



Discussion Paper

Philanthropy in  
Public Education

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**Discussion paper prepared for Tomorrow:Today Foundation\***

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\* **Tomorrow:Today Foundation** is Benalla district's Community Foundation, formed and run by local people to provide funds for local community projects. Our purpose is to enable the people of Benalla and district to create a stronger, more resilient and prosperous rural community.

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# PHILANTHROPY IN PUBLIC EDUCATION

## Background / Context

As a result of Benalla rating poorly in a national study of social disadvantage<sup>1</sup>, a review was undertaken by Tomorrow:Today Foundation to better understand social disadvantage and its influence on educational outcomes for students. On receiving the review document “Education & Social Disadvantage” the Board of Tomorrow:Today Foundation determined to further explore social disadvantage in regard to education in order to develop a proposal for discussion with regional education leaders, experts and representatives.

## The issue, the questions

The review found that social disadvantage and low educational performance feed off each other. Lower educational performance increases measures of socio-economic disadvantage, and a high level of socio-economic disadvantage has been demonstrated to lower educational performance. Lack of qualifications, non-completion of secondary education, basic numeracy and literacy problems are all strongly correlated with unemployment, poorer health, relationship breakdown and prison<sup>2</sup>. In Australia, neighbourhoods that are socially disadvantaged have lower levels of educational attainment in their high schools<sup>3</sup>.

The education field is a very large one with strong structures and systems supporting teachers, schools, regions and government policy directions. The State of Victoria appears to have a progressive attitude to school improvement, and its strategy and progress has recently been audited<sup>4</sup>. All recommendations made by the Auditor-General have been accepted by the Department. As an organisation external to the education sector, it is important that Tomorrow:Today be clear about its area of interest and potential involvement.

Tomorrow:Today’s purpose is to enable the residents of Benalla District to create a stronger, more resilient and prosperous community. Schooling systems cannot be expected to overcome the impact of neighbourhood social disadvantage on their own. Quality of teaching, levels of school resourcing and educational leadership are all extremely important for student outcomes, but on face value, it would appear that there is also a place for enabling our schools to achieve the best from community resources. Learning is at least partly a social function and learning communities are an aspect of effective schools. This discussion paper is just the start of an inquiry to respond to two questions :

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<sup>1</sup> Vinson, T. (2007) Dropping off the edge: the distribution of disadvantage in Australia

<sup>2</sup> Bentley T et al (2004) A fair go – public value and diversity in education (p.11)

<sup>3</sup> Holmes-Smith, P. (2006) School Socio-economic density and its effect on school performance

<sup>4</sup> Victorian Auditor General (2007) Improving our Schools: monitoring & support

(1) What is the role of philanthropy in improving educational/learning outcomes for school age children (K-12)?

(2) Is there someone, somewhere, that knows what a comprehensive, community based integrated support system really looks like?<sup>5</sup>

This paper does not consider the role of philanthropy in early childhood (0-5) learning. It is recognised that this could be a high-impact area of philanthropic investment and should be investigated.

## **Process**

The experiences of other philanthropic organisations were assessed via a review of reports and evaluations as well as personal communication. There was considerable information to work with, given the history of philanthropic investment in public education in the United States, and the endeavours of Australian organisations such as the Education Foundation of Australia. Formal reports such as the recent Auditor-General of Victoria report “Improving our schools: monitoring & support” were also reviewed.

## **Review**

No matter what their preferences and natural abilities, our children need an excellent education to do well in today’s economy and society. Whether working in retail, the public sector, in a trade or an office, skills need to be learned, such as the ability to analyse, to create, to adapt to change, and to interpret. They need to be able to communicate their intentions, be emotionally intelligent, and use their imagination to solve problems. With such skills, Benalla’s children can look forward to successful employment and a full life. Once, these skills were considered to be high-level competencies only achieved by the most able students. But today, without them, one is apt to be stuck on society’s margins.<sup>6</sup>

