger and older LEFs and may not be as representative of smaller and younger foundations.

Description of LEF Survey Respondents

All respondents were asked in an open-ended format to describe the initial impetus behind the formation of their LEFs. All of the 114 respondents who answered this question indicated that providing ongoing financial support to schools or districts was in some way the impetus for the founding of the organization. Although the idea to provide funding to schools and districts through LEFs was common to all respondents, there were some nuanced comments indicating different viewpoints and approaches taken by some LEFs.

For example, some of the responses indicated a desire to be in support of the district and its direction. One respondent wrote, “The impetus was to provide a fund-raising arm for the district that would support district priorities.” However, a different respondent said the impetus was “to provide an organization outside the district to raise money and solicit donations for new and improved educational opportunities for students.”

The responses to this question were further coded into the following key themes: (a) to provide support for items and programs viewed as supplemental or enrichment, (b) to exert some level of influence over decisions about funding, (c) to promote community partnerships, and (d) to offset the effects of Serrano vs. Priest and Proposition 13. To provide further context to these themes, Table 3 presents selected quotes from each of the categories.

LEF Operating Environment

Nearly two-thirds of those who responded to the survey had LEFs that serve school districts. Twenty-five percent served a single school site and eight percent served multiple districts. Additionally, 38 percent of those organizations that responded to the survey have other education foundations operating in their districts. In most cases, these were school-based foundations within districts that had district-level foundations or vice versa. There also were a small number of multi-district foundations that served districts and, in some cases, schools with their own foundations. The enrollment of schools or districts served by respondents ranged from a low of 150 students to a high of 52,500 students. The median enrollment of organizational units (i.e., districts or schools) served by survey respondents was 3,200 students.

Table 3

Select Responses When Asked to Describe the Impetus for Forming the LEF

Response Category	Interviewee Response
To provide ongoing financial support to schools or districts	Our school was given a \$1,000,000 endowment. The district wanted to do a one-time distribution to all the schools but the parents wanted a foundation that had long-term impact on the schools. The high school is one of six high schools in the Oxnard district. Most of the schools have enormous needs. Our

Table 3 (con't.)

Select Responses When Asked To Describe The Impetus For Forming The LEF

Response Category	Interviewee Response
	high school has less needs. It is the only high that doesn't get Title 1 federal funding, but it still has great needs.
To provide ongoing financial support to schools or districts	The need to be able to carry (encumber) funds for multiple years. The PTA is unable to encumber funds over multiple years.
To provide support for items and programs	To keep enrichment and the arts alive in the public schools To support and enhance the education of students in the XXX School District To help create sustainable funding sources and to enhance the educational experiences of students.
To promote community partnerships	Connect businesses to schools To expand the resources for the public schools and to establish a community

Table 3 (con't.)

Select Responses When Asked To Describe The Impetus For Forming The LEF

Response Category	Interviewee Response
To promote community partnerships	<p>organization in support of the schools that would bring the community together after a bitter busing battle.</p> <p>The first high school in our community was built and community members wanted to donate to scholarships, etc. They needed a foundation to put the donation through for tax purposes.</p> <p>The school district and business community were looking for a way to create stronger ties. The Chamber of Commerce helped set it up.</p>
To exert some level of influence over decisions about funding or curriculum	<p>To receive donations, and utilize them solely for the school, that could not be “touched” by the Unified School District.</p> <p>To have an ability to fundraise and own property independent of the County Office of Ed under which the</p>

Table 3 (con't.)

Select Responses When Asked To Describe The Impetus For Forming The LEF

Response Category	Interviewee Response
	school operated.
To offset the effects of Serrano v. Priest and Proposition 13	To raise funds no longer given by the state to local public schools in light of Serrano vs. Priest and Prop. 13. “Bridge the funding gap”
	Response to diminished funds as a result of the passage of Prop 13. Parents wanted to provide funding for educational programs that were being cut due to lack of state funding, i.e. music, art, science, PE, health aides.

The majority of respondents (62 percent) reported that parents were the primary founders of their organization. District administrators or other district or school staff members were the founding parties in 20 percent of the cases and in 16 percent of the cases community members were the primary parties responsible for forming the LEF.

Mission, Funding Activities, and Organizational Components

Survey participants were asked to describe the primary mission of their organization. Since participants were all LEF organizations, there were common themes

found throughout all of the responses. Consistent with the reasons given for the founding of the organization, most survey respondents indicated that their organization's mission was to provide financial support for some aspect(s) of public education and to support the education of students in some defined regional area. Many of the statements included the words *support*, *enrich*, *public education*, *excellence*, and *raise funds*.

For example, one respondent wrote that the LEF “is a non-profit foundation dedicated to foster mutually beneficial business, community and education partnerships in order to maximize resources and enrich the learning experiences for all students in the . . . School District.” Another respondent said that the LEF is committed to educational excellence for “every student in the . . . School District. We work in partnership with parents, . . . [the district], and the community to raise funds for an education beyond what is possible with public dollars—strengthening our students’ K-12 experience by supporting staff and innovative projects.”

A different respondent provided this final example from a single-site based LEF: “Our mission is to enhance the educational experiences for students at XXX High School, in the area of academic, arts, and athletics.”

Survey respondents were asked if their LEFs had any of the specific organizational components presented in Table 4. In general, most organizations had written bylaws, a website, and computerized financial records. Fewer respondents reported having either written operating policies (59 percent) or an audited financial statement (53 percent) and only 40 percent reported having a written conflict of interest policy.

Table 4

Organizational Components

Organization Component	Percent Yes
Written bylaws	97
Has a website	91
Computerized financial records	75
Written operating policies	59
Recent audited financial statement	53
Computers for key staff and volunteers	52
An annual report produced in the last year	50
Direct internet access for key staff and volunteers	49
Written job descriptions for staff*	45
Written job descriptions for volunteers	41
Written conflict of interest policies	40
A formal program evaluation done in the last 2 years	25
Written personnel policies*	24

Board of Directors

Survey respondents had boards of directors that ranged in size from a low of three board members to a high of 36 board members. The majority of respondents (58 percent) reported there were no vacancies on the board. Twenty-two percent had one or two open board positions. However, five organizations reported having 10 or more open seats on their boards. Just less than half of the respondents (48 percent) said they had formal term

limits for board members. The majority of those who reported having term limits said that terms were for three years. On the topic of term limits for board members, one respondent wrote, “We have three-year terms, but recently did away with the term limits. We were pushing good committed members off the board. It was more negative than positive having them [term limits] in place.”

Table 5 presents data about specific board practices. Seventy-two percent of respondents reported receiving meeting agendas at least three days in advance of a board meeting. However, only 42 percent indicated they received financial statements at least three days prior to a board meeting. Although 30 percent of respondents reported having a policy on absenteeism, only 10 percent said such policies were enforced. Less than one-third of respondents indicated that their board has an annual retreat and only 22 percent conduct board self-evaluation.

Table 5

Board Governance Practices

In terms of governance please check all of the practices that apply to your board.	Percent Yes
Meeting agendas are distributed at least 3 days prior to meetings	72
Have developed board member job descriptions	58
There is an active nominating or board development committee	57
Financial statements are distributed at least 3 days prior to a meeting	42
We have a written board manual	38
There are written selection criteria for board members	36
There is formal board orientation for new members	33
We have a written conflict of interest policy that is regularly reviewed	30
Written policy on dismissal for absenteeism	30
We have an annual board retreat	29
The board conducts a self evaluation at least once a year	22
Our absenteeism policy is enforced	10

In another section of the survey, the respondents were asked to rate the extent to which they agreed with certain statements about board governance and board behaviors. The Likert scale questions in this part of the survey were taken from the BoardSource Self Evaluation Toolkit (BoardSource, 2009) with permission from BoardSource. Because it was not possible to ask all of the BoardSource questions in this particular survey, specific questions about board composition and attitudes were used. Additionally, BoardSource questions about strategic planning, finance, and fundraising were selected for inclusion in this survey. The decision to utilize these questions was

based on literature review findings that indicated these were areas where boards most reported needing improvement (Millesen & Lakey, 1999).

Nearly 98 percent of respondents either agreed (28 percent) or strongly agreed (70 percent) that their boards understand the mission and purpose of the organization. In general, most respondents also agreed that their board members come from diverse backgrounds and have professional expertise in a wide range of activities. Additionally, 92 percent reported board members are viewed as having wide social networks throughout their communities. Fifty-seven percent of respondents find it difficult to recruit new qualified board members.

Although two-thirds of respondents reported conducting a regular strategic planning process, responses about the board's ability to think and act strategically were mixed. Most agreed that the board had a strategic vision for how the organization should evolve over the next three to five years. However, 40 percent of respondents felt that the board was not focused on long-term policy issues and, instead, was more focused on short-term administrative issues. Only 10 percent of respondents strongly agreed that their board was focused on the long-term.

Those who responded agreed strongly that their boards regularly monitored the organization's financial performance. Nearly 82 percent of respondents believed that their boards understand the fundraising strategy of the organization. In addition, half of the organizations who responded reported having a clear policy about an individual board member's responsibility to raise money on behalf of the organization. So, not surprisingly, one-third reported that their board members did not actively ask others in the community to financially support the organization.

Most respondents also reported using some formalized committee structures at the board level. Figure 3 shows the percentage of respondents who reported having a particular standing committee. The figure is broken down by type of committee. Special events committees were counted as part of development.

Figure 3

Percent of Respondents Who Report Having Standing Committees by Type

Staff and Volunteers

Of the organizations that responded to the survey, 50 percent reported having paid staff. Of those that reported having paid staff, 75 percent reported that they had an executive director or someone with a similar sort of CEO position with executive responsibility for the organization. Twenty-five percent of the executive director positions were reported as part-time positions. The most commonly reported paid staff positions were executive director/CEO, development director, program director or

coordinator, and administrative assistant. Several organizations also reported using consultants such as grant writers and event coordinators. In the largest organizations, the executive staff usually also included a position of chief financial officer.

Survey respondents were asked several questions about non-board member volunteers. More than 80 percent of respondents said that volunteers are important and that they depend on volunteers to carry out key tasks of the organization. Of that 80 percent, nearly 21 percent said they were entirely dependent on volunteers. The majority of organizations reported using between one and 25 volunteers other than board members last year. Eight percent of organizations reported using no volunteers and 4 percent reported using more than 200 volunteers in the last year.

Sources of Income

Survey respondents reported receiving income from a variety of sources. Table 6 provides a breakdown of these sources. As the data in the table show, all organizations surveyed reported receiving income from individuals and nearly all, 96 percent, receive income from corporations. Very few LEFs, 13 percent, reported government grants as a source of revenue and only 1 percent of respondents reported trusts and bequests from individuals as a revenue source.

Table 6

LEF Sources of Revenue

Sources of Revenue	Percent Yes
Donations from individuals	100
Donations from corporations	96
Fees charged for special events	59
Corporate sponsorships	49
Grants from community foundations	38
Grants from private foundations	33
Fees/charges/sales for services provided	21
Support from federated funders (i.e., United Way)	16
Government grants	13
Trusts or bequests from individuals	1

As Table 7 shows, more than half of the LEFs surveyed reported that donations from individuals generate the most revenue for the organization. Fourteen percent report corporate donations to generate the most revenue. Less than 10 percent of respondents reported a different category as its highest source of revenue.

Table 7

Source That Generates the Most Revenue for LEF

Largest Source of Revenue	Response Percent
Donations from individuals	51
Donations from corporations	14
Fees charged for special events	9
Corporate sponsorships	7
Grants from private foundations	7
Fees/charges/sales for services provided	7
Grants from community foundations	2
Government grants	2
Support from federated funders (i.e. United Way)	0
Trusts or bequests from individuals	0

Another potential source of income for LEFs is from endowment funds.

Endowments are established funds that are designed to support an organization such as an LEF in perpetuity. Forty-two percent of respondents reported having established an endowment fund. The largest reported value for an endowment in this survey was \$4 million. The mean value of the endowment of LEFs surveyed was \$307,276.

Respondents reported using a variety of strategies to build their endowment funds. The most common strategies reported were (a) raising funds from individuals, (b) moving a designated percentage of funds raised into the endowment, and (c) special appeals or capital campaigns.

In response to an open-ended question about policies related to the expenditure of endowment funds, six organizations responded that they had no policy to guide the spending of endowments. However, the vast majority of respondents did indicate policies are in place, at least to some degree, to guide the collection and disbursement of endowment funds. A selection of responses to this question is printed in Table 8. As the table indicates, many respondents do not make withdrawals from the endowment's principal or corpus. However, a few respondents did indicate that their endowment policy would allow such withdrawals in cases of a financial emergency.

Table 8

Select Responses When Asked to "Describe any policies related to the expenditure of endowment funds."

Description of Endowment Policies
We can spend up to 4 percent of the endowment interest based on a 3-year (12 Q) trailing average.
There are no expenditures. All earned income gets reinvested in the endowment fund.
For many years we took out up to \$75,000 of interest earned to support mini-grants to teachers and technology. Now we have a new policy allowing us to take out a small percentage of the non-donor designated funds, if needed.
Endowment income is spent in year earned. Endowment principal is only touched on a VERY rainy day (so far never)
\$10-\$20,000 voted by the board to be included in our operating budget each year.
For general fund use—no reduction in principal

Table 8 (con't.)

Select Responses When Asked to “Describe any policies related to the expenditure of endowment funds.”

Description of Endowment Policies
We cannot spend the principal, only the interest
No more than 4 percent is expended in any given year
Will not disperse funds until we reach \$250K.
We have a comprehensive endowment policy covering: structure and purpose of standing endowment committee, investment goals, payout rules, provisions for emergency use of corpus, distribution process
Governed through our endowment by-laws and investment policy
Any expenditures require two-thirds vote of the board and the policy is to keep the funds in unless we are facing a “financial emergency”
We have an 11-page Investment Policy that includes Investment Objectives for the Total Fund, Investment Goals, Asset Allocation, Foundation Spending Policy, Investment Manager Policy, Selection Criteria for Investment Managers, Termination Criteria for Investment Managers, etc.
We have a current policy that interest generated from our Endowment Fund will be accrued until our Endowment’s balance exceeds \$2 million.

Because of the economic crisis of the past year, respondents were also asked if their endowments had declined in value over the last year. Seventy-seven percent of those who reported having endowments also reported a loss in endowment value since

September 2008. The majority of those respondents reported the amount of the decrease to be between 15 and 30 percent. One organization reported losing 100 percent of its endowment during the same period.

Fundraising

The LEFs that responded to this survey reported utilizing a wide variety of fundraising strategies. Eighty-seven percent of respondents reported using special events to raise funds. More than two-thirds of respondents reported using direct mail campaigns to attract donors, 61 percent reported accessing corporate matching gifts, and 42 percent reported raising funds through grant writing.

Only one-third of respondents engage in internet fundraising, although, as previously mentioned, 91 percent reported having a website for their organization. Nearly one-quarter of LEFs surveyed participate in some kind of scrip² fundraising program. Even fewer organizations, 20 percent, have planned giving programs. Finally, 8 percent of the LEFs that responded to the survey reported generating income through related business ventures.

Although LEFs engage in a broad range of fundraising activities, Table 9 indicates the activities that generate the highest net income for the LEFs surveyed fall into just three categories: (a) special events, (b) direct mail campaigns, and (c) grant

² Scrip programs allow LEFs to earn a profit by selling gift cards or certificates for goods and services that the LEF has purchased in bulk at a discounted price. Other scrip programs allow the LEF to receive a small percentage of any purchase made at participating stores and businesses.

writing. Only one organization reported internet fundraising as netting the most income for its foundation.

Table 9

Fundraising Activity That Generates the Highest Net Income

Type of fundraising activity	Response Percent
Special events	43
Direct mail campaigns	28
Grant writing	11
Other	5
Planned giving	4
Scrip	2
Corporate matching gifts	2
Related business income	2
Internet fundraising	1

In an open-ended question, survey participants were asked to describe their organizations' most innovative fundraising programs. It was somewhat surprising to find quite a few respondents acknowledging they were not doing anything they considered to be particularly innovative. This comment from one respondent summed up what several of the others had to say on the topic: "We don't really have an 'innovative' fundraising program. We do what many education foundations do: We have special events that try to combine fundraising and community building teamed with seeking corporate philanthropy and foundation support." Another respondent said, "We have a Wine

Auction that is unique and innovative. But by far our annual appeal to parents, conducted through mail, one-on-one solicitation, phoning, and fliers is our most productive fundraiser. We haven't needed to get innovative to be successful."

Indeed, while many of the respondents mentioned hosting silent auctions and gala events to raise funds, there were several responses that stood out as innovative. For example, one respondent described an event called *Pledge Day* as an "exciting one-day event on election day. Each school is out [dressed] in red, white, and blue with pledge cards to be dropped off or picked up. We receive the bulk of our pledges on that day." Several innovative ideas were noted that involved raising funds from alumni. One LEF reported having a telethon broadcast live on the local cable television channel. Table 10 shows a few additional comments about innovative fundraising programs.

Table 10

Select Responses When Asked to “Describe your most innovative fundraising program.”

Description of Innovative Fundraising Activity
Spell-a-thon—each grade level has a list of 50 words, and students get pledges for spelling words correctly. There is essentially no overhead, very little time involved, and this year we raised \$10,000.
Our most innovative fundraising program, though definitely not our most lucrative, is a project we have with a local artist. This artist creates a very nice print which is sold locally and on his and our websites. After printing costs, all proceeds go to our art program.
Net proceeds from childcare business at nine elementary schools, which generates \$300K–\$400K per year.
Annual board giving
A new idea for us—an alumni campaign featuring “Everyday Heroes” that went through our K-8 schools
E-waste collection events held simultaneously with the City’s monthly clean up events.

