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In early 2008, the *New York Times Magazine* engaged individuals with different viewpoints on education philanthropy to discuss the sector's changes. Steve Barr, founder and then-CEO of a well-known Los Angeles-based charter school operator, Green Dot Public Schools, explained why his organization received large amounts of money from philanthropist Eli Broad: "Because I'm a disruptive force. And he's betting on that force gaining enough momentum that it will ultimately change the system, not just in L.A. but elsewhere, too, in a way that really realigns the education debate."<sup>1</sup> This type of grantmaking is commonly referred to as venture philanthropy. Like venture capital, venture philanthropy seeks to maximize "returns" on foundation investment. Unlike venture capital, where returns are often measured in profit, philanthropic returns come through social change. Although this concept is not new, even to education philanthropy, its scope as undertaken by newly emergent education foundations like the Gates, Broad, and Walton Foundations is a relatively recent phenomenon.<sup>2</sup>

The largest new national foundations are characterized by living benefactors who built their business fortunes in the late 20<sup>th</sup> century economy. Among the new foundations included in this chapter's analyses, Bill Gates and Michael Dell built their fortune through technology, Eli Broad and Julian Robertson through investment, and the Walton family through multi-national retail. These magnates typically established their eponymous foundations in the 1990s, and their K–12 education philanthropy became most prodigious after 2000. Older foundations usually trace their history back much farther, and were typically established between 1900 and 1950.<sup>3</sup>

Another key difference lies in the types of organizations they fund. The Annenberg Challenge exemplifies traditional foundation approaches. Announced in late

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1993 by former ambassador Walter Annenberg, the Annenberg Challenge remains the largest single gift to American public education—\$500 million to help reform struggling schools. This money primarily went to 10 sites across the United States and generated over \$600 million in matching funds. Challenge grants supported collaborative reforms developed at each site, requiring that programs include both traditional school systems and local nonprofits. The Annenberg Challenge sought to change entire systems by mobilizing communities and school districts in tandem to make concerted reforms, unlike other reforms that might seek to improve individual schools (for example, charter schools or vouchers). After Challenge grants expired in the late 1990s and early 2000s, many described the initiative as a failure. Said one evaluation, “The Annenberg Challenge was not set up to challenge the status quo; rather, it relied upon much the same set of relationships and processes that had yielded the status quo in large public school systems.”<sup>4</sup> While those involved with the Challenge dispute this characterization, the contrast is stark between this approach and new foundation initiatives.<sup>5</sup> New foundations seek to generate the greatest change and support those outside traditional education systems pursuing reform (like Green Dot and Steve Barr). Traditional foundations, as shown by initiatives like the Annenberg Challenge, typically target their funds to programs engaging traditional school systems. In Carnegie’s 2000 Annual Report, President Vartan Gregorian further distinguished traditional organizations like his from newer groups by explaining, “Unlike traditional philanthropies, which make grants to a great many capable organizations with promising proposals, the new philanthropists work intensely with relatively few nonprofit organizations.”<sup>6</sup> Thus, while older foundations grant to a broad set of groups to influence traditional public school systems, new

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foundations often maximize social change by funding a smaller set outside traditional education organizations.

Many accounts of this emerging era in education philanthropy tend to, in one way or another, focus their attention on roles played by new foundations. In *Reign of Error*, her newest book on education reform, Diane Ravitch mentions the Gates Foundation on 22 pages, the Broad Foundation on 10, and the Walton Family Foundation on eight, with nary a mention of the more traditional Annenberg, Carnegie, or Ford Foundations.<sup>7</sup> Other scholarly work also emphasizes newer groups like the Gates and Broad Foundations.<sup>8</sup> This focus often makes sense—new foundations, their scale, and their investment styles are important developments in education philanthropy. A second group of analyses group together the largest education givers in terms of dollars granted.<sup>9</sup> This method also inherently focuses on the outsized role played by new foundations and their disproportionately large coffers, especially in more recent years. For example, in 2010, one of the most recent years available, the Gates Foundation accounted for 17 percent of total K–12 philanthropy, and the Walton Foundation represented approximately 10 percent.<sup>10</sup> Thus, when considering the largest funders, figures may hide unique features within the subset of older philanthropies because new foundations grant so many more dollars.

Like Barr and Green Dot, new foundations have been a disruptive force. The landscape has shifted in no small part due to new foundation funding. What remains unclear is whether and to what degree other actors within the philanthropic system changed to follow new foundation leads. Traditional foundations still give substantial amounts around education and have long been active in developing education programs

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and working to improve K–12 schooling in the United States. As new foundations grew and solidified their importance, did they also help change how old foundations grant, just as Eli Broad hopes Green Dot alters others in its sector? Or, as shown by the Annenberg Challenge’s focus and Gregorian’s suggestion in 2000, have new and old foundations remained distinct in what they fund and how they target their resources?

It may be that older foundation grantmaking became more similar to that of new foundations as new foundations grew. As new foundations became more powerful, their giving to non-traditional education organizations in a more focused way gained credibility. Some social theorists contend that isomorphism occurs among organizations within a sector, meaning that they behave in ways that maintain their legitimacy.<sup>11</sup> One way to do this is by operating in ways that have established credibility within the field. As new foundations become more established, older foundations may change what they fund and how they fund it because new foundations legitimize these areas and approaches.

Conversely, sociologists argue that institutional entrenchment confronts organizations in well-developed fields, so new organizations might continue to operate in their usual manner.<sup>12</sup> Although new foundations have started to give more dollars to K–12 education, traditional philanthropies have a far more established education grantmaking presence. Rather than become more like new foundations, traditional foundations may continue giving broadly to organizations working with traditional school systems. Based on these two theories, one might expect either that old foundations would give in more focused ways and to more non-traditional organizations, or that old philanthropies would continue to broadly fund traditional school reforms.

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In two ways, this chapter empirically investigates whether and how old foundation grantmaking changes. First, it shows which types of grantees new and old foundations fund over time. Second, it examines a trend found in other studies known as convergent grantmaking. These studies showed that, when examining the largest education philanthropies, the number of grantees who shared common funders grew over time.<sup>13</sup> These results suggest that the largest education funders increasingly share funding priorities and give to the same organizations in pursuit of these goals. By focusing on the largest funders, however, these studies may overlook potential differences between old and new foundations. This chapter explicitly investigates whether old foundations' convergent grantmaking differs from that of larger new philanthropies.

This study uses data from the years 2000, 2005, and 2010. Although this data is not as up-to-date as preferred, 2012 is the most recent available year of granting data. The delay between when foundations make grants and when they are reported through publicly available Internal Revenue Service documents means that this chapter is not an explanation of how new and old foundations presently operate. Instead, it looks at how old foundations operated in the decade 2000-2010, as Annenberg Challenge-era grantmaking faded and new foundations emerged as the largest grantors.

Two sets of findings emerge. First, old and new foundations maintain mostly distinct funding priorities. Old foundations tend to give to support traditional education systems as well as programs and organizations working closely with traditional establishments. Old foundations tend to support their priorities by giving a substantially higher proportion of their grants to universities and state- or national-level policy research and advocacy than do new foundations. Meanwhile, new foundation grants more

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frequently flowed to public, private, and charter schools, as well as venture philanthropy organizations that provide seed money to emerging education actors. Unlike old foundation grantees, organizations funded by new foundations tend to work on education reform independently of traditional systems. The two foundation types also had similar granting patterns in two areas. They both deemphasized local policy research/advocacy and increased relative funding attention given to groups like Teach for America that provide non-traditional school staff training.

