



BENCHMARKING

TRENDS IN EDUCATION PHILANTHROPY

2008

grantmakers^{for}education

Grantmakers for Education is philanthropy's knowledge source for achieving results in education. Our mission is to strengthen philanthropy's capacity to improve educational outcomes for all students, which we achieve by:

- Sharing successful grantmaking strategies, best practices, and lessons learned that exemplify responsive and responsible grantmaking in education.
- Creating venues to collaborate on projects, share knowledge, develop leadership, advocate for change and debate strategies with other education grantmakers.
- Interpreting data, illustrating trends, and conducting research to improve the effectiveness of education grantmaking and to highlight innovative educational approaches.

Our efforts are informed by eight *Principles for Effective Education Grantmaking*, designed both to guide funders in increasing their impact and to ensure GFE's services and programs help funders accomplish their goals for change.

Editorial by Anne MacKinnon, Education First Consulting and Grantmakers for Education staff. Design by Studio 209.

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FOREWORD

SEPTEMBER 2008

Grantmakers for Education's mission is to improve the effectiveness of education philanthropy. And GFE's greatest strength is the power of our network, through which funders learn from and leverage one another's efforts to improve education outcomes.

As one way of helping both the organization itself and the field consider ways that philanthropy can have the greatest impact, in 2005 GFE developed eight *Principles for Effective Education Grantmaking* (see inside back cover). One principle speaks to the importance of *knowledge* in effective grantmaking: Information, ideas and advice from diverse sources, as well as openness to criticism and feedback, can help a funder make wise choices. In particular, this GFE principle urges grantmakers to understand the field of philanthropy—to know where and how other funders are working on similar issues, what is being learned from this other work,

and the assets and expertise other funders, networks and organizations offer.

GFE believes it's vital for funders to understand how their efforts are reinforced—or undercut—by others in the field, and we believe there is important value in looking beyond individual grants and examining the bigger picture.

In a field where private investments are dwarfed by public budgets, grantmakers can't afford to work in isolation. GFE is working to foster greater awareness and alignment of grantmakers' efforts in several key areas—for example, by supporting issue-based funder networks, mapping investment patterns, and working with place-based networks to help foster more collaboration among local and national funders. GFE also continues to challenge the silos that too often define the work in education, seeking more opportunities to improve school systems from prekindergarten through higher education, working both in school and outside the school day.

In this vein, *Benchmarking 2008* is a new tool to help funders better understand their colleagues and their priorities in the enterprise of education philanthropy. GFE is pleased to offer this first-ever snapshot of the field's trends and emerging issues.

Using data gathered from a majority of GFE members—who we think are collectively representative of the current leadership and thinking in the field—we've endeavored to find answers to these questions:

- Which education issues and solutions are now drawing the most attention from funders?
- What are the ways in which most funders are approaching their work and thinking about the role of philanthropy in causing change?
- What challenges do funders see on the horizon—both for education and for philanthropy?

In an era of information overload, GFE gave careful consideration to the idea of adding another report to the library. But we see there has been too much anecdote and too little data to help education grantmakers size up the field. In the end, we decided to create *Benchmarking 2008* because we believe grantmakers can learn a great deal by examining what their colleagues are doing, exchanging insights about focus and strategy, and even looking for ways to align their work.

We hope *Benchmarking 2008* begins to fill these knowledge gaps.

METHODOLOGY: ANALYZING DATA FROM EDUCATION GRANTMAKERS

Through Grantmakers for Education's *Benchmarking 2008* research report, we sought to make the act of sharing among GFE members as easy and worthwhile as possible. We started with an online survey, which was completed by education grantmakers from more than 150 organizations. We analyzed their responses for evidence about the state of the field and clues about where the field is going. This report shares selected findings in a way we hope will be useful and straightforward.

The GFE survey for *Benchmarking 2008* was not exhaustive, nor precise, nor scientific. We didn't intend it to be. Rather, our objective was to ask questions that people could answer readily about their own organizations and that, in aggregate, would reveal trends worth noticing. We asked about current practice, changes over the past few years and expectations for the period ahead.

Our online questionnaire was circulated in late 2007 to all grantmaking organizations in GFE's membership.¹ A sample of 152 education-grantmaking organizations, or 64% of the total membership, responded. We were careful to collect information from a single reporter from each organization.

As part of the questionnaire, we included open-ended questions designed to inspire funders to share ideas and insights. We also asked members what they're worried about, what they're beginning to work on and where they see future needs.

Benchmarking 2008 summarizes all these survey results to report on three areas of potential interest to GFE members:

- **The ecology of the field:** The findings paint an impressionistic picture of the array of funders working in education. What sort of funders are they? What's their geographic scope? In what content areas do they work? How much do they invest in education annually? What's their average grant size?
- **Funding styles and strategies:** We've heard from GFE members that funding styles are changing. Is that true and, if so, to what extent? Are once-scarce strategies (such as support for public-policy advocacy) becoming more common? Can we expect more changes ahead?

- **Priorities in education and issues on the horizon:** We all know that funders' emphases shift— new priorities come into view while older ones fade or merge with other work. We asked about hot and not-so-hot topics to see where interest is rising, where it's falling and where it seems to stay balanced. We also invited speculation about issues on the horizon.

Together, these results provide a uniquely comprehensive picture of the field and useful intelligence for all funders, whether they are looking for a distinctive niche or thinking about co-funding or best ways to leverage their grantmaking.

