

Donors' Collaboratives for Educational Improvement

A Report for Fundación Flamboyán

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Introduction

In recent years, the number of foundations operating in Puerto Rico has grown. There are also indications that they are increasingly interested in collaborating on issues related to the improvement of social conditions on the island, and to the strengthening of the non-profit sector in general. One area which seems ripe for foundation collaboration is education. A set of foundations has been supporting a variety of efforts to improve public schools. The question before them is: Would it make sense to work together?

Philanthropic giving targeted to improving public schools has increased in the United States and in Puerto Rico over the past two decades. Clearly, public dollars overwhelm any private investments in public schools. For example, the annual budget of New York City Public Schools exceeds \$13B. This is the size of the entire endowment of the Ford Foundation; Ford's annual budget for public school improvement worldwide is less than \$25M. Some might argue that philanthropic support for education can be seen as a "drop in the bucket" compared to public school budgets. Nevertheless, private support for school improvement has continued to increase for a number of reasons including:

- States face competing demands for public dollars. Education is increasingly pitted against funding needs for health and safety. State legislatures are finding it more difficult to meet demands for more money for public schools. Schools and school system are raising funds from parents, businesses and foundations to supplement their declining budgets.
- The private sector is concerned with ensuring a well prepared work force and wants to help enable students to acquire the skills that will be required of them as future workers. Many businesses and corporations "adopt" schools and make in-kind contributions in addition to grants.
- Corporate, business and foundation leaders believe that innovation is needed to improve schools. They often support model programs in the hopes of providing effective examples for public schools. Many of the reforms supported by donors have helped to influence public school policies and practices. This has encouraged continued and expanded investment in taking the reform models to scale.
- More philanthropic organizations are recognizing the need for political will to promote and sustain changes in schools. They are funding efforts to build civic capacity to improve schools through building networks, civic mobilization, and policy change. Public involvement in education is acknowledged to be critical to the sustainability of reform efforts.

- Private funds can usually be marshaled more speedily than public funds. Those who want change to be more rapid rely on securing non-public sources of support.
- Many new small and large foundations have emerged that are interested in education.

Why Collaborate?

While most grants are still made by individual foundations and corporations, the last two decades have also witnessed the emergence of frequent collaborations among donors. Donors' collaboratives have emerged because of a number of perceived benefits. They include:

- Improving a system, be it an educational system or a health, political, or economic system, is a big and complicated undertaking; working together brings more resources to bear on the problems.
- Donor collaboration improves the effectiveness of philanthropy by providing opportunities to tap the multiple talents, experiences, and knowledge of a group of colleagues.
- Collaborations can give small donors the opportunity to help leverage more dollars, and give big donors more insight into local actors, issues and politics.
- Change takes time. Pooling funds allows for required multi-year approaches.
- Long term commitment to a set of issues allows donors and grantees to review and refocus their funding priorities to respond to changes in the environment.
- Multiple donors can use resources more effectively by requiring less administrative overhead, fewer consultants, and by commissioning research that is relevant to all.
- No one donor is "out there alone" in case the issues tackled raise political heat.

Given these many motivators, donors, non-profit organizations, and school systems have developed various types of mechanisms to support educational innovation. These include:

- Targeted funds from a school budget to support innovative efforts within schools. One such example is the fund announced by Michelle Rhee, the head of the District of Columbia Public Schools (DCPS) to support innovation in her district. On occasion, public school superintendents also try to raise private funds to support their efforts. This mechanism creates a pool of private funds that are used by public schools some times in combination with some public dollars. Another example is New York City where School Chancellor Joel Klein appointed Caroline Kennedy to head a fundraising effort. Her task

was to raise private funds to supplement the public school budget. And in Chicago, Mayor Daley raised millions of dollars, largely from businesses, to fund a network of public charter schools. In these cases, the school leadership and political leadership are the ones who ultimately decide the use of the funds.