Second, new foundations became extremely convergent in their grantmaking strategies by giving more money to the same organizations. Funding in this way suggests that foundations had overlapping priorities and funded the same organizations based on these goals. In 2000, few new foundation grantees had more than one grantor, and no grantees shared multiple funders. By 2005, new foundation grant recipients more frequently had and shared multiple funders, signaling common priorities among new foundations. This trend continued in 2010, when the grantee network showed a greater number of preferred organizations connected by shared funders. Old foundations did not converge their grantmaking among a preferred grantee subset to the same degree as new foundations. While examples existed in 2000 and 2005, like organizations affiliated with the Annenberg Challenge, there were relatively few organizations with shared granters. Although a few more old foundation grantees shared funders in 2010, they were still not nearly as interconnected as the 2005 and 2010 new foundation grantee networks.

These findings cumulatively suggest that old and new foundations differ in their priorities and in the degree to which they converge grantmaking as they pursue their goals. Grants from 2000–2010 suggest that, as new foundations age and continue to grow

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their grantmaking, they have an established set of priorities and increasingly fund the same organizations. Old foundations, on the other hand, seem to have entrenched and broad priorities. These priorities lead older philanthropies to support a wide variety of grantees only loosely connected by their common tendency to work closely with traditional education systems.

### **Data and Methods**

To examine whether and to what degree differences exist between new and old foundation granting, analyses compared funding by ten philanthropies, five old and five new.<sup>14</sup> Although more foundations in each group would be preferable and allow for more complete comparisons, finding and culling grant data requires substantial time.

Therefore, this chapter focuses on a smaller set that includes some of the most prominent old and new foundations. The Foundation Center's Foundation Stats dashboard provided summary data for the most recent 11 fiscal reports (2002–2012), allowing analyses to target new and old foundations that rank in the top 50 largest education granters (by dollars) in at least six of 11 possible years. This ensures analyses focused on those philanthropies consistently giving to K–12 education on a large scale. Each foundation ranked as at least the 25<sup>th</sup>-largest education philanthropy in the years it made the rankings.<sup>15</sup> Using these criteria, The Eli and Edythe Broad Foundation, Michael and Susan Dell Foundation, Bill and Melinda Gates Foundation, Robertson Foundation, and Walton Family Foundation form the new foundation grouping. The Annenberg Foundation, Carnegie Corporation of New York, Ford Foundation, W. K. Kellogg

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Foundation, and Wallace Foundation (formerly Wallace-Reader's Digest Funds) comprise the old philanthropy grouping.

Data came from each foundation's 2000, 2005, and 2010 Internal Revenue Service Form 990-PF, where they report external grants made in that tax cycle.<sup>16</sup> In most cases, tax documents included grantee names, addresses, and funding amounts. Some philanthropies also include a statement with each grant indicating its purpose. These data provided a granting snapshot in each year and, when assessed over time, substantiated the conclusions drawn throughout this chapter. Once recorded, each grant was then coded into one of 47 different categories based on the grant's purpose statement and/or Internet searches about a recipient organization's mission. Some examples of applied codes include: public school district, charter school, charter management organization, policy research or advocacy, teacher or administrator training/recruitment, university, association of elected officials, or arts education.<sup>17</sup> Analyses throughout this chapter group similar codes. For example, totals for "charter schools" discussed below include grants to both individual charter schools as well as charter management organizations. Unless otherwise noted, figures are reported in 2010 inflation-adjusted United States dollars.

When assessing convergent grantmaking, analyses focused on organizations with multiple old or new foundation funders. This section first highlights the ratio of grantees that received multiple old or new foundation grants, as well as the proportion of grant dollars these recipients collected. Then, using UCINET software version 6.537, analyses visually present links among organizations that received at least \$1 million in old or new foundation dollars.<sup>18</sup> In these graphics, a link between organizations means they share at

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least two funders. Should organizations share multiple funders, they may also share missions and expectations from their funders. If foundations give to many of the same organizations, it may indicate strongly aligned priorities throughout new or old foundation groups.

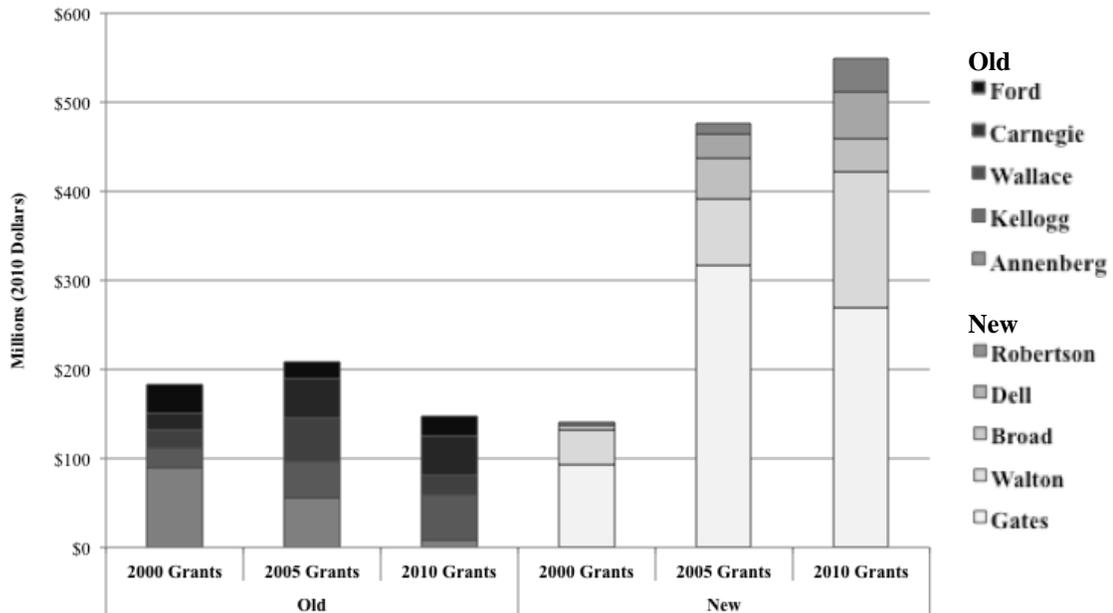
### **General Trends in New and Old Foundation Granting**

In 2009, Associated Press reporters wryly opened a report on Bill Gates' influence in education by saying, "The real secretary of education, the joke goes, is Bill Gates."<sup>19</sup> Quips like this stem from the Gates Foundation's K-12 education philanthropy, where they provide far more funding than the next largest funders. For example, Gates gave 75 percent more than the second-place Walton Foundation in 2010. Jokes about Bill Gates' education policy influence would have been less based on reality in 2000, when Gates Foundation grants did not vastly surpass other foundations.

To be sure, Gates was the largest K-12 philanthropy in 2000. When compared to second-place Annenberg, however, Gates' \$93.8 million in spending did not vastly outpace Annenberg's \$89.1 million. Similarly, the Walton Foundation's third-place sum, \$38.9 million, did not dwarf the Ford Foundation's fifth-place \$32.5 million. In fact, the five old foundations granted \$42 million more than the five new foundations in 2010 (see Figure 1.1). These figures show that, although narratives often focus on the amounts given by new philanthropies, old foundations actually granted more at the beginning of the decade.

