

PUBLIC SCHOOL FOUNDATIONS' SUPPORT OF  
K-12 PUBLIC SCHOOL DIVISIONS IN VIRGINIA

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## Abstract

Public school districts nationwide are subject to increased performance expectations as financial resources have decreased and school budgets are stretched to their limits. Less financial support from the state government means that localities must fill the gaps in their respective budgets to avoid reductions in or elimination of public school programs, services, and personnel. Insufficient funding for public education concerns many stakeholders. Virginia is one of many states in which localities have established public school foundations as a means to obtain private funds to support a variety of purposes in their public school divisions. Research was conducted ten years ago regarding the characteristics of education foundations supporting Virginia's public school divisions. The purposes of this study were to determine whether or not there was an increase in the number of public school foundations in Virginia during the past decade and to identify the foundations' longevity, purposes, governance, staffing, finances, revenue sources, and fund utilization of public school foundations that support of local school divisions.

The study used a descriptive mixed-methodology design in which both quantitative and qualitative data were collected. The mixed methods study gathered data sequentially in two phases. The first phase identified the existing public school foundations in Virginia, and the second phase collected state, local, district, and foundation data to describe the growth, purposes, governance, staffing, finances, revenue sources, and fund utilization of the public school foundations supporting K-12 public school divisions in Virginia.

More than two-thirds of Virginia's public school divisions were found to be supported by

public school foundations, which is a 42% increase from the findings of a similar study conducted one decade ago. Not surprisingly, the common purpose of these public school foundations are to partner with the community to support students through additional financial and social resources that support, enrich, or enhance their educational opportunities. The results of this research provide public school districts, foundations, and other interested parties with information on the operations of Virginia's public school foundations, which may aid in the establishment of new foundations or provide data and insights to improve or alter current foundation activities.

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## Chapter 1: Introduction

### Overview

The Constitution of Virginia includes the provision that “The General Assembly...shall seek to ensure that an educational program of high quality is established and continually maintained” (Va. Const., 1971, art. VIII, § 1). However, despite elected officials’ written and verbal pledges to provide a *high quality* education to students, the level of service that public school divisions in Virginia and nationwide are able to provide is threatened by financial pressures and performance expectations not seen in over six decades (Buhl & Rothman, 2011). Reports of dwindling state funding for K-12 public education are widespread, and localities have had to fill the financial gaps that are not supported by state or federal funding in order to avoid cuts to programs, personnel, and resources. Riley and Darling-Hammond (2012) cautioned that the “near-term crisis in our system of public education will have immense negative consequences for generations” (p. 16), and they worry that public officials may have misguided financial priorities in the face of shrinking revenues noting that many states’ spending on corrections outpaces spending on education.

Riley and Darling-Hammond are not alone in their concern. As reductions in and uncertainty about government funding for K-12 public education persist, communities have sought alternative means to bolster burdened public schools and school districts by establishing locally-funded and operated education foundations. Since the late 1970s these grassroots organizations have been a vehicle for communities to provide additional resources and community service to enrich their public schools and support the needs of students and school staffs (McCormick, Bauer, & Ferguson 2001). Merz and Frankel (1995) asserted that “foundation activity is intrinsically bound to a decline in school funding” (p. 3), and they join

researchers who have conducted state-specific or national studies on the subject and concluded that public school foundations will continue to exist and be established as long as communities' public education systems have unmet fiscal and resource needs (Carlson, 2011; Culbertson, 2008; Cruser, 2012; deLuna, 1998; de Leon, Roeger, De Vita & Boris, 2010; Dietrick, 2009; Frazier, 1989; Hyatt, 1992; Mortier, 1995; Mummau, 2004; Sprankle (1992); Useem, 1999; Weiner, 1992; Woodworth, 2007). Given that public school divisions are facing budget challenges and financial pressures not experienced in decades, it is reasonable to presume that existing public school foundations will continue to be active and that new foundations may be established to support public school divisions.

### **Public School Funding in Virginia**

Pursuant to Virginia Code § 22.1-88, funds for the establishment, support and maintenance of public schools consist of those appropriated by federal, state, and local governing bodies. The same Code section includes “donations or the income arising therefrom, and any other funds for public school purposes” among the local funds used to establish, support, and maintain public schools (Va. Code Ann. § 22.1-88, 2014).

**Standards of Quality.** A proportion of local funding for Virginia’s public school divisions are dictated by calculations for the prescribed standards of quality (SOQ). Since 1971, the expenditures required of state and local governments in Virginia to fund K-12 public education has been determined by costs associated with supporting the SOQ, which are noted in the *Constitution of Virginia* as follows:

Standards of quality for the several school divisions shall be determined and prescribed from time to time by the Board of Education, subject to revision only by the General Assembly. The General Assembly shall determine the manner in which funds are to be

provided for the cost of maintaining an educational program meeting the prescribed standards of quality, and shall provide for the apportionment of the cost of such program between the Commonwealth and the local units of government comprising such school divisions. Each unit of local government shall provide its portion of such cost by local taxes or from other available funds. (Va. Const., 1971, art. VIII, § 2)

In accordance with the State constitution, the General Assembly determines total SOQ costs annually, and appropriation acts provide the calculations to determine the respective State and local shares. In order to establish a more formal reporting process regarding local and state SOQ expenditures, Section 22.1-97 of the *Code of Virginia* was amended by the 2003 General Assembly to require the Joint Legislative Audit and Review Commission (JLARC) to prepare an annual report on State SOQ expenditures and to require the Virginia Department of Education (VDOE) to prepare an annual report regarding required local SOQ expenditures and actual local expenditures. JLARC is the oversight agency of the Virginia General Assembly, established to evaluate the operations and performance of State agencies and programs.

Table 1 shows data regarding State SOQ expenditures for fiscal years 2004-2013 as reported in the JLARC's annual SOQ reports since 2004 (JLARC, 2004; JLARC, 2005; JLARC, 2006; JLARC, 2007; JLARC, 2008; JLARC, 2009; JLARC, 2010; JLARC, 2011; JLARC, 2012a; and JLARC, 2013b). There was a steady increase in total State SOQ spending and per student spending from fiscal year 2004 to fiscal year 2009. State SOQ spending has not since recovered from the peak levels in 2009 of \$5.6 billion for total SOQ expenditures and \$4,703 per student. SOQ expenditures decreased by more than 10% in fiscal year 2010, and the 2012 JLARC SOQ report offered the following explanation for the change:

FY 2009, State SOQ spending was more than \$5.6 billion and about \$4,700 per student.

In FY 2010, however, as the effects of the recession took hold, State SOQ spending dropped by about 13 percent to \$4.8 billion. FY 2012 is the first year in which State SOQ spending has increased since 2009. (JLARC, 2012b, p. 4)

Table 1

*Total State Standards of Quality (SOQ) Spending: Fiscal Years 2004-2013*

| Year    | Total State SOQ Spending | Total State SOQ Spending Per Student | Statewide Adjusted ADM |
|---------|--------------------------|--------------------------------------|------------------------|
| FY 2004 | \$3,660,244,781          | \$3,145                              | 1,163,697              |
| FY 2005 | \$4,263,430,774          | \$3,629                              | 1,174,790              |
| FY 2006 | \$4,470,912,666          | \$3,776                              | 1,184,078              |
| FY 2007 | \$5,032,323,987          | \$4,229                              | 1,189,904              |
| FY 2008 | \$5,088,043,433          | \$4,269                              | 1,191,836              |
| FY 2009 | \$5,621,811,307          | \$4,703                              | 1,195,315              |
| FY 2010 | \$4,882,137,109          | \$4,055                              | 1,203,883              |
| FY 2011 | \$4,754,036,659          | \$3,933                              | 1,208,755              |
| FY 2012 | \$4,959,413,037          | \$4,083                              | 1,214,649              |
| FY 2013 | \$5,261,752,685          | \$4,307                              | 1,221,674              |

*Note.* Adjusted ADM is the total average daily membership of students in all Virginia public school divisions as of March 31 each fiscal year and is “adjusted” for the use of half-day kindergarten programs in some school divisions.

Table 1 shows that total state SOQ expenditures have increased since fiscal year 2011; however, this was to be expected in order to support the annual increases in statewide ADM. More students should result in increased funding. However, Virginia’s public schools in 2013 were supported at a funding level slightly higher than that of fiscal year 2008 when the ADM was nearly 30,000 less than that of 2013. Further, while state SOQ expenditures have increased from

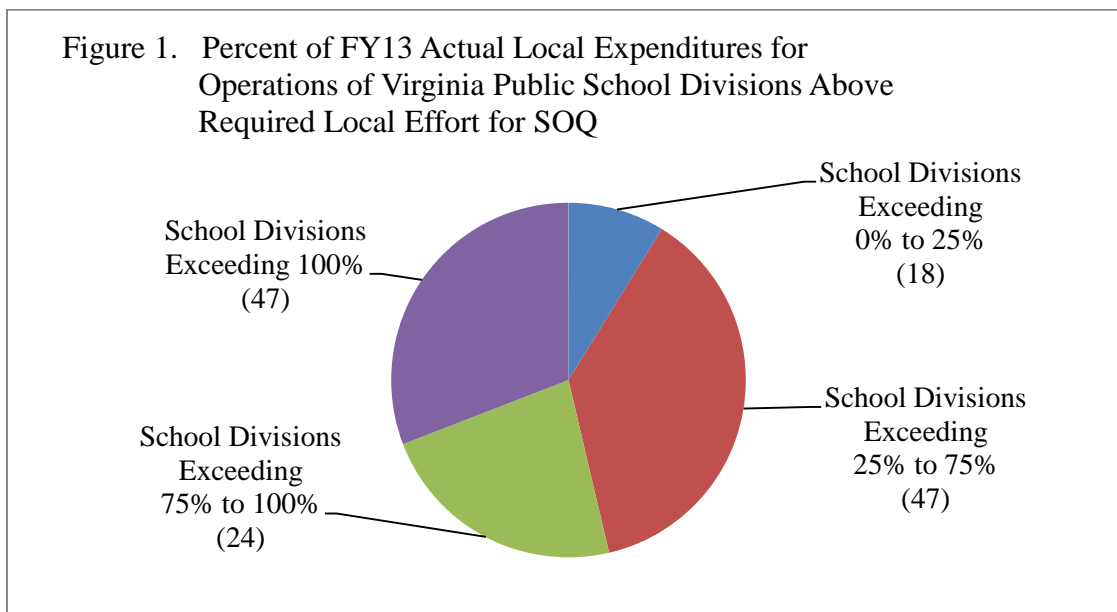
\$4.7 billion in fiscal year 2011 to \$5.26 in fiscal year 2013, the percentage of expenditures dedicated to basic aid has decreased in favor of a higher percentage apportioned for contributions to the Virginia Retirement System (VRS) (JLARC, 2011; JLARC, 2013b). Basic aid, which directly supports schools through funding school-based positions and non-personnel costs in various areas, received 57.8% of total state SOQ funding in 2011 and decreased to 56% in 2013. VRS received 2.2% of the total SOQ appropriations in 2011 and increased to 6% in 2013 (JLARC, 2011; JLARC, 2013b). Table 2 shows a breakdown of the how the total state SOQ funds are appropriated.

Table 2  
*Percentages of Total State Standards of Quality (SOQ) Spending: Fiscal Years 2011-2013*

| Category          | FY 2011 | FY 2012 | FY 2013 |
|-------------------|---------|---------|---------|
| Basic Aid         | 57.8%   | 58%     | 56%     |
| VRS               | 2.2%    | 3%      | 6%      |
| Special Education | 7.6%    | 7%      | 7%      |
| Social Security   | 3%      | 4%      | 3%      |
| Other             | 5.2%    | 5%      | 5%      |

**Required Local Effort.** The VDOE’s annual reporting of “required local effort” (RLE) figures provides further evidence that public school divisions find state SOQ funding to be inadequate because school divisions have consistently exceeded their respective required local efforts (see Table 3) in order to fund the staff and non-personnel items needed to provide “an educational program of high quality” (Va. Const., 1971, art. VIII, § 1). Annual state budget calculations determine the RLE that each school division must meet in order to support its local share of SOQ costs. The VDOE’s Superintendent of Public Instruction reports annually to the

General Assembly’s House Committees on Education and Appropriations and the Senate Committees on Finance and Education and Health the results of calculations for the SOQ required expenditures versus the *actual* expenditures by localities for its public schools. The report the House and Senate committees received in January 2014 found that not only did all of Virginia’s public school divisions meet their required local efforts in fiscal year 2013, but also all of their local expenditures exceeded the required local effort by percentages ranging from 9.58% to 229.42% (VDOE, 2014). Figure 1 shows the distribution of percentages of fiscal year 2013 actual local expenditures for operations above the required local effort for SOQ (VDOE, 2014).



For comparison with other fiscal years, Table 3 shows the distribution of percentages for actual local expenditures for operations above required local effort for SOQ for fiscal years 2008-2012.

Table 3

*Percent of Actual Local Expenditures for Operations of Virginia Public School Divisions Above Required Local Effort for SOQ – Fiscal Years 2008 - 2013*

| Fiscal Year | School Divisions Exceeding 0%-25% | School Divisions Exceeding 25%-75% | School Divisions Exceeding 75%-100% | School Divisions Exceeding 100% |
|-------------|-----------------------------------|------------------------------------|-------------------------------------|---------------------------------|
| 2008        | 20                                | 57                                 | 26                                  | 33                              |
| 2009        | 41                                | 61                                 | 19                                  | 15                              |
| 2010        | 24                                | 60                                 | 22                                  | 30                              |
| 2011        | 16                                | 48                                 | 30                                  | 41                              |
| 2012        | 18                                | 47                                 | 24                                  | 47                              |
| 2013        | 12                                | 51                                 | 31                                  | 42                              |

The data show that in order to meet the standards of quality and to provide the “educational program of high quality” (Va. Const., 1971, art. VIII, § 1) described in the *Constitution of Virginia*, all school divisions find it necessary to request from their localities funding in excess of what the State has determined as sufficient local expenditures. In 2013, 42 school divisions more than doubled their required local effort to support their operations. For five of the six fiscal years listed in Table 2, more than 84% of the State’s school divisions exceeded their required local effort by 25% or more. Localities are bearing more of the responsibility to adequately fund their public schools.

**National Comparisons.** Data comparing Virginia state government’s investment in education with that of other states also showed how the localities are making up the difference. JLARC produces an annual publication that reviews Virginia’s placement among national rankings on taxes, budgetary components and other indicators. The most recent edition of the JLARC report ranks Virginia as 39<sup>th</sup> among the 50 states for state pre-K-12 education per-pupil



funding (JLARC, 2014). Virginia's per-pupil expenditure of \$4,278 is \$1,701 less than the 50-state average of \$5,979. However, when the combined state *and* local per-pupil expenditure is considered, Virginia raises its national ranking to 25<sup>th</sup> with a state-local expenditure of \$10,386 per pupil – much closer to the national average of \$10,993 per pupil. The same JLARC publication reported that Virginia did outspend more than half the states in state corrections expenditures per offender. Virginia ranked 13<sup>th</sup> among the 50 states, spending \$12,274 per offender. This is more than \$3,204 above the national average of \$9,070 per offender and \$1,281 more than the combined state-local expenditure per pupil. Virginia is a state whose expenditures on state corrections per offender outpace the state-local expenditures per pupil. Riley and Darling-Hammond (2012) would point to this as a problem. They cautioned that public officials' misguided financial priorities, such as spending more on corrections than education, would only exacerbate "near-term crisis in our system of public education" (Riley and Darling-Hammond, 2012, p. 16).

### **Problem Statement**

Less financial support from the state government means that localities must fill the gaps in their respective budgets to avoid reductions in or elimination of public school programs, services, and personnel. Mummau reported in 2004 that "state and local government bodies provide more and more financial support each year, but the gap between available funds and needed funds continues" (p. 5). The financial gap continues to exist one decade later, but the state government is no longer providing "more and more financial support each year" (Mummau, 2004, p. 5).

The mounting pressure that public school divisions are under to make up for insufficient funding while providing a higher level of education for students concerns many stakeholders,

and communities have established public school foundations in response as means to contribute private funds to support a variety of purposes in their public school divisions. To date, research on public school divisions' locally-funded and operated education foundations has been limited and primarily restricted to state-specific studies on foundations' origins, organization, and operations. Some research has been conducted across multiple states, but the lack of a national clearinghouse for foundations, varying state tax policies, and the community-based nature of foundation work present a challenge in generalizing studies' findings to a broad range of organizations (Merz & Frankel, 1995). What was found to be common across the research was the assertion that as long as funding for public education is threatened, existing education foundations will continue and expand their efforts and new local education foundations will be formed.

### **Purpose**

The conclusion of the statewide study of Virginia's public school foundations conducted 10 years ago was that "the number of [local education foundations] in Virginia is growing with almost half of the state's school divisions reporting a [local education foundation] to support its activities" (Mummau, 2004, p. 90). In 2004, Mummau cited insufficient government funding as a reason that "an increasing number of public school leaders have recognized the value of infusing private funding into local school divisions and have sought alternative avenues for soliciting monetary support" (p. 5). The financial outlook for public education has not improved, and K-12 public school divisions have been subject to fiscal challenges that were not present in 2004. If one reason that public school foundations are established is to help fill funding gaps, then it reasonably could be expected that the insufficient state and local financial support for public education should result in an increase in the number of public school foundations in

Virginia. In addition, Virginia's existing public school foundations may have altered their purposes or had an increase in contributions as a result of the fiscal challenges facing public school divisions. Therefore, the purposes of this study were to determine whether or not there had been an increase in the number of public school foundations in Virginia during the past decade and to describe the purposes, governance, staffing, finances, revenue sources, and fund utilization of public school foundations that support of local school divisions.

### **Significance**

The significance of this study was twofold. The scholarly significance of the study was to add to the body of research and general knowledge base regarding education foundations and their support of K-12 public schools. Studies in various states have found that public education foundations are a means for local communities to provide funding and resources to help public school districts restore, enrich, or initiate programs for students and staff. Studies have also added to the understanding of the history, purpose, strategies, programs, and impact of local education foundations. This study of public school foundations in Virginia will provide another sample to add to the literature regarding the operations of public school foundations and the trends pertaining to alternative funding sources for K-12 public schools.

The practical significance of this study was that the research could inform various stakeholders in Virginia regarding the status of public school foundations in the commonwealth. The passage of nearly a decade since the last examination of Virginia's public school foundations (Mummau, 2004) will permit stakeholders to review any changes in the baseline data reported in 2004. In the introduction of his dissertation, Mummau (2004) cited that "approximately twenty-nine school divisions in Virginia as of 1999" had local education foundations (p. 7). Mummau's research in 2004 found that 64, or 49%, of Virginia's 131 school

divisions had a local education foundation (p. 50). This study of public school foundations identified what changes have occurred in Virginia since 2004.

This study could also provide information to school district officials, school board members, professional associations, foundation board members, foundation donors, prospective donors, policymakers, elected officials and the general public that may assist in the establishment or maintenance of a public school foundation in their respective localities. These same stakeholders could examine the purposes, governance, and revenues of existing public school foundations in Virginia. The fiscal challenges of state funding reductions and localities' continually-strained K-12 public education budgets make public school foundations worthy of investigation as potential sources of alternative funding.

### **Research Questions**

This study collected data to answer to the following 11 research questions:

1. Which K-12 public school divisions in Virginia receive support from public school foundations?
2. How do the school divisions identified in the first research question differ from the school divisions identified in the 2004 study of Virginia's local education foundations?
3. What is the age of the existing public school foundations in Virginia?
4. What are common themes among the purposes of Virginia's public school foundations?
5. How many voting board members serve on the governing body of each public school foundation?
6. How many voting board members on public school foundation boards are current

- school division employees or school board members?
7. How is the public school foundation supported by staff (i.e., paid, full-time staff; paid, part-time staff; volunteer staff)?
  8. What are the most recent reported revenues, expenses, and fund balances of Virginia's public school foundations?
  9. What are the sources of revenue for public school foundations in Virginia?
  10. How are public school foundation funds utilized to support K-12 public school divisions in Virginia?
  11. How do the public school divisions that are supported by public school foundations compare to school divisions that do not receive such support with respect to average daily membership (ADM), local composite index (LCI) score, standards of quality (SOQ) expenditures, per-pupil expenditures, and locale descriptions?

### **Definition of Terms**

The literature revealed that the titles used to refer to the nonprofit organizations established to benefit public school divisions vary. This study of Virginia education foundations used the *Code of Virginia's* definition for "public school foundations." The *Code of Virginia* is the statutory law of Virginia, and consists of the codified legislation of the Virginia General Assembly. Virginia Code § 22.1-212.2:2 defines a public school foundation as "a nonstock, nonprofit corporation, established for the express purpose of implementing a public/private partnership to implement public school improvement projects approved by the local school board" (Va. Code Ann. § 22.1-212.2:2, 2014).

The same section of the *Code of Virginia* explains how public school foundations are established in the Commonwealth:

Any school board may establish educational technology and public school foundations. Such foundations may be established directly by the school board or by the school board and other organizations or persons, on behalf of the school board by a third party, or through a contract with a corporation as defined in this section. Such foundations may be established as a cooperative regional effort by two or more school boards. (Va. Code Ann. § 22.1-212.2:2, 2014)

Other terms used in this study are as follows:

- *Internal Revenue Service (IRS) 990 Form* - Form 990 is an annual reporting return that certain federally tax-exempt organizations must file with the IRS. It provides information on the filing organization's mission, programs, and finances.
- *Local Composite Index (LCI)* – the Local Composite Index is a method of finance equalization that determines a school division's ability to pay for education costs that support the Virginia's Standards of Quality. The General Assembly reviews the LCI values every biennium and considers potential changes. The LCI compares the size of a locality's tax base (relative to its population and number of students in public school) to the collective statewide size of local tax bases (relative to statewide population and number of public school students). A higher LCI value indicates a higher local ability to pay; therefore, the State share to support SOQ costs is reduced. The highest possible LCI value is 0.8000. Localities that have a LCI value of 0.8000 provide 80% of total spending required to meet SOQ costs, and the State provides the remaining 20%. A lower LCI value indicates a locality has less of an ability to pay, and the State provides a higher portion of State funding to these localities. If a locality has a LCI value of 0.3100, then the locality provides 31% of the total spending required to meet the SOQ costs, and the

State share is 69%. Each locality's index is adjusted to maintain an overall statewide local share of 45 percent and an overall state share of 55 percent.

- *Locale Descriptions* – The Virginia Department of Education (VDOE) (2009) has a published list of school division locale descriptions that includes four categories each containing three subcategories. The four categories and subcategories, in parentheses, are as follows: city (large, middle, small); rural (distant, fringe, remote); suburb (small, midsize, large); and town (distant, fringe, remote). The VDOE document does not include additional information to define the four categories nor does it explain what differentiates the subcategories from one another.
- *Public School Foundations* – Section 22.1-212.2:2 of the *Code of Virginia* defines a public school foundation as “a nonstock, nonprofit corporation, established for the express purpose of implementing a public/private partnership to implement public school improvement projects approved by the local school board” (Va. Code Ann., 2014b).
- *Required Local Effort* – Section 22.1-97 of the *Code of Virginia* requires that each school division appropriate sufficient funds to support a required local expenditure in order to provide an educational program that meets the prescribed standards of quality as required by Article VIII of the Constitution of Virginia and Chapter 13.2 (§ 22.1-253.13:1 *et seq*) of the *Code of Virginia*.
- *School Divisions* – Virginia is the one state that uses “school divisions,” instead of “school districts” or “school systems,” to describe its local education agencies. The Constitution of Virginia includes the provision that it shall be the duty of the Board of Education to “divide the Commonwealth into school divisions of such geographical area and school-age population as will promote the realization of the prescribed standards of

quality, and shall periodically review the adequacy of existing school divisions for this purpose” (Va. Const., 1971, art. VIII, § 5). As the population for this study was restricted to Virginia school divisions, the term “school divisions” will be used throughout chapters 3-5 of this study.

- *Standards of Quality (SOQ)* – The Constitution of Virginia requires the Board of Education to prescribe standards of quality for the public schools of Virginia that are subject to revision only by the General Assembly. These standards, defined in Sections 22.1-253.13:1 through 22.1-253.13:9 of the *Code of Virginia*, encompass the requirements that must be met by all Virginia public schools and divisions. The costs of the SOQ are determined and apportioned by the General Assembly between the State and local units of government.

### **Delimitations/Limitation**

The first delimitation in this study is the use of a different term from that of the researcher whose work included baseline data that permitted for comparison in this study. Mummau (2004) reported findings related to “local education foundations” in Virginia. A local education foundation was defined in his study as “a third party, nonprofit entity whose agenda, at least in part, consists of developing supportive community and provide sector relationships with a public school system” (Mummau, 2004, pp. 47-48). This study used the definition for “public school foundations” found in the *Code of Virginia* as enacted in 1999: “‘Public school foundation’ means a nonstock, nonprofit corporation, established for the express purpose of implementing a public/private partnership to implement public school improvement projects approved by the local school board” (Va. Code Ann., 2014b). In order to determine if there had been an increase in Virginia education foundations since the previous study, the researcher used



Mummau's count of local education foundations in 2004 despite the differing definitions.

Another delimitation is that there are various types of nonprofit and for-profit organizations that provide financial support to public schools in Virginia, such as Parent Teacher Associations (PTAs), booster clubs, civic organizations, and community foundations. In order to follow up on the previous study of local education foundations in Virginia, which did not include PTAs, booster clubs, and community foundations in its sample, this study collected research only from K-12 public school divisions supported by public school foundations.

A final delimitation is that this study included responses only from public school foundation officials or staff and school division representatives; therefore, input from other stakeholders was not represented in the findings. The quantitative nature of the research questions limited bias and resulted in objective responses related to the establishment, purpose, governance and revenues of public school foundations.

A limitation in this study is the fact that, unlike states such as California or Indiana that have statewide consortiums to track and support public school foundations, Virginia does not have an agency or association responsible for maintaining a current and complete list of existing public school foundations as defined by the *Code of Virginia*. Therefore, public school foundations had to be identified through a review of records maintained by the Virginia Department of Taxation, an Internet search for evidence of existing public school foundations, and phone or email inquiries made of K-12 public school divisions.

## **Summary**

This chapter of the research study includes an overview of the rationale and purpose for examining the existence, purpose, revenues and governance of public school foundations in Virginia. The specific research questions and key terms that guided the collection of relevant

data were determined or defined, and the delimitations and limitation of this study were outlined.

Chapter 2 provides a comprehensive review of the prior research and professional literature focused on public education foundations. Chapter 3 includes details about the research design and data collection procedures for this study.

## Chapter 2: A Review of Literature

### Introduction

In *Commentaries on the Constitution of Virginia*, Howard (1974) opined that the General Assembly “must, by whatever means, see that sufficient funds, state and local, are available to maintain a quality program in every school division in the Commonwealth” (pg. 904).

Unfortunately, reductions in state funding in recent years have meant that Virginia’s school divisions need to increase their local expenditures in order to support operations that provide the quality educational programs that Howard and others think that Virginia’s schoolchildren deserve. To assist in supporting school division’s unmet needs, local communities and school boards have established public school foundations to provide additional resources and community service to enrich their public schools and support students and staff.

In order to better understand the increase in the number of public school foundations that support public school divisions, the following review of literature examines the research regarding education foundations’ origins and growth, purposes and goals, organization and governance, and funding sources and funding utilization as well as the benefits and problems associated with these grassroots organizations. Further, this review presents suggested standards of practice and conceptual frameworks offered by researchers and organizations as a means of guiding and evaluating the evolution of foundations’ support of public education. Further study of education foundations should add to the existing body of research and inform both foundation and school district officials of the broad range of education foundations’ activities, strategies, and influence as well as of the standards and theoretical frameworks that could help them evaluate the efficiency, effectiveness, and ethics of foundation operations

## Literature Search

Literature pertaining to public school education foundations was identified through a variety of online searches. Virginia Tech's Summon search engine and ProQuest Dissertations and Theses database were used to identify dissertations within the past 10 years using the key terms of "local education foundations" or "public education foundations." These searches resulted in fewer than 20 studies each. The studies were reviewed for common references, which led to additional studies, articles, and books published prior to 2003. The full texts of some the additional literature were available through Virginia Tech's online databases or posted on websites, and other documents were obtained in print copy through Virginia Tech's interlibrary loan services.

Existing research regarding local education foundations includes a patchwork of studies in states such as California, Florida, Indiana, Illinois, Michigan, Oklahoma, Oregon, South Carolina, Virginia, and Wisconsin that examined the origins, characteristics, operations, and benefits of local education foundations (Addonizio, 1998; Carlson, 2011; Cruser, 2012; Culbertson, 2008; de Luna, 1995; Dietrick, 2009; Hyatt, 1992; Mummau, 2004; Mortier, 1995; Sprankle, 1992; VanHandel, 1994; and Woodworth, 2007). De Luna (1998), Christener (2006), Merz and Frankel (1995), and Nesbit (1985) studied broader samples that included education foundations from multiple states, all of which resulted in findings similar to those studies of individual states. Local education foundations have also been studied by researchers associated with the Ford Foundation's Public Education Network, formerly known as the Public Education Fund Network or PEFNet, which closed in December 2012 (Brown, Christman, Hartmann, & Simon, 2004; Buhl & Rothman, 2011; and Useem, 1999). The member foundations of this national organization consisted of larger city foundations that were focused on equalizing

educational opportunities. The Urban Institute has collaborated with the Public Education Network to produce several oft-cited reports regarding how local education funds support schools (Lampkin & Stern, 2003; de Leon, Roeger, De Vita, & Boris, 2010). The texts of Muro (1995) and McCormick et al. (2001) are frequently cited with their how-to steps for forming and operating a foundation, which are based on the authors' own fundraising and consulting experiences.

Studies regarding local education foundations commonly featured a mixed-methods design that collected both quantitative and qualitative data regarding the operations, funding strategies, programs, and benefits of foundations. Researchers first collected and analyzed quantitative data readily available from the Internal Revenue Service (IRS), statewide foundation associations, and/or state educational agencies, as well as data gathered directly from public school education foundations via surveys and/questionnaires fulfilled by mail, electronic mail or phone. The review of quantitative data informed follow-up interviews with foundation and school district officials, and some researchers conducted additional purposeful sampling to select a limited number of foundations for comprehensive case studies. Some researchers cited excerpts from interviews in their findings (Cruser, 2012; Woodworth, 2007), while others provided case studies to extend their findings beyond reporting baseline data on the characteristics of education foundations in their samples (Culbertson, 2008; Dietrick, 2009; Mummau, 2004; Weiner, 1992).