- Local Education Funds (LEFs) which are independent non-profit organizations that range in size and influence. They raise funds from local businesses and corporations and, as part of a national network - the Public Education Network which has offices in the District of Columbia -- are also able to obtain funds from national foundations. They use these funds to operate model programs and advocate for public school improvement. LEFs work in partnership with schools to promote improvement efforts, and they can also mobilize citizens to promote needed changes. LEFs began about 25 years ago in the United States and now number over one hundred in more than forty states. In many cities, LEFs have become very important players in school reform.
- Education Venture Funds created by entrepreneurs typically seek out educators ("education entrepreneurs") who have developed innovations that show some promise in improving student educational achievement. The venture funds are formed by contributions from wealthy business people and often are managed by professional investors. Many of the efforts supported are charter schools. The contributors to the funds make the funding decisions, typically aided by a venture fund management group that seeks out promising innovations.
- Education Funds designated within the endowments or operating budgets of operating foundations. Some operating foundations may designate a portion of their endowment for education programs. Often such a set-aside is used as a way to raise funds from other philanthropic organizations interested in public schools. The activities supported through these funds can be determined by the foundation that holds the funds or can involve a group of donors and/or advisors. The education fund of the Puerto Rico Community Foundation is an example.
- Collaborations among donors for school improvement, some times called donors' education collaboratives. These are organized by groups of donors who have interest in working together to improve public education. These are discussed at length below.

Donor Collaboratives for Public School Improvement

Donor collaboration takes many forms: from a one-time joint funding of a project, to a long-term commitment by a group of donors in support of an initiative. Donor collaboratives have been formed around issues of immigration, HIV/AIDS, Latino communities, youth, and many other topics. This report highlights *donor collaboratives for public school improvement*. These are defined for the purposes of this report, as *multi-year joint efforts of a group of donors focused on improving public schools*. Regardless of the issue which is the focus of the donor collaborative, the group decides on the minimum size of the contributions of individual members to the funding pool, the funding priorities, and the specific grants made. Often, the collaborative begins to work together by commissioning research or studies. Those analyses lead to conversations about how to best improve the public school system, and to a decision about which strategies they wish to support together.

Most donors' collaboratives are composed of a small group of core foundations and a larger group of donors that "buy in" for a shorter period of time. For example, the New York Donors' Education Collaborative (DEC) is over thirteen years old. Its members include three foundations that have been part of the collaborative throughout its lifetime and over 25 members in total through the years. Many have been members for a decade; others for four or five years. DEC may be the oldest, and it is certainly the most studied, of the donor collaboratives focused on education. Therefore, DEC provides the greatest opportunity for learning about how donors collaborate to improve public schools.

To summarize, a donors' education collaborative is characterized by:

- A set of donors who wish to work together over an extended period of time (typically five years or more) and pool their funds to do so.
- A shared analysis of the problems that confront the school system.
- A jointly defined set of strategies to address these problems.
- A jointly selected set of grants to address the identified strategies.

Deciding on the Funding Strategy

Donors often seek each other out for mutual support and learning. At first, they might be reticent to share what they perceive as failures or shortcomings of the grants they have made. While sharing analyses of the achievements and failures of their grants could be a place to begin a conversation of how to best improve schools, it requires a sense of trust that may not yet have surfaced. Often, education donors begin their work together by discussing their perceptions of the challenges of improving public schools. These discussions may identify a few issues that merit further exploration, and sometimes an emerging collaborative will commission research to help clarify

potential strategies. The Boston Parents Organizing Network (BPON) began as a study group of donors, activists, parents, and school reformers. They began by looking at how to improve the schools system and to understand the issues that impeded and enabled reform. No matter how the group of donors begins, *a shared understanding of the challenges and opportunities of improving schools is essential.*

With a shared understanding of the system's challenges and opportunities, a group can begin to identify strategies to achieve their common purpose of improving schools. In some cases, a facilitated group discussion can help a group decide what to support. In other cases, one or two members of the group can be designated to develop a few potential ideas. With DEC, this author's strategies for school improvement for her grant making portfolio at the Ford Foundation, were presented to a group of New York donors. They deemed the approach plausible and agreed to use it as DEC's. In this case, one donor's ideas were adopted by a group. BPON in contrast, developed its funding strategy in conversations with educators and activists. When one donor presents a potential plan for the collaborative, the process needs to be open and all group members must feel they have a say. The member presenting the ideas needs to be open to questions and suggestions, and to strong collegial critique. The presenter's flexibility and willingness to compromise is essential.