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**Figure 1.1:** K-12 Education Giving by Old and New Foundations 2000, 2005, 2010



By 2005, new foundations gave far more K-12 dollars than did old philanthropies. Relative to their 2000 funding totals, Walton nearly doubled and Gates more than tripled their funding. Broad, Dell, and Robertson all increased their grant totals more than ten-fold. New foundations especially grew their charter school, state and national policy, and venture philanthropy grantmaking. Although old foundations also increased their aggregate giving, growth was comparatively modest because only three old foundations grew their K-12 grantmaking. Carnegie, Kellogg, and Wallace each roughly doubled their funding. Growth for these three was driven by grants for new university-based teacher preparation, for aligning community and school resources, and for leadership development programs, respectively. Ford's total fell by 45 percent, largely because it made a few large grants in 2000 that it did not also make in 2005. These expiring grants included one to help sustain Annenberg Challenge sites following the program's completion and a series of grants for university-based teacher and administrator

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development programs. Annenberg's total also fell by \$34 million as grants associated with the Annenberg Challenge expired.

The disparity between old and new foundations grew in 2010. Old foundation K-12 grantmaking shrunk by 29 percent from 2005-2010, largely due to decreases by the Annenberg and Wallace Foundations. Annenberg's funding declined from \$55.3 million in 2005 to \$7.6 million in 2010 as granting to former Annenberg Challenge sites ceased. As Wallace's school leadership grants referenced above expired after 2005, the foundation's funding returned to near-2000 levels. New foundations, meanwhile, increased their aggregate giving by 15 percent, with grants to charter schools, alternative teacher training organizations (for example, Teach for America), and national-level policy research and advocacy being the largest growth areas.

Overall, these general trends show the emergence of new foundations and suggest some distinct priorities. New foundations grew steadily, largely based on their increases in giving to charter schools and other education reformers outside traditional education systems. Although old foundations had more variation in their grants, they continued to give to traditional education institutions. Further, as Annenberg Challenge initiatives dwindled, old foundation granting declined overall. The next section further examines differences in new and old foundation granting priorities.

### **Where the Dollars Go: New and Old Foundation Priorities**

Aggregated grants show what types of initiatives old and new foundations prioritize with their grantmaking. While these findings do not encompass every grant, the categories

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described cumulatively represent at least two-thirds of each group's funding in a given year. Three sets of priorities emerge when examining grants this way.

The first set highlights granting areas emphasized more by old foundations. Figure 1.2 shows grantmaking for old and new foundations in 2000, 2005, and 2010. Darker bars represent old foundations, moving from dark to light as time progresses. Lighter bars represent new foundations, moving from lightest in 2000 to darkest in 2010. The left cluster shows that old foundations gave a substantially larger proportion of their funds—18 and 19 percent of all grants in 2000 and 2010, respectively—to university-based K–12 projects than did new foundations. In 2000, the largest grants frequently funded university-based leadership and professional development. Although old foundations' grants to universities continued to fund human capital projects in 2010, more of the largest grants also sought to improve student improvement in other ways. For example, Carnegie granted \$1.6 million to the University of Texas at Austin to help develop math and literacy networks and Kellogg gave \$1 million to Utah State University to study extended school year programs. University grants consistently comprised less than five percent of new foundation dollars throughout the decade, showing such grants were not a priority. When new foundations did give to universities, it was often to support human capital development programs, small school redesign initiatives (in 2000 and 2005 only), and improve education data systems (primarily in 2010). Although similar issues arose in both old and new foundation grants to universities, especially leadership development, old foundations emphasized university-based projects far more than new foundations.

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**Figure 1.2:** Areas with Greater Old Foundation Support

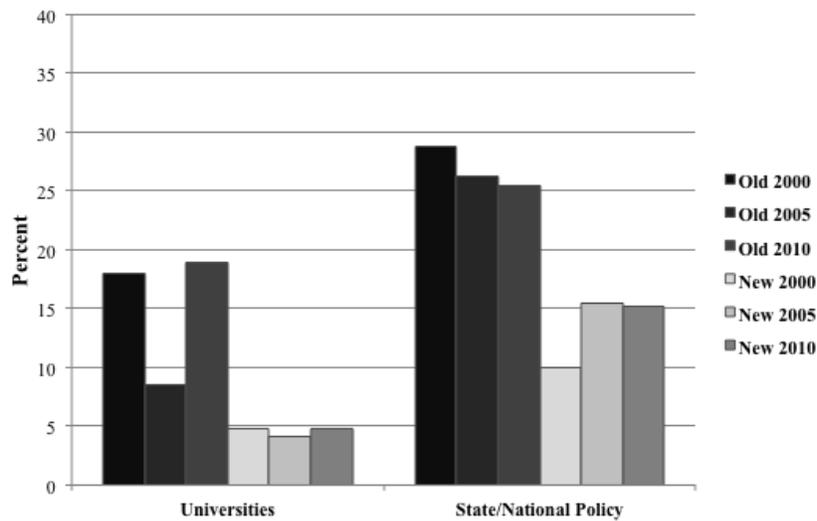
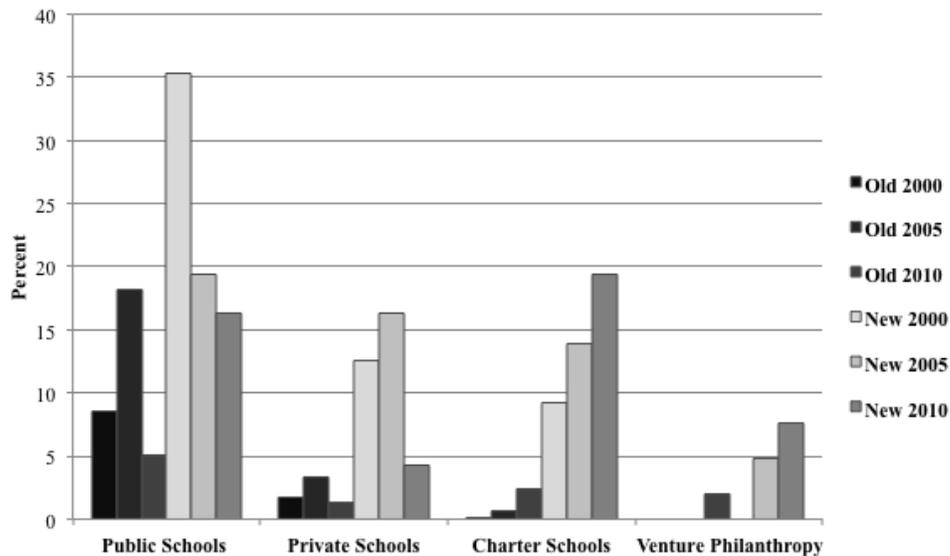


Figure 1.2 also shows giving to state and national policy efforts. These figures are the sum of three different grantee types: state-level policy research and advocacy nonprofits, national-level policy research and advocacy nonprofits, and associations of elected officials. These are grouped together because they predominantly seek to influence policy development or implementation. Old foundations devote a larger proportion of their granting, over 25 percent each year, to state and national policy organizations. Grants also went to organizations with diverse purposes, promoting policy work around issues like early childhood initiatives, improved teacher education programs and policies, and rural education issues. In 2000, although new foundations directed 10 percent of their giving to state and national policy work, almost half came from a single Walton Foundation grant to a group advocating for school choice (Children’s Educational Opportunity Foundation). Considering this single large grant, new foundations as a whole prioritized state and national policy work far less than old foundations in 2000. In 2005 and 2010, new foundations devoted roughly 15 percent of their funds to state and national policy work. Grants also flowed to a greater number of priorities in 2005 and 2010,

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including school choice advocacy, teacher and leadership development, small high school redesign, and improved education data systems. Takeaways from this category are thus two-fold: old foundations give more to state and national policy work, and they give to different types of priorities than do new foundations.