The collection of baseline information such as the establishment, organization, board membership, funding sources, programming, benefits, and concerns of local education foundations has been the emphasis of research to date. Dietrick (2009) observed that this process of "mapping" the basics is an important initial step to lay the groundwork for future studies on

more nuanced questions such as local education foundations’ “impact on issues of equity and the distribution of power, as well as about their overall efficacy in promoting school improvement and student achievement” (p. v). Questions of equity and efficacy are commonly cited as worthy of further exploration in research on the influence and impact of local education foundations (Cruser, 2012; Dietrick, 2009; Frankel & Frankel, 2007; Mortier, 1995; Mummau, 2004).

Further, some have suggested that inequities can be mitigated and efficacy improved through the adoption of national common operating standards that would guide foundations’ work and allow community members to hold organizations accountable (Buhl & Rothman, 2011; Riley & Darling-Hammond, 2012). The commonalities found in the collected baseline information as well as researchers’ suggestions for common standards and future research are examined in the pages that follow.

### **Education Foundations Defined**

Although education foundation research contains similar findings, the titles used to describe the foundations that support K-12 public schools vary. They include: “local education funds” (Brown et al., 2004; Mortier, 1995; Muro, 1995; Useem, 1999), “public education funds” (de Leon, et al., 2010 ) “public school foundations” (Clay, Hughes, Seely, & Thayer, 1985; Hyatt, 1992; McCormick et al., 2001; Sprankle, 1992; Woodworth, 2007), “school foundations” (Merz & Frankel, 1995; Weiner, 1992) “local education foundations” (Addonizio, 1998; de Luna, 1998; Mummau, 2004; Van Handel, 1994), “K-12 education foundations” (Carlson, 2011; Woodworth, 2007), “public education foundations” (Cruser, 2012), “education foundations or funds” (Christner, 2006), “education foundations” (Culbertson, 2008; Dietrick, 2009; Nesbit, 1985), and “education support organizations” (de Leon et al., 2010) . Brown et al. (2004) noted that the final foundation title in the list, education support organizations, is an IRS classification

that is “too broad for gaining insight into the unique role” (p. 6) of local education foundations as entities that work outside schools, and it “masks significant distinctions among organizations that fall under this designation” (p. 6), including parent-teacher groups and alumni associations.

Similarly, researchers studying the organization and operations of K-12 education foundations have not considered parent teacher associations (PTAs), booster clubs, or alumni groups as part of their samples.

Despite the varying titles in the literature, the stated definitions of the foundations or funds reveal a similar purpose. McCormick et al. (2001) defined public school foundations as organizations “designed to augment, supplement, or complement programs and activities currently being provided by the district” (p. 2). Clay, Hughes, Seely, and Thayer (1985) defined them as “privately operated, nonprofit organizations established to assist public schools” (p. 1). “Local public education foundations,” wrote de Luna (1995), “are nonprofit and income-tax-exempt entities that usually operate independently of the school district to promote educational excellence and innovation” (p. 1). Smith (2001) defined local education foundations as “nonprofit organizations created and managed by local citizens [and their] primary mission, though they often have others, is to improve public education at the local level” (p. 2). “The school foundation,” wrote Weiner (1992), “becomes an independent middle man between the district and outside contributors” (p. 7). The concept of foundations brokering relationships is echoed by Muro (1995), whose text cites a definition attributed to the Public Education Fund Network (PEFNet), which he regarded as “the national leader in the effort to help organize school districts to seek private funding”:

As defined by PEFNet, a ‘local education fund is a third-party, nonprofit entity whose agenda, at least in part, consists of developing supportive community and private sector

relationships with a public school system. It provides limited private sector support, and it launches initiatives and brokers relationships leading toward school improvement'. (p. 3)

School improvement was also a focus of the definition Woodworth (2007) used in her study of school foundations in Indiana:

Public School Foundations are nonprofit, charitable organizations that are established to raise and collect community funds to contribute to local schools. They also improve public school student achievement by encouraging and funding innovations and by providing enhanced services to the affiliated public schools (p. 9).

Useem (1999) referred to "local education funds" as "tax-exempt, nonprofit, community-based organizations that work to improve student achievement for all children attending public schools" (p. i). The California Consortium of Education Foundations (CCEF, 2013), which is a nonprofit organization in the state commonly regarded as the birthplace of education foundations, has the following definition on its website:

Local education foundations (LEFs) are 501(c)(3) nonprofit organizations whose boards represent local community and education leaders and who are financially accountable to their communities. Each is unique in its operation, its programs and the resources it provides to its community, but all share a common commitment to improving education at the local level. (para.1)

All of the definitions in the literature emphasize local communities, local operations, nonprofit status, and assistance to improve public schools. This illustrates the narrow focus of these grassroots organizations to sustain and enrich educational excellence within their own



communities, as opposed to national foundations that may support a larger array of education funds, multiple K-12 school districts, and/or non-education industries such as healthcare.

### **Origins of Education Foundations**

The historical background of education foundations is frequently outlined in the literature to trace the economic and legislative factors that have been the impetus for their formation.

Though large philanthropic foundations like the Rockefeller Foundation, Ford Foundation, and Carnegie Corporation have contributed to public education since the 1950s (Meade, 1991), McCormick et al. (2001) distinguished that “public school foundations” began to appear in California in 1978 as a reaction to Proposition 13. This state legislation “starved public schools of needed funds” by freezing the state’s property taxes at 1972 levels (McCormick, et al., 2001, p. 2). Two years after California’s Proposition 13, Massachusetts enacted tax limits, and in 1990, Oregon voters approved a constitutional amendment to limit property tax rates (de Luna, 1998). The legislation in all three states had implications for school districts because local property taxes have historically been the primary source of school funding (Frankel & Frankel, 2007). The constraints on these states’ school budgets prompted individuals, communities, and school boards to establish nonprofit local education foundations to gather resources to augment reduced school funding. Since then, public school foundations have spread nationwide, “growing faster in states with more difficult funding situations” (McCormick et al., 2001, p. 2).

In addition to the funding reductions of the 1970s, researchers attribute communities’ growing interest in and donations to K-12 public education to two more significant events in education. In 1983, the National Commission on Excellence in Education released *A Nation at Risk*, which drew the public’s attention to concerns about public education and caused business and community leaders to get involved in school improvement (Carlson, 2011). Carlson also

pointed to the 1990s as a “critical moment in education funding due to increased commitment to school reform” (p. 11). In 1994, the reauthorization of the Elementary and Secondary Education Act required states to develop content and performance standards for K-12 schools and to demonstrate adequate-yearly progress toward set benchmarks. This work became the blueprint for the No Child Left Behind Act of 2001 (NCLB), which expanded the federal government’s role in education, changed funding structures, and threatened sanctions for schools that did not meet progress goals. A decade after the establishment of NCLB, Carlson described the collective response of school officials and communities to find additional support for public schools as follows:

In an environment of scarce, inflexible financial resources, K-12 public education follows the example set by higher education in recruiting greater involvement and donations from individuals, corporations, and private foundations. Institutional leaders in K-12 public education have come to realize they are not alone in their focus to improve academic achievement for all students, but they also recognize the limitations of their current funding sources. Businesses, individuals, and private foundations are creating new partnerships to assist K-12 education through donating their time, expertise, and financial contributions. (p. 13)

Researchers found that parents, the most natural partners to assist schools with improving academic achievement, have been actively involved in establishing education foundations. Culbertson (2008) studied one foundation that was created by concerned parents in order to raise and distribute funds to reinstate or expand programs and services that were lost due to court-mandated equity school financing legislation in Texas referred to in the media as the “Robin Hood plan.” Culbertson found that programs and services such as intermediate band, high

school block scheduling, districtwide gifted and talented program, K-6 Spanish, and districtwide technology were beneficiaries of the parent-initiated foundation's efforts. Similarly, Dietrick (2009) found parents to be the initiators of more than 60% of the education foundations in her California study and found that the adoption of state legislation decreasing public school funding was the primary impetus for the establishment of education foundations.

Weiner (1992) concluded, as others have, that financial conditions are a major driver for the establishment of school foundations in order to enhance education as well as to protect real estate investments:

School foundations make sense in both good economic times and bad, but there's no denying that tough times have provided most of the impetus for school foundations. As school budgets shrink, nonprofit foundations have become even more appealing to civic leaders and concerned parents who see the quality of education going down, in some cases taking local property values with it. (pp. 9-10)

### **Growth of Education Foundations**

Literature spanning decades asserts that the education foundation movement has been growing since California residents pioneered the organizations in the late 1970s. Muro (1995) wrote that the "movement is new, but the direction is firm. Local education fund organizations are the wave of the future" (p. 3). In 1998, de Luna described the local education foundation as "the hottest fundraising trend in U.S. public education" (p. 385). A decade later Culbertson (2008) also described local education foundations as "one of the hottest fundraising trends in public education" and concluded that the numbers of local education foundations were "continuing to rise" (p. 235). Consistent with others, Woodworth (2007) concluded that "public education foundations are growing rapidly in the United States, and this can be attributed to difficulty in obtaining funding for schools and mounting accountability pressures" (p. vii).

However, determining the actual number of foundations nationwide and within states is less conclusive. In 1992, Weiner estimated the nationwide total to be between 1,000 to 1,200 because there is “no official tally” (p. 7), and Merz and Frankel reported in 1997 that “no one knows for certain how many foundations exist or how much money they raise,” (p. 1). In 2006, Christener cited data from the National School Foundation Association to report that over 4,000 education foundations existed in 1994, a significant increase from 100 foundations in 1980.

An official tally still does not exist, but researchers and/or organizations have attempted to collect the number of local education foundations in various states and nationwide. The data, however, are at times in conflict with the perception that foundations are trending upward. Using Virginia as an example, the National School Foundation Association’s website currently lists 23 school foundations in the Commonwealth (NSFA, 2013); whereas, a 2010 report by the Urban Institute identified Virginia as having between 25-49 foundations (de Leon et al., 2010). A survey in Virginia six years earlier identified 64 public school districts that were supported by a local education foundation (Mummau, 2004). The finding of 64 foundations in Virginia in 2004 compared to one national organization’s estimate of 23 foundations in 2013 is contrary to the assertions in the literature that the number of foundations is increasing.

Meanwhile, reports of the total number of education foundations in California do support the theory of a growing trend. De Luna reported in 1998 that the number of local education foundations in California doubled between 1980 and 1983, citing “some 350 local education foundations” in California (p. 385). In 2013, 15 years later, the California Consortium of Education Foundations’ website boasts more than 600 local education foundations statewide (CCEF, 2013). Perhaps having a statewide organization for foundations assists with identifying active K-12 public school foundations and collecting related data; Virginia is one state that does

not currently have such a consortium. The absence of a national clearinghouse is also noted as a challenge in tracking and reporting foundations' activities (de Luna, 1998; Merz & Frankel, 1995).

In addition to accounting for the number of active education foundations, researchers have collected quantitative data to analyze the age of foundations. In accordance with the historical accounts of foundations, researchers have found that education foundations were established in their respective states prior to 1985, and a majority of the existing education foundations have been formed since the mid-1980s in response to reductions in funding for public education (Carlson, 2011; Cruser, 2012; Dietrick, 2009; Hyatt, 1992; Mummau, 2004; Woodworth, 2007). The age of foundations was the specific focus of Sprankle's (1992) research to study the maturation of the organizations and the impact that years in existence had on the evolution of their mission and funding strategies.

### **Purpose of Education Foundations**

Consistent with what the literature identifies as the impetus for establishing education foundations, research has commonly identified that the purpose of education foundations is to provide support to the public school districts they serve. Dietrick (2009) found that most survey respondents in her California study "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" (p. 84). Many of the statements from Dietrick's respondents included the words "*support, enrich, public education, excellence, and raise funds*" (p. 84).

Similar to education foundations in California, research in South Carolina (Hyatt, 1992), Virginia (Mummau, 2004), Indiana (Cruser, 2012; Woodworth, 2007), Illinois (Mortier, 1995) and Wisconsin (Van Handel, 1994) identified the goals of public education foundations in those

states as providing financial support, acquiring material resources (i.e., supplies and equipment), and providing the community with a vehicle to support public schools. Noteworthy is that foundations view their mission as broader than simply developing revenue sources; they provide a variety of in-kind and human resources as well. Hyatt concluded that “foundations are ‘friend-raisers’ as well as fundraisers” (p. 50), and they help recruit an organized and ongoing pool of volunteers that help plan and execute programs related to the instructional program.

Minimizing the isolation of public schools by involving the community is one of the objectives that Muro (1995) listed among the common goals of public education foundations he summarized as follows:

- Broaden the constituency support for public education
- Better inform the community about the strengths and challenges of the local public schools
- Break down the isolation of public schools from the general community
- Restore and build confidence in public schools
- Catalyze initiatives that support and enhance school improvement strategies
- Leverage community financial and nonfinancial resources on behalf of local public school districts
- Serve as an independent, third-party intermediary on behalf of local public education
- Be a liaison between public schools and their many publics, encouraging community and business involvement in a positive and supportive base (p. 4)

Weiner (1992) also found common purposes among education foundations, but concluded that in order for foundations to be successful, they will need to identify a focus. “It may seem at first blush that all foundations have the same mission:,” Weiner wrote, “to raise

more money for the schools. Certainly, that's the common goal, but for a foundation to work, its objectives must be much more specific" (p. 15). Weiner reported that an education foundation's mission could include goals such as:

- To raise money for a specific major need, such as auditorium or athletic facilities;
- To raise money for undetermined needs, to be given out as it is received;
- To raise a certain sum of money to be invested as an endowment, with additional funds being given out each year;
- To award mini grants to teachers for small, innovative projects;
- To award student scholarships;
- To bring the business community closer to the schools;
- To raise community awareness of the schools; and
- To include alumni in the current life of the schools. (pp. 15)

Further, Weiner (1992) suggested that the demographics of the community might drive a foundation's operations, and recommended asking the following diagnostic questions:

1. Does the district consist of relatively wealthy parents who would respond well to fundraising drives? If so, the foundation might want to focus on organizing large groups of parental volunteers to raise money.
2. Does the district consist mostly of low-income families who couldn't afford to give any money to a foundation? In that case, the foundation probably would be better off soliciting money from local business. Foundation trustees should be members of the business community and have excellent corporate contacts they aren't afraid to use.
3. Is the district somewhere in the middle? Such a foundation will combine business donations with individual contributions. (pp. 15-16)

The suggestion that the local context influences the goals of education foundations was prevalent in the literature and is consistent with the grassroots nature of the organizations. Hyatt (1992) concluded that “education foundations mirror their communities, and their purposes are as unique as the communities they serve” (p. 26). Useem (1999) found it “difficult to describe the work of these organizations succinctly, because they often operate purposefully as ‘invisible hands,’ brokering partnerships among diverse groups, and because their locally-adapted work embraces a rich and flexible mix of initiatives” (p. 1). Brown et al. (2004) also noted the challenge and reported, “The strategies, focus, and contributions of [education foundations] are shaped by their local context and their unique organizational characteristics” (p. 21). Frazier (1989) found that each community “provides a unique operating context” for foundation work (p. 38) and that the implementation of strategies, activities, and processes must be tailored to the community. Frazier also suggested that the uniqueness of communities makes it difficult to replicate effective practices. Similarly, Dietrick (2009) emphasized that the varying work of education foundations is problematic for research studies; however, it is likely a strength for the respective organizations:

Because [education foundations] are community-based organizations, they are, in part, a reflection of what communities want for their local public schools...it makes sense to expect that [education foundations] will, and should, be different from one another, because they may be pursuing different strategies to meet the unique challenges of their particular schools, districts, or communities. (pp. 106-107)

Cruser’s (2012) research extended beyond merely identifying Indiana public school foundations’ goals and asked survey respondents who influenced goal setting and what factors aided goal attainment. Cruser found that foundation board members and the school district



superintendent most influenced goal setting for the foundation and that having an active foundation board was most commonly cited as a factor that supported the achievement of goals. Cruser's respondents also noted that training board members, having a strategic plan, having district and volunteer support, and building relations with the community and donors helped their respective foundations meet their goals. Respondents cited the poor economy and the inability to raise funds as the primary impediments to goal fulfillment, followed by poor communication, lack of strategic planning, lack of volunteers, and board turnover. These findings are consistent with Hyatt's (1992) study of South Carolina education foundations in which respondents selected fundraising, maintaining interest, business support and adequate staffing as frequently occurring problems in meeting the organization's goals.

### **Organization and Governance**

References to the importance of board membership on education foundation operations are found throughout the research, and researchers commonly have collected data regarding the size and composition of foundation boards of directors. Christener's (2006) study of board governance structures using a nationwide sample of education foundations found a range from 12 board members on a Philadelphia education foundation to 57 board members on the Clark County Education Foundation in Las Vegas. The state-specific studies showed a similar trend of varying board memberships. Dietrick (2009) identified boards in California as small as three members and as large as 36 members. Carlson (2012) identified Florida education foundation boards comprised of as many as 47 members. Sixty percent of the respondents (or 30 foundations) in Mummau's (2004) Virginia study had boards with more than 10 members, and six percent had boards with five or fewer members. The average board membership in Cruser's Indiana study was 16.2 with four foundations having 21-25 members and eight having 26-30.

Mortier (1995) reported that the boards of the majority of education foundations in Illinois consisted of five to fifteen members, and he concluded that “a balance must be achieved so that the board is large enough to assure diversity, yet small enough to work effectively” (p. 124).

The importance of representation on foundation boards from a broad sector of the community was a common conclusion of research and cited in the literature. Muro wrote that the board makeup is important to establishing credibility, making policy, and raising funds, and “must also reflect the nature of the community with respect to age, ethnicity, involvement or lack of it with school, business, industry, labor, civic organizations, religious groups, and, if available, representatives from local institutions of higher education” (p. 12). Carlson (2011) studied the influence of foundation boards on revenue generation in Florida and hypothesized that “by sheer numbers, larger education foundation boards may have a wider sphere of influence, a broader scope of community knowledge, and a more diverse skill set contributing to the education foundation’s ability to raise revenue” (p.88). Her findings were significant in that foundations with a greater number of board members in her study did generate more revenue. More than 90 percent of respondents in Dietrick’s (2009) California study reported that board members are viewed as having wide social networks throughout the community, which, as Carlson also found, is helpful to fundraising and advocacy/lobbying efforts. Mortier (1995) similarly concluded that a “larger board should increase the potential for prospect networking and more opportunities for cultivation and stewardship activities involving board members” (p. 124) and allowed for greater representation from both the school district and the community. Additionally, if board membership includes a personal financial commitment on the part of each member, then a larger foundation board results in more guaranteed funds for the organization (Mortier, 1995; Muro, 1995).

School district representation on foundation boards was also examined in the research. Studies commonly found that the majority of public education foundations had the superintendent of the school district with which the foundation was affiliated serving as a board member (Carlson, 2011; Christener, 2006; Mortier, 1995; Mummau, 2004). The value of having the school superintendent serve as a foundation board member was underscored by the Fairfax County, Va., Public Schools Education Foundation executive director interviewed by Weiner (1992):

The school superintendent also serves on the board as a voting member ‘to keep us from going out into left field’ with ideas, Kautz adds. Ideas come from all over – teachers, students, trustees – and the board relies on the superintendent to tell it whether an idea is feasible and whether it involves something really needed. (p. 47)

In their respective statewide studies Mummau and Mortier each found that though superintendents play an active role in the funding and program decisions of the foundation, they are ex-officio or non-voting members of education foundation boards. Mummau also asked respondents whether or not any of their districts’ current school board members serve on the foundation board and found that 48 percent do have one or more current school board members on the board. That percentage may have been higher had Mummau also inquired about the inclusion of former board members because he reported that several of the surveys included handwritten notes that former school board members serve on the foundation board.

In addition to direction from school superintendents and school board members, foundation boards typically receive assistance from hired staff or volunteers. Researchers found that foundations are supported by a mix of full-time, part-time and volunteer staff members (Carlson, 2011; Cruser, 2012; de Leon et al., 2010; Dietrick, 2009; Mortier, 1995; Mummau,

2004). Half of the respondents in Dietrick's study had paid staff; however, a majority of respondents also noted that "volunteers are important and that they depend on volunteers to carry out the key tasks of the organization" (p. 90). The majority of the foundations in Dietrick's study reported using between 1 and 25 volunteers in the last year, and four percent reported using more than 200 volunteers. Carlson (2011) examined whether a full-time executive director was "more likely to contribute to increased revenue generation for an education foundation than foundations without an executive director" (p. 86). Contrary to what Carlson found in her review of the literature, her study found that having an executive director did not impact revenue generation.

Beyond the collection of data regarding foundation staffing and the size or composition of a foundation's board of directors, some researchers examined other factors that impact foundation governance. Hyatt (1992) asked respondents to select the characteristics that are important in board members. They identified the following characteristics as most important in board members: leadership ability, credibility to community, business contacts, and loyalty to schools. Both Dietrick (2009) and Mortier (1995) found that a formalized committee structure was present in a majority of the education foundations they studied. The respondents to Dietrick's survey identified the following standing committees at the board level: audit, development, executive, finance, grantmaking, marketing/PR, personnel, and strategic planning. Additionally, two thirds of her respondents reported conducting a regular strategic planning process to review how the organization should evolve over the next three to five years. Presumably, a formalized committee structure helps to more effectively facilitate the many aspects of foundation operations and strategic planning helps to ensure the long-term success of the organization.

## **Funding Sources**

Recognizing that supporting public schools through financial resources is one of the primary purposes of education foundations, researchers have collected data on foundations' funding sources, total revenue, and fundraising strategies. Cruser (2012) noted that "a steady, ongoing, multi-faceted approach to raising funds is the basis upon which an education foundation can grow and deliver more programs to the community it serves. Public education foundations employ various fundraising activities in order to meet this objective" (p. 61). Employing a multifaceted approach is a consistent finding among studies conducted in various states and includes the following list of funding sources: individual donations, business donations, corporate sponsorships, special event fees, grants, and endowments, bequests (Cruser, 2012; Culbertson, 2008; de Leon et al., 2010; Dietrick, 2009; Hyatt, 1992; Mortier, 1995; Mummau, 2004). Dietrick also reported foundation support from federated funders (i.e. United Way), and annual pledges, memorials, honoraria, real estate, and stock are among Culbertson's list of sources.

In addition to asking respondents to identify funding sources, Cruser (2012) examined frequency by asking survey respondents to choose the two funding sources that generated the most revenue for the foundation. The findings were as follows, with the percentage of respondents that selected the item as one of two high-revenue funding sources shown in parentheses: donations from individuals (52%); donations from business or corporations (42%); corporate sponsorships (24%); fees/charges/sales for special events (24%); foundation's endowment (21%); grants from community foundations (9%); other (9%); grants from other foundations (6%); trusts or bequests from individuals (3%); and fees/charges/sales for services provided (3%). Donations from individuals and corporations generated the most revenue for the

foundations in Cruser's sample; whereas, only three percent of respondents selected trusts or fees charged as resulting in high revenue. Cruser's findings of individuals' donations and corporate donations as primary sources of funding were consistent with other studies (de Leon et al., 2010; Dietrick, 2009; Hyatt, 1992; Mortier, 1995; Mummau, 2004).

These charitable donations to education foundations result in revenues that range from a few thousand dollars to millions of dollars per year. The Giving USA Foundation (2012) reported in its 2011 review of philanthropy that K-16 education was second only to religious organizations in receiving charitable contributions. According to Woodworth (2007), the amount of revenue collected by the majority of Indiana public education foundations in 2005 was \$4,324,576. Cruser (2012) surveyed Indiana education foundations six years later in 2011 and estimated the revenue collected had increased 134% to \$10,138,194. One of the 45 foundations in Cruser's study reported total revenue of more than \$2.5 million. Dietrick's (2009) review of 2007 IRS filing data, found the total revenues of the 479 active California education foundations that filed a IRS 990 form to be \$213,144,392 with total expenses of \$195,677,337. Dietrick noted that the 2007 fiscal information she gathered from the IRS did not reflect the economic downturn of 2008. However, the negative impact of the economy was cited by Dietrick's survey respondents who reported significant losses to the value of their respective foundation's endowment since September 2008.

### **Fundraising Strategies**

Consistent with the multiple observations that education foundations are heavily influenced by their local contexts resulting in a variety of structures and practices, the organizations were found to employ a variety of strategies to generate revenue to supplement educational activities and support school districts' needs. Reporting data on the education

foundations' fundraising activities was common in the research. Respondents to Cruser's (2012) survey in Indiana selected special events (89%), direct mail campaigns (50%) and grant writing (44%) most often. Deitrick (2009) also determined that special events (43%), direct mail campaigns (28%) and grant writing (11%) were the most used fundraisers by education foundations in California. In a nod to the 21<sup>st</sup> century, Dietrick also reported that Internet fundraising was being used as a strategy by foundations. When the Internet was still in its infancy, Mortier (1995) found that direct mail (83.6%) was used most commonly by Illinois education foundations, followed by planned giving (50.7%), proposals to corporations or foundations (46.6%) and special events (45.2%). Several researchers also cited endowments as part of a long-term development strategy to raise significant dollars to fund education foundations' programs (Cruser, 2012; Culbertson, 2008; Dietrick, 2009). The largest endowment reported in Dietrick's study was \$4 million, and the mean value of the endowments of all education foundations surveyed was \$307,276.

In addition to asking respondents to select from an existing list of strategies, researchers frequently asked respondents to share the most innovative strategies in which their foundations engage. The open-ended responses revealed a diverse collection of events, which support the finding highlighted by several researchers that foundations, their purposes, and their strategies are as unique as the communities they serve. Dietrick (2009) reported that one education foundation hosted a live telethon on a cable television channel to solicit funds. In Indiana, not surprisingly, basketball was a reoccurring theme among the strategies Cruser (2012) reported: youth basketball camp, Harlem Ambassadors basketball game, and community celebrities basketball game. Cruser's respondents also submitted strategies such as: golf scramble, community quiz bowl, alumni banquets, homecoming tailgates, 5K run, Truck Pull for Reading,

THKS recognition event (Thanks for Helping Kids Succeed), and a summer musical project. In the summer musical project the cast, crew and orchestra are comprised of high school students who receive course credit for participation. The event is held in a professional auditorium and the net proceeds go towards foundation programs/projects.

Culbertson (2008) found that some foundations have established annual singular special events that generate tens of thousands of dollars in fundraising. One Texas education foundation reported raising over \$250,000 annually from its Culinary Celebration that features approximately 35 outstanding chefs and restaurants serving their specialties. A corporate sponsor underwrites the event and dozens of the foundation's key financial supporters are invited. Another Texas foundation described its Black Diamond Affair, an event that consists of a dinner, dance, and live auction. The foundation received \$75,000 in 2003 as a result of this one fundraising activity and over \$150,000 in 2005. In addition to the financial benefits, Culbertson highlighted the widespread community support for the event with assistance from approximately 40 businesses, other foundations, corporate individuals, and organizations. The event resulted in both financial and public relations benefits.

According to one of Dietrick's (2009) respondents, the mutual benefits of fundraising and community relations was not deemed innovative; rather, it was viewed as strategy that fulfills the foundation's mission of bolstering both financial and public support for education. The respondent wrote: "We don't really have an innovative fundraising strategy. 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" (Dietrick, 2009, p. 96). Based on the strategies reported in the research, foundation officials would be wise to consider the expertise and interests of their surrounding communities and to tap



into both the financial and human resources available to establish events that are mutually beneficial to all parties involved.

### **Projects and Programs Funded**

Similar to the multi-faceted approach to fundraising, the projects that foundation funds support were found to be equally diverse, and studies often included tables reporting a breakdown of how funds were distributed. According to the research, common funding priorities include teacher grants, student scholarships, classroom supplies and equipment, and new programs (Cruser, 2012; Culbertson, 2008; Mortier, 1995; Mummau, 2004; Woodworth, 2007).

Culbertson (2008) reported that foundation grants awarded to the schools covered projects for addressing areas such as: pregnancy and parenting, multimedia, science technology, exploratory mathematics, at-risk multi-sensory project, robotic automation, connections between parents and teachers, writing skills, freshman connections, woodworking projections, mobile science laboratory, science investigations, intramural sports, computer writing, and family health issues. Culbertson found that other grants supported the purchase of materials and equipment such as: an LCD projector and mounted screen in the cafetorium, computer software for science, upper level math software, and a high definition video camera and for field trips. Woodworth (2007) also reported a diverse list of programs funded by foundation revenue, ranging from space camp tuition for students to drug and alcohol prevention programs. According to Woodworth, the foundations in her study reported that their funds were “always used for enrichment or innovative and creative curriculum expansions or projects that the schools could not otherwise fund through normal budgetary means” (2007, p. 85).

Education foundations’ role in awarding grants to teachers was uniquely described by Woodworth (2007) as follows:

Another idea that emerged from the data is that of foundations providing a role as a type of innovation incubator for educators. One of the major things that Indiana public education foundations appear to provide is grants to teachers who have innovative ideas that they would like to undertake. For example, teachers may want to pilot a new program, or to try an innovative teaching strategy, or create a new curriculum aspect in a certain subject in order to reach more of their learners. In that vein, foundation personnel believe that the foundations they work for are able to help fuel exciting programs for students and teachers. (pp. 64-65)

The foundation as “innovation incubator” fulfills the common purpose described by Muro (1995) as that of foundations serving as a catalyst for initiatives that support and enhance school improvement strategies.

While one education foundation may award teacher grants to encourage innovation, another example from Texas illustrates how the unique needs of their respective communities will drive education foundations’ funding priorities. Culbertson (2008) identified an education foundation that was established by teachers to help address unmet health needs in the community by assisting students and families with the purchase of eyeglasses and medicine. As noted previously, a foundation’s mission – either narrow or broad in scope – serves as a guide for the projects the organization funds and supports.

### **Benefits and Concerns**

Researchers have concluded that there are many benefits to education foundations, such as augmenting school funds and creating connections with the community (Brown et al., 2004; Cruser, 2012; de Luna, 1998; Dietrick, 2009; Frazier, 1988; Hyatt, 1992; Merz & Frankel, 1995; Mortier, 1995; Muro, 1995; Mummau, 2004; Riley & Darling-Hammond, 2011; Sprankle, 1992;

Van Handel, 1994; Woodworth, 2007). The generation of funds to fulfill unmet needs was the most reported benefit and was also the impetus for the establishment of many education foundations. Another commonly cited benefit was the positive impact on school-community relations as a result of the collaboration with third parties such as school districts, business and service organizations, parent-teacher organizations, school administrators and teacher groups. As Buhl and Rothman (2011) described it, education foundations put the “public in public schools” (p. 7). Woodworth (2007) concluded that education foundations served as good public relations tools and provided community members with a convenient mode of participating in local schools and their respective initiatives.