Community Partnerships

As local nonprofits operating in distinct communities, LEFs are in a position to work with many other school- and community-based groups. In an attempt to better

understand these community partnerships, respondents were asked to report on the types of groups with whom they collaborate and to rate the extent to which the collaborative relationship had been effective in advancing the mission of their LEF. As Table 11 demonstrates, collaborative relationships with schools and districts were ranked as the most effective relationships. Relationships with local business and service clubs were considered somewhat effective. Relationships with other school foundations, booster groups, and school site councils were ranked as the least effective collaborations.

Table 11

Top Three Collaborative Relationships Ranked by Perceived Level of Effectiveness in Advancing the Organization's Mission

Collaborative Partner	Very Effective
The school district	60%
School administrators or teachers groups	53%
Local parent-teacher associations	39%
Collaborative Partner	Somewhat Effective
Local business community	60%
Local service clubs (Rotary, Lions Club, etc.)	57%
Local Chamber of Commerce	57%
Collaborative Partner	Not at all Effective
Other school foundations	47%
Booster groups	39%
School site councils	37%

More than two-thirds of survey respondents reported that school administrators and teachers were *very supportive* of the foundation and its activities. Slightly fewer respondents, 58 percent, reported that their local school boards were *very supportive*, yet 10 percent said local school boards were rated as being *not at all* supportive of the foundation and its activities.

Advocacy and Lobbying

In the final section of the survey, respondents were asked questions related to advocacy and lobbying. Survey participants were instructed to consider the topics of advocacy and lobbying as two separate functions. They were provided with the following definitions for each term:

- Advocacy involves identifying, embracing, and promoting an issue or cause. It aims to influence public policy at the federal, state, or local level and can include a wide range of activities.
- Lobbying is a form of advocacy that involves taking a position on a specific piece of legislation. (Salamon & Geller, 2008).

Based on these definitions, three times as many organizations reported they had engaged in advocacy than had engaged in lobbying over the last 12 months. It should be noted that, after responding to this question, a large number of survey respondents began to skip the remaining questions about advocacy and lobbying. Most respondents, however, did answer the last question about lobbying/advocacy; that question asked about reasons for not engaging in advocacy and lobbying. There are a number of possible explanations for this omission: The questions might have been confusing; survey

respondents might have begun to experience fatigue at the end of the survey; or respondents may have believed that their organization simply was not involved with advocacy or lobbying. The fact that many *did* respond to the last question in the section, which asked about reasons for not engaging in lobbying and advocacy, suggests that this final explanation may be the most viable.

The survey respondents who did not skip the questions in this section of the survey provided more detailed information about the advocacy and lobbying activities in which they have engaged. The lobbying activity most selected was *stimulated public to communicate with officials* (n=13). The most often reported advocacy activity was *distributed materials* (n=21).

As Table 12 shows, there were many reasons given for not engaging in advocacy. The primary reason reported was a lack of staff time or volunteer time. Only 14 percent indicated they were worried about violating laws and 13 percent were concerned about losing donors as a result of engaging in advocacy or lobbying activities. These findings suggest that LEFs would consider increased advocacy or lobbying activities if resources such as time and money were available.

Table 12

Reasons for Not Engaging in Advocacy or Lobbying

Reasons for not engaging in advocacy or lobbying	Response Percent
Lack of staff/volunteer time	55
Lack of funds to devote to advocacy or lobbying	28
Reluctant to get involved in politics	28
Lack of staff/volunteer skills	24
Lack of board knowledge or skills	22
Board opposition or reluctance to become involved	21
Public policy not relevant to our organization	18
Worried about violating laws	14
Concern about losing donors	13
Lack of relationships with public officials	8

Those respondents who reported engaging in lobbying were asked to describe the level of government where they targeted their lobbying activities. As Figure 13 shows, the respondents were least likely to lobby the federal government. This makes sense because the state, local city government, and local school board likely hold more financial and policy influence over the schools and districts served by those who responded to the survey.

Table 13

Responses to the Question, “At what level(s) of government do you target any or all of the following LOBBYING efforts? (Check all that apply.)”

	Federal	State	Local City Gov.	Local School Bd.
Legislation affecting our organization’s funding	0.0% (0)	46.2% (6)	23.1% (3)	46.2% (6)
Legislation that could affect those we serve	11.8% (2)	58.8% (10)	47.1% (8)	64.7% (11)
Legislation that could effect nonprofits generally	30.0% (3)	50.0% (5)	10.0% (1)	40.0% (4)
A specific earmark	44.4% (4)	55.6% (5)	33.3% (3)	66.7% (6)

Additional Statistical Analysis of Survey Results

Comparing small and large LEFs

To examine LEFs at a deeper level, the sample was divided into thirds by annual revenue. Doing so allowed for further analysis of responses based on size of the organization where revenue was used as a proxy for organizational size. This process created three categories that for purposes of this study were labeled as small LEFs (40 total LEFs with a mean revenue of \$34,728), mid-sized LEFs (38 total LEFs with a mean revenue of \$168,222, and large LEFs (39 total LEFs with a mean revenue of \$1,404,018). One way ANOVA compared the means of the three groups showed that the large LEFs were significantly different in terms of revenues, expenses, and assets at the .05

significance level from both the small and mid-size LEFs, which were not significantly different from one another.

Further descriptive analysis showed other differences too. Larger LEFs were more likely than small LEFs to be formed by parents and to serve entire school districts. The average number of board members in small LEFs was 9.65 and large LEFs averaged 22.34 board members. Large boards were more likely to comply with best practices of board governance in every measurable category (see Table 5). Smaller LEFs reported more difficulty in recruiting new board members. At the same time small LEFs were more likely than large LEFs to have standing committees such as finance, development, audit, and marketing than large LEFs. This could be due to the fact that all of the large LEFs reported having paid staff that could be taking on some of the committee roles that in smaller LEFs—where very few reported having paid staff—must be handled by volunteers through established committee structures.

In general large LEFs cited direct mail campaigns as the most effective fundraising tool while small LEFs raised the most money from special events. Large LEFs were more likely than small LEFs to have an endowment. The mean endowment value of small LEFs was \$35,975 and the mean endowment value of large LEFs was \$816,027.

Additionally, large LEFs were more likely to pay teacher salaries than were small LEFs.

Variables that may impact revenue generation

Regression analysis was used to identify variables that could potentially have an impact, either positively or negatively, on annual revenue. Two variables proved to be significant at the .05 confidence level (Appendix B). Specifically, those LEFs who reported having paid staff were positively associated with higher levels of annual

revenue. This finding is important for LEFs leaders who may be considering hiring paid staff to assist the organization. Additionally, the total number of board members was also positively associated with higher revenue. In this model each additional board member was associated with a \$41,525 increase in annual revenue.

Conclusion to the Chapter

The findings presented in this chapter underscore the wide variation in LEFs across several key constructs including LEF mission, organizational structure, board governance, fundraising and grantmaking processes, program delivery, advocacy and lobbying efforts, and community relationships. What the data shows is that although LEFs share a common mission, how that mission is operationalized and the extent to which the LEF is successful varies considerably. The differences become even more evident when comparing large LEFs to small LEFs.

CHAPTER FIVE

RESEARCH QUESTION 2: CASE STUDIES

To reiterate, this study seeks to move beyond merely characterizing aspects of the education foundations currently operating in California. This chapter, therefore, presents three mini case studies that are intended to add depth and context to the quantitative findings already offered. Originally the study was designed to include two cases of what may be considered typical LEFs and then to present the case of one atypical or outlier LEF. The three LEFs chosen were originally selected with these criteria in mind. The Carlsbad Educational Foundation and the Silicon Valley Education Foundation were initially identified to represent the typical education foundation. The organizational size, age, fundraising success, board attributes, and population demographics were used to initially classify them in the typical category. The Ravenswood Education Foundation was identified as atypical since it supports a low-income school district.

In reality, as the studies show, all three organizations studied poses both typical and atypical attributes. This is a primary finding, which supports the findings from the survey data gathered in the study. Although California LEFs may have similar missions and share some common organizational elements, LEFs vary widely in how they carry out their work, how they select projects and programs to fund, and in the student populations they serve. Thus, clearly delineating what is typical and atypical proves problematic.

However, what appears to be problematic for this research study is more likely an organizational strength for LEFs. Because LEFs are community-based organizations, they are, in part, a reflection of what communities want for their local public schools. No

one school district or community is exactly the same, and all face different challenges in their public schools. Thinking in these terms, it makes sense to expect that LEFs will, and should, differ from one another, because they may be pursuing different strategies to meet the unique challenges of their particular schools, districts, or communities. The mini case studies presented in this chapter provide evidence of this highly functional diversity.

Organization of Case Studies

Each case begins with descriptive and demographic information about the school district that is the case in point. Unless otherwise noted, all of the school-related data was obtained from the Educational Data Partnership website, which houses fiscal, demographic, and performance data on California's K-12 schools (Ed-Data, 2009). The data are supplied to the website by the California Department of Education.

There are a couple of caveats to the descriptive and demographic data worth noting. Because Ravenswood is an elementary school district, there are no data such as SAT scores or graduation rates provided for the Ravenswood case study. Also, because the Silicon Valley Education Foundation spans 33 school districts, the opening description for that case is much broader than it is for the other two case studies.

After the district descriptions, a brief description of the participants is provided. The remaining data for the case studies come from interviews and document analysis. A detailed discussion of the procedures employed in conducting the case studies is provided in detail in Chapter 3 of this dissertation. Here it should be sufficient to note the following: The LEF executive director and at least one school administrator and one foundation board member were interviewed for each case study. The interviews followed

an interview guide format (Patton, 2001) where each participant was asked the same questions. Some latitude was given to discuss other topics of interest when they emerged. All but three of the interviews were done in person and recorded. The case studies are organized around the interview questions, which became the categories initially used in the coding process and around which the cases were eventually constructed.

Finally, to systematically assess each of the three LEFs, participants were asked to evaluate the organization using a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis framework. The SWOT framework has been used as a tool in long-range and strategic planning since the 1960s (Hill & Westbrook, 1997). The purpose of a SWOT analysis is to help organizations reach their full potential by providing a framework for understanding the internal strengths and weaknesses of the organization and the opportunities and threats that exist in the external environment (Houben, Lenie, & Vanhoof, 1999). To help provide some level of continuity across the case studies, this framework was used as one of the interview questions. The results are provided in table format in each of the three case studies.

CASE STUDY 1

Description of the Carlsbad Unified School District

The Carlsbad Educational Foundation serves all schools in the Carlsbad Unified School District (CUSD). There are nine elementary schools, three middle schools, one high school, one alternative school, and one continuation school. These schools had a total enrollment of 10,741 in the 2008 school year.

White students make up 60.5 percent of enrollment. Hispanic students make up 22.6 percent and Asian students 5.7 percent. These percentages have remained relatively unchanged over the past decade. This demographic profile contrasts with the profile for San Diego County, where 44 percent of students are Hispanic, 34 percent are white, 7 percent are African American, and 5.4 percent are Asian.

Nine percent of the district's students are English language learners and their primary spoken language is Spanish. Nearly 20 percent of students qualify for free or reduced meals. Here again, Carlsbad Unified is unlike San Diego County as whole, where 24.7 percent of students are English language learners and 44.8 percent qualify for free or reduced meal prices.

Students in the Carlsbad Unified School District score well on the state's standardized tests, which make up California's Standardized Testing and Reporting (STAR) program. In 2008, 76.3 percent of CUSD students scored proficient or above in English/Language Arts and 71.8 percent scored proficient or above in math. In 2008, however, the district had not met *all* of the requirements for what the California Department of Education calls Adequate Yearly Progress (AYP). The district fell short in one area: English language learners failed to meet one of the annual measurable

objective targets in the English/language arts subject area. English language learners did meet their target goals in math. All other subgroups met all of the annual measurable objectives in the last year for which scores were available at the time this case was being prepared.

At the high school level, the average SAT score in 2008 was 1,649, which exceeded the county average of 1,537. Carlsbad Unified students also were less likely to drop out than their counterparts across San Diego County, and in 2008 more than 93 percent of Carlsbad High School students had passed the California High School Exit Exam.

There are 494 teachers in the district and one full-time equivalent teacher for every 22.7 students. Average class size across the district is 27.8 students, which is higher than the county average of 24.3 students per teacher. Nearly all of the teachers (97.6 percent) have full credentials. They have an average of 14 years' teaching experience and average 10 years of teaching in the district. Seven percent of the district's teachers have less than two years of experience. Eighty-five percent of the teachers are white and 7.7 percent are Hispanic.

In 2008, the district had general fund revenue of \$8,216 per pupil and expended \$7,782 per pupil, based on an average daily attendance of 10,479 students. Both of these amounts are below state average and the average amount expended by other unified school districts. It should be noted that in the 2009-2010 school year, Carlsbad Unified School District will become what is called a "Basic Aid" district. This means that per-pupil property tax revenue now exceeds the amount guaranteed to be provided by the state, which is called the per-pupil revenue limit. As a basic aid district, the CUSD will

now receive its general purpose funding from local property taxes rather than from the state (Ed-Data, 2009). Although the district has no control over the rise and fall of property tax dollars, this re-designation is expected to significantly improve the district's financial standing by generating more general purpose funding than it has traditionally received.

The Carlsbad Educational Foundation Organizational Overview

Since its inception in 1983, the Carlsbad Educational Foundation (CEF) has provided more than \$4 million in facility fees and direct grants to the Carlsbad Unified School District. As stated on the foundation's website, "The Mission of the Carlsbad Educational Foundation is to support the education of every child in the Carlsbad Unified School District by developing, conducting, and financing innovative and quality programs and projects" (Carlsbad Educational Foundation, 2009).

CEF currently raises money primarily through special events such as a golf tournament and an event called Celebrate Carlsbad Day. The foundation generates the bulk of its income through Kids' Care, a fee based before- and after-school childcare program for parents of students in the district. The childcare takes place at elementary school sites. A new strategic plan, which is discussed in greater detail later in the case study, aims to further diversify funding sources.

There are currently 13 board members and a staff of 60 employees. The foundation staff is led by a full-time CEO. CEF also employs an 80 percent full-time employment (FTE) development director and a full-time director for Kids' Care, as well as a full-time administrative assistant and a staff accountant also at 80 percent FTE. The

remaining paid employees work directly in the Kids' Care business providing childcare services; nine of these employees are full-time and the rest are employed part-time.

Organizational history. The Carlsbad Educational Foundation was formed in 1983 by a group of concerned community members, parents, and local business leaders. Initially, the foundation was formed to provide support to the library at Carlsbad High School. At the time, the high school was in danger of “losing its accreditation because their library was so poor,” said one person who was interviewed. Over a period of years, various fundraisers were held to improve the library.

In the early 1990s, the district approached CEF and asked it to consider taking over the before- and after-school childcare programs. The district wanted a licensed program but, as one board member put it, “they did not want to be involved in the childcare business themselves.” CEF created a related business called Kids' Care, which was designed to provide licensed childcare and generate income for CEF. It hired an outside child care provider called Schools Out to run the program on its behalf, and both parties split the profits equally. The money taken in during this time continued to be directed by CEF to the high school library. But because most of the money raised was coming from elementary school sites, the board eventually decided to expand foundation-giving to all schools in the district.

At this juncture in its history, CEF faced a dilemma. Since almost all of its income was being generated by a for-profit entity, the organization was constantly in jeopardy of losing its tax-exempt status. The organization realized that it needed to increase its philanthropic income to balance the revenue generated by the for-profit after-

school program. However, the board felt CEF needed to focus its fundraising campaign around a concrete and specific goal.

In the mid-1990s, the CEF board met with school officials and found that there was a strong desire for computer labs at each school site. CEF launched its first signature fundraising campaign, *Kids Are Worth A Million*, which was designed to raise \$1 million in support of technology efforts at Carlsbad Unified School District. A board member described the effort like this: “It took off. It just captured people’s imaginations. We were able to stand up and say to people ‘California is the fifth largest economy in the world and your kids are playing basically video games on their school computers.’” The message resonated with the community, and during the campaign CEF forged several important corporate and community partnerships. Over a number of years, CEF met its goal and raised a million dollars to put state-of-the-art technology in district schools.

Eventually new schools were built that came equipped with computers and labs, so the focus on giving expanded to other areas such as books and music. At this point, according to one board member, “It felt like we lost our focus.”

Moving in a new direction. With the foundation focused on funding what a number of interviewees referred to as *stuff*—i.e., a wide range of things that teachers and school administrators asked for—it became increasingly difficult to measure the impact of the foundation. Each person interviewed described this lack of targeted or focused funding as detrimental to the growth of the foundation. The district superintendent described the situation like this:

Teachers were always asking for money for things. What I saw as strength, and the [CEF] board president agreed with me, was about something I described as a

Kleenex issue. We are not strategic in how we spend that [the foundation's] money so we are not getting the bang for the buck. If we were, then you could turn to another philanthropist and say these people put \$5,000 towards this and they got XYZ, versus we wiped their noses with the Kleenex you bought.

A board member said, "For many years we would only fund stuff. We never wanted to fund people. We never wanted to be responsible if we had a bad year. We didn't want to be the bad guys who took away the beloved teacher." However, it was becoming clear to board leaders that if they wanted to grow the foundation, a change in direction was needed. In 2006 and 2007 the board began to change its strategic focus.

