

Seven Studies in Education Philanthropy

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The Thomas B. Fordham Foundation asked experts to share their knowledge and ideas on topics related to effective education philanthropy. Here are seven papers that answer some of philanthropists' most important questions in the education reform arena.

When Education Philanthropy Goes Awry, by Bruno Manno & John Barry

Much like philanthropy in general, giving to K-12 education has been on a growth spurt over the last few years. According to the Foundation Center, K-12 education received more than \$844 million in donations in 1999, a nine-percent increase over the previous year.

Yet it would be a mistake to conclude from all this largesse that K-12 education philanthropy is robust and healthy. It would be more accurate to say that it is wracked by doubts. Reforming schools and school systems, it turns out, is an enormously difficult task. Two students of education philanthropy have compared the job of reforming urban education to the challenge faced by Sisyphus, the mythical king of Corinth who was "condemned to roll a heavy boulder up a hill in Hades, only to have it roll back down as he neared the top." The field is replete with examples of well-intentioned but misdirected grants that barely ease-and sometimes exacerbate-the challenges facing our elementary and secondary schools, especially those in our inner cities.

To conduct an encyclopedic review of foundation activity in this area would take decades. Instead, we propose in this essay to examine the K-12 education funding of three foundations that play leadership roles in this world. We will look at the Ford Foundation, the third largest foundation in the country with an endowment of almost \$10 billion, the Annie E. Casey Foundation, the fourteenth largest foundation with an endowment of \$3.6 billion; and the Edna McConnell Clark Foundation, the sixty-ninth largest foundation in the land with an endowment of \$712 million.

No foundation is typical. Thus, we will be cautious about drawing universal conclusions from the experiences of three funders. Yet these three foundations were all involved in some of the most ambitious education-reform initiatives of the last several decades. These were marked by careful planning, relatively long-term commitments of both time and money (at least by the standards of contemporary philanthropy), and a serious effort to analyze and draw conclusions about the projects' success or failure. Thus, the results of these endeavors are worth attending to as a host of fresh efforts to reform urban schools are being carried out by philanthropy in the new century.

Ford Foundation

In an influential 1950 planning document, Ford made it clear that it had strong ideas about the role of education in American life: "Even in this country persons of all races and colors do not

have equal access to education. The advantages of education are also walled off behind economic barriers.... The poorer families, and those composed of members of our minority groups, are the ones most urgently requiring educational opportunity to improve their economic and cultural status. Yet they are the very ones against whom these educational barriers loom highest, and in consequence their cultural and economic inequalities tend automatically to be inherited."

Ford's first director, Paul Hoffman-the first administrator of the Marshall Plan-appointed Robert Maynard Hutchins, a controversial former University of Chicago president, to design the foundation's education programs. These first took shape under the auspices of two quasi-independent arms of the foundation called the Fund for the Advancement of Education (FAE), which was endowed in 1951 with \$50 million, and the Fund for Adult Education. (The latter fund did not deal with K-12 education and so will not be discussed here.) FAE's overarching goal was to promote academic achievement in the schools and equal educational opportunity for African-Americans. Over the next several years, it worked to achieve these goals by promoting access to education for African-Americans, particularly in the South; by lobbying for public support for more equal financing of education; and by funding efforts to promote better teacher training and improved educational facilities.

In 1953, working with the New York City Board of Education, Ford began a pilot program in seven schools in Manhattan and the Bronx that aimed to improve race relations by promoting the assimilation of immigrants in urban communities. The program would do so by bringing local organizations, especially settlement houses, into an alliance with the schools. The program, meant to help American blacks, seems to have been misguided from the start in that it approached the problems of blacks as if they were the same problems faced by recent immigrant groups. Possibly the program's most enduring impact was to catch the attention of the United States Congress, which led to the convening of the Reece Committee in 1954, which charged Ford (and FAE) with "fostering domestic subversion through their undue influence over the educational system." Though Congress took no formal action against Ford, the investigation made the foundation much more cautious. Ford President H. Rowan Gaither (who had succeeded Hoffman in 1953) had the Foundation reabsorb and establish control over FAE.

In 1956, Gaither was succeeded by Henry Heald, an educator and former president of New York University. For the next few years, Ford would avoid funding projects apt to stir up controversy, especially with regard to race. But under the guidance of several new program officers, including W. McNeil Lowry of the Arts and Humanities Program and Paul Ylvisaker of the Public Affairs Program, it quietly began developing a new, activist approach to grantmaking that would make the foundation an important participant in urban reform efforts in the 1960s and 1970s.

According to the historian Alice O'Connor, "The new approach was more concerned with direct social action than with detached academic research, and featured demonstration projects; applied, pragmatic expertise; a search for 'strategic' points of intervention; and the kind of labor-intensive networking that would bring notice in federal policy circles. It also called for a particular kind of program officer, the skilled, politically astute negotiator rather than the 'philanthropoid' with academic credentials. Finally, it revolved around a distinctive, well-articulated reform vision that sought to position the foundation as a 'catalytic force' for social change." To avoid controversy, these new efforts would focus on geographic areas (e.g., rural

and urban-or "gray"-areas) rather than specific social issues (e.g., discrimination or segregation). In the foundation's education programs, this meant that comprehensive systemic or district-wide programs were to be preferred over reforms focused on individual schools.

In 1960, the foundation launched the Comprehensive School Improvement Program (CSIP), a series of grants to ten cities to encourage a wide variety of innovations concerning curriculum and program development, teacher training, and the use of new technologies (such as television) in the classroom. According to the Foundation, the program sought to create "the capability of bringing together a sufficient number of the new practices to create a critical mass-a chain reaction of change that would overcome the inertia of school systems and produce significantly different educational institutions." The foundation sought to apply this notion to as large a unit of the school system and to as many different types of schools-rural, suburban, and urban-as possible with the hope that the resulting "chain reaction would be of such magnitude that it would encourage changes in school systems which were not part of the program."

The foundation established an "elaborate process of 'constant evaluation,' cross-site conferences and frequent site visits that accompanied the grants," hoping that, if successful, the program would provide grounds for both more ambitious experimentation and future funding of successful experiments by the federal government (through programs like Title I and Head Start). CSIP ran through the 1960s, gradually expanding to include 25 projects and more than \$30 million.

Ford's most memorable effort at school reform during this period (and possibly ever) took place in New York City in 1968. McGeorge Bundy, a former Kennedy and Johnson aide who had been appointed the Foundation's president in 1966, signed on as an advisor to New York Mayor John Lindsay, who aimed to decentralize New York City's schools in the hopes of increasing their flow of state revenue. In the spring of 1967, with the cooperation of the United Federation of Teachers (UFT), the school superintendent, and local community groups, Ford funded a three-site experiment that was intended to pave the way for city-wide decentralization. The pilot sites were in East Harlem, the Lower East Side of Manhattan, and the Ocean Hill-Brownsville (OHB) district of Brooklyn. If Lindsay was mostly interested in the money, Ford saw the experiment as a way to test some of its theories about what was to be referred to as "community control."

Of the three sites, OHB made the fastest progress and was up and running by the summer of 1967. Its leaders soon concluded that real community control over schools should also mean control over budgets and decision-making, including the power to hire and fire teachers and principals. Thus began the crumbling of the experiment's coalition. The UFT fought to protect its members whenever community groups tried to fire or reassign them. To protest an effort to reassign some teachers, the UFT struck during the first two weeks of the new school year. The most vocal community organizations-militant civil-rights groups such as the Brooklyn Congress for Racial Equality-responded by increasing their demands. As emotions among the various groups heated up, they looked to Ford for support.

In April 1968, the tensions began boiling over. The legislature was on the verge of approving a decentralization plan that didn't give the local governing boards total control. As part of a desperate assertion of control, the board of OHB recommended the firing of thirteen teachers,

five assistant principals, and a principal. In response, the UFT launched an aggressive legislative lobbying effort against decentralization, dooming any chance the bill might have had. As the fall term approached, the principal of OHB hired 350 teachers to replace UFT members who had walked out in the spring. The UFT was outraged, and when school opened, 54,000 of the city's 57,000 teachers staged a two-day strike, ended by a compromise with the Board of Education. Two other strikes followed, with the last of these ending on November 17. Among other direct results, the UFT teachers who wanted to be were reinstated and OHB was placed under the control of a state trustee and its governing board was suspended. In the broader scheme of things, as the education historian Diane Ravitch emphasizes, the conflict was costly for all the groups involved, and especially so for Ford. As the foundation scholar Waldemar Nielsen emphasizes, "much of the blame ... was put on Bundy and the foundation for the role they played." The episode would be a prominent part of the Congressional indictment of foundations that led to the passage of the Tax Reform Act of 1969, which would tax and regulate the financial and grantmaking activities of foundations for the first time. The reputation of Ford and its leader, Bundy, were, needless to say, severely tarnished.

While Bundy was reportedly troubled by this episode, and the effect that it would have on his reputation (which was already tarnished by public revelations about his role in the planning of the war in Vietnam), the foundation began an effort to discern some lessons from its experiences in K-12 education. In 1972, the foundation published a report, *A Foundation Goes to School*, that aimed to come to terms with the approach to education reform the foundation had promoted in CSIP. (The report was silent, however, on the school decentralization effort.) Edward Meade, a former Ford education program officer, summarizes the conclusions of the report: "The study found that, despite remarkable individual efforts, generally the projects did not firmly establish innovations in practice or produce widespread improvement in the quality of educational programs. Moreover, it concluded that even if the programs had adopted an even more 'comprehensive' and coherent approach, they would have been unlikely to achieve more than they did." According to Meade, the central problem was that the programs failed to grapple with the complexity of improving schools and it failed to acknowledge the necessity of addressing both the quality of the schools themselves and the socioeconomic and political environments in which schools function.

With the conclusions of *A Foundation Goes to School* in mind, Ford set out in the 1970s to place more emphasis on questions of equity—specifically with regard to school finance—school desegregation, the rights of women, affirmative action, and access to schooling as a right. Meade explains the rationale: "First, and most important, is the fact that justice for the broader society is simply right. Also, the quality of justice in the broader society inevitably affects its schools. Finally, improving the quality of schooling depends substantially on the equity present in the schools and in the system itself."

In 1980, given the increasing convergence of the foundation's interests in education and urban problems, Ford consolidated its program on public education and its programs on human services and community development under the rubric of its Urban Poverty Program. Many of the projects from this program were focused on inner-city high schools in order to support the foundation's other activities in youth employment and pregnancy prevention. In 1981, Ford began a program, the City High School Recognition Program, which aimed to draw attention to

high schools that were making progress in academic and other areas. Meade explains: "The goal was a simple one, namely, to give recognition and public visibility to the teachers, administrators, other staff, students, and parents in these schools for their efforts to make their schools better overall than they had been in past years.... No claim was made that the schools so recognized were 'models' or were 'excellent,' but they were clearly improving significantly and across many aspects of urban school life and expectations."

In the 1980s, Ford also funded a five-city school-improvement effort along the lines of CSIP, though the program was focused on making improvements in particular schools (rather than entire systems) through an emphasis on site-based management and the creation of "alternative" and magnet programs and schools. The foundation also began to encourage the creation of "collaboratives," programs in which schools become "partners" with social service organizations, business, and government agencies in order to increase the number of services that they can provide for their students. The resulting Urban Schools Dropout Prevention Collaborative Program made grants to projects in 21 cities. Its goal was to create collaboratives "made up of persons representing places and resources that could play a part in building programs, practices, and policies to complement and enhance the capacities of schools to prevent dropouts." The projects lasted three to five years and, it seems, made little difference in terms of dropout rates. However, they were deemed a success by the foundation insofar as they alerted their communities to the complex and difficult nature of problems confronting young people. From these and other programs of the 1980s, according to Meade, the foundation would draw the following lesson: "Today, we know better than we did that a child's educational progress is related to and often dependent on the condition of other aspects of his or her life-health, family, neighborhood, and so forth."

In 1988, education moved from the Urban Poverty Program to the new Education and Culture Program, in order to place more emphasis on the foundation's funding of higher education and to extend the foundation's funding focus to include rural schools. In 1996, the foundation appointed a new president, Susan Berresford, who had spent most of her career there. Ford's most significant educational effort in the 1990s was a program called Project GRAD (Graduation Really Achieves Dreams). Begun in 1992 in Houston, Project GRAD provides college scholarships to students who do well in high school. But to ensure that students don't drop out before they get a chance to use the scholarship, it offers extensive academic support to students not only in high school but through grade and middle school as well. In Houston alone, the program involves 36,000 students in 54 schools. Project GRAD programs now also exist in Los Angeles, Atlanta, Newark, Columbus, and Nashville.

Whatever success Ford had in the 1990s in its education reform efforts, the foundation now seems to acknowledge that the systemic-reform approaches it has pursued for decades may not have been the best approach. In an interview in 2000, Berresford noted: "It is striking that after more than a decade of school reform efforts, few programs were studied carefully as to learning gains, not just what people did-the input-but the outcome. And of those that were studied, it's striking how few showed the results that one really wanted. After some involvement with that, Ford drew back, and said we were not going to be putting new money into local education reform until real evidence of success begins to be accumulated." Annie E. Casey Foundation

The Annie E. Casey Foundation was established in 1948 by Jim Casey, one of the founders of United Parcel Service, and his brothers and sister, who named the philanthropy in honor of their mother. Throughout most of its history, the foundation focused on providing long-term foster care for children with particularly troubled lives. In the mid-1980s, the estate of Jim Casey increased the foundation's assets dramatically. Today, with assets totaling more than \$3 billion, Casey is the nation's largest philanthropy dedicated exclusively to disadvantaged children.

Following the expansion of the foundation's assets, Casey's trustees and staff began to expand the foundation's work on behalf of these children by devising a grantmaking strategy that targeted the causes and conditions that put large numbers of children at risk. This focus-on deep, systemic reform was a consequence of Casey's view that human services, especially in low-income urban areas, were frequently fragmented, isolated, needlessly complex, and often incapable of meeting the multiple needs of children and families.

New Futures was the first of the Casey Foundation's now familiar long-term, multi-site initiatives aimed at reforming public policies and improving the effectiveness of major institutions serving children and their families, with the hope that these demonstrations would create a new model for how government should act to improve the lives and futures of poor families. Like Ford, Casey saw itself as doing research and development work for the government, cutting a path for government to follow.

Launched in 1988, New Futures was an ambitious five-year plan to prepare disadvantaged urban youth for successful lives as adults. Designed in response to the alarming problem of "at risk" young people—defined as those "most likely to drop out of school, to be unemployed, and/or to become teenage parents"—New Futures was unusual, if not unique, among children's initiatives in the late 1980s. Its goals were 1) to improve the basic academic skill level of at-risk students; 2) to increase school attendance and graduation rates; 3) to decrease youth unemployment and inactivity; and 4) to reduce the incidence of adolescent pregnancy and teen parenthood. According to one of the New Futures reports, cities involved in the project were asked to "engage in deep system change in order to create more effective interventions, supports, and practices capable of producing better outcomes for at-risk middle- and high-school-age youth."

New Futures assumed, first, that improving prospects for low-income children and families required collaboration among the many agencies serving them and the community's political and business leaders. A second assumption was that involving all of a given city's "movers and shakers" would create a strong political impetus for reform. Both these assumptions necessitated the development of collaborative governing structures that would have the political authority to pool funding and programs and make decisions across youth-serving systems. This would presumably enhance the flexibility and discretion of those working to deliver services in the participating local communities. Similarly, like Ford, Casey set out to design structures that might inform the way government should work.

Finally, project designers believed that collecting and publicizing reliable data from schools, health, and social-service agencies would create a shared understanding of the problems that existed for youth and families. This vision would facilitate the development of common solutions to these problems and to agreement on genuine accountability measures that would track

progress in improving outcomes for children and families. This approach would also provide an incentive for and a measure of the local community's commitment to continuous improvement and reform over the life of the initiative and beyond. Gathering, analyzing, tracking, and sharing information about children and families was deemed central to ensuring that communities would be held accountable for meeting specific goals.

In short, rather than evaluating programs on the basis of the number of persons served or services provided, the focus would be on results achieved. Over the long term, the progress of New Futures would be measured by improved school achievement, a decrease in the dropout rate, and a corresponding increase in the graduation rate; a reduction in the incidence of adolescent pregnancy and parenthood; and a lessening of youth unemployment after high school.

In 1987, the Foundation invited ten medium-sized cities to apply to be part of the \$50 million New Futures venture. Each of the ten cities received a \$20,000 planning grant. After a yearlong planning and selection process, the foundation chose five of these cities from the original ten—Savannah, Georgia; Little Rock, Arkansas; Dayton, Ohio; Pittsburgh, Pennsylvania; and Lawrence, Massachusetts—as its New Futures partners. With the exception of Lawrence, which (at the foundation's recommendation) withdrew from full participation after about 18 months, the cities received five-year grants ranging from \$7.5 million to \$12.5 million to support a top to bottom restructuring of the way they planned, financed, and delivered educational, health, and other services to at-risk youth. The cities were required to match the foundation funds with a combination of "new money" and locally redeployed funds. Although relatively small when compared to city budgets for education and human services, the grants were large enough to make New Futures a highly visible and much discussed initiative across the philanthropic world.

In 1993, no-cost extensions were offered to all of the cities, which extended the period of New Futures beyond June 30, 1993. In addition, the Foundation reviewed the progress of each site and awarded an additional \$1 million over two years to Savannah and Little Rock.

Unlike most foundation initiatives, Casey was committed from the start of New Futures to a rigorous independent evaluation of this initiative. It hoped that a candid, accessible review might provide useful insights for others committed to improving outcomes for at-risk children and youth, as well as for later Casey initiatives. The resulting evaluation, *Building New Futures For At-Risk Youth: Findings From A Five-year Multi-Site Evaluation*, was prepared by the Center for the Study of Social Policy. It examined the positive and negative implications of the original five-year initiative. The Foundation has published other reports on this project, along with many volumes of mid-course documentation. *The Path of Most Resistance*, the Foundation's own candid assessment of New Futures, was released in 1995 and was widely distributed. Finally, in 1997, 10 years after its inception, the Foundation published *The Eye of the Storm: Ten Years on the Front Lines of New Futures*, a conversation with the individuals who oversaw the two most successful New Futures sites.

As they grappled with implementing New Futures, Casey staff and New Futures leaders discovered its power, its limits, and a paradox at its heart. Casey President Douglas W. Nelson is frank about the major design flaw: "We all assumed that somebody somewhere knew what a

comprehensive, community-based integrated support system really looked like," Nelson recalls, "and we were wrong."

None of the New Futures cities made measurable improvements in the project's five years. Just assembling a local leadership collaborative proved an enormously difficult and intensely political task. Systemic reform was tougher still. New Futures projects were busy putting case managers in schools, setting up health clinics, promoting education reform, and developing school-to-work initiatives. But the public systems that were originally the objects of change were ignored and left intact. Less than two years into the process, leadership divisions led the city of Lawrence to withdraw from the project. Pittsburgh's entire collaborative resigned in the third year. Tensions with school leadership plagued Dayton and Savannah, while Little Rock struggled to bring its business community on board.

Still, Savannah and Little Rock did show modest success in achieving some of the New Futures goals. The Chatham-Savannah Youth Futures Authority zeroed in on the city's poorest neighborhood and built an array of community-based supports that included a family resource center to house a wide range of health and social services. New Futures for Little Rock Youth evolved into a forum for community problem solving, helping the city pioneer a youth development strategy that brought new institutions—churches, businesses, neighborhood groups—into a realm that had been dominated by conventional social-service providers.

Even after New Futures officially ended, the Casey Foundation acknowledged the successes of these two sites by maintaining support for them. Both projects continue today, with strong local support and much of their original leadership intact.

One lesson the foundation drew from this effort to reform the education system was that for such an approach to succeed, the system must, to some extent, be open to the idea of being reformed. Otis Johnson, director of the Savannah Youth Futures Authority, says: "We found limits to our strategy, right away. School districts, for instance, have an independent revenue source, and an independent governance structure. They all thumb their noses at collaboration.... It takes an enormous amount of public exposure and political and moral persuasion to move a school district. Ultimately, it took us years."

Finding superintendents open to the idea of reform was a particular example of this problem. Don Crary, Executive Director of Little Rock New Futures, said, "With all the big leaders there's a culture of 'you scratch my back and I'll scratch yours.' Part of the flaw was expecting them to hold each other accountable. School superintendents actually have a lot in common with the mayor and the city manager and public agency leaders, all of whom depend on the public perception that things are going well and there are good people in charge. It's very unlikely the mayor is going to oppose a school bond measure, for instance, because the school board and the superintendent aren't doing a good job. Because next year, he'll be going after his bond issue, and he'll need their support. They tend to rally around each other more than criticize."

A second major lesson learned by Casey was the importance of social relationships and networks, "social capital," and neighborhood-based economic development when working in poor urban areas. In the words of a report on New Futures, foundations intent on systemic reform

must try and build "social capital and community-helping networks, not simply deliver services...[and] build in a jobs and economic development component, recognizing, as New Futures cities learned, that services alone can't lift poor neighborhoods out of poverty." Edna McConnell Clark Foundation

Originally created as a small family foundation by the daughter and son-in-law of the founder of the Avon cosmetics company, the Edna McConnell Clark Foundation received a donation of \$146 million in Avon stock in 1969. Today, it is the sixty-ninth largest foundation in the country with some \$700 million in assets. Clark began serious grantmaking in the early 1970s in four broad areas: the poor, children, elderly, and the developing world. But because of the dominance of the family members, there was little focus to the grantmaking other than on family members' pet issues. According to foundation analyst Waldemar Nielsen, "It has been one of the paradoxes of the Clark Foundation that although family members have dominated it, have endlessly quarreled among themselves, and have had generally miserable relationships with staff, they have at the same time wanted to address urgent problems and to 'make a difference.'"

In the 1980s, under the leadership of John Coleman, a former president of Haverford College, the Foundation shifted its programming into five areas, three that evolved out of its original emphases (children, justice, and tropical-disease research), and two new funding areas, disadvantaged youth (renamed the Program for Student Achievement in 1994) and homeless families. Based on the belief that it would be difficult for a foundation of this size to make an impact without specializing in a narrow issue or range of issues, Clark developed an approach to grantmaking that involved sharply worded and narrowly designed goals. This approach bore fruit for the foundation most famously in the litigation it sponsored to deinstitutionalize the mentally ill and to protect the rights of prison inmates.

The foundation pursued its interests in the education of disadvantaged youngsters by focusing on middle schools. Beginning in 1989, Clark embarked on an ambitious project to improve 12 troubled middle schools in Baltimore, Louisville, Milwaukee, San Diego, and Oakland (which had been selected from proposals from 20 districts). The sense within the foundation that its intentions and goals ought to be sharply defined seems to have been lost by this time, for the project had three purposefully broad goals: "high expectations, high content, and high support." M. Hayes Mizell, the director of Clark's Program for Student Achievement, explains the logic behind this: "we were not attempting to propagate a specific model for school improvement. We believed that ultimately school systems and schools had to chart their own course towards creating middle schools that would successfully engage all students in academic work." These goals were operationalized as four objectives: Students would 1) complete the middle grades curriculum on time; 2) exhibit mastery of higher-order reasoning, thinking, and comprehension; 3) exhibit improved self-esteem and attitudes toward school resulting from interaction with adults; and 4) understand how different curricula can affect their career and/or post-secondary education options and select programs of study that will enable them to pursue their choices.