The motivation that encouraged community members’ contributions to schools through foundations was the focus of Van Handel’s (1994) work in Wisconsin. He found that another benefit of education foundations was rooted in the “theory of indebtedness” (Van Handel, 1994, p. 4). Van Handel examined what motivated contributors to support local education foundations in a state that already financed local school districts at a high level, and he determined that contributors are motivated by the fact that they received a benefit from their own education and feel indebted to the education community. He concluded that an education foundation becomes a vehicle for contributors to repay that debt, either with contributions of financial or human resources. In addition to being motivated by indebtedness, Van Handel found that nearly half of his respondents were motivated by normative motivation, which he defined as the desire to help others without regard for personal benefit.

The National Commission on Civic Investment in Public Education viewed this selfless public motivation and active community involvement as critical to raising awareness to ensure that every student receives an excellent education. Commission member Warren Simmons

(2012) wrote about the urgent need for redoubling civic investment in public education because schools “face far greater challenges than ever before with fewer resources” (p.2):

The call for a deeper level of civic engagement is necessary to bring community resources to bear that benefit public schools and ensure that the interest of communities that have been ill served are represented at the education policymaking table. To quote the Commission’s report, “This deeper level of engagement focuses on three areas: creating a demand for excellence for all schools, holding public officials accountable for achieving equity and excellence, and ensuring that educational resources and assets are allocated equitably”. (Simmons, 2012, p. 3)

The equity that Simmons and his colleagues aspired to ensure, in part through education foundations, was in contrast to the criticism and concerns in the literature that education foundations create more inequity. Two decades prior to Simmons’ call to action, Weiner (1992) made note of threats to the education foundation movement from those who believed that “foundations circumvent the whole point of having school financing laws that level out inequities among districts” (p. 10). Weiner highlighted detractors in California who wanted school foundations to be declared unconstitutional because they perceived the organizations to be contrary to the principle of equal funding for all districts. Weiner also noted that education officials in Illinois feared the state might perceive the foundation revenue as a reason to reduce state aid as it did when school districts received state lottery revenue.

Frankel and Frankel (2007) studied the matter of inequity and suggested that:

[The] political, legal and social consequences of such foundations can challenge our notions of public schooling in America today. In some ways, these foundations seem to

undo the court-ordered and legislature-sponsored gains in equity in school funding of the past 30 years. (p. 32)

Frankel and Frankel found that some school districts' foundations raised sizable amounts of money from residents that were sometimes equal to what constituents *would* pay in locally-levied school taxes. In essence, the citizens of these wealthy school districts were no longer simply adding enrichments to state and local funding of public schools, rather, they provided a voluntary tax to school districts to fund the education they wanted students to have. Frankel and Frankel cited a phone campaign by a small district in California in 2003 that raised enough money in six days to replace 10 teaching positions that would have been lost due to state cuts in school funding. Contrary to Cruser's (2012) findings in Indiana that alternative funding to support teaching positions was difficult, it could be more plausible in affluent school districts with very sophisticated and networked fundraising efforts like those studied in California.

Reich (2005) blamed public policy for worsening social inequities because the 501(c)(3) status of foundations permits donors to deduct contributions from their annual income. He argued that this tax exemption created a "federal subsidy for charitable giving...that is greater for wealthier people than for poorer people" (Reich, 2005, p. 26). Similar to Frankel and Frankel (2007), Reich cited an example from California to illustrate how charitable donations widened the gap between wealthy and poorer school districts permitting citizens to fund the education they want in their districts. According to Reich, the Woodside School Foundation collected \$10 million between 1998 and 2003, which added several thousand dollars per student per year to public funds for the district and supported enrichment programs in music, art, technology and physical education. The charitable giving benefited the Woodside School District, which consisted of only one school. The public elementary school, which enrolled less than 500

students, routinely received the top rating on California's Academic Performance Indicator (API). Reich contrasted Woodside with Ravenswood City School District – a district less than ten miles away that did not have its own education foundation. He explained that Ravenswood families were not in a position to help fund enrichment programs as Woodside families did. Ninety-four percent of Ravenswood's 4,500 students in grades K-8 qualified for free or reduced lunches (compared to less than 10% in Woodside), and the district regularly struggled to provide such basics as textbooks, classroom supplies, and building maintenance. Contrary to Woodside, Ravenswood schools were among the lowest performing in the area, with half of the schools earning the lowest rating on the state's API. In this instance, Reich found that private philanthropy reinforced existing inequities rather than remedying them.

The potential influence of education foundations was also noted by Smith (2001) thousands of miles away in his home state of Connecticut. "What they discovered and pioneered," he wrote of California education foundations, "was a powerful mechanism through which they could not only support their local schools, but, potentially, play a more enduring role in the quality and score of local education than they had ever played before" (Smith, 2001, p. 1). Similar to Smith, Riley and Darling-Hammond (2012) were supportive of the establishment of education foundations as vehicles to engage the community in the work of public schools and to remedy inequities they described as "skyboxing":

Our public schools increasingly resemble sports stadiums, in which more advantaged patrons sit in skyboxes and enjoy well-appointed accommodations – in the case of schools, state-of-the-art facilities, access to high-level coursework and out-of-school support, and well-qualified teachers, among other benefits. Meanwhile, students from less-advantaged backgrounds sit in the equivalent of the bleachers, lacking basic

amenities and straining to see the field. (p. 11)

Though Riley and Darling-Hammond viewed education foundations as a means to create a level playing field, Reich (2005) might point to this stadium metaphor as an example of how education foundations have the potential to further exacerbate the inequities. Frankel and Frankel (2007), however, concluded that though foundation activity does lead to inequity in schools, to discourage charitable giving could be detrimental to public schools in general. They noted that education foundations keep affluent parents, who could send their children to private schools, among the constituents and supporters of public schools. Frankel and Frankel (2007) warned what may happen if wealthy families seek other educational options for their children:

[S]chools will become primarily a social service agency, not the unifying common experience envisioned by Horace Mann and John Dewey as the foundation of our democracy. We would in fact develop an educational system more like that of England, where a leadership class is educated quite separately from the education provided by the state. We must continue to take seriously our responsibility to educate all children. We must take seriously our responsibility to educate children of poverty and understand that doing so makes all our futures brighter. But if we truly believe in public education, we must not create systems that will drive out members of the public who have resources. We need these families within the system [and] this may mean that we must come to tolerate a certain level of inequity. (p. 33)

De Luna (1995) found that this awareness of possible conflicts with inequities was what led some Oregon public school foundations to adopt policies and practices to ensure that their donations were distributed equally. One Oregon foundation put all undesignated contributions into an “equity account” (de Luna, 1995, p. 8), and another foundation retained a set percentage

of funds raised “to be spent as the board sees fit” (de Luna, 1995, p. 8) in order to help equalize the benefits of donated resources across all schools in the district.

Though the literature reviews of several dissertations featured concerns about potential inequities caused by education foundations, few researchers studied this question directly and instead recommended further study in future research (Cruser, 2012; Dietrick, 2009; Mortier, 1995; Mummau, 2004). Both Culbertson (2008) and Dietrick (2009) concluded that wealth is a factor in collecting revenue. Culbertson found that a school district’s wealth did influence the acquisition of funds, even when based on a per-student ratio. Dietrick categorized the foundations in her sample by size and found that the 39 “large” education foundations in her report were significantly different from the small and mid-sized foundations in terms of revenues, expenses, and assets. In Addonizio’s (1998) study of the socioeconomic characteristics of foundation and non-foundation school districts in Michigan, it was determined that districts with foundations had both higher per pupil expenditures and average household incomes than non-foundation districts; however, he concluded the following:

[It] appears that the rise of local education foundations in Michigan has not measurably negated the state’s efforts to reduce inter-district disparities through the reform of public funding mechanisms. This result could change, however, as the state funding reform continues to restrain per pupil revenue growth in historically high-spending and high-income districts and such districts seek additional revenue from nontraditional sources.

(p. 14)

Addonizio reported that Michigan’s adoption of state school aid formulas designed to distribute funds to school districts based on their level of fiscal capacity was not unlike other states, and the equity in the distribution of educational resources within states warranted continued observation.



Similar to what Addonizio observed in Michigan, state funding for schools in Virginia is guided by the Local Composite Index (LCI), which allocates more state aid to school districts with lower fiscal capacity, generally as a result of less taxable property wealth in their respective localities (JLARC, 2012, p. 2).

In addition to the escalation of inequities, another concern reported in the literature is the potential for education foundations to be expected to supplant funding rather than supplement tax dollars. According to Muro (1995), “some districts and educational leaders frown on the concept of raising dollars in addition to what is raised through taxes because they fear an adverse community reaction or a backlash on the regular budget” (p. 7). He cited one Texas superintendent who indicated that “it is the responsibility of the state and the community to fund education, and his district would not engage in the process while he was serving as the chief educational officer” (Muro, 1995, p. 7). The foundation officials and school leaders that de Luna (1995) interviewed expressed similar concerns about education foundations sending a message to voters and politicians that the state does not need to adequately fund public education. Mortier (1995) emphasized that foundation dollars were viewed as “not a substitute for basic tax funding” (p. 20), and nearly three decades ago, Clay et al. (1985) cautioned that foundations could be perceived as “doing the state’s job” (p. 5), and some community members may believe school boards and school systems “should not be in the business of fundraising” (p. 5).

Woodworth’s findings (2007) decades after Clay et al., 1985; de Luna, 1995; Mortier, 1995; and Muro, 1995 were evidence of the challenging position in which superintendents find themselves today. Woodworth reported that most superintendents in Indiana believed that the basics *should* be provided through state and local tax structures; however, they reported that they would need to continue to look for other avenues for additional revenue with all the demands

placed upon their districts. Woodworth (2007) summarized the survey responses regarding the future role of private funding of school finance as follows:

Several superintendents expressed the belief that it was the responsibility of school officials to look for whatever resources exist in order to help meet the needs of the students of their districts. Several mentioned that public universities have had to do this for years and likely K-12 will be moving in that direction. They expressed the hope that public funds will continue to provide for the basics because in this era of accountability public funds need to be at that level, but they realize that in order to do any extra programs for their students and to provide the best remediation services they would likely need to search for all possible revenue sources. One superintendent shared with the researcher that her district was planning to hire a “Director of Nontraditional Funding” to help with these types of initiatives. (p. 87)

Similar to how the NCLB era led to the creation of new central office positions to oversee testing, accountability, accreditation, and school improvement, perhaps the current ongoing fiscal challenges will prompt school districts to follow the lead of Woodworth’s respondent and hire staff to manage “nontraditional funding” in order to secure the resources necessary to provide high quality educational services to students. Some caution that if school district staff become more directly involved in fundraising, they should be wary that donations may come with strings attached in which donors hope to influence educational or political decisions that may be in conflict with program directions or funding allocations set by the school district (Clay et al., 1985).

### **Standards for Education Foundations**

The increasing influence and resources of public school foundations are viewed by some

as a rationale for establishing standards for efficiency, effectiveness, and ethics to hold the foundations accountable to the communities they serve. Dietrick (2009) found that though most of the education foundations in her study had written bylaws, computerized financial records, and a website, fewer of her respondents had written operating policies or audited financial statements. Dietrick's findings support the call for standards, and was one reason the National Commission on Civic Investment created a set of standards for education foundations based on standards previously set by Independent Sector, which is a leadership network for nonprofit organizations and foundations. As Buhl and Rothman (2011) outlined in *An Appeal to All Americans: National Commission on Civic Investment in Public Education*, the Commission established standards in the following five areas:

- **Mission and Programs:** The mission of [education foundations] is to support whole-school and whole-system reform and engage the public. All of the organization's programs derive from and support its mission, and resources are allocated for purposes consistent with the mission.
- **Evaluation and Transparency:** [Education foundations] are committed to ensuring that they are serving the schools and communities with which they work as effectively as possible. Good practices to support this standard include financial reviews, program evaluations, financial disclosure, and clear external communications.
- **Responsible Stewardship:** Each organization has an active governing body that is responsible for setting its mission and strategic direction. The board is accountable for and actively exercises oversight of the finances, operations, policies, and programs of the organization.

- **Legal Compliance:** Each organization's stewards comply with all applicable laws and regulations.
- **Personal and Professional Integrity:** Organizations promote a working environment that values respect, fairness, and integrity (pp. 12-15).

Riley and Darling-Hammond (2012) acknowledged that merely adopting the Commission's standards would not be sufficient. They recommended that education foundations "implement the standards so that they become standard operating procedure" (p. 15) and that the organizations "should be as transparent as they can about the extent to which they are meeting these standards" (p. 15) by conducting ethics audits and reporting the results to stakeholders. The Commission's report outlined practices for each principle or standard that should help education foundation boards and school district officials evaluate the work of foundations supporting their school districts (Buhl & Rothman, 2011).

### **Researchers' Future Study Considerations**

The study of education foundations primarily consists of reporting baseline data regarding the existence, purpose, governance, funding sources, programming, and impact of local education foundations. Not surprisingly, researchers' suggestions for further study include, but are not limited to, enriching the current understanding of foundations by examining and analyzing the factors that impact revenue generation and distribution; focusing on the differences between foundations in rural, urban, and suburban districts; and expanding study populations to include regions of the country or nationwide.

Mummau (2004) recommended nine options for future research that included measuring a number of factors such as the impact of paid professional staff on foundation success, foundation influence on school district decision making, and the effectiveness of foundation

scholarships to students as well as the distribution of other assets. Mummau also recommended studying why school divisions in Virginia do not have education foundations, the similarities and differences between public and private K-12 school foundations, and whether or not foundations create fiscal inequities. At the time of Mummau's study, Virginia did not have (and currently does not have) a statewide organization for education foundations, and he suggested examining the benefits of a statewide or national organization for K-12 education foundations.

Cruser (2012) also recommended expanding the breadth of research by collecting data to make comparisons of public education foundations across regions of the United States. Similar to Mummau (2004), Cruser suggested comparing public and private school foundations and reviewing equity and the long-term impact of education foundations on rural, suburban, and urban school districts. The impact of education foundations on student achievement was another area of study identified by Cruser.

Carlson (2011), who focused on board structure and revenue generation of K-12 education foundations, also suggested expanding the study population to include foundations nationwide and highlighted the following three additional key opportunities for future research:

- 1) study the role of the executive director in fundraising, including influence of personal characteristics;
- 2) research additional organizational characteristics, such as school district size; and
- 3) study alternative organizational development theoretical frameworks, such as mimetic isomorphism (i.e., how are K-12 LEFs mimicking their higher education counterparts in private revenue generation) (p. 94).

Following her examination of more than 100 active California education foundations, Dietrick (2009) suggested further research on the impact of education foundations on equity,

advocacy, and student achievement, as well as examining the characteristics of schools and districts that do not have education foundations. Acknowledging that her study was designed to gather baseline data about education foundations in her state, Dietrick recommended conducting a more advanced statistical analysis of both the population and sample data to identify any number of variables that may have an impact on variables, including revenue generation.

Consistent with the conclusions of other researchers, Woodworth (2007) reported that her preliminary research identified concerns about equity that warrant further examination.

Woodworth (2007) also found that school officials believe that “working with private donations to help fund public school initiatives is the wave of the future and a needed skill for school administrators” (p. 92); therefore, best practices in training in the area of philanthropy for school administrators could be reviewed to inform administrator preparation programs.

Mortier’s (1995) study of Illinois foundations more than 15 years ago led him to recommend further study of effective fundraising strategies, permanent endowments, school administrator and foundation board member training, and the impact of foundation grants on student achievement and staff morale. Only one education foundation in his study had paid professional staff, so he suggested evaluating the impact of paid professional staff with respect to accountability issues and volunteer management. These recommendations, combined with a final recommendation to study the effect of education foundations on education equity efforts, tax referendums, and donors’ influence, are evidence that Mortier likely viewed education foundations as a movement that would continue to impact schools and communities in Illinois.

Hyatt (1992) suggested, as did both Mortier (1995) and Mummau (2004), that a statewide network for public school foundations should be formed “to provide information and assistance to those with public education foundations and to those interested in establishing education

foundations” (p. 128). It appears that none of the researchers’ respective states – South Carolina, Illinois, or Virginia – have statewide associations to support education foundations as recommended. If the number of education foundations continues to increase as numerous sources project, and the financial crisis becomes more dire, as also widely reported, statewide consortiums of foundations may help the organizations identify best practices in operations and garner support and influence that will help them in their mission to support K-12 public schools.

### **Synthesis and Conclusions**

Consistent with the literature, studies have found that public education foundations continue to be a vehicle for school districts to supplement funding to restore, expand, or initiate programs for students and staff. Studies have added to the understanding of the history, purpose, strategies, programs, and impact of local education foundations. Despite the fact that the population samples are primarily restricted to selected states versus national examinations, state-specific studies revealed that education foundations share many common characteristics such as being guided by a core mission, governed by a board with support from paid staff and volunteers, and established to serve specific schools and/or school districts. Likewise, the findings support that education foundations vary in form and function and are rarely one-dimensional organizations. The literature and research studies concluded that the uniqueness of the communities that support education foundations leads to equally unique strategies and programs.

The existence of a body of research that is primarily comprised of state-specific studies was not surprising given that educational funding in each state is impacted by state and local policies and practices. Studying education foundations within individual states permits researchers to add to the knowledge in their respective states to inform school district officials,

foundation leaders, statewide foundation associations, policymakers, and others. The last known study conducted in Virginia (Mummau, 2004) collected baseline data to examine the existence and characteristics of public school foundations across the Commonwealth. The passage of a decade since this research and the shrinking resources dedicated to Virginia's K-12 public schools today, provide an opportunity to follow up on Mummau's study in the context of current financial conditions and to identify if additional foundations have been established. The nature of this follow-up study and the manner of the data collected to answer the research questions are explained in Chapter 3.



## **Chapter 3: Methodology**

### **Purpose of the Study**

Accountability and expectations for K-12 public school divisions are increasing and financial support is decreasing, leaving localities to determine how to continually improve public school performance with fewer resources. Public school foundations have been supporting Virginia school divisions for three decades as an alternative source for funds and resources to restore, initiate and enrich programs and services for students and staff. The purposes of this study were to determine whether or not there has been an increase in the number of public school foundations in Virginia during the past decade and to identify the foundations' longevity, purposes, governance, staffing, finances, revenue sources, and fund utilization of public school foundations that support of local school divisions.

### **Research Design/Methodology**

This study used a descriptive mixed-methodology design in which both quantitative and qualitative data were collected in order to describe the growth, purposes, governance, staffing, finances, revenue sources, and support of public school foundations associated with K-12 public school divisions in Virginia. The mixed-methods study gathered data sequentially in two phases. The sequential approach is one of six mixed methods research strategies that Creswell (2009) identified as gaining popularity among social and health sciences researchers. Creswell (2009) wrote, “[T]here is more insight to be gained from the combination of both qualitative and quantitative research than by either form by itself. Their combined use provides an expanded understanding of research problems” (p. 203).

The first phase of research involved identifying existing public school foundations in Virginia and finding related contact information for school division representatives or foundation

officials. This information provided quantitative data to answer the first research question of this study regarding the identification of school divisions in Virginia that are supported by public school foundations, and it permitted for a comparison to Mummau's findings in 2004 in order to identify changes in the past decade.

In the second phase of the study, the researcher collected quantitative data about the existing public school foundations identified in the first phase of the study from foundation officials, school division representatives, websites, Internet searches, and other available public records. The quantitative data collected in phase two were to answer the remaining research questions pertaining to existing public school foundations' longevity, purposes, governance, staffing, finances, revenue sources, and fund utilization. Quantitative data were also collected from public records to compare and contrast the average daily membership, local composite index scores, standards of quality expenditures, per pupil expenditures, and locale descriptions of the school divisions identified in the first phase of the research study as receiving support from public school foundations.

The second phase of the study also involved a qualitative analysis to determine the similarities and differences among public school foundations' purposes. These data analyses involved coding the text of mission statements that were collected from foundation officials and public records in order to analyze what common themes emerged from the statements. By employing a grounded theory method of marking key points in the collected data with codes and then extracting them from the various statements, it was easier to identify categories and determine common themes. According to Merriam (2009) coding is commonly used to manage and analyze data, both with and without computer assistance.

## **Research Design Justification**

Quantitative measures were used to accurately describe the longevity, board size, staffing, finances, revenue sources, and fund utilization of public school foundations in Virginia. The qualitative aspect of the study permitted for more accurate descriptions of the purposes of these foundations and determined common themes among the mission statements. According to Butin (2010), the use of both types of research methods – qualitative and quantitative – allows the researcher to “collect more varied data and strengthen the validity of the final conclusions” (p. 76).

## **Research Questions**

This study collected data to answer to the following 11 research questions:

1. Which K-12 public school divisions in Virginia receive support from public school foundations?
2. How do the school divisions identified in the first research question differ from the school divisions identified in the 2004 study of Virginia’s local education foundations?
3. What is the age of the existing public school foundations in Virginia?
4. What are common themes among the purposes of Virginia’s public school foundations?
5. How many voting board members serve on the governing body of each public school foundation?
6. How many voting board members on public school foundation boards are current school division employees or school board members?
7. How is the public school foundation supported by staff (i.e., paid, full-time staff;

- paid, part-time staff; volunteer staff)?
8. What are the most recent reported revenues, expenses, and fund balances of Virginia's public school foundations?
  9. What are the sources of revenue for public school foundations in Virginia?
  10. How are public school foundation funds utilized to support K-12 public school divisions in Virginia?
  11. How do the public school divisions that are supported by public school foundations compare to school divisions that do not receive such support with respect to average daily membership (ADM), local composite index (LCI) score, standards of quality (SOQ) expenditures, per-pupil expenditures, and locale descriptions?

### **Population**

The population for the first phase of the study consisted of the 132 public school divisions in Virginia. Four of Virginia's 136 school divisions are jointly-operated: Bedford City and Bedford County, Fairfax City and Fairfax County, Emporia City and Greensville County, and Williamsburg City and James City County. The Virginia Department of Education identifies Bedford County, Fairfax County, Greensville County and Williamsburg City as the fiscal agent divisions for the jointly-operated school divisions, and they were included in the study's population.

### **Data Collection Procedures**

A varied approach to data collection was required because there was no one organization or public agency required to maintain a list of public school foundations or to review their operations and governance. The first phase of the research study involved contacting known agencies and consulting resources that may provide evidence of the existence of public school

foundations. Foundations were identified using the Virginia Department of Taxation's annual list of public school foundations that are eligible to receive citizens' voluntary contributions from their income tax refunds (Virginia Department of Taxation, 2013). School division websites were reviewed to seek evidence of an affiliation with a public school foundation. Internet search engines also were used to find information about foundations that were providing support to Virginia public school divisions. Databases made available online by organizations such as GuideStar, which gather and present information about nonprofit organizations, were searched to locate profiles and tax documents of foundations that support Virginia public school divisions. GuideStar is a 501(c)(3) public charity that collects, organizes, and presents information on its website about every single Internal Revenue Service (IRS)-registered nonprofit organization. According to GuideStar's website, "We provide as much information as we can about each nonprofit's mission, legitimacy, impact, reputation, finances, programs, transparency, governance, and so much more" (GuideStar, 2013). The contact list published in the 2004 study of Virginia's local education foundations was consulted to identify the study's participants or participating organizations as needed (Mummau, 2004). Lastly, school division representatives were contacted by email or phone at least twice to inquire about their local education agency's association with a public school foundation.

The second phase of the research study also required various methods of collecting data. The quantitative data collected in this study were a matter of public record and could be gathered from documents available online, public school foundation websites, school division websites, public school foundation officials, and school division representatives. Form 990 documents filed with the IRS provided information on public school foundations' finances, and they also included information about foundations' purposes, number of voting board members, fund

utilization, and paid staff. Audited financial statements that public school foundations also included relevant financial and program information. Phone interviews and email correspondence with public school foundation officials were another source of data collection for information that was not readily available in public records obtained through the methods described in this section. The financial measurements and characteristics of school divisions were public records available on the websites for the Virginia Department of Education (VDOE) and the Joint Legislative Audit and Review Commission (JLARC).

### **Instrument Design**

A data collection tool was created in Microsoft Excel to store information obtained from public records, public school foundation websites, and foundation officials. The first page of the data collection tool consisted of a master list of all public school divisions in Virginia and was used to track the school divisions that were and were not supported by public school foundations in 2014 as compared to those identified by Mummau in 2004. The main page of the data collection tool also stored information pertaining to the establishment years of the respective public school foundations and the means through which the existence of a public school foundation was identified or confirmed, such as Virginia tax foundation codes and foundation websites (see Figure 2). Upon receipt of confirmation of that a school division was either affiliated or not affiliated with a public school foundation, the school division names on the worksheet were color coded for quick reference. Green school division names were confirmed as receiving foundation support, and red school division names were confirmed as not receiving foundation support. The page shown in Figure 2 also contained the number code assigned to each school division to be used when findings were discussed in Chapter 4 of this dissertation.

Figure 2. Data Collection Tool: Foundation Identification

| School Division No. | School Division Name | Mummau (2004) | Allen (2013) | Year Established | 2013 VA Tax Foundation Code and Foundation Name* | Other Confirmation of Public School Foundation (i.e. website) |
|---------------------|----------------------|---------------|--------------|------------------|--|---|
|                     |                      |               |              |                  |  |   |

Subsequent worksheets in the Excel data collection instrument were created to store information pertaining to the remaining research questions in this study and the rows were color coded. Worksheets were created for the following: board members, staffing, finances, revenue sources, fund utilization and school division characteristics. The worksheet for finances stored the most recently reported revenue, expenses, and net assets/fund balances for the foundations. The worksheet for school division characteristics stored data for the 2012-2014 LCI; March 31, 2013 ADM; fiscal year 2013 SOQ required local effort; fiscal year 2013 actual local expenditures; fiscal year 2013 local per pupil expenditure; and school division locale descriptions. Data were analyzed in Excel spreadsheet comparisons and using Excel formula tools.

### **Data Management and Analysis**

Data management was computer-based, and Microsoft Excel was used to store quantitative data collected from public records, public school foundation websites and foundation officials. Statistical analysis software beyond Excel was not required to report the findings in Chapter 4 of this study. Descriptive data analysis was used to describe and summarize the data in a meaningful way to identify patterns that emerged and to find measures of central tendency such as frequencies, mean, median, and mode. The data functions offered by Excel were used to sort, filter, and average quantitative data and to assist with the coding and categorizing necessary for the qualitative analysis of data regarding public school foundations'

purposes. The researcher searched the purpose statements for common words and phrases, coded the text accordingly, and extracted the text to analyze common purposes that emerged among the public school foundations as well as any unique purposes.

Data were be stored in the electronic Excel files that were used during the research process and held, at a minimum, until after a successful defense of the research study.

Recognizing that Virginia does not currently have a statewide association or consortium for public school foundations, the research data will be kept as long as possible so that it can be utilized by public school foundation officials, school divisions, or other parties to inform their decisions or future plans to develop a local public school foundation.

### **Time Line**

Following completion of IRB training (Appendix A) and approval from the Institutional Research Board (Appendix B) to conduct this research study, data collection began for the first phase of the research to identify the existing public school foundations supporting K-12 public school divisions in Virginia. As public school foundations were identified, data for the second phase of the study were collected in order to conduct the quantitative and qualitative analyses described in this chapter.

### **Methodology Summary**

This mixed-methodology study used both quantitative and qualitative measures to collect and analyze data to describe the growth, purposes, revenues, and governance of public school foundations supporting K-12 public school divisions in Virginia. Following the first phase of the study to identify the existing public school foundations in the commonwealth, the quantitative data required to answer the remaining research questions were collected from public records available online, foundation and school division websites, and government agencies. Phone



interviews and email correspondence with public school foundation officials were used to obtain or clarify information for the research study. The data were reviewed to identify, describe, and analyze various characteristics of public school foundations. Lastly, a qualitative analysis of foundation purpose statements was conducted to code and identify common themes among the missions of public school foundations in Virginia. The findings of this research study are reported in Chapter 4.

## CHAPTER 4: Results of the Study

### Introduction

The purposes of this study were to determine whether or not there has been an increase in the number of public school foundations in Virginia during the past decade, and to describe the longevity, purposes, governance, staffing, finances, funding sources, and fund utilization of public school foundations that support of local school divisions. The study used a descriptive, mixed-methodology design in which both quantitative and qualitative data were collected to answer the following 11 research questions:

1. Which K-12 public school divisions in Virginia receive support from public school foundations?
2. How do the school divisions identified in the first research question differ from the school divisions identified in the 2004 study of Virginia's local education foundations?
3. What is the age of the existing public school foundations in Virginia?
4. What are common themes among the purposes of Virginia's public school foundations?
5. How many voting board members serve on the governing body of each public school foundation?
6. How many voting board members on public school foundation boards are current school division employees or school board members?
7. How is the public school foundation supported by staff (i.e., paid, full-time staff; paid, part-time staff; volunteer staff)?
8. What are the most recent reported revenues, expenses, and fund balances of Virginia's public school foundations?

9. What are the sources of revenue for public school foundations in Virginia?
10. How are public school foundation funds utilized to support K-12 public school divisions in Virginia?
11. How do the public school divisions that are supported by public school foundations compare to school divisions that do not receive such support with respect to average daily membership (ADM), local composite index (LCI) score, standards of quality (SOQ) expenditures, per-pupil expenditures, and locale descriptions?

This mixed-methods study gathered data sequentially in two phases. The first phase of research was to identify the existing public school foundations in Virginia and to find related contact information for school division representatives or foundation officials in order to facilitate the second phase of research. The collection of quantitative data to identify active foundations provided answers to the first two research questions of the study regarding the existence of public school foundations in Virginia and changes in the number of foundations since 2004.

Various research methods were used in the first phase of data collection to identify active public school foundations. Foundations were identified using the Virginia Department of Taxation's annual list of public school foundations that are eligible to receive citizens' voluntary contributions from their income tax refunds (Virginia Department of Taxation, 2013). School division websites were reviewed to seek evidence of an affiliation with a public school foundation. Internet search engines also were used to find information about foundations that were providing support to Virginia public school divisions. Databases made available online by organizations such as GuideStar, which gather and present information about nonprofit organizations, were searched to locate profiles of foundations that support Virginia public school

divisions. The contact list published in a 2004 study of Virginia's local education foundations was consulted to identify the study's participants or participating organizations as needed (Mummau, 2004). Lastly, school division representatives were contacted by email or phone at least twice to inquire about their local education agency's association with a public school foundation.