¹ Grantmakers for Education's members include private, community, corporate and operating foundations; corporate-giving programs; public charities that devote 50% or more their budget to grantmaking; individual donors who make substantial grants to multiple organizations; and other grantmaking organizations.

Grantmakers for Education estimates that its members collectively contribute \$1.5 billion to education efforts each year.

EDUCATION GRANTMAKING: ECOLOGY OF THE FIELD

The field of education grantmaking is vast, involving many thousands of organized philanthropies, individual donors and other funders. Grantmakers for Education members are a subset of that universe, but a meaningful one because of their interest in connecting with and learning from others and because most funders join GFE to strengthen their strategies and increase their impact. Their views, we believe, offer a good snapshot of a widely dispersed field and help to supplement the patchy knowledge base about education-grantmaking patterns and practices.

Benchmarking 2008 respondents are:

- **Representative of a variety of organizational types.** Education grantmaking is increasingly diverse, and survey respondents reflect the institutional breadth of the field: private foundations (35%), family foundations (28%), corporate foundations and giving programs (12%), community foundations (9%), public charities (9%) and operating foundations (3%), with smaller percentages in other categories.
- **Working across the range of geographic focus.** Asked to choose one description, 34% said they work locally, 23% work in one or two states and 21% work nationally. Fourteen percent chose “international” to define their grantmaking scope (although that choice most likely reflects the total grantmaking footprint at those organizations and doesn’t necessarily suggest that their education portfolios have an overseas bent).
- **Funding in multiple areas in education, with K-12 education as a common denominator.** The survey’s findings suggest education grantmakers tend to work in more than one area of the sector, learning, linking and applying lessons from different systems. Asked to check all areas in which they work, nearly all respondents (94%) said they make grants to improve K-12 education—but, significantly, only 17% report they work exclusively in that area. Large percentages (50-60%) couple their K-12 education investments with work in early education, out-of-school time and/or higher education. In addition, 33% say they also fund workforce education and training.
- **Well distributed in terms of average grant size.** Reporting on the size of their education grants, 31% said their average grant is \$50,000 or less, 21% said \$50,000-\$100,000 and 20% said \$100,000-\$250,000; 28% reported an average grant size above \$250,000, of which half said their average education grant tops \$500,000.
- **Somewhat weighted toward smaller funders.** Asked about their organizations’ annual education budgets, 70% responded that their education grants total \$10 million or less. Nearly 60% spend under \$5 million and nearly 20% spend less than \$1 million. In other words, smaller funders seem to characterize much grantmaking in the field.

- **Specializing in education—but not necessarily.** Close to one-third of respondents (30%) said their organizations devote more than 80% of their total grantmaking to education. On the flip side, half said that education accounts for 40% or less of their organizations' total funding. Relatively few—only 20%—fall in between.

The figures on the following pages (pp.5-7) illustrate the different organizational and grantmaking characteristics of funders participating in the *Benchmarking 2008* research.