Board members began to understand the downside of responding to ad hoc requests for "stuff," though they did not act on this insight immediately. Rather, they focused on professionalizing what some interviewees characterized as a "mom and pop organization." As a result of some outside consulting and internal discussion, for example, the board decided to hire a Chief Executive Officer (CEO) and to focus on searching out new revenue streams. The foundation's new CEO was hired in February of 2008. He described the intention and direction of the board at this time as "an effort to move the organization forward in terms of strategic planning, diversification of fundraising, and growing the work that we do and increasing our community presence."

Throughout 2008 the board and staff engaged in long-range strategic planning. During his interview the CEO provided a succinct summary of the final plan. He said, "Four things matter at the end of the day that we've agreed are the front burner things that should be driving all of our work." Those items were:

1. Identify and fund high-quality district-wide programs that make a difference in the lives of kids and move the needle forward on their education.
2. Raise significantly more money from diversified and sustainable means.
3. Get the word out a whole lot better so that donors and others understand why there is a need and do more proactive marketing and branding.
4. Make sure that the actual nonprofit infrastructure itself is as strong as it needs to be to succeed in 1, 2, and 3.

It was evident from all of the interviews that there was a lot of thought and consideration put into the process, which involved changing some long-held beliefs and organizational practices. The most noteworthy shift was a decision to fund programming. This meant that for the first time the foundation would be funding a program by paying the salary of the teachers involved. A board member described the thought process this way: “We decided that 80-some percent of a school district’s budget are people, and maybe we were missing the boat by not funding people or not funding programs.” Therefore, in 2009 the board made the decision to fund a music program at all nine elementary schools in the district.

Another board member provided additional insight about the thinking that led to the decision to support programs and personnel:

We were talking about fundraising, and we decided we needed a product to sell.

You are talking to large corporations who have a lot of demands on their foundations and corporate giving; they need to see a connection; we need to talk their language. If we can show them this is what we have done and there is a

value to you for us to continue to do it, whether it's to your business or your industry or what you believe in, that's important.

This change in strategy marks a change in the vision and thinking of the board. One long-serving board member described how her own thinking had changed over time:

For many years we were reluctant to fund in-service trainings [professional development for teachers] or continuing education because there is no guarantee that when you train a teacher they are going to stay in the district. Although I felt that way for many years, the more I thought about it, schools are a people business, and if you are not going to fund your people there really is nothing else left.

The other board member interviewed described this major change in focus as a "leap of faith": "There was a lot of discussion amongst the board about this move . . . it's a risk. Everyone felt it was time, that we should go for it, and there was a lot of energy behind it."

As this case study was written, both the composition of the board of directors and its focus were changing, primarily as a result of the strategic planning process and the new strategies that process produced. One board member, for instance, said: "Our board is changing; when I first came on the board in the 1990s, it was primarily parents, school district employees and housewives." One obvious change is the absence of district employees on the current board. To be sure, there is still a district liaison; the liaison, however, serves only as an ex officio member and does not have the power to vote.

Another board member commented on the shift in board orientation: "When I first came on [the board], it was clearly a working board with a small staff. The board is

learning and transitioning to a governing board but there is still, I would say, at least a year if not more of being in the middle.” When asked what a more professional board would mean to the organization, the respondent said, “That means that the members will bring their professional contacts and provide the ability to tap in to corporate donations and also to other foundations that support education.”

The CEO echoed the thoughts above about the board’s changing composition and role. “We are pursuing strategic recruitment and identification of people who have what we need to grow the organization,” he said. “We are looking for fearless fundraisers and expanding the corporate representation and the leadership and management experience of the board members.”

One interviewee described the current situation as a common conundrum related to nonprofit boards. She said:

We are now looking out into the community for business or corporate-type people, which I have mixed feelings about, because they are not always the people who are willing or able to provide the most volunteer time. We need the business expertise of those people, but they’re busy, so we run into a real jam of finding people who don’t have time to be the president or work on community day, but yet we need their expertise.

Relationship with the school district. CEF currently enjoys a positive working relationship with the school district. All those who were interviewed seemed to understand the respective roles that each group is intended to play. It was acknowledged that there may be some lingering feelings related to favoritism in past funding practices.

Since the hiring of the new CEO, however, both the district and the foundation have made great strides to improve communication and increase transparency.

The CEO said:

We wanted to crack the ed foundation open to the extent that we could and make it as participatory as we could so that it was transparent and that constituents could give their input and help build some of the outcomes. So, we didn't have this black hole of "what's the ed foundation going to next?" No, we are going to tell you every time we can where we are going and what we see on down the line. I think this has led to a greater feeling of trust and respect that people have appreciated so far.

It was interesting that both district and foundation representatives felt the need for an even greater understanding of each other as two separate groups with similar missions. A board member described the situation this way:

I think we need to make sure that the district sees us as a peer or an equal and not just as someone who is there when they run into trouble. We have to establish ourselves as just as big an entity with the district as they are with us and drive our train on a parallel track with them but not share the track.

Similarly, the superintendent said:

The ideal relationship would be one where the school board, district, and staff were seen as competent professionals and who have a focus. . . . We together as two different organizations develop a plan on how we can get more of what a community would want its schools to have and who would pay for it. What do

we agree is good, what do they agree is good? That kind of open and focused dialog is ideal.

Acknowledging that the school district does the very best it can, a different board member gave this very visual description of the different spaces in which the two groups operate:

School districts are big, they're slow, they can be cumbersome and can't really react. I think ed foundations are in a unique position to constantly be scanning the marketplace and the future, doing research, figuring out what the next best thing is and being able to react and adapt.

What people in the larger community think about the foundation. There was strong consensus across all interviewees that, despite the foundation's relatively long, 26-year history, the community just now is becoming aware of the foundation and its work. A lot of comments focused around the need for a consistent message. What public relations professionals characterize as *branding* also seems important. In the past, the foundation has been known in the community as Kids Are Worth A Million, Kids' Care, and The Carlsbad Educational Foundation. These different labels, coupled with the fact that there are other LEFs operating at single school sites within the district, has been confusing to the public. One board member commented, "We need to do a better job of being consistent with our message. I think when we start funding the music program we will be standing for something that everyone is going to know about."

They also expressed a desire to be seen as the leaders in the community on the issue of education. One board member described the goal like this:

I don't think we are seen as a major player yet. I say that because we have not been out there on a broad scale. We have been behind the scenes for so many years, and it takes a while to build that reputation and that is going to happen when our strategic programs are successful and when our funding grows and our funding sources are broader. Then we establish the credibility with the city, the chamber of commerce, and others. People should look to us for leadership on education.

Currently CEF is highly focused on building bridges with the community, but everyone recognizes this bridge-building process as work-in-progress. Foundation staff members now have membership in both the Kiwanis and Rotary clubs and serve on chamber of commerce committees. They have been making presentations about CEF to community groups over the past year and seek to make further inroads with the local corporations. The CEO explained:

This is all good, but there are still a huge number of people that do not know a darn thing about the Carlsbad Educational Foundation. We have the opportunity to educate people not just about who we are. If kids have everything they need, who really cares if there is an ed foundation? It's because kids don't have everything they need that our role matters.

Equity. In the past the foundation has been focused more on the merit of a funding option than on the issue of equalizing its grantmaking across schools. Under the new strategic plan, the orientation is changing somewhat. However, the decision to spread out funds across all of the district schools appears to have less to do with equity

concerns than with a desire to be seen as having a district-wide impact. One board member articulated the board's motives as follows:

Our new strategy is to provide programs to schools, for everyone to get a shot at. This year it is music for K-5. Every class every school is getting 45 minutes of music per week. If every kid in this district is affected by something that the ed foundation has done, then every parent in the district has an interest in the ed foundation being successful. I am not sure we did it with the thought of equity per se, but we were looking for district-wide impact.

Equity concerns were not completely absent in the decision to fund a district-wide music program, however. The CEO explained:

Part of the reason we started the program at the elementary level was because of the amount of discrepancy and diversity in terms of access to music as a core part of public education in Carlsbad Unified. Across the district we had everything, from nothing, literally no music, up to fully fledged pretty good vocal and instrumental music instruction. The goal in this program was to equalize that. So, no matter what elementary school you go to the ed foundation is helping to support every student having access to music as a core part of public education.

Advocacy and lobbying. CEF does not involve itself in advocacy and lobbying to any great degree. One board member said, "I am not sure that the problems in Sacramento are not so intractable that our time might be better spent working outside the system and trying to make it better." There also seems to be some uncertainty at the board level about the legalities of such activity. A board member said, "I am not sure that our 501(c)(3) allows us to be engaged in political action, so we just never have."

There also seems to be a reluctance to “come down on the wrong side of the issue,” as one board member put it. In addition, the political views even on the board vary from member to member. The CEO explained: “If we start getting too much into things where there is strong disagreement along political lines, then we run the risk of alienating donors or donor prospects.”

One final note about advocacy: During the California deficit crisis in spring 2008, CEF did put links on their website that encouraged parents to contact their legislators. This action was taken as a result of a request by district administrators who believed the CCEF website to be a more appropriate place for such materials than the district’s own website.

Measuring success. When asked how the organization measures success, several different dimensions of success were discussed. The answers are presented as full quotations in Table 14.

Table 14

Responses to the Question, "How does your organization measure success?"

Interviewee	Response
Board Member	Initially it was the amount of money raised. Now I also think about quality of programs, number of kids served. Do people know who the Carlsbad Educational Foundation is? Do we have a good presence in the community? Are we making an impact?
Board Member	Our success hinges on the execution of our strategic plan. It is an ambitious strategic plan, and the only way we will execute it is to generate the income needed to do it. We have to grow our donations and foundation income as well as identify other business revenue streams.
CEO	We have gross metrics that we use right now and the refined metrics we want to use in the future. The gross metrics right now are probably how many nonprofits measure success to some degree—are we able to leverage sufficient funding to fund great programs that make a difference in the lives of kids? Are we able to bring the resources to the table that are new and sizeable and sufficient to do that? So generally, are we making good relative to the budget in terms of raising enough dollars and diversifying funding sources? Are we identifying the programs where there is a perceived need or gap that we can support and are we educating

Table 14 (continued)

Responses to the Question, “How does your organization measure success?”

Interviewee	Response
CEO	<p>the community along the way?</p> <p>Longer term, what we want to be moving into is to be able to do some outcomes measurement relative to the programs we are funding. We want to be able to do more than just count the beans. We want to be able to say “we are funding these four programs, and the difference those four programs make in the lives of students are A, B, and C.” That’s the goal but we are just selecting those programs now.</p>

Understanding the Internal and External Operating Environment:

A Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis

Organizational Strengths and Weaknesses

When asked to think about CEF from an internal perspective, respondents expressed agreement in several key areas: a long history, a successful Kids’ Care program, committed volunteers and leaders, and a willingness to look at issues from a long-range perspective were mentioned commonly as strengths of the organizations. On the weaknesses side, all who were interviewed acknowledged that the foundation needs to do a better job of branding and distinguishing itself from other fundraising groups. The current state of the economy has negatively impacted fundraising efforts. Board and

staff development were mentioned in this category, although people saw this also as an opportunity. For comparative purposes, exact comments are summarized in Table 15.

Table 15

Interviewees' Responses When Asked, "Please assess the strengths and weaknesses of the organization."

Respondent	Strengths	Weaknesses
Board Member	Our childcare program. We have an opportunity to provide a service to the kids and parents in our community that gives the foundation a steady stream of income for the district. We can build on this program. We could do enrichment programs or provide summer school for a fee. We are not bound by the same rules as the district.	
Board Member	Founders still involved. Developing a strong staff infrastructure. Committed volunteers. Need to develop a new crop.	CEF is not known enough yet. Need to strengthen board. We need to make sure we have a good mix of talents on the board. We definitely need a lawyer and another financial

Table 15 (continued)

Interviewees' Responses When Asked, "Please assess the strengths and weaknesses of the organization."

Respondent	Strengths	Weaknesses
Board Member		person. Still need to develop staff under the new CEO; they do not have as much nonprofit experience.
CEO	A 26-year history, some recognition. A growing and evolving board that is starting to reflect the actual business and leadership in the community. Good fundraising track record. Sustainability through our Kids' Care. A new and talented staff. That team and the strategic plan that will guide our evolution are huge strengths.	A plan is still not success. So although we have a wonderful plan, we still have progress to make. It has been a tough year in terms of fundraising. Also, recognition. We have used many names in the past but we are now completely The Carlsbad Educational Foundation where kids are worth a million.

Table 15 (continued)

Interviewees' Responses When Asked, "Please assess the strengths and weaknesses of the organization."

Respondent	Strengths	Weaknesses
Superintendent	<p>Long-range planning, willingness to act, hired a good CEO and key staff in development and Kids' Care. A lot of this is about relationships. They have an everyday person now working for them to fundraise. An ongoing stream of income from Kids' Care. Running our daycare is a benefit to the foundation and to the district. I don't have to hire any of those employees, I don't have to deal with their unions, and somebody else handles the licensing. I don't have to do these things, yet my community is served right on my school site. A board that engaged in strategic planning.</p>	<p>General economy is a problem. When the board engaged in day-to-day management [of the foundation]. The existences of other foundations. This was encouraged by principals to maybe maintain some control over decision-making. The size of the board keeps the CEO really busy with individuals.</p>

Opportunities and Threats in the Larger Environment

There was a sense from all who were interviewed that the opportunities for CEF were, as one board member put it, “endless.” It was generally acknowledged that CEF has innumerable opportunities to diversify its fundraising activities, including grant writing, and to develop new fees for service programs. CEF is also poised to be seen a key community leader in the education arena.

In general, the economy and the state budget crisis were viewed as potential threats. Failing to provide sustainable programs was also mentioned as a threat. For instance, those who were interviewed realized that should CEF be unable to deliver on a promise to the public, it could be devastating to the organization. Finally, the reputation of the organization is tied directly to the school district, and while this is currently not a problem, it was acknowledged as a potential threat. For example, if the public is unhappy with the district or the school board, it will likely have a negative impact on CEF’s ability to raise funds. Direct quotations from this section of the interviews are set forth in Table 16.

Table 16

Interviewee's Responses When Asked, "Please assess the opportunities you believe are available to your organization and any external threats that your organization may be facing."

Respondent	Opportunities	Threats
Board Member	<p>Are endless. It is only failure of imagination that will keep you from thinking about what your opportunities are. I firmly believe ed foundations have an opportunity to be leaders in the education community. School districts are confined by state laws, by rules, by money, by the fact that they have to take everybody, by a lot of things. The school district does the best they can but it's like they have both hands tied behind their back while on crutches. Foundations on the other hand can do whatever the heck they want, as long as it is legal. We are in a unique position to lead not only the school district but the community in doing a</p>	<p>The economy. When you are a nonprofit if the district has a bad reputation or people are mad at the district it can reflect on the foundation. It can be a problem and an opportunity. The state budget.</p>

Table 16 (continued)

Interviewee's Responses When Asked, "Please assess the opportunities you believe are available to your organization and any external threats that your organization may be facing."

Respondent	Opportunities	Threats
Board	better job at education. Let's start	
Member	thinking of new ways to do the same old thing.	
Board	It's critical that we tap into grant	Other foundations in
Member	writing. More money will go to the bottom line. We're just starting. If we do it right the potential opportunities are there, big time. We have to make sure we do it right this first year. Quite frankly if you have these programs that are system wide and successful and you get them institutionalized then your funding streams, I think, become more reliable because they have seen the product.	Carlsbad. Other school foundations. I would like to have the energy that goes into individual endeavors go into the district based foundation. You might have higher income families that may only be interested in their school and not care about others in the district. It is almost a North-South divide. The state budget is a problem.

Table 16 (continued)

Interviewee's Responses When Asked, "Please assess the opportunities you believe are available to your organization and any external threats that your organization may be facing."

Respondent	Opportunities	Threats
CEO	<p>All of the capacity and infrastructure is there; making good on that promise becomes the opportunity. To truly diversify fundraising, to engage the board more meaningfully to open those doors, for staff to work at full capacity. I see working with other local ed foundations and PTAs as an opportunity for collaboration and cross-communication and defining our roles complementary rather than in opposition to each other. I think we have done a really good job of that. State shortfall puts us into crisis and builds momentum for fundraising, but that is short-term.</p>	<p>Failing to raise sufficient funds, getting too far ahead of yourself in declaring these new impact areas, committing to something that requires sustainability. Those funding areas have moved us from funding "stuff to funding programs" and programs entail staff. When you start in that direction you are making an implicit promise to the community and if you start to fall short you have a credibility problem.</p> <p>Getting Basic Aid Status</p>

Table 16 (continued)

Interviewee's Responses When Asked, "Please assess the opportunities you believe are available to your organization and any external threats that your organization may be facing."

Respondent	Opportunities	Threats
CEO		<p>has protected us from the current crisis somewhat.</p> <p>However, major things change our ability to do these impact areas and this sustainability funding for programs that make a difference could be intrinsically challenged. That would be a hard shift.</p>
Superintendent	<p>Being in Carlsbad itself. It's a very supportive community, they're very interested in education. Most of the adults in Carlsbad are educated so they see the value of education and it's getting more upscale. The development of the corporate</p>	<p>One threat, that is actually a good thing, is that we became a basic aid district. Long term that will be very good for the district. We could have a parcel tax at some point</p>

Table 16 (continued)

Interviewee's Responses When Asked, "Please assess the opportunities you believe are available to your organization and any external threats that your organization may be facing."