In the second phase of this study, quantitative data were collected from public records, foundation officials, and school division staff to answer the eight research questions that pertained to public school foundations' longevity, purposes, governance, staffing, finances, funding sources, and fund utilization. A profile based on the study's research questions was created for each foundation using information found on foundation and school division websites, reported in IRS tax returns, and published in news articles and other public records. The profiles were sent to the respective foundation officials or school division staff who were identified during the first phase of research. It was requested that individuals review the researcher-created profile for accuracy and answer any questions for which no information was readily available prior to contacting them. At least two attempts were made to confirm or seek information from the foundations or school divisions regarding the purposes, governance, staffing, finances, funding sources, and fund utilization of identified foundations.

Additional analysis was required for the research question regarding foundations' purposes in order to determine common themes. A qualitative analysis of the collected mission statements was conducted to code and sort the words that appeared most frequently in the mission statements, and the findings were analyzed to determine the similarities among the identified foundations' purposes.

Data to answer the final research question regarding select characteristics of school

divisions that were or were not supported by public school foundations were collected from public records produced by the Virginia Department of Education and the Virginia General Assembly's Joint Legislative Audit and Review Committee.

### **Existence of Public School Foundations**

Identifying the K-12 public school divisions in Virginia that receive support from a public school foundation was the first research question. The population for this study included a total of 132 public school divisions. Four of Virginia's 136 school divisions are jointly-operated: Bedford City and Bedford County, Fairfax City and Fairfax County, Emporia City and Greensville County, and Williamsburg City and James City County. The Virginia Department of Education identifies Bedford County, Fairfax County, Greensville County and Williamsburg City as the fiscal agent divisions for the jointly-operated school divisions, and they were included in the study's population.

Determining and confirming the existence of public school foundations proved challenging for several reasons. First, the *Code of Virginia's* definition of public school foundations was used as the basis for identification. It was reasonable to conclude that there would be a common familiarity with the definition as it is included in the codified legislation for the commonwealth and used by the Virginia Department of Taxation to identify public school foundations that are eligible for voluntary contributions. Legislation enacted by the General Assembly in 1999 added "public school foundations" to an existing Code section pertaining to educational technology foundations. The Code section includes the following definition: "Public school foundation" means a nonstock, nonprofit corporation, established for the express purpose of implementing a public/private partnership to implement public school improvement projects approved by the local school board" (Va. Code Ann., 2014b). The same Code section

defines a “public school improvement project” as “any project designed to achieve an educational purpose that may be identified in Title 22.1” (Va. Code Ann., 2014). Title 22.1 is the *Code of Virginia’s* section for Education, and it includes 32 chapters of provisions pertaining to the governance, management and operations of public schools in Virginia. Therefore, “public school improvement projects” to support purposes identified in Title 22.1 would include a broad range of opportunities.

However, it was found that there was not a universal understanding or even awareness by foundation officials and school division staff of the *Code of Virginia’s* definition for public school foundations. Despite being contacted annually by the Virginia Department of Taxation to confirm their status as a public school foundation as defined in the *Code of Virginia* in order to receive voluntary contributions from state tax refunds, representatives from the eligible foundations were all not aware of the definition in legislation. The definition was included in the researcher-created profiles that were submitted to foundation and school division officials, and respondents were asked to confirm whether or not their organization constitutes a public school foundation as defined in the *Code of Virginia*. Four respondents indicated that they did not know how to answer the question. Three others did not provide an answer to the question in their response. At least six participants answered the question with a response of “yes and no,” noting that they collaborate with their respective school divisions and the school board is aware of their work; however, the foundation does not seek school board approval for their activities or disbursement of funds. One foundation board member responded: “We maintain a close affiliation with the school division but we are not an organization created under or by them” with foundation activities requiring school board approval (sd12). As demonstrated by these select responses, there was not a universal awareness or understanding of how the state defines these

nonprofit organizations.

It was also found in the first phase of data collection that a public school foundation in one school division or community might be labeled an “endowment” or “fund” in another locality. The purposes of the nonprofit organizations appeared to be the same – to support the public school division with funding and resources to enhance and expand educational opportunities – however, the term of “foundation” is not used in the title of the organization. The 2013 list of public school foundations compiled by the Virginia Department of Taxation has three “endowments,” one “educational trust,” and one “scholarship foundation” (Virginia Department of Taxation, 2013). Further, it was found that some school divisions, citizens, or organizations have chosen to establish funds and endowments in the school division’s name through the community foundations in their respective localities or regions. It was noted by a community foundation CEO and a school division superintendent (sd127) that school divisions might opt to have community foundations manage monetary donations on behalf of the school division in order to reduce the ongoing administrative costs that a school division would incur in establishing and managing its own public school foundation.

In the absence of universal knowledge and interpretation of the state’s definition of a “public school foundation” and the existence of various nonprofit organizations established solely to support students and staff in Virginia’s public school divisions, it was determined that the list of public school foundations for this study would include a) those that were confirmed definitively by the school division or foundation as public school foundations; b) those that were confirmed with expressed reservations or questions about the definition (i.e., required school board approval); c) those that, based on evidence found online and in public records, appeared to constitute a public school foundation; and d) those that appeared on the Virginia Department of

Taxation's 2013 list of public school foundations eligible to receive voluntary contributions unless a school division or foundation official confirmed that there was not an active foundation at the time of the study. This determination does exclude additional groups that have organized as nonprofit educational support organizations, such as Parent Teacher Associations (PTA) and booster clubs for athletics and extracurricular activities. Though it is widely acknowledged that these groups provide valuable financial support that benefits public school students and staff in a variety of endeavors, other studies regarding the characteristics and operations of K-12 education foundations have not considered these groups as part of their studies' samples or populations (Carlson, 2011; Christener, 2006; Cruser, 2012; Culbertson, 2008; Dietrick, 2009; Mummau, 2004; Useem, 1999; Van Handel, 1994; and Woodworth, 2007).

More than two-thirds (69%) of the 132 Virginia public school divisions in this study's population were identified as receiving support from public school foundations. The 91 school divisions are listed in Table 4. Table 5 lists the 41 school divisions, 31% of this study's population, that were determined not to receive public school foundation support.

The study's response rate was 65.9% with 87 of 132 school divisions or their respective foundations responding to requests for information. The responses either identified or confirmed the existence of 61 public school foundations, and 26 school divisions confirmed that they do not receive support from a public school foundation. Of the remaining 45 school divisions that did not respond to research inquiries, it was determined that 30 additional school divisions received support from public school foundations and 16 school divisions did not. The asterisks next to school division names in Table 4 and Table 5 identify the 45 school divisions from which a response was not received; therefore, a determination was made based on information found in public records and on school division or foundation websites.



Table 4

*Virginia Public School Divisions Supported by Public School Foundations*

|                |                 |                |                |
|----------------|-----------------|----------------|----------------|
| Amherst        | Franklin City   | Manassas Park  | Rappahannock*  |
| Augusta        | Franklin County | Martinsville*  | Richmond City  |
| Bedford        | Frederick       | Mathews        | Roanoke City   |
| Bristol        | Galax*          | Middlesex*     | Roanoke        |
| Botetourt      | Gloucester      | Montgomery     | County         |
| Buchanan*      | Goochland       | Nelson         | Rockbridge     |
| Buckingham     | Greene          | New Kent*      | Rockingham     |
| Buena Vista*   | Greensville     | Newport News   | Salem          |
| Caroline       | Halifax*        | Norfolk*       | Scott*         |
| Charles City   | Hampton*        | Northampton*   | Shenandoah*    |
| Chesapeake*    | Hanover         | Orange         | Smyth          |
| Chesterfield   | Harrisonburg*   | Page           | Spotsylvania*  |
| Clarke         | Henrico         | Patrick*       | Stafford*      |
| Colonial Beach | Hopewell        | Petersburg*    | Suffolk        |
| Cumberland     | Isle of Wight*  | Pittsylvania   | Sussex         |
| Danville       | King William    | Poquoson       | Virginia Beach |
| Dinwiddie      | Lancaster       | Portsmouth     | Warren         |
| Essex*         | Lexington       | Powhatan*      | Washington     |
| Fairfax County | Loudoun*        | Prince Edward* | Westmoreland   |
| Falls Church*  | Louisa          | Prince George  | Winchester     |
| Fauquier       | Lynchburg       | Prince William | Wise*          |
| Floyd          | Madison         | Pulaski*       | Wythe*         |
| Fluvanna       | Manassas City   | Radford*       | York           |

*Note.* Asterisks identify the 30 school divisions from which confirmation was not received (n=91).

Table 5

*Virginia Public School Divisions Not Supported by Public School Foundations*

|            |                   |                  |              |
|------------|-------------------|------------------|--------------|
| Accomack   | Carroll           | Highland*        | Southampton* |
| Albemarle* | Charlotte*        | King & Queen     | Staunton     |
| Alexandria | Charlottesville   | King George      | Surry*       |
| Alleghany  | Colonial Heights* | Lee*             | Tazewell     |
| Amelia     | Covington         | Lunenburg        | Waynesboro   |
| Appomattox | Craig             | Mecklenburg*     | West Point*  |
| Arlington  | Culpeper*         | Northumberland*  | Williamsburg |
| Bath       | Dickenson         | Norton*          |              |
| Bland      | Fredericksburg    | Nottoway*        |              |
| Brunswick  | Giles Grayson     | Richmond County* |              |
| Campbell   | Henry             | Russell*         |              |

*Note.* Asterisks identify the 16 school divisions from which confirmation was not received (n=41).

## **Increase of Public School Foundations**

To determine if there has been an increase in the number of public school foundations in Virginia within the past decade, the findings for the first research question of this study were compared to what was reported in Mummau's 2004 study of Virginia's local education foundations. There are limitations to the comparison because Mummau used a broader definition of "local education foundations" to identify active foundations versus the Code of Virginia's definition of public school foundations codified in 1999. Additionally, neither researcher's study had a 100% response rate; therefore, there was the potential for error in the results for some school divisions' status for which responses were not received. The population for Mummau's study differed slightly from this study. His population consisted of 131 school divisions; whereas, this study's population included 132 school divisions. Mummau's study did not report findings for one Virginia public school division, Lexington City Public Schools.

The 2004 study found that 64 school divisions (49% of the study's population) had local education foundations, and 67 school divisions (51%) did not. This study found that, one decade later, 91 school divisions (69%) are supported by a public school, and 41 school divisions (31%) do not receive support from a public school foundation. These findings show a difference of 27 more public school foundations in Virginia since the study conducted in 2004.

Table 6 lists the 44 school divisions for which there were differences in the reported findings of the two research studies. This study found that 10 school divisions reported as having a local education foundation in 2004 did not receive support from a public school foundation in 2014. Thirty-four school divisions that reportedly did not have a local education foundation in 2004 were found in this study to receive support from a public school foundation. However, this study identified an establishment date of 2002 for one public school foundation

that supports a school division that was reported in 2004 as one among the 34 school divisions that did not have a foundation. Though it is not known why that foundation was unaccounted for in Mummau's study, it is one example of the margin of error that may occur as a result of researchers identifying foundations in the absence of confirmation from a school division.

Table 6

*Comparison of Local Education Foundations (LEF) in 2004 with Public School Foundations in 2014*

| School Division | 2004 | 2014 | School Division | 2004 | 2014 |
|-----------------|------|------|-----------------|------|------|
| Alexandria      | Yes  | No   | Galax           | No   | Yes  |
| Amelia          | Yes  | No   | Goochland       | No   | Yes  |
| Appomattox      | Yes  | No   | Greene          | No   | Yes  |
| Bath            | Yes  | No   | Halifax         | No   | Yes  |
| Charlotte       | Yes  | No   | Hopewell        | No   | Yes  |
| Giles           | Yes  | No   | Isle of Wight   | No   | Yes  |
| Russell         | Yes  | No   | King William    | No   | Yes  |
| Staunton        | Yes  | No   | Louisa          | No   | Yes  |
| Tazewell        | Yes  | No   | Madison         | No   | Yes  |
| Williamsburg    | Yes  | No   | Martinsville    | No   | Yes  |
| Bristol         | No   | Yes  | Middlesex       | No   | Yes  |
| Buena Vista     | No   | Yes  | Norfolk         | No   | Yes  |
| Caroline        | No   | Yes  | Petersburg      | No   | Yes  |
| Chesapeake      | No   | Yes  | Pittsylvania    | No   | Yes  |
| Colonial Beach  | No   | Yes  | Powhatan        | No   | Yes  |
| Danville        | No   | Yes  | Roanoke City    | No   | Yes  |
| Danville        | No   | Yes  | Rockbridge      | No   | Yes  |
| Dinwiddie       | No   | Yes  | Scott           | No   | Yes  |
| Fauquier        | No   | Yes  | Shenandoah      | No   | Yes  |
| Floyd           | No   | Yes  | Sussex          | No   | Yes  |
| Fluvanna        | No   | Yes  | Washington      | No   | Yes  |
| Franklin County | No   | Yes  | Westmoreland    | No   | Yes  |

Table 6 does not account for any foundations that may have been established and then closed within the ten years between the two research studies. During phase one of research for this study, it was found that one Virginia school division that established a public school foundation after Mummau's 2004 study, but the foundation reportedly closed on December 31, 2012. The online news article that featured the foundation's closure reported:

The foundation is no longer accepting donations and recently decided to cease operations because of the current budget challenges the school system is facing. In its fifth year of existence, the organization is experiencing high overhead costs as a result of declining donations and worker expenses that were originally paid for by the school system (George, 2012).

The same article reported the foundation's president as saying, "As with many nonprofit organizations, we started to suffer when the economy turned south" (George, 2012). The worsening economy has been cited as prompting the establishment of public school foundations in Virginia and other states; however, in the case of this foundation, the poor economy was cited as the reason for its closure.

To the contrary, one respondent to this study offered that his school division is "in the talking stages of forming an education foundation however as of today we do not have [a foundation] formally in place" (sd117). This is one example of potential growth in the number of public school foundations in Virginia. It is acknowledged that there may be other school division staff members who responded to this study whose school divisions are considering establishing a foundation but did not note it in their responses.

### **Age of Public School Foundations**

The year in which Virginia's public education foundations were established was determined using information provided by participants in the study, found on foundation and school division websites, and found in IRS tax filings available online. The establishment years for 80 of the 91 public school foundations identified in this study were obtained through the aforementioned methods. Establishment years for the remaining 11 foundations were either not

provided by respondents or information was not available in public records to confirm the date of establishment.

The oldest known foundation, Salem Educational Foundation and Alumni Association, was established 31 years ago in 1983. Three foundations were established in 2014 or were in the final stages of being established when participants submitted their responses for this study. The year with the most foundations established was 1994 with seven foundations. A breakdown of how many foundations were established each year is listed in Table 7.

Table 7

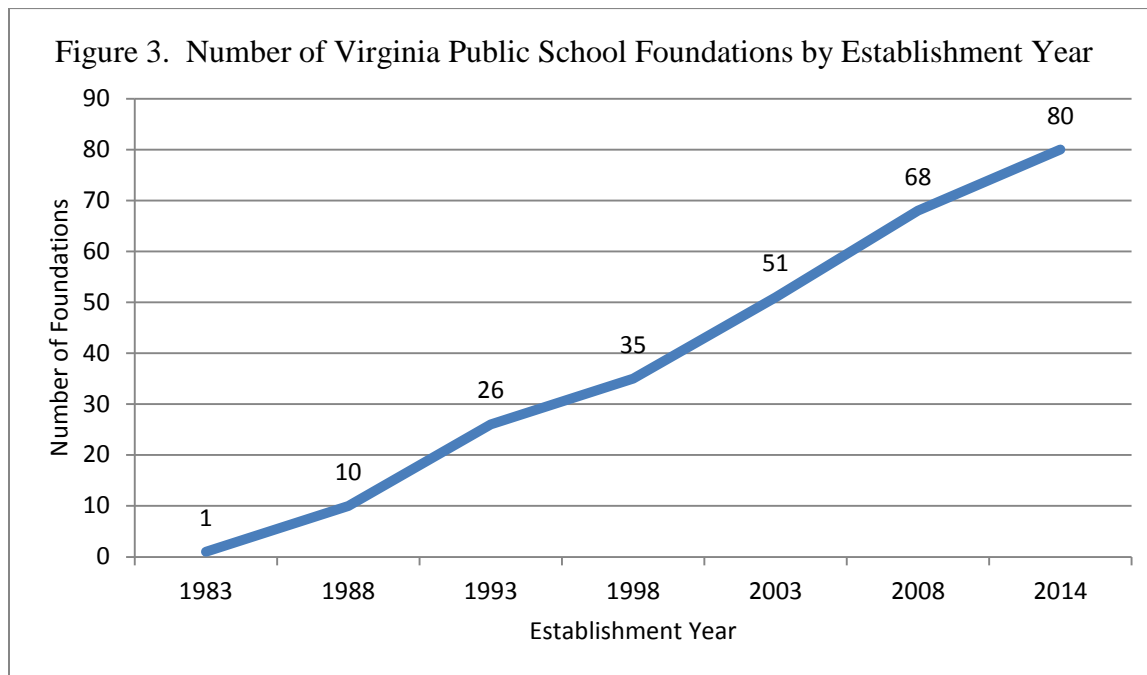
*Number of Virginia Public School Foundations Established by Year*

| Year Established | Number of Foundations | Year Established | Number of Foundations |
|------------------|-----------------------|------------------|-----------------------|
| 1983             | 1                     | 1999             | 2                     |
| 1984             | 2                     | 2000             | 2                     |
| 1985             | 1                     | 2001             | 4                     |
| 1986             | 2                     | 2002             | 5                     |
| 1987             | 2                     | 2003             | 3                     |
| 1988             | 2                     | 2004             | 4                     |
| 1989             | 5                     | 2005             | 5                     |
| 1990             | 1                     | 2006             | 4                     |
| 1991             | 3                     | 2007             | 2                     |
| 1992             | 3                     | 2008             | 2                     |
| 1993             | 4                     | 2009             | 2                     |
| 1994             | 7                     | 2010             | 3                     |
| 1995             | 0                     | 2011             | 2                     |
| 1996             | 0                     | 2012             | 1                     |
| 1997             | 2                     | 2013             | 1                     |
| 1998             | 0                     | 2014             | 3                     |

*Note.* Establishment years known for 80 of the 91 foundations in this study (n=80).

Upon examination of the data, it can be seen that the establishment of public education foundations in Virginia is fairly evenly distributed across the 31 years since the first foundation was established. During the 15-year period following the first foundation establishment in 1983, 34 more foundations (42.5%) were established by 1999, which is the year the General Assembly enacted legislation to amend the *Code of Virginia* to include a definition for public school

foundations. From 2000 to 2014, an additional 45 public school foundations were formed. More than one-third (36.2%) of foundations with known establishment dates were formed in the past ten years, and 15% percent have been formed in the past five years. Figure 3 shows the steady increase in the number of public school foundations from 1983 to 2014 for the 80 foundations for which establishment dates were reported or found in public records.



Despite the steady increase in the establishment of the foundations, some foundations were found to be dormant for many years. Study participants and information obtained online revealed periods of inactivity in the history of some foundations. In a phone interview with one foundation official, she reported that her foundation has not always been as active as it is now (sd40). She cited the recruitment of new board members who were “worker bees willing to roll up their sleeves” as the reason for the foundation’s increased activity in recent years. An online news article about another foundation reported to be “coming of age [and] celebrating its success

and continuing its mission to support education” was also reportedly “first created in 1996 and reestablished in 2010 after years of inactivity” (Brooks, 2013).

Additionally, public school foundation websites were found to include information about periods of time when the foundation was less engaged. One website reported that “the foundation was established in 2002 to serve as the fundraising arm” for the school division, but that it “maintained a relatively passive role over the next four years until it was revitalized in 2006 under the instrumental leadership” of the superintendent (sd49). Information on another foundation website described how the superintendent formed the school division’s education foundation prior to 1988 to assist with a capital improvement project, “and it was then disbanded” until the division’s next superintendent “started it back up” in 2004 (sd09). A 23-year period of inactivity was reported by one foundation president in her written response about the foundation’s finances: “To give you a little history, the foundation was established in 1987 but was basically inactive until 2010. It was reactivated in response to the budget crisis you mentioned” (sd07).

Also evident was that some foundations were found to be in the midst of efforts to rebrand their image or operations after having been established for several years. One respondent wrote that he had difficulty responding to the study’s questions because the request arrived at a time when, as he described it, his foundation was “retooling” (sd75). The respondent’s written response indicated that the foundation was developing a new website, and it had established a new mission statement.

Similarly, another foundation’s website highlighted a new name and image in 2013:

We are excited to announce our new name and logo, as designed by teachers and students. In addition to the new name and logo, there are a lot of changes occurring

within the foundation. Our new brand will be used to help us expand our foundation and offer more resources and support for the students. [The foundation] is refocusing on building the foundation from within our community (sd25).

The makeovers initiated by these foundations in order to garner more resources to support their local school divisions are only two examples of rebranding efforts to improve foundation operations.

Online research also revealed that additional school divisions could be in the midst establishing a public school foundation or making plans to establish such organizations. The community page on one school division's website includes the single announcement, "Coming Soon: Partners for Excellence Foundation information" (sd27). The Internet search to find evidence of one school division's affiliation with an education foundation led to a link displaying a template for an education foundation web page that included text boxes for information and photo boxes with dimensions for images (sd128). Attempts to confirm foundation activity with these two school divisions were unsuccessful.

### **Purposes of Public School Foundations**

Study participants were asked to confirm or provide the mission statement for their respective public school foundations. Mission statements also were found on foundation and school division websites and in IRS tax filings available online. The mission statements for 73 public school foundations were collected and then coded to aid in identifying common themes. Words that appeared frequently in public school foundation mission statements included (listed alphabetically): *community, enhance, enrich, excellence, funding/funds/financial, opportunities, partnerships, promote, quality, scholarships, students and support.*



The words “student” or “children” appeared in 48 mission statements (65.7%), which highlighted the main beneficiaries of public schools and the audience that foundations most want to support. Consistent with the history of education foundations as a vehicle for communities to seek alternative means to support school divisions that have unmet fiscal and resource needs, the words “funding,” “funds,” or “financial” appeared in 29 mission statements (39.7%). Likewise, the grassroots nature of public school foundations was evident in the use of the word “community” in 26 mission statements (35.6%). The high frequency of words such as “support” and “enhance” were evidence that a foundation’s role is not to supplant funding but rather to enrich and extend the efforts of public school divisions. Table 8 provides the number of mission statements in which the selected key words appeared.

Table 8

*Key Words in Public School Foundation Mission Statements*

| Word(s)                 | Number/Percent of Mission Statements |
|-------------------------|--------------------------------------|
| Students/Children       | 48 / 65.7%                           |
| Funding/Funds/Financial | 29 / 39.7%                           |
| Support                 | 28 / 38.3%                           |
| Community               | 26 / 35.6%                           |
| Enhance                 | 25 / 34.2%                           |
| Opportunities           | 23 / 31.5%                           |
| Teachers/Staff/Faculty  | 23 / 31.5%                           |
| Excellence              | 17 / 23.2%                           |
| Promote                 | 17 / 23.2%                           |
| Quality                 | 13 / 17.8%                           |
| Partnerships            | 11 / 15.1%                           |
| Enrich                  | 9 / 12.3%                            |
| Scholarships            | 6 / 8.2%                             |

*Note.* Mission statements available for 73 of the 91 foundations identified in this study (n=73).

Several of the key words in Table 8 were combined in sentences to produce foundations’ mission statements. The combination seemed to communicate the necessary partnership between school divisions and communities to benefit students and the need for additional funds to support

public education. Excerpts from ten foundation mission statements are included in Table 9 with the key words from Table 8 in italics.

Table 9

*Public School Foundation Mission Statement Excerpts*

| School<br>Division # | Excerpt   |
|----------------------|---|
| 12                   | "...to <i>support</i> various education <i>opportunities</i> for <i>students</i> and <i>teachers</i> ...by securing <i>funds</i> for programs that will foster excellence in the schools."  |
| 70                   | "...resolves to secure private and public <i>funding</i> to <i>support</i> , <i>enrich</i> , and maximize learning and fine arts <i>opportunities</i> with a focus on rigor, relevance and respect."  |
| 14                   | "We develop and sustain <i>community</i> and business <i>partnerships</i> , and serve as effective stewards of resources, to create <i>quality</i> educational <i>opportunities</i> that promote high performance in all <i>students</i> ."   |
| 04                   | "...to foster advocacy and secure <i>financial support</i> above and beyond public revenues to encourage innovative educational <i>opportunities</i> for the <i>students</i> , <i>faculty</i> , and schools to thereby positively impact the <i>quality</i> of life in our <i>community</i> ."                  |
| 56                   | "...to channel our <i>community's</i> resources to <i>promote</i> and <i>enhance</i> educational <i>opportunities</i> for the <i>students</i> and <i>staff</i> ."   |
| 32                   | "...to build a <i>community partnership</i> among schools, families, and businesses to provide resources, inspire innovation, and <i>enhance opportunities</i> for <i>teachers</i> and <i>students</i> ."   |
| 71                   | "...is dedicated to seeking private <i>funding</i> and <i>community</i> resources to <i>enhance</i> the <i>quality</i> of the <i>student</i> learning experience."  |
| 26                   | "...to <i>support</i> [the school division] by connecting the <i>community's</i> talents and resources to expand educational <i>opportunities</i> for <i>students</i> and <i>staff</i> ."   |
| 07                   | "...to provide <i>financial support</i> to enable <i>students</i> , <i>teachers</i> , and administrators to discover, advance, and <i>enhance</i> educational <i>opportunities</i> . An investment in our schools is an investment in this <i>community</i> and the development of productive global citizens." |

The last excerpt in Table 9 is an example of the aspirational tone present in some mission statements to convey that the future success of students is inextricably linked to the investment that the community makes in its public schools. One foundation's mission is to help the school division "prepare students to enter the world of work with the skills and knowledge that will enable them to compete successfully in their chosen educational, career, and life endeavors" (sd23). A second foundation's mission statement notes that enhancing "the quality of education for all children in [the city] is thereby enhancing the quality of life for all" (sd68). Establishing partnerships that "sustain a dynamic and inspirational educational environment in [the school division] that will allow students to become engaged, successful and productive citizens," is the mission of one foundation (sd13). Another mission statement highlights that the students are "the key ingredient to our County's success," and the foundation aims to ensure "innovation and excellence in education for our county's young people who will be the workforce, citizens and leaders of tomorrow" (sd75).

The singular focus of select public school foundations is evident in their respective mission statements. Awarding scholarships to high school seniors is the primary focus of three public school foundations and is noted as such in their mission statements. The current goals of two foundations are to fundraise for capital improvement projects. One foundation aims to "raise a minimum of \$500,000 to aid in the construction" of an athletic complex at the school division's high school (sd53). A second foundation's mission statement notes that its first goal "is to fund eventual construction of a fine arts complex," and then the foundation aims to "raise money to enhance and expand educational opportunities for students and staff through community-wide participation and philanthropy" (sd66). An official affiliated with this foundation explained in a phone interview that the school division's superintendent included the

construction of a fine arts complex in his budget in 2004, but the project was eliminated due to budget constraints (sd66). As a result, parents and citizens, who thought that a fine arts center would benefit not only the school division but also the community at large, formed a public school foundation to support the effort.

### **Governance of Public School Foundations**

The researcher determined the number of voting members on public school foundations' governing boards using responses provided by foundation and school division officials and found on foundation websites and in IRS tax filings. Information was obtained for 73 of the 91 public school foundations identified in this study, and the findings are shown in Table 10. The number of voting board members for the 73 foundations ranged from a low of three members to a high of 31 members. The average size of a public school foundation's governing board was 14.9 members. The mode, or most frequently reported board memberships, was 13 members, 14 members, 15 members, and 18 members with boards of these respective sizes found in seven foundations each.

Table 10

#### *Total Number of Voting Members on Foundation Governing Boards*

| Number of Voting Members | Number/Percent of Foundations |
|--------------------------|-------------------------------|
| 1 - 5                    | 4 / 5.5%                      |
| 6 - 10                   | 11 / 15.0%                    |
| 11 - 15                  | 30 / 41.1%                    |
| 16 - 20                  | 15 / 20.5%                    |
| 21 - 25                  | 9 / 12.3%                     |
| 26 - 30                  | 3 / 4.1%                      |
| 31-35                    | 1 / 1.3%                      |

*Note.* Data available for 73 of the 91 foundations identified in this study. (n=73)

### School Division and School Board Representation on Foundation Boards

Information regarding school division and school board representation on foundation governing boards was obtained for 54 public school foundations. Data were collected from the responses of foundation officials and school division staff and from foundation and school division websites. Table 11 shows the total number of voting members on public school foundation boards and the number and percent of voting members who are current school division employees or school board members. The data are sorted by the highest to lowest total amount of school division and school board representatives among voting members of foundation boards.