FIGURE 1

Type of grantmaking organization

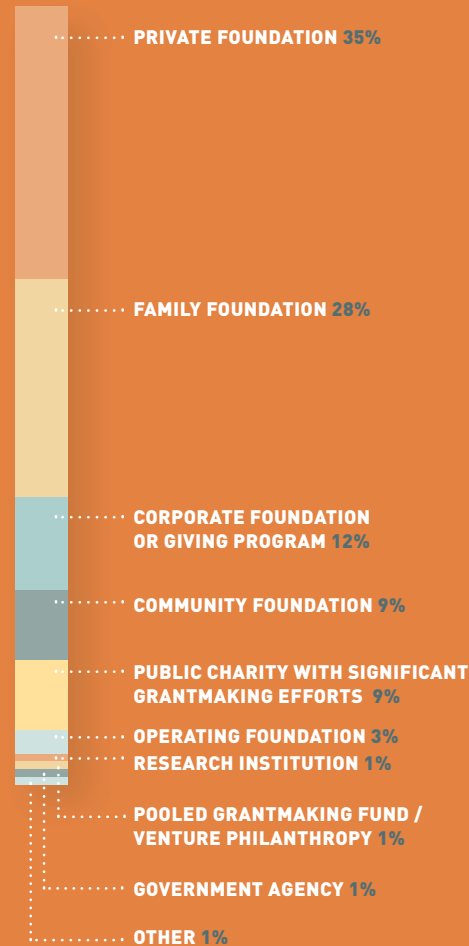


FIGURE 2

Regional scope of education grantmaking

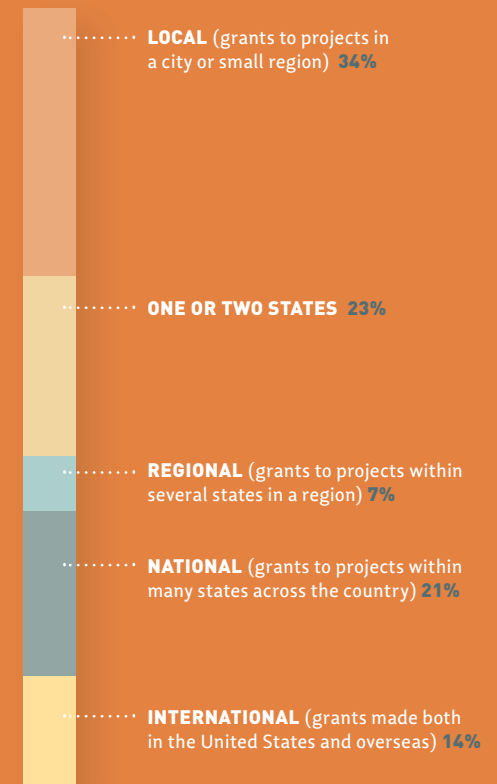


FIGURE 3

Education grantmaking content areas

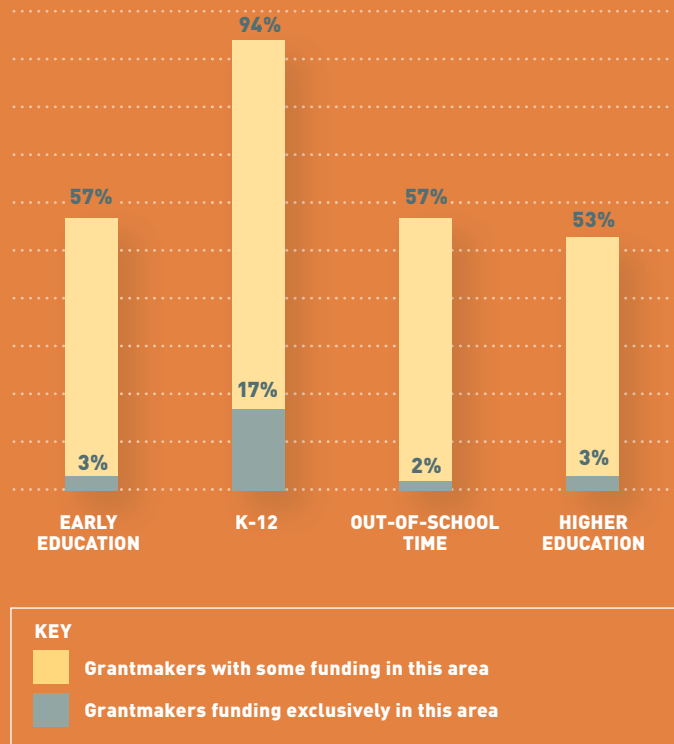


FIGURE 4

Average education grant size

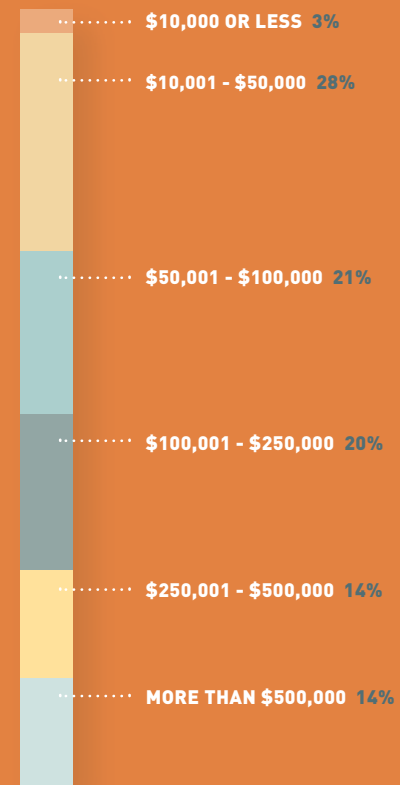


FIGURE 5

Annual education grants budget*

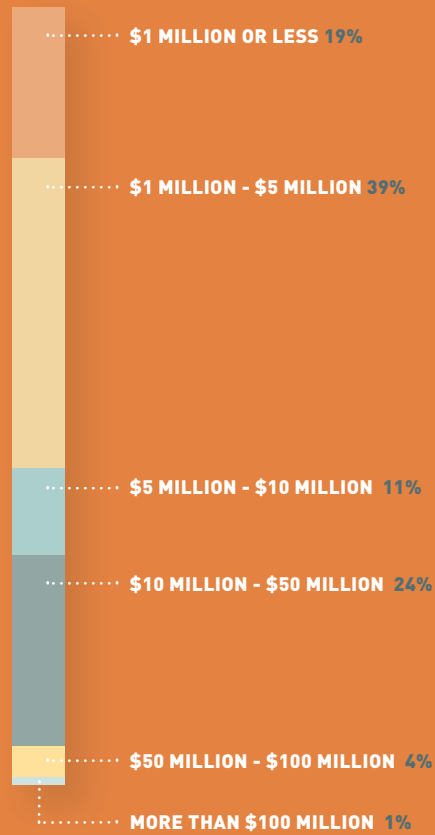
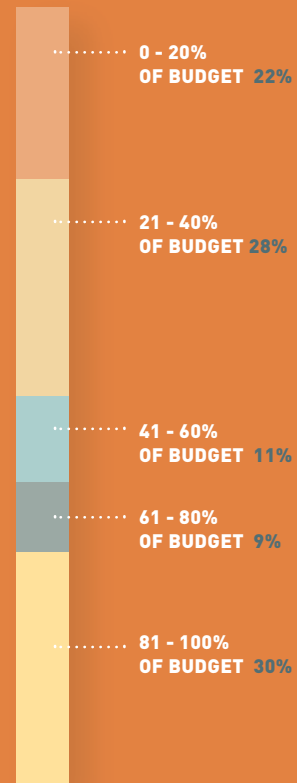


FIGURE 6

Percent of total grants budget devoted to education



* For community foundations, budget estimate includes only discretionary grantmaking and not donor-advised funds managed by the foundation.

FUNDING STYLES & STRATEGIES: WHAT ARE FUNDERS FUNDING?