**Figure 1.3:** Areas with Greater New Foundation Support



A second set of grants shows areas that are more heavily prioritized by new foundations. As seen in Figure 1.3, granting to public school systems is one such area. Two short-term spikes disturb what would otherwise be consistent patterns for both foundation types. In 2005, the Wallace Foundation awarded 11 districts each \$1 million (in 2005 dollars) to support “strategies aimed at improving the training of leaders and at creating working conditions that allow them to succeed.”<sup>20</sup> Together, these grants represented more than three quarters of all public school giving that year. Similarly, three large Gates Foundation grants buoyed new foundation public school granting in 2000. Two grants totaling a combined \$11.7 million supported technology use in schools, and

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one grant for more than \$19 million went to a teacher leadership project in one Washington State Educational Service District. If omitting these one-time spikes from each respective year, the percentages supporting public schools show a more consistent pattern for both new and old foundations. Considering the data in this way, new foundations prioritized giving to public schools 5–10 percent more than old foundations in a given year.

New foundations also supported private and charter schools more than old foundations. Old foundations did not prioritize these areas—funding never rose above 3.4 percent for private schools or 2.4 percent for charters. New foundations, meanwhile, gave 12.6 percent to private schools in 2000 and 4.3 percent in 2010. While 2010 was a seemingly precipitous drop, it is somewhat misleading because 2005’s total included a \$40 million Gates grant to Lakeside School in Seattle (Bill Gates’ high school alma mater). If this very large grant is omitted, the new foundation proportion going to private schools would show a pattern of steady decline as the decade progressed. While most other recipients were individual schools, The Children’s Scholarship Fund consistently received large amounts—\$11.7 million in 2000, \$15.1 million in 2005, and \$13.7 million in 2010. The Fund, co-founded by Sam Walton’s son John, provides scholarships for low-income students attending private schools. New foundation granting to private schools is thus characterized by two consistencies, funding for Children’s Scholarship Fund and gradual decline.

The decline in new foundation charter school grants corresponded with an increase in charter school funding from 9.2 percent of new foundation dollars in 2000 to 19.5 percent in 2010. These concurrent trends suggest that new foundations shifted their

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attention away from private schools and toward charters as their preferred non-traditional education priority. Another trend also emerges in the charter school grants: new foundations placed increasing emphasis on charter management organizations (CMOs). CMOs like Aspire Public Schools, KIPP, and Green Dot Public Schools operate multiple schools and launch new schools, often in different cities or states. In 2000, individual charter schools received 71.5 percent of all charter school dollars, with CMOs receiving the remainder. The inverse was true in 2005: CMOs received 73.8 percent of all charter school money. By 2010, the 46 largest charter school beneficiaries were charter management organizations and CMOs represented 81.1 percent of all new foundation charter school grants. Thus, new foundations shifted their granting emphases in two ways: from private to charter and from individual schools to organizations managing multiple schools. By increasing support to CMOs, new foundations funneled money into those organizations most likely to expand the charter school sector, which may help maximize return on investment.

Figure 1.3's final cluster, venture philanthropy, shows an emerging new foundation priority. Two organizations typify this type of grantee: New Schools Venture Fund (NSVF) and Charter School Growth Fund (CSGF). Over all years, these two organizations received 87.9 percent of all venture philanthropy grants from both new and old foundations. Each grantee applies venture capital principles to education reform in efforts to maximize return on investment. To this end, CSGF contributes to charter management organizations to fuel their expansion. NSVF similarly invests in non-traditional education organizations, including charter schools, alternative teaching programs like Teach for America, and alternative leadership development organizations

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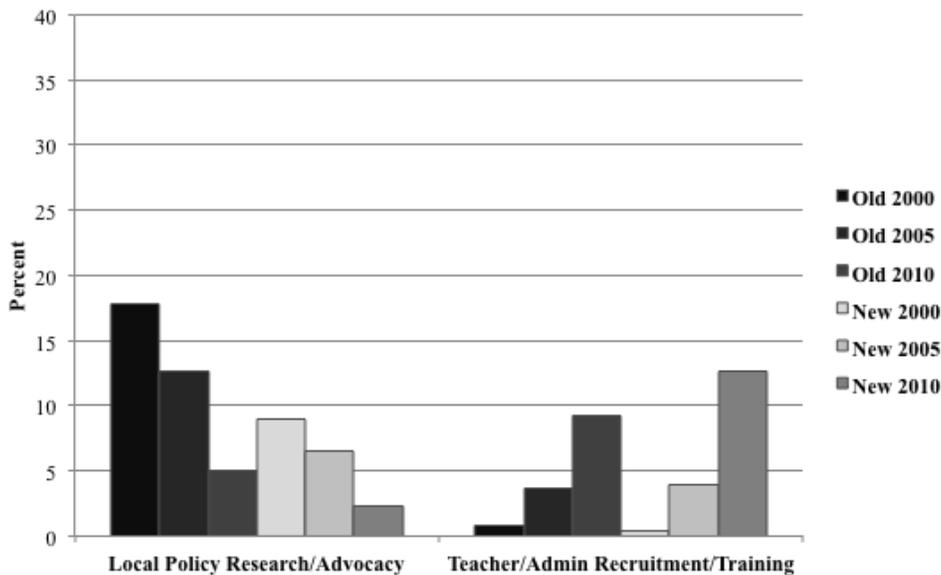
like New Leaders for New Schools. NSVF, established in 1998, is also the only consistent venture philanthropy grantee that existed prior to 2000 (CSGF was founded in 2005). Thus, given venture philanthropy's recent development, it is predictable that neither old nor new foundations made any such grants in 2000. Venture groups again received no old foundation funds in 2005, but did receive two percent of their grants in 2010, mostly through three grants from Carnegie to NSVF for over \$2.6 million. New foundations awarded nearly five percent of their grants to venture philanthropies in 2005 and 7.6 percent in 2010, with the vast majority going to NSVF and CSGF. Although the share of new foundation grants going to venture philanthropy may seem small, relatively large growth suggests that it became an important new foundation focus as time progressed. Indeed, venture philanthropy had the third largest growth of any new foundation granting priority, behind only charter schools and grants to teacher or administrator recruitment and training organizations (see below).

A third and final set of priorities are those where old and new foundation trends closely resemble each other. Figure 1.4 shows these two grant areas: local policy research and advocacy, and teacher or administrator recruitment and training. Although old foundations' grants to local policy research and advocacy are roughly double the amount that new foundations gave, the very similar trends signal comparably declining emphasis on these grantees. Furthermore, compared to the share that local policy work received in 2000, new foundations decreased funding by 74.8 percent and old foundations by 71.7 percent to these organizations in 2010. In 2000, the largest old foundation grants went to groups affiliated with the Annenberg Challenge, while more than three quarters of new foundation funding went from Gates to organizations supporting Seattle schools. In 2005,

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over half of old foundation local policy dollars went to groups formerly affiliated with the Annenberg Challenge, and over half of new foundation grants were made by Gates to small school redesign in Boston, New York, Oakland, and San Francisco. A single organization, New Visions for Public Schools, received 58.7 percent of old foundation grants and 35.5 percent of new foundation grants in 2010. New Visions works on education reforms in New York City and was affiliated with the Annenberg Challenge, Gates' small school initiatives, and efforts to create a diverse school provider network. Cumulatively, these data show that local policy research and advocacy grants most often flowed to single initiatives or grantees and emphasis from both foundation types similarly declined during the decade.