Table 11

#### *School Division and/or School Board Officials as Voting Members of Foundation Boards*

| School Division # | Total # of Voting Members | #/Percent of School and School Board Officials | School Division # | Total # of Voting Members | #/Percent of School and School Board Officials |
|-------------------|---------------------------|--|-------------------|---------------------------|--|
| 35                | 31                        | 8 / 25.8%                                      | 51                | 13                        | 2 / 15.3%                                      |
| 32                | 18                        | 6 / 33.3%                                      | 69                | 12                        | 2 / 16.6%                                      |
| 42                | 16                        | 6 / 37.5%                                      | 73                | 10                        | 2 / 20.0%                                      |
| 06                | 22                        | 5 / 22.7%                                      | 41                | 9                         | 2 / 22.2%                                      |
| 07                | 15                        | 5 / 33.3%                                      | 65                | 6                         | 2 / 33.3%                                      |
| 70                | 14                        | 5 / 35.7%                                      | 39                | 25                        | 1 / 4.0%                                       |
| 01                | 22                        | 4 / 18.1%                                      | 04                | 25                        | 1 / 4.0%                                       |
| 38                | 19                        | 4 / 21.0%                                      | 72                | 19                        | 1 / 4.0%                                       |
| 23                | 30                        | 3 / 10.0%                                      | 24                | 18                        | 1 / 5.5%                                       |
| 16                | 27                        | 3 / 11.1 %                                     | 29                | 15                        | 1 / 6.6%                                       |
| 75                | 18                        | 3 / 16.6%                                      | 45                | 14                        | 1 / 7.1%                                       |
| 19                | 12                        | 3 / 25%  | 61                | 12                        | 1 / 8.3%                                       |
| 74                | 11                        | 3 / 27.2%                                      | 64                | 10                        | 1 / 10.0%                                      |
| 22                | 19                        | 2 / 10.5%                                      | 15                | 9                         | 1 / 11.1%                                      |
| 26                | 16                        | 2 / 12.5%                                      | 12                | 8                         | 1 / 12.5%                                      |
| 11                | 16                        | 2 / 12.5%                                      | 63                | 4                         | 1 / 25.0%                                      |
| 31                | 15                        | 2 / 13.3%                                      | 21                | 26                        | 0 / 0%   |
| 20                | 15                        | 2 / 13.3%                                      | 40                | 25                        | 0 / 0%   |
| 36                | 14                        | 2 / 14.2%                                      | 13                | 21                        | 0 / 0%   |
| 47                | 14                        | 2 / 14.2%                                      | 49                | 21                        | 0 / 0%   |
| 55                | 13                        | 2 / 15.3%                                      | 62                | 18                        | 0 / 0%   |

Table 11 (continued)

*School Division and/or School Board Officials as Voting Members of Foundation Boards*

| School Division # | Total # of Voting Members | #/Percent of School and School Board Officials | School Division # | Total # of Voting Members | #/Percent of School and School Board Officials |
|-------------------|---------------------------|--|-------------------|---------------------------|--|
| 14                | 18                        | 0 / 0%   | 68                | 13                        | 0 / 0%   |
| 37                | 18                        | 0 / 0%   | 52                | 13                        | 0 / 0%   |
| 02                | 16                        | 0 / 0%   | 58                | 12                        | 0 / 0%   |
| 34                | 15                        | 0 / 0%   | 77                | 11                        | 0 / 0%   |
| 46                | 14                        | 0 / 0%   | 18                | 12                        | 0 / 0%   |
| 67                | 13                        | 0 / 0%   | 05                | 3                         | 0 / 0%   |

*Note.* Data available for 54 of the 91 foundations identified in this study (n=54).

The data from Table 11 were compiled and are presented in Table 12 to summarize the number of school division and school board officials serving as voting members of public school foundation boards.

Table 12

*Summary of School Division and School Board Officials as Voting Members of Foundation Boards*

| Number of Officials | Number/Percent of Foundations |
|---------------------|-------------------------------|
| 0                   | 17 / 31.4%                    |
| 1                   | 11 / 20.3%                    |
| 2                   | 13 / 24.0%                    |
| 3                   | 5 / 9.2%                      |
| 4                   | 2 / 3.7%                      |
| 5                   | 3 / 5.5%                      |
| More than 5         | 3 / 5.5%                      |

*Note.* Data available for 54 of the 91 foundations identified in this study (n=54).

Among the 54 foundation boards that reported having school division employees or school board officials as voting members, the superintendent was found to be a voting board member on 17 boards. Twenty-eight school board members served as voting members of

foundation boards. Eight foundation boards each had two school board members as voting members, and 12 additional foundation boards each had one school board member among their voting members. In total, 20 foundation boards had school board members among their voting members.

Seventeen public school foundations do not have current school division employees or school board members as voting members of their governing boards. However, 16 of these 17 foundations do have at least one school board member or school division employee serving in an advisory capacity to the foundation board. Titles for the non-voting positions were found to be “ex-officio member,” “honorary member,” “advisor,” “liaison” and “advisory board member.”

The superintendent was found to be a non-voting member on 19 foundation boards, and school board members were found to be non-voting members on 13 foundation boards. One foundation has neither school division employees nor school board members as voting board members, but it reported having 12 ex-officio members that included the superintendent, two school board members, one PTA president, four school principals and four central office staff members (sd21).

The representation of retired school division employees and former school board members was not tracked for this study; however, it was observed that many of the foundations’ boards were comprised of school division retirees and former school board members. Also noteworthy is that four foundation boards were found to have at least one student representative.

### **Public School Foundation Staff**

Respondents were asked to provide or confirm how many staff members, if any, support their respective public school foundations. The researcher collected information pertaining to foundation staff through responses provided by foundation or school division officials and found

on foundation websites and in IRS Form 990 tax filings. Data were collected for 59 of the 91 public school foundations identified for this study. It was determined that 22 of the 59 foundations reported or were found to have only volunteers managing their foundations' operations and activities. The remaining 37 foundations that were found to have staff supporting foundation board members and foundation activities are reported in Table 13. In the instances in which a staff member's title was reported or found in public records but the employment status (paid, unpaid, full-time or part-time) was not available, the support staff was reported in the fourth column of the table as "status unknown". The highest numbers of staff members supporting public school foundations are three and four. Another foundation has three staff members, but one of the three is a part-time employee.

Table 13

*Number of Public School Foundation Paid Staff Members*

| School Division # | Full-Time Staff | Part-Time Staff | Status Unknown | Staff Title(s)   |
|-------------------|-----------------|-----------------|----------------|--|
| 59                | 1               | -               | -              | Foundation Administrator   |
| 13                | 1               | -               | -              | Executive Director   |
| 18                | 1               | -               | -              | Executive Director   |
| 03                | 1               | -               | -              | Executive Director   |
| 44                | 1               | -               | -              | Executive Director   |
| 16                | 3               | -               | -              | Executive Director, Secretary, and Specialist                                |
| 20                | 1               | -               | -              | Executive Secretary  |
| 02                | 1               | -               | -              | Program Director   |
| 14                | 1               | -               | -              | Executive Director   |
| 06                | 1               | -               | -              | Executive Director   |
| 41                | 1               | -               | -              | Executive Director   |
| 75                | 1               | -               | 1              | Executive Director (full-time) and Foundation Assistant (unknown)            |
| 37                | 2               | 1               | -              | Executive Director (30 hours), Program Manager, and Administrative Assistant |



Table 13 (continued)

*Number of Public School Foundation Paid Staff Members*

| School<br>Division # | Full-Time<br>Staff | Part-Time<br>Staff | Status<br>Unknown | Staff Title(s)   |
|----------------------|--------------------|--------------------|-------------------|--|
| 45                   | 1                  | 1                  | -                 | Executive Director,<br>Partner Liaison                             |
| 21                   | 1                  | 1                  | -                 | Coordinator,<br>Administrative Assistant                           |
| 17                   | -                  | 1                  | -                 | Program Coordinator  |
| 46                   | -                  | 1                  | -                 | Executive Director (10 hours)                                      |
| 38                   | -                  | 1                  | -                 | Administrative Assistant   |
| 79                   | -                  | 1                  | -                 | Executive Director   |
| 72                   | -                  | 1                  | -                 | Director   |
| 67                   | -                  | 1                  | -                 | Executive Director   |
| 51                   | -                  | 1                  | -                 | Executive Director (10 hours)<br>(also 1 volunteer college intern) |
| 04                   | -                  | 1                  | -                 | Executive Director   |
| 34                   | -                  | 1                  | -                 | Administrative Assistant   |
| 35                   | -                  | 2                  | -                 | Foundation Liaison,<br>Administrative Assistant                    |
| 26                   | -                  | 1                  | -                 | Executive Director   |
| 11                   | -                  | 1                  | -                 | Executive Director   |
| 60                   | -                  | -                  | 1                 | Executive Director   |
| 56                   | -                  | -                  | 1                 | Executive Director   |
| 49                   | -                  | -                  | 1                 | Executive Director   |
| 33                   | -                  | -                  | 1                 | Executive Director   |
| 73                   | -                  | -                  | 1                 | Executive Director   |
| 25                   | -                  | -                  | 2                 | Executive Director, Secretary                                      |
| 36                   | -                  | -                  | 4                 | Executive Director,<br>3 Program Managers                          |
| 30                   | -                  | -                  | 1                 | Director   |
| 57                   | -                  | -                  | 1                 | Executive Director   |
| 19                   | -                  | -                  | 2                 | Executive Director, Office<br>Manager/Bookkeeper                   |

*Note.* Data available for 59 of the 91 foundations in this study (n = 59).

Respondents from seven of the 22 public school foundations that reported having only volunteer support noted that the school divisions the foundations support do provide varying

levels of in-kind staff time to assist the foundation with administrative tasks. It was reported by one foundation official that the superintendent's administrative assistant attends foundation board meetings to take minutes (sd29), and another school division official reported that staff members assist the foundation with recordkeeping and bookkeeping (sd47). One response indicated that there was not staff dedicated to the foundation, but five school division employees provide support that is treated as an in-kind contribution to the foundation (sd31). This participant cited the example of the school division's webmaster assisting with the foundation's web page as needed. Another foundation official shared that the school division superintendent had asked her communications coordinator to help the foundation with marketing and press releases (sd22). One part-time executive director noted that she had just made arrangements to have a student studying communications at one of the area colleges serve as an intern for the foundation during the spring semester to assist with event planning and programs (sd51). Lastly, the staff contact page on one foundation's website identified the names of two people as "volunteer staff members" working with the foundation's executive director and office manager/bookkeeper (sd19).

Several respondents without paid support staff noted that the officers on their board of directors and board members manage all of the foundation's operations. One foundation official noted that he pays for postage; another board member makes copies at his office; and the school board member liaison to the foundation hosts the monthly meetings at his office and pays for lunch (sd29). The same respondent expressed disbelief at how some of the large national nonprofit organizations could use charitable donations to pay their CEOs millions of dollars. Another foundation official responded to the question of staffing by saying, "We are all

volunteers. We have no money. We don't have money to hire staff. The budget situation is just miserable and has been miserable for the past five to six years" (sd40).

Despite not having staff currently, some respondents noted that it was a topic of discussion. The board members of two foundations reported that there was interest on the part of the foundation to hire a staff member to assist with grant writing and to increase fundraising efforts (sd42 and sd52). One foundation vice president noted that her foundation hired a part-time consultant two years ago for a one-year contract with compensation of \$35,000; however, it came with the stipulation that the contract would be extended only if sufficient funds were raised to support the position beyond one year (sd22). This same foundation official reported that the consultant did increase foundation revenues but added that the fundraising was not substantial enough to sustain the position beyond one year. At the time of the phone interview for this study, this foundation official said that she was hopeful that the following week the school board would approve the superintendent's recommendation to establish a new school division position that would serve as a part-time executive director to the public school foundation and part-time career and technical education coordinator for the school division. This foundation official, who serves on the boards of three public school foundations identified in this study, said that she has learned, "You have to have someone from school division as a staff member to assist with the foundation. Being a volunteer drains my time. I get so caught up in the administrative tasks and operations that I can't meet with people, work events, write grants, or write thank you notes. These things matter" (sd22). The topic of foundation staff positions funded by the public school foundation versus the school division was highlighted by several respondents and would be worthy of future study.

## Foundation Finances

School division representatives and foundation officials were asked to provide the total revenue, expenses, and fund balances from their public school foundations' most recent audited financial statement or tax filing. Data also were obtained from financial statements and IRS tax documents published on foundations' websites or other websites such as GuideStar, which collects and presents information about nonprofit organizations including, but not limited to, their most recent IRS tax filings.

It was found that obtaining financial information for 2013, which would be the most recent tax year for which public school foundations would have accepted charitable donations, was not possible because foundations' tax filings were found to be inconsistent. Some participants in this study indicated that their foundations' 2012 financial statements were the most recent available because they had yet to file information for 2013. A school division representative who was asked for data that were more current than the 2009 Form 990 available online responded, "It must be the most recent. I sit on the board and I haven't seen anything new" (sd42). By all other accounts, the foundation with which this school division staff member was affiliated was confirmed to be an active foundation that continued to accept charitable donations; in fact, the respondent noted that the foundation was hosting a 5K race the day after our phone interview in which entry fees would benefit the foundation. The reason for a lack of more recent accounting of foundation finances by this foundation and others identified in this study is not known.

The limitation of a not having financial data from the same year for all foundations is minimized to some degree by the largely unfavorable economic conditions and minimal economic growth the past five years due to the 18-month recession in the United States from

December 2007 to June 2009 (National Bureau of Economic Research, 2010). A 2013 briefing paper published by the Economic Policy Institute analyzed employee wages for the time period it described as “the Great Recession and its aftermath (i.e., between 2007 and 2012)” (Mishel and Shierholz, 2013, p. 3), and it reported that compensation remained stagnant during that time across all private-sector occupational categories “despite productivity growth of 7.7%” (Mishel and Shierholz, 2013, p. 7). The response of one foundation official, who was unwilling to provide financial data more recent than what were reported on the foundation’s 2009 Form 990-EZ, alluded to the flat economy when she wrote, “Our financial situation has not changed much since that time” (sd46). JLARC also made note of the recession’s impact in its December 2013 report of Virginia’s state spending on the standards of quality. The Commission reported that state spending on education had grown steadily through fiscal year 2009 until the “effects of the recession took hold” in fiscal year 2010 and state standards of quality spending on public education dropped by about 13% (2013, p. 4).

Table 14 shows the reported financial information for 61 of the 91 public school foundations identified in this study. Four of the 91 foundations in the study were established within the past year and did not have audited financial statements to provide to this study. Respondents did not provide the revenue and expenses for two foundations; therefore, only the foundations’ fund balances appear in Table 14.

The data in Table 14 are listed in order of the most recent financial information available to the oldest. Thirty-two foundations (52.4%) reported financial data for 2012 and 2013. Data for another 23 foundations (37.7%) were from 2011, and only six foundations reported information from 2010 and 2009.

Table 14

*Reported Revenue, Expenses, and Net Assets/Fund Balances for Foundations*

| School<br>Division # | Year | Revenue      | Expenses     | Net Assets/<br>Fund Balance |
|----------------------|------|--------------|--------------|-----------------------------|
| 7                    | 2013 | \$27,582     | \$20,449     | \$13,160                    |
| 11                   | 2013 | \$5,812      | \$11,674     | \$70,031                    |
| 12                   | 2013 | \$4,094      | \$8,644      | \$25,000                    |
| 20                   | 2013 | \$122,824    | \$139,651    | \$584,373                   |
| 21                   | 2013 | \$665,608    | \$631,168    | \$1,584,103                 |
| 39                   | 2013 | \$0          | \$0          | \$36,475                    |
| 41                   | 2013 | \$236,969    | \$186,209    | \$1,083,189                 |
| 45                   | 2013 | \$1,232,007  | \$423,660    | \$1,255,309                 |
| 52                   | 2013 | \$7,012      | \$18,039     | \$27,376                    |
| 61                   | 2013 | \$2,967      | \$2,000      | \$27,377                    |
| 65                   | 2013 | \$0          | \$0          | \$2,600                     |
| 70                   | 2013 | \$92,630     | \$57,115     | \$49,303                    |
| 74                   | 2013 | not provided | not provided | \$89,000                    |
| 79                   | 2013 | not provided | not provided | \$433,400                   |
| 1                    | 2012 | \$164,228    | \$129,669    | \$2,573,590                 |
| 4                    | 2012 | \$174,323    | \$151,203    | \$221,927                   |
| 5                    | 2012 | \$116,652    | \$114,978    | \$24,540                    |
| 6                    | 2012 | \$406,472    | \$412,026    | \$379,515                   |
| 17                   | 2012 | \$25,090     | \$23,931     | \$104,592                   |
| 18                   | 2012 | \$169,988    | \$165,706    | \$1,590,163                 |
| 22                   | 2012 | \$78,283     | \$68,802     | \$45,157                    |
| 26                   | 2012 | \$93,570     | \$92,413     | \$104,384                   |
| 27                   | 2012 | \$125,266    | \$41,603     | \$1,542,495                 |
| 31                   | 2012 | \$73,146     | \$45,598     | \$208,880                   |
| 34                   | 2012 | \$66,981     | \$35,254     | \$706,313                   |
| 38                   | 2012 | \$11,173     | \$11,684     | \$98,984                    |
| 43                   | 2012 | \$46,686     | \$50,586     | \$64,018                    |
| 47                   | 2012 | \$65,996     | \$50,993     | \$48,788                    |
| 49                   | 2012 | \$86,205     | \$188,721    | \$341,361                   |
| 53                   | 2012 | \$67,368     | \$85,183     | \$80,331                    |
| 55                   | 2012 | \$60,658     | \$46,760     | \$78,920                    |
| 67                   | 2012 | \$22,191     | \$19,795     | \$12,606                    |
| 2                    | 2011 | \$359,673    | \$336,829    | \$1,296,973                 |
| 3                    | 2011 | \$122,878    | \$124,776    | \$780,472                   |
| 10                   | 2011 | \$120,244    | \$80,004     | \$1,860,785                 |
| 13                   | 2011 | \$382,258    | \$378,803    | \$876,460                   |
| 14                   | 2011 | \$236,174    | \$246,964    | \$1,364,946                 |
| 16                   | 2011 | \$1,801,333  | \$1,775,642  | \$606,895                   |
| 24                   | 2011 | \$67,956     | \$74,799     | \$268,069                   |

Table 14 (continued)

*Reported Revenue, Expenses, and Net Assets/Fund Balances for Foundations*

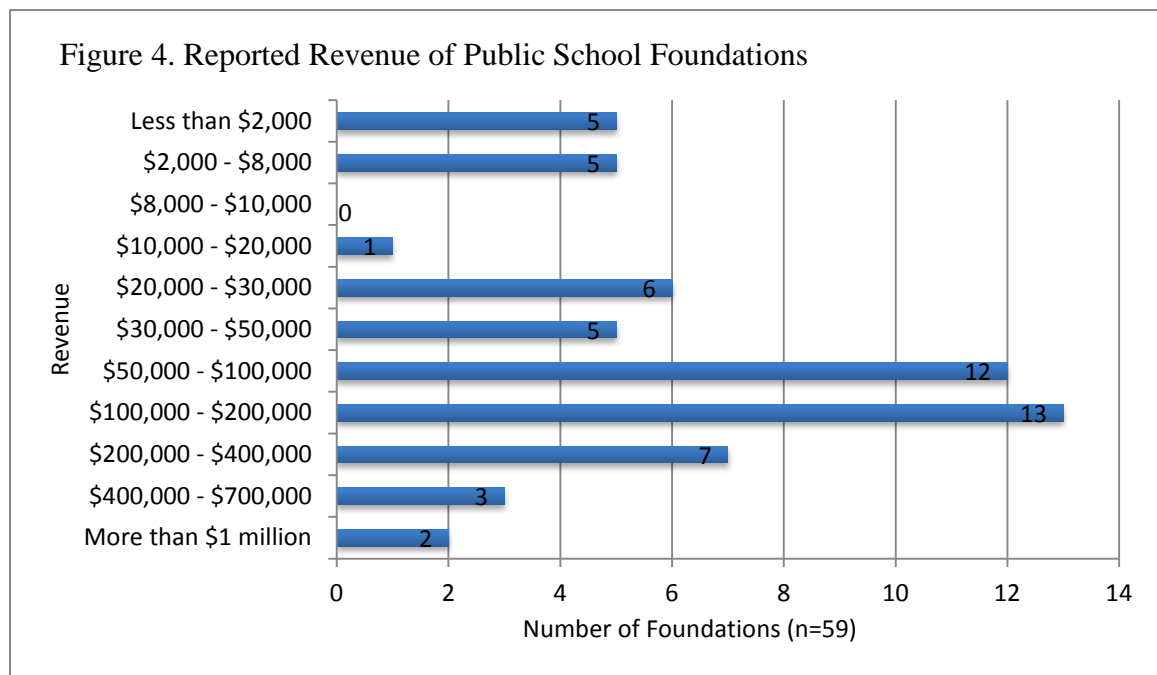
| School<br>Division # | Year | Revenue            | Expenses           | Net Assets/<br>Fund Balance |
|----------------------|------|--------------------|--------------------|-----------------------------|
| 29                   | 2011 | \$50,256           | \$20,645           | \$151,760                   |
| 30                   | 2011 | \$36,392           | \$28,432           | \$158,327                   |
| 33                   | 2011 | \$424,339          | \$400,093          | \$1,033,288                 |
| 35                   | 2011 | \$125,426          | \$99,328           | \$451,953                   |
| 36                   | 2011 | \$212,402          | \$269,735          | \$782,263                   |
| 37                   | 2011 | \$323,184          | \$301,381          | \$644,524                   |
| 44                   | 2011 | \$142,993          | \$223,855          | \$94,603                    |
| 51                   | 2011 | \$41,952           | \$44,170           | \$63,863                    |
| 56                   | 2011 | \$26,997           | \$24,932           | \$46,860                    |
| 57                   | 2011 | \$235,547          | \$191,152          | \$88,902                    |
| 59                   | 2011 | \$116,098          | \$79,135           | \$304,486                   |
| 60                   | 2011 | \$80,019           | \$85,729           | \$473,200                   |
| 62                   | 2011 | \$38,267           | \$25,735           | \$36,897                    |
| 72                   | 2011 | \$166,963          | \$88,514           | \$101,712                   |
| 88                   | 2011 | \$346              | \$987              | \$61,189                    |
| 90                   | 2011 | \$61               | \$10,525           | \$12,448                    |
| 73                   | 2010 | \$128,302          | \$1,451            | \$127,833                   |
| 23                   | 2009 | \$29,562           | \$25,643           | \$47,597                    |
| 28                   | 2009 | \$6,365            | \$4,220            | \$97,499                    |
| 42                   | 2009 | \$31,946           | \$23,013           | \$79,632                    |
| 46                   | 2009 | \$24,688           | \$16,607           | \$96,834                    |
| 64                   | 2009 | \$1,761            | \$6,009            | \$31,364                    |
| <b>TOTALS:</b>       |      | <b>\$9,586,163</b> | <b>\$8,222,622</b> | <b>\$25,548,894</b>         |

As shown in Table 14, the collective amount of revenue for the 59 foundations reporting data totaled \$9,586,163. The total amount of expenses for the same 59 foundations was \$8,222,622. All 61 foundations in Table 14 reported fund balances for a collective amount totaling \$25,548,894.

**Revenue.** The foundation revenue shown in Table 14 ranged from a low of \$0 in 2013 to a high of \$1,801,333 reported for 2011. The second highest revenue of \$1,232,007 was reported more recently for 2013. This foundation's more than \$1.2 million in revenue in 2013 is in stark

contrast to the two foundations that reported no revenue for 2013. A respondent from one of these two foundations explained that her foundation did not conduct any outreach efforts nor hold any fundraiser events in 2013 (sd65). She added, “We applied for three grants and were declined for all three for various reasons. We have approached businesses and alumni requesting financial support. It’s been very hard to generate support” (sd65).

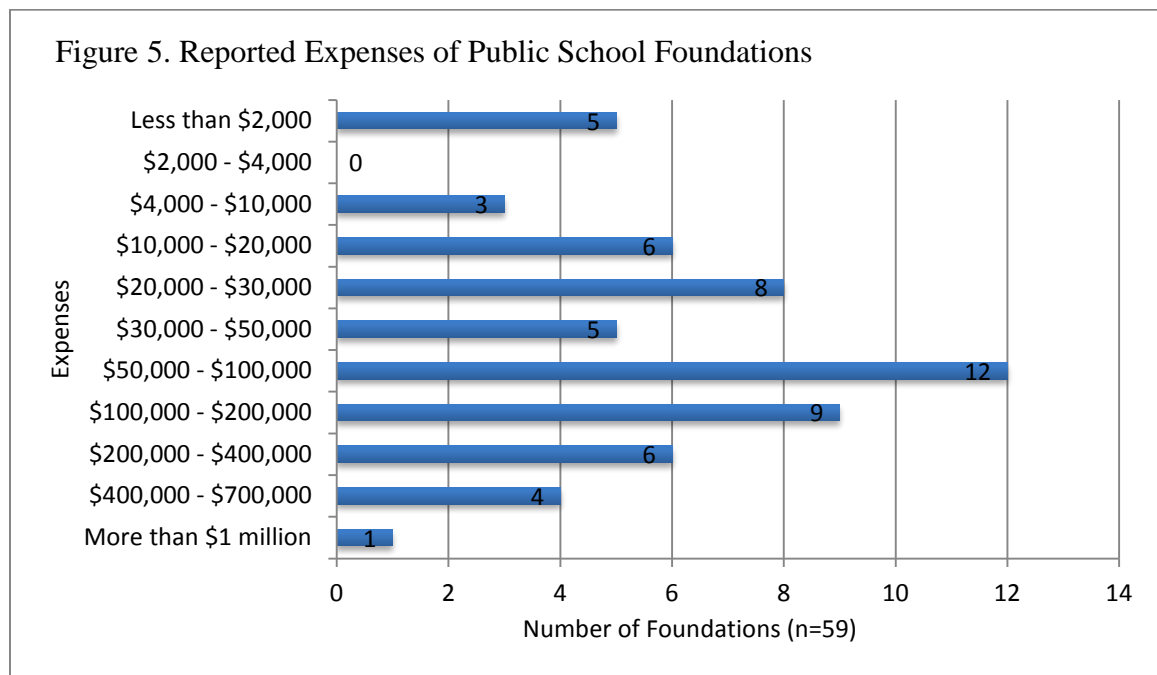
To more easily examine the revenue for the 59 foundations reported in Table 14 Figure 4 shows ranges of revenue. Twenty-five of the 59 foundations (or 42.3%) reported revenue of more than \$100,000, with two of those foundations reporting revenue exceeding \$1 million. An additional 12 foundations are shown in Figure 4 with reported revenue between \$50,000 and \$100,000. Nearly 17% of foundations had revenue of less than \$8,000.



**Expenses.** The foundation expenses shown in Table 14 ranged from a low of \$0 in 2013 to a high of \$1,775,642 reported for 2011. The foundation with the highest annual expenses also had the highest annual revenue (\$1,801,333) in Table 10. The next highest reported expenses for a foundation were \$631,168 in 2013.



Figure 5 shows the range of expenses for the 59 foundations in Table 14 for which expenses were reported or found in public records. One-third (33.8%) of the foundations reported expenses of more than \$100,000, with one foundation reporting expenses that exceeded \$1 million. The highest number of foundations in any one range was 12 foundations with expenses between \$50,000 and \$100,000. Twenty-seven foundations (45.7%) reported expenses of less than \$50,000, with five foundations shown to have expenses of less than \$2,000.



**Net Income.** The reported annual revenue and expenses in Table 14 were used to determine the collective net income for all foundations and the individual net income for each foundation. The difference in all foundations' revenue and expenses was found to be a total net income of \$1,363,541. A review of the individual values for each foundation's net income found that 40 of the 59 foundations (67.8%) showed a positive net income or a balance of \$0. The highest net income for a single foundation was found to be \$808,347. Nineteen foundations (32.2%) showed a negative net income with annual expenses that exceeded their revenue. The greatest deficit in net income was found to be \$102,516; however, this foundation reported a

fund balance of \$341,361, which presumably would have been used to pay for any expenses not covered by revenue that year. Table 15 shows the ranges of net incomes for the 59 foundations in Table 14 for which revenue and expenses were reported or found in public records.

Table 15

*Net Income for Public School Foundations*

| Net Income                 | # of Foundations |
|----------------------------|------------------|
| More than \$400,000        | 2                |
| \$100,000 - \$200,000      | 1                |
| \$50,000 - \$100,000       | 3                |
| \$30,000 - \$50,000        | 7                |
| \$20,000 - \$30,000        | 8                |
| \$10,000 - \$20,000        | 3                |
| \$5,000 - \$10,000         | 5                |
| \$0 - \$5,000              | 12               |
| <hr/>                      |                  |
| (-\$1) - (-\$2,000)        | 3                |
| (-\$2,000) - (-\$5,000)    | 4                |
| (-\$5,000) - (-\$10,000)   | 4                |
| (-\$10,000) - (-\$20,000)  | 5                |
| (-\$20,000) - (-\$100,000) | 2                |
| More than (-\$100,000)     | 1                |

*Note.* Data available for 59 of the 91 foundations (n=59).

**Net Assets/Fund Balances.** The foundation fund balances shown in Table 14 totaled \$25,548,894 and ranged from a low of \$2,600 in 2013 to a high of to \$2,573,590 reported for 2012. Nearly half of the foundations (49.1%) reported fund balances of \$100,000 or less. Ten foundations (16.6%) have fund balances of more than \$1 million. Figure 6 shows the range of net assets/fund balances for the 61 foundations in Table 14 for which data were reported or found in public records.

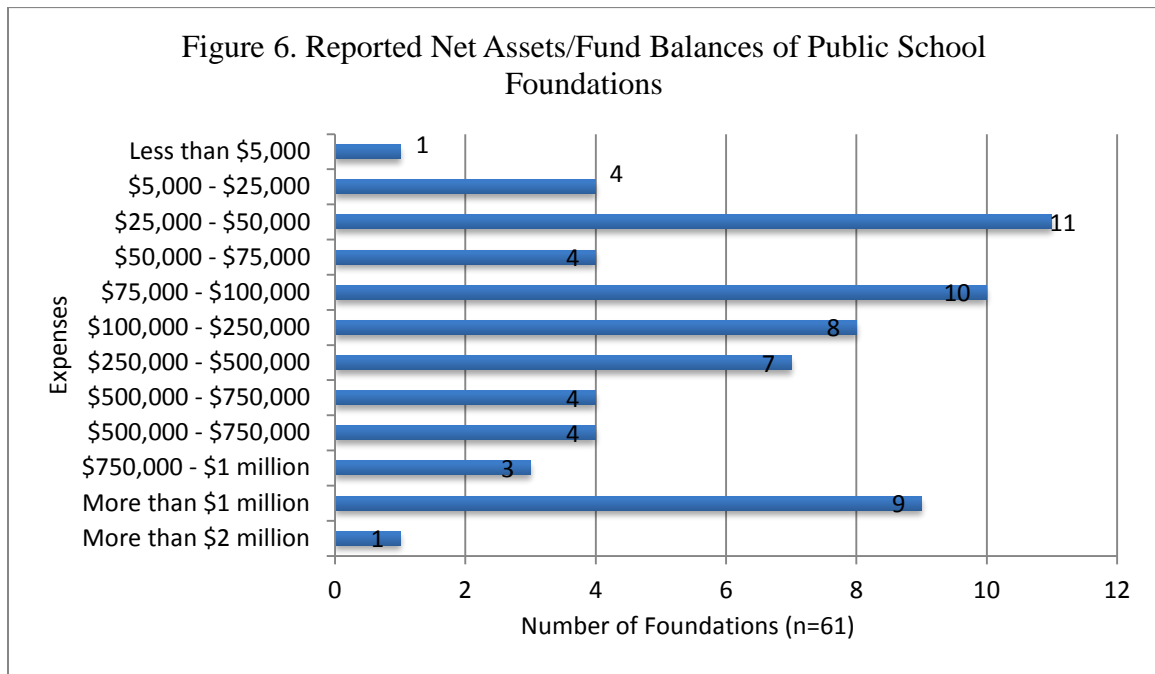


Table 16 shows financial data and establishment years for the ten foundations that were found to have highest net assets/fund balances. Five of the foundations reported net assets/fund balances of more than \$1.5 million and one of those five foundations reported a balance in excess of \$2.5 million. With one exception, the revenue and expenses of the foundations shown in Table 12 yielded a positive net income that would presumably benefit the continued growth of the fund balance.