Respondent	Opportunities	Threats
Superintendent	structure is an added potential for an ed foundation. There are just enough new science companies and other who want to do good things and be involved. Having an onboard CEO working those relationships means I don't have to or we can do it together.	that passes. Those two things would make it harder to convince the local homeowner about their need to donate. However, it's not like we are ever going to satisfy the parents of children on what we have available to offer. Another threat is the individual egos at both sites if we don't work together or one of us is replaced by someone who feels threatened by the other group. The ongoing concern that the district could have a

Table 16 (continued)

Interviewee's Responses When Asked, "Please assess the opportunities you believe are available to your organization and any external threats that your organization may be facing."

Respondent	Opportunities	Threats
Superintendent		<p>scandal that would reflect badly on the foundation.</p> <p>The reputation of the district can be a strength or a weakness. It's one newspaper headline away at all times.</p>

Looking Forward

With its formal strategic plan in place, CEF has a clear direction for the future. The board members and CEO all felt strongly that they needed to deliver on the plan and meet its objectives in order to be successful. One board member said, "I think we are three to four years away from where we want to be."

All who were interviewed agreed that CEF's future would include developing more revenue streams for the foundation. One board member, for example, said, "I am a proponent of looking at the school district and looking for the kinds of businesses that maybe they have trouble operating. Maybe it's food service, maybe it's summer school."

The same board member also commented on the importance of keeping the current Kids' Care program strong and viable.

The superintendent concurred with this thinking about the future, but cautioned, "The key is not heading off into businesses that are not related to their mission. If branded appropriately, [however,] they [CEF] could carry their programs outside of Carlsbad."

There was also consensus across interviewees that continuity of staff, board, and district leadership is important to the future success of CEF. One of the board members explained that it is important to "get people involved and engaged" but echoed another commonly expressed sentiment: "We cannot do that until we become seen as *the* leader in the community on education."

CASE STUDY 2

Description of the Ravenswood City Elementary School District

The Ravenswood Education Foundation (REF) serves seven public elementary and middle schools and one child development center in the Ravenswood City School District. These schools are located in East Palo Alto, California in the county of San Mateo and draw students from neighborhoods in East Palo Alto and East Menlo Park. Student enrollment at schools served by REF is approximately 3,900. There is a high turnover in enrollment in the district, with approximately 30 percent of students classified as new enrollments each year.

The ethnic composition of the district is 77 percent Hispanic, 13 percent African American, and 8 percent Pacific Islander. This represents a shift in student demographics

across the district over the last decade, with the percentage of African American students declining steadily and the percentage of Hispanic students increasing steadily.

Sixty percent of the students are classified as English language learners, with more than half speaking Spanish as their primary language. Seventy-nine percent of students qualify for free or reduced meal prices, which is often used as a proxy measure of poverty in schools.

The demographics of Ravenswood contrast sharply with neighboring school districts. For example, on average the composition of San Mateo County schools is 34 percent Hispanic and 32 percent white. Additionally, county-wide, 23 percent of students are English language learners, and 31 percent qualify for free and reduced lunch.

Student achievement in Ravenswood is below state and national standards. The district has not met annual measurable objectives in any of the sub-group categories as established by the California Department of Education. On the 2008 California Standards Tests, 27.2 percent of Ravenswood students scored proficient or above in English/language arts and 34.8 percent scored proficient or above in math. Although low, these numbers do represent a steady increase since 2002, when only 14.6 percent of students tested proficient or above in English/language arts and 20.5 percent tested proficient or above in math in annual STAR testing. Interestingly, the largest annual test score gains in both English/language arts and math were made between the 2008 and 2009 school year, with increases of 5.5 percent and 6.5 percent, respectively.

The number of fully credentialed teachers in the district, 86.5 percent, is below the state average of 95 percent. This number has climbed steadily, however, from a low of 43 percent in 2003. Unlike other positive upward trends in the district, average years

of teaching experience have declined steadily since 2003. On average, teachers in the district have 7.5 years of teaching experience and have taught in the district an average of 5.2 years. One quarter of all teachers in 2008 were first-year teachers and one-third had less than two years of teaching experience.

Unlike the profile of San Mateo County as a whole, the Ravenswood District has ethnically diverse teachers: Nearly 60 percent are white, but 19 percent are Hispanic and 11 percent African American. Average teacher pay in the district is \$58,926, compared to a statewide average of \$65,265.

The Ravenswood District had total per-pupil revenue of \$13,362 and total per-pupil expenses of \$12,981. These numbers exceed the state average and the average for other elementary school districts by a wide margin. The greater revenues and expenditures are at least partially attributable to the fact that Ravenswood is the only district in California that practices full inclusion. As a result of a class action lawsuit in 1996, the district has fully integrated all special education students into general education classrooms (Ravenswood, 2009). It also appears that per-pupil revenue and expense numbers may be inflated somewhat by a low average daily attendance (ADA) of 2,678. The district's total reported enrollment for the entire school year, by contrast, was 4,936. Since per-pupil revenue and expenses are calculated using ADA as the denominator, the district's per-pupil revenue and expenditure numbers almost certainly are influenced by the district's transient student population and student attendance problems.

The Ravenswood Educational Foundation

Organizational Overview

Ravenswood Education Foundation (REF) was founded in 2007 by community members who actually resided outside of the school district. These were people who live in the general area and had been doing some projects in the district such as building remodeling projects, teacher appreciation projects, and other small-scale initiatives. These “outsiders” had become familiar with education foundation fundraising in the wealthier school districts of Menlo Park and Palo Alto, in which they often resided, and wanted to start something similar in the low-income area of East Palo Alto. They eventually formed a 501(c)(3) organization and became the organization’s founding board of directors. Despite their outsider status, one board member commented, “We have been received well by the community.”

The 20-member board is headed by an executive team, which consists of the board president, vice president, secretary, treasurer, and executive director. The superintendent, one school principal, a school board member, and the head of the local teacher’s union are *ex-officio* members of the board who do not vote. Currently, there are no parents of Ravenswood students on the board. “This is an all-volunteer working board,” explained the executive director. “So when you are on the board, you are really there to take on a role.” REF is also guided by an advisory board of eight additional professionals with extensive expertise in education, business, and nonprofit organizations.

Since REF is a relatively new organization, the board is just now formalizing processes such as board recruitment and some operating procedures. The original

founders saw the organization “morph into something else,” said the executive director. “It was good for them to be here, but now it [running the foundation] requires some real education expertise.” They found they needed an attorney and other professional expertise on the board. REF does have formal board term limits written into their bylaws, which, after the current members complete their three-year terms, will make it possible to consciously change the composition of the board over a number of years.

There are several board committees (which the executive director refers to as “teams”) in place, including finance, stewardship, communications, and a team that helps with community engagement. Board members have a wide array of expertise. For example, one member who is a Stanford Ph.D. has a background in data collection and research. This person helped create an evaluation tool box to measure the effectiveness of REF’s initiatives. “Really the talent level is remarkable,” added the executive director.

Currently the full-time executive director is the only paid staff member at the foundation. REF hired the executive director just weeks after receiving its 501(c)(3) tax exempt status from the IRS in 2007. The executive director explained:

They [the board] had been meeting for over a year talking about what needed to get done, what were the legal things they needed to get in place. They had done a lot of that real ground work in sort of forming the concept, and then I came on as executive director.

So far, salary for the executive director has been raised privately so that donors may be assured that their donations go straight to programming and not to overhead. That position was intended to bring coordination to the efforts of the foundation and to

increase the effectiveness of the board by no longer requiring its members to be involved in day-to-day operations.

The bulk of the funds raised by the foundation thus far has come from private sources, primarily individuals and smaller foundations. The executive director explained his initial fundraising strategies this way: “I felt like I would rather wait on the larger donors so that I could go to them and show them that we have something in place, rather than getting a one-time smaller gift from them.” He elaborated further:

I remember telling the board a month or two after I came on, if you look at good nonprofits, they can identify from early on 300-500 core believers—people that say “This is my thing.” I said I thought that ought to be our approach [initially]. We ought to be under the radar, instead of trying to be a big splash. We should under-promise and over-deliver.

The First 18 Months: A Strategy Emerges

REF’s mission statement is found on its website. It states:

The mission of the Ravenswood Education Foundation (REF) is to raise funds for essential programs and personnel to ensure quality schools, teachers and programs for the students of the Ravenswood City School District. We work with the district to rally the local community and surrounding supporters around student achievement (2009).

As the statement indicates, REF’s ultimate goal is to impact student achievement. To meet this goal, the website indicates, the organization created three strategic priorities to serve as their tactical roadmap:

- 1) Projects that create *engagement*

2) Partnerships that support *sustainability*

3) Initiatives that promote *achievement*

Projects. In its start-up year, REF had a goal to engage people who wanted to connect with Ravenswood schools beyond just writing a check. They accomplished this through community- wide projects, usually focused on improving the physical plant of a school or schools. The executive director described projects as a way to “create engagement with both sides of the community, both sides of the 101 freeway.” This statement is an interesting acknowledgment of the mental and physical divide that exists between the communities of East Palo Alto and the wealthy neighboring communities of Palo Alto and Menlo Park, a divide that REF aims to bridge through its projects. The executive director explained further:

The project piece creates engagement. A big issue is trust on both sides of the freeway. So, we have been doing these projects, after the model of the extreme makeover show. We have literally had like over 400 community people and Stanford students remodeling a whole school. They worked on a charter school that had lost its charter. We took it over, and it was a mess, it was a disaster. This was in July, and the school had to open in a month. The school district got it functional; they were great. The maintenance guys and the custodians got it working. Then in November we did a major project. Second Mile spearheaded it. That was the *partner* that helped remodel the school and got everybody involved. We painted, cleaned, upgraded staff lounge and offices. That was 400 volunteers. Lots of people want to connect in that way. And that happens all year long; since I’ve been on I think we have done at least 12 of these kinds of projects.

These projects have had a lasting impact on the staff and students in the Ravenswood district, according to respondents. The principal for one school site commented on the remodeling of dilapidated staff lounges: “It made us feel like professionals. It helps us to maintain an expectation of excellence that carries over to the students.”

Partners. As the same principal explained, “There have always been people who have wanted to help Ravenswood schools, but REF helps to coordinate all the efforts.” REF accomplishes this by creating partnerships with any willing individual or outside group such as businesses, churches, other schools and other nonprofit agencies. REF serves as the conduit between these groups and the district.

For example, two women approached the executive director and said they wanted to help out in classrooms. The executive director took their request to the head of the local teacher union and asked them how an “army of volunteers” might help in the classroom. Next, the executive director and the head of the teacher union drafted a model that spelled out the sort of help volunteers could provide and went back to the volunteers and said, “If you could do these things it would be helpful.”

The volunteers came up with a program called *Adopt a Grade*. One person is the room parent and that person provides at least two additional people to volunteer in the classroom an hour a week. (This is something of an unusual model in that the room parent is not actually a parent of a student in the class.) Next, these partners put together a group of what they call *angels* to respond to teacher requests for things like supplies or materials for the classroom. One of the angels picks up the requested item(s) and then it (they) gets delivered to those classes. So far, 11 classes have been adopted.

The executive director believes this is a scalable and replicable program. When asked to evaluate the program after the first year, he said:

I think they have honed in on what it is they can provide and what it is they cannot provide. There are so many needs. Any time you get people with means connecting with a school that has been starved for resources, it was like “Can you get us everything?” and now they [the angels] have honed in on what they can do and what they don’t do.

As this last quotation underscores, Ravenswood has found itself faced with a dilemma common to most LEFs: The needs of schools can be endless, yet there are often requests or proposals to provide items that should be covered by the state budget. Last spring, for example, the district informed REF that the amount of money available for resources, such as paper, glue sticks, and pens, was going to be cut drastically. Rather than solve that problem with dollars (which REF did not, in fact, do), the executive director saw the problem as a good way to engage partners with the district and educate partners in the process. He said, “In the wealthier communities, schools just expect the parents to send in supplies. These families just do not have those resources.” Then the executive director gave this hypothetical example of how he might tackle such a problem with a project-oriented strategy:

Sacred Heart High School may want to do a service learning project. What they could do is make resource kits for teachers containing all these school supplies. It would not be as effective if I said, “Can you give us \$10,000 for resource kits?” But I can get these high school students to build the kits and each class adopts a class or school. In that process I can educate them [the high school students] on

why we have underserved students. So the real benefit to me is I get to educate that side of the community on the needs over here. It's not using foundation dollars; we are not just giving general foundation funds towards the district's general budget.

Initiatives. REF strategically develops its initiatives through collaboration. An executive team from REF meets with the superintendent and other stakeholders like the teacher union and the assistant superintendent for curriculum and instruction to make decisions about priorities. The executive director explained, "Working with the school district, we identify areas that we believe the district is unable to fund and will directly effect student achievement." Initiatives are often piloted before implementation across schools.

One current initiative is focused on increasing the amount of instructional time for students. REF has accomplished this by supporting an extended school day for middle school students, thus allowing for additional instructional time in English, math, science, and social studies. REF also extends instructional time by extending the school year through its summer academy.

Another initiative is teacher support and professional development. At the time this case was written, REF was working with the teacher union to come up with *standards of excellence* for district teachers. Realizing that trying to put standards in place from the outside may generate a negative reaction, the foundation has worked with the union to accomplish the task together. The executive director commented:

If I can help empower the union to get those standards in place and then the foundation says how would you like to reward those teachers that achieve, *your*

standards that *you've come up* with that say they are excellent teachers . . . Master level teachers? . . . then we [REF] want to support that. We believe that no such model currently exists within other teacher unions.

Another key REF initiative is eighth grade transition to high school. It is a core philosophy of the foundation that the graduates of this elementary district must be successful in high school. Last summer, the transition initiative provided all of the Ravenswood eighth grade graduates with their summer reading books. REF pulled together the suggested summer reading lists from the four local high schools that Ravenswood students attend after elementary school and purchased and distributed the books. “We didn’t want any kid to say, ‘I didn’t get the book or I did not know,’” said the executive director.

The eighth grade transition initiative is another example of the use of partners to help solve problems. The executive director noted, “We got some partners to say ‘I’d like to pay for that; that sounds like something that would be a good thing for us to own [i.e., sponsor and with which to have their name associated].” REF also brought in additional partners to call the students over the summer to see how they were progressing on their summer reading.

REF’s final initiative area is focused on developing and retaining high quality teachers. To help accomplish this goal, REF sponsors a literacy coordinator, who works closely with teachers to ensure they receive sufficient instruction in the district’s reading program. This coordinator serves in a coaching-type capacity and provides hands-on interactive instruction to teachers designed to meet the teachers’ specific needs.

High teacher turnover has been identified as a problem for the district. To help support and encourage the professional development of teachers, REF is implementing a program that provides teachers with free membership in Resource Area for Teaching (RAFT).³ Ravenswood teachers are also provided with classroom volunteers and technology professional development courses. REF also sponsors teacher achievement awards as part of this initiative.

Engaging parents. The Ravenswood Education Foundation is an atypical LEF model in the area of parent involvement. For a variety of reasons, REF is unlike most other LEFs, where parents are the driving force and major contributors to the foundation. Currently no parents sit on the board and parents are not the target donors. The foundation hosts an annual fundraising gala that is aimed at high-net-worth individuals, not the parents of Ravenswood students.

Principals of the school sites report that families in the community can usually volunteer up until about second grade. After that time there are language barriers that make it difficult to help. Often both parents have to work. The executive director pointed out that “a lot of these families are either a single-parent family, or both parents have to work. Most are hourly wage workers and it is too costly for them to take work off.” This is further evidenced by low attendance at parent-teacher conferences.

REF does believe there is a way to engage Ravenswood parents. The executive director explained his and board members’ thoughts this way: “The model, the phrases that we came up with, are to create pathways for parents to *influence* the learning

³ RAFT is a membership organization that provides its members with access to a wide variety of hands on learning tools and professional development resources.

environment at the school and to *expand* the learning environment to the home.” The way REF supports parental involvement is through one of their many initiatives, whereby the foundation offers matching funds to schools who implement parent education and outreach initiatives.

One unusual way that REF is addressing the issue of parent involvement is by supporting the development of parent teacher organizations (PTOs) at the school sites. While most LEFs may see such groups as competition, REF sees them as a way to drive parental engagement. “That is the goal of [establishing] the PTO,” said the executive director. “Not that it becomes a political thing or a way to complain. Those groups need to be about education and we will take care of the fundraising.”

The principal who was interviewed said, “Parents are still asked to give. They can give time, or materials, or do small fundraisers.” In fact, REF has a program to match donations to the schools that raise funds.

Relationship with the School District

REF has purposefully sought a close partnership with the school district. As has already been noted, district administrators sit on the board of directors, although they do not have voting power. The district also supplies REF with office space. The executive director explained the unique relationship between the two groups:

It requires a real humility. If we [the REF board] came from the community that would be one thing, but we don’t come from the community. We come from outside the community. It’s really them [the district] saying we really need your help. So, there is a humility there that says we can’t do this alone, we aren’t going to try to do it alone and we really want to invite you [REF] in. That

requires transparency and a willingness to work together. A willingness to hear criticism. There's been a real openness there.

The executive director additionally said, "The foundation is both a critic and a friend to the district." Since it is the objective of REF to support the district in its goals, both parties communicate regularly. The district informs the foundation's direction by letting REF know what is happening in the district and by providing them with data. Together, both groups look for programmatic gaps that, if filled, could improve student achievement. It appears that REF takes a very holistic approach to the implementation of its strategies and tactics.