**Figure 1.4:** Granting Areas with Similar Old and New Foundation Trends



The starkest example of shared priorities among old and new foundations was their granting to teacher and administrator recruitment and training. In 2000 and 2005, both foundation types gave virtually the same percent of their funds to these groups. In

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2000, only two new foundations gave in these areas—one grant each from Walton and Broad to Teach for America (TFA) to provide alternate routes into teaching. Meanwhile, three of four old foundation grants went to the National Council for Accreditation of Teacher Education, which works to strengthen university-based teacher preparation. Non-traditional organizations received more attention in 2005. TFA and the New York City Leadership Academy, an alternative principal training program initially launched by former New York City Chancellor Joel Klein, received over 90 percent of old foundation 2005 training grants. Similarly, new foundations devoted over 90 percent of these funds to TFA, The New Teacher Project, New Leaders for New Schools, and The Broad Center (founded by Eli Broad). Each of these organizations provides alternate pathways into teaching and school leadership. Foundations continued prioritizing alternative teacher and administrator development in 2010. Nearly all new foundation grants went to these types of organizations and all but one old foundation did as well. Thus, a clear trend emerges throughout the decade: both old and new foundations increasingly emphasized grants to teacher or administrator recruitment and training programs operating outside universities, and did so by funding non-traditional programs like TFA or New Leaders for New Schools. Narratives focusing solely on how new foundations support alternative organizations may therefore overlook the roles played by old foundations.<sup>21</sup> Although university-based training remains a consistent old foundation focus, the growing proportion dedicated by old foundations to non-university based training suggests an increasing emphasis on promoting a wide variety of preparation programs.

Cumulatively, the findings presented in this section suggest that, although new foundations started giving much more from 2000–2010, old and new foundations

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maintained mostly distinct funding priorities. Old foundations directed more grants toward universities and policy work at state and national levels. New foundations made grants to all school operators, but substantially grew funding to charter school organizations that provide alternatives to traditional schools. New foundations also invested more frequently in groups that seed new education reforms, like New Schools Venture Fund. Aside from these differences, both foundation types divested of local policy research and advocacy, showing this area's diminishing prioritization. The best example of a shared priority is the near congruent increase in support for alternative teacher and administrator training organizations like TFA and New Leaders for New Schools. While examining organizations receiving old and new philanthropy money illuminates priorities, it shows little about the strategies foundations use while distributing funds. The next section addresses this area by asking whether old or new foundations invest in the same organizations.

### **Convergent Funding Among Old and New Foundations**

Research over the past five years finds that rather than funding many different organizations, philanthropies started to direct more money to the same organizations, a strategy known as convergent grantmaking.<sup>22</sup> Organizations that share funders may also share goals, and identifying those receiving the most shared grants provides a better indicator of a shared group-wide priority. Furthermore, by drawing connections among grantees that share funders, clustering can help identify the most shared priorities. To observe funding overlaps, this section focuses only on those organizations receiving grants from at least two old or at least two new foundations.

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Table 1.1 identifies the percentage of grantees that received funds from multiple new or old foundations and the proportion of new or old foundation dollars granted to these organizations. Among old foundation grantees, the percentage of grantees with at least two old foundation benefactors remained relatively stable over the decade—nine percent had multiple old foundation funders in 2000 and 8.6 percent did in 2010. These grantees also received similar percentages of total old foundation funds, 24.3 percent in 2000 and 25.5 percent in 2010. The Public Education Network and Schools of the 21<sup>st</sup> Century each received over \$10 million from old foundations in 2000, far more than others with multiple old foundation grantors. Grants to each also had similar goals. Schools of the 21<sup>st</sup> Century was Detroit’s Annenberg Challenge lead agency. Similar to the Annenberg Challenge’s goals, the Public Education Network also worked to develop civic capacity to support public education in cities throughout the U.S. By 2010, the organizations receiving large amounts of funding from multiple old foundations had more diverse objectives. For example, Public Interest Projects, a philanthropic association, received \$4.5 million to build grassroots school reform collaborations. New Visions for Public Schools received \$4.4 million, almost all of which was for small-school redesign initiatives. Old foundations granted Big Thought \$3.5 million to improve arts education in Dallas and Harvard University \$2.2 million for various research projects, the largest grants being for studies of a summer reading program in North Carolina and the Harlem Children’s Zone.

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**Table 1.1:** Grantees with More than One Funder

	Old Foundations			New Foundations		
	2000	2005	2010	2000	2005	2010
Percent with >1 Funder	9.0	6.8	8.6	1.8	5.6	10.1
Percent of \$ to Orgs with >1 Funder	24.3	19.1	25.5	10.4	25.5	46.8

Unlike old foundations, greater frequencies of new foundation grantees had more than one new foundation funder as time progressed, and these organizations received increasing shares of new foundation funds. The percentage of new foundation grantees that had multiple new foundation funders grew from 1.8 percent in 2000 to 10.1 percent in 2010. The ratio of new foundation grants collected by these recipients rapidly grew as well, from 10.4 percent in 2000 to 46.8 percent in 2010. The issues represented by grantees with multiple new foundation funders stayed somewhat consistent over the decade, primarily funding private school scholarships, charter schools, and other non-traditional education initiatives. In 2000, Children’s Scholarship Fund received \$11.7 million, the vast majority of new foundation money that went to organizations with multiple new foundation grantors. By 2010, the grantee with most incoming new foundation money was Teach for America, which received \$37.5 million. \$22 million in new foundation grants went to the D.C. Public Education Fund, almost all of which was to support D.C. Public Schools’ teacher merit-pay system. Charter School Growth Fund attracted \$21.1 million to help expand charter networks nationwide, and KIPP’s national office received \$14.9 million to support and expand its charter school network. New Schools Venture Fund received \$16.2 million to help seed a variety of projects like

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charter school expansion and evaluation, data system planning and implementation in Newark, and teacher recruitment/development projects.

In total, these figures show that grantees of multiple old foundations tended to represent efforts to support and reform traditional public schools and grantees of multiple new foundations worked to expand non-traditional education options. Beyond differences in the types of organizations funded, new foundations became more likely to fund a shared set of grantees, while old foundations were just as likely to do so in 2010 as they were in 2000. This suggests that the biggest change from 2000 to 2010 stemmed from new foundations increasingly sharing priorities like school choice and alternative teacher/administrator preparation.

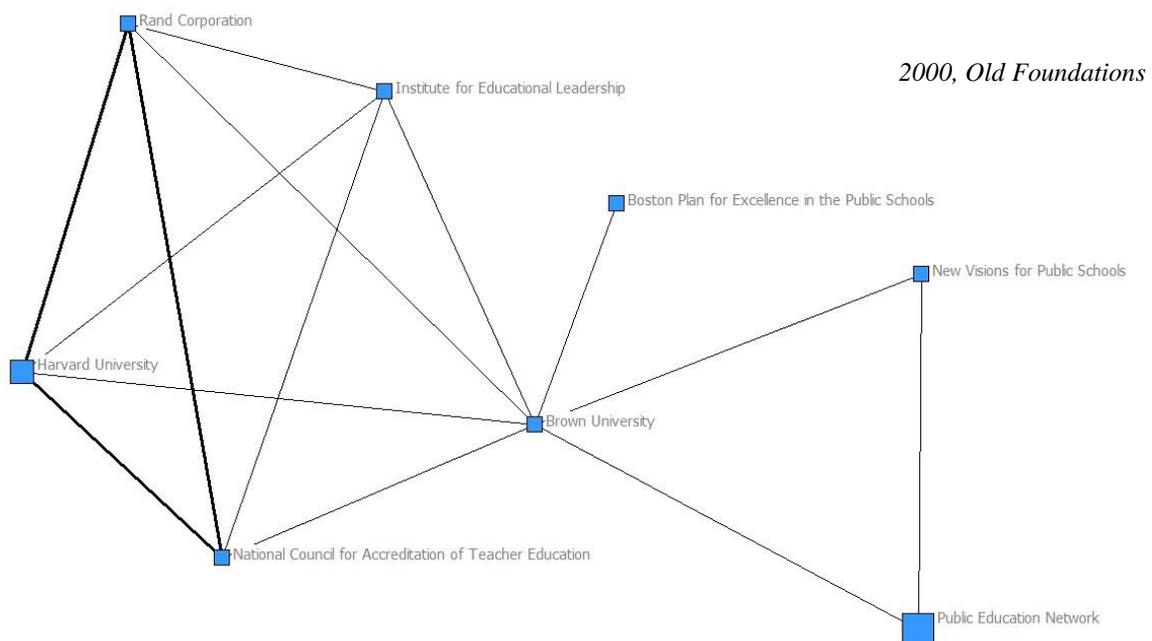
An additional way to see convergent grants is through social network analysis. Rather than analyzing funding amounts, links are drawn across grantees to show shared funders. To do this, analyses focus on those organizations who received funds from multiple new or old philanthropies totaling at least \$1 million and who also shared at least two common funders with another grantee. Links indicate two shared funders, and bolder lines show more than two common funders. Larger nodes indicate groups receiving more funds.