In 1995, the foundation published *Believing in Ourselves*, an evaluation of the program, admitting that the results were far from good. After five years and almost \$10 million, only two of the five districts had made any systemic progress at all. Six of the twelve schools had made some progress in terms of student achievement, but the other six made little headway or were

doing worse. Mizell concluded that the program's major problem was that its goals lacked specificity: "We believe that if teachers and parents are clearer about the desired academic results of students' middle school education, there is greater potential for collaborations to help young people achieve that goal." He emphasized that the foundation still believed in systemic reform but said that, in the future, it would place greater emphasis on clear, rigorous educational standards, along with improved professional development and support for teachers and principals and greater involvement of higher education institutions.

Based on these conclusions, in 1995 the foundation embarked on a project more narrowly focused on academic achievement. Clark made grants to six school systems-Chattanooga, Corpus Christi, Long Beach, and Minneapolis, as well as Louisville and San Diego retained from the 1989-1995 project-to establish district-wide content and performance standards. The project aimed to get these districts to commit to specific quantitative goals in math, science, language arts, and social studies for student completing grade eight by 2001. In terms reminiscent of Casey's approach, Mizell noted at the time that "it is our hope, that by establishing and publicly committing themselves to their goal, the school systems will consider and take action to implement reforms that will cause significantly greater proportions [of] middle school students to perform at standard by the end of the eighth grade."

In 1999, the foundation published a report, *Figuring It Out*, to evaluate how successful the program had been. Though these schools were much more open to reform than those in the earlier project, the results were again mixed. The report's larger theme involved the difficulty of establishing a school culture that emphasizes standards: "If standards are not articulated in ways that make them accessible to students, teachers and parents; if teachers do not have the opportunities for targeted, high-quality professional development; if performance standards based on higher content are not integrated into classroom planning and routines; and if principals do not know how to lead a standards-based school, the reforms will not reach students."

In February of 2001, the Clark Foundation made the momentous decision to no longer fund efforts at systemic reform, and dropped education reform from its portfolio altogether. "We determined," explained Clark president Michael Bailin, "that our past grantmaking has often failed to produce lasting or meaningful change, in part because of our limited resources in relation to the scale of what we have been trying to accomplish. In addition, whatever changes may have occurred were extremely difficult to verify or measure and enormously hard to sustain owing to the large number of forces (political, social, and economic) that can overwhelm or wash them out at any moment." Bailin told *Education Week* that, "You have to ask: Is investing in big systems the best way to achieve our mission? And I decided that it wasn't. Because in order to do that, you have to change attitudes and behaviors of people in a whole system. And talk about something that's hard to do-try to change a system."

While it will honor all its current funding commitments, the Clark Foundation is going to close four of its programs (including the Program for Student Achievement) by the end of 2003 and will thereafter concentrate all of its resources-some \$20 million each year-in the area of youth development. Further, the foundation is going to pursue a more hands-on, results-oriented approach to grantmaking focusing on developing partnerships with and supporting exceptional

nonprofit organizations (much in a manner that is sometimes called "venture philanthropy").
Conclusion: Reform and Its Discontents

In some respects, these have been rather depressing stories. The three foundations profiled have spent millions of dollars trying to improve U.S. schools over many years yet wound up with little to show for it. Ford spent the better part of five decades searching for a model with which to pursue education reform. It tried working with the system, exerting pressure on it, and going around it; it tried working at a distance, through intermediaries, and up close; it tried comprehensive approaches and targeted ones. For all the experience Ford has had in trying to improve schools, it's a bit shocking to read the foundation's president comment in the year 2000 that "we are not going to be putting money into local education reform until real evidence of success begins to be accumulated." Casey embraced a seemingly sensible and well-thought-out idea about what it would take to improve outcomes for troubled children. Yet it confronted much difficulty in putting its plan into effect, as foundation leaders candidly admit. Clark, a much smaller foundation, chose to focus on middle schools. First, it tried large-scale collaboratives similar to New Futures, but that didn't seem to work very well. Next, it tried an approach with more sharply defined goals focusing on academic standards, but soon found that putting standards into effect and getting children to meet them are entirely different things. Most recently, they seem to have concluded that systemic reform is a fruitless task and not worth the effort.

To be sure, there are many paths toward the elusive goal of education reform and it may be that, in trying to change education systems or districts, Ford, Casey, and Clark picked inordinately difficult ones. If we take a step back, our three cases share a few general characteristics that are worth mentioning. All were trying to position themselves as catalytic forces for social change through the application of particular visions of reform. In various ways and at different times, they sought to pursue these visions by altering the school system itself (though, to be sure, they aimed to change things within individual schools). To do so, they sought to find strategic points of intervention to get the best results for their efforts. They also sought to create programs that would potentially be models for larger programs funded and administered by the government. Finally, they were all concerned with results and fairly candid about the success or (more often) failure of their efforts in published reports and other documents.

In reflecting on the work of these foundations, we are most struck by the need for philanthropists-whether foundations or individual donors-to be deliberative in an explicit and informed way about the assumptions that undergird and motivate their giving. One way of thinking about this issue is to say that there are two ways philanthropy can support education reform initiatives. One approach would give money to projects intent on reforming the system "from within" and the other intent on reforming the system "from without;" these two approaches form the end points of a continuum with different emphases and variations in between.

Those intent on reforming the system from within assume added resources will turn the tide and lead to improved results. For example, in this view, added resources can be used to create smaller schools or class sizes, better-trained teachers, or an influx of advanced learning tools like computers that might improve student learning. In short, this view assumes the school system is well intentioned and wants to improve but doesn't have the resources to do it; thus, adding these

resources will do the trick. Paul Hill calls this the "block upgrade philosophy"-the system will improve because of a strategic investment in one of its important parts. Underlying this view is the belief that the "experts" (or producers of education) inside the school system know how to improve it and fix whatever problems exist.

Reforming the system "from without" shifts philanthropic support to actors external to the local school system. There are two primary manifestations of this approach afoot today in education-reform circles. The first is often referred to as standards-based reform. It uses goals and standards, incentives, and rewards and sanctions to move the system toward improved student results. In this case, power shifts from education experts in the local system to mayors, governors, city councils, state legislators, state boards of education, and other actors external to the local system. The second manifestation of this approach is support for charter schools, voucher programs, and the creation of a wide variety of activities and programs that advocate different kinds of autonomous community schools that are operated independently of the district system of schools. In short, rather than support the producers of education who control and run the system, these donors will support the efforts of consumers to change the system. They believe that something is wrong with the fundamental assumptions and power relationships in the system and hope to spur fundamental structural reforms.

A related issue for philanthropy involves developing in the donor's mind a clear sense of how to approach the question of schools as institutions-i.e., are schools primarily institutions of government or institutions of civil society? For those who see schools primarily as institutions of government, it may be perfectly logical for them to believe that providing resources to certain parts of the system will improve the larger system. For those who believe that schools are primarily institutions of civil society, it may make more sense for them to commit resources to schools that are trying to do innovative things "outside the system," for it may be the system itself that is the main obstacle to reform. It is important to recognize that when a foundation-or any other donor, for that matter-makes a decision about what to do with its resources, it is choosing between one of these two sets of approaches, whether by choice or default.

Despite the experiences of Ford, Casey, and Clark, philanthropic interest in systemic reform continues unabated. The venerable Carnegie Corporation (on its own and as part of a consortium with the Open Society Institute and the Gates Foundation) recently announced several new efforts to promote reform in school districts. The foundation promises to spend \$40 million on one program over the next five years reforming high schools by building community-school partnerships in five districts around the country. One hopes they know something about reforming schools that Ford, Casey, and Clark don't. But, unfortunately, that is not likely.

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Inside Venture Philanthropy, by Peter Frumkin

Discontent runs deep in philanthropy today. Although the amount of money given away each year continues to rise, there are lingering doubts about what, if anything, billions of dollars already backed by good intentions have ultimately produced. Of course, almost all foundations, corporations, federated funders, and major individual donors can point to some grants that have led to impressive results. However, it remains very difficult to see how the many small and isolated success stories of donors around the country total anything resembling a meaningful response to any of the major social problems that private philanthropy has long targeted, like economic development in inner cities, access to health care, reduction in youth violence, or the reform of public schools.

Amid rising doubts about the impact of philanthropy's diverse and diluted efforts, many ideas have emerged about how the field might be strengthened. Some foundations have, for example, abandoned categorical grantmaking in favor of a limited geographical focus on one or a few specific communities. Other donors have fled from the limitations of providing services through grantmaking in favor of funding public information campaigns, advocacy work, and ballot initiatives, all with the hope of impacting public policy. Still other philanthropists have sought to create funding collaboratives in order to pool resources and act in a coordinated way. Many of these ideas have been developed for and applied to the field of public school reform, where the need for broad, system-wide change has forced donors to look for ways to intensify the impact of their giving.

While diverse efforts to increase effectiveness have proceeded apace, no idea for advancing the field of philanthropy has gotten more attention over the past five years than that of "venture philanthropy." But what exactly is it? What makes it different from traditional philanthropy? What innovations has it introduced into the field? Can it be used to reform public education? To begin to answer these questions, it is important to step back for a moment to consider the political and intellectual contexts within which the idea of venture philanthropy emerged.

The Investment Metaphor

Over the past decade, two broad developments—one in business, the other in politics—have quietly elevated the word "investment" to new heights. The 1990s saw the rise of Silicon Valley and vast fortunes made by the creators of new internet and computer companies. The technological revolution ushered in by these start-ups gave the old practice of venture-capital investing fresh exposure and currency. The capital flows that fueled the high tech boom came from a relatively small group of firms, many located in California, that brought to their work a set of practices designed to increase the odds of success for their young and often inexperienced investees. These practices included heavy amounts of due diligence during the screening process, long-term financial commitments designed to prevent the undercapitalization that cripples many start-up firms, and the provision of extensive advice and consulting to investees on how to develop and manage their new firms. The ultimate objective of this investment process was to build large companies from scratch, take them through initial public offerings as soon as possible, and, for all participants, make a lot of money.

The powerful pull of this appealing investment approach was impossible to confine to business and it soon entered the political arena. Starting with the 1992 presidential campaign, the Democrats shifted their party's policy language in a distinctive way. For instance, rather than call for higher taxes and more spending, the rhetoric of the Democratic campaign, repeated constantly and consistently, was about the necessity of greater "contributions" to make possible higher levels of "social investments." Of course, the contemplated investments in education and health care were nothing other than greater levels of tax-generated spending for longstanding health and education programs. But the change in language ushered in by the "New Democrats" was significant: It represented a repudiation of the idea of wasteful government, and the rise of a tougher fiscal policy that would take a more rigorous, business-like approach to public problems by making "critical infrastructure investments" capable of generating social returns.

The rhetoric of the New Democrats and the practices of Silicon Valley were ultimately joined in the field of philanthropy; the result is what is now generally termed "venture philanthropy." It was a marriage made in heaven, in that sophisticated donors have long sought to turn their gifts and grants into something more concrete and scientific. Rather than simply channeling charitable dollars into deserving organizations of many sorts, venture philanthropy promised to turn donors into hard-nosed social investors by bringing the discipline of the investment world to a field that had for over a century relied on good faith and trust. Two major differences still separated the new philanthropic investors from their government and business counterparts, however: (1) While government was able to make social investments that affected millions of people through entitlement programs, philanthropy searched for enough resources to have a major impact; (2) While business firms had a clear way of determining whether their investments paid off—namely return on investment—philanthropy struggled to develop performance measurement tools to assess the impact of its grants. The search for solutions to the problems of impact and measurement have been at the center of the conversation about venture philanthropy as the approach has begun to spread, especially among younger donors who have made their money through entrepreneurship. The attempt to transfer wisdom across sectors galvanized a small group of individual and foundations donors who have now declared themselves to be "venture philanthropists."

Venture philanthropy's approach and language has penetrated the private and community foundation world, the small giving circles and clubs that help guide new donors, and the territory of corporate philanthropy. The idea of turning philanthropy into social investing has been tried in a host of fields including early childhood health, environmental protection, and community development, to name just a few. But one of the most popular venues for venture philanthropy efforts has been K-12 education. Many business people see the failure of large parts of the public school system as a crisis that could erode America's long-term economic growth potential. The challenge of getting public schools to perform better has been taken on by many of the high-tech entrepreneurs who have shown an affinity for the venture philanthropy model.

It is difficult to pinpoint the exact size of the venture philanthropy movement today, though one recent survey estimated that there are some forty institutional funders committed to the approach, investing a total of about \$60 million a year. Although venture philanthropy remains small today, particularly when compared to the total \$200 billion dollars given away each year by donors, its influence is considerable. It has been the subject of growing media attention even as the profile

of early practitioners has risen within the field. Most significantly, several of the largest private foundations have recently begun to experiment with the language and practices of venture philanthropy. Because of the powerful appeal of the metaphor on which it rests, it is critical to understand what the approach has to offer.

Getting to Scale

When one considers the roster of America's largest nonprofit organizations, one fact imposes itself immediately. Most of the organizations on the list have been on the scene for decades or more: the American Red Cross, the Salvation Army, and the largest private universities and hospitals all have long and distinguished histories that are testament to the significance of their missions and the strength of their reputations. The list does raise at least one troubling question, however. Why have so few nonprofit organizations of more recent vintage achieved scale? In asking this question, venture philanthropy starts with the tenets that size matters in the nonprofit sector, that achieving scale is a sign of success and relevance, and that creating organizations that accomplish this is a legitimate and worthy philanthropic goal. These basic commitments are grounded in the belief that philanthropic dollars should be applied to important social problems and that donors must strive to maximize the public benefits of their giving. Faced with the threat of irrelevance or invisibility, venture philanthropy has consciously declared that getting tangible results-and getting them on a broad scale-is central to the mission of philanthropy.

To achieve scale, venture philanthropy has sought to move beyond the tired idea of program expansion through government replication. For many years, philanthropy had relied on the rather optimistic assumption that government would replicate successful nonprofit programs. In fact, the hope that government would extend many philanthropically-initiated efforts gave rise to a cottage industry in "pilot programs" and "demonstration efforts" aimed at attracting the attention of government, which was in a position, in principle at least, to place large amounts of money behind fledgling ideas. Unfortunately, the list of nonprofit projects that were ever brought to scale by government is short and growing shorter as discretionary funds available for new initiatives shrink at all levels of government.

In place of wishful thinking about government replication, venture philanthropy has sought a surer way to achieve scale. The nonprofits chosen for support by venture philanthropists are assisted in their efforts to construct and execute strategic plans that will lead to substantial growth and broad social impact. These plans are often anchored in a franchise model in which a programmatic idea is packaged and made available to other social entrepreneurs through either autonomous units or affiliated entities. In seeking to take control of the diffusion and expansion process rather than simply pass it off to government, venture philanthropy draws on many of the ideas and practices of corporate strategy focused on growing companies. A critical element of any effort aimed at scale is refining the underlying service model until it is fully developed, tested, and debugged. Only after this process is complete should the model be extended to multiple new sites.

A different idea for getting to scale has also emerged. It focuses not on building a model that is ripe for replication, but instead on creating a powerful organization that has a steady revenue stream behind it to drive internal growth. Some venture philanthropists have focused on building

the capacity within nonprofit organizations to design and deliver services that have paying clients waiting to consume. However, the problem with any nonprofit model that is built on a base of earned income is simple: even when the fee schedule is a sliding one, commercialism limits the ability of the organization to reach disadvantaged populations that may not be in a position to pay. Thus, in its place some funders have looked at ways of helping nonprofits operate independent, non-mission related ventures that generate revenue capable of giving sponsors the funds they need to grow. No matter whether the earned revenue is generated by the programs themselves or by unrelated business activity, this approach to getting to scale is fraught with at least a little danger since it requires that nonprofits do more than simply charitable work: it requires that a nonprofit have the business acumen to succeed in breaking even or turning a profit to subsidize its own mission.

Getting to scale either through franchising or commercialism requires a different kind of financial support than that customarily provided by donors. Venture philanthropy has therefore developed tools to boost the likelihood of success. At its core, venture philanthropy can best be seen as a three-legged stool, each leg of which is seen as a solution to a problem in traditional philanthropy that has impeded nonprofit organizations. First, venture philanthropists believe that large blocks of capital delivered over an extended period of time are needed to build the capacity of nonprofit organizations. Second, these new donors believe that improving nonprofit strategy through management consulting is critical to lasting success. Third, venture philanthropists are committed to developing new metrics to measure organizational performance or, in their words, the "social return on investment." It is useful to examine each of these three legs-capitalization, engagement, and performance measurement-separately to see just how strong they are and whether they truly support more effective giving.

A New Form of Funding

From the vantage point of nonprofit service providers, private foundations and corporate donors have long engaged in any number of practices that seem counterproductive and frustrating. High on the nonprofit list of grievances is the move to ever-narrower forms of project support, often delivered for short periods of time, and almost never for general operating support designed to build operational capacity. In a search for greater levels of accountability, many institutional funders have in fact developed a strong preference for project grantmaking, in large part because they believe these grants can be monitored more actively than unrestricted support. One problem with general operating support is that it has come to be associated with "non-essential" items like staff and rent. Providing funds to cover these overhead expenses is less attractive to many funders because these costs seem extraneous to the core mission and public purposes of nonprofit organizations.

As a consequence, many institutional funders have come to insist on funding projects and activities, not organizations. In recent years, general operating support has constituted only about 15 percent of all grants. Much of the rest is disbursed as project-specific grants. To make matters worse, it is not uncommon for funders to limit their project support of particular nonprofit organizations to two or three consecutive years. Fearing that they will create a dependence that cannot be sustained, traditional institutional funders have settled on a short-term approach to grantmaking that allows them flexibility to change direction quickly should community

conditions or board interests change. The consequences for nonprofit organizations have been predictable: financial instability, programmatic uncertainty, and wasted effort, all of which makes the achievement of real scale and impact very difficult.

Venture philanthropy has keyed on this pattern and come forward with a different approach to funding, one that builds on the venture capital model and offers longer term support and larger amounts of unrestricted financial support. Instead of pulling the plug quickly and moving on to fund other projects and organizations, the venture philanthropy model emphasizes long-term commitments designed to help organizations develop and grow. Unlike grantmakers that trickle out support in small installments, the venture philanthropist seeks to get into projects with a large initial investment that signals real commitment. In New York, for example, the Robin Hood Foundation, an early venture philanthropy entrant, has long focused on building lasting relationships with the organizations it supports, with some engagements lasting as long as a decade. In a few cases, this has translated into very large financial commitments, while in other instances the amounts have been more modest. By providing large blocks of capacity-building support to nonprofits over longer periods of time, venture philanthropy believes it will be possible to overcome one of the biggest drawbacks in the nonprofit sector, namely the inability of nonprofit organizations to achieve real scale and impact.

Before delivering large blocks of support and committing to an organization over the long haul, venture philanthropists engage in a heavy dose of what they term "due diligence." While it is not entirely clear how this review differs from what donors have always done (examining financial disclosure documents, requiring the presentation of a strategic plan, and conducting a site visit), the language change is designed to draw attention to the fact that great care needs to be devoted to the decision-making process leading to a commitment. In making the choice of which organizations to support, venture philanthropy groups, like New Profit Inc., view the ability of a nonprofit organization to achieve scale as a critical consideration. New Profit's long term investments have focused on organizations like Jumpstart, a pre-kindergarten program designed to help disadvantaged children get ready for school, which has plans to open sites in fifteen cities around the country.

One of the most visible efforts to apply business acumen to the reform of public schools is being undertaken by John Doerr, the Palo Alto venture capitalist. In 1998, Doerr founded the New Schools Venture Fund (NSVF) with the intention of providing seed capital for promising new for-profit and nonprofit organizations that had the potential to bring movement in the public education field. In choosing organizations to fund, Doerr applies a clear set of criteria. He seeks to support groups that have strong leadership and could have a direct impact on school achievement. What made his approach different was that he also insisted that the organizations that would receive support had to have a concept that could be brought to scale. Like any business investor, Doerr assembled a team of partners. In all, some \$20 million will be used to fund both nonprofit and for-profit initiatives. NSVF's early nonprofit investments included a comprehensive online guide to California public schools, both nonprofit and for-profit charter school management organizations, a school leadership training program, and a math curriculum development effort. On the for-profit side, NSVF invested in a network of charter schools operated by a business firm in Florida. NSVF's approach to school reform continues to reflect a distinctive application of the venture philanthropy model. Drawing on the talents of a group of

exceptionally successful entrepreneurs and CEOs, the Fund has developed its own ideas about getting to scale: beyond funding organizations with potential for growth and impact, NSVF also works to build a network of school reformers through which innovations and ideas can spread. Thus, NSVF both invests and convenes with the aim of maximizing the impact of its investees and moving them to scale quickly.

Because it draws on the business methods of venture capital, NSVF is willing to make a small number of large bets. After making these bets, the Fund stays with the organizations that are funded for an extended period of time, assuming the organization can demonstrate progress and results. Investments made by NSVF range between \$200,000 and \$1 million. Sometimes the efforts that are funded succeed, such as a California ballot initiative that pushed the California legislature to allocate millions of dollars for charter schools. Other times, big investments have not paid off so well: Advantage Schools, one of NSVF's for-profit portfolio organizations, has struggled to hold on to its public school contracts and was recently taken over by another firm. Nevertheless, NSVF's investments represent calculated gambles to achieve real impact and scale in a field like school reform where small projects hold little promise of changing the performance of large numbers of public schools.

Of venture philanthropy's three legs, the idea that nonprofits need larger and longer forms of support is certainly the strongest. Whether venture philanthropy has truly made good on its commitment to building strong organizations with the capacity to grow is another matter entirely. To date, many of the grants made by venture philanthropy funds have been relatively small owing to the fact that resources in these funds remain limited. In fact, all of the biggest gifts in recent years, including several hundred-million dollar gifts to universities, were made independently of the venture philanthropy mantra. Thus, while providing major blocks of capital aimed at taking nonprofits to scale is a good idea, it is not an original one.

Consultative Engagement

In its effort to re-engineer the mainstream model of philanthropy and reorient it toward achieving impact on a broad scale, venture philanthropy has also focused on changing the relationship between the funder and the recipient. Looking at the way many institutional and individual donors carry out their giving, the proponents of venture philanthropy observed that a tremendous amount of effort was being sunk into the process of selecting grant recipients and scant effort was being devoted to helping nonprofit organizations succeed once the check was sent. Indeed, in many foundations, there is today very little follow up or consultation between the two sides from the time the grant check is mailed to the time the final report on activities is due. One reason that most of the effort of philanthropy is directed at decision making about grants, not effective implementation, is that there is real pressure on funders to be transparent, fair, and accountable for their actions. Given these demands, it is hardly surprising that many institutional funders have little time for anything other than careful review of applications, site visits and the preparation of recommendations for the board. As grant cycles roll around and around, it can in fact be very hard for funders to break this cycle and engage with recipient organizations in a sustained relationship.

