

## EDUCATION WEEK

Published Online: January 13, 2010

Published in Print: January 20, 2010, as **Spending by Education Philanthropies Drops**

Updated: January 19, 2010

### Financial CRISIS

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## Spending by Education Philanthropies Drops in 2009

By [Erik W. Robelen](#)

Amid the country's economic downturn, planned giving levels by many education grantmakers declined last year. A new analysis of trends in education philanthropy finds, however, that a sizable minority of those surveyed said they expected the grants paid out to hold steady, compared with 2008. A smaller group even planned to increase funding.

The [report](#) by the nonprofit [Grantmakers for Education](#), issued last week, also notes a growing interest in collaboration among funders, as well as increased attention to fueling educational innovations and providing dollars to support advocacy and public-policy work. At the same time, it finds "strong current and continued support" for teacher professional development, school and district leadership, early-childhood education, college access and readiness, and high school reform.

Drawing on surveys completed in mid-2009 by 140 members of the Portland, Ore.-based national network of education grantmakers, who range from private and family foundations of all sizes to corporate philanthropies, the report says that 59 percent of respondents at that time were projecting a drop in their overall grantmaking totals in 2009 compared with the year before. One-quarter expected their giving to stay the same, and 14 percent were actually projecting an increase.

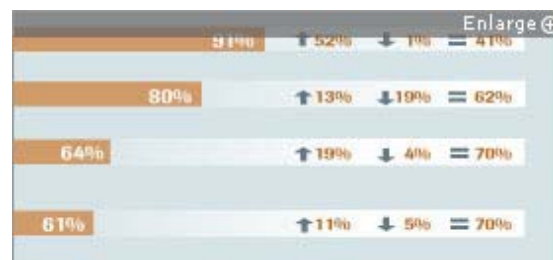
Those statistics reflect giving across all categories by the organizations, many of which also make grants in areas outside of education. Separately, 17 percent of respondents said they expected the proportion of their giving directed to education to rise last year, 11 percent said the proportion would decline, and the rest said it would not change.

The survey represents organizations making more than \$1.2 billion in grants to education in 2009, according to Grantmakers for Education, from early learning and K-12 to postsecondary support, including the Seattle-based Bill & Melinda Gates Foundation, the Chicago Public Education Fund, and the Panasonic Foundation in Secaucus, N.J., among many others.

"This new study provides a much-needed examination of how GFE's diverse members are responding to some of 2009's most significant developments—particularly the

[Back to Story](#)

### Grantmaker Strategies



SOURCE: Grantmakers for Education

economic downturn and the greatly expanded federal investment in education—and how they expect their funding priorities and strategies to evolve in the next few years,” the report says. “In a year that stretched philanthropy in so many ways, we are encouraged by the ways in which our field continues to gain focus and intentionality.”

Many grantmakers have employed strategies to avoid “thinning the soup,” the report says, including keeping grant sizes constant while making fewer grants overall and imposing administrative cuts in their own offices to minimize the effect on their giving. Meanwhile, the report finds that many funders are providing more general operating support for grantees, given the struggles organizations they support face during the recession.

And the survey results suggest there may be some retreat from issuing multiyear grants, a common practice among philanthropies. Although 80 percent of respondents said they currently employ that strategy, one-fifth indicated that they intended to do less multiyear funding over the next two years, with those surveyed often drawing a direct connection between economic challenges and that shift.

“When I looked at that data, ... I was concerned,” said Christine T. Tebben, the executive director of Grantmakers for Education, noting that multiyear grants are among the core principles for effective grantmaking her organization has identified. “Funders need to think very seriously about the importance of longer-term funding commitments.”

### ‘Mobilizing Communities’

The recession has taken a toll on the philanthropic sector in general. Many foundations with endowments have seen the value of those assets plummet.

A [report](#) issued in November by the Foundation Center, a New York City-based nonprofit group that tracks philanthropy, noted that the assets of U.S. foundations fell by an estimated 22 percent in 2008, and it projected that overall 2009 giving levels were likely to decrease by 8 percent to 13 percent. It predicts a further decline this year, noting that 26 percent of those responding to a Foundation Center survey expected giving to be lower, while 17 percent said it would be higher.