When asked about his own role in a large political system like education, the executive director cautioned, "I have to be careful to come with a humble posture, a teachable, let's work together [attitude] and not jump to conclusions or to take sides."

Equity

Equity was not raised as a concern in this case study. A school site principal explained, "There is no sense of concern over issues of equity. Every site has something going on with the foundation."

Measuring Success

The executive director described several metrics the organization uses to assess its success. The first metric he mentioned was ensuring the sustainability of the foundation with a healthy, strong, and engaged board. His second metric of success is getting the foundation to the point where it has enough reserves in place to budget a year in advance. He asks himself, "Can we carry over enough from one budget year, so that all the money I raise in that year will go to the next budget year, so I am a year in advance? We are

almost there. That has required really intensive fundraising and being very disciplined on expenses.” Another sub-goal in this area is to contribute to an endowment.

The third set of metrics is related to foundation impact and measuring how, if at all, the foundation is affecting the district. These metrics include scores on the national Academic Performance Index (API) and graduation rates. The executive director expanded on this by saying:

We are not big enough yet to where we have influenced student achievement.

Currently all of the schools have APIs in the 600s. Until we are in the 700s we are not succeeding. If the kid isn’t succeeding then we are not succeeding. It just can’t be any other metric. We could use teacher retention as a metric, but that is really just a way of getting to student achievement. So everything has to land on that kid succeeding *now* and graduation rates from high school. The data we have now says that two-thirds of the dropouts from [local] high school are kids from our district.

When asked about measuring success, the board member who was interviewed said, “In each program we have funded, we have asked for qualitative and quantitative measures.” The board member also mentioned that REF has the ability to track students over time in terms of their performance on standardized tests.

Organizational Strengths and Weaknesses

All three interviewees agreed that one of REF’s strengths is that it has a great cause that attracts willing supporters. A desire to work closely with major stakeholders and the organization’s commitment to not impose a particular agenda on the district has helped an outside group make inroads into a community where it could easily have been

seen as an illegitimate outsider. The professional guidance and drive of the executive director has also been a key strength. The general newness of the organization was seen as a potential weakness as well as not having the perfect recipe for instant success. The comments of all three interviews are presented in their entirety in Table 17.

Table 17

Interviewee's Responses When Asked, "Please assess the strengths and weaknesses of the organization."

Person	Strengths	Weaknesses
Interviewed		
Executive Director	We have a great story. And the story is that we are [working] inside the district. The superintendent is on our board. The president to the teacher union is on our board. The after school coordinator is on our board. If we can change the schools we will change a kid and we are going to change a system. And, people love that. It's not just an idea. It is <i>the</i> idea- doing something inside the community to shape the next generation.	I believe that on the weaknesses side, we really don't know what the recipe is to change, to really change, a school...to reach that API that says it's respectable. That is the goal at the end of the rainbow. We have these ideas, we have these initiatives, and they are solid initiatives, and they have data to back them up. But we haven't seen them make the difference yet in our schools. And, until we see that, that's the weakness. What is that recipe that says if you do these five things [Pause]—everybody has their list. But

Table 17 (continued)

Interviewee's Responses When Asked, "Please assess the strengths and weaknesses of the organization."

Person	Strengths	Weaknesses
Interviewed		
Executive Director	<p>We have developed a great donor base. The strategy of partners, projects, and initiatives, is a provocative strategy that is working.</p> <p>The board is a huge strength; I believe it's an amazing strength.</p>	<p>every school district is going to be different. What will it take for English language learners to get over that hump? And not just their API but then their graduation rates from high school. And can we make that short-term and long-term difference?</p> <p>What's that recipe? So, that's a big weakness. A second weakness is that there are still areas of the school district that may need transformation and I'm not sure yet how to do that.</p> <p>So it's not just what's the recipe for the schools; it's how do we support the maintenance department? How do we make accounting more efficient?</p> <p>How do we get to that place where we make them more effective and</p>

Table 17 (continued)

Interviewee's Responses When Asked, "Please assess the strengths and weaknesses of the organization."

Person	Strengths	Weaknesses
Interviewed		
Executive		efficient? We don't even know what
Director		that is yet. We are so young.
Board	Our executive director and our	We are still young. When you move
Member	cause are great strengths.	from a start-up, not all the
		infrastructure is there. The capacity of
		the board can be developed further.
		They are all volunteers and very busy.
Administrator	The ability and willingness to	None mentioned
	collaborate with individuals	
	who work with the students to	
	assess the needs of each site.	
	There is lots of feedback	
	between parties. The focus is	
	on student achievement.	

Opportunities and Threats in the Larger Environment

Everyone agreed that there is real opportunity for REF to grow in the future.

There is a sense that something has been changing for the better and that that *something*

has a great deal to do with the organization's commitment to getting and keeping people engaged in the work of the foundation. Instability of leadership, a changing community demographic, and state budget cuts were seen as potential threats in the district as a whole and, indirectly, to the foundation, itself. The comments of all three interviews are presented in their entirety in Table 18.

Table 18

Interviewee's Responses When Asked, "Please assess the opportunities you believe are available to your organization and any external threats that your organization may be facing."

Person	Opportunities	Threats
Interviewed		
Executive Director	An opportunity is the changing environment where people want to help. There is this sense of movement. Where even high schools have a service learning component and where there are just a lot of groups that want to do good. The engagement part is really great. And, we want them engaged. Because I think that's where people feel engaged—to their investment.	There are factors in the community that are out of our control and we may never be able to control those. Another would be the gentrification of the community. The community going from underserved to moderately or middle income. Because the people we are actually trying to serve could be pushed out to somewhere else. The reason we exist is to serve those people, the people that really need our help.
Board Member	Opportunities are really sort of endless. The district is small so I think we can effect change. We are not trying to move an 800 pound gorilla. People in the larger	Changes in school leadership can be a threat. We want to make sure we are aligned with their [the district's] goals.

Table 18 (continued)

Interviewee's Responses When Asked, "Please assess the opportunities you believe are available to your organization and any external threats that your organization may be facing."

Person	Opportunities	Threats
Interviewed		
Board	community are wealthy and there	
Member	is a large pool of untapped resources.	
Administrator	Looking at growth. Working with the large foundations and corporations that are up here. Continue to campaign with a positive message. There have always been people who have wanted to help our schools. REF can coordinate and focus their efforts.	State budget cuts

Bumps in the Road and Looking Ahead

REF is in its start-up years and has achieved a lot during a short period of time. Although REF appears to be in a very stable place at present, it made sense to ask the executive director to reflect back on any bumps in the road that occurred in the past. The

executive director agreed wholeheartedly that REF had enjoyed great success thus far; however, the state budget cuts last spring were one problem for REF. He said, “I was thrilled to have raised a million dollars in 18 months and then we find out the district has to cut \$3 million. That was devastating.” He also mentioned that the district has been in a “fragile leadership state,” with turnover at the district office. This has been problematic at times.

The executive director also spoke candidly about the start-up period and moving from a volunteer board to a staffed professional organization, describing it as a “huge transition.” He said:

I know my style is a unique style. Initially, this board thought they were going to focus like other foundations. They thought, “We’re going to raise money, we’re going to write checks, and we are going to invest in initiatives.” I told them that to get there we would need to also develop partnerships and those partnerships are going to take time, and in those partnerships we are actually going to do projects. Well, they did not sign up for any of that.

Although they have invested a lot of resources in a short period of time, REF remains unsure about its impact to date. REF is highly focused on measurable outcomes; however, a longer period of time is needed to evaluate programs and to measure any changes in student achievement. As the executive director put it, “The big thing is measuring effectiveness; what are our deliverables? I think we are in somewhat of a honeymoon period where people are willing to trust that we have the best intentions.”

The board member who was interviewed for this case said, “We are getting more targeted about board recruitment.” REF is also hoping for greater parent involvement,

especially adding a parent of a current student to the board. “Our ultimate goal,” said the board member, “is that these kids are competitive when they move on to high school and that they have the same educational opportunities and achieve at the same level as other kids.”

CASE STUDY 3

Description of Silicon Valley School Districts

While there are no formal geographic boundaries that define the area known as Silicon Valley, most sources concur that it loosely includes all of Santa Clara County and some surrounding communities. Since the Silicon Valley Education Foundation (SVEF) spans the 33 separate school districts within Santa Clara County, this introductory overview to the schools will be slightly different than those presented in the two previous cases, which were each focused on a single school district. Therefore, to give the reader some description of the school districts served by SVEF, the overview will begin with education data at the county level and will conclude with additional comparative data about two of the county's largest school districts.

In Santa Clara County there are 395 public schools, with a total enrollment of 261,945. There are 12,461 full-time-equivalent teachers, giving the county a 21 to 1 pupil-teacher ratio. Thirty-seven percent of students in the county are Hispanic, 26 percent are Asian, 24 percent are white, and 3 percent are African American. This is a different profile than the state as a whole, where 49 percent of the students are Hispanic, 28 percent are white, 8 percent are Asian, and 7 percent are African American.

Twenty-six percent of the county's students are English language learners with Spanish as their primary language. An additional 26 percent of county students are designated as *English fluent proficient*, which means that while English is their second language, they have achieved an established level of proficiency. Thirty-five percent of the county's students qualify for free or reduced price meals as compared to the state average of 52 percent. The ethnicity of teachers in the county is almost identical to the

state profile. The majority of teachers, 68 percent, are white, 12 percent are Hispanic, and 11 percent are Asian. Across the county, 93.5 percent of teachers hold full credentials.

Student achievement is not readily accessible on a county level; therefore, a review of accountability measures for each individual district was conducted for this case. This examination of school accountability data revealed that all school districts in the county have API scores above 700, with many districts scoring in the 800-900 range. However, some individual schools within these 33 districts do have API scores below 700.

Table 19 summarizes information about two of the 33 school districts served by SVEF. The variation exhibited in Table 19 provides the reader with an idea of the variation between districts in the county in several measurable categories, including the ethnic composition of students. This variation conceivably could pose significant challenges for an umbrella organization such as SVEF as it attempts to meet the needs of vastly different communities.

Table 19

Demographics of San Jose Unified and Palo Alto Unified School Districts

	San Jose Unified	Palo Alto Unified
2008-2009 Enrollment	31,918	11,430
% English Language Learners	26.6%	9.9%
Qualified for Free or Reduced Meals	47%	7.7%
Students by Ethnicity		
African- American	3.4%	2.8%
Asian	13%	28.5%
Hispanic	51.8%	7.7%
White	26.7%	47%
2009 Growth API	782	
Average Teacher Pay	\$69,723	\$81,193
Teachers With Full Credentials	88%	99%
Average Years Teaching Experience	11	12
% of Teachers With Less Than 2 Years' Experience	14	6

The Silicon Valley Education Foundation**Organizational Overview**

SVEF considers itself to be an operating foundation, which means SVEF directly provides and operates programs at the schools it serves. The operating foundation model

is somewhat atypical of other LEFs that generally engage in making financial grants to schools and districts. Both of the other cases studied as part of this research, however, could be seen as aspiring to function in a similar way to SVEF, even though neither used the *operating foundation* label when characterizing themselves or their goals.

The mission of SVEF can be found on its website: “The Silicon Valley Education Foundation seeks to inspire tomorrow’s innovators. With a clear focus on achieving results and emphasizing creativity and innovation in education, SVEF brings a Silicon Valley business approach to improving education (SVEF, 2009).” SVEF has positioned itself as a conduit for philanthropic endeavors between the schools and the community. Figure 4 is a depiction of SVEF’s intended operating model (SVEF, 2009). SVEF maintains that efficiency of resources such as time, money, and human effort is maximized under this operating model.

Figure 4

SVEF Operating Model

Sample of Current Environment

Education Environment with SVEF

Data Source: SVEF (2009)

Organizational History

Although SVEF received its tax exempt status in 2007, some of its key stakeholders have relationships with one another and experience in the education foundation field that stretch back over a decade. A staff member interviewed for this case study explained the history of SVEF from his perspective:

The mayor of San Jose, Ron Gonzales, wanted to form a city-wide education foundation. There are 19 school districts within the boundaries of San Jose alone and this makes San Jose unlike any other city in America except Phoenix. There were a series of meetings for key stakeholders to discuss forming a city-wide foundation. [At the time SVEF's current CEO was the executive director of the Franklin McKinley Education Foundation, which served one of the 19 school districts.] Franklin McKinley was a fairly good-size operation that was looking to grow so. Franklin McKinley stepped up. They changed its name and changed its programs to become the San Jose Education Foundation for a very short period of time.

After about a year and a half, the newly formed San Jose Education Foundation merged with a foundation operating out of the county office of education. At this time it was decided to expand the scope of the foundation to include all of Santa Clara County and to change the foundation name to Silicon Valley Education Foundation. One long-standing board member described the expansion process from her perspective:

We needed to widen the area [served by the Foundation] because a lot of the board members were coming from the industry [corporate and high tech] sector. The interests of the board's members were broader. I was afraid that because the

scope was wider the priorities would change. It's not that I am against helping schools that are in good areas; it's just that I wanted to make sure that the schools in the needy areas were serviced. And that the students who actually need the help get the help they need. If anything, we should increase the grants or subsidies we make to the schools that need it most. That's why I have stayed so long.

Taking the Silicon Valley name gives the foundation several advantages. For example, it signals an important alignment between the foundation and the many high tech firms that are located in the region. Indeed, SVEF draws heavily on partnerships with local corporations to further its mission. Additionally, although the focus of SVEF is currently on Santa Clara County, taking the name Silicon Valley allows for future expansion of the foundation since, as was previously mentioned, there are no formal geographical boundaries to the Silicon Valley. As one staff member said, "It [the term Silicon Valley] certainly means the county of Santa Clara, but depending on your view, it crosses over the county borders to the extent that if there is high tech industry in the neighborhood, then they are generally considered Silicon Valley too."

Board of Directors and Foundation Staff

SVEF is led by a 13-member board of directors. The board is composed of past and present high level executives and entrepreneurs from the local corporate community, education experts, and key community stakeholders. Many of these professionals have strong connections to the high tech field for which the Silicon Valley is famous. One particular board member is an expert in human resources and another is currently the law and deputy general counsel at Cisco Systems, Inc. The board also includes the

superintendent of schools for Santa Clara County, a board member of the California Teacher's Association, and a Stanford professor emeritus of education and business administration. The board is assisted by an eight-member advisory board comprising two members of Congress and other influential community and business leaders (SVEF, 2009). A board member interviewed for this case described the board and her service this way: "We encourage board members to do site visits and try to get them close to the people they serve. Personally, I need to be aligned with the mission of the organization to stay on a board. I believe what I have to contribute [to SVEF] is valuable."

The board meets quarterly with, as one member put it, "very good attendance." Board members also serve on committees that meet in the interim periods. The CEO, who is a voting member of the board, coordinates the overall efforts and function of the board.

One board member explained the priorities of the board as follows:

I think the board's priority for subjects is math and science. There is a reason for that, number one, that's the need. That is where we focus our energies. I agree that is the need. But, I disagree [with the idea] that education foundations, not just SVEF but other foundations too, are focusing so much on math and science they forget the arts and English, literature and all that stuff. The board, though, realizes that is not right. So they [the board] were willing to back up. Which is why the current strategic plan also has art and music as part of the plan. It's on the back-burner right now, so to speak, because I think most industries are interested in funding math and science. [Math and science education are] popular.

SVEF employs 23 full-time employees and seven part-time employees. Seven senior staff members comprise SVEF's *leadership team*. The leadership team is headed by the CEO and includes vice presidents of advocacy and thought leadership; development and marketing; partnerships, strategies, and technology; STEM⁴ education; Pre-K education; and finance and human resources. At least two of the staff members are past educators or school administrators. SVEF also has a journalist-in-residence on its staff.

Grantmaking

The only grantmaking done by SVEF is through their Teacher Innovation Grants program. This is a mini-grant program that makes \$500 grants to teachers. Teachers who are working collaboratively may be awarded \$1,000. The grants provided by SVEF fall generally into two categories: (a) grants for field trips and (b) classroom grants that can be used for anything from materials to software to equipment. To access grant money, teachers complete a grant application that gets scored. When asked how SVEF personnel judge something to be innovative, one staff member said:

I have always stressed that innovation does not mean cutting-edge; no one has ever done this before. Innovation means this teacher is doing something *he or she* has never done before. We are trying to encourage teachers to try something new.

Do something with your kids that you have never been able to do before.

Grants are made four times a year. Initially SVEF had to solicit applicants to apply, but that is no longer the case as word about the program has spread. More than 400 grants

⁴ Science, Technology, Engineering, and Mathematics

have been made thus far and very recently, funding has been secured to expand grantmaking for innovation to students at two school sites.

Programs

Aside from its one grantmaking program, the rest of the work done by SVEF is in the area of program delivery. Programs are primarily funded by corporate partners and by foundation and government grants. To initiate a new program, SVEF works closely with donors and school districts. SVEF makes use of district teachers to deliver its Pre-K–12 educational programs. Utilizing paid staff through the district is helpful and simplifies personnel management for SVEF. Under this arrangement, districts are responsible for following any union-related policies and for managing payroll, including benefits and taxes.

Currently SVEF develops and operates several key programs. The STEM (Science, Technology, Engineering, and Math) initiative is one example. Based on data that demonstrated a decline in student achievement in the STEM subject areas, SVEF launched a \$3 million campaign, seeded with a \$1.7 million grant from the Knight Foundation to provide programs aimed at bridging what the CEO referred to as a developing “knowledge gap” in these areas. SVEF’s Stepping Up to Algebra program was the first in a series of educational programs to be developed under the STEM initiative.