Venture philanthropy takes a different approach to donor/recipient or investor/investee relations, one that extends the time horizon and deepens the contact between all parties. Rather than cut a check and run, venture philanthropy believes that the work only begins once a financial commitment has been made. Given that the commitment is intended to be long-term, the new funders have set out to connect directly with the organizations in their portfolios. There are two perceived benefits to a high engagement strategy. First, nonprofits may learn something that they do not know already, especially if the consulting involves specialized skills not usually found in nonprofits. At New Profit Inc., grant recipients receive hands-on assistance from the management consulting giant Monitor Group. Working with organizations that have received money from New Profit, Monitor's consultants assist with planning growth and tracking progress. For organizations like Citizen Schools, an after-school program that uses adult volunteers to teach real-world skills to teenagers, this added service is intended to increase the likelihood that the organization will continue to flourish and grow. In lending the expertise of a management consulting firm to their investees, funders are attempting both to protect their investments and to increase the social benefits that are achieved. Beyond consulting advice, the investor can also provide nonprofits with useful connections: The New Schools Venture Fund explains that "Our hands-on approach goes far beyond providing capital. It includes matching board members, recruiting management team members, consulting, and linking education entrepreneurs to a powerful network of peers and new economy resources."

The second perceived benefit of a consultative and engaged relationship has little to do with nonprofit performance and much to do with the satisfaction of the donor. High engagement philanthropy is a social activity that satisfies the desire of many wealthy people to find meaning in their lives outside of business. Young entrepreneurs who are active in venture philanthropy enjoy taking a hands-on approach and view the process as one of learning and personal growth. At Social Venture Partners (SVP), one of the earliest venture philanthropy efforts, donors commit a minimum of \$5,000 to the fund and in exchange they gain first-hand exposure to the nonprofits that SVP funds. Many of the investors in other venture funds become even more involved in the organizations they fund either by helping with fund raising or by serving on the board.

Several assumptions are built into the engagement part of the venture philanthropy model: first, that nonprofit organizations want outside help in strategizing and carrying out their work; second, that those offering the consulting possess skills that are missing in the nonprofit world and that nonprofits will run better once they have been exposed to these tools; third, that engagement is ethical and appropriate in philanthropy. All three assumptions can reasonably be questioned.

First, several foundations that have surveyed their recipients have discovered that nonprofit managers complain that the process of working closely with a funder is draining and does not always add value to their work. As one might expect, the generally tense relationship between benefactor and supplicant is hard to transform into a balanced working relationship. Faced with the prospect of a "relationship" with the donor, many nonprofits would opt for a no-strings check.

Second, when it comes to the skills of high engagement grantmakers, there is no clear evidence that the people who control capital in the business sector or who possess expertise in business management have any special claim on knowledge about how to create a successful nonprofit organization. Nonprofit mission fulfillment does not always equate to satisfying the demands of clients or responding quickly to market trends. Sometimes, nonprofits need to lead by offering services for which there is little immediate support, but that nevertheless speak to important social needs.

Finally, many religious teachings related to charity appear to run counter to the precepts of venture philanthropy. A recurring theme across many faiths is that donor and recipient need to be separated, preferably through anonymous giving, so that the recipient is not shamed by having to take money directly from someone else. Anonymous giving also promises to ensure that the donor's intent is pure and the gift is aimed at helping others rather than gratifying oneself. By shielding recipient from donor, it is possible to create a transfer that is both practical and moral. Venture philanthropy's response to such objections is predictable: Venture philanthropy is making investments that are different from charity. Because they are given under different initial terms, the moral problems associated with charity do not apply. This is an argument that ultimately rests on semantic hair splitting, however, and it skirts the reality of the asymmetric relationship that characterizes all forms of philanthropy. Still, venture philanthropy's secular, entrepreneurial turn is ultimately designed to satisfy the current generation of new entrepreneurial donors eager to express themselves through action in the social sphere.

Performance Measurement

Beyond a theory of achieving scale through new forms of financial and consulting support, venture philanthropists distinguish their work by the way they assess results. While all donors want to know whether their grants have an impact and lead to real changes in the world, venture philanthropists have elevated the importance of performance measurement and made it a centerpiece of their approach to giving. At the core of this desire to measure results is a dual commitment to learn how to improve the programs of investees and how to make better investment decisions in the future. By focusing on assessment, venture philanthropy has hit a nerve. Many donors, particularly those who have made money in business, find the lack of standards and benchmarks in the world of philanthropy particularly troubling. Without good evaluation, giving seemed doomed to remain an emotive exercise that never asked tough questions about the social benefits produced through philanthropic intervention.

One of the earliest and most visible efforts to construct a performance measurement system for the new venture philanthropy was developed by the Roberts Enterprise Development Fund (REDF), a venture philanthropy fund founded by investor George Roberts of Kohlberg, Kravis, and Roberts fame. For years, REDF has experimented with the use of philanthropy to create social purpose enterprises within nonprofit organizations. These enterprises, ranging from a bakery to a janitorial service to a café, employ disadvantaged and untrained workers. The enterprises generate both financial flow for the nonprofits operating them and social benefits in the form of income for the employees who do the work. For REDF, there is an added benefit: this kind of philanthropy affords a unique opportunity to measure impact. Thus these enterprises

have both a business and social bottom line. REDF describes its effort at quantification as follows:

REDF's efforts to calculate the social return on investment (SROI) of its portfolio of social purpose enterprises is one attempt to analyze and describe the impact of these enterprises on the lives of individuals and on the communities in which they live. REDF's approach to calculating SROI includes measuring the tax dollars saved by helping the people who work for REDF portfolio social purpose enterprises reduce their dependency on public assistance, homeless shelters, and other government-supported services.

REDF's elaborate reports provide an illuminating perspective on the problem of performance measurement in philanthropy. The "SROI Reports" purport to measure the creation of blended value, consisting of enterprise value ("the financial return from the business") and social purpose value ("the monetized public cost savings and taxes generated by the enterprise employees"). Upon closer inspection of the actual data collected and analyzed by REDF, however, the calculation of SROI turns out to be nothing but a straightforward application of cost-benefit analysis, a tool for measuring program impact that has long been used by business managers and government policy makers. By christening cost-benefit analysis "the calculation of Social Return on Investment," REDF has succeeded in giving the venture philanthropy a new language that can appeal to younger donors, no matter that the underlying practices are techniques popularized in the 1960s.

One of the real problems now vexing venture philanthropy is that the rhetoric of performance measurement has grossly outpaced the practice of performance measurement. While REDF's work on measuring the net benefits of employing disadvantaged persons in enterprises run by nonprofits is often held forth as the venture philanthropy model for quantifying results, it has little relevance for the vast universe of measurement challenges facing the field of philanthropy. For while the income streams of nonprofit business ventures and the employment and income gains of disadvantaged workers can be estimated, there are large parts of the nonprofit programmatic landscape, including advocacy efforts, orchestra performances, and faith-based counseling programs aimed at promoting family unity, to name just a few examples, for which no simple monetary measures are possible. Dreams of measuring SROI are rendered ever more distant by the reality that most social programs and initiatives do not operate in isolation from a multitude of other social and economic forces that influence the ultimate client outcomes. Truly disentangling the programmatic effects and quantifying them require an experimental approach to evaluation - built around gauging the differences between control and treatment groups -- that is time consuming and extremely expensive. While philanthropy could certainly benefit from more rigorous evaluations, it is not clear that SROI rhetoric introduced by venture philanthropy moves the assessment task forward in a productive way.

Beyond the problems of applying existing assessment tools, there is at least one huge and questionable assumption built into the performance measurement component of venture philanthropy, namely that quantitative measures of "social return on investment" are worth trying to develop because they would advance and improve the field of philanthropy. To date, there is little evidence that this is so. Most efforts at building metrics for assessing the "return" of philanthropic investments have been primitive. The clearest evidence that the measurement of

social return remains elusive is the continuous rise of alternative assessment concepts and tools. In fact, much of the talk of performance measurement in venture philanthropy has quietly slid into a conversation about "outcome measurements" that have little to do with measuring social return and much to do with simply setting expectations and tracking progress. To carry out this modified objective, many venture philanthropists use tools such as the Balanced Scorecard, a broad organizational assessment tool, and avoid too much detail when talking about the "return rate" of their funds.

Perhaps the clearest example of the loose connection between the lofty language of social return and the reality of true measurement can be found in the newly formed Chicago Public Education Fund (CPEF), which has set out to apply the venture philanthropy model to the problem of improving Chicago's public schools. Using business jargon to describe all its activities, CPEF is seeking to raise some \$10 million in local funding to support investments in programs aimed at recruiting a new cadre of teachers and developing alternative routes to certification, create a culture of professionalism in schools through programs that pay talented teachers to serve as mentors, and locating and training new talent to meet a shortage of school principals. The three main elements of CPEF are all directed at human resource problems within the school system and do not shy away from providing large blocks of capital to the Chicago Teachers' Union and the Chicago Public Schools administration. Like some other venture philanthropy efforts, CPEF promises a new approach, one that emphasizes results and measurement. However, all the "social returns" that the Fund trumpets are described in terms of narrow, short-term outcomes, such as the training of 200 teachers or the recruitment of thirty principals. These targets are no different from the goals and expectations that all the mainstream funders in Chicago have long established for their grantees. The only difference is the construction of an elaborate semantic superstructure.

On the larger issue of whether greater levels of performance measurement are really desirable, philanthropic taste enters the picture. To be sure, many donors approach their giving with the intention of maximizing impact and the social value of nonprofit activity. There are, however, few clear ways to separate out subjective determinations of social value from "objective" ones. After all, the public's interpretation of public priorities has only gotten more contentious in recent years. Lacking consensus about the meaning of socially valuable activities and a hierarchy for ranking them, it is hard to see how any project aimed at measuring ground level social return can be anything but a highly subjective and personal project, especially when philanthropy reaches into contentious areas of social problems. While many donors legitimately want some sort of evidence that their giving is making a difference, it is not clear that seeking to translate this 'difference' into monetary terms will improve philanthropic practice in the long run.

Translating Venture Philanthropy

As more venture philanthropy funds come on line and as increasing numbers of donors reinvent themselves as social investors, it is important to pause and ask about the underlying coherence of this model. A chief driver behind this popular trend is the honest desire of donors, especially young entrepreneurs turned donors, to see social change happen as a result of their giving. Many of them are very interested in school reform and want to use their philanthropy to make a difference. The language and metaphors used by venture philanthropy speak to deep-seated desires of these new donors to have an impact and to measure the impact of their philanthropy. It

is a language that can be obtuse at times, however. To help clarify the new terminology that venture philanthropy has spawned, the table below provides a simple translation of many of the key terms (see Table 1).

**Venture Philanthropy Terminology
(Table 1)**

Venture Philanthropy Term	Translation
Investment	Grant
Investor	Donor
Social return	Impact
Performance measurement	Evaluation
Benchmarking	Standard setting
Due diligence	Grant review process
Consultative engagement	Technical assistance
Investment portfolio	Grant list

To date, venture philanthropy remains something of an unfulfilled promise. To truly make good on the new language it has created, important breakthroughs are needed in practices that create real distance between venture philanthropy and traditional giving. For now, it is very difficult to find authentic innovations that justify the new terminology. Many of the "investments" made by venture philanthropist look just like "grants" made by other donors. The best evidence is that many of the organizations supported by venture philanthropists regularly receive grant support from mainline philanthropic funders. In fact, only a few of the highest profile venture philanthropy investments represent substantial portions of the operating budgets of the nonprofit organizations on the receiving end. Similarly, the idea of "consultative engagement" that many describe as a trademark of venture philanthropy is hard to distinguish from the multiple forms of "technical assistance" that donors have provided to nonprofits for decades. Across many of the

other terminological divides, the underlying practices do not appear significantly different from what has come before. The most egregious breaches of clear thinking have been in the area of evaluation, where the rhetoric of measurement and return has outstripped the practices that venture philanthropy has developed to date. Amidst this confusion, venture philanthropy has made at least one contribution to the field: it has created powerful discussion networks and social ties among new donors. This is a positive development.

In the end, the excitement and energy created by the language of venture philanthropy have brought new people into the world of philanthropy who are being converted to the pleasures and challenges of trying to create public value. For those committed to public school reform, the desire of many venture philanthropists to do something about the performance of public education must be viewed as positive. At the core, venture philanthropy's search for new philanthropic tools has enlivened the field. After all, the problems of traditional philanthropy are clear and undeniable.

Still, there is something troubling about the frenzy of verbiage that has accompanied the movement. Although only a few critics have pointed to the holes in venture philanthropy, time will tell how durable the business metaphor will prove to be. For now, one thing is impossible to deny: by seeking to move concepts and language from the world of business to the world of nonprofit organizations, venture philanthropy must be viewed as a marketing triumph. As a set of practical philanthropic innovations, venture philanthropy's contribution to the field remains far harder to discern.

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Philanthropy and Teacher Quality, by Lew Solmon

We at the Milken Family Foundation believe that teacher quality is the single most important factor driving student achievement. In our view, no education reform can be successfully implemented unless teachers have the capacity to make it work. No amount of books, computers, or time in the classroom can compensate for a poor teacher, while a good teacher can work wonders equipped with little more than a chalkboard, pencils and paper.

Unfortunately, the U.S. education system suffers from myriad problems tied to both the quality and the quantity of its teaching force. The system today-thanks primarily to the strength of the teacher unions and the education establishment-protects all teachers' jobs regardless of individuals' effectiveness in the classroom. At the same time, it requires even the most capable people to jump through hoops and over hurdles in order to enter the teaching force, and in other ways keeps America's "best and the brightest" from considering a teaching job or career. Additionally, as school enrollments increase, and class-size reduction plans kick in, issues of quality are being steadily compounded by issues of quantity.

We believe that philanthropy can-and indeed must-help restructure the way the U.S. recruits, selects, trains and rewards teachers. This paper provides background on the teacher-related problems facing our public education system and shares the methods that the Milken Family Foundation is utilizing in this area in the hopes that other reform-minded philanthropists will find them useful.

The Problem

Once upon a time, we could rely on a steady stream of able, well-educated women entering the teaching force, if only because other options were not as open to them. In today's world, schools have to compete with every other industry to find talent. But able individuals are reluctant to choose teaching as a career primarily because its salaries are not competitive to begin with, because the barriers to entry are too onerous (the continuing emphasis on "certification" means that almost everyone must take-and pay for-lackluster classes in pedagogy regardless of their background or proven ability to teach)*, and because there are few rewards for working hard and excelling in this field: all teachers follow the same pay scales whether they are effective or not. There are few opportunities for professional growth and career advancement. In the K-12 system, a teacher's only chance for significant advancement is to jump to the administration ladder, which, of course, drains talent from classrooms.

*On a personal note, I have a PhD in economics from the University of Chicago, where I was fortunate to be taught by six Nobel laureates. I taught economics at Purdue, CUNY and UCLA. But I cannot teach high school economics because I have never taken a course in education-I do not have a state teaching credential. My children were taught economics in high school by people who had majored in geography or history and had taken only one or two college economics courses. At least I was available to my own kids for remediation!

Teachers have never been paid well, but, during the 1990s, their salaries grew comparably worse. Experienced teachers with master's degrees now earn only about half the salary of other

Americans with master's degrees. Even though most people regard teaching as the career "most beneficial" to society, only 39% would recommend it to young adults. And even teachers themselves, in ever-increasing numbers, are telling their children and students not to go into teaching. Teaching is simply not a prestigious career in America today.

Not surprisingly, there is a looming crisis: a teaching shortage, at least in certain areas and in certain subjects. Of today's 3 million teachers, 2 million will leave the profession due to retirement or other reasons in next decade, and current numbers indicate that only 1 million candidates are in the pipeline to replace them. The American Association for Employment in Education has already reported significant shortages in physics, bilingual education and several special-education fields. Increasing enrollments caused by migration patterns and rising birth rates among some population groups, as well as popular federal and state mandates to reduce class size (which means hiring more teachers) exacerbate the situation.

The Search for Solutions

Teacher quality is a problem begging for help, especially from philanthropists, who are not (usually) constrained by the political realities that prop up the status quo and prevent the education system from responding to market forces. The will is there: many philanthropists are already funding programs intended to increase the supply of quality teachers and/or to help those already in the field become more effective. However, most of this support is directed at higher education institutions, school districts, and/or mainstream educational organizations. And, unfortunately, most of the programs funded will never touch the underlying, structural problems that erode the quality of our teaching force.

Improving teacher quality in America requires systemic change; the overall process of hiring and training teachers needs a complete overhaul. But while privately-funded programs scattered around the nation may show some good results, the current structure of our education system—which is highly sensitive to the interests of the teacher unions—inhibits it from embracing programs and strategies that work and replicating them on a larger scale.

Indeed, the teacher unions are arguably the strongest force to reckon with when it comes to improving teacher quality. Because their power derives in large part from the size of their membership, they seek to protect all teachers—good and bad. It is virtually impossible to fire a bad public school teacher; the ensuing litigation is so costly that districts usually do not even consider that a viable option. Philanthropists must take these political realities into account—and meet them head-on—when venturing into the area of teacher reform.

How Does the Milken Family Foundation Approach to Teacher Quality?

The founders and directors of the Milken Family Foundation (MFF), firmly believe in the importance of effective teachers to improve the quality of the American education system. To this end, MFF has devised a two-track strategy to improve teacher quality. First, MFF works to reward—and draw attention to—excellent teaching. Second, it works to reform the whole system of teacher recruiting, training and employment.

Phase One: Rewarding Success

One of the first programs MFF established in the early 1980s was "The Milken Educator Awards," which serves to recognize and reward outstanding elementary and secondary school teachers (as well as principals and other education professionals). Starting with twelve California recipients in 1987, by 2001, more than 1,700 educators from 44 states had received a Milken Educator Award. Those selected have demonstrated outstanding instructional practice; potential for long-term professional and policy leadership; and an engaging and inspiring presence that motivates students, colleagues, and the community.

Winners are announced amid much fanfare each fall, state banquets and conferences are held for all current and past recipients every winter, and a national conference for new and selected veteran recipients is the culmination of the process each spring. MFF encourages elected and other community leaders, educators, and the media to attend these unique events.

The Milken Family Foundation uses these events to shine a spotlight on effective teaching but also considers them valuable opportunities to spur public discussion about K-12 education policy issues. Foundation staff prepare research on various education issues—such as standards-based reforms, early childhood education, and learning technology—to share with award recipients and other attendees. This sharing of information has stimulated the creation of recipient "alumni" groups in various states to take a more active role in their local school reform discussions.

MFF has learned several lessons that might be helpful to other philanthropists considering awards programs:

First, in our view, the size of the award matters. MFF consulted with educators about how large the awards should be, and were surprised to find that meager sums like \$500 were suggested—so as to avoid jealousy, competition, etc. MFF decided to go ahead with an award that really said something: \$25,000, which, in many states, comes close to recipients' annual salary, and in all cases is large enough to have an impact on their lives. MFF believes it made the right decision on this issue and will continue to award the high amount: fostering competition among teachers to excel is a positive, not a negative, in our view. On the other hand, as valuable as the financial prize is, recipients often say that what they most appreciated was the recognition they received for a job well done.

Second, when the award is given to teachers nearing the end of their careers, some used it as an opportunity to accelerate their retirement or to change careers! This was disturbing because the award was intended to reinvigorate top educators, of course, not help them exit from the profession. Thus MFF slightly altered the criteria for the award to emphasize the recipient's potential for future contributions to education, and to emphasize that the Milken award is not a lifetime achievement award to be given near the end of one's career.

Third, MFF was surprised to learn that many educators were not knowledgeable about today's education reform debates nor were they used to discussing them with colleagues. In fact, it seems that some educators are so wrapped up in their daily tasks that they rarely have time for interaction with colleagues at all. With its emphasis on public discussion of education reform

matters, the Milken awards have thus helped broaden the perspectives of the educators who receive them. To keep the policy dialogues going after the events, MFF has helped to launch and support state-based networks of award winners.

The experience of developing the Milken Educator Awards has reaffirmed MFF's belief that focusing on teacher quality is a good fit for philanthropists. Many teachers that MFF has encountered-the best and the brightest among them-lack an overall commitment to staying and excelling in their chosen profession due to frustration with not being compensated and recognized for good work as well as not having the ability to interact with colleagues. Philanthropists can respond to these frustrations in ways that the education system cannot or will not.

Phase Two: Systemic Reform

What the Foundation learned from the Milken Educator Award experience eventually led the creation of a much more comprehensive program called the Teacher Advancement Program (TAP), which seeks to address many of the reasons why people do not select teaching as a profession or, for those that do choose it, why they leave soon. TAP demands fundamental changes in the education system as it is now constructed-working on all the major issues related to teacher quality, including recruitment, training, induction, professional development, compensation, performance evaluation, and career advancement-but it can be implemented at the school level.

The program creates multiple career paths for participating teachers ranging from "inductee" to "master teacher". This enables teachers to advance in their profession without having to leave the classroom-and provides for expanded roles for talented teachers as leaders, decision-makers, and mentors. TAP also replaces lock-step salary structures with market-driven and performance-based compensation schemes. TAP allows participating school leaders to provide higher pay to teachers under several circumstances: if they take on different functions or additional duties, earn relevant advanced degrees, excel in performance (as judged by experts), and improve student achievement. Teachers working in a subject or school that is difficult to staff can also receive enhanced pay.

TAP also supports ongoing, applied professional growth, and encourages more collaboration among professional staff, through programs conducted at the school site by master and mentor teachers. These programs are developed on-site and deal with real problems facing teachers in their classrooms.

In January 1999, Lowell Milken presented the TAP idea to the Foundation's national education conference attended by 1,500 educators, policy makers and community leaders including over thirty chief state school officers from around the country. The first and most enthusiastic state leader to seize on the idea of TAP was Arizona's then-Superintendent of Public Instruction Lisa Graham Keegan. She invited superintendents, principals, and teachers-individuals she thought would be most receptive to the TAP program-from about twenty Arizona districts to meet in her office. At the meeting, after an enthusiastic statement of support from Keegan, three MFF staff presented the TAP program and answered questions about it. The meeting concluded by inviting

attendees to consider whether they would like to become a TAP demonstration school or have one in their district and, if so, to begin preparing an application.

Eight courageous schools applied. MFF visited six in February 1999 and accepted five as demonstration sites in March. TAP was initially set up in these five Arizona schools for school year 1999-2000 and-after a similar series of recruitment events-expanded to two more demonstration schools in Arizona,seven in Florida and six in South Carolina in 2000-2001.

Master and mentor teachers are selected early in the first year so that TAP's new kind of professional development can get started right away. The first year of TAP is also used for planning. A committee of teachers and administrators at each school-assisted by MFF staff-spend the year determining the criteria upon which teachers' compensation and performance bonuses will be based. This gives school staffs confidence that the new system will be fair and transparent. The second year puts into place the new compensation structures and procedures.

The program costs about 3-6% of a school's current teacher salary budget per year, depending on the nature of the implementation. In Arizona, this has amounted to about \$250,000 per school. The additional funding covers: salary supplements, new teachers to replace "master" teachers who no longer have a homeroom, professional development activities and substitute teachers to cover classes while teachers attend them, and performance awards. MFF does not pick up the entire tab: participating schools are required to contribute to the program from federal or other grant monies or from their regular operating budget. The state department of education must contribute as well. The levels of contributions must be worked out among the state, schools and MFF. In the first year of TAP, each school contributed approximately \$80,000, the state provided \$30,000 per school, and MFF provided \$150,000 per school.