The U.S.A. has a history of philanthropic giving to improve educational outcomes. Philanthropy has shown that it can respond in situations where others cannot. A century ago when belief in the value of a literate public exceeded the public’s means to do much about it, philanthropists built libraries in almost every town. When government didn’t provide adequate schooling for former black slaves, John D. Rockefeller contributed a portion of his fortune to the creation of education opportunities (in K-12 and college) to be available ‘without regard to race, sex or religious creed.’<sup>7</sup> Whilst there are these noble examples to demonstrate how philanthropy can work in the educational field to the betterment of society, there are also a great many failures that help to inform our thinking. Whilst Australia is different to the U.S.A. in many ways -- not least of which is the difference in our public education systems -- there are numerous case studies from the U.S.A.

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<sup>5</sup> Barry, J. et al (2001) Seven Case Studies (see Manno, B)

<sup>6</sup> Finn & Amis (2001)

<sup>7</sup> *ibid*

experience that can be used to inform us and to help respond to the questions posed above. Some of these are noted below<sup>8</sup>.

- The Ford Foundation has been a very substantial and very public face of philanthropy in education from the 1950's. Some projects appear to have had benefits for some, and some projects were magnificent failures that caused more harm than good. The Foundation now seems to acknowledge that the systemic-reform approaches it has pursued for decades may not have been the best approach. In the 1990's Ford drew back "and said that it would not put new money into local education reform until real evidence of success begins to be accumulated".
- The Annie E. Casey Foundation was established in 1948. A grantmaking strategy was devised 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 launched in 1988 with \$50 million in funding and an ambitious five year plan to address the 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. Its goals were to improve the basic academic skill level of at-risk students; to increase school attendance and graduation rates; to decrease youth unemployment and inactivity; and to reduce the incidence of adolescent pregnancy and teen parenthood. It required a whole-of-city approach to change and 5 cities were chosen through a competitive application process. None of the New Futures cities made measurable improvements in the project's five years. "We all assumed that somebody somewhere knew what a comprehensive, community based integrated support system really looked like" said Casey Foundation President Douglas W. Nelson, "and we were wrong." This startling observation has been carried forward as one of the key questions that Tomorrow:Today needs to answer. Other 'lessons learned' included (1) discovering that it was in a city's interests for there to be a public perception that things are going well and there are good people in charge; and (2) the importance of social relationships and networks and neighbourhood-based economic development. "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 recognising...that services alone can't lift poor neighbourhoods out of poverty."
- In the 1980's the Edna McConnell Clark Foundation prioritised disadvantaged youth and in 1989 an ambitious project to improve 12 troubled middle schools commenced with 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

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<sup>8</sup> The first three examples are from Barry,J. Seven Case Studies (see Manno,B)

options and select programs of study that will enable them to pursue their choices. The evaluation, published in 1995, demonstrated that after 5 years and \$10 million only two of the five districts had made any systemic progress. With more narrowly defined goals and targets, the program continued to adjust and fund the project; however by 2001 the Clark Foundation made the momentous decision to no longer fund efforts at systemic reform. “We determined, explained the Clark Foundation President, “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.” “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 behaviour of people in a whole system.”

Other case studies in philanthropy for educational outcomes include -

- James Barksdale, former CEO of Netscape, made a gift of \$100 million to improve literacy among Mississippi students in grades K-3;
- Stuart Sloan, founder of Egghead Software, provided \$1million annually for eight years to ‘turn around’ a troubled public school;
- Ann Rubenstein-Tisch provided undisclosed financial resources to provide an excellent education for girls in Harlem;
- David W. Packard has gifted more than \$45 million since 1997 to improve reading achievement by promoting the use of proven reading programs in Californian schools;
- the Abell Foundation has funded \$300,000 over two years to evaluate, and where necessary, improve the quality of Maryland’s statewide student exams;
- Bartell Drugs – the oldest family-owned drugstore chain in the U.S. – partnered with The Seattle Times to produce an accurate and up-to-date information guide for parents in the Seattle-area on private and public elementary, middle, and high schools to help them make sound school selections for their children;
- John Davis provided \$200,000 over three years to ensure that Massachusetts maintains a strong focus on standards-based reform so that students attain greater academic success;
- IBM Corporation funded \$45 million since 1994, plus \$25 million pledged in 2001 to improve the quality of American public schools primarily through technology-linked, standards-based reforms;
- Tom Luce gifted \$500,000 to provide the public with intelligible, up-to-date information about the performance of Texas schools;
- Doris & Donald Fisher provided \$15 million to sustain a program for its first 3 years aimed at creating a cadre of trained school leaders to launch new independent public schools across the U.S. that replicate the academic success of the KIPP Academies;
- John Kirtley provided \$1.5 million over four years to provide low-income children with the opportunity to attend the private school of their choice;