Overall giving by [Rose Community Foundation](#) in Denver declined last year, said Phillip Gonring, the group’s senior program officer for education, with education grants dropping to \$1.4 million in 2009 compared with \$2.3 million the year before. He said education giving was expected to climb by about \$100,000 in 2010.

With lowered giving, Mr. Gonring said the group’s “first commitment was to fund safety-net services in the after-school community,” programs “serving lots of kids for multiple hours on a daily basis.”

It also continued its work on “systems change” in districts and the policy arena, he said, but at lower levels.

“We just did less,” he said.

Lori Bezahler, the president of the [Edward W. Hazen Foundation](#) in New York City, which focuses much of its work on building the capacity of grassroots organizations to influence education policy, said its giving held steady last year at about \$2 million, in an effort to finish out the last year of a five-year plan. With the foundation’s assets having decreased, however, she expects a decline in 2010



giving of about 25 percent.

"We're going to be making some shifts in how we do our grantmaking" to help with the situation, Ms. Bezahler said, "looking at how to be more efficient in what we do and what grantees have to do to get the money."

The Grantmakers for Education report finds that for 2009, 37 percent of survey respondents expected reductions in giving of up to 20 percent compared with 2008, and another 18 percent expected overall cuts ranging from 20 percent to 40 percent.

Ms. Bezahler, who serves on the board of Grantmakers for Education, said some of the core findings of the report on philanthropic strategies ring true for her, such as focusing on increased collaboration and influencing the policy arena.

"For a long time, most of what I heard peers [in philanthropy] talking about were programs, getting a program in a district, whether it's a 3rd grade reading program or a college-readiness program," she said. "Now I think there is a recognition that those kinds of [efforts] first of all have trouble being sustained unless you have a policy written in a way that outlasts an administration, [unless] you have political will built up."

### **Policy Realm**

Mr. Gonring also sees great value in philanthropic engagement in the policy arena.

"The highest form of education philanthropy is that philanthropy which causes government to use its funding to meet the needs of citizens in a better way," he said.

The survey results show that 60 percent of respondents have provided funding "to influence public policy and to build support for policy changes," and another 30 percent intend to increase such financing over the next two years.

"There is also a greater emphasis on mobilizing communities for reform," the report says, with 42 percent of grantmakers backing education organizing strategies. "One funder suggested that an effective approach to school reform requires 'deeply engaging parents, youth, and teachers as advocates, activists, and organizers ... reshaping the entire constituency and process for school reform.'"

### **Strength in Numbers**

Furthermore, many grantmakers are stepping up their giving for "innovative programs and new models," the survey data suggest.

"Many survey respondents articulated a desire for philanthropy to move beyond standard approaches to test new ideas, seek more student-centered learning models, and support new educational delivery systems," the report says. Sixty-six percent of those surveyed said they currently underwrite innovation and new models of learning—the area of giving in which the greatest number planned to increase their investments—with one-third saying they intended to do so in the next two years.

On the issue of increased collaboration among funders, 91 percent of those surveyed are currently doing so, and half intend to increase the practice.

"Grantmakers are finding strength in numbers and honing grantmaking strategies through partnerships," the report says.

Ms. Tebben of Grantmakers for Education said that while some philanthropies have always engaged in

collaborative work with other funders, "the extent of it is deepening quite a bit. More of it is happening, and it's taking deeper forms."

The report finds many philanthropies seeking to capitalize on momentum for educational change sparked by the infusion of federal funds under the economic-stimulus law, the American Recovery and Reinvestment Act, including the \$4 billion Race to the Top competition and the \$650 million Investing in Innovation fund. The latter fund explicitly calls for a local match by philanthropic organizations.

"Some respondents ... spoke generally about a feeling that the sweeping scope of policy initiatives cascading from federal to state and local governments represents a 'moment in time,' " the report says, "which, in the words of one grantmaker, 'calls for inventive creativity and may not happen again anytime soon.' "

At the same time, the report quoted one foundation leader expressing caution about how philanthropies proceed: "Foundations have the opportunity to be an outside voice, rather than following government and everyone else," the leader said. "We have the opportunity and the responsibility to be the true third and independent sector."

Vol. 29, Issue 18, Pages 1,12-13