While it is too early to tell whether and how the TAP program will improve student achievement, MFF is optimistic that it will be successful. Most of the steps for implementation have gone smoothly in participating schools so far. MFF has, however, encountered higher-than-estimated costs during implementation.

The higher costs are due primarily to the fact that participating schools want to "hold harmless" teachers' salaries, so that, while some receive enhanced salaries and bonuses, no teacher is penalized by the program. A significant number of experienced teachers in the first group of TAP schools were not qualified or chose not to become "mentor" or "master" teachers, yet continued to receive comparably high salaries. Over time-as non-TAP teachers retire and new ones are hired into the school-this issue will evaporate, but not overnight.

MFF is interested in working with many more schools and states, but these must be prepared to locate and contribute funds before they can sign on. Private foundations in Arkansas and Indiana are providing partnering funds to schools so they can begin to implement TAP. South Carolina already secured commitments from several private foundations to help bring the program to that state, and, with the demise of that state's budget surplus, the state chief has decided to use federal money (current and prospective) to start TAP during the 2001-02 school year. As new sources of funding are identified, the Foundation expects to see dramatic growth in TAP.

Lessons for Effective Teacher Quality Philanthropy

The Need For Research and Information

All philanthropists should study and develop expertise before they give, so they can be proactive rather than merely responding to requests from potential grantees. MFF drew on its two decades of involvement in K-12 education and performed a great deal of independent research on teacher quality issues before venturing into the arena. And philanthropists should not just look in the obvious places to learn about education matters. Usually, they turn to the education establishment for advice. Yet such advice usually leads to perpetuating the status quo. It may be more valuable to rely on experts who have good track records in a variety of fields and who hold a variety of perspectives. TAP, for instance, is based upon long experience with and observation of successful business practices.

Focus and Scale

Philanthropies should focus their resources. It is more productive to support systemic change in a particular area than a large portfolio of disparate programs. Scale is important too, particularly if philanthropists want to support programs that can prove their worth in various settings and serve as models for replication. For example, it is important to ensure that demonstration sites are distributed across their states in areas with different income levels, in rural and urban areas, and in communities of varying sizes. Unless such distribution takes place, it will be difficult to convince state legislatures to put enough money into such a program to bring it to a level where it can significantly impact the state education system.

Cost-sharing, Leveraging, and Incentivizing

MFF believes that philanthropists should require that schools, districts and states make commitments of their own—either financial or in-kind contributions—to help ensure that programs do not end when the philanthropist's seed funding is gone. Also, as the program grows, MFF will not be able to sustain the level of support it is giving to the initial sites. Thus, we have encouraged other, local philanthropies and businesses to contribute funds to match those provided by schools and states. This will further boost local buy-in and commitment.

We think there is a middle ground between advocacy—urging schools, districts and states to do the right thing—and total foundation support and subsidy of worthwhile programs. Philanthropic organizations should provide financial incentives to get programs started. But they should also ensure that programs are not adopted simply to receive the funds; required cost sharing by grantees helps.

The Evaluation Imperative Philanthropists supporting any education reform should insist upon a smart evaluation strategy from the start. A thorough documentation of the implementation process is just the first step. Then short-term outcomes should be identified: while student achievement gains can take several years to surface, other indicators of success can be considered sooner. For example, MFF is collecting and analyzing year-to-year survey data to gauge teacher involvement as well as the satisfaction levels of teachers, parents, and students.

MFF is also tracking recruiting patterns and turn-over rates, which so far suggest that top teachers are seeking to move to TAP schools in unprecedented numbers, and that the least effective teachers are leaving the schools while the best stay longer.

The ultimate goal is, of course, to increase student achievement. We must find out if student achievement increases more in TAP schools. To this end, MFF will work to control for other factors as it compares student progress in TAP schools to their counterparts.

Conclusion

Philanthropists that want to boost teacher quality in the United States should work to help change the system of teacher employment. This includes supporting programs that enable effective teachers to progress along meaningful career paths, reward teachers for strong performance, provide ongoing opportunities for teachers to collaborate and get better at what they do, allow capable college graduates to enter the profession without being forced through myriad hoops and hurdles, and/or push the system to rid itself of ineffective teachers. Business has long recognized that the determining factor in its productivity and success is the human capital within the enterprise. Education is no different. If the system can or will not reform itself to ensure that U.S. classrooms are filled with competent teachers, the private sector must provide the will and resources to make it happen.

Evaluating Education Philanthropy in Action, by Margaret Raymond

The main argument of this paper is that evaluation is currently undervalued by education reform-minded philanthropists. Indeed, evaluation is the "missing link" in many philanthropic efforts to reform education. Donors thus miss the chance to gauge the effectiveness of individual projects and programs as well as their overall portfolio of activities.

This paper reviews the role that evaluation should play in K-12 education philanthropy. Three assumptions underlie the discussion that follows. First, philanthropists have clear goals for their education-related activities and will pursue them over a significant period of time. Second, foundations and other donors follow clear practices and policies in determining what to support. In other words, they're not whimsical or idiosyncratic. Third, philanthropists seek to achieve greater impacts with the resources at their disposal and hope to create and maximize sustainable value. This does not imply that every project must succeed or every decision prove wise, but that the service they provide be driven by a stewardship based in service not image. Being frank about poor results becomes as important under this assumption as sharing good ones. By imposing these assumptions, we are able to focus on the fundamental and unique benefits that evaluation can contribute to education philanthropy.

After considering the rationale for regular and systematic evaluation of education programs and philanthropic activities, we discuss the types of learning that can be gained from various evaluation tools. The paper concludes with practical recommendations for building evaluation capacity.

The Case for Evaluation

Foundations and other philanthropists currently provide support to almost every aspect of public education: capital construction, curriculum development, technology diffusion, professional development of educators, organizational reform, etc. Regardless of the type of investments made, donors have a critical strategic need for the information and intelligence that can only come from adequately evaluating their undertakings. This need becomes especially important when a philanthropist chooses to sponsor innovative demonstration projects or comprehensive transformations in the organizations he or she funds.

Evaluation is the systematic, deliberate collection and analysis of information about performance. It is part of any well-run organization. From athletes to factories to teachers in classrooms, it is difficult to picture a finely honed and effective operation without feedback. Without it, one can only surmise, assume, fantasize, ponder or guess about how well one's efforts create the desired effect. As displayed in Figure 1, feedback provided by evaluation is the keystone to effective philanthropic practice. The cycle depicted in the figure has three stages: (1) selecting programs to support, (2) gaining feedback on their activities and (3) refining future decision criteria. Each is discussed below.

Figure 1 Stages of Effective Foundation Practice

When donors fund programs, they in essence invest in outcomes. The outcomes serve twin purposes: to achieve the goals of the funded program and to achieve the donor's goals. These purposes are not always identical. At any point in time, a donor chooses a program direction in education that it considers likely to further its mission and general education goals. For example, a foundation's mission might be to promote greater equality for disadvantaged youth; it might

choose a program direction within education such as improved academic performance in literacy and numeracy. A foundation will choose to support specific projects that match its overall program direction and goals. Selection occurs with the expectation that, if the program operates as intended, it will attain certain outcomes. The funding decision is thus steeped in assumption and probabilities. There is nothing wrong with making reasonable guesses; many institutions operate under similar conditions of uncertainty. But what distinguishes potent organizations from the rest is that they deliberately examine and learn from their choices. Reliable insight into program performance melds good intentions with sound decision-making. Evaluation is what creates reliable insight.

The resources and efforts required to conduct evaluations are often mistakenly seen as taking away from direct program activities. A more accurate depiction recognizes that, if done well and the results are used appropriately, evaluations can render multiple returns on the initial investment by helping to inform future funding decisions.

Of course, donors must ensure that evaluation results are utilized. Every evaluator has a story of a good evaluation lying fallow due to neglect. Philanthropists should use evaluation results at two levels. First they should ascertain whether the programs they fund are effective. This is the level of program evaluation that looks at program goals, operations and outcomes. Beyond that, donors need strategic evaluation to discern whether their overall portfolio of activities is working. Since donors can potentially change both individual projects and overall directions, simply evaluating the performance of current programs is insufficient. Both types of evaluation are needed to inform donors about their performance.

A third use of evaluation is possible but rarely employed. Beyond a philanthropist's internal learning, they can contribute to the greater community of education and philanthropy by sharing evaluation results. Consider the total philanthropic investment in public education. Now consider the potential knowledge gains that could occur if donors' choices were evaluated regularly and those findings widely disseminated. The impact on future decisions by foundations and other philanthropists would be significant.

Choosing the Right Tool

Different types of evaluation lend themselves to different uses. Philanthropists would benefit from an awareness of the different evaluation options and the insights each can provide.

Some reform-minded donors support innovation through pilot programs and other demonstration efforts. Their efforts are aimed at translating ideas about education into small-scale programs that put those ideas into action. Early reading initiatives are examples of pilot projects. For such preliminary programs, careful evaluation is essential to see if they work as expected. Program innovation is risky, after all. Evaluation helps both the funder and the project staff to reap lessons about present efforts so as to inform future endeavors. In this manner, evaluation can be viewed as a risk management tool available to donors to assess and refine their strategies.

Key questions at the pilot or innovation stage include: Does the program model operate as designed? Does it fit into existing education schemes? Are teachers able to adopt the program easily? Does the pilot create the expected outcomes?

The results from evaluation studies of young programs are becoming more important given the current emphasis on utilizing rigorous research in K-12 education. Many public education agencies will not consider adopting a program model without proof of efficacy. This trend creates an interesting catch-22 since many donors will fund the pilot but not the evaluation, and government agencies won't expand a pilot unless both pilot and evaluation are completed.

Once a model program proves effective on a pilot scale, questions remain about its feasibility on a larger scale and in other settings. Philanthropists are often called upon to support further program developments through multi-site expansion, and, while support of replication activities presents lower risks than pilot programs, uncertainty remains about program effectiveness as its reach is increased. As a hypothetical, consider that a math enrichment program showed promising results in its pilot site, and was then expanded to four districts that differed in size, student demographics, resources and curriculum. The second phase of program expansion raises two questions: does the program operate the same across the new sites, and does the replicated program reliably create the outcomes suggested by the pilot?

Two different evaluation tools are valuable. Process evaluation examines the implementation of a program for two purposes. First, it studies the consistency of program elements across sites. Second, it relates variation in implementation to differences in outcomes across sites. By evaluating the implementation experience across the expansion sites, one can judge the scalability of the program or identify the key characteristics of the program, site or participants that create the greatest impact. Both are important contributions to future decisions.

Process evaluations are typically done in a case study fashion. In the math enrichment example, the program could be structured in one site as a wrap-around to the existing curriculum but in another site it might entirely replace the curriculum for gifted students. Differences in both operations and student selection must then be considered when evaluating how the program affected math achievement. Understanding the dynamics of implementation can guide further program refinement, but it cannot help determine the overall effectiveness of a program. For that, one needs impact evaluation.

Impact evaluation, (also called outcome evaluation), looks at the change in outcomes that can confidently be attributed to a program. Impact evaluations use more rigorous analytic approaches than process evaluations do, most notably the selection of students (or schools, teachers, etc.) who did not participate in the program to serve as the control group. The necessity of designating control groups has implications for the design of the expansion project and the donor's role in adding to the general store of knowledge. Insights gained from impact evaluations help to clarify the suitability of the choices that philanthropists make. In the math example, control groups would need to be designated for each different subset of students participating in the program in various ways.

Perhaps because of their methodological rigor and complexity, far fewer impact evaluations are undertaken. This is disappointing, since the final value of education initiatives lies in their ability to effect gains in student learning. Without definitive tests of effectiveness, one cannot know whether the effort and investment in a given program are worthwhile.

One example should suffice to illustrate the loss of insight and missed opportunities that result when impact evaluation is not pursued. One of the goals of the Annenberg K-12 Challenge Grant in Chicago was to improve the quality of instruction in that city's classrooms. A research consortium of academics, consultants and school district personnel were assembled to conduct an evaluation of the programs funded to this end. However, the group made no attempt to pinpoint or measure various change mechanisms and their relationship to student achievement. The evaluation thus failed to subject the effort to the critical test: could any trends observed in the participating classrooms have occurred without the program? It comes as no surprise, then, that the findings after three years of study were inconclusive. After much expenditure of effort and resources, Annenberg still could not answer fundamental questions about the value of its initiative.

In contrast, some funders supporting school choice programs have made good use of impact evaluation. Many philanthropists have established privately funded scholarships, or vouchers, to assist low-income students to attend private schools of their choice. Of these, at least five have underwritten serious impact evaluations of their programs (and sometimes of other programs as well). Positive or neutral impacts on student learning were consistently found across the communities studied, particularly for African-American students. These studies reinforced the value of the voucher concept with reliable empirical evidence.

If a donor has undertaken a number of different program models, he or she may find a fourth evaluation type useful. Evaluation of cost-benefit or social return on investment (SROI) illuminates which, among a set of program alternatives most efficiently uses resources to attain desired outcomes. Among different math enrichment programs, for example, a cost benefit analysis might compare the cost and effectiveness of adding the new model on top of an existing curriculum versus implementing it fully.

The final tool that philanthropists will find helpful is called meta-evaluation. Results from multiple impact evaluations are compared for their robustness in an effort to draw some conclusions about the value of programs across differing circumstances. Staying with the math enrichment example, if the foundation has supported multiple approaches to improving mathematics proficiency, it might consider which program models are effective across the broadest range of students. Funders typically undertake meta-evaluation when they have sponsored multiple program solutions for a single problem. This type of insight also can support a foundation's review of its program direction. The impact that a foundation's efforts yield in education, say, may not compare well with its work in other areas, suggesting that programmatic changes may be warranted. In one case, a foundation (which declined to be identified) decided that its scale of involvement was insufficient to create the kind of lasting impact it desired, even as another decided that it needed to change a diversified approach to school readiness to a singular focus on getting parents involved with their children's education. Currently, the Bill and Melinda Gates Foundation has contracted for a similar evaluation of its education grants.

Is "Some" Evaluation Good Enough?

Given the large number of education philanthropies that do not evaluate their efforts, one might logically ask how to begin. It is a natural inclination to expect to grow from small beginnings, but there are minimum requirements that must be satisfied or else the effort will fail to bring value to donors or grantees. In this section, the discussion is limited to impact evaluation, since that is the type of evaluation that can most directly affect the course of donor decisions and program activities.

The minimum commitment to evaluation is that which provides confidence that the effects detected during the implementation of a program are due to the program itself. As simple as that sounds, this degree of clarity is not quickly nor cheaply obtained. Observational studies, expert reviews, satisfaction surveys or activity reports just do not measure up. Lesser forms of program measurement fall short, and can even be damaging if they give donors a false sense of confidence.

To achieve the necessary level of certainty, philanthropists need to insist that evaluation designs include carefully selected controls. Simply put, there is no other satisfactory way to gauge a program's worth: without control groups, impact evaluation is not worth much. The best way to build controls into an evaluation is to randomly assign a pool of potential program participants to two groups: program and control. Random assignment is the holy grail of evaluation. It provides a true experimental design. Its rigor in controlling for random effects parallels that of clinical medicine trials. In the real world of education, however, random assignment is not always possible. Practical constraints such as too few subjects, political constraints such as resistance by teachers or principals, and administrative constraints such as inadequate information on which to base the randomization often conspire to make random assignment difficult. Instead, many evaluations use a quasi-experimental design, adding in computational and analytic techniques for achieving as close a degree of control to random assignment as possible.

The need for control groups and analytic rigor calls into question a number of the new directions in evaluation practice today. For instance, "empowerment" or "participatory" evaluations are featured in evaluation courses in many schools of education. These techniques have some positive elements, notably their inclusion of program staff in evaluation activities. But they also have serious drawbacks. A real risk of the Hawthorne Effect exists: inclusion of interested parties in the evaluation process (regardless of the evaluation technique) can produce changes in their behavior, making it difficult to distinguish true program effects. The chief drawback of these approaches, however, lies in their lax position with respect to impartial measurement of outcomes and attributing causality. Relying on program staff to select the measures on which a program's success or failure rests is an invitation to self-interest. Without careful controls, program effects tend to be overstated, which would be expected in an evaluation that is heavily influenced by program staff.

The need for rigorous controls also calls into question the ability of program staff to conduct sound evaluations on their own. One of the reasons the aforementioned practices have grown, in fact, is due to the notion that evaluation can be a "do-it-yourself" activity. This notion is

reinforced when evaluators tell grantees to pick their own evaluators, a virtual guarantee of biased or unconstructive results.

Practitioners of evaluation often marvel at the number of books available on evaluation. Indeed, the field of evaluation itself has grown tremendously in the past ten years, as attested by the membership rolls of organizations like the American Evaluation Association and the Association of Public Policy and Management. Even the Council on Foundations has an affiliate program, the Grantmakers' Evaluation Network. Given the explosion in resources and professional skill, it is not surprising that more organizations are becoming emboldened to practice this "dark art" on their own instead of hiring experts.

But amateurism poses problems, too, much like those of participatory evaluation. A critical tradeoff exists between expanding in-house knowledge and the errors that can arise when evaluation protocols are not expertly designed, executed or analyzed. Evaluations are never as neat as the books suggest. Myriad mid-course decisions are required concerning how to deal with incomplete data; how unexpected nuances in interview questions can alter their meaning, or how to ensure that changes in program protocols do not bias who gets into the program that's being evaluated. Spotting such problems as they occur and making sound decisions about solving them are expert skills-and ignoring such problems can foul evaluations irretrievably. Even if a program has well-qualified staff to conduct the evaluation, it must still contend with the temptation toward rosy or self-interested interpretations of the results. It is difficult to see how evaluation design, selection of control data, analysis and interpretation can be fairly handled by in-house staff alone. The best approach seems to be a blend of internal wisdom and a roster of bona fide evaluation specialists.

Regardless of the tactic, philanthropy has a unique role to fulfill in setting the expectation for critical program review among its grantees and for its own activities. Suggestions for how this may be accomplished are presented below.

Building Evaluation into Grant Projects

Sound evaluation practice cannot develop unless both donor and donee are committed to learning as well as doing. An emphasis on learning removes any punitive connotation of performance measurement. It also fosters a sense of the larger community of educators and the shared mission of improving America's schools and students. Finally, a learning focus positions the philanthropist as a real partner in the projects he or she funds. Because learning is open-ended, emphasizing it as the ultimate purpose of evaluations smoothes some of the inevitable bumps along the way.

A donor can begin to build evaluation capacity by setting expectations for what grantees should be able to demonstrate with their programs. There are some low-cost evaluation activities that all grant applicants can adopt regardless of size. At minimum, all grant seekers should be able to articulate the specific change their programs will attempt to create and be able to distinguish interim and ultimate beneficiaries. They should be able to construct logic models that relate the program activities and other inputs to the expected change. If an applicant cannot clearly articulate the mechanism of change or its consequences, it usually suggests the need for some

refinement of the program design. Grant applicants ought to be able to identify objective and measurable attributes about program participants that would accurately reflect the impact of the program. For a literacy program, for example, an acceptable outcome measure might be the number of third graders who can read on grade-level at the completion of the program. Even where the scale of the program or the donor's share of its budget is too small to justify a full evaluation, these few steps can advance the thinking of both applicants and philanthropists.

Beyond the threshold activities described above lie the more complex tasks of conducting evaluations. There are fixed costs to evaluations that are independent of the size of the program being evaluated. Donors should not expect evaluations to be infinitely scalable (e.g. 15% of budget regardless of size) and so may need to make strategic choices about the programs they will evaluate. Certainly when a program is a new model or part of a donor's key initiatives in education, the chance to specify evaluation expectations should not be missed.

For those programs that will be evaluated, the donor can assist in several ways to get good evaluation results. Many evaluators agree that collaboration with programs on evaluation issues at the conceptual and planning stages makes it far easier to assure that the right steps get taken at the right moments.

Philanthropists can also benefit from bringing like projects together for combined evaluations. Not only are costs then shared, but both programs and donors also benefit from common approaches since cross-program comparisons on equivalent measures become possible. A combined approach creates another desirable effect: programs can use the information to jointly solve common problems.

Building Evaluation Capacity into Philanthropic Operations

The previous discussion was devoted to the role that donors can play in determining the value and impact of the programs they choose to fund. For their own purposes, however, philanthropists also need a second level of evaluation. These activities build on individual program results but instead ascertain the general directions of philanthropic activities are satisfactory.

A clear parallel exists in commerce. Businesses regularly consider the strategic value of individual products. They modify the attributes of their products (sometimes with maddening frequency). This behavior corresponds to the program level evaluation that foundations pursue. Less frequently, businesses look at entire lines of business to determine whether the set of products continues to perform well. The same analysis and reflection is suitable for philanthropies with respect to their program directions.

Imagine that a philanthropy has been a strong supporter of a particular education reform model that it believes will foster greater autonomy and accountability at the school level. That reform model is the vehicle that the foundation has chosen to pursue its goal of improved student performance. If, after a time, the evaluation results are not favorable, the foundation may consider two alternatives. It may look for alternate school reform models or it may consider alternate program directions that hold better promise for gains in student performance. Both

decision options require a level of evaluation that exceeds the scope of a single program evaluation.

As with program evaluation, strategic evaluation requires commitment by philanthropic leadership. It demands that the criteria for successful activity be specified in advance and refined periodically over time.

Conclusion

Philanthropists have a duty to act as responsible program sponsors and stewards of their resources, especially with regard to programs that directly affect children and their learning. Increasing public attention to and frustration with the challenges in our K-12 education system should be followed by increasing attention to the effectiveness of various programs. The only way that philanthropies can verify the effectiveness of their own good works is through evaluation. By ensuring that they are accurately analyzing, learning from and sharing the results of the programs they fund, philanthropists can provide a needed and more effective catalyst for improving American public education.

1. Brest, Paul. "Notes on Effectiveness in Philanthropy." Presentation at Executive Session on the Future of Philanthropy, Hauser Center for Nonprofit Organizations, Harvard University, November 2000.

2. For a summary of the voucher evaluations, see Educational Resources Information Center (ERIC) Clearinghouse on Educational Management, Trends and Issues: School Choice at http://eric.oregon.edu/trends_issues/choice/private_vouchers.html.

3. For additional details, see <http://www.gatesfoundation.org/pressroom/release.asp?PRindex=366>.

Transforming an Education System: Milwaukee's Private Sector Catalyzes Major Change, by Joe William

No city in America offers more publicly-funded K-12 school options than Milwaukee, Wisconsin. This city on the shore of Lake Michigan is home to a variety of traditional public and charter schools, and also boasts the nation's preeminent voucher program, which allows low-income students to attend the private-including religious-school of their choice. Labeled "ground zero" for education reform by Education Week, many analysts consider Milwaukee a Mecca for those who want to observe a relatively open education marketplace at work.

Milwaukee got where it is today thanks to an unusual coalition of community activists and business and political leaders who came together to help transform the way the city's residents view and fund public education. While many people deserve credit for their involvement in Milwaukee's education transformation, this paper focuses on the role played by the private sector, particularly corporate leaders and foundations. It is by no means all-inclusive, but does

reveal that a committed array of civic-minded individuals, corporations and private foundations provided vital support to controversial education reforms that challenged the system and helped overturn this city's educational status quo.