In their survey responses, GFE members talked about their current strategies and how they're evolving. The field is far from static. More than three-quarters of respondents (78%) said that their education grantmaking has shifted in style in recent years, and more than half (52%) anticipate further changes to come. Change is being driven, they said, by forces within their organizations, in the field of education, and in the broader cultural, political and economic environment. The data suggested several clear tendencies in the approaches education funders are using.

Benchmarking 2008 respondents report the following developments with their grantmaking:

- **More clearly articulated strategies—with a sharper focus on results and outcomes:** Many funders have felt an imperative to get more focused, more clear about outcomes and more deliberate about how their strategies yield concrete results. Respondents described making larger grants to fewer grantees and stated a preference for being “proactive rather than reactive.” Many said they’ve adopted more prescriptive guidelines and are aiming for tighter strategic alignment. “We’ve become more focused on mission compatibility,” one grantmaker offered, “and are not as liberal with our definitions of what fits our mission.”

Another recurrent theme was that grantmakers increasingly expect measurable outcomes from their funding. “If we can’t measure it, we don’t fund it,” said one. Several noted that they’re trying to figure out how to get grantees to focus on outcomes, too. One funder explained, “We want to look at ways to improve the adaptability of teachers and schools to the multiple learning needs of students and keep better track of real-time educational results.”

- **Built-in adaptability:** Even as grantmakers reported tighter focus, they also highlighted the need to be adaptable, or at least open to shifting their strategies when new information is available or opportunities arise. Some noted that greater focus actually allows them to be more responsive to opportunities that are consistent with their objectives. So even as funders say they are trying to be more strategic, they also say that “being strategic” means re-evaluating regularly whether your strategy is making a difference, how it might need to change and how the education environment is shifting.
- **A drive to build constituencies and public will and to influence public-policy changes:** Half of respondents reported that they fund community organizing—which seeks to organize and mobilize historically disenfranchised people to apply pressure on decision-makers for change—and two-thirds said they make grants to influence public policy or build public will for policy change. Overall, 38% of funders have increased their support for community organizing in the past five years, while only 8% have decreased their support.
An even larger share of funders—58%—said their support for policy advocacy has grown, while only 2% have drawn back from this approach. And the trend seems likely to continue: “We will probably move

to more policy work and community organizing in order to leverage our funding and build support for education improvements,” said one respondent.

- Skepticism about school districts as agents of change:** Respondents registered serious concerns about the ability of school districts to lead change, noting the apparent reluctance of district bureaucracies to carry out ambitious agendas. “We feel that funds given directly to the school district are not as effective as working outside the system,” said one. Even so, 68% said they still make grants directly to schools and districts, sometimes as a show of confidence in particular leaders. For example, one grantmaker reported, “We increased our grantmaking to the city school district based on the presence of a dynamic and ‘can do’ superintendent.”
- Sensitivity to larger forces and trends:** Grantmakers emphasized the need to keep pace with changes in technology and its impact on education and learning, demographic shifts (especially immigration), and globalization and its effect on workforce needs, with a special focus on math and science. They also expressed an urgent need to address persistent racial/ethnic achievement gaps.

- A desire to collaborate:** In open-ended responses, several respondents said they’d like to collaborate more often and more strategically with other funders. It’s perplexing, they said, that coordination and especially co-funding seem to be so hard to do. Other GFE research suggests that local funders find it especially difficult to collaborate with national funders.
- Interest in fundamental policy change:** In their comments, several grantmakers explained that they’re always on the lookout for strategies that shake up the status quo and accelerate the pace of change. “Counterproductive state and federal policies cause districts and schools to run around in circles instead of being able to focus and sustain change efforts,” one complained. Overall, respondents said relatively little about No Child Left Behind or other policy matters, but a few saw a possible role for funders as agents of rationality in a divisive arena.

The figures on the following pages (pp. 9-14) illustrate which strategies and education issues are drawing support from funders—and whether funding in these areas is increasing, decreasing or staying the same. In addition, the figures beginning on page 12 illustrate how the emphasis in these different areas varies by funder type.