The ages of the foundations with the highest fund balances were also reviewed because it was hypothesized that the older the foundation, the larger the fund balance because the foundation would have had more time to grow its assets and build fund balances. The foundations shown in Table 16 are among the oldest foundations in this study's population, with eight of the ten foundations established in 1994 or earlier. The two remaining foundations were established in 2000 and 2001 respectively.

Table 16

*Top Ten Net Assets/Fund Balances of Public School Foundations*

| School<br>Division<br># | Tax<br>Year | Net Assets/<br>Fund Balance | Revenue      | Expenses   | Net Income  | Foundation<br>Establishment<br>Year |
|-------------------------|-------------|-----------------------------|--------------|------------|-------------|-------------------------------------|
| 01                      | 2012        | \$ 2,573,590                | \$ 164,228   | \$ 129,669 | \$34,559    | 1983                                |
| 10                      | 2011        | \$ 1,860,785                | \$ 120,244   | \$ 80,004  | \$40,240    | 1988                                |
| 18                      | 2012        | \$ 1,590,163                | \$ 169,988   | \$ 165,706 | \$4,282     | 1991                                |
| 21                      | 2013        | \$ 1,584,103                | \$ 665,608   | \$ 631,168 | \$34,440    | 1991                                |
| 27                      | 2012        | \$ 1,542,495                | \$ 125,266   | \$ 41,603  | \$83,663    | 1993                                |
| 14                      | 2011        | \$ 1,364,946                | \$ 236,174   | \$ 246,964 | (-\$10,790) | 1989                                |
| 02                      | 2011        | \$ 1,296,973                | \$ 359,673   | \$ 336,829 | \$22,844    | 1984                                |
| 45                      | 2013        | \$ 1,255,309                | \$ 1,232,007 | \$ 423,660 | \$808,347   | 2001                                |
| 41                      | 2013        | \$ 1,083,189                | \$ 236,969   | \$ 186,209 | \$50,760    | 2000                                |
| 33                      | 2011        | \$ 1,033,288                | \$ 424,339   | \$ 400,093 | \$24,246    | 1994                                |

**Reporting Foundation Finances.** A school division representative, who did not provide financial information for this study, responded to the request as follows: “Your request for the recent tax information will probably not help you. There is no financial information on it – revenues and expenditures are not required on this form because we do not bring in enough funding” (sd15). Likewise, a few participants in the study noted that their revenue did not warrant filing a Form 990 or a Form 990-EZ to the Internal Revenue Service (IRS). According to the IRS website, “Most small tax-exempt organizations whose annual gross receipts are normally \$50,000 or less are required to electronically submit Form 990-N, also known as the *e-Postcard*, unless they choose to file a complete Form 990 or Form 990-EZ instead.”

Another respondent, who also did not provide financial information for this study, explained:

We file each year and 2012 would be the last time. All of our funds are used for scholarships so our revenues and expenses balance out. All funds raised are marked for scholarships whether they are disbursed immediately or not. We do have a trust that we

are responsible for and each year the revenue from that trust must be distributed to students selected for that scholarship (sd32).

In the course of collecting financial data for this study it was also found that some public school foundations manage portions or all of their funds through community foundations in order to manage funds at a lower overhead cost, to get a better return on investment by pooling funds with the community foundation's higher managed assets, and to reach a broader audience of potential donors who are already familiar with the community foundation. The public school foundations' revenue reported in this study may not include pass-through funds from or net assets managed by another non-profit organization.

### **Foundation Revenue Sources**

The sources of revenue for 78 public school foundations were obtained from study participants' responses and information found on foundation websites, financial statements, and IRS tax filings. Table 17 shows the list of the potential sources of funding that were identified through research and the number of public school foundations that reported or were found to benefit from the revenue sources on the list. Charitable donations from individuals were overwhelming identified as a revenue source for 98.7% of the foundations, and 84.6% of foundations received donations from corporations or other organizations. Additionally, 70.3% of the 91 public school foundations identified in this study were eligible to receive donations through the Virginia Department of Taxation from taxpayers who voluntarily donate all or part of their income tax refund to a foundation of their choice.

Table 17

*Revenue Sources of Virginia Public School Foundations*

| Sources of Revenue                                      | Number/Percent of Foundations Receiving Funds from Source |
|---|---|
| Donations from individuals                              | 77 / 98.7%  |
| Donations from corporations/organizations               | 66 / 84.6%  |
| Eligible for donations from Virginia Income Tax Refunds | 64 / 82.0%  |
| Special Events/Fundraisers                              | 50 / 64.1%  |
| Investment Income                                       | 39 / 50.0%  |
| In-kind Donations/Volunteering                          | 30 / 38.4%  |
| Endowment/Trust   | 24 / 30.7%  |
| Bequests, memorials gifts                               | 22 / 28.2%  |
| United Way designated donations                         | 19 / 24.3%  |
| Grants  | 17 / 21.7%  |
| Stocks, securities                                      | 10 / 12.8%  |
| Payroll Deductions                                      | 10 / 12.8%  |
| Matching Funds  | 8 / 10.2%   |

*Note.* Data available for 78 of 91 foundations (n=78).

Special events and fundraisers were reported as revenue sources by 64.1% of the public school foundations for which information was obtained. The special events most frequently reported were golf tournaments, gala and silent auctions, 5K or 8K race/walk events, and various breakfasts or banquets. Ticket sales, registration fees, and corporate sponsorships for these events contributed to foundations' annual revenue. Bowl-a-thons, bingo nights, basketball tournaments, student talent shows, and other theatrical performances were also reported among special events.

Though not requested from study participants, it was found in the review of foundation and school division websites that at least 28 public school foundations accept charitable donations online, making the submission of donations more convenient for potential contributors. Some foundations help their potential donors visualize what their contribution will mean to the school division by listing tangible items next to dollar amounts. One foundation website lists the following examples: "\$100 will purchase 5 to 10 books for a library at one of

our County schools. \$250 will purchase a Field Trip for a class to a museum in Virginia. \$500 will purchase a new computer. \$750 will purchase an LED projector for classroom use” (sd72).

Also found was that some foundations encourage individual or corporate support through the purchase of what were labeled as “memberships” or by making donations at various funding levels. For example, the seven funding levels of one foundation detailed tiered contribution ranges from \$25 to \$5,000 or above and were labeled with the following titles: Friend of Education, Red Apple, Bronze Apple, Silver Apple, Golden Apple, Academic Circle and Scholars Circle (sd22). Foundations were also found to recognize charitable donations through published lists of donors’ names and the inclusion of logos of business partners or corporate sponsors on websites and in annual reports.

The content of web pages to encourage donations to foundations often included emotional messages to stress the importance of supporting the foundation and public education. One foundation website included the following message:

When you donate...you are truly investing in the future. Our schools are where we grow future scientists, doctors, police officers, teachers, lawyers, business professionals and community leaders. Their success in the 21<sup>st</sup> century global economy depends greatly upon how well we prepare them with a solid educational background now. With your tax-deductible donation, we can give children meaningful and memorable educational experiences that would not otherwise be possible in the school budget. (sd68)

The homepage of second foundation’s website explained how the school division it supports is “preparing the workforce and citizens of tomorrow” and must maintain a “commitment to quality” (sd75). included the following three excerpts to encourage donors to join the foundation and “invest in our county’s future” (sd75):

It is in everyone's interest that [our school division] has sufficient resources in order to deliver excellence in education and the workforce needed for tomorrow's economy.

Regular annual funding from [the county] and the Commonwealth of Virginia to operate the school system is being outpaced by the growth and demands on [the school division].

Today, [the school division] is challenged to meet growing enrollments. And many students today come to our public schools with special and diverse needs which may hinder their equal opportunity at an education. There is also a critical need to renovate and expand outmoded buildings, and to construct new school buildings in growth areas of the county. We also have to attract and retain top teachers in an ever-competitive and mobile career marketplace. Focusing education on science, math, critical thinking and problem solving, for career tracks or college preparation, is [the school division's] emphasis today. These challenges and this commitment to quality outcomes require additional funding beyond what is available through tax dollars (public funding).

[The county's] continued growth and affluence depend upon an educated, skilled and productive workforce being readily available. Cultivating entrepreneurial talent, leadership and well-formed, responsible citizens whether college or workplace bound, are critical to [the county's] future. Excellence in our public schools incubates achievement and personal success, opportunity, prosperity and a continued high standard of living – enjoyed by all.

The message of investing in students' futures and that of the locality was also found on another foundation's website (sd67):



The children who are educated in the [school division] are the future of [the county]. Regardless of the careers they pursue they will be more productive if well-educated and prepared. The more productive they are the more they will return to the community in taxes, charitable giving, and community service. Some will become attorneys, physicians, nurses, business owners, farmers, watermen, teachers, skilled technicians, public servants, but all will benefit from the strongest education we can provide. What better investment could we make in OUR future than to strive for excellence in our county's public education system? Together we CAN make a difference!

A more logical appeal was used by one foundation to persuade potential donors. Its website included select data points to answer the posted rhetorical question of “What is the need” (sd37):

Never have the stakes been higher or the need greater.

- One out of three students comes from poverty; in some schools over 80% of students are eligible for free or reduced price meals.
- Schools from east to west include students identified as homeless.
- [Our county’s] students speak more than 105 languages.
- A significant achievement gap exists between black and white students particularly in mathematics and reading.

Another foundation website provided a quick budget lesson in its explanation of "Why Gifts Are Necessary" (sd19):

[This county] has one of the finest public school systems in the United States. However, stressed state and county budgets – coupled with increasing enrollments and several new schools – means that tax dollars do not offer the extra opportunities that elevate a good

education to an excellent one. Now more than ever, your contribution to the Foundation provides students and teachers in [our] public schools with additional support for excellence in education beyond what tax dollars can achieve.

These are only five examples of the passionate pleas found on foundation websites to encourage charitable donations. Similar messaging was used on public school foundation websites to help solicit volunteers to donate their time and talents to provide support in classrooms, with student programs, or in other areas of need.

### **Utilization of Foundation Funds**

Information regarding the utilization of funds to support public school divisions was obtained from 76 of the 91 foundations through study participants' responses and information found on foundation websites, financial statements, and IRS tax filings. Table 18 shows the reported ways that foundations supported school divisions. The foundations most frequently reported grants to teachers and scholarships for high school seniors as the use of their funds. Teacher grants were awarded by 76.3% of foundations, and senior scholarships were awarded by 73.6% of foundations. It also was found that foundations often provided financial support for student field trips and student programs that are not part of the regular instructional program at schools. School division staff members were also beneficiaries of foundation support in the form of professional development, special events (such as convocations or guest speakers), and recognition for professional achievements.

Table 18

*Utilization of Foundation Funds to Support School Divisions*

| Items Funded                                 | Number/Percent of Foundations<br>Funding Items |
|--|--|
| Grants to Teachers                           | 58 / 76.3%                                     |
| Scholarships to High School Seniors          | 56 / 73.6%                                     |
| Support for student field trips and programs | 28 / 36.8%                                     |
| Materials/Supplies                           | 25 / 32.8%                                     |
| Support for special events or guest speakers | 20 / 26.3%                                     |
| Professional Development                     | 17 / 22.3%                                     |
| Technology Purchases                         | 12 / 15.7%                                     |
| Capital improvements                         | 11 / 14.4%                                     |
| Teacher of Year Awards                       | 9 / 11.8%                                      |
| Teacher Awards                               | 4 / 5.2%                                       |

*Note.* Data available for 76 of 91 foundations (n=76).

Despite the popularity of scholarships for high school seniors post-graduate plans, one foundation explained on its website as to why it does not fund senior scholarships:

First and foremost, the purpose of the Foundation is to enhance programs, projects, and experiences for students while they are in the [school division]. The Foundation was created to expand the pre-K-12 learning process and programs so that students, when they graduate, will be better prepared for whatever future they choose. Scholarship programs are valuable programs; however, scholarships support individual students in post-high school programs. The Foundation's philosophy is to provide funds to support as many pre-K through 12th grade students as possible. (sd62)

Several foundation officials and school division representatives offered additional comments about fund utilization in their responses. One respondent made note of his foundation's future plans to expand its efforts. He wrote:

"To date, [the foundation] has served primarily as a vehicle for scholarships. We are trying to expand our support of the school system by generating a revenue stream through

the creation of an Alumni Association. We would like to have resources so that we may provide grants for teachers and practical support in the classroom." (sd47)

Similarly, a foundation that is currently focused on a capital improvement project reported that its goal to eventually expand its efforts to include teacher grants and student scholarships (sd66). The website for a third foundation which currently supports annual student field trips and teacher mini grants included that, "We would like to expand our programs and support our schools further through scholarships and more technology" (sd67).

In addition to expanding their support for school divisions, there is evidence that some foundations have shifted their priorities or redirected support in order to support school divisions' changing needs. One foundation website included the following statement: "In the past, the Foundation has successfully worked to improve technology in the schools by funding computer hardware and cutting-edge software. Currently, the Foundation is focusing on fulfilling individual classroom needs by providing mini-grants to deserving teachers" (sd51). In a follow-up phone interview with this foundation's executive director, the participant noted another new priority for the foundation. She reported that the school division her foundation supports had just made a commitment to upgrade security in its schools. She noted that it would be a multi-million dollar endeavor for the school division, so the foundation planned to assist by helping fundraise and seeking corporate grants.

Another public school foundation shifted its funding priorities following a natural disaster in its locality in 2011 that resulted in widespread damage and the closure of two schools (sd72). The foundation awards "relief grants" that help schools purchase basic items such as bookcases, shelving, storage and other furniture for classrooms and offices.

In a phone interview, one foundation president explained that times have changed since the early years of her foundation's existence when it was just providing what she described as "niceties" (sd40):

We are providing things now that are being cut from the budget – things that teachers need in the classroom to help them. Teachers spend a lot of their own money, so it is a feel-good task for us to be able to provide for them. Teachers feel appreciated.

Rather than support teachers' basic needs, essentials for students were reported as the focus for one foundation. "Our foundation supports student needs that they cannot financially provide for themselves (i.e., eyeglasses, clothes, hearing aides, food," wrote the school division staff member in her response (sd64).

Two respondents expressed frustration that their respective foundations could not even offer support for basic needs because they were having so much trouble fundraising. The executive director of one foundation reported that for the 2013-14 school year:

We elected as a board not to do any grants, scholarships, etc. due to funding issues. We applied for three grants and were declined for all three for various reasons. We have approached businesses and alumni requesting financial support. It has been very hard to generate support. (sd65)

In a phone interview with the second respondent, she reported that her county "is a very rural, poor area" (sd63). She added, "You would think that the residents would want to help kids, but they do not seem to want to. It is very frustrating, it truly is. It is difficult for our foundation to do things."

Widely reported among the public school foundations that are not experiencing such fiscal challenges are support for college and career readiness efforts. Organizing or sponsoring

career fairs, underwriting college visits, and funding Science Technology Engineering and Mathematics (STEM) initiatives were among the activities supported by public school foundations.

Providing experiences associated with the performing and fine arts was another emphasis of some foundations. One foundation accepts donations for the PLAY Fund - Performances, Learning and Arts for Youth. It is a dedicated fund within the foundation that was established in 2003 by a group of mothers who wished to enhance school children's exposure to the fine arts. According to the foundation's website, the founders of the fund are interested in equity: "The PLAY Fund would like to provide exposure to the arts to all students, but especially those students whose parents may not have the income, resources, or desire to participate in these events" (sd57). Another foundation supports the arts through its ArtSmarts program which underwrites transportation and entry fees for student field trips to visit museums and to see dance, theatre and music performances (sd13). It also funds visits from professional artists to collaborate with students and faculty, and it also accepts donations of musical instruments and refurbishes them for student use.

Amidst the common programming across foundations, some unique initiatives were found. The Farm-to-Table Program is supported by one foundation, and its stated mission is to "cultivate students who are good stewards of the earth and productive community members through classroom study of horticulture and nutrition, cultivation of school gardens, and hands-on experiences at local family farms" (sd36). Another foundation supports the Reality Store program, which was developed to provide high school seniors with a cost-of-living reality check. According to the program's description, it "provides students with an educational role-playing simulation of making lifestyle and financial choices" (sd19). Seniors are given a career, salary,

and family life situation, and they must navigate through mortgage payments, child-care costs, medical expenses, and insurance payments. Booths staffed by volunteers help students complete banking transactions, apply for credit cards, pay taxes, purchase furniture, and allocate money for weekly expenses.

### **Characteristics of School Divisions Receiving Foundation Support**

Pursuant to Virginia Code § 22.1-88, funds for the establishment, support, and maintenance of Virginia's public schools consist of those appropriated by federal, state, and local governing bodies. There are multiple measurements that determine school finance expenditures, and this section reviews select variables that determine the amount of state funding localities receive to support K-12 public school divisions. The findings were reviewed to identify any differences between school divisions supported by public school foundations and those without foundation support.

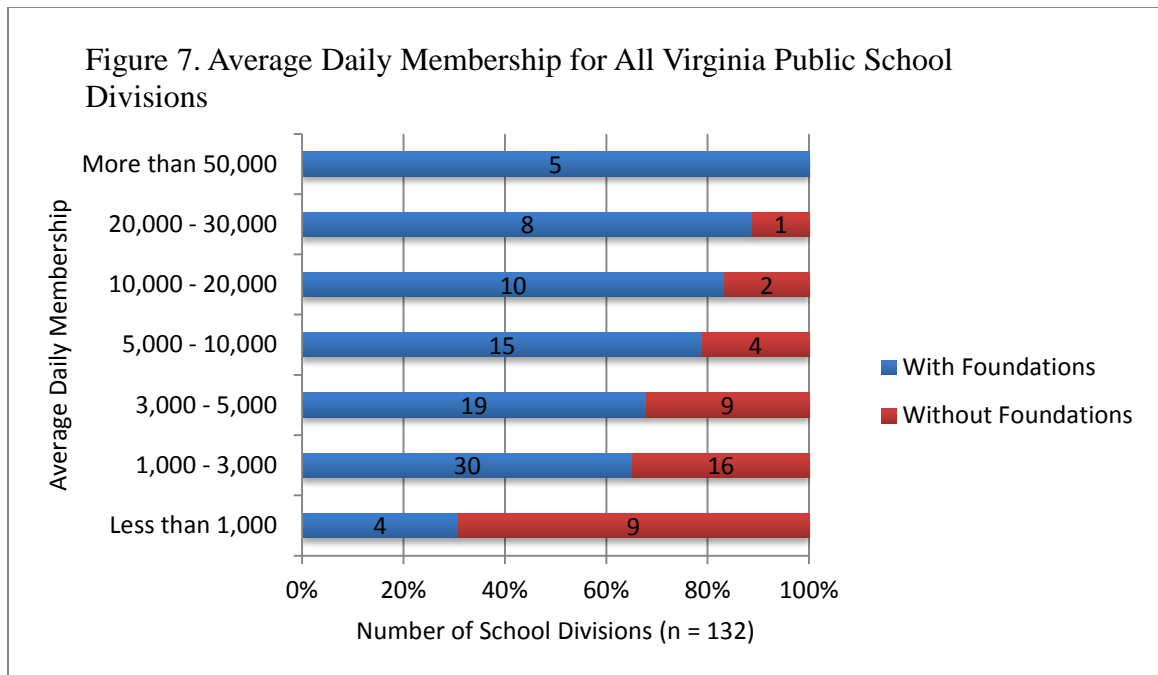
**Average Daily Membership (ADM).** The first variable reviewed was the pupil unit of average daily membership (ADM), which represents the average student enrollment for which a school division has a financial obligation. The majority of school divisions, 87 or 65.9%, have an ADM of less than 5,000 students. Table 19 shows how the 91 school divisions identified as receiving support from public school foundations and the 41 school divisions that did not receive foundation support are sorted across seven ranges of ADM as of March 31, 2013. Figure 7 shows the breakdown of all Virginia public school divisions across each ADM range listed in Table 19.

Table 19

*School Division Average Daily Membership (ADM) as of March 31, 2013*

| ADM              | Number/Percent<br>With Foundations | Number/Percent<br>Without Foundations |
|------------------|------------------------------------|---------------------------------------|
| Less than 1,000  | 4 / 4.3%                           | 9 / 21.9%                             |
| 1,000-2,999      | 30 / 32.9%                         | 16 / 39.0%                            |
| 3,000-4,999      | 19 / 20.8%                         | 9 / 21.9%                             |
| 5,000-9,999      | 15 / 16.4%                         | 4 / 9.7%                              |
| 10,000-19,999    | 10 / 10.9%                         | 2 / 4.8%                              |
| 20,000-30,000    | 8 / 8.7%                           | 1 / 2.4%                              |
| More than 50,000 | 5 / 5.4%                           | 0 / 0%                                |

Note. ADM reported for 132 school divisions (n=132).



As shown in Table 19 and Figure 7, the lowest ADM range (less than 1,000) is the only ADM range in which the number of school divisions without public school foundations outnumber those with foundations. Nearly one-third (32.9%) of the school divisions identified as receiving foundation support are found in the ADM range of 1,000 to 3,000. The five school divisions with the highest ADM (more than 50,000) are all affiliated with public school foundations.



**Local Composite Index (LCI).** The Local Composite Index (LCI) was the next financial variable reviewed. The LCI is the state's determination of a locality's ability to fund education sufficiently to meet its required standards of quality (SOQ) expenditures relative to other localities. A lower LCI value indicates a lower local ability to pay; therefore, the state provides a higher share of the required SOQ funding to the locality. The higher the LCI value, the more the locality is required to expend, and the state's portion for required SOQ funding is reduced.

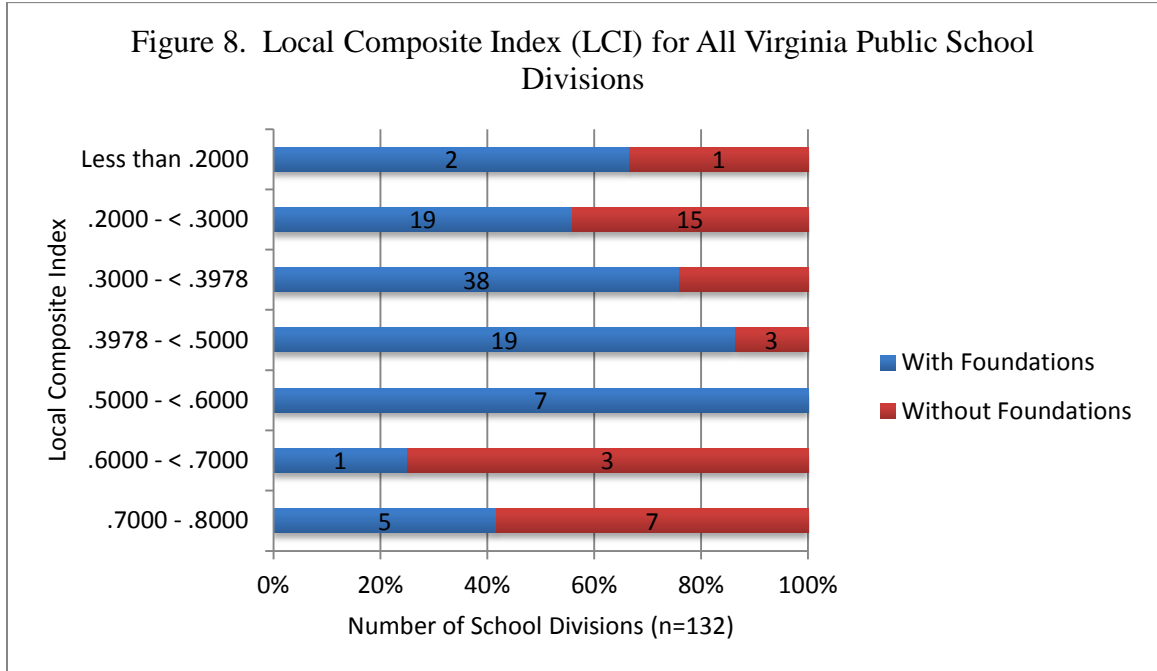
The average LCI value for the 2012-2014 biennium was 0.3978. The lowest LCI value for a school division was 0.1826, and the highest LCI score was 0.8000. Table 20 shows the LCI sorted across seven ranges for the 91 school divisions identified as receiving support from public school foundations and the 41 school divisions that were found not to receive foundation support. Figure 8 shows the breakdown of all Virginia public school divisions across each LCI range listed in Table 20.

Table 20

*Local Composite Index (LCI) for School Divisions With and Without Public School Foundations*

| LCI Values      | Number/Percent With Foundations | Number/Percent Without Foundations |
|-----------------|---------------------------------|------------------------------------|
| Less than .2000 | 2 / 2.1%                        | 1 / 2.4%                           |
| .2000 - < .3000 | 19 / 20.8%                      | 15 / 36.5%                         |
| .3000 - < .3978 | 38 / 41.7%                      | 12 / 29.2%                         |
| .3978 - < .5000 | 19 / 20.8%                      | 3 / 7.3%                           |
| .5000 - < .6000 | 7 / 7.6%                        | 0 / 0%                             |
| .6000 - < .7000 | 1 / 1.1%                        | 3 / 7.3%                           |
| .7000 - .8000   | 5 / 5.4%                        | 7 / 17.0%                          |

*Note.* The average LCI value for the 2012-2014 biennium was 0.3978 (n=132).

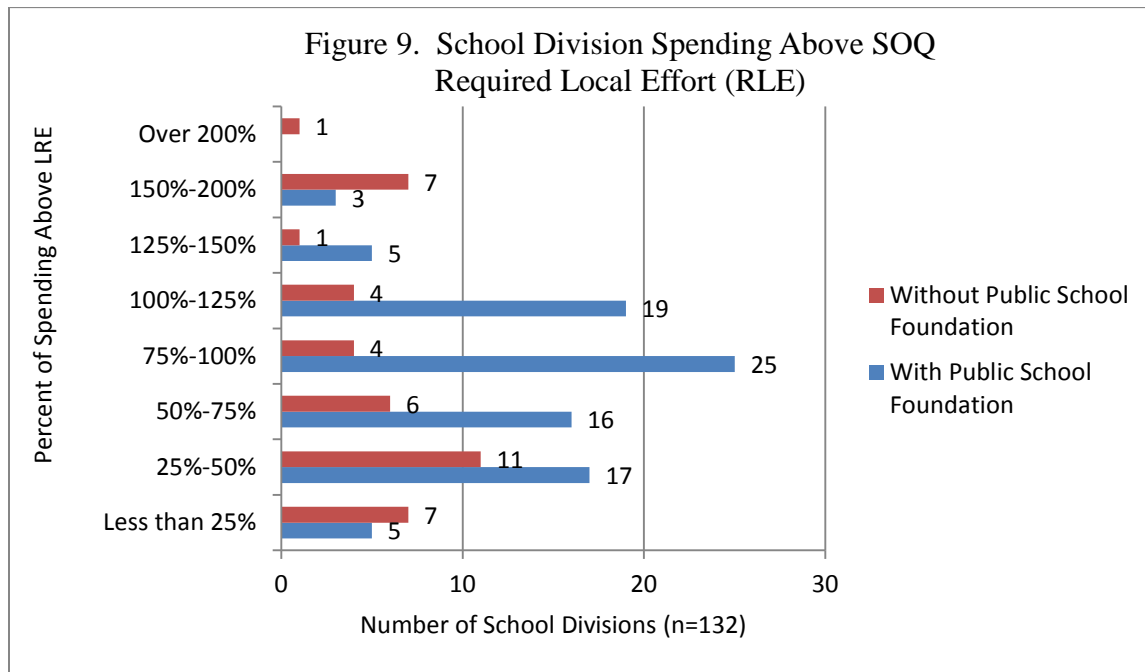


As shown in Table 20, the majority of the 91 school divisions that receive support from public school foundations are among those that have a lower LCI and receive a greater proportion of state funding relative to other localities. Fifty-nine school divisions affiliated with a foundation, or 64.8%, have a LCI of 0.4000 or less. Similarly, the majority of school divisions that do not receive support from public school foundations are also found in the LCI ranges of 0.4000 or less. This included 29 school divisions or 70.7% of those in the study identified as not receiving foundation support.

Nine of the 12 school divisions in the LCI range of .7000-.8000 had the highest possible LCI value of 0.8000 and thereby were responsible for 80% of the required SOQ funding compared to 20% required of the state. Six of these nine affluent school divisions (66.6%) were found not to be supported by public school foundations. A review of the two highest LCI ranges (.6000 - < .7000 and .7000 - .8000) shows that a combined 10 of 16 school divisions, or 62.5%, do not receive support from a public school foundation.

**Required Local Effort (RLE).** The Required Local Effort (RLE) for SOQ funding was another variable reviewed to compare the school divisions that were and were not supported by public school foundations. Localities are responsible for providing the remaining funds, beyond the state's share, necessary to meet required SOQ expenditures. It was reported that 100% of school divisions had local appropriations for fiscal year 2013 in excess of the funding required to maintain the local effort for the SOQ (VDOE, 2014). According to the Superintendent of Public Instruction's 2014 report to select committees of the General Assembly, the average local support in excess of the required local effort (RLE) for fiscal year 2013 was 81.70% (VDOE, 2014). Neither of the two school divisions on either end of the range in excess of the required amount – 9.58% and 229.42% respectively - were identified in this study as being supported by public school foundations.

Figure 9 compares the percent of spending in excess of the RLE for SOQ by school divisions that are supported by public school foundations and those that are not. Of the 11 school divisions shown to have spending more than 150% above the RLE, eight are not supported by a public school foundation. The two RLE ranges with the highest number of school divisions receiving support from foundations are 75% to 100% and 100% to 125% with 25 and 19 school divisions respectively. The two RLE ranges spanning 25% to 75% also show a high concentration of school divisions supported by public school foundations.