Background

Milwaukee grabbed national headlines in 1990 when Democratic State Representative Annette "Polly" Williams and Republican Governor Tommy Thompson joined forces to successfully persuade the Democratically-controlled legislature to enact the "Milwaukee Parental Choice Program." This program originally allowed low-income students in the city to use a taxpayer-funded voucher to attend the secular private school of their choice. In the original legislation, participation was limited to a maximum of 1% of enrollment in the Milwaukee Public Schools, or about 1,000 children.

Of course, such a controversial measure was not enacted overnight. The fight for school choice in Milwaukee had begun in the late 1960's, led by civil rights activists who were tired of seeing the city's public schools fail their African-American students. These activists were looking for support especially for a small group of community-based private schools that served the predominantly poor, minority student population in the central city and that struggled year after year to make ends meet. It was schools like Harambee Community School and Urban Day Academy that Williams had in mind when she championed the original school choice legislation. If public money could cover tuition for the poorest students, then the constant financial crises faced by these mission-driven schools would ease and more needy students would have access to them. Grassroots activists had tried for many years to access government funds for these schools, but it wasn't until Williams took the lead and teamed up with the Republican governor that these efforts were successful.

The Private Sector

While Williams was pushing her bill through the legislature, Milwaukee's business and civic leaders were primarily involved in the kind of well-intentioned partnerships with public schools that have been formed all over the country. "I didn't even know what school choice was back then," says Timothy Sheehy, president of the Metropolitan Milwaukee Association of Commerce (MMAC). Under Sheehy and his predecessor at MMAC, Milwaukee's business leaders had invested many thousands of dollars in more traditional efforts to help improve the city's public schools, including funding the Greater Milwaukee Education Trust (GMET), which was designed to link businesses with schools and to provide friendly suggestions and non-controversial monitoring of the school system. "(This) amounted to a lot of what I call polishing the apple," Sheehy says today. "We had put hundreds of thousands of dollars into well-meaning efforts and what we got was a lot of hand-holding and hand-wringing."

However, in a "report card" on the school system that the GMET prepared every year, one statistic kept jumping out at the business community: the city's drop-out rate, which showed that only 4 out of 10 high school freshmen stayed in school and graduated in four years. Members of the MMAC were losing patience. "There was a growing awareness year after year, as a new

superintendent would come in and we'd watch another wave of reform efforts, that nothing was actually changing," Sheehy says.

A consensus began to form that something bold needed to happen. Leading the charge were people like Richard Abdo, CEO of Wisconsin Energy Corp., and Robert O'Toole, CEO of A.O. Smith Co. Fed up with hiring graduates of the Milwaukee Public Schools (MPS) who were not grounded in basic academics and frustrated by the district's sky-high drop-out rate, Abdo and O'Toole would become largely responsible for galvanizing the city's business leaders to support efforts to transform the system through the competitive pressure of school choice. "This was very much their baby," said Sheehy.

One of the first steps the Sheehy, Abdo and O'Toole team took in the early 1990s was to hire consultant Susan Mitchell to work with MMAC and with then-Milwaukee Schools Superintendent Howard Fuller to find ways to effect meaningful education reform. Soon after, Mitchell compiled a report (published by the Wisconsin Policy Research Institute) entitled "Why MPS Doesn't Work." This report described an administration and school board tied up in minutiae and a monopolistic system in which ultimately no one was accountable for results. Her findings caused waves to ripple throughout the business community and motivated Abdo and O'Toole to press their colleagues to support school choice reforms in Milwaukee.

Convincing a critical mass of business leaders that change through competition was needed took some delicate work, Sheehy recalls. But the idea began to percolate that expanding the school choice program to include more students and religious schools (of which there are many more in Milwaukee than secular private schools) just might provide the needed catalyst to improve all of the city's schools. This controversial expansion would mark the first time government funds would be provided to pay for tuition at private, K-12 religious schools. (Government funds have been used to underwrite tuition at religious universities and colleges in Wisconsin and nationally for many years.)

"The effort to convince business leaders didn't happen overnight," Sheehy said. "There were lots of CEO-to-CEO meetings on the subject. We really probed the question of whether this was the right thing to do."

Some business leaders initially voiced reservations about the voucher expansion strategy on church-state grounds, while others wondered if the effort would be worthwhile if there was a chance that it would be judged unconstitutional down the line. Others had been burned by teachers union protests over earlier MMAC's efforts, like trying to reform the state's pension system, and were not eager to raise their ire again.

"We were trying to get people to understand what we wanted to do and why we wanted to do it," Sheehy said. "We didn't come to the table as voucher advocates and we're not voucher advocates per se. We're here because there is a well-documented link between the school system and our ability to draw from the talent pool that is out there."

MMAC also reached out to other prominent civic groups, like the Greater Milwaukee Committee, to either gain their support or ask them to quietly step out of the way on the controversial issue of school choice, Sheehy said.

As a consensus emerged, business leaders asked Susan Mitchell to develop a legislative strategy to expand school choice to cover more students and to include religious schools. She quickly started working to bring the grassroots activists together with private sector leaders to build a coalition-a "project team"- composed of supporters that crossed political, religious, economic and racial lines. .

Private sector funds choice coalition

The MMAC's board of directors quietly made expanding school choice its number one lobbying priority. They also put MMAC money where its mouth was, spending more than \$500,000 to help enact the legislation that would allow more students and schools to participate in Milwaukee's voucher experiment.

The project team's first task, in October 1994, was organizing a rally-mostly attended by minority parents-to support Governor Thompson in his support of school choice. Two weeks later, while Thompson was touring Wisconsin Electric's Oak Creek power plant, south of Milwaukee, Sheehy and a group of prominent business leaders led by Abdoo and O'Toole (both major campaign donors to Thompson) met behind closed doors with him to explain that expansion of the voucher program was their priority, too.

"He was a little surprised that it was that important to us," Sheehy recalled. Thompson told them what a difficult fight lay ahead, and the business leaders pledged to develop the necessary framework and provide the kind of support that would be needed for passage.

In early 1995, Governor Thompson publicly expressed his support for expansion of the voucher program in his "State of the State" address. By then, the coalition was already working at full-speed. Individual business leaders had been encouraged to twist legislators' arms to ask for their support, emphasizing that this was the business community's number one legislative priority. Parents were organized to visit legislators too, to talk about their hopes for their children. These combined efforts paid off. In 1995, the legislature voted to expand the Milwaukee voucher program to serve more low-income students-up to 15% of the MPS enrollment-and to allow religious schools to participate.

"A strong coalition was everything," said Susan Mitchell, now president of the Milwaukee-based American Education Reform Council, which shares the Milwaukee story with reform advocates throughout the nation. "The people we were up against are too powerful to fight with anything less than a unified effort," she said. In many ways, the story of Milwaukee's education transformation depended on a disciplined adherence to the central strategy developed by the "coalition." Business leaders and private foundations have played, and continue to play, an essential role in that group.

Private scholarships bolster the movement

Once the legislature voted to expand the voucher program, however, legal challenges kept it from being implemented for three long years. During that time, a non-profit scholarship organization called PAVE (Partners Advancing Values in Education) enhanced its fundraising to provide scholarships to the low-income students who had anticipated using the new state vouchers. Co-chaired by John Stollenwerk, president of Allen Edmonds Shoe Corp., and Donald Schuenke, retired chairman of Northwestern Mutual Life, PAVE raised millions of dollars from local business leaders and philanthropies to enable more low-income Milwaukee students to attend the school of their choice while the court battles were carried on. One local foundation that stood out in terms of its generosity was the Lynde and Harry Bradley Foundation.

Steered by then-president Michael Joyce, long a school choice advocate, the Bradley Foundation funded \$8 million worth of PAVE scholarships, as well as countless related research projects and legal costs. When the "expansion" challenge reached the state supreme court, the Bradley Foundation funded attorneys Kenneth Starr and Clint Bolick (of the Institute for Justice) to defend it on behalf of the State of Wisconsin. But from the start, Bradley made clear that its acts of charity were intended to be replaced by government funding of the program already passed by the legislature.

On June 10, 1998, the Wisconsin Supreme Court deemed the expanded voucher program constitutional. Parent activists and other choice supporters heaped praise on Joyce, who sat quietly in the back of the room, as they celebrated the news in the basement of St. Joan Antida High School on Milwaukee's lower east side.

"After 13 years of struggle and over ten million dollars of investment, we had helped to make what had been an abstruse intellectual construct, a talking point, and translated it and transformed it into a concrete reality," Joyce later explained. "A powerful educational reform involving real flesh and blood human beings exercising freely the bedrock principle of a self-governing republic-that the parent is the primary educator of the child."

Increasing capacity in "schools of choice"

Once expanded school choice was a reality, it became clear that the new demand it created would require more private school seats than even the inclusion of extant religious schools could provide. Private resources were needed to help strengthen and expand existing private and religious schools and also to create new schools for voucher-carrying students.

Investment manager Ronald Sadoff knew he wanted to get involved in a project that would help low-income residents of Milwaukee's central city, but he didn't want to be the kind of donor who sat on the sidelines writing checks. He wanted to be sure that his involvement was making a difference. "I had concluded that education was the way to go," Sadoff recalled.

In 1996, Sadoff and his wife, Micky, saw a "60 Minutes" update on a late 1970's piece about Chicago educator Marva Collins. The Sadoffs were moved to learn that students who had attended the no-nonsense educator's schools beat the odds by escaping their housing projects and gaining meaningful employment as adults.

Ron Sadoff made the 90-mile trip south to visit with Collins and tour her school, Marva Collins Preparatory, and knew right away that he wanted to bring that kind of school to Milwaukee's inner city. "I told her, 'I'm not leaving here until I get a license'," Sadoff says.

While attorneys thrashed out a twenty-page licensing agreement ensuring that the Marva Collins Preparatory School of Milwaukee would follow the Marva Collins method to the letter, Sadoff found other charitable individuals willing to assist him, most notably Junior Bridgeman, a one-time Milwaukee Bucks star who had acquired a dozen area fast-food restaurants. In 1997, the new school opened its doors in Milwaukee's tough Metcalfe Park neighborhood to serve low-income students armed with vouchers. Today it is one of the most popular schools in the central city for students in the voucher program.

In addition to starting new schools as the Sadoffs did, scores of private individuals provided funds to help existing schools increase their capacity, often by contributing to PAVE, which-its scholarship program having served its purpose-turned to expanding the supply of private school seats. PAVE also took on the task of working with private schools, which were used to living hand-to-mouth, to plan for their future in an era of taxpayer-financed vouchers. Lastly, PAVE turned itself into a clearinghouse of information for schools participating in the voucher program and for officials administering the program. The Bradley Foundation continued to support PAVE in this new incarnation: in 1999, Joyce announced a \$3.25 million grant to PAVE for development of new and better private schools, "without which the hard-won freedom to choose cannot be exercised."

"It really is the next big horizon for education in Milwaukee," PAVE Director Dan McKinley said at the time. "We're now moving from the demand side to the supply side and making sure there is a good supply of education options for students." School choice supporters identified tens of millions of dollars in building projects planned or underway at private schools in underprivileged neighborhoods by the spring of 2001, thanks to the generosity of local citizens and foundations.

Creating a two-party political system, reformers vs. the union

Battles against the school voucher program didn't end with the state supreme court decision upholding its expansion. In the spring of 1999, the teachers union decided to turn the upcoming school board election into a veritable referendum on vouchers. The unions have a long history in Milwaukee and elsewhere of running candidates for school board seats and winning them with ease. This time, however, the school choice coalition stepped in to support a slate of reform-minded candidates. Backed by resources raised by Sheehy and others, as well as the political machine of Mayor John Norquist, a Democrat, and GOP Governor Thompson, the unions faced opposition they had not previously encountered. One of the pro-school choice candidates spent a record-breaking \$190,000 on his race. A conduit organized by the MMAC and utilized by area businessmen (each individual can contribute a maximum of \$3,000 per race) provided over \$50,000 to that campaign. For the first time in Milwaukee history, the teachers union (using funds provided by the National Education Association) and the choice coalition squared off in dueling television ads.

Raising money from business leaders for school board races was difficult at first, said Sheehy, who took on much of the fundraising responsibility for the business community. "At first, many would say, 'I'm writing an \$800 check for who?' They were much more used to statewide and congressional races. Once they saw it as another piece in our support for education reform, then it came a lot easier," Sheehy said.

The combination of money and organization resulted in a landslide victory for the choice coalition, sending five pro-voucher candidates to sit on a nine-member school board. The union had never lost this badly before.

Howard Fuller's philanthropic focal point

While few Milwaukee school board members and other choice supporters are known outside that city, one of the coalition members—the aforementioned Howard Fuller, former MPS Superintendent—has gained national prominence. Fuller resigned in frustration from the superintendency in 1995, having concluded that real reform could not occur from within the system. He explained at the time that he was turning his efforts to putting pressure on the system to change from the outside—via school choice. Fuller has since emerged as the foremost leader for school choice in Milwaukee and—many believe—in the country. With funding from various philanthropists and foundations, Fuller created the Institute for the Transformation of Learning at Marquette University to advance effective education reform locally and around the country.

Among many contributors to the Institute is Milwaukee's Helen Bader Foundation, which has provided it with more than \$500,000 for various projects in recent years. The Bader Foundation's Jeanette Mitchell (not related to Susan) said that her directors have been pleased to play a role in pushing for change in Milwaukee's schools.

Like Fuller, Mitchell once gave everything she had to working "within" the system. In the 1980's, she served on the Milwaukee School Board, for a while as its president. But in the early 1990's she decided that there was a more powerful role for her to play on the outside. "When I left the school board, I understood clearly it would never change on the inside without outside pressure," said Mitchell.

"My board of directors understands that a lot of our funding has assisted Milwaukee in becoming 'ground zero' for school reform," Mitchell said, "We now have more options for education in Milwaukee than anywhere in the country."

Not all of the Institute's support comes from local sources, however; national foundations like the Walton Family Foundation and the Milton and Rose Friedman Foundation have provided significant funds, too. Fuller's institute now employs more than a dozen staff and operates a local charter school resource center, technology learning centers throughout Milwaukee, an office of research and a website, www.schoolchoiceinfo.org. Fuller also recently founded the Black Alliance for Educational Options (BAEO) to organize African-Americans to fight for school choice for their children. He has leveraged philanthropic support to launch BAEO chapters throughout the nation, to underwrite a major symposium on school choice issues held in Milwaukee each year and to fund a television ad campaign in Washington, D.C., where the next

school choice court battle-this time in the highest court in the land-will probably be fought in late 2001.

Conclusion

Milwaukee's private sector has open-handedly supported a wide range of activities towards the goal of improving the city's education system through the impetus of school choice reform. While many individuals and organizations share credit for pushing through successful reform in Milwaukee, it is clear that the private sector was key to this unique record of political, civic and programmatic accomplishment. Though business and philanthropic leaders, like the Bradley's Foundation Michael Joyce, often sat quietly in the "back of the room," they were essential sources of financial, moral, political and organizational support for public figures such as Thompson and Fuller, as well as for the schools and the parents. Though sometimes unsung, this work was selfless, tireless and occasionally heroic. And it made a difference.

- i. Center for Education Reform, "Monthly Letter to Friends." January 1999.
- ii. American Enterprise Institute for Public Policy Research, "Model Schools," *The American Enterprise*, January 1, 2001.
- iii. Ibid.
- iv. Joe Williams, "\$3.25 million pledged to expand Private Schools," *Milwaukee Journal Sentinel*, September 5, 1999.
- vi. Joe Williams, "\$3.25 million pledged to expand Private Schools," *Milwaukee Journal Sentinel*, September 5, 1999. "
- vii. Letter to Wisconsin legislators from school choice supporters, June 8, 2001. "A Message about Education Reform in Milwaukee."

Education Philanthropy for the 21st Century, by Paul Hill

Introduction

For the most part, foundation leaders and corporate and individual philanthropists have preferred to stay out of the fractious education wars-the battles over school vouchers, charter schools, and other reforms that look to shake up public education as we know it. Many have even sidestepped the debates over standards-based reform. Today, however, it is clear that philanthropy can no longer be policy neutral in the education wars. Philanthropic investments can either buttress the existing system or pressure it to change. Direct aid to public schools and teachers, though immediate and tangible, often deflects attention from the system's performance and compensates in various ways for its failures. Such arrangements can leave philanthropists feeling a bit used. Some philanthropists have invested millions in individual schools, only to find the system using these schools not as models for system-wide transformation, but as Potemkin villages intended to convince the public of the system's commitment to quality and reform.

Serious efforts to improve traditional public schools-for example, by designing holistic school-reform programs or promoting smaller schools-inevitably run afoul of school district and union

policies. Philanthropists like the Annenberg or Gates Foundations initially profess a deep commitment to the principle-and the betterment-of public education. But they often find themselves at odds with school board members, central office staff, and union leaders who are the most prominent symbols-and power centers-of public education. Even philanthropies that try to help school districts and teacher unions reform themselves are often frustrated by the results. The Teachers Union Reform Network, sponsored by the Pew Charitable Trusts and the Broad Foundation, has been crippled by local union elections that rejected reform-minded leaders in three of its flagship cities: Seattle, Cincinnati, and Chicago. Design teams from New American Schools, a business-led nonprofit that promotes comprehensive school-reform programs like Success for All and Modern Red Schoolhouse, were abruptly kicked out of San Antonio when a new school board sponsored by dissident teachers fired superintendent Diana Lam. Teachers' complaints also led to the recent abandonment of Memphis' widely heralded effort to use New American Schools designs to transform its public schools.

At the end of the day, education-minded philanthropists must take the side of children and families who need better options. They cannot assume that the interests of children are the same as those of the central office or the teacher union. They must be prepared to pressure and threaten, as well as to assist, the adults running the system.

Foundations in a few cities, notably Chicago and Milwaukee, have recognized this for some time. The Joyce Foundation, a partner in Chicago public school reform with the MacArthur and Spencer Foundations, has also supported initiatives that put pressure on and compete with the school systems in Cleveland and Milwaukee. But such aggressive philanthropy is rare. Corporate philanthropies typically try to avoid irritating the teacher union or school board, understandably wanting to avoid controversies that might hurt their local sales. It is so much easier to generate favorable publicity by providing a handsome check or a truckload of computers to the school district. Independent foundations are rarely any better. They are often constrained by the presence of school system leaders and teacher union members on their boards of trustees or as advisors. Such foundations are thus apt to demonstrate their devotion to the poor and to minorities by paying for supplemental programs in inner-city schools. Yet such actions are far from policy neutral. They may help some children in the near term but, in system terms, they preserve things as they are.

Philanthropists need to think of education reform as a community-wide problem in need of a community-wide solution. Too often foundations, corporations, and individual donors respect the traditional bright line between the public school system and other institutions. The school system is narrowly defined as a bureaucracy overseen by elected officials and run by lifetime civil servants. Whatever this system does is equated with public education; anything outside its control is considered "private." Conceived this way, public education excludes the assets of the broader community, including the resources and expertise of museums, libraries, orchestras, colleges, churches, and businesses. The public schools can accept gifts from these entities, but in order to preserve their separate character they must remain in control. School systems thus enter into innumerable "partnerships," but these often limit the other party to actions that do not challenge or disturb the school district's ways.

Regarding the public school system as a thing apart from the rest of the community can needlessly limit children's learning opportunities. In cities with large universities and sophisticated high-tech industries, for example, the school systems often fail to offer enough high-quality mathematics and science instruction. Letting practicing mathematicians and scientists (rather than certified teachers who lack training in those fields) teach in the schools would seem to make sense; yet because it crosses the bright line between the public school system and other community assets, it very rarely happens. Likewise, in cities where many public schools are failing, letting colleges, interfaith coalitions, and cultural institutions assume management of failed schools or create new schooling options would seem logical; yet this, too, seemingly lets the snout of the private sector enter too far into the tent of public education. So the bright line is not crossed, and very little change ensues.

In this environment, what should philanthropies do? Should they continue to work within the public education system? Or should they concentrate on creating alternatives and applying pressure from outside? Fortunately, in the real world the choice is not so stark. Philanthropies can and should continue to support public education. But they must take care to avoid being co-opted by those who would protect the system regardless of its failures. And they must push relentlessly for changes that will benefit children. To accomplish these several goals, philanthropists must resolve three dilemmas:

How to improve individual schools without allowing the rest of the system to use those schools as buffers against change. Education reformers like TheodoreSizer, founder of the Coalition of Essential Schools, and their financial supporters have learned that school districts will exploit privately initiated school-improvement efforts to their own ends. Districts publicize these efforts as evidence of what "the system" can accomplish, while painting critics and unhappy parents as malcontents who ignore the good things that are going on.

How to support tangible, small-scale initiatives while still addressing the underlying problems. Funders can easily get caught in the "tangibility trap," supporting activities that result in immediate, noticeable changes but that don't go to the core of the problem. Teacher in-service training is a good example: It provides direct help to teachers eager to improve their skills, but it does little to improve the quality of the nation's teaching force. In-service training must be combined with reforms, such as recruiting teachers from all walks of life, that address other elements of the teacher quality problem. Philanthropists need to seek partners so that all parts of a problem can be addressed.

How to invest in new ideas-and ensure that they are actually used. Funders hoping that teachers and principals will incorporate new ideas into their pedagogy are often frustrated. If there is one consistent lesson from earlier philanthropic initiatives, it is that schools do not hasten to embrace suggestions from outsiders. The power of regulations and contracts-and the lack of performance pressures to force constant searches for improvement-insulates conventional public schools from ideas that outsiders consider promising. Philanthropists can't just hope that schools will use new ideas; they need to promote innovative options such as charter schools, which are publicly funded but run separately from the district bureaucracy, and use competition to encourage change in district-run schools.

This paper suggests a pair of approaches to philanthropy that help to resolve these dilemmas. The first emphasizes engaging community leaders outside the existing public school system. In pursuing this strategy, philanthropies must provide the initiative and leadership because the entities that comprise the local school district—the school board, superintendent, and teachers union—are inherently unable to agree on a powerful reform strategy or to pursue any strategy rigorously and over the long haul.

The second approach is to fund institutions and activities that school districts and state agencies are not likely to support, but that are necessary for fundamental reform. Most districts are so overwhelmed by the demands for current services and salaries that they cannot invest in such important functions as measuring school performance over time, analyzing how and where money is being spent, starting new schools to replace failed ones, and providing facilities for alternative or innovative instructional programs.

These two approaches complement one another. Engaging broader community groups means that philanthropists contribute to the development of powerful strategies to change the educational opportunities of tens of thousands of children. Funding activities that school districts will not or cannot support means that philanthropists can create options for students, including new schools, promising forms of instructional support, and choices for families that the government system typically resists or marginalizes.

Taken together, these two strategies allow philanthropists to expand educational opportunities without needing to depend on the public schools to do the right thing. Nevertheless, it cannot be said that they are turning their backs on the existing institutions and structures of public education. In certain respects, this parallels the "Third Way" advocated by America's "New Democrats" and Britain's "New Labor" party. They have sought to advance public goals such as equal opportunity and full employment via means that rely less on traditional government bureaucracies and more on private institutions, market forces, and choices for families and professionals. They see government as a promoter of options, a guarantor of baseline quality, and a source of information, rather than a monopoly provider. They have not given up on government. But they aren't satisfied with its traditional mechanisms either.