Figure 1.5 shows the network for year 2000. Although links can be drawn among old foundation grantees, no such network can be made for new foundation recipients because only one organization had multiple funders and received over \$1 million (Children's Scholarship Fund). Within the old foundation network, two distinct clusters emerge. The left side includes organizations whose grants were related to teacher and leader development in 2000. Even the research institutions in the year 2000's network,

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Harvard and Rand Corporation, received most of their grant dollars to work on improving school leadership. The left side's primary funders were Carnegie and Ford. The right side, which includes Brown University, the Boston Plan for Excellence in the Public Schools, and New Visions for Public Schools, are organizations associated with the Annenberg Challenge. The other grantee on the network's right side, Public Education Network, received money to build local capacities in efforts to assist traditional public schools (issues very similar to the Annenberg Challenge's). Primary funders for the network's right side were Annenberg, Carnegie, and Ford. Overall, these organizations worked to support traditional school systems.

**Figure 1.5:** Foundation Grantee Networks, 2000

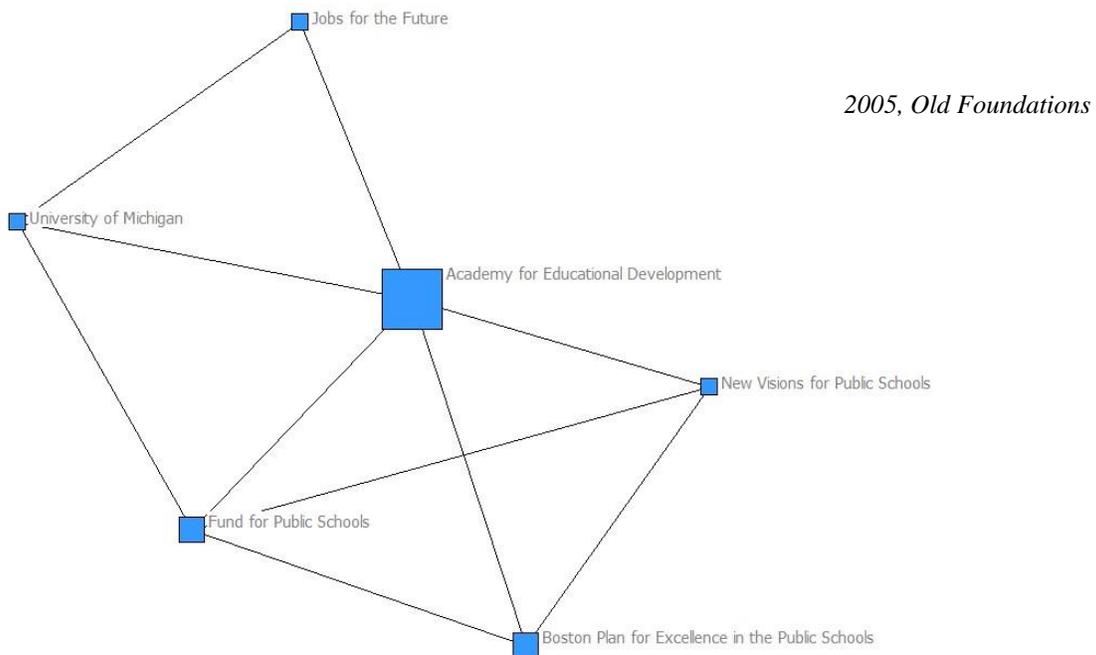


In 2005, both new and old foundations converged funding into enough organizations where networks emerge for each (Figure 1.6). Two Annenberg Challenge organizations, Boston Plan for Excellence and New Visions for Public Schools, remain

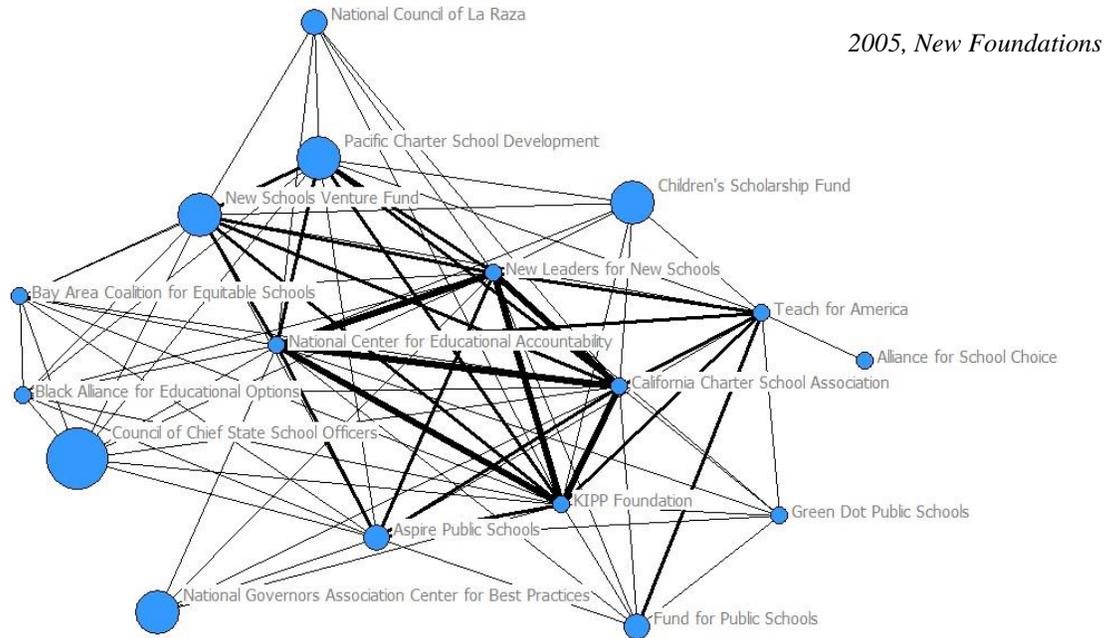
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on the right side of 2005's old foundation network and share Annenberg and Carnegie as funders. Three of the other four organizations—Jobs for the Future, the University of Michigan, and the Academy for Educational Development—had grants to develop university programs for school staff preparation or university capacities to support traditional schools. Annenberg, Carnegie, and Kellogg primarily supported these groups. The Fund for Public Schools received grants from Annenberg, Carnegie, and Wallace, with most money coming from Annenberg in support of the New York City Leadership Academy alternative principal preparation program. 2005's old foundation grantee network does not have the same clear definition as in 2000, implying more shared priorities like staff development and building local capacities to help public schools.