- Jack & Isaabille McVaugh provided approximately \$100,000 also for scholarships to private schools
- The Bill & Melinda Gates Foundation gifted \$350 million to improve public schools nationwide – and then announced a \$1 billion scholarship fund for minorities.
- Kathryn and Joe Albertson donated \$100 million to public schools in their home state of Idaho; and
- Eli Broad has promised more than \$100 million to support projects in various urban school districts.<sup>9</sup>

Whilst our educational system in Victoria is (fortunately) quite unlike that in the United States – which seems to have a ‘winner takes all’ approach - we can still learn a great deal about the area of philanthropic gifting. The lessons learned from failed philanthropy in education are as important as the celebrations of success. The United States today boasts some 40,000 foundations with combined assets around \$200 billion and annual gifts totalling about \$12 billion. Individuals gave around \$120 billion in 1996 and corporations donated \$8.5 billion<sup>10</sup>. Yet the success stories up until recently have been few and far between. One of the biggest mistakes, in the view of a researcher and a director of educational philanthropy, is not being clear about what the philanthropic dollar wants to accomplish – and leaving it to others to decide<sup>11</sup>. Or of rushing – of making abrupt changes in the course of a program. Finn (1998) reminds us that the first lesson medical students are meant to learn is “Try not to do harm”. *“Its purpose isn’t to paralyse them, but to cause them to take extra care, to look at the test results, and occasionally to seek another doctor’s opinion.”*<sup>12</sup> Finn also notes that philanthropy in education is about reasonable risk-taking and entrepreneurship, not safety. In an open letter to Bill Gates, Finn wrote *“Think of philanthropy as you conceived of the computer business: a place that needs great infusions of vision and fresh ideas as well as capital and hard work.”*<sup>13</sup>

A guide to education philanthropy published in 2001<sup>14</sup> draws together many of the case studies mentioned above into “Four Theories of Education Change via Philanthropy”, described as:

- 1. Provide additional resources to the education system**
- 2. Provide outside expertise to the education system**
- 3. Advance standards-based reform of the education system**
- 4. Foster competition-based reform of the education system**

Whilst noting that well targeted philanthropy in the first two areas have demonstrated success (and highlighting where faulty approaches have failed miserably), the American authors are keen supporters of (3) and (4) as a means of achieving systemic change in the American public education system. Here is a strong point of difference with an Australian approach suited to a rural area such as Benalla district.

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<sup>9</sup> Finn & Amis (2001)

<sup>10</sup> Finn (1998) p.3

<sup>11</sup> *ibid* p.5

<sup>12</sup> *ibid* p.8

<sup>13</sup> *ibid* p.7

<sup>14</sup> Finn & Amis (2001)

The public education system in America appears quite different to the situation in Victoria, and certainly in rural Victoria. For a start, the market based approach to public education favoured by many philanthropists in America would not be a plausible option in rural Benalla if followed through to the conclusion espoused in the U.S.A. – that is, that students from poor families in poor performing schools should be encouraged with vouchers or scholarships to leave such schools for better performing private schools. Under this market based approach, the poor performing public school either responds and ‘lifts its socks’ to become competitive, or it becomes unsustainable and closes down. There are a number of reasons to reject this based on what we know through past experience and recent research –