**Local Per Pupil Expenditures.** Using the reported ADM for each school division and the actual local expenditures to maintain the SOQ, the local per pupil expenditure was determined for fiscal year 2013 for this study's population of 132 school divisions. The lowest local expenditure was \$1,406 and the highest local expenditure was \$16,136. The average local per pupil expenditure was found to be \$4,531.

Table 21 shows the local per pupil expenditures for school divisions that are and are not receiving support from public school foundations. Of the 91 school divisions supported by public school foundations, 59 school divisions (64.8%) were found to have local per pupil expenditures less than the division average expenditure of \$4,531. Similarly, the majority of school divisions identified not to receive foundation support had local per pupil expenditures of \$5,000 or less, with 27 school divisions (65.8%) shown in the respective ranges in Table 21. Local per pupil expenditures of \$10,500 or more is the one range in which school divisions without foundation support outnumbered school divisions with foundation support.

Table 21

*Local Spending Per Pupil Expenditures for Fiscal Year 2013*

| Local Spending<br>Per Pupil Amount | Number/Percent<br>With Foundation | Number/Percent<br>Without Foundation |
|------------------------------------|-----------------------------------|--------------------------------------|
| Less than \$2,500                  | 10 / 10.9%                        | 10 / 24.3%                           |
| \$2,500 - \$3,500                  | 25 / 27.4%                        | 12 / 29.2%                           |
| \$3,500 - \$4,500                  | 24 / 26.3%                        | 5 / 12.1%                            |
| \$4,500 - \$5,500                  | 15 / 16.4%                        | 3 / 7.3%                             |
| \$5,500 - \$6,500                  | 7 / 7.6%                          | 0 / 0%                               |
| \$6,500 - \$7,500                  | 4 / 4.3%                          | 3 / 7.3%                             |
| \$7,500 - \$8,500                  | 2 / 2.1%                          | 1 / 2.4%                             |
| \$8,500 - \$9,500                  | 2 / 2.1%                          | 1 / 2.4%                             |
| \$9,500 - \$10,500                 | 1 / 1.1%                          | 1 / 2.4%                             |
| More than \$10,500                 | 1 / 1.1%                          | 5 / 12.1%                            |

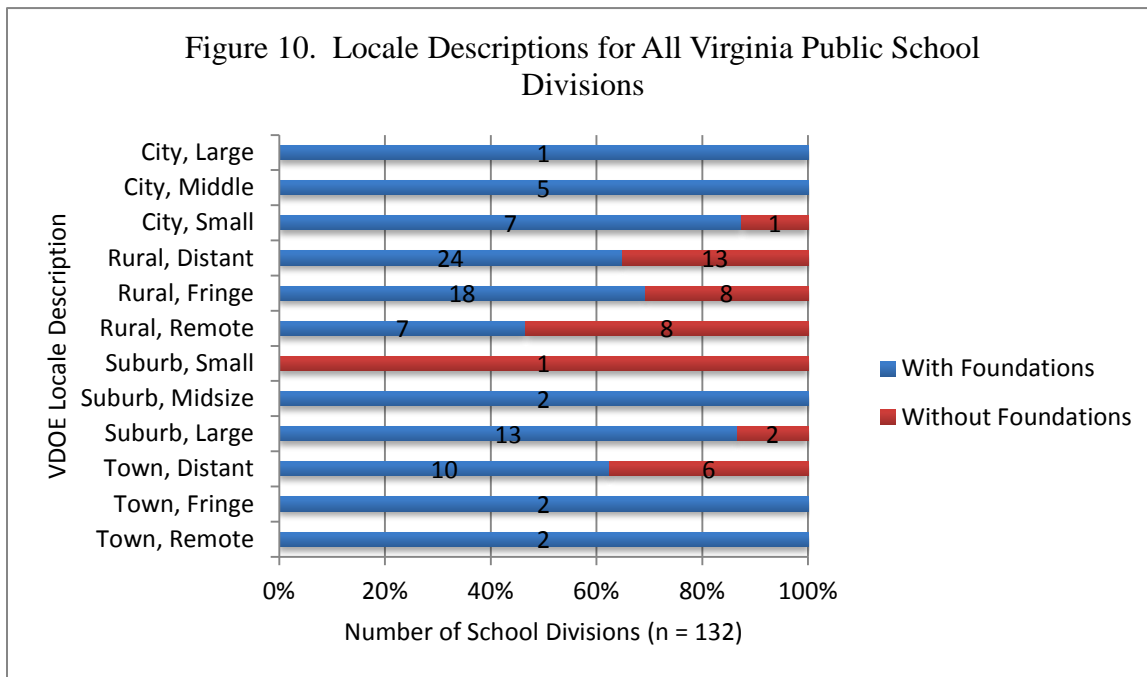
*Note.* The average local per-pupil expenditure for fiscal year 2013 was \$4,531.

**Locale Descriptions.** School divisions that received and did not receive support from public school foundations were sorted using the Virginia Department of Education's locale descriptions for the 132 school divisions in the study's population (VDOE, 2009). Table 22 and Figure 10 show the breakdown across the 12 categories. The top three locale descriptions for school divisions receiving support from public school foundations were rural, distant; rural, fringe; and suburb, large. Figure 10 shows that the majority of school divisions in Virginia are in rural locales. Table 22 shows that a majority of school divisions that did receive foundation support (49 or 53.8%) were found in rural localities. The same three rural categories had a higher majority (70.7%) of school divisions not receiving support from public school foundations.

Table 22

*Locale Descriptions for School Divisions Supported by Public School Foundations*

| Description     | With Public School Foundation | Without Public School Foundation |
|-----------------|-------------------------------|----------------------------------|
| City, Large     | 1                             | 0                                |
| City, Middle    | 5                             | 2                                |
| City, Small     | 7                             | 1                                |
| Rural, Distant  | 24                            | 13                               |
| Rural, Fringe   | 18                            | 8                                |
| Rural, Remote   | 7                             | 8                                |
| Suburb, Small   | 0                             | 1                                |
| Suburb, Midsize | 2                             | 0                                |
| Suburb, Large   | 13                            | 2                                |
| Town, Distant   | 10                            | 6                                |
| Town, Fringe    | 2                             | 0                                |
| Town, Remote    | 2                             | 0                                |



**Financial Variables Combined.** The final table of this chapter, Table 23, shows the ADM, LCI, number of foundation paid staff members, voting foundation board members and locale description for the ten public school foundations with the highest reported revenue for their respective tax years. Throughout the data collection phases of this study, some respondents

offered unprompted thoughts on what contributes to the success of a public school foundation's revenue generation. At least three respondents, whose foundations did not have paid staff support, highlighted the importance of having foundation or school division staff to help manage the foundation (sd12, sd25, sd63). One of the same respondents pointed to the size of a school division as a factor, noting that larger localities were more likely to have paid staff (sd12).

In addition to the size of a school division or locality, the size of foundation governing boards has been the subject of study to determine whether or not more board members equates to more success in fundraising. Virginia's public school foundations were found to have a wide range of board memberships – from three members to 31 members. One school division representative noted that a poorly-organized, inactive board of directors had been problematic for her foundation, and she also commented that her school division being located in a “very rural, poor area” presented a challenge for fundraising (sd63).

To determine if there are any significant findings regarding the aforementioned variables and revenue generation, Table 23 was created to include the ten public school foundations reporting the highest revenues in this study and selected variables that were noted as potential factors in successful revenue generation. The ADM figures are fairly evenly distributed in sizes. With the exception of one school division, the remaining nine school divisions have LCI scores that are commonly in the middle to low range of scores. Similarly, there is an even distribution of foundations supporting school divisions in cities, suburbs, and rural areas. Paid staff members are common to the foundations generating the most revenue with nine of the ten foundations in Table 23 identified as having at least one paid, full-time staff member. The foundation with the highest revenue had the most staff members (3) among those listed in Table 23, and it the highest number of voting members (27) on its foundation board. The board membership for the

foundations with the highest revenue is shown to be more than the study's reported average of 14.9 voting members for eight of the ten foundations in the table. Public school foundations that reported the highest revenue did have full-time paid staff and higher board memberships to support foundation operations and activities.

Table 23

*Public School Foundations with the Highest Revenue Generation and Factors Thought to Impact Foundation Fundraising*

| School Division # | Tax Year | Revenue     | ADM       | LCI    | # of Paid Staff | # of Board Members | Locale |
|-------------------|----------|-------------|-----------|--------|-----------------|--------------------|--------|
| 16                | 2011     | \$1,801,333 | 81,312.12 | 0.3787 | 3FTE            | 27                 | Suburb |
| 45                | 2013     | \$1,232,007 | 21,625.90 | 0.4779 | 1.5FTE          | 14                 | City   |
| 21                | 2013     | \$ 665,608  | 68,614.14 | 0.4110 | 1.5FTE          | 26                 | City   |
| 33                | 2011     | \$ 424,339  | 11,223.07 | 0.3675 | 1 unknown       | 24                 | Rural  |
| 06                | 2012     | \$ 406,472  | 14,214.78 | 0.2755 | 1FTE            | 22                 | City   |
| 13                | 2011     | \$ 382,258  | 58,284.48 | 0.3539 | 1FTE            | 21                 | Suburb |
| 02                | 2011     | \$ 359,673  | 2,240.16  | 0.8000 | 1FTE            | 16                 | Suburb |
| 37                | 2011     | \$ 323,184  | 48,924.35 | 0.4276 | 2.5FTE          | 18                 | Suburb |
| 41                | 2013     | \$ 236,969  | 4,099.91  | 0.4645 | 1FTE            | 9                  | City   |
| 14                | 2011     | \$ 236,174  | 18,016.20 | 0.4203 | 1FTE            | 18                 | Rural  |

*Note.* Paid staff column uses FTE (full-time equivalent) as a unit to indicate the workload of employed staff. An entry of 1.5 FTE equates to 1 full-time employee and 1 part-time employee

## Summary

In this chapter, the data were shared in response to each of the research questions. The school divisions currently supported by public school foundations were identified and then compared to the findings of a decade ago to analyze the changes since 2004. The establishment years of public school foundations were identified to determine foundation longevity, and foundation mission statements were analyzed to determine common purposes. Foundation governance was reviewed to determine the number of voting board members and the representation of current school division employees and school board members among the foundations' voting members. Data regarding foundation staffing, finances, revenue sources,



and fund utilization were also reviewed. Lastly, measurements pertaining to school division funding and locale descriptions were reviewed to identify any differences between school divisions supported by public school foundations and those without foundation support. Findings, implications, and recommendations for future research will be shared in Chapter 5.

## **CHAPTER 5: Findings and Conclusions**

### **Introduction**

This chapter presents the findings of this study on Virginia's public school foundations, connects the results to existing literature, describes the implications for various stakeholders, and offers suggestions for future research. The purposes of this study were to determine the current number of public school foundations in Virginia and analyze changes since the last known accounting of local education foundations (Mummau, 2004); and to describe the longevity, purposes, governance, staffing, finances, funding sources, and fund utilization of public school foundations that support of local school divisions. The study employed a descriptive, mixed-methodology design in which both quantitative and qualitative data were collected to answer the following 11 research questions:

1. Which K-12 public school divisions in Virginia receive support from public school foundations?
2. How do the findings regarding public school divisions differ from the 2004 study of Virginia's local education foundations?
3. What is the longevity of the existing public school foundations in Virginia?
4. What are common themes for the purposes of public school foundations in Virginia?
5. How many voting board members serve on the governing body of each public school foundation?
6. How many voting board members on public school foundation boards are school division employees or school board members?
7. How is the public school foundation supported by staff (i.e., paid, full-time staff; paid, part-time staff; volunteer staff)?
8. What are the most recent reported revenues, expenses and fund balances of Virginia's

- public school foundations?
9. What are the sources of revenue for public school foundations in Virginia?
  10. How are public education foundation funds utilized to support K-12 public school divisions in Virginia?
  11. How do the public school divisions that are supported by public school foundations compare to school divisions that do not receive such support with respect to their average daily membership, local composite index score, standards of quality expenditures, per pupil expenditures and locale descriptions?

This mixed-methods study gathered data sequentially in two phases. The first phase of the study entailed identifying the existing public school foundations in Virginia and then comparing the findings to a 2004 study of local education foundations in order to analyze the changes that have occurred within the past decade. The second phase of this study entailed the collection of quantitative data from public records, foundation officials, and school division staff to answer the eight research questions that pertained to public school foundations' longevity, purposes, governance, staffing, finances, funding sources, and fund utilization. In addition, a qualitative analysis of foundations' mission statements was conducted to identify and analyze common themes among foundations' purposes. Quantitative data regarding the average daily membership (ADM), Local Composite Index (LCI), standards of quality (SOQ) expenditures, local per-pupil expenditures, and local descriptions for all of Virginia's school divisions were obtained through public records available on the Virginia Department of Education (VDOE) and the Virginia General Assembly's Joint Legislative Audit and Review Commission (JLARC) websites in order to conduct analyses for the final research question.

A discussion of the study's findings is presented in the following pages as are sections

regarding the implications for various stakeholders and suggestions for future research.

## **Study Findings**

### **Finding #1. More than two-thirds of Virginia's public school divisions receive support from public school foundations.**

This study identified 91, or 68.9%, of the 132 Virginia public school divisions as receiving support from public school foundations. The study identified 41 school divisions, or 31% of the study's population, that do not receive public school foundation support.

Similar to this study, research conducted in Virginia, South Carolina, Illinois, and Michigan accounted for foundations in terms of their affiliation with all public school divisions within the state. Mummau (2004) identified 64 of 131 school divisions in Virginia as having a local education foundation. Hyatt (1992) reported that 46 of the 91 school districts in South Carolina indicated that they were served by an education foundation. Mortier (1995) determined that 137 Illinois school districts had established local education foundations, and Addonizio (1998) reported that 144 education foundations had been established by local school districts in Michigan.

Other researchers determined their study samples by using the memberships of statewide associations for education foundations. Carlson (2011) reported that the Consortium of Florida Education Foundations was comprised of 55 organizations at the time of her study in 2010, and Cruser (2012) identified 66 members of the Indiana Association of Public Education Foundations as potential contacts for his study. In the absence of a statewide association or consortium for foundations in Virginia, this study had to rely on independent research to identify public school foundations in the state.

**Finding #2. The number Virginia public school divisions receiving support from public school foundations is increasing.**

This study identified 91 school divisions receiving support from public school foundations, which are 27 more school divisions than the 64 that Mummau identified in 2004. The difference of 27 school divisions receiving support from public school foundations is a 42.1% increase within the past decade. Mummau concluded that his finding in 2004 was an increase from earlier years based on documents he obtained from foundation officials that included an informal accounting of 29 education foundations in Virginia in 1999 and 25 in 2002 (p. 24).

The studies of Woodworth (2007) and Cruser (2012), who each studied public school foundations in Indiana, provide the only same-state comparison in the literature. Woodworth's review of research methodology in 2007 cited 42 members of the Indiana Association of Public Education Foundations (INAPEF); however, it was also reported that "the executive director of INAPEF believes that there might be up to five or six additional foundations that exist in the state" (Woodworth, 2007, p. 39). Five years later, Cruser (2012) reported that the INAPEF had 66 members. The increase in INAPEF members over five years was 57.1%. Woodworth's conclusion in 2007 – that "public education foundations are growing rapidly in the United States (p. vii) – is consistent with that found in literature and other research studies, and the growth of public school foundations in Virginia was confirmed with this study.

**Finding #3. School division and foundation officials lacked of clear understanding of the legislature's definition of "public school foundation."**

This study revealed that there was not a universal understanding or awareness of the *Code of Virginia's* definition of public school foundations, despite its existence in codified

legislation for 15 years and use by the Virginia Department of Taxation in its annual correspondence with foundations to confirm that they are indeed public school foundations, which makes them eligible for voluntary contributions from tax refunds. Research inquiries for this study included the full text of the Code's definition as follows: "Public school foundations means a nonstock, nonprofit corporation, established for the express purpose of implementing a public/private partnership to implement public school improvement projects approved by the local school board" (Va. Code Ann., 2014b). However, some respondents expressed confusion when asked if their foundation qualified as a public school foundation as defined.

Approximately 13% of participants either indicated they did not know how to answer the question, did not answer the question, or responded with "yes and no." Those providing the dual response cited the definition's inclusion of school board approval for projects as the reason they did not think their organizations qualified based on the definition. The respondents noted a close affiliation with the school division and that their funds solely support the school division, but their operations and administration of funding are not subject to school board approval.

Neither a consistent definition nor title for the foundations that support K-12 public schools is prevalent in research. Similar to this study, both Woodworth (2007) and Crusier (2012) referenced state legislation and limited their research samples to foundations that qualified as public school foundations pursuant to Indiana Code § 20-26-5-22.5 which was enacted in 2005. The Indiana Code section states that a public school foundation is "exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code; and organized as an Indiana nonprofit corporation for the purposes of providing educational funds for scholarships, teacher education, capital programs, and special programs for school corporations" (Ind. Code Ann., 2014). Unlike the definition in the Code of Virginia, the Indiana Code section

identifies four specific purposes for funding in the definition.

Other definitions cited in research studies and literature, such as the one used by Mummau (2004), were broader. Mummau's used the definition of local education foundations from a textbook: "a third party, nonprofit entity whose agenda, at least in part, consists of developing supportive community and private sector relationships with a public school system (Muro, 1995, p. 2). The words "nonprofit" or "tax-exempt" were prevalent in definitions for the organizations supporting local school divisions.

**Finding #4 Public school foundation websites were utilized as a means to inform the public of the organization's history, mission, programs and initiatives, governance, events, donation options, and contact information.** It was found during the two data collection phases of this study that foundation websites offer convenient access to readily-available information about the organizations. At the minimum, websites were found to list only the foundation's name, mission statement, and contact information. The more comprehensive websites provided details about the foundation's history, programs and initiatives, board members' backgrounds, special events, fundraising efforts, donation opportunities, and fiscal challenges of the local school division, as well as included links to supplemental documents such as copies of annual reports, strategic plans, brochures, and financial statements. In addition to contact information for the foundation, some websites featured the individual email addresses of board members to allow for direct contact with foundation representatives. It was also found that some websites offered the public the means to submit charitable donations online.

There is no evidence in the literature of an examination of the existence or use of websites for communication or fundraising. Research from several decades ago noted the publication of newsletters and use of direct mail campaigns to publicize foundation news and

solicit donations (Hyatt, 1992). Evidence of technology use was found in a more recent study that analyzed public school foundations' fundraising strategies and found that one foundation in the study reported internet fundraising as netting the most income for its organization (Dietrick, 2009).

**Finding #5. Some public school foundations have become inactive within the past decade or have shifted their operations and fund management to other nonprofit organizations.**

The comparison of findings between this study and Mummau's 2004 study found that 10 of the school divisions reported as being affiliated with a local education foundation in 2004 did not receive support from a public school foundation in 2014.

In addition to foundation closures, another reason for the difference could be that some organizations considered to be local education foundations in 2004 were not identified as public school foundations by participants in this study. For example, the superintendent of one school division that was identified as having a local education foundation in 2004 indicated that her school division does not have a public school foundation; however, she noted that a community foundation in the region does award scholarships to students and grants to teachers from multiple school divisions. Another respondent to this study reported that one of the foundations identified in the 2004 study is no longer an independent foundation; rather, the funds are now managed by a community trust, and the income is used to fund scholarships for high school seniors.

The identification or tracking of public foundations that have closed is not prevalent in the literature, but there is evidence of public school foundations establishing funds with community foundations to augment or takeover the management of their revenue and assets. A news article on one Virginia public school foundation's revitalization cited the benefits of a relatively new partnership with a community foundation to help manage a portion of its funds in



order “to earn an even better return on investments and appeal to larger donors” (Brooks, 2013). Some respondents to this study also cited their receipt of pass-through funds from local and regional community foundations that accept charitable donations on behalf of the school division.

**Finding #6. Some school divisions are considering establishing public school foundations.**

During the data collection phase of this study to identify existing public school foundations, there was evidence of the potential establishment of future foundations. One respondent to this study offered that his school division is “in the talking stages of forming an education foundation however as of today we do not have [a foundation] formally in place” (sd117). The websites of two other school divisions included content that suggested they may be in the midst of establishing their own public school foundations. School board meeting minutes from June 2012 provided evidence that another school division considered establishing a public school foundation of its own. In a phone interview with an official from the school division, it was reported that the community foundation in the region urged the school division to postpone its efforts while the foundation attempted to revitalize its work (sd105). The school division official acknowledged that the school division might revisit plans to establish its own public school foundation in the future.

Though the research questions in this study did not address the impetus for the formation of public school foundations, the four examples of potential foundations that presented themselves in the data collection phase appear to be initiated by the school divisions themselves. Dietrick (2009) did analyze the origins of the formation of California education foundations and found parents to be the initiators of more than 60% of the foundations in her study and found that the adoption of state legislation that decreased public school funding to be the primary reason for

the establishment of foundations. Financial conditions are often cited in the literature as a major driver for the establishment of public school foundations.

**Finding #7. The number of public school foundations in Virginia has been increasing steadily for three decades.**

This study revealed that the establishment of public school foundations in Virginia has been fairly evenly distributed across 31 years since the establishment of the first foundation in 1983. Establishment dates for 80 of the 91 foundations in this study showed a steady increase across the decades with the exception of 1994 in which seven foundations were formed. During the 15-year period following the first foundation establishment in 1983, 34 more foundations were established by 1999. From 2000 to 2014, an additional 45 public school foundations were formed. More than one-third (36.2%) of foundations with known establishment dates were formed in the past ten years, and 15% percent have been formed in the past five years.

A steady increase in the formation of public school foundations is consistent with the results of other statewide studies (Cruser, 2012; de Luna, 1995; Hyatt, 1992; Mummau, 2004; Mortier, 1995; and Woodworth, 2007). However, the establishment dates of the first known foundations in various states do vary. South Carolina's first foundation charter was issued in 1961 (Hyatt, 1992). Woodworth (2007) reported 1955 as the establishment year for the first foundation in Indiana. Illinois saw its first public school foundation in 1981 (Mortier, 1995).

**Finding #8. Despite a steady increase in the establishment of public school foundations, foundations reported years of inactivity during their time in existence.**

It was reported by participants in this study and found on websites that some foundations were less engaged or dormant for many years. Though the reasons for inactivity were not always cited, a lack of involvement by foundation board members and the conclusion of specific

projects were identified as causes. Two common reasons cited for reactivating a foundation's efforts after a dormant period were new leadership (either from a new superintendent or foundation official) and the need for additional funds to assist school divisions with budget challenges. This study found that at least two foundations were in the midst of makeovers that involved rebranding the foundation, presumably to improve their operations.

The literature has highlighted the increase in or resurgence of public school foundations rather than their expiration; therefore, reasons other than fiscal challenges are not prevalent. However, some have examined the evolution of education foundations and noted that foundations experience stages of organizational development that pose both opportunities and challenges to their work (Brown, et al., 2004 and Frazier, 1989).

**Finding #9 The primary purposes of public school foundations are to support students through additional funding that supports, enriches, or enhances their educational opportunities.**

The results of this study revealed that the words that appeared frequently in public school foundation mission statements included in order of most to least frequent were:

*students/children, funding/funds/financial, support, community, enhance, opportunities, teachers/staff/faculty, excellence, promote, quality, partnerships enrich, and scholarships.*

Nearly two-thirds (65.7%) of the statements included the words "student" or "children," and 29 statements (39.7%) included the word "funds," "funding," or "financial." The use of "community" in 26 (35.6%) statements was evidence of the grassroots nature of public school foundations, and the high frequency of words such as "support" and "enhance" were evidence that a foundation's role is not to supplant funding but rather to enrich and extend the efforts of public school divisions. The data indicated that a smaller number of foundations were found to

have a singular purpose of providing student scholarships or fundraising for capital improvements to benefit the school division they support. Dietrick's (2009) analysis of responses regarding the purpose of California education foundations identified the following words as frequently cited: support, enrich, public education, excellence, and raise funds (p. 84).

The literature also supports the concepts of community and partnerships and that public school foundations provide a forum for "constituents to find common ground for improving education outcomes" (Brown et al., 2004, p. 12). Literature also affirms that foundations are intended not to be a substitute for the tax base, but rather are "designed to augment, supplement, or complement programs and activities currently being provided by the district" (McCormick et al., 2001, p. 2).

**Finding #10. A majority of Virginia's public school foundation governing boards include more than 10 voting members.**

The results of this study indicated that the average size of a public school foundation's governing board was found to be 14.9 voting members with a range across all foundations of a low of three voting members to a high of 31 members. Forty-five foundations (61.6%) have between 11 to 20 voting members, and 13 foundations (17.8%) have more than 20 members. Fifteen foundations (20.5%) have 10 board members or less.

A comparison to Mummau's 2004 data indicates that Virginia's public school foundations favor larger foundation boards today. Mummau reported that 60% of the foundations in his study had more than 10 board members, and the data for this study indicated that 79.4% of foundations had more than 10 voting board members.

The wide range in size of the governing boards is consistent with the findings of the most recent research conducted in other states. The boards in Dietrick's (2009) California study

ranged from three to 36 members. Carlson's (2011) sample in Florida had boards ranging from seven to 45 members. Crusier (2012) found that boards in Indiana ranged in size from one to 30 members.

**Finding #11. A majority of public school foundation governing boards include at least one current school division employee or school board member as voting members of the board.**

The results of this study indicated that the majority of public school foundation boards (68.5%) have a current school division employee or school board member as voting board members. The school division superintendent was reported to be a voting board member on 17 of the 54 foundation boards (31.4%). Twenty foundation boards were found to have school board members among their voting members. Eight foundation boards each had two school board members as voting members, and 12 additional foundation boards each had one school board member among their voting members.

Of the 17 foundation boards (31.4%) that do not have any current school division or school board members as voting members, it was found that 16 of these foundations were found have at least one school board member or school division employee serving in an advisory capacity to the foundation board. The superintendent was found to be a non-voting member on 19 foundation boards, and school board members were found to be non-voting members on 13 foundation boards.

A few of the study's respondents offered that having school division and school board representatives involved on the foundation board (as either voting or non-voting members) helps keep the board informed of school division's goals, future plans, and current needs. It was also observed that many of the foundations' boards were comprised of retired school division

employees and former school board members. Of note is that four foundation boards were found to have at least one student representative.

Mummau's (2004) research found that school board members served on 48% of the boards in his study, and superintendents served on 82% (or 41) boards. Unlike the research question in this study, Mummau (2004) did not distinguish between voting and non-voting board members as evidenced by his reporting that "many of the respondents wrote notes in the margin indicating that their superintendents are ex-officio or non-voting members" (p. 58). However, similar to this study, Mummau observed the presence of former school board members and retired superintendents on foundation boards.

**Finding #12. Some public school foundations are supported by at least one paid full-time or part-time staff member.**

Data collection for this research question yielded information from 59 of the 91 foundations (64%) identified in this study. Of the foundations for which data were available, 37 (62.7%) were found to have the support of staff, and 22 (37.3%) reported having only volunteers to help manage their foundations' operations and activities.

Fifteen of the 37 foundations (40.5%) were found to have at least one paid, full time staff member, one of which had three paid, full-time staff members to support the foundation. Another 14 foundations (37.8%) reported having only part-time staff to support the foundation. Only staff member titles were available for 10 additional foundations; therefore, the employment status (paid/unpaid, full-time/part-time) was not identified. Seven of the 10 foundations reportedly have only one staff member – an executive director or director. Of note is that two respondents with only volunteer support indicated that their respective foundation boards had expressed an interest in hiring staff to support the foundation with grant writing, fundraising, and

administrative tasks.

Data regarding foundation staff were not collected in Mummau's (2004) study of Virginia local education foundations; however, Cruser (2012) did report staffing data for his study of Indiana public education foundations. Cruser reported that six of the 36 respondents (16.6%) to his study had one full-time staff member, and 22 (55%) of his respondents have at least one part-time employee. Most of his respondents (94.4%) noted that the foundation was supported by volunteers.

**Finding #13. Public school foundation revenue ranged from \$0 to more than \$1.8 million.**

Revenue data was available for 59 foundations in this study for a collective total of \$9,586,163. The individual foundations' revenue ranged from a low of \$0 in 2013 to a high of \$1,801,333 reported for 2011. The following data presents how revenue for the 59 foundations sorted across seven ranges:

- Less than \$10,000 = 10 foundations (16.9%)
- \$10,000 - \$50,000 = 12 foundations (20.3%)
- \$50,000 - \$100,000 = 12 foundations (20.3%)
- \$100,000 - \$200,000 = 13 foundations (22.0%)
- \$200,000 - \$400,000 = 7 foundations (11.8%)
- \$400,000 - \$700,000 = 3 foundations (5.1%)
- More than \$1 million = 2 foundations (3.3%)

Cruser's (2012) study in Indiana is the most recent statewide study of public school foundations to include revenue data, and the wide range is consistent with the results of this study. The 2011 revenue for the 45 foundations in his study ranged from a low of \$4,000 to a high of \$2.5 million (Cruser, 2012). The revenue in Cruser's study was fairly evenly distributed

across the 45 foundations, with the highest percentage of foundations (26.6%) reporting revenue between \$10,000 to \$50,000. Only 8.8% of the Indiana foundations reported revenue of \$10,000 or less which was less than the results of this study in the same range (16.9%).

**Finding #14. Public school foundation expenses ranged from \$0 to more than \$1.7 million.**

Data for was available for the expenses of 59 foundations in this study for a collective total of \$8,222,622. The individual foundations' expenses ranged from a low of \$0 in 2013 to a high of \$1,775,642 reported for 2011. The next highest reported expenses for a foundation were \$631,168 in 2013.