**Figure 1.6:** Foundation Grantee Networks, 2005



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The new foundation network in 2005 is far denser than the old foundation network. The lack of any isolated areas suggests shared priorities among new foundations, and the bold lines at the center show many groups share three and even four funders. While everything is connected, some similar groups cluster within this network. Charter school organizations occupy the bottom right, including operators KIPP, Aspire, and Green Dot as well as the California Charter School Association, which supports charter school operators. Near the top of the network are New Schools Venture Fund and Pacific Charter School Development. These two work to expand charter schools through venture capital and facilities assistance, respectively. On the left of the network are groups like the Council of Chief State School Officers, National Governors Association, and National Center for Educational Accountability. These grants were to help exchange best practices about accountability data systems and small high school redesigns. Finally, two alternative staff training organizations, Teach for America and New Leaders for New

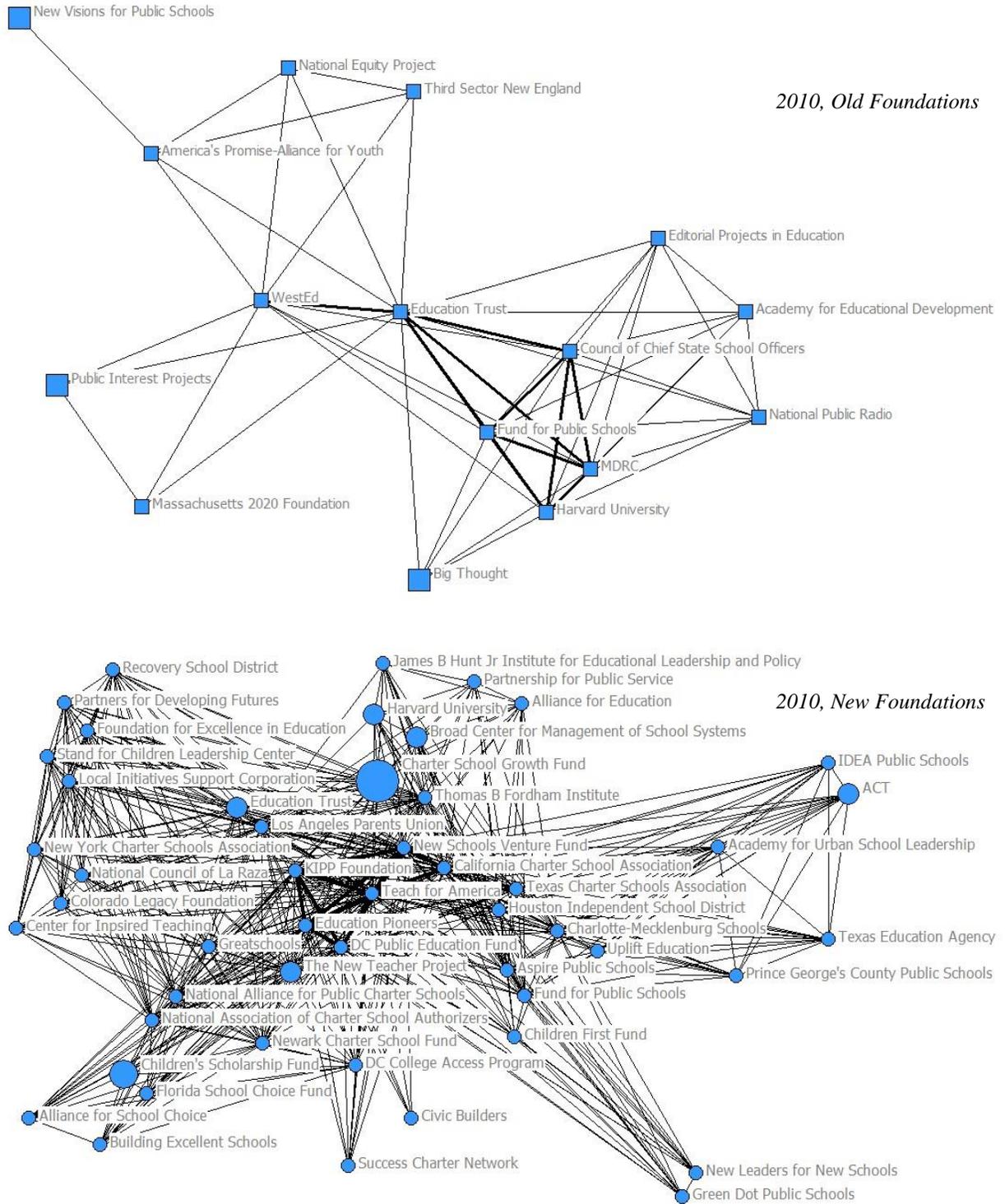
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Schools, are in the middle-right of the network. Given the common school choice and alternative professional training themes throughout most of these organizations, it is not surprising the network has such a high degree of interconnectedness.

Figure 1.7 shows the old and new foundation networks in 2010. The 2010 old foundation network has more organizations sharing funders than the 2000 or 2005 networks. Contrasting 2005, 2010's old foundation network includes fairly clear groups with similar roles. Parts of the network, especially the bottom right, have greater density than in years past and show more interconnectedness among grantees. Recipients in the bottom right tended to have grants purposed for research or dissemination about traditional school reforms like school redesigns, teacher effectiveness policies, expanded learning days, and arts education. Organizations comprising the network's bottom-left arm received funds to provide technical assistance for expanded learning time reforms and improve community engagement. Grantees in the top-left cluster mostly supported early childhood education programs and school data system improvement. As in 2000, although distinct purposes cluster together, each supported traditional programming.

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**Figure 1.7:** Foundation Grantee Networks, 2010



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The 2010 new foundation network became much more crowded and dense, showing that new foundations shared more priorities and funded the same groups to these ends in 2010. Although hard to see due to the network's density, those organizations at the network's center have more connections than in years past. Teach for America and New Schools Venture Fund, for example, received funds from all five new foundations. Beyond TFA and NSVF, other organizations providing alternatives to traditional education institutions are well represented in the network's core, especially charter school organizations and alternative teacher or leader training groups. Compared to the 2005 network, the movement of these types of groups into the 2010 network's center indicates a clearer shared focus on these issues than in years past.

New foundations were more likely to converge their grantmaking as time progressed, especially around a fairly consistent set of issues. As evidenced by increasingly populated new foundation grantee networks, new foundations increasingly began to fund the same organizations. While the number of old foundations sharing funders modestly increased in 2010, it still paled in comparison to new foundations. One reason may be a less clearly defined set of old foundation priorities. Old foundation grantee networks often had distinct branches, implying different types of organizational or granting purposes. Indeed, while old foundation grantees shared a primary focus on improving public schools through traditional channels, more detailed generalizations were more difficult than they were with new foundations grantees. New foundations, on the other hand, clearly coalesced their giving around issues of school choice, charter schooling, alternative teacher and administrator preparation, and venture philanthropy. By 2010, these issues became central to the new foundation network, suggesting a

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primary and shared focus among new foundations that was overall nonexistent among traditional foundations.