The Third Way approach to philanthropy does not confuse ends with means. It affirms the goals of public education—to ensure that all children become fully functioning citizens of our democracy and successful participants in a modern economy—and measures institutions against those goals. Institutions like school districts are valuable to the degree that they attain those goals. The relevant fact in education philanthropy is this: in many urban neighborhoods, the existing public schools are failing their students on a massive scale. In this situation, the goal of philanthropy is to help create settings in which children can learn. Whether to help existing schools or to support alternatives is a practical question, not an issue of principle. The existing schools (and the districts that operate them) warrant philanthropic support only insofar as they adapt to the needs of students. Alternatives to the existing system must be measured with the same yardstick.

THIRD WAY INVESTMENTS IN COMMUNITY LEADERSHIP

Effective reform strategies are possible, but they are not easy to design or implement. My studies of the many failed attempts at big-city school reform suggest that three elements must be present in any serious change strategy: 1) incentives for school performance, 2) ways of making schools more effective organizations, and 3) more flexibility for school employees who want to change how they serve students. These three elements must work together. Teachers and administrators who are comfortable in their routines will see no reason to change if they are not given the proper incentives. Schools that are poorly organized or weakly staffed cannot improve if they're not provided with effective instructional methods, training for their teachers, and high-quality teachers through new recruitment strategies. And schools that see better ways to serve students will find that every new idea runs afoul of some regulation about who can do what in the school if they're not given the flexibility to try new ideas.

Performance incentives for schools can include:

- Giving families open choice among public schools.
- Promoting competition through charter schools and vouchers for private schools.
- Basing employee promotions and pay raises on performance.
- Instead of using lockstep, district-wide pay schedules, allow individual teachers and principals to negotiate their salary and work assignments with individual schools.

Investments in school capacity can include:

- Guaranteeing every school a minimum set-aside for purchasing materials, advice, and assistance.
- Creating independent new institutions to provide assistance, advice, and teacher training.
- Setting up "venture capital" funds to encourage the formation of new nonprofit and university-based assistance organizations.

Ways of increasing flexibility within schools include:

- Giving schools clearly defined budgets and the discretion to spend money as they see fit.
- Assuring schools that, if they save money by reducing expenditures, they can use the funds for other needs.
- Allowing schools to decide how they will organize and staff themselves.
- Allowing schools to choose whom to hire and, within wide boundaries, what to pay them.

Regardless of how they are designed, reform strategies cannot lead to widespread school change if they are poorly implemented or if they are abandoned and replaced every two or three years. Once a community formulates a powerful strategy, it must continue even when superintendents, school boards, and union leaders turn over.

The best way to provide the long-term support that a reform strategy needs is to base it in the kind of civic leadership group that guides big cities through major transitions. These are groups, such as the Chicago Civic Committee and the Cincinnati Business Committee, that normally organize bids for the Olympics or investments to transform the city's economic infrastructure. Traditionally, mayors and business dominated such groups, but since the civil-rights movement of the 1960s, they have typically included minority and religious leaders as well.

The group must be a community institution, not a governmental body. It should not have the formal authority to run schools, but rather should see itself in the role of a watchdog to ensure that the superintendent and school board rigorously implement the city's reform strategy. Such a group is necessary to protect a reform design from chance events—a low-turnout election that creates an anti-reform majority on the school board; the death or retirement of a committed superintendent; or a school board's failure to make sure that a new superintendent is hired with a clear mandate to continue the reform.

The composition of such a group will depend on a particular city's structure and history. In general, it needs to be composed of individuals who are respected and influential in their own right. Potential members include former mayors and other former high officeholders, college presidents, heads of foundations and cultural institutions, respected K-12 educators, religious leaders (including heads of minority congregations), newspaper editors, respected figures from low-income and minority neighborhoods, and retired CEOs. The mayor could convene the leadership group, but it should be self-perpetuating thereafter. Members should serve staggered terms so that the civic leadership group is not susceptible to abrupt shifts in direction.

The group should be a quasi-public body on which members serve without pay. It should have enough money to employ a small professional staff. This money should come from long-term business and foundation commitments, not from government. The group's functions should include:

- Mobilizing electoral support for the reform design
- Ensuring that reform strategies survive school board transitions and superintendent turnover
- Opposing distracting proposals
- Arranging needed regulatory relief and financial support from the state capitol
- Tracking progress and acting to reverse failures
- Building a grassroots constituency for reform

Winning Elections

Community leaders must understand that school board elections are the forums in which the entire reform initiative can be sustained or scuttled. Nothing can protect a reform against a new school board majority that claims a mandate to trash a strategy or fire a superintendent. A civic leadership group cannot buy elections or prevent a well-mobilized majority from having its way. But it can develop an election strategy, provide public information, and manage voter turnout initiatives, all indispensable parts of reform implementation.

Surviving Superintendent Turnover

The typical urban superintendent's tenure is far too short to institutionalize a reform strategy. Faced with the likelihood of turnover, the civic leadership group must make sure that successive superintendents are hired to continue and build upon, not reject and replace, the city's reform strategy. A change in superintendents can and should be an opportunity for taking an honest look at what has been accomplished and how to go forward. A civic leadership group needs to pay close attention to the school board's preparations to hire a new superintendent and use its moral

authority-and the mayor's influence-to make sure that the premises on which new superintendents are hired reaffirm the city's commitment to its basic reform strategy.

Focusing on a Consistent Strategy

In most cities, successive efforts to improve the schools have left behind geological layers of half-implemented reforms. If a city's reform initiative is to succeed, leaders must persuade teachers and principals that it is here to stay.

The civic leadership group can demonstrate a reform plan's staying power in two ways. First, they can deflect new schemes, projects, and mandates that are not demonstrably part of the reform plan. Second, they can terminate rules, administrative structures, and uses of funds that don't harmonize with the reform plan. The former requires self-discipline: civic leaders cannot push for every new "silver bullet" they hear about at national conferences or from their friends. The standard for judgment is easy: if a new idea does not solve a problem for which city leaders were openly seeking a solution, it should not be added to the mix.

Civic leadership groups must also be prepared to decide what the school system will stop doing. Previous reform efforts will have created special central office structures, methods of allocating teachers and other resources to schools, and collective bargaining provisions that prevent schools from changing. If these underlying structures are not terminated, they will tear any new reform plan to pieces. Only a force as powerful and politically independent as the civic leadership group can pursue this task relentlessly enough to succeed.

Arranging Regulatory Relief and State Support A civic leadership group can help promote flexibility in a school district's use of state and federal funds. It should be the community's leading edge in seeking advice and cooperation from high-level state and federal officials, including the governor and the U.S. secretary of education.

Serious reform strategies need more than waivers and accommodations from the state and federal governments. They also need permanent changes in laws that determine how schools are funded, how money is used, and how teachers are hired.

A civic leadership group speaking for a major city should have little difficulty persuading officials that its city needs relief from regulations that interfere with a promising reform strategy. Foundation heads and business CEOs have direct access to top state officials.. They often have greater leverage in the state capital than any school superintendent; they can go over the heads of state education agency officials and deal directly with senior government leaders. Procter and Gamble's successful advocacy for school reform in Cincinnati is exemplary in this regard.

Tracking Failures and Making Mid-Course Corrections

Reform strategies can take many years to influence student learning. Reform leaders must be eager to get the facts and adjust implementation when things are not going according to plan. Though the people in charge of day-to-day reform implementation inevitably care about appearances, heads of foundations and business philanthropies should care only about results.

They are therefore the right people to establish and pay for oversight and adjustment of the reform.

As we will suggest below, this function requires a specialized independent data collection and analysis agency, which the reform leadership group should establish with foundation funds.

Building a Grassroots Constituency

Though civic leaders are legitimate initiators of school reform, strategies cannot be sustained over time without broad-based grassroots support. Ultimately, everything depends on parents. Unfortunately, parents seldom have much concrete understanding of what is being done and why. Like teachers, poor and minority parents have seen superintendents and reform schemes come and go, and have probably come to doubt the seriousness of any initiative.

Parents need to know why a reform strategy is being initiated, how it is supposed to work, and how it will affect their children. They should also know what changes to expect in their schools, and whom to call if they see that promised changes are not happening. Even when system administrators and board members support a reform strategy, districts cannot be trusted to provide needed information about it. Permanent central office staff and union leaders can easily create a flow of counter-reform information that the superintendent is powerless to stop.

A continuing function of a civic reform oversight group must be to provide parent-friendly explanations of the reform, and make sure parents are never surprised by what is happening. The group's goal should be to avoid having to mount defensive campaigns against rumors, by telling the story first and providing a framework in which parents get and interpret information. For parents, the most valuable information is about the choices they have, among schools and instructional programs. Profiles of schools, simple documents explaining school choice options, and school choice fairs where parents can meet teachers from many schools, are all central elements of an information strategy.

HOW THESE THINGS CAN BE DONE

The most important resource provided by philanthropists is not their money but their auspices and convening power. Philanthropists hoping to lead education reform must be prepared to assign senior staff to the collaboration and strategy-setting processes. They must choose between allocating their CEO's time to this task or allowing an experienced individual of lower rank to speak for the foundation and make binding commitments.

Of course, money counts, too. Philanthropists must be prepared to pay both the start-up and continuing costs of key community leadership and oversight activities. As Table 1 shows, such costs are relatively low. However, the amounts required during emergencies—for example, elections in which key school board members are under attack for supporting bold reform—can be high. As Table 1 also shows, these activities do not get much cheaper after they are launched.

TABLE 1: Typical Start-Up And Sustaining Costs Of Civic Reform Oversight

	Start-up expense	Annual cost to sustain
Full-time Staffing for Reform Oversight	\$300 thousand	\$250 thousand
Winning Elections		\$50-\$300 thousand
Surviving Superintendent succession		\$0-\$100 thousand
Opposing and Terminating Distractions		\$0-\$100 thousand
Arranging Regulatory Relief	\$100 thousand	\$50-\$150 thousand
Tracking Failures	\$100 thousand	(See Table 2 below)
Building a Parent Constituency	\$100 thousand	\$50-\$200 thousand

Funders who expect to see a reform strategy through must be prepared to contribute to community leadership functions for a long time. Even if public funds were to become available for these purposes, they would likely be subject to ever-increasing regulatory constraints, or at risk of being abruptly withdrawn in times of budget crisis or political turmoil. Though district leaders eventually may become fully committed to the strategy, their need to defend their past actions will always limit their willingness to fund activities that serve to put pressure on themselves.

THIRD WAY INVESTMENTS IN THINGS SCHOOL DISTRICTS CANNOT DO

The investment of money to increase schools' ability to serve their students is the most familiar role for philanthropy, and the source of its comparative advantage. Unlike the community leadership role, in which philanthropists must identify and make common cause with like-minded leaders of other civic institutions and community organizations, when it comes to grant-making everything depends on them.

In many cities, however, corporate and foundation giving has done more to buttress a failing school system than to create alternatives to it. In some cases, such as Seattle, private giving has actually helped pay the operating costs of public schools and central office programs.

Sagacious philanthropy does not spend private money to compensate for public agencies' poor management or skewed priorities. It invests in activities and institutions that fit two criteria: First, they are needed to improve educational opportunities for children. Second, they cannot realistically be undertaken by the system itself.

Four promising and sorely needed categories of philanthropic investment are:

- One-time investments in the transformation of existing schools
- The creation of good new schools
- The development of new sources of teachers and school leaders
- Institutions that sustain a comprehensive reform strategy for the city's schools

TRANSFORMING EXISTING SCHOOLS

Urban districts struggle to improve their lowest-performing schools, usually with scant success. Low-performing schools have negative reputations that defeat many efforts to improve them. Principals try to avoid such schools, parents lose confidence in them, student morale sags, and discipline problems intensify. Teachers try to escape as soon as they can, and staff members who do stay often become fatalistic.

Coaching for principals, re-assigning ineffective principals to other schools, new training for teachers, new instructional materials, and extra learning time after school and in the summer are all plausible responses to low school performance, but they are rarely sufficient to effect a turnaround. Moreover, they can be completely undermined in a school with rapid teacher turnover. As teachers gain even one or two years' seniority, they are able to transfer out of the most troubled schools. Whatever these staff members learned in the troubled school becomes an asset to the schools they transfer into.

Investments in instructional materials and teacher training cannot improve schools whose teaching staffs are constantly in flux. Stabilizing the teaching staffs requires efforts to make schools more attractive to teachers and principals whose seniority and reputations would allow them to transfer out. Such incentives might include bonuses for teachers who select and stay in these schools, and the opportunity for extra income via 12-month contracts that include teaching summer school.

Philanthropies could make huge contributions by subsidizing salary bonuses and summer stipends for teachers. They should not, however, act alone. School districts and teacher unions must do their part, by allowing bonuses and optional year-round employment for teachers and administrators in troubled schools. They should also eliminate accounting schemes that favor schools in the "nicer" neighborhoods. When districts budget individual schools according to some average figure for teacher salaries, regardless of which teachers actually work in a school,

they allow experienced, and therefore expensive, teachers to cluster in the most advantaged schools, leaving more troubled schools with only the least experienced or least desired teachers.

Stabilizing school staff is only a necessary precondition to school transformation. Philanthropies can also pay for staff retraining and for the purchase of coaching or other assistance from experts. One source of such expertise is the Arlington, Virginia-based New American Schools. Teacher unions in Miami and Rochester also employ real experts in school transformation, and foundation subsidies for union-led efforts can be productive. However, some schools are far better candidates for closure and replacement than for transformation. Philanthropists should refuse to continue paying for transformation efforts in a school whose staff members will not or cannot take responsibility for improving their own performance.

CREATING NEW SCHOOLS

Though some schools can improve with help, many of the lowest performing have long histories of resistance to change, often fueled by antagonism among staff members and alienation between staff and parents. In many such situations, the only solution is a new school, created from the ground up around a specific mission or approach to instruction.

School districts typically resist creating new schools, preferring to rework or enlarge existing schools. This makes sense in purely economic terms. It spreads the fixed costs of having a school principal, grounds, heating plant, and so on across more students. However, it has grave educational costs. Schools become more complex and impersonal. Schools that must serve many different needs become holding companies for diverse programs and factions of parents and teachers. The school can take little responsibility for the character or quality of a student's instructional experience; everything depends on chance encounters with particular teachers.

New schools need to be built around a purpose and a specific approach to instruction. This becomes the reason why teachers and families decide to join in. They also need to be small. Smaller schools, with more intimate contact among faculty, less formal organization, and more personalization for students, are much less likely to lose track of students. In big cities especially, large schools are high-risk environments while small ones are much more benign. That is why the Gates and Carnegie Foundations have sponsored efforts to reduce the size of high schools, both by breaking existing schools into multiple smaller units and by creating new small schools from scratch.

New charter schools demonstrate the difficulty of starting a school that works well on its first day. Many charter schools go through a one- or two-year shakedown during which teachers and parents gradually learn to work together. Dissident groups of teachers, parents, administrators, or board members soon separate from the school. Difficulties with start-up have stimulated the creation of school incubators in a few localities. These incubators invest in the development of new schools before they open by giving administrators and teachers a time and place to work together and to receive expert help and advice in advance of actually opening their school.

Public school systems have seldom taken responsibility for helping new schools get off the ground, and it is unlikely that they will do so. Existing incubators, in Massachusetts, Dayton, and

Washington State, depend on philanthropy for core support but also charge some fees to participating schools and school developers. Creating such institutions in big cities is a very promising role for philanthropy. In addition, donors can provide seed money so that teachers, principals, and parents hoping to start new schools can pay the fees charged by incubators, and buy other materials and equipment required to support their planning.

Philanthropies can also take a direct hand in creating new schools. In Chicago, an independent philanthropy called Business and Professional People in the Public Interest wrote a "request for proposals" and managed the selection process for groups to create 200 small new elementary schools. Another business-funded group, Leadership for Quality Education, has provided organizational and analytical assistance to help Chicago's charter school office establish 15 innovative new public elementary and high schools. Foundations can also pay for market surveys to estimate demand for different kinds of schools, and subsidize the one-time costs of planning for a specific new school and recruiting and training its teachers. Philanthropists wishing to help create many new schools in a short time might also pay to import school development expertise from New American Schools design teams or from education management organizations like the nonprofit Aspire Public Schools, the San Francisco-based KIPP Academy program, or the New York City-based for-profit Edison Schools.

DEVELOPING NEW SOURCES OF TEACHERS AND SCHOOL LEADERS

Though the evidence is mixed about whether there is a national shortage of principals and teachers, too few capable people are willing to work in troubled big-city schools. There are also regional shortages of teachers in certain fields, especially science, mathematics, and special education.

Private organizations, with help from philanthropists, are already creating alternative training programs for individuals who want to be teachers or principals but do not want to endure several years of training in an education school. These include the well-known Teach for America program, which places talented college graduates in high-poverty rural and inner-city schools, and the Department of Defense's "Troops to Teachers" program, which transitions military personnel into classrooms across the nation. The San Francisco-based Pisces Foundation is funding a specialized program of training for future principals looking to open schools based on the KIPP Academy model, itself the product of two former Teach for America members. Houston, New York City, Chicago, and other large school districts are also creating their own training programs, enabling them to certify teachers from sources other than conventional education schools. In New York City, for example, educated individuals from other walks of life are able to gain provisional teaching certificates with a summer's preparation, and then work toward full certification as they teach. These are important initiatives and worthy recipients of funding.

Yet new training mechanisms are only part of the answer. City schools also need to attract talented personnel and make teaching as attractive to people who want to teach for just a few years as to those who are sure it will be their life's work. Philanthropy can help new people enter teaching in two additional ways:

- Creating new organizations that can employ teachers under different rules and provide extra compensation for those whose skills are in greatest demand
- Creating new forms of retirement and health benefits that can allow people to move more freely between teaching and other occupations

Teacher employment is now constrained by civil service and collective bargaining conventions. These prevent school systems from getting the teachers they need in three ways: 1) by forbidding extra pay for people with rare skills; 2) by tying pay increments to seniority rather than performance; and 3) by making training in pedagogy an absolute prerequisite for all teaching, even in areas like science and mathematics, where no amount of pedagogical expertise can compensate for a lack of content knowledge.

These problems all stem from politics and collective bargaining. One possible solution is to create a new status for teachers with scarce or highly specialized skills. Science, mathematics, special education, and other teachers with rare skills could be employed by independent organizations, which would be manpower vendors to the school district and provide instruction to them on a contract basis. Such organizations-let's call them teacher providers-could employ teachers and provide their salaries and benefits. The school district would contract with them for instructional services; the amounts paid could combine current salaries, benefits, and expenditures for in-service training and substitutes. The providers would then be responsible for recruitment, training, and compensation. As contract employees, teachers would not be covered by the same rules on pay and certification that now constrain school districts. (Due to union resistance few districts have found teachers in this way, with one exception: athletic coaches, whom some schools hire on a contract basis.)

Individuals working for a cooperative could be assigned to work in one school or many (advanced physics teachers might be able to work in two or three high schools), and could work full or part time. Some individuals might keep concurrent jobs in industry or pursue advanced degrees while working part-time as teachers. College faculty could also moonlight as schoolteachers. Individuals with advanced degrees, who now make little as adjunct faculty at colleges and universities, could be paid much better for teaching part-time in public schools.

Individual teachers' pay and benefits, including contributions to vested retirement accounts, could be based on scarcity of skills and the quality of their performance, rather than on seniority. Thus, highly capable younger people, and individuals who are masters of pedagogy in one discipline, could maximize their productivity and pay.

Providers would have strong incentives to use teachers' time as efficiently as possible. The result would be their assigning teachers only to those courses that they can teach well. It would also promote experimentation with effective ways to use capital, especially computer-based instruction and televised presentations by master teachers. Teacher providers might, in fact, be the mechanism whereby high-leverage uses of technology are finally brought into the public schools.

Contractors might also provide school leadership. As with teachers, school leaders could be contract employees and would not have to meet all the arcane requirements that apply to district-

employed school principals. School districts facing shortages of principals would then be able to tap a fresh supply of people experienced in managing small organizations.

Teacher providers would eventually be self-supporting. However, philanthropic funding for design, trial operation, legal and financial preparation, and the development of recruitment and training capacities is needed to get them started.

Benefit Packages

Current teacher retirement funds are tied to particular school systems or states, and subject to benefit limits that discourage senior teachers from working past their mid-50s. Inflexible government benefit packages also give teachers less freedom than private sector employees to select among health insurance, housing assistance, and other benefits providers. Current benefits for teachers are typically good for married, settled middle-aged people, but less valuable for younger, single, mobile people.

Privately managed, portable retirement funds would expand the pool of potential teachers in two ways. First, they would allow people to move more readily from private sector jobs into teaching, and vice versa. This would enable professionals who would like to teach for a while—sometimes more than once—to teach without sacrificing retirement income. It would also make it more likely that experienced teachers who move from one state to another would decide to continue teaching: they could continue building retirement savings rather than being forced, as typically happens today, to start over on the lowest steps of a new retirement system.

Second, privately-managed portable retirement funds would ease the problem of "maxing out." This common provision of government retirement plans means that senior employees eventually reach a point at which they cannot add further to their retirement savings. Understanding that their real incomes have suddenly dropped sharply, many leave public employment at about age 55. Some simply quit working, but others use their skills elsewhere. "Maxed out" teachers are now a boon to private and charter schools, which can offer them a better deal on retirement. Big-city schools need to be able to compete for these teachers, and portable private pension funds could permit it.

As is the case with teacher providers, new benefit packages would ultimately be self-supporting. Big-city school systems pay enough to purchase excellent benefits, but they have been forced to buy from a monopoly vendor. However, new plans will have to be assembled and marketed, and the business will be risky at first. Philanthropies supporting the start-up of vendor organizations will contribute to a long-term change in the size and quality of the teacher pool. In the long run, such benefit pools would be financially self-sustaining. But foundation funding is necessary to create new providers and to attract existing benefit vendors into this field. Foundation funding for business formation, legal and financial analysis, and for short-term demonstration programs could help create new teacher benefit options.

CREATING INDEPENDENT INSTITUTIONS TO SUSTAIN A REFORM STRATEGY

Deep and long-lasting reform strategies require forms of investment, monitoring, and adjustment that schools districts can seldom provide. This includes monitoring key indicators of whether reforms are working; reporting on where and how funds are being spent; tracking the effectiveness of individual schools, especially those educating low-income and minority pupils; incubating new schools and instructional programs; continuously reviewing the quality of the human resource pool from which schools can draw; and investing in new recruitment and training mechanisms to attract the best possible people to lead and teach in the schools.

These functions cannot be left to school districts, which are inevitably overwhelmed by immediate service demands from parents and pressures for pay, benefits, and reduced workloads from teachers. Most districts avoid closely monitoring reform implementation and effectiveness. They publish summary budgets that hide as much as they reveal about intra-district flows of funds and differences in real-dollar spending from one school to another. They avoid making sharp judgments on the performance of individual schools. They prefer continual tinkering with troubled schools to closing, replacing, or reconstituting them. They leave the supply of teachers to the exigencies of the labor market, and the supply of principals to self-starters who enter training programs for school administrators. They also neglect the management of buildings and properties, so that new instructional programs and innovative charter schools are often unable to find space.