FIGURE 7

Use of selected grantmaking strategies

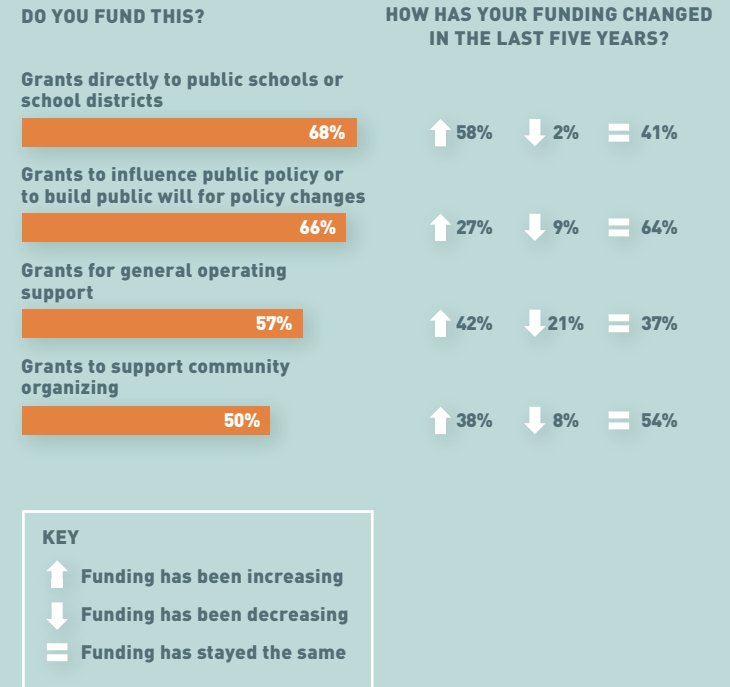
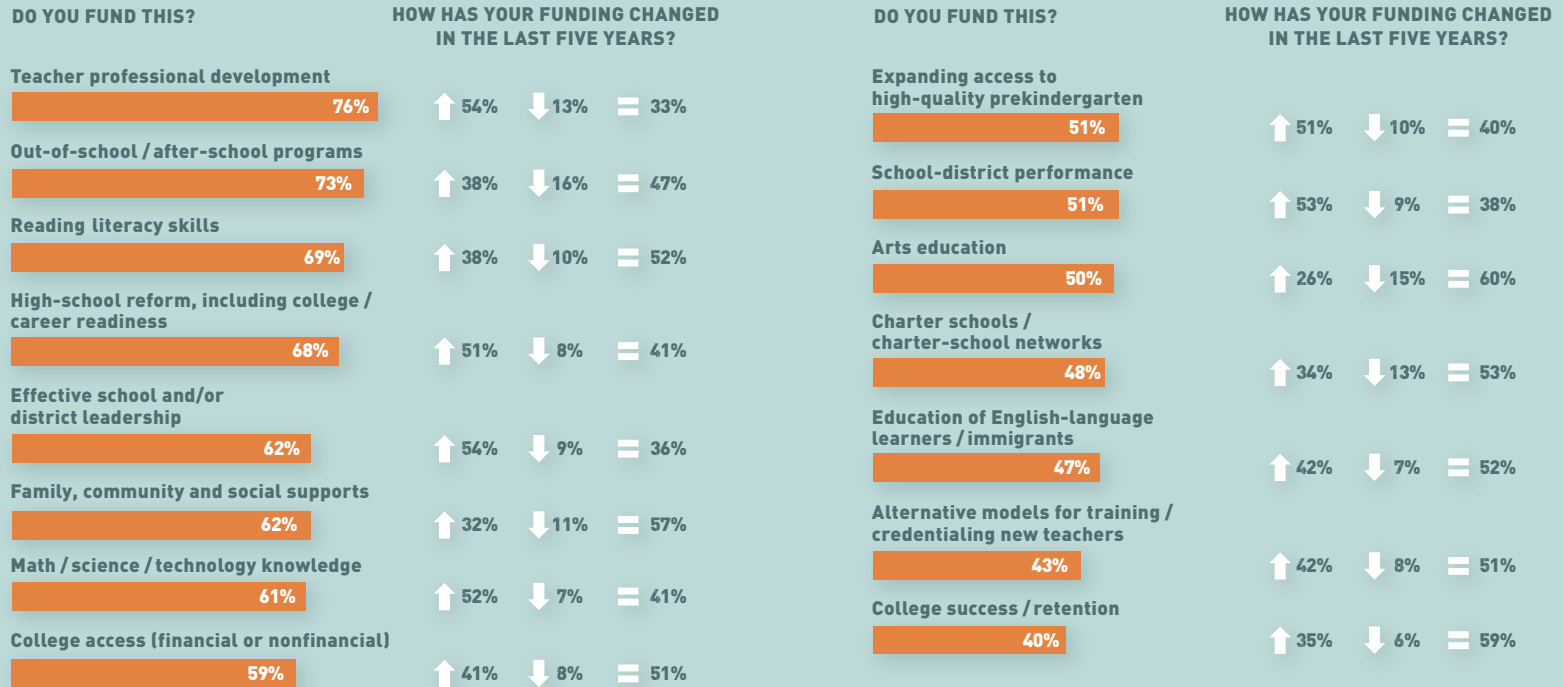


FIGURE 8

Support for key education issues by the field



KEY

- ↑ Funding has been increasing
- ↓ Funding has been decreasing
- = Funding has stayed the same

TYPE MATTERS:

Priorities and style may differ by funder category

A look at the survey results by funder type revealed some interesting sub-patterns. The following findings were particularly striking:

- **Community-organizing and public-policy projects are especially popular among community foundations.** The difference may be explained by community foundations' greater freedom to advocate, but does this emphasis auger a new trend for the entire field? As figure 7 shows, policy and community-organizing work are gaining in acceptance among all grantmakers; even corporate funders, although still far less likely than their peers to support these strategies, are using them in substantial numbers (44%). Will 85% of all funders (the current rate among community foundations) soon be supporting community organizing and advocacy?
- **Charter schools are popular among family and community foundations but of much less interest to private and corporate funders.** More than 65% of family and community foundation funders are supporting charter schools or charter-school networks; less than 40% of private and corporate funders are funding charters.

- **After-school and out-of-school time programs are winning support from significant majorities of funders of all types.** However, there's a range—which is interesting in its own right. More than 90% of community foundations support work in this area, compared with less than 70% of family foundations. Private and corporate funders are in the middle.
- **School-district performance appears to be a burning issue among community foundations and a clear priority for the corporate-giving sector.** Among community foundations, more than nine-tenths support work in this area, as do two-thirds of corporate funders; both types of funders are often deeply grounded and committed to investments in the communities in which they are located. By comparison, less than 45% of private and family foundations support work on school-district performance.
- **Corporate funders also have a strong interest in career readiness and workforce issues.** More than four-fifths of corporate funders are supporting high-school reform, with an emphasis on college and career readiness. The same

percentage (83%) supports work on math, science and technology knowledge as a priority for developing tomorrow's workforce, a much higher proportion than the broader funding community (61%).