School readiness is another important program area for SVEF. A large portion of current foundation staff is involved in a preschool program funded by a multi-million

dollar grant from First Five California.⁵ The program operates in selected schools within Santa Clara County school districts. As part of this program, SVEF in-house staff, who are called *Family Partners*, work closely with at-risk families in those districts. This program ensures that children and families “have access to the necessary health, developmental, and social tools to assist the family in preparing their children for the start of their academic lives (SVEF, 2009).”

There are several other active programs and initiatives currently under way at SVEF. For example, SVEF has developed its own software program, Lessonopoly, which is a lesson-planning tool aimed especially at teachers who do not have the time or who may be unwilling to learn new technology. Access to the software is available to all teachers in the county through a portal on the SVEF website. Those teachers who choose to register to use Lessonopoly then have access to several online tools that are designed to help them plan and enhance their daily lessons; manage their classrooms; and to connect with other teachers throughout the county via web groups, forums, and events.

SVEF also hosts a *Center of Innovation* on its website. Through this center, visitors to the SVEF website have access to open-source software that has been identified by SVEF as potentially useful for its constituents. The three main areas of focus for the

⁵ First 5 California manages funds raised through a statewide tax on cigarettes and distributes funds to local communities through the state’s 58 individual counties. Funds are used to address the local needs of families with children up to age 5. The primary areas of focus for First 5 are school readiness, education, and health and social services.

center are technology tools aimed at curriculum, administration, and infrastructure.

Needs assessments are conducted regularly to gauge the needs of the greater community.

For example, SVEF currently has a link on its website to an electronic survey that has been designed to assess the technology needs of teachers in the county. Once the data have been gathered, the Center of Innovation advisory board and the staff of SVEF will research the best open-source software solutions and bring them to the community through the center's web page.

New programs are constantly in development at the foundation. Sometimes SVEF develops programs internally. As one staff member said, "We come up with the program and then we take it to school districts and ask, 'Are you interested in this?'" Other times, SVEF will work to make external programs better and more efficient. Advisory committees have been created for both math and science. "The advisory committee was invaluable in revising the Stepping Up to Algebra Program," commented a staff member.

Equity in programming is a topic of discussion for both the SVEF board and staff. Currently, a bulk of the work done by SVEF is in communities that have high proportions of low-income students. This is due, as a staff member described it, "in part because they were among the first districts to say 'yeah, we'll take your help.'" Additionally, since the student body in the county is largely Hispanic, SVEF seeks to emphasize cultural competence in its program development. An SVEF staff person talked about the importance of understanding the foundation's target populations. He said, "We recognize that programs that are not designed with the education needs of Hispanic kids in mind are doomed to failure."

Advocacy

Atypical of most education foundations, SVEF considers advocacy a key component of its overall mission. The following quote from the foundation's website illustrates this sentiment: "Our goal is to be the leading advocate for public education in our region" (SVEF, 2009).

SVEF's advocacy strategy, which the CEO calls *thought leadership*, has several components. For example, SVEF has convened a series of forums dealing with important education topics. These forums are usually held in corporate settings throughout the Silicon Valley. Annually, there is one session dedicated to the state's education budget. An SVEF staff member provided the following information about forums and related thought-leadership activities:

When the *Getting Down to Facts Report* came out we had a forum within two weeks of its release. Most of the forums have been done in corporate settings. We have put one on about the effects of poverty on education. We had an all-day summit on Algebra I in the eighth grade, which was aimed at people from education. A white paper on the topic resulted from that forum. What we are trying to do with the forums, especially with the corporate community, is get them thinking about education problems at a deeper level than "we're not getting the kind of employees we need" or "all the schools are rotten" or whatever they might think.

SVEF is also developing specific concepts that it plans to advocate to school districts. For example, San Jose Unified was one of the first school districts in the state

to mandate the University of California A-G requirements⁶ as a high school graduation requirement. A staff member elaborated:

We're now pushing that concept. We are going to be putting out position papers, Op Ed pieces. . . . When school districts start holding public meetings on their graduation requirements, we're [SVEF] going to try and take part in that kind of thing in support of increasing the number of kids taking A-G classes.

SVEF has also taken a public position on at least one piece of state legislation and is interested in advocating more actively at the state level, when appropriate. There has been little or no public backlash toward the foundation as a result of these advocacy efforts.

Another component of SVEF's thought leadership strategy involves the media. The CEO has written several Op Ed pieces for local newspapers. "Usually we try to find someone from the corporate world to sign on as well," he said. Support for summer school programming and mandating algebra in the eighth grade are examples of past editorial topics. The SVEF website also has an active *newsroom* link where the public can access a wide variety of press releases and editorials related to education topics.

In an interview with PBS, the CEO discussed the foundation's role in thought leadership and its relationship to the media and the public at large. He said:

A solution for an entity like ours is to become a content provider and connect stakeholders to the information that they need. We think we need to inform, inspire, and involve citizens in this democracy, especially around education.

⁶ "A-G" requirements refer to the 15 high school courses that are required of students who apply for admission to any school in the University of California statewide system.

Inform them of the challenges and opportunities. Inspire them that change is possible and involve them in that process as we move forward. (PBS, 2009).

A different component of SVEF's thought leadership strategy includes being active in political issues that will affect schools served by SVEF. For example, numerous school districts in the county have passed successful parcel taxes⁷ to generate additional funds for local schools. While SVEF was not involved in any of those initiatives, the foundation may be willing to support such ballot initiatives in the future. A staff member provided this example:

One of the things we kind of hope is going to happen is in the next election cycle, there might be a bunch of them [parcel tax measures on the ballot]. We would support them. It might be useful to get a bunch of districts to run a coordinated campaign. That makes cable T.V. ads a possibility where no single district could even think about that.

Measuring Success

The foundation has developed target goals for its programs. For example, the following goals have been set for the STEM Initiative and are listed on the foundation's website:

- By 2011 the number of eighth graders [in the county] able to pass the California standardized test in Algebra 1 will double from 37 percent to 74 percent
- Ten percent of middle school students [in the county] will be able to take a pre-algebra enrichment program by 2010 at no cost

⁷ A parcel tax is a special tax on land which may be passed by the voters to increase school funding

- Math and science achievement gains will be a key focus of the STEM Initiative (SVEF, 2009)

SVEF also utilizes informal feedback to evaluate programs and to initiate any necessary mid-course corrections. The Stepping Up to Algebra program provides a good example. As one staff member put it:

We learned a lot from our first year. For one thing we completely shifted our focus in the second year. In the first year we were aiming at increasing the number of seventh graders taking Algebra I, with the idea that if you start in seventh grade, by the time you are a high school senior you are taking college-level math classes. But it really came down to a much bigger need in the eighth grade, especially when there came a big push [from the state] for algebra in the eighth grade.

Relationship with School Districts

SVEF has established memoranda of understanding with only 20 of the county's 33 districts, even though the mission of SVEF is to be an umbrella organization for all 34 school districts. One staff member commented on some of the complications that arise when a foundation spans many districts:

There are corporations and nonprofits that have ongoing relationships with individual districts. That means we may be viewed differently by some districts, especially those that have active foundations of their own. There's a certain amount of "we don't need you and we are afraid of you." We have been able to overcome that in some cases. What we've eventually been able to say to them is,

“We don’t want to take over your individual school district foundation,” we don’t even want to be in that space.

The situation here is analogous to what other interviewees from other LEFs (and also the survey results) have said about district LEFs that also must contend with school-based LEFs in their district. In both cases, tensions can emerge between the various groups as they each seek limited resources for their organizations. Unless the roles of each group are clearly defined and delimited and the “rules of the game” are understood by all parties, it is difficult to engender a spirit of cooperation among either (a) district-based and school-based foundations or, as is the case here, (b) between a foundation involving a multi-district consortium of districts and foundations operating within a single district within the same geographic area covered by the multi-district organization.

Although some groups may be suspicious or territorial, a superintendent for a district that has its own LEF and that also receives support from SVEF had no issues with the existence of the two groups. In fact, links to both foundations appear on this particular district’s website. “I see them as fundamentally different,” said the superintendent. “Each meets different needs.”

Despite the wariness of a few, the foundation has found positive ways to serve as a capacity builder with some district- and school-based LEFs in the county. For instance, SVEF created a model fundraising program for school-based foundations. These models have been shared with three different districts and their associated education foundations. “It’s a way of saying, ‘We’re not trying to compete with you, we are trying to augment what’s going on,’” a staff member said.

Strengths and Weaknesses

In general, the overall image and brand of the foundation were seen by interviewees to be its key strengths. Much of this strength is found in the numerous corporate relationships that have been developed between the foundation and local corporations. These relationships result in the foundation having a high profile in the area and this high profile, in turn, enables SVEF to leverage resources and increases their eligibility for larger federal grants.

Despite SVEF's organizational size and reach, fundraising and visibility are still seen as areas for further organizational development. Additionally, SVEF has not yet established productive relationships with all school districts in the county. Comments from the four interviews related to strengths and weaknesses are presented in their entirety in Table 20.

Table 20

Interviewees' Responses When Asked, "Please assess the strengths and weaknesses of the organization."

Respondent	Strengths	Weaknesses
Staff	We are getting a pretty good	It takes money to run programs.
Member	reputation as being able to deliver. People who work here believe in our mission.	Even though we have a good reputation we also have to constantly try to make ourselves known. There are some districts that are not on board with us yet.
Staff	Marketing and our brand	Managing expectations and [we
Member		need] to focus on doing a few things well.
Board	Our programs and grantmaking to	We need to balance the work a
Member	teachers. The board is a strength. We have a good balance of stakeholders. We have dreamers and pragmatists. We have a strong desire to help the needy student and be culturally diverse [in our programs]. We are well known in the service community for our First Five work. We have a very good relationship with the media.	little bit more. We need to make sure that the staff time is divided up evenly. Fundraising needs to be diversified. People need to be aware that there is an entity there that wants to help. We could do a better job of evaluating staff below the CEO level and recognize our good employees.

Opportunities and Threats

Working in collaboration with partners, including other nonprofits, was viewed as the primary area of opportunity for SVEF. Further development of programs, especially program development related to thought leadership, were also key areas of opportunity mentioned by those who were interviewed for this case. Reliance on outside funding was noted as a potential threat, especially in light of the current economy. The comments from the four interviewees about opportunities and threats are presented in their entirety in Table 21.

Table 21

Interviewees' Responses When Asked, "Please assess the opportunities you believe are available to your organization and any external threats that your organization may be facing."

Respondent	Opportunities	Threats
Senior Staff Member	To develop a relationship that is based on collaboration and trying not to be the typical outfit that comes in and says, "This is what you need and this is what we are going to give you . . . take it or leave it. Instead we will ask, "What is it you need?" and together we can try and meet that need.	We depend on others for funding so we are somewhat subject to <i>what</i> it is <i>they</i> want to fund.

Table 21 (continued)

Interviewees' Responses When Asked, "Please assess the opportunities you believe are available to your organization and any external threats that your organization may be facing."

Respondent	Opportunities	Threats
Senior Staff Member	Government investment in education and creating partnerships with other non-profits.	None mentioned
Board Member	Many funders are funding collaborations. I would like to find groups and get everybody on board. There is room for SVEF to be at the table to solve large community problems. Together we could all access money for collaboration. Education does not exist in a vacuum.	If we veer away from our strategic plan. Also, an increased crime rate in the community could be a threat.

Looking to the Future: A New Strategy

Over the past year SVEF has worked diligently on its strategic plan. The three main objectives identified in the plan will guide the development and direction of SVEF in the coming years. Those objectives are:

1. Silicon Valley will be the number one geographic area in California, in percentage of high school graduates academically prepared to complete post-secondary education without remediation. *[Initial five-year focus will be in Santa Clara County]*
2. SVEF will be the premier operating non-profit provider of resources for the community, schools, teachers, and students that supports public education.
3. SVEF will be the leading advocate for Silicon Valley public education at the local, state, and federal levels.

Additionally, the board is interested in expanding beyond the STEM initiative to provide programs in English/language arts. On that topic a staff member said, “We’re trying to figure out where we can do that [English/Language Arts programming], where we are not just duplicating some other really good work that is already going on in the field.”

Summary of Case Studies

The three mini case studies presented in this chapter were selected to provide a more contextual description of LEFs and to supplement the mostly quantitative findings presented in the previous chapter. To reiterate, two of the case studies, Carlsbad (CEF) and Silicon Valley (SVEF), were intended to represent what could be considered a more typical LEF model. The Ravenswood (REF) case study was selected to represent an

atypical LEF model. However, analysis of the data showed that each of the three case study LEFs possessed both typical and atypical attributes.

Attributes Common to All Three Case Studies

Several attributes emerged as common to all three of the case studies. First, each of the three LEFs studied had developed what could be considered highly detailed strategic plans to guide the future actions and development of the organization. In the case of CEF, the board had spent nearly one year developing a plan that directs the organization in the creation of new programs, fundraising initiatives, and board development. At REF the plan is summarized simply as: projects that create engagement, partnerships that support sustainability, and investment in initiatives that promote student achievement. The plan developed by SVEF provides an operational framework to achieve three main objectives, which were outlined in the case study.

In each instance, strategic plans were developed collaboratively with input from the board, staff, and key stakeholders. Participants interviewed for each case all seemed familiar with the plans and each spoke to some aspect of the plan while being interviewed. It became evident that for all three of the case study LEFs, these strategic plans were considered living documents that are utilized at all levels of the organization to drive daily and long-term decision making. Furthermore, many of those who were interviewed felt that following the strategic plan was fundamental to the foundation's future success.

A second attribute common to all three case study LEFs was a clear focus on partnerships and collaborations. Figure 4 from the SVEF case study actually depicts what is happening in the two other cases, as well. In fact, interviews in all three cases

consistently confirmed that all three of the LEFs in this study have positioned themselves as a conduit for partnerships between school districts and the larger community. In each case, interviewees described the LEF as serving a bridging function to outside resources. And the resources described were not just monetary in nature. For instance, each of the three LEFs also helps its schools connect to human resources who generate volunteers, professional expertise, and in-kind services to the school districts via the LEF. It was evident in each case that the LEF was not acting alone, but rather actively seeking and promoting strategic partnerships to advance its organizational mission.

The LEFs in all three case studies were also highly branded. In each instance the LEFs had developed distinct logos and marketing materials with consistent messaging. Furthermore, each of the three organizations had a significant presence on the internet through a well-developed and interactive website. Each website clearly depicted the organization's purpose, provided access to program and contact information, gave data about upcoming events, provided links to other resources and stakeholders, and gave visitors to the website an opportunity to make a financial donation.

While these first three common characteristics—a detailed strategic plan, promoting partnerships and collaborations, and organizational branding—emerged as the most obvious common attributes, each of the three cases shared several other attributes, but to lesser degrees. For example, it was evident that study participants were interested in student achievement and measurable outcomes. Many of those interviewed were familiar with the district's overall test scores, and each mentioned test scores as a potential longitudinal measure of LEF impact.

Another common attribute shared by the three case study LEFs is involvement in providing direct programs to students. Examples are music and science programs provided by CEF, extended school day and summer school programming provided by REF, and the Step Up to Algebra program created and implemented by SVEF. It is important to understand that these programs would not be available if not for the actions of the LEF. However, it should be noted that providing programs is atypical of the larger LEF population, where it is more common for LEFs to make financial grants to schools and school districts rather than to provide programs. Finally, all three LEFs studied also expressed interest in board recruitment and development and saw the board as a critical component to the future success of the organization.

Attributes Unique to Each Case Study

As has been previously mentioned, the three cases also differ from each other. They also are, in some respects, different than the general LEF population. Carlsbad, for instance, generates revenue for the foundation through a related business operation (i.e., the Kids' Care before- and after-school program). This fundraising strategy was not used by the other two LEFs studied or in vast majority of the LEFs that responded to the survey.

Ravenswood is atypical from Carlsbad and Silicon Valley in that its focus is on a single low-performing school district where more than one-third of teachers in the district have less than two years' teaching experience and the student population is very transient. Additionally, fundraising at REF is not directed toward parents, nor do any parents currently sit on the board of directors. These operational practices differ from almost all of the practices described by survey respondents and the practices described in the

literature reviewed in Chapter 2. Finally, REF has promoted the establishment of parent-teacher organizations at its school sites, which is highly unusual for an LEF. Indeed, elsewhere the relationship between LEFs and PTAs/PTOs is sometimes adversarial.

Finally, SVEF is unique from most other LEFs, and certainly from the other two case study LEFs, for several reasons. This organization's district-spanning, county-wide structure makes SVEF responsible for the schools in 33 districts. This scope of potential influence makes SVEF different than almost every other LEF in the state. Moreover, SVEF has successfully accessed a government grant from the First Five Commission that has allowed the foundation to expand its focus to school readiness at the pre-school level and to provide services focused on the health and well being of entire families. This effort to fund LEF work through a government grant is unique for two reasons. First, government grants are not usually the main source of income for LEFs. Second, LEFs have not traditionally been focused on students prior to kindergarten or on the scope of issues addressed by the First Five Commission such as health and well being of entire families. Also unique to SVEF is the development of licensed products for distribution, such as Lessonopoly. Finally, SVEF is atypical in that it names advocacy as a key objective for the organization, unlike most other LEFs, which engage in advocacy in very limited ways, if at all.