When a collaborative has been in operation for a few years, it is likely that the context of public schools will change. New school and political leaders often bring new ideas and institute new programs and policies. This requires a collaborative to reassess and adjust its priorities. It is beneficial for the collaborative members to remain mindful of the need to put aside sufficient funds to allow it to remain agile and flexible in responding to changing conditions. For example, DEC invested in four projects over a long period of time. BPON has likewise invested in six community organizing groups. As DEC members noted that the current governance policies of New York City Public Schools are set to expire in less than two years, they invited new groups to submit proposals to address this projected policy change. The expected change created an opportunity to support groups that can help to develop policy alternatives to inform the discussions regarding the shape of a new system of governance. The groups supported by BPON have also varied slightly over the years in response to different circumstances.

Donors' education collaboratives typically support non-profit organizations that sometimes work in partnership with schools; and other times work outside the schools, pushing for change. Most education collaboratives do not support schools directly because of their wish to track the impact of their funding. If they fund schools, there is a risk that the relatively modest grant will get "lost" within the large school budget. Some donors believe that the best way to make change within schools is to push for policy change from the outside of schools. Other donors support non-profit

organizations, which work in partnership with the schools to attempt to innovate from within. Still others, such as BPON, bring together donors and local education organizations to work for school change. BPON includes funded projects and also advocacy for school improvement.

Operating a Donors' Collaborative

Philanthropic organizations are of many different sizes. Among a group of donors, there will be some with the capacity to make larger grants, and others that can only make smaller grants. To keep a donors group working effectively, *each member needs to participate equally in the decision making, regardless of the size of its contribution to the funding pool.* DEC established a minimum yearly contribution of \$25,000 for a donor organization to participate. The funds contributed by the donor members to establish the funding pool ranged from \$25,000 to \$1M in a given year; but each donor had just one vote. This decision helped empower the smaller donors and created a spirit of equality. BPON did not set a minimum contribution for each donor; each contributes different amounts.

The idea behind a donors' collaborative is to provide a relatively long-term commitment to a difficult problem. Thus, commitments are typically for five or more years. DEC is thirteen years old. BPON is ten years old. Also, it is important for grantees to have a multi-year commitment of support. This allows them to plan and put in place the long term strategies that school reform typically requires.

Managing a donors' collaborative requires someone to set up meetings, develop agendas, keep minutes, help manage any consultants to the collaborative, and help monitor the grants made. These tasks can be managed part-time by an efficient consultant for a small percentage of the funds pooled. With DEC, the administrative consultant was paid less than one percent of the funds pooled. The collaborative also needs to make the grants. It is more efficient for both donors and grantees, for there to be a single grant from the collaborative rather than grants from each donor. With DEC, the New York Community Trust made the grants and also charged a very small percent for its administrative tasks.

The pool of funds can be managed by one of the member organizations which is given the responsibility of carrying out the collaboratives' decisions and doing the paperwork on the grants. For example, DEC funds are held by the New York Community Trust (NYCT). Each DEC member makes their contribution as a grant to NYCT. In turn, NYCT makes the grants to the organizations. Alternatively, the administration of the pool of funds can be given to another organization which is not one of the donors. This is the case

for Communities for Public Education Reform (CPER), a national funders' collaborative which uses a non-profit organization, Public Interest Projects (PIP), as the administrator. Similarly, BPON donors make their grants to an organization called Third Sector New England which acts as an intermediary and makes sub-grants to the non-profit community groups. *The decision of how the funds are managed has financial consequences. Using a donor member to manage the funds is typically less expensive than using an intermediary.*

When organizations are used as intermediaries to collect the funds and make the grants, they may also be given other responsibilities such as managing a request for proposals (RFP), and visiting prospective organizations. Using an organization to administer the grants is generally more expensive because of the need to cover its infrastructure costs. These costs are minimized by using one of the donors to manage the funds. If the collaborative members do not wish for one member to be viewed as more powerful, they could choose to rotate the management of the grants among the member donors every few years.