- **Family foundations are more likely to provide general operating support, although the strategy is quite widely accepted among all funders.** More than half of grantmakers (57%) said they provide general operating support to at least some grantees. Two-thirds of family foundations are using this approach, perhaps suggesting deep commitment to the sustainability of a grantee organization's core operations.

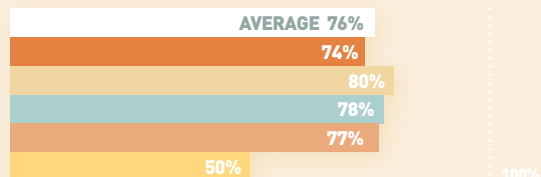
Figures 10, 11 and 12 on the following pages illustrate how these different strategies and emphases play out for different funder types.

FIGURE 9

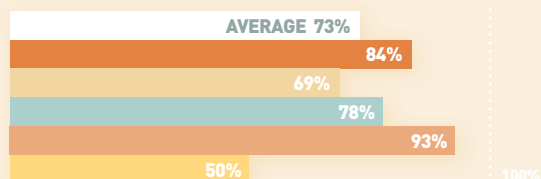
EDUCATION ISSUES SUPPORTED (by funder type, ordered by highest to lowest average funder support)



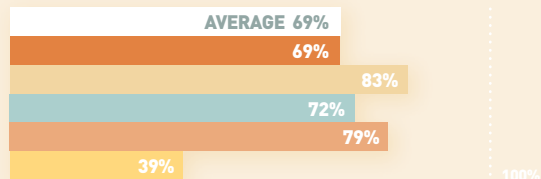
Teacher professional development



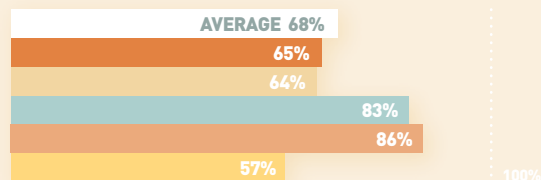
Out-of-school / after-school programs



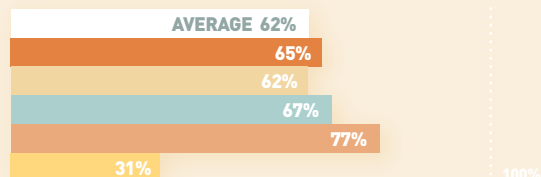
Reading / literacy skills



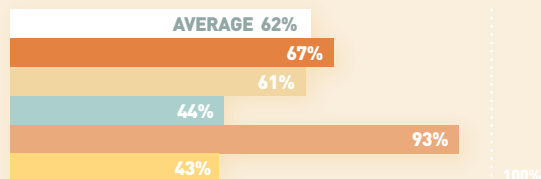
High-school reform, including college / career readiness



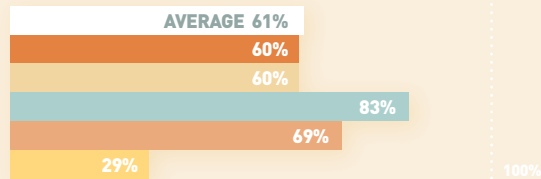
Effective school and/or district leadership



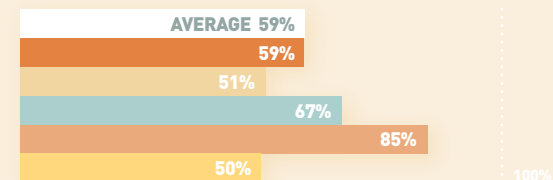
Family, community and social supports



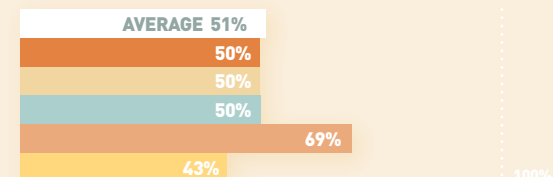
Math / science / technology knowledge



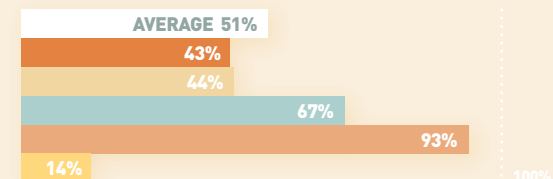
College access (financial or nonfinancial)



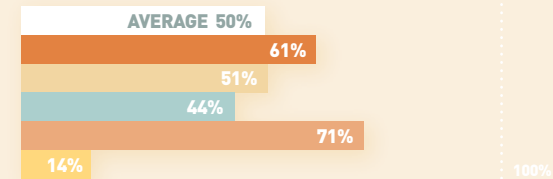
Expanding access to high-quality prekindergarten