## **Conclusion**

Critics labeled the Annenberg Challenge a failure, and many asserted it spread resources too thinly across its many goals and sites. Indeed, one former president of an organization created during the Challenge explained, “If we had taken on fewer school families and focused our dollars and human resources on those, we would have accomplished more.”<sup>23</sup> Based on this chapter’s findings, old foundation grantmaking seems fairly entrenched and these philanthropies continue to direct funds toward goals familiar to them. Grants primarily go to traditional education institutions, including universities, nonprofits that work directly with districts, and those that focus on developing capacities around traditional education systems. Furthermore, grantee networks show that relatively few organizations share multiple funders. This means that even if general priorities remain similar, the specific organizations receiving the most funds are most often different. New foundations, on the other hand, concentrate their grants. They fund similar issues—frequently those outside traditional education organizations—and increasingly give to the same set of grantees while pursuing these priorities.

New foundations thus present a stark contrast to old foundations. In 2010, this chapter’s five new foundations accounted for nearly 35 percent of all K–12 education philanthropy. Meanwhile, old foundations represented a relatively modest 10 percent of total giving.<sup>24</sup> Combined with this chapter’s findings, the attention given to new foundations is well placed. Not only do they command more resources, but they also have

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come to exemplify both a set of priorities and a method to pursue those goals that are different from traditional foundations. Overall, new foundations are trying to prevent their resources from being spread thinly, as was commonly said about the Annenberg Challenge.

Such was the scenario to start the 21<sup>st</sup> century. As old foundations maintain commitment to K–12 issues in the future, it will be interesting to see how their grantmaking compares to the increasingly established new foundations. The specter of “failure” that hangs above the Annenberg Challenge has not dissuaded old foundations from favoring programs enmeshed with traditional education organizations. Meanwhile, that same threat of failure and demand for social returns drives intense new foundation granting for priorities outside traditional education channels. Will this change in the near future? Will new or traditional philanthropies alter their priorities and give to a more similar set of organizations? While it could happen, this chapter’s findings make it seem unlikely.

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<sup>1</sup> “How Many Billionaires Does it Take to Fix a School System?” *The New York Times Magazine*, March 9, 2008.

<sup>2</sup> Conservative-leaning foundations have a history of targeting their grants to achieve change the education sector. See Rick Cohen, *Strategic Grantmaking: Foundations and the School Privatization Movement* (Washington, D.C.: National Committee for Responsive Philanthropy).

<sup>3</sup> Although Annenberg was founded in 1989, its grantmaking style aligns with older foundations. Walton was founded in 1987, but the style and expansion of its K–12 granting aligns with new foundations. Wallace is a consolidation of multiple foundations established in the 1950s and 60s and most aligns its style with other older foundations.

<sup>4</sup> Raymond Domanico, “Introduction: An Unprecedented Challenge,” in *Can Philanthropy Fix Our Schools? Appraising Walter Annenberg’s \$500 million Gift to Public Education*, ed. Raymond Domanico (Washington, DC: Thomas B. Fordham Foundation, 2000): 1. For other critiques, see Frederick M. Hess, ed., *With the Best of Intentions: How Philanthropy is Reshaping K–12 Education* (Cambridge, MA: Harvard Education Press, 2005).

<sup>5</sup> For example, see Vartan Gregorian’s response to characterizations of the Annenberg Challenge as failure in Vartan Gregorian et al., “Rethinking America’s Schools: Four Major Funders Respond to Frederick Hess’s Critique of the New Education Philanthropy,” *Philanthropy*, March/April (2005), [http://www.philanthropyroundtable.org/magazine/march\\_april\\_2005](http://www.philanthropyroundtable.org/magazine/march_april_2005).

<sup>6</sup> Carnegie Corporation of New York, *Annual Report 2000*, 19–20.

<sup>7</sup> Diane Ravitch, *Reign of Error: The Hoax of the Privatization Movement and the Danger to America’s Public Schools* (New York, NY: Alfred A. Knopf, 2013)

<sup>8</sup> This is not meant as a negative statement. On the contrary, many questions explored necessarily limit scope to newer foundations. For example, see Janelle Scott, “The Politics of Venture Philanthropy in Charter School Policy and Advocacy,” *Educational Policy* 23, no. 1 (2009): 106–36.

<sup>9</sup> Sarah Reckhow and Jeffrey W. Snyder, “The Expanding Role of Philanthropy in Education Politics,” *Educational Researcher* 43, no. 4 (2014): 186–95.

<sup>10</sup> Author’s calculations based on foundation granting data used in this chapter and the Foundation’s Center’s 2010 grant total for elementary and secondary education, <http://data.foundationcenter.org/#/fc1000/subject:education/all/total/list/2010>

<sup>11</sup> Paul J. DiMaggio and Walter W. Powell, “The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields.” *American Sociological Review*, 48, no. 2 (1983): 147–60.

<sup>12</sup> Jeremy Levine and William Julius Wilson, “Poverty, Politics, and a ‘Circle of Promise’: Holistic Education Policy in Boston and the Challenge of Institutional Entrenchment,” *Journal of Urban Affairs* 35, no. 1 (2013): 7–24.

<sup>13</sup> For example, Sarah Reckhow, *Follow the Money: How Foundation Dollars Change Public School Politics* (New York, NY: Oxford University Press, 2013), and Reckhow and Snyder, “The Expanding Role of Philanthropy in Education Politics.” These pieces show that the set of largest givers in K–12 education increasingly gave to a subset of grantees sharing common funders.

<sup>14</sup> I do not use the term “old” pejoratively or “new” positively. Rather, these classifications are only used for brevity and to indicate recent entry into education philanthropy.

<sup>15</sup> Foundation Stats can be found on the Foundation Center’s website, <http://foundationcenter.org/findfunders/foundation-stats.html>

<sup>16</sup> Not all foundations share the same fiscal year. For example, while the Gates Foundation aligns its tax reporting with calendar years, the Kellogg Foundation’s fiscal year runs September–August. In cases where fiscal and calendar years are different, I use the tax filing for whichever fiscal year covers the calendar year’s majority (or first half, if fiscal year is split evenly over different calendar years).

<sup>17</sup> While some data were culled for this chapter alone, past projects by Sarah Reckhow and myself employed this same coding scheme. The most recent example is Reckhow and Snyder, “The Expanding Role of Philanthropy in Education Politics.”

<sup>18</sup> S. P. Borgatti, M. G. Everett, L. C. Freeman, *UCINET for Windows: Software for Social Network Analysis* (Harvard, MA: Analytic Technologies, 2002).

<sup>19</sup> Libby Quaid and Donna Blankinship, “The influence game: Bill Gates pushes education reform,” *Associated Press*, October 29, 2009.

<sup>20</sup> Wallace Foundation, IRS Form 990-PF, 2005.

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<sup>21</sup> Valerie Strauss, “Walton Foundation Pours \$164 million in 2013 Education Grants. Who Won?” *The Washington Post*, April 2, 2014, <http://www.washingtonpost.com/blogs/answer-sheet/wp/2014/04/02/walton-foundations-pours-164-million-in-2013-education-grants-who-won/>

<sup>22</sup> See Reckhow, “Follow the Money,” and Reckhow and Snyder, “The Expanding Role of Philanthropy in Education Politics.”

<sup>23</sup> Richard Lee Colvin, “A New Generation of Philanthropists and Their Great Ambitions,” in *With the Best of Intentions: How Philanthropy is Reshaping K–12 Education*, ed. Frederick M. Hess (Cambridge, MA: Harvard Education Press, 2005): 49-76.

<sup>24</sup> Author’s calculations based on foundation granting data used in this chapter and the Foundation’s Center’s 2010 grant total for elementary and secondary education, <http://data.foundationcenter.org/#/fc1000/subject:education/all/total/list/2010>