In most donors' collaboratives, *all donors participate in making the funding decisions.* The donors typically set out a fundraising goal for the collaborative. The funds that are gathered from all the donors are to be spent out during the amount of time the collaborative lasts. The total amount of funds determines the size and number of grants that can be made. The capacity of potential grantees to manage grants also helps determine the number of grants that can be made. Small organizations may not have the capacity to manage a large grant. In some instances, donors may incorporate representatives from the affected community or issue area experts in the decision making bodies. BPON has a steering committee participates in funding decisions. Committee members include parent organizers.

Some collaboratives have also provided funds for capacity building and technical assistance activities for grantees including strategic communications, and organizational development. Thus, *the allocation of the pool of funds is largely for grants, but also includes funds for technical assistance, research consultants, and management costs.*

Defining Success

The success of a donors' collaborative can be measured both by the impact of the grants made, and its ability to meet its own fundraising and collaboration goals. DEC commissioned an evaluation of the work supported from the outset. As a result, much was learned that helped the grantee organizations improve and that informed the evolution of DEC strategies. The evaluations have also been published to inform future efforts of other donors, non-profit organizations, and those interested in school reform.

Part of the success of a donors' collaborative is longevity. An effective collaborative presents opportunities for members to continue to learn from each other. As representatives from the various donor members leave, an effective collaborative helps new members understand the past work and encourages their active participation. DEC's thirteen years of operation has been enabled by the successful integration of new members. The consultant who manages DEC has played a key role in acclimating new members. One of the qualities to search for in a manager of a donors' collaborative is the ability to assist new members in understanding the way the collaborative works and to empower them to actively participate. The longevity of a collaborative is also of great importance to the grantees as it allows them to build their knowledge base, accumulate experience, and hold on to key staff.

Learning from the Experiences of Donors' Collaboratives

Some of the lessons of donors' collaboratives are embedded in the prior sections of this report. They have also been documented in various publications that appear listed as recommended readings. The existence of dozens of successful donors' collaboratives has shown that this is a model that can help advance systemic and sustainable changes.

As donors consider the possibility of initiating a collaborative effort to improve public schools, it is important that they begin by answering collectively a number of questions:

- Is there agreement among the group of donors on the main problems of the school system?
- Has the group identified an issue or a small set of issues that can be addressed through some strategic support?
- Are there existing organizations that can be supported to address the identified issues? If not, does it make sense to support the creation of new organizations?
- What amount of funds does the group of donors think is needed to have an impact on public schools during the next five years?

The situation of public schools in Puerto Rico is unique, as is the case with any locality. Nevertheless, there is much to be learned from experiences in other places. Drawing on these experiences, I have summarized the important issues that need to be dealt with in the establishment of a donors' collaborative.

I hope that this report can help advance a conversation among foundation executives about the possibility of collaborating to advance much needed improvements in Puerto Rico's public schools.

Recommended Readings

Alice C. Buhl. (2004) *Local Donor Collaborations: Lessons from Baltimore and Beyond*. Baltimore, MD: Association of Baltimore Area Grantmakers.

Anne Mackinnon. (2006) *Working Together to Achieve Greater Impact: The Donors' Education Collaborative of New York City*. Washington, DC: Grantmakers for Education.

Janice Petrovich. (2008) *A Foundation Returns to School: Strategies for Improving Public Education*. New York, NY: The Ford Foundation.