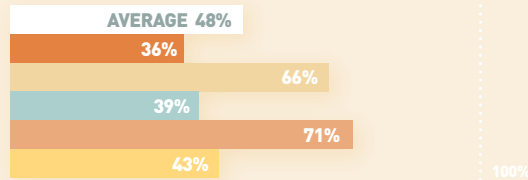
School-district performance



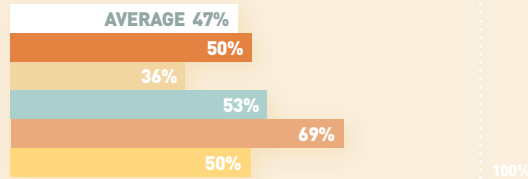
Arts education



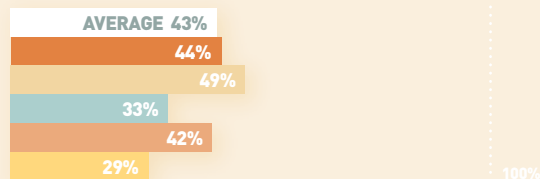
Charter schools / charter-school networks



Education of English-language learners / immigrants



Alternative models for training / credentialing new teacher



College success / retention

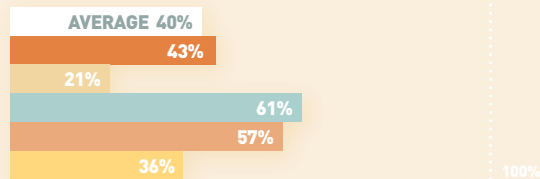


FIGURE 10

TOP FIVE ISSUES OF INTEREST (by funder type)

Private Foundations

- Out-of-school / after-school programs
- Teacher professional development
- Reading / literacy skills
- Family, community and social supports
- Effective school and/or district leadership

Family Foundations

- Reading / literacy skills
- Teacher professional development
- Out-of-school / after-school programs
- Charter schools / charter-school networks
- High-school reform, including college / career readiness

Corporate Funders

- High-school reform, including college / career readiness
- Math / science / technology knowledge
- Teacher professional development
- Out-of-school / after-school programs
- Reading / literacy skills

Community Foundations

- Out-of-school / after-school programs
- Family, community and social supports
- High-school reform, including college / career readiness
- School-district performance
- College access (financial or nonfinancial)

Grantmaking Public Charities

- High-school reform, including college / career readiness
- Teacher professional development
- Out-of-school / after-school programs
- College access (financial or nonfinancial)
- Education of English-language learners / immigrants

FIGURE 11

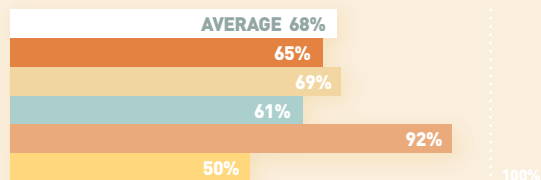
SELECTED GRANTMAKING STRATEGY SUPPORTED

(by funder type, ordered by highest to lowest average funder support)

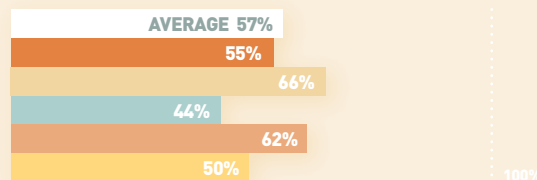
KEY

- Average of all respondents**
- Private foundations** (35% of respondents)
- Family foundations** (28% of respondents)
- Corporate funders** (12% of respondents)
- Community foundations** (9% of respondents)
- Grantmaking public charities** (9% of respondents)

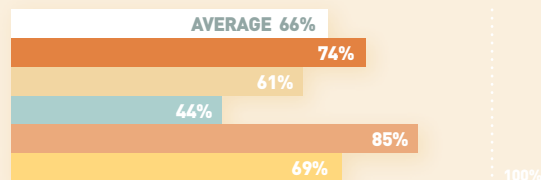
Grants directly to public schools or school districts



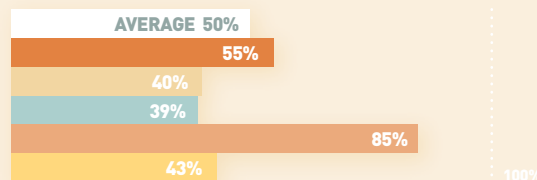
Grants for general operating support



Grants to influence public policy or to build public will for policy changes



Grants to support community organizing



PRIORITIES IN EDUCATION: WHAT'S PROMISING? WHAT'S TROUBLING?

Looking out at the education landscape, grantmakers offered thoughtful commentary on what they're funding and why. They report they've seen some heartening results from their grantmaking in the past five years, but they're also concerned about tactics and worried that change isn't coming fast enough.

According to *Benchmarking 2008* respondents, here are some of the priorities that will guide current and future education grantmaking decisions:

- **Greater alignment across systems:** Grantmakers are unsettled by the fragmentation of today's education systems—too often learning doesn't add up or students get lost at the transition points. Funders noted a need, at one end, to link prekindergarten programs more effectively with K-12 systems and, at the other, to align high-school and postsecondary education. Many have broadened their focus to include school readiness among young children or preparation for college among adolescents. "Prekindergarten-16" is the new "K-12."
- **Stronger U.S. high-schools:** Half of funders (51%) have increased their support for high-school reform in recent years, and 68% now fund in the area. Several mentioned the need to cultivate "multiple pathways" to high-school graduation and beyond. "A focus on disconnected and vulnerable youth," said one funder, "leads us to focus on multiple pathways to high-school graduation and reconnecting older dropouts and low-skilled youth to postsecondary education and training."