The civic leadership group discussed above is the most important source of pressure to countervail the school district's tendency to focus on the here and now. Senior civic leaders will not, however, have the time or expertise to collect data, closely monitor implementation, or analyze performance in detail. Thus, the leadership group or individual philanthropies need to support other institutions to support the reform strategy in detail. Additional institutions needed to support reform include:

- An entity dedicated to specialized data gathering and analysisAn inspectorate to make objective judgments about whether low-performing schools are capable of improvement or need more radical therapyA real-estate trust to develop and maintain school buildings and lease them at fair prices to all publicly funded schools.

Even if public funds were to become available for these purposes, they would likely be subject to increasing regulatory constraints, and they risk being withdrawn entirely in times of budget crisis or political turmoil.

Data Gathering and Analysis

Though there have been good public school system evaluation offices, in the long run no school district bureaucracy is likely to invest enough money in these functions, or to allow the most capable people to stay in research and evaluation roles when the system encounters other crises. It's also extremely awkward for the system to publish results that will lead to criticism of its performance Analysts employed by school systems are inevitably pressured to support district management, both by working on whatever crisis most concerns the board and superintendent and by providing good news.

Probably the deepest and most influential analysis of any major school system's performance is provided by the independently funded Consortium on Chicago School Research. This university-based organization is sponsored jointly by the city's many private foundations and the public school system's central office. The central office provides test scores for analysis and arranges access to schools for the Consortium's surveys, but Consortium leaders conduct their analyses according to professional standards. Though they promise to consider school system leaders' comments about their results, Consortium leaders Anthony Bryk, Penny Bender Sebring, John Q. Easton, and others ultimately decide what gets published and when.

Schools Inspectorate

In small districts, superintendents and board members normally know the difference between schools that are making reasonable progress and those that are stuck at low levels of performance. In large districts, however, personal knowledge of individual schools is incomplete and unreliable. District leaders must depend on crude indicators, including test scores, which, in high-poverty schools, may be heavily influenced by student turnover. Thus, even in a district that wants to act aggressively to improve its lowest-performing schools, it can be very difficult to distinguish between schools that are improving on their own and those that must be fundamentally transformed.

Understanding the need to make such judgments, some states and localities are creating independent inspectorates. Modeled after the United Kingdom's Office for Standards in Education, formerly Her Majesty's Inspectorate of Schools, these organizations provide expert assessment of the quality of instruction, leadership, and improvement plans in individual schools. They do not promote a specific ideology about instruction or curriculum, and they do not assess whether a school is in compliance with district policy. Rather, they assess individual schools on their own terms. Inspectors are trained not to impose their own tastes, but to "be open to the possibility of success of the wrong methods."

This is a function that school districts do not normally fund. Nor, in most cases, could any district-funded entity maintain the requisite independence and open-mindedness. The most successful inspectorates in the United States have been sponsored by state governments and operate independently of the school districts (for example, by the Massachusetts secretary of education) or are created by philanthropists (for example, Leadership for Quality Education, a Chicago-based non-profit). Such institutions will be necessary in almost any locality that intends to sanction or replace schools that resist improvement.

An Independent Body To Manage School Real Estate

For many districts, providing suitable buildings for schools is a huge challenge. Too many schools are rundown and need repairs; too many schools are overcrowded. And too many innovative ideas—from charter schools to small schools—end up in the dust bin because their supporters can't get access to appropriate space under current state and district policies.

Without major political or legal pressures, regular public school systems are unlikely to make school space available to schools other than those they operate themselves. Facilities managers in

some cities have admitted tearing down public school structures rather than allowing them to be used by "competitive" contract, charter, or privately run schools.

Third Way philanthropy can improve the quality of school buildings by helping districts get out of the real-estate business. A major foundation or business coalition could help a school district uncouple the property management function from its central office by creating a new quasi-public institution, a Public School Real Estate Trust. The Trust would own all public school buildings and oversee the district's capital expenditures.

The Trust would have three key features. First, it would have a clear mission: to ensure that all publicly funded schools (traditional schools, charter schools, and contract schools) have timely access to the space they need. Second, the Trust would be flexible; it would have the freedom and incentive to use a variety of tools to make sure every publicly funded school has a place to thrive. It might allow other community organizations to rent space while schools are not in session—so-called mixed-use agreements—in order to squeeze some of the market value out of school properties; it might enter partnerships to take advantage of private providers' capital-raising advantages. Third, the Trust would be accountable: the district and community could create clear criteria for judging its performance based on its mission.

By creating a new institution dedicated to managing school real estate, philanthropy can help ensure that a city's school buildings don't constrain the educational opportunities it can offer its children or hinder its attempts at reform.

MAKING ALL THE PARTS WORK TOGETHER

This is a proactive and strategic vision of philanthropy. Yet its total cost probably does not exceed the amount of business and foundation support now provided to big-city school systems. In Seattle, for instance, a recent analysis of philanthropic giving estimated donations of nearly \$150 per student. At even one-third of that rate, this means that a school system the size of Houston, Chicago, or Los Angeles now receives private grants in excess of \$20 million per year. Such gifts support less productive initiatives than those suggested in this paper. If thoughtfully reallocated, the same amounts of money could easily pay to build vital new local capacities.

Table 2 suggests the approximate cost of building and sustaining these institutions in a major metropolitan area. It distinguishes the start-up costs of such institutions as independent data analysis organizations, new schools, and new teacher providers, and the probable annual costs of supporting them through grants from foundations and businesses. The start-up costs are predictable and do not depend very much on the size of the metropolitan area. Some of the annual operating costs, however, depend on the size of the school systems. For example, a large district may need to start 10 to 20 new schools each year, while in a small district one or two per year would be more realistic. Some new institutions (the school real-estate trust and a teacher provider especially) should be able to pay their own operating costs. Here the philanthropist's role is to help them get started.

TABLE 2: Start-Up and Sustaining Costs of New Institutions

	Start-Up Costs	Continuing Annual Support Needed
INSTITUTIONS TO SUSTAIN REFORM		
-- Data analyst	\$1 million	\$1 million
-- Human resource monitor	\$1 million	\$400 thousand
-- Schools inspectorate	\$500 thousand	\$300 thousand
-- Real estate trust	\$500 thousand	none
SCHOOL TRANSFORMATION		\$1-10 million
NEW SCHOOLS		\$150 thousand - \$4.5 million
NEW SOURCES OF TEACHERS		
-- Employment contractors	\$500 thousand	none
-- Benefit pools	\$500 thousand	none

These investments require careful planning and collaboration among funders. Individual foundations or business philanthropies will have their own abilities and constraints. But philanthropies must be open to entering into agreements with other funders, and to contribute to pooled funds for initiatives that no one funder can afford, financially or politically, on its own.

The focus of this paper has been on what local donors can do in their own communities. But national philanthropies that wish to advance the reform of urban education can also help create these institutions in two ways. First, they can fund national prototypes that can develop materials and methods to be used in all cities. The DeWitt Wallace Readers Digest Foundation has supported the development of human resource monitoring institutions in this way via a grant to the University of Washington's Center on Re-Inventing Public Education. National business groups sponsored the development of New American Schools designs and related assistance organizations that are meant to help transform schools anywhere. Second, national foundations can join local coalitions and fund the creation of local institutions, much as the Chicago-based Joyce Foundation is doing in Chicago, Cleveland, and Milwaukee.

Third Way philanthropy seeks to change public education, eliminating its insularity and opening it to choice, competition, and contributions from a widening array of public and private organizations. Philanthropies expecting public education to change in these ways must open themselves to new and more challenging roles, and to collaboration in initiatives that will irritate teachers and incite criticism. They can, however, hope to achieve something that has eluded philanthropists (and everyone else) for decades: real change in educational opportunities for poor children in big cities.

Government will still pay the daily operating costs of schools. But government agencies, particularly school districts, cannot cope with the failure of existing institutions or create fundamental strategies for change. Like giants caught fast by many strings, school districts are held in place by laws, court orders, rules governing the uses of funds, work rules, job rights, deals made with interest groups, board members' political aspirations, and the habits and values of civil-servant educators. Third Way philanthropy cannot directly change these facts about school districts. But it can give communities new sources of initiative and flexibility, and create options for families and educators who now have none. By creating reform strategies and new institutional capacities, it might also embolden elected officials to focus on the education of the public's children and move administrative government out of the way.

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Seven Studies in Education Philanthropy

December 1, 2001

by [John Barry](#), [Peter Frumkin](#), [Paul T. Hill](#), [Leslie Lenkowsky](#), [Bruno V. Manno](#), [Margaret Raymond](#), [Lew Solomon](#), [Emily Spencer](#), [Joe Williams](#)

The Thomas B. Fordham Foundation asked experts to share their knowledge and ideas on topics related to effective education philanthropy. Here are seven papers that answer some of philanthropists' most important questions in the education reform arena.

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The History of Philanthropy for Education Reform, by Leslie Lenkowsky & Emily Spencer

During the past decade, no area other than religion has received more support from American philanthropy than education. In 2000, for example, one of every seven dollars given to charity—\$28 billion—went to an educational institution, compared to one in ten that wound up in either health or human services agencies. Foundations were even more likely to direct their money toward schooling than individual donors were, sending nearly one-quarter of their nearly \$25 billion in grants to them.¹

Generous as these sums are, they are just a small portion of what Americans annually spend on education. Schools still obtain most of their revenues from tax dollars and tuition payments from (or on behalf of) students. Moreover, although the share going to elementary and secondary education has been growing during the past decade, perhaps as much as three-quarters of the gifts to education go to colleges and universities.

Even so, philanthropic support has played an important role in the development of pre-collegiate education in the United States. From colonial times to the present, donors have sought to shape schools in light of their concerns about the character of American society, the demands of its economy, and the upbringing of its children. While the least successful efforts have long since been forgotten, the traces of those that did have influence—for better or worse—can still be seen in the nation's schools today.

This paper looks at the record of giving to pre-collegiate education, not just to uncover the roots of practices that are now widely accepted, but also to identify the strategies donors have used to affect schooling—and what they suggest about the "best uses" of philanthropy.² Although much has changed about American education since colonial times, the question facing philanthropists is still the same: how to employ private resources to further their vision of the public interest, presumably in this area, better educated students. The answers, though, have varied considerably, depending upon the source of gifts, the role of government, and especially, the ideas of donors about what is right or wrong with existing schools.

Some donors have concentrated their efforts on establishing new schools or transforming how the existing ones operated. Others have focused on raising the skills of instructors or fostering

new methods of teaching. Still others have sought to promote improved curricula or measures of accomplishment, such as standardized tests.

More than a few philanthropists have concentrated on fixing the communities in which schools exist, believing that the relationship between the two was critical for learning. And others have addressed their efforts directly to the needs of students, such as by trying to improve their readiness for school or providing scholarships for private schools.

The lines between these strategies have not always been distinct, nor has interest in each been limited to a particular historical era. Differences among donors—between small, local foundations and large, national ones, for example—have also influenced what they tried. Not least important, what "improving education" meant has varied, both among donors and at different times in history.

However, to generalize, earlier philanthropists—then chiefly individual patrons and religious bodies—mostly concentrated on establishing schools, providing scholarships, and training teachers. But as government became the principal source of support for education, private givers shifted their efforts. From the latter part of the 19th century onwards, with their resources increasing and new philanthropic institutions, such as foundations, being formed, donors became bolder in their goals, pursuing ambitious changes in how schools functioned, what they taught, and who controlled them. A number of important legacies resulted, but trying to affect the organizationally and politically complex world of education often proved to be no simple matter. Partly as a result, while not abandoning efforts for more comprehensive changes, more donors are now again embracing the older strategy of concentrating on particular schools (and students) as the "best use" for philanthropy in pre-collegiate education.

The following survey of milestones in private support for schooling illustrates this progression. In view of the scope and variety of both American education and philanthropy, it is not meant to be a complete account. Those looking for exceptions or omissions will undoubtedly find them. Moreover, it necessarily relies heavily on the research and judgments of historians and others who have chronicled the development of schooling in the United States, or who have examined the programs of major foundations, such as Carnegie and Ford. But for those who want to learn from what earlier generations of donors have done, this overview should at least provide a useful starting-point and some relevant lessons.

Creating Better Schools

Not surprisingly, supporting new schools was an early preoccupation of American philanthropists. This was not just because the new colonies needed places to educate the young and lacked the governments to pay for them. In addition, John Winthrop, Cotton Mather, Benjamin Franklin, and William Penn, "the real founders of American philanthropy" (in Robert Bremner's judgment),³ saw schools as critical for establishing a new society and for transmitting a common culture, rooted in the Western intellectual and religious heritage. Therefore, supporting schools was important not only educationally, but also morally and socially, as it remains for many donors today, notwithstanding the fact that most schools are now publicly financed.

Depending largely upon the part of the country in which they were located, a mixture of gifts and tax revenues sustained the earliest schools. In Philadelphia, for example, the Friends Public School (later called the William Penn Charter School) was established in 1689. Although it was described as a "public school" in its founding document, it was, in fact, a private one supported by the Quakers.[4](#)

Corporate philanthropy also played a role. In "New Amsterdam," the West India Company began operating schools in the 1640s in order to attract settlers. "School books, paper, slates, and other supplies were furnished by the Company. New Amsterdam's magistrates provided the school site, which was usually in the schoolmaster's home or a public house in the community."[5](#) Setting a pattern that continues to this day, those whose children attended the schools—the local colonists—frequently disagreed, Lawrence Cremin observes, with those who ran them—the directors of the company in Amsterdam.[6](#)

Bequests were used to establish schools as well. Cremin cites the example of a 1635 bequest by Benjamin Syms of two hundred acres of land and the produce from eight cows to support the Syms Free School in Elizabeth City Parish, Virginia.[7](#) Another sizable bequest came several years later from Dr. Thomas Eaton to underwrite the Thomas Eaton School, also in Elizabeth City Parish.

In New England, philanthropy was somewhat less important. Within the first decade of settlement there, writes Cremin, at least seven of the twenty-two towns of Massachusetts had experimented with public action for the provision of schooling, ranging from court orders to establish schools to setting aside money for educational uses.[8](#) Although based on the British "public" grammar school model, the model for schooling adopted in New England was one often initiated and supported by local officials, rather than religious ones (as was common in England).

Still, philanthropy continued to figure prominently in New England school-building efforts. In his influential 1710 work, *Bonifacius: Essays to Do Good*, the clergyman, Cotton Mather, in fact, urged his fellow Puritans to support schools and colleges on the grounds that "the endowing of these, or maintaining of them, is, at once, to do good unto many."[9](#) Judging from the large bequests made to establish several of the New England grammar schools, more than a few of his wealthy followers heeded his advice.

Colonial religious societies also tried building schools outside their own communities. In 1701, the Society for the Propagation of the Gospel in Foreign Parts established the first schools for slaves in the South. Cremin writes that this Episcopalian group, supported by the Church of England, possessed "purpose and structure that were unprecedented, combining as they did imperial evangelism with philanthropic benevolence and the power of a royal charter with the force of private initiative."[10](#) Donations to the Society and fees charged to students who could afford to pay sustained the schools.[11](#)

The Manumission Society was another philanthropic organization that established schools as part of its larger goal of abolishing slavery. In 1787, the society opened the African Free School, the

first school for black students in New York City.[12](#) The society's leaders included John Jay and Alexander Hamilton.

Philanthropic interest in creating schools for black students intensified after the Civil War. Although religious groups set up many, their efforts were eventually overshadowed by secular foundations, starting with the establishment of the George Foster Peabody Fund in 1867. It was soon joined by the most notable of all, the General Education Board (GEB), founded in 1902 by John D Rockefeller with an initial endowment of \$33 million. The GEB reflected a new style of philanthropy, not only because of its immense resources and clear focus, but also because it enlisted "energetic officers—men who were both creative and well connected with business and political leaders in North and South" to carry out its work.[13](#) So influential and visible did it become that the GEB spawned a host of imitators, including the Jeanes Fund (1907), Phelps-Stokes Fund (1911), and the Julius Rosenwald Fund (1917), which eventually comprised an "'interlocking directorate' of calculating altruism."[14](#)

These philanthropies not only sought to create schools, but increasingly, to work with state and local governments to improve education for black and white students in the South. The GEB, for example, underwrote teacher training, rural school agents, the development of state departments of education, and a variety of studies, demonstrations, and conferences. Moreover, through endowment and building funds, as well as fellowships, it promoted the growth of post-secondary education, heavily oriented toward vocational programs along the lines of the Hampton-Tuskegee model, which had been popularized by Booker T. Washington. At a time of minimal government spending on public services in the region (and especially on those benefiting blacks), the work of the GEB and its closely allied foundations tried—with more than a little success—to fill the gaps in Southern education, while also advancing the cause of racial equality.[15](#)

In the North, where public support of education had become more extensive, school-building efforts took a different form: the development of separate institutions for Catholic children. Faced with a rising population of Irish immigrants in the middle and latter parts of the 19th century, officials in New York and elsewhere embarked on a campaign to create a "non-sectarian" atmosphere for education. But as Diane Ravitch has pointed out, the schools turned out to be "non-sectarian" in name only. In reality, they embodied Protestant values that the new immigrants regarded as offensive, or worse.[16](#)

Led by religious leaders, such as New York's Bishop John Hughes, Catholics began to establish their own schools in response. At first, they hoped to finance these schools at least partly with tax dollars. In the 1840's, for example, the New York legislature considered a plan that would have decentralized the control of New York City's public schools and permitted a community to operate sectarian schools if it wanted to. However, when the bill was finally enacted in 1842, while it put the public schools under the control of ward commissioners, it denied funding to religious schools.[17](#)

Following these and other failed efforts to secure public funding for religious education, the "Third Plenary Council" of American bishops, meeting in Baltimore in 1884, decreed that all parishes should establish schools for their congregants. As result, the number of parochial schools expanded rapidly (tripling, for example, in New England by the beginning of the

twentieth century).¹⁸ Financed mostly by gifts (including the donated time of teaching priests and nuns), as well as tuition payments from parents, they reached a peak enrollment in the 1960s of over 4.5 million children, a significant fraction of whom were not even Catholic. They have also served as a model for other religious groups seeking to provide moral and spiritual, as well as academic and practical knowledge to the children of their members.

In 1925, the creation of these schools also led to a landmark United States Supreme Court decision, *Pierce vs. Society of Sisters*, which found an Oregon law requiring compulsory attendance at public schools unconstitutional because it violated the Fourteenth Amendment. The ruling in this case not only affirmed the right of Catholic parents to choose how to educate their offspring, but more generally, provided a firm legal basis for philanthropic efforts to create new schools, notwithstanding the virtually universal availability of publicly financed ones.

Not all school building efforts were driven by concerns for the needs of particular groups. In the Progressive Era, a number of philanthropists helped establish schools to test new approaches to education. Perhaps the most famous was the Laboratory School at the University of Chicago, started in 1896 by John Dewey and his wife, Alice, with support from the university, parents, foundations, and wealthy individuals. Dewey's ideas about using experience as part of education, concentrating on group work and cooperation, caught the attention of other educators, but as Ravitch points out, his experiment was only replicable in a small private school. It did not provide a model that could realistically be implemented in the public school system.¹⁹

A more influential experiment was the General Education Board's creation of the Lincoln School at Teachers College, Columbia University, in 1917. Thanks to the GEB's deep pockets (over \$6 million in gifts, according to one estimate),²⁰ Lincoln was able to have a far-reaching effect on educational practice through publication and circulation of writings by its "teacher-practitioners." The school also helped develop the curriculum at Teachers College, thereby influencing the training of future teachers.²¹

Usually with support from individual benefactors, other educators influenced by Dewey and his child-centered approach established their own schools throughout the United States. Among the more notable were the Francis Parker School, founded in 1901 with financial assistance from Anita McCormick; the School of Organic Education established in Fairhope, Alabama, in 1907, by an organization of women in Greenwich, Connecticut; the Dalton School launched by Helen Pankhurst in 1919 in New York with the financial backing principally of Mrs. W. Murray Crane; and the City and Country School, set up in Buffalo by Caroline Pratt in 1912 with Lucy Sprague Mitchell as the primary benefactor. With the help of her cousin, Elizabeth Coolidge, Mitchell also began the Bureau of Educational Experiments in 1916, which pioneered the idea of the nursery school and eventually became the Bank Street College of Education.

Since the Progressive Era, philanthropic efforts to work within existing public schools have generally supplanted efforts to create new ones. However, the 1960s saw a brief resurgence of school-building activity, albeit for quite disparate reasons: avoidance of desegregation orders after the *Brown vs. Board of Education* decision, the demands placed on the public school facilities by the "baby boomers," and the "counter-cultural" rebelliousness of the era. According to Ravitch, school critics who felt that the public schools were beyond fixing set out to form

"parent-controlled, privately financed `free schools'" [22](#) These "alternative schools" were funded by individuals, foundations, and even businesses. But lacking clear lines of authority and frequently split by disagreements over goals or methods, they typically had extremely abbreviated life spans, though their existence and the media attention given them occasionally led public schools to adopt some of their practices.

In addition, some philanthropists have tried creating new schools "from the inside out," as it were. These efforts have become as "systemic" reforms: changes aimed at so thoroughly altering how schools operate that they amounted effectively to redesigning them. Among the earliest examples was Ronald Edmonds' "effective schools" movement, which sought to identify the features of high-performing schools in inner-city neighborhoods and establish a process for widespread adoption of them. With a mixture of public and private support, the National Center for Effective Schools Research and Development was established in 1987 to coordinate these efforts.

Though differing in the scope and substance of what they tried to do, other organizations also engaged in "systemic reform," including the Coalition for Essential Schools (led by TheodoreSizer) and the New American Schools Development Corporation (the brainchild of former Xerox CEO, David Kearns). Foundations (such as Ford, Carnegie, Lilly, and MacArthur) and businesses (notably, RJR Nabisco, Procter & Gamble, and IBM) invested heavily in these initiatives. So too did publishing magnate Walter Annenberg, whose \$500 million grant to promote system-wide improvements in urban schools was, at the time it was made in 1993, the largest gift ever for a single purpose.

Not all donors were content to work from within. As the 1990s began, with gains in educational achievement seemingly hard to come by, both institutional and individual philanthropists began providing support for new schools. The Ford Motor Company, for example, financed the creation of the Henry Ford Academy of Arts and Sciences, which opened in the fall of 1997 in Dearborn, Michigan; Pfizer made an old factory in Brooklyn available for a privately-run elementary school, bankrolled by a successful investor; Honeywell set up a special school for teenage mothers. The spread of "charter school" laws has offered additional opportunities for philanthropists to put their money into start-ups, rather than dealing solely with existing schools.

Although Catholic schools labored to keep up financially, a new generation of religious schools also began to appear. Usually non-denominational Christian in outlook,[23](#) they reflected dissatisfaction among parents not just with the academic quality, but also the moral environment of the public schools. Smaller foundations, businesses, and individual donors provided the initial backing, with tuition fees (and volunteer time) from parents comprising the sustaining support.

Compared to donations for projects in (or directed at) public education, this upsurge in funding for new private or charter schools was of relatively small financial significance. (Indeed, according to a survey by the Council for Aid to Education, donors gave slightly less than \$1 billion to a "core group" of independent schools in 1999, less than five percent of all gifts to education and probably no more than one-fifth of contributions for pre-collegiate schooling. Over half came from alumni and parents, most of which undoubtedly went to long-established institutions.)[24](#) But in view of the extensive efforts philanthropists had been making for close to

a century to use private funds to improve public schools, the fact that a noticeable number of givers were purposefully directing their money elsewhere was a surprising development, if not a harbinger of widespread change in funding priorities.