The individual foundations' revenue ranged from a low of \$0 in 2013 to a high of \$1,801,333 reported for 2011. The following data present how the expenses for the 59 foundations sorted across seven ranges:

- Less than \$10,000 = 8 foundations (13.5%)
- \$10,000 - \$50,000 = 19 foundations (32.2%)
- \$50,000 - \$100,000 = 12 foundations (20.3%)
- \$100,000 - \$200,000 = 9 foundations (15.3%)
- \$200,000 - \$400,000 = 6 foundations (10.2%)
- \$400,000 - \$700,000 = 4 foundations (6.8%)
- More than \$1 million = 1 foundation (1.7%)

**Finding #15. Public school foundation fund balances ranged from \$2,600 to more than \$2.5 million.**

Sixty-one foundations provided their most recent fund balances for a collective amount of \$25,548,894. The individual foundations' fund balances ranged from a low of \$2,600 in 2013 to a high of \$2,573,590 reported for 2011. The following data present how fund balances for the



61 foundations sorted across nine ranges:

- Less than \$25,000 = 5 foundations (8.1%)
- \$25,000 - \$50,000 = 11 foundations (18.0%)
- \$50,000 - \$100,000 = 14 foundations (22.9%)
- \$100,000 - \$250,000 = 8 foundations (13.1%)
- \$250,000 - \$500,000 = 7 foundations (11.4%)
- \$500,000 - \$750,000 = 4 foundations (6.5%)
- \$750,000 - \$1 million = 3 foundations (4.9%)
- More than \$1 million = 9 foundations (14.7%)
- More than \$2 million = 1 foundation (1.6%)

Longevity appeared to be an indicator that a public school foundation would have a high fund balance. The public school foundations with the highest fund balances were found to be among the oldest foundations in the study's population. The establishment dates of the 15 foundations with the highest fund balances were reviewed and it was found that 11 of the 15 foundations (73.3%) were established in 1994 or earlier. The remaining four foundations were established in 1997, 2000, and 2001 respectively.

Mummau (2004) reported data for the operating budgets of Virginia local education foundations and observed that they varied in size with the greatest number, 34%, operating with less than \$5,000. Twenty-four percent of the foundations in Mummau's study had an operating budget at or above \$100,000 with one foundation reporting an operating budget of more than \$1 million. Mummau also reported that those with the largest operating budgets were "more likely to be in suburban or urban divisions and have been in existence for over ten years" (p. 61).

**Finding #16. The most recent annual financial statement for public school foundations showed that a majority of the foundations yielded a positive net income.**

The difference in the revenue and expenses for the 59 foundations reporting financial information was a collective net income of \$1,363,541. Forty of the 59 foundations (67.8%) showed a positive net income or a balance of \$0. The highest net income for a single foundation was found to be \$808,347; however, the net income for 30% of the foundations with a positive balance was \$5,000 or less.

Nineteen of the 59 foundations (32.2%) showed a negative net income with annual expenses that exceeded their revenue. The greatest deficit in net income was found to be \$102,516; however, this foundation reported a fund balance of \$341,361, which presumably would have been used to pay for any expenses not covered by revenue that year.

**Finding #17. Charitable donations from individuals, organizations, and corporations were the most frequent revenue sources for public school foundations.**

Charitable donations from individuals overwhelmingly were identified as a revenue source for 98.7% of the 78 foundations for which data were obtained in this study. Nearly 85% of foundations received donations from corporations or other organizations. More than one-third of public school foundations (35.8%) provided donors with the option to submit their donations online.

Other sources of revenue identified among the 78 foundations included: special events/fundraisers (64.1%); investment income (50%); in-kind donations or volunteering (38.4%); endowments/trusts (30.7%); bequests/memorial gifts (28.2%); United Way designated donations (24.3%); grants (21.7%); stocks/securities (12.8%); payroll deductions (12.8%); and matching funds (10.2%).

The results of this study are consistent with the findings of other statewide studies that

found donations from individuals and organizations to be the most frequently reported as sources of funding, with other notable revenue sources including: corporate sponsorships, special events, grants, and endowments (Hyatt, 1992; Dietrick, 2009; Mummau, 2004; Cruser, 2012). Given the importance of individual and corporate/organization donations, Carlson (2011) speculated that the larger the foundation board the wider its sphere of influence and broader its scope of community knowledge that may positively impact revenue generation.

**Finding #18. Public school foundation funds were most frequently used to award teacher grants and student scholarships.**

The results of this study revealed that 76.3% of foundations awarded grants to teachers for classroom instruction, and 73.6% of foundations awarded scholarships to high school seniors. It also was found that foundations provided financial support for student field trips and student programs that are not part of the regular instructional program at schools (36.8%); student and staff materials and supplies (32.8%); support for special events or guest speakers (26.3%); professional development (22.3%); and recognition for professional achievements – Teacher of the Year awards or events (11.8%) and teacher awards (5.2%). STEM initiatives and fine arts programs and field trips were often listed among the types of student programs foundations were supporting financially.

A similar question in Mummau's 2004 study yielded the following results of how foundations assist school divisions: senior scholarships (62%), student equipment or supplies (38%), scholarships to students while still in school for educational activities (34%), funding of technology (34%), assistance to select K-12 courses and extra-curricular activities (30%), staff scholarships or reimbursement for study or travel (18%), providing facilities (6%), and salary increases or additional benefits for specific teaching or administrative positions (4%). Teacher

grants, which were found to be the most frequently awarded type of support in this study, were not listed as a separate type of assistance in Mummau's findings. Mummau did report that many of the student equipment or supplies were purchased "through mini-grants provided to classrooms or programs" (p. 65). Mummau referenced mini-grants a second time as a means to provide the staff scholarships or reimbursement identified in his findings. A more recent statewide study of Indiana public education foundations identified student scholarships, classroom supplies/equipment, and developing new/innovative programs as the highest ranked funding priorities of those foundations (Cruser, 2012).

**Finding #19. Public school foundation financial support reflected the needs of the school division or community at large.**

In response to the question about fund utilization, some respondents noted that the students in their communities needed clothes, food, and medical assistance; therefore, their foundations focus on these essentials. The priorities of another foundation shifted after a natural disaster caused widespread damage throughout the community, including the schools. As a result, it awarded "relief grants" to help schools purchase basic items such as bookcases, shelving, storage and other furniture for classrooms and offices. An official from another foundation noted that their support used to be solely to enhance existing funding; however, the continuing budget crisis for the school division has resulted in the foundation providing support for items that have been cut from the budget. Other respondents noted that their respective foundations hope to support more technology purchases and teacher grants in the future.

Brown et al. (2004) discussed a conceptual framework that described how civic capacity and school district capacity intersect to create conditions and outcomes that lead to school improvement or coordinated services for children and families as two examples. Dietrick (2009)

also observed that foundations are community-based organizations and are bound to be a reflection of what communities want for their local public schools. “It makes sense,” Dietrick wrote, “to expect that [education foundations] will, and should be different from one another, because they may be pursuing different strategies to meet the unique challenges of their particular schools, districts, or communities” (pp. 106-107).

**Finding #20. School divisions with a higher average daily membership (ADM) are more likely to be supported by a public school foundation.**

Based on March 31, 2013 data, the majority of Virginia’s public school divisions, 87 (or 65.9%), have smaller student enrollments and have an ADM of 5,000 or less students. The results of this study revealed that school divisions with the highest ADM in the state are more likely to be supported by a public school foundation. All five school divisions with the highest ADM (above 50,000) are affiliated with public school foundations. Eight of the 9 school divisions (88.8%) with an ADM between 20,000 and 30,000 are supported by public school foundations, and 10 of the 12 school divisions (83.3%) with an ADM of 10,000 to 20,000 students are supported by public school foundations. The data also indicated that more than one-third (37.3%) of the 91 school divisions identified as receiving foundation support have an ADM of 3,000 or less.

Mummau (2004) concluded that school division size did not appear to have an impact on whether or not a school division had a local education foundation. The ADM data from the 50 school divisions with foundations that reported membership data were as follows with the number of school divisions shown in parentheses:

- Less than 2,500 (13 or 26%)
- 2,500 – 4,999 (12 or 24%)

- 5,000 – 9,999 (6 or 12%)
- 10,000 – 24,999 (11 or 22%)
- 25,000 – 49,999 (4 or 8%)
- 50,000 or more (4 or 8%)

**Finding #21. School divisions with a local composite index (LCI) below the average value are equally likely to be supported by a public school foundation as school divisions with a higher local composite index (LCI).**

Data obtained from state budget documents indicated that LCI scores for the 2012-2014 biennium range from a low of 0.1826 to the highest score of 0.8000. The average LCI among the 132 public school divisions in Virginia was 0.3978. The results of this study revealed that nearly two-thirds (n= 59, 64.8%) of the 91 school divisions identified as being supported by public school foundations have a LCI below the average score of 0.3978, which means that they are among the localities found to have a lower ability to fund the required SOQ expenditures relative to other localities in the state. Similarly, 67.8%, or 87 of the 132 school divisions have a LCI below the average. Of the 45 school divisions with a LCI above the average score of 0.3978, 32 or 71.1% are supported by foundations.

Those school divisions without public school foundation support are among the majority of the school divisions in the LCI range of 0.6000 to 0.8000, which means the state's portion of required SOQ funding is reduced and the locality is required to expend more than the state. Of the 16 school divisions in this LCI range, 10 (or 62.5%) were not supported by a public school foundation. This study found that the majority of school divisions with the highest LCI score of 0.8000, six of the nine divisions (66.6%), were not supported by public school foundations.

Though a more advanced statistical analysis would be required to determine if the presence of public school foundations in Virginia contributes to fiscal inequities, Addonizio (1998) did examine multiple variables associated with Michigan's state school aid formula which, like Virginia's LCI, is designed to distribute state aid based on fiscal capacity. He concluded that the presence of local education foundations had "not measurably negated the state's efforts to reduce inter-district disparities through the reform of public funding mechanisms" (Addonizio, 1998, p. 14). Concerns about fiscal inequities and whether or not public school foundations circumvent school financing laws that level out inequities are debated in the literature (deLuna, 1995; Frankel & Frankel, 2007; Reich, 2005; Riley & Darling-Hammond, 2012; and Weiner, 1992).

**Finding #22. The majority of school divisions with the highest percent of actual expenditures above the required local effort (RLE) are not supported by a public school foundation.**

Data provided in state budget documents reveal that all 132 public school divisions in this study's population were found to spend in excess of the RLE for fiscal year 2013 with an average local support in excess of 81.70%. Neither of the two school divisions on either end of the range in excess of the required amount – 9.58% and 229.42% respectively – were identified in this study as being supported by a public school foundation. The results of this study revealed that a majority of school divisions (72.7%) that have actual expenditures more than 150% above the RLE are not supported by a public school foundation. Of the school divisions identified as receiving foundation support, nearly half (48.3%) have expenditures that are between 75% to 125% above RLE. Another 36.2% of school divisions receiving foundation support were found to have actual expenditures between 25% to 75% above what is required.

Widely reported in the literature is that public school divisions, like those in Virginia, are forced to supplement state funding with additional expenditures at the local level in order to provide what they deem to be a high quality educational program (Buhl and Rothman, 2011; Riley and Darling-Hammond, 2012). Researchers have concluded that public school foundations will continue to exist and be established as long as there are financial gaps to fill and unmet resource needs (Carlson, 2011; Culbertson, 2008; Cruser, 2012; deLuna, 2008; de Leon, Roeger, De Vita & Boris, 2010; Dietrick, 2009; Frazier, 1989; Hyatt, 1992; Merz & Frankel, 1995; Mortier, 1995, Mummau, 2004; Useem, 1999; and Woodworth, 2007).

**Finding #23. The majority of school divisions supported by a public school foundation had a local per-pupil expenditure below the state school division average.**

The lowest local per-pupil expenditure for fiscal year 2013 was \$1,406 and the highest local expenditure was \$16,136. The average local per pupil expenditure was found to be \$4,531. This study found that of the 91 school divisions supported by public school foundations, 59 school divisions (64.8%) were found to have local per pupil expenditures less than the average expenditure of \$4,531. Similarly, the majority of school divisions (65.8%) identified as not receiving foundation support had local per pupil expenditures of \$5,000 or less. However, 83.3% of the school divisions not receiving foundation support were school divisions with the highest local per-pupil expenditures - \$10,500 or more. Only one of the six school divisions in the highest range was found to receive foundation support.

Local per-pupil expenditures are a measurement associated with the wealth of a school division that has been considered in other research on education foundations. Woodworth (2007) reported that the per-pupil expenditures of the 42 foundations in her study ranged from \$5,040 to \$8,215. The range in expenditures is much smaller than the range of \$1,579 to \$14,008 for the



school divisions with foundations in this study. Woodworth (2007) concluded that the Indiana school districts that have associated school foundations fall fairly evenly distributed across the spectrum of per-pupil expenditures and that even distribution agreed with the findings in the literature, that across the nation there is a wide range of school district wealth represented by districts that receive support from school foundations.

**Finding #24. A majority of school divisions in locales described as cities or suburbs receive support from public school foundations.**

The results of this study revealed that school divisions located in the Virginia's suburbs and cities predominately receive foundation support. Fifteen of the 18 school divisions located in suburbs (or 83.3%) are supported by public school foundations, and 13 of the 16 school divisions in the VDOE's locale category of city (or 81%) are supported by public school foundations. Seventy percent of the 20 school divisions in the town category are supported by foundations. The school divisions in the rural locales are more evenly distributed with 53.8% identified as receiving public school foundation support, and 46.2% of rural school divisions without foundation support.

Mummau (2004) asked respondents to select the description for their school division and reported that of the 50 education foundations that responded to his study, 48% were rural, 38% were suburban, and 14% were urban.

**Finding #25. Public school foundations that reported the highest revenue had full-time paid staff and higher board memberships to support foundation operations and activities.**

Data were reviewed for the ten public school foundations in this study that reported the highest annual revenue for their respective tax years to determine if staff support and board size positively impacted revenue generation. Paid staff members were commonly found among the

foundations generating the most revenue with nine of the ten foundations identified as having at least one paid, full-time staff member. The foundation with the highest revenue had the most staff members (3), and it the highest number of voting members (27) on its foundation board. This study found that the average number of voting board members was 14.9; however, the board membership for the foundations with the highest revenue is 19.5 members.

The same variables were reviewed for the ten foundations in this study with the lowest reported annual revenue for their respective tax years. Only one of the ten foundations was known to have support staff, and it was one paid, part-time staff member. Of the eight foundations for which the number of voting board members was known, the average of 11.6 members was below this study's average of 14.9.

The results regarding high revenue generation support the findings of a Florida study (Carlson, 2011) that examined how K-12 education foundations in the state could be structured for generating revenues by analyzing individual and organizational characteristics, such as years of operation, the size of the education foundation's board of directors, private sector representation, executive director employment status, executive director fundraising experience and years as executive director. Carlson reported that the total number of board members and the fundraising activity level of the executive director were positively associated with revenue generation.

## **Implications**

In light of the findings of this research study, there are several implications that should be considered. Those implications are listed below.

**Implication #1. As the trend to establish public school foundations that support Virginia's public school divisions continues, the existing foundations should continue to review their**

**finances, organization, governance, and fund utilization to improve or alter their operations to maximize effectiveness.**

Reviewing and evaluating organizational infrastructure and outcomes are valuable practices for any organization that expects to continue to operate and fulfill its stated goals and mission. This study has described the many components of foundation operations and governance, which should be monitored continuously by stakeholders to ensure foundation success.

**Implication #2. School divisions or localities without public school foundations might consider exploring the option of a foundation as an alternative source of funding to support school division students and staff.**

This study provided an overview of public school foundation purposes, organization, and operations that could inform any future consideration of or planning for the establishment of a foundation. Appendix C of this study provides an additional resource to those considering the establishment of a foundation - a listing of known website addresses for existing public school foundations in Virginia - because most foundation websites were found to provide additional information about the history, governance, programs and initiatives, events, partnerships, and donation options.

**Implication #3. Legislators in Virginia's General Assembly or state government staff might consider revising the existing definition to be more easily understood by those directly involved with public school foundations and the citizenry at large.**

This study revealed some confusion among school division and foundation officials regarding the *Code of Virginia's* definition of public school foundations. Elected officials and representatives from state agencies might review other states' definitions of similar nonprofit

organizations to identify some alternative wording for Virginia's definition of public school foundations.

**Implication #4. School division representatives and foundation officials currently involved with public school foundations should review the size of their respective boards and the contributions of board members and consider whether or not board membership or responsibilities should be altered.**

Foundation boards were cited in the literature and in this study as important variables that impact the success of public school foundation efforts. The size of boards was frequently tracked in research studies and one study (Carlson, 2011) observed that the larger the board, the greater potential for networking with potential donors within the community. Foundations with smaller boards might consider increasing the size of their boards to maximize networking efforts that might lead to potential donors or volunteers. Additionally, a majority of the foundation websites listed in Appendix C were found to feature the board of directors and the presence of any related board committees. This information may help inform any decisions about the organization or responsibilities of foundation board members.

**Implication #5. Existing public school foundations might consider options to obtain the support of foundation staff – either as an additional cost to the foundation or through collaboration with the school division with which the foundation is affiliated.**

Some respondents to this study noted the value of having staff to support the foundation, and some revealed that their respective school divisions or foundations were considering hiring paid staff to support the foundation with fundraising, operations, and management. Stakeholders should also consider options to add foundation staff to the extent that compensation is available.

**Implication #6. Public school foundations should examine their presence online and how to effectively use websites and social media to provide information and generate revenue.**

This study found that many public school foundations in Virginia have their own websites or have a presence on school division websites to provide information to the public about their organizations, programs and initiatives, fundraising events, donor support, and donation opportunities. It was also found that foundation websites included content to inform the public of the fiscal challenges facing school divisions and localities and to persuade online visitors to contribute their resources, time, and talents to support the foundation and local schools. Some foundation websites included links to Facebook profiles for the foundation that offer another platform for communication and fundraising. Foundation officials and school division representatives should review how they may effectively use websites and social media channels to communicate with the public and to generate revenue.

**Implication #7. Statewide collaboration should be formally organized among the existing public school foundations to share best practices with respect to fundraising, organization, governance, staffing, and direct support to school divisions.**

Respondents to this study have noted that their individual public school foundations collaborate with their respective school divisions and vice versa and that some foundations are considering expanding their existing efforts. The sharing of best practices and helpful resources likely already occurs on an informal basis through networking or within regions; however, the formation of a statewide consortium or association may benefit public school foundations and school divisions alike.

## **Future Research**

The research on public school foundations is minimal, consisting of a patchwork of statewide studies and a few broader, national overviews. This study is only the second known study in Virginia to review the existence, purposes, finances, organization, and operations of the public school foundations in the state that support K-12 public school divisions. Additional research on public school foundations would support the growing base of knowledge of foundations and would identify practices, strategies, and structures to maximize foundations' potential. School divisions, public school foundations, and the various stakeholders involved in the establishment and maintenance of public school foundations would benefit from further research in the following areas:

1. Examine the origins of existing public school foundations to determine who or what prompted their establishment (e.g., parents, community members, alumni, school board members, school division staff, or a specific need or event).
2. Examine the reasons why school divisions do not have or no longer have public school foundations.
3. Examine the stages of organizational development and the evolution of public school foundations from their establishment through expansion, shifting priorities, periods of inactivity, and other possible stages of development.
4. Disaggregate the total foundation revenue and in-kind donations to further analyze the support foundations receive from various sources, such as community foundations corporate grants, alumni associations, restricted gifts, unrestricted gifts, corporate sponsorships, special events, and investments.

5. Analyze public school foundations' revenue in proportion to the total budget of the school divisions they support.
6. Examine how foundations manage their assets and build fund balances.
7. Identify and examine the most effective fundraising strategies for public school foundations and the factors said to hinder public school foundation fundraising.
8. Examine the methods used by foundations to solicit charitable donations (e.g. personal communication, direct mail, websites, social media) and assess their effectiveness.
9. Examine the role(s) of foundation board members and foundation support staff with regard to fundraising and managing foundation operations.
10. Assess the effectiveness of foundation board members and foundation support staff and identify the characteristics that contribute to the success of the foundation.
11. Examine the impact of paid foundation staff on the success of the foundation.
12. Identify the source and amount of foundation staff compensation.
13. Determine the factors that influence the success of public school foundations.
14. Identify and examine the specific goals of public school foundations, the foundations' goal-setting processes, and the measures or processes used by foundations to determine if foundations are effective in meeting their goals.
15. Examine how foundation boards make decisions about the distribution of foundation funds to support school divisions, individual schools, students, and staff.
16. Identify and describe the specific student programs and student activities that foundations establish or underwrite and assess the effectiveness and impact of programs and activities on students.

17. Examine the types and purposes of grants that foundations award to teachers and schools and evaluate the impact of the grant-funded activities, programs, materials, etc.
18. Assess the community relations and public relations implications and outcomes of public school foundations.
19. Identify the advocacy efforts of public school foundations and assess the effectiveness of those efforts.

### **Summary**

This chapter provided the study's findings, implications, and suggestions for future research. The results of this study indicate that the amount of public school foundations in Virginia has increased within the past decade, and they can be found supporting school divisions throughout the state. Though this study found commonalities among foundation purposes, funding sources, and support to school divisions, the results also showed that foundations have a wide range of board memberships, revenue, expenses, and fund balances. Additionally, the school divisions they support span the ranges of student membership, local wealth, SOQ expenditures, per-pupil expenditures, and locale descriptions. The implications for the various stakeholders involve determining how to maximize the potential of public school foundations through more formalized statewide collaboration and finding how to best share resources and strategies. Despite the varying sizes and finances of foundations across Virginia, there are best practices that could benefit all if shared.

It appears that public school divisions will continue to face dwindling or stagnant financial resources for the foreseeable future, and the need for additional funding to avoid continued cuts to programs, personnel, and resources will persist. Therefore, the continued research of public school foundations as a means for communities to support their local school



divisions with financial and human resources has merit. Future studies that conduct a more advanced analysis of the variables that bolster or hinder foundations' effectiveness and success will enrich the baseline data collected in this study and deepen the existing knowledge base regarding public school foundations.

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Appendix A: Institutional Research Board Training – Certificate of Completion



## Appendix B: Institutional Research Board Letter of Approval



Office of Research Compliance  
 Institutional Review Board  
 North End Center, Suite 4120, Virginia Tech  
 300 Turner Street NW  
 Blacksburg, Virginia 24061  
 540/231-4606 Fax 540/231-0959  
 email irb@vt.edu  
 website <http://www.irb.vt.edu>

**MEMORANDUM**

**DATE:** December 11, 2013  
**TO:** Carol S Cash  
**FROM:** Virginia Tech Institutional Review Board (FWA00000572, expires April 25, 2018)  
**PROTOCOL TITLE:** Public School Foundations Supporting K-12 Public School Divisions in Virginia  
**IRB NUMBER:** 13-1124

Effective December 11, 2013, the Virginia Tech Institution Review Board (IRB) Administrator, Carmen T Papenfuss, approved the New Application request for the above-mentioned research protocol.

This approval provides permission to begin the human subject activities outlined in the IRB-approved protocol and supporting documents.

Plans to deviate from the approved protocol and/or supporting documents must be submitted to the IRB as an amendment request and approved by the IRB prior to the implementation of any changes, regardless of how minor, except where necessary to eliminate apparent immediate hazards to the subjects. Report within 5 business days to the IRB any injuries or other unanticipated or adverse events involving risks or harms to human research subjects or others.

All investigators (listed above) are required to comply with the researcher requirements outlined at:

<http://www.irb.vt.edu/pages/responsibilities.htm>

(Please review responsibilities before the commencement of your research.)

**PROTOCOL INFORMATION:**

Approved As: **Exempt, under 45 CFR 46.110 category(ies) 4**  
 Protocol Approval Date: **December 11, 2013**  
 Protocol Expiration Date: **N/A**  
 Continuing Review Due Date\*: **N/A**

\*Date a Continuing Review application is due to the IRB office if human subject activities covered under this protocol, including data analysis, are to continue beyond the Protocol Expiration Date.

**FEDERALLY FUNDED RESEARCH REQUIREMENTS:**

Per federal regulations, 45 CFR 46.103(f), the IRB is required to compare all federally funded grant proposals/work statements to the IRB protocol(s) which cover the human research activities included in the proposal / work statement before funds are released. Note that this requirement does not apply to Exempt and Interim IRB protocols, or grants for which VT is not the primary awardee.

The table on the following page indicates whether grant proposals are related to this IRB protocol, and which of the listed proposals, if any, have been compared to this IRB protocol, if required.

*Invent the Future*

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY  
*An equal opportunity, affirmative action institution*

Appendix C: Virginia Public School Foundation Websites  
(as of April 22, 2014)

Amherst County Public Schools Education Foundation

[http://www.amherst.k12.va.us/pages/parents/parent-student\\_ed-found.php](http://www.amherst.k12.va.us/pages/parents/parent-student_ed-found.php)

Bedford Area Educational Foundation

<http://bedfordeducation.com>

Botetourt Education Foundation

<https://sites.google.com/a/bcps.k12.va.us/botetourt-education-foundation/home>

Bristol Virginia Public Schools (BVPS) Education Foundation

<http://www.bristolvaschools.org/new/Foundation/Foundation.htm>

The Blues Education Foundation

<http://www.bvcps.net/the-blues-education-foundation>

Caroline County Public Schools Education Foundation

<http://www.ccps.us/community/foundation/>

Charles City Educational Foundation

<http://www.cccef.net>

Chesapeake Public Schools Educational Foundation

<http://www.cpsef.org>

Chesterfield Public Education Foundation

<https://cpefound.org>

Clarke County Education Foundation

<http://www.ccefinc.org>

Colonial Beach Education Foundation

<http://www.colonial-beach-virginia-attractions.com/education-foundation.html>

Cumberland County Public Schools Education Foundation

<http://ccpsfinc.org/index.php>

Danville Public Schools Educational Foundation

<http://www.dpsef.net>

The Foundation for Fairfax County Public Schools

[http://www.fcpsfoundation.org/about\\_us.html](http://www.fcpsfoundation.org/about_us.html)

Falls Church Education Foundation

<http://www.fcedf.org>

Fluvanna Education Foundation

<http://fluvannaeducationfoundation.org/index.html>

Frederick County Educational Foundation

<https://sites.google.com/a/fcpsk12.net/fcef/home>

Galax Foundation for Excellence in Education

<http://www.galaxedfoundation.org/index.htm>

Gloucester County Public Schools (GCPS) Educational Foundation

<http://gets.gc.k12.va.us/SchoolBoard/GCPSEducationalFoundation/tabid/12517/Default.aspx>

Goochland Education Foundation

<http://www.goochlandedu.org>

Greene Education Foundation

<http://www.greeneeducationfoundation.org>

Halifax County Public Schools Education Foundation

<http://www.hcpsef.org>

Hampton Education Foundation

<http://www.hampton.k12.va.us/HEF/hef.html#.U1cmysZte3V>

Hanover Education Foundation

<http://www.hefhanover.com>

Harrisonburg Education Foundation

<http://www.harrisonburg.k12.va.us/Community/Harrisonburg-Education-Foundation>

Henrico Education Foundation

<http://henricofoundation.org>

Hopewell Public School Foundation

<http://www.hopewell.k12.va.us/education/school/school.php?sectiondetailid=4757&>

Education Foundation for Isle of Wight County Public Schools

<http://www.iowfoundation.org>

King William Public Schools Education Foundation

<http://www.kwauditorium.org/about.html>

Loudon Education Foundation  
<http://lef-va.com/index.html>

Louisa Education Foundation  
<http://www.louisaeducationfoundation.org/index2.html>

Lynchburg Education Foundation  
<http://www.lcsedu.net/community/education-foundation>

Madison County Education Foundation  
<http://www.madisonedfoundation.org>

Manassas City Public Schools (MCPS) Education Foundation  
<http://www.mcpsedfoundation.org>

BELL – The Education Foundation for Manassas Park City Public Schools  
<http://bell.mpark.schooldesk.net/Home/tabid/21085/Default.aspx>

Montgomery County Educational Foundation  
<http://www.montcoef.org/index.php>

New Kent Educational Foundation  
<http://www.nkeducationalfoundation.org>

Newport News Education Foundation  
<http://sbo.nn.k12.va.us/overview/nnef.html#board>

Norfolk Education Foundation  
<http://norfolkedfound.org>

Northampton County Education Foundation  
<http://www.ncef.info/about.html>

Orange County Education Foundation  
<http://www.ocedfoundationva.org/default.htm>

Page County Public Education Foundation  
<http://eclipse.pagecounty.k12.va.us/pcpef/index.html>

Patrick County Education Foundation  
<http://www.patrickfoundation.net>

Poquoson Education Foundation  
<http://www.pefva.org>

Portsmouth Schools Foundation

[http://pps.k12.va.us/about\\_pps/schools\\_foundation/](http://pps.k12.va.us/about_pps/schools_foundation/)

SPARK – The Education Foundation for Prince William County Public Schools

<http://www.poweredbyspark.org>

Pulaski County Public Schools Education Foundation

<http://pulaskiedfoundation.org>

Radford High School Foundation

[http://www.rcps.org/apps/pages/index.jsp?uREC\\_ID=220054&type=d&pREC\\_ID=483850](http://www.rcps.org/apps/pages/index.jsp?uREC_ID=220054&type=d&pREC_ID=483850)

Headwaters (Rappahannock County)

<http://www.headwatersfdn.org/about-headwaters/>

Roanoke County Education Foundation

<http://www.rcs.k12.va.us/edfound/>

Roanoke City Public Schools Education Foundation

[http://school-](http://school-board.rcps.info/modules/groups/group_pages.phtml?gid=1515465&nid=130322&sessionid=99591d60681c0368c97ed8daf0a025b4)

[board.rcps.info/modules/groups/group\\_pages.phtml?gid=1515465&nid=130322&sessionid=99591d60681c0368c97ed8daf0a025b4](http://school-board.rcps.info/modules/groups/group_pages.phtml?gid=1515465&nid=130322&sessionid=99591d60681c0368c97ed8daf0a025b4)

Rockbridge County Public Schools Foundation

<http://rockbridgeschoolsfoundation.org>

Rockingham Educational Foundation

<http://rockinghameducationalfoundation.org>

Salem Educational Foundation and Alumni Association

<http://www.sefandaa.org/index.html>

Shenandoah Education Foundation

[http://www.shenandoah.k12.va.us/instruction/shenandoah\\_education\\_foundation](http://www.shenandoah.k12.va.us/instruction/shenandoah_education_foundation)

Spotsylvania Education Foundation

<http://www.sef4education.org>

Stafford Education Foundation

<http://www.staffordeducationfoundation.org>

Suffolk Education Foundation

<http://www.suffolkeeducationfoundation.org/word/>

Virginia Beach Education Foundation

[http://www.vbschools.com/volunteers/educ\\_found/index.asp](http://www.vbschools.com/volunteers/educ_found/index.asp)



Warren County Educational Endowment  
<http://www.wceducationalendowment.org>

Winchester Education Foundation  
<http://wineducation.com>

Wythe County Public Schools Foundation for Excellence  
[http://www.wytheexcellence.org/Home\\_Page.php](http://www.wytheexcellence.org/Home_Page.php)

York Foundation for Public Education  
<http://yorkcountyschools.org/yfpe/>