There is competition in Benalla already in that many students from more affluent families have been sent to Shepparton, Melbourne or Wangaratta for private schooling. A Victorian report on school performance<sup>15</sup> drew on an international study to demonstrate that Australia’s more highly segregated system of schooling (government and independent) tends to contribute to comparatively large differences between schools in student achievement. Segregation in the school system tends to reinforce rather than weaken existing patterns of social inequity.<sup>16</sup> The sustained drift of students from government to non-governments schools over the last 30 years, underpinned by a public assumption that standards and quality in non-government schools are higher than in government schools, has seen<sup>17</sup>:

- a growing concentration of higher socio-economic status (SES) students in the independent school sector;
- a corresponding increasing concentration of lower SES students in the government school sector;
- a weaker social spread of students within the Catholic sector;
- high concentrations of low SES students in small government and Catholic secondary schools. Typically these schools have poor outcomes.

A district’s socio-economic status impacts on its school’s performance<sup>18</sup>. Professor Richard Teese, head of the University of Melbourne’s Centre for Post-compulsory Education & Lifelong Learning recently was quoted as saying: “*The assumption was (in the Kennett government years) that it didn’t matter what a school was like or where it was, the market-driven approach would work and drive quality. However some schools have more resources and educated middle-class communities while others have poorer, working-class migrant communities. Where there is a mix of disadvantages, it can become overwhelming.*”<sup>19</sup>

School leadership, quality of teaching and school resourcing also impacts on school performance, and this is obviously an issue of interest to parents and the wider community. Failure by the Department to initiate timely targeted support to schools that are struggling risks further deterioration in a school’s performance. In that event, even greater levels of support would be required to arrest the decline.

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<sup>15</sup> Lamb, S. et al (2004)

<sup>16</sup> *ibid*

<sup>17</sup> Education Foundation Equity, excellence and effectiveness

<sup>18</sup> Holmes-Smith, P.(2006)

<sup>19</sup> The Age Education supplement October 15, 2007



Does Victoria prioritise continuous improvement in our public schools? Can the regional directorate manage school performance issues that are resource based? An indication can be gleaned from the fact that Victoria does have a “*Blue print for Government Schools reform agenda (2003)*” designed to address the significant variations in student performance in the Victorian government school system. The Blueprint placed regions at the front line of the effort to improve government schools and reduce the disparity in student outcomes across the system, including the high concentration of student outcomes below expected levels in some schools and some regions. The reform process is ongoing, and progress was recently assessed by the Victorian Auditor-General. The audit found that in a relatively short period considerable progress has been made in addressing school performance. However more attention needs to be directed at some aspects of the support which constrain regional offices from providing the right support at the right time.

The Department has recognised the need to further improve the capacity of regional offices and the effectiveness and efficiency of their work. Work is currently underway in a number of areas, including clarifying the role of regions, and increasing the authority and resource flexibility for regional directors. All recommendations made by the Auditor-General as a result of the audit have been accepted by the Department.

Student outcomes are expected to be lower where neighbourhoods have a high level of socio-economic disadvantage. Using the OECD PISA data, Dahle Suggett<sup>20</sup> notes that in Australia, 70% of variation between schools can be accounted for in terms of social background – 40% individuals and 30% the average background of students in the schools.

It is not necessary to know Benalla’s current student outcomes beyond the situation that –

- educational outcomes in Victoria persistently reflect patterns of social disadvantage and there are significant opportunities to improve this situation<sup>21</sup>;
- the State education system appears to be demonstrably willing to find ways to address inequities in student outcomes across schools;
- Student learning takes place in a broader community than the school environment. There appears to be a need for a more interactive relationship between the community (in this case Benalla) and its schools as a means of improving student outcomes, and this could logically be addressed via community philanthropy.