Conclusion to Case Studies

It is important to remember that the attributes held in common by all three LEFs presented in this study may or may not be descriptive of the larger population of California LEFs. Likewise, the attributes found to be atypical in a particular case study may not signal an outlier organization in the truest sense of the word because even the

most atypical case displayed some characteristics that the survey results and previous research indicate are typical of the majority of LEFs in California and, to some extent, in the country as a whole. Indeed, the fact that *LEFs* are nonprofit organizations that qualify for 501(c)(3) IRS status means that, legally, they must exhibit certain common characteristics.

The fact that each organization had both typical and atypical attributes means that the three cases collectively provide both a deeper understanding of typical features of LEFs and a sense of what is possible in the future. Furthermore, the three cases remind us that LEFs, generally, do not subscribe to any formulaic organizational model. Indeed, a primary finding of this research is that each LEF is unique, at least to some degree. There really is no *typical* LEF.

CHAPTER SIX

DISCUSSION OF FINDINGS AND CONCLUSIONS

A Brief Review of Purpose and Research Methods

This study examined several aspects of Pre-K–12 local education foundations (LEFs) in California. The purpose of this study was to map existing California education foundations (LEFs) and their functions. The assumption was that this mapping effort would lay the foundation for more targeted future studies about such topics as equity implications and LEF impact on student achievement.

The study was designed to answer two research questions: What are the characteristics of nonprofit Pre-K–12 LEFs in California? What additional insights do in-depth examinations of two typical LEFs and one atypical LEF reveal about the topics of mission, governance structures, fundraising and grantmaking processes, program delivery, involvement in advocacy efforts, community relationships, and operating environment?

The study employed a two-phase, mixed-methods research design. The first phase of the study entailed analyzing both existing databases about nonprofit organizations and the results of a survey administered as part of the study. Data from Phase 1 describe general characteristics of nonprofit education foundations in California and identify how different education foundations address the following key organizational elements identified in the literature on nonprofit organizations: mission, organizational structure, board governance, fundraising, program delivery, advocacy efforts, and community relationships.

The second phase of the study consisted of case studies of three different education foundations. Findings from this phase complemented the study's quantitative results by providing relatively "thick" description of the organizational factors described by the survey data as well as each organization's measures of success and their perceived strengths, weaknesses, opportunities, and threats.

Summary of Primary Findings

Current Conditions

Local education foundations continue to grow in California, both in terms of total number of organizations as well as the amount of funds raised for support of public schools. This study documented 674 active LEFs operating throughout the state and another 190 that are still registered as nonprofits with the IRS but appear to be dormant or defunct. LEFs have proven to be a viable source of supplemental income for public education reporting total revenues of \$213,144,392 and total expenses of \$195,677,337 in 2007. LEFs for the same time period reported \$396,555,363 in assets. The LEFs that generate the highest revenues are older and found in higher-income communities. The study also suggests that younger LEFs are being formed, albeit in more moderate and even low-income communities.

Consistent with the literature, the LEFs focused on in this study share many common characteristics. In general they share a common core mission: to provide financial support to the public schools with whom the LEF is associated. LEFs accomplish this mission by establishing themselves as nonprofit 501(c)(3) charitable organizations. By virtue of the fact that LEFs are nonprofit organizations, they share other common organizational components. For instance, they are governed by a board of

directors, utilize volunteer labor, and distribute their earnings in support of their charitable purpose. Additionally LEFs, in almost every case, were established to serve specific schools or districts within some pre-determined geographical boundary. LEFs can be characterized as grassroots organizations in that they are tethered to and supported by the communities they serve.

Despite these common core characteristics, this study has shown that LEFs do vary widely in both form and function across the key constructs of mission, organizational structure, board governance practices, fundraising, program delivery and advocacy and lobbying efforts, and community relationships. This variation is likely a reflection of the grassroots nature of LEFs. Indeed, it is virtually axiomatic that a wealthy community with corporations and affluent parents eager to support the community's schools will create an education foundation that is different organizationally from an LEF that is formed to serve a low-income community with limited community assets. Furthermore, the study revealed other reasons that give rise to organizational differences. Some community foundations, for example, were founded by school district personnel or boards and are staffed by district employees; others were founded by individuals or groups outside of school district bureaucracies. Not surprisingly, these and other differences produce organizations that differ in some important respects from each other.

To be sure, as has already been noted, LEFs normally share a common mission; their objectives and strategies for achieving that mission vary, however. In terms of organizational structure, some LEFs are closely aligned with school administrators and even see themselves as an arm of the district or as working for the district. Yet other

LEFs position themselves as independent third parties working in partnership with, or in some cases, independent from, school administrators. In both cases, the LEF's stance with respect to the school district normally has an effect on the overall culture and operation of the LEF.

This study also revealed significant differences in the area of board governance practices. To be sure, in almost all of the cases, board members were reported to come from diverse backgrounds and were seen as having connections to wide social networks in the community. Additionally, the members of LEF boards were reported to have a good understanding of the organization's purpose. However, this study did note several areas of difference. For example, in this study board sizes ranged from a low of 3 members to a high of 36 members. Furthermore, in many—but not all—of the LEFs studied, key governance best practices need improving. Potential areas for improvement include maintaining a written board manual, conducting annual board self-evaluations, providing new board member orientation, and having an annual board retreat. In general boards were conducting strategic planning, especially in the larger and mid-size LEFs, but it appears that some LEF boards still have some difficulty focusing on long-term objectives.

Consistent with the findings of previous studies (Brent & Pijanowski, 2003; Lewis, 2003; McCormick, Bauer, & Ferguson, 2001), LEFs raise funds through a variety of strategies, but, once again, there are differences. As this study showed, larger organizations tend to raise money from direct mail campaigns, while smaller to mid-size LEFs generate the bulk of their contributions from special events. A handful of LEFs are even having great success at developing earned income through related businesses such

as fee-for-service child care and summer school programs. Although only a small subset of LEFs was employing the earned income fundraising strategy, in the future this strategy may prove to be a more stable source of income, especially in competitive fundraising environments.

Funds raised by LEFs are used in myriad ways including providing scholarships, program support, classroom supplies, and equipment, and capital improvements. Here again, LEFs differ in the way they disburse funds. Traditionally, LEFs have served as grantmaking organizations, meaning funds raised by LEFs were re-distributed to schools through teacher mini-grants or block grants to individual schools or districts for use at the discretion of the recipient. However, as this and other studies have shown (Satterm, 2007), some LEFs are also engaging in direct program delivery, usually utilizing current school district staff and volunteers in program delivery.

Once again, there is variation in the sort of programs either supported by or operated by LEFs. Historically, the emphasis has been on subjects that were not, in some places, at least, considered part of the district's core curriculum. Art, music, and technology are the most common examples. In recent years, however, some LEFs have begun to provide initiatives in such core subjects as math/science and English/language arts. As state funds for key programs continue to be cut, it may be expected that LEFs will move even further into the areas of direct programming and, in the process of doing this, support the payment of teacher salaries.

Consistent with a growing focus on teacher quality (Hanushek & Lindseth, 2009), it may also be expected that LEF funding for teacher training and retention will grow in the coming years. Many LEFs have not provided support for professional development.

It was argued that teachers may leave a district after receiving LEF-funded professional development, and so the money spent on developing teacher capacity may have been seen as wasted. However, this study revealed a number of LEFs that have begun to support teacher education. Both the Ravenswood case study and the Silicon Valley case study provide detailed examples.

Another emerging area of LEF activity—again, in some but not all LEFs— is advocacy and lobbying. While most LEFs do not report engaging in policy advocacy and lobbying to any great degree as of yet (26 percent and 7 percent, respectively), 15 percent of survey respondents reported an increase in these sorts of activities in the last five years and no decreases were reported in either advocacy or lobbying. For example, some LEFs were called upon in the spring of 2009 to oppose proposed mid-year budget cuts, as was the case in Carlsbad where the LEF provided sample letters to legislators on its website at the behest of the superintendent. Additionally, LEFs may begin to follow the lead of the Silicon Valley Education Foundation, which has made advocacy a core objective of its overall strategic plan, if it is successful in its advocacy efforts.

Conclusion to Summary of Primary Findings

To summarize, LEFs share a common mission and, as 501(c)(3) organizations, have some organizational characteristics in common. There is, however, great variation across LEFs. Some of this variation can be accounted for by the variable of organizational size. But even among organizations of similar size, there will be differences in the way individual organizations operate. This is to be expected since LEFs are, more often than not, grassroots organizations that must reflect the communities

they serve and that support them. Indeed, community relationships are vital to the success of LEFs.

Implications for Policy and Practice

There are at least three sets of implications for policy and practice that can be drawn from this study. First, there are implications for the leaders of education foundations. Second, there are implications for schools and districts that either have, or seek to have, a functioning education foundation. Finally, there are implications for policymakers and others who have a stake in public education in California. Each of these sets of implications is discussed in this section.

Implications for LEF Leaders

The government funding for public education in California is unpredictable. When the *Getting Down to Facts* studies were released in 2007, the study suggested that there was a small window of opportunity for education reform. The ensuing state and national economic crisis in 2008, however, quashed any possibility for reform that required additional funding, at least for the foreseeable future. Thus, public schools remain relegated to an inefficient and unstable funding process that has not been able to keep pace with the escalating costs of education. The result is public schools that are unable to provide what at least some consider an adequate education for all students.

This ongoing instability of funding is important for leaders of education foundations for several reasons. As this study has shown, LEFs are now very much a part of public schools and districts throughout the state. Through the funds raised, programs provided, and partnerships established, LEFs have become an integral part of public education. LEFs are no longer providing “just the extras;” rather, many are taking on

roles that have a large impact on daily curriculum and instruction. In some instances, the funding provided by LEFs has become institutionalized to the extent that loss of LEF funding could produce real hardship for schools and districts. Increasingly, LEF leaders must ask themselves, “If we elect to fund something one year, are we obligated to fund it forever?” Furthermore, LEF leaders must spend time thinking through the repercussions to any number of scenarios that could result from their decision-making, especially as it impacts students, schools, communities, and the foundation itself.

As LEFs continue to grow, their leaders will increasingly be faced with these types of dilemmas. Some may argue that LEF funding lets the district or the state “off the hook” for their financial obligations to public education. Others argue that communities can not wait idly for Sacramento and politicians to work out budget and funding problems and that local intervention, such as through LEFs, provides a more timely and efficient answer.

It is also evident that LEF leaders need to have a clear understanding of their mission, goals, and objectives, whatever they might be. While California public school needs grow and funds diminish, as has been the case over the last 30 years, schools and districts will likely require more from their LEFs. As was noted in the Ravenswood case study, the needs can be never-ending. LEF leaders must work diligently to establish boundaries and not try to be all things to all people. Staying strategically focused will allow LEFs to run more efficiently and effectively and better serve their schools, communities, and donors. Additionally, clear funding parameters are another form of transparency and support open communication between LEFs and their constituents.

Furthermore, as this study has demonstrated, when an LEF has established goals and objectives and clear funding parameters, it is better equipped to build brand awareness. In this sense, brand awareness means that people are able to clearly recognize what the foundation does and what it stands for. When there is a strong brand awareness foundations are able to build what professional fundraisers call a meaningful case for support. As was demonstrated in the Carlsbad case, the board came to realize that its activities, although successful, were fractured and lacked a sense of unity and direction. For example, they had different names for campaigns and major programs that confused the public. These issues have been resolved under Carlsbad's new strategic plan.

Moreover, LEF leaders are in a position to be seen as leaders in the education arena. At least in some communities, LEFs are moving from low-profile organizations that write checks (historically for limited amounts of money) to community change agents. These LEF leaders establish networks of organizations; facilitate collaboration across groups and between schools and school districts, on the one hand, and community organizations, on the other; and, increasingly, in some settings function as advocates for public education. They also, in some places, have more and more emphasized assessing impact, including impact on student achievement. All of this, of course, has implications for LEFs' relationships with their donors. As LEFs play in a larger arena, they may embrace values that donors do not necessarily embrace. And as they focus on impact and student achievement, LEF leaders may need to find a way to turn down (or, ideally, redirect) funds for a donor's desired project that is not in line with LEF and or district goals and objectives. This higher level of relationship management may require more

professional fundraising and leadership expertise from LEFs than has been required in the past.

Finally, as LEFs grow they will be subject to greater scrutiny (as has been the case in the larger nonprofit sector over the last 10 years). LEFs will be held to greater account, so they should therefore strive to be well run and adhere to acceptable governance practices. Board members and staff could avail themselves of board and professional development opportunities to ensure that LEFs are competently managed in accordance with state and federal laws and best practices in nonprofit management.

Implications for Schools and Districts

This study also has important implications for leaders of public schools and districts that have established LEFs and for those that may be looking to form a new LEF. The literature about LEFs (Brent & Pijanowski, 2003) and this study have shown that school administrators are integral organizational partners with LEFs. This partnership works best when the lines of communication are open and when each party clearly understands the roles and intentions of the other. One way to achieve a certain level of transparency is through official memoranda of understanding. Additionally, open communication can be supported when an administrator or a representative is given a seat on the board, either with or without voting rights.

Furthermore, as state resources become increasingly scarce and as LEFs grow in their ability to raise funds, issues of power and control will naturally arise. If and when LEF funds represent a significant portion of a school or district's annual budget, the influence of a private LEF board could become significant to the point of mitigating the decision-making of a publicly elected school board. This is an especially important

implication for schools and districts with LEFs that are able to grow significant endowments in the coming years.

Implications for policymakers and stakeholders

Until recently, LEFs have received little to no empirical study or public critique. However, as LEFs grow in size and numbers they can expect to be subjected to greater public scrutiny from both supporters and non-supporters alike. It is therefore in the best interest of policymakers and stakeholders to understand the facts about LEFs and the overall LEF movement, as well as LEF impact on public education. This is especially true in light of the focus on school funding equity that has been the subject of litigation both in California and across the nation.

Although the literature indicates that the focus of school reform is shifting away from an equity perspective and toward an adequacy perspective (Reich, 2006), equity in school funding remains a core tenet to school funding laws in California. As such, should LEF funding ever increase to a point that does create measurable inequities in the public education system, legal action could and should be expected.

As educators across the nation strive to comply with the accountability measures under No Child Left Behind, there has been increasing emphasis on improving student achievement, especially in low-income schools. In light of this study, policymakers and stakeholders should take note of the Ravenswood LEF model. Although relatively new, Ravenswood is emerging as a viable LEF model to bring private funds to very low-performing and low-income schools.

Suggestions for Future Research

The findings of this study were intended to lay a foundation for future research that should allow researchers to ask more nuanced questions about the efficacy and impact of LEFs in California. There are at least three obvious areas where additional inquiry could begin: (a) research that could be conducted using the population and sample data set generated by this study, (b) research on LEF impact on equity and adequacy, (c) research on LEF impact on student achievement, and (d) research on schools and districts that do not have LEFs.

The data set generated as a result of this study could be used to answer other research questions that were beyond the scope of this initial study and further research could be done to better understand the operating models that exist in the population. For example, the current data set could be used to determine how many LEFs are based at a single school site and how many are district-based or district-spanning.

Additionally, more advanced statistical analysis of both the population and sample data could yield interesting findings. Further regression analysis and statistical modeling could be used to identify any number of variables that may have an impact variables, including revenue generation. With adjustments to the data set, more research could be done on LEF impact on equity and adequacy and perhaps measure LEF impact on student achievement longitudinally. Finally, this study provides important baseline data about LEFs in California. What it does not address are the schools and districts that do *not* have LEFs, nor does it address the 190 LEFs that were identified in the study as dormant or defunct.

Conclusions to the Chapter

The overall objective of this study was to investigate, compile, and disseminate its findings to nonprofit practitioners, policymakers, academics, and school leaders on a variety of issues related to LEFs that have, until now, received little to no empirical study. The questions around this topic are substantial. However, before such nuanced questions can be addressed, some sort of mapping of existing education foundations and their functions is required.

This study, therefore, represents an initial attempt in this mapping process, seeking to provide a frame of reference for future and perhaps more targeted studies. The findings presented provide important benchmarking data about LEF mission and organizational structure, board governance, fundraising, program delivery, advocacy and lobbying efforts, and community relationships. LEF leaders and others may use this data to inform and generate new ideas about LEF operating models and program activities that can shape the future development of LEFs both in California and across the nation.

Ultimately, LEFs are not one-dimensional organizations. They serve and involve many constituencies and address a wide array of needs. Additionally, LEFs are often expected to be independent, entrepreneurial organizations, and yet they often find themselves tethered to school districts, which can be large bureaucratic systems. Taken collectively, all these points demonstrate the intricacies and challenges involved in running a successful LEF, which will only increase as LEFs take on larger leadership roles in the education arena or if LEFs move further into direct programming. Furthermore, LEFs will likely find themselves continuing in this vein as long as

education stakeholders remain unsatisfied with public schools and government funding is unstable and or viewed as insufficient.

An executive director who was interviewed for this study made this observation:

There are oftentimes competing interests for people that are involved with LEFs.

Most are involved for lots of different reasons, mostly the right reasons . . . they

care about the education of children. But oftentimes, what they hope for is their

kids, their school, their interests. . . . They want their kids to have great stuff.

When you try to define the role of an LEF at the macro level, as Pre-K–12, as

district-wide, as a statewide movement, or as equitable, you run into some

challenges. It becomes important to find ways to define mutual interests and

ensure you are serving the mutual self-interests of your donors, parents, teachers,

and administrators across school and grade boundaries in a way that still preserves

a benefit for them. I think the old way of doing business was really easy for

people to get. Now we are asking people to make a system-wide investment,

which is at a higher level of abstraction. So our goal is to deliver on that promise

in ways that help people understand why they should give to all these schools and

kids.