Leaders in the field

Funders look to other funders for leadership and ideas. In the survey, GFE asked respondents to say which grantmaking organizations they look to for leadership in education. The following four were listed multiple times:

- Carnegie Corporation of New York
- Bill & Melinda Gates Foundation
- Lumina Foundation for Education
- Wallace Foundation

More than two dozen respondents named GFE as a leading influence on their grantmaking.

- **Better preparation for postsecondary success in college or career:** Grantmakers are also pressing educators and policymakers to prepare students for the rigors of college, ensure their progress to graduation and make college more affordable. "We have moved toward a much smaller number of grants that are quite a bit larger," said one respondent, "linked to a common goal of increasing the postsecondary attainment [certificate or degree] in low-income/minority populations—at scale."

Grantmakers think grantmakers need to learn more about:

POLICY AND ADVOCACY

- Public-policy change and advocacy strategies
- Building community capacity to support and lead change
- School funding
- Globalization and how the U.S. education system should be redesigned for the 21st century
- The impact of the federal No Child Left Behind law and its reauthorization

SCIENCE AND TECHNOLOGY

- Technology and possible uses for improving teaching and learning
- Math instruction and skills development
- Preparation for careers in STEM (science, technology, engineering and math) fields

IMPROVING STUDENT PERFORMANCE AND OUTCOMES

- Achievement gaps
- Use of out-of-school time, especially summer
- New forms of assessing student learning
- Needs and effective programs for English-language learners and immigrants

TRANSITIONS AND PATHWAYS

- Articulating early education and preschool with early grades; early literacy
- The high-school dropout problem
- College readiness and college access; the role of community colleges
- System alignment (prekindergarten through higher education)

SCHOOL SYSTEM PERFORMANCE

- Teacher quality, especially recruitment, preparation, deployment and compensation, and how to counter the influence of teacher unions
- Use of data for accountability and continuous improvement
- Charter-school quality
- Improving lowest-achieving schools

GRANTMAKING

- Measuring progress and evaluating grantmaking impact
- Understanding better how to bring innovations to scale
- Collaborating with other funders

- **Strategies for special student populations:** Several funders noted an interest in specific student populations, including low-performing students, older dropouts, African-American boys and immigrants.
- **More effective teachers and leaders:** More than three-quarters of grantmakers (76%) said they fund professional learning for teachers, and 54% have seen funding grow in this area in the past five years. Many are searching for more creative ways to attract, train and support high-quality teachers through incentive programs, salary innovations and more effective teacher preparation. Somewhat fewer (62%) support work to improve school or district leadership, although this is another area in which more than half of funders (54%) said their investment has grown in recent years.
- **Better instruction, especially in high-stakes content areas:** Many funders expressed a strong desire to improve the instruction students receive in math, science and technology. More than two-thirds (69%) support projects to build students' reading or literacy skills. Only half provide support for arts education.
- **Learning beyond regular school hours:** Nearly three-quarters of respondents said they support after-school or out-of-school-time programs (73%)—the second largest area of interest reported, following only teacher professional development—and 38% have upped their support in recent years. Grantmakers seem eager to capitalize on the hours outside school time to improve student performance.
- **Capacity for change and improvement:** Grantmakers are looking toward fundamental change, whether it comes through new policies, new leadership models, new partners or new schools. For example, one grantmaker is using a “much more aggressive reform strategy around the creation of new, innovative, excellent schools with the district as our preferred partners, but while also leveraging change from outside the system.” Another offered this advice: “We need to find ways to promote major systems change as opposed to trying to make incremental improvements on an antiquated model.”

PRINCIPLES FOR EFFECTIVE EDUCATION GRANTMAKING

PRINCIPLE NO. 1:

Discipline and Focus

In education, where public dollars dwarf private investments, a funder has greater impact when grantmaking is carefully planned and targeted.

PRINCIPLE NO. 2:

Knowledge

Information, ideas and advice from diverse sources, as well as openness to criticism and feedback, can help a funder make wise choices.

PRINCIPLE NO. 3:

Resources Linked to Results

A logic-driven “theory of change” helps a grantmaker think clearly about how specific actions will lead to desired outcomes, thus linking resources with results.

PRINCIPLE NO. 4:

Effective Grantees

A grantmaker is effective only when its grantees are effective. Especially in education, schools and systems lack capacity and grantees (both inside and outside the system) may require deeper support.

PRINCIPLE NO. 5:

Engaged Partners

A funder succeeds by actively engaging its partners—the individuals, institutions and communities connected with an issue—to ensure “ownership” of education problems and their solutions.

PRINCIPLE NO. 6:

Leverage, Influence and Collaboration

The depth and range of problems in education make it difficult to achieve meaningful change in isolation or by funding programs without changing public policies or opinions. A grantmaker is more effective when working with others to mobilize and deploy as many resources as possible in order to advance solutions.

PRINCIPLE NO. 7:

Persistence

The most important problems in education are often the most complex and intractable, and will take time to solve.

PRINCIPLE NO. 8:

Innovation and Constant Learning

Even while acting on the best available information—as in Principle #2—a grantmaker can create new knowledge about ways to promote educational success. Tracking outcomes, understanding costs and identifying what works—and what doesn’t—are essential to helping grantmakers and their partners achieve results.



Grantmakers for Education improves the knowledge, networks and effectiveness of education philanthropy. By connecting effective education strategies with effective grantmaking strategies, we help foundations and donors leverage their investments to improve achievement and opportunities for all students. Founded in 1995, we are a national association of over 250 philanthropies that connects grantmakers with knowledgeable leaders, promising programs, experienced colleagues and actionable research.

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