#### Broad guidelines for developing a philanthropic program

The literature reviewed for Tomorrow:Today on Social Disadvantage and Education<sup>22</sup> spanned analyses of Australian longitudinal surveys, international research and Victorian academic opinions. There were many challenges articulated and only broad statements around possible responses. It does appear that a philanthropic response

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<sup>20</sup> Suggett, D (2007)

<sup>21</sup> Teese et al, 2006 in Suggett,D(2007)

<sup>22</sup> Chapman, L. (2007)

will need to embrace the tasks of strengthening the links between schools and families, of finding ways for students to have more extra-curricular opportunities, and of improving commitment to life-long-learning in the general population. Bentley<sup>23</sup> says that the most powerful system changes will combine internal and external resources –

- Schools *and* research knowledge
- Core curriculum *and* extended learning program
- Face to face *and* online community
- Expert tutor *and* work-based practice
- Home *and* library or museum
- Family *and* teachers

A community foundation such as ours can also act to harness the best minds in Australia to focus on Benalla to advise and work with our district on education, learning and change.

Partnerships with clearly articulated roles and responsibilities are necessary, and the challenge to achieve this will be in the whole-hearted commitment of all partners to engage in change processes. Of crucial importance will be finding the balance between donor areas of interest, and projects that a range of stakeholders (educationalists, researchers and rural development experts) agree will give the best opportunity for impacting on student outcomes. The two are not necessarily complementary. It is to be expected that there will be considerable cost in developing and implementing a program that results in more than a ‘feelgood’ community/donor response.

The aim for Tomorrow:Today in engaging in such a long term commitment will be to advance its purpose by achieving a change in Benalla student outcomes. To know whether the investment of its donors is working towards achieving the aim, and to know when re-targeting is necessary, a full impact evaluation should be resourced from the start.

### **Answering the questions**

- (1) What is the role of philanthropy in improving educational/learning outcomes for school age children (K-12)?

When Henry Ford II famously resigned in 1977 from the board of the huge foundation that bears his family’s name, he observed that it had veered from the worldview of those who earned its billions. Privately terming the place a ‘madhouse’, he publicly rebuked it for the anti-capitalist bias of its leaders, staffers and grantees<sup>24</sup>. Private giving through community foundations such as Tomorrow:Today can achieve great benefits when it is grounded in morality, not in politics or bureaucracy. It must remain committed to strengthening cultural norms, not in bringing in a new politik. In the case of education, this means in providing a loudspeaker to the murmurings of the community when it says it wants our children to have a fair go in life; to have equal

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<sup>23</sup> Bentley T et al (2004)

<sup>24</sup> Finn (1998)

opportunity with the best schools in the State; where every child is engaged in learning whether it be academic, technical and/or life skills.

Four assumptions should underlie the development of the program by Tomorrow:Today so that we can demonstrate our commitment and values to our educational and community partners<sup>25</sup>:

- (1) To develop clear goals for the education/youth development program that experts, on balance, believe has a reasonable chance of improving Benalla student outcomes;
- (2) To pursue the program goals over a significant period of time (10 years initially with a view to extending if warranted);
- (3) To work with donors to match donor preferences with demonstrated program needs. To remain focused and not succumb to whimsy;
- (4) To seek to achieve greater impacts for student outcomes with the resources at its disposal. That does not imply that every project must succeed or every decision prove wise, but that the program of investment and change that we provide be driven by a stewardship based in service, not image.

The role of philanthropy in Benalla should be to support public education goals by resourcing new projects that are outside the current funding domain of government. Philanthropy's role in Benalla may be to provide additional expertise and resources alongside or into the public education system. How such a program is developed will depend on the enthusiasm and commitment of the regional directorate. The aim and objectives of an education/youth development program should be developed with the regional directorate of education and other educational and community stakeholders.

- (2) Is there someone, somewhere, that knows what a comprehensive, community based integrated support system really looks like?

Apparently not. However the Education Foundation (Australia) is 'on the same page' as Tomorrow:Today and is currently investigating this issue. It may be that part of the role that we need to accept is to design a hands-on investigation and implement a program in a manner that can provide the basis for other rural districts and philanthropic foundations to adapt or replicate our processes.

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<sup>25</sup> adapted from Raymond, M (see Barry,J. et al *Seven Studies in Education Philanthropy* (2001) )

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