In conclusion, the LEF landscape is changing, and much will likely be required of LEFs in the future. At the same time, due to their grassroots nature, how they function and perform will surely remain a reflection of the local communities in which they operate. However, as the previous quote and other data from this study show, LEFs will likely be called upon to expand their involvement in education in new ways in the years to come. As one superintendent proposed, “I would like them [LEFs] to think that it’s

not just about competition for resources. Now it's about problem solving and how to deliver programs."

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APPENDIX A

LOCAL EDUCATION FOUNDATION SURVEY INSTRUMENT

Appendix A

Local Education Foundation Survey Instrument

Laura Deitrick, Ph.D. Candidate, is completing her dissertation work on nonprofit K-12 education foundations in the state of California. Laura is a doctoral student at the University of San Diego (USD) in the School of Leadership and Education Sciences, and she is a Research Associate with The Caster Family Center for Nonprofit Research at USD. This research is being conducted for the purpose of understanding the characteristics of education foundations in California.

Participation in the project involves filling out an online survey that asks questions about your organization. The survey will only take 20 minutes to complete and it can be completed at your convenience as it is accessible online. Participation is entirely voluntary and you may refuse to answer any question and/or quit at any time.

Please note: At the beginning of the survey you will be asked for your name and organizational contact information. This data will be kept confidential and your individual answers to questions on the survey will only be shared as aggregate (group) data from all respondents. The researcher may use your contact information to ask follow-up questions on a case by case basis if you give your permission.

The benefit to participating in this study will be in knowing that you have contributed important information to a study that is highly relevant to the mission and work of your organization. Additionally, as a participant you will receive a copy of all of the results.

Your participation will assist researchers, practitioners, and policymakers to better understand the role and impact of California's K-12 education foundations.

If you have any questions about this research please contact:

Dr. Robert Donmoyer

EMAIL: donmoyer@sandiego.edu

(619) 260-7445

OR

Laura Deitrick

EMAIL:lauradeitrick@sandiego.edu

(619) 260-2903

By responding to the question below and entering the California Education Foundations Survey you are indicating that you have read and understood the above information, and that you consent to participate in the research described. If you wish to maintain a copy of this consent please print a copy of this page with the above consent statement for your records. You may also contact the researcher for an electronic or hard copy of the consent form.

Thank you for your time to participate in this important research project

Do you give your consent to participate in this study?

☐ Yes

☐ No

Please complete the following information.

Your Name: _____

Are you affiliated with a charter school(s)?

☐ Yes

☐ No

Your title or relationship to the foundation:

_____ Please note that this survey is intended to be completed by either the head staff person (Exec. Director/CEO) or head board member (President/Chair) your foundation.

Please enter your EIN # (this is your 10 digit federal tax ID number) _____

In what year was your foundation formed? _____

To the best of your knowledge, who was primarily responsible for initiating the formation of your foundation?

- ☐ Parents
- ☐ The school district or site
- ☐ The School Board
- ☐ Teachers
- ☐ City Leaders
- ☐ Don't Know
- ☐ Other _____

To the best of your knowledge describe the impetus for forming the foundation:

What is the name of your school district? _____

Pick the statement that best describes the school(s) that is/are supported by your foundation.

- ☐ We serve a single school site
- ☐ We serve multiple school sites

- ☐ We serve an entire school district
- ☐ We serve multiple school districts
- ☐ Other _____

Which types of schools are supported by your foundation? (Check all that apply.)

- ☐ Pre-K
- ☐ Elementary
- ☐ Middle School
- ☐ High School
- ☐ Other _____

Do other education foundations operate in your school district?

- ☐ Yes
- ☐ No

Approximately how many students are enrolled in the school(s) that you serve? _____

How does your organization provide support to the schools that you serve? (Check all that apply.)

- ☐ We make financial grants directly to the school(s) we serve
- ☐ We fund scholarships for students enrolled in our schools
- ☐ We provide actual programs for the students enrolled in our schools

Please indicate if either of the following conditions applies to your foundation.

- ☐ Our foundation is an umbrella organization
- ☐ Our foundation serves as a pass-through or fiscal agent for other support organizations (ex. booster groups)

Please briefly describe your organization's major purpose or mission. _____

Does your organization have any of the following organizational components? (Check all that apply)

- ☐ Website
- ☐ Computers for key staff or volunteers
- ☐ Direct internet access for key staff or volunteers
- ☐ Computerized financial records
- ☐ Written bylaws
- ☐ Written operating policies
- ☐ Written conflict of interest policies
- ☐ Written personnel policies
- ☐ Written job descriptions for staff
- ☐ Written job descriptions for volunteers
- ☐ A recent audited financial statement
- ☐ An annual report produced in the last year
- ☐ A formal evaluation or assessment of program outcomes done within the last two years

How many board members did your organization have as of January 1, 2009? _____

How many of your board seats were vacant as of January 1, 2009? _____

In terms of governance please check all of the practices that apply to your board.

- ☐ We have developed board member job descriptions

- ☐ There are written selection criteria for board members
- ☐ We have an active nominating or board development committee
- ☐ Our bylaws or policies require an administrator or other school representative to sit on the board
- ☐ We have a written board manual
- ☐ There is a formal board member orientation provided for new board members
- ☐ We have a written conflict of interest policy that is reviewed and discussed regularly
- ☐ We have a written policy on dismissal for absenteeism
- ☐ Our absenteeism policy is enforced
- ☐ Meeting agendas are distributed at least 3 days prior to board meetings
- ☐ Financials are distributed at least 3 days prior to board meetings
- ☐ We have an annual board retreat
- ☐ The board conducts a self evaluation at least once a year

Does the board have any of the following formalized standing committees?(Check all that apply.)

- ☐ Audit
- ☐ Development/Fundraising
- ☐ Executive committee
- ☐ Finance
- ☐ Grantmaking/Distributions
- ☐ Marketing
- ☐ Personnel

☐ Strategic Planning

☐ Other (please specify) _____

Board Governance (continued)

Please indicate the extent to which you agree or disagree with the following statements as they relate to your board of directors.

The board understands the mission and purpose of our education foundation.

☐ Strongly agree

☐ Agree

☐ Disagree

☐ Strongly disagree

The board focuses much of its attention on long-term policy issues rather than on short-term administrative issues.

☐ Strongly agree

☐ Agree

☐ Disagree

☐ Strongly disagree

The board has a strategic vision of how the organization should evolve over the next 3-5 years.

☐ Strongly agree

☐ Agree

☐ Disagree

☐ Strongly disagree

The board periodically engages in a strategic planning process that helps it consider how the organization should meet new opportunities and challenges.

- ☐ Strongly agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly disagree

Our board members have wide social networks in our community.

- ☐ Strongly agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly disagree

Our board members come from diverse backgrounds and have professional expertise in a wide range of activities.

- ☐ Strongly agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly disagree

It is difficult for us to recruit new qualified board members.

- ☐ Strongly agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly disagree

The board understands the fundraising strategy for our organization.

- ☐ Strongly agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly disagree

Board members actively ask others in the community to provide financial support to the organization.

- ☐ Strongly agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly disagree

The board has a clear policy on individual board members' responsibility to raise money.

- ☐ Strongly agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly disagree

The board regularly monitors the financial performance of the organization.

- ☐ Strongly agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly disagree

Approximately what percentage of current board members have children enrolled in the schools that you serve? _____

Does your board have formal term limits for its members?

☐ Yes

☐ No

Does your foundation have paid staff?

☐ Yes

☐ No

Does your organization currently have a paid executive director or similar person with executive responsibilities?

☐ Yes

☐ No

☐ Yes, but position is currently vacant

Briefly name/describe the job titles of the key employees in your organization and the average weekly hours worked by each. _____

How many people were employed FULL TIME as of January 1, 2009? _____

How many people were employed PART TIME as of January 1, 2009? _____

Approximately how much did your organization spend on total salaries, wages, and benefits during the most recently completed fiscal year? (Enter numbers only...do not use commas) _____

During the most recently completed fiscal year, did your organization use any volunteers, other than those that serve on your board of directors?

☐ Yes

☐ No

Approximately how many people did volunteer work for your organization over the last year? _____

How important are volunteers, other than board members, to the work of your organization?

- ☐ Not at all important, you could carry out your mission without using volunteers
- ☐ Not very important , you depend on volunteers for only non-essential tasks
- ☐ Important, you depend on volunteers for several key tasks
- ☐ Very important, you depend on volunteers for a wide range of tasks but not all
- ☐ Essential, you depend entirely on volunteers to carry out your mission

During the most recently completed fiscal year did your organization receive income from any of the following revenue sources? (Check all that apply.)

- ☐ Corporate sponsorships
- ☐ Donations from business or corporations
- ☐ Donations from individuals
- ☐ Fees/charges/sales for services provided
- ☐ Fees/charges/sales for special events
- ☐ Government grants
- ☐ Grants from community foundations
- ☐ Grants from other foundations
- ☐ Grants or support from federated funders including the United Way
- ☐ Trusts or bequests from individuals
- ☐ Other (please specify)

Of these sources, which generates the most revenue for your foundation?

- ☐ Corporate sponsorships
- ☐ Donations from business or corporations

- ☐ Donations from individuals
- ☐ Fees/charges/sales for services provided
- ☐ Fees/charges/sales for special events
- ☐ Government grants
- ☐ Grants from community foundations
- ☐ Grants from other foundations
- ☐ Grants or support from federated funders including the United Way
- ☐ Trusts or bequests from individuals
- ☐ Other (please specify)

Which of the following fundraising activities does your foundation engage in?

- ☐ Corporate matching gifts
- ☐ Direct mail campaigns
- ☐ Grant writing
- ☐ Internet fundraising
- ☐ Planned giving
- ☐ Related business income (please describe)
- ☐ Scrip
- ☐ Special events
- ☐ Other (please describe)_____

Please describe any related business income or other fundraising activities-

Of these fundraising activities, which generates the highest NET income for your

- ☐ Corporate matching gifts

- ☐ Direct mail campaigns
- ☐ Grant writing
- ☐ Internet fundraising
- ☐ Planned giving
- ☐ Related business income (please describe)
- ☐ Scrip
- ☐ Special events

Other (please describe) _____ organization?

Please briefly describe what you consider to be your most innovative fundraising program. _____

Does your foundation have an endowment fund?

- ☐ Yes
- ☐ No

As of today, what is the approximate value of your endowment fund? _____

If your endowment has lost value since September 2008, what has been the approximate percentage loss? _____

Please describe how endowment funds are raised. _____

Please describe any policies related to the expenditure of endowment funds. _____

If your organization has collaborative relationships with any of the following groups please rate the extent to which you believe the collaboration is effective in helping your organization meet its mission (check all that apply).

	Very effective	Somewhat effective	Not at all effective
Booster groups	☐	☐	☐
Local Business Community	☐	☐	☐
Local Chamber of Commerce	☐	☐	☐
Local parent teacher associations	☐	☐	☐
Local service clubs	☐	☐	☐
Other school foundations	☐	☐	☐
School administrators or teachers	☐	☐	☐
School site councils	☐	☐	☐
Student government or clubs	☐	☐	☐
The school district	☐	☐	☐

To what extent do the administrators and teachers in the schools that you serve support your organization and its activities?

- ☐ They are very supportive
- ☐ They are somewhat supportive
- ☐ They are not at all supportive

To what extent does the local school board support your organization and its activities?

- ☐ They are very supportive
- ☐ They are somewhat supportive
- ☐ They are not at all supportive

Briefly describe how you make grants to the schools that you serve. _____

Are there formal guidelines that direct your grantmaking activity?

☐ Yes

☐ No

Who is the PRIMARY decision maker when it comes to establishing funding priorities for your foundation?

☐ Foundation staff

☐ Parents

☐ School Administrators

☐ Superintendent

☐ Teachers

☐ The Board of Directors

☐ We do not have established funding priorities

Please describe the process used to distribute foundation funds. _____

Please rank the top 4 funding priorities for your foundation.

☐ Arts

☐ Child development outside of classroom

☐ Classroom Supplies/Equipment

☐ Developing new/innovative programs

☐ Drama

☐ English

☐ Field Trips

☐ Foreign Language

☐ Health

- ☐ Library Books
- ☐ Math
- ☐ Music
- ☐ Scholarships
- ☐ Science
- ☐ Social Sciences
- ☐ Sports
- ☐ Technology

Is any of your funding used to pay teacher/staff salaries?

- ☐ Yes
- ☐ No

Approximately what percentage of your total funding is allocated to teacher/staff salaries? _____

Please briefly describe up to three programs that are provided DIRECTLY by your foundation to the students you serve.

Most important _____

2nd Most important _____

3rd Most important _____

In this final section of the survey the topics of advocacy and lobbying are considered as two separate functions. Please use the following definitions when answering the questions.

ADVOCACY involves identifying, embracing, and promoting an issue or cause. It aims to influence public policy at the federal, state, or local level and can include a wide range of activities.

LOBBYING is a form of advocacy that involves taking a position on a specific piece of legislation.

*These definitions are derived from Lester Salamon at the Johns Hopkins Listening Post Project.

Based on the definitions provided above did your education foundation engage in policy advocacy or lobbying in the past twelve months?

Advocacy

☐ Yes

☐ No

Lobbying

☐ Yes

☐ No

How has your foundation's involvement in policy advocacy and/or lobbying changed over the last five years?

☐ We have increased our advocacy and/or lobbying activities in the last five years.

☐ We have decreased our advocacy and/or lobbying activities in the last five years.

☐ There has been no change.

☐ Don't know

Has your education foundation engaged in any of the following LOBBYING activities targeted at a specific piece of legislation?

- ☐ Signed a correspondence to a government official
- ☐ Visited a government official
- ☐ Called a government official
- ☐ Stimulated public to communicate to officials

Has your education foundation engaged in any of the following ADVOCACY activities in support of a specific issue or cause?

- ☐ Responded to requests for information from an official
- ☐ Distributed information materials
- ☐ Testified at hearings
- ☐ Wrote an Op-Ed piece or letter to the editor
- ☐ Organized a public event
- ☐ Released a research report
- ☐ Filed or joined a lawsuit

At what level(s) of government do you target any or all of the following LOBBYING efforts? (Check all that apply.)

Legislation affecting our organization's funding

- ☐ Federal
- ☐ State
- ☐ Local Gvt
- ☐ School Board

Legislation that could affect those we serve

- ☐ Federal
- ☐ State
- ☐ Local Gvt
- ☐ School Board

Legislation that could affect nonprofits generally

- ☐ Federal
- ☐ State
- ☐ Local Gvt
- ☐ School Board

A specific earmark

- ☐ Federal
- ☐ State
- ☐ Local Gvt
- ☐ School Board

At what level(s) of government do you target any or all of the following ADVOCACY efforts? (Check all that apply.)

Legislation affecting our organization's funding

- ☐ Federal
- ☐ State
- ☐ Local Gvt
- ☐ School Board

Legislation that could affect those we serve

- ☐ Federal

- ☐ State
- ☐ Local Gvt
- ☐ School Board

Legislation that could affect nonprofits generally

- ☐ Federal
- ☐ State
- ☐ Local Gvt
- ☐ School Board

A specific earmark

- ☐ Federal
- ☐ State
- ☐ Local Gvt
- ☐ School Board

What, if any, are the reasons that your organization does NOT engage in policy advocacy or lobbying? (Check all that apply.)

- ☐ Lack of staff/volunteer time
- ☐ Lack of staff/volunteer skills
- ☐ Lack of funds to devote to policy advocacy or lobbying
- ☐ Public Policy is not relevant to our organizations
- ☐ Lack of relationships with public officials
- ☐ We are worried about violating laws
- ☐ Reluctance to get involved in politics
- ☐ Lack of Board knowledge or skills

☐ Board opposition or reluctance to become involved

☐ Concerns about losing donors

What would you say are the three biggest issues facing your education foundation in the next 2- 5 years? _____

Is there anything else you would like to tell us? _____

May we contact you if we have any additional questions?

☐ Yes

☐ No

APPENDIX B

REGRESSION

Appendix B

Regression

[DataSet1] C:\Documents and Settings\nonprofit\Desktop\12_14dissertation.sav

Descriptive Statistics

	Mean	Std. Deviation	N
REV	540291.5	921654.33916	115
Paid Staff	.50	.502	115
Number of Board Members	15.11	7.977	115

Correlations

		REV	Paid Staff	Number of Board Members
Pearson Correlation	REV	1.000	.482	.514
	Paid Staff	.482	1.000	.535
	Number of Board Members	.514	.535	1.000
Sig. (1-tailed)	REV	.	.000	.000
	Paid Staff	.000	.	.000
	Number of Board Members	.000	.000	.
N	REV	115	115	115
	Paid Staff	115	115	115
	Number of Board Members	115	115	115

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Number of Board Members ^a Paid Staff	.	Enter

a. All requested variables entered.

b. Dependent Variable: REV

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.570 ^a	.324	.312	764255.894	.324	26.896	2	112	.000

a. Predictors: (Constant), Number of Board Members, Paid Staff

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.1E+013	2	1.571E+013	26.896	.000 ^a
	Residual	6.5E+013	112	5.841E+011		
	Total	9.7E+013	114			

a. Predictors: (Constant), Number of Board Members, Paid Staff

b. Dependent Variable: REV