Creating Better Teachers

Philanthropic support for training teachers has always been closely associated with gifts for creating schools. Indeed, more than a few of the nation's oldest universities owe their origins to benefactors who wanted to ensure that those providing instruction (or ministering to congregations) possessed not just practical knowledge, but also the right moral and spiritual grounding. But as government took on greater responsibility for training and certifying teachers, philanthropists have become increasingly frustrated with the education of educators and looked for alternative ways of developing better teachers.

Early in American history, anyone with a college degree could—and often did—become a teacher. However, largely through the efforts of 19th century philanthropists, the idea of establishing specialized schools—“normal schools”—for training teachers began to take hold. In 1826, for example, Stephen van Rensselaer opened an institute in Troy, New York, for preparing science teachers, offering free tuition to those who agreed to teach for at least one year.²⁵ A decade later, a wealthy member of the Massachusetts Board of Education offered to donate \$10,000 to create a school for teachers if the legislature would match the funds.²⁶ This pattern was followed elsewhere with the result that through the 1890s, more than half of the teacher-training institutions were essentially private.²⁷

Closely related was the effort, also inspired by 19th century philanthropic groups, to identify teaching as a profession. In 1830, for example, the American Institute of Instruction, a membership organization, was formed in Boston and began to liken education to a science, requiring careful preparation of the individual teacher.²⁸ As the number of teachers grew, calls for the development of professional standards arose and by the 1850s, many states were enacting certification laws.²⁹

Philanthropists responded by underwriting programs that brought teacher education into the university curriculum. One of the most successful efforts began in 1880, with support from Grace Dodge, the daughter of William E. Dodge, one of New York's wealthiest merchants and an activist in the Children's Aid Society and other community groups. Originally established as the Kitchen Garden Association teach household management to slum dwellers, the program soon changed into the Industrial Education Association and then, in 1887, with Nicholas Murray Butler at the helm, it grew into the New York College for the Training of Teachers, the forerunner of Teachers College at Columbia University. By 1900, Cremin reports, one-quarter of higher education institutions were offering formal professional work in education for their students.³⁰

At first, the burden of obtaining the skills necessary for certification was placed upon the teachers themselves. In the years following the Civil War, private donors, such as the Peabody Fund, which was active in the South, also helped out by providing scholarships for educators to

attend normal schools.³¹ But eventually, publicly supported normal schools became the main vehicle for teacher education.

These schools focused on classroom techniques, rather than the subjects instructors were expected to teach. In 1920, the Carnegie Foundation for the Advancement of Teaching endorsed this approach. In a report entitled, "The Professional Preparation of Teachers for American Public Schools," which grew out of a study of normal schools in Missouri, it called for a "professionalized" curriculum for teachers (versus a liberal arts education).³² Although the practical impact of the study is unclear, nearly two decades later, the General Education Board granted \$1.1 million to the American Council on Education to create a "Commission on Teacher Education." After studying the quality of teacher preparation and in-service training, it recommended expanding the normal school curriculum to four-years, rather than the customary two, widening the gap between the education of teachers and others enrolled in higher education.³³

The vocational approach to preparing teachers came under fire as part of a post-WWII re-evaluation of American education. Studies, often supported by foundations or nonprofit groups, argued that the teachers' colleges had gained too much control over curricula and were "miseducating" future instructors, thereby increasing the chances that children would receive an inadequate education in primary and secondary school.

Perhaps the most influential of these critics was Arthur Bestor, a University of Illinois historian who authored *Educational Wastelands* in 1953. Disparaging the work of his university colleagues in formulating the curriculum for "life adjustment-education," he instead called for teachers to get a firm grounding in the liberal arts and sciences.³⁴ Bestor also proposed eliminating special schools for teachers and raising teacher certification requirements.

Bestor was not content simply to publish his views, but also tried to enlist nonprofit groups to put them into effect. In 1952, for example, he proposed that the American Historical Association foster "sound intellectual training in the public schools," but his plan for a "Permanent Commission on Secondary Education" was rejected by its governing council.³⁵ Four years later, however, with support from foundations and wealthy individuals, he and Mortimer Smith created the Council for Basic Education, an organization that continues to promote reform of teacher education and raising curricular standards.

Also joining the chorus of critics was the Ford Foundation, which not long after the end of the Second World War, had become the nation's largest and most influential grantmaker. Through its Fund for the Advancement of Education, it committed, in the 1950s, a large amount of its resources to changing teacher training and certification requirements. Among its initial programs was the creation of a "Committee on Faculty Fellowships," which provided study grants to teachers to enable them to improve their knowledge of the liberal arts. The Fund also supported a program, begun by James Conant when he was president at Harvard, which allowed liberal arts students interested in teaching careers to obtain a Master of Arts in Teaching Degree and qualify as classroom instructors.

In 1951, under the direction of Abraham Flexner, another Fund program, in Arkansas, questioned the requirements for certification and suggested instead that a broad liberal arts education combined with a teaching internship should be enough. However, as with other Fund efforts, this idea was resisted by professional teachers' organizations and had no lasting impact.

Even so, professional development for teachers continued to attract philanthropic support. In the 1980s, *A Nation at Risk* emphasized the need for more training (and increased salaries) for teachers to make their positions "competitive, market-sensitive, and performance-based."³⁶ Shortly afterwards, the Carnegie Corporation sponsored a "Task Force on Teaching as a Profession" that produced the report, *Nation Prepared: Teachers for the 21st Century*, and eventually led to the establishment of the "National Board of Professional Standards," one of several efforts to develop new ways of accrediting classroom instructors.³⁷

Foundations and corporations have also been instrumental in setting up in-service training programs, especially in science and math, as well as establishing awards for innovative teaching, such as the Milken Education Awards. In addition, philanthropists have contributed to the development of "alternative certification" programs, such as Teach for America, which recruits, trains, and places liberal arts graduates without standard teaching credentials in schools—typically rural or inner-city—that have difficulties obtaining instructors.

Valuable as such programs are, their overall impact on American education is probably small. By far, the bulk of teachers receive their training in teachers' colleges, those institutions descended from the efforts of earlier philanthropists, rather than in liberal arts or sciences courses. And largely because of the success of the idea of teaching as a "profession" (and its embodiment in certification rules and union contracts), using instructors who do not meet standard qualifications—or who want to teach in especially creative ways—is difficult, even for non-public schools. (A critical issue in debates over charter school legislation, for example, is the amount of leeway the new schools should be allowed to have in selecting faculty members.) Yet, with teacher shortages looming and a new generation of philanthropists appearing that claims to be skeptical of professional pretensions, the quest for finding new ways of creating better teachers seems certain to continue.

Creating Better Curricula

Along with building schools and training teachers, early philanthropists also gave support to developing new teaching methods and courses of study. As government funding came to dominate the day-to-day finances of American education, this kind of underwriting became even more popular among donors. Funding curricular changes seemed to offer a way of having a sizable impact for a relatively modest investment of money, since a successful innovation might be adopted by schools throughout the country. However, while some philanthropic efforts have indeed had that kind of influence, whether or not they have had much success in improving education is questionable.

In 1809, for example, with enrollments growing, the New York Free School Society, a charitable group that also received state funds, popularized a method of instruction known as the Lancaster system.³⁸ It incorporated teaching methods that aimed to do for the classroom what new

machinery was doing for textiles. The Lancaster system, Ravitch has written, "was not only analogous to an industrial machine, it was a machine, the school machine. Each part of the machine has a role to perform, which was spelled out in minute detail in manuals."[39](#) Using it, the Free School Society was able to inexpensively increase the number of children in its schools from 1,000 in 1817 to 12,000 by 1834, but the result was large classes and rigid instruction.[40](#)

Another curricular innovation introduced shortly afterwards—the kindergarten—was meant to be a response to the growing number of children from immigrant backgrounds. Based on German educator Friedrich Froebel's experiments in early education that emphasized the "cultivation" of young children in a much less-structured manner than had been standard in the United States, it aimed to bring out "the divine spirit" in them and promote social harmony. (This was also the goal of the version developed by William McClure in Robert Owen's New Harmony experiment of the 1820s, which was meant to overcome social class differences rooted in child-rearing practices.) Two private, education reformers, Carl Schurz and Elizabeth Peabody (who was Horace Mann's sister-in-law), introduced Froebel's idea to the United States in the 1860s and 1870s, but throughout the 19th century, kindergartens remained private and primarily served wealthy families.[41](#)

Perhaps the most important—and long-lasting—curricular reform influenced by philanthropists was the development of standardized testing. It arose from the desire of Progressive Era reformers to make schools more efficient, as compulsory attendance laws and waves of new immigrants were swelling their enrollments. New "scientific management" techniques, such as Taylorism (after its most determined proponent, Frederick Taylor) and the "Gary plan" (a version of the "platoon" school), were adapted for education and promoted by nonprofit groups. In addition, professional organizations and others raised larger questions: whom should the schools teach and what should the schools teach them?

Two reports, both done under the auspices of the National Education Association, showed how professional thinking changed in just twenty-five years. The first, the report of the "Committee of Ten," was issued in 1893. It called for establishing standards for college admission and an academic curriculum devoid of a tracking system. The second, which appeared in 1918, was called the *Cardinal Principles of Secondary Education* and it endorsed the idea of high schools' offering a variety of different curricula and tracks for students, depending upon their abilities.

Philanthropists were instrumental in developing ways to identify and sort students for the various tracks that were contemplated. The Carnegie Foundation for the Advancement of Teaching—one of several endowments created by Andrew Carnegie—led the effort.[42](#) In 1928, it began to underwrite a ten-year project—called the "Pennsylvania study"—which gave standardized tests to students who had taken the same classes. The results demonstrated that their ability and knowledge varied greatly. To decrease "waste in education,"[43](#) the research suggested, schools would be well-advised not to assign students according to the work they had already completed, but rather to use testing as a way of setting standards and measuring students against them.

Carnegie followed up by supporting further efforts to develop standardized testing. In 1930, it formed a committee, under the direction of the College Entrance Examination Board, to produce an exam that measured aptitude for higher education (rather than previous levels of

achievement). It was chaired by Carl Brigham, who had been instrumental in developing the intelligence test administered to soldiers in World War I, the forerunner of the Scholastic Aptitude Test. In 1948, after The College Board had tested and refined the exam, Carnegie endowed a new non-profit, the Educational Testing Service, to administer it.[44](#)

Testing continued to interest philanthropists in the 1950s and 1960s, not least because they thought it would give them (and their allies in the universities) the ability to influence what went on in the public schools. Among the most notable efforts was the backing for the "Kenyon Plan" by the Ford Foundation's Fund for the Advancement of Education. In 1955, it became the Advanced Placement Program of the College Board, which encourages high schools to offer college-level courses for their most able students.[45](#) Another was the creation of the National Merit Scholarship Program, the result of collaboration between Ford and Carnegie, which also sought to encourage schools to become more rigorous in their academic programs.[46](#)

Donors did not neglect those students who were unlikely to go to college. In 1944, the Educational Policies Commission (formed a decade earlier by a grant from the General Education Board) called upon schools to pay attention to vocational efficiency, civic competence, and personal development as well. Based on the expectation that only "15 to 20 percent of the nation's youth" would attend college, it recommended "courses in homemaking, mental hygiene, and 'the world at work'" for the rest. [47](#)

Eventually, former Harvard president, James Bryant Conant, reconciled these two perspectives on what schools should teach into what turned out to be most influential vision for the future of American education to come out of the philanthropic world. In 1959, following a two-year, \$350,000 study financed by the Carnegie Corporation, he published *The American High School Today*, which became a nationwide best-seller.[48](#) Conant advocated the development of the "comprehensive" high school, which would provide an academic education for all students, but use ability grouping to identify those who needed either more challenging or remedial classes.

By combining "Progressive" methods with academic ends, Gilbert Sewall would later write, the Conant report created a design that quickly became the norm for pre-collegiate education. It led to the creation of new high schools with a plethora of offerings for their large numbers of students, as well as the consolidation of many smaller ones.[49](#) But at the same time, critics such as Arthur Bestor and Mortimer Smith worried that in the pursuit of comprehensiveness, schools might give short-shrift to educational quality, especially for the most gifted students.

At least some foundations apparently shared this concern. In 1952, the Carnegie Corporation supported the formation of the Committee on School Mathematics, headed by Max Beberman of the University of Illinois. The group (which was one of several with similar goals) brought together faculty from the liberal arts, education, and mathematics to devise a new approach to teaching high school mathematics—the so-called "new math"—that would cultivate higher levels of comprehension and thinking skills in students. Its efforts were eventually picked up by the National Science Foundation and had a substantial impact upon high school curricula.

Similar groups were established to develop, test, and distribute improved curricula for the sciences. In 1956, the Physical Science Study Committee, led by MIT physicist Jerold Zacharias,

began with an initial \$303,000 grant from the National Science Foundation, but soon received \$750,000 more from the Ford and Alfred P. Sloan Foundations⁵⁰ A new non-profit, The Education Development Center, was created shortly afterwards to test the new curricula and operate summer training institutes for high school physics teachers (which were chiefly supported by the National Science Foundation).

As a way of improving the quality of education, philanthropists also began to experiment with new technologies. Television looked like the most promising, not just for reaching large numbers of communities, but also for providing a solution to the teacher shortages that the "baby boom" had helped produce. From 1953 to 1958, Ford's Fund for the Advancement of Education made grants totaling \$5.6 million to support educational television projects in schools, colleges and universities.⁵¹ One was the Midwest Program of Airborne Television Instruction, which sent an airplane circling over Purdue University in Indiana to transmit educational programs to as many as five million school children. Technical problems limited the usefulness of this experiment, but other grants laid the groundwork in several states for educational television stations, broadcasting material for classroom use.

Another initiative drew on research by Benjamin Bloom and others about the importance of early childhood development for children in low-income families. With support from Carnegie and Ford, the Children's Television Workshop was born in 1967 and two years later, launched its flagship program, "Sesame Street."⁵² The program's success in reaching low-income youngsters, Joel Spring reports, was not entirely due to the omnipresence of television; its sponsors also went to great lengths to publicize it through clubs, door-to-door visits, and the distribution of announcements via libraries and other community organizations, as well as to create partnerships with social service programs that worked with inner-city preschool children.⁵³ Yet even with all this effort (and a good deal of critical acclaim), "Sesame Street" appears to have had more success in preparing regular viewers for entering school than in making a lasting impact on their academic performance.⁵⁴

Achieving gains in schooling also proved difficult for other notable philanthropic efforts. In the 1960s, the Ford Foundation invested \$30 million on the Comprehensive School Improvement Program, which aimed to help schools utilize the high-powered curricula developed in the 1950s and 1960s and establish closer links between schools and universities. However, a 1972 evaluation of the program concluded that its impact was slim, principally because of the complexities of making changes in public schools and the difficulties outsiders faced in imposing their ideas from the top down. At best, the program seemed to add a bit more professionalism to teacher development.⁵⁵

In 1983, the U.S. Department of Education's *Nation at Risk* report tallied up the consequences of curricular innovation since Conant's influential report. The broadening of the school's mission (further stretched by 1960's efforts to use education to promote social equality) had indeed led to a loss of focus on student academic accomplishments. Whatever else they had done, privately funded efforts to create better curricula had not offset that—and some might even have had counter-productive effects. American education should return to "the basics," the report said, including four years of English, three of mathematics, three of science, three of social studies, a

half-year of computer science and two of a foreign language for the college-bound,⁵⁶ a recommendation the "Committee of Ten" would undoubtedly have endorsed.

A number of donors have taken this advice to heart. In recent years, IBM, RJR Nabisco, and other corporations (as well as some foundations) have devoted a large portion of their resources to promoting higher academic standards for education. E.D. Hirsch's "Core Knowledge" curriculum is one of several new ideas about what schools should teach that emphasize "the basics;" at least initially, philanthropic funding (though often, not much of it) made them possible. Efforts to develop "schools within schools" or to adopt phonics-based methods of teaching reading have also attracted private donors, as well as public support.

Because American philanthropy is nothing if not diverse in its interests, curricular innovations continue to take a variety of forms. Concerned about the potential for violence in the nation's schools, some donors have underwritten "conflict-resolution" programs, geared for teenagers. Others have fostered the development of "middle schools" (in place of the more traditional junior high school), believing they are better suited for the educational and social needs of adolescents. Still others have supported challenges to the use of standardized tests. And led by the most influential contemporary philanthropist, William Gates, Jr., many grantmakers are putting their money—often in copious amounts—on the latest technological fix: the computer.

Changing what schools teach or the methods they use seems like an obvious and potentially high impact way of using private dollars. Hence, philanthropists are unlikely to stop trying to do so any time soon. But if the history of philanthropy in education offers any lessons at all, it is that attempts to create better curricula face numerous difficulties in the complex world of American schools—and may readily lead to unintended consequences. Today's bold innovation may be tomorrow's reason for failure.

Creating Better Communities

From colonial times, the relationship between schools and the communities they served has been seen as a close and reciprocal one. Educating children properly was deemed essential for building the "city on a hill" (to use John Winthrop's famous expression). But communities that had the right kinds of values were also thought necessary for producing better schools. Consequently, in their strategies to improve education, philanthropists have devoted attention to the social conditions affecting schools, as well as what went on inside the schools. What funders have focused on, however, has changed a great deal throughout American history.

At first, they concentrated on promoting high moral standards, which were thought to be necessary for both a good school and a good community. Thus, it was not uncommon for the 19th century benevolent societies, most of which were linked to religious groups, such as the Evangelical Society of Philadelphia and the Boston Society for Moral and Religious Instruction of the Poor, to be concerned about education too. "These various organizations" Bremner writes, "collected and dispersed funds for distributing Bibles and religious tracts, for promoting foreign and home missions, for advancing the cause of temperance, Sabbath observance and the Sunday-school movement."⁵⁷ Many became early backers of more public funding for education, so that

they could devote more time to religious and moral teaching in their Sunday schools, and leave instruction in reading, writing and other subjects to others.[58](#)

Another privately led effort emphasizing the relationship between schools and communities was the "common school" movement, led by Horace Mann in the early 1800s. It stressed that "raising the general level of culture through more and better schools was the only sure way of accomplishing a thoroughgoing reform of society."[59](#)

In his attempt to gain the support of the wealthy (whose children attended private academies), Mann emphasized that the moral education provided by schools (along with academic subjects) was "the cheapest means of self-protection and insurance" they could find.[60](#)

The theme of public education as an agent of moral and social redemption was, Jorgenson observes, perhaps the most fundamental assumption underlying the "common school" movement.[61](#) However, it quickly became clear that this would have to be accomplished in large part through 'non-sectarian' religious instruction. In New York City, for example, an 1820 ordinance denied public funding for schools set up by religious societies.[62](#) The influx of Irish Catholic immigrants led to more controversy over moral and religious education in the schools, which was eventually resolved by the creation of a separate educational system that could embody its own values in instruction, a precedent adopted by subsequent groups.

But if public schools were thus limited in what they could do to strengthen communities, philanthropists soon sought new ways. By the end of the 19th century, many had concluded that children could not learn if they were hungry, impoverished, or forced into work at an early age. Consequently, what they needed was not just moral instruction, but also more food, better housing, and improved health care. Hence, private foundations and nonprofit associations began to publicize the poor social conditions, high delinquency rates, and child labor abuses that were keeping young people from succeeding in school.

Foremost among these was the Russell Sage Foundation. Founded in 1907 by Margaret Olivia Sage, it sponsored research, fostered the professionalization of social work, and served as a "think tank for the charity organization movement."[63](#) The foundation also pioneered the development of school surveys, launched educational organizations operating outside of school, such as the Playground and Recreation Association of America, which was founded in 1906, and promoted a variety of public health measures.[64](#) Perhaps its most important accomplishment, however, was underwriting the White House Conference on Children in 1909, which gave birth to the Children's Bureau in the U. S. Department of Labor, a major force for developing public policies affecting the welfare of young people.[65](#)

Philanthropists also took other paths aimed at building better communities. Starting in 1886, Andrew Carnegie began his ambitious attempt to create public libraries throughout the United States. By time he was done, he had been successful in over 1400 communities, opening up opportunities for schoolchildren to educate themselves, as he had done.[66](#)

Another important philanthropic initiative was the development of the mental hygiene movement. Under the leadership of the Commonwealth Fund, which was established by the

Harkness family in 1918, a series of efforts were undertaken, ostensibly to address child psychiatric problems that might lead to juvenile delinquency. Their real agenda, however, was broader and sought to have educators "accept responsibility for the whole child." This, William Cutler has written, they willingly did, moving schools toward becoming social service agencies.[67](#)

As part of this transformation, a new position—the "visiting teacher" or school social worker—was created. Introduced to the United States in 1906, it was promoted by settlement houses and women's clubs as a means of identifying and remedying social problems that were hurting a child's schoolwork. The Commonwealth Fund provided support for special training programs, such as one at the New York School of Social Work.

The "visiting teacher" was not the only idea for addressing community problems that linked settlement houses with schools. In the 1890s, the Henry Street Settlement in New York started the first public school nursing program, as well as the first program for the care of handicapped children. In 1901, from one of her housekeeping centers at the settlement house, Mabel Hyde Kittredge began serving lunches for children whose mothers worked. A local principal asked her to bring her operation into the schools and by 1919, the New York City Board of Education had taken over the program. Elsewhere, the Los Angeles Settlement helped introduce "domestic science" into the public schools, the Chicago Settlement began a school for deaf children, and the Roadside Settlement in Des Moines, Iowa opened a night school for immigrants.[68](#)

As schools began to take on responsibility for the "whole child," building bridges to parents became more important as well. In 1897, with support from Phoebe Apperson Hearst, the National Congress of Mothers was established. Its purpose, said founder Alice Birney, was to bring "maternal wisdom" into education. By the late 1920s the organization's successor, the National Congress of Parents and Teachers, had over 8.8 million members and was instrumental in setting up local parent-teacher associations (PTA's), as well as in fostering a parent education movement.

Race figured prominently among the community problems affecting education philanthropists would later try to deal with. Indeed, Gunnar Myrdal's *An American Dilemma*, the classic account of race relations in the United States prior to the 1950's, began as an evaluation for the Carnegie Corporation of foundation efforts to improve educational opportunities for "Negroes" in the South. However, believing that education could not be separated from the social conditions facing blacks (and whites), the Swedish sociologist turned in a far-reaching study that helped fuel the civil rights movement.[69](#)

Especially in the aftermath of the 1954 U.S. Supreme Court case of *Brown vs. Board of Education*, which held that segregated schools were inherently unequal, philanthropists devoted increasing attention to racial issues in education. Much of the legal work that followed that decision was paid for by contributions to groups such as the NAACP Legal Defense Fund. Likewise, grants aimed at ending housing discrimination often had as a secondary purpose improving opportunities for black children to attend racially mixed schools. Court-ordered busing or other methods of integration were also frequently accompanied by philanthropic support for teacher training, community meetings, and various services aimed at building better racial relationships.

Perhaps the most ambitious attempts to build better communities were undertaken by the Ford Foundation. In 1960, it established the "Great Cities School Project" to work in communities that were deemed "culturally disadvantaged."&